

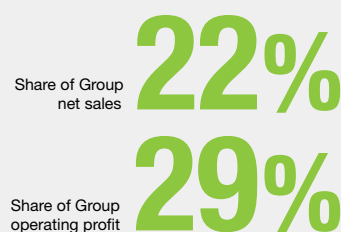


SCA at a glance

SCA creates value by fulfilling the needs of customers and consumers in a spirit of innovation, through continuous efficiency enhancements and with a clear desire to contribute to sustainable development. The Group develops, produces and markets personal care products, tissue, packaging, publication papers and solid-wood products, and has sales in more than 100 countries. In 2010, SCA had annual sales of SEK 109bn and about 45,000 employees.

Personal Care

The business area comprises three product segments: incontinence care, baby diapers and feminine care. Production is conducted at 27 facilities in 23 countries. Products are sold in more than 100 countries throughout the world.



Tissue

Consumer tissue consists of toilet paper, kitchen rolls, facial tissue, handkerchiefs and napkins. In the Away-From-Home (AFH) tissue segment, SCA delivers complete hygiene concepts to companies and institutions. Production is conducted at 38 facilities in 18 countries. Products are sold in some 80 countries throughout the world.



Europe (including Africa)	2010	2009	Employee age distribution
Sales, SEKm	83,036	84,414	% 50
Employees	33,363	34,084	40
Women, %	24	24	30
Salary costs, SEKm	12,619	13,544	20
Social security costs, SEKm	3,616	4,055	10
			0

Americas	2010	2009	Employee age distribution
Sales, SEKm	16,312	15,936	% 50
Employees	7,980	7,701	40
Women, %	26	30	30
Salary costs, SEKm	1,994	1,994	20
Social security costs, SEKm	627	650	10
			0

Packaging

SCA is a full-service supplier of packaging solutions and offers both transport and consumer packaging. SCA operates one innovation centre and 16 design centres. Production is conducted at 170 facilities in 21 countries. Products are sold in 36 countries in Europe.



Share of Group net sales

27%

Share of Group operating profit

16%



Forest Products

Production comprises publication papers, pulp and solid-wood products, and is conducted at 17 facilities in three countries. Products are mainly sold in Europe, but also in Asia, North Africa and North America.

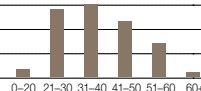
Share of Group net sales

15%

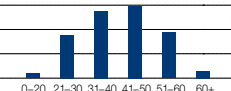
Share of Group operating profit

25%

Asia	2010	2009	Employee age distribution
Sales, SEKm	9,794	10,506	% 50
Employees	3,998	7,746	40
Women, %	41	39	30
Salary costs, SEKm	1,041	1,058	20
Social security costs, SEKm	54	169	10
			0



SCA Group total	2010	2009	Employee age distribution
Sales, SEKm	109,142	110,857	% 50
Operating profit, SEKm	8,677	8,190	40
Operating profit, SEKm ¹⁾	9,608	9,648	30
Earnings per share, SEK	7.90	6.78	20
Earnings per share, SEK ¹⁾	8.89	8.32	10
Employees	45,341	49,531	0
Women, %	26	27	
Salary costs, SEKm	15,654	16,596	
Social security costs, SEKm	4,297	4,874	



¹⁾ Excluding items affecting comparability.

Recognition

	SCA was named one of the world's most ethical companies by the Ethisphere Institute.
	SCA was ranked one of the world's most sustainable companies in 2010 by the responsible business magazine <i>Corporate Knights</i> .
	SCA was cited as the best Swedish company for carbon dioxide reporting in the global Carbon Disclosure Project survey 2010.
	SCA won FAR's prize for the best 2009 Sustainability Report. FAR is an industry organization for accountants and consultants.
	SCA has been listed on the FTSE4Good global sustainability index since 2001.
	SCA is listed on the Global Challenges Index, which was launched by the Hannover Stock Exchange and the research company Oekom Research AG in 2007.
	SCA is included in Kempen SNS SRI Universe and was approved for inclusion in the Orange SeNSE Fund.
	SCA is a constituent of ECPI indices. ECPI is a rating and index company dedicated to ESG Research (Environmental, Social and Governance).
	SIX STAR is a Nordic sustainability index launched in 2009 by SIX and the consultant Ethix. SCA is ranked among the top 25 Swedish companies.
	SCA is included in OMX GES Sustainability Nordic and OMX GES Sustainability Sweden, two indexes for responsible investments launched by Nasdaq OMX and GES Investment Services.
	SCA became a UN Global Compact member in 2008. SCA's 2008 and 2009 Communication on Progress reports were selected as representative of Best Practice by Global Compact.

SCA applies the Global Reporting Initiative (GRI) at A+ level in its sustainability reporting. The report was audited by PwC.

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About this report

SCA publishes a separate sustainability report each year. The report describes the environmental, social and economic perspectives of SCA's sustainability initiatives, and is aimed at specialist audiences with an interest in SCA's sustainability performance, including analysts, investors and NGOs. As of 2008, SCA is a signatory to the UN Global Compact. The sustainability report represents the Group's Communication on Progress, describing SCA's work to address the Global Compact's ten principles on human rights, working conditions, the environment and anticorruption. The Global Reporting Initiative guidelines, level A+, are applied in this report, and the GRI content index (p. 64–65) provides a cross-reference to the indicators included in the report. The entire report has been reviewed by PwC. All data in this report has been collected over the calendar year 2010, and covers the SCA Group, including wholly and majority-owned subsidiaries. For further information regarding the sustainability report and its reporting principles, see page 63.

Highlights 2010

- Installation of lime kiln at Östrand pulp mill, Sweden, will cut carbon dioxide emissions at the plant by 80%.
- Construction of new power plant in Aschaffenburg, Germany, will reduce carbon dioxide emissions.
- Formation of a new business unit, SCA Energy, aimed at development and growth of renewable energy.
- New global hygiene supplier standard.
- Code of Conduct supplemented with new guidelines.
- SCA raises its sustainability ambitions with the establishment of new staff function, Corporate Sustainability.



Making a difference – SCA's role in society

SCA's presence in society generates many positive effects through the business operations themselves and also the company's strong tradition of corporate sustainability and social responsibility. This involvement ensures our relevance in society and, in particular, helps to generate good business and thereby value for our customers, shareholders, employees and other stakeholders.

As a company, SCA creates jobs across the globe thus adding to the economic prosperity of thousands of families – we pay tax, educate our employees and purchase goods and services from other companies in society.

There is a strong link between consumption of hygiene products and income levels. The standard of living is rising in a growing number of countries and more and more people are gaining access to hygiene products. Surveys show that at income levels as low as USD 2 per day, people start to use their money to finance items other than food and housing – and hygiene products are high on the list. Countries with populations that are rapidly climbing up the hygiene pyramid include Brazil, Colombia, Turkey, Saudi Arabia, Russia, Mexico, Malaysia, South Africa, Chile, India and China.

While incomes are rising in these countries, many people still survive on a small daily budget and cannot afford to buy large hygiene product packs. In Latin America and Southeast Asia, SCA is working on the development of ways to match these needs; for example, by offering fewer products in each pack and distributing products to small local stores.

By increasing availability, SCA helps to raise the quality of life of people while also creating new business opportunities. For example, access to feminine care products is often a crucial factor that governs whether women have the opportunity to go to work or school. Feminine care products also reduce the risk of infections.

Social responsibility gaining in significance

Sustainability is a megatrend that has been ongoing for a number of years. A growing section of society questions the way we live, and customers and consumers are imposing ever-stricter

demands for sustainable business practices.

From focusing on shareholder value, a frequently used term now is enlightened shareholder value – where sustainability, as part of effective corporate governance, adds to value generation.

The pivotal point of the debate has mainly focused on environmental actions, particularly deriving from the climate-change problem, and sustainability is often equated to environmental responsibility. To a great extent, social responsibility has been about risk minimisation, whereby companies guarantee that production takes place in a safe and healthy environment, that there is a system in place to minimise the risk of corruption and other violations of the Code of Conduct, and so forth. However, this is only one side of the coin. Conducting business in a socially responsible manner also offers considerable potential and opens up many business opportunities. I believe that this is an area that will grow in significance in the years ahead.

Common theme throughout the business

Social responsibility runs like a common theme throughout SCA's business. When the company was first formed, we built housing for employees, infrastructure and schools, and offered leisure activities. The first social programme was initiated already in the 1950s. At that time, just like today, the purpose of social responsibility was to create the platform for a sound business operation, since this was a way to attract and retain labour.

In 2008, we became a signatory to the UN Global Compact, an alliance among more than 8,700 companies in 130 countries working to promote responsible business practices. For me, it is obvious that companies and the business community can play a decisive role in efforts to achieve a sustainable, global economy.



A strong social agenda

In recent years, SCA has worked intensely to develop and systemise the social agenda and these efforts are beginning to yield results; many advances were made in this area in the past year.

In 2010, the process for evaluating compliance with the Code of Conduct, including human rights, was updated and the first assessment according to the new guidelines was performed in Mexico. We developed a new, global supplier standard for the hygiene operations containing expanded requirements for suppliers in terms of social responsibility, and added new guidelines to the Code of Conduct.

Confirmation that we are heading in the right direction can be seen in our selection, for the third consecutive year, as one of the world's most ethical companies by the US-based Ethisphere Institute, and our inclusion for the sixth consecutive year in the world's top 100 most sustainable companies by Canadian Corporate Knights. We were also named the best Swedish company for

carbon dioxide reporting in the annual Carbon Disclosure Project (CDP) survey. The CDP, which acts on behalf of 534 institutional investors and has USD 64 trillion in assets under management, uses the survey as an evaluation tool.

We continue to develop our sustainability programmes and we raised the aspiration level further during the year by taking the step of forming a new corporate staff unit for sustainability. The head of this unit is also a member of the Corporate Senior Executive Management Team. By moving sustainability up to the highest management level, we will build an even more solid foundation for a successful business.

Jan Johansson, President and CEO

Integrating sustainability into strategy

Sustainability is an integral part of SCA's operations and the company's strategy for growth and value creation. For SCA, corporate sustainability is a business approach that generates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments. Sustainability initiatives generate improved competitiveness, reduced cost and reduced risk.

The sustainability strategy is an integral part of the company's strategy and business plans, and supports SCA's strategic focus areas: cost and cash flow, capital efficiency, innovation and growth.

The sustainability strategy framework is divided into three key directions:

- Sustainable solutions: "SCA proactively delivers sustainable and innovative solutions based on customer and consumer insights, with added value for SCA and its stakeholders."
- Sustainable operations: "SCA delivers sustainable products through safe, resource-efficient and environmentally sound operations."
- Sustainable dialogue with stakeholders: "SCA is one of the industry leaders within sustainability and the company proactively interacts with key stakeholders."

The strategy is based on clearly stated targets, a systematic approach, transparency, integration with business operations and innovation.

Clearly stated targets

SCA's four sustainability targets are an essential element of SCA's sustainability strategy. The targets address the areas that SCA has identified as being key for business in the long term: water, carbon dioxide, responsible sourcing of raw materials and compliance with the Code of Conduct.

Systematic sustainability approach

Successful sustainability activities require a methodical approach. At the end of the 1990s, SCA developed its Group-wide Resource Management System (RMS) – a database that contains detailed information on resource utilisation and environmental data. SCA's social agenda is built on its Code of Conduct and its core values. The Global Reporting Initiative guidelines, level A+, are applied in the sustainability report.

SCA's process for supplier assessments dates back many years. Over time, the programme has been developed and systemised and a global supplier standard for the hygiene business was drafted in 2010. Supplier standards and assessments are also applied by the Forest Products and Packaging operations.

Since 2005, the Group conducts human rights assessments at its production sites to ensure compliance with such aspects as occupational health and safety. In 2008, a new method was introduced to evaluate business ethics – Business Practice Reviews.

Transparency

SCA is committed to transparency with respect to the company's environmental and social activities, challenges and ambitions. SCA was one of the pioneers when it published an environmental report for the first time in 1998 and today's sustainability report is third-party verified. The Group is engaged in an extensive dialogue with various stakeholders to develop world-class working methods.

Integration with business operations

SCA's sustainability targets are incorporated into the Group's overall strategy and business plans. This ensures that long-term ambitions will be prioritised at Group and business group level. The targets are cascaded into the business operations with accountability to deliver at all management levels. All aspects of sustainability – financial, environmental and social – should be taken into account in decision making. For example, consideration of environmental impact, such as carbon emissions, is included in investment decisions.

The Resource Management System plays a key role in the Group's strategic activities by providing the supporting data on which analyses of SCA's use of resources are based. These analyses are used in conjunction with investments and

to assess the environmental performance of companies SCA considers for acquisition.

In the due diligence process performed in conjunction with acquisitions, SCA conducts a risk assessment to highlight potential business practice issues. This risk assessment includes an estimate of possible costs for the introduction of health and safety measures into the workplace, overtime compensation, work insurance coverage and so forth, that are required for the acquisition target to comply with SCA standards.

Innovation

Innovation is fundamental to SCA's strategy and creates value through driving sales and building customer loyalty. Innovation is based on customer and consumer insight and the ability to understand the issues that are important to stakeholders. Sustainability and product safety remain a priority for customers and consumers and are thus a significant component of product and service development.

Improved materials and improved fit have made Libero diapers, Libresse pads and TENA incontinence care products thinner, drier, more comfortable and better for the environment. During the past year, TENA launched ultra-thin incontinence care products while Libero introduced thin baby diapers. The reduced impact of current products on the environment compared with older products has been verified by an independent party (see page 31).

Innovative napkin dispensers, such as Tork Xpressnap Café, help to reduce the consumption of tissue, which is positive for the customer and strengthens SCA's offering.

In packaging operations, there are numerous examples of design and innovation that result in a reduction of board (weight) and improvements related to the volume efficiency of packaging. Savings are also made by designing multifunctional packaging that meets transport demands in combination with in-store or on-shelf features.

At Forest Products, a new business unit was formed during 2010 called SCA Energy. The unit will take charge of all operations in renewable energy and will also be responsible for developing new business opportunities in the energy area.

Holistic approach to build value

The various aspects of SCA's sustainability initiatives combine to make a positive contribution to business operations.

- **Strengthened competitiveness:** Competitiveness is strengthened by being far advanced in terms of sustainability. Research shows that consumers increasingly choose brands they perceive as "ethical" and "environmentally friendly". This has been particularly evident in recent years when a number of customers have stated environmental considerations as the reason they chose SCA as a supplier. During the recent recession, SCA noted that volumes of several products with an environmental profile remained constant or even expanded in a declining market.
- **Reduced costs:** Environmental activities, more efficient production and reduced costs often go hand-in-hand. Investments in green electricity, the 1,300 small-scale ESAVE energy-saving projects that have been executed since the start-up of the programme in 2003, co-generation projects and wind power projects are not only beneficial for the environment – they also save money.
- **People agenda:** SCA's long term competitiveness is highly dependent on being perceived as an attractive employer with the ability to recruit, retain and develop the right employees with the right skills. To achieve this, SCA has identified four strategic focus areas: talent management, performance management, workforce planning and compensation and benefits. SCA's strong sustainability agenda contributes substantially to the work to attract the top talent needed for the company's future competitiveness. The Group works actively with programmes aimed at employee training and development.
- **Attract investors:** Ethical investors are an increasingly important group in the financial market. The proportion of SCA investors with sustainability criteria has increased steadily in recent years. A growing number of "traditional" investors are also becoming more interested in certain ESG (Environment, Social, Governance) factors when preparing valuations of companies. Long-term sustainability programmes, including financial, environmental and social considerations, strengthen the company's competitiveness in many ways and are thus significant to SCA's inclusion in various investor indices and funds.
- **Reduced risk level:** SCA's global expansion means that the company is faced with new challenges and problems. Activities that play an important role in this area include human rights assessments, occupational health and safety and business ethics, as well as assessments of the company's environmental performance in connection with acquisitions through the RMS system. These activities reduce the likelihood of negative outcomes in the environmental and social area – factors that are becoming increasingly significant.
- **Strong brand:** SCA's tradition of applying a strategic approach to sustainability has made it one of the strongest components of the SCA brand and represents a competitive strength for several of the Group's product brands. Sustainability is one of the three supporting pillars of SCA's brand platform.



Target 1.

Carbon dioxide from fossil fuels shall be reduced by 20%

SCA has worked proactively for some time to reduce emissions from fossil fuels. The Group adopted its first carbon dioxide target in 2001. In 2008, SCA introduced a new quantified carbon dioxide target that requires the Group to reduce emissions from fossil fuels by 20% by the year 2020.

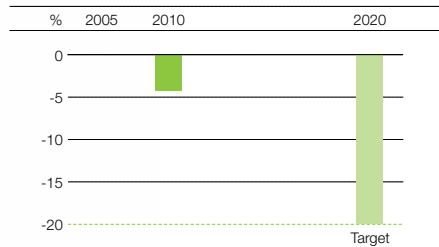


SCA's carbon dioxide target

SCA will reduce its carbon dioxide emissions from fossil fuels and from the purchase of electricity and heat, relative to the production level, by 20% by the year 2020, using 2005 as a reference year.

Results in 2010

At year-end 2010, carbon dioxide emissions had declined by 4.2% relative to the production level.



Activities in 2010

SCA continued its systematic efforts to strengthen the Group's climate work and reduce carbon dioxide emissions.

- SCA is investing SEK 500m in a new lime kiln at the Östrand pulp mill in Sweden. The investment dramatically reduces Östrand's carbon dioxide emissions from fossil fuels.
- SCA's extensive investments in wind power, made in cooperation with the Norwegian energy company Statkraft, proceeded.
- SCA implemented a new target for the company's energy-efficiency program, ESAVE, involving a corresponding reduction in energy consumption of 7.5% per tonne of product by 2012, using 2005 as the reference year.

- Construction work on a new co-generation plant commenced in Aschaffenburg, Germany. The new plant will reduce carbon dioxide emissions by 10%.
- SCA Forest Products consolidated all operations in renewable energy to a new business unit, SCA Energy. The unit will develop new business opportunities in the energy area.

Driving forces

The climate issue is one of most critical environmental and social issues facing the world today. Background factors include the following:

- According to the UN's Intergovernmental Panel on Climate Change, the earth's average sea and surface temperatures continue to rise. This increase is attributed to emissions of greenhouse gases resulting from human activities.
- In 2008, the EU adopted its energy and climate targets for 2020. These included a 20% reduction in greenhouse gas emissions, a 20% cut in energy use and 20% of energy to be derived from renewable sources.
- In the 1997 Kyoto Protocol, an international agreement aimed at reducing global emissions of greenhouse gases was reached. The agreement will apply until 2012 and work is ongoing to reach a new agreement.
- More efficient production and reduced energy use result in lower costs.

Target 2.

100% control of fresh-fibre raw materials

SCA is Europe's largest private owner of forestland and the Group's own forests have been certified in accordance with the FSC, Forest Stewardship Council, since 1999. SCA also purchases large quantities of fresh-fibre raw materials from external suppliers. SCA's goal is that no wood fibre used in production derives from controversial sources.

SCA's target for responsible use of wood raw material

SCA will employ methods that ensure that no wood fibre or fresh fibre-based material comes from controversial sources*. The target also includes purchased fibre in the form of pulp and containerboard.

Results in 2010

- All deliveries of pulp to SCA's facilities comply with the Group target.
- All of SCA's wood-consuming units are reviewed by independent auditors and meet the requirements of the Group target.
- SCA Packaging Europe has control of the origin of 85% of the fresh fibre used by the business group. The ambition is to fully comply with the Group target regarding the control and use of fresh-fibre raw materials by 2011.

Activities in 2010

- In 2010, SCA developed a new global supplier standard, which includes pulp suppliers, for the hygiene operations.
- The FSC audit of SCA's forestry activities was successfully completed. All deviations reported in the 2009 audit have been corrected.
- SCA Tissue Europe has reviewed its pulp suppliers, resulting in a 55% reduction in the number of suppliers between 2007 and 2010.
- During the year, the Group FSC Chain of Custody certified eleven plants in Poland, Sweden, Germany, Italy, the Netherlands and New Zealand.

Driving forces

- Forests cover about one-third of the earth's land surface. Each year, about seven million hectares of land are deforested, corresponding to 0.2% of all forested areas.
- Illegal logging and timber from controversial sources* are threats to the world's forests and to biodiversity.
- Forests managed in a sustainable manner are vital from a number of perspectives: they enable efficient production of the forest stand, create job opportunities and contribute positively to climate change by absorbing carbon dioxide.



* Controversial sources are defined as:

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

Target 3.

Improved water usage

2010 was the final year of SCA's target for improved water usage: to reduce usage by 15% and reduce organic content in wastewater by 30%. Although SCA achieved its target of reducing the organic content in wastewater by a comfortable margin, it did not entirely reach its target of reduced water usage.

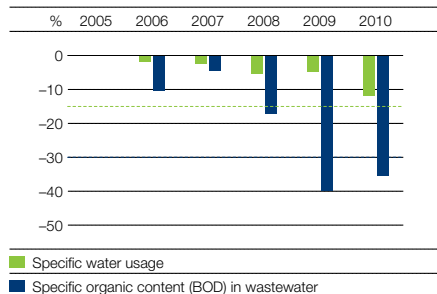
SCA's water target

- Reduce specific water usage by 15% between 2005 and 2010.
- Reduce the specific organic content of wastewater, measured as BOD, by 30% between 2005 and 2010.

Results in 2010

By year-end 2010, specific water usage had decreased by 12.0% and organic content of wastewater (BOD) by 35.4% compared with the reference year 2005.

Consequently, SCA was close to achieving its commitment to reduce water usage by 15% and exceeded its target of reducing organic content in wastewater by 30%.



Activities 2005–2010

- New, conventional biological treatment plants were installed at the liner mill in Munksund, Sweden, the tissue mills in Drammen (Norway) and Stembert (Belgium), and at the newly constructed mill in Sovetsk, Russia, among others.
- New anaerobic treatment plants were installed at the tissue facility in Kostheim (Germany), the testliner mill in Lucca (Italy) and at Aschaffenburg (Germany).
- The ten SCA plants that achieved the greatest reduction in water usage during the period are Munksund, Kawerau, Pisa, Svetogorsk, Östrand, Box Hill, Stembert, Mannheim, Kostheim and Prudhoe.

The way forward

SCA's water target 2005–2010 has reached its conclusion and work is under way to prepare future water initiatives and targets. SCA believes that access to clean water is one of the most important global environmental issues.



Target 4.

Universal Code of Conduct

Over the past two decades, SCA has grown into a global company with about 45,000 employees worldwide. This places stricter demands on the company's social and environmental responsibility. SCA's Code of Conduct applies to all employees at all locations worldwide.

SCA's target for Code of Conduct compliance

The Code of Conduct is an integral element of daily operations.

Results and activities in 2010

- The process for Code of Conduct assessments, including human rights compliance, was updated. An initial assessment in line with the new guidelines was carried out in Mexico.
- Business Practice Reviews were conducted in Italy and Mexico.
- A new global supplier standard for SCA's hygiene operations was developed during the year.
- Guidelines that explain and describe the implications of the Code of Conduct were developed.
- An education campaign to raise awareness in the Group regarding the importance of information management was launched.
- A review of the management system for health and safety was carried out.
- A tool to gather and analyse all of SCA's community involvement projects was developed, aiming at increasing transparency and return on investment.

Driving forces

Demands from stakeholders will increase for production to take place under responsible conditions:

- The Global Compact, a United Nations initiative launched in 2000, established that companies must work to promote human rights and fundamental working conditions, and must combat corruption and strive for environmental improvement.
- SCA has expanded significantly during the past decade and has developed into an international Group, with operations in an increasing number of countries on all continents. Accordingly, there is a considerable need to assess SCA's operations and partners using regulations and guidelines that describe the company's expectations.
- The demands for corporate social responsibility are increasing. In 2001, discussions began regarding an international standard for social responsibility and, in 2005, work started on the ISO 26000 standard, which was completed in 2010. The standard comprises guidelines and principles for how companies are to meet these demands.



Sustainable governance

The main purpose of all governance at SCA is to guarantee the Group's commitments to all of its stakeholders: shareholders, customers, suppliers, lenders, the community and employees; commitments that are expressed in the company's business objectives and strategies.

Governance of sustainability work

SCA's Corporate Senior Management Team bears the overall responsibility for the control of SCA's business in the environmental and social area.

In 2010, SCA established a new corporate staff unit in charge of sustainability, led by the Senior Vice President Sustainability, who reports to the CEO and is a member of the Corporate Senior Management Team. The SVP Sustainability is also responsible for developing SCA's sustainability strategy and programmes.

In close collaboration with the Business Group Presidents, the approved strategy and objectives are broken down into specific targets and activities to ensure compliance with the Group's objectives and business plans.

