

SCA Supplier Standard

SVENSKA CELULOSA AKTIEBOLAGET



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Preface

It is crucial for us to provide products and services that are attractive to our customers. As a preferred sustainable business partner, we have high standards for quality, innovation, product safety, the environment and social responsibility.

We are committed to continually improving our performance in the areas covered by our Supplier Standard. In selecting suppliers, we look at performance, work with continuous improvements and overall commitment. As a leading producer of forest based products, we not only focus on our own performance, but also on that of our suppliers.

Although the SCA Supplier Standard is based on internationally recognized standards and management systems, it also includes specific SCA requirements. Furthermore, certain customer requests can entail additional requirements for selected suppliers.

Demands from the market, from partners, consumers, end users, investors, NGOs, regulators and the general public are increasing. We believe that the SCA Supplier Standard will make requirements clearer for both us and our suppliers, so that together, we can satisfy these evolving demands and provide products and services we can all be proud of, meeting or exceeding the expectations of our customers.

Magnus Svensson
President Sourcing & Logistics
SCA

Katarina Kolar
Sustainability Director
SCA

Introduction

SCA's activities are based on a sustainable business model where value creation for people and for the environment is a prerequisite for growth and profitability. In order to ensure sustainability, SCA has developed a supplier standard that SCA's suppliers must meet. It is based on the UN Global Compact and its 10 principles.

SCA dissociates itself from all forms of corruption and fraud and requires transparency, integrity and honesty in all areas of our business, in all countries. Similarly, we clearly reject child labour, forced labour and working conditions that can be seen as harmful, offensive or directly dangerous.

The requirements in this standard are minimum requirements. Where the requirements in national or international legislation are higher than those of the supplier standard, the higher requirements will apply. If SCA's requirements and legislation in the country are contradictory, SCA wishes to be informed of this.

Employees are considered to be anyone who works for the Supplier, regardless of their form of employment and whether they are directly employed, subcontractors or employed through an agency.

SCA expects the supplier to control its own suppliers regarding environmental responsibility and social responsibility in the same way as SCA does.

SCA's supplier standard is divided into two parts; part 1 contains basic requirements that all suppliers must comply with and part 2 contains extended requirements for certain categories of suppliers. The suppliers are expected to fulfil the demands that are relevant in their business with SCA.

SCA has the right to check that suppliers comply with SCA's supplier standard. SCA, or a third party designated by SCA, reserves the right to visit its suppliers and perform on-site reviews or audits to ensure compliance with this supplier's standard. The supplier undertakes to cooperate to facilitate such reviews or audits.

If the supplier, or any of its own subcontractors, do not meet the requirements of this supplier standard, the supplier must promptly take action to meet the requirements. SCA reserves the right to terminate its cooperation with any supplier who, despite the requests, does not resolve such deviations.



Basic requirements

BASIC REQUIREMENTS FOR ALL SUPPLIERS

Business Ethics

Applicable laws and regulations for the business must be complied with.

Bribery and all other forms of corrupt activity are unacceptable. All financial information must be reported correctly.



Health and safety

The supplier must ensure a safe and healthy workplace for his or her employees.



Wages and working hours

Applicable labour legislation must be complied with and statutory wages must be the minimum wage. Payment of wages and hours worked must be documented.

Human rights

Human rights must be respected. Child labour as defined in principle 5 on the abolition of child labour in the UN Global Compact is not tolerated and documents certifying all employees' age must be available. If a child is found at the workplace, the supplier shall consider its next course of action with what is best for the child in mind.

Forced labour is not tolerated. Work must be carried out voluntarily and personal documents and possessions must not be seized for the purpose of forcing work.



Environment

The supplier must act in an environmentally correct manner and minimise environmental impact. Applicable national and international legislation must be complied with.



Accident insurance

Employees within the supplier's organisation must have an accident insurance covering medical care for work-related injuries and compensation for invalidity caused by a work related accident.

Extended requirements

1. CODE OF CONDUCT

1.1 Ethical business practices

Suppliers shall comply with competition rules. Suppliers shall inform SCA if any SCA employee has a financial interest in the supplier's business which might cause a conflict of interest.

SCA staff shall always pay for their own travel and accommodation when visiting suppliers, attending conferences etc.

SCA representatives are not allowed to accept gifts or hospitality if doing so may influence or appear to influence a business decision.

Suppliers are expected to keep all information relating to SCA private and confidential, and to comply with all relevant privacy laws in handling and/or processing data.

