

Satisfied customers and consumers

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

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

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

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

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

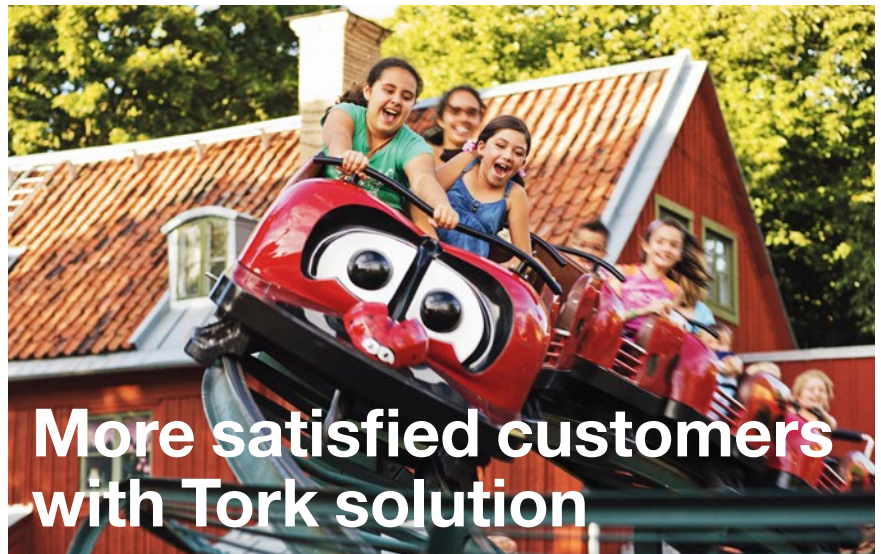
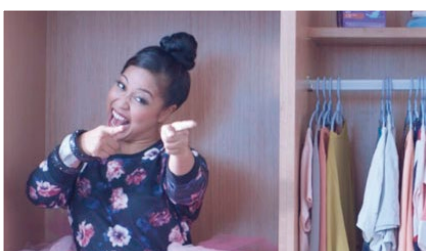
Libresse campaign encourages young women to 'Do What Fits You'

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

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

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

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



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

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

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

40,000

Tork dispensers

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

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

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



Stirling Gravitas

– a new way of addressing male incontinence



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

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

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

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

Some of this year's awards



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

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

Challenges become business opportunities

TARGET

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



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

OUTCOME 2015

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

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

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

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

Systematic creativity

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

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



Improved function and reduced climate impact

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

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

Other products with a reduced climate impact:

TENA Pants

-23%

reduction in climate impact 2008–2015

Libero open diapers

-25%

Tork paper towels

-11%

reduction in climate impact 2011–2014

Round corrugated board packaging offers exciting designs

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

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

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

Visit www.arcwise.se for more information.



TENA Identifi

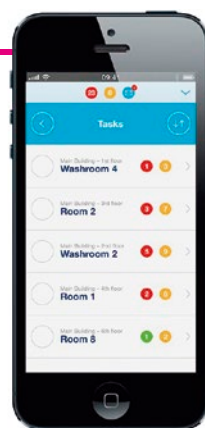
A breakthrough innovation for continence care that was developed based on a distinct need of our customers in elderly care. The solution is based on a sensor product that registers how much urine is passed and when it reaches the pad. Three days of observations are used as the basis for a continence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



Smart solutions

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

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



Fits every baby's bottom

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

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

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

Better hygiene for better health

TARGET

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

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



OUTCOME 2015

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

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

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

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

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

Simpler everyday life

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

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

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

Dignified elderly care with new technology

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

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

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

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



Susanne Börjesson with a TENA Identify product.



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

LIBRESSE EDUCATING GIRLS IN MALAYSIA

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

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

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

Better hygiene at work

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

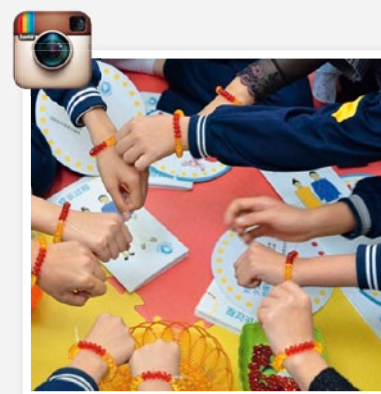
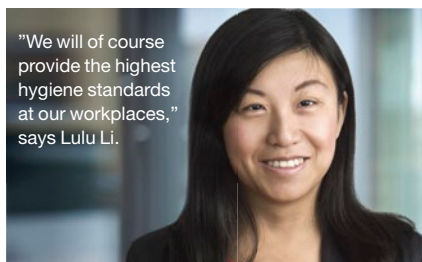
"Many of our units are already of a high standard. Naturally, as a hygiene company, we care for our employees and provide the highest standards of hygiene at our workplaces. This is of particular importance in markets that lack clear legislation," explains Lulu Li, Corporate Social Responsibility Manager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

