SCA

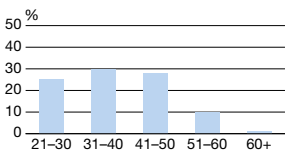
SCA Sustainability Report
2007

SCA in the world

The map shows countries in which SCA has sales.

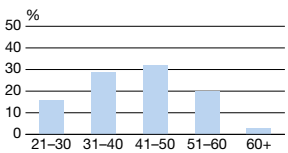
Americas	2007	2006
Sales, SEKm	15,125	17,888
Employees	7,512	9,485
Women, %	24	28
Salaries, SEKm	1,960	2,295
Social costs, SEKm	490	792

Employee age distribution



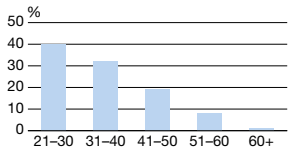
Europe (incl. Africa)	2007	2006
Sales, SEKm	82,519	75,625
Employees	34,703	34,198
Women, %	22	22
Salaries, SEKm	12,562	11,510
Social costs, SEKm	3,255	3,216

Employee age distribution



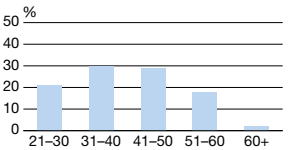
Asia Pacific	2007	2006
Sales, SEKm	8,269	7,926
Employees	8,218	7,339
Women, %	37	35
Salaries, SEKm	943	863
Social costs, SEKm	105	64

Employee age distribution



SCA Group total	2007	2006
Sales, SEKm	105,913	101,439
Employees	50,433	51,022
Women, %	25	25
Salaries, SEKm	15,465	14,668
Social costs, SEKm	3,849	4,071

Employee age distribution



SCA at a glance

A global consumer goods and paper company

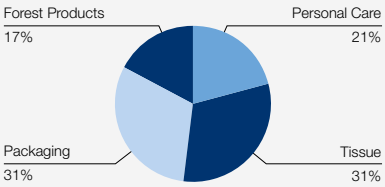
SCA creates value through knowledge of the needs of customers and consumers, a regional presence and efficient production. We develop, produce and market personal care products, tissue, packaging, publication papers and solid-wood products. We operate in more than 90 countries.

More than half of our sales comprise consumer products where the end-users are private individuals and households. Every day our products reach hundreds of millions of people around the world. The products are sold under global brands, such as TENA and Tork, as well as strong regional brands including Zewa, Tempo, Libero, Drypers and Saba. Sales are increasing in emerging markets.

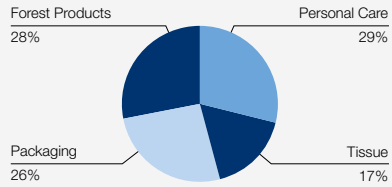
Our packaging solutions are mainly used to transport food, industrial products and consumer durables. They are also used in point-of-sale packaging for product promotion to end-consumers in the store. In our forest products operations key products include high-quality newsprint and magazine paper.

SCA has annual sales of SEK 106bn (approximately EUR 11.5bn) and approximately 50,000 employees.

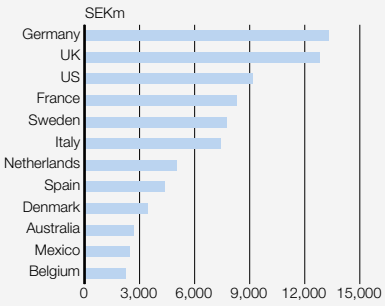
Net sales by business area



Operating profit by business area



Group's largest markets



Contents

SCA's business areas

SCA's financial reporting is divided according to its four business areas – Personal Care, Tissue, Packaging and Forest Products. Operationally, activities are organized into six business groups. For further information, see the 2007 Annual Report.

Personal Care

Sales in some 90 countries worldwide. The business area comprises three product segments: incontinence care, baby diapers and feminine care. Production is carried out at 21 plants in 18 countries.

MARKET POSITION

Products	Europe	USA	Global
Incontinence care	1	3	1
Baby diapers	2	–	3
Feminine care	3	–	5

SHARE OF THE GROUP

Net sales **21 %**

Operating profit **29 %**

Tissue

Sales in some 80 countries worldwide. Tissue consists of toilet and household paper, facial tissue, handkerchiefs and napkins. Production is carried out at 35 facilities in 19 countries.

MARKET POSITION

Products	Europe	USA	Global
Consumer tissue	1	–	4
Tissue for bulk consumers – AFH	1	3	3

SHARE OF THE GROUP

Net sales **31 %**

Operating profit **17 %**

Packaging

Sales to some 50 countries in Europe and Asia. SCA is a full-service supplier of packaging solutions and offers both transport and consumer packaging. Production is carried out at over 300 facilities in some 30 countries.

MARKET POSITION

Products	Europe
Corrugated board packaging	2
Container board	2

SHARE OF THE GROUP

Net sales **31 %**

Operating profit **26 %**

Forest Products

Sales primarily in Europe but also in North America and Japan. Production comprises publication papers, paper pulp and solid-wood products.

MARKET POSITION

Products	Europe
Printing paper	6
Solid-wood products	8
Private forest holdings	1

SHARE OF THE GROUP

Net sales **17 %**

Operating profit **28 %**

CEO's message

A new awareness

Fiscal 2007 was the year when the climate change debate and sustainability ceased being an issue solely for politicians and the business community but also etched its way into the awareness of most inhabitants of the industrialized world.

For SCA, sustainability issues are not in any way new. Sustainability has long been an integrated part of our operations and we were early to take the initiative with the Group target from 2001 to reduce carbon dioxide emissions, to invest in green electricity and to certify our forests. We believe that a conscientious attitude to sustainability issues reduces our risk and builds long-term competitiveness. The investments we make in improving energy efficiency and minimizing the impact on the environment are made in a long-term perspective.

An example of this is the large investment in wind power that SCA initiated during the year with Norwegian Statkraft in a joint-venture company. Plans comprise seven wind-power parks in northern Sweden that will produce 2,800 GWh of wind-power electricity annually. It is a unique venture in which SCA is supplying land for the wind-power parks and Statkraft will provide financing. The result will be a substantially increased supply of renewable energy to Sweden.

The predominant issue in the debate about climate changes is the carbon dioxide problem. SCA is making extensive investments to reduce its carbon dioxide emissions and is working strategically to replace coal and oil with biofuels and natural gas.

SCA also noted an increased interest in greenhouse gases due to consumers and corporate customers, such as retail chains, requesting carbon dioxide data and labelling. This development is largely driven from the UK, where such concepts as carbon footprint were minted. SCA participates actively in the work with carbon footprints for the European paper industry.

SUSTAINABILITY AS A COMPETITIVE TOOL

A number of surveys have shown that sustainable companies are more profitable than the average and sustainability should be viewed as an asset instead of an expense. SCA has had this viewpoint for many years. In 2007, SCA's customers became increasingly interested in the sustainability aspect of products and services and placed environmental and social demands on their suppliers.

In this report, we highlight some examples in which the sustainability aspect was wholly or partially decisive in SCA securing a contract. One of the most notable perhaps is the delivery of tissue to the new Wembley Stadium in the UK, which was a distinct environmental project.

As the new CEO of SCA, I am pleased to note the open and in-depth commitment in the Group with regards to sustainability issues. It is an important issue for our employees and a reason for many to choose SCA as employer.

During 2007, we continued to ensure that our operations comply with the Code of Conduct. We have conducted evaluations of compliance with human rights at 17 plants in eight countries. We have also improved our system for supplier evaluations for the purpose of ensuring that the content of the Code of Conduct is adhered to in the supply chain.

Toward year-end, we received comments for deficient nature conservation at a number of felling sites. These comments resulted in a comprehensive action program in which more than 100 felling teams received in-depth training and highly specific instructions regarding how nature conservation work shall be carried out within SCA.

GROWTH ON THE AGENDA

Within SCA, we have initiated a strategic review that is aimed at strengthening growth and profitability. A detailed review is being undertaken as to where we can best use our resources to enhance value creation for our stakeholders. Our sustainability policy and profile will provide strong support in this effort.

"As the new CEO of SCA, I am pleased to note the open and in-depth commitment in the Group with regards to sustainability issues."

Jan Johansson
President and CEO

Sustainability

Sustainability is an integral part of SCA's operations. It is part of the company's strategy for growth and value creation for shareholders, customers, consumers and other stakeholders.

SCA strives to provide products and services that meet customers' needs with regards to functionality, quality and price, and to do this in a socially and environmentally responsible manner.

The strategy is based on knowledge of processes and products, and on relations characterized by mutual respect, responsibility and excellence.

A tradition of sustainability

PROSPERITY DEVELOPMENT AND RESPONSIBILITY

In many countries, SCA's products are a natural part of modern prosperity and help to make everyday life simpler and safer. By continuously renewing and improving its range of products and making them available to more people, SCA aims to contribute to improving the global quality of life.

The company has been involved in environmental and social issues since its foundation in 1929. As early as the 1950s, SCA had an extensive social programme for its employees and the company was among the pioneers with its systematic work on environmental issues. This involvement has intensified over time and today SCA is driven by strong values summarized in the company's core values: respect, excellence and responsibility.

SCA has undergone extensive change over the past three decades. From being a forest industry company with most of its operations in Sweden, the Group has developed into a global player within personal care, tissue, packaging and forest products with operations and employees throughout the world.

This global expansion demands a greater focus on governance to guarantee a consistently high level of environmental and social commitment worldwide. SCA's long-term sustainability initiatives are designed to establish a competitive position and meet the expectations of the Group's stakeholders.

The Group seeks to address environmental and social issues in a serious and effective manner, and to build long-term relations with authorities and legislators. By taking a proactive approach, the Group is also well in step with present and future legislation.

SCA built employee housing in Östrand, Sweden, in the late 1940s and early 1950s. There was a housing shortage during that period, industry expanded and needed to attract a workforce by being able to offer housing to employees. The municipalities did not have the resources to build homes at the rate required.

Strategic challenges and assets

STRATEGIC CHALLENGES

The predominant issue in the debate about climate change is the carbon dioxide problem. SCA is making extensive investments to reduce its carbon dioxide emissions and is working strategically with replacing coal and oil with biofuels and natural gas.

For an energy-intensive company such as SCA, energy saving and more efficient use of energy have long been high on the agenda. In particular, the substantial rise in electricity prices in recent years will have an impact on the company's competitiveness over time. More efficient production as well as finding alternative, more environmentally sound methods and fuels are prioritized activities. SCA's joint venture with the Norwegian company Statkraft to build wind power farms in northern Sweden which will produce energy corresponding to 2,800 GWh is one example of this.

In the search for alternative energy sources, the question of making more use of wood raw material as fuel has gained new topicality and politicians are discussing the introduction of further incentives to encourage the use of biofuels. This has already led to a sharp increase in prices for wood raw material and may result in a serious waste of value-added potential if wood raw material that can be used in industrial production is reallocated to energy production.

Another aspect of the climate debate is the increasing interest from consumers and corporate customers, who are requesting carbon dioxide data and labelling.

Another factor that affects the sustainability agenda is that a large portion of SCA's future growth is expected to come from new markets and developing countries. This means that the Group faces new business opportunities and also new challenges. Sometimes the problems are extremely tangible: sales and distribution strategies that function smoothly in more traditional markets must be adapted to small-scale sales channels and different consumer patterns.

Expansion into new markets also means that SCA may find itself in environments where the risk of exposure to corruption, human rights abuse, a lack of focus on employee health and safety or offences against the environment are greater than before.

STRATEGIC ASSETS

Some of SCA's most important assets are the company's strong values, its expressed willingness to contribute to sustainable development and the expertise of its employees. This, combined with the realization that successful sustainability initiatives are increasingly a decisive competitive advantage, creates a strong driving force for continued development. This is clearly expressed in SCA's Code of Conduct. It plays a key role in the Group's activities, particularly in markets where the risk of corruption and human rights abuse is significant.

The Group's large forest holdings form the backbone of its operations and have a significant positive environmental impact. By conducting long-term and responsible forest management, every year SCA creates net growth in the forest corresponding to 1.9 million cubic metres. This growth means that every year the forest absorbs net 2.6 million tonnes of carbon dioxide, which roughly corresponds to the total volume of emissions from the Group's production plants.

The forest also guarantees access to wood raw material. Almost all of SCA's products consist wholly or partly of renewable raw material – wood fibre. The fibre is used efficiently since paper and packaging is recycled and about half the fibre used by the Group is recovered fibre. In Europe, access to recovered fibre is ensured through SCA's own collection organization, SCA Recycling, Europe's largest collector of recovered fibre.

When the products reach the end of their life cycle, they can be incinerated with energy recovery without increasing the net supply of carbon dioxide to the atmosphere since the fibre stems from forests that are cultivated for sustained growth and absorb as much or more carbon dioxide as that given off by the wood. The fibre in SCA's used products therefore function as fuel and can replace fossil fuels such as oils, gas or coal.

The hub of SCA's long-term environmental initiatives is the Resource Management System (RMS) – a comprehensive system for collection, presentation and analysis of the Group's environmental data. Through RMS, SCA monitors how the company utilizes energy, water, transport and raw materials. The information is used for internal control and follow-up among other things of the Group's targets for reduced emissions of carbon dioxide from fossil fuels.

More than half of SCA's sales comes from products that come into contact with the skin. The Group's stringent product safety requirements affect choice of material, chemical treatment, etc. Product safety requirements, together with a high rate of innovation and understanding of consumers, contribute to SCA's competitiveness.

The business dimension of sustainability is becoming increasingly important. Proactive sustainability work is essential for long-term profitable operations.

In recent years the Group's customers have shown a far greater interest in sustainability issues. In contract negotiations customers are increasingly asking questions and making demands, primarily related to the environment.

For SCA, which has been conducting sustainability work for many years, this brings a competitive advantage and the company has won several contracts that were wholly or partly decided by sustainability factors.

SCA's mission, vision and core values are important tools to create a company in which employees are united by common goals and in a shared ambition.

MISSION
SCA's mission is to provide essential products that improve the quality of everyday life.

VISION
SCA's vision is to be recognized as the leading provider of value for customers, shareholders and employees in its field.

CORE VALUES
Respect, excellence and responsibility.

Targets

SCA has formulated four sustainability targets for areas of major importance to the Group.

Target 1

More efficient use of water

From 2005 to 2010 specific water consumption will be cut by 15% and the specific organic content in wastewater will be reduced by 30%. This target applies to SCA's pulp and paper mills (base year 2005).

Outcome 2007

	2005	2007	+/– %
Specific water consumption	0.0191	0.0189	–1.2
Specific organic content (BOD) in wastewater	1.196	1.146	–4.2

Target 2

Reduced emissions of carbon dioxide

Reduced emissions from fossil fuels per unit of production. This target applies to SCA's pulp and paper mills (using the previous year as the base year).

Outcome 2007

	2006	2007	+/– %
Emissions from fossil fuels per unit of production	0.359	0.361	0.4

Target 3

Responsible use of wood raw material

SCA will continue to employ methods that ensure that no fresh fibre-based material used in production comes from controversial sources.

Outcome 2007

All business groups have acquired information from their suppliers of fresh fibre based products on how they operate in order to meet SCA's requirements. The overview does not include temporary suppliers of smaller volumes. Based on the evaluations that have been carried out, the number of suppliers has been reduced. On-site audits have been carried out by most business groups. All SCA wood consuming units are third party audited to ensure compliance.

Target 4

Compliance with SCA's Code of Conduct

SCA works continuously to make the Code of Conduct an integrated part of day-to-day operations.

Targets and outcome 2007

a. Continue to integrate SCA's Code of Conduct into supplier assessment systems. *Progress made during 2007. Work will continue in 2008.*
b. Continue to assess respect for human rights and compliance with SCA's Code of Conduct in a selection of seven to nine countries. *Completed – 17 assessments undertaken in eight countries during 2007.*
c. Assess compliance with the Code of Conduct and identify areas for improvement. *Completed.*
d. Develop an HIV/AIDS policy with associated routines and guidelines for the entire Group. *Completed.*

Governance

A STABLE SYSTEM FOR GOVERNANCE

The Swedish system for corporate governance is well-developed and stable. A listed company such as SCA is subject to an extensive set of regulations that through mandatory rules are designed to safeguard a large number of different outside interests. This is not confined exclusively to the interests of shareholders and investors. There is also a general public interest in industrial and business operations being conducted in every respect in an efficient, responsible and controlled manner with a high degree of transparency.

EXTERNAL FRAMEWORK

The external framework for corporate governance consists of a number of laws where the Swedish Companies Act is the foundation. In addition, there are both Swedish accounting legislation and international accounting rules that ensure that financial reporting meets high standards. The regulations governing the provision of information have, in addition, in particular with regard to financial information, been developed to guarantee timely, accurate and consistent information.

In addition to formal legislation there is the Swedish Code of Corporate Governance which together with the stock exchange's rules and regulations contributes to effective corporate governance.

INTERNAL FRAMEWORK

The internal framework for corporate governance consists of a number of governance documents within different areas. The more prominent include the rules of procedure for the Board and the instructions for the President which regulate the work of the Board and the division of responsibility between the Board and the President. The Board's rules of procedure also ensure that significant matters within the Group as a whole are handled by the Group Board of Directors. Other governance documents include the financial policy, information policy and payment authorization and payment instructions. Among the more general governance documents, the company's Code of Conduct should also be mentioned.

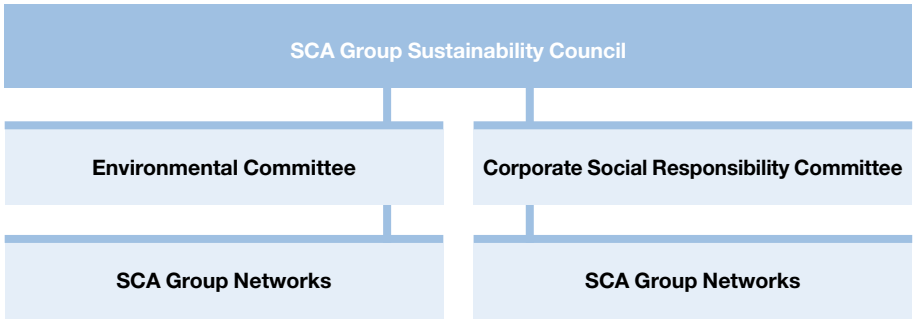
CONTROL

In addition to the company's auditors the company's operations are subject to external control and monitoring by, among others, the Swedish Financial Supervisory Authority and the Stockholm Exchange.

SCA's own control systems include segregation of duties in critical processes and defined management responsibilities with regards to internal control. There is also a separate Internal Audit function at SCA that works to continuously evaluate and improve the effectiveness of SCA's governance processes, risk management and internal controls. 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.

SHAREHOLDER INFLUENCE

The general meeting of shareholders is the highest decision-making body. At the Annual General Meeting (AGM) each shareholder has the right to attend and to have various matters considered by the meeting. One among several key tasks for the AGM is to appoint the company's Board. AGM also establishes guidelines for remuneration to the President and senior executives. The company's auditors check compliance with these guidelines. Detailed information about SCA's general meetings and Nomination Committee is available at www.sca.com.



BOARD OF DIRECTORS AND PRESIDENT

The Board has overall responsibility for the organization and administration of the company, while the President, who is appointed by the Board, is responsible for day-to-day management of the company. The Board as a whole, normally eight members elected at an AGM, makes decisions on all matters, while some special matters are handled by special Board committees prior to decision. The Board has a Remuneration Committee and an Audit Committee.

BUSINESS GROUPS

Each of the SCA Group's six business groups is headed by a business group president. The management of each business group has operational responsibility for their area. The rules of procedure and instructions ensure that a number of matters of importance within each business group are referred to the CEO or the parent company's Board of Directors.

SUSTAINABILITY GOVERNANCE

The Sustainability Council is comprised of the Group's Executive Management. It has the overall responsibility for SCA's environmental and social initiatives.

The Environmental Committee and the Corporate Social Responsibility Committee report to the Sustainability Council and prepare proposals for policies and principles for sustainability governance as well as targets and action programmes at Group level. They also coordinate and track progress on the Group's environmental and social programmes.

Responsibility for implementation rests with the operational organization. A number of environmental networks and corporate social responsibility working groups work horizontally across the Group's different business groups in order to guarantee a consistent approach. Responsibility for the management of specific issues rests within the relevant business group. Since the Group's operations differ widely between business groups and product areas, SCA allows its business groups considerable freedom to adopt relevant targets and action programmes within the framework of the sustainability policy and the targets set by the Sustainability Council.