1.2 Occupational health and safety

Health and safety is a top priority for SCA. Suppliers should share this value and shall have a Health and Safety Management System which provides for continuous monitoring and improvement of the working environment. The preferred level is an OHSAS 18001/ISO 45001 certification. A senior manager within the supplier's organisation must be directly responsible for Health and Safety. All suppliers are required to provide relevant information to enable fulfilment by SCA of its obligations regarding occupational health and safety.

Appropriate personal protective equipment should be supplied free of charge by the supplier. First aid equipment should be available with easy and quick access in case of emergency. It should be clearly marked and unlocked.

1.3 Discrimination

SCA suppliers are expected to adopt and enforce policies which effectively prohibit discrimination or harassment on the grounds of gender, marital or parental status, ethnic or national origin, sexual orientation, religious belief, political affiliation, age, disability, or of membership in a trade union or employee organisation.

1.4 Free association and collective bargaining

Suppliers should recognise, as far as legally possible, the right of free association of employees without harassment, and the right of employees to collective bargaining. Also the right to not join an association of employees should be respected.

1.5 Employment

All employees shall have a signed employment contract before the employment begins. As a minimum, the employment contract must contain the employer's name, the employee's name and personal ID number/date of birth, the position, salary, working hours, overtime compensation, benefits and notice period. Employees must not be charged any fee in conjunction with their recruitment.

1.6 Emergency preparedness and fire protection

An emergency plan based on identified risks must be drawn up, implemented, regularly trained and updated. In the event of serious incidents and fires, the cause must be analysed and preventive measures implemented and documented. Relevant fire safety equipment must be in place.

1.7 Indigenous people

Suppliers shall respect the rights of indigenous people and show consideration for their social, cultural, environmental and economic interests.

1.8 Grievance mechanisms

SCA expects its suppliers to ensure there are functioning grievance channels through which employees can report complaints and grievances about their working conditions without fear of retaliation.

1.9 Community relations

We encourage suppliers to follow SCA's lead in being a positive influence within and acting respectfully to the communities in which they operate.



2. QUALITY

2.1 Quality management system

SCA requires that suppliers implement and follow a quality management system that is in line with relevant requirements in the current ISO 9001 standard. The preferred level is ISO 9001 certification.

2.2 Documentation requirements

Documented information shall be kept available for evaluation for a period of no less than five years or for the period stated in applicable legislation and/or regulations (e.g. for chain of custody, REACH regulation etc.) if said period is longer. At a minimum, this information should include:

- Specification of the goods delivered
- Quality control data/certificates of analysis to prove conformity of the goods delivered
- Traceability documentation of raw materials/components used for production of the goods delivered

2.3 Communication and interaction with SCA

Suppliers shall document their interaction processes with SCA. Each supplier shall appoint a qualified individual to serve as the SCA coordinator for agreements, orders, customer satisfaction and feedback, claims, quality issues, queries and corrective actions.

A technical contact person shall be appointed. The contact person shall be responsible for ongoing technical activities and other technical issues such as product safety and environment and shall be authorised to communicate and make decisions directly in consultation with SCA. The roles of the technical contact person and SCA coordinator can be filled by the same individual if desired. He or she should be able to communicate well in English and be able to travel to SCA facilities. Local communication between the supplier and SCA may be in the local language.

SCA expects its suppliers to respond to any queries within a reasonable period of time (5-10 working days). For issues related to environment, occupational health and product safety a rapid response may be required. A response within 1-2 working days is expected in case of emergency situations. Suppliers shall ensure that relevant persons in their organisation receive information about and understand the interactions between their own development activities and the development needs of SCA.

2.4 Specifications

All goods shall be defined by an agreed specification or technical data sheet and with a unique identification code during regular supply and when in development phases.

The supplier may not make any changes to the goods and/or to the production process, including changes of location

of manufacturing, process/equipment of manufacturing, and/or raw materials/components from incumbent or new/alternative sub-suppliers, unless such changes have been communicated to and agreed in writing by the authorised SCA contact. This applies to all changes except minor process optimisation and minor maintenance changes that have no impact on the delivered goods and do not inhibit the supplier's compliance with this Supplier Standard and any other requirements. The time frame for communication must be a minimum of three (3) months, preferably six (6) months in advance of commercial deliveries, except for changes that are due to unforeseeable events beyond the supplier's control and that are thus unavoidable. A new goods identification code shall be used if raw materials/components or process conditions change significantly, particularly if the changes may influence the goods' chemical composition.

2.5 Identification and traceability

The supplier shall establish and maintain procedures that allow the traceability of used raw materials/components and goods. The traceability system shall be tested regularly. Traceability records needed to identify delivered goods, which have a risk of non-conformity, shall be made available to SCA on demand and in critical situations on short notice. Goods identification shall be recorded in a manner that permits relevant recall procedures. This procedure shall be documented and tested.



