



Sustainability Report 2015

SCA develops and produces sustainable products that make everyday life easier for millions of people all over the world.

2015
at a glance

30

CSR supplier audits were performed

2,000,000

people received hygiene education

500,0

Eighty six
million

seedlings were produced

0

accidents recorded at
19 production sites

000,000

people used SCA's products every day

This is SCA

SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care, tissue and forest products.

PERSONAL CARE

SCA is a global leader in personal care and manufactures and sells incontinence products, baby diapers and feminine care products. Within these product segments, SCA also offers such products as wet wipes, soap, lotion, baby oil and cotton pads. The products are sold under SCA's global and regional brands, such as Libero, Libresse, Nosotras, Saba and TENA, as well as under retailers' brands.



30%

of SCA's net sales for 2015

And 29% of SCA's operating profit*



TISSUE

SCA is a global leader in tissue and manufactures and sells consumer tissue and Away-from-Home (AfH) tissue. The consumer tissue product portfolio comprises toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins. In the consumer tissue segment, products are sold to retailers under SCA's own brands, such as Lotus, Tempo and Zewa, as well as under retailers' brands. In the AfH tissue segment, SCA develops and markets complete hygiene solutions, including tissue, soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products, service and maintenance for institutions and companies, under the globally leading brand Tork.



55%

of SCA's net sales for 2015

And 52% of SCA's operating profit*



FOREST PRODUCTS

In the Forest Products business area, SCA manufactures and sells paper for packaging and print, pulp, solid-wood products and renewable energy. SCA is Europe's largest private forest owner and produces forest products with a strong environmental profile.



15%

of SCA's net sales for 2015

And 19% of SCA's operating profit*

*excl. items affecting comparability

EMPLOYEES



SALES – NUMBER
OF COUNTRIES



SALES
SEK BN



AWARDS AND MEMBERSHIP



About the report

SCA's annual Sustainability Report outlines the Group's sustainability efforts during the 2015 calendar year from an environmental, social and economic perspective. The report has been prepared in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI), Core option, and is also SCA's Communication on Progress to the UN Global Compact. The report has been reviewed in its entirety by PwC. For further information regarding the Sustainability Report and its reporting principles, see page 65.

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SCA's initiatives and results have gained recognition – SCA is included in a number of sustainability indexes and has received several prestigious awards.

SCA plays an active role in leading organizations at the global, regional and local level with the aim of contributing to a sustainable future for companies, society and the environment.

Good for society, good for business

Magnus Groth looks back on an eventful first year as President of SCA. When he and SVP Group Sustainability Kersti Strandqvist discuss the current and future role of SCA, they both agree that long-term value can only be created if the company simultaneously creates value for its operating environment.

There are many different interpretations of what sustainability really means. What is your interpretation?

MG: If we succeed in turning social challenges into business opportunities, we will create the conditions for profitable growth. Global warming is one of the most serious problems in the world today, and SCA is committed to finding climate-change and energy-efficiency solutions. Our investment in a new biofuel plant in Nokia, Finland, is a good example of how we create value both for SCA and for society (see pages 28–29). The investment is increasing operational efficiency and reducing our energy costs, while carbon emissions have fallen by 40%.

KS: Sustainability is part of our business model and an integral part of our busi-

ness strategy. We must have systems and processes to integrate sustainability into the operations. We do this, for example, by including our targets for people and nature – as well as our financial targets – in our business plans. We have also introduced a procedure for reporting data for carbon emissions and health and safety at our Executive Management Team meetings, which places a new focus on these issues. Safety is always at the top of the agenda and we held our first global Safety Week this year, which was also a great success (see page 22).

How does SCA create value for society?

MG: The link between health and hygiene and growing prosperity is crystal clear. The United Nations, for example, claims that every dollar invested in water and san-

itation has a return on investment of nine dollars from a socioeconomic perspective. Our incontinence solutions improve people's quality of life, while freeing up time for caregivers and relatives. If people can work, or receive care at home instead of an institution, costs to society are substantially reduced.

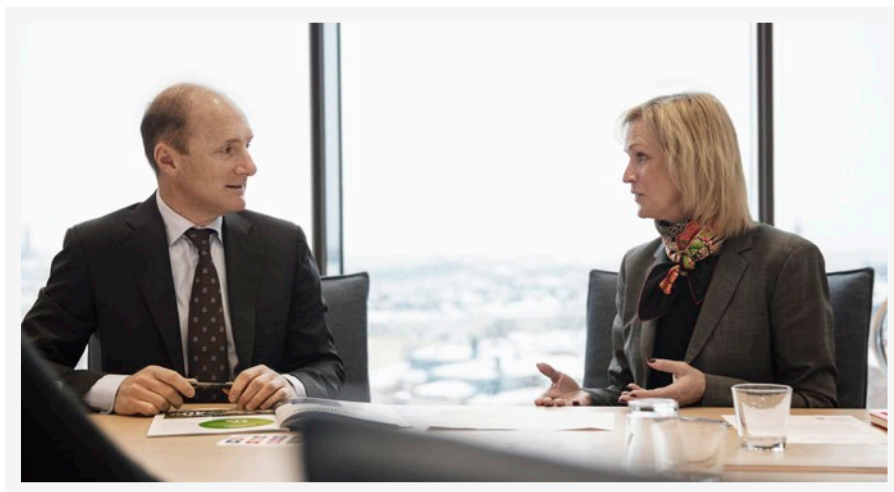
KS: Handwashing is an effective and cheap way to prevent the spread of disease. In some countries it is actually critical and we conduct regular educational handwashing initiatives. For example, SCA and Vinda implemented a program in China during the year that used the "Ella's handwashing adventure" app to teach preschoolers and households about the importance of hand hygiene. We also teach young girls about menstruation and puberty. This helps to break the taboo around menstruation that prevents girls and women from going to school or their work in some countries.

2015 was a year with a focus on sustainability. The UN adopted 17 Global Goals for Sustainable Development and, at the COP 21 climate change conference in

We will revise our objectives and priorities based on even more ambitious goals than before."



Magnus Groth visiting SCA's forest products operation in Sundsvall.



The number of people who have to share the earth's resources is increasing."

Paris, the global community agreed to limit the global temperature increase to 1.5 degrees Celsius. What does this mean for the business sector and for SCA?

MG: No government can achieve the global development goals on its own. Businesses, organizations and authorities must find new ways of working together. All 17 UN goals are relevant to SCA, but particularly those related to health, well-being, sanitation and responsible consumption and production.

KS: It is very positive that the global community could approve a climate-change agreement, but only countries, cities, business and people can reduce emissions – not an agreement. SCA has clear targets

for carbon emissions, biofuel production and wind power. At the climate-change conference in Paris, SCA drew attention to the unique ability of the forest and forest products to store CO₂ and how active forest management helps to limit global warming.

Business ethics is an increasingly important area. During the year, suspicions emerged that SCA had participated in cartels in Chile and Colombia. Would you like to make any comments on that?

MG: Firstly, I would like to point out that we do not tolerate any form of illegal price fixing. In reference to these particular cases, we are cooperating with the authorities and providing all of the requested information.

We have worked, and continue to work, intensively to minimize risks of unethical behavior in our operations and during the year, we worked hard with anti-trust training.

KS: We have committed to supporting the Ten Principles of the UN Global Compact, which also entails a major responsibility. We have also taken further steps in our work related to supplier assessments by delving deeper into the supply chain.

Any thoughts about 2016?

KS: The number of people who have to share the earth's resources is increasing, which is why the EU's proposed action plan for a circular economy is welcome. SCA works continuously to improve resource efficiency, with programs such as ESAVE (see page 49) and life cycle assessments, but we must be even better at identifying waste solutions, particularly for post-consumer waste.

MG: We will continue to develop innovative solutions that make life easier for as many people as possible, and where the new product is better than its predecessor in terms of sustainability and functionality. We achieved our targets for health and safety as well as those we set for water, and we reduced our carbon emissions by 17.4%. We have developed new targets for health and safety, water usage and fiber sourcing and, during 2016, we will revise our objectives and priorities and raise our ambitions ever further.



Kersti Strandqvist participating in a menstrual hygiene management training course for young girls in Sanya, China.

Care and respect for people and nature

are central to SCA's way of working

1

Trends and drivers

Global macrotrends, from population growth and higher living standards to resource scarcity and climate change, have a major impact on SCA's business operations. We have identified a number of macro-economic drivers that we believe are most relevant to our business. By analyzing our operating environment and these drivers, we can leverage opportunities and avoid the risks associated with them.

The macrotrends that we have identified as most relevant to our operations are:

- The world's growing and ageing population.
- The global poverty reduction and a growing middle class.
- The large proportion of the world population with no access to hygiene and sanitation.
- A world that is changing as a result of, for example, globalization, urbanization, political decisions, a global economy and legislation.
- Changes in customer and consumer behavior due to such factors as sustainable consumption, digitalization and increased brand awareness.
- Climate change.
- Resource scarcity, as more and more people have to share the earth's resources.

The macrotrends above are described in more detail on pages 10–11 of the Annual Report.

2

Dialog with the world

Millions of people across the globe have an impact on, and an interest in, our business. We have to act in harmony with the society in which we operate in order to be relevant, and a continuous and responsive dialog with our stakeholders helps us understand the expectations on us as a company and how we can continuously develop and improve. It also helps us to understand the needs of our customers and consumers, build long-term relationships and to formulate and implement our business strategy. *Read more on page 35.*

3

Our crossroads

Our materiality analysis highlights the issues that are significant to SCA and our stakeholders. It forms the basis of SCA's strategy and sustainability program. The analysis is based on a survey of 1,100 internal and external stakeholders. *Read more on page 37.*



4 Strategy

SCA's strategy is based on a sustainable business model in which value creation for people and nature is a condition for growth and profitability. We believe this approach ensures success both in the short and long term. SCA's sustainability strategy is a natural part of the business strategy, which is based on the strategic priorities of profitable growth, innovation and efficiency. SCA has developed a number of sustainability ambitions that describe where we want to be and how we want to be perceived in the long term.

People ambitions

We are creating a position as one of the world's most credible companies by delivering sustainable growth and value for our stakeholders.

We improve hygiene standards worldwide with our hygiene solutions. For the millions of existing users of our products and services, and for the billions of people in emerging markets, we develop innovative solutions that make it easier to live healthy, sustainable lives.

We support women's empowerment and their freedom to participate fully in society – socially, educationally and professionally – across the world by giving them access to, and education about, hygiene solutions.



Nature ambitions

We deliver sustainable solutions with added value for our customers from a safe, resource-efficient and environmentally adapted value chain including purchasing, production and R&D.



We combat climate change and minimize our impact on nature through a combination of new innovations and technologies, efficiency improvements, consumer initiatives and carbon uptake in our forests.

We are committed to biodiversity in our forests and have agreed to manage and use them responsibly. We strive to maximize the value that our forests bring to our ecosystem, climate, customers and society, through a combination of innovation, efficiency improvements and wise and long-term management.

5 Targets and outcomes

SCA has established Group-wide financial, people and nature targets. Ambitious, clear targets drive and govern the business and make it easier for the surrounding world to understand how sustainability work contributes to our business. In 2015, we developed new targets for health and safety, fiber sourcing and water. *Read about the outcome of these targets on pages 8–9, and about the new targets on pages 45, 51 and 52.*

People targets

People & Nature Innovations	Employee Health & Safety
Hygiene Solutions	Code of Conduct

Nature targets

Climate & Energy	Fiber Sourcing & Biodiversity
Water	

Financial targets

Return on Capital Employed	Capital Structure
Growth	

Targets and outcome



People & Nature Innovations

TARGET

We will deliver better, safe and environmentally sound solutions to our customers. We strive to continuously improve resource efficiency and environmental performance considering the whole life cycle for new innovations.

OUTCOME 2015¹⁾

43% of SCA's innovations improved in terms of social and/or environmental criteria. Examples of SCA's people and nature innovations include TENA Flex, TENA Pants, TENA Slip, TENA Comfort with ConfioAir, TENA Identifi, Tork EasyCube, Libero Touch and Arcwise.

Status: ●

Share of people and nature innovations

43%

Read more on pages 14–15 and 40–41.



Hygiene Solutions

TARGET

We will make our knowledge about hygiene available to customers and consumers and ensure access to affordable, sustainable hygiene solutions to help them lead a healthy and dignified life. In markets in which we operate we will:

- Provide information on hygiene matters around our products and services.
- Strive to implement education programs for girls, women and caregivers.
- Strive to offer the best value for consumers, making hygiene solutions affordable to everyone.

OUTCOME 2015¹⁾

SCA held the number one or two position in at least one hygiene product segment in about 90 countries.

Around 500 million people used SCA's products every day.

The hygiene educational programs SCA conducts worldwide reached 2,000,000 people.

We offered a broad portfolio of products ranging from the premium segment to the economy segment.

Status: ●

Millions of people who used SCA products every day

500

Read more on pages 16–19 and 41.



Code of Conduct

TARGET

We will maintain compliance with our SCA Code of Conduct. All employees will receive regular training in the Code.

Our SCA supplier standard will be used to drive shared values and priorities through our supply chain. We will use it in all our supply chain contracts by the end of 2015.

OUTCOME 2015¹⁾

91% of employees have received Code of Conduct training.

Status: ●

84% (75) of SCA's global hygiene supplier base and 86% (83) of the forest product's supplier base had signed the SCA Global Supplier Standard.

Status: ●

Employees trained in the Code of Conduct

91%

Read more on pages 20–21 and 42–44.



Employee Health & Safety

TARGET

Our aim is zero workplace accidents, and we will decrease our accident frequency rate by 25% between 2011–2016.

OHSAS 18001 will be implemented at all main sites by 2016.

OUTCOME 2015¹⁾

The accident frequency was 6.3 (6.7) per million hours worked, a decrease of 6%. Compared with the reference year of 2011, the decline was 31%.

Status: ●

By the end of 2015, 68% (52) of SCA's 65 main sites were certified according to OHSAS 18001.

Status: ●

Reduction in accident frequency rate

-6%

Read more on pages 22–23 and 45–46.

¹⁾ Excluding Vinda

Measurable targets and follow-up are key drivers for SCA's sustainability programs. Transparent targets makes it easier for internal and external stakeholder to monitor progress.

Status:

- = Not according to schedule
- = Not according to schedule, actions identified
- = According to schedule



Climate & Energy

TARGET

We will reduce CO₂ emissions from fossil fuels and from purchased electricity and heating by 20% by 2020, with 2005 as reference year.

We will triple our production of biofuels from our forests by 2020, with 2010 as the reference year.

The production of wind power on SCA forest land will increase to 5 TWh by 2020.

OUTCOME 2015¹⁾

At year-end 2015, CO₂ emissions in relation to the production level had declined by 17.4%, compared with the reference year of 2005.

Status: ●

SCA's production of biofuel from its own forests amounted to 610 GWh (687).

Status: ●

Wind energy from SCA forest land totaled 1.9TWh (1.1).

Status: ●

Reduction in CO₂ emissions

-17.4%

Read more on pages 26–29 and 49–50.



Fiber Sourcing & Biodiversity

TARGET

We will achieve and maintain our target of zero fresh fiber-based material from controversial sources*, including pulp.

We will preserve the biodiversity of our forests. A minimum of 5% of our productive forest land will be set aside from forestry in our ecological landscape plans and a further 5% will be set aside as part of our consideration for nature in our managed forests.

OUTCOME 2015¹⁾

All deliveries of pulp to SCA's facilities meet the requirements of the Group target. All of SCA's wood-consuming units are reviewed by independent auditors and meet the requirements of the Group target.

Status: ●

7% of SCA's productive forest land has been set aside from forestry in the long term in our ecological landscape plans. In 2015, 14% of the area in planned harvesting sites was set aside for preservation.

Status: ●

Productive forest land set aside from harvesting

14%

Read more on pages 30–31 and 51–52.



Water

TARGET

We aim to achieve water sustainability and we will reduce our water usage in water-stressed regions by 10% by 2015, with 2010 as the reference year.

All SCA pulp and paper mills will employ mechanical and biological water treatment plants by 2015.

OUTCOME 2015¹⁾

By year-end 2015, water usage in water-stressed regions in relation to the production level had declined by 18.7%, compared with the reference year of 2010.

Status: ●

Mechanical and biological effluent treatment systems have been installed at all of the Group's 43 pulp and paper mills.

Status: ●

Reduction in water usage in water-stressed regions

-18.7%

Read more on pages 32–33 and 52.



Financial Targets

TARGET

The target for return on capital employed is 13% over a business cycle. The target is 30% for Personal Care, 15% for Tissue and to be in the top quartile of the industry for Forest Products.

Personal Care is to deliver annual organic growth of 5–7%, while the figure for Tissue is 3–4%. Forest Products is to grow in line with the market.

SCA is to maintain a solid investment grade rating.

OUTCOME 2015

The overall return on capital employed, excluding items affecting comparability, was 12% (11). The return on capital employed was 29% for Personal Care, 13% for Tissue and 7% for Forest Products.

Personal Care achieved organic growth of 7%, Tissue 5% and Forest Products 3%.

SCA had a solid investment grade rating.

Return on capital employed

12%

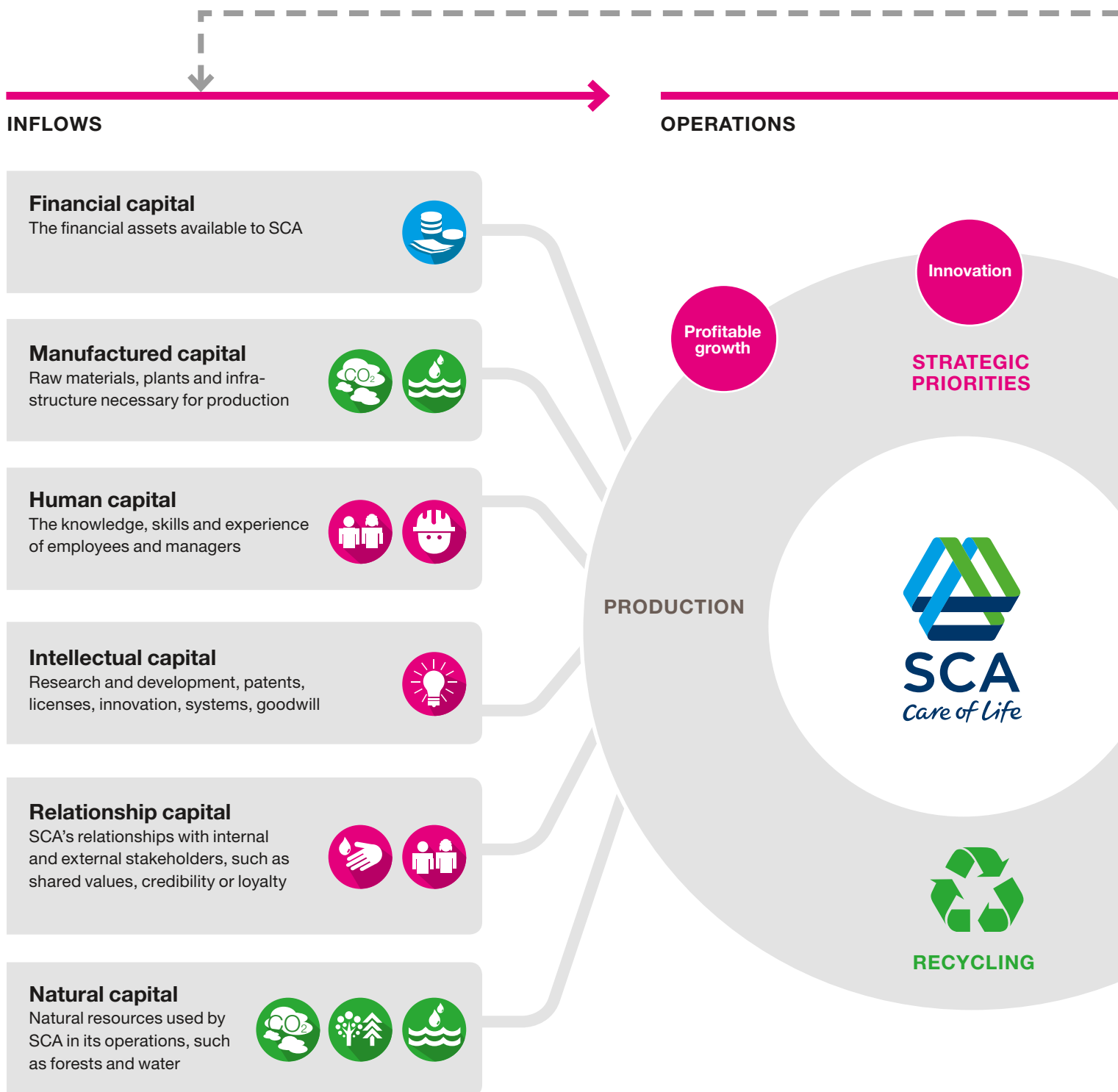
Read more on page 30–31 in the Annual Report.

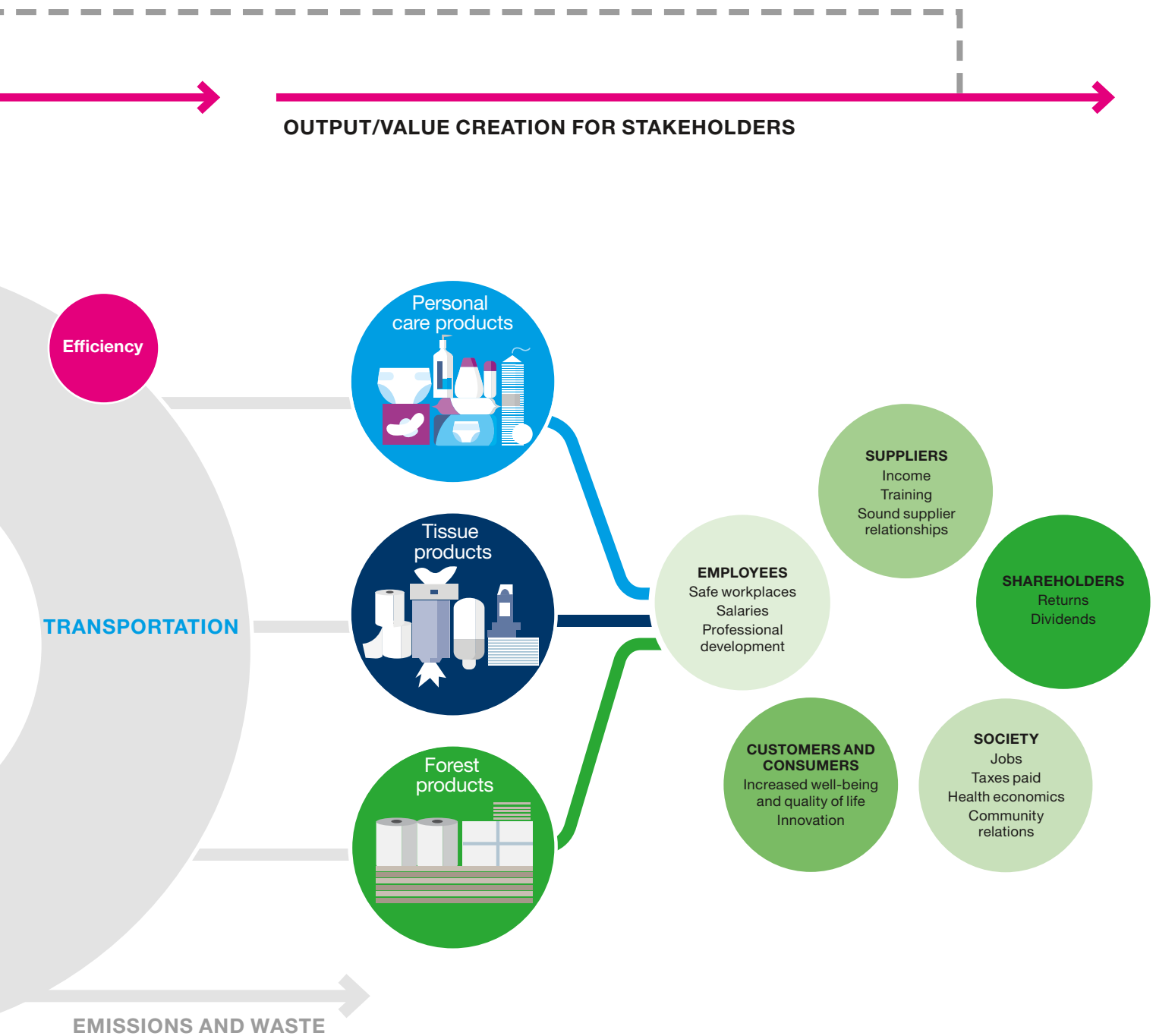
* Controversial sources are defined as:

- illegally logged timber,
- timber from forests with a high conservation value, and
- timber from areas where human rights or traditional rights of indigenous people are being violated.

Integrated business model

Our business model and strategy aim to deliver value for our stakeholders. SCA creates value based on the inflows, or capital, described below. An understanding of the surrounding world and dialog with our stakeholders help us to make the right priorities throughout the value chain. This enables us to maximize the positive value for our stakeholders while minimizing the negative impact.





Satisfied customers and consumers

SCA's products and services contribute to a better life for many people. We are there for our customers and consumers. To succeed, we must understand their needs and how we can best meet them through our offering.

Customer understanding and consumer insight determine the innovations we develop and how we deliver finished prod-

ucts and services to the market. Under the right circumstances, we can contribute to improved quality of life and health among our target groups.

We study the world around us and identify trends and new needs, and we enter into a dialog with our customers and consumers. We learn a great deal from SCA's sales representatives and we conduct regular customer satisfaction surveys.

We engage in a dialog with consumers through focus groups and in-depth interviews. We observe consumer and customer behavior, for example, through home visits. We also gain insight into the needs of consumers and their perceptions of our products by following the discussions on such websites as www.libero.com and www.girls1st.se, and on social media.

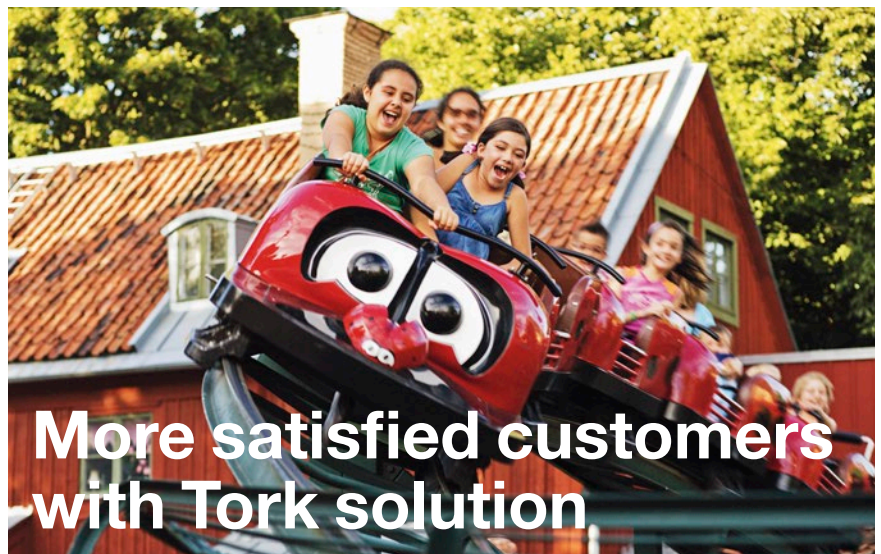
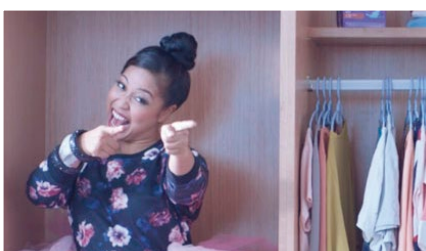
Libresse campaign encourages young women to 'Do What Fits You'

The Libresse Malaysia's 'Do What Fits You' campaign aims to inspire young women to listen to their inner voice and be the person they want to be deep down inside – rather than a person that others expect them to be.

Debby Ho, Consumer Marketing Manager, Libresse Malaysia, explains the concept behind the campaign:

"Young women of today are exposed to increasing pressures and demands on who they 'should be' from family and peers, as well as TV, magazines and social media. This Libresse campaign supports young women to listen to their inner voice and live life to the fullest."

The Libresse TV campaign was aired on Malaysian nationwide TV channels, and spread via social media. Watch the latest Libresse 'Do What Fits You' TV commercial here: <https://youtu.be/of4K5xirpYk>.



At Gröna Lund Amusement Park in Stockholm, Sweden, guest experience is everything and a good impression of the park's toilets is an important part of this experience. Tork EasyCube has not only increased guest satisfaction, but also helped the park's employees do a better job. Tork EasyCube is an IT-based service for public locations, such as bathrooms. It provides real-time data on paper and soap consumption via a mobile or tablet, giving an accurate overview of when and where toilets need to be cleaned and dispensers need to be refilled.

Gröna Lund was one of the first customers to start using Tork EasyCube and the experience has been highly positive. "Our employees now know exactly what needs to be refilled in which restrooms, which saves time since they no longer need to perform unnecessary inspections and they can make sure they have the right material from the get-go," says Dragica Novacic, park support manager at Gröna Lund. "Guest satisfaction has improved and, unlike in the past, we haven't received any complaints about soap or paper at all."

The employees feel they are able to do their jobs better and more colleagues want to work in the restroom team. Especially at times with many visitors, Tork EasyCube makes maintenance easier and the fact that soap and toilet paper consumption has declined is another perk of the system.

40,000

Tork dispensers

Tork hand towels, toilet paper and foam soap – as well as some 40,000 dispensers – have been used in all sanitary facilities at the automobile manufacturer BMW's German and Austrian sites since 2015. This uniform washroom solution provides a consistent, recognizable appearance for both customers and employees, while optimizing and improving hygiene conditions.

