

## **BillerudKorsnäs Modern Slavery Act Statement**

### **Introduction**

This statement has been published in accordance with the *Modern Slavery Act 2015*. It sets out the steps taken by BillerudKorsnäs and its subsidiaries (“BillerudKorsnäs” or “the Group”) (during the financial year 2019 and until June 2020) to prevent modern slavery in its business and supply chains.

BillerudKorsnäs 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, BillerudKorsnäs actively supports human rights and shall conduct the 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. BillerudKorsnäs is committed to respect and promote internationally 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. BillerudKorsnäs 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 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.

### **Our business and supply chains**

BillerudKorsnäs is a world-leading manufacturer of strong primary fiber-based packaging material. In 2019, the number of employees in the Group was 4,500 and the net sales were approximately SEK 24.4 billion. Our around 2 000 customers are packaging manufacturers, brand owners and large retail and supermarket chains in 100 countries. The business also offers effective packaging solutions and systems. BillerudKorsnäs is headquartered in Sweden and has affiliates around the world. The Group’s eight production facilities are located in Sweden, Finland, and in the UK. Demand is driven by global megatrends, such as increased world trade, urbanisation, digitalisation and a greater focus on sustainability.

Purchase of raw materials, products, energy and services is mainly done from OECD-countries. About three-quarters of wood raw materials are of Swedish origin. The remaining wood raw material is imported, mostly from Finland, Norway, Estonia, Latvia and Lithuania. The business within Managed Packaging includes purchase from production partners mainly in Asia.

### **Codes and Group Policies relevant to the prevention and detection of modern slavery**

BillerudKorsnäs Human rights commitments are specified in [BillerudKorsnäs Code of Conduct](#), [Sustainability Group Policy](#), [Responsible Business Group Policy](#) and [People Group Policy](#) and [BillerudKorsnäs Supplier Code of Conduct](#). The commitments are operationalised through underlying Group Directives following the Group Policies. These steering documents show our commitment to the elimination of all forms of forced and compulsory labour.

### **Supplier, assessment and monitoring**

BillerudKorsnäs Supplier Code of Conduct with expectations and requirements on the Group's Suppliers, based on the same international standards that BillerudKorsnäs has committed to, was launched in 2019 followed by implementation and gradual coverage. Suppliers shall make sure that their sub-suppliers are aware of and comply with the standards. As applicable, the Supplier Code of Conduct forms a part of BillerudKorsnäs contracts, and includes for example audit rights as well as termination rights.

BillerudKorsnäs' purchasing includes Group purchasing, wood purchasing and logistics purchasing. In addition, Managed Packaging uses production partners to provide packaging solutions and services to brand owners. In order to identify, manage and mitigate sustainability risks including human rights, risk-based routines are used to assess new suppliers and regularly follow up on suppliers during on-going business relationships.

BillerudKorsnäs' Group purchasing primarily concerns the production plants and the majority of our purchasing takes place in OECD countries. From 2019 our supplier assessments have 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 production partners (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 production partners, which also encompasses training with a focus on the areas where audits have revealed potential shortcomings. Since migrant labour is a relevant risk on specific markets, Managed Packaging initiated a pilot project to provide a so-called Child Friendly Space ("CFS"), at one supplier in Shanghai in 2019. CFS is a temporary, factory-based facility intended to give children and their migrant working parents more time to spend together during the summer school vacation. In addition, training for migrant parents on remote parenting was provided to workers at two suppliers during 2019.

Purchasing wood raw material takes place under the FSC® 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.

### **Effectiveness in preventing modern slavery**

As part of the Group's sustainability targets for 2019, suppliers representing 73% of the purchased value should be assessed according to the established model for supplier evaluation within a running three-year cycle. The target was reached (79,8%) and for 2020 the corresponding target is 75%.

In 2019, a total of 82 audits within Managed Packaging were carried out, 43 of which related to new suppliers. During the same year our assessments and audits of suppliers showed no serious breaches (zero tolerance) regarding child labour, forced labour or a lack of freedom of association.

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

conduct or laws. In 2019 a total of eight cases were handled via the Speak-Up Line, which was two more than the year prior. No cases concerning potential instances of corruption, child labour or slave labour were received during the year, either through the whistleblower system or through any other reporting channel.

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.billerudkorsnas.com](http://www.billerudkorsnas.com)).

Our sustainability work including Human Rights efforts are evaluated by international regimes such as Ecovadis, and Dow Jones Sustainability Index.

### **Training conducted**

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



Lennart Holm acting President and CEO June 2020