



New Ways

Nº 1 2021

Greatly increased volumes to the United States

Delivering tomorrow's
forest with care

New tools for increased
efficiency and customer benefit

Sustainability
from the inside out

A year with COVID-19

A year has now passed since COVID-19 struck and little did we know just how it would affect us. While we had a foreboding of its impact on both our private and working lives, exactly how this would be manifested was perhaps less clear. Many people predicted major challenges for businesses reliant on exports.

Locally within Europe, transport and logistics have functioned well, perhaps even better than pre-COVID, as passenger traffic has not limited transport capacity on roads and railways. There has also been a concerted effort on the part of all countries to keep goods flowing.

One factor that directly affects us in the transport and logistics sector, and of course our customers, is the spending power demonstrated by consumers globally. Instead of buying travel and other services, consumers' money has gone to the consumption of goods, which in turn

increases global trade. Above all, this has energised the global container market, especially trade between Asia and Europe and Asia and the United States.

One year ago, I wrote that container deliveries would present a challenge and that this would be an opportunity to utilise all of our various abilities and strengths to ensure that your deliveries arrive on time and in good condition. Alas, seldom have I been proved so right.

Despite the challenges of securing container capacity, the vast majority of containers have departed as planned, thanks in large part to our robust transport solutions, close cooperation with logistics partners, dedicated employees and accommodating shippers.

While the situation regarding container capacity will continue into the second quarter of this year, demand and supply have a tendency to balance out over time. As the pace of vaccination increases, it seems highly likely that we will return to buying more and more diverse services rather than goods. I suspect that we all feel a desire to return to normal and a need to travel, whether on business or with our families.

In conclusion, I would just like to repeat the sentiments expressed in previous leaders: We expend a great deal of energy and place a great deal of prestige in ensuring that your deliveries arrive on time and in the right condition. We promise to use every tool at our disposal to make the very best of the situation for all of our customers and suppliers.

Nils-Johan Haraldsson

Vice President Marketing and Business Development
SCA Sourcing & Logistics

Annual report 2020

SCA's annual report 2020
can be downloaded
at [sca.com](https://www.sca.com)

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Imports and exports post-Brexit

The road to Brexit has been a long one for all of us who work with freight to the United Kingdom, but we have now arrived. Thorough preparation, vital partnerships and hard work have ensured the continued smooth running of SCA Logistics' operations.

Text: Håkan Norberg. **Photo:** SCA.

The United Kingdom is no longer part of the European Union. Now, a couple of months after Brexit, the new procedures for imports and exports are beginning to fall into place.

"Things have been going well. We haven't had any problems exporting goods to England and we have received a great deal of help from a local agent," says Peter Eriksson, Sustainability Manager at SCA Logistics.

New procedures and working methods

Peter has been leading the work of developing new procedures and working methods for managing SCA's post-Brexit shipping flows of cargoes to and from England, with the exception of sawn timber products, which have been dealt with by SCA Wood.



"We haven't had any problems exporting goods to England and we have received a great deal of help from the local agent."

Peter Eriksson
Sustainability & Logistics Manager
SCA Logistics

"It's been a long journey, beginning with the initial challenge of knowing what rules would be taking effect. Early on, via SCA Wood UK we received useful assistance from a customs clearance company in England, Clearlight Customs, which was able to help us answer questions and find good approaches," says Peter.

Peter confirms that Brexit has not involved any major problems for the business since the new rules entered into force on 1 January. Customs and VAT processes have changed, leading to a certain amount of extra work, but that was expected.

"We were aware that there would be more bureaucracy and additional documentation to deal with – that there would

quite simply be more extensive processes – but of course that's always the case outside the EU," says Peter.

London Terminal Manager Steve Harley agrees:

"UK/EU deliveries provide more challenges of course and we have to handle new paperwork alongside our existing processes. This requires some additional effort and knowledge than pre-Brexit and we will have to think about refining our systems and processes further in order to continue our high service levels," he says.



"We will have to think about refining our systems and processes further in order to continue our high service levels."

