

Group Directive - Energy

1. Introduction and purpose

Billerud's vision is to challenge conventional packaging for a sustainable future. The company has a position as a leading, innovative and sustainable player in the global paper and packaging industry with operations and presence around the world. This Group Directive supplements the Group Sustainability Policy.

The pulp and paper business is an energy intensive industry. Billerud is committed to continuously improve energy efficiency.

This Directive aims to set common rules for Billerud concerning energy to ensure that we act in accordance with laws and regulations and our sustainability and efficiency targets across the Group.

2. Scope and applicability

This Group Directive applies to the Group and its subsidiaries and covers Billerud's global business activities and operations. The Directive applies to all persons working at or for Billerud, including board members, employees, trainees and consultants.

This Directive focuses on the Production Units and is related to, and aligned with, the following group Directives:

- Group Environment Directive
- Group Wood Procurement Directive
- Group Sustainable Forestry Directive
- Group Purchasing Directive

Production Units refer to integrated production sites where we have both pulp and paper/board manufacture within Billerud and control energy flows from raw materials to our final product.

3. Energy Management System (EMS)

Billerud shall continuously improve energy efficiency and use our raw materials and resources effectively. Our energy efficiency measures shall be aligned to our commitment to combat climate change¹.

Billerud's energy management and energy efficiency measures shall focus on the Production Units where energy improvements have the greatest bearing.

3.1 Legal compliance

Billerud shall comply with both the intent and letter of all applicable energy laws and regulations in the countries where we operate. The Group shall maintain updated and reliable procedures to ensure

¹ Annual and Sustainability Report



that we comply with laws and regulations. The Production Units shall monitor compliance with all applicable laws and regulations.

3.2 Roles and responsibility

The Directive owner is responsible for monitoring and assessing the implementation of this Directive, in coordination with applicable corporate functions.

Each corporate function is responsible for ensuring integration of the principles in this Directive into their daily operations by establishing appropriate processes and procedures for managing energy related operations and legal compliance.

Each Production Unit has a specific responsibility for ensuring compliance with energy laws and regulations. Production Unit has the responsibility to maintain and upgrade their EMS accordance with this Directive.

The Energy Manager Group function is responsible for monitoring and assessing energy performance according to the Group's targets.

3.3 Risk management

Billerud shall mitigate risks related to energy use, generation, and trading by working with:

- Competence
- Risk assessment
- Planning and forecasting
- Energy Market Analysis
- Engagement of external Subject Matter Experts
- Process Optimization
- Energy Efficiency and Key Measures
- Process Monitoring
- Maintenance Practices
- Best Practices transfer between the Production Units
- Other relevant risks

Energy risks identified by the production sites shall be directly communicated to the responsible role for that technical system and the Energy Manager Group function.

Group level risk assessments shall include upcoming laws and regulations that potentially affect the operating business regarding energy, environment, sustainability, and climate.

3.4 EMS

Billerud shall strive for continuous improvement. Our integrated Production Units shall have EMS that are third-party certified or have EMS aligned with such a system.

3.5 Competence

Billerud's Corporate and Production Unit EMS shall be implemented by individuals with appropriate experience and knowledge in energy management.

Supplementary training shall be provided to employees who are involved and have a significant impact on our energy system when needed. Employees with key responsibilities in the area of



energy are encouraged to obtain certifications in Energy Management, e.g., in the Certified Energy Manager (CEM) program by the Association of Energy Engineers or equivalent.

Billerud shall use Best Practices transfer between the Production Units to implement the best available technology, processes, and practices to increase energy efficiency.

3.6 Energy planning

By monitoring, analyzing, and acting on our energy utilization, we shall strive to:

- Optimize energy costs,
- Use energy efficiently
- Decrease climate impact
- Set relevant and significant energy targets.

Monitoring, measurement, and analysis

Our energy system shall be monitored via relevant process measurements. Information gathered shall be used to evaluate and analyze the energy efficiency of our processes by responsible Group and Production Unit function. Significant deviations shall be reported to relevant management to ensure appropriate measures will be taken to solve the issue.

Energy mapping

Energy mapping shall be used as an energy management tool to improve our performance and identify energy efficiency measures. Each Production Unit shall, if necessary, implement internal auditing process to assess their performance against energy benchmarks and applicable laws and regulations.