3. PRODUCT SAFETY

3.1 Product safety assessment

SCA has defined procedures for assessing the safety of goods and final products for the intended use.

All the assessment procedures follow the principles of general risk assessment. These include elements such as hazard identification, exposure assessment and risk characterisation.

Safety assessments are based on legislation and standards relevant to the type of material/component and the intended market. Legislation in the following areas (but not limited to these areas) is relevant to the SCA product portfolio:

- General product safety
- Chemicals
- Food contact
- Biocides

Depending on the type of goods, suppliers will be asked to provide required information that may include:

- DS (Safety Data Sheet) according to relevant legislation (e.g. REACH Regulation) or other relevant safety information when an SDS is not applicable
- Information on restricted substances
- Complete composition list, including CAS (Chemical Abstracts Service) numbers for all raw materials, additives and impurities, e.g. residual monomers
- Information on toxicological tests already performed

- Information on safety performance, including fire rating, and compliance tests performed
- Information on compliance with food contact legislation and eco-labelling criteria

If the supplier prefers, a confidentiality agreement can be signed restricting the use of the detailed information to the persons responsible for performing the product safety assessment, and only for the purpose of assessing health and safety aspects of the goods.

3.2 Restrictions

All relevant restrictions on chemical substances set out in European legislation (and other geographical areas if relevant and communicated by SCA) shall apply to goods delivered to SCA.

SCA has defined specific requirements or SCA positions for various types of goods, e.g. goods intended to come into contact with food, goods subject to eco-labelling etc. These requirements are specified in separate requirement documents and will be communicated accordingly via the respective SCA contacts and the supplier shall, when applicable, confirm compliance with the restrictions in writing.

The supplier shall inform SCA about all changes of compositions of goods and changes in classification (according to CLP/UN-GHS) of the components/substances contained in the goods, as this could impact the safety assessment.





3.3 Contamination prevention and hygiene control

The production and transportation of goods for SCA shall take place under controlled conditions. A contamination risk assessment shall be performed for all goods. The risk assessment and contamination prevention shall be performed according to methodologies laid out in recognised standards/guidelines. The risk assessment shall be reviewed/updated each time a change is introduced in order to prevent, minimise or eliminate risks for contamination of the goods supplied as far as possible.

Vehicles for transport of goods to and from SCA shall be suitable for the transported product and should be regularly cleaned and inspected to ensure that they are free of odours and contamination. All vehicles, regardless of source, shall be inspected before loading and records of inspection kept.

3.4 Industrial chemicals and auxiliaries

These chemicals shall be produced according to common industry standards following quality and traceability requirements at least as laid out in ISO 9001. All chemicals have to be delivered in the purity and quality level as laid out in the raw material specification for the chemical (e.g. for food contact or technical quality, depending on the type of chemical and where it is used).

4. ENVIRONMENT

4.1 General – legal requirements

SCA is continuously improving the sustainability profile for its products and processes. This means that we work with resource efficiency and the environmental performance of our products throughout their life cycles. This in turn requires information, commitment and transparency from suppliers.

Suppliers shall comply with relevant legislation and shall be able to demonstrate such compliance on request.

4.2 Environmental management system

SCA continuously evaluates its environmental status and focuses on future improvements to reduce its environmental impact. Suppliers shall be able to demonstrate their commitment and ability to support this initiative. An EMS (Environmental Management System) shall be in place. The preferred level is an ISO 14001 certification.

4.3 Climate and Energy

SCA is working to reduce its greenhouse gas emissions from a holistic perspective, i.e. from the extraction of resources, through production, transportation, use and end of product life.

SCA expects all suppliers to actively work to reduce greenhouse gas emissions, both in terms of energy and electricity for manufacturing, transportation and the source of goods. Suppliers shall have an energy and electricity programme that includes activities and goals for improving efficiency.

SCA expects that its suppliers increase the proportion of renewable energy and electricity they use and work with alternative materials/goods that are more environmentally sound. SCA promotes transport modes with low emissions per ton-kilometre and optimising of transport between suppliers and SCA.

4.4 Data for LCA-analysis

SCA continuously assesses the environmental performance of its products. As a part of this and as input for the life cycle assessments and/or environmental labelling updates, surveys are necessary. Suppliers are expected to answer questions (on site level) on topics including:

- Raw materials and finished materials/goods and/or products
- Use of energy (electricity and fuels)
- Water use
- Source and traceability of raw materials
- Emissions to air and water
- Waste
- Transports

4.5 Electronic products

Components included in electronics supplied to SCA shall be the subject of a documented responsible supply chain. Included components may not contain the minerals defined as conflict materials (tantalum, tin, tungsten and gold) or their derivatives unless they are sourced through recognised certification schemes.