Good hygiene reduces the risk of waterborne diseases, makes workplaces

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

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

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



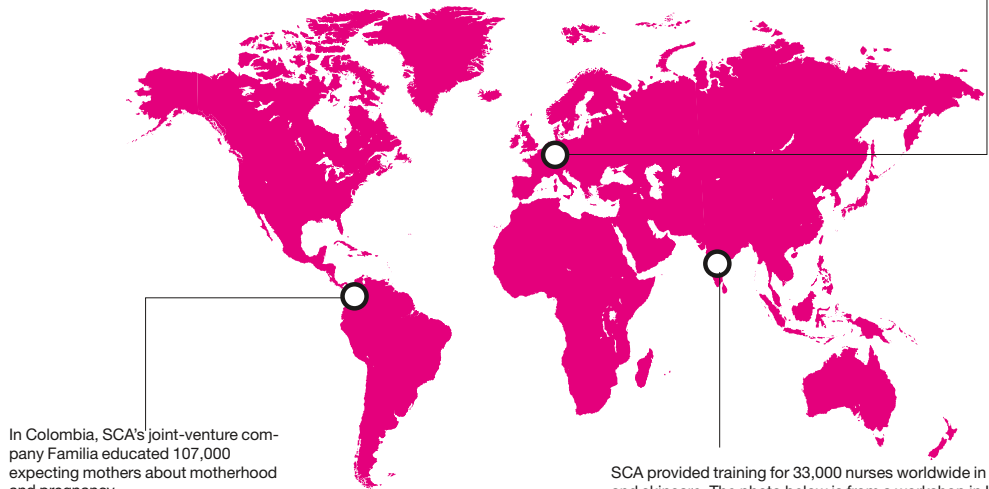
@SCAeveryday In February, SCA and WSSCC organized a menstrual hygiene program in Haikou, China, in conjunction with Team SCA's stopover in Sanya. WSSCC trained 30 young girls and several women who, in turn, will continue the programs. Spreading the message is vital for achieving long-term change. #VOR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

Knowledge is key

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

Number of people who received training during the year

12,000,000



Value for society in China

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

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

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

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

14,000

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



SCA takes up the fight against childhood disease in China

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

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

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

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



33,000



SCA breaks the silence on menstruation

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

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



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

The Code shows the way forward

TARGET

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



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

OUTCOME 2015

91% of employees have received Code of Conduct training.

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

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

Training in the Code

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

Choosing the right partners

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

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

Competing on the right terms

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

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

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



Whistleblowing in Latin America

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

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

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

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

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



Satisfied employees

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

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

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

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



SCA's Global Supplier Standard was updated in 2015.



Supplier program in Mexico

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

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

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

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

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

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

More ambitious safety target

TARGET

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



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

OUTCOME 2015

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

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

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

Vision of zero workplace accidents

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

Creating a safety culture

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

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

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

Global commitment to safety



A fire drill demonstration was held in Allo, Spain.

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

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

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

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

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

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



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

Accidents to be halved by 2020

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

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

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

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

-50%

Workplaces for all ages

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

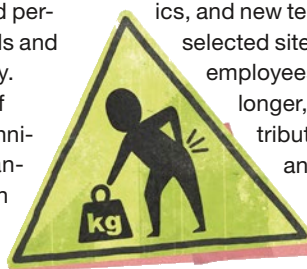
"Our investigations showed a rise in absence with age, and that in some cases musculoskeletal issues were responsible for up to 70% of absences," says Astrid Manquin, SCA Human Resources Director.

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

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

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

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



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

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



Production facilities with zero workplace accidents in 2015:

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

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

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



Bump caps enhance safety

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

Making a difference

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

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

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

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

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

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

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

Supermarket for people in need

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

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

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

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



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



Integration in Vilhelmina

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

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



Better hand hygiene can save lives

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

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

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

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

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

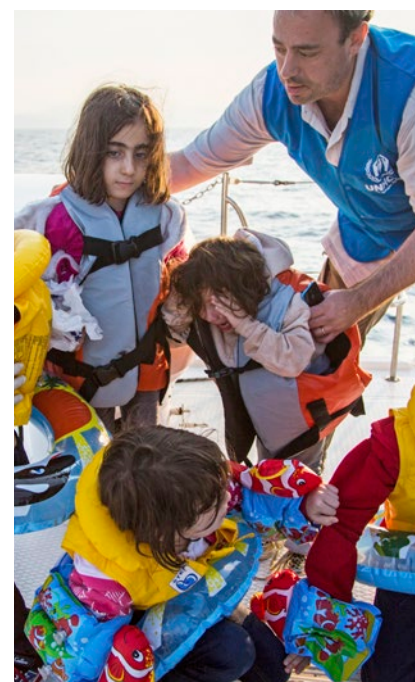
The companies will spread awareness of the importance of good hygiene, provide information about the methods and equipment that are available, facilitate the distribution of products in emerging markets and develop preparedness for assisting with equipment in disasters.

Refugee support

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

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

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



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

Combating climate change

TARGET

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

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

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



OUTCOME 2015

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

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

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

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

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

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

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



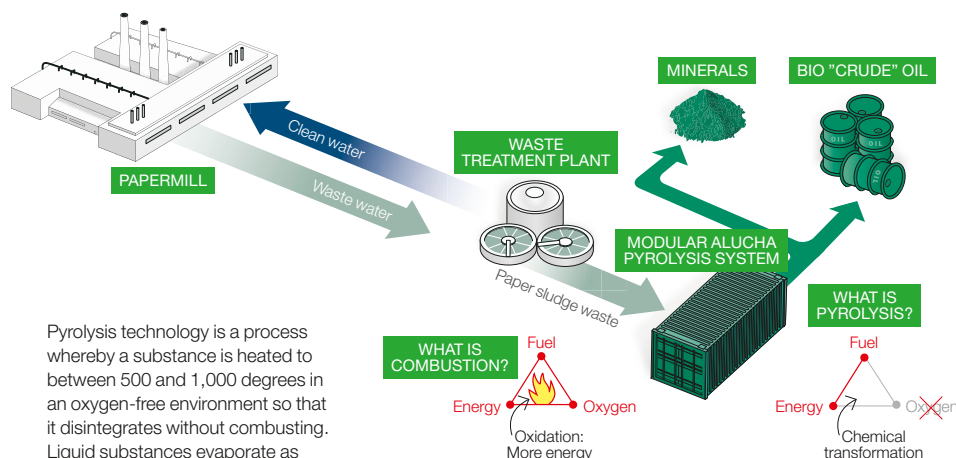
New technology makes waste valuable

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

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

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

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



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

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

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



New Finnish biofuel plant

set to reduce costs and carbon emissions

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

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

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

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

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

World-class pulp

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

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

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

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



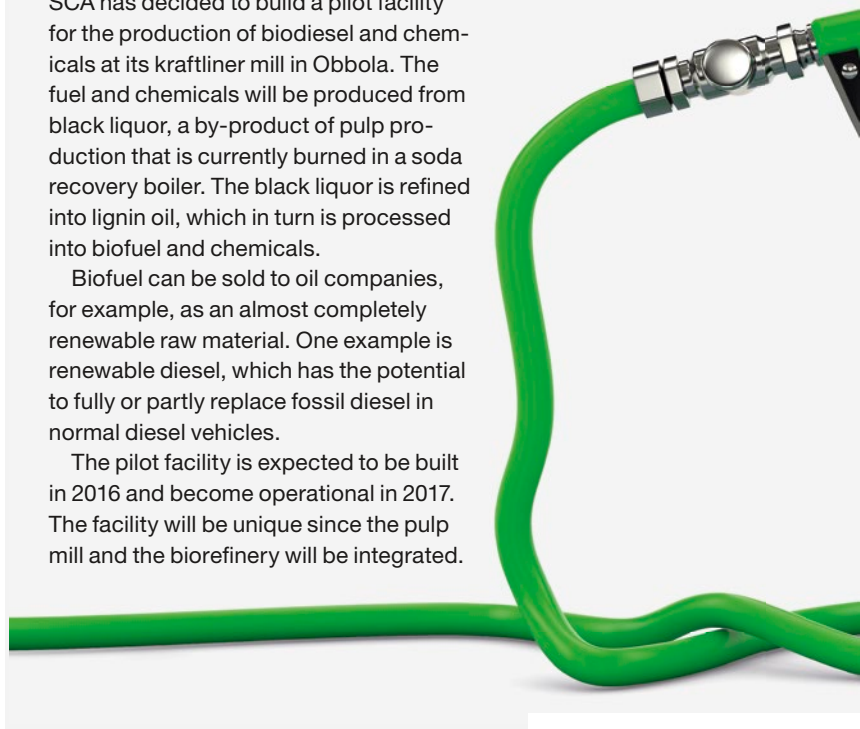
Work on the Östrand project began in February 2016 with a 12 meter concrete pile being driven into the ground.