SCA also equipped BMW's plant canteen in Dingolfing, Germany with Tork Xpressnap napkin dispensers. During a trial period, napkin consumption was reduced by 30%, prompting BMW to implement the solution in all canteens in Germany and Austria.

Before finally choosing SCA, BMW tested different suppliers and products. SCA's sustainability approach was one of the main reasons it was selected as a long-term partner, combined with other factors such as reduced consumption, lower costs, and high product quality and service level.



Stirling Gravitas

– a new way of addressing male incontinence



With the fearless gentleman Stirling Gravitas and a discreet, specially designed product, TENA, SCA's incontinence care brand, wants to help men deal with light urine leakage.

The very thin TENA Men Protective Shield is ultra-absorbent and was launched in 2015. Unlike other TENA products, the TENA Men Protective Shield is black, making it distinctly masculine and suitable for darker underwear.

In connection with the launch, a new TENA Men commercial was introduced featuring the character Stirling Gravitas, a man who knows how to remain focused without being distracted by a few drops of urine in his underwear. TENA Men Protective Shield is available in the UK and Germany, with more markets to follow.

One in four men over the age of 40 will experience urine leakage at some point in their lives. Many do not realize that help is available and instead ignore the issue or develop their own solutions, which are neither effective nor suitable. Watch the Stirling Gravitas films on Youtube: <http://bit.ly/24UHb2J>.

Some of this year's awards



Stanton McComb, President of McKesson, Michael Feenan and Josh Renihan from SCA with Joan Eliasek, Vice President of McKesson at the award ceremony.

- "Most Innovative Supplier of the Year" from the distributor Bunzl in Europe.
- Ireland's "Most Eco-Friendly Supplier" by Checkout Magazine, a nationwide publication for the grocery retail and FMCG sector in Ireland.
- "Supplier of the Year" by North American distributor McKesson.
- Recognition of supplier excellence by Singhealth, Singapore's largest public healthcare group.

Challenges become business opportunities

TARGET

We will deliver better, safe and environmentally sound solutions to our customers.



We strive to continuously improve resource efficiency and environmental performance considering the whole life cycle for new innovations.

OUTCOME 2015

43% of SCA's innovations improved in terms of social and/or environmental criteria.

Examples of SCA's people and nature innovations include TENA Flex, TENA Pants, TENA Slip, TENA Comfort with ConfioAir, TENA Identifi, Tork Easy-Cube, Libero Touch and Arcwise.

SCA has the opportunity to meet social and environmental needs and improve the lives of millions of people. Through the innovation of products and business models, challenges can be transformed into business opportunities and form the basis for our future offerings.

SCA develops innovations for people and nature. These new solutions offer improvements for the user or for the environment. It may be a case of improved materials and more efficient processes or a smarter design and logistics. Innovations can also solve social needs in a new way and thus ultimately give us a competitive advantage.

Systematic creativity

SCA's innovation process starts with insight about a need. By maintaining close

proximity to our customers and consumers, understanding their needs and transforming this knowledge into products and solutions, SCA makes a difference in people's everyday lives. By integrating environmental issues and social needs into the innovation process, we can monitor how we improve the sustainability profile of our innovations.



Improved function and reduced climate impact

TENA has launched a number of innovations in recent years, such as the highly absorbent TENA Flex, the comfortable and thinner TENA Pants and TENA Slip, and TENA Comfort with ConfioAir. These innovations resulted in a reduced climate impact during the 2008–2015 period as follows: **13% for TENA Flex, 23% for TENA Pants, 15% for TENA Slip and 19% for TENA Comfort.** Tena also pursued its TENA Solutions concept, whereby SCA helps nursing homes iden-

tify the best incontinence care solutions by offering procedures, analysis tools and training combined with innovative product solutions. A study of 181 nursing homes around the world that have implemented TENA Solutions showed clear improvements in 95% of the cases. The advantages include improved well-being for the residents, better work environment, less waste and lower overall costs. *Read more on page 41.*

Other products with a reduced climate impact:

TENA Pants

-23%

reduction in climate impact 2008–2015

Libero open diapers

-25%

Tork paper towels

-11%

reduction in climate impact 2011–2014

Round corrugated board packaging offers exciting designs

Arcwise is a new technique that allows corrugated board packaging to be designed in round shapes. The technique unleashes a brand new world of innovative design possibilities, for example, the creation of shelf-ready packaging and displays in a way that was not possible before.

Research has shown that the shape of an object has a huge influence on how people react to it and round objects are preferred to sharp-edged objects. Another advantage of the round shape is that the package has improved strength compared with normal corrugated board packaging. Material consumption can thus be reduced by up to 30%.

The packaging can still be made in conventional machines and transported in flat sheets, providing efficient production and logistics.

Visit www.arcwise.se for more information.



TENA Identifi

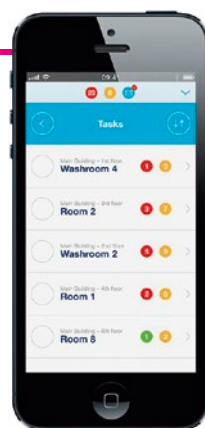
A breakthrough innovation for continence care that was developed based on a distinct need of our customers in elderly care. The solution is based on a sensor product that registers how much urine is passed and when it reaches the pad. Three days of observations are used as the basis for a continence care plan, with individually adapted incontinence products and a toilet assistance schedule. The product offers several benefits – the well-being of the individual is improved and caregivers gain more time to do an even better job, often at a lower cost. See also the article on page 16.



Smart solutions

Most would agree that fresh, clean toilets at work are important and Tork offers a broad range to solve hygiene needs. Softer design, better absorption, denser packaging and new technology are just some examples of innovation. The climate impact of Tork's paper towels declined by 11% between 2011 and 2014. The design of the dispensers – allowing only one towel to be taken at a time – also reduces consumption, which is a prime example of how customer demand for better hygiene coincides with reduced environmental impact.

Tork EasyCube is an IT-based service for public locations, such as public restrooms, that provides real-time data on paper and soap consumption, giving an accurate overview of when and where toilets need to be cleaned and dispensers need to be refilled. See also the article on page 12.



Fits every baby's bottom

Libero Touch is SCA's biggest innovation in baby diapers in 20 years. The supersoft and comfortable diaper has been specially designed to be kind on the delicate skin of babies.

The softness of the diaper has been confirmed in both laboratory and consumer tests and the diapers are dermatologically tested. Libero Touch covers all assortments and, similar to other Libero diapers, the Touch range has been certified under the Nordic Eco-label. The successful sales figures for the new diaper confirm that it was a long sought-after innovation.

In the 2008–2015 period, the climate impact in Europe declined 25% for open diapers and 15% for pant diapers.

Better hygiene for better health

TARGET

We will make our knowledge about hygiene available to customers and consumers and ensure access to affordable, sustainable hygiene solutions to help them lead a healthy and dignified life. In markets in which we operate we will:

- Provide information on hygiene matters around our products and services.
- Strive to implement education programs for girls, women and caregivers.
- Strive to offer the best value for consumers making hygiene solutions affordable to everyone.



OUTCOME 2015

SCA held the number one or two position in at least one hygiene product segment in about 90 countries.

Around 500 million people used SCA's products every day.

The hygiene educational programs SCA conducts worldwide reached 2,000,000 people.

We offered a broad portfolio of products ranging from the premium segment to the economy segment.

Improved hygiene is a central focus area in most of what SCA does. Every day, some 500 million people use our hygiene products. The more SCA grows, the more people have an opportunity for improved hygiene. SCA has the knowledge, solutions and ambitions to make a difference.

Simpler everyday life

SCA's products and services cover all phases of life and benefit both individuals and society as a whole. We are happy to share our knowledge of hygiene, for example, by educating girls about menstruation, or nurses about incontinence.

SCA's products are available in about 100 countries and we adapt our practices to meet specific market needs. Sometimes social entrepreneurship and new strategies

are required in order to operate in certain markets. It is also possible to create a market in regions with more limited purchasing power. For example, SCA sells smaller packages with only one or two products in each package. These packages cost less, which means that more people can afford them. Over time, this results in improved hygiene among new groups.

Dignified elderly care with new technology

The "Tre Stiftelser" residential care facility in Gothenburg in Sweden is developing a new method of customizing continence care that results in a more dignified existence for the elderly, while allowing staff more time for other nursing duties.

The technology was developed by TENA, SCA's incontinence care brand, and is used at several residential care facilities and institutions. Although TENA Identify appears to be an ordinary incontinence product, it has built-in sensors that record leakage among individuals who are unable to use the toilet by themselves. The volume and time of all leakages are logged for a 72-hour period. The results are then compiled into a report that enables staff to plan the resident's visits to the toilet, to determine the size of the incontinence product needed and to establish a changing schedule.

"The new technology lets us try out individually customized incontinence products, or to remove the product entirely and provide assisted visits to the toilet instead. In addition to the improved sense of dignity it provides our residents, the technology also allows us more time for rewarding care," explains Susanne Börjesson, manager of Tre Stiftelser.

Most of the elderly are able to switch to thinner products that are less noticeable and feel smaller. Another advantage is that the elderly can sleep without needing to wake up in the middle of the night to check whether the product requires changing.



Susanne Börjesson with a TENA Identify product.



Through its Libresse brand, SCA educated 40,000 young girls in Malaysia about menstruation and what happens to their bodies during puberty.

LIBRESSE EDUCATING GIRLS IN MALAYSIA

The process of developing from a girl into a woman can be challenging. Libresse's "Discover What Fits Your Body" educational program was designed for primary schools in Malaysia with a focus on girls in the age range when menstruation often begins.

Libresse is visiting schools in major cities across the country to promote the program. Young girls learn about menstruation and the changes that happen in the body during puberty. Each girl receives a starter kit from Libresse, which includes a brochure to help parents speak with their

daughters about their bodies and menstruation. During the year, Libresse visited some 160 schools and came into contact with around 40,000 young girls. Libresse and SCA's feminine care brands Saba and Nosotras conduct similar courses in a number of countries across the globe.

Better hygiene at work

SCA participates in a global initiative to ensure that the hygiene standard at the company's workplaces is first rate, regardless of where in the world the plants are located. This involves addressing workplace sanitation and health issues, with a long list of criteria such as increasing the frequency of water-quality tests, better toilet sanitation and improving employees' awareness of hygiene and sanitation.

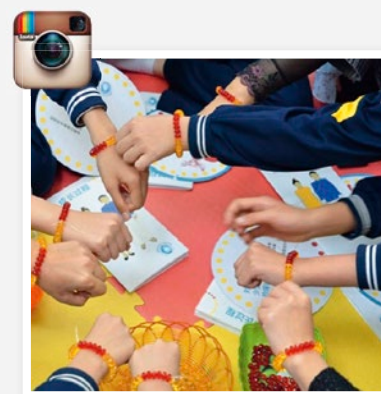
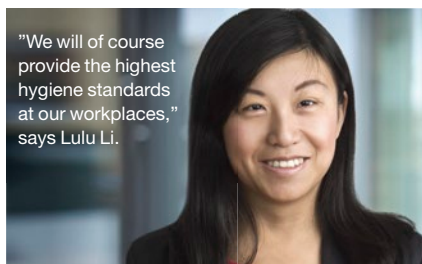
"Many of our units are already of a high standard. Naturally, as a hygiene company, we care for our employees and provide the highest standards of hygiene at our workplaces. This is of particular importance in markets that lack clear legislation," explains Lulu Li, Corporate Social Responsibility Manager at SCA.

Good hygiene reduces the risk of waterborne diseases, makes workplaces

more attractive for employees, and is also expected to improve productivity. The initiative is linked to the World Business Council for Sustainable Development (WBCSD), which manages the Wash Pledge project together with some 20 other global companies.

SCA has undertaken to fulfill the requirements of Wash Pledge within three years in all wholly owned facilities throughout the world. Read more at www.wbcd.org/washatworkplace.aspx.

"We will of course provide the highest hygiene standards at our workplaces," says Lulu Li.



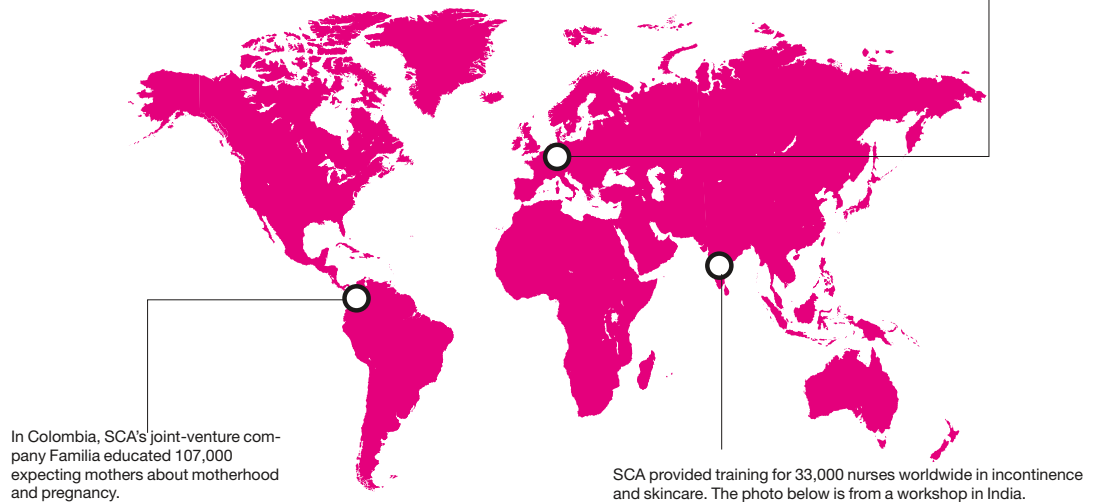
@SCAeveryday In February, SCA and WSSCC organized a menstrual hygiene program in Haikou, China, in conjunction with Team SCA's stopover in Sanya. WSSCC trained 30 young girls and several women who, in turn, will continue the programs. Spreading the message is vital for achieving long-term change. #VOR #Sanya #China #hygiene

Knowledge is key

The world would be a much better place if everybody had access to clean water, sanitation and effective hygiene products – and knowledge of the link between hygiene, health and quality of life. We share our knowledge of hygiene with girls, women, children, parents, relatives and caregivers across the globe.

Number of people who received training during the year

2,000,000



Value for society in China

While SCA's and Vinda's work with incontinence in China represents a successful business operation for the company, it is also generating considerable value for society. Incontinence adversely impacts individuals, as well as their families and relatives. Improved continence care increases productivity, while reducing the risk of related diseases. This was demonstrated in a report compiled by SCA together with the international consultancy firm Accenture.

SCA's work in Beijing, Shanghai and Guangdong has directly improved the quality of life of more than 100,000 individuals suffering from

incontinence. For example, SCA has provided training for more than 14,000 nurses and other incontinence care professionals. It is estimated that more than USD 40m in value has been generated for society in the form of improved work capacity, reduced stress and the prevention of related diseases.

The report shows how important it is that decision-makers and the business sector work together. Sharing the same objectives and cooperating in the areas of competency, structure and resources can improve quality of life and create more opportunities for people to live the life they choose.

14,000

SCA teaches children around the world about hand washing with the help of "Ella's hand washing adventure," an app for iPad and Android devices that has become very popular for teaching young children to wash their hands. In 2015, the app was downloaded 5,500 times and 8,500 training packs were distributed to preschools.



SCA takes up the fight against childhood disease in China

Some 50,000 cases of hand, foot and mouth disease are reported in China every year. HFMD, as the viral infection is also known, mainly affects infants and young children, causing blisters, sore throat, diarrhea and fever. Since there is no specific treatment, preventing the virus is by far the best solution.

The Shenzhen Center for Disease Control and Prevention in China and a Dutch university have concluded in a study that thorough hand washing can help prevent the spread of the virus and significantly reduce the risk of HFMD for children. Over the course of the six-month study, SCA and Vinda provided 18 preschools with Tork dispensers, paper towels and soap, reaching over 8,000 children and

nearly 650 teachers. Antibacterial Vinda wet wipes were also handed out to 2,200 households to facilitate good hand hygiene at home.

To encourage good hand hygiene habits, the teachers and children at the preschools focused on washing their hands and the children were educated about hand hygiene. They also practiced with the help of "Ella's hand washing adventure," an app developed by Tork to teach children to wash their hands properly to remove dirt and bacteria (can be downloaded from App Store or Google Play). This is the first quantitative study of this scale in China to establish a link between early hand hygiene intervention and disease prevention in young children.



33,000



SCA breaks the silence on menstruation

The taboos, ignorance and preconceptions surrounding menstruation are jeopardizing the health of millions of women every day, particularly in emerging markets. But menstruation is also a subject that few people talk about in more developed countries. SCA's partnership with the UN Water Supply and Sanitation Collaborative Council (WSSCC) is an example of the company's proactive efforts to break the taboos surrounding menstruation, and raise awareness of the importance of good menstrual hygiene.

WSSCC is the only UN body that works exclusively with hygiene and sanitation, and the partnership with SCA has involved a number of joint activities, such as a menstrual hygiene management training for young girls in conjunction with Team SCA's stopover in Sanya, China in early 2015. In May, a seminar was held at the UN Headquarters in New York in which SCA's SVP Communications Joséphine



Edwall Björklund and SVP Sustainability Kersti Strandqvist participated. Attendees included representatives of various NGOs and UN bodies, decision-makers and members of the business community. The seminar focused on how the taboos surrounding menstruation impact women's role in society and how cooperation between public and private sectors can make a difference. Hygiene seminars and activities designed to influence public opinion have also been carried out within the framework of the partnership.

The Code shows the way forward

TARGET

We will maintain compliance with our SCA Code of Conduct. All employees will receive regular training in the Code.



Our SCA supplier standard will be used to drive shared values and priorities throughout our supply chain.

OUTCOME 2015

91% of employees have received Code of Conduct training.

84% (75) of SCA's global hygiene supplier base and 86% (83) of the forest product's supplier base had signed the SCA Global Supplier Standard.

SCA has worked intensively to increase awareness of ethical issues in the organization, using the Code of Conduct to support its efforts. Sound business practices, good working conditions and respect for human rights have been a few of the company's focus areas. Training and supplier audits are tools to help the company achieve its targets.

Training in the Code

SCA's Code of Conduct is a tool for inspiring confidence in the Group, something we earn by responsibly managing our stakeholder relationships. Since 2004, our Code of Conduct has helped translate SCA's core values of respect, responsibility and excellence into action. In 2014, a campaign was carried out to ensure that all employees received training in the Code. Providing training and information about the Code is a continuous process that is never truly finished.

Choosing the right partners

The more SCA grows at global level, the more important it becomes for the Group to review its local suppliers and choose responsible business partners. The aim is to identify risks and develop the social and environmental performance of suppliers.

SCA's objective is to drive shared values and priorities throughout the supply chain in line with SCA's Global Supplier Standard. During the year, a risk analysis was carried out with a focus on handling recovered fiber, which resulted in the introduction of a recognition program for suppliers in Mexico.

Competing on the right terms

Free and fair competition is an important cornerstone in every society, and for every sustainable business operation. SCA has a long-standing training program for employees who, during the course of their work, encounter and require extra expertise when it comes to issues concerning competition law.

As part of the program, employees receive written guidelines and an opportunity to participate in recurring training seminars in small groups, during which various relevant issues are discussed. During the year, SCA also introduced a new, interactive e-learning program addressing all areas of competition law.

To ensure that employees understand all of the rules and regulations, the program also includes a section in which they must answer various questions. More than 2,000 employees took part in this program during the year.



Whistleblowing in Latin America

SCA is testing a new whistleblowing system in Mexico. Individuals who witness improprieties or unacceptable behavior within SCA can report it in their local language through a website or by telephone. The reports are received by an external party that registers the case.

The identity of the whistleblower is always protected, regardless of whether he/she chooses to be anonymous. The whistleblower can follow his/her case by logging into the website.

"We want to examine the effectiveness of an external hotline as a complement to the internal whistleblowing system that is already in place," explains Lulu Li, Corporate Social Responsibility Manager at SCA.

"We have a similar pilot project in the UK, but wanted to test the system in one of our emerging markets, in this case, Mexico."

SCA is creating awareness of the new channel through an information campaign, using media such as posters, articles on the intranet and advertisements in staff magazines. So far, a handful of reports have been received during the year. In late 2015, SCA decided to introduce similar whistleblowing systems in Central America, Chile and Brazil.



Satisfied employees

SCA's 2015 All-Employee Survey showed excellent results with improvements in all areas and an all-time-high response rate of 88.3%.

The All-Employee Survey is carried out every second year. This was the third survey in the company's history and gradual improvements have been noted in each of the surveys. The overall SCA Index was 72 (maximum score of 100), an improvement of 2 points compared with 2013.

"The 2015 survey results underline our positive company culture, which continues to be something that we can be truly proud of," says Anna Sävinger Åslund, SVP Human Resources. "As before, we can see a high level of engagement throughout the organization."

A continued improvement was seen in all global results. This is especially true for those areas on which SCA has chosen to focus at a global level, for example, leadership, professional development, information concerning the strategy and changes, and occupational safety. The results are followed up in the form of workshops and actions plans in all units. *More data about the All-Employee Survey can be found on page 48.*



SCA's Global Supplier Standard was updated in 2015.



Supplier program in Mexico

SCA uses recovered fiber in parts of its operations. SCA is well aware of the risks related to, for example, health and safety, working conditions, child labor and forced labor that may arise when sourcing recovered fiber from high-risk areas. The company works to minimize the risks related to recovered fiber sourcing.

One example of how SCA works to mitigate risks is the voluntary Mexico Supplier Recognition Program, which has been developed during 2015 for rollout in 2016. The program has a three-pronged approach: 1. Suppliers commit to the criteria in SCA's Global Supplier Standard. 2. A product and raw material specification regulates SCA's recovered fiber criteria. For example, SCA does not approve fiber materials from landfill. 3. Suppliers commit to following a program for improved health and safety, and labor conditions for employees.

The supplier program was preceded by a pilot program with a number of suppliers from Mexico City.

"We learned that suppliers are eager to partner with a strong company like SCA, not only to improve their health and safety, but also quality and business development," says David Knight from SCA.

The lessons learned from the pilot project were used to develop the Mexico Supplier Recognition Program.

"The reaction so far has been very positive; every supplier we have approached has signed up. They appreciate our concern and help in becoming more responsible," says David Knight. The goal is to involve 70% of SCA's recovered-fiber suppliers in 2016. *Read more about SCA's fiber sourcing initiatives on page 51.*

More ambitious safety target

TARGET

Our aim is zero workplace accidents, and we will decrease our accident frequency rate by 25% between 2011 and 2016.



OHSAS 18001 will be implemented at all main sites by 2016.

OUTCOME 2015

The accident frequency rate was 6.3 (6.7) per million hours worked, a decrease of 6%. Compared with 2011, the decline was 31%.

At year-end 2015, 68% (52) of SCA's main 65 main sites were certified according to the OHSAS 18001 standard.

SCA's new health and safety target is ambitious: a 50% reduction in accidents by 2020. The working environment and safety of its employees are of paramount importance to SCA and the company wants everyone to feel safe at work. This pertains not only to the physical work environment, but also to promoting a culture in which safety always comes first.

Vision of zero workplace accidents

SCA has a vision of zero workplace accidents at all of its units. To achieve this goal, the company must continuously reduce its accident frequency rate, meaning the number of accidents per million hours worked. SCA's target to reduce its accident frequency rate by 25% between 2011 and 2016 was achieved ahead of schedule in 2014, and we have now adopted a new target for the period from 2014 to 2020. We have raised our ambitions significantly, and our new target is to reduce our accident frequency rate by 50%.

Creating a safety culture

A number of important tools will be required if we are to successfully meet this target.

Policies, management systems, follow-up and control are examples of tools that facilitate initiatives for improving health and increasing safety. However, perhaps the most important step will be to create a culture that always places health and safety first. Our first-ever Global Safety Week in 2015, in which employees across the world participated, is an example of an activity designed to promote such a culture.

SCA's control system also includes minimizing risk by providing training for managers, employees and partners. Each SCA plant has procedures in place to increase workplace safety. The international OHSAS standard also serves as a tool to help SCA promote a systematic approach and continuous improvement of the work environment.

Global commitment to safety



A fire drill demonstration was held in Allo, Spain.

All employees should be able to return home from work safely, and workplace safety is a top priority. As part of efforts to create a safety culture, SCA held its first Global Safety Week.

The week included a number of exciting, innovative and important initiatives around the world. At many locations, employees' families and friends were engaged via a

video competition and poster campaigns, thus extending the message of safety beyond the workplace. The campaign also gained visibility in the media.

In Malaysia, teams competed in intense games, competitions and workshops – all with a focus on the theme of health and safety. The schedule also included a rigorous aerobics class. The local office in Spain invited children from a nearby school to a live demonstration of a rescue by the fire department, while employees in France had the opportunity to try out the role of a forklift operator in an effort to increase awareness of why it is important to follow safety rules.

"I am very proud that the first SCA Global Safety Week turned into a truly global project, reaching approximately 30,000 SCA employees with a strong and consistent safety message around the value of work-

ing together as one team and returning safely home every day to enjoy families and relatives," says Mario Forte, Director Global Hygiene Supply Tissue.



In Saint-Ouen, France, a CPR course was arranged.

Accidents to be halved by 2020

SCA is further raising its ambition with respect to occupational health and safety. The number of lost time accidents (LTAs) is to be reduced by 50% by 2020 (base year 2014). This new target will replace the Group's previous target to reduce the number of LTAs by 25% by 2016, which was achieved ahead of schedule in 2014.

In order to achieve the new target, a large number of activities have been planned, including additional Safety Days, risk assessments, safety competitions and internal information campaigns.

All operations within SCA are to be certified according to the OHSAS 18001 safety standard by 2020. This also applies to acquired operations, which are to be certified within three years of acquisition.

The vision is for there to be zero accidents at all of SCA's plants and a number of operations live up to this vision every year (see fact box).

-50%

Workplaces for all ages

SCA regularly conducts analysis around upcoming demographic challenges and generational shifts, and it became obvious that absence related to musculoskeletal problems increased with age. As a result, SCA initiated two pilot projects.

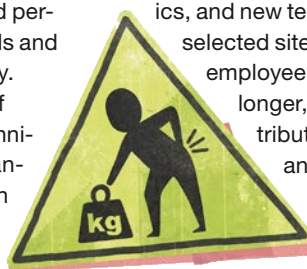
"Our investigations showed a rise in absence with age, and that in some cases musculoskeletal issues were responsible for up to 70% of absences," says Astrid Manquin, SCA Human Resources Director.

The insight resulted in workplace ergonomics surveys at the Hoogezand personal care plant in the Netherlands and the Neuss tissue plant in Germany.

"The surveys resulted in a list of areas we wanted to improve. Technical as well as behavioral and organizational improvements have been made to create more ergonomic

production lines. It's possible to solve the most critical areas with a relatively small budget."

In Hoogezand, transporting carts now have higher handles to avoid bending, raised platforms make loading packaging easier and a lifting device helps to load the wrapping. In Neuss, a new tool was developed to further reduce the effort needed by workers to separate paper rolls. During 2016, SCA will launch a project to deploy site-wide awareness, training in ergonomics, and new technical solutions in the selected sites. "Such initiatives help our employees to work more healthily for longer, and we hope it further contributes to employee satisfaction and engagement," says Astrid Manquin.



@SCAeveryday Every summer, the children of employees at SCA's facility in Sahagún in Mexico are invited to spend one fun summer week at their mother or father's workplace. They learn about their parent's workplace, as well as about ecology, nutrition, safety and health. Physical exercise and craft are also on the agenda. #workatsca #mexico #sahagun

@SCAeveryday At SCA's facility in Veniov in Russia, the Health & Lifestyle program was launched in 2010 to improve the health of employees. Every morning during summer, employees take part in these exercises. #workatsca #russia #health #exercise



Production facilities with zero workplace accidents in 2015:

Logistics Lybeck, Germany
Witzenhausen, Germany
Ranjanraon, India
Altopascio, Italy
Monterrey, Mexico
Uruapan, Mexico
Suameer, Netherlands

Svetogorsk & Kamennogorsk, Russia
Veniov, Russia
Gemerská Hôrka, Slovakia
Mapacasa, Spain
BM Skandinavien Stugun, Sweden

Norrplant/BogrunDET, Sweden
Chesterfield, UK
Manchester, UK
Oakenholt, UK
Welshpool, UK
Bowling Green, USA
Greenwich, USA



Bump caps enhance safety

In order to draw attention to safety issues, employees at SCA's European tissue mills have been given protective bump caps. More than 10,000 people have received a protective cap, to help create a culture where safety comes first.

Making a difference

SCA wants to help solve social challenges. These challenges are a source of inspiration and change. In some cases, SCA can contribute to solutions as part of its business, while in others, SCA adopts a corporate citizen approach.

Over time, the social dimension has become an increasingly important part of companies' CSR strategies – and this has also been the case for SCA. The social needs of communities are growing, and many of these can only be solved through cooperation between companies and communities.

At the same time, these needs are a source of inspiration and development for

companies' business models and product offerings. There are ample opportunities to create shared value between companies and the community, where business value for the company and social value for the community go hand in hand.

SCA prioritizes social initiatives with a clear link to the company's values, expertise, operations and geographic presence.

Many initiatives are in hygiene and health, often related to women and children.

The projects vary over time and between regions. They range from hygiene programs to support for refugees or young people who need to enter the labor market. These projects strengthen SCA's position in the community and build loyalty and goodwill. They contribute to our reputation as an attractive employer, and make our employees proud to be working for SCA.

Supermarket for people in need

SCA aims to be a committed partner in the local communities in which it operates. In Rågsved, outside Stockholm, SCA has partnered with Matmissionen, a collaboration between businesses and the community in which leftover food from stores is sold at a much lower price. SCA contributes financially, and also donates Libero diapers and feminine care products from Libresse.

The purpose of the supermarket is to make everyday life easier for economically vulnerable people. The store also hires unemployed people and will provide jobs for 20 people during 2016.