The SVP Sustainability chairs the Environmental Committee and the Social Responsibility

Committee. These committees draft proposals for policies and principles for governing the sustainability work, in addition to objectives and action programmes at Group level. They also coordinate and follow up the Group's initiatives and objectives in the environmental and social area. The committees include members of all business groups and representatives of Corporate Sustainability, Human Resources, Environment, Communications and Public Affairs.

Responsibility for implementation rests with the operational organisation. A number of environmental networks and corporate social responsibility task forces work horizontally across SCA's different business groups to guarantee a consistent approach. Responsibility for the management of specific issues rests within the relevant business group.

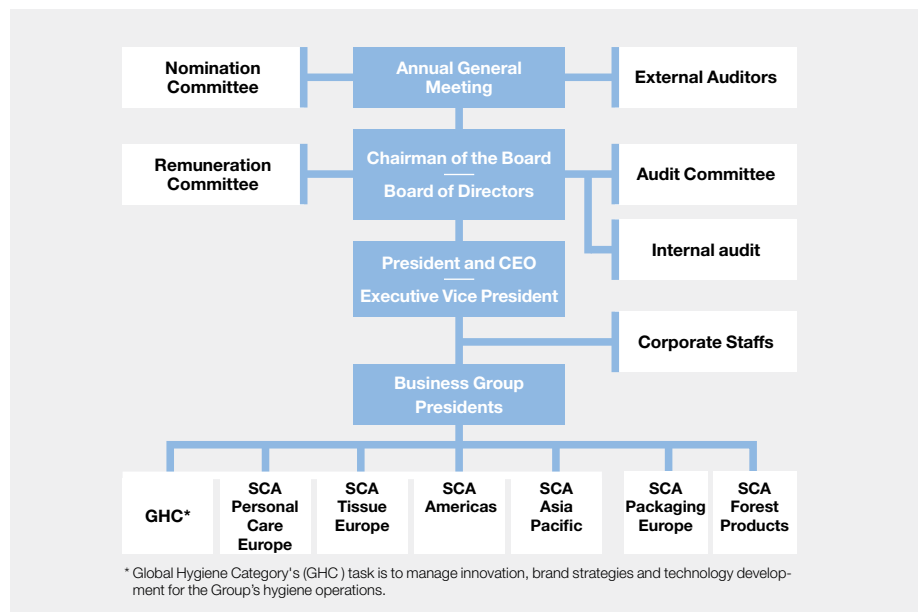
Environmental governance

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

FSC network: The network's responsibility is to disseminate information on the subject throughout the organisation, and to coordinate the Group's position and activities in relation to FSC.

RMS network: Responsible for compiling information and making calculations and presentations relating to the use of resources and environmental data.

Corporate Governance at SCA



Other Group-wide networks with a distinct connection to SCA's environmental work include:

ESAVE network: Coordinates the Group's approximately 1,300 projects that aim to reduce SCA's energy consumption and environmental impact.

Energy network: Based on the Group's strength, size and extensive energy consumption, the network focuses on identifying cost-efficient solutions and synergies in connection with energy sourcing. Emissions trading is another important area.

Governance of social responsibility

In 2009, SCA introduced a new organisation for governing its social agenda. Work related to social responsibility is based on SCA's Code of Conduct and is supervised by a steering group, which has been chaired by the SVP Sustainability since 2010 and comprises representatives from the Human Resources' management team. Activities are conducted by a number of task forces consisting of representatives from all business groups. These are divided up into the areas of Health and Safety, Employee relations, Business ethics, Human rights, Community relations, and Communication and Data Privacy. The task

forces propose issues of focus for SCA within each of their respective areas, and are responsible for the implementation of these.

In addition to the above task forces, SCA has a group responsible for GRI reporting.

Controlling and monitoring

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

SCA's own control systems include segregation of duties in critical processes and defined management responsibilities with regard to internal control. There is also a separate Internal Audit function at SCA that works to continuously evaluate and improve the effectiveness of SCA's governance processes, risk management and internal control. SCA's Internal Audit organisation contributes to the maintenance of high standards of business practice and is involved in the monitoring of Code of Conduct compliance through such activities as Business Practice Reviews (see page 42). As support in its work, the Internal Audit unit has a number of steering documents and policies. For example, competition legislation guidelines are updated every third year and, in 2011, anti-corruption guidelines will be developed.

Risk and risk management

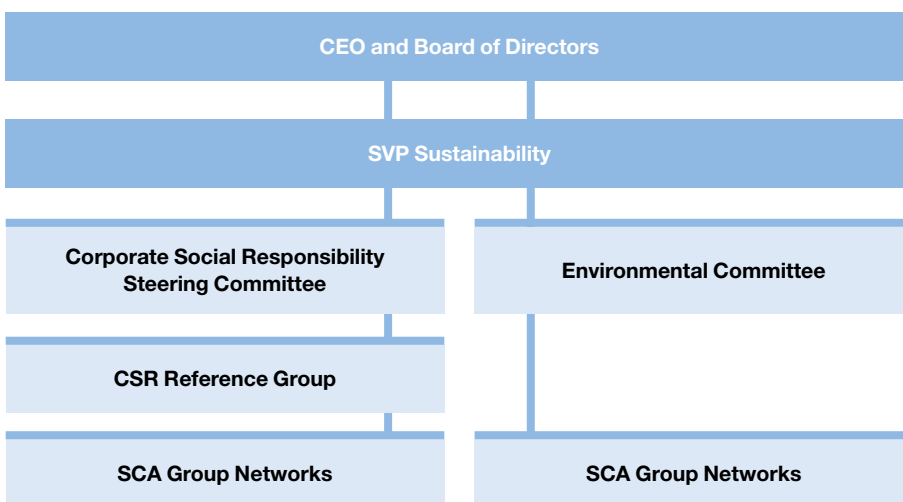
SCA is exposed to a number of risks with the potential to exert a greater or lesser material impact on the Group. The responsibility for long-term and overall management of strategic risks follows the company's delegation scheme, from the Board to the President, and from the President to the Business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

A description of the most significant risks that impact SCA's ability to achieve established targets is presented on pages 44–49 in the Annual Report 2010, together with an account of how these risks are managed.

Corporate Governance Report

The complete Corporate Governance Report is available on SCA's website www.sca.com and in the 2010 Annual Report.

SCA's sustainability governance



Ethics and core values

SCA's undertakings are based on the Group's common core values: **Respect, Excellence and Responsibility**. Based on these, SCA has developed its Code of Conduct.

A living Code of Conduct

In many countries, SCA's products are a natural element of modern prosperity and help make everyday life simpler and safer for millions of people. SCA's aim is to continuously renew and improve its range of products and make them available both commercially and geographically to larger groups of people.

SCA has a long tradition of assuming environmental and social accountability and taking responsibility for issues of trust in relation to the company's stakeholders. This is summarised in SCA's core values of Respect, Excellence and Responsibility.

SCA has produced its Code of Conduct based on these fundamental values. The Code serves as a tool enabling operations to be conducted in accordance with ethical principles, applicable legislation and regulations. The Code of Conduct is an integral part of the way the company does business.

The Code provides guidelines for SCA and its employees regarding health and safety, human rights, business ethics, employee relations and community involvement. Ensuring that the Code of Conduct is a living document throughout the Group requires continuous efforts to reinforce

and rebuild awareness of its principles. During 2010, the Code of Conduct was supplemented with guidelines to explain and develop the implications of the Code. These guidelines will be applied within the Group during 2011. SCA monitors compliance with the Code of Conduct through existing financial and HR reporting systems and by the introduction of new Key Performance Indicators (KPIs) where necessary.

SCA applies systematic methods for ensuring that employees understand and support the Group's core values. Equal care is taken when choosing suppliers and other business partners. Tenders and quotes are obtained from several suppliers and, where necessary, compared with corresponding costs in other countries 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 certain decisions must be approved by an immediate superior.

The SCA Code of Conduct

Health and Safety: Applicable 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 they may have regarding violations.

Respect for Human Rights: SCA works actively to ensure compliance with its human rights policy in all of the company's businesses.

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 the Group's organisation employs about 45,000 people. SCA strives to engage actively in the communities where it operates.

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

Applicability: The Code of Conduct applies to all SCA employees in all countries in which the Group operates and is available in 20 languages at www.sca.com

Are we doing the right things?

SCA continuously strives to improve dialogue with its stakeholders. The Group has daily contact with customers, consumers, suppliers, investors, NGOs and official bodies and is receptive to their expectations and views. An open and continuous dialogue helps the Group gain an understanding of stakeholders' expectations and raises employee commitment, thus improving the long-term conditions for a successful business.

This dialogue is primarily conducted in the business groups, since they have contact with customers, consumers, suppliers, local authorities

and local NGOs. However, dialogue with investors and international NGOs, the EU, etc. takes

place at Group level. Many of the issues initiated by stakeholders are addressed in this report.

Stakeholder group	2010 activities	Key areas	How do we address the issues (page number)
Customers	Customer surveys Seminars	Carbon footprint Ecolabelling Human rights compliance Fibre sourcing	CO ₂ target (26) Sourcing target (32) Nordic Ecolabelling on diapers (21) Human rights assessments (43) Code of Conduct implementation in joint ventures (42) FSC certification (32) New supplier standard (42)
Consumers	Consumer surveys Consumer research	Products' impact on the environment, e.g. carbon footprint, ecolabelling	LCAs (31) Nordic Ecolabelling on diapers (21) Eco actions (14) Chemical management (39) Product safety (39)
Employees	Employee surveys Training	Talent management Performance management Workforce planning Compensation and benefits Corruption	Diversity survey (48) Employee surveys (14) Job portal (47) Anticorruption policy training (42) Code of Conduct training (42)
Investors	SRI questionnaires One-on-one meetings Telebriefings Analyst interviews Roadshows Field visits	ESG integration into business strategy Energy efficiency Risk management	CO ₂ target (26) ESAVE (29) Risk analysis (AR 44) Business Practice Reviews (42) Inclusion in sustainability funds and indexes (20) Lectures (14)
Suppliers	Supplier audits Supplier questionnaires	Raw material sourcing	Sourcing target (32) Supplier guidelines and standards (42) Supply chain assurance (42)
NGOs	Ongoing dialogue	Forest management CO ₂ emissions Energy utilisation Water supply	Nature conservation (35) Dialogue with NGOs, such as WWF and the Swedish Society for Nature Conservation (16)
Society	Participation in industry initiatives and standardisation bodies Ongoing dialogue Community involvement	SCA's dialogue with society Community involvement	Dialogue with Sami communities, municipalities, etc. (26) Membership in organisations (14) Activities to break taboos surrounding incontinence (50) Sponsorship (50)

A selection of SCA's stakeholder dialogues in 2010

Customers

Each year, TENA, SCA's global incontinence brand, conducts a customer satisfaction survey. The questions concern customer service and how customers perceive the offering, and the responses are used in the ongoing improvement work.

In 2010, Tork, SCA's global AFH tissue brand, conducted a brand survey for Tork and competing brands in Europe and the US in which customers (buyers in end-customer companies) provided their perspective on recognition and profile.

Each year, Tork also conducts a customer satisfaction/loyalty survey in one or two regions in Europe, focusing on how they perceive SCA as a supplier in relation to the following parameters: satisfaction, attractiveness and loyalty. In 2010, one such survey was performed in Sweden.

SCA Forest Products performed a customer survey among its publication paper customers. Questionnaires, which were translated into ten languages, were sent to 530 recipients. The survey showed that customers rate SCA higher than its competitors in all areas. SCA received high marks with regard to complaints handling, swift response to questions and environmental profile.

Consumers

SCA in China conducted a sustainability survey among Chinese consumers. The survey took the form of in-depth interviews with consumers, but also included other stakeholders, such as journalists, customers and NGOs. Through the survey, SCA gained an understanding of the attitude of Chinese consumer groups to sustainability and obtained a basis upon which the Group can effectively communicate the sustainability of its product offerings.

During the year, SCA's global incontinence brand TENA launched Eco Actions at www.TENA.com. Eco Actions is one way of communicating SCA's environmental work and the corresponding concept was launched on the websites of Libresse and Libero in 2009.

Investors

In 2010, SCA carried out a roadshow for SRI (Social Responsible Investment) investors in London. SCA also met with several SRI investors in one-on-one meetings.

The Swedish Society of Financial Analysts arranged a course for financial analysts under the theme "Integrating CSR in traditional company valuations." SCA was invited to lecture on the subject "Integrating ESG (Environment, Social, Governance) in strategy."

Employees

All business groups conduct regular employee surveys. In 2011, SCA will perform a Group-wide employee survey.

Personal Care products initiated a project in 2009 relating to the SCA culture and how it can be changed to generate higher growth. In early 2010, 1,900 employees (73%) responded to a web survey, which was supplemented with group discussions and in-depth interviews with representatives from marketing, sales, management and the plants.

A full 93% of employees from SCA Skog participated in an employee survey that is performed every two years. The survey resulted in action plans for the forthcoming two years.

During the year, SCA's hygiene operations introduced a new way of communicating with employees using information monitors. The system enables SCA's values and culture to be communicated in an attractive format, mixing local communication with a central message. This makes it also easier to reach employees with no access to the Group's intranet. The screens will be fitted in all European plants and offices and, when the installation is complete in 2011/2012, it will reach 13,000 employees in 15 languages.

NGOs

SCA continuously engages in a dialogue with such NGOs as the WWF and the Swedish Society for Nature Conservation (SSNC). For example, SCA Forest Products is a member of WWF's Global Forest and Trade Network (agreement under negotiation) and SCA has entered a partnership with WWF in Spain.

In conjunction with the UN Climate Change Conference in Mexico, COP 16, SCA and 400 other companies signed the The Cancun Communiqué on Climate Change, initiated by the University of Cambridge. As signatories to the Communiqué, the companies underline their commitment to combating climate change.

Society

SCA often conducts discussions with affected parties on matters that impact the local community. In 2010, SCA started to use geothermal steam from hot springs to product steam in its tissue plant in Kawerau, New Zealand. This was preceded by consultations with organisations representing the Maori people, who feel a strong connection to the land and its natural resources.

SCA is a member of a large number of associations that discuss issues linked to the Group's business: SCA currently holds the Presidency of EUROOPEN (The European Organization for Packaging and the Environment) and is a representative in ECR Europe (Efficient Consumer Research). Other examples are CEPI (Confederation of European Paper Industries) through national associations including the Swedish Forest Industries Federation, FSC International and the Swedish branch of FSC, EDANA (European Disposables and Nonwovens Association), ETS (European Tissue Symposium), CITPA (International Confederation of Paper and Board Converters in Europe), FEFCO (European Federation of Corrugated Board Manufacturers), IWA (International Water Association), CGF (Consumer Goods Forum) and Eucomed (Medical Technology), the European branch organisation for incontinence products and other medical technology products. SCA is also active through the appropriate trade associations in standardisation activities in ISO (International Organization for Standardization), and CEN (European Committee for Standardization).

Customer comments



Stephen Thompstone, Buildbase (to the left)

In collaboration with SCA, the national British builders merchants Buildbase, with 150 branches across the UK, has developed an offering to help its customers – small builders to national contractors – enhance the efficiency of their operations while also making a positive contribution to the environment. For each company that starts to use electronic invoicing, Buildbase will plant ten new trees on SCA's FSC-certified forestland.

“The electronic invoicing scheme has been very successful,” says Stephen Thompstone, Managing Director of Buildbase.

As a direct result of participation by Buildbase's customers in the scheme, SCA Skog planted about 11,000 trees during the summer close to Sundsvall, Sweden, in an area that has been named the Buildbase Lifecycle Forest.

“It's a fantastic start and there are many customers out there who could still join the scheme. Buildbase and its customers are delighted to be doing their bit for the environment in this way. Because green issues are becoming a much greater consideration in our day-to-day business activities, this is one way that we can make our own small contribution. For Buildbase, it is valuable to have a partner such as SCA with expertise and resources throughout the chain – from the forest to the products we deliver to our customers.”



Paul Budge, managing director Bunzl UK and Ireland

“SCA is one of our preferred suppliers because the company has a product range that fulfills many of our customer's requirements. Toilet tissue is perhaps not the most romantic or sexy product that you come across, but it's pretty essential to most people. Around the product being an essential, commoditised product, there's a sustainability story that can be very attractive to our customers, particularly as toilet tissue is a product that needs to be disposed of, that can fill landfills and that uses a lot of energy and raw materials, such as timber, in the manufacturing process.

“There's quite a sustainability story there, which SCA has helped us a lot with and I actually think it has helped SCA to differentiate itself from its competitors. Its credentials in terms of the environment and its sustainable forest management are unique.

“Our own sustainability offering to our customers revolves around two things, our own impact – because we deliver products – and that the products we deliver have the smallest possible environmental footprint. SCA is a key partner, they sponsored the launch of our own environmental programme and I think that worked very well.”

NGO and investor comments

Malin Sahlin, Forest Management Officer at the Swedish Society for Nature Conservation

Harvest the forest or let it stand? This is often the point of contention when SCA and the Swedish Society for Nature Conservation clash with one another.

The Swedish Society for Nature Conservation often criticises SCA's harvesting plans and fellings that the environmental organisation believes have not been carried out properly.

"The Swedish model involving clear felling of natural forests with high nature values, scarifying and replanting with trees of the same species and age is not sustainable. The consideration taken by leaving tree groups and snags on each logged area can never replace the natural forests that have been felled. We have a lot of trees in Sweden, but the forest is slowly disappearing," says Malin Sahlin, Forest Management Officer at the Swedish Society for Nature Conservation.

"We are not against forestry, but we would like to see forest operations that apply more alternative methods than currently, methods that do not involve clear cutting but where certain trees are felled and the others are left standing. At least 20% of the forest should be fully spared and we must also begin to consider how to recreate forests. We have spoiled so much of the landscape that some species will not be able to survive otherwise.

"SCA has made a major effort in recent years, including through employing nature conservation specialists in each forest management district, which is a positive step. We have a good talking relationship with the company and feel that it has become more responsive to our viewpoints. It is therefore depressing that we still find scandal fellings and forests designated for felling with very high nature values on SCA's land."

Hans Djurberg, formerly Chief Forester at SCA's Norrbotten forest district, provides SCA's view on the issue: "We view nature conservation from a landscape perspective. This is carried out by preparing so-called ecological landscape plans in which we assess what areas can be felled and which

should be spared. When environmental organisations and SCA have different opinions, this could be the result of varying points of reference. We do not have as a goal to conserve all species everywhere, but make an overall assessment. Some fellings may be carried out at the expense of some species, but in such a case we perhaps have made the assessment that there is a sufficiency of the species in nearby areas or that there are areas nearby that are even more in need of protective care.

"We are interested in what research reveals regarding all the forest that is already spared. What benefit does it provide and how do we gain the most effect of the nature conservation that is carried out? Quite simply, an evaluation is required of the Swedish model for managing forests."



Hans Djurberg, Lars Sundberg and Olle Lindqvist from SCA discuss a forest area outside Arjeplog, Sweden, with Malin Sahlin and Hans Sundström (far back) from the Swedish Society for Nature Conservation.



Carina Lundberg Markow, Head of Responsible Ownership at Folksam

SCA is a good example of why Swedish companies are at the forefront of sustainability. By working for a long time in a structured and target-oriented manner with regard to the environment and social responsibility, SCA has consolidated its position as a model company. SCA's clear targets for reducing carbon dioxide, certification of forest raw materials and water consumption also reflect the Group's forward-looking approach. It will be very interesting to follow the implications of the distinct sustainability requirements that SCA imposes on its suppliers. SCA is well prepared to address future sustainability-related risks and opportunities since responsibility in the Group is clearly defined at the highest level.

Materiality analysis

In 2010, SCA conducted a materiality analysis to investigate the sustainability criteria that the Group stakeholders deem the most important. The sustainability criteria included in the study were chosen in accordance with such governing documents as the Global Reporting Initiative, Global Compact and SCA's Code of Conduct. The study was a repeat of the materiality analysis that SCA conducted in 2008 and the purpose was to see if any changes had taken place in the values of the stakeholders.

A total of 940 customers, suppliers, investors, media, NGOs and SCA employees participated in the study. Respondents were asked to assess the importance of various sustainability issues.

The participants were divided into external and internal stakeholders and their responses were weighted and submitted for materiality analysis.

Results in 2010 illustrate that internal and external interests largely coincide. The major differences are within Biodiversity and Climate change, which external interests considered were more important than did internal, as well as in Management/employee relations and Workforce training and development, which the internal interests assigned higher priority than the external.

Human rights was the area valued highest by both groups in 2010 and this area was also valued highest in the 2008 survey. Significant importance

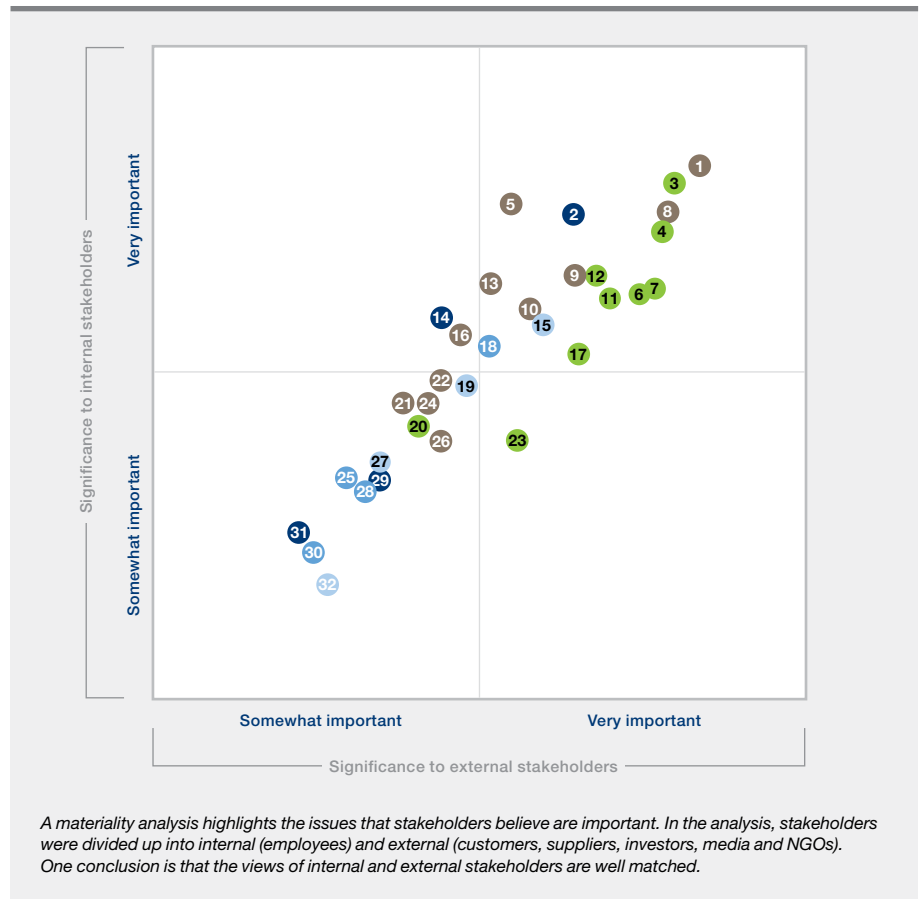
was also attached to Product quality and safety as well as Emissions to air and water in both surveys.

The greatest differences between the two surveys were in Occupational health and safety, which was considered significantly more important in 2010 than in 2008, and Environmental performance of products, which was weighted heavier in 2008 than in 2010.

The results from this study seem reasonable and relevant and have provided SCA with support in its work to prioritise the content of the sustainability report in 2010 and in future sustainability initiatives.

Topic	Importance
1 Child labour, forced labour or other human rights issues	●
2 Customer service	●
3 Product quality and safety	●
4 Emissions to air and water	●
5 Management/employee relations	●
6 Energy and raw material consumption	●
7 Use of hazardous chemicals in manufacturing	●
8 Occupational health and safety	●
9 Diversity and non-discrimination	●
10 Corruption and bribery	●
11 Environmental performance of products	●
12 Waste management	●
13 Workforce training and development	●
14 Economic performance	●
15 Transparency	●
16 Talent attraction and retention	●
17 Climate change	●
18 Risk and crisis management	●
19 Certification – environmental, quality and health & safety	●
20 Transport	●
21 Supply chain management	●
22 Adherence to competition legislation	●
23 Biodiversity	●
24 Community relations	●
25 Corporate governance	●
26 Freedom of association and collective bargaining	●
27 Performance management systems e.g. EMS	●
28 Active stakeholder dialogue	●
29 Investment and procurement practices	●
30 Membership of international organisations e.g. Global Compact	●
31 Public affairs and lobbying	●
32 Use of GRI indicators / GRI reporting	●

- Strategy
- Environmental responsibility
- Economic responsibility
- Social responsibility
- Control and assurance





Economic responsibility



Long-term financial value generation

Sustainability efforts are of key importance to SCA's ability to attract customers, employees and investors. From an owner perspective, sustainability initiatives help to increase the value of the company by leveraging opportunities and managing risks from a financial, social and environmental perspective.

