

SCA Green Bond

REPORT 2024



In 2021 SCA established a Green Bond Framework, which received the highest possible shading, “Dark Green” and highest possible governance score “Excellent” by CICERO Shades of Green. A review of the framework is currently ongoing as well as a renewed second party opinion.

Framework

The Green Bond Framework from 2021 aims to further diversify the green financing abilities and utilize debt capital to support SCA’s sustainability efforts and a transition towards a fossil-free and circular society via the funding of material Green Projects. SCA’s projects are not only aimed at reducing negative impact, but also at increasing positive environmental impact.

The Green Bond Framework states that an amount equal to the net proceeds of the Green Bonds will finance or refinance, in whole or in part, investments undertaken by SCA or its subsidiaries that

promote the transition towards a low-carbon and environmentally sustainable society (“Green Projects”), in each case as determined by SCA in accordance with the Green Project categories defined in the Framework. The eligible Green Project Categories in the framework are Valuable forests, Fossil-free world, and Efficient use of resources.

SCA’s Sustainability Council (SC) is responsible for the decision to acknowledge projects as green, in line with the Green Project Criteria in the framework, as well as the decision to allocate net proceeds. During 2024 the SC has convened on four occasions. A Green Register has been set up to track the allocation of net proceeds from Green Bonds to Green Projects.

Ernst & Yong has performed a limited assurance of the Green Bond Report 2023, including the allocation reporting, in line with ISAE 3000. Since the bond was fully allocated 2022 no agreed upon procedures has been made for the reporting year 2024. The Auditor’s Limited Assurance Report can be found on: www.sca.com/funding/

Green Bond Issues

Current outstanding bonds were issued in June 2021, based on the green bond framework in 2021.

In total SEK 1,500m was issued in a dual-tranche transaction with one 7-year (floating rate note) SEK 1,100m (ISIN SE0013102373) and one 7 year (fixed rate note) SEK 400m (ISIN SE0013102381). Issuer was Svenska Cellulosa Aktiebolaget SCA (publ), the bonds are senior unsecured and listed on Nasdaq Stockholm Sustainable Bonds.



Allocation Report

1 104 MSEK was allocated during 2021, the remaining net proceeds were allocated during 2022, thus no allocation since then. All projects are still eligible green projects according to the green bond framework.

The proceeds of the bonds are allocated to the three main project categories: valuable forests, fossil-free world, and efficient use of resources. The financing part is approximately 20 % and the remaining part is refinancing with a lookback of 1–2 years at the time of allocation.

Green Project Category	Sub project category	Project	Allocated amounts	Share of Financing	Share of Refinancing
Valuable Forests	Forest land Tree nurseries	- Forest land in Baltic	1 206	1%	99%
		- Mechanical protection of seedlings	7		100%
Fossil-free World	Renewable Energy	- Replacing oil heating with renewable energy	22	100%	
		- Heat recovering at Ortviken	4	100%	
		- Wind farm in northern parts of Sweden	100	100%	
Efficient use of Resource	Wastewater Management	- Rebuilding of wastewater treatment	156	100%	
			1 495		

Impact Report

The environmental impacts of the eligible project categories are assessed and evaluated using the selected impact indicators listed below. All Key Performance Indicators (KPIs) are listed in the Green Bond Framework. Below is a summary of the outcome for 2024.

Overall CO₂ removal: 188 tonnes CO₂/MSEK and year

Valuable forests	Outcome 2024	Projects	Impact	UN Goals
Forest area	33 700 ha	Forest land in the Baltics	Responsible forest management	
Forests with high conservation values (HCV)	3 904 ha	Forest land in the Baltics	HCV maintained or enhanced	
Net annual growth	190 885 m ³	Forest land in the Baltics	Volume growth	
Carbon sequestration	262 467 tCO ₂	Forest land in the Baltics	Sequestration of CO ₂	
Seedlings produced	17 million	BogrunDET	Reduced use of pesticides	
Fossil Free World	Outcome 2024	Projects	Impact	UN Goals
Annual GHG emissions avoided	1 631 tCO ₂	Replaced oil heating, BogrunDET	Avoided emissions	
Annual GHG emissions avoided	9 252 tCO ₂	Heat recovery, Ortviken	Avoided emissions	
Annual GHG emissions avoided	8 445 tCO ₂	Wind farm, Markbygden	Avoided emissions	
Efficient use of resources	Outcome 2024	Project	Impact	UN Goals
Reduction in discharges of pollutants to water	4 624 tonnes	Wastewater treat, Munksund	Pollution reduction	