"We help to support this 'social supermarket' by contributing money, products and job opportunities. Anyone can shop at Matmissionen, but economically vulnerable people and their families can become members and thereby pay a third of the price they would normally pay in other stores," says Anna Dittmer, Key Account Manager at SCA.

The initiative also reduces food waste since food that might otherwise be thrown away is going to people who need it. Some of the other participants in the project are food company Axfood and the charity organization Stadsmissionen.



Matmissionen is a collaboration between businesses and the community in which leftover food from stores is sold at a much lower price.



Integration in Vilhelmina

In Vilhelmina, Sweden, SCA is helping newly arrived young migrants enter the labor market. In cooperation with the municipality, their education is alternated with forest work. In addition to normal school subjects, young people from different countries are also learning about forest management, including pre-commercial thinning and planting. The aim is to make it easier for the newly arrived refugees to complete their schooling in a new environment, while also providing job opportunities in forestry. This will also make it easier to recruit new employees in the forest industry in the future.

"For us, this is an opportunity to show these young people the opportunities that exist in the industry. The forest industry needs labor and we want these jobs to stay in rural areas," explains Jakob Hellstrand, Forestry Manager at SCA Skog.



Better hand hygiene can save lives

Poor hand hygiene is the most common cause of infections in hospitals. Studies show that one-third of those who die from infections while under hospital care could have survived with better hand hygiene.

In an endeavor to improve the hygiene situation, SCA has initiated a partnership with the World Health Organization (WHO). The project, referred to as POPS, comprises a group of companies working with the issue under WHO's leadership.

"There is a lot of very old equipment left in hospitals, which doesn't encourage people to wash their hands, and also sends a message from the hospital administration that hand hygiene is not a priority. We want to change this," explains Peter Blomström at SCA.

"However, we not only want to sell better products that encourage people to wash their hands, we also want to change the behavior at hospitals."

Poor hand hygiene is not only prevalent in emerging markets such as India and China, but also Europe and the US, where there is a considerable problem with post-op infections. The cooperation with WHO commenced in 2015, and SCA will launch a number of activities in 2016 within the framework of the program.

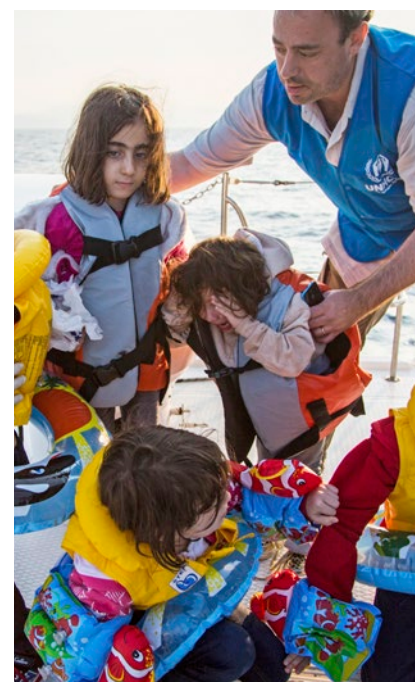
The companies will spread awareness of the importance of good hygiene, provide information about the methods and equipment that are available, facilitate the distribution of products in emerging markets and develop preparedness for assisting with equipment in disasters.

Refugee support

The refugee situation in Europe has touched many people emotionally and created considerable social involvement. This is also true at SCA, which has donated hygiene items and money to make everyday life easier for refugees. Access to hygiene products is the highest priority after food and water, and it is of particular importance in situations where people lack access to sanitation.

SCA has donated diapers and feminine care products that were sent to refugee camps in Greece and Austria through the UN Refugee Agency (UNHCR) and the Red Cross. SCA was also behind the donation of a RIB boat – used to support SCA's women's Team SCA in the Volvo Ocean Race 2014–2015 – to the Swedish Sea Rescue Society. The boat was subsequently donated to the Hellenic Rescue Team charity in Greece and is being used to save lives at sea.

Many local initiatives were launched, through which employees donated hygiene products, clothing and money to aid organizations. Employees at several locations gave up their annual SCA Christmas present and the money was donated to relief organizations.



The Greek Coast Guard saving Syrian refugees from a rubber boat in the Mediterranean Sea near the Greek island of Lesbos.

Combating climate change

TARGET

We will reduce CO₂ emissions from fossil fuels and from purchased electricity and heating by 20% by 2020, with 2005 as the reference year.

We will triple our production of bio-fuels from our forests by 2020, with 2010 as reference year.

The production of wind power on SCA forest land will increase to 5 TWh by 2020.



OUTCOME 2015

At the end of 2015, CO₂ emissions in relation to production levels had declined 17.4%, compared with the reference year of 2005.

SCA's production of biofuel from its own forests amounted to 610 GWh (687).

Wind energy from SCA forest land was 1.9 TWh (1.1).

SCA is working in many ways to reduce its climate impact. In addition to managing forests that absorb CO₂, SCA is also working to reduce the CO₂ emissions generated by its operations and investing in the production of renewable energy, such as biofuels and wind power.

SCA is making significant investments in new technology, including an investment in the Östrand pulp mill in Timrå, Sweden, and an investment in a biofuel facility in Nokia, Finland. SCA is also taking many small steps by continuously implementing small improvements to make our work better and more efficient, for example, through the ESAVE energy-saving program.

Our forests absorb a net amount of 2.6 million tons of CO₂ each year, which is more than the emissions generated by SCA's production operations. Forests also play a key role in our efforts to increase the availability of renewable energy. Raw material and by-products are converted into bio-fuels, thereby becoming valuable energy. Our forest land is also an important foundation for our wind power projects.

40% reduction in carbon emissions, corresponding to 20,000 tons per year



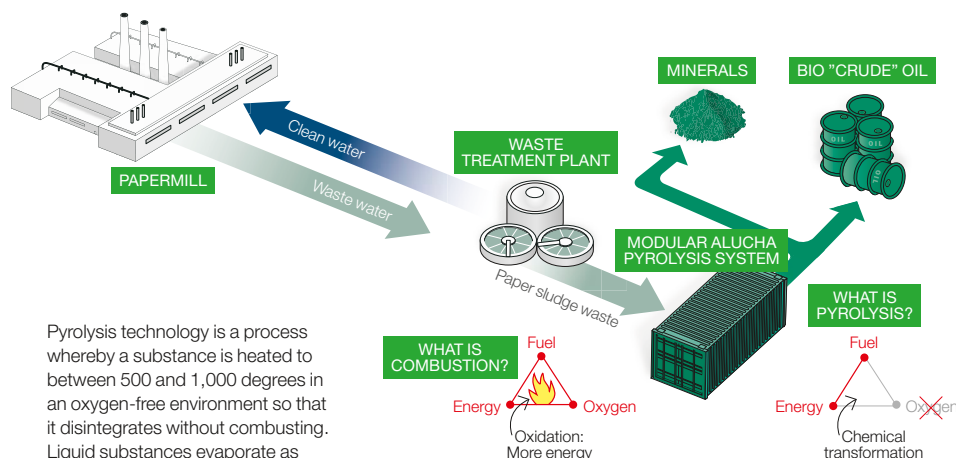
New technology makes waste valuable

Together with external partners in the Netherlands, SCA is pioneering the use of pyrolysis technology to extract energy from sludge. The technology has huge potential to reduce waste and carbon emissions. SCA will also save money by converting waste into carbon-neutral energy and minerals that can be sold as raw materials.

In 2015, SCA developed a reactor specifically designed for sludge pyrolysis.

“All fiber is converted to fuel in the reactor, while other materials (minerals) are recycled,” says Tom Berben, Director of Environmental Compliance.

SCA's partners in the project are the resources and innovation company Alucha, and the University of Twente in the Netherlands.



Pyrolysis technology is a process whereby a substance is heated to between 500 and 1,000 degrees in an oxygen-free environment so that it disintegrates without combusting. Liquid substances evaporate as gases and leave a solid or liquid residue.

“In 2016, we will build a 150 kg-per-hour mobile unit that we will bring to our European and US mills for pilot testing.”

The pilot tests at SCA's mills will help the company to design full-size industrial installations from 2017.



New Finnish biofuel plant

set to reduce costs and carbon emissions

In cooperation with local partners, SCA is investing in a new biofuel power plant in Nokia, Finland, that will provide SCA's tissue paper mill in Nokia with a low-cost, renewable and reliable energy supply. The plant will also reduce carbon emissions by almost 40%, equivalent to 20,000 tons per year.

“The project is on schedule and on budget. “The biofuel plant will start producing steam in April 2016, and we expect SCA's investment to be repaid within four years through reduced energy costs,” explains Heikki Mustaniemi, Manager of the Nokia tissue paper mill.

The biofuel plant will meet most of the paper mill's steam requirements, and provide all heating at the SCA facility. The project will therefore significantly reduce dependence on natural gas.

The plant will mainly be fueled by locally sourced woodchips, but there are plans to combust all the biosludge from SCA's Nokia mill in the future. The biosludge is currently disposed of as a waste product.

“The project really is win-win – for the environment, and for our business,” says Mustaniemi.

World-class pulp

The demand for pulp is growing. By doubling the pulp production of the Östrand pulp mill, not only will SCA become one of the largest producers of bleached softwood sulphate pulp in the world, the plant will also become state-of-the-art in terms of quality and the environment.

This industrial investment is one of Sweden's largest ever. In August 2015, SCA announced that it would invest SEK 7.8bn in its pulp mill outside of Timrå. The investment will boost the mill's competitiveness and create a world-class cost position.

The environmental performance of the new plant will be high and energy efficiency will rise significantly. Östrand is a major producer of energy and will double its deliveries of green electricity to about 1,000 GWh.

The investment will also have a major positive impact on the local community by creating of a large number of jobs. In the long term, some 500 to 600 people will be employed in forest management and the raw-material transportation chain. A further 120 jobs will be created to distribute the doubled pulp volumes to customers. Several thousand individuals are expected to be employed by contractors during the three-year construction period in connection with the expansion. As many as 2,000 people will be working simultaneously on expansion and production.



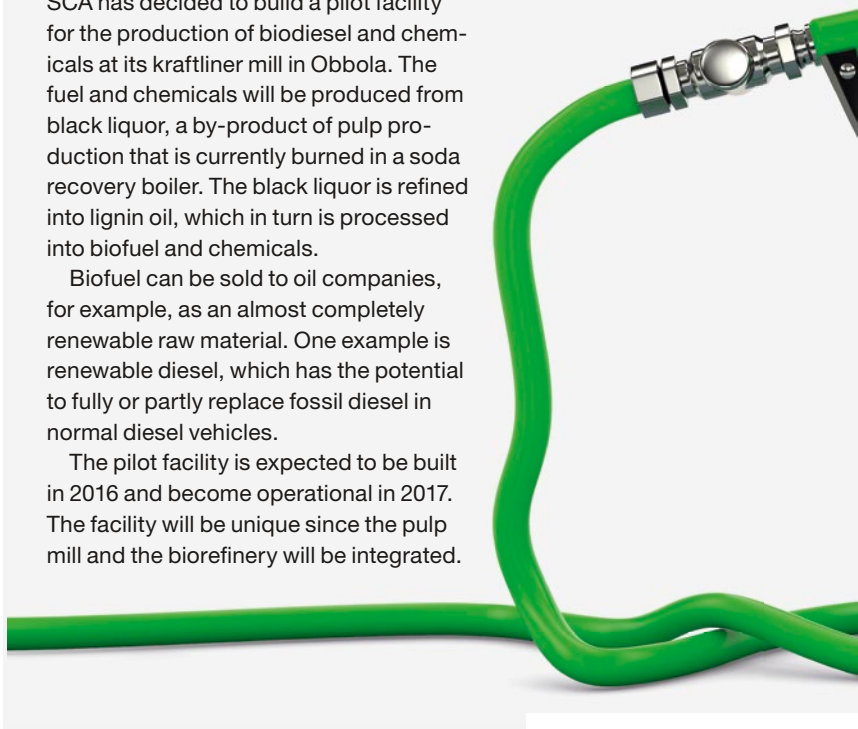
Work on the Östrand project began in February 2016 with a 12 meter concrete pile being driven into the ground.

By-products become biodiesel

SCA has decided to build a pilot facility for the production of biodiesel and chemicals at its kraftliner mill in Obbola. The fuel and chemicals will be produced from black liquor, a by-product of pulp production that is currently burned in a soda recovery boiler. The black liquor is refined into lignin oil, which in turn is processed into biofuel and chemicals.

Biofuel can be sold to oil companies, for example, as an almost completely renewable raw material. One example is renewable diesel, which has the potential to fully or partly replace fossil diesel in normal diesel vehicles.

The pilot facility is expected to be built in 2016 and become operational in 2017. The facility will be unique since the pulp mill and the biorefinery will be integrated.



New smart pellets

SCA is investing in the development of black pellets, which are expected to make a commercial breakthrough. This new bio-based product has the potential to replace fossil coal in many applications.

Black pellets are made from biomass roasted at a very high temperature in an oxygen-free environment, resulting in pellets that contain 20% more energy per volume unit than traditional white pellets.

Black pellets offer many advantages. They make transport more efficient, are easier to grind and can be handled outside – even when it is raining – without absorbing water.

Black pellets are a climate-smart alternative for areas that currently use various types of fossil coal, for example, in emerging markets such as China. SCA is investing in black pellets through a partnership with BioEndev, which is building a demo facility in Holmsund.





Growing forests are good for the climate

At the United Nation's climate-change conference in Paris, COP21, the 195 participating nations concluded a first-ever global climate deal with the aim of keeping the global temperature rise to "well below 2 degrees Celsius."

Kersti Strandqvist, SCA's SVP Group Sustainability, participated in a panel debate held by the World Business Council for Sustainable Development (WBCSD), with a focus on how business can make a contribution to combatting climate change. She presented how SCA's model of managing forests responsibly and replacing energy-intensive products with forest-based products, are two of the most effective ways to combat climate change.

"What this means specifically is that 6 billion tons of CO₂, which is equivalent to 15% of our global greenhouse gas emissions, can be prevented annually by investing less than USD 20 per ton of CO₂."

SCA's hygiene products also contribute to meeting the emissions target. The development of innovative new products and services is based on a life cycle perspective, which means looking at their environmental impact across their entire life cycle – a cradle-to-grave approach – and working with resource efficiency in all phases. SCA is also working with its suppliers to develop new materials with better performance and lower environmental impact.



+20%
increased energy
per unit volume

New level established for fiber target

Targets

All wood fiber used in SCA's products is to come from controlled sources, where none of the fiber used is derived from controversial sources.*



SCA is to preserve the biodiversity of our forests. A minimum of 5% of our productive forest land will be set aside from forestry in our ecological landscape plans and a further 5% will be set aside as part of our consideration for nature in our managed forests.

Outcome 2015

All deliveries of pulp to SCA's facilities meet the requirements of the Group target. All of SCA's wood-consuming units are reviewed by independent auditors and meet the requirements of the Group target. 7% of SCA's productive forest land has been set aside from forestry in the long term in our ecological landscape plans. In 2015, 14% of the area in planned harvesting sites was set aside for preservation.

* Controversial sources are defined as:
– illegally logged timber,
– timber from forests with a high conservation value, and
– timber from areas where human rights or traditional rights of indigenous people are being violated.

Consumers must feel confident that all components of an SCA product and all fiber are derived through responsible forest management. This is the basis of SCA's new target for fiber and fiber-based products. SCA's own forests are cultivated with a focus on biodiversity, and they contribute a valuable, renewable raw material.

Responsible fiber sourcing

Illegal felling is an industry that generates billions. Illegal felling can refer to felling forests without the knowledge or permission of the landowner, felling in areas with high conservation value or felling that breaches the law of the country in question. Irresponsible companies that trade in illegal timber can dump prices since they avoid paying taxes, fees and many other costs.

For SCA, it is therefore of the utmost importance to ensure that the wood raw material used in the company's operations is not sourced from controversial sources – in fact, this has been a Group target since 2005.

SCA is now raising its ambitions even further and introducing a new fiber target (see below).

Sustainable silviculture

Forests contribute significant value for many stakeholders. They provide habitats for countless species of animals and plants. They serve as a renewable raw material for the forest industry, which creates thousands of jobs. Forests bind CO₂ and are one of the most important tools in the world when it comes to eliminating the climate threat. Forests give us the opportunity to enjoy recreational activities, to hunt and fish.

Preserving the biodiversity of our forests is the most important environmental target for the management of our forests, which cover an area nearly the size of Belgium.

SCA introduces new fiber target

Everyone who purchases products from SCA should feel secure about the origin of the raw material. This includes not only the pulp or timber, but all wood fiber in the product, including the packaging. This is SCA's new, ambitious target. All fresh fiber must originate from responsibly managed forests – forests that are managed under good labor conditions and with respect for biodiversity.

All wood fiber must be certified according to FSC® or PEFC™ standards. Alternatively, the fiber is to meet the requirements of FSC Controlled Wood standards, which mean that the origin of the fiber has been controlled by an

independent party, such as an auditor. This also applies to products, such as packaging and mother reels, that SCA purchases from other suppliers.

“Consumer demand is the ultimate governing factor and we want to be able to offer products that we know with absolute certainty were manufactured in a sustainable manner,” says Patrik Isaksson, Vice President, Environmental Affairs at SCA.

The previous target was that no pulp or timber used by SCA was to have originated from areas with controversial forest management. That target has now been met, and it is time to take the next step.

The new fiber target also encompasses packaging.





@SCAeveryday For the fourth year in a row, Tork and 150 volunteers planted 5,000 trees at Cerro La Trinidad, San Marcos de Tarrazú, in Costa Rica to contribute to the reforestation of the area that was devastated by fire in 2008. The fire swept through about 45 hectares of forest of Cerro La Trinidad. #workatsca #reforestation #costarica



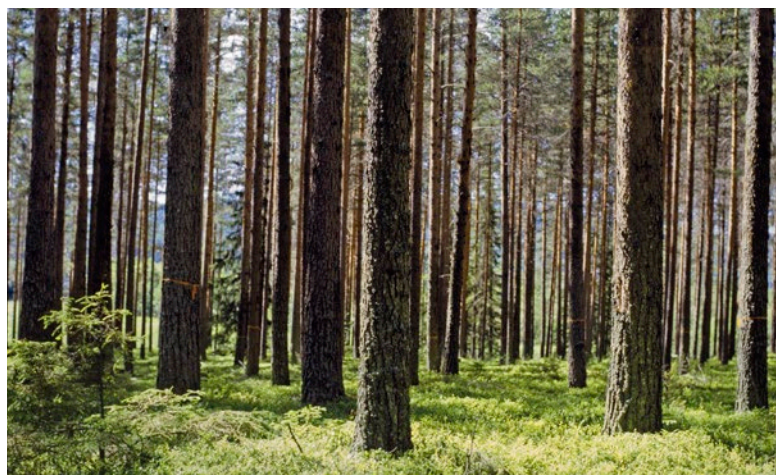
@SCAeveryday In Mexico, 2,000 trees were planted in the Guadalupe Park near SCA's plant in Sahagún. In partnership with the NGO Pro-Natura, SCA has planted 42,000 trees since 2009. #workatsca #mexico #treeplanting #sahagun #reforestation

More conservation parks

Forests are an important source of inspiration and nature experiences for many people. Forest biodiversity is a key environmental target for forestry. In 2015, SCA established two new conservation parks in Sweden: one in the Njurundakusten area outside Sundsvall, and one near Märtingsberget in Jämtland. Sweden is now home to a total of five conservation parks, all of which were established in the past three years and cover more than 10,000 hectares of forest land.

The parks are all home to thousands of hectares of forest with high conservation value. They are often located near other nature reserves in order to create large areas of protected forest. SCA tries to make the areas easily accessible and attractive destinations for nature experiences and recreation.

SCA takes biodiversity into consideration in all of its forest management. Conservation parks are part of this work and a way of making the natural qualities of SCA's forests easily accessible.



Fires promote biodiversity

Forest fires, both natural and controlled burns, have long been common in the forest landscape. Before the early 1900s, an average of 1% of Sweden's forest area was lost in fires on an annual basis, but today forest fires are rare. Fires contribute to biodiversity, which is why SCA carries out what is known as controlled burns. Approximately 500 hectares of forest land are affected. Per Simonsson, Forest Ecologist at SCA, explains how soil acts as an untapped seed bank:

"We burn forest to create the right conditions for rare plants and insects that depend on fire. Take, for example, the blue geranium, whose seeds lie in the soil waiting for fire – sometimes more than a hundred years. After a fire, the seeds germinate and a flower grows," he says.

Before the fire, it is important to identify the forest areas with secure boundaries, near watercourses or wide forest roads. In 2015, SCA carried out two controlled burns. The target that approximately 50% of the trees are to survive the fire was achieved both times.



Vital water

New target in water-stressed regions

TARGET

We aim to achieve water sustainability and we will reduce our water usage in water-stressed regions by 10% by 2015, with 2010 as reference year.



All SCA pulp and paper mills will employ mechanical and biological water treatment plants by 2015.

OUTCOME 2015

By year-end 2015, the water usage in water-stressed regions in relation to the production level declined by 18.7%.

Mechanical and biological water treatment systems have been installed at all of the Group's 43 pulp and paper mills.

SCA has met its previous water target and has therefore introduced new targets. The new targets apply to all mills and focus on treating water as effectively as possible, as well as reducing water usage.

Water is a critical resource and, along with climate change, is one of the most critical sustainability issues facing the world today. We have every reason to treat, reduce and rationalize water usage at every SCA plant.

SCA mainly uses water to transport fibers, and for cooling in the production process. Most of our plants, which account for 97% of our water usage, are located in areas with a plentiful supply of water. However, in those regions with a shortage of water – known as water-stress – this is a

serious problem. Accordingly, our previous water target aimed to reduce water usage at SCA's plants in water-stressed regions by 10% between 2010 and 2015 – a target that had already been achieved by 2013. This target also included equipping all pulp and paper mills with mechanical and biological treatment systems, which was achieved in 2015.

Water is our most important nutrient

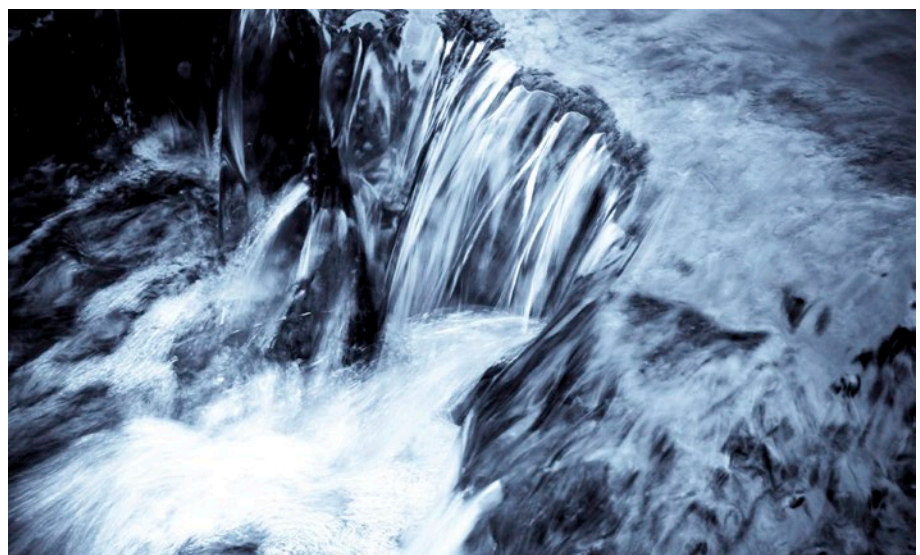
Water is our most important nutrient, but also serves other purposes. Think of all the times you use water every day, and what a vital role it plays in our everyday lives. This is why the quality of water is so important and now that we are introducing a new, ambitious water target, the focus lies on improved water treatment.

New ambitious water target

SCA is introducing new water targets that will apply to all of its paper and pulp units. The new targets take a broader approach and the various units have been given different targets depending on what is most relevant. All water-consuming units are included, but have different targets.

"Different regions have different geographic conditions. Water usage isn't as big an issue in Sweden as it is in water-stressed regions, such as Colombia and Spain," says Patrik Isaksson, Vice President, Environmental Affairs at SCA.

SCA's forest products' units only have mills in Sweden, where phosphorous could have a negative impact on the Baltic Sea.



Accordingly, the business unit target is to reduce phosphorous emissions by 10% by 2020.

The tissue mills are to reduce the level of oxygen-depleting substances (BOD) in

water by 10%, and the volume of effluents by 10%.

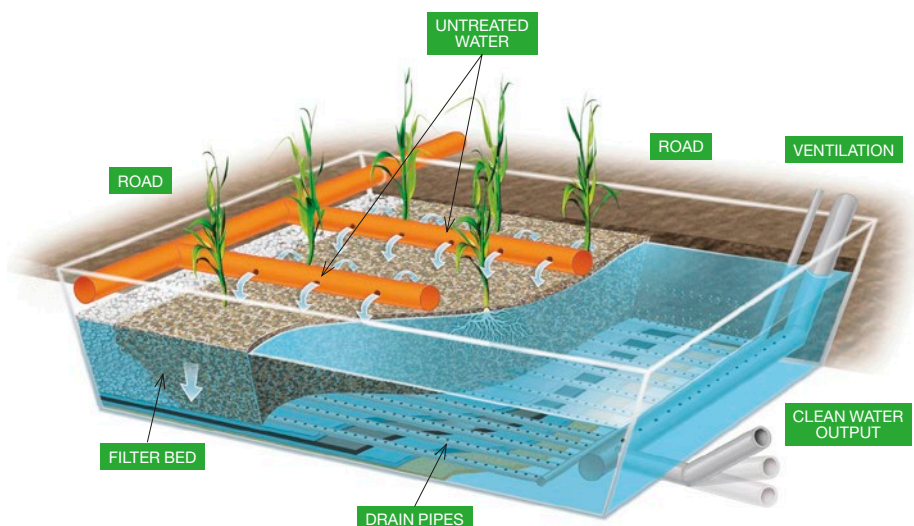
In addition, the entire company is to reduce its amount of suspended solids by 10%.

Naturally clean

SCA uses one of nature's own smart systems to treat effluent from the company's paper mill in Kunheim, France.

Since December 2015, reeds growing on four fields around the plant have been used to treat the effluent. The reeds are planted in pools filled with layers of sand and gravel that filter the water naturally. Bacteria living on the roots of the reeds break down the organic matter in the effluent. Drainage pipes at the bottom transport the filtered water to the Rhine River.

The combination of bacteria, reeds and filtering layers make it possible to treat water without adding any more chemicals to the process. The process is also cost-effective, energy-efficient and requires little maintenance.



The combination of bacteria, reeds and filter layers makes it possible to purify the water without adding any chemicals.



-30%
less water-
use in Lilla Edet

The mill in Lilla Edet in Sweden will use considerably less water in the future.

An investment of EUR 2.3m will reduce water usage from three million to two million cubic meters annually, corresponding to one billion liters of water, or 30%. At the same time, the mill's energy consumption will be drastically reduced since smaller volumes of water will need to be heated during the production process. Water treatment will also be improved.

"It's great to be able to make an environmental investment that also has such a good financial pay-off. This is a

win-win situation for us," says Gunnar Johansson, Environmental Manager at Lilla Edet.

"This is something we have strived for. We are improving the water treatment process, while also reducing our water and energy consumption."

The mill in Lilla Edet produces 100,000 tons of tissue annually and has some 400 employees. The investment was carried out in autumn 2015 and will significantly improve the mill's environmental performance for many years to come.

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Strategic approach

Stakeholder dialog

SCA's stakeholder dialog helps us understand the needs and expectations of stakeholders and to develop long-term relationships. It also provides valuable input for continuous improvements and ways of working.

We seek to actively engage with customers, consumers, suppliers, employees, investors, media, NGOs, governments, politicians, decision makers, regulators and academics. An active stakeholder dialog is a means of ensuring that our priorities and methods are relevant in today's society.

Customers

SCA has a broad product portfolio and many different customers, both end-consumers and customers such as the retail trade, distributors, printing houses and health and medical care services. All SCA business units maintain a close dialog with their customers and follow up customer satisfaction through surveys, face-to-face meetings and third-party assessments.

In-depth consumer insights reveal areas of improvement. SCA conducts market and consumer surveys, visits consumers' homes to learn about their lives and interests, and arranges focus groups to gain insights into consumer preferences, behaviors and attitudes. Valuable insights are also gained through SCA's many phone lines for consumer contact and through customer service's handling of queries and complaints. Read more on page 40.

Other

SCA regularly meets investors and analysts, including social responsible investors (SRIs). It conducts employee surveys and employee performance management reviews. Moreover, SCA communicates with other groups and individuals in matters that have a major impact on society in general and local communities in particular. SCA regularly meets with NGOs, journalists and people living close to the Group's mills.

In Northern Sweden, there is an ongoing dialog in relation to SCA's wind power investments. SCA's wind farms are generally located in sparsely populated areas, but there have still been local protests against some of the wind farms. SCA arranges regular information meetings, open to all stakeholders.

In early 2015, SCA was criticized in Swedish media for its use of business air travel, and for the company's hospitality hunts. Two independent audits were commissioned that showed no indications that the company had breached any legislation or internal policies. The criticism led to the resignation of both the Chairman and the President of SCA.

SCA is a member of several networks, including the UN Global Compact, the Consumer Goods Forum and a number of different national and regional industry organizations. SCA participates in the WWF Environmental Paper Company Index, and SCA Forest Products participates in the WWF Global Forest & Trade Network (GFTN). In December, together with the Water Supply & Sanitation Collaborative Council (a UN organization), SCA led a seminar during the Global Child Forum in Stockholm, which brought together 500 influential decision makers from business, governments, civil society and academia.

SCA works actively to build partnerships with policy makers in countries where new healthcare systems are under development. In 2015, SCA and Vinda participated in a roundtable discussion with a delegation from the China National Committee on Aging (CNCA) on how China's aging population could be provided with appropriate healthcare. When the Swedish Prime Minister, Stefan Löfven, visited China in March, SCA was one of the Swedish companies invited.

