

We lifecycle



SCA's interface with people and nature



We have a s

when it comes to environmental

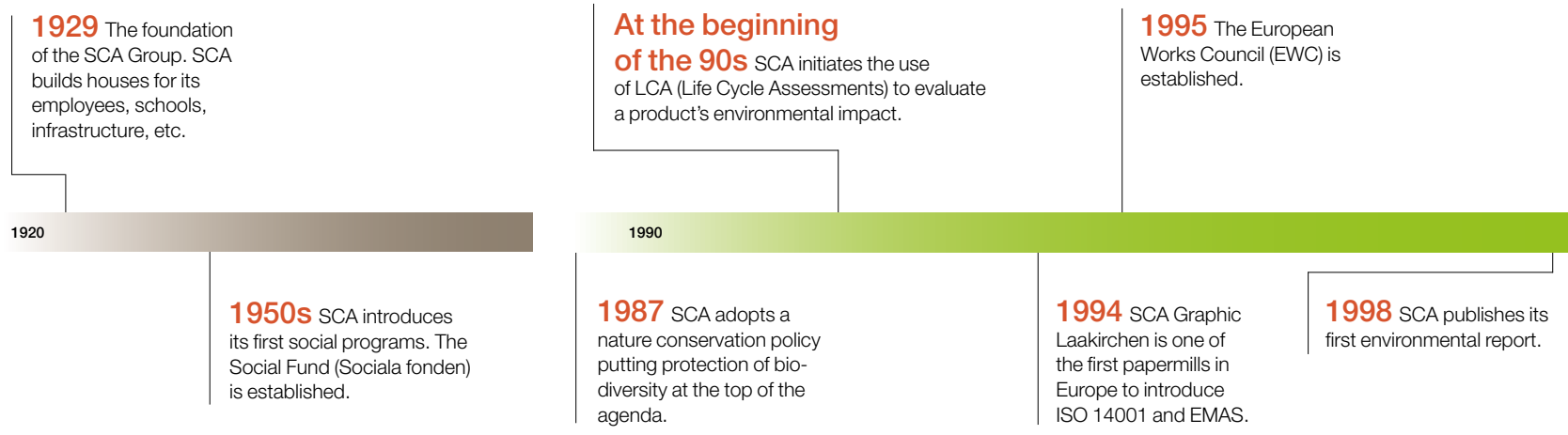


For SCA, sustainability is not just a buzz word. It is an integral part of our operations and a part of our strategy for growth and value creation.

We have a long tradition of taking responsibility for people and for nature. As early as the 1950s,

SCA had established an extensive social programme for its employees. And our origins as a forest products company has given us a deep connection with and responsibility to the environment.

SCA's sustainability timeline



SCA at a glance

SCA is a global hygiene-products and paper company with annual sales of EUR 11.3bn (SEK 107bn) and approximately 45,000 employees. We sell our goods – personal care products, tissue, packaging,

publication papers and solid-wood products – in more than 100 countries around the world. More than half of our revenues come from the sale of consumer products. The products are sold under

trong case

and social responsibility.



All around the world, SCA is involved in sustainability initiatives based on our core values: respect, excellence and responsibility. We have a systematic approach and our intent is to be as transparent as possible.

In this brochure we invite you to look at the things we do to sustain human nature. Welcome to our world!

1999

We establish a goal for increased recovery of waste.

At the end of the 90s

RMS (Resource Management System), SCA's database for collection of a wide range of environmental data, is built up.

2004

SCA signs a global framework agreement with ICEM, which represents more than 20 million union members worldwide.

We introduce our goal for responsible sourcing of wood fiber.

Introduction of SCA's Code of Conduct.

2008

SCA joins the UN Global Compact.

Introduction of a new carbon dioxide target.
Introduction of Business Practice Reviews.

2000

2008

1999

SCA's forests are certified in accordance with FSC (Forest Stewardship Council).

2001

The Group establishes its carbon dioxide target.

2003

SCA's core values are established.

2005

Base year for assessments of human rights in potential countries of risk.