By-products become biodiesel

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

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

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



New smart pellets

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

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

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

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





Growing forests are good for the climate

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

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

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

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



+20%
increased energy
per unit volume

New level established for fiber target

Targets

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



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

Outcome 2015

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

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

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

Responsible fiber sourcing

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

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

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

Sustainable silviculture

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

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

SCA introduces new fiber target

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

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

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

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

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

The new fiber target also encompasses packaging.





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



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

More conservation parks

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

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

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



Fires promote biodiversity

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

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

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



Vital water

New target in water-stressed regions

TARGET

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



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

OUTCOME 2015

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

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

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

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

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

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

Water is our most important nutrient

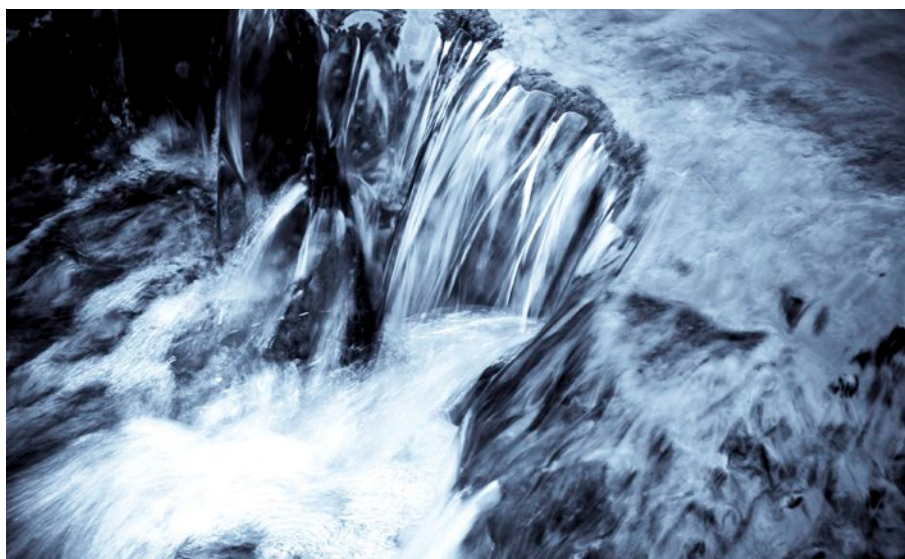
Water is our most important nutrient, but also serves other purposes. Think of all the times you use water every day, and what a vital role it plays in our everyday lives. This is why the quality of water is so important and now that we are introducing a new, ambitious water target, the focus lies on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

New ambitious water target

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

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

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



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

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

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

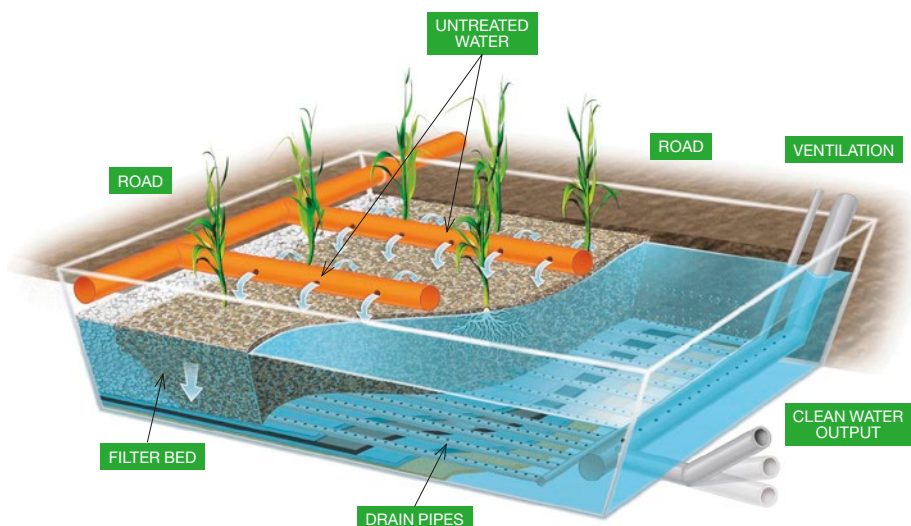
In addition, the entire company is to reduce its amount of suspended solids by 10%.

Naturally clean

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

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

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



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



-30%
less water-
use in Lilla Edet

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

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

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

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

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

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