The complete corporate governance report is available on SCA's website www.sca.com and in the 2007 Annual Report.

Stakeholder dialogue

SCA conducts an ongoing dialogue with its key stakeholders on the basis of tangible concerns. The aim is to develop a more systematic dialogue with stakeholders from this base.

CUSTOMERS AND CONSUMERS

Dialogue with customers and consumers has historically been product-related. The climate change debate in the past year has led to increased awareness of and interest in the products' climate impact, life cycle assessments and various types of environmental labelling.

SCA works together with its customers in order to understand their requirements and opinions on specific issues. Customer and consumer surveys were conducted during the year, primarily within the hygiene operations. One survey for example examined the European retail chains' perceptions of cooperation with SCA, and another sought European consumers' opinions on various environmental issues.

Major customers visited SCA Forest Products in Sundsvall, Sweden, in order to see how the company works with sustainability throughout the supply chain.

All business groups hold regular meetings with their key customers in order to better understand their needs.

EMPLOYEES

Dialogue with the employees includes regular performance reviews, employee surveys and regular meetings with employee representatives.

The Group's main internal communication channel is the intranet which can be accessed by approximately half of all employees. The remainder are reached via, for example, notice boards in the workplace, internal magazines and regular general workplace meetings.

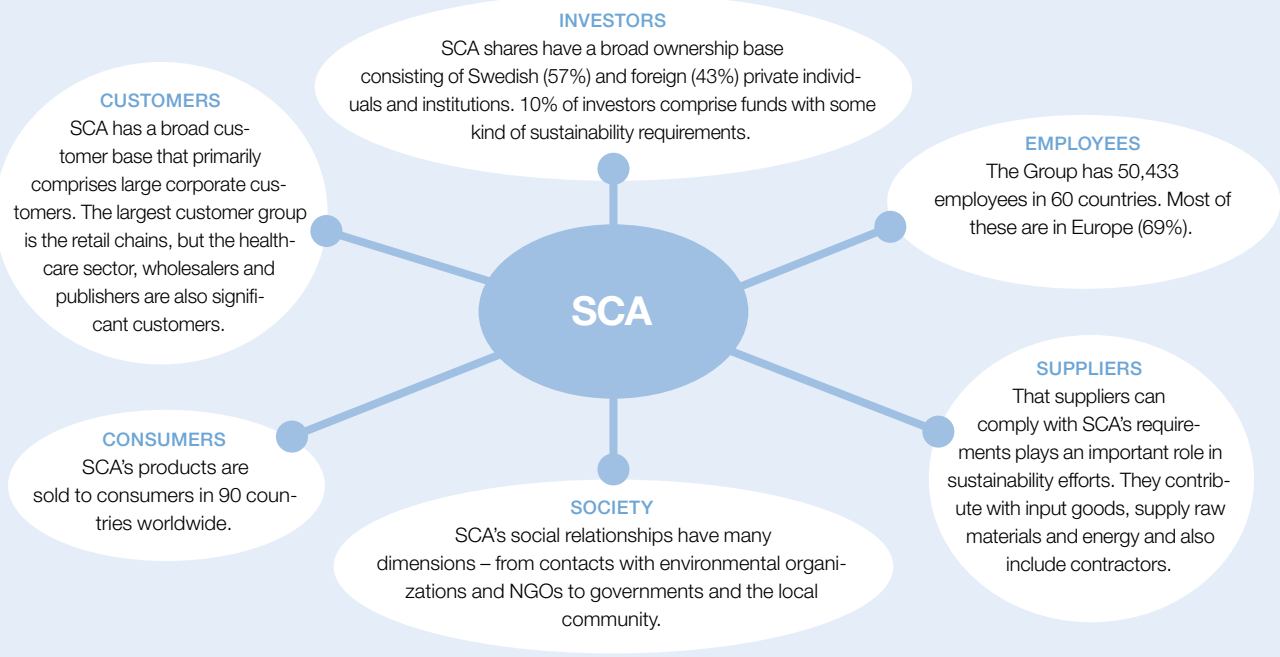
One example of dialogue with the employees is a survey conducted by Personal Care in summer 2007 in order to understand employees' needs for communication tools, channels and content at business group level. 965 persons participated and the result contributed to the development of Personal Care's internal communication strategy for 2008.

SUPPLIERS

With SCA's growth and expansion into new areas and countries and an extensive list of raw materials required to manufacture and market its products, the Group's supply chain is becoming increasingly global in nature. As a consequence, the risks related to environmental performance, human rights, child labor, corruption, etc. have increased and SCA's work on supply chain assurance has become increasingly complex. While suppliers in many different parts of the world appear to face many of the same sustainability challenges, SCA believes that individual/local solutions are key to encouraging sustainability in its supply chain. Thus, SCA aims through ongoing dialogue, to develop strong relations with its suppliers to help ensure that the goods and services purchased are sustainable.

SCA believes that strong relations go beyond the purely commercial and enable SCA businesses to work together with suppliers to encourage and support them to main-

SCA and stakeholders



Views from stakeholders

Gabriela Grab, *Senior analyst at SAM*

"SCA's report is comprehensive and there is evidence that SCA has identified the right issues for environmental and social management. SCA is not included in the Dow Jones Sustainability Index (DJSI) anymore, after having been a member of the European subset. However, the company has received an above average total sustainability score in our assessment, with best results in brand management, human capital management, strategy for emerging markets and environmental reporting. The Environmental management and reporting system is well advanced, with publicly available quantitative targets, and the code of conduct goes very far. However, there is room for improvement regarding the reporting on social issues, e.g. quantitative data for commercial pulp sourcing, supply chain and operations in emerging markets. These gaps identified in our assessment make it that SCA does not reach the best-in-class status for its sector."

Örjan Svensson, *employee representative on the Board of Directors and Senior Safety Delegate at the Lilla Edet paper mill, Sweden*

"The company knows that we want to have a dialogue and to be included in the decision-making process at an early stage and not merely be informed. In my opinion, we have a good dialogue and our opinions are taken into consideration and there is an openness and understanding of the issues. I hope that this will continue.

Then there are always things that could be improved. Perhaps we are not always in agreement about how early "early" is in the process."

NilsPetter Pavval, *Chairman of the Tourpon Sami village in North Botnia, Sweden*

"I think that dialogue with SCA works well and we usually resolve the issues that arise. Consulting with the Sami village is highly positive and results in increased trust between the parties. Nevertheless, we do not always have the same view about certain land areas from a reindeer grazing viewpoint, but this has never gone so far that we have not reached agreement."

Lasse Gustavsson, *Secretary General, World Wide Fund for Nature (WWF) Sweden*

"SCA has comprehensive reporting and transparent information disclosure about its work with sustainability issues, which is commendable. SCA has come a long way in its work with FSC certification of forests and also has a detailed purchasing policy for forest raw materials that places high demands on suppliers.

SCA should improve its forest management in Sweden and its practical nature conservation. There is also a need to improve cooperation with various interests affected by SCA's forest management. In our view, SCA needs to continue working with implementing its purchasing policy for forest raw materials.

SCA needs a more distinct energy and climate strategy that is not based on an expansion of nuclear power and exploitation of untouched waterways."

tain sustainability standards similar to those SCA expects of its own businesses.

SCA has thus been working since 2005 to establish routines in its businesses to manage supply chain risks. Responsibility for choice of suppliers rests with the individual SCA business groups. Thus, practical implementation of supply chain assurance can differ between the groups but the overall direction is common regardless of where in the world the SCA Group conducts its business. All SCA business groups undertake direct monitoring of supplier performance through the use of self-assessment questionnaires as well as regular on-site supplier assessments and audits by SCA procurement specialists. Environmental assessments are based on the principles in the international environmental standard ISO 14001. Other requirements are based on international and local directives and regulations. In 2007 the Group continued its work to fully integrate the requirements in the SCA Code of Conduct into the business groups' systems for supplier assessment.

SCA's goal is that new suppliers are subject to an initial assessment to check that they can comply with SCA's requirements with regards to quality, hygiene, environmental performance and to ensure that their business is conducted in accordance with the requirements in the SCA Code of Conduct. The results of the self-assessment questionnaires and on-site assessments are communicated to suppliers to form the basis for further improvements.

INVESTORS

Dialogue with the capital market is primarily based on providing accurate information regarding the company's activities, development and financial situation to all shareholders in accordance with stock market regulations. This takes the form of regular analysts meetings, financial reporting and capital market days. Individual meetings with investors on sustainability are also undertaken.

SOCIETY

SCA has regular discussions with various representatives of society at different levels and in different contexts. SCA participates in public debates mainly through industry organizations.

SCA cooperates with a number of environmental organizations, including the World Wide Fund for Nature (WWF), whose views, among other things, had an impact on SCA's policy for fibre procurement.

Contacts with local communities can cover many different topics, for example possible structural changes, new job opportunities or the environmental impact of production.

One example is SCA's ongoing dialogue with the Swedish Sami people that focuses on how forestry and reindeer farming can co-exist successfully on reindeer graying land.

In Prudhoe, UK, intense discussions were held with local residents about the design of a central warehouse to fit in the surroundings.

PRODUCT SAFETY

SCA works systematically with product safety to guarantee that its products meet all environmental or product-safety requirements.

Since SCA's product range is highly diversified, a variety of routines and processes relating to product safety are in place across the different business groups. As a rule, however, these include safety assessments of raw material, raw material specifications and quality assurance, hygiene standards, information to customers, and processes for complaints and product recalls. Responsibility is shared by the various purchasing, manufacturing, R&D and quality organizations.

Developments are driven by legislation, demands from SCA's customers and voluntary agreements within industry organizations.

Evaluations by ethical investors

Innovest
STRATEGIC VALUE ADVISORS

Innovest. Compared to its peers, SCA has a leading approach to sustainable forest management and has further increased the percentage of certified wood used in its mills. In terms of resource efficiency, SCA maintains its position as one of the leaders in the sector. In addition, SCA is also set to strongly benefit from climate change, as its large forest ownership provides for significant future opportunities related to increased demand for wood, driven by the development of incentive measures to use wood (biomass) as fuel.

SCA's business concept is based on life-cycle assessment (LCA), and considerable reduction in discharges and resource use has been achieved over time. The company uses a wide range of eco-labels for its products in Europe, although similar initiatives at other locations are limited. SCA has maintained good relations with its unions and employees despite considerable restructuring and outsourcing over the last year.

SCA faces greater risks from expanding its operations to countries in Latin America, Asia and Africa. SCA needs to continue to address these risks through their Code of Conduct and plant inspections. SCA's emissions to air and water seem to have plateaued over the last years. This indicates a need for more investment in research and development and technical innovation. Also, the company needs to maintain its high level of investment in environmental improvement in order to remain one of the sector leaders for environmentally sensitive products. There has been criticism of SCA's failure to comply with FSC standards in Sweden and it is clear that the company needs to address this issue through enhanced oversight of its operations. Finally, SCA is still highly reliant on natural gas for its energy requirements. The company needs to put more effort into ensuring a higher level of renewables in its energy mix in order to minimize energy costs and its carbon footprint.

Susanna Jacobson, *Analyst at Innovest*

FTSE4Good rating. EIRIS-FTSE4Good rates SCA's environmental policy, environmental management system and reporting as Exceptional. SCA's environmental performance shows significant improvement with respect to climate change, emissions to air, emissions to water and water consumption. However, there has been no improvement on waste. There is room for improvement on giving objectives and setting targets for non-greenhouse gas air emissions. The biodiversity policy is considered Moderate. The sustainable timber policy is rated Good where 55 percent of the wood supply and 100 percent of its own forests holdings are FSC certified.

Management's response to climate change issues is assessed as Intermediate. SCA meets indicators when it comes to senior responsibility for climate change related issues, climate change commitment with products related to the commitment and a policy that reflects the international governmental agenda such as the Kyoto protocol. However, SCA does not meet indicators when it comes to public policy leadership and remuneration linked to climate change performance. Also, SCA does not have a quantified goal of reducing carbon emissions and short term targets linked to carbon emissions.

SCA is rated as having a Good human rights policy and a human rights system with an Intermediate reporting on the policy and systems. Improvements can be made on reviewing the policy, setting targets and reporting on internal communication and employee training of the Code of Conduct. SCA has provided Moderate disclosure of its systems for engaging with stakeholders and on quantitative reporting on stakeholder relations. Improvements can be made by providing a community involvement report and by independently verify its stakeholder engagements. SCA has an Advanced commitment on promoting equal opportunities and diversity. In addition SCA has provided Clear evidence on systems managing health and safety policy, managing employee/union relations, employee development and job creation.

Bethany Murray, *Research Analyst EIRIS*

Swedbank Robur

Robur. Our view is that SCA will retain its position, even during 2007, as one of the world's most well-reputed companies in the environmental field. This is thanks to earlier efforts and continuous goal-oriented work, both within forestry and production. The company's latest important step forward is its effective ventures in energy and climate, as well as the tracking of source for purchased pulp.

Since a couple of years, the social risks in the operation have been handled as systematically as the environmental issues by all appearances, but here the geographical variations and challenges are greater. For example, how is SCA's Code of Conduct applied in China and other countries with poor union rights? We however feel secure that the company will succeed in establishing a plausible standard for the Group also regarding this aspect.

In terms of forestry we see two risk factors that SCA has to handle in a responsible way. Firstly, to secure access of certified raw wood material in a timber market with increasing competition. In this situation SCA is helped by its own forest holdings which make the company partially self-supporting. The second challenge will be to maintain the trust in regards to respect for the forestry environment. During 2007 we saw a new wave of criticism on how the industry is handling their forests and in SCA's case some groups questioned if the company truly lives up to FSC's high standards. We think it is critical for SCA to keep its FSC certificate.

SCA launched an extensive energy program during 2007 which includes both wind power and extended hydroelectric power. While the wind power plans are applauded, the potential expansion of the hydroelectric power has met some resistance from stakeholders. In addition to environmental effects, there is a potential risk that SCA's good reputation may be harmed. We therefore expect that the hydroelectric question is treated with the highest respect and caution.

In all, we think that SCA's awareness and handling of risks are good and that the company communicates in a honest and open way on sustainability aspects of the operation.

Anita Lindberg, *SRI Analyst Swedbank Robur*

SOME OF THE AWARDS SCA RECEIVED DURING 2007

- SCA was named the world's second greenest company by Eiris (Ethical Investment Research Services) and the British newspaper, the Independent.
- SCA's sustainability reporting was ranked among the best by European paper companies in a survey conducted by the WWF.
- SCA was ranked as one of the world's 100 most sustainable companies by British consultant Innovest.
- SCA received the best overall score among Swedish listed companies for its environmental efforts and work with human rights in a survey carried out by Folksam, a Swedish insurance company.
- For the second consecutive year, SCA Tissue Europe was the clear winner when the World Wide Fund for Nature (WWF) surveyed sustainability among tissue producers.

SUSTAINABILITY INDEXES IN WHICH SCA IS INCLUDED

- The global FTSE4Good index, which measures companies' environmental and social performance.
- The new Global Challenges Index which was developed by the Hanover Exchange and Oekom research AG, a Munich-based rating company. The index comprises 50 companies that "take active responsibility for future global development by making substantial, forward-looking contributions to meeting global challenges - climatic changes, drinking water shortages, sustainable forestry, biodiversity, population increase and poverty."


INDIEN
INDISKA
OCEANEN

Taking responsibility

Brenda Appleton, Melbourne, Australia
Brenda Appleton is responsible for sustainability and risk for the Asia Pacific business group from her base in SCA's Melbourne office in Australia.
Water is scarce in the region and SCA makes extensive efforts to reduce water consumption and emissions to water. Examples of improvements include halving water consumption over a ten-year period at the Box Hill tissue plant in Australia.

Environmental responsibility

SCA aims to conduct its operations in a manner that meets the highest environmental standards. Energy use, water consumption and use of wood raw material are the three areas that form the focus of the Group's long-term climate and environmental initiatives.

Some key activities

- Transition from fossil fuels to biofuels.
- More efficient energy use and alternative energy production.
- Reusing process water to reduce total water consumption.
- Reducing organic content in wastewater through more efficient treatment.
- Comprehensive assessment of suppliers to ensure that all purchased fibre meets SCA's requirement for non-controversial sources.

Climate and energy

SCA uses large amounts of energy in its production processes. The major part, 74%, of the electricity comes from national grids, while 26%, comes from electricity generated at the Group's co-generation plants. 54% of SCA's fuel consumption comprises natural gas, while biofuels account for 40%. Only 5% and 1% come from oil and coal respectively.

OBJECTIVE FOR REDUCED CARBON DIOXIDE EMISSIONS

Since 2001, SCA's objective has been to reduce emissions from fossil fuels per unit of production. The Group works strategically to replace coal and oil with biofuel/natural gas, and to make energy use more efficient.

The ongoing transition to biofuels and natural gas has cut CO_2 emissions per unit of production by 7%, 4% and remained unchanged, respectively, over the past three years.

The largest contribution to the reduction in emissions is the investments in new combustion plants. These investments are capital intensive and extend over many years. In 2007, no such investments were completed, but initiated projects are expected to yield results in the years ahead. The potential for future emissions reductions increasingly comprise the use of production waste as fuel. One such example is the investment in Witzenhausen, Germany, which is described below.

SUBSTANTIAL INVESTMENT IN PRODUCTION OF GREEN ELECTRICITY

Like every other electricity-intensive industry, SCA's profitability is highly sensitive to changes in the electricity price. In order to reduce its exposure to price fluctuations on the electricity market, SCA has invested substantially in new technology and its own power plants in recent years. See example in Witzenhausen below.

Another example of SCA's initiatives to create efficient energy supplies is the new soda recovery boiler at Östrand pulp mill in Sweden. The investment totalled SEK 1.6bn and the new unit, which went into operation in October 2006, generates 500 GWh of green electricity per year. This makes the Östrand mill self-sufficient in both electricity and heat.

A similar project is under way in Obbola, Sweden, which will lead to increased production of renewable energy.

EFFICIENT USE OF ENERGY

SCA works continuously to make its energy use more efficient. The Group-wide ESAVE programme designed to reduce SCA's energy consumption and environmental impact was initiated in 2002. Since the outset, more than 400 small-scale projects have been carried out, which together have delivered major improvements. Since 2002, ESAVE projects have reduced fuel consumption by approximately 410 GWh, cut carbon dioxide emissions by 86, 000 tonnes and provided electricity savings of 470 GWh annually.

SCA uses co-generation power at all the Group's pulp and paper mills. Briefly, this means that the steam required for production of pulp and paper is also used for electricity production before entering the manufacturing process. Efficiency using this technology is very high since it makes optimal use of the energy content of the fuel.

MAJOR INVESTMENT IN WIND POWER

SCA and the Norwegian energy company Statkraft are making a major investment in wind power and formed a joint venture for wind power production in northern Sweden in 2007. Plans include annual production of 2,800 GWh of wind power electricity in seven wind farms. Statkraft will arrange funding of SEK 16bn while SCA will grant land for the wind farms.

Following a thorough inventory of the Group's forest land, SCA has identified a number of areas, including seven in Jämtland and Västernorrland, that will be developed together with Statkraft. In contrast to moun-

WASTE – FUTURE ENERGY

In Witzenhausen, Germany, SCA is building a new power plant in cooperation with an external partner. Production waste and household waste from the region will be treated and incinerated in the new plant. When fully operational in the summer of 2008, the plant has the capacity to incinerate 265,000 tonnes of paper waste and household waste annually . The Witzenhausen mill will therefore be electricity self-sufficient allowing the gas-based technology used today to be phased out. The power plant will also produce a significant surplus of electricity for delivery to the local grid.

This project will provide a number of benefits. The mill will be self-sufficient in electricity and both SCA's production waste and regional household waste will be managed efficiently and economically. The current practice of sending waste to landfill can cease.

SCA and the Norwegian power company Statkraft are making a major investment in wind power. Plans include seven wind power farms that will produce a total of 2,800 GWh of electricity.

tain and coastal areas, there are few conflicts with other stakeholders here. At the same time, weather conditions are favourable and proximity to the main grid transmission network will limit transmission losses. Environmental assessments and planning will be performed on the sites chosen. Provided everything proceeds according to plan, construction work can start in 2009.

BIOFUEL PRODUCTION

In response to social pressure to cut carbon dioxide emissions from fossil fuels, demand for biofuel is rising fast. As a major user of biofuel and Europe's largest private forest owner, SCA has significant interests in this issue. Political support mechanisms currently favour burning high-quality wood raw material to produce energy.