We establish our water usage target.

global brands, such as TENA and Tork, as well as strong regional brands like Zewa, Tempo, Libero, Drypers and Saba. Our packaging is used to transport food, industrial products and consumer

durables and also functions as point-of-sale containers and displays. Our forest products include high-quality newsprint and magazine paper.

humans
+ nature
+ life
+ cycle

= We lifec

Environmentally and socially

The interface of humans and nature We interface with people: our mission is to provide essential products that improve the quality of everyday life. Every day, we affect the lives of millions of people – employees, customers, consumers, shareholders and other stakeholders.

We interface with nature: it is the source of our products. We have worked with nature for centuries, learning from it, and gaining deep insight into its cyclical processes. Our interaction with nature is done with respect and concern for the forests of the future.

Lifecycle We take the long view, the lifecycle view. We analyze our products’ environmental footprint at every stage, from their beginnings in nature, to their end of life, and at every point in the cycle in between.

That’s why we collect and recover used papers and transform them into new products. That’s why we use the same water over and over again, conserving this scarce resource. That’s why we replace every plant we harvest from our own forests with three new ones.

This way, we bring the lifecycle of nature into balance with the human lifecycle. In short, **We lifecycle.**



Lifecycle evidence report
Examples, facts and figures on how we lifecycle

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We life cycle

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Taking the measure of responsible

Doing well requires effort. Doing even better requires ambitious goals and the will to achieve them. SCA has committed to three key environmental goals in areas we consider most important for our business.

We set up our carbon dioxide target as early as 2001. In 2008, the next step was taken with the introduction of a new, quantified carbon dioxide target.

Water is one of the most important and most sensitive natural resources on earth. In 2005, SCA introduced its water target for more efficient use of water.

Responsible use of wood raw material is our third environmental target. We want to make sure that no fiber-based material used in production derives from controversial sources.

Reducing carbon dioxide emissions

SCA has long recognized the need for a global reduction in greenhouse gases, in particular carbon dioxide. To that end, in 2001 we began a company-wide effort to reduce our CO₂ emissions. We have accomplished much since then, including the systematic replacement of coal and oil with bio-fuels and natural gas. In 2008, SCA formulated a quantified CO₂ target; through to 2020, emissions from fossil fuels will be reduced by 20%, using 2005 as a reference year. At year-end 2010, carbon dioxide emissions, in relation to the production level, had declined by 4.2%.



1 300 projects for reducing CO₂

In 2003, SCA initiated its Group-wide ESAVE program, designed to reduce energy consumption and reduce CO₂ emissions. Since its launch, more than 1 300 small-scale projects have resulted in annual accumulated saving effects of 700 GWh of electricity and 1,400 GWh of heat. These projects have also yielded annual savings of EUR 63m.

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environmental stewardship



Our forests as absorbers of carbon dioxide

We are Europe's largest private owner of forest; we have 2.6 million hectares of forest land actively sequestering carbon dioxide from the atmosphere. In any given year, only about 1% of the forest land under our stewardship is harvested and each tree felled is replaced with three new ones. The net result, in terms of carbon dioxide, is that the total carbon dioxide output from all our manufacturing worldwide is matched by the net absorption of CO₂ in our forests.

That said, we are actively pursuing the reduction of carbon dioxide emissions as one of our three key environmental goals.

Green electricity

SCA mills use substantial amounts of electricity. While most of it comes from electric grids, about one quarter of the electricity used at our mills comes from on-site co-generation.

More than 40% of SCA's fuel balance consists of biofuels, with the bulk of the remainder being generated by natural gas. Only about 4% is derived from oil and 1% from coal.

Investment in these on-site combustion plants, while expensive, yields great improvements in energy saving and emission reduction. Additionally, these new

plants are often able to burn production waste as fuel, amplifying their environmental value.

Some examples of recent activity:

- At the Östrand pulp mill in Sweden, a new lime kiln is being built to replace two oilfired kilns. The new kiln will be fired with fuel pellets and reduce Östrand's carbon emissions by 80%.
- In Aschaffenburg, Germany, a new natural-gas based co-generation plant is being installed, which will be self-

sufficient and expects to sell a surplus of 200 GWh to the national electricity grid.