Steve Harley
Terminal Manager
SCA Logistics London

Customer support

Customs agent Denholm Port Services, a contact brokered by SCA's London Terminal, has become an important partner.

"They have assisted us with making customs declarations in England. We prepared all of the necessary documents for negotiating customs and consulted with the local customs agent. Once we had developed the process, the next step was to prepare instructions and train our freight forwarders, for both our RoRo operation and other vessels serving routes to England," explains Peter.

The thorough preparations and new expertise gained over the first months after Brexit are now also benefiting SCA Logistics' customers.

"We regularly assist our customers by brokering contacts for customs matters, both for import and export," concludes Peter.

Greatly increased volumes to the United States

Interest from the United States in pulp from SCA Östrand has increased steadily since 2018. In combination with a favourable market for sawn timber products in the US, for SCA Logistics this has meant more frequent departures of larger vessels to ports on the US east coast.

Text: Mats Wigardt. **Photo:** Per-Anders Sjöquist. **Illustration:** Adobe Stock.

Through the window of SCA Logistics' office at the Port of Sundsvall a vessel can be glimpsed. It is just loaded with pulp destined for Albany on the east coast of the United States.

A newly purchased 280-tonne jib crane from Finnish company Mantsinen has increased productivity and reduced laytimes at SCA's Tunadal terminal.

While vessels travelling directly from Sundsvall to ports in the United States is nothing new, this is the first time SCA Logistics has filled vessels in the size class 18,000 dwt with its own goods. The schedule for the coming year is just over one vessel a month.

"Increasing demand for pulp means that we can fill bulk carriers in Sundsvall and deliver cost-effectively to the United States," explains Nils-Johan Haraldsson, SCA Logistics' Vice President for Marketing and Business Development.

The investment in the Östrand pulp mill during the period 2015–2018 was one the largest ever investments in Swedish industry. The production of pulp more than doubled, from 430,000 to approximately 1 million tonnes, divided between northern bleached softwood kraft pulp (900,000 tonnes, making Östrand the single largest pulp mill in the world) and chemi-thermomechanical pulp (CTMP).

A window of opportunity

The possibility of supplying significant volumes of pulp to customers in the United States was not included in the calculations prior to greenlighting the investment in SCA Östrand; however, once the window of opportunity opened, the company was quick to take advantage.

"Long-term nurturing of customers in the United States in combination with reduced volumes from Canada to the US and high-quality pulp has paid off," explains Arvid Eriksson, Sales Director at SCA Östrand.

Buyers in the United States have chosen to a greater extent to secure supplies of raw materials in Europe, including from SCA Östrand. Customers are manufacturers of tissue and specialist papers.

In a close collaboration between SCA Östrand and SCA Logistics, a partly new jigsaw of terminals, ports and points of contact in the US has been pieced together to secure customer deliveries.

"Everything is proceeding apace," confirms Arvid. "Our expectation is that the US will develop into our second market after Europe, with its own sales, warehousing and long-term customers."

Increased demand for sawn timber products

While demand for SCA's sawn timber products has also increased in the United States, SCA Wood Marketing Director Markus Henningsson sees this as very much an effect of the COVID-19 pandemic.



For the first time, SCA has filled a vessel in the size class 18,000 dead weight with its own goods.



“Lockdown in the US combined with a robust do-it-yourself trend has led to a sharp increase in sales at the builder’s merchants we supply with planed one-inch boards,” he explains.

During certain weeks of the past summer, US sales of planed timber from SCA’s Swedish sawmills increased by just over 50%, before settling at a steady 30% increase.

This equates to an increase in the total volume of shipments to the United States from 70,000 to 95,000 m³.

And Markus believes that this level will be maintained.

“Of course, increased volumes also have an impact on logistics,” he says.

This is confirmed by Nils-Johan at SCA Logistics. Steady growth in the US market for Swedish timber products and pulp demands new solutions and more frequent departures.

And there will be additional scope for increased exports to the United States as the production of publication paper at SCA Ortviken is replaced by CTMP.