SCA's sustainability programmes strengthen the company's competitiveness in numerous ways. Investments in efficient, eco-friendly technology reduce production costs and the company's distinct profile in the field of sustainability contributes to long-standing relationships with the Group's customers and to building long-term confidence among the Group's consumers. This distinct profile also enhances the perception of SCA as an attractive employer. Moreover, long-

term sustainability initiatives increase the total demand for the SCA share by attracting investors with sustainability criteria.

Generating value for shareholders

SCA generates value for shareholders through dividends and share price appreciation. Normally, about one-third of the operating cash flow, after interest expenses and taxes, over a business cycle is used for dividends. During the past ten

years, the dividend has increased by an average of 4.5% annually. The Board has proposed a dividend of SEK 4.00 (3.70) for 2010.

In 2010, the SCA B share rose 11% to SEK 106.20. This corresponds to a market capitalisation of SEK 64bn (67). The Nasdaq OMX Stockholm index increased 23% during the corresponding period.

Over a five-year period, the SCA share generated a higher total yield than its competitors.

Our economic agenda

- Long-term competitiveness, delivering growth and profitability.
- Create value for our stakeholders.
- Deliver sustainable products based on resource-efficient, safe and environmentally compatible operations.
- Solid, long-term business relationships.
- Contribute to economic development in emerging markets.



Largest shareholders

	% of votes	% of shares
AB Industrivärden	29.33	9.76
Handelsbanken*	13.81	5.22
SEB*	5.26	2.37
Skandia	3.68	1.02
Alecta	2.27	1.99
AMF – Insurance and Funds	1.17	2.02
Nordea	1.10	1.04
Second Swedish National Pension Fund	0.96	1.66
Third Swedish National Pension Fund	0.82	0.83
Swedbank Robur funds	0.78	1.77

* Including funds and foundations.

Source: Euroclear

Key figures

	2010		2009		2008	
	SEK	EUR ²⁾	SEK	EUR ²⁾	SEK	EUR ²⁾
Net sales, SEKm/EURm	109,142	11,450	110,857	10,466	110,449	11,532
Operating profit	8,677	911	8,190	773	8,554	893
Operating profit ¹⁾	9,608	1,008	9,648	910	8,554	893
Operating margin, %	8		7		8	
Operating margin, % ¹⁾	9		9		8	
Profit before tax, SEKm/EURm	7,561	794	6,546	618	6,237	651
Profit before tax, SEKm/EURm ¹⁾	8,492	891	8,004	755	6,237	651
Profit for the year, SEKm/EURm	5,592	587	4,830	456	5,598	584
Profit for the year, SEKm/EURm ¹⁾	6,281	659	5,906	557	5,598	584
Earnings per share, SEK	7.90		6.78		7.94	
Earnings per share, SEK ¹⁾	8.89		8.32		7.94	
Cash flow from current operations per share, SEK	10.53		16.36		5.42	
Dividend, SEK	4.00 ³⁾		3.70		3.50	
Strategic investments incl. acquisitions, SEKm/EURm	-2,920	-306	-3,082	-291	-4,873	-509
Equity, SEKm/EURm	67,821	7,538	67,906	6,577	67,252	6,147
Return on equity, %	8		7		8	
Return on equity, % ¹⁾	8		7		9	
Debt/equity ratio, multiple	0.51		0.60		0.70	
Average number of employees	45,341		49,531		51,999	

¹⁾ Excluding items affecting comparability.

²⁾ For exchange rates, see page 48 in the Annual Report.

³⁾ Proposed dividend.

At year-end 2010, SCA had 81,772 registered shareholders. The largest owners are Industrivärden AB, Handelsbanken and SEB.

SCA's net sales in 2010 amounted to SEK 109,142m (110,857). Profit before tax improved 6% to SEK 8,492m (8,004), excluding items affecting comparability.

In 2010, there was a steady recovery in the global economy, which gradually improved demand. SCA increased volumes in all business areas and increased its market shares for the global brands TENA (incontinence care) and Tork (AFH tissue). Combined with higher prices in Tissue and Packaging and cost savings, this offset negative exchange rate effects and SEK 5.2bn in increased raw material costs. Profitability for the Packaging business improved sharply.

SCA's prioritised areas are costs and cash flow, capital efficiency, innovation and growth. SCA's proximity to customers and consumers, knowledge of local and regional market conditions combined with global experience, strong brands, efficient production and innovation are crucial competitive factors. Sustainability is also a prioritised area that constitutes an integral part of operations and the Group's strategy for growth and value creation.

All operations in mature markets, such as Western Europe and North America, will continue to strengthen their positions at the same time as SCA will grow in prioritised emerging markets, such as Eastern Europe, Russia, Latin America, Southeast Asia and the Middle East.

SCA prioritises growth in its hygiene operations. For Personal Care products, the Group has set an organic growth target of 5–7%, while the target for Tissue is 3–4% per year. SCA has established financial targets that specify that the Group shall achieve a return on capital employed of 13%.

Increased impact of non-financials

In the past, sustainability reports were mainly of interest to SRI (Socially Responsible Investment) analysts. However, the recent financial crisis has highlighted the weakness of applying traditional indicators alone and the necessity to introduce ESG (Environment, Social, Governance) performance indicators in assessments.

Surveys conducted by SAM (Sustainable Asset Management), among others, show that companies that integrate ESG in their business are more successful than other "conventional" companies. This has sparked a growing interest among financial analysts in sustainability factors, even if non-financial parameters, such as the management's ability, are also included in traditional analyses. In a survey conducted by Ethical Corporation, 90% of investors said that environmental and social factors are important in the valuation of a company.

One reason for the lack of interest among traditional analysts in ESG factors is that they are often not quantified and comparable. This is being changed through the development of key performance indicators (KPIs) and reporting

methods, an area in which GRI is becoming the foremost standard.

SCA has reported its sustainability work in accordance with GRI guidelines level A+ since 2008. The report is reviewed by PwC. For further information, refer to the GRI index on pages 64–65.

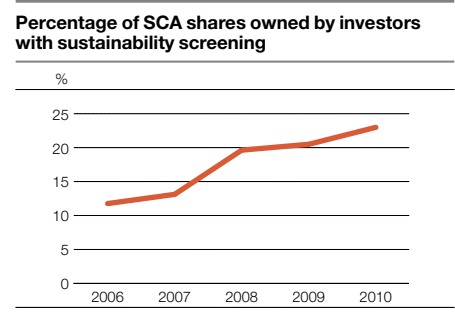
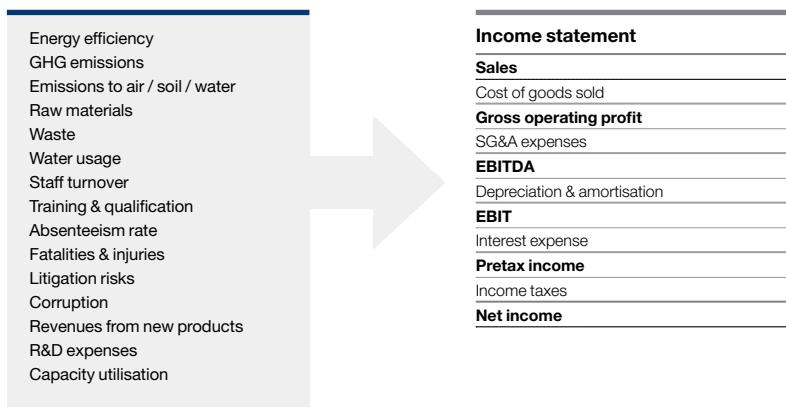
Increased proportion of SRI investors

Sustainability assessments have become increasingly important to investors in the SCA share. Major institutional investors (such as certain pension funds) often add environmental and social parameters to their risk analyses, 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. The proportion of investors who examine SCA from a sustainability perspective amounted to slightly more than 23% at the time of the latest survey (2009). This corresponds to an increase of 18 percentage points since 2004. SCA is included in 87 European sustainability funds, making it one of the most frequently occurring companies in these funds.

SCA is assessed annually by several ranking institutes. Since 2001, SCA has been listed on the FTSE4Good, an index measuring earnings and performance among companies that meet globally recognised norms for corporate responsibility.

In 2010, SCA was named the number one Swedish company in terms of carbon dioxide reporting in the annual Carbon Disclosure Project

Impact of non-financials on company valuation



About 23% of SCA shareholders have evaluated SCA in terms of its sustainability performance, which is an increase of 18 percentage points since 2004.

Derived from work by EFFAS, The European Federation of Financial Analysts Societies.

(CDP) survey. The CDP project acts on behalf of 534 institutional investors – with USD 64 trillion in assets under management – which use the survey as an evaluation tool.

SCA is also listed on Global Challenges, which is a global sustainability index developed by the Hanover Stock Exchange, and the research company Oekom Research AG. SCA has achieved pass status in the Orange SeNSE Fund, which is a fund of European companies with stringent sustainability criteria. SCA is also included in the OMX GES Nordic Sustainability Index, launched in 2008 by the Nasdaq OMX Exchange in collaboration with GES, an ethics analysis company.

There was substantial interest in SCA by SRI (Socially Responsible Investment) parties in 2010. SCA regularly holds meetings and keeps in contact with this group as part of its investor relations work. Activities during the year included meetings in London with SRI investors.

Sustainability programmes build relationships and confidence

Customers and consumers increasingly demand that companies maintain a certain standard in the sustainability area. However, from this minimum level, there is considerable potential to develop sustainability and convert it into a competitive advantage. SCA's sustainability work builds on long-term relationships with several of the Group's customers and builds confidence in the Group's consumer brands. In certain instances, this is an entirely decisive factor in a customer's selection of SCA as a supplier.

In 2010, SCA launched TENA Eco Actions; a concept to communicate SCA's environmental initiatives and commitment. Eco Actions was previously launched by the Libresse and Libero brands. Read more about Eco Actions at TENA.com, Libresse.com and Libero.com.

During the year, all of Libero's open diapers were labelled with the Nordic Eco-label and about 90 of Tork's products received the EU Eco-label.

Long-term market building in China

In China, SCA is pursuing a long-term educational project to increase knowledge regarding incontinence among the elderly. The project, which is aimed at the Chinese healthcare sector, was launched in 2009 and is being conducted at hospitals in 12 Chinese cities, including Guangzhou, Shanghai and Nanjing. At the end of 2010, almost 5,000 nurses had completed the educational programme.

Incontinence among the elderly is a common problem throughout the world. By training nurses in China, SCA wants to raise awareness of incontinence issues and thus play a part in building the Chinese incontinence market. By establishing a strong market presence at an early stage, SCA aims to be a leading player in the Chinese market for incontinence care products.

The launch of TENA in southern China took place in 2009 and the brand is now available also in the eastern parts of the country. The launch was successful, particularly in the southern parts of the country, where the brand has developed into one of the leading names in such cities as Guangzhou and Shenzhen.

Sustainability builds good business

A large European retail customer tested the Tork Interfold system for napkins in ten stores. SCA guaranteed a 25% reduction in consumption with the new napkin dispensers. Consumption decreased by 80% and the retail chain decided to switch supplier to SCA.

The Wal-Mart retail chain is the world's largest company. To continue its expansion, Wal-Mart has developed small local stores that are open in locations where there is not the population to support a large store. In Mexico, where local stores are used by nearly half of consumers, Wal-Mart has introduced Bodega Aurrera stores. These offer consumers recognised brands at low prices (just like in the superstores), but in smaller premises and in smaller packs. Consumers who shop at these stores often do not have the means to purchase large quantities and SCA has thus created 12-pack versions of its Saba feminine panty liners exclusively for sale in Wal-Mart's Bodega Aurrera stores.

Magic Corner, an ingenious shelf-ready pack developed by SCA in collaboration with Mars Western Europe, won the Deutscher Verpackungspreis, the top prize at the German 2010 Packaging Awards, in the Displays and Promotional Packaging category. SCA developed the "magic corners" that gave the solution its name. Supporting corner posts automatically pop out during the manual assembly of the tray. Consequently, the trays are easily stackable, and such is the sturdiness of the solution that recycled paper can be used exclusively throughout the manufacturing process.

Environmentally certified forest products are in increasing demand by the Group's customers and, as one of the world's largest suppliers of FSC-certified products, SCA is well positioned to

meet this development in the market. All timber delivered to SCA's paper and pulp plants and sawmills is FSC certified or fulfils FSC criteria for controlled wood. In 2010, SCA's deliveries of FSC-certified publication papers increased by 35% and deliveries of FSC-certified pulp remained at a level of more than 50% of the total pulp deliveries.

There has also been a marked increase in demand for FSC-certified tissue in recent years. Up to about ten years ago, FSC-certified tissue products were largely unheard of, but today, they completely dominate the market in, for example, the UK. In other words, the ability to deliver certified products is entirely decisive for SCA's competitiveness.

In 2010, SCA Forest Products consolidated its operations in renewable energy into a new business unit, SCA Energy. It will encompass such existing business operations as biofuels and wind power, and will also be in charge of developing new business opportunities in the energy area.

Innovation drives long-term profitability

A global Group such as SCA must continue to explore new demand, cultivate new markets and attract new customers in the most cost-efficient manner possible. A decisive component in this effort is innovation.

SCA has a long history of successful innovations. The company's innovation activities are pursued in line with a model adapted to match the requirements of the four business areas. In recent years, the focus has been on honing and streamlining the innovation-related processes.

General innovation model

The SCA Group has three basic building blocks for innovation programmes:

- Customer and consumer insight
- Technology and offering
- Business model

Experience proves that an innovation becomes successful only when there is coherence between customer and consumer insight, technology/offering and business model. This type of model is used in SCA's most innovative areas of operations: Personal Care and Tissue. Similar models are used in Packaging and Forest Products. Innovations can start anywhere in the Group or in cooperation with external partners in a network.

Innovation categories

Innovation is a multi-faceted, complex configuration of activities that emerge in various forms. SCA categorises its various innovations and their potential market impact on the basis of three categories:

- Upgrade
- New generation
- Breakthrough

An upgrade is a modification of an existing offering, and is a necessary move in the bid to remain competitive and maintain high levels of satisfied customers and consumers. Upgrade is the most common form of innovation across all companies.

New generation innovations occur when a completely new offering is launched for an existing customer or consumer segment. A good example of this is Tork Xpressnap, an Away From Home tissue dispenser system that combines excellent design with functionality and environmental improvements. The incontinence care product TENA Flex is another good example of new generation innovation that features improved functionality for the user, enhanced ergonomics for the care provider and environmental improvements.

Breakthrough innovations – which emerge relatively seldom in most industries – are new growth platforms that completely transform an entire industry, new customer or consumer segments or provide an entirely new offering to existing customer segments. The launch of heavy incontinence care products in the 1970s is one such example. The new products partly replaced catheters – which caused infections of the urinal canal and other problems for patients – and created an entirely new market segment. This innovation forms the platform for TENA's entire business, from which SCA continuously launches new innovations, thus creating a position as the global market leader in the incontinence area. TENA Lady is an example of a breakthrough innovation in recent years, whereby an entirely new market segment has been created by focusing on women via the retail trade and working to break taboos. For the Tork brand, there are several examples of breakthrough innovations, for example, by adding such related products as soap and alcogel to the offering.

To reliably measure the innovation strength and its financial impact in the four business areas, SCA began monitoring a number of innovation-related performance indicators in 2010.

One example of this is SCA's packaging operation, which conducts a comprehensive innovation and product development programme to develop new solutions for its customers.

Product development at SCA Packaging Europe is often conducted at the business group's 16 Design Centre throughout Europe, where the company's packaging experts tailor various types of packaging solutions through intimate customer cooperation. Each year, about 60,000 small and large development projects are conducted.

In parallel with the customer-oriented development activities, SCA Packaging Europe pursues a long-term innovation programme that aims to create entirely new packaging concepts. One such example is new shelf-ready solutions, which have been launched in recent years.

SCA Packaging Europe monitors several factors in its innovation and development work: the share of total sales that is attributable to products that are one year old or less; how profitable products are and how many of the customer-wide development projects result in orders.

The outcome for 2010 confirms that innovation and product development are decisive for the business group's competitiveness and profitability. New products account for about one-third of sales and an even larger share of profit.

Forest Product focuses on innovation in order to move its business up the value chain and deliver products and solutions with higher value and margins.

In total, SCA invested SEK 713m (738) in research and development in 2010, corresponding to 0.7% of total sales.

Investments yield more efficient operations

Over the past five years, SCA has made major investments that have generated considerable improvements in both efficiency and environmental performance. When investments are evaluated, their economic as well as environmental effects are taken into account. During the 2006–2010 period, investments totalled SEK 42bn.

In the latter part of 2009, SCA decided to invest SEK 500m in a new lime kiln at the pulp plant in Östrand. The new kiln will be powered using pellets from SCA BioNorr and will replace two oil-fired kilns. The investment in the new kiln enables an annual increase in pulp production of 10,000 tonnes. At the same time, Östrand's carbon dioxide emissions from fossil fuels will be

reduced by 80% when the new lime kiln is commissioned at the end of 2011.

In 2010, SCA's started up its newly built tissue mill in Mexico, which has an annual capacity of 60,000 tonnes based entirely on recovered fibre. The facility was designed to an extremely high environmental standard in terms of, for example, water use.

Economic implications of climate change

One effect of climate change on SCA is the company's participation in the EU's trading system for emission rights. The system's first phase was completed in 2007 and the second five-year phase started in 2008. In the first phase, SCA had an annual emission rights surplus of about 10%. The excess in Phase 2 is roughly the same size and will generate a surplus of emissions rights corresponding to approximately 200,000 tonnes of carbon dioxide emissions annually.

The financial value of an emission right (corresponding to one tonne of carbon dioxide) has remained relatively stable over the year and the average price for 2010 was about EUR 14 per tonne. Although SCA did not sell any emission rights externally in 2010, it did carry out swaps of different types of emission rights (EUAs swapped for CERs), generating revenue of EUR 0.9m.

The emission rights system also affects SCA through increased electricity prices.

The EU's efforts to reduce emissions from fossil fuels have led to a rise in demand for biofuel. This increases the price of wood raw material and may, in the future, increase competition for important raw materials needed for SCA's production processes. SCA's own extensive production of biofuels constitutes a business opportunity and the Group's forest holding also represents a competitive advantage.

Creating value for stakeholders

Through its business operations, SCA helps to create economic prosperity in society and economic development among its stakeholders – both directly and indirectly.

The financial value creation generated by SCA benefits a long line of stakeholders: employees in the form of wages and other benefits, the state and municipalities in the form of tax revenues, suppliers in the form of payments for delivered goods and services, customers and consumers in the form of high-quality products, and shareholders in the form of dividends and share appreciation. SCA's involvement in community projects contributes to local economies and the Group's operations in emerging markets help these regions to develop economically.

Customers

SCA delivers high-quality products to its customers – products that fulfil their needs and expectations. Customers consist primarily of large companies, although consumers constitute the principal end users of SCA products.

Net sales in 2010 amounted to SEK 109,142m (110,857). Of this amount, 75% was generated in

Europe, SCA's primary market. The largest markets in terms of sales are Germany, the UK and the US.

The Group's growth in hygiene operations is mainly in emerging markets, such as Asia, Latin America and Eastern Europe/Russia. Sales in these markets rose 8% in local currencies in 2010. Sales in all of SCA's emerging markets account for 18% of the company's total sales, compared with 7% in 2000.

In line with the Group's growth strategy, SCA acquired a Mexican manufacturer of baby diapers, with the brands Dry Kids for the Mexican market and Tessy Babies for consumers in Central America. The acquisition strengthens SCA's presence in Latin America and establishes a base for expanding sales of baby diapers in Mexico and Central America.

In 2010, SCA also increased its product portfolio in Malaysia through the launch of Libresse feminine care products.

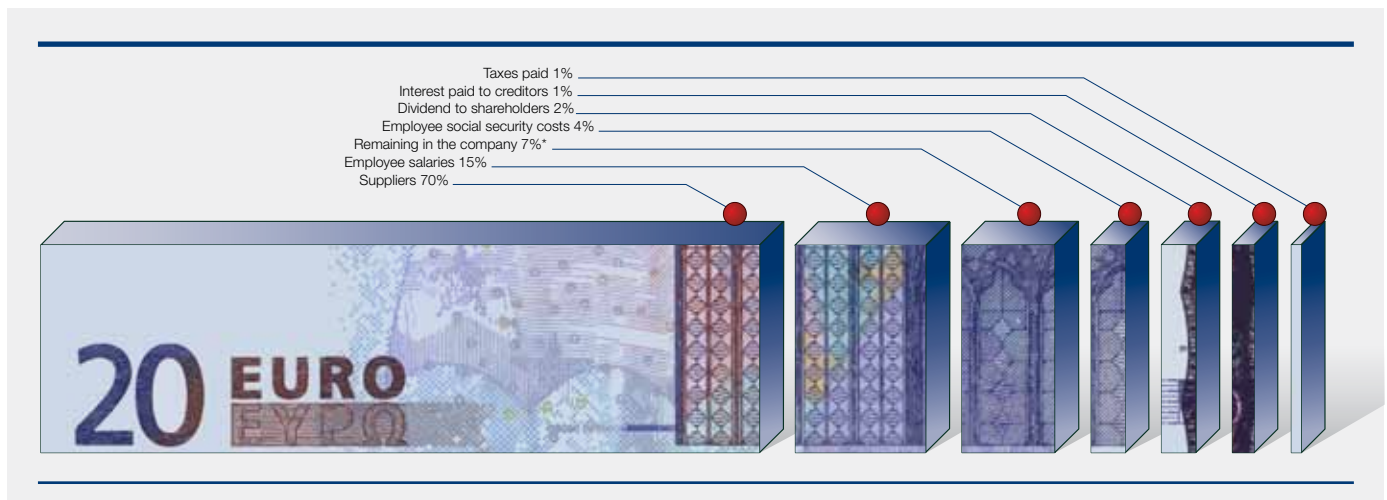
SCA's cost distribution in 2010 allocated by stakeholder

		SEKm
Suppliers	Purchase of goods and services	75,961
Employees	Salaries and social security costs	19,951
Shareholders	Dividend	2,657
State	Taxes	1,255
Lenders	Interest paid	1,116

Net sales, SEKm

(10 largest countries)	2010	2009
Germany	15,066	15,661
UK	9,455	10,015
US	9,018	9,222
France	8,446	9,045
Sweden	8,001	7,051
Italy	7,597	7,334
Netherlands	5,005	5,526
Spain	4,896	5,198
Australia	3,241	2,992
Denmark	2,851	3,239

Created value by stakeholder 2010



* Current expenditures, restructuring costs, strategic investments and acquisitions.

Suppliers

SCA is a major customer for many of its suppliers, and supplier costs represent the single largest expenditure item for SCA, corresponding to 70% of sales. SCA strives to maintain transparent and long-term relationships with its suppliers to guarantee high quality as well as financial stability for both parties.

In 2010, SCA purchased raw materials and services for a total of SEK 75,961m (74,327). SCA is a large company and, as such, aims to achieve economies of scale, particularly in terms of sourcing. Many input goods, such as paper pulp, electricity and chemicals, are global commodities and are largely purchased centrally.

However, there are examples of the opposite. Forest raw materials are goods that are almost exclusively purchased locally. Nearly 100% of the fresh fibre acquired and used in the Swedish mills and packaging units is purchased from local suppliers. The paper mills in Austria and Germany also mostly use local suppliers.

Price is often the factor determining where the purchase is made. Provided that environmental and social requirements are met, the least expensive supplier is chosen. Bulky goods cost more to transport and tend to be purchased locally. This strengthens the local community and provides substantial economic contributions to local suppliers and the local economy to which they belong.

SCA trains and supports suppliers – for example, in hygiene operations in such aspects as quality, the environment and Code of Conduct – and the forest contractors that work for the Group.

Employees

SCA has 45,341 employees to whom it pays wages. As a principle, the Group pays competitive remuneration to its employees and this approach is applied to all markets. SCA follows local wage structures, assuming that these terms are not below internationally established rules for minimum salaries and reasonable compensation.

In 2010, employee salaries totalled SEK 15,654m (16,596), and social security costs amounted to SEK 4,297m (4,874).

The Group also contributes to pension plans. SCA has both defined-contribution and defined-benefit pension plans. The most significant defined-benefit plans are based on the period of employment and employee salaries at, or just prior to, retirement. The total net cost for pensions in 2010 amounted to SEK 320m (651). For further information, see Note 26 in the SCA 2010 Annual Report.