4.6 Chemicals

All goods delivered shall follow applicable chemical legislation. Suppliers may be required to follow chemical legislation for parts of the world other than where the goods are delivered as the final SCA product may be distributed globally.

Examples of chemical legislation:

- REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals). SCA requires suppliers supplying within and to the EU to take full responsibility for registering, notifying and/or applying for authorisation as and when required. This also applies when customs documents identify SCA as the importer
- Toxic Substances Control Act, TSCA (USA)
- Corresponding legislation to REACH and TSCA in other regions
- Biocide legislation
- Food contact legislation
- Occupational health & safety (hazardous substances) legislation
- Dangerous goods legislation (for transport)

The supplier shall inform SCA of all changes to composition of goods and of all changes to classification (according to CLP/UN-GHS).



5. CERTIFIED FOREST RAW MATERIALS, WOOD AND FIBRE

5.1 Wood and wood-based fibre

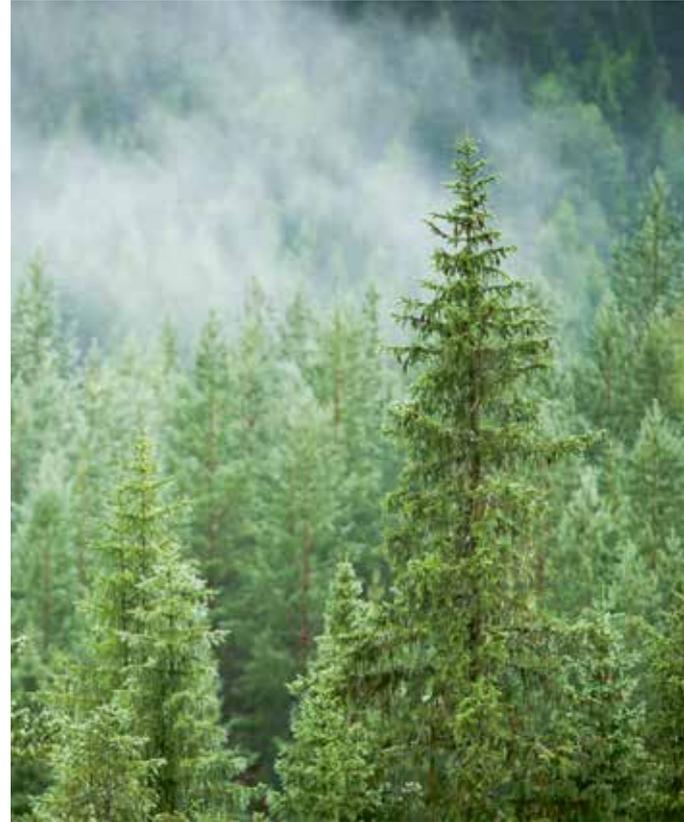
All wood raw material used by SCA must come from responsible managed forests. SCA is working to maximize the proportion of wood raw material coming from FSC™ (FSC™ C004466), or PEFC™ certified forests. All fresh wood raw material delivered to SCA should at least fulfil the FSC's standard for Controlled Wood.

Wood from the following types of sources is not accepted:

- Illegally harvested wood
- Wood from areas where human rights or the traditional rights of indigenous peoples are being violated
- Wood from high conservation value forests
- Wood from protected areas, parks or similar, where harvesting operations are not complementary to responsible forest management
- Wood originating to GMOs (Genetically Modified Organisms) containing living genes or materials capable of reproduction
- Wood from areas being transformed from natural forests into plantations or non-forest use

Suppliers shall have reliable systems and documented procedures in place that enable adequate control of their supply chain and traceability of the origin of the wood and wood-derived raw materials. This shall ultimately be verified by independent certification (chain of custody). Non-certified suppliers are expected to develop a programme to achieve chain of custody certification.

FSC™ and PEFC™ are certification schemes recognised by SCA. Other certification schemes can be considered on a case-by-case basis if they are accompanied by an FSC Controlled Wood statement.



5.2 Recovered fibre

Any recovered fibres originating from wood or other renewable fibre materials shall fulfil the same requirements applicable to virgin wood fibres regarding environmental and social performance. Requirements for traceability of origin for recovered fibres are limited to information on post-consumer and pre-consumer.



The core of SCA's business is the forest, 2.6 million hectares in northern Sweden. Around this unique resource, we have built a well-developed value chain based on renewable raw material from our own and others' forests. We offer paper for packaging and print, pulp, wood products, renewable energy, services for forest owners and efficient transport solutions.