Taken together, this has led to investments in Port of Sundsvall, with dredging to accommodate vessels with a deeper draught, the construction of a new container port and larger logistical areas for timber products and bulk cargoes, such as pulp destined for the United States.

On the other side of the Atlantic, in addition to Albany, SCA has entered into agreements with a number of associated terminals in the northeastern and southeastern United States, at Green Bay, Searsport and Fernandina Beach in north Florida.

“The fact that we now have such volumes is a strength for us and our customers, in that we can engage larger vessels that sail directly to the USA,” concludes Nils-Johan.

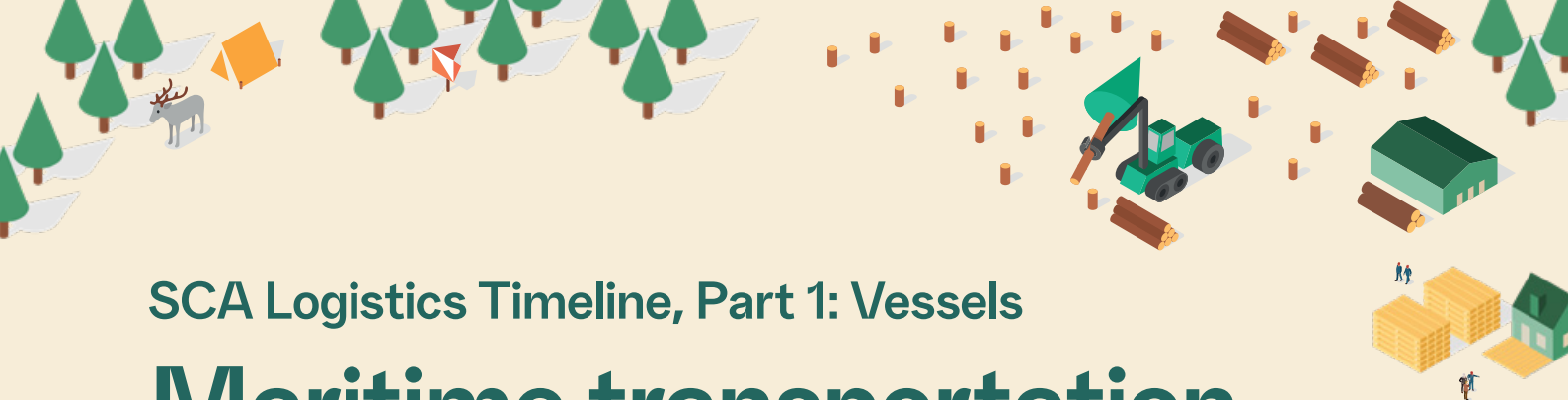
“We have also secured a network of east-coast terminals with the right levels of service and quality from which to efficiently distribute goods to end customers.”

SCAs associated terminals in the US

- **Albany**, New York.
- **Green Bay**, Wisconsin.
- **Searsport**, Maine.
- **Fernandina Beach**, Florida.

- **Fernandina Beach**
- Jacksonville

- Miami



SCA Logistics Timeline, Part 1: Vessels

Maritime transportation and vessel logistics

From rafting logs on the rivers of northern Sweden to specially adapted vessels. As the world around us has changed, we have refined the logistics of harvesting raw materials and supplying finished products many times over the years. Today, SCA Logistics is a modern and competitive provider of end-to-end supply chain solutions.

Text: Mats Wigardt.

Illustration: SCA.

Photo: SCA.

1990s

SCA makes a move to create a marine service with a state of the art quality. The terminal in Hamburg is replaced by one in Lübeck. A new generation of RoRo vessels – m/v Obbola, m/v Östrand och m/v Ortviken – are launched, utilising a special system of cassettes for fast and efficient cargo loading in all weathers. SCA Shipping becomes SCA Transforest.

1960s

Sawlogs and pulpwood begin to be transported by road, with year-round deliveries. An integrated distribution system is introduced, with the purpose-built vessels m/s Tunadal, m/s Munksund and m/s Holmsund operating shuttle traffic between SCA's two terminals in northern Sweden and terminals in Hamburg, Rotterdam and London. These large ice classed vessels are economy of scale and are trafficking year around.