Energy Efficiency Capital Projects

All Production Units shall work to identify energy efficiency and cost improvement projects. Identified energy projects may be financed through designated energy project funding or through the normal capital planning process.

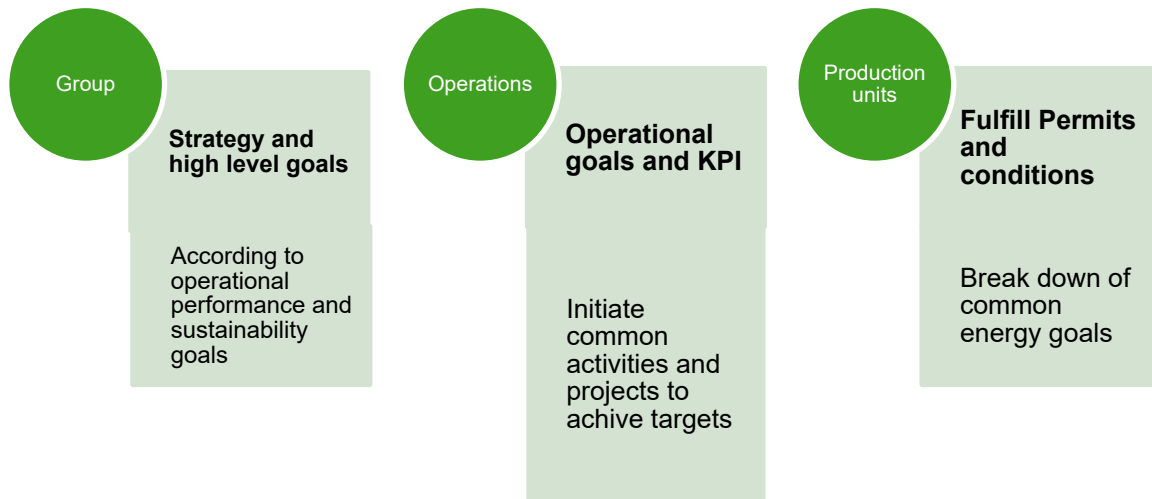
Energy Group and Production Unit targets and KPI

Billerud shall set an annual energy target to evaluate our energy efficiency improvements. The Group's energy target shall be broken down to local energy targets for each Production Unit.

Billerud's energy targets needs to be clearly communicated to the Group to assure alignment and to allow for appropriate planning for current and future energy use.



The process for setting targets and goals can be illustrated as in the picture below.



The Group shall set and monitor Key Measures for total energy used per major energy source and energy used per ton of product. All Production Units shall establish their own Key Measures for energy to include those set by the Group. The Production Units shall continuously monitor these Key Measures.

3.7 Energy Trading

All trades with energy and energy products shall be in line with our Hedging Strategy, Sustainability and Responsible Business Policy, and shall support our core business. Trades should promote stability and predictability, not rest on speculation or unjustified risks. Financial trading of energy shall be traded with the intention of securing the price and prevent large volatile changes in our costs.

3.8 Green House Gas emissions*

All Production Units shall operate in accordance with the Group's Environmental Directive.

3.9 Forestry and wood procurement

All forest operations shall be in accordance with the Group's Forestry Directive

3.10 Supplier's environmental conditions

According to the Group's Purchasing Directive we shall monitor compliance to environmental requirements.

4. Reviews, control & audits

Billerud shall perform adequate reviews and audits to monitor compliance with this Directive. Our energy management shall be evaluated with both internal and external audits. Audits shall evaluate systematic design (strategies and planning) as well as our local operational management in energy.



Deviation reporting for energy shall be part of our organizations' work to continuously improve. Deviations shall be used to highlight and communicate identified problem areas such as inefficiencies or suboptimized processes. Deviations in energy shall be defined and managed locally at each respective Production Unit.

5. Non-compliance and reporting

This Group Directive has been approved by the Policy Owner or assigned. The Directive Owner is responsible for the implementation of this Group Directive, including:

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

Billerud's Representatives are expected to report violations (including suspected violations) of this Group Directive to the immediate manager or Directive Owner. Anonymous reporting of wrongdoings (whistleblowing) can be made through Billerud's Confidential Reporting System (Speak-Up Line). If you would have questions or feedback on this Group Directive, please contact the Directive Owner or Legal & Compliance."