Instead, SCA advocates two ways to optimize use of the forest's resources. The first means that the high-quality wood raw material is initially used to manufacture products and not until afterwards – when the wood or fibre has become waste – is it used for energy production. Comparative studies show that this generates a significantly higher overall value for society.

The second way to achieve efficient use of wood raw material is to utilize logging residues for energy production. SCA is already a major producer of biofuel from forest waste and residues from industry through its company Norrbränslen in Sweden. Norrbränslen sells pellets from four plants with a combined capacity of 300,000 tonnes and supplies a total of approximately 4 TWh of biofuels.

SCA is currently carrying out extensive development work to make efficient and profitable use of branches, tops and stumps for energy production.

TRADING IN EMISSION RIGHTS

SCA participates in the trading system for emission rights introduced by the EU in 2005 in order to meet the EU's undertaking in the Kyoto Protocol to reduce carbon dioxide emissions. The first phase in the trading system comes to a close at the end of 2007. As a result of the ongoing shift to biofuel and natural gas, SCA has had a 10% surplus of emission rights during the period. This surplus has either been sold or invested in CDM projects, see page 20.

During the first phase of the system, companies were able to transfer emission rights between years. When the system enters its second phase in 2008, it will no longer be possible to include emission rights from phase 1. This means that unused emission rights from phase 1 cannot be used in phase 2.

On the other hand, the unused emission rights can be invested in developing countries through Clean Development Mechanism (CDM) projects. Under these projects, companies or nations with unused emission rights can make investments to reduce emissions from fossil fuels in developing countries and thus acquire new emission rights that can be used in phase 2 of the trading system. CDM will enable net emissions of greenhouse gases to be reduced at a lower cost in global terms.

Climate and energy

SCA has invested in the operations of Indian energy producers via unused emission rights, an investment that will create new emission rights that can be used in 2008 and beyond.

CARBON FOOTPRINT

The intensive climate debate in recent years has led to a number of initiatives from authorities and companies.

In this context the concept carbon footprint has been one development. Briefly, this is about being able to report the CO_2 emissions associated with a product or service during its life, a kind of simplified life cycle assessment.

At the beginning of the year, a British retailer announced its aim to develop a carbon footprint labelling measure for products sold it its stores. An initiative was subsequently taken by the British Standards Institute, with the involvement of UK Government, to develop a standardised method for determining a carbon footprint of a product. The Carbon Trust (a UK organization that helps companies to reduce their carbon dioxide emissions, financed by the UK government) has the task of leading this project.

SCA is involved in the consultation on this development and has also taken a leading role in producing a framework for the development of carbon footprints for paper and board products for the European paper industry.

LIFE CYCLE ASSESSMENTS (LCA)

SCA has been working with life cycle assessments (LCAs) for over 15 years and this is the only method that provides a complete picture of the environmental impact of a product. Using an LCA, which involves monitoring the product from the cradle to the grave, environmental aspects and potential impact are examined during the product's life cycle, from purchase of raw material to production, use and end-of-life.

Using this holistic approach means there is no need to move environmental problems from one area to another due to different measurement methods. Principles and guidelines for LCAs are provided in the international standards ISO 14040 and ISO 14044.

LCA calculations are based on extensive collection of data through SCA's Resource Management System (RMS). An environmental evaluation through an LCA allows suppliers to be ranked, improves purchasing processes and contributes to environmentally appropriate product development.

The environmental impact of products can be surveyed with an LCA analysis. In a comparison study, for example, it was determined that disposable diapers and cloth diapers are

FACTS 2007

- Unchanged carbon dioxide emissions from fossil fuels in relation to production level.
- Production of 755 GWh green electricity.
- Biofuels account for 40% of SCA's energy consumption.
- 2.6 million tonnes net absorption of CO_2 in SCA's forests.

EXAMPLES OF PROJECTS TO REDUCE CARBON DIOXIDE EMISSIONS

- 2007: More than 400 ESAVE projects have resulted in savings of SEK 300m annually. Work with ESAVE will continue.
- 2009: A new power plant in Witzenhausen, Germany.
  Total investment: SEK 1,180m

ENERGY PROJECTS IN DEVELOPING COUNTRIES

SCA is participating in five Clean Development Mechanism (CDM) projects in India. The projects are part of the EU's trading system for emission rights which are described in more detail on page 19–20.

"The CDM projects are a way of making environmental investments in regions where they have the greatest positive impact," says Patrik Isaksson, Vice President, Environmental Affairs at SCA.

All CDM projects are controlled by United Nations Framework Convention on Climate Change (UNFCCC).

Three of the projects SCA is participating in:

- In Sree Rayalseema, SCA has invested in a new power plant. The plant has been in operation and creating emission credits since February 2001.
- In Shalivahana, SCA has invested in a new power plan that utilizes local biomass fuels. The plant has been in operation and creating emission credits since December 2002.
- At the Ugar Sugar Works a CHP plant (16 MW) was installed in the existing facility. The project was implemented in 2003 and has created emission credits since 1 January 2004.

equal. However, in terms of absorption, comfort and practicality, the disposable products are far superior.

TRANSPORT

SCA makes determined efforts to reduce carbon dioxide emissions in conjunction with its transport activities. Most of the raw materials and products from SCA, approximately 70%, are transported by sea. This is the mode of transport together with rail freight that has the lowest environmental climate impact.

These transport activities have been made considerably more efficient in recent years. Ships fully loaded with forest products leave for Germany, the UK and the Netherlands from ports on Sweden's Norrland coast. The ships return almost fully loaded, among other things with recovered fibre that is reused in production in SCA's mills in Piteå and Umeå, but also with goods for other Swedish industrial companies.

Some 20% of SCA's transports are by truck, which is often the only alternative for the final transport from the harbour or terminal to the customer, but also for the initial transport of raw materials from the forest to a manufacturing plant or a railway terminal. For product transports by truck, practical environmental work is focused on minimizing transports through sound planning and by ensuring that the trucks carry the maximum load, for example. SCA is also evaluating synthetic diesel fuel as a means of reducing the environmental impact of truck transports.

The remainder, approximately 10%, of SCA's transport goes by rail. This is mainly containerboard, which is transported in a special railway shuttle from the mills in Umeå and Piteå in Sweden to a terminal in Skövde, but it also includes timber. On the return journey from Skövde the trains are fully loaded with recovered paper heading for Piteå and Umeå.

SCA assesses its largest and most important carriers from an environmental point of view. These assessments form part of the basis for decision when carriers are selected. The results of these assessments are also fed back to the carriers in order to encourage continual improvements.

INCREASED DEMAND FOR BIOFUEL

Through its subsidiary Norrbränslen, Sweden, SCA is a significant producer of biofuel from forest waste and industrial residues. Norrbränslen sells pellets from four plants with a combined capacity of 300,000 tonnes and supplies a total of approximately 4 TWh of biofuels.

Demand for biofuel is rising continuously which means that competition for European forest raw material is also increasing. Already, there are examples of power plants using high-quality pulpwood in their energy production.

For SCA it is important that the Group has access to forest raw material for its production and consistent efforts are therefore made to meet rising demand for biofuel by raising the volumes of biofuel from forest waste such as branches and tops. The company's activities include a project to optimize transport of forest slash.

SCA is also conducting a development project to see whether stumps can be used for biofuel. The project's aim is both to examine the financial aspects and whether it is possible to reconcile the use of stumps in energy production with responsible forestry.

HEALTHY ZEBRA FISH IN ÖSTRAND'S WASTEWATER

Wastewater from the Östrand pulp mill outside Sundsvall, Sweden, has no negative effects on fish and crustaceans living in the sea outside the mill. This is shown in a survey performed by the Swedish Environmental Research Institute, IVL.

Part of the survey was carried out using zebra fish, a common aquarium fish genetically very similar to a Swedish roach fish. Two generations of fish lived in wastewater from Östrand so that their growth rate and reproduction could be measured.

Results showed that the wastewater had no negative effects on the fish whatsoever. Other parts of the survey were also positive. None of the environmentally hazardous substances normally existing near pulp mills were found. Water emissions have reached such a low level that in normal operation no negative effects can be expected when the water runs into the sea.

Water

WATER – AN INCREASINGLY VALUABLE RESOURCE

Water is one of the most important and most sensitive natural resources on earth. Access to clean water is affected both by changes in climate and by emissions from industry and society. For this reason new political directives, within the EU and elsewhere, are being developed to strengthen protection of our water bodies.

The EU Water Framework Directive from 2000 is being gradually implemented to achieve "good" water quality by 2015. The directive is based on managing individual water districts, such as a lake or river, on the basis of their unique characteristics. The focus is therefore on what the individual water body can actually tolerate. The costs of the monitoring and control mechanisms required to manage a water district will be charged directly to industries and municipalities. The price of water will therefore rise significantly. The EU also recommends that price should be used as a direct control mechanism to reduce water consumption within the EU.

SYSTEMATIC EFFORTS TO IMPROVE WATER USAGE

SCA uses large volumes of water for the manufacture of paper, corrugated board and tissue. The manufacturing processes also mean that wastewater contains organic material.

In order to improve the Group's water usage and prepare for future legislation, SCA formulated two clear water targets in 2005 and started extensive improvement work.

SCA's target is to reduce water consumption by 15% and the organic content in wastewater by 30% during the period 2005 to 2010 in order to limit the risk of eutrophication. At year-end 2007 the reductions, since 2005, were 1.2% and 4.2% respectively.

The reduction in total water consumption has primarily been achieved by reusing process water, and the proportion of organic substances in wastewater has been limited through more efficient external treatment and by reducing emission sources. SCA also uses the sludge formed in wastewater treatment to produce environmentally sound energy through incineration and/or production of biogas.

EXCEEDED LIMIT VALUE

The Östrand pulp plant exceeded the limit value for suspended solids during 2007. In accordance with the environmental conditions, the plant is permitted to discharge 1.0 tons of suspended solids per day as an average value for the entire year. The average in 2007 was 1.2 tons per day. The reasons for the higher discharge were several different events, primarily production disturbances.

Suspended solids are suspended particles such as fibre residues and biological sludge. Sludge is formed in the biological treatment of wastewater.

The consequences of the discharge are considered minor. SCA is focusing major resources on resolving the problem and preventing any similar events in future.

The County Administrative Board, which is the supervisory authority, has received a detailed report of the events that caused the excessively high discharge and the measures taken to ensure that the limit values are not exceeded. Surpassing a limit value can result in charges for prohibited environmental activities.

PROJECTS FOR IMPROVED WATER CONSUMPTION

- Rebuilding the bleaching unit in Mannheim, Germany, reduced water intake by almost 11% as well as improved treatment of wastewater from several tissue machines.
- Introduction of counter-current washing in Kostheim, Germany, which makes water treatment more efficient.
- Investment in a new treatment plant at the mill in Lucca, Italy, which will treat wastewater to fresh water quality which is then reused in production, leading to a significant reduction in costs.
- Investment in a new treatment unit at the mill in Munksund, Sweden, which will reduce the organic content in wastewater by 70%.
- Closure of pulp manufacture in New Zealand during 2007 since the wastewater cannot be treated satisfactorily.

FACTS 2007

- 1.2% lower water consumption compared with the reference year 2005.
- 4.2% lower organic content in wastewater compared with the reference year 2005.
- Decision on new wastewater treatment plant in Munksund, Sweden. Investment: SEK 243m.

Forestry is a long-term business. The forest plans that are drawn up cover periods of more than 100 years and the long-term felling plan was updated in 2007. The inventory that preceded the update shows that SCA conducts sustainable silviculture.

Forest

RESPONSIBLE USE OF WOOD RAW MATERIAL

SCA's third environmental target is to ensure that no wood fibre and no material manufactured from fresh wood fibre comes from controversial raw material sources. The Group manages its own forests responsibly according to the Forest Stewardship Council's (FSC) international forest management standards. Extensive checks are also carried out on external suppliers of wood raw material. The Group has also developed manufacturing methods that allow extensive use of recovered fibre as a raw material in its production.

Approximately half of the fresh fibre comes from SCA's own forest holdings, while 30% comes from other Swedish forests. The remainder mainly comes from forests in Central Europe (3% from Russia).

RESPONSIBLE FORESTRY

SCA owns 2.6 million hectares of forest, making it the largest private forest owner in Europe. Over 75% of the land, 2 million hectares, is used for active forestry, of which approximately 5% is excluded from felling in order to preserve the natural values of the forest. The remainder comprises areas with low timber production.

For more than 50 years, SCA has been conducting forest inventories which are used as supporting data for calculating the forest's long-term sustainable yield. These yield calculations extend more than one hundred years into the future. Following inventories during the two preceding years, the long-term harvesting plan for SCA's forests was updated in 2007. The inventories showed that current harvesting levels are sustainable. Yields can be retained at today's levels for two decades, after which a sustainable increase of about 20 percent is possible.

The annual final fellings amount to approximately 1% of managed forest land. At felling, 5% of the stand is set aside in order to conserve conditions for biological diversity. One example of this is the conservation of storm-resistant pines in order to create conditions for large birds of prey, such as golden eagles, to nest. The average age of pines containing golden eagles' nests is as high as 270 years. Another example is that high stumps are left to create long-term habitats for insects and bird life.

Responsible forestry is an increasingly important competitive tool and certified forest products are more and more in demand by SCA's customers. SCA has had ambitious environmental objectives for the Group's forest lands for many years, and SCA's forestry received FSC certification in 1999.

SCA is today one of world's largest suppliers of FSC-certified products with a broad product portfolio that includes solid-wood products, pulp, magazine papers, newsprint, toilet paper and kitchen rolls. All the timber delivered to SCA's mills and sawmills is FSC-certified or meets FSC criteria for controlled wood which means that its does not come from controversial sources.

SCA is therefore uniquely placed to meet the growing demand for FSC-certified paper, timber and pulp.

CHECKS ON EXTERNAL SUPPLIERS

SCA buys in large quantities of raw material that originates from fresh fibre. In order to ensure that no fresh-fibre based material used in the Group's manufacturing stems from controversial sources SCA checks all fibre-based raw material by an assessment of existing and potential suppliers. This work includes

- questionnaires and documentation requirements,
- random follow-up of suppliers,
- independent audits.

During 2007, SCA collected data from all large suppliers of fibre-based material and these were evaluated based on such criteria as quality, environmental aspects and delivery reliability. Among other effects, this resulted in a reduction in China of the number of paper suppliers from 150 to 88.

CONTROVERSIAL SOURCES ARE DEFINED AS

- Illegally harvested timber.
- Timber from forests with high conservation values.
- Timber harvested in violation of human rights or the rights of indigenous people.

RAISED LEVEL OF SCA'S NATURE CONSERVATION

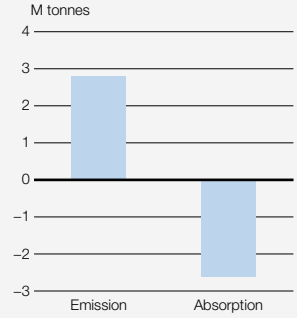
Following a number of fellings with deficient consideration for nature noted in 2007, SCA has taken strong measures to ensure good nature conservation in the Group's forest management. SCA wishes to avoid any repetition of these mistakes through improved planning, training, follow-up and feedback of results.

Immediate action included a review of felling planned for the winter and clear instructions to the approximately 100 felling teams that work for SCA. SCA has also decided to monitor consideration for nature more closely in its felling operations and ensure fast feedback of this follow-up to the people who carried out the work.

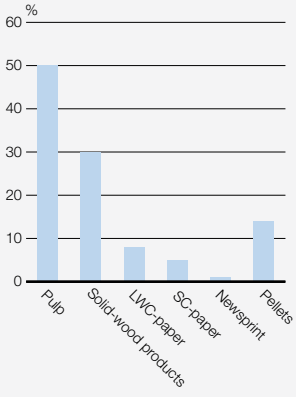
At the beginning of 2008, SCA underwent a renewed audit by SGS Forestry, a company that conducts audits for the Forestry Stewardship Council. The audit confirmed that SCA had corrected, or is in the process of correcting, the deficiencies that were noted and SCA will continue to be FSC certified. Supplementary audits will be carried during summer 2008. SCA is continuing efforts to ensure the high quality of its nature conservation work also in the long term.

Eva-Barbara Fürst-Wiesmann, Mannheim, Germany
Responsible use of forest raw materials is one of SCA's three long-term environmental goals. In her position as Director Quality, Safety and Environment for SCA Tissue Europe, it is one of all the issues on Eva-Barbara Fürst-Wiesmann's desk. Eva-Barbara and her colleagues are working with an investigation of all the business group's pulp suppliers to ensure that the raw material is not from a controversial source.

Emission/absorption of carbon dioxide 2007



Share of sold FSC products 2007



EXTENSIVE USE OF RECOVERED FIBRE

In 2007 SCA used approximately 4.3 million tonnes of recovered paper and 4.5* million tonnes of wood/sawmill chips in its production. The recovered fibre comes from paper recycling in cities all over the world.

SCA drives the development of production methods based on the use of recovered fibre and has developed new methods enabling the use of recovered fibre as raw material. About 50% of SCA's production today is based on recovered fibre and 50% is based on fresh fibre.

The company has its own organization, SCA Recycling, that collects and distributes recovered fibre in Europe. The fibre collected is delivered to the Group's European packaging and tissue plants.

*Partly internal deliveries.

FACTS

- 2.6 million hectares of forest.
- 4.4 million m^3 felled timber.
- Net growth 1.9 million m^3 – net absorption 2.6 million tonnes CO_2 in SCA's forests.
- Timber consumption amounted to 9.3 million m^3 for the entire SCA and 7.9 million in Sweden (net).

Chemicals and waste

CHEMICALS

The use of chemicals is one area where legislation is decisive for development. The new EU legislation Registration, Evaluation and Authorisation of Chemicals (REACH) came into force in 2007. This new legislation covers product safety, occupational and environmental aspects and makes producers responsible for proving that their chemicals are safe to use.

Since REACH defines chemicals wider than previous legislation, it will concern some raw materials, not normally perceived as chemicals. SCA has good control of its chemical handling and is thus well prepared to deal with the new requirements in conjunction with the implementation.

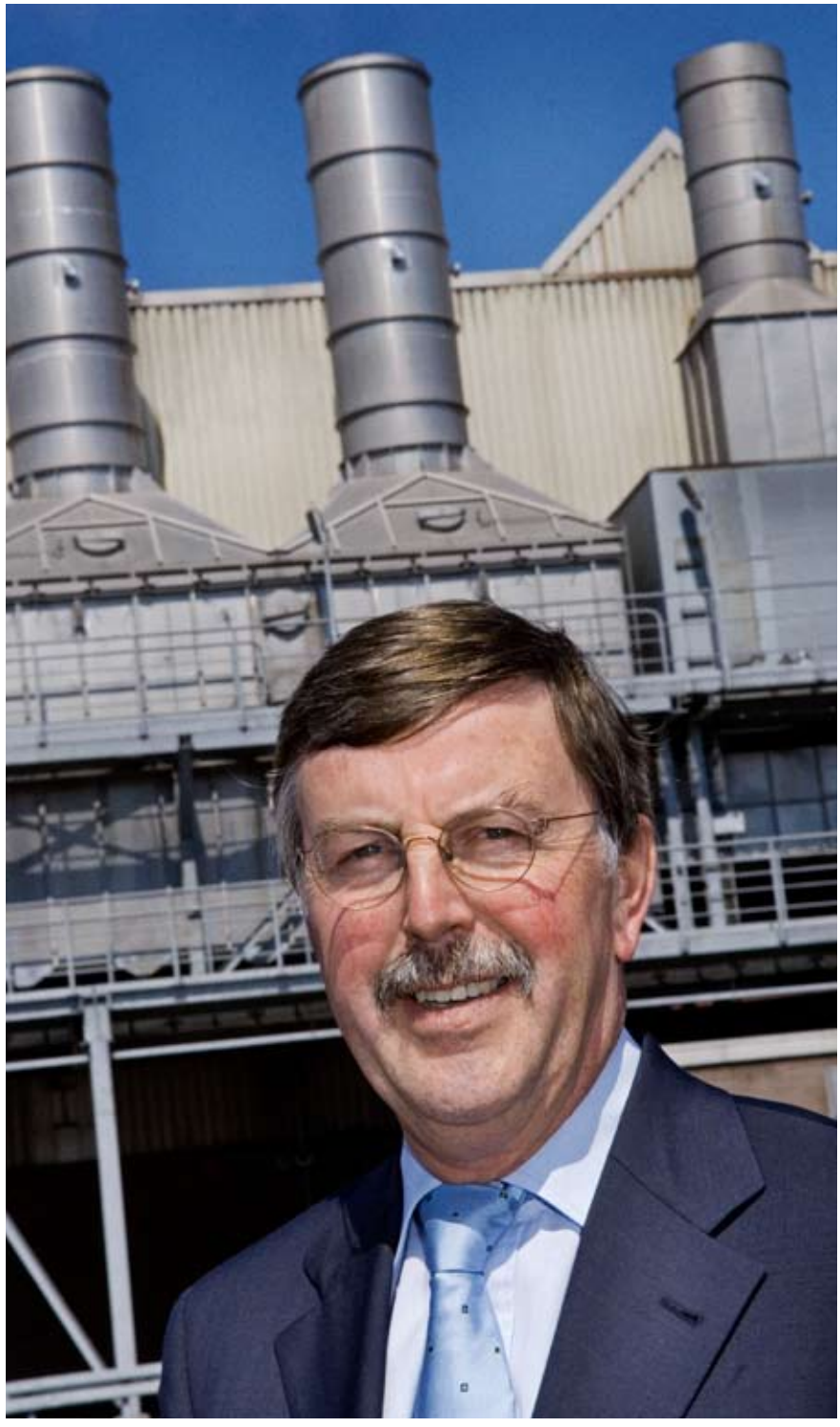
One important tool in this work is SCA's web-based chemical management system. The effects of different chemicals on health and the environment are described in this system. The system currently contains information on 4,300 chemical products used by SCA.