1950s

Timber is still rafted to the mill, and SCA's paper and pulp are shipped on modest coastal trading vessels known as coasters, collected in small batches from factories along Sweden's north-east coast and unloaded at 150 ports in Europe. This is, however, an expensive and inefficient solution. An inquiry is launched to identify a new transport system.

1929

SCA founded at the instigation of Swedish financier Ivar Kreuger, merging some dozen independent forest companies into a single group. Shortly after, the Östrand pulp mill enters production as one of the first kraft pulp mills in the world, with a large proportion of its production exported to the United States.



1965

SCA's distribution department becomes an independent company, SCA Shipping AB.

2000

As production increases at the mills in northern Sweden, so transport needs increase. The three white sister ships are cut in half and a new 450-tonne midsection welded into place. The result: a 14-metre longer vessel that can accommodate more cargo, with lower fuel consumption and reduced emissions.



2000s

Adjustments to the product portfolio and a new market mix force a review of the logistical puzzle. The Lübeck Terminal moves to Kiel, while Tilbury is replaced by Sheerness. Container volumes increase and SCA Logistics starts a new container feeder service from Umeå to Rotterdam and at a later point St Petersburg was added to the schedule. SCA Transforest becomes SCA Logistics.



2021

Increased container shipping and reduced lead times signal a new phase of transition. Larger vessels are filled with both internal and external cargoes. The importance of the ports in Sundsvall and Umeå increases. Decision made to invest large sums in building new container ports, larger marshalling areas for freight and containers.



2030

The targets are ambitious, with new and improved, cost-effective logistics and service solutions, with responsibility for the sustainable society.



Bright future predicted for CTMP

SCA is investing heavily in chemi-thermomechanical pulp (CTMP), a pulp for which a bright future is predicted in applications as diverse as cardboard, kitchen paper and filters. “One major advantage of CTMP is that the properties of the pulp can be customised by varying the type of wood used as raw material,” says Johan Malaker, Sales Director for the Nordic region and United Kingdom at SCA Pulp.

Text: Kerstin Olofsson. **Photo:** SCA.

The new CTMP plant at Ortviken in Sundsvall will be commissioned in early 2023, increasing SCA's production capacity from 95,000 to 300,000 tonnes per year.

“This is a substantial increase and, with the global market currently standing at 4.5 million tonnes, will make us a major player,” says Johan.

Carefully controlled properties

CTMP is special in that it is possible to maintain great control over the properties of the pulp by carefully selecting which species of tree one uses as a raw material and by adapting certain elements of the manufacturing process.

“The lignin is not boiled off of the fibres, so they retain many of their original properties. This allows us to take advantage of the differences in the various tree species to produce exactly the properties we're looking for in the pulp. In terms of raw materials, we alternate between spruce, pine and birch. In future it is also likely that we will use some aspen,” says Johan.

Although highly varied properties can be achieved in the final product by using different species of tree, there is one characteristic common to all CTMP: it provides superior bulk.

“Bulk means that we can increase the thickness of products without increasing their weight, a property that

“Bulk means that we can increase the thickness of products without increasing their weight, a property that is in great demand in many contexts.”

Daniel Solberg

Research Specialist, SCA R&D Centre

is in great demand in many contexts,” explains Research Specialist Daniel Solberg of SCA's R&D Centre.

Able to withstand heavy loads

CTMP is primarily used in four segments: cardboard, tissue, publication paper and specialist paper such as filters. Of these, cardboard is the largest segment and CTMP can be used in the manufacture of everything from cereal packets to liquid packaging board for products such as milk cartons.

“CTMP is used for the intermediate layer in the cartons, while other

materials are used for the surface layers. For cardboard, we mainly want bulky CTMP that gives the carton good bending stiffness so that it can withstand heavy loads,” says Daniel.

Tissue, especially kitchen paper, is another major segment. Here, CTMP is used to give the paper good absorption, as well as to make it thick and airy, something that many consumers appreciate.

