

Group Directive – TAX

1 Introduction and Purpose

BillerudKorsnäs' 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 solutions industry with operations and presence around the world. This ambition is governed by our Code of Conduct, which can be found using the following [link](#).

This Group Directive ("Directive") is related to, and aligned with, Group Finance Policy.

2 Scope and Applicability

The Directive applies to BillerudKorsnäs and its subsidiaries ("BillerudKorsnäs" or "the Group") and covers BillerudKorsnäs' business activities and operations globally. The Directive applies to all persons working for BillerudKorsnäs or on BillerudKorsnäs' behalf, including board members, employees, interns, and contractors ("Representatives").

The Directive Owner is responsible for the communication and implementation of this Directive. All BillerudKorsnäs Representatives are, however, individually responsible for reading, understanding and following the Directive.

3 Approach to risk management and governance

The CEO is responsible for the Group's approach to tax. We aim to comply with all relevant legal and regulatory taxation requirements and tax governance procedures. All employees are encouraged to take an active role in escalating and enabling any tax issues to be dealt with appropriately. If unclear how escalation shall be handled, Head of Tax shall be consulted.

Tax compliance is generally dealt with at legal entity level or with the assistance of our Shared Service Center. All other tax issues, including but not limited to restructurings, new establishments, transfer pricing etc. shall be raised to the tax function (Head of Tax), which is part of Group Finance.

Tax is discussed at the quarterly Audit Committee meetings. Where necessary, tax decisions will be referred to the board of directors.

We obtain advice from appropriately qualified external advisors on specialist tax matters and we see the input of external advisers as a key source of specific tax expertise to supplement the skills of Group Finance in order to mitigate tax risk. Our use of external advisers means that we have a strong level of tax knowledge available to utilise when required.

4 Our attitude towards tax planning

As part of our commitment to sustainability, we believe the Group should pay the amount of tax legally due in accordance with all applicable worldwide laws. Transactions will not be led by a tax planning purpose. Jurisdictions considered as "tax-havens" and low-tax jurisdictions are not and should not be used unless the business is operating in that territory.

All tax decisions are made in response to commercial activity and tax is one of many factors taken into consideration when making such decisions. We do not use contrived tax structures that are intended for tax avoidance, have no commercial substance and do not meet the spirit of local or international law. Where the tax impacts of a transaction are unknown, we will engage with our external tax advisors to provide us with further clarity.

5 Transfer pricing

BillerudKorsnäs' transfer pricing methodology complies with the OECD Guidelines as it adopts the arm's length principle across the group. Our pricing is driven by the activities undertaken and the value created in each part of our business.

The production units perform the majority of the functions, bear the highest risk and own the most valuable and unique assets in the Group's business. The value created, the taxable income and the Group's income tax costs are therefore to a large extent concentrated to the production units and Sweden, where most of the mills are located.

BillerudKorsnäs has established marketing and sales companies in Europe, Asia and the US. These companies market and facilitate sales of BillerudKorsnäs products. Most of them do not take title of the products.

BillerudKorsnäs also has procurement companies in the Baltics. Other intercompany transactions within the Group are mainly intra group services and sale of pulp between mills.

All transactions are based on the arm's length principle.

6 The level of risk we are prepared to accept in relation to taxation

We adopt a low risk approach to our tax affairs. Our attitude to tax risk is centrally governed by our desire to maintain an open, collaborative relationship with tax authorities. We seek to minimise the risk of a dispute with the tax authorities by being open and transparent about our tax affairs and submitting all necessary information in a timely manner.

We have a clear responsibility to comply in full with the laws in the countries in which we operate, we also choose to do this by respecting not only the letter of the law but also the spirit of the law.

7 Approach towards our dealings with local authorities

We seek to maintain an open and collaborative relationship with all tax authorities and will, where possible, work in real-time with all tax authorities in order to resolve any tax issues that may arise.

8 Tax reporting and effective tax rate

The Group reports on revenue, operating profit and tax in the Annual and Sustainability Report, which shows how we pay our corporate income tax on a country-by-country basis, with the highest amount of tax being paid in Sweden where the core of the BillerudKorsnäs business is located. This document also reports on our effective tax rate of the Group, which was 20.1% in 2019.

The Directive relates to the year ended 31 December 2020 and it is provided on behalf of the entities of the Group, which are enumerated in Note 15 of the [Annual and Sustainability Report 2019](#) and any



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new companies, which become part of the Group throughout fiscal year 2020. The Directive is provided pursuant to Paragraph 22(2) Schedule 19, UK Finance Act 2016 and is intended to comply with all other obligations within Schedule 19 Finance Act 2016.

9 Reviews, Controls & Audits

Monitoring of the Directive is done by external auditors within the framework of the annual audit process and can be subject to internal audit controls.

10 Non-compliance and reporting

BillerudKorsnäs' Representatives are encouraged to report breaches (including suspected breaches) of the Directive to their immediate manager, their local HR Business Partner or to the Group's General Counsel or Corporate Compliance Manager. Anonymous reporting can be made through BillerudKorsnäs Confidential Reporting System (Speak-Up Line). Any participation in a violation of this Directive or applicable law may be grounds for disciplinary and/or legal action. If you have questions or feedback on the Directive, please contact the Directive Owner or the Group's Corporate Compliance Manager.