The Personal Care and Tissue Europe business groups use the Chemical Assessment Procedure (CHAP) – a new and improved control tool for the business group's plants. CHAP is used to evaluate the chemicals from occupational health, environmental and product safety perspectives.

PRODUCTION WASTE

The EU directive on waste sent to landfill stipulates that the volumes of biodegradable substances sent to landfill must be cut by 65% by 2015 compared with volumes in 1995. Combined with the Kyoto Protocol, requirements for reduced carbon dioxide emissions, and rising energy prices, this means that waste is increasingly regarded as a potential energy resource.

One example of successful management of production waste is the paper mill in De Hoop, the Netherlands. By utilizing waste heat from paper production the production waste (plastics and paper fibre) is dried to a suitable degree of dryness. The material is then sold as fuel raw material to European power stations. In 2007, a similar unit went into operation at the paper mill in Lucca, Italy.



Henk Lingbeek, Managing Director of SCA Packaging De Hoop, in front of a heat exchanger. The paper mill celebrated its 350th anniversary in 2007 and is SCA's oldest mill. The festivities were on a grand scale and included a range of activities involving all employees, local school classes, and retired De Hoop employees who came by bus from all over the Netherlands.

Anabel Rodriguez, San José, Costa Rica
That everyone can afford to buy SCA's products is close to the heart of Anabel Rodriguez, Marketing and Sales Director for Central America. "Our responsibility is to develop a product that is functional and that women can afford to buy," she says. This has led to SCA broadening its product range with a less expensive product series and less packaging while building up a distribution network to ensure that remote small stores also have access to the products.

Social responsibility

SCA's work with corporate social responsibility contributes to the sustainable development of its operations. The Group's commitment to these issues dates back many years and is part of the corporate culture.

The work is based on the Code of Conduct, which provides the basis for SCA's approach to issues such as health and safety, employee relations, human rights, business ethics and community involvement.

As a minimum, SCA will comply with all applicable legislative and regulatory requirements. SCA will adopt standards consistent with its Code of Conduct where existing legislation or regulations are not in keeping with the company's goals.

Some key activities

- Human rights assessments at 17 sites across eight countries.
- Development of policy and associated documentation for blood borne virus infection for the Group.
- Continued development of systems for comprehensive assessment of suppliers to ensure Code of Conduct compliance in the supply chain.
- Monitoring, reporting and investigation of Code of Conduct violations.
- Work towards the continuous improvement of health and safety at SCA workplaces.
- Established monitoring programmes and updated routines at SCA facilities for rapid detection of any recurrence of Legionella bacteria.

SCA's Code of Conduct

SCA has expanded substantially over the last three decades and evolved into an international Group with a presence in a growing number of countries on all continents. This globalization process has created many opportunities, but has also made SCA more complex and created a situation where the Group has to consider wide differences in areas such as culture, legislations, business traditions and ethics.

CODE BASED ON CORE VALUES

SCA's Code of Conduct is based on the company's core values – respect, excellence and responsibility – and constitutes the cornerstone of its commitment to managing its business activities in accordance with ethical principles and applicable legislation and regulations. The Code, while not exhaustive, provides guidelines for SCA and its employees regarding health and safety, human rights (including child and forced labour), business practices, employee relations, data privacy and procedures for reporting code violations.

BUSINESS ETHICS

SCA strives to live up to high standards of business ethics, be a good corporate citizen and a preferred employer and the SCA Code of Conduct is an integral part of the way the company does business. As a result of its commitment to world-class standards of business integrity, the challenge for SCA businesses worldwide is to ensure that the Code of Conduct is reflected in all activities at the local level. This makes it more important than ever to ensure that SCA conducts its business in accordance with the principles and values outlined in its Code of Conduct.

Ensuring that the Code of Conduct is a living document throughout the Group requires continuous efforts to reinforce and rebuild awareness of its principles. SCA monitors compliance with the Code of Conduct through existing reporting systems and by the introduction of new Key Performance Indicators (KPIs) where needed.

GLOBAL MARKETS

SCA operates in countries where business conditions may differ from those in the Group's traditional markets. For this reason the Group makes consistent efforts to eliminate the risk of corruption and violations of its Code of Conduct.

This involves three key concepts:

- awareness of the potential problems,
- exercising extreme care when making decisions – such as choice of employees and business partners,
- always adopting a clear stance so that employees and the market are never in doubt with regards to SCA's position.

In concrete terms this means that SCA has implemented an extensive system to ensure that employees understand and support the Group's core values. Equal care is taken when choosing suppliers and other business partners. Tenders and offers are obtained from several suppliers and, where necessary, compared with corresponding costs in other countries in order to ensure that fairness, transparency and good governance are upheld. SCA also makes every effort to identify different types of risks and develop methods for managing them in an optimal manner. One example is the strict application of the second level approval principle, which means that decisions must be approved by an immediate superior. Several business groups hold regular seminars and workshops to inform employees about specific problems they may encounter in certain markets.

VIOLATIONS OF THE CODE OF CONDUCT

In 2005, a formal procedure for reporting and investigating suspected violations of the SCA Code of Conduct was developed and implemented. This system includes an e-mail service that allows employees to report their concerns directly to the Group SVP Human Resources. SCA's anti-retaliation policy protects all employees who report suspected violations.

During 2007, 11(12) violations were reported through this procedure. All reports were thoroughly investigated and the results reported to and reviewed by the business group managements. This resulted in the dismissal of seven employees as well as disciplinary action and voluntary separation for three employees. One case is still under investigation.

FOLLOW-UP OF OBJECTIVES FOR 2007

The objectives for 2007 included continued evaluation of human rights compliance within the operations (see page 37), the development and implementation of mechanisms to ensure Code of Conduct compliance in the supply chain (see page 10–11), the development of a corporate Group-wide HIV/Aids policy and associated procedures and guidelines (see page 35), and the assessment of compliance with the Code of Conduct to enable the identification of areas where further action is required. Work will continue on the above goals during 2008.

SCA's CODE OF CONDUCT

Health and Safety: National and international legislation always constitute the minimum requirements for SCA's activities. In most cases, SCA's own policy exceeds the requirements of local legislation.

Employee Relations: SCA strives to foster a non-discriminatory company culture in which all employees are treated fairly and without discrimination.

Business Practice: SCA seeks to compete fairly when pricing its products and services and rejects all forms of corrupt business practice. Face-to-face and online Code of Conduct training support this commitment together with an e-mail hotline for employees to raise any concerns about violations.

Respect for Human Rights*: SCA works actively to ensure compliance with its human rights policy in all of the company's businesses, through for instance conducting assessments at SCA's factories in countries that are deemed to be particularly sensitive.

Community Relations: SCA contributes both directly and indirectly to the societies in which it operates. The Group's products are used by millions of people on a daily basis and our organization employs over 50,000 people. SCA strives to engage actively in the communities where it operates.

Communication and Privacy of Data: While taking into account the bounds of commercial confidentiality, SCA seeks to ensure open communication and respects the individual's right to privacy of data.

Applicability: The Code of Conduct applies to all SCA employees in all countries in which SCA operates and is available in 19 languages at www.sca.com

*The face-to-face and online Code of Conduct training available to all employees include special focus on human rights issues.

Employees

During 2007, SCA had approximately 50,000 employees in 60 countries. Approximately 15% of employees hold an academic degree or similar. Approximately 25% of SCA's employees are women.

A company of SCA's size is constantly adapting to meet changes in the external environment. These changes can be in a variety of different areas such as the development of new products, changes in marketing, establishment and expansion in new markets and changes in organization and production structures. In every case the relationship between the company and its employees is a crucial success factor.

SCA strives to always take into consideration the long term well-being of its employees and to engaging in ongoing, active and transparent dialogue with employee representative organizations and trade unions. SCA's objective is to provide a safe, healthy, stimulating and non-discriminatory work environment based on respect for and trust in employees. SCA aims to recruit, employ and reward its employees based on ability and contribution and to provide opportunities for personal growth and professional development.

DIALOGUE WITH EMPLOYEES

SCA places value in having well-informed employees and creates opportunities for them to freely express their views.

The importance to SCA of effectively engaging with employees makes employee surveys an important tool for evaluation of operations and providing a basis for improvement.

Examples of employee surveys undertaken during 2007 include the survey of SCA sawmills in Sweden. This survey focused on leadership, motivation, targets and follow-up, development and skills, work environment, work climate and stress. Each employee completed a questionnaire and participated in a personal interview with the aim of creating better working conditions and developing the organization. To date, the results indicate a high level of job satisfaction and each sawmill will develop an action plan for further improvements.

Another example is the Personal Care business group where one of the goals is to create an organization and culture that enables employees to realize their full potential. In order to achieve this, efforts are made to:

- set clear objectives that make a tangible contribution to the development of the business,
- ensure that employees receive the right support and concrete feedback,
- offer employees opportunities for further development.

In order to track progress, an annual employee survey is undertaken and all employees are invited to offer their views on their actual work situation compared with the objectives. The results from this survey then form the basis for further improvements.

DIALOGUE WITH EMPLOYEE REPRESENTATIVES

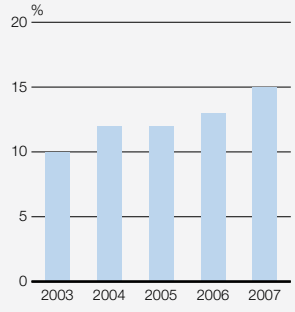
In many markets SCA has formal employee consultation processes. One of the largest representative groups is the SCA European Works Council which represents about 30,000 SCA employees. Through regular meetings at different levels, SCA maintains an ongoing dialogue with employee representatives. Items on the agenda include the Group's development, earnings and organizational changes. SCA recognizes the right of employees to freely associate and all SCA employees are free to join trades unions. In 2007, more than 70% of SCA's employees were covered by collective agreements.

GLOBAL FRAMEWORK AGREEMENT

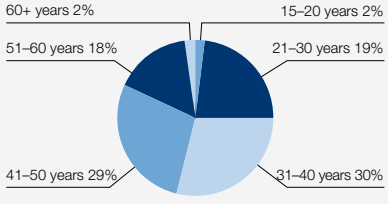
In April 2004, SCA signed a global framework agreement with the International Federation of Chemical, Energy, Mine and General Workers' Union, (ICEM, which represents more than 20 million members worldwide), the Swedish Paper Workers' Union (which in this context represents all the Swedish trade unions) and SCA's European Works Councils.

The agreement is based on the Code of Conduct and expresses SCA's willingness to promote cooperation and social responsibility within its worldwide operations and to act as a responsible employer. Areas covered by

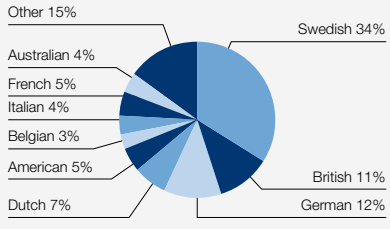
Percentage of employees with academic degree or similar 2003–2007



Employee age distribution SCA Group 2007



SCA's top management diversity survey top 300 managers 2007



In total 31 nationalities.

Employees

the agreement are reviewed bi-annually in a joint meeting between the signatories. The last review in January 2007 concluded that no violations of the agreement had occurred.

COMPENSATION

SCA offers employees a market-tested total remuneration package that fairly rewards their efforts and skills. Levels vary in each local market in which the company operates. Remuneration packages offered to SCA employees are assessed by regularly monitoring country norms and undertaking salary surveys and industry comparisons to keep SCA businesses competitive in every market.

RESTRUCTURING AND RE-ORGANIZATION

In order to stay successful in the competitive environment in which SCA operates, the Group must ensure that the organizational structure supports SCA's business strategies and aspirations. Thus, restructuring processes are inevitable, and they sometimes mean that employees need to be laid off.

Eliminating jobs is always a difficult decision but SCA strives to ensure that any restructuring is handled in a responsible and transparent manner and that the interests of all parties involved are considered. Employees are informed early in the process about the reasons for the changes, expected consequences, and how the changes will be implemented. Employees are assisted in finding alternative permanent employment on acceptable conditions, with due regard for the professional and personal circumstances of each individual.

SCA's policy is to provide employees with timely information with respect to organizational changes. In cases not involving employee redundancies, approximately 3-4 weeks of notice is provided.

SCA believes that a responsible attitude also yields other benefits such as enhanced employee loyalty and a positive reputation as a responsible employer.

DIVERSITY

SCA aims to ensure that all employees are treated fairly and with respect and offered opportunities to develop their skills and talents and thereby contribute to the success of the company. In order to create a dynamic organization with a broad range of expertise from different fields, SCA strives to achieve diversity in its operations. Discrimination, harassment and threats are not tolerated under any circumstances. Employment and promotion must be based on the merits of the employees.

MANAGEMENT DIVERSITY SURVEY

SCA strongly believes in the value of diversity among its employees and appreciates the unique contribution made to the success of the business by each employee. SCA sees the inclusion of individuals with a variety of character traits, experiences and perspectives as a contribution to a stimulating workplace. The greater diversity of views also provides deeper customer and consumer insights and enhances relationships with all stakeholders.

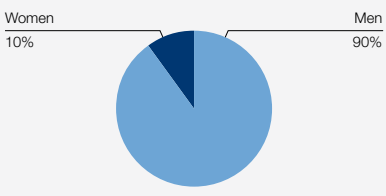
To obtain a picture of the current situation, SCA has conducted an annual diversity survey of the company's 1,000 and 300 top managers since 2003. In 2007, 44(38) nationalities were represented among the 1,000 most senior executives and the proportion of women and men was 16% women and 84% men (14%, 86%). Among the 300 most senior executives there were 31 (26) nationalities represented, and the proportion of women and men was 10% and 90% respectively (9%, 91%). The trend since 2003 shows positive increases in gender and nationality diversity.

EMPLOYEE DEVELOPMENT

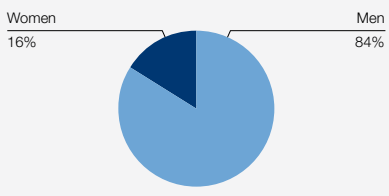
SCA invests significant amounts in various forms of employee development every year. Each business group has training and development programmes designed to meet their specific needs. In 2007, the cost of the training and development programmes totalled SEK 178m (165), which corresponds to approximately SEK 3,500 per employee. This amount only relates to external costs.

One example of SCA's work with employee development is the comprehensive investment in Mexico and Central America where the goal is that all employees should have the possibility to participate in six days of off-site training per year. In addition to operational training

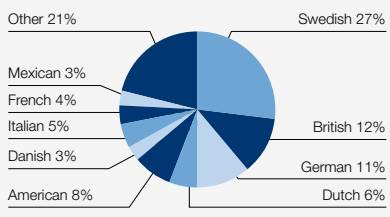
SCA's gender top 300 managers 2007



SCA's gender top 1,000 managers 2007



SCA's top management diversity survey top 1,000 managers 2007



In total 44 nationalities.

RECRUITMENT IN RUSSIA

One example of a market where there is intense competition for labour, and the challenge to recruit the right employees is particularly important, is Russia. SCA's hygiene operations have therefore developed a special training programme for new employees. The training includes both legal issues and SCA's internal rules for fair competition and ethical business principles. Employees are informed about the policies and programmes that govern the company's operations. In order to guarantee the long-term effects of this training, follow-up programmes and ongoing communication about SCA's expectations and requirements are provided.

such as Kaizen (a method for achieving continuous improvements in productivity), preventative maintenance, computer training, etc., employees participate in training that improves their overall capability. For example, factory workers study to improve their basic literacy. There is also training that helps build a workplace free of discrimination and sexual harassment. During 2007, SCA provided an average of 6.1 days of training per employee in Mexico and Central America.

EMPLOYEE RECRUITMENT

To develop SCA's business in line with the Group's strategic goals, SCA must be able to recruit, develop and retain well-educated and competent employees. In Western Europe and North America, the challenge is to attract young employees in a fiercely competitive labour market characterized in part by demographic changes and altered lifestyles. In other parts of the world, other international companies compete for young, well-educated employees.

For these reasons, and as a result of internal studies, SCA has taken a number of measures to strengthen its position as an attractive employer. A global recruitment policy was adopted and implemented to ensure that all business groups work according to the same principles and with a high degree of transparency. The policy also means that there are better prerequisites for increased internal mobility.

Furthermore, a new global SCA Job Portal was launched in 2007. It is being rolled out country by country and will be implemented globally in the beginning of 2009. The portal includes information on all available jobs within SCA that are open to both internal and external candidates. Those who wish, may register their CV and preferences for future work areas in a database that automatically matches them to vacancies/available jobs as they arise.

LEADERSHIP DEVELOPMENT

During the past year, SCA continued to organize and offer various leadership programmes. To achieve the Group's goals for profitable and increasingly rapid growth, sound leadership will be required at all levels of the organization. SCA has therefore developed a Leadership Pipeline, which is a tool for systematically conducting leadership development training at various levels with an awareness of the fact that competence requirements may vary, depending on the organizational level in question.

All business groups within SCA have processes for conducting regular/annual goal discussions with employees. More than 50% of the employees participate in regular performance and career development reviews. Each business group also has a succession plan that is revised annually. At the Group level, a corresponding process encompasses SCA's top 300 managers and is led by the CEO.

Health and safety

SCA actively strives for the continuous improvement of health and safety in the workplace and aims to provide a safe and non-discriminatory working environment for its employees. The company regards any workplace injury as being one too many. Accordingly, extensive efforts are made to eliminate injuries and illnesses among both employees and contractors.

SCA's efforts with regards to health and safety are based on national legislation, international regulations, benchmarking of industry standards and on SCA's own requirements which often exceed those of national legislation. The complete SCA Health and Safety Guidelines can be read at www.sca.com.

DECENTRALIZED RESPONSIBILITY

Accountability for delivering on SCA's commitment to provide employees with a safe, stimulating and non-discriminatory work environment is devolved through the line organization. Local facilities are required to develop and implement appropriate management systems, procedures, and training in line with the SCA Group Health and Safety Guidelines.

SITE CERTIFICATION

Utilizing a systematic framework to organize efforts in health and safety has proven very effective in identifying and addressing workplace risks, identification of methods to eliminate risks and establishing a process to measure and evaluate performance improvements. Many SCA facilities use national or international management systems such as OHSAS 18001 to assist in their efforts towards improvements in health and safety. The standard is aimed at assisting companies to manage operational risks and improve performance. To date more than 30 SCA production facilities are certified in accordance with OHSAS 18001. During 2007 four production sites were newly certified and 20 production sites plan to obtain certification during 2008.

SAFETY PERFORMANCE

Performance monitoring is key to meet the objective of continous improvement. Work-related injuries and illnesses are tracked and reported at all sites throughout the SCA Group, with a particular focus on incidents resulting in time away from work (Lost Time Accidents). As of 2005, SCA also tracks dangerous occurences and minor accidents that do not result in injury or absence from work. Reporting incidents and their root cause is important as the information is used to develop preventive measures and leads eventually to a safer work environment.

Detailed Group-wide safety performance data is presented in the table and graphs below. Of SCA's production plants, 33 (50) were free from accidents and injuries during 2007.