In October, representatives from SCA, Vinda and the Chinese city of Jiangmen signed a memorandum of understanding (MoU) concerning the joint development of a pilot program for elderly care in Jiangmen.

SCA also works to raise awareness of incontinence as a medical condition, and to contribute to better conditions for people who suffer from incontinence within the scope of the health and medical care systems in various countries. One important platform for communication is through the Global Forum on Incontinence (GFI). GFI is a global platform for education and

debate on incontinence for stakeholders, such as medical experts, politicians and payers. The sixth GFI Conference will take place in Berlin in 2016.

Every alternate year, the European Association of Directors for Long-Term Care Services for the Elderly (EDE) hosts a conference. In 2015, incontinence care was on the agenda for the very first time and SCA was invited to speak.

In December, the EU presented its new circular economy package, with a goal to make Europe more competitive and resource-efficient. The action plan will affect several sectors, including waste management, and SCA is aware of the need to pinpoint solutions in this area while working with others and in its operations to find ways to achieve a more circular society. During the year, SCA played an active role in a project initiated by the Royal Swedish Academy of Engineering Sciences (IVA), in which the goal was to develop resource-efficient business models to support a faster adoption of the circular economy.

SCA encourages sustainable forest management and supports both international certification schemes for forests and wood raw materials, Forest Stewardship Council (FSC®) and the Programme for the Endorsement of Forest Certification (PEFC®). SCA also works to raise awareness of how active forest management and increasing the use of forest products can help to combat climate change, and presented this solution at the COP21 UN climate change conference in Paris.

Stakeholder group	Main areas	How we work with the issues/Activities in 2015 (page reference)
Customers	Carbon footprint Ecolabelling Working conditions Fiber sourcing Human rights compliance Customer insight Innovation	Customer surveys (40) People and nature innovations (14, 40) Hygiene solutions (16, 41) Global supplier standard (21, 44) CO ₂ targets (26, 49) Sourcing targets (30, 51) FSC® and PEFC™ certification (30, 51) Life cycle assessments (40) Code of Conduct audits and Business Practice Reviews (42–44) Human rights assessments (43)
Consumers	Impact of products on nature, for example, carbon footprint, ecolabelling Product safety Consumer insight Innovation	Consumer surveys and focus groups (40) People and nature innovations (14, 40) Hygiene solutions (16, 41) Life cycle assessments (40) Product safety (41) Eco Actions (www.libero.se/Eco-Actions, www.libresse.com, www.tena.com)
Employees	Recruitment and succession planning Training Compensation and benefits Business ethics Health and Safety Working conditions	Code of Conduct training (42) Human rights assessments (43) OHSAS 18001 certification (46) Diversity survey (47) Global Performance Management System (47) Global All-Employee Survey (48)
Investors	ESG (Environment, Social, Governance) integration into business strategy Resource efficiency Risk management	Investor/analyst meetings (39) Conference participation (39) Inclusion in sustainability indexes and funds (39) ESAVE (49) Risk analysis (AR 76)
Suppliers	Supplier audits Raw material sourcing Human rights	Sourcing targets (30, 51) Global supplier standard (44) Sedex reporting (42, 44) Code of Conduct supplier audits (44–45)
Stakeholder organizations	Forest management CO ₂ emissions Energy utilization Water consumption Human rights	Stakeholder dialogs (35) Membership in industry initiatives and organizations such as WBCSD, Consumer Goods Forum, FSC, etc. (www.sca.com)
Society	Health and hygiene Environmental issues Local issues Human rights Community involvement	Hygiene solutions (19, 41) Public affairs (35) Ongoing dialog with policymakers, authorities and local communities (35) Hundreds of community involvement initiatives (24, 48)

SCA's materiality analysis

The materiality analysis provides insight into the issues that are significant to SCA's stakeholders and forms the basis of the company's strategy and operations.

SCA conducts a materiality analysis biennially, with the most recent conducted in 2015. A total of 1,100 customers, consumers, suppliers, investors, representatives of the media and stakeholder organizations as well as SCA employees participated in the online survey that formed the basis of the materiality analysis.

SCA previously conducted materiality analyses in 2008, 2010, 2012 and 2013. While the analyses performed between 2008 and 2012 were focused on sustainability, the 2013 and 2015 analyses took a broader approach. Stakeholder opinions are highly significant to SCA's strategic priorities, which is why the scope has been broadened beyond environmental and social aspects, and now encompasses the entire operation. The results are also included on page 12 of the Annual Report.

The selection of subject areas to be included in the materiality analysis was guided by such governing documents as the Global Reporting Initiative, the UN Global Compact, SCA's Code of Conduct and on the basis of SCA's own assessment. The 2015 survey included 20 topics and all selected areas are material for SCA. Two topics – transparency and digital excellence – were new in this year's survey. Transparency is defined as open communication and accountability, and digital excellence as digital strategy and related activities to maximize business benefit. Financial risks was replaced with risk management. The respondents were able to select the ten areas they considered to be most important from the list of 20. The stakeholders' order of priority of the areas was combined with SCA's own assessment of how important the areas are to the company's business strategy and were placed in the materiality analysis as coordinates. The stakeholder groups' results were weighted to provide a balanced view of the results. SCA's own assessment was based on the evaluation of the top 150 senior executives.

There is a high degree of consensus between the views of stakeholders and those of SCA in terms of the material areas, with innovation, customer satisfaction and business ethics receiving a clear top ranking. The group that deviates somewhat comprises investors and analysts, who instead rank corporate governance in second place, while customer and consumer satisfaction is ranked fifth. The results of the survey

appear to be reasonable and relevant and provide us with a basis for our strategy and operations, and for the content of the Annual Report and Sustainability Report.

The factors considered most material to SCA's stakeholders

1	Innovation
2	Customer and consumer satisfaction
3	Business ethics
4	Transparency
5	Health and Safety
6	Human rights
7	Resource efficiency
8	Forest assets
9	Corporate governance
10	Product safety
11	Supply chain efficiency
12	Human capital
13	Carbon emissions
14	Brands
15	Market positions
16	Risk management
17	Water use and water purification
18	Distribution
19	Post-consumer waste
20	Digital excellence

1. Innovation is ranked number one by stakeholders and SCA, which confirms the relevance of the choice of innovation as one of SCA's strategic priorities. The aspect of sustainability is integrated in the innovation process, and we launched some 30 innovations in 2015.

2. Customer and consumer satisfaction is assessed as the most important area by SCA's customers and consumers and as the second

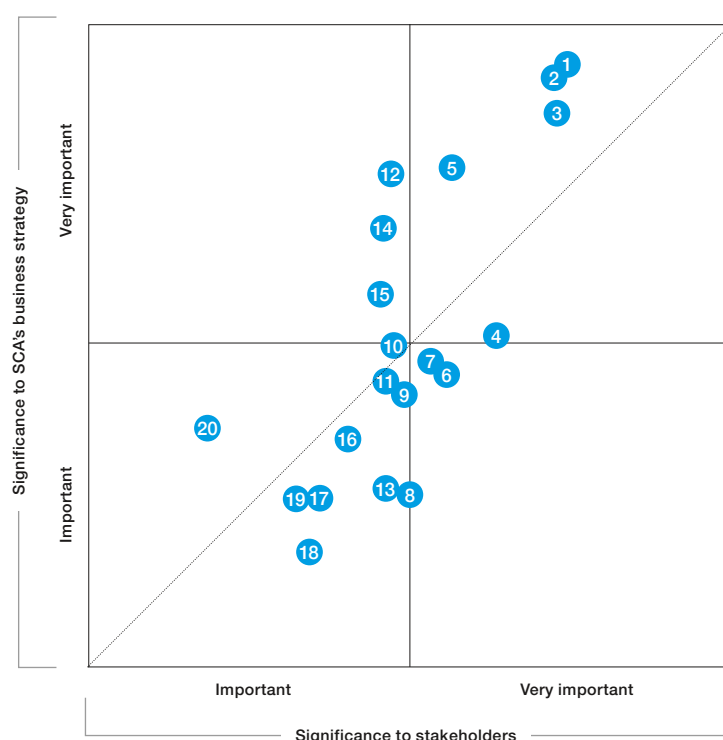
most important by other stakeholders. We conduct regular customer and consumer surveys and feed back opinions and complaints to the business as a basis for improvements.

4. Transparency is a new topic in this year's survey, and stakeholders value transparency higher than SCA. This may be because SCA already considers itself to be a transparent company, but could also be because stakeholders include product safety in transparency. Product safety fell from fourth to tenth place in this year's survey.

8. Forest assets are assigned greater importance by stakeholders than by SCA. One explanation for this may be that stakeholders see the forest from a global deforestation perspective, while we refer to our own, sustainably managed forest assets in Sweden.

12. Human capital is assigned less importance by stakeholders than by SCA. It appears reasonable that we have greater insight into how crucial employee attitudes and expertise are to the Group's success. Our All Employee Survey provides valuable knowledge about employee opinions and constitutes a tool for improvement activities.

13. Stakeholders assign greater importance to CO₂ emissions than SCA does. This may be because climate change is a global issue and involves the survival of our planet, while SCA views CO₂ from a corporate perspective. SCA has established ambitious CO₂ targets and owns a forest holding that net absorbs 2.6 million tons of CO₂.



The materiality analysis is a tool used to understand the issues that are most important and relevant to SCA. The horizontal axis shows the degree of importance stakeholders attach to the various topics, while the vertical axis represents SCA's assessment of how important the topics are to our business strategy and operations. In most cases, the assessments of stakeholders and SCA coincide.

Systematic approach and results

Economic value creation

Management approach

SCA's overall management approach to economic value creation is based on the premise that maintaining financially sound business operations is dependent on these operations being environmentally and socially sound. At the same time, economic strength and stability is a prerequisite for environmental investments and socially responsible decisions that generate long-term financial growth. SCA's aim is to achieve maximum value for its shareholders and other stakeholders, with minimum adverse effects. SCA has a number of policies and management systems in place to achieve and follow up its economic value creation. This chapter describes SCA's work related to its most important economic and financial aspects.

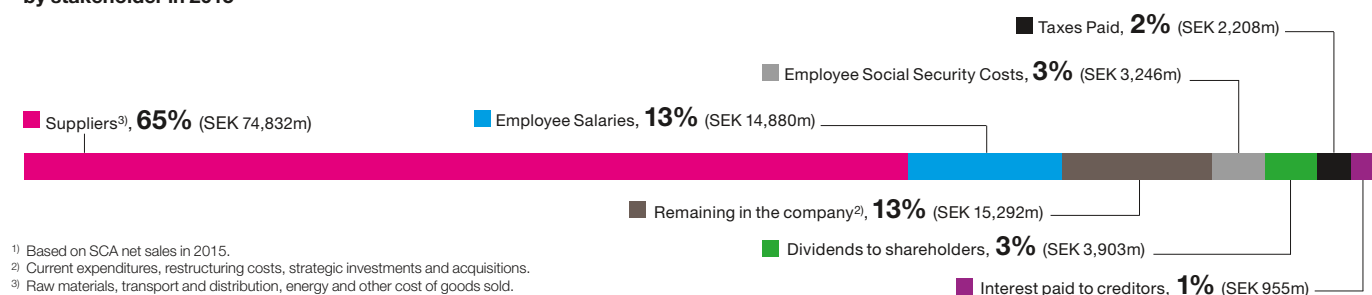
Strategic components

Policy	Sustainability Policy Code of Conduct
Targets and KPIs	Financial targets People and nature innovations Hygiene solutions
Data	See Annual Report See Life cycle assessment
Management systems, programs and certifications	IFRS Innovation processes Life cycle management
External charters or initiatives	UN Global Compact

Economic value creation 2015

Sustainability forms an integral part of SCA's business strategy and promotes the creation of economic value for employees, suppliers, society and shareholders.

Economic value creation by stakeholder in 2015¹⁾



¹⁾ Based on SCA net sales in 2015.

²⁾ Current expenditures, restructuring costs, strategic investments and acquisitions.

³⁾ Raw materials, transport and distribution, energy and other cost of goods sold.

Economic performance indicators

In 2015, SCA's net sales totaled SEK 115,316m (104,054), a year-on-year increase of 11%. Personal Care grew by 11% and emerging markets accounted for 43% of sales. Net sales in Tissue rose 13% and emerging markets accounted for 32% of sales. Net sales in Forest Products rose 5%. Operating profit for the Group, excluding items affecting comparability, grew 10% to SEK 13,014m (11,849).

Employees

SCA offers its employees development opportunities and remuneration based on market rates. Remuneration comprises salary, pensions and other benefits.

SCA's remuneration policy stipulates that the company is to offer competitive compensation. SCA follows local remuneration structures, provided they don't conflict with internationally established rules for minimum wages and reasonable compensation. In all the reporting countries, SCA pays above the legislated minimum salaries. On average, entry salaries are 9% above minimum salaries. In France, Germany and Sweden (the wholly-owned subsidiaries with most employees) the average salary for women in relation to men is 101%, 94% and 96%, respectively. In 2015, salaries totaled SEK 14,880m (13,592), and social security costs, including pension costs, amounted to SEK 3,246m (2,929).

The Group's pension costs totaled SEK 1,403m (1,179) and comprised costs for defined-benefit and defined-contribution pension plans. The defined-benefit plans are based on length of service and the employee's salary on the date of retirement and, in 2015, the net cost

was SEK 669m (541). The cost of defined-contribution plans amounted to SEK 734m (638). More information is available in Note C1 and Note C5 in SCA's 2015 Annual Report.

When SCA acquires companies or enters into a joint venture in emerging markets, the company adopts an approach that involves great respect for the local management's in-depth knowledge of the market and prevailing conditions. Accordingly, to the greatest possible extent, the management is retained while SCA adds knowledge about innovation, brands, technology and economies of scale. Local growth creates local jobs.

Suppliers

SCA strives to promote long-term relationships characterized by transparency, high quality and financial stability. We support our suppliers and work together with them to improve their overall performance in such areas as quality, safety, the environment and social responsibility.

Global commodities, such as pulp, superabsorbents, electricity and chemicals, are purchased centrally while other input goods, such as wood, are procured locally and thus contribute to local suppliers and local industry. Almost all of the fresh fiber purchased for the Swedish mills is locally sourced.

In 2015, the cost of purchased raw materials and services totaled SEK 74,832m (67,559), making sourcing SCA's single largest cost item, corresponding to 65% (65) of sales and a key investment in the value chain.

Society

SCA creates job opportunities and tax revenues in the local economies where the Group oper-

ates. In 2015, the tax expense, excluding items affecting comparability, was SEK 3,306m (2,644). The reported tax expense corresponds to a tax rate of 27.4%. In addition, SCA's total tax contribution includes social security costs, property taxes, energy and VAT. SCA assumes a long-term and responsible approach, voluntarily committing to promote and develop local communities through a number of community relations initiatives with a focus on health, hygiene and education, see pages 24 and 25.

Our global tax principles

SCA acts at all times in accordance with all applicable laws and is guided by relevant international standards such as OECD's guidelines for multinational enterprises, the UN Global Compact and The United Nations Guiding Principles on Business and Human Rights (the UNGPs). We aim to comply with the spirit as well as the letter of the law, and to ensure that we pay the appropriate amount of tax in each country in which we operate. We do not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance or fail to meet the spirit of local or international law. Where states have weak or poorly constructed fiscal regulation and/or institutions, this should not be used to gain tax advantages that were not intended by the law. Secrecy jurisdictions or so-called tax havens are not used for tax avoidance.

We understand the value of our financial reporting to investors and society, and work to provide transparent and balanced disclosure in communicating our tax affairs.

SCA has systems in place to ensure compliance with the above principles. We provide relevant training for employees and offer them opportunities to raise concerns via SCA's Complaint procedure.

The tables below show SCA's total tax contribution by region and tax paid in different countries.

Shareholders

Sustainability, with an emphasis on business value, is part of SCA's investor dialog. In 2015, SCA met with SRIs (Socially Responsible Investors) on several occasions, and participated in SRI investor conferences in Paris and Frankfurt.

Investors with sustainability criteria hold at least 14% (14) of SCA's shares, according to a study conducted by the ESG (environment, social, governance) rating company Vigeo. This

figure includes both investors with a best-in-class approach and investors who conduct some form of sustainability screening. In 2015, Vigeo conducted a benchmark study in which SCA was compared with two key peer consumer products companies and one Swedish large-cap company recognized as a sustainability leader. SCA had a significantly higher share of investors with sustainability criteria than its peers and on par with the sustainability leader. SCA's share was included in 131 (128) sustainability funds in 2015. Most of these are domiciled in the Netherlands, followed by Sweden, the United States and Germany. Of these, 39 had invested more than 3% of their assets in SCA shares.

Share performance

SCA generates shareholder value through dividends and share price appreciation. SCA aims to provide long-term stable and rising dividends to its shareholders. When cash flow from current operations exceeds what the company can invest in profitable expansion over the long term – and under the condition that the capital structure target is met – the surplus shall be distributed to the shareholders.

The Board has proposed a dividend of SEK 5.75 (5.25) for 2015, an increase of 9.5%. Over the past five-year period, the dividend has increased by an average of 7.5% annually.

During the year, the SCA share price rose by 46% to a closing price of SEK 246.50. In comparison, the OMX Stockholm 30 Index declined by 1%.

At year-end 2015, SCA had 77,184 registered shareholders.

Satisfied customers and consumers

Customer understanding and consumer insight are at the core of determining which products and services SCA develops and how it delivers innovations to the market. Customer and consumer satisfaction is a measure of how well these products and services meet or exceed customer and consumer expectations.

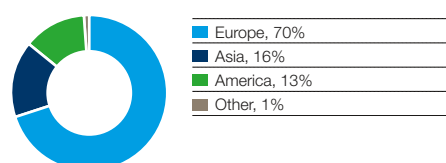
Some of SCA's initiatives to achieve customer understanding and consumer insight are listed below:

- Monitoring macro trends to identify changes in behavior
- Home visits
- Focus group meetings
- In-depth interviews
- Interviews with SCA sales representatives
- Monitoring activities on SCA's online and social media sites

Indexes and funds

- The Dow Jones Sustainability World Index and the Dow Jones Sustainability Europe Index. SCA was also named industry leader in the Household Products sector.
- The Ethisphere Institute's list of the world's most ethical companies.
- The FTSE4Good index series, which measures earnings and performance among companies that meet globally recognized norms for corporate responsibility. SCA has been included in the index since 2001 and was awarded the highest rating in its industry.
- The Climate Disclosure Leadership Index (CDLI), which recognizes companies with the most transparent carbon reporting practices and that show proven ability to tackle climate change. SCA achieved the highest score possible: 100.
- SCA was recognized by the WWF for leadership in transparency for disclosing its ecological footprint in the WWF Environmental Paper Index 2015. SCA improved its scores in all categories compared with the latest survey in 2013.
- Vigeo assesses companies' environmental, social and governance (ESG) performance. SCA is included in the following sustainability funds of Vigeo: Ethibel Sustainability Excellence Europe and Ethibel Sustainability Excellence Global.
- EPCI Euro Ethical Equity and EPCI Global Ethical Equity.
- The OMX GES Sustainability Nordic and OMX GES Sustainability Sweden.

Tax paid by region 2015



Tax paid

Tax payments by SCA units in different countries

SEK m			
Country	2015	2014	2013
Germany	-358	-271	-179
France	-306	-264	-116
China	-236	-51	-2
Mexico	-121	-107	-37
UK	-115	-92	-20
Austria	-100	-60	-96
Spain	-90	-90	-80
Italy	-87	-77	-82
Belgium	-80	-91	-92
Sweden	-79	-65	-99
Other countries	-636	-933	-938
	-2,208	-2,101	-1,741

Customer surveys

Customer feedback enables SCA to offer better products and solutions. Every business unit has methods to investigate customer satisfaction.

The hygiene operations conduct a systematic customer follow-up. This includes both external reports and independent surveys. SCA has introduced global systems for customer feedback in the incontinence and tissue operations. In 2015, SCA conducted 3,498 customer follow-ups in the incontinence operations. The AfH (Away-from-Home) business conducts customer surveys every second year and in 2014, 1,218 customer follow-ups were conducted. SCA has introduced the Net Promoter Score concept in approximately 75% of its hygiene business.

SCA also offers knowledge and support for the development of operations at such institutions as nursing homes, where SCA can make a difference and create value for its customers and users. SCA places high value on opportunities for direct customer contact.

The retail trade accounts for a significant part of SCA's sales. The Group uses external comparison reports in which the largest retail chains assess their suppliers based on customer service, logistics, sales support, marketing and product development. Consumers who purchase retail products are followed up through general brand and product recognition surveys.

Complaints procedures

SCA has a global SAP-based complaint handling system that was introduced in 2011. The Group seeks to compensate unsatisfied customers directly and determine whether a need exists for further measures beyond the individual case. For example, production personnel receive feedback to determine whether a production fault was the underlying cause. User complaints and opinions provide valuable consumer insight and it is important that the knowledge gathered is transferred to the organization.

Complaints have remained at a stable and low level for the past two years. For Personal Care products, the complaint frequency is lower than one in a million supplied products. In the Tissue operations, the corresponding figure is 3.1 per thousand tons.

People and nature innovations

Innovations that improve social and environmental performance also make financial sense. For SCA, such innovations are linked to an in-depth understanding of customers and consumers.

SCA's innovation process

SCA's innovation process originates in an understanding of a customer or consumer need and is divided into four phases:

- **Feasibility:** innovation concepts based on customer or consumer insight are elaborated and validated. The market situation and the global business potential are assessed, and high-level technological and commercial feasibility are evaluated.
- **Development:** A cross-functional project team is engaged in the development of a proposed solution, including a specific product, service or business model. Requirements of the product, packaging, service and technology are developed and verified with customers and consumers, and communication materials are prepared. Product safety assessments for materials, life cycle assessments (LCAs) and social assessments are performed by experts to ensure product safety and environmental and social performance.
- **Capacity:** The project works toward market launch and building the capability to deliver. Launch campaign materials are created, the production solution is verified against requirements, and all product and packaging specifications are finalized. The fulfilment of the regulatory requirements governing products in all markets is secured.
- **Launch:** The innovation is introduced to customers/consumers in the market. The intended benefits are weighed against market feedback; the supply chain is adjusted accordingly. Supply and demand balance is optimized in production to ensure efficiency and the feedback drives the roll-out plan.

In 2015, SCA invested SEK 1,093m (1,050) in research and development. This corresponds to 0.9% of total sales.

Open innovation

SCA has a portal for open innovation. Inventors, entrepreneurs and small companies are invited to submit solutions in response to various challenges from SCA. The solutions should be patented so that there are no outstanding issues regarding intellectual property rights should the proposal result in a licensing agreement or other type of business arrangement. A number of proposals have been submitted this way and some of them have led to further collaboration or product launches. One example is Tork EasyCube, an IT-based service for public restrooms, which is described in more detail on page 12. The service was developed in close cooperation with customers in the facility service business. Another is the TENA U-test, an in-pad detection for urinary tract infections, developed by a small start-up company.

SCA launched an internal innovation platform in 2013 called ICON (Idea Collaboration Online). ICON is not limited to product innovations. Proposals may include manufacturing, logistics or marketing solutions. ICON complements other platforms and initiatives to spur innovation and is frequently used in early phases of the innova-

tion process to gather solutions and ideas from employees.

Life cycle management

Life cycle management is about effectively combining value, social and environmental aspects in every part of the life cycle. This enables SCA to deliver products and services that meet customers' needs and exceed their expectations.

- **Active sourcing** involves seeking high-quality, safe and environmentally sound raw materials. SCA's suppliers adhere to strict standards, including criteria for quality, product safety, environment, chemicals and code of conduct compliance.
- **Clean production** focuses on an efficient use of resources and on reducing energy and waste. The production units apply management systems such as ISO 9001, ISO 14001 and OHSAS 18001.
- **Sustainable solutions** are defined as innovative, safe and environmentally sound hygiene products and services. SCA's innovations are based on consumer and customer insight with a focus on meeting needs in daily life.

Life cycle assessments

SCA has used life cycle assessments (LCAs) since the early 1990s. An LCA illustrates the complete environmental impact of a product based on the ISO 14040 and 14044 standards. It is a standardized measurement of environmental impact in every phase of the product, from raw materials, product development, production and use to disposal of waste.

For each activity in the life cycle, an LCA calculates the input of resources, energy and transportation and the output of, for example, emissions to air and water.

The result of an LCA is expressed in environmental impact categories. The LCAs conducted by SCA cover the main impact categories that describe the potential impact on global warming/climate change, meaning the product's carbon footprint, acidification of rivers and lakes and eutrophication of land or water systems.

Product	Carbon footprint reduction 2008–2015, %
TENA Flex	-13
TENA Lady	-15
TENA Men	-2
TENA Pants	-23
TENA Slip	-15
TENA Comfort	-19
TENA Bed	5
Libero open diaper	-25
Libero pants	-15
Tork hand towels*	-11

*2011–2014

LCAs are used both to calculate the environmental performance of new innovations and to measure the gradual improvements over time for product assortments. The carbon footprint calculations above cover the majority of sales for all assortments in Europe and are third-party verified by the Swedish Environmental Research Institute (IVL).

Definition of People and nature innovations

SCA's People and nature innovations are defined as inventions that lead to social or environmental improvements. The social assessment criteria include health, hygiene, working conditions, ergonomic improvements, as well as dignity and confidence in social situations. With respect to the environmental assessment, performance and resource efficiency are measured using life cycle assessments and/or third-party labels are taken into account.

People and nature innovations 2015

In 2015, SCA launched about 30 innovations. People and nature innovations accounted for 43% of total innovation sales. Read about some of these on pages 14–15.

Product safety

SCA follows strict requirements and procedures to ensure that all materials in the company's products are safe for consumers, employees and the environment. SCA has a global product safety position in place for all products to ensure that they are safe for their intended purpose. SCA's Global Supplier Standard (GSS) includes responsible business operations, quality, product safety, environmental and social requirements, and SCA works closely with its suppliers to ensure that its high standards are met.

In recent years, there has been an increased focus on issues related to product safety, a trend that continued in 2015. After a debate concerning chemicals in feminine hygiene products, SCA made the composition in its products public.

The food industry is an influential customer for SCA's kraftliner business (packaging papers) and imposes stringent requirements on product safety. SCA ensures that all fibers in its packaging materials meet these requirements, regardless of whether they are fresh or recovered fibers.

The chemicals used in the production process are managed under strict controls, and potential exposure to employees, customers and the environment is evaluated. Only chemicals that meet SCA's stringent safety requirements are chosen.

The regulations most relevant to SCA concern product safety, medical devices, materials for food contact, chemical substances, cosmetics, biocide products and electronics. SCA monitors the development of all relevant regulations and ensures the environmental and human safety of all its products.

Animal testing

SCA has a restrictive view on the use of animal testing and is committed to reducing animal testing to the very minimum. SCA does not test its products or materials on animals unless required by law, which for SCA is relevant in Brazil and China. SCA actively supports development of alternative testing methods and is an industry

partner of the European Partnership for Alternative Approaches to Animal testing (EPAA).

Palm oil

SCA's tissue, baby, feminine and incontinence care products do not intentionally contain palm oil or palm oil derivatives. A small share of the Group's products, such as wet wipes and cosmetic products such as soaps, lotion or creams, may contain palm oil or palm oil derivatives.

SCA frequently reviews its product portfolio and its supply chain in relation to palm oil usage. The company is a member of the Roundtable on Sustainable Palm Oil (RSPO) and actively supports the development of sustainability criteria. SCA plants and suppliers that use palm oil and/or palm oil derivatives are requested to achieve RSPO certification. SCA strives to have only certified palm oil and palm oil derivatives in its supply chain.

In 2015, 86% of the palm oil used in SCA's cosmetic products, such as soap and cream, was certified.

GMO

SCA recognizes the existing long-term uncertainties regarding environmental and health risks in relation to the use of Genetically Modified Organisms (GMOs) and takes a precautionary approach to using materials derived from GMOs.

SCA actively monitors ongoing research and an alternative GMO-free material should always be considered.

SCA does not use GMOs in its forest management practices and does not use wood fibers derived from GMO trees. SCA's forest land is FSC® certified, and the Forest Stewardship Council Standards do not currently permit use of GMOs in forestry.

SCA uses recycled fiber in its cotton products and it could potentially contain GMOs. SCA is redirecting its cotton sourcing to Turkey where GMO cotton is not permitted. At year-end 2015, 70% of SCA's cotton usage was sourced from Turkey.

Triclosan

Triclosan is commonly and globally used as an antibacterial ingredient or preservative in many consumer products such as soaps, detergents, toothpaste and medical devices. It is a chlorinated organic compound and has been safely and effectively used for over 30 years.

In recent years, questions have been raised concerning the potential environmental impact of Triclosan and whether there is a relationship between Triclosan and the development of bacterial resistance. To address customer and consumer concerns, together with our commitment to support safe and environmentally sound products, SCA has decided to not include Triclosan in any new products and has phased out Triclosan in all SCA products. Some SCA joint ventures use Triclosan in a small number of products.

Hygiene solutions

SCA offers hygiene solutions for different phases and aspects of life across markets all over the world.

Incontinence care at nursing homes

Through TENA Solutions, SCA helps nursing homes provide the best care by offering procedures, analysis tools and training combined with innovative product solutions. The advantages include improved well-being for the residents, better working environments, a reduction in resource consumption and lower overall costs. A study* of 181 nursing homes around the world that have implemented TENA Solutions showed clear improvements in 95% of the cases:

- 38% less leakage
- 47% improved skin conditions
- 44% more time for rewarding care
- 29% lower cost (related to incontinence care)
- 37% less laundry
- 31% less waste

* Information based on 181 TENA Solutions case studies around the world, mainly in Europe but also in the US, Canada and China, 2011–2013.