Some other **important initiatives**



Water – an increasingly valuable resource

One of SCA’s environmental objectives is to continually reduce the amount of fresh water consumed by our pulp and paper mills. Between 2005 and 2010, our goal was to reduce fresh water use by approximately 15%. As an associated objective, we aim to reduce the organic content of our wastewater by 30% over the same period. The latter of these objectives was achieved already in 2009.

Some of our plants have even more ambitious goals. Our Box Hill tissue plant in Australia, for example, has cut fresh water consumption in half over a ten-year period. Our paper mill in

Flagstaff, Arizona, in the US, had been cited as the city’s second largest user of potable water. Today, our Flagstaff plant uses 100% reclaimed water. What’s more, the plant is an especially efficient user of water, reducing its consumption per ton of paper to about one third of the industry norm.

Our water targets were concluded in 2010, although water remains a prioritised matter for SCA and we are working to establish new objectives.

A true concern for nature

SCA’s vast forest holdings in northern Sweden are managed in line with a truly long-term perspective. Over the past 50 years, the standing timber volume has been increased by 40% and the growth rate has more than doubled.

Sustainable timber production is only one of our objectives, however. We manage our forests to preserve biodiversity and with the intent that our forests will be at least as rich in timber and natural beauty in the future as they are today.



Extensive use of recovered paper

About 50 percent of the wood fiber we use originates from recovered paper. Indeed, SCA is one of Europe’s largest collectors and users of recovered paper. In certain markets, the US for example, we produce tissue products from 100% recovered paper, a performance level that has contributed to our position as the most environmentally aware tissue producer. Recycling allows us to extract more products and services from the fiber we harvest.



Responsible use of raw material

One of SCA's primary environmental goals is to ensure that none of the wood fiber we use comes from controversial sources. To that end, SCA manages its own forests – the source of about half of our raw material – according to the Forest Stewardship Council's international forest management standards. In addition, we carry out regular assessments of our suppliers of wood raw material.

The net result is that SCA is one of the world's largest suppliers of FSC-certified products. SCA also acknowledges other forest certification schemes such as PEFC, SFI and CSA.



Life Cycle Assessment

SCA has been working with Life Cycle Assessment (LCA) since the early 90s. LCA includes a complete environmental assessment of the entire value chain (from raw material, product manufacturing and transportation, through usage and waste disposal) and is well integrated in SCA's development process of new products. We use the LCA as a tool to find out how we can optimize our product development to reduce the environmental impact.

For example, we investigate how we use resources in the value chain. Can we select more efficient materials with regard to function and environment? Are there new materials with lower environmental impact? Can we decrease the energy in production processes and/or change to better sources? Over the past 20 years, the possibility of making thinner hygiene products by using new materials with higher absorption capacity has led to major environmental improvements.

Finally, using LCA lets us evaluate both products and processes as to their overall environmental impact, even to their potential contribution to global warming.





Increased production of biofuel

Our raw material, wood fiber, is used for the production of high-quality products. We strive to maximize the potential of this renewable raw material. Residue from one process is, to a large degree, used as raw material for another process.

Materials that are not suitable as raw material for production are used for energy production. More than half of each tree harvested is used for energy production, either at our own mills or by our customers.

Logging residue is increasingly used as a biofuel. Sawdust is processed into fuel pellets for large heat plants as well as for household heating. SCA is a major supplier of forest-based biofuels, delivering 3.5 TWh in 2010.