Improvement initiatives are based on risk analyses and consist of extensive preventive measures. Accidents resulting in absence from work are carefully analyzed so that concrete steps can be taken to eradicate their cause.

Tragically two employees and one contractor lost their lives at SCA workplaces during the year, despite overall improvements in accident and injury statistics. SCA believes that the health and safety of employees must never be taken for granted and the pursuit of zero accidents and injuries at SCA's workplaces remains the primary goal.

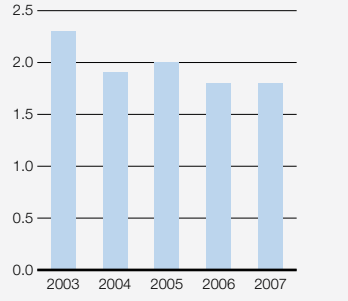
IMPROVED SAFETY FOR CONTRACTORS

Prevention is the primary objective of health and safety programmes at SCA. Experience shows that a higher risk of accidents in SCA comes from the presence of contractor personnel on company sites. SCA is committed to engaging contractors who have a strong safety culture. SCA requires contractors to train, supervise, and direct their employees to be mindful of the health and safety requirements at its workplaces. Some examples of ongoing activities to reduce the risks posed by contractors include activities in the UK and Sweden to introduce "Contractors' Safety Passports" and the web-based safety training programme at the Ortviken and Östrand pulp and paper mills in Sweden.

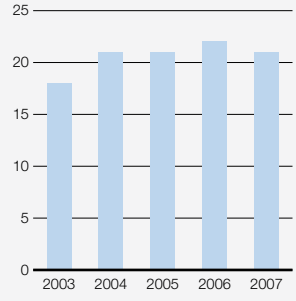
LEGIONNAIRES' DISEASE

Tests at wastewater treatment plants at several paper mills across the SCA Group in 2005 revealed, in some instances, higher than desired levels of Legionella bacteria. This resulted in a Group-wide focus on potential risks and the implementation of remedial action where necessary to separate water

Incident Rate (IR)



Accident Severity Rate (ASR)



Safety summary

	2007	2006	2005
Lost Time Accidents (LTA)	770	762	915
Days lost (DLA)	15,812	17,428	18,969
Accident Severity Rate (ASR)	21	22	21
Incident Rate per 100 employees (IR)	1.76	1.75	2.03
Frequency Rate (FR)	9.5	9.8	11.7

flows, identify methods to curb bacteria propagation and to regularly decontaminate risk-prone areas of the plant.

During 2007, a case of Legionnaires' disease was discovered at the Ortviken mill. The probable cause was growth of Legionella bacteria in seldom-used waterhoses at the plant. New routines will reduce the risk of bacterial growth at Ortviken and other SCA facilities where monitoring programmes have been established for rapid detection of any recurrence of Legionella bacteria.

BLOOD BORNE VIRAL INFECTION

SCA recognizes the seriousness of blood borne virus infections such as Hepatitis and HIV/Aids and the potential impact they could have on the workplace and lives of employees. SCA is therefore addressing blood borne viral infection proactively in a supportive and non-discriminatory manner in collaboration with its employees. During 2007 a suite of documents summarizing SCA's view on blood borne viral infection and how it should be dealt with within the organization was developed to guide local SCA companies. Work will be undertaken in 2008 to communicate this throughout the organization.

CHANGING ATTITUDES AND A FOCUS ON HEALTH

SCA's European packaging operations are currently involved in a comprehensive and long-term change programme designed to position the business as a full-service supplier of packaging solutions.

Some of the change process focuses on employee health and safety with a specific vision of 100% continuous employee attendance at all mills and sites. Since 95% of all absence is due to illness, great importance is placed on offering a range of voluntary activities to promote employee health. These include regular health checks, vaccination against influenza, a number of keep-fit activities, and lectures on subjects ranging from cardiovascular disease to cooking.

At SCA's plant in Bowling Green, Kentucky, US, an internal reward system based on safety indicators is in place in order to encourage employee involvement. The plant achieved two years without an LTA in 2007.

ACCIDENT STATISTICS FOR 2007:

- The number of accidents per 100 employees (IR) decreased from 2.3 to 1.8 over the preceding 5-year period.
- Accident Severity Rate (ASR) decreased while the relative number of accidents remained unchanged.
- Accident Severity Rate per million working hours (FR) varied across the business groups from 17 to 4 with an average of 9.5 for SCA as a whole.

EXTERNAL AWARDS

Two SCA Packaging Asia sites won external safety awards in China during 2007. SCA Packaging Guangzhou won an "Advanced Safety Enterprise" award in a Health & Safety Challenge Cup competition held by the General Labour Union and Safety Administration of Panyu District, Guangzhou city.

SCA Packaging Hohhot also won an "Advanced Safety Enterprise" award based upon the results of a manufacturing safety assessment by the Jinshan Development Zone.

SAFETY TRAINING

Continuous training and information combined with technical improvements at the workplaces are important tools in SCA's safety training.

In Mexico and Central America, SCA conducted the award-winning DuPont STOP programme (Safety Training Observation Program) with all manufacturing employees. The net result was a reduction of loss-time accidents from 62 in 2006 to 20 in 2007.

Bradley Sun, Shanghai, China
Bradley Sun is a key player in the ambitious work with health and safety issues in China in his capacity as an EHS engineer (Environment Health & Safety) at SCA Packaging Asia. In the picture he is checking emergency stop and lock out devices on printing machines during an audit at a Chinese plant.

SAFETY FIRST IN CHINA

One good example of the focus on continous improvement is SCA Packaging Asia's long-term commitment to world-class standards of health and safety across its 12 plants in China. This commitment began in 2005, when SCA acquired the previously jointly owned production facilities and began with a long-term improvement programme for health and safety. An initial audit of all plants was undertaken to establish the level of health and safety performance. An action plan was then developed for each unit.

The Chinese improvement programme is based on the OHSAS 18001 safety management standard and to date nine of the 12 plants have been certified. Certification is planned for the remaining three plants in 2008.

The focus of the activities undertaken by SCA Packaging Asia in China during 2007 has been to enhance safety culture. Activities included fire-fighting exercises, first-aid training, thermo-graphic surveys at all sites to eliminate the possible causes of electrical fire and a knowledge-based safety competition.

As a result of this work, SCA's packaging plants in China achieved significant success with the number of days lost due to accidents decreasing by 32% during 2007. The improved standard at the Chinese plants also led to an improvement in their competitiveness and the plants have secured several new international customers as a direct result of their efforts.

SAFETY BINGO

Employee safety initiatives are primarily about changing potentially dangerous attitudes and behaviour. SCA therefore works with a number of behavioural safety programmes to encourage employees to work more safely.

One unusual method to increase safety awareness used by SCA's Bertako plant in Spain and several of SCA's UK operations is – safety bingo! Participating in safety bingo motivates SCA employees on a daily basis to create a safety conscious atmosphere resulting in fewer work-related injuries and increased productivity and employee morale. The game is easy and fun to play and with prize money increasing with every accident-free day. It has proven to be a novel but effective method to maintain a high level of safety awareness at the facilities.

Human Rights

RESPECT FOR HUMAN RIGHTS

SCA supports the principles of the UN Declaration of Human Rights. The Group is committed, in accordance with its Code of Conduct, to support and respect the protection of human rights within its operations and within the company's sphere of interest. One of the challenges facing SCA is to ensure that its ethical principles are reflected throughout the Group's operations – including those parts of the world where there is limited respect for human rights, corrupt business practices are common, relevant legislation is lacking, and the rule of law can be insufficient.

ASSESSMENTS

Since late 2005, a total of 28 human rights assessments have been undertaken at 26 wholly owned SCA facilities and two joint venture facilities in 12 countries around the world. These assessments include implementation of SCA's Code of Conduct, conditions of employment, salaries and other benefits (pensions, medical insurance, etc.), relations between the company, its employees and their representatives, ethical business practice, community involvement, and health and safety issues.

The assessments are focused on countries identified as having higher risks of substandard working conditions based on the input of human rights groups and other NGOs. The assessments are based on personal interviews as well as quantitative and qualitative data.

The results provide valuable insight into working conditions at SCA's facilities and an opportunity to evaluate on-site compliance with the Code of Conduct. During 2005/6 assessments were undertaken in Russia, China, Malaysia, Poland, Mexico and Colombia. Two non-compliances identified in Mexico and Malaysia were subsequently addressed. During 2007, 17 assessments were undertaken in China, Singapore, Malaysia, Costa Rica, Greece, Spain, Czech Republic and Hungary. These assessments identified two violations of SCA's Code of Conduct related to health and safety at production sites in Greece. Business group management is currently developing an action plan to achieve compliance.

The conclusion of the 2007 assessment reports is that while areas for improvement were identified, SCA's facilities in general are of a high standard and conduct their operations in compliance with the Code of Conduct. This picture is consistent with earlier assessments.

Community involvement

In over 60 countries around the world, SCA provides jobs and develops the skills of its employees, creates opportunity for other businesses in the value chain, generates revenue for governments and invests in a variety of projects. Accomplishing this in a responsible and accountable manner is SCA's most significant contribution to the sustainable development of the communities in which it operates.

SCA is proud of its long record of community involvement. Although SCA was only founded in 1929, its predecessors in the Swedish forest industry created a tradition of investment in the community stretching back more than 200 years. Investment in the building of churches, housing and general infrastructure was commonplace.

The situation is different today but SCA is still committed to its belief that as a company, it can make a valuable contribution by using the Group's skills, experience and resources, to support long-term sustainable initiatives that add value to the communities in which it operates.

SCA's approach is not simply to make charitable donations or provide sponsorships, though SCA and its employees do often donate time and money to worthy causes. But SCA facilities are encouraged to engage in local activities, to build constructive relations within their local communities with local organizations, schools and other educational institutions, industry associations, residential and business neighbours, action groups and other stakeholders.

IMPROVING WOMEN'S EVERYDAY LIFE

Millions of women and girls in impoverished or remote communities around the world cannot afford or have no access to basic sanitary protection. Many are forced to use newspapers or rags which leads to an increased risk of infection for which there is often little available medication.

Lack of access to feminine care products has far-reaching implications. Families suffer from increased poverty as mothers and wives are unable to work when they have their periods and it is estimated that many young girls are forced to stay home for up to five days per month - jeopardizing their education and leading to far lower rates of literacy among women.

SCA's feminine care products provide the company with a natural link to issues relating to hygiene and women's health and their possibilities to develop and prosper. Every year SCA is actively involved in projects designed to improve the everyday lives and health of women around the world.

Dignity! Period. is the name of a campaign to draw attention to the lack of sanitary protection for women in Zimbabwe and the consequences of this. SCA contributed with feminine care products and funds.

During 2007, SCA supported the Dignity! Period. campaign launched by Action for Southern Africa (ACTSA). SCA's feminine hygiene care brand, Bodyform, involved consumers in the campaign which resulted in the donation of 250,000 packs of feminine care products and generated GBP 50,000 in donations. The ACTSA campaign aims to highlight the plight of women in Zimbabwe, where due to hyperinflation a pack of sanitary towels costs the equivalent of half a month's salary. The campaign has raised awareness of the problems in Zimbabwe.

SUPPORT FOR CANCER RESEARCH

Each year several hundred thousand people around the world are diagnosed with cancer. SCA annually participates in a variety of activities and initiatives, in many countries, to raise awareness of and support research and education into various forms of cancer.

During 2007 SCA, through its tissue brand Sorbent, supported the Australian Daffodil Day, aimed at providing support to all those affected by the disease, with a donation of more than AUD 100,000. In addition, SCA continues to provide much-needed funds to aid Australian research into ovarian cancer. SCA supports the Ovarian Cancer Research Fund (VIC) and the Millennium Foundation (NSW), which are focused on research aimed at improving early detection rates. SCA is also committed to helping fight ovarian and cervical cancer by raising awareness among women of the signs and symptoms of the disease.

Many myths surround both these forms of cancer. SCA has been involved in advertising campaigns and information distribution to increase awareness among women.

In Central America SCA has partnered with an international pharmaceutical company to educate women about the risks of cervical cancer. This campaign targeted young women in Honduras, Guatemala, Nicaragua, El Salvador, Panama and Costa Rica. Regular screenings for cervical cancer are not common in all Central American countries.

As a part of the education process, sales representatives from SCA were trained to help consumers become aware of factors which may increase their chances of developing cervical cancer. Over a quarter of a million postcards and other information material was distributed to consumers by SCA representatives at the point of sale. In addition, women were directed to an interactive website which provided in-depth information. Press conferences were held in each of the Central American countries to help spread the message.

INCREASED KNOWLEDGE OF INCONTINENCE

TENA is SCA's brand for incontinence care products and SCA has been consistently working for many years to increase knowledge about incontinence and break through the social and psychological stigmas that still surround this condition. Incontinence is estimated to affect approximately 5-7% of the world's population today and one out of four women over the age of 35. By providing products that help these individuals to live a normal, active life despite their condition, SCA makes a significant contribution to improving their quality of life.

The Observatorio Nacional de la Inconti-

nencia (ONI) in Spain, the Fondazione Italiana Continenza in Italy and the Institut TENA in France are three multidisciplinary scientific organizations that SCA works with to break the taboo surrounding incontinence, raise standards of incontinence care, support incontinence research and improve training and information provided to healthcare professionals, opinion-makers and healthcare principals. SCA also sponsors various sports and other activities in order to raise awareness of incontinence among the public and to normalise the condition.

OTHER EXAMPLES OF COMMUNITY INVOLVEMENT DURING THE YEAR:

- SCA and its employees in the US support the charity umbrella organization "United Way", whose agencies provide essential services to people in need. Since SCA matches employee contributions dollar for dollar – USD 150,000 were contributed to United Way by SCA and its employees during 2007.
- In 2007, Mexico suffered one of the worst natural disasters in the country's history with severe flooding in the Tabasco region. This resulted in several SCA's employees losing their homes and possessions.

  SCA sent medical personnel to the disaster area and donated personal care products, rubber boots, rainwear, torches, uniforms, insect repellent and medicines. SCA and its employees also collected USD 10,000 to employees affected by the floods.
- In August 2007, 29 employees from SCA Gennep, SCA Hoogezand and Interforest Terminal Rotterdam in the Netherlands participated in the "Ride for the Roses" and raised EUR 1,500 for KWF, the Dutch national fund against cancer.
- 105 SCA employees and their family members in Flagstaff and Belmont, Arizona, in the US, participated in the American Cancer Society annual Climb to Conquer Cancer in Flagstaff to raise money and awareness in the fight against cancer. More than USD 6,000 was raised.
- 36 employees at the Menasha paper mill in the US participated in the Sole Burner race to raise funds for cancer research. USD 1,300 was raised for the American Cancer Society.
- SCA in Fiji has an ongoing programme of engaging with the community and providing assistance to charitable organizations. During 2007 organizations such as St Vincent De Paul, Fiji Cancer Society, Bainivalu Primary School, Homes of Hope, St Christopher, Red Cross and the Daughters of Charity were recipients of SCA's efforts.
- In addition to the Group's own environmental activities, SCA often participates in community environmental initiatives. One example is SCA's activities in the Slovakian village of Gemerskà Hôrka, where the company has been participating in partnership with local authorities in the UN's Development Programme (UNDP) initiatives to develop the Dominca region in a sustainable manner. During 2006, SCA participated in the clean up of the Slana River banks and during 2007 SCA employees were involved in a clean up in the Kras National Park. School children were invited to participate together with SCA as a means to help them develop a better understanding and appreciation of their natural heritage.

SANITARY PROTECTION FOR ALL

In Central America, there are approximately 40 million people with about 14 million living below the poverty level. It is estimated that approximately 40% of all women cannot afford to purchase any commercially available feminine hygiene product and many of those who live in remote regions have no access to such products.

To help meet the needs of low-income consumers in the region, SCA developed Amore by Saba and Saba Economica– a more affordable range of feminine hygiene products.

Having products accessible to purchase is another challenge in many parts of the world. In Costa Rica, 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 estimates that it reaches approximately 80% of these stores and thereby is able to reach many poorer consumers - some of whom can only afford to buy products one piece at a time rather than in entire packages.

Heather Cassady, Atlanta, Georgia, USA
SCA is recognized as a leader in environmental sustainability in the United States. "It is truly rewarding to be with a company that is a frontrunner in the environmental movement", says Heather Cassady, district sales manager in Atlanta. "This in turn is giving our customers a clear advantage in the marketplace with their end customers by offering the Ecologo products, provided by SCA, that are 100% recycled."

Economic responsibility

Conducting professional sustainability activities not only safeguards SCA's long-term earning capacity – it also strengthens the Group's competitiveness in both the short and long term. Sustainability initiatives have a major impact on the Group's efficiency and ability to attract and retain both customers and employees. From an owner perspective, sustainability initiatives helps to maximize the value of the company.

Some key activities

- More efficient production and therefore lower costs.
- Good and long-term business relationships.
- The ability to compete successfully for orders where customers place high demands on sustainability – a rising trend.
- Well placed to recruit, retain and develop employees with the right skills.

Shareholders

During 2007, SCA's net sales rose SEK 4,474m compared with the preceding year and amounted to SEK 105,913m (101,439). Profit before tax improved by SEK 1,404m, or 21%, to SEK 8,237m (6,833).

Increased volumes and higher prices improved operating profit for Personal Care to SEK 2,960m (2,799).

In Tissue, SCA prioritized the profitable segments of the market and price ahead of volume. Operating profit amounted to SEK 1,724m (1,490).

In Packaging, SCA grew strongly in the consumer and display packaging segments and favourable demand facilitated price increases. Operating profit improved to SEK 2,651m (2,072).

Demand for magazine and catalogue paper rose during 2007 and the market for pulp and timber remained strong. Operating profit increased to SEK 2,870m (2,475).

CREATING VALUE FOR SHAREHOLDERS

At year-end 2007 SCA had 75,723 registered shareholders. The three largest shareholders are AB Industrivärden, Handelsbanken and SEB.

SCA creates shareholder value through dividends and share price appreciation. Over a business cycle, one-third of operating cash flow is normally used for dividends and two-thirds for value-creating investments. Over the past ten years, dividends have risen by an annual average of 9% and the proposed dividend per share for 2007 is SEK 4.40.

During 2007 the price of SCA's B shares declined by 4% to SEK 114.50 on the Stockholm Exchange.

ATTRACTING SRI

Sustainability assessments have become increasingly important to investors in SCA shares. Major institutional investors (such as certain pension funds) often add environmental and social parameters to their risk analysis while a number of sustainability funds have a strategy of only investing in companies that are among the best from an environmental, social and economic perspective. A total of some 10% of SCA's shares are owned by investors who examine how the company works with sustainable development. This corresponds to an increase of 5 percentage points since 2004.

SCA is ranked annually in several sustainability indices, including FTSE4Good, a market index that measures the results and performance of companies that meet globally recognized responsibility standards.

SUSTAINABILITY – AN INCREASINGLY IMPORTANT COMPETITIVE TOOL

Previously, sustainability issues were primarily viewed as an environmental matter. The social dimension of sustainability work has grown over time and the business dimension has been added recently. Proactive sustainability initiatives are a prerequisite for long-term profitable business.

In the past year, far greater interest in sustainability was noted from the Group's customers. In contract negotiations customers are increasingly asking questions and making demands, primarily related to the environment.

From the left: Tom Dudfield (SCA, John Andersen, Wembley Stadium) and Rod Broadbent (SCA).

SCA WINS WEMBLEY CONTRACT

One example of how the Group's sustainability initiatives strengthen SCA's competitiveness is the major order from Wembley Stadium in London in 2007. In the end it was SCA's extensive environmental programme that decided the choice of supplier for the new stadium. All the toilets in the stadium will be equipped with products from SCA.

"SCA had all the products that we wanted, but the key to our decision is how the company's environmental responsibility is reflected in its policies," says John Andersen, Wembley Stadium's cleaning services manager. "We were impressed by the fact that SCA puts money back into reforestation and avoids using chlorine bleach in its products while also trying to minimize energy consumption. These factors scored very highly with us, and therefore we were keen to sign up SCA Tissue Europe ahead of any other tissue suppliers," explains Andersen.

Wembley Stadium, which was inaugurated in 2007, has 90,000 seats and will be visited by more than 1,500,000 sports and music fans each year.

For SCA, which has been conducting sustainability work for many years, this brings a competitive advantage. In the past year the company won several contracts that were wholly or partly decided by sustainability factors.

One example is the construction of Wembley stadium. The project had a marked environmental profile and strict environmental demands were made on suppliers. Read more about this on page 42. Environmental aspects were also a strong contributory factor when SCA won the contract to supply tissue to McDonald's restaurants in the UK, Germany and France.