Incontinence care at home

SCA has initiated several scientific studies to improve the standards of continence care, including:

- The Optimal Continence Service Specification on how to improve the service delivery of continence care and a health economic evaluation of improved service delivery by 2015 and 2030.
- Person Centered Care for people living in residential care settings.
- Cure Rates for the four patient profiles: 1. Urine, 2. Fecal, 3. Neurologic diseases and 4. Elderly.
- Containment product guidance in clinical and care guidelines; a mapping study in Canada, Sweden, UK, Germany, the Netherlands, Poland and Spain.
- The relationship between formal and informal care for people with incontinence, a Swedish case study.
- The status of support for management for containment in three regions in Germany and one region in Spain, Poland and England, respectively.

The results of these studies will be presented at the 6th Global Forum on Incontinence in Berlin in April 2016 and published in scientific journals.

Value creation for people

Management approach

SCA's overall social management approach is to assess how the company impacts and interacts with people where it operates, and to develop strategies for establishing good relations with key stakeholders everywhere. SCA's main steering document in the area of social responsibility, the SCA Code of Conduct, defines relevant areas for the company to manage and excel in, thereby contributing to social sustainability in the Group's operations, and for various stakeholders along our value chain. This chapter describes SCA's work related to its most important social aspects.

Strategic components	
Policies	Sustainability Policy Code of Conduct Global Supplier Standard Group Health and Safety Policy Community Relations' instruction
Targets and KPIs	Code of Conduct Employee Health and Safety
Data	See Supply chain management See Employee relations See Community relations See Social data
Management systems, programs and certifications	Sedex OHSAS 18001 Global System for Performance Review and Development Planning SCA Leadership Platform
External charters or initiatives	UN Guiding Principles on Business and Human Rights UN Global Compact European Works Council Industri ALL OECD Guidelines for Multinational Enterprises ILO Core Conventions

Code of Conduct

The SCA Code of Conduct is the Group's key social management policy. A number of systematic activities, such as risk analyses, training, audits and monitoring processes, are closely aligned with the Code of Conduct to ensure compliance. The implementation of the Code is a continuous process.

SCA's Code of Conduct

SCA's Code of Conduct was first introduced in 2004, and most recently updated in 2015. The Code is a tool to transform SCA's core values of respect, responsibility and excellence into action. SCA's Code of Conduct applies to all employees within the Group.

SCA's Code of Conduct is based on international standards, including the UN Declaration of Human Rights, the ILO Core Conventions, the OECD Guidelines for Multinational Enterprises, the UN Global Compact Principles and related legislation. All employees are provided with the necessary knowledge and other prerequisites to comply with SCA's values and Code of Conduct.

Code of Conduct training

SCA implements its Code of Conduct and verifies compliance through training, audits and business practice reviews. All employees are regularly trained in Code of Conduct compliance, including guidelines on business practices, human rights, how to counter corruption, unethical behavior and how to deal with ethical dilemmas that may arise. In 2014, SCA launched a Group-wide training initiative aimed at all employees. Employees were able to participate either online or via face-to-face training. At year-end 2014, 93% of employees had undergone training in SCA's Code of Conduct.

In 2015, all countries completed their roll-out of the training program, and SCA's Code of Conduct training is included in all induction programs for new employees. By year-end 2015, 91% of all new employees had completed the training. SCA is currently working with external partners to further develop and deepen its training methodology and content.

Sedex

The database provided by Sedex (the Supply Ethical Data Exchange) has been central to SCA's internal risk management and Code of Conduct monitoring since 2011. SCA and other Sedex members use the database to store, share and report on information pertaining to working conditions, health and safety, the environment and business ethics. Thanks to SCA and other companies sharing information with each other, efforts related to workplace inspections and audits are made more efficient, at the same time as transparency increases.

The Sedex system includes an extensive self-assessment questionnaire (SAQ) and a risk assessment tool. The tool has been developed by Maplecroft and is based on a balance between risk data at the country level and in the relevant industry, and on responses to the SAQ.

SCA's facilities perform the self-evaluation in Sedex. The answers are then used for the purpose of risk classification of the units. In the 2015 Sedex assessment, all of SCA's main facilities received a low to medium risk classification and no facility was classified as high risk. The Sedex system has enabled SCA to assess its own operations, and the results help determine the focus of the company's audits and other initiatives aimed at improving conditions at our facilities. Many customers also request information about SCA's supply chain via the Sedex system and this enables them to compare SCA with other companies in the industry.

69 SCA facilities, as well as three facilities in joint ventures in Tunisia and Algeria, use the Sedex system to report information.

Updated complaint procedure

SCA offers its employees a number of channels for reporting breaches of the Code of Conduct, such as through their line manager, HR Director, legal counsel or union representative. In addition, there is a dedicated e-mail address and, in the UK and Mexico, there are third-party-operated hotlines. This way, employees are able to file anonymous reports.

In 2015, further improvements were made to SCA's process for investigating complaints and potential violations, such as development of new guidelines and training, to ensure all complaints are handled in a fair, professional and efficient way.

Reported breaches in 2015

In 2015, there were a total of 89 reported cases of potential breaches of the Code of Conduct, of which 16 were still under investigation at year-end (of which eight were related to anti-trust). Among the reported complaints, the most common types were alleged discrimination and harassment (34), corruption and misuse of assets (21) and labor practice grievances (7). The remainder of the complaints involved conflict of interest, health and safety and various other company policies (27). The most common source of complaints was from identified company employees (67%). 20% of the reported cases came from external stakeholders, such as a customer, supplier or contractor. 11 percent of the complaints were made anonymously.

Following review and investigation, a total of 73 cases were closed and a total of 28 cases resulted in a verified breach of SCA's Code of Conduct or company regulations. Out of the confirmed violations, 11 cases referred to harassment and bullying, ten cases of corruption and fraud incidents, two cases of undisclosed conflict of interest and the remaining six cases were related to other SCA policies. Disciplinary action was taken in all cases of verified violations. During 2015, a total of 17 employees were dismissed, 11 received a warning and four were subject to other outcomes (e.g. resignation or other corrective actions). SCA takes all complaints seriously, which is why preventive measures are taken in most cases even when a breach cannot be proven. In the event of allegations that employees have been subject to harassment in the company, training initiatives are often arranged to raise awareness of personal behavior and the behavior of others.

Code of Conduct audits

SCA uses audits to monitor compliance with the Code of Conduct. Audits are carried out to satisfy customer requests, as well as to improve SCA's operations.

The facilities to be audited are determined by such factors as the social and environmental

risks in the country of operation, whether the facility is a recent acquisition or if there are any indications of non-compliance with SCA's policies.

The content of the audits emanates from SCA's Code of Conduct, while the approach and methods are based on the SA8000 standard. The audits are conducted by cross-disciplinary teams from SCA, and include representatives from the internal audit, human resources and sourcing functions. The audits involve a review of documentation, inspection of the facility with a focus on health and safety, and interviews with managers, employees and union representatives. SCA dedicates a great deal of time to interviewing employees, since these conversations are highly relevant to understanding how SCA's policies are perceived and put into practice.

Every audit results in a report and action plan for the audited unit, which are followed up. In the event deviations are identified, these are to be corrected immediately and measures taken to prevent future deviations. The results of the audits are reported to SCA's Board via the Audit Committee.

Results 2015

In 2015, Code of Conduct audits were conducted at two sites in the US and one site in Sweden, Mexico and the UK, respectively. In the US, the sites were instructed to make improvements with respect to overtime and consecutive days worked. In Sweden, documentation and implementation of fire drills was lacking. In Mexico, employment forms contained information that was deemed discriminatory, aspects that were immediately removed from the recruitment form. The site in the UK demonstrated high standards and complied with the SA 8000 standard with only minor changes.

Joint ventures

SCA encourages its joint-venture companies to adopt a code of conduct and policies that are in line with the principles stated in the SCA Code of Conduct. SCA's largest joint-venture company, Familia in Colombia, has updated and adopted its Code of Conduct. SCA is assisting the company in strengthening the systems around the Code, including due diligence and handling of complaints.

In 2015, SCA assisted its joint-venture partner Sancellia in Tunisia in drafting a new code of conduct to ensure it is aligned with SCA's Code. The Sancellia Board of Directors adopted the new code in December 2015.

Risk management

SCA assesses and manages its operations to address social, environmental and other operational risks. SCA monitors the Code of Conduct

through reporting systems and auditing of specific operations.

SCA's human rights and corruption risk analysis is based on assessments carried out by Amnesty, Sedex and Transparency International. Approximately 18% (17) of SCA's revenues are generated in countries with a relatively high risk of human rights violations. About 28% (27) derive from countries with a relatively high risk of corruption.

SCA's risk assessments are also included in the Group's audits in connection with acquisitions.

SCA regularly revises its business practices in various parts of the organization and these reviews contribute to SCA's risk control.

Human rights

SCA's approach to human rights is informed by the United Nation's Guiding Principles on Business and Human Rights (UNGP). UNGP stipulates that as part of its commitment to respect human rights, companies must exercise due diligence in understanding and managing its actual and potential negative impact on human rights of its various stakeholders. In 2014, SCA, together with the non-profit organization BSR, mapped and identified its human rights risks through a Group-wide human rights impact assessment process. The risks were graded not by the impact on business but the impact on the rights holder. The assessment revealed three salient issues:

- Labor-related risks, including occupational health and safety, discrimination, forced labor and right to equal work for equal pay in SCA's direct and indirect operation (supply chain).
- Land rights risks associated with the sourcing of timber, fiber, and pulp – especially where indigenous communities are present.
- Risks related to water use by SCA operations located in water-stressed regions that may infringe on the rights of local communities to water and sanitation.

The review also identified some areas of improvements, such as a more holistic approach to the human rights risks in the supply chain. Following this recommendation, SCA's global sourcing teams have been working to ensure that human rights risks are further integrated. All forms of violations of human rights are taken very seriously. These are reported and managed in the same way as other breaches of the company Code of Conduct, see page 42.

Committed to supporting and advancing children's rights, SCA has also joined the Global Child Forum, a multi-stakeholder platform for leaders from business, governments, academia and civil society in a joint effort to implement children's rights.

Due to the intensified focus on the elimination of forced labor, for example, on account of the Modern Slavery Act in the UK, one of the focus areas in 2016 will be to identify areas with elevated risks.

Anti-corruption

Anti-corruption is included in SCA's Code of Conduct. In 2013, SCA introduced a new anti-corruption policy, aligned with legislation such as the UK Bribery Act, for increased focus and transparency. SCA must conduct all activities in accordance with applicable laws and regulations, and all corrupt activity is strictly prohibited.

SCA conducts regular corruption risk assessments. This includes due diligence audits of suppliers and other business partners.

SCA has developed an anti-corruption e-learning course translated into 21 languages. In 2015, we commenced implementation of the e-learning course in onboarding programs.

Anti-trust

SCA is committed to full compliance with competition laws (also called "anti-trust" laws) as set out in the SCA Code of Conduct. These laws generally prohibit agreements or understandings between competitors that undermine competition, including price fixing, allocation of customers or geographic markets, bid rigging or abuse of a dominant position.

SCA has anti-trust programs in place and, in 2015, the Group launched an anti-trust e-learning training course with the aim of improving employees' understanding of competition laws and how these impact their daily work. It is mandatory for specified groups of employees to complete the training, such as employees with an interface toward trade associations, customers and competitors. More than 2,000 employees completed the training course during the year and more will be trained in 2016.

Ongoing anti-trust cases

SCA conducts operations in about 100 countries and, in many cases, holds leading market positions. It is natural that SCA, like other large multinational corporations, is the subject of investigations by competition authorities. At present, competition authorities are reviewing the joint venture Familia's operations in Colombia and Peru, as well as SCA's wholly owned businesses in Chile, Spain, Poland, Hungary and Russia. In all instances, SCA and/or the joint venture is/are cooperating with the authorities and providing the requested information.

Business Practice Reviews

SCA's business practice reviews are conducted by the internal audit unit. The reviews focus on business ethics and SCA's relationships with

customers, suppliers and authorities. In 2015, the review process was updated and the scope was extended. Additional interviews are performed to ensure the effectiveness of the control environment and greater consideration is given to challenges in the local environment.

Since the beginning of 2008, 18 reviews have been performed in as many countries. In the past five years, 29% (30) of SCA's operations in risk countries have been investigated. The countries are selected on the basis of Transparency International's corruption index in combination with SCA's net sales in the country.

Results 2015

In 2015, business practice reviews (BPRs) were conducted in Taiwan, Poland, Mexico and Russia. The BPR in Taiwan showed serious deficiencies related to corporate governance. Management agreed upon action plans to be completed in 2016 and, in one case, in 2017. The BPRs in Poland, Mexico and Russia noted only minor deficiencies and action plans will be implemented.

Supply chain management

Choosing responsible business partners is becoming increasingly important and SCA works together with its suppliers to make mutually beneficial improvements with respect to social and environmental performance.

SCA's supplier base

SCA has about 67,000 suppliers of goods and services, of which about 50,000 account for a spend of below SEK 100,000. Of these, we have identified a supplier base consisting of global, regional and other strategically important suppliers. The supplier base consists primarily of raw material and merchandise suppliers, as well as suppliers of strategic services, such as marketing, IT and travel. Based on spend and/or potential risk, suppliers are required to sign the Global Supplier Standard, register in Sedex and, in some cases, be subject to a CSR audit.

All in all, the identified supplier base account for two-thirds of the Group's total purchasing costs. The remainder includes mainly local suppliers of non-production material and local services.

Results 2015

At year-end, 84% (75) of the hygiene operations' approximately 630 global suppliers had signed the SCA Global Supplier Standard (GSS). Of forest products' 25 (29) largest suppliers, 86% (83) had signed the Global Supplier Standard.

Since the SCA supply chain target was adopted in 2010, SCA has substantially expanded the scope of its Global Supplier Standard program. In addition to the approximately 350 suppliers that were originally within the scope of the compliance program, an addi-

tional 280 suppliers have been successively added, an increase of 80%. SCA is currently reviewing its supply chain ambitions and targets to continue its work to ensure a responsible supply chain.

Supply chain management tools

Regarding supplier requirements and follow-up, SCA works with and assigns priority to three distinct steps:

- 1. Global Supplier Standard:** All global suppliers to the hygiene and forest products operations undertake to comply with SCA's policies by signing the Group's Global Supplier Standard (GSS).
- 2. Sedex database:** SCA's strategically important suppliers, from which substantial purchases are made and/or which are located in high-risk countries, are registered in Sedex.
- 3. Audits:** Suppliers located in high-risk countries are CSR audited and all major suppliers undergo quality audits, which also includes verifying workplace health and safety. CSR audits can also be triggered by other factors, such as a low rating in Sedex, a low health and safety score in a quality audit or any other credible external source of information.

Global Supplier Standard

SCA has applied a Global Supplier Standard (GSS) for many years. The hygiene and forest products operations have previously applied individual versions of the GSS. In January 2016, the two versions were consolidated into one single version valid for the entire SCA business and, in addition, the GSS was updated to reinforce sustainability criteria and to secure global coverage. The standard includes requirements governing responsible business operations, quality, product safety, the environment, energy and chemicals. The GSS is complemented by a supplier code of conduct named "Responsible Business Operations". It includes SCA's expectations on suppliers with regard to human rights, business practices, employee relations and health and safety.

Approximately 57% of the hygiene operations' global suppliers are located in Europe, 29% in the Americas and 14% in Asia/Middle East. Many of the production facilities located in Asia and Latin America belong to large multinational corporations based in Europe and the US; a conscious choice by SCA to reduce ethical risks within our supply chain.

Of the wood raw materials purchased by SCA, 88% is from Sweden (of which half from the company's own forests), 9% from central Europe and 3% from the Baltic countries and Finland. SCA strives to further integrate procurement practices with the requirements of the SCA Global Supplier Standard.

Reporting in Sedex

SCA's strategically important suppliers, from which substantial purchases are made and/or which are located in high-risk countries, are registered in Sedex. This is where the Group takes into account geopolitical, social, ethical and sustainability-related risks.

At the end of 2015, 85% of the approximately 470 global suppliers to the hygiene operations that were relevant for Sedex registration had reported their details in the database. In the forest products operations, 27 out of 43 suppliers were identified as relevant.

Supplier audits

Suppliers located in high-risk countries correspond to 12% of SCA's procurement spend and they undergo CSR audits with a focus on health and safety, human rights, employee relations and corruption. SCA uses Sedex and Maplecroft's risk classification to identify these suppliers. The goal is for all suppliers located in high-risk areas to be audited. To achieve this goal, SCA has engaged a Swiss-based external partner, SGS, to perform audits. The method used to evaluate suppliers is the same as that used to monitor SCA's own units. At the end of 2015, 130 CSR audits had been conducted.

The Group evaluates potential suppliers prior to contracting and continues to review suppliers at regular intervals. Social and environmental aspects account for more than 20% of SCA's quality assurance prior to new partnerships and all new suppliers must sign the GSS and register in Sedex prior to any business activities. SCA also conducts quality audits and chain of custody audits of fiber suppliers.

Some of SCA's customers with high ethical standards require SCA's suppliers (their sub-suppliers) to register in Sedex or conduct CSR on-site audits. SCA supports these customers in their ambitions.

CSR audit results 2015

During the year, SGS carried out about 30 CSR supplier audits on SCA's behalf in China, Mexico, India, Brazil, Malaysia, Thailand, Saudi Arabia and Vietnam. SCA's global purchasing function also considers sustainability performance when evaluating suppliers.

Suppliers receive feedback in connection with the audits and then SCA's purchasers determine whether to continue the collaboration. SCA and SGS work together with suppliers to resolve any non-compliance issues. In most cases, these are minor health and safety issues. Within three weeks of the audit, SGS shares the audit report and corrective action plan with the supplier and SCA. If critical findings have been identified during the audit, SCA is informed within 24 hours. To date, findings triggering this kind of reaction have consisted of rare cases of excessive overtime, work for more than six days in a row, no fire drills being completed in the last 12 months or

insufficient or non-existing procedures for verifying workers age upon recruitment. To further promote sustainability performance at suppliers' units, SCA asks suppliers how the Group can provide support, since SCA's actions could affect the ability of suppliers to comply with expectations and requirements.

No agreements with global suppliers were terminated on the grounds of sustainability-related non-compliance in 2015.

Control of cotton providers

Some of SCA's hygiene products contain by-products from the cotton industry. The volumes are exceedingly small but since cotton agriculture is associated with social risks, SCA pays particular attention to cotton farming.

SCA is shifting its sourcing from potential high-risk countries to areas with greater transparency and lower risks. This is because SCA's purchasing levels do not provide the company with sufficient influence further down the supply chain. At the end of 2015, SCA had shifted approximately 70% of its volumes to areas with a lower risk level, i.e. Turkey.

Recovered fiber risk assessment

SCA is aware of the risks related to occupational health, forced labor, child labor and human rights in general that may occur in connection with recovered fiber sourcing in potential high-risk regions. As a consequence, the company commissioned a report from the risk strategy consultant Maplecroft with the mandate to identify parts of SCA's value chain with potentially higher risk. The report identified Latin America as a high-risk area and SCA chose to initially focus risk management on its Mexican operations since it is a wholly-owned company with substantial sales.

Recycled fiber accounts for a small part of the recycling industry in Mexico and SCA is a small player. Nevertheless, the Group has a responsibility to improve the existing conditions through our influence. In 2015, we visited suppliers throughout the value chain and, in some cases, identified inadequate working conditions, particularly related to health and safety, among those who collect and sort waste. We have begun working with existing suppliers

through a supplier program (see page 21) and have a dialog with the paper industry to identify common standards and with authorities to increase the focus on working conditions for waste collectors.

Control of forest contractors

SCA's forest operations almost exclusively use contractors for harvesting and silviculture. Contractors hired by SCA undertake to comply with applicable laws and regulations, including collective agreements and SCA's Supplier Standard. In recent years, SCA has significantly strengthened the requirements imposed on contractors. Among other stipulations, the following are included in agreements with contractors:

- The contractor must be a member of an employers' organization or have a local collective agreement in place with the GS union (the Swedish union of forestry, wood and graphical workers).
- The contractor must adhere to the rules under the forest worker agreement relating to work environment, working hours and pay.
- The contractor must comply with the guidelines relating to employees' rights as stipulated in the FSC® (Forest Stewardship Council) and PEFC™ (Programme of the Endorsement of Forest Certification) forest standards.
- The contractor must practice a systematic health and safety program and must have carried out at least one follow-up during the past year.

SCA has also further developed and simplified its assessment methods for health and safety and employment terms.

Monitoring in 2015

SCA follows up compliance with the above standards together with its contractors. In addition, field spot checks are performed by both the GS union and SCA.

In summer 2015, SCA carried out extensive controls of its silviculture contractors with regards to working conditions, work permits, salaries, and so forth. Visits were made to 36 teams with a total of 157 employees. 80% of the employees were from another EU/EES country

than Sweden, and 14% came from countries outside the EU/EES. All conditions were compliant with SCA's requirements, as well as applicable laws and collective agreements. In one team, employees had questions regarding salary levels. The misunderstanding was due to lack of information, which was resolved after contact with the contractor.

Health and Safety

Health and safety is fundamental to SCA's operations. SCA has a zero-accident vision and safety in the workplace is highly prioritized.

Employee health and safety target achieved

The accident frequency rate declined by 6% to 6.3 (6.7) in 2015. In particular, statistics improved for the American tissue mills, partly due to joint ventures closing the gap in standards compared with other SCA companies.

Already in 2014, SCA achieved its target to reduce its accident frequency rate by 25% in the 2011–2016 period. In the 2011–2015 period, the accident frequency rate fell by 31%. As a consequence, SCA has adopted a new ambitious health and safety target with the aim to reduce the accident frequency rate by 50% in the 2014–2020 period.

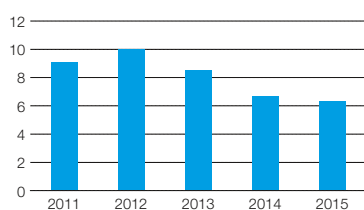
SCA also updated its OHSAS 18001 target, see OHSAS 18001 certification on the next page.

No fatalities were reported for the third consecutive year.

Safety policy and governance

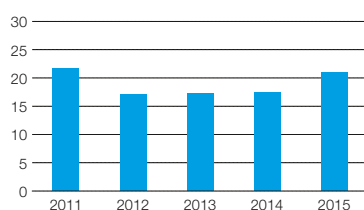
SCA has a Group Health and Safety Policy and the Group's governance system encompasses risk assessment, training, targets and monitoring in the safety sphere. There are health and safety committees on which representatives of about 94% (96) of the workforce serve. 78% (74) of employees are covered by formal trade union agreements in which health and safety issues are addressed on a regular basis. In addition, a reference team has been in place since 2009 with responsibility for coordinating Group health and safety matters. All SCA facilities have procedures in place to increase workplace safety.

Accident Frequency Rate (FR)



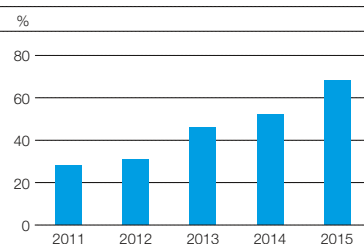
The accident frequency rate declined by 6% in 2015. Compared with 2011, the decline was 31%.

Accident Severity Rate (ASR)



The accident severity rate rose in 2015, a common consequence when the frequency rate declines.

OHSAS 18001 certified sites



Ten main sites were certified under OHSAS during 2015. A main site is defined as a production site wholly owned by SCA with 100 or more employees.

OHSAS 18001 certification

SCA implements the international OHSAS 18001 (Occupational Health and Safety Assessment Series) standard to ensure that uniform processes are deployed across the Group, and that SCA units continuously improve their workplace health and safety. OHSAS specifies requirements for an organization's occupational health and safety management systems. In 2015, SCA updated its OHSAS 18001 target, stating that all fully-owned and joint operations will be OHSAS 18001 certified by 2020. At the end of 2015, 68% (52) of SCA's 65 main sites were certified.

Group-wide key performance indicators

In recent years, SCA has worked intensively to systematize and improve its safety work. SCA uses the following Group-wide KPIs:

- Number of Lost Time Accidents (LTA): accidents that result in an employee missing the next regularly scheduled work day or shift.
- Days Lost due to Accidents (DLA): number of work days lost due to an LTA.
- Accident Severity Rate (ASR): The DLA / LTA.
- Frequency Rate (FR): LTA / 1,000,000 hours worked.
- Incident Rate (IR): LTA / 200,000 hours worked.
- Number of fatalities.

Safety statistics

	2015	2014
Lost Time Accidents (LTA)	360	375
Days Lost due to Accidents (DLA)	7,545	6,546
Accident Severity Rate (ASR)	21.0	17.5
Frequency Rate (FR)	6.3	6.7
Incident Rate (IR)	1.3	1.3
Fatalities	0	0

During the year, 76 accidents (51) were reported among contractors.

Near miss/risk reporting

Reliable near miss and accident reporting is key; it is vital to analyze both serious and less serious occurrences to ensure that they are not repeated.

SCA has a reporting system for accidents and risk observation in place. Employees use it to report accidents and close calls, meaning events that could have led to an accident. The system significantly improves SCA's ability to perform risk assessments, analyze and improve working methods, and continuously monitor performance.

In the event of a critical incident, information is communicated to the entire Group, enabling all units to gain access to the recommendations and learn from the occurrence. Another part of the unit procedures involves gathering data from the reporting system on a weekly basis so that safety can be addressed at staff meetings. The system also allows for best practices to be disseminated throughout the Group.

Since the introduction of the system several years ago, it has been noted that, to all appearances, many LTAs are the result of trivial causes. For example, accidents may be caused by slips, trips and falls of a less serious nature, which should be preventable. It was also observed that some units need to increase their focus on manual work and ergonomics.

Zero-accident sites

19 sites reported zero accidents in 2015: Logistics Lübeck and Witzenhausen, Germany; Pune, India; Altopascio, Italy; Monterrey and Uruapan, Mexico; Suameer, the Netherlands; Svetogorsk/Kamennogorsk and Veniov, Russia; Gemerská Hôrka, Slovakia; Telde, Spain; BM Skandinavien Stugun and Norrplant/Boggrundet, Sweden; Chesterfield, Manchester, Oakenholt and Welshpool, UK; Bowling Green and Greenwich, US

Joint industry action

Health and safety risks in the pulp and paper industry tend to be higher than those in the engineering industry. Therefore, SCA's forestry operations participate in several industry collaboration projects to promote safety.

A working group focusing on occupational health and safety has been formed within the Swedish Forest Industries Federation. The objective is to support the safety programs of

member companies by offering various resources for raising awareness and sharing knowledge.

Another valuable contribution is being made by the SSG (Standard Solutions Group) safety committee, through which companies in the pulp industry come together to learn from one another. SSG sets technical standards and recommendations and provides information and advice.

Healthy workplaces

SCA also works proactively with employee health and well-being. Each business unit is responsible for formulating a structure for fitness that suits their own operations. SCA's efforts encompass measures such as better ergonomics, quit-smoking campaigns, dietary training, support in work-life balance and advice in handling difficult illnesses.

Since 2008, SCA's North American operation has had a health program that includes encouraging a healthy lifestyle and regular, voluntary health check-ups, as well as early identification of health risks. The European hygiene operations prioritize efforts for improving its employees' lifestyle and health, particularly when older employees are concerned. The goal is good health, fewer sick days and higher productivity.

In addition to promoting health and safety at its sites, SCA checks suppliers' practices and collaborate with them to improve safety performance.

Health and safety at the workplace was also further addressed in SCA's awareness campaign, the Global Safety Week, see page 22.

Employee relations

Our success depends upon having motivated, high-performing people, working together, with a drive to constantly improve and deliver the best value for all our stakeholders. SCA's core values – respect, responsibility and excellence – define our approach to work and behavior patterns. SCA comprises 44,000 (44,247) employees in some 60 countries, of whom 31% (32) are women. The employee turnover rate is 13% (17).

Diversity

For SCA, diversity extends beyond the typical attributes, such as gender and ethnicity – we value a mix of diverse personalities, experiences and knowledge. SCA's Code of Conduct states that each employee is to be treated with respect and be given the opportunity for personal and professional development.

SCA strives for a higher proportion of women in management positions. In 2015, the proportion of women among SCA's senior management* was 28% (25) and 29% (29) among senior/middle management*. Since 2007, the share of female managers has almost doubled.

Senior management comprised 24 (25) different nationalities and the corresponding figure was 42 (39) for senior/middle management. Encouraging greater diversity is part of SCA's leadership platform and succession planning.

Employer branding

SCA's recruitment policy is based on having the right person for the right position at the right time and at the right cost. To realize this strategy, SCA works intensively with employer branding. These efforts are based on thorough research into the needs and requirements of potential employees and SCA's recruitment criteria.

In 2015, SCA continued to develop its global employer brand "Life Inspiring Careers." Scarce skills and critical countries were defined from a human capital demand viewpoint and key generational groups and their demands from employers were identified.

SCA extended its cooperation with selected universities in countries identified as critical from an HR perspective. An annual university design contest is growing and includes more partner universities and an increasing number of submissions from entrants. The Group received a larger number of graduate applications from our targeted universities.

SCA is active on social media, focusing specific channels on target groups identified as key for the business.

SCA's GO! program is a chance for newly graduated students to get their very first job in product supply, R&D, marketing and sales. It offers

young professionals a chance to gain valuable work experience, develop their skills and build up a professional network.

These employer branding efforts are beginning to yield results; the number and quality of applicants for all graduate positions have changed significantly. For the 36 GO! vacancies in 2015, SCA received 2,217 applications of which 225 from partner universities.

Professional development

All professional development at SCA reflects a combination of business needs and individual aspirations. SCA strives to ensure that all employees have an individual development plan that is defined and followed up during annual performance reviews. To manage development in a structured manner, SCA has a global system for performance review and development planning in place. The reviews identify the capabilities necessary for employees to achieve the stated targets. The employees and managers agree on the manner in which these skills should be secured, primarily through internal development opportunities. The objective is to follow up the performance of every employee twice a year. In 2015, 96% (89) of white-collar employees participated in performance management reviews. The corresponding number for blue-collar employees is 86% (75). The performance reviews are sometimes conducted individually and sometimes in teams.