SCA employees should be offered the opportunity to develop in terms of competence as well as financially within the company. The Group invests significant resources in competence development to strengthen employees' abilities to build a career within SCA. The employees underwent an average of 18 (14) hours of training.

SCA is the dominant employer in certain regions, which places increased responsibility on the Group. For many employees in emerging markets, employment at SCA can be an important financial guarantee for them and their families. In 2010, SCA employed 12,845 people in Eastern Europe, Asia and Latin America, who received wages totalling SEK 1,382m.

SCA takes a positive view of local management in each country. As a rule, the existing man-

agement is retained following an acquisition, since they are deemed to have the best knowledge of local conditions. At the same time, SCA is an international company that encourages its employees to test employment in other countries. Diversity and a variety of experience contribute to the dynamics and development of the company.

Society

By paying taxes in the countries in which it is active, SCA contributes to national economies and to economic prosperity. In 2010, SCA paid SEK 1,255m (1,003) in taxes globally.

SCA's operations are currently under expansion in a number of emerging markets. As the economies of these countries grow, so does SCA's opportunity to help improve the general quality of life for an increasing number of people with its essential everyday products.

There is a strong correlation between use of personal care products and GDP per capita. By adapting the product offering and distribution to low-income earners in these countries, SCA can establish a strong presence at an early stage in these markets.

Salary costs, SEKm

(10 largest countries)	2010	2009
Germany	2,823	3,133
Sweden	2,703	2,746
US	1,460	1,502
France	1,275	1,008
Netherlands	1,024	1,173
UK	895	1,054
Italy	771	882
Austria	668	807
Denmark	498	673
Australia	461	411

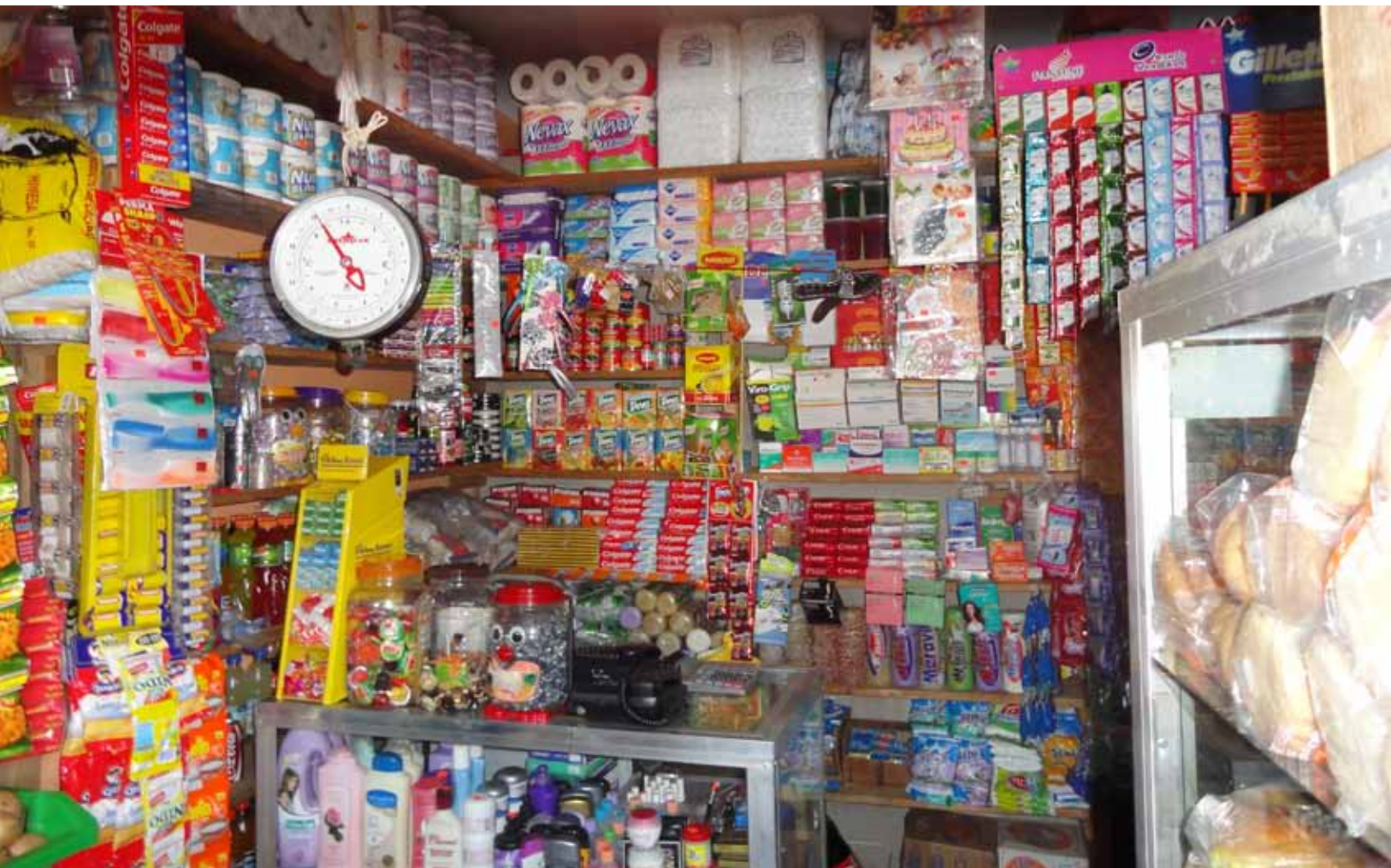
SCA simplifies everyday life with personal care products in emerging markets

For several years, SCA has worked to make its products more accessible and improve everyday life for low-income earners. This is done, for instance, by selling packs containing fewer products in small, local stores (mom & pop stores) in countries like Mexico, Columbia and Costa Rica. In 2010, Hey Baby diapers were launched in the economy segment and Drypers diapers in single-packs were launched in Asia. In Russia, a pant diaper was launched in the economy segment to provide more consumers access to the product and grow the segment.

Globally, there are major opportunities to generate growth by targeting large groups of women in emerging markets that currently use feminine care products to a very limited extent or not at all. SCA has initiated

efforts aimed at improving everyday life for women with low incomes. The project aims to identify success factors to be able to establish a relevant offering to these consumers and, with it, significant and lasting sales.

SCA is currently conducting a pilot project in two countries – Nicaragua and Peru – where the significance of parameters such as quality, price, functionality, brand, consumer advice, distribution, availability and product count per package are evaluated. SCA's ambition is to expand the concept to more countries.



In Latin America and Asia, "mom & pop stores" account for more than half of consumer sales. These are small local service stores with behind-the-counter sales. Because the range in these stores is often very broad and the retail space limited, small product packs are a necessity.



Environmental responsibility



Climate and energy

SCA pursues a comprehensive programme to reduce the Group's carbon footprint. This includes a major wind power initiative, investments in new production technology and supply chain assurance.

Carbon dioxide emissions to be reduced by 20%

SCA will reduce its emissions of carbon dioxide from fossil fuels and purchased electricity and heat, in relation to production level, by 20% before 2020, using 2005 as a reference year.

Expanded responsibility

The CO₂ target means that SCA not only assumes responsibility for its own use of fossil fuels, but also for how electricity purchased by the Group is generated.

At year-end 2010, carbon dioxide emissions had declined by 4.2% compared with 2005, which is in line with plans.

Large-scale investment in wind power

SCA and the Norwegian energy company Statkraft are conducting a major joint investment in wind power. In 2007, the companies formed a joint venture – Statkraft SCA Vind AB (SSVAB) for wind power production in northern Sweden. Plans include annual generation of 2.4 TWh of wind power electricity from six wind farms. Statkraft will provide funding of about SEK 15bn,

while SCA will grant the use of land for the wind farms. This substantial investment in wind power will reduce the Group's carbon emissions while also securing deliveries of electricity to Ortviken mill, which is one of SCA's most energy-intensive operations.

The six wind farms were subject to environmental assessments in 2010. The environmental assessment included evaluating the wind farms' impact on reindeer husbandry. SSVAB has engaged in extensive dialogue with the Sami villages affected by the projects and has offered compensation for any negative effects that may



Our environmental agenda

- Reduce carbon emissions from own use of fossil fuels and from purchased electricity and heat.
- Control sources of all fresh fibre-based raw material.
- Reduce water usage in areas with water scarcity.
- Ensure high quality of wastewater.



SCA's activities for a better climate

SCA contributes in many ways to reducing the total volume of carbon dioxide emissions from fossil fuels:

Forestry: Growth in SCA's forests exceeds the harvesting rate by more than 20%, meaning that a net amount of about 2.6 million tonnes of carbon dioxide is absorbed annually.

Biofuel: SCA is a major supplier of biofuels to Swedish municipalities, companies and households. In 2010, deliveries of forest-based biofuels were 3.5 TWh.

Reduced use of fossil fuels: For the past number of years, SCA has been pursuing a long-term programme to reduce the Group's use of fossil fuels. Today, the Group's use of biofuels accounts for 43% (43) of the Group's entire fuel consumption.

Increased share of renewable electrical power: SCA strives to increase the share of renewable energy by, for example, investing heavily in wind power and by using the residual products from mills and forestry as fuel.

More efficient energy consumption: SCA works continuously to enhance the efficiency of its energy consumption. This takes the form of small-scale projects (ESAVE) and major energy investments.

Better products: Hygiene products are steadily improving from a user perspective. Better products and the use of less material lead to lower consumption and less waste and transport, and thus a smaller environmental footprint. Examples of this include the ultra-thin incontinence care products launched by SCA's TENA brand during the year.

arise. However, the Sami village most affected by the projects has rejected this offer.

At the end of 2010, the Environmental Court approved licences and conditions for SSVAB with regard to the six wind farms. For Björkhöjden-Björkvattnet, the largest of the wind farms, the court radically reduced the number of wind turbines and SSVAB has appealed this decision to the Environmental Court of Appeal. The affected Sami villages also appealed this license and the licences for several of the other wind farms to the Environmental Court of Appeal. The parties are now awaiting a decision on review dispensation in the Environmental Court of Appeal. A possible reconsideration of the project could involve further delays.

Vision zero at the Östrand pulp mill

SCA is increasingly using biofuel in its production. One example of this is the Östrand pulp mill, where SCA approved a SEK 500m investment in a new lime kiln at the end of 2009. The new kiln will be powered with fuel pellets from SCA BioNorr and replace two oil-fired kilns. The investment in the new kiln enables pulp production to be increased by 10,000 tonnes annually, while Östrand’s carbon emissions will be cut by 80% when the new lime kiln is put into operation at the end of 2011.

New power plant at the Aschaffenburg mill

Work on the construction of a new power plant commenced at SCA’s liner mill in Aschaffenburg,

Germany, in autumn 2010. Following a thorough evaluation of the environmental footprint, cost and practicality of potential energy sources, a decision was taken to make an investment corresponding to SEK 550m in a new co-generation plant powered by natural gas. The facility is scheduled to go on line in summer 2011.

The new facility will reduce specific carbon dioxide emissions by 10%. Energy production is expected to reach 373 GWh compared with the current figure of 200 GWh and the company expects to sell 200 GWh to the national grid on a yearly basis.

The new co-generation plant is expected to have a major positive effect on profitability at the plant in Aschaffenburg due to improved power economy and better electricity exchange.

Geothermal energy in New Zealand

Since August 2010, steam for drying is generated directly from geothermal steam at SCA’s tissue plant in Kawerau, New Zealand, thus reducing carbon dioxide emissions by 40%. In the past, the three paper machines were powered by natural gas. Steam is an important ingredient in the process for manufacturing kitchen rolls, napkins and toilet paper under the brands Tork, Purex, Deeko and Handee.

New business unit focused on renewable energy

At year-end 2010, SCA Forest Products consolidated all of its renewable energy operations in a

new business unit – SCA Energy. The new unit contains existing operations in the energy sector, including wind power, forest-based fuels and fuel pellets, and is also responsible for developing new business opportunities in the energy area.

Increased use of renewable energy could greatly contribute to reducing carbon emissions in society and, as Europe’s largest private forest owner, SCA has a substantial energy resource in its forests. Felling residuals have long been used to produce energy. In 2010, SCA supplied 3.5 TWh of forest-based fuels, of which 0.9 TWh comprised processed fuel pellets and 2.6 TWh consisted of unprocessed forest-based fuels.

Wind power production has grown in significance in recent years and 64 wind turbines are currently in operation on SCA land. Consequently, annual sales of renewable energy now amount to about SEK 800m.

Research, development and innovations

SCA’s biofuels programme also covers research and development, innovation and collaboration with other players. One example of this is the expanding research operations relating to stump clearing. Stumps have several advantages. The energy content is high and stumps – unlike other felling residuals – can be stored. Clearing stumps also enables more rapid reforestation.

Electricity consumption 2010

- From national grids, 73%
- Own production, 27%



Electricity consumption 2010: 9,191 GWh
The majority of SCA’s electricity, 73%, comes from national grids, while 27% derives from electricity produced in the Group’s co-generation plants.

Fuel consumption 2010

- Natural gas, 51.6%
- Biofuel, 43.2%
- Oil/coal, 4.8%
- Electric boiler, 0.4%



Fuel consumption 2010: 78,647 TJ fuel
A total of 51.6% of SCA’s fuel consumption comes from natural gas and 43.2% from biofuel. Oil and coal account for a mere 4.1% and 0.7%, respectively.

Efficient operations

In addition to investments in new technology and new facilities, SCA works in a target-oriented and persistent manner on a day-to-day basis to improve production from an energy and climate perspective.

Strong development in energy program

In recent years, SCA's ESAVE energy-efficiency programme has demonstrated positive development. Since its launch in 2003, more than 1,300 projects have been carried out. The accumulated saving effects since its initiation in 2003 are estimated at 700 GWh of electricity and 1,400 GWh of heat on an annual basis. In financial terms, this corresponds to approximately SEK 600m per year.

During 2010, SCA implemented a new target for the ESAVE programme. The expanded target details a total specific energy saving corresponding to a 7.5%-reduction in energy consumption per product unit by 2012, using 2005 as a reference

year. The Group will also measure the direct effect of each individual initiative in a more distinct manner, for example, in terms of carbon emission reductions. During 2010, 300 projects were implemented, resulting in an estimated avoided cost of about SEK 130m.

Efficient co-generation power

SCA uses co-generation power at a large number of the Group's pulp and paper mills. Co-generation power is electrical power generated in facilities where, in addition to electricity generation, heat is also utilised in the form of steam or hot water. This method is an efficient way of utilising most of the energy content in the fuel.

Climate-sound transport mix

SCA works continuously to reduce carbon emissions resulting from the company's transport operations, particularly those derived from the company's road haulage, which accounts for about 25% of the total volume transported by the company. Road haulage is often the only alternative for the first stage of transporting the raw material from the forest to the mill or rail terminal, and for the final journey from port or terminal to the customer. Other means of transport mainly comprise sea (about 70%) and rail (about 6%), which often have the lowest climate impact.



The ETT project (Modular system for timber haulage) is a Swedish project involving a trial of a timber truck that can carry four stacks instead of three, resulting in a reduction in diesel consumption, carbon emissions, road wear and transportation costs.

More efficient transport reduces carbon dioxide emissions

Transport accounts for a significant share of the Group's carbon dioxide emissions. SCA is conducting a long list of projects to enhance the efficiency of goods transportation, thereby reducing the environmental impact. A number of examples are listed below:

- In the Benelux region, SCA aims to become the first supplier of hygiene products to the retail trade to provide carbon-neutral goods transportation. The cooperation project Green Care Transport includes a select group of haulage contractors who work to reduce carbon dioxide emissions using targets, an action program and investments in renewable energy projects.

For example, the programme encompasses optimisation of efficient engines, aerodynamics and driver training – all to promote lower fuel

emissions and thus reduce carbon emissions. SCA and the haulage contractors will offset the remaining emissions through investments in sustainable energy projects, such as wind farms in Turkey and Taiwan.

- The ETT project (Modular system for timber haulage) is managed by Skogforsk and involves a trial of a timber truck that can carry four stacks instead of three. This enables a 20–25% cut in diesel consumption and carbon emissions, while also reducing road wear and transportation costs.

The trial of the ETT truck commenced in 2009 and will extend for three years. Over an 18-month period, the ETT truck transported 80,000 cubic metres of timber, requiring 650 fewer truck loads compared with a conventional timber truck. This corresponds to a distance of 210,000 kilometres or 5.3 times around the globe.

More expensive shipping

The UN Maritime Organisation IMO has set new, stricter limits for sulphur emissions from sea freight. Fuel used by vessels in international water contains 3% sulphur or more and contributes significantly to global sulphur emissions. In contaminated and sensitive sea areas, significantly stricter criteria apply. For the Baltic Sea, the North Sea and the English Channel, the former limit was 1.5% sulphur in the fuel. In 2010, this figure was reduced to 1.0% and will be cut again in 2015 to 0.1%. There is a target for the rest of the world to reduce sulphur content in the fuel to 3.5% by 2012, but many countries have rejected this restriction.

The Baltic Sea, the North Sea and the English Channel are important sea lanes for SCA. Low-sulphur fuels (0.1%) can essentially be compared with diesel of the highest environmental class and will result in a 50–75% increase in fuel costs in this region. The competitiveness of industry in northern Europe will thus be adversely impacted. Because rail transport is heavily congested in the

region and there is limited scope to transport more goods, the new regulations will probably involve large volumes of goods being transported by truck rather than by sea.

Regardless of well-meaning environmental intentions, this will lead to significantly increased emissions from road transportation and drastically increased costs. SCA, together with the remainder of the industry and the shipping sector in northern Europe, will argue for adjustments to the IMO restrictions and for the same rules to apply to all shipping.

Trading in emission rights

The market for carbon dioxide emission rights was impacted by the economic situation in 2009, resulting in declining energy requirements and, consequently, lower emissions. The demand for energy increased somewhat in 2010, albeit from a low level. Although the market is considered to have a slight surplus, prices maintained an average level of EUR 14 per tonne due to the option to transfer emission rights to Phase 3 of the system

(2013 and onward), which is expected to involve reduced allocations and thus higher prices.

In 2010, SCA had a surplus of emission rights due to earlier investments carried out by the company in energy-efficiency measures and improvements in the Group’s fuel mix in relation to the reference year for allocations.

Rules and allocation principles to be applied to the trading system during Phase 3 are currently being drafted. To avoid distorting international competition, certain industrial sectors will be allocated emission rights free of charge. The aim of this measure is to discourage relocation of production outside the trading area, known as Carbon Leakage. The pulp and paper industry is expected to meet the criteria for free allocation.

A system for trading in emissions rights also exists in New Zealand and, although SCA is not part of the programme, the company has been allocated a number of NZ emission rights by way of its classification as a company active in an emissions-intensive trade-exposed (EITE) industry.

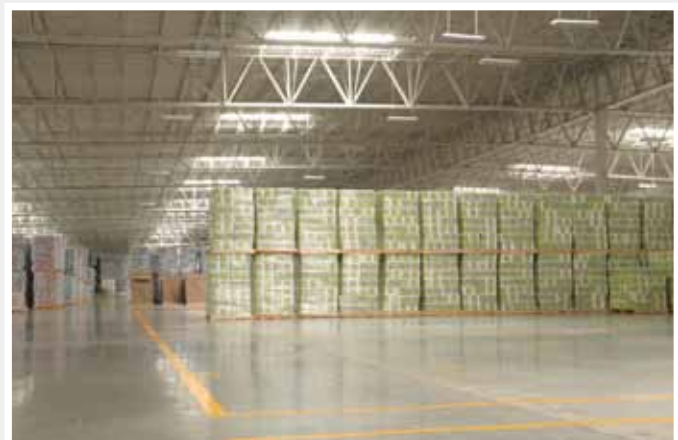
Inauguration of new SCA tissue plant in Mexico

In February 2011, SCA celebrated the formal inauguration of its new tissue plant in Sahagún, north of Mexico City. With the latest technology and machinery, SCA’s new plant corresponds to the highest standards when it comes to environmental concerns, for example with regards to water usage.

It will use recycled paper as its key raw material and has been designed with extensive energy conservation practices throughout the facility. The USD 210m investment houses a 60,000 tonne capacity paper machine and tissue converting hall, as well as a recycled fibre plant and distribution centre.

Apart from regional SCA management, Mexican President Felipe Calderón attended the opening ceremony, as did the Hidalgo State Governor and the Mayor of Sahagún.

“Our new facility is a strategically important investment. The plant, located near key markets in and around Mexico City, will enable SCA to enhance its product quality and expand its offering to consumers,” said Jaime Costa Lavín, President of SCA Mexico and Central America.



The store rooms at SCA’s new facility in Mexico are specially designed to capture daylight, thus eliminating the need for artificial lighting in the daytime.

Sustainable products

SCA's efforts to reduce carbon dioxide emissions from the Group's production facilities have reduced the carbon footprint from the Group's products. To further enhance the environmental performance of products, SCA works actively in areas such as material selection and product development.

A life cycle perspective

Since the early 1990s, SCA has pursued a structured way of working to develop environmentally sound hygiene products. These environmental efforts are based on a life cycle perspective that encompasses sourcing, production and development, as well as the products that are ultimately delivered to customers and consumers.

Activities are based on four key areas in the product life cycle:

Active sourcing requires SCA to actively seek material of high quality that is safe and environmentally sound. Manufacturing of raw materials accounts for the bulk of the environmental impact caused by personal care products. Accordingly, collaboration with suppliers is of the utmost importance and all suppliers must adhere to SCA's strict standards. Suppliers are reviewed on a regular basis to assess quality, product safety, environmental performance and social responsibility through recurring audits.

Clean production involves the efficient use of resources and continuous reductions in energy and waste in the Group's production sites. The pulp and paper mills also strives to reduce water usage.

An example of environmental improvements is the 83% reduction in waste sent to landfill from production of personal care products in Europe between 2002 and 2010. The corresponding reduction was 63% in North America. For example, the plant in Gennep, the Netherlands, no longer sends any waste to landfill and the plant in Drummondville, Canada, is nearing the target of zero waste. Drummondville's total waste amounts

to 3–5%, of which 90% is recycled. Some of the waste is delivered to a local company and is used to manufacture park benches.

Sustainable solutions are innovative, safe and environmentally adapted products and services. SCA's innovations are based on insight into the daily needs of consumers and customers.

The environmental impact of a single product is evaluated using life cycle assessments (LCAs). An LCA is used to evaluate environmental improvements and encompasses the environmental impact from the product's entire life cycle, from manufacturing of material and products, their use, waste management, and transport between the various stages.

The major value of LCAs is that they help to identify a product's improvement potential, thus facilitating the best possible environmental choice with respect to supplier selection, product development and continuous improvements throughout the value chain. Part of the result from a life cycle assessment is the product's carbon footprint, which is a measurement of emissions to air of carbon dioxide and other greenhouse gases throughout all stages in the product life cycle. Using life cycle assessments, SCA gains knowledge of the environmental impact of products over a period of time.

After-use handling Reducing waste after use of the product is a vital issue and one in which product development plays a key role. A good example is SCA's open diaper. Since 1987, the weight has been reduced by 40%. Due to their energy content, hygiene products are also beneficial in the incineration process, which means that

they are even put to good use in the final phase of their life cycle.

Products

Hygiene products have continuously developed from a user perspective, at the same time as their environmental footprint has been reduced.

Improved material and improved fit make them drier and more comfortable. Better products and the use of less material lead to lower consumption and less waste, and thus a smaller environmental footprint. More compact packaging and thinner products also result in environmental improvements, since transportation is reduced. For example, the carbon footprint of Libero's open diaper was reduced by 45% between 1987 and 2009 and Libresse's thin towel by 29% between 1997 and 2009. The environmental results for European personal care products are communicated via Eco Actions on TENA.com, Libero.com and Libresse.com.

The chart below shows the carbon footprint of some of SCA's European personal care products 2008–2009. All results are third-party verified by the Swedish Environmental Research Institute (IVL). The life cycle calculations for the below products will be updated in 2011.

Product	Reduction of Carbon footprint, 2008–2009, %
All TENA products	3 to 17
TENA Flex	17
TENA Lady	13
Libero open diaper	12
Libero Pants	8
Feminine thin towel	14
Feminine panty liners	6

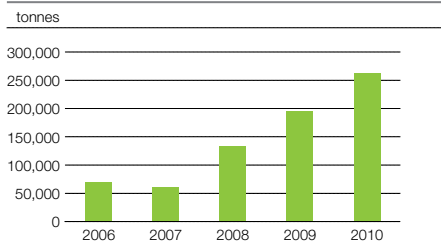
Life cycle assessments are also conducted by the Packaging and Forest Products business areas. In 2010, the Swedish Magazine Publisher Association (SMPA) commissioned the research company Innventia to conduct a life cycle assessment that compared the environmental footprint of a magazine (printed on SCA publication paper) with the same content read on the Internet. The study addressed all stages in the life cycle, from the forest, and pulp and paper manufacturing to printing and recycling, and compared this to the corresponding impact from the manufacture of a computer, modem/broadband and so forth. The results showed that the footprint was small – and essentially the same in both cases.