SCA has a very strong environmental profile in the US. The tissue is manufactured from 100% recycled fibre and carries the EcoLogo environmental label. This environmental focus was the reason the American football team Philadelphia Eagles chose SCA as a strategic partner in its Go Green environmental programme and as supplier of tissue to the entire Philadelphia Eagles home stadium.

Many multinationals make demands on their suppliers related to social responsibility. SCA's ability to give satisfactory answers to these questions resulted, among other things, in a business advantage in the Chinese packaging operations.

INVESTMENTS LEAD TO EFFICIENT OPERATIONS

Over the last five years, SCA has made major investments which have provided considerable improvements in both efficiency and environmental performance. When investments are made the environmental effects of the investment are taken into account. During the period 2003 until 2007 investments totalled SEK 53m, of which about 8% comprises direct environmental improvement measures.

ECONOMIC CONSEQUENCES OF CLIMATE CHANGE

One effect climate change has had on SCA is participation in the EU's trading system with emission rights. In the present system, SCA has surplus emission rights of approximately 10% per year, which corresponds to approximately 150,000 tonnes. The financial value of one emission right (corresponding to one tonne of carbon dioxide) has varied considerably during the first phase of the trade system. This surplus has either been sold or invested in CDM projects (see page 19–20).

The emission rights system has also affected SCA indirectly since it is considered to be a contributory factor to increased electricity prices in recent years. These price increases have made a substantial contribution to SCA's higher electricity costs in recent years.

Europe's efforts to comply with the Kyoto Protocol and reduce emissions of fossil fuels has led to increased demand for biofuel. This increases prices of wood raw material and may in the future increase competiton for important raw material for SCA's production processes.

Stakeholders

CREATING VALUE FOR STAKEHOLDERS

SCA has both a direct and an indirect economic impact on its stakeholders. The company supplies its customers with products and services and purchases material and services from its suppliers. Payments include salaries to employees, dividends to shareholders and taxes to society. SCA's involvement in community projects makes an indirect contribution to the local economies.

One measure of how SCA creates value for its stakeholders is the distribution of the Group's expenses. In 2007 SCA's main expenses amounted to SEK 109,251m and was distributed as follows:

- Employee salaries SEK 15,465m
- Social security costs, excl. pensions SEK 3,051m
- To shareholders (dividend) SEK 2,939m
- To governments (taxes) SEK1,076m
- To creditors (interest paid) SEK 1,910m
- Suppliers SEK 73,063m
- Remaining in the company SEK 11,747m

CUSTOMERS

Net sales in 2007 amounted to SEK 105,913 (101,439). Customers primarily comprise major corporate customers but also indirectly consumers. Most sales took place in Europe (77%) and in North America (10%).

Major growth occurred, however, in Asia (7%), Latin America (16%) and Eastern Europe (19%). Sales in all SCA's growth markets account for 16% of the company's total sales, compared to 7% ten years ago.

SUPPLIERS

In 2007 SCA purchased raw materials etc. for a total of SEK 73,063m (69,188). SCA is an important source of income for many suppliers but also provides training for forestry contractors.

EMPLOYEES

SCA has over 50,000 employees who receive salaries and other benefits from the company. The employees in their turn contribute to their national economy with taxes and purchasing power.

In 2007 employee salaries totalled SEK 15,465m (14,668), and social security costs amounted to SEK 3,051 (3,067).

SCA invested SEK 178m (165) in employee competence developement in 2007 or almost SEK 3,500 per employee.

PENSION OBLIGATIONS

SCA has both defined contribution and defined benefit pension plans. The most significant defined benefit plans are based on employment period and employees' salaries at or close to retirement. The total net cost for pensions in 2007 amounted to SEK 217 (552). For further information, see Note 27 in SCA's 2007 Annual Report.

SOCIETY

SCA contributes to national economies by paying taxes and creating job opportunities. In some areas SCA is the dominant employer which gives the company considerable influence.

SCA also makes financial contributions to projects that benefit society, such as feminine care in Zimbabwe or donations to cancer research in Australia (for more details, see page 38).

CONTRIBUTION TO ECONOMIC DEVELOPMENT IN POOR COUNTRIES

SCA's operations are currently expanding fast in a number of emerging markets. SCA's essential everyday products contribute to general quality of life and there is a strong correlation, for example, between use of personal care products and GDP per capita.

SCA contributes to increased prosperity not only through its products but also by creating job opportunities for employees and subcontractors.

In countries such as Mexico and Costa Rica, SCA works with small packaging units and distribution to micro stores to give a broader range of customers access to the products. In Costa Rica, for example, SCA's revenues from these micro stores account for a full 45% of sales.

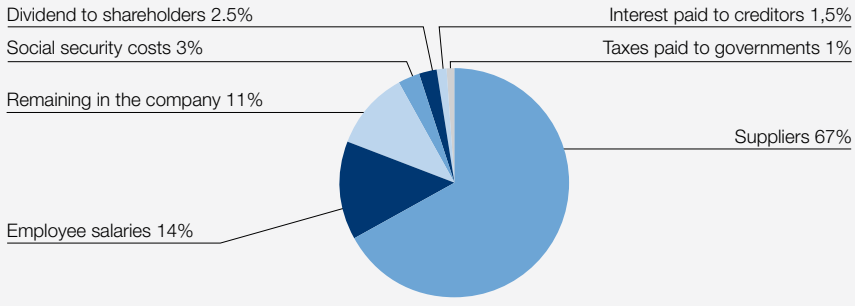
Facts about SCA's main growth markets

Latin America	2007	2006	+/– %
Sales, SEKm	1,795	1,543	16
Number of employees	4,403	4,302	2
Women, %	23	25	–5
Wages and salaries, SEKm	493	316	56

Eastern Europe	2007	2006	+/– %
Sales, SEKm	6,628	5,568	19
Number of employees	4,275	4,116	4
Women, %	40	43	–5
Wages and salaries, SEKm	521	371	40

Asia	2007	2006	+/– %
Sales, SEKm	4,666	4,374	7
Number of employees	6,763	5,892	15
Women, %	39	38	3
Wages and salaries, SEKm	350	298	18

Cost distribution by stakeholder

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Control and assurance

RMS

SCA has an extensive system for gathering and presenting data for individual production facilities and entire business groups. The Resource Management System (RMS) allows SCA to analyse data that describes how the company uses energy, water, transports and raw materials, as well as waste and emission 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 four new conversion facilities. Two paper mills have been removed from the RMS since they no longer belong to the SCA group.

RESOURCES

This section describes SCA's use of raw materials, water, energy and transports in 2007.

RAW MATERIALS

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

Renewable raw materials (fresh fibre and recycled fibre) 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 customer quality requirements. Synthetic materials are used in highly absorbent hygiene products to improve quality and function as well as in packaging with superior protective qualities.

SCA is Europe's largest collector and user of recycled fibre. The diagram shows the raw material distribution of SCA's products.

WATER

SCA's water supply is presented under the heading Raw Material Supply. The stated figures are totals for surface water, groundwater and municipal water systems. SCA's total water intake is 229 Mm^3.

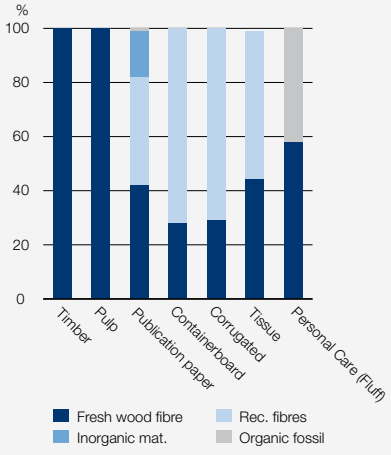
ENERGY

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 cogeneration of electricity. The stated energy data figures therefore include both a fuel component and an electricity component.

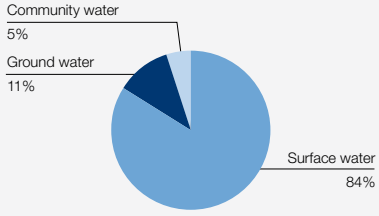
Any excess electricity produced at an SCA facility that is not used internally is supplied to the national grid. In 2007 SCA delivered 407 GWh of electricity to the national grid.

SCA supplies secondary heat derived from effluent hot water to district heating systems, mainly in Sweden. This is a good way of saving energy and in 2007, SCA delivered heat to district heating systems equivalent to 21,015 m^3 of fuel oil. SCA also delivered thermal energy equivalent to 16,992 m^3 of fuel oil to nearby paper mills.

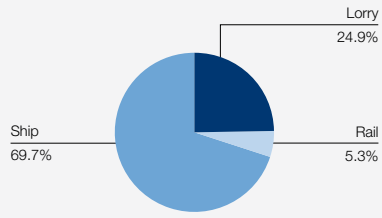
Distribution of raw materials



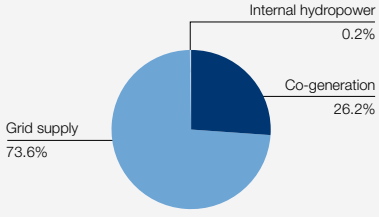
Distribution of water supply



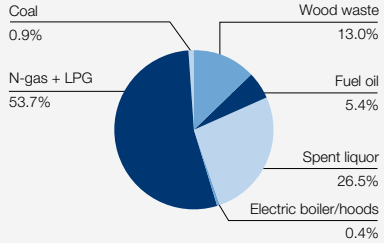
Distribution of transport usage



Distribution of electricity supply



Distribution of fuel supply



TRANSPORTS

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 transports. SCA's transport use is equivalent to 33.8 billion tonne-kilometres. Sea transports account for the greatest portion of SCA's transports and the remainder consists of road and rail transports. SCA's raw material and product transports use the equivalent of 14,026 TJ of fuel and 66 GWh of 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 tonnes and cubic metres, are shown in the tables, which present Group emissions in 2005, 2006 and 2007. It should be noted that SCA has made a number of acquisitions in recent years and this RMS report includes four new converting plants for the first time. Two paper mills have been divested and are no longer included in the figures.

AIR EMISSIONS

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

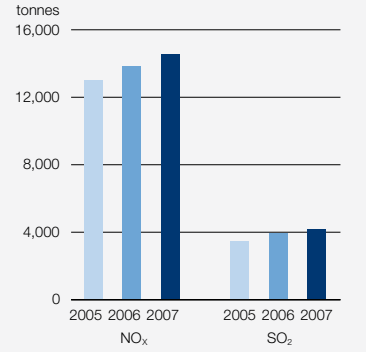
Three chemical compounds are measured and reported in relation to air emissions: NO_X, SO_2 and fossil CO_2.

The stated CO_2 figures may differ somewhat from those reported to local authorities under the EU Emissions Trading Scheme (ETS). This is because the countries participating in ETS use different limits and definitions for their calculations, while SCA calculates and presents RMS data according to a separate set of rules. A global company such as SCA, with operations on several continents, needs a single set of rules for calculating data to enable uniform reporting and monitoring of emission levels.

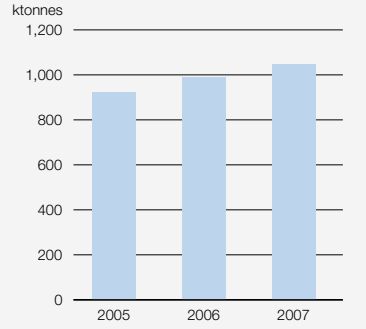
AIR EMISSIONS FROM TRANSPORTS

A large portion of SCA's air emissions is generated by transports, rather than the company's production activities. Transport emissions are not included in the tables "Raw materials, energy, and emissions" on page 51, but are presented in the diagrams to the right.

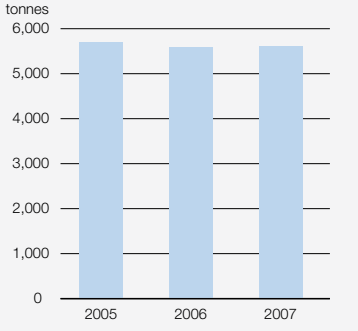
Emission from transport, NO_x and SO_2



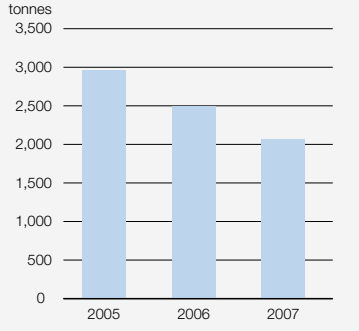
Emission from transport, CO_2



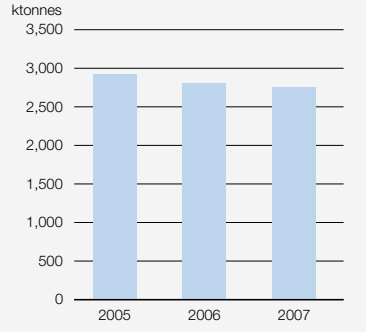
Air emissions, NO_X



Air emissions, SO_2



Air emissions, CO_2 fossil



WATER EMISSIONS

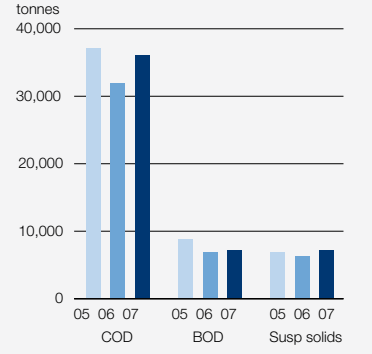
SCA's effluent water is divided into cooling water and process water. Cooling water has simply been heated and is not contaminated in any way. The total volume of discharged process water is 127 Mm^3. This water is treated using methods similar to those employed at municipal sewage treatment facilities. The figures for 2007 refer to process water emissions.

The emissions to water stated in the tables comprise COD, BOD, suspended solids, AOX, P and N. Methods of measuring differ in some respects. All SCA production of bleached chemical pulp employs Totally Chlorine Free (TCF) processes. The stated AOX data refers to treatment of incoming raw water.

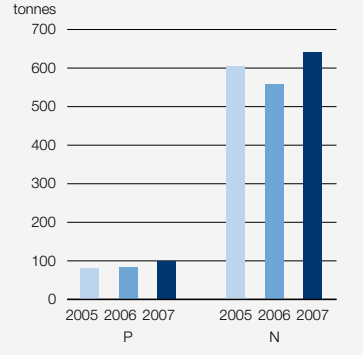
SOLID WASTE

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.

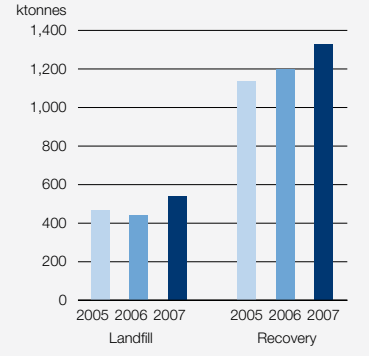
Water effluents COD, BOD and suspended solids



Water effluents P, N



Distribution of solid waste



Raw materials, energy and discharges

		Forest Products		Packaging		Tissue Products		Personal Care		SCA Group Total	
		2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Production											
Paper and pulp	ktonnes	2,208	2,222	5,022	4,888	2,254	2,300			9,483	9,410
Personal Care products	ktonnes							541	481	541	481
Timber and solid-wood products	1000m^3	1,810	1,660							1,810	1,660
1. Raw materials											
Wood/sawmill chips*	ktonnes	3,321	3,174	716	683	453	472	0	0	4,491	4,329
Purchased pulp*	ktonnes	130	142	0	0	837	765	377	304	1,345	1,211
Purchased paper	ktonnes	0	0	0	0	18	19	0	0	18	19
Containerboard*	ktonnes	0	0	2,890	2,783	0	0	0	0	2,890	2,783
Recovered paper	ktonnes	809	750	1,881	1,930	1,626	1,678	0	0	4,315	4,357
Inorganic material	ktonnes	336	320	2	2	10	9	0	0	347	330
Organic fossil material	ktonnes	13	13	26	28	4	3	275	247	318	292
Water	Mm^3	91	95	45	43	92	95	1	0	229	233
2. Energy											
Electricity											
Internal hydropower	GWhe	17	16	0	0	0	0	0	0	17	16
Co-generation	GWhe	1,200	1,037	586	582	530	518	0	0	2,315	2,138
Grid supply	GWhe	2,393	2,567	1,106	1,105	2,609	2,654	385	327	6,492	6,654
Total	**GWhe**	**3,610**	**3,620**	**1,692**	**1,688**	**3,139**	**3,172**	**385**	**327**	**8,825**	**8,807**
Fuels											
Biofuel	TJfuel	16,736	14,295	9,847	9,398	4,818	4,621	0	0	31,401	28,315
Fossil fuel	TJfuel	10,069	9,320	14,896	15,041	22,909	22,604	209	214	48,084	47,179
Electric boiler/hood	TJfuel	152	209	25	51	249	214	0	0	427	475
Total	**TJfuel**	**26,957**	**23,824**	**24,768**	**24,491**	**27,977**	**27,439**	**209**	**214**	**79,911**	**75,968**
of which co-gen.	TJfuel	5,970	5,425	2,989	2,925	3,614	3,238	0	0	12,572	11,588
3. Discharges											
To air											
NO_X as NO_2	tonnes	1,493	1,579	1,775	1,697	2,331	2,300	21	21	5,620	5,598
SO_2	tonnes	353	405	740	723	980	1,374	0	0	2,072	2,502
Dust	tonnes	129	130	262	414	185	153	0	0	575	697
CO_2 fossil	ktonnes	552	541	907	909	1,286	1,339	12	17	2,756	2,805
CO_2 biogenic	ktonnes	1,736	1,511	1,022	987	604	591	0	0	3,362	3,089
To water											
COD	tonnes	13,078	12,269	11,934	9,657	11,077	10,044	0	0	36,089	31,970
BOD	tonnes	1,182	847	3,578	3,207	3,550	2,953	0	0	8,309	7,007
Suspended solids	tonnes	746	604	2,897	2,302	3,524	3,349	0	0	7,168	6,255
AOX	tonnes	10	6	5	4	2	4	0	0	17	14
P	tonnes	34	26	28	22	37	36	0	0	99	84
N	tonnes	207	210	190	148	244	200	0	0	641	559
Effluent water	Mm^3	39	40	29	29	60	60	0	0	127	129
Solid waste											
Landfill	tonnes	75,803	72,404	81,302	103,391	378,060	260,750	3,626	4,222	538,791	440,768
Recovery	tonnes	356,100	231,794	138,844	124,664	773,094	794,222	60,519	46,911	1,328,557	1,197,585
Hazardous	tonnes	868	776	993	1,222	980	708	18	18	2,859	2,724

* Partly internal deliveries.