Growth in China

All of SCA's CTMP products are sold under the brand name SCA Star. Customers are mainly found in Europe, with Sweden, Spain and Germany being the largest markets.



CTMP can be used in the manufacture of everything from cereal packets to liquid packaging board for products such as milk cartons.



“As we increase our capacity, we will grow in Europe but we will also take significant market shares in Asia, especially in China where the use of CTMP is increasing exponentially. While growth in China is largely being driven by increased e-commerce, which is increasing demand for cardboard, they are also using more liquid packaging board,” says Johan.

CTMP is generally a growth product, with demand increasing not only in Asia but also in Europe and the United States, and this is the basis for SCA's investment.

“And thanks to the equipment and infrastructure we already have in Ortvik for the manufacture of publication paper, we are able to build a large and efficient plant at a competitive price. We will be among the best producers in the world, perhaps even the best,” affirms Johan.

Right products, right time

In Sweden, CTMP is transported to customers by lorry and train, while it reaches customers in the rest of Europe by sea.

“At present, a large part is shipped to Rotterdam, Kiel and our other terminals as break bulk cargo. However, when it comes to future shipments to Asia, the pulp will be shipped to the Continent in containers for transfer to ocean-going vessels. This is a perfect fit for SCA's investment in the Sundsvall terminal and our focus on coordinating large volumes of container shipments. We will be able to stuff [the containers] in Sundsvall, thereby increasing our competitiveness as the logistics chain becomes even more efficient,” says Johan.

Containerisation provides additional benefits. As the handling of products decreases, so the risk of damage is reduced. At the same time, SCA Logistics will be able to increase the level of service and frequency of deliveries. Lead times will also be reduced.

“It is immensely important to us to have access to efficient and stable logistics solutions. Many of our customers have limited warehousing and are entirely dependent on us sending them the right products at the right time. This makes having access to our own logistics system a major advantage,” says Johan.

About CTMP

Chemi-thermomechanical Pulp (CTMP) is manufactured in the same way as thermomechanical pulp, but with some chemical pretreatment. The lignin in the wood is softened using chemicals at high temperature before the wood is treated at the refinery. This gives the pulp an airy structure ideally suited to end products such as kitchen paper and the intermediate layer in cardboard.

SCA has an extensive seedling operation north of Sundsvall, that cultivate plants for both SCA's own forests and for hundreds of customers.

Delivering tomorrow's forest with care

Each year, SCA cultivates around 100 million seedlings that are then delivered to customers. This presents a complex logistical puzzle. "Delivering living plants is quite a specialised task. The plants must not be left without water and light for an extended period," says Ronja Jägrbrant, Logistics Planner at SCA's NorrPlant seedling operation.

Text: Kerstin Olofsson. **Photo:** Michael Engman.



Forestry is a never-ending cycle. When SCA and other forest owners have harvested, they ensure that a new forest grows – most commonly by planting seedlings. SCA has an extensive seedling operation north of Sundsvall, with two nurseries that cultivate plants for both SCA's own forests and for hundreds of customers.

“Our customers are everyone from private landowners buying a few hundred seedlings to other companies, contractors and retailers ordering by the million. They can be found from Karlstad in the south to Kiruna in the north, but we have also supplied plants to neighbouring countries. Our largest volumes are however delivered to northern Sweden,” says Ronja.

One and a half years in the planning

This is a complex logistical operation and planning begins a year and a half in advance. This is when customers place their orders specifying how many and what varieties of plant they require and when they are to be delivered, so that SCA can cultivate the right seedlings.

“It is not only the species of tree that need to be correct, different geographical areas also demand different plants. We also need to ensure that the plants are the correct size when the time comes to deliver them,” explains Ronja.

Steel frames for safer handling

Plants are grown in plastic trays with space for 40 to 128 seedlings. They begin life in the forest's nursery – large greenhouses that provide a secure start. Here, advanced computer systems ensure that the seedlings are kept at the correct temperature with the right irrigation, fertilisation and illumination. After a few weeks they are ready to be transferred outdoors, where they can continue to grow in the open air under careful supervision.

