

# SCA Green Bond

REPORT 2023



In 2021 SCA established a new Green Bond Framework, which received the highest possible rating, “Dark Green” and highest possible governance score “Excellent” by CICERO Shades of Green.

#### Framework

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

The Green Bond Framework states that an amount equal to the net proceeds of the Green Bonds will finance or refinance, in whole or in

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

SCA's Sustainability Council (SC) is responsible for the decision to acknowledge projects as green, in line with the Green Project Criteria in the framework, as well as the decision to allocate net proceeds. During 2023 the SC has convened on three occasions. A Green Register has been set up to track the allocation of net proceeds from Green Bonds to Green Projects.

Ernst & Yong has performed a limited assurance of the Green Bond Report, including the allocation reporting, in line with ISAE 3000. See page 4.

## Green Bond Issues

In June 2021 SCA issued the first SEK 1,500 million Green Bond under the new framework.

Allocated Proceeds and Impact: SEK 1.5 billion Dual Tranche		
<b>Issuer</b>	Svenska Cellulosa Aktiebolaget SCA (publ)	
<b>Bond Rating</b>	BBB- (Standard & Poor's)	
<b>Listing</b>	Nasdaq Stockholm Sustainable Bonds	
<b>Bond type</b>	Senior Unsecured	
<b>Issue Date</b>	21 June 2021	
<b>Maturity Date</b>	21 June 2028	
<b>Tranche</b>	7 Year (FRN)	7 Year (FXD)
<b>Nominal value</b>	SEK 1,100m	SEK 400m
<b>Coupon</b>	3M STIBOR + 90 bps	1.375%
<b>ISIN</b>	SE0013102373	SE0013102381
<b>Use of proceeds</b>	Eligible Green Projects in accordance with SCA's Green Bond Framework	
<b>Second opinion</b>	CICERO Shades of Green, Dark Green rating	



# Allocation Report










1 104 MSEK was allocated during 2021, the remaining net proceeds were allocated during 2022, thus no allocation during 2023. All projects are still eligible green projects according to the green bond framework.

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

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

## Impact Report

The environmental impacts of the eligible project categories are assessed and evaluated using the selected impact indicators listed below. All Key Performance Indicators (KPIs) are listed in the Green Bond Framework. Below is a summary of the outcome for 2023.

Overall CO <sub>2</sub> removal: 191 tonnes CO <sub>2</sub> /MSEK and year					
Valuable forests	Outcome 2023	Projects	Impact	UN Goals	
Forest area	33 700 ha	Forest land in the Baltics	Responsible forest management		
Forests with high conservation values (HCV)	2 880 ha	Forest land in the Baltics	HCV maintained or enhanced		
Net annual growth	194 525 m <sup>3</sup>	Forest land in the Baltics	Volume growth		
Carbon sequestration	267 472 tCO <sub>2</sub>	Forest land in the Baltics	Sequestration of CO <sub>2</sub>		
Seedlings produced	17 million	Forest land in the Baltics	Reduced use of pesticides		
Fossil Free World	Outcome 2023	Projects	Impact	UN Goals	
Annual GHG emissions avoided	1 631 tCO <sub>2</sub>	Replaced oil heating, Bogrundet	Avoided emissions		
Annual GHG emissions avoided	9 142 tCO <sub>2</sub>	Heat recovery, Ortviken	Avoided emissions		
Annual GHG emissions avoided	6 779 tCO <sub>2</sub>	Wind farm, Markbygden	Avoided emissions		
Efficient use of resources	Outcome 2023	Project	Impact	UN Goals	
Reduction in discharges of pollutants to water	4 806 tonnes	Wastewater treat, Munksund	Pollution reduction		

# Auditor's Limited Assurance Report

To Svenska Cellulosa Aktiebolaget SCA, corporate identity number 556012-6293

## Introduction

We have been engaged by the Board of Directors of Svenska Cellulosa Aktiebolaget SCA (SCA) to undertake a limited assurance engagement of selected information in SCA's Green Bond Report 2023 concerning the Green Bond issued in June 2021.

## Assurance scope

The scope of our work was limited to assurance over the allocation of proceeds from the Green Bond to eligible assets, as described in the Green Bond Report (the "selected information").

The reporting criteria against which this information was assessed are relevant parts of the SCA Green Bond Framework per June 2021, available on the SCA website. Our assurance does not extend to any other information in the Green Bond Report. We have not reviewed and do not provide any assurance over any individual project information reported, including estimates of sustainability impacts.

## Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for evaluating and selecting eligible assets, for the use and management of bond proceeds, and for preparing a Green Bond Report that is free of material misstatements, whether due to fraud or error, in accordance with the SCA Green Bond Framework.

## Responsibilities of the Auditor

Our responsibility is to express a limited assurance conclusion on the selected information specified above based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other

than audits or reviews of historical financial information issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the management of bond proceeds and the process for selection of eligible assets, and applying analytical and other limited assurance procedures, including inspection of documentation, and limited sample testing of the selected information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The procedures performed, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

## Our independence and quality control

Ernst & Young AB applies ISQM 1 (International Standard on Quality Management 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of SCA in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

## Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information disclosed in the SCA Green Bond Report has not been prepared, in all material respects, in accordance with the reporting criteria.

Stockholm, April 30, 2024  
Ernst & Young AB

Fredrik Norrman  
Authorized Public Accountant