SCA also believes in the importance of cross-border learning, and therefore sees the benefit of mixing participants from different countries, functions and organizational levels. All development has a clear link to SCA's daily activities, and involves real-life strategies, cases and assignments.

Significant emphasis is placed on continuous on-the-job learning through different experiences. Most development activities are thus connected to daily work and real-life situations. To enhance specific capabilities, SCA also has a number of common formal development programs. The average number of training hours per employee was 25 (22).

Leadership development

The SCA Leadership Platform defines what is expected from all SCA leaders. All leadership development activities are directly linked to this platform. To enhance specific leadership capabilities, there are five main development programs:

Leadership@SCA: Mandatory one-day onboarding program for all newly appointed leaders. The course focuses on SCA's strategies, processes and tools, as well as general leadership and expectations placed on leaders. 457 new managers completed the course in 2015.

Core 1: A six-day program to develop leaders that have been in their role for six to 12 months. The program aims to further develop their capabilities to effectively lead others. During 2015, 365 participated in this program.

Creating Value and Driving Business

Performance: Two courses to further strengthen participants' capabilities in strategic leadership areas. In 2015, 97 leaders participated in these programs.

Core 2: To develop people's capabilities to lead in a complex environment, engage people and drive change, SCA developed and piloted a new leadership program in 2014. In 2015, 41 leaders participated.

Other training

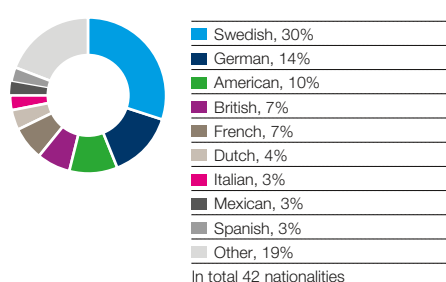
SCA has sustainability training programs in place that focus on innovations, claims and communication with the aim of improving the understanding of sustainability's impact on product and services, customers and consumers.

All-Employee Survey

SCA carries out an All-Employee Survey every second year for employees at wholly owned companies. The latest survey was conducted in 2015, and received a response rate of 88.3% (86.3) of the workforce.

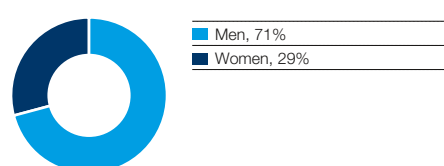
The survey covers a total of 47 aspects in nine dimensions. The results are expressed as

SCA's senior and middle management* by nationality 2015

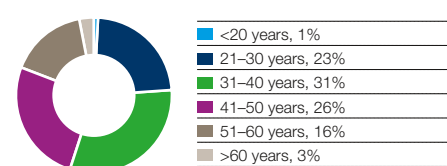


* Senior management comprises the highest level of management group below the Executive Management Team (CSMT). The number varies over time due to organizational changes and consists of 110–150 managers. Middle management consists of 750–1,000 managers.

SCA's senior and middle management* by gender 2015



Employee age distribution SCA Group 2015



indexes for leadership, innovation, customer orientation and engagement, as well as an overall SCA index. The SCA index for 2015 was 72 (70) on a scale 0-100.

All managers will prepare action plans together with their employees based on the outcome of the employee survey.

The next employee survey will be carried out in 2017.

Employee relations and union activities

Transparent communication is fundamental to the trust between SCA and its employees, as well as their representatives. Employees are encouraged to raise issues relating to employment and health and safety with their line manager. SCA recognizes the right of all employees to join unions and to partake in union activities. Union involvement varies among SCA's countries of operation, but on average 64% (65) of SCA's employees are covered by collective agreements.

The European Works Council (EWC)

The European Works Council (EWC) represents about 20,000 of SCA's employees. SCA meets the EWC and other employee representatives on a regular basis to inform them of and discuss matters such as the Group's performance and earnings, as well as health and safety and employment terms and conditions. The aim is to communicate changes well ahead of time.

Since 2013, SCA has also had an agreement with IndustriALL Global Union. IndustriALL represents 50 million employees in 140 countries in the mining, energy and manufacturing sectors. The organization was formed in 2012, combining several union organizations, including the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), which previously represented SCA employees. The content of the agreement with IndustriALL largely coincides with the previous arrangement with ICEM. The Swedish Paper Workers Union is also encompassed by the agreement with EWC and IndustriALL.

Alternative forms of dialog

In parallel with SCA's expansion, the Group encounters new circumstances and challenges, including challenges pertaining to its employee dialog. When there is no union representation, SCA establishes other channels where possible, such as workers' councils.

In companies where SCA is not the sole or majority owner, efforts are made to exert an influence through the Board. The aim is to ensure that these companies also apply the principles of SCA's Code of Conduct and thus respect each employee's entitlement to freedom of association.

Organizational changes

The notice period in connection with organizational changes in the Group varies, but averages about five weeks. In connection with organizational changes, SCA works to support the employees affected. This is done through discussions with labor unions at an early stage and by preparing a social action plan that is adjusted to local conditions. The action plan normally includes assistance in seeking employment and/or education. Other tools include severance pay, early retirement and financial incentives for those who find new jobs before the end of the period of notice. Support services may comprise individual career counseling or administrative support.

In 2015, sites were closed in Mexico, France, Germany and the UK. The closures, together with other restructuring measures, affected a total of about 640 employees.

The closure of the Guadalajara site in Mexico, FlexPackPapers in Mannheim, Germany and the Orléans site in France affected 209, 110 and 119 employees, respectively. In Germany, some employees took early retirement while others reached an agreement with SCA and, as a result, no forced dismissals were necessary. In France, negotiations are ongoing. In all three cases, the severance pay exceeded the legal requirement. In Stubbins, UK and Ortviken,

Sweden, paper machines were closed down. In Stubbins, the closure affected 34 employees who were all paid above the statutory requirements and, in Ortviken, early retirements and transfer to other jobs will solve a major share of the redundancies.

Community relations

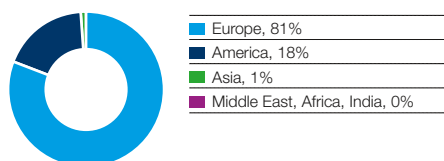
SCA strives to be a dedicated partner in the local communities in which we operate.

In accordance with SCA's guidelines for community involvement, the company prioritizes initiatives with a clear link to SCA's values, expertise, operations and geographic presence. Much of SCA's efforts are related to hygiene and health, and are often directed at women and children. No political or religious views may be expressed in association with the company's activities.

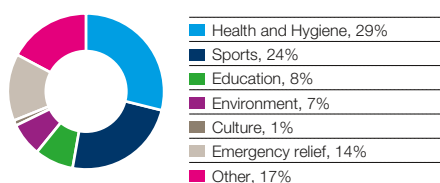
SCA's initiatives include both large-scale investments and small projects with a local focus. Apart from adding valuable experience and knowledge to SCA, the company's community efforts add value by boosting employee pride in the Group and strengthening customer loyalty.

In 2015, SCA invested approximately SEK 37m (24) in local projects, corresponding to 0.3% of operating profit. About 400 projects were registered in the company's web-based collection tool. Most of the projects were related to hygiene and health. Read more on pages 24–25.

Community relations by region



Community relations by focus area



Value creation for nature

Management approach

SCA's overall environmental management approach is to enhance the operations' positive environmental contributions, while minimizing their negative environmental impact. This chapter describes SCA's work related to its most important environmental aspects.

Strategic components	
Policy	Sustainability Policy Code of Conduct
Targets and KPI	Climate and energy Fiber sourcing and Biodiversity Water
Data	See Resource Management System (RMS) See Environmental Data
Management systems, programs and certifications	ISO 9000 ISO 14001 Resource Management System (RMS) ESAVE (Energy) Chain of Custody – FSC® and PEFC™ Life cycle assessments (LCAs)
External charters or initiatives	UN Global Compact

Climate and energy

SCA's efforts to reduce its climate impact and energy use are manifested through numerous projects, investments and modifications of processes, all of which contribute individually to the target of reducing CO₂ emissions.

Major investments

Investments in new technologies and upgrades to existing solutions play a significant role in SCA's ability to achieve its CO₂ target. In January 2015, a new lime kiln was put into operation at the kraftliner mill in Munksund, Sweden. Unlike its predecessor, the new kiln is fueled with pellets instead of oil. This shift will reduce the mill's annual fossil CO₂ emissions by 20,000 tons, or 75%, and cut costs by SEK 50m per year.

SCA has invested SEK 380m and Sundsvall Energi SEK 100m in the BioCoop energy project, thereby increasing deliveries of energy from SCA's mills to the Sundsvall district heating grid

and reducing oil consumption. The project involved the redesign and conversion of two boilers at Örtviken paper mill, enabling them to be fueled with wood pellets, and connecting Östrand pulp mill to the Sundsvall district heating grid. The new boilers reduce carbon emissions by approximately 25,000 tons.

The company's investments in a biofuel plant in Nokia, Finland, and in pyrolysis technology in the Netherlands are described on pages 27.

ESAVE

Since 2003, SCA's ESAVE energy-efficiency program has contributed to energy savings and improved efficiency in all operative business units. In 2010, SCA adopted a target for ESAVE: to reduce energy consumption per ton of product produced by 14% by 2020. In 2015, 110 ESAVE projects were implemented, resulting in a 0.5% (3.2) reduction in energy used per ton of product produced. The accumulated energy savings in the 2010–2015 period amounted to 8.2%, corresponding to a 1.6 TWh reduction in energy consumption.

ESAVE encompasses investments in energy-efficient technical solutions, the involvement of employees in daily improvement activities and a general change in attitude toward the use of energy at SCA. Knowledge sharing is leveraged across the company through training and network events and ESAVE is part of the onboarding program for several young engineers. A typical ESAVE project could involve reducing electricity consumption by improving or replacing pumps, compressors, fans or lighting. Experiences are documented and provide effective support for future improvement efforts.

Transport

SCA monitors the environmental impact of its transport activities and is working on a broad front to reduce emissions. These efforts include increasing the fill ratio, applying various techniques to reduce fuel consumption, prioritizing transport means with less environmental impact, reducing distances travelled and

strengthening purchasing procedures. The Group's total carbon emissions from transport activities in 2015 amounted to 0.87 million tons (0.87).

Shipping

Shipping accounts for 71% of SCA's total transport activities. The Group's three roll-on roll-off (RoRo) vessels cover about 10% of its shipping needs, with a total freight capacity of about one million tons.

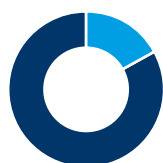
A new regulation from the UN's International Maritime Organization was implemented as of January 2015. This new regulation reduces the permissible sulphur content in marine fuels from 1.0% to 0.1% in defined regions. SCA's vessels have been adapted for the use of low-sulphur fuel. The new regulation increased the Group's fuel costs by approximately SEK 68.5m in 2015.

Road transport

23% of SCA's freight is transported by road. SCA engages in a number of collaboration projects to cut transport emissions, including tests of vehicles using biomass-based fuels. In 2015, SCA in Germany joined the non-profit logistics initiative Lean & Green to achieve a 20% reduction in carbon emissions within logistics by 2018. SCA in BeNeLux and Italy committed to the initiative in 2009 and 2014, respectively. The action plan includes consideration of pallet height and loading, combined transport, double-deck trucks and strategic planning, such as localization of production and warehouses.

SCA is one of the nine companies in France that has signed a charter called FREIGHT21 with The Ministry of Sustainable Development on May 20, 2015 in order to reduce its CO₂ emissions from (mainly road) transportation. Some of the means to achieve SCA's commitment to reduce emission by 5% include increasing volumes, reducing distances and the number of trips, and greater use of rail transport.

Electricity consumption 2015



Co-generation, 17%
Grid supply, 83%

Electricity consumption 2015: 8,036 GWh
The majority of SCA's electricity, 83%, comes from national grids, while 17% derives from electricity produced in the Group's co-generation plants.

Fuel consumption 2015



Biofuel, 54%
Fuel oil, 2%
Electric boiler, 0.5%
N-gas+LPG, 43%
Coal, 0.5%

Fuel consumption 2015: 60,252 TJ
A total of 43% of SCA's fuel consumption comes from natural gas and 54% from biofuel. Oil and coal account for a mere 2% and 0.5%, respectively.

Rail transport

Rail transport accounts for 6% of SCA's total freight – this small share is partially due to restrictions in the rail network. Because rail transport is a carbon-efficient alternative, it is a prioritized transport means. SCA uses multi-modal transport for distances exceeding 1,000 km. If there is no direct rail connection, SCA requests that its suppliers use rail to the greatest extent possible, supplemented by truck transport. If there is no, or a very small, price difference between alternatives, SCA will choose the solution with the least impact on the environment.

Business travel divestment

During 2015, SCA announced that the company, together with the other part-owners, was divesting Bromma Business Jet. The transaction gave rise to a cost of approximately SEK 95m, which was reported as an item affecting comparability in 2015.

The EU Emissions Trading Scheme (ETS)

SCA had 32 mills and plants included under the ETS in 2015. SCA's operations in the Nordic region will continue to produce a surplus, while its operations in the rest of Europe will have a certain deficit. This balance provides an estimated average annual surplus of about 200,000 tons of carbon dioxide equivalents during the third phase of ETS. The surplus is the result of the measures implemented by SCA over an extended period in the form of energy-saving activities, process optimization, choice of fuel and major investments, such as a new lime kiln in Munksund in Sweden and a new biomass boiler in Nokia, Finland. The average market price for emission rights in 2015 was about EUR 7.6 per ton and SCA sold 410,000 emission rights.

Wind power

SCA's forest land in Sweden is well suited for wind power ventures. In 2015, energy prices dropped by 30% and the price of green certificates fell by 15%, which reduced newly installed power in Sweden by 42% compared with 2014.

A total of 770 MW of wind power is produced on SCA's forest land, corresponding to 13% of the total installed wind power in Sweden. In 2015, 1.9 TWh was produced on SCA forest land.

Wind power strategy

SCA's wind power strategy is based on three main pillars.

- **Joint venture with energy producers:** SCA can be a co-owner in a wind power project, which is the case in the collaboration with the Norwegian companies Statkraft and Fred. Olsen Renewables. Statkraft and Fred. Olsen Renewables are funding the projects and SCA is providing the land.
- **SCA independently develops wind power projects:** In certain cases, SCA is the initiator of wind power projects that may be divested, form part of a future collaboration or be operated independently by SCA.
- **SCA leases land to energy producers:** This could involve leasing sites for smaller wind farms or a case in which a larger wind farm uses a small part of SCA's land, but could also involve even larger projects.

Joint ventures

Statkraft SCA Vind AB, SCA's joint venture with Statkraft, operates 186 wind turbines. The production capacity at the end of 2015 was 1.5 TWh.

In July 2015, SCA's joint venture with Fred. Olsen Renewables, FORSCA, was granted an initial permit to build 113 turbines. The permit will be reassessed in 2016.

Other wind power projects

SCA's has a collaboration with E.ON Vind where E.ON Vind develops a number of wind power projects together with SCA. A total of 92 turbines were granted a permit in late 2014 and another 50 turbines are expected to be granted a permit in 2016.

A wind project independently developed by SCA was granted a permit to build 20 wind turbines. The project has been prepared for due diligence with a possible realization in 2018. Permit applications for another two projects, including a total of 150 turbines, were submitted for assessment.

Leasing land for wind power

SCA has leased land to various energy producers for more than 1,000 planned wind turbines. 134 turbines are already in operation with a total production of 0.76 TWh.

Biofuels

Developing and producing biofuels is both an efficient use of resources and beneficial for a low-carbon economy.

Update for 2015

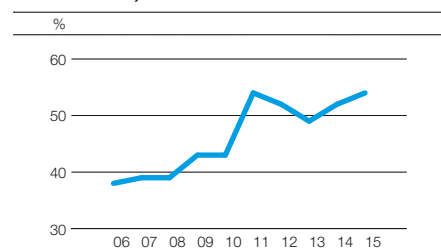
In 2015, SCA produced approximately 2.75 TWh (2.8) of biofuel-based energy, of which the production of forest-based biofuels accounted for approximately 610 GWh (687). The market situation, with a plentiful supply of competing fuels and low energy prices, held back production.

The forest-based biofuels comprise felling residue such as branches, crowns and stumps as well as fuel from peatland. Other biofuels are produced from the by-products of the mills, mainly sawdust, for pellet production.

Fuel pellets

SCA produces fuel pellets using sawdust from the mills at its pellet plants in Härnösand and Stugun in Sweden. In 2015, SCA began to source electricity to the two pellet plants from its Björkhöjden wind farm. SCA produced 174,000 tons of pellets of which 48% was sold to customers outside the Group. Fuel pellets are used in boilers of varying sizes, ranging from industrial scale to those used in the home. The market is currently characterized by narrow margins due to overcapacity. As a result of this situation, SCA is focusing on improving quality and increasing the internal use of pellets as a replacement for oil. SCA BioNorr also produces stall bedding pellets manufactured from sawdust. As of last year, the stall pellets are distributed in packs made of FSC®-certified paper and they earned the right to be marked with the Swedish Society for Nature Conservation's eco-label "Good Environmental Choice".

Use of biofuel, 2006–2015



SCA is working systematically to replace oil and coal with biofuel and natural gas, which has substantially increased biofuel's share of the energy supply.

Fiber sourcing

Responsible sourcing is key for SCA and includes ensuring the Group's fiber comes from responsible sources.

A new fiber sourcing target

In 2015, SCA introduced a new target for controlling the use of fresh fiber in its products. The new target states that "all fresh wood fiber-based raw material in our products will be FSC® or PEFC™ certified, or fulfill the FSC's standard for controlled wood." The target includes all deliveries of fresh wood fiber (timber, pulp, packaging, mother reels and articles supplied by third parties) to SCA's production sites. SCA already has good control of its fiber sourcing, and with the new target, the company will advance to an even higher level.

A global fiber database

SCA has a global fiber sourcing policy in place and a shared business system – the Global Fiber Database – for the assessment and purchase of fiber in compliance with SCA's forest management policies. The database includes all of the Group's pulp, recovered fiber and alternative fiber suppliers. It provides the purchasing function, environmental department, R&D department and production facilities with fast and easy access to important information about suppliers, region of supply, wood species, pulp specifications, bleaching methods and life cycle assessment data.

The information also includes the suppliers' product certification status: FSC® (Forest Stewardship Council), PEFC™ (Programme for the Endorsement of Forest Certification), Controlled Wood, ecolabels, ISO 9000, etc. As a result, SCA can ensure traceability, the R&D department can check the availability of a certain raw material and the mills can show customers exactly what has been purchased. The database is continually updated to support SCA's global operations.

Supplier verification

SCA requires pulp suppliers to guarantee that they have robust systems and documented procedures in place to ensure traceability and compliance throughout the supply chain. In 2015, SCA had 38 pulp suppliers, of which the ten largest accounted for 83% of purchases. All pulp suppliers are Chain of Custody (CoC) certified according to the FSC and/or PEFC. SCA's Fiber Sourcing Policy includes a step-by-step process to support suppliers in their transition to third-party certification.

Supplier audit results in 2015

SCA audits its suppliers to verify their compliance with the Fiber Sourcing Policy and supplier requirements. All suppliers were assessed to ensure continued compliance with the chain of custody certification. In addition, all suppliers

received questionnaires in order to update fiber and ecolabel information. Visits were also made to 11 sites in 2015. All suppliers demonstrated continued compliance with SCA's sourcing policies and were retained for continued supply.

Forest certifications and standards

SCA's target is to purchase all fiber from responsibly managed forests. SCA prioritizes the FSC certification system and encourages all suppliers to work toward certification.

We recognize several systems for forestry management, including the PEFC, SFI (Sustainable Forestry Initiative) and CSA (Canadian Standards Association). Other certification systems may be considered on a case-by-case basis.

All of SCA's wood-based industries are supplied with FSC-certified timber or timber that meets the FSC's controlled wood standard. About 56% of the 11.1 million cubic meters of timber delivered and 66% of the 2.0 million tons of pulp deliveries to SCA have FSC and/or PEFC certification. The remaining timber volumes meet the FSC's standards for controlled wood, while the remaining pulp volumes meet the FSC's standards for controlled wood or are inspected by SCA's own auditors.

SCA continued to roll out FSC and PEFC chain of custody in manufacturing sites, adding five sites to the list of chain of custody sites. In total, 43 of the 62 sites within the scope of the roll-out have been chain of custody certified. SCA's intention is to roll out the chain of custody to all remaining manufacturing sites.

Recovered fiber

SCA uses 75% fresh fiber and 25% recovered fiber in its operations. For a further breakdown at the product level, see Distribution of raw materials on page 57. The proportion varies between regions due to differences in consumer preferences and fiber supply and demand. The North American operations use almost 100% recovered fiber, while the proportion of recovered fiber is 78% in Latin America and 43% in Europe.

The declining use of publication papers in North America and Europe has led to limited supplies of recovered fiber. SCA partners with trade organizations and recycled paper operators to expand and improve the collection of recycled paper and board, thereby increasing the availability of recovered fiber. SCA is part owner in several paper-recycling companies, such as IL Recycling and Pressretur in Sweden, Bunzl & Biach in Austria, Paperinkera in Finland and AFS in the US.

Forest management

As Europe's largest private forest owner, SCA takes a long-term approach to its responsible forest management.

Biodiversity

Around 2 million of SCA's 2.6 million hectares of forest land are managed for timber production. The remaining 600,000 hectares of less productive forest, bogs and other land are still valuable as a living environment for flora and fauna.

Areas that provide vital habitats for sensitive fauna and flora are exempted from forest management or are managed with the aim of enhancing the existing environmental values and biodiversity. Approximately 200 species in SCA's forests – over 100 species of insects, nearly 50 types of fungi and about 50 different kinds of mosses and lichens – are disadvantaged by forest management and require special consideration.

SCA has set aside nearly 7% of its managed forests to benefit biodiversity in its ecological landscape plans. SCA also takes extensive conservation measures in managing forest areas that do not contain any particular conservation value. During felling operations, individual trees, groups of trees and buffer zones are set aside to ensure that the conservation values inherent in older forests are preserved and become an integrated part of the new growing forest. In 2015, 14% of the 18,000 hectares planned for harvesting were preserved for nature consideration.

Seedlings

In 2015, SCA's forest-tree nursery produced 86 million seedlings, of which 43% were planted in SCA's own forest land. The remainder of the seedlings were sold to other forest owners.

Conservation parks

In 2015, two conservation parks comprising more than 4,000 hectares of forests deemed to be rich in biodiversity and cultural heritage were inaugurated in Sweden: Njurunda coast and Märtingsberget. At least half of the woodland areas in the conservation parks must be earmarked for or managed in a manner that promotes nature conservation and cultural values. SCA is also using the knowledge it has gained in these parks in its other forest operations. In total, SCA now has five conservation parks comprising more than 10,000 hectares.

Forest management and certifications

In 2015, SCA used a total of 11.1 million cubic meters of wood raw material, of which 54% was timber from own forests and chips from own sawmills.

SCA's forests are managed in line with the Forest Stewardship Council's (FSC®) ambitious standard for responsible forest management. In the 2015 FSC audit, the auditors found that SCA complies with the FSC forest management

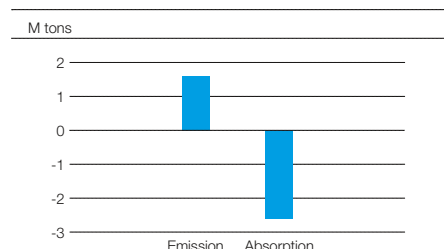
standard in a responsible manner. Eight minor CARs (Corrective Action Required) and four observations were noted. These included a request to ensure routines for consultation opportunities for relevant Sami communities in connection with forestry operations and that procedures for quarry operations are met. These CARs and observations will be followed up in the 2016 audit.

SCA's forests are also certified in line with the Programme for the Endorsement of Forest Certification (PEFC™) and the Group conducts controls based on both of these standards. SCA's forest management has been ISO 14001 certified since 1998.

Forest as carbon sinks

SCA's 2.6 million hectares of actively and responsibly managed forests provide an impressive carbon sink. Young, growing trees need 1.3 tons of carbon dioxide to produce each cubic meter of wood, making them one of the most effective means to reduce carbon dioxide levels in the atmosphere. SCA forests have a net growth of 1%, resulting in a net carbon sequestration of SCA's forests equivalent to 2.6 million tons annually. If half of the world's forests were managed like SCA's and deforestation was stopped, much of the climate change problem would be solved.

SCA's carbon dioxide emissions from own production and absorption in SCA's forests



The net uptake of carbon dioxide in SCA's forests is about 2.6 million tons, exceeding the carbon dioxide emissions from fossil fuel of 1.6 million tons generated by all of the Group's production.

Water

New targets for improved water usage.

Results 2015

SCA's 2010 water targets were finalized in 2015; to reduce water usage in water-stressed regions by 10% by 2015, with 2010 as a base year, and to employ mechanical and biological water treatment plants in all SCA pulp and paper mills. The water usage target was achieved already in 2013 with a 10.4% reduction and, in 2015, the accumulated reduction amounted to 18.7%. SCA achieved its water treatment target in 2015 when the Kunheim tissue site in France installed biological water treatment. The Kunheim plant is the first in its industry in France to use reed-bed lagoons for biological water treatment, see page 33.

New water targets

In 2015, SCA adopted new water targets with focus on both effluent water volume and quality. Our tissue sites will reduce the volume of effluent water and organic content (BOD) by 10% by 2020 (base year 2015), our forest products' mills will focus on reducing phosphorous emissions by 10%, and all sites will reduce their level of suspended solids by 10%. The new targets take a more holistic view on water, targeting the areas most material for the different business units.

Approach to water usage

The issue of water is being dealt with systematically – SCA monitors the volume and origin of the water it uses, as well as the quality of its effluent water. Most SCA mills, accounting for 97% of the Group's water usage, are located in areas of water abundance. About 60% of the Group's water usage is used to transport fibers during production processes and the remainder is mainly used as cooling water. 90% of the water used is drawn from surface sources.

SCA's reporting encompasses all production sites and, in 2015, the Group used 206 million cubic meters of water (206) in pulp and paper production.

Effluent water treatment

SCA works continuously to enhance its effluent treatment and thus the quality of the effluent water discharged from its plants. Mechanical treatment removes suspended solids, sand and particles, while biological treatment extracts dissolved solids and organic impurities that affect biological oxygen demand (BOD) and chemical oxygen demand (COD).

Waste management

SCA takes a life cycle approach and promotes resource efficiency in relation to its production, products, services and innovations. SCA initiates partnerships and evaluates solutions to minimize waste – from raw materials to end-consumer.

Production waste

In SCA's production process, waste is generated in the form of ash, sludge, organic waste and/or plastic. The production sites proactively work to reduce waste and to find alternative solutions for its waste. A significant part (1.2 million tons or 65%) is used as raw materials in other industries, such as the construction industry, or as an energy source.

Together with an external partner in the Netherlands, SCA is testing the possibilities of using pyrolysis technology to extract energy from sludge. Read more on page 27.

Between 2014 and 2015, the amount of waste sent to landfill declined by 8,200 tons. Of this amount, the personal care sites reduced their waste to landfill by 1,000 tons, corresponding to a 36% reduction.

Products and services

In 2015, the EU Commission presented its circular economy strategy that will lead to societal change in many areas. SCA recognizes the need for solutions that drive the circular economy and actively applies this thinking to all of its products.

SCA uses life cycle assessments (LCAs) to minimize waste, all the way from the product design stage to manufacturing and end-use. Reducing the environmental impact of products throughout the product cycle, including the post-user phase, is part of SCA's innovation process. Compared with 2008, Libero diapers weigh on average 20% less and the corresponding weight reduction for TENA products is 12%.

TENA Solutions is an example of how a holistic perspective in relation to incontinence care has resulted in 31% less waste, see page 41.

SCA's tissue and forest products consist of wood fibers that, in addition to being renewable, can also be recycled. Recycling of materials from personal care products, such as baby diapers, is currently limited by the available technology, hygiene requirements and lack of viable business models. Energy recovery through incineration of hygiene products is a good alternative to landfill, since 25–80% of the material in personal care products and up to 100% in tissue products is renewable.

Another solution for tissue products is composting and SCA has several products in the US

market that are certified as compostable, such as Tork Advance and Tork Universal.

An efficient way to reduce tissue waste is to focus on the user perspective. SCA develops dispensers that reduce consumption during use, such as Tork Xpressnap that reduces consumption by at least 25% compared with a traditional dispenser.

The packaging component normally accounts for 3-7% in a product life cycle. SCA has achieved a substantial packaging reduction in some of its products. Between 2008 and 2015, packaging was reduced by 3-21% for TENA products and by 5-20% for feminine hygiene products. Packaging for open diapers was reduced by 23%, while it increased by 15% for pant diapers. The rise was due to storage problems, which required packaging to be increased.

Post-consumer waste

SCA recognizes the need for solutions to address post-consumer waste and the materials we use should be compatible with current and future waste management systems.

SCA is involved in several post-consumer waste initiatives. Biodegradable waste from SCA's office in Neenah, in the US, is converted into compost and electricity in a dry anaerobic biodigester at the University of Wisconsin, Oshkosh. The total operation provides about 10% of the energy used at the campus. It also allows SCA to compost a wider variety of materials, including food waste and all paper, which diverts nearly 50% of the overall office waste from landfill.

An ongoing collaboration with Casella Waste Systems and Foley Distributing in the US allows SCA to be part of a process encouraging further recycling directly into new goods. Casella collects recyclable material on college campuses in the northeastern US states and, in return, provides colleges with data to calculate their own carbon footprints. Since mid-2012, the recycled material is delivered to SCA's paper mill in South Glens Falls, N.Y. as a source of recycled fiber, and is further fashioned into new, 100% recycled-content hand towels and tissue. Foley, a distribution company, then delivers new products back to the colleges.