Facts about the mills – Tissue

2007		Edet Sweden	Jönköping Sweden	Drammen Norway	Prudhoe Great Britain	Tawd Great Britain	Chesterfield Great Britain	Oakenholt Great Britain	Stembert Belgium	Mannheim tissue Germany	Mannheim pulp Germany	Mannheim Total Germany	Kostheim Germany	Friesland The Netherlands	Le Theil France	Ortmann Austria	Valls Spain	Mediona Spain
Grades		**ti**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti,gp**	**bsi**	**ti,gp, pp,bsi**	**ti**	**ti,nw**	**ti**	**ti**	**ti**	**ti**
Production	**ktonnes**	**92**	**20**	**21**	**82**	**20**	**29**	**57**	**68**	**279**	**218**	**318**	**100**	**5**	**62**	**123**	**109**	**36**
Energy																		
Electricity																		
Internal hydro power	GWhe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Co-generation	GWhe	8	0	0	0	40	0	0	0	206	58	264	28	0	0	83	0	0
Grid supply	GWhe	128	26	28	139	22	30	57	78	240	68	308	110	11	71	56	133	33
Total	GWhe	**137**	**26**	**28**	**139**	**62**	**30**	**57**	**78**	**446**	**126**	**572**	**138**	**11**	**71**	**139**	**133**	**33**
Fuels																		
Biofuel	TJfuel	532	73	0	0	0	0	0	0	140	4,073	4,214	0	0	0	0	0	0
Fossil fuel	TJfuel	121	76	50	1,176	698	267	561	578	3,450	656	4,106	1,094	38	388	1,347	801	270
Electric boiler	TJfuel	124	0	125	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	TJfuel	**777**	**149**	**175**	**1,176**	**698**	**267**	**561**	**578**	**3,590**	**4,729**	**8,320**	**1,094**	**38**	**388**	**1,347**	**801**	**270**
of which co-gen.	TJfuel	35	0	0	0	537	0	0	0	903	255	1,157	122	0	0	464	0	0
Discharges																		
To air																		
NO_x as NO_2	tonnes	50	11	3	52	311	4	36	54	205	420	800	61	1	21	71	80	43
SO_2	tonnes	3	1	0	8	0	1	5	0	13	274	287	4	0	0	0	0	0
Dust	tonnes	0	0	0	1	0	0	0	0	0	53	54	0	0	0	0	2	0
CO_2 fossil	ktonnes	8	5	3	63	37	15	31	29	133	99	232	55	2	20	74	41	15
CO_2 biogenic	ktonnes	68	7	0	0	0	0	0	0	163	366	529	0	0	0	0	0	0
To water																		
COD	tonnes	432	160	306	22	E/T	E/T	46	102	255	5,204	5,459	208	E/T	32	242	23	0
BOD	tonnes	104	43	N/A	6	E/T	E/T	5	44	75	280	355	16	E/T	12	20	N/A	0
Suspended solids	tonnes	72	22	117	20	E/T	E/T	10	14	72	269	341	1	E/T	3	24	2	0
AOX	tonnes	0.5	0.2	0	0	E/T	E/T	0	0	0.8	0	0.8	0.4	E/T	0.1	0.4	0	0
P	tonnes	0.9	0	0.6	0.3	E/T	E/T	0	0.3	3.6	13.6	17.2	2	E/T	0.1	0.5	0.1	0
N	tonnes	14	3	3	0.9	E/T	E/T	0	2.0	20.0	74.6	94.6	10	E/T	1	13	0.7	0
Effluent water	Mm^3	3.40	0.62	1.08	2.56	0.56	0.47	0.49	0.75	3.50	13.10	16.60	1.71	E/T	0.47	3.63	0.24	0
Solid waste																		
Landfill	tonnes	3,458	902	30,591	8,034.0	1,067	1,974	219	208	267	0	267	0	0.0	0	0	311.8	101.8
Recovery	tonnes	36,284	21,319	3,082	80,375.0	6,581	31,403	7,933	3,265	51,656	0	51,656	87,112	2,372.3	4,321	110,058	6,291.2	1,250.5
Hazardous	tonnes	14	62	2	10	6	0	7	45	130	0	130	216	6	36	34	146	27

ti = tissue paper reels and/or tissue consumer products
nw = nonwowen
gp = grease proof paper
pp = packaging paper
bsi = bleached sulfite pulp
uc = uncoated fine paper
rc = recycled pulp
mp = market pulp
E/T = external treatment
N/A = data not available

	Svetogorsk Russia	Lucca 1 Italy	Collodi Italy	Pratovecchio Italy	Alsip US	Barton US	Flagstaff US	Menasha US	South Glens Falls US	Ecatepec Mexico	Monterrey Mexico	Uruapan Mexico	Lasso Ecuador	Cajicá Colombia	Medellin Colombia	Box Hill Australia	Kawerau New Zealand	Cavite Philippines	**Tissue Products** 34 mills	**Total**
	ti	**ti**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti, rp**	**ti, uc, mp**	**ti**	**ti**	**ti**	**ti**	**ti**	**ti**		
	42	**125**	**40**	**20**	**48**	**87**	**53**	**198**	**70**	**65**	**50**	**104**	**24**	**27**	**37**	**51**	**62**	**5**	**2,254**	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	0	80	0	19	0	0	0	0	0	0	0	0	0	0	0	0	0	7	530	
	42	38	35	1	61	130	48	297	92	67	87	99	33	58	50	123	110	7	2,609	
	42	**118**	**35**	**20**	**61**	**130**	**48**	**297**	**92**	**67**	**87**	**99**	**33**	**58**	**50**	**123**	**110**	**14**	**3,139**	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,818	
	347	1,679	297	316	438	663	456	1,717	728	643	568	738	279	160	626	937	686	62	22,909	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	249	
	347	**1,679**	**297**	**316**	**438**	**663**	**456**	**1717**	**728**	**643**	**568**	**738**	**279**	**160**	**626**	**937**	**686**	**62**	**27,977**	
	0	1,088	0	211	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,614	
	32	174	22	17	6	11	24	69	17	7	31	66	88	0	44	45	69	13	2,331	
	0	0	0	0	0	0	0	0	0	0	0	208	223	0	86	0	0	152	980	
	4	0	6	0	1	2	2	38	0	12	3	15	7	0	29	5	0	5	185	
	19	83	15	17	25	34	28	87	40	36	32	55	25	9	52	49	38	10	1,286	
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	604	
	E/T	E/T	E/T	0	N/A	341	569	N/A	N/A	E/T	E/T	74	547	46	961	1,497	N/A	10	11,077	
	E/T	E/T	E/T	0	979	24	28	44	314	E/T	E/T	47	602	28	585	50	241	4	3,550	
	E/T	E/T	E/T	0	1,335	100	95	66	211	E/T	E/T	20	69	62	74	861	2	3	3,524	
	E/T	E/T	E/T	0	0	0	0	0	0	E/T	E/T	0	0	0	0	0	0	0	2	
	E/T	E/T	E/T	0	0	4.9	5.6	2.5	0	E/T	E/T	0.3	0	1.97	0	0	0	0.3	37	
	E/T	E/T	E/T	0	0	1.4	0.6	54.5	0	E/T	E/T	2.4	31.8	4	0	6.418	0	0.2	243	
	1.78	0.24	0.15	0.00	2.87	3.99	0.28	8.09	2.35	N/A	N/A	1.13	0.63	0.89	0.62	0.94	2.80	0.34	60	
	9,069	592	157	2,810	49,394	61,824	515	22,650	55	774	23,625	98,474	16,972	31,311	7,097	488	3,720	1,401	378,060	
	1,362	940	290	2,094	0	1	35,273	187,597	75,790	237	763	0	164	1,161	12,659	250	1,210	0	773,094	
	0	21	1	24	31	2	4	1	73	17	15	50	0	0	0	0	0	0	980	

Facts about the plants – Personal Care

2007 Grades		Mölnlycke Sweden	Falkenberg Sweden	Linselles France	Gennep The Netherlands	Hoogezand The Netherlands	Olawa Poland	Gemerská Hôrka Slovakia	Drummondville Canada	Bowling Green US	Cavite Philippines	Selangor Malaysia	Springvale Australia	Auckland New Zealand	Cali Colombia	Ecatepec Mexico	Rionegro Colombia	Total Personal Care
Production	**ktonnes**	**3**	**84**	**58**	**80**	**105**	**18**	**27**	**31**	**33**	**4**	**41**	**5**	**7**	**17**	**20**	**8**	**541**
Energy																		
Electricity																		
Internal hydro power	GWhe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Co-generation	GWhe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Grid supply	GWhe	5	47	37	35	91	15	27	25	24	3	22	11	5	16	9	12	**385**
Total	**GWhe**	**5**	**47**	**37**	**35**	**91**	**15**	**27**	**25**	**24**	**3**	**22**	**11**	**5**	**16**	**9**	**12**	**385**
Fuels																		
Biofuel	TJfuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Fossil fuel	TJfuel	13	0	42	28	78	3	27	8	4	N/A	2	0.2	0.5	N/A	N/A	2	**209**
Electric boiler	TJfuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total	**TJfuel**	**13**	**0**	**42**	**28**	**78**	**3**	**27**	**8**	**4**	**N/A**	**2**	**0.2**	**0.5**	**N/A**	**N/A**	**2**	**209**
of which co-gen.	TJfuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Discharges																		
To air																		
NO_x as NO_2	tonnes	1.3	0	4.2	2.8	7.8	0.3	2.7	0.8	0.4	N/A	0.2	0	0	N/A	N/A	0.2	**21**
SO_2	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Dust	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
CO_2 fossil	ktonnes	0.9	0	2.4	1.5	4.4	0.2	1.5	0.5	0.3	N/A	0.1	0	0	N/A	N/A	0.1	**12**
CO_2 biogenic	ktonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
To water																		
COD	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
BOD	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Suspended solids	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
AOX	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
P	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
N	tonnes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Effluent water	Mm^3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Solid waste																		
Landfill	tonnes	0	44	0	0	1,254	0	219	497	334	0	6	765	140	67	0	301	**3,626**
Recovery	tonnes	306	9,439	3,965	6,143	15,265	2,715	6,970	3,318	2,521	181	1,325	489	554	2,020	2,932	2,377	**60,519**
Hazardous	tonnes	0	4	0	0	0	0	5	5	1	0	0	0	0	0	1	2	**18**

Facts about the mills – Packaging

		Munksund Sweden	Obbola Sweden	New Hythe Great Britain	De Hoop The Netherlands	Aschaffenburg Germany	Witzenhausen Germany	Lucca Italy	**Containerboard** 8 mills	**Corrugated board Europe** 71 plants	**Corrugated board Asia** 15 plants	**EPS Europe** 13 plants	**EPS Asia** 8 plants	**Total Packaging**
2007 Grades		**kl, wtl**	**kl, tl**	**tl, fl**	**tl, fl**	**fl**	**tl, fl**	**tl, fl,wtl**	**fl**					
Production	**ktonnes**	**363**	**402**	**232**	**334**	**350**	**318**	**370**	**2,368**	**2,403**	**230**	**11**	**10**	**5,022**
Energy														
Electricity														
Internal hydro power	GWhe	0	0	0	0	0	0	0	0	0	0	0	0	0
Co-generation	GWhe	177	64	116	134	0	93	2	586	0	0	0	0	586
Grid supply	GWhe	161	255	3	5	160	27	146	756	291	24	13	22	1,106
Total	**GWhe**	**339**	**319**	**119**	**139**	**160**	**120**	**148**	**1,342**	**291**	**24**	**13**	**22**	**1,692**
Fuels														
Biofuel	TJfuel	5,739	3,679	0	0	318	69	42	9,847	0	0	0	0	9,847
Fossil fuel	TJfuel	309	791	2,099	2,654	1,439	2,094	1,548	10,934	2707	473	142	641	14,896
Electric boiler	TJfuel	25	0	0	0	0	0	0	25	0	0	0	0	25
Total	**TJfuel**	**6,074**	**4,471**	**2,099**	**2,654**	**1,756**	**2,162**	**1,590**	**20,806**	**2707**	**473**	**142**	**641**	**24,768**
of which co-gen.	TJfuel	747	268	809	732	0	392	42	2,989	0	0	0	0	2,989
Discharges														
To air														
NO_x as NO_2	tonnes	414	383	104	110	229	117	34	1,391	255	59	14	57	1,775
SO_2	tonnes	71	188	2	0	2	20	0	283	292	74	20	71	740
Dust	tonnes	34	202	0	0	1	0	0	236	13	12	0	1	262
CO_2 fossil	ktonnes	28	61	118	148	81	117	87	639	169	38	9	52	907
CO_2 biogenic	ktonnes	588	393	0	0	34	4	4	1,022	0	0	0	0	1,022
To water														
COD	tonnes	5,879	3,802	225	289	230	213	404	11,042	660	232	0	0	11,934
BOD	tonnes	2,666	664	12	15	13	17	51	3,438	121	19	0	0	3,578
Suspended solids	tonnes	738	1,688	57	3	11	10	87	2,595	266	37	0	0	2,897
AOX	tonnes	3.5	1.1	0	0	0.2	0.1	0	5	0	0	0	0	5
P	tonnes	3.6	18.8	1.6	1	0.9	0.6	1.7	28	0	0	0	0	28
N	tonnes	22.3	111	16.6	9	8.9	5	17.4	190	0	0	0	0	190
Effluent water	Mm^3	13.96	6.68	1.93	1.70	1.37	1.20	1.42	28	0.60	0.20	0	0	29
Solid waste														
Landfill	tonnes	13,672	14,091	28,232	168	0	0	18,296	74,459	6054	265	430	93	81,302
Recovery	tonnes	1,154	24,111	0	22,868	28,614	22,379	34,324	133,451	4099	763	350	180	138,844
Hazardous	tonnes	11	50	6	30	41	16	27	181	732	79	1	1	993

kl = kraftliner
wtl = white top liner
tl = testliner
fl = fluting
E/T = external treatment
N/A = data not available

Facts about the mills – Forest Products

2007 Grades		Ortviken Sweden	Östrand Sweden	Laakirchen Austria	Aylesford Great Britain	**Pulp and paper** 4 mills	**Forest operations** 7 mills	**Total** **Forest Products**
		np, lwc	bk, ctmp	sc	np		solid-wood products	
Production	**ktonnes**	**844**	**488**	**503**	**372**	**2,208**		**2,208**
	1,000 m^3						**1,810**	**1,810**
Energy								
Electricity								
Internal hydro power	GWhe	0	0	17	0	**17**		**17**
Co-generation	GWhe	54	390	415	340	**1,200**		**1,200**
Grid supply	GWhe	1,870	100	267	8	**2,245**	**147**	**2,393**
Total	**GWhe**	**1,925**	**489**	**700**	**348**	**3,462**	**147**	**3,610**
Fuels								
Biofuel	TJfuel	2,606	12,394	0	482	**15,482**	**1,253**	**16,736**
Fossil fuel	TJfuel	359	664	4,800	4,068	**9,891**	**178**	**10,069**
Electric boiler	TJfuel	120	0	0	0	**120**	**32**	**152**
Total	**TJfuel**	**3,085**	**13,058**	**4,800**	**4,550**	**25,493**	**1,464**	**26,957**
of which co-gen.	TJfuel	242	1,641	2,118	1,968	**5,970**	**0**	**5,970**
Discharges								
To air								
NO_x as NO_2	tonnes	204	689	145	355	**1,393**	**100**	**1,493**
SO_2	tonnes	29	304	0	5	**338**	**14**	**353**
Dust	tonnes	23	93	0	11	**127**	**2**	**129**
CO_2 fossil	ktonnes	25	48	237	227	**538**	**14**	**552**
CO_2 biogenic	ktonnes	261	1,343	0	46	**1,650**	**86**	**1,736**
To water								
COD	tonnes	3,213	7,889	1,098	858	**13,058**	**20**	**13,078**
BOD	tonnes	84	974	81	38	**1,177**	**4**	**1,182**
Suspended solids	tonnes	177	439	53	77	**746**	**0**	**746**
AOX	tonnes	3	6.8	0.1	0	**10**	**0**	**10**
P	tonnes	3.3	27	3.1	0.5	**34**	**0**	**34**
N	tonnes	66.8	135	4.5	1	**207**	**0**	**207**
Effluent water	Mm^3	12.39	14.26	7.24	4.81	**39**	**0**	**39**
Solid waste								
Landfill	tonnes	552	22	0	70,986	**71,560**	**4,243**	**75,803**
Recovery	tonnes	30,548	52,125	138,665	134,297	**355,635**	**465**	**356,100**
Hazardous	tonnes	98	480	117	0	**695**	**173**	**868**

np = newsprint
sc = SC paper
lwc = LWC paper
ctmp = chemical thermomechanical pulp
bk = bleached kraft pulp
N/A = data not available

Data table – terminology

The notes below define the terminology used in our environmental data tables in the context of SCA. Production is the sum of all main products delivered from each site. SCA off-site integration is not included.

RAW MATERIAL SUPPLY

Wood/sawmill chips the sum of wood delivered to each site.

Purchased pulp the sum of pulp supplied to a site.

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

Organic fossil material covers crude-oil-based materials such as super-absorbent and adhesives calculated at 100 percent dry substances.

Water represents the sum of surface water, ground water and tap water for processes and cooling purposes.

Where input water is not measured, it has been calculated as equaling the effluent water.

ENERGY

Internal hydro power electricity produced in fully owned local hydro power stations.

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

Grid supply the electricity supplied from the national grid.

Biofuel renewable fuel from wood and process residues.

Fossil fuel coal, fuel oil and natural gas supplied to the site, exclusive of fuel for transport.

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

Of which co-gen that part of the total fuel supply allocated to the electricity produced by the CHP schemes.

DISCHARGES

NO_x as NO_2 the nitrogen oxides NO and NO_2, calculated as NO_2 derived from combustion. Where NOx is not measured, a standard value of 100 mg/MJ fuel is used.

SO_2 total sulphur calculated as SO_2 from processes and combustion at the site. Where SO_2 is not measured, the input sulfur in the fuel is calculated.

Dust particles in the flue gas created during combustion.

CO_2 fossil the carbon dioxide derived from combustion of fossil fuels. It is calculated from the carbon content of each fuel.

CO_2 biogenic the carbon dioxide derived from combustion of biofuel. It is calculated from the carbon content of wood.

COD the chemical oxygen demand substance measured in the effluent water leaving the site.

BOD the biochemical oxygen demand substance measured over seven days in Swedish mills and five days in the rest of Europe, in accordance with national legislative systems.

Suspended solids particles which are not dissolved in the effluent water.

AOX the amount of chlorine-bound organic substances.

P the total of phosphorus in the effluent water.

N the total of nitrogen in the effluent water.

Effluent water water discharged to the watercourse after treatment.

Landfill solid waste material sent to a landfill.

Recovery solid waste material recovered into an outside process.

Hazardous waste material disposed of by authorised contractors, as defined by national laws.

Comparison between the report and GRI's recommendations

SCA follows the GRI recommendations to the extent where it is appropriate and applicable. The following tables show which GRI indicators are addressed and where they may be found. The table includes all core indicators and the supplementary indicators that are applicable to SCA's operations. SCA considers its Annual Report and Sustainability Report as one entity.

The table includes all core indicators and the supplementary indicators that are applicable to SCA's operations.

A more detailed table is provided on the Group's website, www.sca.com, with comments in those instances in which an item needs to be clarified or GRI's recommendations are not applicable.