Responsible use of wood

SCA uses large volumes of fresh fibres in its production. All fresh fibre-based raw materials must derive from non-controversial sources. SCA therefore regularly subjects its suppliers to inspections. SCA is also a leader in the field of processing and the use of recovered fibre.

SCA deliveries of FSC-certified publication papers



Deliveries of FSC-certified paper rose by 35% in 2010.

Target: 100% control of fresh fibre raw materials

SCA should employ methods that ensure that no wood fibre or fresh fibre-based material comes from controversial sources*. The target not only covers wood fibre from SCA's own forests, but also includes purchased fibre, pulp and containerboard.

Target follow-up: All business groups fulfilled the Group target with the exception of SCA Packaging Europe, which has controlled the origin of more than 85% of the fresh-fibre based material used in production. The business group expects to fulfil the Group target for 2011.

SCA's own forestry operations are certified in accordance with FSC. The independent audit in 2010 was completed successfully and only minor deviations were noted.

Extensive control of wood fibre origin

All of SCA's timber-consuming industries are FSC Chain of Custody certified, signifying that all wood used by SCA complies with the stipulations in the FSC's standard for Controlled Wood. Consequently, the entire supply chain is third-party monitored to ensure that no wood derives from controversial sources.

Verification of external suppliers

In addition to wood, SCA purchases large quantities of fresh fibre-based input materials, such as pulp and containerboard. SCA verifies these input goods by assessing existing and potential suppliers. These activities include:

- Questionnaires and documentation requirements.
- Random spot checks on suppliers.
- Independent audits.

An account of how SCA's various operations address these issues is presented below.

SCA Forest Products

SCA Forest Products has three mills for the production of publication papers, one mill for the production of pulp and nine sawmills. All of SCA's forest products can be purchased with FSC Chain of Custody (CoC) certification. Demand for FSC-certified SCA products has risen sharply in recent years. In 2010, sales of FSC-certified publication papers increased by 35% and amounted to more than 250,000 tonnes.

SCA Tissue Europe

The fresh fibre and fresh fibre-based pulp used in SCA Tissue Europe's production accounts for about 60% of the raw material consumption, while recovered fibre represents 40%. In 2009, the business group introduced a new third-party assessed system for supplier screening. The system includes the use of in-depth supplier questionnaires, web-based information, external assessors and on-site audits. Accordingly, the business group satisfies the SCA Group's target in this respect. In 2010, one plant was FSC CoC certified and at present, 19 of the business group's 24 tissue mills are CoC certified under FSC or PEFC.

In recent years, SCA Tissue Europe has intensified its efforts to screen its pulp suppliers, including annual audits of selected suppliers. The starting point for these audits is a review of supplier responses to a questionnaire, followed by a due diligence procedure and visits to forests from which the supplier sources its wood raw materials. The audits thus address a number of areas, including purchasing routines, the origin of the raw material, certifications, the mills' environmen-

*Controversial sources are defined as:

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

tal performance and technical specifications of the pulp delivered. The audits always include a presentation of SCA and the requirements that SCA's customers impose. The purpose of this is to ensure that the suppliers have a solid understanding of SCA's far-reaching requirements.

Through this process, SCA has reduced the number of pulp suppliers from 54 in 2007 to 24 in 2010 (55% reduction).

SCA Personal Care Europe

All SCA Personal Care Europe's pulp suppliers are screened to assess their responsible use of wood raw material. The reviews are based on the global hygiene supplier standard. SCA's Group target is fulfilled for all absorbent personal care products. All fluff pulp suppliers are FSC Chain of Custody (CoC) certified and SCA's facilities in Olawa, Poland, and Falkenberg, Sweden, were Chain of Custody certified in 2010.

SCA Packaging Europe

On average, SCA Packaging Europe uses about 75% recovered fibre and 25% fresh fibre in its products. About half of the fresh fibre-based material comes from suppliers in the SCA Group. The remaining 50% of the fresh fibre-based material comprises containerboard purchased from a number of external European suppliers.

Despite the combination of a large number of suppliers and a broad spectrum of various fresh fibre-based containerboards, the business group has control over 85% of the fresh fibre-based material used in production.

In 2009, a long-term programme was launched with the aim of achieving full compliance with SCA's target of controlling the origin of all fresh fibre in production by year-end 2011. This programme encompasses three areas: FSC Chain of Custody certification of the fresh fibre-based paper mills in Munksund and Obbola, the establishment of a joint business group purchasing function and an updated supplier standard.

FSC Chain of Custody certification of the mills in Munksund and Obbola was successfully completed in 2010. The business group's four recovered fibre mills were also FSC CoC certified during the year.

The introduction of a joint business group sourcing function commenced during 2010 with full implementation scheduled for 2011, thus enabling the business group to have complete control of the selection of suppliers, the origin of containerboard, documentation and so forth.

Implementation of the new supplier standard will be completed in 2011 and will entail that only suppliers that can document that no fresh fibre from controversial sources is used in their mate-

rial will be allowed to deliver material to SCA Packaging Europe. The business group will thus comply with the SCA Group's fresh fibre target.

SCA Asia Pacific

SCA has two facilities for producing tissue products and three facilities for personal care products in Australia, New Zealand and Malaysia. Fresh fibre-based pulp is purchased from several countries, including Australia, Chile, Canada and New Zealand.

All suppliers of pulp to the facilities in Australia and New Zealand are screened. By 2011 in New Zealand, 30% of all pulp will be FSC certified and, from 2012, 80% of pulp deliveries will be from FSC-certified suppliers.

The Box Hill tissue mill in Australia was successfully recertified during the year in accordance with the Australian Forestry Chain of Custody Standard, which is a standard recognised by PEFC International. The mill currently uses 80% PEFC-certified fibre.

In New Zealand, the paper mill in Kawerau and the tissue and diaper converting facility in Te Rapa were certified in accordance with FSC Chain of Custody in 2010.

The pulp purchased for SCA's personal care unit in Malaysia is controlled in line with the Group's standard for pulp sourcing.

SCA Americas

Nearly all the raw material used by the SCA Americas business group is based on recovered fibre. The limited volumes of fresh fibre-based pulp that are purchased are screened pursuant to SCA's prevailing standard.

Business group	Share of controlled fresh fibre
SCA Forest Products	100%
SCA Tissue Europe	100%
SCA Personal Care Europe	100%
SCA Packaging Europe	85%
SCA Asia Pacific	100%
SCA Americas	100%

SCA leads development in area of recovered fibre

SCA is one of the leading companies in the development of production based on recovered fibre and has established new production methods so that recovered fibre can also be used as a raw material for high-quality publication paper. One example of this is SCA's paper mill in Laakirchen, Austria, which in 2009 launched a high-quality publication paper containing more than 50% recovered fibre. The new paper was developed in close cooperation with customers and has become so successful that the mill in Laakirchen increased its annual capacity for recycled pulp production from 145,000 tonnes to 175,000

tonnes in 2009. Demand remained favourable in 2010, but the production capacity restricts further sales increases. During the year, Laakirchen received an award from the European Rotogravure Association (ERA) for its production of innovative, eco-friendly paper without compromising on quality.

In 2010, SCA consumed approximately 4.2 million tonnes of recovered paper and 5.0 million tonnes of wood and sawmill chips in its production operations. The recovered fibres come from paper recycling in cities throughout the world. In Europe, SCA has its own organisation, SCA Recycling, for the purchase, collection and distribution of recovered fibres. The fibres collected are supplied to the Group's European packaging and tissue mills. SCA's North American tissue production is based on 100% recovered fibre.

EU regulation against illegal logging

During the autumn, the EU voted in favour of a ban on illegally harvested timber, known as the Timber Regulation. SCA has extensive experience of addressing these issues and therefore welcomes the new legislation as it supports the company's position on ensuring that no fibre used should originate from controversial sources.



Responsible forestry

SCA is Europe's largest private forest owner and has high ambitions to pursue profitable and responsible forestry activities while continuing to show consideration for nature. The Group's forest management is certified in accordance with the Forest Stewardship Council's (FSC) standard, which is the strictest international forest management standard.

The forest is a unique resource

SCA owns 2.6 million hectares of forest, making it the largest private forest owner in Europe. Timber from SCA's own forest accounts for 50% of the Group's total wood consumption. Wood from other Swedish forests represents 32% of wood consumption. The remaining volumes are sourced from forest owners in Central Europe (13%) and the Baltic States (4%).

About two million hectares are used for active forestry. Of this area, SCA's ecological landscape plans exclude more than 5% from felling. In addition, more than 5% of the forest, in the form of trees, groups of trees and edge zones, is left untouched during felling to preserve the necessary conditions for biodiversity. One example of this is the conservation of storm-resistant pines to create the necessary nesting conditions for large birds of prey, such as golden eagles. The average age of pines containing golden eagles' nests is 270 years old. Another example is that high stumps are left or recreated to provide long-term habitats for insects and birds.

The forests excluded from harvesting cost SCA approximately SEK 200m annually, since the timber that the Group does not harvest on its own land must instead be purchased from other suppliers.

Approximately 600,000 hectares of SCA's land is not actively used. This land comprises bogs

and forestland not utilised for forestry purposes due to poor growth levels or other reasons. In addition, this land provides vital habitats for a large number of species.

Sustainable harvesting levels

For more than 50 years, SCA has conducted regular forest inventories, which are used as supporting data for calculating the forest's long-term sustainable yield and planning the company's long-term forest management. These yield calculations extend more than 100 years into the future.

The long-term harvesting plan for SCA's forests was updated in 2007. The inventories showed that the company's current harvesting levels are sustainable. Yields can remain at today's levels for two decades, after which a sustainable increase of about 20% is possible. The level of growth in SCA's forests currently exceeds the harvesting rate by more than 20%, which is equal to a net growth of 1%.

Extensive production of forest plants

SCA engages in extensive production of forest plants, producing about 100 million plants each year. Some 35 million of these seedlings are planted in SCA's own forests, while the remaining 65 million are sold to other forest owners in Sweden and – to a limited extent – Finland.

Verification of the Group's own forest management

SCA's forest management is, since 1999, certified in accordance with FSC, which requires that SCA must manage its own forests in accordance with strict principles. An independent FSC auditor monitors SCA's compliance with the standard on an annual basis. Each year, SCA carries out harvesting operations at about 5,000 sites and, in recent years, the Group has worked in a focused manner to ensure that no deviations occur in its nature conservation activities.

The success of this work was confirmed by the FSC audit in October 2010. Measures were taken to address all of the deviations noted during the audit in 2009 and all of the minor deviations noted in 2010 were due to updates to instructions and documentation related to the introduction of the new Swedish FSC standard during the year.

As of 2010, SCA Skog has defined criteria for damage to soil and water caused in conjunction with harvesting work. Specific environmental targets have been set for these criteria. Reviews conducted indicate that these targets have not yet been fully achieved and, accordingly, this area will continue to be prioritised in 2011.

SCA's forest management activities are also certified in accordance with the ISO 14001 international environmental standard since 1998.

Active forestry management counteracts climatic change

Due to their capacity for absorbing carbon dioxide, forests have a unique ability to counteract climate change. The forest and forest raw materials can also have a positive effect on the climate by replacing raw materials and other materials that have a negative carbon footprint, such as concrete and oil.

SCA's forest absorbs 2.6 million tonnes of carbon dioxide

Each year, seven million hectares of forest disappear from the earth, corresponding to 0.2% of the world's total forestland. The amount of carbon dioxide that can be absorbed by trees and land declines accordingly, thus making deforestation one of the strongest contributing factors to climate change.

Active and responsible forestry management generates major positive climate effects. By maintaining a high level of forest growth, an increasing amount of carbon dioxide is absorbed by the growing trees each year. However, carbon uptake declines as the age of the stand increases, and the risk of damage to trees with subsequent emissions is also greater, making active forest management necessary to optimise the climate effect. Because forest products are nearly always more "energy efficient" than other materials, a reduction in harvesting leads to increased emissions in other sectors.

Growth in SCA's forests is 20% higher than the volume harvested, which means that a net amount of about 2.6 million tonnes of carbon dioxide is absorbed annually. This corresponds to the total amount of carbon emissions from fossil fuel generated by all of the Group's production facilities.

If half of the earth's forestland were managed in the same manner, the amount of fossil carbon dioxide absorbed in a growing forest would be sufficient to offset the use of fossil fuels.

Biofuel can reduce the consumption of fossil fuels

The primary reason for the increasing amount of carbon dioxide in the atmosphere is the use of fossil fuels. When fossil fuels are burned, "new" carbon dioxide is released into the atmosphere, which contributes to the greenhouse effect. By replacing some fossil fuels with biofuels, the release of new carbon dioxide into the atmosphere can be reduced.

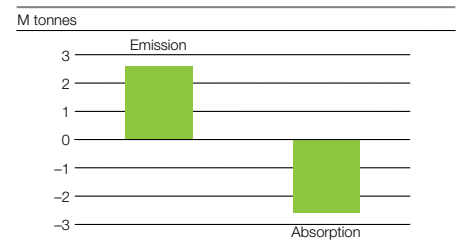
Stumps as biofuel

The ongoing trial based on the use of stumps as biofuel continued in 2010. During the year, the Swedish Forest Agency drafted guidelines for stump clearing and the political signals are positive. It is thus SCA's belief that stumps will comprise a significant portion of the biofuel produced by the Group in the future.

Peat harvesting

SCA has vast peat resources and also conducts limited peat-harvesting operations. Drained peat bogs emit such climate gases as carbon dioxide and methane. Harvesting the peat in these lands and subsequently planting forest prevents continued emissions, enables the production of a fuel that can replace fossil fuels and expands the area of forest that can bind carbon dioxide.

SCA's emissions and absorption of carbon dioxide from own forests 2010



The net uptake of carbon dioxide in SCA's forests corresponds to the carbon dioxide emissions generated by all of the Group's production, about 2.6 million tonnes.

Systematic work for better water usage

Water usage is a prioritised issue at SCA. The Group uses large volumes of water in its production and continuously works to reduce water usage and restrict emissions to water.

Follow up of the water target

In 2005, SCA set two targets for its water usage over the following five-year period. Between 2005 and 2010, the Group aimed to:

- reduce water usage by 15% and
- reduce the organic content of wastewater by 30%.

At year-end 2010, the reduction was 12.0 and 35.4%, respectively, compared with 2005. This means that SCA did not fully achieve its target of reducing water usage by 15%. Some of SCA's efforts to reduce water usage were made in plants in locations in which access to water is limited, which had resulted in a relatively low usage already in the base year 2005. This contributed to the target not being fully achieved.

SCA surpassed its target of reducing the organic content in wastewater by 30%. The achievement of the target was mainly due to investments in more efficient wastewater treatment.

In 2010, there was a temporary increase in BOD partly due to technical problems in the new biological treatment plant in Munksund. The problem will be rectified in 2011.

Largely all parts of SCA carried out activities and/or investments to achieve the overall Group water target. The tables show the SCA plants that achieved the greatest reductions during the target period (2005–2010). The figures correspond to the total and specific (in relation to production level) reduction in water usage and the organic content of the wastewater, measured as BOD.

Water issue remains important

SCA's water targets for the 2005–2010 period reached their conclusion in 2010 and work is under way on the development of future water-related initiatives and targets. SCA believes that access to clean water is one of the most significant environmental issues.

In contrast to climate change, which is global, water is a local issue, making it pointless to reduce water use in areas with good access to the resource. Initiatives to reduce water usage should focus on facilities in areas with water scarcity.

Reduction in water effluent/ktonne production

Site	Mm ³ effluent water/ktonne production 2005–2010
1 Box Hill	-56%
2 Pisa	-51%
3 Kawerau	-50%
4 Munksund	-43%
5 Stembert	-40%
6 Svetogorsk	-38%
7 Friesland	-34%
8 Oakenholt	-33%
9 Prudhoe	-31%
10 Witzenhausen Packaging	-22%

Reduction in organic content (BOD) of effluent water (absolute numbers)

Site	BOD tonnes 2005–2010
1 Mannheim	-973
2 Östrand	-797
3 Munksund	-682
4 Flagstaff	-51
5 Lucca Packaging	-42
6 South Glens Falls	-39
7 Lasso	-30
8 Ortviken	-30
9 Stembert	-27
10 Aschaffenburg	-21

Reduction in organic content (BOD) of effluent water/kton of production

Site	tonne BOD/ktonne 2005–2010
1 Flagstaff	-86%
2 Lasso	-76%
3 Mannheim	-75%
4 Lucca Packaging	-72%
5 Aschaffenburg	-71%
6 Östrand	-66%
7 Prudhoe	-65%
8 Barton	-60%
9 Stembert	-53%
10 Witzenhausen Packaging	-38%

Reduction in water effluent (absolute numbers)

Site	Mm ³ 2005–2010
1 Munksund	-6.52
2 Kawerau	-1.68
3 Pisa	-1.25
4 Svetogorsk	-1.03
5 Östrand	-0.69
6 Box Hill	-0.63
7 Stembert	-0.41
8 Mannheim	-0.40
9 Kostheim	-0.29
10 Prudhoe	-0.23



SCA mostly uses surface water

The paper and pulp industry uses large quantities of water in its production. Water volumes are mainly used to transport fibre, but are also used for cleaning, cooling and steam production. In 2010, SCA used 231 million cubic metres of fresh water (groundwater, surface water or water from the municipal water network). Effective water usage is largely dependent on two aspects: where the fresh water is drawn from and the quality of the wastewater.

A key consideration with respect to water usage is the matter of surface water versus groundwater. Surface water is the water found in lakes, watersheds, wetlands and coastal areas. Ground water is formed when surface water seeps down through the soil and is stored. Drinking water is largely sourced from groundwater. As a rule, the replenishment of groundwater reservoirs is a slow process and water in the reservoirs can be thousands of years old.

Due to the inadequate availability of surface water and its continuous deterioration in quality, dependence on groundwater will further increase in the decades ahead. Considering the slow rate of replenishment of groundwater deposits, there is a risk that these resources will be depleted in many parts of the world.

SCA mainly uses surface water at its production facilities and only 13% of the Group's total water usage originates from groundwater.

Water footprint

Water and water usage are becoming an increasingly important part of the discussion surrounding global sustainability. Among other issues, the possibility of measuring the amount of water that is used directly and indirectly to produce a specific product, such as a kilo of beef or one tonne of paper, is being explored. This "water footprint"

can also be applied to different countries or regions, thus enabling a comparison of water usage. SCA is sceptical of the value of a water footprint at a product level, since access to water varies so dramatically between different parts of the world. What may be considered high consumption in one location may be regarded as entirely negligible in another. Instead, SCA advocates – in line with EU legislation in the field – that the management of each water district be based on their unique prerequisites.

Political initiatives in large parts of the world

Access to clean water is influenced by changes in the climate and emissions from industries and society. To strengthen protection of our watercourses, new political directives are thus being developed, for example, within the EU.

The EU Water Framework Directive from 2000 is under gradual implementation, and the goal is to achieve "good" water status in all member countries by 2015. The directive states that the management of specific water districts, such as lakes or rivers, should be based on their unique conditions. This concentrates the focus on the prerequisites of each individual watercourse and cross-border cooperation. Expenses in the form of mechanisms to check and control the management of a water district will be paid directly by industry and municipalities. The price of water will therefore rise significantly. The EU also recommends that price be used as an incentive to reduce water usage and emissions in member states.

Intensive political work is also underway in the US, Australia and New Zealand to ensure access to clean water. SCA is carefully monitoring the issue globally and is participating actively in the development of new standards and the implementation of national legislation and ordinances by, for example, contributing expertise on how various production and treatment methods affect water usage, product quality and emissions to watercourses.

Safe products and production

The use of chemicals and the commitment to product safety are of vital importance to SCA, since the Group's hygiene products come into direct contact with people's skin and parts of the Group's packaging range are used in the food industry.

Chemicals

SCA works systematically to ensure that it only uses chemicals that are effective, hold a high level of safety and have a small environmental footprint. The use of chemicals is an area in which legislation plays a decisive role for development. In 2007, the EU's new REACH (Registration, Evaluation and Authorisation of Chemicals) legislation became effective. REACH covers issues related to occupational health and safety, product safety and the environment, and requires producers and users to demonstrate that the chemicals they use are safe.

In 2010, registration of the most hazardous chemicals and chemicals manufactured in volumes exceeding 1,000 tonnes was completed. This work is the responsibility of chemical producers, meaning SCA's suppliers. The next step in the comprehensive registration work will also encompass chemicals manufactured in smaller volumes.

In conjunction with the registration of chemicals, all information relating to each individual substance is updated in the form of new and extended Safety Data Sheets (SDSs). All new information will be examined and implemented in SCA's system at a local level.

The implementation of REACH requires an effective system for the management of information related to chemicals and the Group's web-based chemical management system is an important tool in SCA's work in the area of chemicals.

This system describes the health and environmental impacts of various chemicals and all other information that is relevant to ensure safe handling and use of chemicals.

REACH also includes an ambitious system overseeing the restriction and permits for use of particularly hazardous chemicals. These restrictions form the basis for SCA activities to limit hazardous chemicals in its operations and products in Europe. In addition to these, the Group also applies other restrictions relevant to the respective product category and manufacturing process, for example, for certain chemicals in food packaging and hygiene products intended for skin contact.

Chemical laws and regulations are now also being modernised in other parts of the world and regulatory systems similar to REACH are being implemented in many countries, for example China. In the US, work is under way to replace the Toxic Substances Control Act with a new law that will better fulfil current demands by society relating to chemical safety.

Product safety

Safe products are of the utmost importance for customers and consumers, as well as for SCA. The Group works systematically with product safety to guarantee that its products meet all the requirements imposed by applicable legislation, customers and voluntary agreements in trade associations.

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 materials and performance chemicals, quality assurance, hygiene standards, information to customers, and processes for dealing with complaints and product recalls. Procedures related to product safety are well established and involve marketing, sourcing, R&D and quality. The organisation that launches the product in the market is responsible for product safety.



Social responsibility



SCA's Code of Conduct

Since the company was founded in 1929, social responsibility has been an integral part of SCA's development and expansion. Today, this work is based on the Group's Code of Conduct, which represents the basis for SCA's approach to issues concerning health and safety, relations with employees, human rights, business practices and community involvement.

The SCA Code of Conduct was approved by SCA's Board of Directors in 2004. The Code is based on SCA's core values of respect, excellence and responsibility, as well as such international agreements as the UN Universal Declaration of Human Rights, ILO Core Conventions and OECD Guidelines for Multinational Enterprises. The Code provides guidelines in the areas of health and safety, business practices, human rights (including child and forced labour), relations with employees, community relations, information security, privacy of data and reporting of non-compliance with the Code.

The Code of Conduct states how the company's operations shall be run and how employees are expected to behave. Employees receive training in the Code of Conduct on a regular basis and the Code is also distributed to all new employees. The Code has been translated into 20 languages and is available in printed form and on the Group's intranet.

At a minimum, SCA must comply with applicable legislation and regulations in the countries in which it operates. In cases where local legislation does not meet SCA's level of ambition, the

Group's standards and internal set of rules and regulations are used to ensure that the operations are run according to SCA's objectives.

Updated guidelines

During 2010, SCA developed guidelines for the application of the Code of Conduct. The purpose is to communicate in a clearer and more detailed manner the expectations that SCA has of its employees and what employees can expect of SCA.



Our social agenda

- Strong focus on health and safety.
- Ensure human rights compliance.
- Prevent corruption and bribes.
- Assessment of suppliers.
- Recruit, retain and develop employees with the right skills.



Code of Conduct compliance

SCA's Code of Conduct and policies must be complied within all Group operations and SCA will monitor compliance through regular controls and global reporting systems, where key indicators (internal and GRI-related) are reported by all business groups (refer to GRI index on pages 64–65). In countries where the risk of corruption is deemed to be elevated, SCA's operations will be evaluated by the Group's internal audit function.

Driving the social agenda

The Code of Conduct is well-established in the organisation and represents the starting point for the development of the social agenda. During 2010, SCA continued its work to further strengthen its efforts in social responsibility, focusing on the following areas:

Health and safety: During 2010, efforts to strengthen safety focused specifically on accidents caused by slips, trips and falls, while health work focused on anti-smoking measures. SCA also conducted a review of management systems for health and safety. (Read more on page 44.)

Relation to employees: During the year, it was decided to conduct a Group-wide employee survey in 2011. Employee surveys are already performed in the business groups but not at Group level.

In collaboration with the European Works Council (EWC), work commenced to identify best practice of how to advance the relationship between employer and employee. These good examples will be compiled in a database with the aim of disseminating the information.

Business practices: Business Practice Reviews were conducted in Italy and Mexico. (Read more on page 42.)