Environmental complaints

A few of SCA's production facilities are located in residential areas where it is important to engage in active dialog with the surrounding community. For example, this dialog may be conducted in the form of large meetings or by providing information on how complaints can be made. All environmental complaints are investigated and measures are taken where necessary. In 2015, 102 (125) cases were reported to the plants. Complaints usually relate to noise, bad smell or vibrations. In a small number of cases, reports were received regarding exceedance of effluent limit values. Local authorities are always involved in such instances.

Control and assurance

Sustainability governance

The main purpose of all governance at SCA is to guarantee the Group's commitments to its stakeholders: shareholders, customers, employees, suppliers, lenders and communities.

Sustainability governance

SCA's Executive Management Team bears the overall responsibility for the control of SCA's business in the sustainability field.

SCA has a Group Function in charge of sustainability, led by the Senior Vice President Sustainability, who reports to the CEO and is a member of the Executive Management Team. Apart from social and environmental affairs, the function is also responsible for SCA's public affairs. In close collaboration with the business unit presidents, the approved strategy and objectives are broken down into specific targets

and activities to ensure compliance with the Group's objectives and business plans.

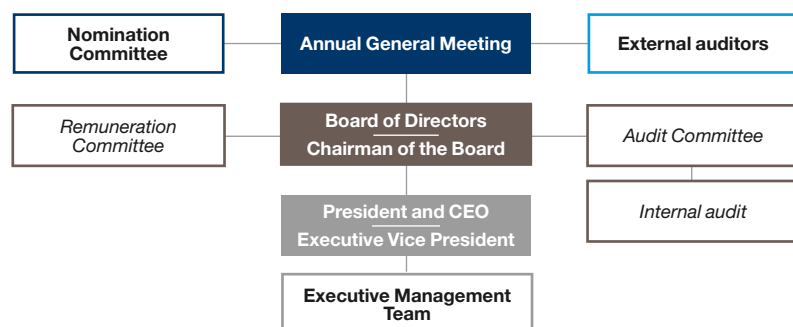
The Environmental Committee and the Social Responsibility Committee draft proposals for policies and principles for governing the sustainability work, as well as objectives and action programs at Group level. They also coordinate and follow up the Group's initiatives and objectives in the environmental and social area. The Social Responsibility Committee is responsible for preparing documentation regarding and management of human rights. Conclusions and proposed actions are reported to SCA's

Compliance Council and the President and Board of Directors, who approve the strategic priorities and objectives. The committees include members of all business units and representatives of the Sustainability, Human Resources, Communications and Legal Group Functions.

The Compliance Council (previously the Code of Conduct Council) consists of SCA's SVP HR, SVP Sustainability, General Counsel, President Forest Products and the CEO (twice a year). The Compliance Council oversees implementation of and compliance with SCA's Code of Conduct.

Responsibility for implementation rests with the operational organization. A number of networks operate horizontally across SCA's different business units to guarantee a consistent approach.

Corporate Governance at SCA



SCA Group networks

Water management network: Establishes the Group's aspiration level for reductions in emissions and water usage. The network also analyzes the impact of the EU's Water Framework Directive on SCA's operations.

FSC network: Disseminates information on sustainable forest management throughout the organization, and coordinates the Group's position and activities in relation to the FSC.

RMS network: Compiles information and makes calculations and presentations relating to resource use and environmental data.

Chemicals management network: Leads and supports development for harmonized chemical procedures and proposes group policies, priorities and objectives.

ESAVE network: Coordinates the Group's projects aimed at reducing SCA's energy consumption and environmental impact.

Energy network: Identifies cost-efficient solutions and synergies in connection with energy sourcing. The network also handles emissions trading.

Public Affairs network: Leads and coordinates the work aimed at influencing legislation, decisionmakers and stakeholders in prioritized areas with potential impact on SCA's operations.

Health and Safety network: Proposes goals and activities, follows up initiatives and highlights health and safety best practices.

GRI network: Ensures that SCA's sustainability reporting is in line with the Global Reporting Initiative's guidelines.

Monitoring

In addition to internal audits, SCA's operations are subject to external reviews and monitoring by, among others, the Swedish Financial Supervisory Authority and Nasdaq Stockholm. Life cycle assessments are another example of third-party assessments.

SCA's own control systems include segregation of duties in critical processes and defined management responsibilities with regard to internal control. There is also a separate internal audit function at SCA that works to evaluate and improve the effectiveness of SCA's governance processes, risk management and internal control. SCA's Internal Audit organization contributes to the maintenance of high standards of

business practice and is involved in the monitoring of Code of Conduct compliance through such activities as Code of Conduct audits at manufacturing sites and Business Practice audits. To support its work, the Internal Audit unit has a number of steering documents and policies.

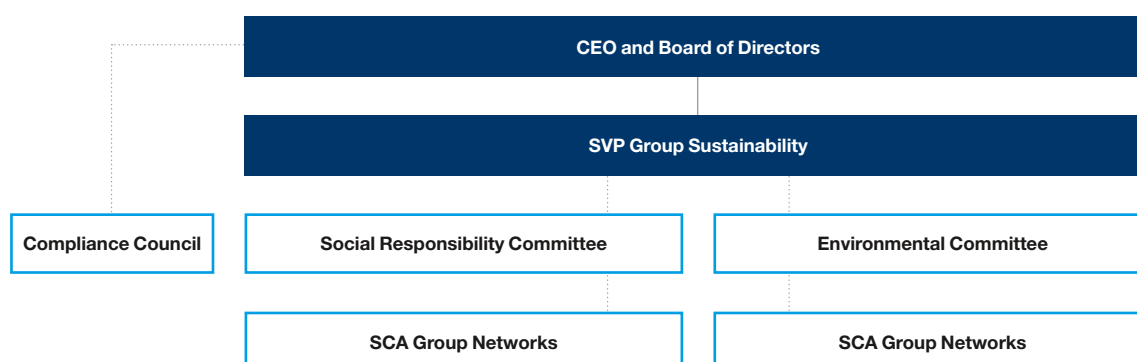
Risk and risk management

SCA is exposed to various risks with a greater or lesser potential impact on the Group. The responsibility for long-term and overall management of material risks follows the company's delegation scheme, from the Board to the President, and from the President to the business unit presidents.

A description of the most significant risks that impact SCA's ability to achieve its established targets and its risk management is presented on pages 76–81 of the 2015 Annual Report.

Corporate Governance Report

The complete Corporate Governance Report is available on SCA's website www.sca.com and in the 2015 Annual Report.

SCA's sustainability governance

The Resource Management System, RMS

SCA operates an extensive system for gathering and presenting data for individual production facilities and entire business units. The Resource Management System (RMS) allows SCA to analyze data, describing how the company uses energy, water, transport and raw materials, and to monitor waste and emissions levels.

The RMS data is used for internal control and monitoring, external benchmarking and as a tool for evaluating acquisitions and major investments. This year's RMS data includes one new personal care plant.

Resources

This section describes SCA's use of raw materials, water, energy and transport in 2015.

Raw materials

A typical SCA product is made from various types of wood fiber. It also contains small amounts of inorganic and fossil organic materials.

Renewable raw materials (fresh fiber and recycled fiber) account for the largest share of the material used in an average SCA product. Inorganic materials (kaolin clay and calcium carbonate) are used as filler and coating pigment in certain types of paper in order to satisfy high customer quality requirements. Synthetic materials are used in highly absorbent hygiene products to improve quality and function. The diagram to the right shows the raw material distribution of SCA's products.

Water

SCA's water supply is presented in the table "Raw materials, energy and emissions". The figures stated are totals for surface water, groundwater and municipal water systems. SCA's total water intake amounted to 206 Mm³.

Energy

Energy use includes purchased energy (heating, electricity and fuel) supplied to production units, energy generated from wood, liquor, bark, sludge and waste paper, and electricity generated on site. A large portion of the energy used by SCA comes from the incineration of wood residuals and from on-site co-generation of electricity. The energy data figures stated therefore include both a fuel component and an electricity component.

Any excess electricity produced at an SCA facility that is not used internally is supplied to the national grid. In 2015, SCA delivered 30.6 GWh of electricity to the national grid.

SCA supplies secondary heat derived from effluent hot water to district heating systems, mainly in Sweden, which is an effective way of

saving energy. In 2015, SCA delivered heat to district heating systems equivalent to 36,049 cubic meters of fuel oil.

Transport

Raw materials are transported to SCA's production plants and finished products are delivered to SCA's customers. SCA uses external suppliers for most of its transportation needs. SCA's use of transportation is equivalent to 31.7 billion ton-kilometers. Sea freight accounts for the greatest portion of SCA's transport and the remainder consists of road and rail. Transportation of SCA's raw materials and products uses the equivalent of 11,782 TJ of fuel and electricity.

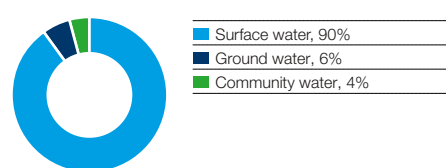
Emissions

The company's total emissions are determined by fuel consumption, which in turn is determined by the level of production. Changes in production volumes over the past few years, measured in tons and cubic meters. The SCA Group's emissions are shown in the tables that present Group emissions in 2013, 2014 and 2015.

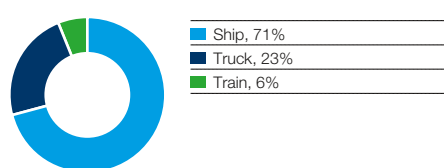
Emissions to air

Air emissions comprise emissions from all combustion units at SCA's production sites, including fossil fuel and biofuel emissions and emissions from purchased thermal energy. When energy (primarily thermal energy and/or electricity) is supplied to an external facility, air emissions are reduced in relation to the energy

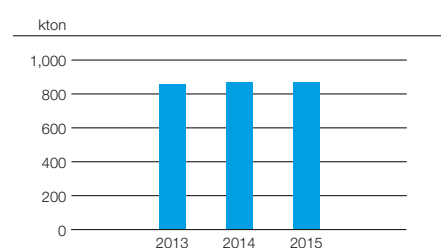
Distribution of water supply



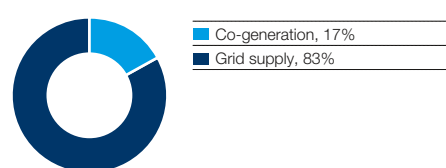
Distribution of transport usage



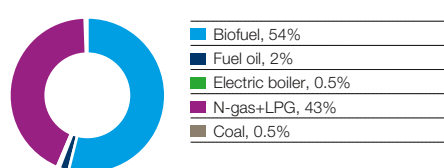
Emissions from transport, CO₂



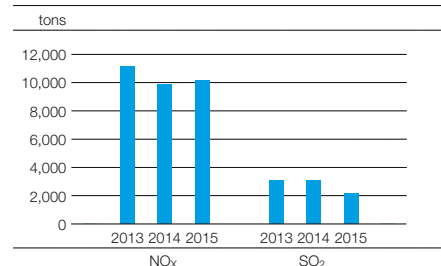
Distribution of electricity supply



Distribution of fuel supply



Emissions from transport, NO_x and SO₂



amount delivered and the reduction is distributed among SCA's main products.

Three chemical compounds are measured and reported in relation to air emissions: NO_x, SO₂ and fossil CO₂.

SCA uses Group-wide established procedures and principles for calculating RMS data so as to create comparability.

CO₂ emissions from SCA's use of fossil fuels corresponded to 1,589 ktons and purchased electricity to 1,444 ktons during the year.

Air emissions from transport

A large portion of SCA's air emissions is generated by transport, rather than the company's production activities. Transport emissions are not included in the table "Raw materials, energy, and emissions" on page 58, but are presented in the diagrams on page 56.

SCA's transport emissions of SO₂ were reduced by 31% in 2015. The decrease was mainly due to SCA's vessels being adapted to the new regulation from the UN's International Maritime Organization regarding sulphur content (0.1%) in defined regions, which came into effect in January 2015.

Emissions to water

SCA's effluent water is divided into cooling water and process water. Cooling water has simply been heated and is not contaminated in any way. The total volume of discharged process water is 113 Mm³. This water is treated using methods

similar to those employed at municipal wastewater treatment facilities. The figures for 2015 refer to process water emissions.

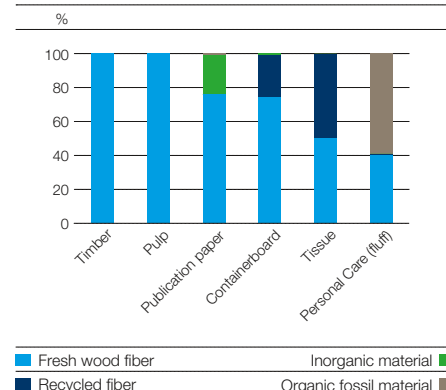
The emissions to water stated in the tables comprise COD, BOD, suspended solids, AOX, P and N. Measurement methods differ in some respects.

During the year, SCA's emissions to water (COD and BOD) increased due to technical problems related to wastewater treatment systems in some locations.

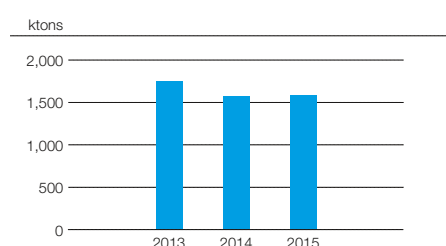
Solid waste

The solid waste reported by SCA is waste that is sent to landfill, recycled waste and hazardous waste. Recycled waste refers to materials that can be used as raw materials in other industries, such as the cement, brick-making and construction industries. The main types of recycled waste are ash, sludge, organic waste and plastics. Hazardous waste is primarily waste oil as well as organic solvents, batteries and strip lights.

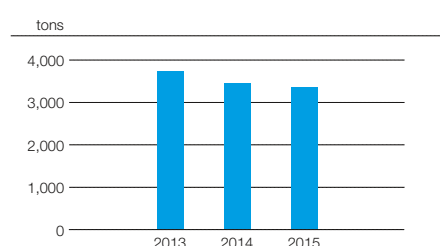
Distribution of raw materials



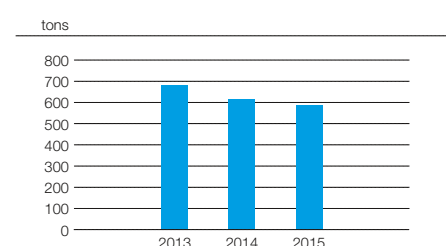
Air emissions, CO₂ fossil



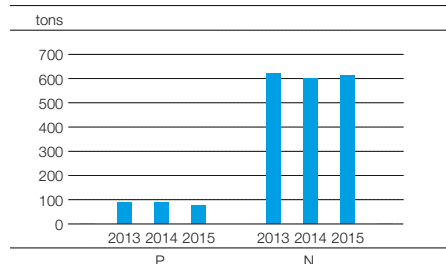
Air emissions, NO_x



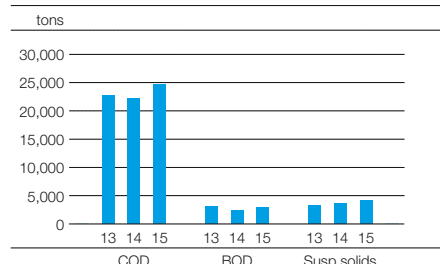
Air emissions, SO₂



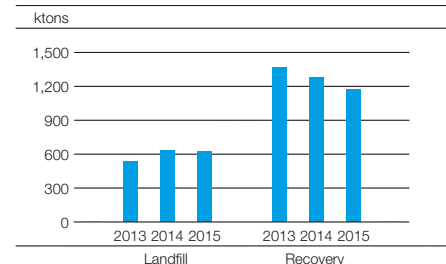
Water effluents, P, N



Water effluents, COD, BOD and suspended solids



Distribution of solid waste



Environmental data

Raw materials, energy and discharges

		Forest Products		Tissue Products		Personal Care		SCA Group total	
		2015	2014	2015	2014	2015	2014	2015	2014
Production									
Paper and pulp	ktons	2,358	2,351	3,097	3,033			5,456	5,588
Personal Care products	ktons					761	724	761	724
Timber and solid-wood products	1,000m³	2,075	2,107					2,075	2,107
1. Raw materials									
Wood/sawmill chips¹)	kton	4,490	4,710	460	439	0	0	4,950	5,150
Purchased pulp¹)	kton	69	72	1,402	1,316	383	364	1,855	1,752
Purchased paper	kton	0	0	124	123	0.2	0.2	124	123
Recovered paper	kton	301	328	1,972	1,982	5	4	2,278	2,314
Inorganic material	kton	206	214	0	0	0	0	206	214
Organic fossil material	kton	12	13	0	3	560	404	572	420
Water	Mm³	108	110	96	95	1	2	206	207
2. Energy									
Electricity									
Co-generation	GWhe	802	819	532	505	0	0	1,334	1,324
Grid supply	GWhe	2,496	2,485	3,687	3,702	518	497	6,702	6,684
Total	GWhe	3,298	3,304	4,219	4,207	518	497	8,036	8,008
Fuels									
Biofuel	TJfuel	27,794	26,152	4,485	4,442	0	0	32,279	30,594
Fossil fuel	TJfuel	1,088	1,413	26,281	25,607	304	305	27,673	27,325
Electric boiler/hood	TJfuel	235	122	65	55	0	0	300	177
Total	TJfuel	29,117	27,686	30,831	30,105	304	305	60,252	58,096
of which co-gen.	TJfuel	3,377	3,466	2,238	1,878	0	0	5,615	5,344
3. Discharges									
To air									
NO _x as NO ₂	tons	1,698	1,592	1,649	1,826	23	24	3,370	3,442
SO ₂	tons	267	352	321	262	0.1	0.07	589	615
Dust	tons	175	219	133	140	0	0	308	358
CO ₂ fossil	ktons	83	110	1,489	1,449	17	17	1,589	1,576
CO ₂ fossil, grid electricity	ktons	33	33	1,253	1,256	157	152	1,444	1,441
CO ₂ biogenic	ktons	2,706	2,706	500	490	7	0	3,214	3,195
To water									
COD	tons	15,262	13,614	9,434	8,613	36	33	24,732	22,260
BOD	tons	1,678	1,293	1,327	1,139	1	1	3,006	2,433
Suspended solids	tons	2,853	2,369	1,282	1,260	1	1	4,137	3,630
AOX	tons	10	11	5	5	0	0	16	16
P	tons	40	45	35	41	1	0	76	87
N	tons	387	337	230	264	2	1	619	602
Effluent water	Mm³	45	45	67	69	0	0	113	115
Solid waste									
Landfill	tons	11,024	8,846	608,311	621,590	1,855	2,895	621,189	629,417
Recovery	tons	121,905	143,335	993,392	1,076,383	60,407	54,320	1,175,704	1,274,038
Hazardous	tons	1,187	1,229	1,933	1,610	213	206	3,333	3,045
Certified volumes, SCA's main sites									
ISO 9001	%	91	91	77	77	82²)	84		
ISO 14001	%	85	83	87	85	90²)	91		

¹⁾ Partly internal deliveries.

²⁾ Compared with 2014, Personal Care sites had a slightly lower percentage in 2015 due to volume changes at the sites.

Facts about the plants – Personal Care

		Buenos Aires, Argentina	Bowling Green, US	Caloto, Colombia	Drummondville, Canada	Ecatepec, Mexico	Falkenberg, Sweden	Gemerská Hôrka, Slovakia	Gennep, Netherlands	Guadalajara, Mexico	Hoogezand, Netherlands	Lasso, Ecuador	Mölnlycke, Sweden	Olawa, Poland	Rio Negro, Colombia	San Cristobal, Dominican Republic	Sao Paulo, Brazil	Shah Alam, Malaysia	Kao Hsiung, Taiwan	Istanbul 1, Turkey	Valls, Spain	Verhov, Russia	Istanbul 2, Turkey	Hondouville, France	Total Personal Care 23 sites
2015	Unit																								
Production	kton	8	21	50	33	38	79	35	86	4	88	6	4	86	22	1	24	85	22	6	11	17	30	5	761
Timber and solid-wood products	m³	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy																									
Electricity																									
Co-generation	GWh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grid supply	GWh	10	24	35	26	36	48	37	42	3	74	2	5	57	16	1	7	46	0	2	7	15	11	14	518
Total	GWh	10	24	35	26	36	48	37	42	3	74	2	5	57	16	1	7	46	0	2	7	15	11	14	518
Fuels																									
Biofuel	TJ	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fossil fuel	TJ	0	13	1	5	0	0	22	27	0	76	0	12	7	1	0	0	1	2	0	0	28	10	99	304
Electric boiler and hood	TJ	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	TJ	0	13	1	5	0	0	22	27	0	76	0	12	7	1	0	0	1	2	0	0	28	10	99	304
of which co-gen.	TJ	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Discharges																									
To air																									
NOS as NO ₂	tons	0	1	0	0.5	0	0	2	3	0	8	0	1	0.7	0	0	0	0	0	0	0	3	1	3	23
SO _x	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dust	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CO ₂ fossil	kton	0	0.7	0	0.3	0	0	1	2	0	4	0	0.8	0.4	0	0	0	0	0	0	0	2	0	6	17
CO ₂ electricity	kton	4	12	6	4	18	0.6	7	19	2	34	0.7	0	0	3	0	1	32	0	1	2	6	5	1	157
CO ₂ bio	kton	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	7
To water																									
COD	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	36	36
BOD	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
Suspended solids	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
AOX	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
P	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1
N	tons	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2
Effluent water	Mm³	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.4	0.4
Solid waste																									
Landfill	tons	430	0	134	0	0	0	175	0	139	0	196	0	253	184	27	0	9	0	0	90	0	0	217	1,855
Recovery	tons	1,076	2,665	5,502	2,829	4,789	6,193	8,318	2,707	544	5,615	155	295	7,088	2,841	124	47	2,426	1,110	0	505	1,816	1,881	1,880	60,407
Hazardous	tons	0	3	66	1	0	2	5	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	135	213

Facts about the plants – Tissue

		Barton, US	Cajica, Colombia	Flagstaff, US	Lasso, Ecuador	Medellin, Colombia	Menasha, US	Monterrey, Mexico	Santiago, Chile	Sahagun, Mexico	South Glens Falls, US	Urupan, Mexico	Allo, Spain	Altopascio, Italy	Chesterfield, UK
2015	Unit														
Production	kton	165	61	53	26	36	198	56	43	58	64	48	135	25	25
Timber and solid-wood products	m ³	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy															
Electricity															
Co-generation	GWh	0	0	0	0	0	0	0	0	0	0	54	0	31	0
Grid supply	GWh	276	102	65	35	51	322	72	69	85	101	7	157	4	36
Total	GWh	276	102	65	35	51	322	72	69	85	101	61	157	35	36
Fuels															
Biofuel	TJ	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fossil fuel	TJ	1,210	509	462	239	293	1,617	420	475	512	526	858	792	390	239
Electric boiler and hood	TJ	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	TJ	1,210	509	462	239	293	1,617	420	475	512	526	858	792	390	239
of which co-gen.	TJ	0	0	0	0	0	0	0	0	0	0	620	0	293	0
Discharges															
To air															
NO _S as NO ₂	tons	37	20	10	8	1	65	13	60	22	12	86	2	45	3
SO _x	tons	0.3	0.9	0	18	0	0.5	0	0	0	0.2	0	0	0	0
Dust	tons	4	0	1.5	6	0	38	4	0	1.7	0	0	0	0	0.8
CO ₂ fossil	kton	68	29	26	18	17	91	24	37	29	29	48	44	22	13
CO ₂ electricity	kton	133	19	31	0	9	155	37	33	43	49	3	39	1	17
CO ₂ bio	kton	0	0	0	0	0	0	0	0	0	0	0	0	0	0
To water															
COD	tons	727	109	300	113	610	0	0	70	498	0	326	85	0	627
BOD	tons	89	42	31	46	156	58	0	12	207	206	29	12	0	0
Suspended solids	tons	166	55	77	27	162	77	0	12	31	98	38	21	0	28
AOX	tons	0	0	0	0	0	0	0	0	0	0	0	0.6	0	0
P	tons	5	5	1	0	0	4	0	1	0.8	0	0.3	0.3	0	0
N	tons	32	5	2	0	0	38	0	8	12	0	5	6	0	0
Effluent water	Mm ³	9	0.8	0	0.6	0.6	8	0.7	1.6	1.5	1.8	0.9	1.5	0.2	0.3
Solid waste															
Landfill	tons	196,979	2,546	40,852	15,600	1,696	189,904	1,201	35,518	10,378	20,486	14,810	4,003	87	310
Recovery	tons	635	47,335	15	890	19,724	37	25,347	0	1,040	58,371	7,366	3,143	526	41,060
Hazardous	tons	16	19	5	19	27	11	11	0	93	0.5	37	376	26	12

	Colodi, Italy	Cuijk, Netherlands	Gien, France	Hondouville, France	Kostheim, Germany	Kunheim, France	Le Theil, France	Lilla Edet, Sweden	Lucca, Italy	Manchester, UK	Mannheim, Germany	Mediona, Spain	Neuss, Germany	Nokia, Finland
	39	56	135	65	135	50	62	99	128	49	291	36	112	63
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	34	0	0	2	78	0	258	0	0	0
	35	67	243	117	154	64	59	132	40	88	254	31	144	95
	35	67	243	117	188	64	59	134	118	88	512	31	144	95
	0	6	0	0	0	0	0	456	0	0	4,004	0	0	0
	259	350	1,283	499	1,455	437	345	178	1,425	570	3,550	288	636	436
	0	0	0	0	0	0	0	65	0	0	0	0	0	0
	259	356	1,283	499	1,455	437	345	699	1,425	570	7,554	288	636	436
	0	0	0	0	0	0	0	0	928	0	0	0	0	0
	18	2	25	12	51	21	19	53	134	17	532	29	20	44
	0	0	0.4	3	0.4	0.2	0.2	0.2	0	0	293	0	0.7	0
	0	0	3	3	0	0	0	1.1	0	0	51	0	0.5	0
	15	20	72	28	82	24	19	10	80	32	200	16	36	24
	12	30	16	7	75	4	4	2	14	40	123	8	70	17
	0	0.4	0	0	0	0	0	66	0	0	433	0	0	0
	0	31	97	153	120	113	25	273	0	0	4,104	0	97	192
	0	3	11	4	5	35	7	41	0	0	207	0	5	17
	0	24	12	7	1	26	1	44	0	0	230	0	4	35
	0	0	0.4	0.4	0.2	0.5	0.3	0.5	0	0	0.4	0	0.2	0.5
	0	0	0.6	0.8	0.4	0.2	0	0.5	0	0	9	0	0	0.7
	0	3	10	8	4	2	0.7	12	0	0	40	0	7	6
	0.2	0.8	1.7	1.7	1	0.9	0.4	3	0.2	0.7	13	0	0.8	3
	222	22	419	3,214	0	0	0	0	15	45	367	31	0	3,215
	304	47,148	9,321	115,869	77,282	1,521	3,625	25,537	2,536	5,812	91,714	2,153	3,944	60,276
	42	45	151	130	128	23	17	37	46	42	223	6	36	5

Cont. >>>

Facts about the plants – Tissue, cont.