Sustainability Report 2007 = SR
Annual Report 2007 = AR
SCA Group website = sca.com

Fully reported = ▲
Partly reported = ▲
Not reported = △

PROFILE		
1. STRATEGY & ANALYSIS		
1.1 CEO's comments	SR 3	▲
1.2 Description of key impacts, risks and opportunities	SR 7–8	▲
2. ORGANIZATIONAL PROFILE		
2.1 Name of the organization	AR 14	▲
2.2 Primary brands, products, and services	SR inside cover + AR 1, 26–30, 34–37, 40–44, 46–49	▲
2.3 Operational structure of the org.	SR 9 + AR 14, 113	▲
2.4 Location of organization's headquarters	AR 14	▲
2.5 Countries where the organization is active	SR inside cover + AR 119	▲
2.6 Nature of ownership and legal form	AR 13–14	▲
2.7 Markets	SR inside cover, 10–11, 44 + AR 31–33, 38–39, 45, 51	▲
2.8 Size of the organization	SR inside cover + AR inside cover	▲
2.9 Significant changes during the reporting period	AR 14–17	▲
2.10 Awards received during the reporting period	SR 13	▲
3. REPORT PARAMETERS		
Report profile		
3.1 Reporting period	SR 60 + AR 68	▲
3.2 Date of most recent previous report	SR 60	▲
3.3 Reporting cycle (12 months, 24 months, etc.)	SR 60	▲
3.4 Contact person for questions regarding the report	SR 65	▲
Report scope & boundaries		
3.5 Process for defining report content	SR 8, 10–11, 60	▲
3.6 Boundary of the report	SR 60	▲
3.7 Specific limitations on the scope or boundary of the report	SR 60	▲
3.8 Basis for reporting on joint ventures, subsidiaries, etc	SR 60	▲
3.9 Data measurement and calculation principles	SR 57 + 60	▲
3.10 Comparability with previous reports	SR 60	▲
3.11 Significant changes from previous reporting periods regarding scope, boundaries, etc.	SR 60	▲
GRI content index		
3.12 Table identifying the location of the Standard Disclosures in the report	SR 58	▲
3.13 Policy and current practice in regard to external verification of the report	SR 61–62	▲
4. GOVERNANCE, COMMITMENTS & ENGAGEMENT		
Governance		
4.1 Governance structure for the organization	SR 9 + AR 104	▲
4.2 The Chairman of the Board role in the organization	AR 106	▲
4.3 Independent and/or non-executive board members	AR 105	▲
4.4 Methods for shareholders and employees to propose recommendations, etc. to the board	SR 9 + AR 104–105	▲
4.5 Remuneration to senior executives	AR 82–84	▲
4.6 Processes for avoiding conflicts of interests in the board	AR 70	▲
4.7 Processes for determining the competence of board members	AR 105	▲
4.8 Mission, values, Code of Conduct, etc.	SR 7, 30	▲
4.9 The board's monitoring of the sustainability work	SR 9	▲
4.10 Processes for evaluating the board's own performance	AR 106	▲
Commitments to external initiatives		
4.11 Explanations of if and how the precautionary principle is applied		△
4.12 Association to external voluntary codes, principles or other initiatives	SR 37 + sca.com	▲
4.13 Membership in organizations	sca.com	▲
Stakeholder engagement		
4.14 List of stakeholder groups	SR 10–11	▲
4.15 Basis for identification and selection of important stakeholders	SR 10–11	▲
4.16 Approach to stakeholder relations	SR 10–11	▲
4.17 Key topics and concerns that have been raised through dialogues with stakeholders	SR 10–13	▲
5. ECONOMIC INDICATORS		
Economic performance		
EC1 Direct economic value and distribution	SR 44	▲
EC2 Risks and opportunities for the organization due to climate changes	SR 44 + AR 55	▲
EC3 Coverage of the organization's defined benefit plan obligations	SR 44 + AR 95–96	▲
EC4 Financial assistance received from government	AR 87	▲
Market presence		
EC5 Range of ratios for standard entry level wage compared to local minimum wage	SR 32 + sca.com	▲
EC6 Purchases from local suppliers		△
EC7 Local hiring and proportion of senior management hired from the local community	SR 31–32	▲
Indirect economic impact		
EC8 Infrastructure investments and services provided for public purposes	SR 38–39	▲
EC9 Significant indirect economic impacts, including the extent of impacts	SR 38–39, 44	▲
6. ENVIRONMENTAL PERFORMANCE INDICATORS		
Materials		
EN1 Materials used by weight or volume	SR 51	▲
EN2 Recycled input materials	SR 26, 48, 51	▲
Energy		
EN3 Direct energy consumption	SR 18, 49, 51	▲
EN4 Indirect energy consumption	SR 18, 48, 51	▲
EN5 Energy saved due to conservation and efficiency improvement	SR 18	▲
Water		
EN8 Total water withdrawal	SR 48, 51	▲
Biodiversity		
EN11 Location/scope of land owned near protected areas/areas of biodiversity value		△
EN12 Factors that affect biodiversity		△

Emissions, effluents & waste		
EN16 Direct and indirect greenhouse gas emissions	SR 49, 51	▲
EN17 Other relevant indirect greenhouse gas emissions		△
EN18 Initiatives to reduce greenhouse gas emissions	SR 8, 18–20	▲
EN19 Emissions of ozone-depleting compounds		△
EN20 NO, SO, and other significant air emissions	SR 49, 51	▲
EN21 Emissions to water	SR 50–51	▲
EN22 Waste	SR 23, 50–51	▲
EN23 Significant spills		△
Products & services		
EN26 Actions to reduce environmental impacts of products and services	SR 18–19	▲
EN27 Products sold and their packaging materials that are reused	SR 48	▲
Compliance		
EN28 Fines non-monetary sanctions for non-compliance with applicable laws		△
Transport		
EN29 Environmental impact from transport	SR 49	▲

7. SOCIAL PERFORMANCE INDICATORS		
Employment		
Employees		
LA1 Total workforce by function, employment type and region	SR inside cover + AR 119	▲
LA2 Rate of employee turnover	AR 82 (note 7)	▲
LA3 Benefits provided to full-time employees	AR 82 (note 7)	▲
Labour/management relations		
LA4 Percentage of employees covered collective bargaining agreements	SR 31	▲
LA5 Minimum notice period(s) regarding operational changes	SR 32	▲
Health & safety		
LA7 Rates of injury, occupational diseases, lost days, work related fatalities	SR 34–35	▲
LA8 Programs to assist workforce regarding serious diseases	SR 35	▲
LA9 Health and safety topics covered in formal agreements with trade unions	SR 31–32	▲
Training & education		
LA10 Average hours of training per year per employee	SR 32–33	▲
LA11 Programs for skills management and lifelong learning that support employees' career development	SR 33	▲
LA12 Employees receiving regular performance and career development reviews	SR 33	▲
Diversity & equal opportunity		
LA13 Composition of governance bodies and workforce	SR 31	▲
LA14 Ratio of basic salary of men to women		△

Human rights		
Investment & procurement practices		
HR1 Consideration for human rights in regard to investments	SR 12–13	▲
HR2 Human rights in the supplier chain	SR 12–13	▲
HR3 Training and education in human rights	SR 30	▲
Non-discrimination		
HR4 Total number of incidents of discrimination and actions taken		△
Freedom of association & collective bargaining		
HR5 Operations where freedom of association and collective bargaining may be at significant risk and actions taken	sca.com	▲
Child labour		
HR6 Operations where there is a risk for incidents of child labour and actions taken	sca.com	▲
Forced & compulsory labour		
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour and actions taken	sca.com	▲
Indigenous rights		
HR9 Incidents of violations involving rights of indigenous people and actions taken	sca.com	▲
Society		
Community		
SO1 Programs for evaluating the operation's impacts on communities		△
Corruption		
SO2 Business units analyzed for risks related to corruption	sca.com	▲
SO3 Employees trained in the organization's anti-corruption policies and procedures	SR 30	▲
SO4 Actions taken in response to incidents of corruption	SR 30	▲
Public policy		
SO5 Participation in public policy development and lobbying		△
SO6 Financial and in-kind contributions to political parties, politicians and related institutions	sca.com	▲
Anti-competitive behaviour		
SO7 Legal actions for anti-competitive behaviour	sca.com	▲
Compliance		
SO8 Monetary value of fines for non-compliance with applicable laws		△
Product responsibility		
Customer health & safety		
PR1 Life cycle stages in which health and safety impacts of products and services are assessed	SR 11, 20	▲
Product & service labelling		
PR3 Product labelling and information		△
Marketing communications		
PR6 Programs for adherence to laws, standards and voluntary codes for marketing communications		△
Customer privacy		
PR8 Substantiated complaints regarding breaches of customer privacy	sca.com	▲
Compliance		
PR9 Monetary value of fines for non-compliance with regulations concerning the use of products and services		△

About this report

This report describes SCA's sustainability initiatives from an environmental, social and economic 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 but where a more detailed description is provided in the annual report's corporate governance report.

The content of the sustainability report focuses predominantly on the issues SCA considers important to the company and its surroundings – issues that arise in discussions with stakeholders and current issues.

DATA COLLECTION

Data provided that relates to environment, health and safety at SCA's plants and mills refers to the 2007 calendar year. These figures include the SCA Group, wholly owned subsidiaries and subsidiaries where SCA owns at least 50% of the company. If SCA's ownership of a plant or mill is 50% or more, the entire facility is included. Newly acquired businesses are integrated when they have been part of the Group for one calendar year.

The results for the Group's CO_2 goal and water goal are adjusted each year in relation to production levels. Other data is reported ongoing. No significant changes have been made since the preceding year.

The information is primarily compiled from SCA's RMS system (described in more detail on pages 48–50) and the Group's accounting system, ABS.

The RMS covers more than 170 production sites. 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 group level and for the Group as a whole.

All business groups report information to ABS that includes salaries, pensions, absence due to illness, education levels, skills development costs and other information related to employees. Data is also derived from questionnaires sent to business groups.

GRI

SCA has been influenced by the Global Reporting Initiative's (GRI) guidelines in the production of this sustainability report and complies with those that are relevant and applicable to SCA. The tables on pages 58–59 show where SCA has full, partial or non-compliance with these guidelines. Details of where to find the relevant information are also provided.

The social responsibility data included in the report has been reviewed by Öhrlings PricewaterhouseCoopers and the environmental section by Deloitte. More detailed information about SCA's work with environmental and social issues is available at www.sca.com.

Assurance report

TO THE READERS OF THE SCA SUSTAINABILITY REPORT 2007

At the request of Svenska Cellulosa Aktiebolaget SCA (publ), we have performed a limited review of all information presented in the tables, diagrams and graphs provided under the headings "Employees" and "Health and Safety" in the SCA Sustainability Report 2007.

The purpose of our limited review is to express whether we have found any indication that the information is not, in all material aspects, reported in accordance with the criteria developed and stated by SCA. The limited review has been performed in accordance with the FAR SRS draft standard on independent limited reviews of voluntary separate sustainability reports.

Sustainability issues and any reporting thereon are the responsibility of SCA group management. The SCA corporate Human Resources department is responsible for the collection of information and the compilation of data regarding personnel, health and safety in the Sustainability Report. Our responsibility is to express an opinion, based on our limited review, on the information in the tables, diagrams and graphs in the sections "Employees" and "Health and safety" in the SCA Sustainability Report 2007.

The data and information in the tables, diagrams and graphs in the mentioned sections of the SCA Sustainability Report 2007 have been prepared in accordance with SCA's principles for calculation and disclosure, which also constitute the criteria upon which our limited review has been based.

The scope of our limited review procedures included the following activities:

- Discussions with management to obtain information on material incidents and activities during the period to which the report pertains.
- Review of the principles for calculation and disclosure of the results of the performance indicators.
- Overall review of the Group's systems and routines for the registration, accounting and reporting of the performance indicators in the tables, diagrams and graphs.
- Visits to a selected business unit (Packaging in Brussels) and to relevant departments at Group level in order to assess whether data and information, in all material aspects, is reported and aggregated in a standardised format and in accordance with SCA reporting principles.
- Review of underlying documentation, on a test basis, to assess whether the information in the tables, diagrams and graphs in the sections "Employees" and "Health and safety" in the SCA Sustainability Report 2007 is based on that documentation.

We have reported the results of our limited review to the Manager of Corporate Social Responsibility Programmes on a continuous basis.

Based on our limited review procedures, nothing has come to our attention that leads us to believe that data and information provided in the tables, diagrams and graphs in the sections "Employees" and "Health and safety" in the SCA Sustainability Report 2007, have not, in all material aspects, been prepared in accordance with the above stated criteria.

Stockholm, 29 February 2008

Öhrlings PricewaterhouseCoopers AB

Anders Lundin
Authorised public accountant

Lars-Olle Larsson
Expert member, FAR SRS

Assurance report

TO THE READERS OF THE SCA SUSTAINABILITY REPORT 2007

At the request of SCA's management, we have performed a review of information from SCA's Resource Management System (RMS) provided under the heading "Goal", on page 8 regarding "Goal 1" and "Goal 2" and on pages 47–57 in the SCA Sustainability Report 2007 and in the PDF-file "RMS mill data" found on SCA's website on the Internet (www.sca.com/sustainability). The purpose with our review is to express whether we have found any indications that the reporting under the heading "Goal", on page 8 regarding "Goal 1" and "Goal 2" and on pages 47–57 in the SCA Sustainability Report 2007 and in the PDF-file is not, in all material aspects, performed in accordance with the criteria stated below. The review has been performed in accordance with FAR SRS standard on independent reviews of voluntary separate sustainability reports (RevR6).

The SCA Sustainability Report 2007 was approved by SCA's management in February 2008. It is the responsibility of SCA's department for Public and Environmental Affairs to enable reporting of data and information, and its processing, within the RMS. Our task is to express a report on data and information from SCA's RMS based on our review.

Data and information provided under the heading "Goal", on page 8 regarding "Goal 1" and "Goal 2" and on pages 47–57 in the SCA Sustainability Report 2007 and in the PDF-file have been prepared based on SCA's principles for calculation and disclosure of RMS data and information. These form the criteria used to evaluate our review procedures.

The scope of our review procedures included the following activities:

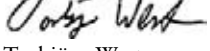
- Discussions with Director of Environmental Affairs and chairperson and members of SCA's RMS on risk management issues related to RMS data and information reporting.
- Review of SCA's principles for calculation and disclosure of RMS data and information.
- Visit at a paper mill and interviews in order to assess whether data and information is reported in a standardized format and in accordance with established principles, in all material aspects.
- Review of the scope and limitations of the content of the information given under the heading "Goal", on page 8 regarding "Goal 1" and "Goal 2" and on pages 47–57 in the SCA Sustainability Report 2007 and in the PDF-file.
- Review of underlying documentation, on a test basis, to assess whether the information under the heading "Goal", on page 8 regarding "Goal 1" and "Goal 2" and on pages 47–57 in the SCA Sustainability Report 2007 and in the PDF-file and in the RMS are based on that documentation.
- Discussions with SCA Director of Environmental Affairs and chairperson for RMS on the results of our review.

Based on our review procedures, nothing has come to our attention that causes us to believe that data and information provided under the heading "Goal", on page 8 regarding "Goal 1" and "Goal 2" and on pages 47–57 in the SCA Sustainability Report 2007 and in the PDF-file which are extracted from SCA's RMS have not, in all material aspects, been prepared in accordance with the above stated criteria.

Stockholm, February 29, 2008

Deloitte AB

Svante Forsberg
Authorized Public Accountant



Torbjörn Westman
Expert member FAR SRS

Glossary A – G

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

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.

Business partner A client, customer, or a supplier of the company. Any company that conducts business in association with SCA may be regarded as a business partner.

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

The 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 require its contractors, subcontractors and suppliers, to observe them.

Compulsory Labour This includes work done in a situation where the workers have to lodge a monetary deposit or identity papers with their employer.

Corporate Social Responsibility (CSR) Managing a company's business processes in a way that creates economic value while also respecting people and communities and minimizing environmental impact.

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 IPPC directive and BREF).

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 7 days in SCA's Swedish mills and 5 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 the 32 sectors selected by the EU, including the pulp and paper industry. All pulp and paper mills with a capacity exceeding 20 tonnes/day should follow the IPPC directive (see IPPC)

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.

Benchmarking Method of comparing performance and productivity of manufacturing units. Used extensively by SCA in all its families of operation: paper mills, fluff production units, packaging integrated box plants, combustion plants, etc.

COD, Chemical oxygen demand Water emission factor which describes the amount of oxygen which is 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.

CO_2, 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 CO_2.

Carbon trading The trading of carbon emissions credits by companies or, at a different level, by countries, within a global limitation scheme, (designed to achieve global emissions reductions using market mechanisms.

Carbon sink As they grow, forests transform gaseous carbon into solid form, thereby absorbing CO2 whilst simultaneously producing oxygen. Forests, agricultural land use 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-certified forests.

CHP See Co-generation or Combined Heat and Power.

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

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

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.

Co-generation or Combined Heat and Power, CHP combined production of electricity and thermal energy. Co-generation has a high total efficiency.

Containerboard Paper specially manufactured for the production of corrugated board. (See liner and fluting).

Corrugated board Two outer layers of paper with an intermediate layer of fluting. (See liner and fluting).

Council of Europe Not to be confused with the European Commission and its Council of Ministers, grouping the heads of State of the European Union. The Council of Europe, based in Strasbourg, comprises 46 Western and Eastern Europe countries. It was set up to defend human rights, parliamentary democracy and the rule of law, develop continent-wide agreements to standardise social and legal practices and promote a European identity with shared values.

Dow Jones Sustainability Index It is the share index of companies that are considered leaders in the area of sustainable development and that conduct their businesses accordingly.

EDANA International association serving the non wovens and related hygiene industries. EDANA exists to create the foundation for sustainable growth of the nonwovens and associated hygiene industries through active promotion, education and dialogue. Website: www.edana.org and www.hapco.edana.org

EMAS Eco-Management and Audit Scheme created by European Council Regulation.

Environmental Management System That 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 type of product labelling.

ESAVE Structured energy-saving programme introduced by SCA in its energy intensive manufacturing units in 2002. 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, made in the context of the Kyoto Protocol. Installations operating in the paper and board industry, in the energy sector, iron and steel production and the mineral industry apply ETS as of January 1st, 2005 in two initial phases; from 2005 to 2007 and from 2008 to 2012. CO2 emissions are subject to permits and fines (if emissions are above the cap set for the operation). The "allowance" means the entitlement to emit 1 tonne of carbon dioxide.

ETS, European Tissue Symposium organisation based in Brussels made up of European Tissue producers, engaged in a dialogue with the European Commission, the Council of Europe and other international organisations. ETS has been involved in the development of the recently published Council of Europe Guidelines For Tissue Paper Kitchen Towels and Napkins.

Fluting The rippled middle layer in corrugated board packaging.

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

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. It is an indicator of Safety statistics in industry (also see LTA and Incidence Rate).

Fresh wood fibre 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 which is based on FSC-certified forests. SCA is an active supporter of FSC.

Green energy In the case of SCA, energy produced by burning recovered waste products such as bark, sawdust, plastic rejects, production sludge or other materials.

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

Glossary H – Z

HAPCO Hygiene Absorbent Products Manufacturers Committee; a group member of EDANA, of which SCA is an active member; Website: www.hapco.edana.org.

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).

Incidence Rate, IR Number of incidents per 100 employees. Also see LTA's and Frequency Rate.

International Labour Organization, ILO The International Labor Organization is a United Nations Agency, which establishes Conventions on Labor standards that are binding on member states when ratified. There are over 150 ILO Conventions, 8 of which are "Core Conventions" since they embody fundamental human rights and set minimum labor standards.

IPP, Integrated Product Policy In a communication published in June 2003, the EC states that "its primary aim is to reduce the environmental impacts of products throughout their life cycle, harnessing where possible a market driven approach within which competitive concerns are integrated". The IPP encourages "green products, "green" public procurement and eco-labelling.

IPPC The European Union's Integrated Pollution and Prevention Control directive (96/61/EC).

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 made of fresh wood, as opposed to testliner and fluting (recycled).

Kyoto Protocol United Nations framework convention on climate change. Voluntary agreement between industrialised nations, ratified by Europe and the object of European directive 2003/87/EC, to reduce by 2012 the levels of man-made CO2 below the level reached in 1990.

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.

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

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. The process is described in the ISO14040 series. SPINE is the common database enabling comparison between product elements.

Liner The surface layer of corrugated board. Available in various grades, such as kraftliner (based on fresh wood fiber) and testliner or fluting (based on recycled fiber).

Liquor Substance(s) used in or resulting from chemical pulp production. White liquor is the cooking liquor (sodium hydroxide and sodium sulphide). Black liquor is the waste liquor from the completed production cycle. Most of it is re-used as fuel and burnt in the recovery boiler. Green liquor is an aqueous solution, the residue of burning the black liquor.

LTA, Lost Time Accidents Accidents that cause the absence of an employee from work for X number of days. One of the main Safety indicators in industry. See also FR (Frequency rate) and Incidence Rate (IR).

MBT, Mechanical-biological treatment hybrid technology combining mechanical sorting of waste and biological treatment to produce biogas. A further processing stage can convert the residual material into refuse-derived fuel.

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

Monitoring is the process of regularly collecting information to check performance against certain criteria.

MSW, Municipal Solid Waste an important fraction (15%) of the total solid waste. Disposable diapers and incontinence products are part of the MSW.

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 fibre or recovered fibre.

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

Old Corrugated Container, OCC Used corrugated board collected for recycling.

Opacity Degree to which something is opaque.

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.

PSR, Product Specific Requirement (also see EPD, Environmental Product Declaration) List of requirements enabling SCA to label its products in an accurate and informative way, avoiding unverifiable labelling.

RAP, Regulatory Affairs Platform The network keeps and updates the list of SCA representatives in organisations at EU and national levels. It is in charge of communicating and defending SCA positions to lawmakers directly and through industry organisations.

REACH, Regulation, Evaluation and Authorization of Chemicals European legislation on the use of chemicals by industry. Some 30,000 chemicals will have to be registered with a Central European chemical agency after testing. 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 fibre Paper-making fibre 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.

SC paper, Super Calendared publication paper with a high gloss surface and with a high content of mechanical and/or recycled pulp. Mainly used for catalogues, magazines and advertising materials.

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 fibre debris, filler and other inert materials. It used to be sent to landfill. Nowadays used as 'new' raw material and incinerated with energy recovery.

Solid-wood products Wood sawn into various dimensions and sizes for furniture, joinery and construction use.

Stakeholders Groups of people with whom an organization has active relationships, and with whom effective dialogue is necessary to the functioning of the business. Shareholders, authorities, customers, employees and NGOs are all stakeholders in SCA's business activities.

Sustainable Development Bringing into decision-making processes the three interlinked factors – economic growth and social and environmental care – which enable society to meet the needs of the present without compromising the needs of future generations. Also referred to as the "triple bottom line".

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 percent 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).

Testliner Packaging paper made from recycled fibre.

Tissue Creped soft paper which is the basis for hygiene products such as napkins, toilet paper and towels, and towelling products for institutions, hotels, etc.

TWh, TeraWatt hour Unit of energy measurement. 1 TWh=10 Million KWh

Waste To SCA, waste comprises only materials leaving our production units which cannot be used for any further useful purpose. Recovered paper and fibre are excluded, since they form part of SCA's main raw materials.

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