The mark of environmental responsibility

SCA is recognized for its environmental leadership, a position that is evident from the certification of our products and manufacturing sites by leading environmental organizations and governmental authorities. Among them:

- ISO – the International Standards Organization, published standards under ISO 14001 specifying the requirements of an environmental management system. All of SCA’s European pulp and paper mills and most production sites around the world are ISO 14001 certified.
- EMAS – the Eco-Management and Audit Scheme of the EU’s European Council Regulation.
- The EU Flower – an EU effort to promote sustainability in a ”frame-work for an integrated life-cycle oriented product policy.” The function of the EU Ecolabel is, in part, to stimulate demand for products with reduced environmental impact.
- Blaue Engel – Germany’s landmark ecolabel and the world’s first environmental label.
- Green Seal – a certification widely recognized throughout North America.
- EcoLogo – a North American designation. SCA was the first American sanitary paper manufacturer to earn the EcoLogo certification.
- Nordic Ecolabeling, the Swan – this ecolabel is a consumer buying guide introduced by the Nordic Council of Ministers.
- Environmental Choice New Zealand – a product labeling program that recognizes the efforts of manufacturers to reduce environmental impact.
- Industria Limpia in Mexico – national ’clean industry’ standard.
- LEED in the US – green building design standards.



Measurement is a key to success

Ambitious environmental goals are fine, but the results need to be followed up and measured to have credibility. Measurement requires a comprehensive system for managing the collection, analysis and presentation of environmental data.

At SCA, we have been using such a resource management system (RMS) since the late 1990s to monitor how we use energy, water, transportation and raw materials. We use the information for internal control and to redirect resources wherever we need improved performance. Precise, consistent measurement lets us deal with the facts and verify the real results of our environmental initiatives. And we are happy to share the information with external stakeholders.



SCA set to boost green power

SCA is making a major investment in wind power. Together with the Norwegian power company Statkraft, SCA is building a wind farm on its forest land in northern Sweden. We are conducting another wind-power project in partnership with the Norwegian company Fred. Olsen Renewables. Its remote location removes some of the more contentious issues that can surround wind farms in populated areas. At the same time, prevailing winds and the proximity of existing transmission lines make the location logistically ideal.

The plans encompass a total of 750 wind turbines with a potential of producing 4,400 GWh per year.

At the same time as we help boost the production of green electricity, we also become less impacted by power prices.



Waste as future energy

Reducing waste is a key goal at SCA. But when waste is inevitable, we put it to good use. At our Witzhausen manufacturing facility in Germany, production waste that was once sent to a local landfill together with household waste from the region is now used to power the co-generation plant that supplies the mill with electricity and heat. And the power plant produces a significant surplus of electricity, which is delivered to the local grid.

We **Life**e

Social responsibility & consumer know-how

We touch people's lives in several important ways. One is as a responsible employer of approximately 45,000 men and women in 60 countries around the world. Another is as a major manufacturer and responsible marketer of consumer products.

As an employer, we recognize the rights of our employees. The right to organize. The right to a healthy workplace. The right to opportunity for development. The right to fair pay and fair treatment.

As a manufacturer, we recognize that all manner of people – parents and babies, men and women, children and seniors, consumers and industrial customers – rely on SCA's everyday products every day. Tissue products, baby diapers, feminine products, incontinence products, packaging, forest products, even biofuels. It all comes from SCA, a company that cares not only about the source of its products, but their destination and the journey they take to reach it.



cycle



We understand responsibility

We are mindful that our products come into intimate contact with the consumers of those products. This fact means we must be scrupulously careful with the materials and, in particular, with the chemicals used in our manufacturing processes. Extensive

testing and meticulously detailed systems for chemicals and materials handling ensure that our products – and the consumers who use them – remain safe. As a minimum, we comply with existing product safety laws and regulations.

Meeting needs in all markets

SCA wants to grow and broaden its customer base. Emerging markets are playing an important role in achieving these goals.

Per-capita income is markedly lower in emerging economies than in the industrialized world. Yet the desire for high-quality consumer goods and for the comfort and convenience they bring is no different than it is in more advanced economies. To meet these consumer demands, SCA markets basic, less expensive products and often packages them with fewer units in every package, such as a single diaper.

To make the products more accessible to more customers, SCA sometimes use non-traditional distribution channels in remote areas. One example is in Costa Rica, where SCA has established partnerships to enable its products to be distributed to approximately 16,000 very small “mom and pop” owned stores called pulperias, many of which are located in remote, hard-to-reach areas.