		Oakenholt, UK	Orleans, France	Ortmann, Austria	Prudhoe, UK	Sovetsk, Russia	Stenbert, Belgium	Stubbins, UK	Suameer, Netherlands	Svetlogorsk, Russia	Valls, Spain	Witzenhausen, Germany	Total Tissue 39 sites
2015	Unit												
Production	kton	67	7	132	130	60	68	72	7	54	155	31	3,097
Timber and solid-wood products	m ³	0	0	0	0	0	0	0	0	0	0	0	0
Energy													
Electricity													
Co-generation	GWh	0	0	75	0	0	0	0	0	0	0	0	532
Grid supply	GWh	49	25	68	142	74	73	91	10	62	160	27	3,687
Total	GWh	49	25	143	142	74	73	91	10	62	160	27	4,219
Fuels													
Biofuel	TJ	0	0	18	0	0	0	0	0	0	0	0	4,484
Fossil fuel	TJ	437	122	1,278	1,064	474	473	658	44	353	953	170	26,280
Electric boiler and hood	TJ	0	0	0	0	0	0	0	0	0	0	0	65
Total	TJ	437	122	1,296	1,064	474	473	658	44	353	953	170	30,830
of which co-gen.	TJ	0	0	396	0	0	0	0	0	0	0	0	2,237
Discharges													
To air													
NO _x as NO ₂	tons	9	12	40	35	14	19	42	1	12	95	8	1,649
SO _x	tons	0	0	0	4	0	0	0	0	0	0	0	321
Dust	tons	0	0	0	5	7	1	0	0	5	0	0	133
CO ₂ fossil	kton	24	7	72	60	27	26	37	2	20	53	10	1,489
CO ₂ electricity	kton	23	2	0	65	32	15	42	5	27	40	13	1,253
CO ₂ bio	kton	0	0	1	0	0	0	0	0	0	0	0	500
To water													
COD	tons	87	0	288	136	72	76	0	65	0	41	0	9,434
BOD	tons	16	0	15	10	19	35	0	0	0	7	0	1,327
Suspended solids	tons	15	0	27	22	11	2	0	27	0	4	0	1,282
AOX	tons	0	0	0.2	0.6	0	0	0	0	0	0	0	5
P	tons	0.5	0	1	1	1	0	0	0	0	0	0	35
N	tons	11	0	11	4	2	2	0	0.9	0	0	0	230
Effluent water	Mm ³	0.5	0.2	4	3	1.2	0.8	1.3	0.2	1	0.4	0	67
Solid waste													
Landfill	tons	0	86	0	5,628	2,817	0	5,830	0	51,769	261	0	608,311
Recovery	tons	3,660	411	113,083	75,014	35,496	3,635	97,301	2,504	1,957	7,339	460	993,392
Hazardous	tons	9	0	32	73	14	34	21	8	8	89	66	1,933

Facts about the plants – Forest Products

													Total		
		Munksund, Sweden	Obbola, Sweden	Ortiken, Sweden	Östrand, Sweden	BidNorr, Sweden	BM Stugun, Sweden	Bolista, Sweden	Gällö, Sweden	Munksund, Sweden	Rundvik, Sweden	Tunadal, Sweden	Pulp and paper 4 mills	Forest business 7 mills	Forest Products
2015	Unit														
Production	kton	373	444	843	524	160	14	0	0	0	0	0	2,184	174	2,358
Timber and solid-wood products	1,000 m ³	0	0	0	0	0	84	561	304	388	299	439	0	2,075	2,075
Energy															
Electricity															
Co-generation	GWh	153	125	57	467	0	0	0	0	0	0	0	802	0	802
Grid supply	GWh	181	199	1,908	39	32	0	42	13	25	20	36	2,327	169	2,496
Total	GWh	334	324	1,965	506	32	0	42	13	25	20	36	3,129	169	3,298
Fuels															
Biofuel	TJ	5,815	4,244	2,644	12,997	551	61	646	195	441	201	0	25,699	2,095	27,794
Fossil fuel	TJ	266	341	257	163	2	1	28	0	21	10	0	1,026	62	1,088
Electric boiler and hood	TJ	52	0	184	0	0	0	0	0	0	0	0	235	0	235
Total	TJ	6,132	4,585	3,084	13,159	553	62	674	195	462	211	0	26,961	2,157	29,117
of which co-gen.	TJ	645	526	257	1,949	0	0	0	0	0	0	0	3,377	0	3,377
Discharges															
To air															
NO _x as NO ₂	tons	387	263	187	753	0.2	6	62	20	6	14	0	1,589	109	1,698
SO _x	tons	89	36	39	97	0	0	0.6	0	5	0.2	0	261	6	267
Dust	tons	26	25	30	51	41	0	0.9	0	0.2	0	0	132	42	175
CO ₂ fossil	kton	21	27	18	13	0	0	2	0	2	0.7	0	78	5	83
CO ₂ electricity	kton	3	3	26	0.5	0.4	0	0.6	0.2	0.3	0.3	0.5	31	2	33
CO ₂ bio	kton	604	453	293	1,174	53	6	62	0	42	19	0	2,524	182	2,706
To water															
COD	tons	3,344	1,258	4,326	6,334	0	0	0	0	0	0	0	15,262	0	15,262
BOD	tons	588	130	89	765	0	0	71	0	0	36	0	1,572	107	1,678
Suspended solids	tons	1,529	453	120	750	1	0	0	0	0	0	0	2,852	1	2,853
AOX	tons	2	2	2	5	0	0	0	0	0	0	0	10	0	10
P	tons	12	11	3	14	0	0	0	0	0	0	0	40	0	40
N	tons	95	77	76	139	0	0	0	0	0	0	0	387	0	387
Effluent water	Mm ³	11	5	13	16	0	0	0	0	0	0	0	45	0	45
Solid waste															
Landfill	tons	2,348	228	561	0	0	0	2,769	0	0	5,117	0	3,137	7,887	11,024
Recovery	tons	10,908	34,227	29,043	45,280	24	531	75	459	0	1,332	28	119,457	2,448	121,905
Hazardous	tons	234	82	350	356	0	3	55	9	9	57	30	1,023	164	1,187

Social data

	2015	2014	2013	2012	2011
Average number of employees	44,000 ¹⁾	44,247 ¹⁾	34,004	33,775	43,697
of whom female, %	31	32	28	29	27
Employees leaving the company	5,600	5,949	5,143	3,993	5,207
Employees joining the company	5,988	5,109	4,426	6,344	4,809
Employee turnover, %	13	17	15	12	12
Age distribution, %					
–20 years	1	2	2	2	2
21–30 years	23	19	18	17	18
31–40 years	31	29	28	28	27
41–50 years	26	28	29	30	30
51–60 years	16	19	30	21	20
60+ years	3	3	3	2	3
Academic degree or similar	22	20	18	18	14
Competence development, hours per employee	25	22	20	17	19
Diversity					
Women, of total number of Board members and senior executives, %	35	21	21	21	18
Nationalities, senior management ²⁾ , number	24	25	18	23	14
Nationalities, senior and middle management ²⁾ , number	42	39	41	39	44
Female managers, senior management ²⁾ , %	28	25	24	23	17
Female managers, senior and middle management ²⁾ , %	29	29	25	29	21
Local hiring of senior and middle management, %	83	78	83	81	
Health and Safety³⁾					
Average headcount	28,001	28,067	28,233	27,172	27,465
Lost Time Accidents, LTA	360	375	461	520	459
Contractor Lost Time Accidents, CLTA	76	51	57	N/A	N/A
Days Lost due to Accidents, DLA	7,545	6,546	7,984	8,876	9,893
Accident Severity Rate, ASR	21.0	17.5	17.3	17.1	21.6
Frequency Rate, FR (LTA/1,000,000 working hours)	6.3	6.7	8.5	10.0	9.1
Incident Rate, IR (LTA/200,000 working hours)	1.3	1.3	1.7	2.0	1.8
Fatalities	0	0	0	1	1
Main sites ⁴⁾ certified according to OHSAS 18001, %	68 ⁵⁾	52	46	31	28
Code of Conduct					
Business Practice Reviews	Mexico, Poland, Russia, Taiwan	Brazil	Czech Republic, South Korea, Spain	Hungary, Malaysia	Central America, Greece
Code of Conduct audits	Mexico, Sweden, US, UK	China, Russia, Spain, Turkey	Chile, France, Mexico, Slovakia, Taiwan	Russia, US, Sweden, Poland	Malaysia, Russia

¹⁾ Including Vinda.

²⁾ Senior management comprises the highest level of management below the Executive Management Team.

The number varies over time due to organizational changes and consists of 110–150 managers. Middle management consists of 750–1,000 managers.

³⁾ Data for 2011, 2012, 2013 and 2014 is recalculated for acquisitions and divestments. 100% coverage for production and logistics and excluding sales offices and administration.

⁴⁾ Main sites are defined as wholly owned by SCA with 100 or more employees.

⁵⁾ Ten main sites were certified under OHSAS during 2015.

About the report

This report describes SCA's sustainability initiatives from an environmental, social and financial perspective. SCA publishes a sustainability report each year.

The Sustainability Report and the Annual Report should be viewed as a single unit in which information may be provided in either report or, where appropriate, in both. Corporate governance is an example of a subject that is referred to briefly in the Sustainability Report and a more detailed description is provided in the Annual Report's corporate governance section.

Reporting principles

The environmental and social data reported pertains to the 2015 calendar year. The figures included comply with relevant reporting and consolidation principles in accordance with the principles in the financial statements. The figures cover the SCA Group's wholly owned subsidiaries and subsidiaries in which SCA owns at least 50% of the company. If SCA's ownership of a company is 50% or more, the entire company is included. An exception is made in the case of the Chinese company Vinda, in which SCA owns 51.4% of the votes and which was consolidated as a subsidiary in 2014. The data from Vinda includes the number of employees, their age and gender distribution. Vinda publishes an environmental, social and governance (ESG) report, which is available at www.vinda.com.

Some social data from joint ventures is not included. Code of Conduct data is one example, due to the fact that SCA and its joint ventures do not share a common code. The Colombian Familia Group, which is SCA's largest joint-venture company (refer to Note F1 in the SCA Annual Report), reports in accordance with the GRI G4 guidelines. For more information, visit www.grupofamilia.com.co.

Newly acquired businesses are integrated when they have been part of the Group for one calendar year. The historic environmental and social data of newly acquired units is included to the greatest possible extent in order to increase comparability (also refer to the section on comparability below). The data from divested units is excluded in its entirety as of the divestment date. Historic data for discontinued units is used.

When adjustments have been made compared with earlier reports, a note is appended directly beside the text or table. A main site is a production facility that is wholly owned by SCA and that has 100 or more employees.

Data collection

Data provided in the report is compiled through various systems, primarily the Group's ABS accounting system, Resource Management System (RMS) and SCA's system for collection of social data.

Environmental data

The RMS encompasses more than 80 production sites, covering virtually the entire company's environmental impact and resource utilization from production. It includes data from manufacturing operations but not from corporate staffs, offices or joint ventures. Data from stand-alone tissue converting sites is included in the main mother reel supplying site. Each unit reports the following data to the system:

- raw material consumption
- incoming and outgoing shipments
- production volumes
- energy consumption broken down by hydroelectric power, co-generation and power from the grid
- fuel consumption broken down by biofuels, fossil fuels and electric boilers
- air emissions, including data on fossil and biogenic carbon dioxide
- water emissions
- solid waste

The data is reported both internally and externally at the mill level, business unit level and for the Group as a whole.

Social, Occupational Health & Safety (OHS) and Human Resource (HR) data

Data is provided from different internal systems and tools depending on the nature of the data. HR data resides in SCA's HR system and other qualitative data is collected in SCA's database for social data.

Comparability

Certain data is adjusted retroactively to facilitate comparisons. Figures for the preceding year are available in previous publications of SCA's Sustainability Reports. This applies for example to data encompassed by SCA's sustainability targets, such as CO₂ and health and safety.

The results of the Group's CO₂ target and water target are adjusted each year in relation to production levels. Other environmental data is reported in absolute figures.

UNGP

This is the first year this report has applied the reporting framework for the United Nations Guiding Principles on Business and Human Rights (UNGPs) and SCA has reported on the overarching aspects contained in the framework.

GRI reporting

For the eighth consecutive year, SCA has prepared its report in accordance with Global Reporting Initiative (GRI) guidelines. The 2015 report adheres to GRI G4 guidelines at Core level. Accordingly, the Report has been structured in accordance with GRI principles, meaning that the content is determined by the issues that are most material to SCA and its stakeholders, and that the content provides a complete overview of the operations. With a few exceptions, SCA reports in accordance with all GRI indicators and on a level identified as material. The identification of specific standard disclosure GRI aspects to report has been matched with SCA's materiality analysis on page 37. Any omissions or incomplete data are either commented on directly in the GRI index on pages 67–69 or on this page.

The entire Sustainability Report has been reviewed by PwC. The report is aimed at specialist audiences with an interest in SCA's sustainability performance, including analysts, investors and NGOs. More detailed information about SCA's work on environmental and social issues is available at www.sca.com.

Independent Auditor's Combined Assurance Report on the Sustainability Report

To Svenska Cellulosa Aktiebolaget SCA (publ)

Introduction

We have been engaged by the management of Svenska Cellulosa Aktiebolaget SCA (publ) to undertake an examination of SCA's Sustainability Report for the year 2015.

Responsibilities of the Board and Management for the Sustainability Report

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 65 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative, GRI) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the procedures we have performed. We conducted our engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. The engagement includes a limited assurance engagement on the complete Sustainability Report and audit of environmental data – fossil fuels and grid supply – on page 58.

The objective of an audit is to obtain reasonable assurance that the information is free of material misstatements. A reasonable assur-

ance engagement includes examining, on a test basis, evidence supporting the quantitative and qualitative information in the Sustainability Report. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden. Hence, the conclusion based on our limited assurance procedures does not comprise the same level of assurance as the conclusion of our reasonable assurance procedures. Since this engagement is combined, our conclusions regarding reasonable assurance and limited assurance are presented separately below.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusions

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

In our opinion the information in the Sustainability Report which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the criteria defined by the Board of Directors and Group Management.

Stockholm, March 21, 2016

PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

Fredrik Ljungdahl
Expert member of the Swedish Institute of
Authorized Public Accountants (FAR)

GRI index

SCA's 2015 Sustainability Report adheres to Global Reporting Initiative guidelines, G4 Core. The following index shows where information on the GRI indicators can be found: this Sustainability Report (SR), the Annual Report (AR), or SCA's Group website (sca.com/GRI), which contains the corresponding GRI index with direct links. This is the eighth report in which SCA applies GRI guidelines, which has been confirmed by PwC.

General Standard Disclosures

	Description	Page	Comment/Omission
Strategy & Analysis			
G4-1	Statement from the CEO and the Board of Directors	SR 4-5	
Organizational Profile			
G4-3	Name of the organization	SR 72	
G4-4	Primary brands, products, and services	AR 2, 24-25	
G4-5	Location of headquarters	SR 72	
G4-6	Countries in which operations are located	AR 116	
G4-7	Nature of ownership and legal form	AR 36	
G4-8	Markets served	AR 52, 58, 63-64	
G4-9	Scale of the reporting organization	SR 2-3, AR 2-3	
G4-10	Breakdown of workforce	SR 64	
G4-11	Coverage of collective bargaining agreements	SR 48	
G4-12	Description of supply chain	SR 38, 44	
G4-13	Significant changes during the reporting period	AR 42-43	
G4-14	Addressing the precautionary approach or principle	SR 41, 49, AR 76	
G4-15	External charters, principles or initiatives endorsed	SR 3	
G4-16	Memberships in associations	SR 3	
Identified Material Aspects & Boundaries			
G4-17	Report coverage of the entities in the consolidated financial statements	SR 65	
G4-18	Process for defining the report content and the aspect boundaries	SR 37	
G4-19	Material aspects identified	SR 37, 6-7	
G4-20	Aspect boundary within the organisation	SR 65, sca.com/GRI	
G4-21	Aspect boundary outside the organisation	SR 65, sca.com/GRI	
G4-22	The effect of restatements of information provided in previous reports	SR 65	
G4-23	Significant changes in the scope and aspect boundaries from previous report	SR 65	
Stakeholder Engagement			
G4-24	List of stakeholder groups engaged	SR 36	
G4-25	Identification and selection of stakeholders	SR 6, 35	
G4-26	Approaches to stakeholder engagement	SR 35	
G4-27	Response to key topics and concerns raised	SR 35-36	
Report Profile			
G4-28	Reporting period	SR 65	
G4-29	Date of most recent previous report	SR 65	March 2015.
G4-30	Reporting cycle	SR 65	
G4-31	Contact point for questions	SR 72	
G4-32	'In accordance' option chosen	SR 65	
G4-33	Policy and current practice regarding external assurance	SR 65	
Governance			
G4-34	Governance structure	SR 54-55, AR 66-67	
G4-35	The process for delegating authority for sustainability topics	SR 54, AR 67	
G4-36	Executive-level positions with responsibility for sustainability topics	SR 54	
G4-37	Processes for consultation between stakeholders and the highest governance body	SR 35, AR 66	
G4-38	Composition of the highest governance body and its committees	AR 66-69, 72-73	
G4-39	Position of the chair of the board of directors	AR 66, 72	
G4-40	Nomination and selection processes for the highest governance body and its committees	AR 68	
G4-41	Report processes for the highest governance body to ensure conflict of interest is avoided and managed	AR 68	
G4-42	Highest governance body's role in setting purpose, values, and strategy	SR 54, AR 66-67	
Ethics & Integrity			
G4-56	Values, principles, standards, code of conduct and code of ethics	SR 20, 42	

Material Aspects	DMA* and indicator	Description	Page	Comment/Omission	Topic in SCA's Materiality Analysis
Equal Remuneration for Women and Men	G4-DMA	DMA	SR 38, 46		Human capital
	G4-LA13	Ratio of basic salary and remuneration of women to men	SR 38	The calculation is based on average salaries in the four career levels with the highest number of permanent employees. Deviations exist within career levels.	
Supplier Assessment for Labor Practices	G4-DMA	DMA	SR 18, 38		Supply-chain efficiency
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	SR 44	SCA's global supplier base must commit to the SCA Global Supplier Standard. New suppliers are audited relative to this standard by SCA staff or third-party auditors.	
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	SR 44		
Labor Practices Grievance Mechanisms	G4-DMA	DMA	SR 20, 42		Business ethics
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	SR 42		Transparency
Human Rights					
Investment	G4-DMA	DMA	SR 42–45, AR 78		Business ethics Transparency
	G4-HR1	Human rights screening or clauses included in significant investment agreements	SR 44–45	No significant investments/acquisitions were made in 2015.	
	G4-HR2	Employee training on human rights	SR 42	SCA measures Code of Conduct training, including in the area of human rights, as a percentage of total SCA staff who receive training.	
Non-discrimination	G4-DMA	DMA	SR 42–43, sca.com/GRI	Included in SCA's Code of Conduct.	Business ethics
	G4-HR3	Actions taken in incidents of discrimination	SR 42		Transparency
Freedom of Association and Collective Bargaining	G4-DMA	DMA	SR 42–43, sca.com/GRI	Included in SCA's Code of Conduct.	Business ethics
	G4-HR4	Supporting right to freedom of association and collective bargaining agreement in risk areas	SR 44, 48	No SCA sites were identified as high-risk sites by Sedex.	Transparency
Child Labor	G4-DMA	DMA	SR 42–43, sca.com/GRI	Included in SCA's Code of Conduct.	Business ethics
	G4-HR5	Measures taken to eliminate child labor in risk areas	SR 21, 42–44	No SCA sites were identified as high-risk sites by Sedex.	Transparency
Forced or Compulsory Labor	G4-DMA	DMA	SR 42–43, sca.com/GRI	Included in SCA's Code of Conduct.	Business ethics
	G4-HR6	Measures taken to eliminate forced or compulsory labor in risk areas	SR 21, 42–44	No SCA sites were identified as high-risk sites by Sedex.	Transparency Human Rights Grievance Mechanisms
Indigenous Rights	G4-DMA	DMA	SR 42–43, sca.com/GRI	Included in SCA's Code of Conduct.	Business ethics
	G4-HR8	Violations of indigenous people's rights and actions taken	SR 51–52		Transparency Human Rights
Supplier Human Rights Assessment	G4-DMA	DMA	SR 42, sca.com/GRI	Included in SCA's Code of Conduct.	Business ethics
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	SR 44–45		Transparency
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain	SR 44–45		Human Rights
Human Rights Grievance Mechanisms	G4-DMA	DMA	SR 43		Business ethics
	G4-HR12	Grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	SR 42		Transparency
Society					
Anti-Corruption	G4-DMA	DMA	SR 43, AR 12	Included in SCA's Code of Conduct.	Business ethics Transparency
	G4-SO3	Operations assessed for risks related to corruption and the significant risks identified	SR 42–43		
	G4-SO5	Actions taken in response to confirmed incidents of corruption	SR 42	In addition to internal incidents, no agreements with global suppliers were terminated due to sustainability-related non-compliance in 2015.	
Anti-competitive Behavior	G4-DMA	DMA	SR 42, sca.com/GRI	Included in SCA's Code of Conduct.	Business ethics
	G4-SO7	Anti-trust and monopoly court cases	SR 43		Transparency
Grievance Mechanisms for Impacts on Society	G4-DMA	DMA	SR 42, 53		Business ethics
	G4-SO11	Grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	SR 42		Transparency
Product Responsibility					
Customer Health and Safety	G4-DMA	DMA	SR 40–41		Product safety
	G4-PR1	Assessment of health and safety impact of products	SR 41		
Product and Service Labeling	G4-DMA	DMA	SR 39–41		Customer and
	G4-PR3	Product information required by procedures	SR 41		consumer satisfaction
	G4-PR5	Results of surveys measuring customer satisfaction	SR 40		Product safety

* Disclosure on Management Approach

Material Aspects	DMA* and indicator	Description	Page	Comment/Omission	Topic in SCA's Materiality Analysis
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* Disclosure on Management Approach

Glossary

Anaerobic treatment Anaerobic wastewater treatment uses biological agents in an oxygen-free environment to remove impurities from wastewater.

AOX, Absorbable organic halogens Expresses the amount of chlorine-bound organic substances. Some of these substances accumulate in fish and fish-eating birds.

ASR (Accident Severity Rate) The severity of accidents defined as the number of days lost due to accidents (DLA) in relation to the number of lost time accidents (LTA). Refer also to FR, IR and Lost Time Accidents (LTA).

BAT, Best Available Technology Officially used terminology to describe the state-of-the-art technology that industry should use in the field of activity concerned (see IED directive and BREF).

Biodiversity A term describing the multitude of life forms and species (flora and fauna) in an ecosystem. An ecosystem is a biological community living in a particular physical environment.

Biofuel Renewable fuel from wood and process residues.

BOD, Biochemical oxygen demand Water emission factor which describes the amount of oxygen consumed during biodegradation of dissolved organic matter in effluent water, without describing the specific substances present. High BOD values indicate depletion of the normal oxygen content of the water environment. It is measured over seven days in SCA's Swedish mills and five days in the rest of Europe, in accordance with national legislative systems.

BREF Best Available Technology Reference Document. This document identifies BAT (Best Available Technology) for a number of sectors selected by the EU, including the pulp and paper industry.

Bribery Is the giving or receiving of any undue reward by or to any person to influence their behavior in a manner contrary to the principles of honesty and integrity.

Carbon sink As they grow, forests transform gaseous carbon into solid form, thereby absorbing CO₂ whilst simultaneously producing oxygen. Forests, agricultural land and the world's oceans are considered to be "carbon sinks" by current science.

Chain-of-Custody The traceability of the origins of a product through all its transformations from raw material to finished product. In the SCA context, Chain-of-Custody certification links SCA's products with its FSC- and PEFC-certified forests.

Chemical pulp Pulp from wood fibers processed chemically, normally by cooking.

Chemical Thermo Mechanical Pulp, CTMP A high-yield pulp (about 90–95% yield from the wood) which is obtained by heating and then grinding chemically pretreated spruce chips in refining machinery.

Child Labor Refers to the employment of workers who do not meet the applicable national minimum legal age requirement.

CHP See Co-generation or Combined Heat and Power.

Climate Change Also defined as global warming. Human activity contributes to the warming of the global environment and its resulting effects, which range from higher temperatures to eccentric weather patterns and melting of the ice caps.

CO₂ biogenic The carbon dioxide derived from combustion of biofuel. It is calculated from the carbon content of wood.

CO₂, Carbon dioxide A gaseous compound emitted naturally through geological activity during the decomposition process and through human activity. Industry and transport and heating/cooling are currently the largest emitters of CO₂.

CO₂ fossil The carbon dioxide derived from combustion of fossil fuels. It is calculated from the carbon content of each fuel.

COD, Chemical oxygen demand Water emission factor which describes the amount of oxygen consumed when dissolved matter in effluent water oxidizes. High COD values can indicate a risk of depletion of the normal oxygen content in the water environment.

Code of Conduct Is a formal statement of the values and business practices of a company. A code is a statement of minimum standards, together with a pledge by the company to observe them and to also require its contractors, subcontractors and suppliers, to observe them.

Co-generation or Combined Heat and Power,

CHP Combined production of electricity and thermal energy. Co-generation has a high total efficiency.

Consumer waste Waste generated after a product has been used, for example, used diapers, feminine care products and tissue.

Dust Particles in the flue gas created during combustion.

Effluent water Water discharged to water courses after treatment.

Electric boiler Electricity supplied for thermal heat (production), for boilers and heat pumps, measured at the site and converted into GJ.

Environmental Management System The part of the overall management system which includes the structure, practices, procedures and resources for the systematic implementation of the organization's own environmental policy.

EPD, Environmental Product Declaration Quantified environmental data for a product with pre-set categories of parameters based on the ISO 14040 series of standards but not excluding additional environmental information.

ESAVE Structured energy-saving program introduced by SCA in its energy-intensive manufacturing units in 2003. Its aim is to substantially reduce the consumption of energy in production units.

ETS, Emission Trading Scheme (or System) Greenhouse gas emission allowance trading scheme for the cost-effective reduction of such emissions in the European Union.

Forced labor This includes indentured, debt bondage or involuntary labor of any kind.

Fossil fuel Coal, fuel oil and natural gas.

Freedom of Association Refers to the right of employees to lawfully join associations of their own choosing, peacefully associate, organize or bargain collectively.

FR, Frequency Rate The number of accidents/incidents per million hours worked.

Fresh wood fiber Also referred to as virgin fiber. First generation use of raw material derived from wood.

FSC®, Forest Stewardship Council An international organization promoting responsible forest management. FSC has developed principles for forest management used for certifying the management of forest holdings, and a system of tracing, verifying and labelling timber and wood products based on FSC-certified forests. SCA is an active supporter of FSC.

FSC's standard for Controlled Wood This standard makes it possible for producers to mix FSC-certified material with uncertified material under controlled conditions. The traceability standard comprises strict rules on how and to what extent mixing may take place. The uncertified material is required to come from controlled and acceptable sources.

Grid supply The electricity supplied from the national grid.

GWh Gigawatt hours Unit of energy measurement (electricity and heat). 1 GWh=1 million kWh.

Hazardous waste Material disposed of by authorized contractors, as defined by national laws.

Human Rights Are based on the recognition of the inherent dignity and the equal and inalienable rights of all members of the human family, and are the foundation of freedom, justice, and peace in the world. They are defined in the Universal Declaration of Human Rights (1948).

IED (Industry Emissions Directive) The EU Directive on integrated pollution prevention and control.

Incidence Rate, IR Number of incidents per 200,000 working hours.

Inorganic material Covers inorganic fillers and coating materials supplied to a site calculated at 100% dry substances (ds).

International Labor Organization (ILO) The International Labor Organization is a United Nations Agency, which establishes Conventions on Labor standards that are binding for member states when ratified. There are over 150 ILO Conventions, eight of which are "Core Conventions" since they embody fundamental human rights and set minimum labor standards.

ISO 14001 The standard published by the International Standards Organization, specifying the requirements of an environmental management system. All SCA European mills are certified ISO 14001.

Kraftliner Packaging paper primarily made of fresh wood.

Leach/Leachate The percolation of liquids through the earth. The leaching natural process can pollute underground water or surface water, which is situated below a retention basin of wastewater, or a landfill, which is biologically active, for example.

Life cycle assessment, LCA A method of assessing the environmental impact of a product, taking account of its entire lifespan from raw material extraction to waste disposal.

LTA, Lost Time Accidents Accidents that cause the absence of an employee from work.

LWC paper, Light Weight Coated LWC paper is a coated paper with a high mechanical pulp content. Used for high-quality magazines and advertising materials with demanding color-printing requirements.

Main site A production facility that is wholly owned by SCA and that has 100 or more employees.

Mechanical pulp Debarked wood that is ground or chipped for mechanical refining to separate the fibers that form pulp.

N, Nitrogen A chemical element, also present in wood, that is necessary for plant and animal life. Excess N in water can cause major increases in the amount of algae, which can lead to oxygen deficiency when the algae decompose.

Newsprint Paper for newspapers produced from mechanical pulp based on fresh fiber or recovered fiber.

Non-Governmental Organizations (NGOs) Are national, international, and community-based groups that raise awareness about social, environmental, community and human rights issues.

NO_x as NO₂ The nitrogen oxides NO and NO₂, calculated as NO₂ derived from combustion. Where NO_x is not measured, a standard value of 100 mg/MJ fuel is used.

Organic fossil material Covers crude-oil-based materials, such as super-absorbents and adhesives calculated at 100% dry substances.

PEFC™, Programme for the Endorsement of Forest Certification An international organization promoting responsible forest management and certification.

P, Phosphorus A chemical element, also present in wood, that is necessary for plant and animal life. Excess P in water can cause nutrient enrichment.

Production waste To SCA, waste comprises only materials leaving its production units that cannot be used for any further useful purpose. Recovered paper and fiber are excluded, since they form part of SCA's main raw materials.

REACH, Regulation, Evaluation, Authorization and Restriction of Chemicals European regulation (1,907/2,000/EC) which address the production and (safe) use of chemical substances and their potential impact on both human health and the environment. Some 30,000 chemicals will have to be registered after testing with the central European Chemical Agency (ECHA) in Helsinki. Companies will have to obtain authorization to use hazardous chemicals.

RMS SCA's Resource Management System: a means of collecting and collating all environmental data and resource utilization within the SCA Group.

Recovered fiber Paper-making fiber derived from a secondary source, such as used paper and board, used for recycling.

Renewable All materials which can be re-grown or produced without depletion of natural resources.

SO₂ Total sulfur calculated as SO₂ from processes and combustion at the site. Where SO₂ is not measured, the input sulfur in the fuel is calculated.

SRI, Socially responsible investment A method of selecting stocks for investment using criteria related to a company's environmental, social and ethical performance.

Sludge Residue from the production of paper; consists of inert materials, mainly small fiber debris, filler and other inert materials. It used to be sent to landfill. Nowadays, used as 'new' raw material and incinerated for energy recovery.

Solid-wood products Wood sawn into various dimensions and sizes for furniture, joinery and construction uses.

Stakeholders Groups of people with whom an organization has active relationships, and with whom effective dialog is necessary to the functioning of the business. Shareholders, authorities, customers, employees and professional associations are all stakeholders in SCA's business activities.

Suspended solids Particles that are not dissolved in the effluent water.

TCF, Totally Chlorine Free Paper pulp which is bleached without using chlorine in any form.

TMP, Thermo Mechanical Pulp A high-yield pulp (about 90–95% yield from the wood) which is obtained by heating spruce chips and then grinding them in refiners.

TJ, Terajoule A unit used to measure energy (fuel).

Tissue Creped soft paper which is the basis for hygiene products such as napkins, toilet paper and towels, and toweling products for institutions, hotels, etc.

TWh, TeraWatt hour Unit of energy measurement.
1 TWh=1,000 million KWh

UN Global Compact A strategic platform for sustainable business. Today, Global Compact is the world's largest voluntary initiative with more than 12,000 signatories from 145 countries who have committed to work according to the Global Compact's ten principles concerning human rights, labor, the environment and anti-corruption.

Water Represents the sum of surface water, ground water and tap water for processes and cooling purposes.

Water stress Occurs when the amount of good quality water is no longer enough to cover the community's needs. The definition that is usually used for water stress is if the amount of fresh water available in a country is less than 1,700 cubic meters per person and year. This can be compared with the limits for chronic water scarcity (1,000 cubic meters per person and year) and absolute water scarcity (500 cubic meters per person and year).

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