

Billerud Modern Slavery Statement- financial year 2022

1. Introduction

This statement has been published in accordance with the *UK Modern Slavery Act 2015*. It sets out the steps taken by Billerud and its subsidiaries (“Billerud” or “the Group”) during the financial year 2022 to prevent modern slavery in its business and supply chains.

Billerud is committed to prevent any form of modern slavery, servitude and human trafficking as well as forced or compulsory labour. As a signatory to the United Nations Global Compact, Billerud actively supports human rights and shall conduct business in a manner that is consistent with the principles of the Global Compact, the International Bill of Human Rights, and the ILO Core Conventions. Billerud is committed to respecting and promoting international human rights throughout the value chain in our relationships with our employees, suppliers and other business partners, and we expect them to share this commitment. Billerud supports the UN Guiding Principles on Business and Human Rights recognizing that while states have a duty to protect human rights, companies have a responsibility to respect the same.

The Group’s compliance program on Responsible Business includes measures such as risk assessments, screening of business partners in high-risk markets, Due Diligence and audits, as applicable, as well as relevant training, monitoring and reporting and disclosure. Human Rights risks are also covered in the corporate Enterprise Risk Management (ERM) process. While health and safety as well as discrimination are identified as prioritized human rights impacts in our own operations, we assess modern slavery risks may be found in our supply chain, especially in markets of higher risk.

2. Our business and supply chains

Billerud is a world-leading manufacturer of strong primary fibre-based packaging material. By the end of 2022, the number of employees in the Group was 6,100 and the net sales were approximately SEK 42.6 billion. Our around 2 000 customers are packaging manufacturers, brand owners and large retail and supermarket chains in more than 100 countries. The business also offers effective packaging solutions and systems. Billerud is headquartered in Sweden and has affiliates around the world. The Group has ten production facilities located in Sweden, Finland, and in the United States. Demand is driven by global megatrends, such as increased world trade, urbanisation, digitalisation, and a greater focus on sustainability.

The Group sources from our supplier base around the world. Our purchase of raw materials, products, energy and services is mainly carried out from OECD countries.

In 2022, 99.5% of the purchased wood raw material is of European origin. The business within Managed Packaging includes purchases from suppliers mainly in Asia.

3. Codes and Group Policies relevant to the prevention and detection of modern slavery

Billerud Human rights commitments are specified in the [Billerud Code of Conduct](#), [Group Sustainability Policy](#), [Group Responsible Business Policy](#), [Group Health and Safety Policy](#) and [Group People Policy](#) as well as the [Billerud Supplier Code of Conduct](#). The commitments are operationalised through underlying Group Directives following the Code of Conduct and the Group

Policies. These steering documents demonstrate our commitment to the elimination of all forms of forced and compulsory labour.

4. Supplier assessment and monitoring

The Billerud Supplier Code of Conduct sets out expectations and requirements for the Group's Suppliers, based on the same international standards to which Billerud is committed, was launched in 2019 followed by implementation. In 2022, the Supplier Code of Conduct was updated addressing changes in the external environment, internal commitments and ensuring integration of Billerud North America. Suppliers shall ensure that their sub-suppliers are aware of, and comply with the standards. As applicable, the Supplier Code of Conduct forms a part of Billerud contracts and includes for example audit rights as well as termination rights.

Billerud's purchasing includes Group Procurement & Wood Supply and wood and logistics purchasing. In addition, Managed Packaging uses suppliers to provide packaging solutions and services to brand owners. To identify, manage and mitigate sustainability risks including human rights, risk-based procedures are used to assess new suppliers and regularly follow up on suppliers during on-going business relationships.

Billerud' Group purchasing primarily concerns the production plants and the majority of our purchasing takes place in OECD countries. Since 2019, our supplier assessments within Procurement, Billerud Europe have, as applicable, been conducted using the third-party solution EcoVadis. Suppliers are evaluated using tailored surveys based on number of employees, geographical location and industry. Logistics suppliers are evaluated through self-assessments and inspections, as applicable.

The vast majority of suppliers for Managed Packaging are located in Asia where there are increased risks related to negative impacts on human rights. A process is in place for audits, approval, and follow-up of the suppliers, which also encompasses training with a focus on the areas where audits have revealed potential shortcomings.

Purchasing of wood raw material takes place under the FSC® (FSC-C004906) and PEFC Chain of Custody standards, and procedures are in place to check the origin of wood under the standard FSC Controlled Wood, the clauses on Controlled Sources in PEFC Chain of Custody and the EU Timber Regulation (EUTR). Furthermore, forestry contractors are assessed in accordance with the forest management standards of the two systems mentioned above as well as the specific PEFC standard for contractors. The FSC forest management certification provides compliance assurances according to the ILO core conventions.

5. Effectiveness in preventing modern slavery

As part of the Group's sustainability targets for 2022, suppliers representing 79% of the purchased value should be assessed according to the established model for supplier evaluation within a running annual cycle. The target was reached (87%) and for 2023 the corresponding target is 81%.

In 2022, a total of 51 audits within Managed Packaging were carried out, four of which related to new suppliers. In no case did assessments of suppliers show any significant risk of child labour, forced labour or lack of freedom of association. Nor were any supplier agreements terminated as a consequence of this year's supplier assessments.



The Group offers a confidential reporting channel, the Billerud Speak-Up Line, which is available to internal and external stakeholders in order to support the detection of potential wrongdoings, such as serious human rights violations or other serious breaches of our Code of Conduct or laws.

Further information about our efforts to identify and manage risks related to modern slavery is communicated in the [Annual and Sustainability Report](#) and on our webpage (www.billerud.com).

Our sustainability work, including Human Rights efforts, are evaluated by international regimes such as Ecovadis, and S&P Global – Corporate Sustainability Assessment.

6. Training conducted

As a step in raising awareness in human rights embedded in the Group's Code of Conduct, training in the Code of Conduct is conducted. Specific positions undergo specialized training in human rights and/or related areas.

Christoph Michalski, Billerud CEO, May 2023