**SCA supports
the UN Global
Compact**



In 2008, SCA became a signatory to the UN Global Compact. It is the world’s largest voluntary corporate citizenship organization with more than 8,700 companies and other stakeholders participating from more than 130 countries. It seeks to promote the idea that business can be part of the solution to the challenges of globalization and help in the realization of a more sustainable and inclusive global economy. The SCA Code of Conduct, launched in 2004, is based upon the UN Global Compact principles.

Some other **important activities**



Respect for human rights

We believe in the UN Declaration of Human Rights. We support that belief with action.

Since 2005, we have undertaken human rights assessments at SCA facilities in 12 countries, with special emphasis on facilities in the emerging markets of Latin America, Eastern Europe and Asia, where we consider the risk for violations to be higher. These assessments evaluate such factors as conditions of employment, salaries, benefits, business practices,

and health and safety. Perhaps most importantly, however, these assessments help determine how well our Code of Conduct and respect for human rights is being integrated into our day-to-day operations.

Not surprisingly, these assessments show areas that could be improved but in general they also show that SCA's facilities are of a high standard and conduct their operations in compliance with our Code of Conduct.

A duty to speak out

SCA is in the business of improving people's lives. This includes such basics as improving awareness of – and access to – feminine care and incontinence care products. In a world where poverty, social taboos and lack of awareness can result in limited development opportunities, SCA plays a key role in starting the dialogue among key stakeholders, such as healthcare professionals and consumers.



Meeting women's everyday needs

Lack of access to feminine care products, for example, can keep girls out of school for days at a time, jeopardizing education and leading to lower rates of literacy for women. As a major supplier of feminine care products, SCA has an obvious role in awareness efforts designed to improve women's lives through the wider use of feminine care products.

For example, in Russia, SCA sponsors an educational programme for teenage girls at their schools – the Libresse School. Trained psychologists speak to the young women about physical and emotional changes during puberty, and educate them about menstruation and feminine care. One of the aims of the programme is to help build the self-confidence of young women. A total of 175,000 girls at more

Improvement of health and safety in the workplace



Zero tolerance for corruption

At SCA, corrupt business conduct of any nature is not tolerated. In 2008, the Group thus developed a method to evaluate compliance with business ethics, known as Business Practice Reviews. The method is an effective manner to identify risks in daily operations, since the issues addressed not only concern SCA, but also the conduct of the Group's business partners, such as suppliers, distributors and service companies.

In 2010, plants in Mexico and Italy were assessed.

We care deeply about the people of SCA, which is why we make sure our workplaces are healthy and safe. We use the health and safety standards mandated by national legislation, international regulations, and industry standards as a starting point. To these we add SCA's own requirements, which typically exceed mandated requirements. We search assiduously for workplace risks and try to eliminate them before they cause accidents. We are

aided in that effort by rigorous safety training and educational efforts and by technical process improvements that eliminate or mitigate hazards in the workplace.

Many SCA facilities use national or international management systems such as OHSAS 18001 to assist in their efforts towards improvements in health and safety.

than 3,000 schools have completed the programme.

Incontinence products

Few talk about incontinence, but millions are affected by it. Estimates put the figure between 5 and 7% of the world's population. One in every four women over the age of 35 experience bladder control problems.

As the world's largest supplier of incontinence care products through the TENA brand, SCA is working actively to break the taboos that surround this condition. Through affiliations with scientific organizations in several countries throughout the world, SCA is helping to raise standards of incontinence care, support incontinence research, and improve training and information provided to the healthcare community. Additionally, SCA uses its leading position to raise awareness and help remove the stigma associated with incontinence.



Recognition

For the fourth consecutive year, SCA was named one of the world's most ethical companies in 2011 by the Ethisphere Institute, US.

In 2010, SCA was ranked as one of the world's 100 most sustainable companies by Canadian Corporate Knights.

SCA has been listed on the FTSE4Good global sustainability index since 2001.

SCA became a UN Global Compact member in 2008. SCA's 2008 and 2009 Communication on Progress reports were selected as representative of Best Practice by the UN.

In 2007, SCA was named the world's second greenest company by Eiris (Ethical Investment Research Services) and the British daily, *the Independent*.

We
lifecycle!
Do you?

sca.com