Human rights: The process for evaluating human rights was updated with guidelines for local audits, self-evaluation protocols and standardised reports. In December 2010, the first evaluation according to the new guidelines was conducted at SCA's facility in Mexico. (Read more on page 43.)

Community relations: During the year, a Group-wide tool was introduced to collect and analyse all SCA's community-relations projects. The purpose is to highlight how social initiatives add to the business operations and to gain an overview of, and coordinate, the activities that are carried out, thus enabling the Group to obtain greater benefit and effect from the initiatives. (Read more on pages 50–51.)

Communication and information security

During 2010, SCA initiated a training campaign in the Group to raise awareness of the importance of information management and data security. Deficiencies in information management in relation to such aspects as customer-related information, pricing information and intellectual capital can negatively impact SCA, both financially and in terms of its reputation.

An e-learning tool was developed to teach SCA employees the importance of and how to manage information. At the end of 2010, 100 of SCA's most senior managers and personnel at headquarters completed the training course and, in 2011, it will be introduced in all business groups.

Violations of the Code of Conduct

During 2010, a total of eight cases of violation of the Code of Conduct were reported: one case of corruption in the US, two cases of discrimination and three cases of theft in Europe, and one case of corruption and one case of Internet misuse in Asia. In all cases, the employment of the staff members involved was terminated.

SCA views all forms of corruption very seriously and consistently takes suitable measures when such events are uncovered. In one case of corruption in 2010, the employee had launched a competing business on the Internet. The employment contract of this employee was terminated and a legal process is ongoing. The second case involved embezzlement and this employee's contract was also terminated.

One case of discrimination involved sexual harassment and the offending employee was dismissed. The second case of discrimination involved a disagreement between an employee and manager concerning working hours and the employee felt discriminated against. The parties came to an agreement resulting in termination of the employment.

Business ethics

SCA aims to maintain the highest ethical business practices and to adhere to applicable legislation and rules and regulations to consistently build confidence in the Group's operations and integrity. The Code of Conduct clearly states that corrupt business conduct will not be tolerated. The Code of Conduct is made available to all employees, with face-to-face and online training provided at regular intervals, and to all new employees. To date, about 97% of employees have received education in or received information about SCA's guidelines to combat corruption through training in the Code of Conduct.

Although SCA's Code of Conduct and efforts to ensure ethical business practices encompass all parts of the Group's own operations, the company also works actively to ensure that the Code of Conduct influences the entire value chain, including suppliers and partners. One example is the hygiene operation's updated supplier standard that includes the Code of Conduct.

Business Practice Reviews

In 2008, SCA developed a new methodology to assess its operations' compliance with business practices, known as Business Practice Reviews. These were based on the requirements concerning business practices outlined in the Code of Conduct, internal control regulations and global SCA policies.

SCA has identified countries that account for about 20% of the Group's sales as countries with an elevated risk of corruption. The Group's analyses are based on such information as Transparency International's corruption index. To date, about two-thirds of SCA's operations in these countries have been reviewed in terms of how SCA's units adhere to the Code of Conduct. Further reviews are planned for 2011.

The reviews are performed by SCA's internal audit function, which reports directly to SCA's Board of Directors, via the Audit Committee. The reviews comprise two parts: part one involves interviews with employees in sales, sourcing and HR departments, as well as with members of corporate management teams. The aim of the interviews is to gain insight into the behaviour of local SCA units and other companies in the same market.

The second part of the review involves examining the method used in the local implementation of SCA's Code of Conduct and how the Code is followed up, in addition to an assessment of the company's procurement processes.

In 2010, SCA's operations in Italy and Mexico were reviewed under this method. The reviews provided good understanding of compliance with regard to conflicts of interest, global SCA policies and internal control rules, the principle that decisions concerning certain HR issues must be approved by the decision-maker's manager, the division of powers and so forth. No observations were made in connection with reviews of any of these operations.

SCA will also continue to carry out reviews in countries where it considers that the general risk of unethical conduct is significant. In 2010, SCA also developed methods for self-assessments throughout the Group.

Higher quality in evaluation work

In 2010, ten SCA employees underwent training in evaluation of social responsibility, organised by the external evaluation specialist SGS. Participants came from SCA's procurement function, Human Resources, Corporate Sustainability and Internal Audit and all received certification.

In 2011, the sourcing function will commence work to evaluate potentially high-risk suppliers. In the future, Human Resources, Corporate Sustainability and Internal Audit, with support from the legal department, will carry out Code of Conduct assessments (including human rights issues) at SCA's facilities. Where necessary, evaluations will be performed in cooperation with a third party.

SCA's current and future suppliers and the Group's own plants will, in 2011, be requested to register with the evaluation company Sedex. Sedex provides standardised forms for self-assessments.

Supply Chain Assurance

Suppliers play a significant role in SCA's value chain and it is thus important to ensure that they comply with the Code of Conduct. The Code of Conduct contains guidelines for how SCA employees are expected to act in their dealings with the Group's suppliers, from selection and negotiation to payment. SCA's status as a major customer to suppliers throughout the world presents opportunities to influence the social and environmental footprint of its suppliers. SCA's management of its supply chain is also of interest to many of the Group's customers.

In 2010, a new global supplier standard was developed for SCA's hygiene business based on the earlier supplier standard. The standard is primarily aimed at suppliers of raw materials and commercial goods and addresses the issues of

quality, product safety, environment, chemicals and the Code of Conduct. All new suppliers are screened before being approved.

Compliance with SCA's values and ethical principals is a key element of the supplier standard. SCA imposes strict requirements on socially responsible working conditions in its own operations and expects the same of its suppliers.

It is estimated that about 79% of contracts with major suppliers include criteria on human rights. No contracts with major suppliers were declined or terminated due to human rights violations during 2010.

Code of Conduct implementation in jointly owned companies

SCA jointly owns companies with various partners in many countries. All are managed by a local Board comprising representatives of SCA and its partners. Although SCA does not hold the sole right to make decisions in these companies, it does endeavour to ensure that the jointly owned

companies adhere to the Code of Conduct. In practice, this rule does not involve any difficulties, since SCA's partners share SCA approach to business ethics. Issues relating to compliance with the Code of Conduct are regularly addressed at Board meetings in these jointly owned companies.

Human rights

Respect for human rights is inscribed in SCA's Code of Conduct and constitutes an integral part of the Group's global operation. SCA does not tolerate any violations of human rights, either within its own organisation or among the Group's suppliers and partners.

Between 2005 and 2007, SCA performed 28 Code of Conduct assessments (including human rights) in 26 wholly owned and two jointly owned SCA facilities in 12 countries.

In 2010, the earlier assessments were reviewed. The procedure for how future assessments will be performed was subsequently further developed and updated guidelines were

added relating to how they will be executed, documented and reported. Furthermore, the assessments were supplemented with questionnaires to enable self-assessment.

The selection is based on risk analyses of the human rights status in the countries in which SCA has a presence and the analyses are supported by Amnesty International's list of countries with an elevated risk of human rights violations. The assessments encompass such areas as child labour, compulsory labour, health and safety, working hours and discrimination.

The first assessment that was performed in line with the updated process took place at one of SCA's facilities in Mexico in December 2010. The assessment was conducted by the external audit company SGS. Although no major deficiencies were identified, a number of minor observations were made concerning inadequate fire safety. These deficiencies were corrected and the actions verified. A further three to four assessments are planned for 2011.



Effective forest management on fair terms

Each year, SCA plants some 35 million seedlings in its own forests and about 12 million plants on behalf of private forest owners. Cleaning activities are conducted on about 24,000 hectares of the company's own land. The work is performed by about 80 specialised contractors with about 1,000 employees during a hectic snow-free season.

SCA's forest management contractors are Swedish companies, often with strong local links. However, many of their seasonal workers come from other countries.

SCA's definition of cost-effective high-quality forest management includes explicit requirements regarding compliance of contractors with the prevailing standards in the Swedish labour market. To ensure that these are followed, the company has established close cooperation with the Swedish union of forestry, wood and graphical workers (GS).

Prior to every forest management season, SCA and GS perform a joint evaluation of the forest contractors covering the following requirements:

- F-tax card
- Company insurances
- Membership of the Federation of Swedish Forestry and Agricultural Employers (SLA) or local collective agreement with GS
- Payment of Swedish employee tax
- Equipment and accommodation of a good standard
- Affiliation to occupational health services
- Systematic work environment activities
- Competency

Each year, SCA plants 35 million seedlings in its forests. SCA ensures that working conditions for seasonal workers are in line with the norms in the Swedish labour market.

Health and safety

The provision of a work environment in which all employees have the opportunity to generate value in a safe and healthy manner is a fundamental requirement for SCA and necessary if the company is to be perceived as an attractive employer.

SCA continuously pursues health and safety activities that aim to reduce the risk of accidents and reinforce safety awareness, thereby also increasing productivity. Efforts in the area are based on national legislation, international regulations, industry standards and, in particular, SCA's own Health and Safety Policy, which goes beyond the stipulations of national legislation in a number of countries. The policy applies to all SCA employees and sites. 94% of the total workforce is represented in various health and safety committees.

New employees must complete a safety induction programme and training in fire safety and first aid is organised on an annual basis.

Study of the Group's management system

SCA utilises the concept of a management system for working with occupational health and safety issues. Onsite, the management systems include comprehensive safety awareness training, targets, risk identification, continuous monitoring of performance, and employee representation on joint health and safety committees.

These management systems provide a framework that enables SCA to identify and address health and safety risks, reduce the risk of acci-

dents, achieve compliance with its health and safety goals, improve safety awareness and reduce downtime at SCA sites.

In 2010, the various management systems and standards used in the Group were studied. The result showed that OHSAS 18001 is the predominant standard and most SCA facilities comply will all or parts of this standard. In 2011, this study will be used to assess the need to establish a Group-wide standard.

Focus on slips, trips and falls and action against smoking

In 2010, SCA focused in particular of two Group-wide areas: slip, trips and falls, and actions against smoking.

Slips, trips and falls are among the most common reasons for employee accidents, causing about 20% of all accidents in the Group. In 2010, all business groups prepared action plans to minimise and ultimately eliminate slips, trips and falls at the Group. The first evaluation of the measures will be performed in 2011.

For example, SCA Forest Products launched a long-term programme during the year to reduce slips, trips and falls. Ortviken paper mill con-

ducted a campaign to raise awareness among employees and implemented several specific measures, including ensuring that all hoses are rolled up on reels, that oil spills are immediately cleaned up and that leaks are sealed as soon as they are discovered.

The business group's sawmills are conducting a comprehensive investment programme to increase safety around machinery by constructing fences and railings to prevent falls and contact with dangerous moving parts.

The second focus area in 2010 consisted of actions against smoking. The aim is to disseminate knowledge on the risks associated with smoking and offer support to all employees who wished to quit smoking.

Efficient information sharing

In 2010, SCA launched a web-based information sharing system to efficiently disseminate information on accidents and incidents across business groups. The system includes incident description, preventive actions taken, recommendations to other SCA sites and contact for further information.

Risk analysis

Continuous monitoring of safety performance using key safety indicators is an important part of SCA's commitment to employee health and safety and forms the basis of the Group's risk identification and continuous improvement. Dangerous incidents and minor accidents that do not result in absence from work are also tracked and this information forms the basis for decisions on preventive measures.

Safety performance

SCA continuously measures and reports on the following key performance indicators for all operations, with the aim of reducing the number and severity of accidents in the workplace:

- Number of Lost Time Accidents (LTA)
- Days Lost due to Accidents (DLA)
- Accident Severity Rate (ASR)
- Incidence Rate (IR)
- Frequency Rate (FR)
- Fatalities

The number of accidents is measured using Lost Time Accidents (LTA), which is the total number of accidents that causes an employee to miss his or her next regularly scheduled work day/shift. LTA in relation to number of employees or number of hours worked results in the relative indicators Incident Rate (IR) and Frequency Rate (FR), respectively. The number of Days Lost due to Accidents (DLA) is a measurement of the impact of accidents, while DLA in relation to LTA is an indication of the Accident Severity Rate (ASR).

In 2010, the Group Incident Rate indicated an 7% increase, while the Accident Severity Rate fell by 14%.

On May 25, 2010, a fatal accident occurred in the SCA Packaging Buggenhout site in Belgium. Detailed investigations have been carried out and the investigation by local authorities is still ongoing. Reviews, internal audits and preventive actions on the same/similar type of installations in the Packaging Group have been performed and appropriate information has been made available throughout SCA.

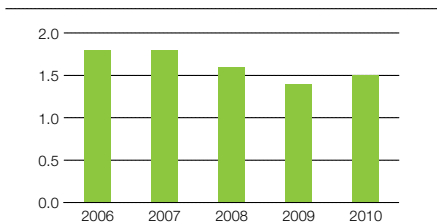
Implementation of SCA's Policy on Blood Borne Viruses

The SCA Group policy on Blood-borne viruses (BBVs) was formulated in 2009. In 2010, SCA Packaging Europe introduced the policy at its facilities. Because the facilities are located in several different countries, the application and implementation of the policy was adapted to take into account the cultural and legal environment in the respective countries. It included such activities as training of management at country and local levels and translating information material into local languages and making it available on the Group intranet. Employees trained in first aid underwent further training to identify and manage risk situations in a safe and correct manner.

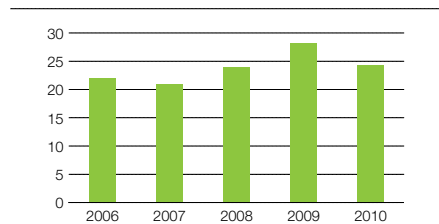
Programmes to raise employee awareness

SCA's business groups regularly implement various programmes to raise employee awareness in relation to various health and safety issues. In addition to the initiatives against smoking and to prevent slips, trips and falls, several other programmes were carried out in 2010 to raise awareness of health and safety issues.

Incident Rate (IR)



Accident Severity Rate (ASR)



Safety statistics

	2010
Lost Time Accidents	569
Days Lost	13,810
Accident Severity Rate	24.3
Incident Rate (incidents/100 employees)	1.5
Frequency Rate (incidents/million hours worked)	8.3
Fatalities	1

More safety statistics on page 62.

In 2010, SCA Tissue Europe continued to introduce a system known as BOS (Be Aware Of Safety) to increase the awareness and correct behaviour for safety. The method consists of five steps:

1. Define focus areas and topics
2. Check the situation
3. Provide immediate feedback
4. Document and correct improper conduct
5. Analyse data and develop action plans to raise safety awareness

To highlight successful safety work, a new recognition system was introduced. For a plant to be awarded a gold, silver or bronze medal, it must

achieve 1,000,000, 750,000 and 500,000 accident-free hours, respectively. In 2010, the plant in Kostheim was awarded a gold medal.

Health activities among employees

SCA Americas has conducted an employee health programme since 2008 because good health benefits employees and the company. In 2010, SCA's health surveys helped to discover serious health risks for employees, for example, 50 employees in the US found out that they suffer from diabetes and require treatment. If left untreated, the disease could lead to blindness, renal failure, heart trouble, etc. SCA has engaged the services of a number of doctors and nurses

who are treating the employees in the highest risk category.

SCA Americas' health programme was one of the reasons that the company received an award from the HSBN (Healthy Sustainable Business Network) during the year. In addition to its health and safety activities, SCA's was recognised for its involvement in the local community, sustainability initiatives – such as the solar panel and wind power project at SCA's North American tissue service center – participation in Earth Day and energy-saving measures.

Safety excellence in Italy

Located just a few kilometres apart in the Italian region of Marche, SCA Packaging Europe has two facilities that have been recognised as being examples of excellence in safety. The two plants cooperate closely, since corrugated board sheets produced by one become the raw material for the other. A total of 85 people work at the two plants.

On 31 October 2010, the Serra de' Conti facility celebrated more than 11 years without a Lost Time Accident, while Agugliano celebrated six years. Both facilities are examples of how safety has become a natural part of everyday activities. Employees are not only concerned about their own personal safety, but also about the safety of their team.

These high safety standards have been achieved and maintained thanks to strong teamwork and a focus on employee attitude and conduct. Plant management has enforced and prioritised safety procedures, ensuring a safe working environment for all employees and for external visitors to the plants. Employees receive regular training to ensure that they maintain a high level of safety awareness.



In October, SCA Packaging Europe's employees in Serra de' Conti in Italy celebrated 11 years without an accident at the facility.

Employee relations

SCA's long-term competitiveness is highly dependent on it being perceived as an attractive employer with the ability to recruit, retain and develop the right employees with the right skills. SCA conducts continuous activities to develop its employees and maintain open and honest communication.

SCA focuses on nurturing and developing its employees, maximising their potential by honing employee abilities through training and education, respecting individual integrity and human rights, offering fair pay and advancement opportunities, and maintaining a safe and healthy workplace with open and honest communication.

In 2010, efforts were aimed at creating rational processes and practices to establish uniform HR work to further strengthen SCA as a company.

Employee recruitment

To achieve its operational and strategic goals, SCA must apply effective methods to recruit competent people and ensure in-house talent is well distributed throughout its businesses.

In 2010, SCA continued the development of The Job Portal, which was launched in 2009 on the Group's intranet and www.sca.com. The portal contains all available jobs in SCA and offers important benefits: it establishes an open market for jobs within SCA with equal conditions for all, encourages diversity in the organisation and provides a greater number of employees with development opportunities and the possibility to drive their own career. The Job Portal also promotes a more efficient recruitment process.

By analysing the data collected via the portal, it is also easier to evaluate the recruitment work. In this manner, fact-based documentation is generated for continuous improvement of the recruitment process.

A total of 45 countries have joined the portal and 1,086 positions were filled through the job portal in 2010.

Training and development

At SCA, training and development of employees is assigned high priority. There are a number of centrally and locally run development programmes available for various employee categories throughout the organisation, as well as opportunities for employees to attend specialised courses as the need arises.

The Leadership Academy is an example of a global leadership programme that is geared toward mid-level managers who have a number of years' experience. The aim of the programme is to develop SCA's leadership, build up expertise at SCA and to provide the participants with a network that crosses business group borders. In 2009, to further emphasise the latter of these aims, it was decided that the programme would always include participants from several different business groups. Since the Leadership Academy's inception in 2004, about 350 managers have completed the programme.

The average number of training hours for all employees in 2010 was 18 (14) hours.

Leadership management

SCA has best-in-class ambitions with respect to leadership and has developed a global leadership platform based on the Group's core values and strategies. It is a common framework that describes what is expected of SCA leaders and is designed to meet short and long-term needs for current and future leaders. The platform was developed in 2009 and was integrated into daily leadership activities in 2010.

To further strengthen leadership in the Group, SCA will launch more tools in 2011 with the aim of developing the Group's leaders, including a new leadership training programme.

A global performance management review system

During 2010, SCA implemented a new Group-wide performance management review system that will serve as a congruent language to define and clarify the conduct that is required at SCA. The establishment of a uniform performance review process strengthens the culture of openness and transparency that already characterises the Group.

The new performance management review system has been implemented in all business groups, entailing that all employees shall have at least two performance reviews per year. These will now be conducted in accordance with a Group-wide model regardless of where they take and include setting clearly-stated targets and expectations, and providing and receiving feedback so that employees appreciate their contribution to SCA's business results. In 2010, 68% of employees participated in performance reviews.

In 2012, the new review system will be supplemented with a computer tool to streamline the work and further highlight the importance of conducting employee development in a uniform manner across the Group.

Succession planning

SCA needs a steady supply of employees ready and able to step up and assume greater responsibilities – management positions that encompass expanded authority and scope. To that end, each business group has a succession plan that is revised on an annual basis. Similarly at Group level, a corresponding process encompasses SCA’s top 300 managers and is led by the CEO.

Diversity strengthens competitive edge

SCA comprises approximately 45,000 people in 61 countries. About 26% of these are women and approximately 16% hold an academic degree or similar. In competitive terms, diversity helps SCA by adding insight into customer requirements and demands throughout the global marketplace.

To maintain this diversity, one of the Group’s basic requirements is to ensure that all employees are treated fairly and with respect – regardless of age, gender, ethnicity, religious belief or any other personal characteristic. SCA strives to achieve a non-discriminatory workplace based on respect and trust and takes a serious view of any incidence of discrimination.

Incidence of discrimination

Diversity and non-discrimination in the workplace are cornerstones of the SCA Code of Conduct. SCA has a system in place for reporting and investigating discrimination incidents and applies procedures to avoid similar incidents in the future.

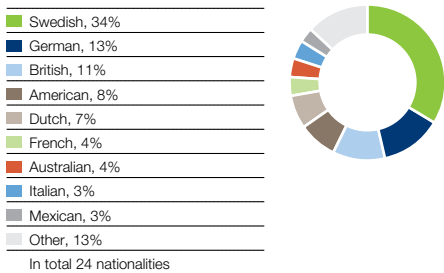
In 2010, a total of two incidents of discrimination were reported to the SCA Group. Each of

these cases was investigated in accordance with SCA procedures and local legislation. For further information, refer to Violations of the Code of Conduct on page 42.

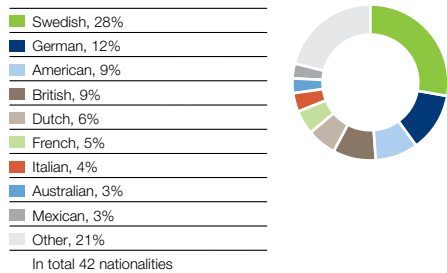
Management diversity survey

To obtain an accurate overview of the company’s management content, SCA conducts an annual diversity survey of its top managers. In 2010, 42 (41) nationalities were represented among the 1,000 most senior executives, of whom 20% (20) were women. Among the 300 most senior executives, 24 (27) nationalities were represented and 16% (13) of this group were women.

SCA’s top management diversity survey, top 300 managers 2010



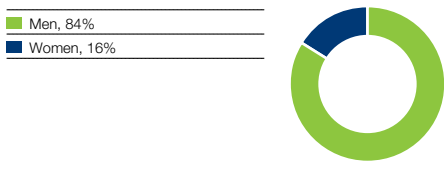
SCA’s top management diversity survey, top 1,000 managers 2010



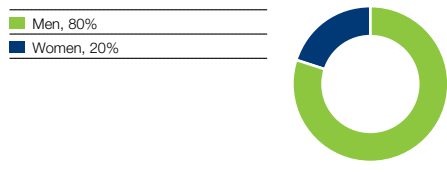
Employees

	Total
Number of employees	45,341
Temporary employees	1,485
Part-time employees	1,652
Employees leaving the company	4,269
Employee turnover	9%

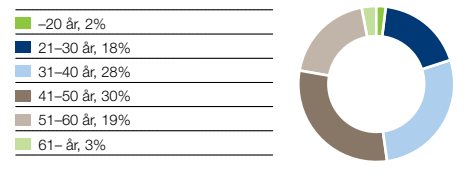
SCA’s top 300 managers by gender 2010



SCA’s top 1,000 managers by gender 2010



Employee age distribution SCA Group 2010



Restructuring and reorganisation

In 2010, the heaviest impact of restructuring and reorganisation activities was felt in SCA's European operations. SCA is committed to providing effective support to all employees affected by organisational changes. The first step in the restructuring procedure is early and transparent information to the affected personnel. SCA also notifies the European Works Council and other employee representatives in accordance with SCA policy, national legislation and collective agreements. Employees are informed about the reasons and then regularly about the changes that are proposed and how these will be implemented. The average notice period in the SCA Group in connection with organisational changes is 4.8 weeks.

In connection with structural changes, SCA seeks to prepare a social plan that addresses the needs of the group and the individual. Typically, such social programmes contain employment search assistance combined with financial support and assistance with further education. They may also include severance pay and provisions that address the search for alternate employment. Services available include individual career counselling, job searches, workshops and administrative support. It is common that local employers are also contacted. SCA also assists new employers by providing training to increase SCA employees' competence in their new place of work. Early retirement schemes are also offered.

In 2010, SCA Packaging Europe continued an efficiency improvement programme that resulted in the closure of two plants in Italy and one plant in each of the following countries: the Netherlands, Denmark and Germany. The closures, combined with other efficiency measures in the business group, resulted in a reduction in the workforce of 800 employees. To the greatest degree possible, SCA has assisted the affected employees in their search for a new job within or outside SCA. Over a six-month period, employees received support to develop new skills, some employees were offered

part-time pensions, and a premium was paid to those employees who successfully found a new job before their employment contracts expired.

In Linselles, France, the closure of a diaper plant was initiated, affecting 280 employees in 2010. The plant is one of the main employers in the region and SCA is taking extensive measures to help employees in their search for new employment. This includes assistance from a staffing agency, personal job coaching and financial incentives to those who find work before the end of their termination period.

