

Group Directive - Wood supply

1. Introduction and purpose

Billerud's purpose is: We make high performance packaging materials for a low carbon society. The company is positioned as a leader in high performance and sustainable materials made from fresh fiber in the global paper and packaging materials industry, with a presence and operations around the world.

This Group Directive ("Directive") is related to and aligned with the Group Sustainability Policy. This Directive presents mandatory principles and describes how the supervisory Group Policies are applied in detail.

Raw materials from sustainably managed forests serve as the key component needed to replace finite resources with renewable materials, to move towards a circular, sustainable society. To ensure that forests can provide long-term, and with preserved biodiversity, we need to manage and use them responsibly.

This Directive aims to maintain competitive wood based raw material cost and through balanced stock levels, create stability to adapt to variations in wood supply and in the production demand.

2. Scope and applicability

This Group Directive (the "Directive") applies to Billerud AB and its controlled subsidiaries ("Billerud" or "the Group") and covers Billerud's global business activities and operations.

This Directive applies to all people working for Billerud or on Billerud's behalf, including board members, employees, interns, and contractors ("Representatives").

All Billerud representatives are individually responsible for reading, understanding, and following this Directive. The owner of this Directive is responsible for communicating and implementing the Directive.

The scope of this Directive includes fiber-based materials included in our products, consisting of pulp, roundwood and wood chips. In this document, all materials are collectively referred to as "wood".

3. Wood Supply

[Billerud wood supply is responsible for securing the wood fiber required by Billerud's manufacturing operations. The business also includes procurement of transport services as well as delivery and flow planning. The need for raw materials regarding assortment distribution, certified amount and mode of transport varies between the production facilities. This is dependent on the associated production and logistics prerequisites and type of products manufactured.

All wood transactions are based on standardized legal agreements. Contracts and appendices contain requirements for quality, volume, prices, payment terms, delivery plans, and transparency in wood origin. Additionally, contract appendices stipulate requirements regarding controlled wood,



controversial sources, and the use of chemicals. Wood suppliers agree to allow Billerud to visit their harvesting operations to verify origin and confirm that deliveries meet Billerud requirements.

We are committed to respect a sustainable balance among economic, social, and environmental needs. We comply with all applicable laws and regulations. Beyond this, our expectation is that every supplier will responsibly address and will require their own suppliers to responsibly address our established business practices, consistent with the Billerud Supplier Code of Conduct.

4. Deforestation and Forest Degradation-free Supply Chains

For decades, Billerud has been committed to building sustainable supply chains that promote responsible management of forest resources. We work within our operations and in close collaboration with external partners to ensure that our supply chains are free from deforestation* and forest degradation*, an essential step in addressing global biodiversity loss and climate change. Billerud fully recognizes the enduring ecological and economic value that sustainably managed forests provide for society.

**As defined in EUDR (EU) 2023/1115]*

5. Sustainable Forestry and Traceability

Billerud has systems in place to trace the origin of wood used in our products to ensure that it originates from responsible and non-controversial sources. All fiber entering Billerud production is either delivered as certified wood, controlled wood or is subject to Billerud's due diligence system.

Billerud recognizes the following credible third-party forest certification systems: The Forest Stewardship Council® (FSC®)¹, Sustainable Forestry Initiative® (SFI®), and standards endorsed by the Programme for the Endorsement of Forest Certification (PEFC)². Sustainable forest management ensures the perpetual regeneration, growing and harvesting of trees is successfully integrated with the protection of wildlife and wildlife habitat, plants, soil, air and water quality, and carbon sequestration. The ultimate objective is to ensure that forests remain healthy and productive for generations to come.

In accordance with these standards, Billerud has implemented procedures to assess and mitigate the risk of sourcing:

- Illegally harvested wood, not in compliance with local, national, or international legislation.
- Wood harvested in violation of traditional and civil rights.
- Wood harvested from forests where ecologically high conservation values are threatened by management activities.
- Wood harvested from forests being converted to plantations or non-forest use³.
- Wood from forests in which genetically modified trees are planted.
- Wood from activities where the capability of forests to produce a range of wood and non-wood forest products and services on a sustainable basis is not maintained or harvesting levels exceed a rate that can be sustained in the long term.
- Wood from activities where forest management does not contribute to the maintenance, conservation, or enhancement of biodiversity on landscape, ecosystem, species, or genetic levels.



- Wood from activities where the spirit of the ILO Declaration on Fundamental Principles and Rights at Work (1998) is not met.
- Wood from activities where the spirit of the United Nations Declaration on the Rights of Indigenous Peoples (2007) is not met.
- Wood from regions where armed conflicts occur.

Within the regions Billerud operates, together with forest owners and contractors, we endeavor to promote awareness and practices to enhance biodiversity. We strive to continuously increase our use of fiber from forests that are third-party certified.

For Billerud's own forest management operations, there are set targets, monitoring, and reporting of key indicators important to maintain or enhance conditions for biodiversity.

Billerud is committed to annually evaluate and review the effectiveness of this Directive and associated programs to continually improve and broaden the practice of sustainable forestry.

¹FSC Licenses: (FSC-C004906, FSC-C020000, FSC-C108771, FSC-C108782, FSC-C014984)

²PEFC Licenses: (PEFC/05-33-137, PEFC/05-33-114, PEFC/05-33-135, PEFC/05-33-136, PEFC/29-31-92)

³Allows for limited and legal sources of forest conversion

6. Accountability, monitoring and compliance

This Directive has been approved by the policy owner of the Group Sustainability Policy. The Directive owner Vice President Wood Supply is responsible for the implementation of this Directive, including:

- (i) to develop more detailed rules (if needed) for the subject matter, consistent with the purpose and intent of this Directive,
- (ii) to ensure that the Directive and any underlying supporting documents are communicated and known to relevant Billerud employees,
- (iii) to monitor and follow-up compliance with the Directive and any underlying steering documents; and
- (iv) to take other actions, including corrective and reporting measures, necessary to achieve the purpose and intent of this Directive.

Billerud employees are expected to report violations (including suspected violations) of this Directive to the immediate manager or the Directive owner. Anonymous reporting of wrongdoings can be made through Billerud's whistleblowing system (Speak-Up Line). Questions or feedback about this Directive can be directed to the Directive owner.