Freedom of association and collective bargaining

SCA recognises the right of employees to freely associate and all SCA employees are free to join trade unions. However, the level of trade union activity and the existence of formal collective bargaining arrangements vary from country to country. On average, about 70% of employees at SCA sites were covered by collective bargaining agreements in 2010.

In many markets, SCA conducts formal employee consultation processes. One of the largest representative groups is the SCA European Works Council (EWC), which represents about 30,000 SCA employees. Through regular meetings, SCA maintains continuous dialogue with employee representatives. Items on the agenda include the Group's development, earnings, health & safety and organisational changes. While formal trade union agreements covered 57–78% of health and safety topics, such as safe working environment and personal protective equipment, the figure for the Group as a whole is higher.

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, representing more than 20 million members worldwide), the Swedish Paper Work-

ers' 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 the agreement are reviewed bi-annually in a joint meeting between the signatories.

The last review conducted in January 2009 concluded that no violations of the agreement had occurred. The next review will take place in March 2011, when the parties will meet to update the agreement. At the beginning of 2011, no indications had been received that any violations had occurred.

Community involvement

SCA is involved in a range of issues at international, national and local levels. In issues that have close links with SCA's business, such as women's health and the taboos related to incontinence, the Group often has long-term commitments. In many regions where SCA is active, the company is a large – and sometimes the dominant – employer that actively contributes to local development.

Social partnerships and sponsorship should add value to the business. To gain a general understanding of the Group's community initiatives, a web-based system was introduced in 2010 to register all projects and their costs. The new system makes it possible to identify various patterns and themes in activities and to effectively disseminate experience and the lessons learnt through the entire Group. It also provides a basis for recommendations regarding the focus of projects.

Various types of commitment

In 2010, SCA's costs for social initiatives amounted to SEK 35m. Although most projects are carried out in the hygiene area, sports sponsorship accounted for a significant share of costs.

SCA's commitment takes many different forms. It could, for example, involve direct financial contributions, product campaigns in which a certain portion of the sales generated by a product is donated, product donations, training or partnerships with organisations and companies. New projects can be launched and pursued in all parts of the Group using the guidance of the sponsorship policy that was drafted in 2009.

Educating young women

SCA's feminine care products provide the company with a natural link to the issues of personal hygiene and women's health. Consequently, SCA is involved in a range of efforts to improve the everyday lives of women around the world.

One example of SCA's far-reaching commitments is the Libresse School in Russia. SCA has sponsored this educational programme for teenage girls at their schools since 2006. Specially trained psychologists speak to the young women about physiological and emotional changes during puberty, and educate them about menstruation and hygiene protection.

Launched in Moscow, the Libresse School Programme has since spread to 14 other major

Russian cities, effectively reaching out to 175,000 girls in more than 3,000 schools.

A duty to speak out

About 5 to 7% of the world's adult population suffer from incontinence. Despite the extent of the problem, few talk about incontinence. As the world's largest supplier of incontinence care products through the TENA brand, SCA has worked for many years to break the taboos that surround this condition.

This work is highly diverse. SCA supports the Global Forum on Incontinence, a conference that attracts participants from across the globe. Read more about this in the fact box on page 51.

2010 was the first year that TENA sponsored a festival in Estonia in which more than 4,000 people – 60 years of age and older – participated. The programme contained a range of activities, including lectures, performances and handcraft, and the day was rounded off with a large dance party. The aim of the festival is to generate awareness of incontinence issues and break taboos.

In France, TENA sponsored the La Parisienne women's race to call attention to the problem. The event took place over three days and 20,000 women participated in the race. In conjunction with the run, a press conference was held at which the latest research was presented. The participants received free advice from physiotherapists and gynaecologists during the competition days.

In Russia, TENA sponsored a health programme on TV to raise awareness and also arranged the "Help her" educational programme through articles in Russian women's magazines, a dedicated website and via a social media campaign.

In Kenya, it is common for girls to get married between the ages of 12 and 14, which often means that they give birth to their first child at an age when their body is not sufficiently mature to cope with this stress. It is not uncommon that injuries in connection with childbirth result in the girls suffering from urine and faecal incontinence.

TENA supports hospitals in Kenya by providing them with incontinence care products, and by supporting training in incontinence issues and related healthcare.

Supporting the fight against cancer

Each year, SCA participates in a variety of activities and initiatives to raise awareness of various forms of cancer and help in their early detection.

SCA is a major supporter of cancer research and cancer organisations in Australasia. Since 2007, SCA has joined forces with Australia's Cancer Council to support its annual Daffodil Day event, donating over AUD 400,000 for the cause to date. In addition, SCA has been a sponsor of The Ovarian Cancer Research Fund (OCRF) since 2006, and committed AUD 100,000 in 2010 towards research into an early detection test for ovarian cancer.

In the UK, TENA sponsors the The Prostate Cancer Charity to raise awareness of prostate cancer and the incontinence problems that arise in conjunction with treatment of the disease. Sponsorship covers a range of activities, including donation of a share of sales of TENA products.

Importance of good hygiene

Insight into the importance of good personal hygiene for health and well-being remains highly inadequate in many countries. To raise awareness and the level of knowledge, SCA is pursuing a range of activities.

In Russia, 1,000 children were taught the correct way to wash their hands and to generally take care of their personal hygiene at an SCA-sponsored hygiene exhibition titled "The place where even the king had to walk" at the State History Museum on Red Square in Moscow.

SCA has entered into a three-year partnership with the NGO Oxfam Novib with the aim of improving the hygiene situation in Sudan and Niger. In south Sudan, SCA is supporting the installation of latrines and handwashing facilities

in schools, and is granting scholarships and sanitary products to young girls, enabling them to attend school. In Niger, SCA supports young women suffering from incontinence due to giving birth at a very young age. SCA provides annual sponsorship totalling EUR 250,000 to the project.

Relief assistance in conjunction with natural disasters

Following the earthquake disaster in Haiti in January 2010, several initiatives were taken by SCA to provide relief to those affected. Employees of SCA Americas donated about USD 17,000, which was matched by SCA Americas, thereby increas-

ing the total amount of the donation to just over USD 35,000. A further USD 50,000 was donated by SCA. Donations were made to the Red Cross and Direct Relief International. Aside from financial aid, SCA also contributed hygiene products.

In summer 2010, Mexico was hit by Hurricane Alex. Among those affected were SCA employees, who suddenly had no access to basic necessities, such as water and electricity, in their homes. SCA in Mexico organised temporary accommodation for those who required such assistance. By providing emergency aid in the form of food and clothes, and through financial assistance from employees and the company,

SCA has endeavoured to ease the situation for those affected.

In the US, SCA Tork donated wiper products for a value of USD 200,000 to disaster relief efforts in the wake of the oil spill in the Mexican Gulf. The products are usually used in industrial environments to absorb large spills and grease, and, in the clean-up work, they were used onboard vessels to sanitise equipment and clean deck machinery and tools.

Global Forum on Incontinence attracted record number of visitors

The third Global Forum on Incontinence attracted a record number of participants from across the globe. Incontinence issues – from many perspectives – were the subject of lively discussions by the 370 participants from 34 countries.

The Global Forum on Incontinence (GFI) takes place every second year and the venue in 2010 was Prague, in the Czech Republic. SCA supports the GFI and subjects discussed at the event included preventive measures, care, costs for society and incontinence as a general health problem.

“It’s not about saving lives, but about health and, in particular, quality of life. We must draw more attention to the social aspect of incontinence,” said Dr. Stanislav Panova from the Czech Department of Health, who held the opening speech at the conference.

Participants agreed that the subject of incontinence should be higher on the agenda in the health-care sector, schools and in the media, and that politicians and legislators should become more involved in the matter in light of global population aging.

Read more on www.globalforumonincontinence.com

Klaus-Peter Jüneman, Professor of the Department of Urology and Paediatrics at the University in Kiel, Germany; Dawn Harper, General Practitioner based in Gloucestershire, UK; and Diane K Newman, Co-Director of the PENN Center for Continence and Pelvic Health at the University of Pennsylvania Medical Center, US, participated in the debate at the 2010 Global Forum on Incontinence.





Control and assurance



RMS

SCA operates an extensive system of gathering and presenting data for individual production facilities and entire business groups. The Resource Management System (RMS) allows SCA to analyse data describing how the company uses energy, water, transport and raw materials, and to monitor 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 one new tissue mill.



Distribution of water supply

- Surface water, 84%
- Ground water, 13%
- Community water, 3%



Distribution of transport usage

- Ship, 69.5%
- Truck, 24.7%
- Rail, 5.8%



Distribution of electricity supply

- Internal hydro power, 0.2%
- Co-generation, 26.9%
- Grid supply, 72.9%



Distribution of fuel supply

- Biofuel, 43.2%
- Oil, 4.1%
- Electric boiler, 0.4%
- N-gas+LPG, 51.6%
- Coal, 0.7%



SCA operates an extensive system of gathering and presenting data for individual production facilities and entire business groups. The Resource Management System (RMS) allows SCA to analyse data describing how the company uses energy, water, transport and raw materials, and to monitor 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 one new tissue mill.

Resources

This section describes SCA's use of raw materials, water, energy and transport in 2010.

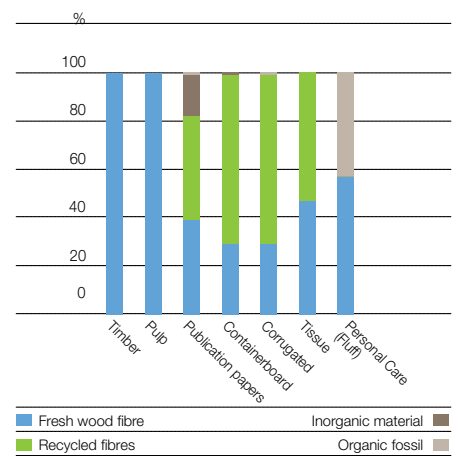
Raw materials

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 one of Europe's largest collectors and users of recycled fibre. The diagram to the right shows the raw material distribution of SCA's products.

Distribution of raw materials



Water

SCA's water supply is presented under the heading Raw Material Supply. The figures stated are totals for surface water, groundwater and municipal water systems. SCA's total water intake is 231 Mm³.

Energy

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

Any excess electricity produced at an SCA facility that is not used internally is supplied to the national grid. In 2010, SCA delivered 437 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 2010, SCA delivered heat to district heating systems equivalent to 25,963 m³ of fuel oil.

Transport

Raw materials are transported to SCA's production plants and finished products are delivered to SCA's customers. SCA uses external suppliers for most of its transportation needs. SCA's use of transportation is equivalent to 34.5 billion tonne-kilometres. Sea freight accounts for the greatest portion of SCA's transport and the remainder consists of road and rail. Transportation of SCA's raw materials and products uses the equivalent of 12,471 TJ of fuel and electricity.

Emissions

The company's total emissions are determined by fuel consumption, which in turn is determined by the level of production. Changes in production volumes over the past few years, measured in tonnes and cubic metres, are shown in the tables that present Group emissions in 2008, 2009 and 2010.

Emissions to air

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

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

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

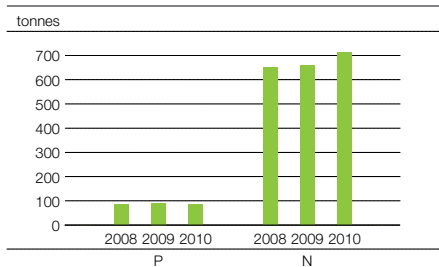
The stated CO₂ figures may differ somewhat from those reported to local authorities under the EU Emissions Trading Scheme (ETS). This is because the countries participating in ETS use different limits and definitions for their calculations, while SCA calculates and presents RMS data according to a separate 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.

Carbon dioxide emissions from SCA's fossil fuel consumption corresponded to 2,588 ktonnes and purchased electricity to 1,789 ktonnes during the year.

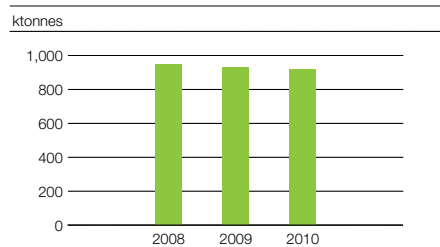
Air emissions from transport

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

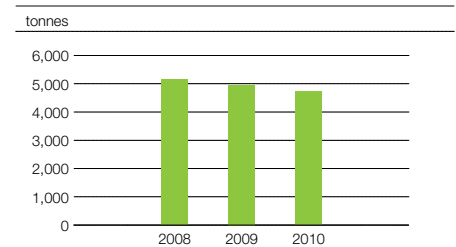
Water effluents P, N



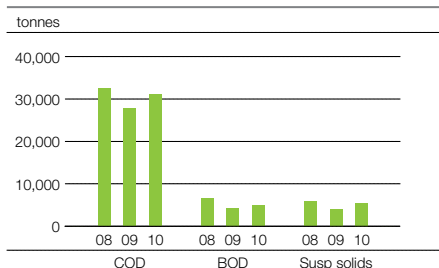
Emissions from transport, CO₂



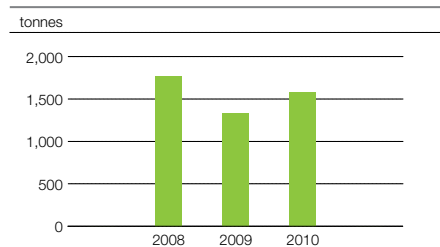
Air emissions, NO_x



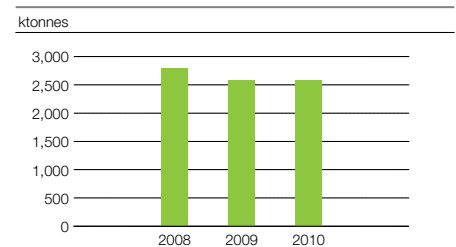
Water effluents COD, BOD and suspended solids



Air emissions, SO₂



Air emissions, CO₂ fossil



Environmental data

Emissions to water

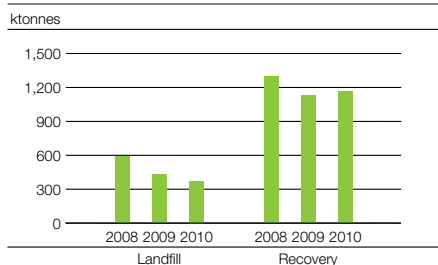
SCA's effluent water is divided into cooling water and process water. Cooling water has simply been heated and is not contaminated in any way. The total volume of discharged process water is 122 Mm³. This water is treated using methods similar to those employed at municipal wastewater treatment facilities. The figures for 2010 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.

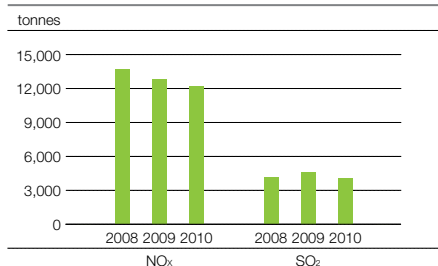
Solid waste

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.

Distribution of solid waste



Emissions from transport, NO_x and SO₂



Terminology

The notes below define the terminology used in the Group's 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-absorbents and adhesives calculated at 100% 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 equalling the effluent water.

Energy

Internal hydropower electricity produced in wholly 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 into 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 NO₂ the nitrogen oxides NO and NO₂, calculated as NO₂ derived from combustion. Where NO_x is not measured, a standard value of 100 mg/MJ fuel is used.

SO₂ total sulphur calculated as SO₂ from processes and combustion at the site. Where SO₂ is not measured, the input sulphur in the fuel is calculated.

Dust particles in the flue gas created during combustion.

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

CO₂ 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 that 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 water courses after treatment.

Landfill solid waste material sent to a landfill.

Recovery solid waste material recovered in an external process.

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

Raw materials, energy and discharges

		Forest Products		Packaging		Tissue Products		Personal Care		SCA Group Total	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Production											
Paper and pulp	ktonnes	2,430	2,365	4,014	4,018	2,504	2,462			8,948	8,845
Personal Care products	ktonnes							536	525	536	525
Timber and solid-wood products	1,000m ³	2,040	1,686							2,040	1,686
1. Raw materials											
Wood/sawmill chips*	ktonnes	3,876	3,550	692	638	408	394	0	0	4,976	4,581
Purchased pulp*	ktonnes	106	112	0	0	1,029	1,043	332	329	1,467	1,484
Purchased paper	ktonnes	0	0	0	0	46	53	0	0	46	53
Containerboard*	ktonnes	0	0	2,084	2,275	0	0	0	0	2,084	2,275
Recovered paper	ktonnes	933	908	1,668	1,491	1,645	1,618	0	0	4,245	4,017
Inorganic material	ktonnes	362	348	13	10	0	0	0	0	376	358
Organic fossil material	ktonnes	13	12	21	22	5	2	247	250	286	286
Water	Mm ³	93	92	48	45	90	88	1	0	231	226
2. Energy											
Electricity											
Internal hydropower	GWhe	14	17	0	0	0	0	0	0	14	17
Co-generation	GWhe	1,258	1,260	716	705	502	449	0	0	2,477	2,414
Grid supply	GWhe	2,467	2,350	749	721	3,076	3,090	408	403	6,699	6,564
Total	GWhe	3,739	3,627	1,465	1,426	3,578	3,539	408	403	9,191	8,996
Fuels											
Biofuel	TJfuel	17,122	16,906	12,635	11,662	4,237	4,481	0	0	33,994	33,049
Fossil fuel	TJfuel	10,455	10,613	9,902	10,461	23,764	22,529	248	204	44,370	43,808
Electric boiler/hood	TJfuel	88	194	25	74	170	170	0	0	283	438
Total	TJfuel	27,665	27,714	22,562	22,197	28,171	27,179	248	204	78,647	77,294
of which co-gen.	TJfuel	8,942	7,307	3,826	3,796	3,386	2,565	0	0	16,154	13,668
3. Discharges											
To air											
NO _x as NO ₂	tonnes	1,425	1,483	1,500	1,574	1,762	1,876	25	20	4,712	4,954
SO ₂	tonnes	453	450	273	435	855	450	0	0	1,581	1,335
Dust	tonnes	185	214	97	123	297	173	0	0	579	509
CO ₂ fossil	ktonnes	626	627	587	648	1,360	1,298	14	12	2,588	2,586
CO ₂ fossil, grid electricity	ktonnes	159	155	171	168	1,311	1,281	147	141	1,789	1,744
CO ₂ biogenic	ktonnes	1,749	1,679	1,303	1,206	525	562	0	0	3,577	3,447
To water											
COD	tonnes	11,634	10,422	11,162	8,600	8,224	8,696	0	0	31,020	27,718
BOD	tonnes	717	723	2,737	2,295	1,380	1,278	0	0	4,835	4,295
Suspended solids	tonnes	585	371	3,701	2,467	1,171	1,267	0	0	5,458	4,105
AOX	tonnes	9	10	6	5	3	4	0	0	19	19
P	tonnes	25	24	38	40	21	27	0	0	84	91
N	tonnes	229	204	230	205	254	251	0	0	713	660
Effluent water	Mm ³	39	39	21	24	62	62	0	0	122	124
Solid waste											
Landfill	tonnes	16,092	15,446	14,286	17,445	339,328	391,560	2,283	2,050	371,989	426,501
Recovery	tonnes	311,716	367,113	154,892	155,588	642,495	551,366	54,240	56,457	1,163,342	1,130,523
Hazardous	tonnes	48,067	28,580	1,039	1,106	869	816	80	22	50,055	30,524

* Partly internal deliveries.

In a few cases, the 2009 data differs from the data presented in the 2009 Sustainability Report. This is primarily a result of updated figures for tissue operations in Europe and South America.

Facts about the plants – Personal Care

		Malmöcke Sweden	Falkenberg Sweden	Linselles France	Gennep The Netherlands	Hoogezand The Netherlands	Olawa Poland	Gemerská Hôrka Slovakia	Drummondville Canada	Bowling Green US	Selangor Malaysia	Springvale Australia	Te Rapa New Zealand	Callia Colombia	Ecatepec Mexico	Rionegro Colombia	Total Personal Care 15 plants
2010																	
Grades																	
Production	ktonnes	4	75	28	89	92	33	28	34	31	54	5	3	21	23	16	536
Energy																	
Electricity																	
Internal hydro power	GWhe	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
Grid supply	GWhe	5	49	23	40	82	26	32	26	25	40	10	2	15	21	13	408
Total	GWhe	5	49	23	40	82	26	32	26	25	40	10	2	15	21	13	408
Fuels																	
Biofuel	TJfuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fossil fuel	TJfuel	14	0	39	34	100	19	28	4	8	2	0	0	1	0	1	248
Electric boiler	TJfuel	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	TJfuel	14	0	39	34	100	19	28	4	8	2	0	0	1	0	1	248
of which co-gen.	TJfuel	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	1.4	0	3.9	3.4	10.0	1.9	2.8	0.4	0.8	0.2	0	0	0	0	0	25
SO ₂	tonnes	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
CO ₂ fossil	ktonnes	0.9	0	2.2	1.9	5.6	1.1	1.6	0.2	0.4	0.1	0	0	0.1	0	0	14
CO ₂ fossil, grid electricity	ktonnes	0.3	2.3	1.9	15.6	32.3	16.9	7.1	4.8	14.2	25.9	9.6	0.5	2.3	11.6	1.9	147
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
BOD	tonnes	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
AOX	tonnes	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
N	tonnes	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
Solid waste																	
Landfill	tonnes	0	0	0	0	0	194	105	319	371	4	667	N/A	133	360	130	2,283
Recovery	tonnes	182	7,030	3,376	6,032	10,515	4,101	7,321	3,406	3,184	1,890	637	250	319	3,532	2,466	54,240
Hazardous	tonnes	0	0.2	0	0	0	0	8	8	8	0	0	N/A	53	1	2	80

Facts about the plants – Tissue

		Edet Sweden	Jönköping Sweden	Drammen Norway	Prudhoe UK	Chesterfield UK	Oakenholt UK	Manchester UK	Stembert Belgium	Mannheim tissue Germany	Mannheim pulp Germany	Mannheim Total Germany	Kostheim Germany	Neuss Germany	Witzenhausen Germany	Friesland The Netherlands	Le Thell France	Orleans France	Ortmann Austria
2010																			
Grades		ti	ti	ti	ti	ti	ti	ti	ti,gp	bsi	ti,gp, pp,bsi	ti	ti	ti	ti,nw	ti	ti	ti	ti
Production	ktonnes	98	14	17	85	26	53	46	69	284	199	309	96	104	28	6	60	25	129
Energy																			
Electricity																			
Internal hydro power	GWhe	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Co-generation	GWhe	10	0	0	0	0	0	0	0	200	51	251	26	0	0	0	0	0	84
Grid supply	GWhe	133	19	25	137	35	49	102	77	239	60	299	98	140	31	10	63	75	60
Total	GWhe	142	19	25	137	35	49	102	77	439	111	550	124	140	31	10	63	75	144
Fuels																			
Biofuel	TJfuel	515	57	0	0	0	0	0	0	110	3,555	3,665	0	0	0	0	0	0	0
Fossil fuel	TJfuel	185	57	96	1,022	255	468	663	488	3,440	674	4,114	926	678	197	38	332	388	1,382
Electric boiler	TJfuel	113	0	58	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	TJfuel	813	114	154	1,022	255	468	663	488	3,550	4,228	7,778	926	678	197	38	332	388	1,382
of which co-gen.	TJfuel	41	0	0	0	0	0	0	0	886	224	1,110	101	0	0	0	0	0	473
Discharges																			
To air																			
NO _x as NO ₂	tonnes	54	9	6	20	6	28	17	19	64	507	570	9	28	20	1	20	39	67
SO ₂	tonnes	0.4	2	0	1	3	2	0	0	13	269	281	0.3	0.2	0	0	0.2	0	0
Dust	tonnes	0	0.1	0	2	0	0	0	1	0.4	38	38	0	3	0	0	0	0	0
CO ₂ fossil	ktonnes	12	4	6	57	14	26	37	27	131	101	232	52	38	11	2	19	22	77
CO ₂ fossil, grid electricity	ktonnes	8	1	0.3	69	18	25	52	19	97	24	121	40	57	12	4	5	6	13
CO ₂ biogenic	ktonnes	60	4	0	0	0	0	0	0	138	322	461	0	0	0	0	0	0	0
To water																			
COD	tonnes	425	107	154	97	E/T	37	E/T	66	247	4,330	4,577	143	85	E/T	E/T	29	E/T	227
BOD	tonnes	107	32	N/A	5	E/T	4	E/T	26	66	251	318	9	6	E/T	E/T	8	E/T	21
Suspended solids	tonnes	77	23	26	15	E/T	7	E/T	2	42	161	203	3	4	E/T	E/T	2	E/T	19
AOX	tonnes	1	0.2	0	0	E/T	0	E/T	0.1	1	0	1	0.2	0	E/T	E/T	0	E/T	0.2
P	tonnes	1.0	0.1	0.4	0.1	E/T	0	E/T	0.1	1.7	6.4	8.0	0.9	0.3	E/T	E/T	0	E/T	0.5
N	tonnes	14.7	3.0	4.6	1	E/T	0	E/T	1.2	14.7	56.1	71	5.7	10.4	E/T	E/T	0.8	E/T	8.0
Effluent water	Mm ³	3.74	0.37	0.88	2.07	0.47	0.30	0.99	0.69	3.26	12.46	15.72	1.36	0.83	0.03	0.19	0.42	0.68	3.43
Solid waste																			
Landfill	tonnes	46	2	33,733	6,828	2,106	0	601	125	367	0	367	0	8	0	0	0	0	0
Recovery	tonnes	60,342	20,370	231	82,686	38,767	2,226	7,081	3,145	29,648	40,207	69,855	80,387	3,816	416	2,412	4,165	1,819	110,808
Hazardous	tonnes	7	3	2	4	0	6	45	58	187	0	187	117	64	9	2	34	0	24

ti = tissue paper reels and/or
tissue consumer products
nw = non-woven
gp = grease-proof paper
pp = packaging paper
bsi = bleached sulphite pulp

uc = uncoated fine paper
rc = recycled pulp
mp = market pulp
E/T = external treatment
N/A = data not available

Facts about the plants – Packaging

		Munksund Sweden	Obbola Sweden	De Hoop The Netherlands	Aschaffenburg Germany	Witzenhausen Germany	Lucca Italy	Containerboard 6 mills	Corrugated board Europe 62 plants	EPS Europe 13 plants	Total Packaging
2010											
Grades		kl, wtl	kl, tl	tl, fl	fl	tl, fl	tl, fl, wtl	fl			
Production	ktonnes	340	396	334	368	339	343	2,121	1,880	13	4,014
Energy											
Electricity											
Internal hydro power	GWhe	0	0	0	0	0	0	0	0	0	0
Co-generation	GWhe	189	113	120	150	137	1	711	6	0	716
Grid supply	GWhe	126	199	11	1	6	168	510	224	15	749
Total	GWhe	314	312	131	151	143	169	1,221	229	15	1,465
Fuels											
Biofuel	TJfuel	5,604	3,933	0	298	2,657	53	12,547	49	40	12,635
Fossil fuel	TJfuel	361	543	2,478	2,698	249	1,411	7 741	1,955	206	9,902
Electric boiler	TJfuel	25	0	0	0	0	0	25	0	0	25
Total	TJfuel	5,990	4,477	2,478	2,997	2,906	1,465	20,313	2,004	246	22,562
of which co-gen.	TJfuel	794	477	660	1,243	576	43	3,794	32	0	3,826
Discharges											
To air											
NO _x as NO ₂	tonnes	398	277	104	318	163	28	1,288	193	19	1,500
SO ₂	tonnes	72	54	0	2	5	0	133	112	28	273
Dust	tonnes	44	33	0	0.3	3	0.2	81	16	0	97
CO ₂ fossil	ktonnes	29	43	139	151	15	79	456	119	12	587
CO ₂ fossil, grid electricity	ktonnes	6	10	4	0.4	2	68	91	76	5	171
CO ₂ biogenic	ktonnes	583	418	0	28	263	3	1,295	5	4	1,303
To water											
COD	tonnes	4,483	5,458	263	212	188	281	10,885	275	1	11,162
BOD	tonnes	1,639	966	10	15	11	15	2,656	82	0	2,737
Suspended solids	tonnes	980	2,528	26	27	10	55	3,626	76	0	3,701
AOX	tonnes	3	3	0	0.3	0.2	0	6	0	0	6
P	tonnes	7.2	24.9	1.0	0.7	0.6	3.8	38.1	0	0	38
N	tonnes	34.7	132.1	7.0	7.0	5.2	43.7	229.7	0	0	230
Effluent water	Mm ³	8.99	5.87	1.75	1.37	1.17	1.66	20.82	0.42	0.04	21
Solid waste											
Landfill	tonnes	2,364	227	17	34	0	8,133	10,775	3,229	282	14,286
Recovery	tonnes	12,795	31,546	22,406	36,356	22,125	25,070	150,298	3,983	610	154,892
Hazardous	tonnes	269	44	27	39	38	81	498	539	2	1,039

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

Facts about the plants – Forest Products

						Total			
						Pulp and paper 4 mills	Forest operations 8 mills	Forest Products	
						Ortviken Sweden	Östrand Sweden	Laakirchen Austria	Aylesford UK
2010 Grades		np, lwc	bk, ctmp	sc	np	solid-wood products			
Production	kt tonnes	876	499	521	376	2,272	158	2,430	
	1,000 m ³						2,040	2,040	
Energy									
Electricity									
Internal hydro power	GWhe	0	0	14	0	14	0	14	
Co-generation	GWhe	55	439	428	336	1,258	0	1,258	
Grid supply	GWhe	2,007	57	192	18	2,275	192	2,467	
Total	GWhe	2,062	496	635	354	3,547	192	3,739	
Fuels									
Biofuel	TJfuel	2,505	12,872	0	368	15,745	1,377	17,122	
Fossil fuel	TJfuel	542	1,122	4,289	4,260	10,212	243	10,455	
Electric boiler	TJfuel	51	0	0	0	51	37	88	
Total	TJfuel	3,097	13,994	4,289	4,628	26,008	1,657	27,665	
of which co-gen.	TJfuel	242	1,850	2,230	4,621	8,942	0	8,942	
Discharges									
To air									
NO _x as NO ₂	tonnes	196	641	222	239	1,298	127	1,425	
SO ₂	tonnes	55	380	0	4	439	14	453	
Dust	tonnes	36	52	0	6	94	91	185	
CO ₂ fossil	kt tonnes	40	88	240	239	606	20	626	
CO ₂ fossil, grid electricity	kt tonnes	97	3	41	9	150	9	159	
CO ₂ biogenic	kt tonnes	250	1,324	0	35	1,609	140	1,749	
To water									
COD	tonnes	3,805	5,792	1,058	899	11,553	81	11,634	
BOD	tonnes	130	452	53	27	662	55	717	
Suspended solids	tonnes	291	148	47	94	580	5	585	
AOX	tonnes	4	5	0	0	9	0	9	
P	tonnes	3.3	16.0	3.3	2.4	25	0	25	
N	tonnes	77.3	124.0	4.3	22.5	228	1	229	
Effluent water	Mm ³	12.62	13.35	7.39	5.27	39	0.1	39	
Solid waste									
Landfill	tonnes	376	52	0	11,292	11,720	4,372	16,092	
Recovery	tonnes	40,398	53,913	170,342	46,175	310,829	887	311,716	
Hazardous	tonnes	275	575	92	46,624	47,566	502	48,067	

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

Social data

	2010	2009	2008	2007	2006
Number of employees	45,341 ¹⁾	49,531	51,999	50,433	51,022
of whom female, %	26	27	29	25	25
Employees leaving the company	4,269	5,768	7,511	6,852	7,397
Employees joining the company	4,262	3,832	6,255	7,202	6,327
Age distribution, %					
-20 years	2	2	3	2	2
21-30 years	18	20	20	19	23
31-40 years	28	29	29	30	29
41-50 years	30	29	29	29	28
51-60 years	19	18	17	18	16
60+ years	3	2	2	2	2
Employee turnover, %	9 ²⁾	12	14	-	-
Academic degree or similar	16	15	13	15	13
Competence development, cost per employee	18	14	9 ³⁾	-	-
Diversity:					
Nationalities, top 300 managers	24	27	28	31	26
Nationalities, top 1,000 managers	42	41	39	44	38
Female managers of top 300 managers, %	16	13	12	10	9
Female managers of top 1,000 managers, %	20	20	19	16	14
Women, of total number of Board members and senior executives, %	14	18	14	14	14
Health and safety					
Lost Time Accidents (LTA)	569	564	685	770	762
Days Lost (DLA)	13,810	15,947	16,181	15,812	17,428
Accident Severity Rate (ASR), %	24.3	28.3	23.7	20.5	22.3
Incident Rate, %	1.5	1.4	1.6	1.8	1.8
Frequency Rate (FR), %	8.3	7.3	8.5	9.5	9.8
Fatalities	1	2	0	3 ⁴⁾	1
Sick leave, Swedish companies, %					
In total	3	3	4	4	5
Men	3	3	4	4	4
Women	4	4	5	6	6
Of which 60 consecutive days or more	44	45	45	48	58
Code of Conduct					
Business Practice Reviews	Italy, Mexico	Russia	4 countries, Eastern Europe	N/A	N/A
Human Rights assessments	Mexico	-	-	China, Singapore, Malaysia, Costa Rica, Greece, Spain, the Czech Republic and Hungary	China, Colombia, Malaysia, Mexico and Poland

¹⁾ The personnel reduction of 4,200 persons is attributable to the divestment of the Asian packaging operations.

²⁾ Excl. the divestment of the Asian packaging operations.

³⁾ Training hours for 2008 and 2009 are reported in accordance with different systems.

⁴⁾ Two SCA employees and one entrepreneur.

About this report – sources and transparency

This report describes SCA's sustainability initiatives from an environmental, social and economic perspective. SCA publishes a sustainability report each year. For the third consecutive year, SCA has prepared its report in accordance with the Global Reporting Initiatives (GRI) guidelines, level A.

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 a more detailed description is provided in the Annual Report's corporate governance section.

The content of the Sustainability Report focuses predominantly on issues that SCA and its stakeholders regard as important for the company and its environment.

When adjustments have been made compared with earlier reports, a note is appended directly beside the text or table.

GRI

During 2010, SCA collected data on 30 social performance indicators recommended by the GRI Sustainability Reporting Guidelines. The GRI indicators cover SCA manufacturing operations and most office locations, but do not include centralised corporate functions or employees of joint ventures.

The entire sustainability report has been reviewed by PwC. In the past, only parts of the social and environmental data were reviewed. More detailed information about SCA's work on environmental and social issues is available at www.sca.com

Data collection

Data provided that relates to environment, health and safety at SCA's plants and mills refers to the 2010 calendar year. These figures include the SCA Group, wholly owned subsidiaries and subsidiaries in which 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's for one calendar year.

The results of the Group's CO₂ target and water target are adjusted each year in relation to production levels. Other data is reported in absolute figures. 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 page 52) and the Group's accounting system, ABS.

The RMS covers more than 170 production sites, covering virtually the whole company's environmental impact and resource utilisation from production. 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, including salaries, pensions, absence due to illness, education levels, skills development costs and other information related to employees. The social GRI indicators are reported through the ABS system.

Global Reporting Initiative (GRI) Index

SCA's Sustainability Report for 2010 follows Global Reporting Initiative guidelines (version G3). The following index shows where information can be found: this Sustainability Report (SR), Annual Report (AR), or SCA's Group website (sca.com), which contains the corresponding GRI index with direct links. The table includes all core indicators and the supplementary indicators that are applicable to SCA's operations.

The GRI Guidelines are the most widely accepted and used standard for sustainability reporting, with more than 1,700 companies around the world applying the guidelines. This is the third report in which SCA applies GRI guidelines. SCA is reporting on the A+ level as defined by GRI, which has been confirmed by PwC.

PROFILE	
1. STRATEGY & ANALYSIS	
1.1 CEO's comments	SR 2–3
1.2 Description of key impacts, risks and opportunities	AR 44–49
2. ORGANISATIONAL PROFILE	
2.1 Name of the organisation	AR 97
2.2 Primary brands, products, and services	AR 18, 21, 25, 29, 33
2.3 Operational structure of the org.	SR 10–11 + AR 10
2.4 Location of organisation's headquarters	SR back cover
2.5 Countries where the organisation is active	AR 73
2.6 Nature of ownership and legal form	AR 4–5
2.7 Markets	AR 21, 25, 29, 33
2.8 Size of the organization	SR inside cover + AR inside cover
2.9 Significant changes during the reporting period	AR 11
2.10 Awards received during the reporting period	SR inside cover
3. REPORT PARAMETERS	
Report profile	
3.1 Reporting period	SR 63 + AR 62
3.2 Date of most recent previous report	SR 63
3.3 Reporting cycle (12 months, 24 months, etc.)	SR 63
3.4 Contact person for questions regarding the report	SR back cover
Report scope & boundaries	
3.5 Process for defining report content	SR 17, 63
3.6 Boundary of the report	SR 63
3.7 Specific limitations on the scope or boundary of the report	SR 63
3.8 Basis for reporting on joint ventures, subsidiaries, etc.	SR 63
3.9 Data measurement and calculation principles	SR 52–55 + 63
3.10 Comparability with previous reports	SR 63
3.11 Significant changes from previous reporting periods regarding scope, boundaries, etc.	SR 52–53, 63
GRI content index	
3.12 Table identifying the location of the Standard Disclosures in the report	SR 64–65
3.13 Policy and current practice in regard to external verification of the report	SR 67
4. GOVERNANCE, COMMITMENTS & ENGAGEMENT	
Governance	
4.1 Governance structure for the organisation	SR 10–11
4.2 The Chairman of the Board's role in the organisation	AR 37
4.3 Independent and/or non-executive board members	AR 38
4.4 Methods for shareholders and employees to propose recommendations, etc. to the board	AR 37
4.5 Remuneration to senior executives	AR 71 (note 6) + sca.com
4.6 Processes for avoiding conflicts of interests in the board	sca.com
4.7 Processes for determining the competence of board members	sca.com
4.8 Mission, values, Code of Conduct, etc.	SR 12
4.9 The board's monitoring of the sustainability work	SR 11 + sca.com
4.10 Processes for evaluating the board's own performance	AR 39 + sca.com

Commitments to external initiatives

4.11 Explanations of if and how the precautionary principle is applied	sca.com
4.12 Association to external voluntary codes, principles or other initiatives	sca.com
4.13 Membership in organisations	SR 14

Stakeholder engagement

4.14 List of stakeholder groups	SR 13–17
4.15 Basis for identification and selection of important stakeholders	SR 13–17
4.16 Approach to stakeholder relations	SR 13–17
4.17 Key topics and concerns that have been raised through dialogues with stakeholders	SR 13–17

5. ECONOMIC PERFORMANCE INDICATORS

Disclosure on management approach	AR 7–8 + 36, SR 18–22
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Economic performance

EC1 Direct economic value and distribution	SR 23
EC2 Risks and opportunities for the organisation due to climate changes	SR 22
EC3 Coverage of the organisation's defined benefit plan obligations	SR 24 + AR 87 (note 26)
EC4 Financial assistance received from government	AR 66

Market presence

EC5 Range of ratios for standard entry level wage compared to local minimum wage	SR 24 + sca.com
EC6 Purchases from local suppliers	SR 24
EC7 Local hiring and proportion of senior management hired from the local community	SR 48 + sca.com

Indirect economic impact

EC8 Infrastructure investments and services provided for public purposes	SR 50–51 + sca.com
EC9 Significant indirect economic impacts, including the extent of impacts	SR 23–24, 50–53

6. ENVIRONMENTAL PERFORMANCE INDICATORS

Disclosure on management approach	SR 4–8, 10–11 + sca.com
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Materials

EN1 Materials used by weight or volume	SR 34,53,56
EN2 Recycled input materials	SR 34,53,56

Energy

EN3 Direct energy consumption	SR 28,53,56
EN4 Indirect energy consumption	SR 28,53,56
EN5 Energy saved due to conservation and efficiency improvement	SR 29

Water

EN8 Total water withdrawal	SR 37,53,56
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Biodiversity

EN11 Location/scope of land owned near protected areas/areas of biodiversity value	SR 35 + sca.com
EN12 Factors that affect biodiversity	sca.com

Emissions, effluents & waste

EN16 Direct and indirect greenhouse gas emissions	SR 54, 56
EN17 Other relevant indirect greenhouse gas emissions	SR 54
EN18 Initiatives to reduce greenhouse gas emissions	SR 6, 26–31
EN19 Emissions of ozone-depleting compounds	sca.com
EN20 NO _x , SO _x , and other significant air emissions	SR 54–56
EN21 Emissions to water	SR 54, 56
EN22 Waste	SR 55–56
EN23 Significant spills	sca.com

Products & services	
EN26 Actions to reduce environmental impacts of products and services	SR 26–39
EN27 Products sold and their packaging materials that are reused	SR 53 + sca.com
Compliance	
EN28 Fines and non-monetary sanctions for non-compliance with applicable laws	sca.com
Transport	
EN29 Environmental impact from transport	SR 54–55
7. SOCIAL PERFORMANCE INDICATORS	
Disclosure of management approach	SR 4–5, 10–11 + sca.com
Employment	
Employees	
LA1 Total workforce by function, employment type and region	SR inside cover, 48 + AR 73
LA2 Rate of employee turnover	SR 48, 62 + sca.com
Labour/management relations	
LA3 Benefits provided to full-time employees	sca.com
LA4 Percentage of employees covered by collective bargaining agreements	SR 49
LA5 Minimum notice period(s) regarding operational changes	SR 49 + sca.com
Health & safety	
LA6 Percentage of total workforce represented in health and safety committees	SR 44
LA7 Rates of injury, occupational diseases, lost days, work related fatalities	SR 45, 62
LA8 Programs to assist workforce regarding serious diseases	SR 45–46 + sca.com
LA9 Health and safety topics covered in formal agreements with trade unions	SR 49
Training & education	
LA10 Average hours of training per year per employee	SR 48
LA11 Programmes for skills management and lifelong learning	sca.com
LA12 Percentage of employees receiving regular performance reviews	SR 48
Diversity & equal opportunity	
LA13 Composition of governance bodies and workforce	SR inside cover + SR 48, AR 42–43, 73
LA14 Ratio of basic salary of men to women	sca.com
Human rights	
Investment & procurement practices	
HR1 Consideration of human rights in regard to investments	SR 4 + sca.com
HR2 Human rights in the supplier chain	SR 43
HR3 Training and education in human rights	SR 42
Non-discrimination	
HR4 Total number of incidents of discrimination and actions taken	SR 42
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 of 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 Total number of incidents of violations involving rights of indigenous people and actions taken	SR 14, 28 + sca.com

Society	
Community	
SO1 Programmes for evaluating the operation's impacts on communities	SR 40 + sca.com
Corruption	
SO2 Business units analysed for risks related to corruption	SR 42
SO3 Employees trained in the organisation's anti-corruption policies and procedures	SR 42
SO4 Actions taken in response to incidents of corruption	SR 42
Public policy	
SO5 Participation in public policy development and lobbying	SR 30 + sca.com
SO6 Total value of financial contributions to political parties, etc.	sca.com
Anti-competitive behaviour	
SO7 Total number of legal actions for anti-competitive behaviour	sca.com
Compliance	
SO8 Monetary value of fines for non-compliance with applicable laws	sca.com
Product responsibility	
Customer health & safety	
PR1 Life cycle stages in which health and safety impacts of products and services are assessed	SR 39 + sca.com
Product & service labelling	
PR3 Product labelling and information	sca.com
Marketing communications	
PR6 Programmes for adherence to laws, standards and voluntary codes for marketing communications	sca.com
Compliance	
PR9 Monetary value of fines for non-compliance with regulations concerning the use of products and services	sca.com

Global Compact Report

SCA became a member of the United Nations corporate citizenship initiative, Global Compact, in July 2008, joining a network of more than 8,700 businesses and other participants from more than 130 countries in promoting ten core principles in the areas of human rights, labour, environment and anti-corruption.

As a part of this commitment, SCA will report on the company's corporate responsibility activities and performance in an annual Communication on Progress (COP), using the Sustainability Report as a vehicle for this communication. The Sustainability Report provides a number of examples of ongoing activities, as well as key performance indicators clearly showing that SCA supports the ten Global Compact principles in its everyday business.

The SCA Code of Conduct is an important internal document, guiding and aligning employee behaviour with the Global Compact principles. Regular reviews of business practices are conducted throughout the organisation to ensure compliance with the Code of Conduct.

Measurements of performance related to the Global Compact principles are given throughout the report using indicators suggested by the Global Reporting Initiative (GRI), wherever possible. In particular, GRI performance indicators relating to human rights, labour and anti-corruption principles are presented in the Social Responsibility section, and environmental performance indicators reported through the RMS system are presented in the Control and Assurance section. A complete GRI index is available on www.sca.com

UNGC and GRI cross reference table

The following table shows how performance in relation to each UN Global Compact principle can be reported via a number of Global Reporting Initiative (GRI) standard performance indicators. This is based on guidance documents published by the UN Global Compact.



UNGC principles	GRI indicators
Human Rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights	HR1-9, EC5, LA6-9, 13-14, SO5, PR1-2, 8
2. Businesses should make sure that they are not complicit in human rights abuses	HR1-9, SO5
Labour	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	LA4-5, HR1-3, 5, SO5
4. Businesses should uphold the elimination of all forms of forced and compulsory labour	HR1-3, 7, SO5
5. Businesses should uphold the effective abolition of child labour	HR1-3, 6, SO5
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation	LA2, 13-14, HR1-4, EC7, SO5
Environment	
7. Businesses should support a precautionary approach to environmental challenges	EC2, EN18, 26, 30, SO5
8. Businesses should undertake initiatives to promote greater environmental responsibility	EN1-30, SO5, PR3-4
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	EN2, 5-7, 10, 18, 26-27, 30, SO5
Anti-corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery	SO2-6

Auditors' report on limited review of sustainability report

To the readers of the Svenska Cellulosa Aktiebolaget SCA (publ) Sustainability Report

We have been engaged by the management of Svenska Cellulosa Aktiebolaget SCA (publ) to review the SCA Sustainability Report for the year 2010. The Board of Directors and Executive Management team are responsible for the company's activities regarding environment, health & safety, social responsibility, and sustainable development, and for the preparation and presentation of the sustainability report in accordance with applicable criteria. Our responsibility is to express a conclusion on the sustainability report based on our review.

The scope of the review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be iden-

tified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review is based are the parts of the Sustainability Reporting Guidelines G3, published by the Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed and disclosed. We consider these criteria suitable for the preparation of the Sustainability Report.

Our review has, based on an assessment of materiality and risk, included e.g. the following procedures:

- a. update of our knowledge and understanding of SCA's organization and activities,
- b. assessment of the outcome of the company's stakeholder dialogue,
- c. interviews with management at group level and at selected business units in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient,
- d. examination of internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient,
- e. evaluation of the design of systems and processes used to obtain, manage and validate sustainability information,


- f. analytical procedures of the information stated in the Sustainability Report,
- g. reconciliation of financial information with the company's Annual Report for the financial year 2010,
- h. assessment of the company's declared application level according to the GRI guidelines,
- i. assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria,
- j. reconciliation of the reviewed information with the sustainability information in the company's Annual Report for the financial year 2010.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the information in the SCA Sustainability Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 22 February 2011

PricewaterhouseCoopers AB



Anders Lundin
Authorised Public Accountant



Fredrik Ljungdahl
Expert member of FAR SRS

Glossary

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

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

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

Bribery Is the giving or receiving of any undue reward by or to any person to influence their behaviour 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 minimising 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 seven days in SCA's Swedish mills and five days in the rest of Europe, in accordance with national legislative systems.

BREF Best Available Technology Reference Document. This document identifies BAT (Best Available Technology) for 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 consumed when dissolved matter in effluent water oxidises. High COD values can indicate a risk of depletion of the normal oxygen content in the water environment.

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

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 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 fibres processed chemically, normally by cooking.

Chemical Thermo Mechanical Pulp, CTMP A high yield pulp (about 90–95% yield from the wood) which is obtained by heating and then grinding chemically 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 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 nonwovens 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 The part of the overall management system which includes the structure, practices, procedures and resources for the systematic implementation of the organisation's own environmental policy.

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

ESAVE Structured energy-saving 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 1 January 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 labour of any kind.

Freedom of Association Refers to the right of employees to lawfully join associations of their own choosing, peacefully associate, organise 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 fibre. First generation use of raw material derived from wood.

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

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.

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 LTAs and Frequency Rate.

International Labour Organization, ILO The International Labour Organization is a United Nations Agency, which establishes Conventions on Labour standards that are binding for member states when ratified. There are over 150 ILO Conventions, eight of which are "Core Conventions" since they embody fundamental human rights and set minimum labour 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 through-out 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 fibre) and testliner or fluting (based on recycled fibre).

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 that is ground or chipped for mechanical refining to separate the fibres that 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, Authorization and Restriction of Chemicals European regulation (1,907/2,000/EC) which address the production and (safe) use of chemical substances and their potential impact on both human health and the environment. Some 30,000 chemicals will have to be registered after testing with the central European Chemical Agency (ECHA) in Helsinki. Companies will have to obtain authorisation to use hazardous chemicals.

RMS SCA's Resource Management System: a means of collecting and collating all environmental data and resource utilisation 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 organisation 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% 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 that 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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