Plant trays are placed in steel frames from day one, to make them easier to handle and to avoid unnecessary contact with the plastic trays.

“The steel frames can be lifted by crane and when the time comes to deliver we stack the steel frames on top of one another in bundles. The bundles are then collected by lorries with cranes. We are careful to water the seedlings before they are collected, so that they don't dehydrate during shipping.”

Watering is critical

Transporting living plants is a specially demanding operation. As the seedlings require both daylight and water to remain healthy, they cannot be left standing in a lorry for too long.

“Watering is particularly critical. For seedlings heading to the far north of Sweden the journey is too long, so they are unloaded and watered once during shipment. The seedlings must be in tip-top shape when they arrive at the customer,” says Ronja.

Deliveries are made between April and October, the period when it is possible to plant them.

“During peak season we deliver around 1.5 million seedlings a day. Every lorry holds hundreds of thousands of plants,” says Ronja.



“We had a record season in 2020”, says NorrPlant Business Developer Peter Engblom.

Forests and seedlings in Sweden

- 70% of Sweden's area is forested. Forest stocks have doubled over the past 90 years.
- SCA owns 2.6 million hectares of land in northern Sweden, as well as approximately 50,000 hectares in Estonia and Latvia.
- Each year, SCA cultivates approximately 100 million seedlings. This is enough to cover an area the size of 100,000 football pitches.
- SCA's forests bind carbon dioxide equivalent to 10.5% of Sweden's carbon dioxide emissions.

Frozen seedlings simplify logistics

One innovation over the past year is that SCA is now also selling frozen seedlings. Rather than plastic trays and steel frames, these are supplied in cardboard boxes. These boxes do not need to be delivered via NorrPlant's usual distribution system but can be dispatched with a shipping company.

“Frozen seedlings do not require the same level of care as they do not need watering until they have thawed,” says Ronja.

Cardboard boxes also simplify the logistics in a number of ways as they are easier to handle and also protect the seedlings during transportation.

“Frozen seedlings are in great demand. SCA has planted them on its own land in the Baltic States. Frozen seedlings were a very practical choice for this purpose, given the long transport,” says Ronja.



“Planting new forest is very important if we are to counteract climate change and create a sustainable society.”

Ronja Jägbrant
Logistics Planner
SCA NorrPlant



During peak season SCA delivers around 1.5 million seedlings a day. Every lorry holds hundreds of thousands of plants.

She is thriving in her job and with the challenges that come with it.

“It is so enjoyable to put the pieces of the puzzle together, not to mention the pleasure of working for a good cause. Planting new forest is very important if we are to counteract climate change and create a sustainable society.”

Record year for SCA seedlings

SCA's NorrPlant seedling operation enjoyed a record year in 2020. Over the course of the year, 103.5 million seedlings were delivered, just over one million more than the previous record year, 2012.

“It's really great that we did so well, especially given the coronavirus pandemic. We were a little concerned during the spring that we might be forced to discard seedlings due to the pandemic, but that wasn't necessary. Instead,

we had a record season,” says NorrPlant Business Developer Peter Engblom.

SCA opens online store for seedlings

SCA has opened an online store for seedlings at scaplantor.com. Initially, forest owners will be able to purchase frozen spruce and pine seedlings in the varieties JackPot and SuperPot. The seedlings are delivered in cardboard boxes for convenient handling.

“We are opening our online store on a small scale to see how it is greeted by customers. The idea is to make it easier to order our seedlings and to increase accessibility for our customers, regardless of where in Sweden their forest is located. If all goes well, we will expand the online store for 2022,” says Thomas Vestman, Head of NorrPlant.

“The logistics of seedling delivery are complex and we begin planning one and a half years in advance.”

Ronja Jägbrant
Logistics Planner, SCA NorrPlant



Szczecin

the latest port to sign up for cloud-based integration

The integration of terminals with SCA's IT system makes it possible to provide all parties with good insight into the entire logistics process. The latest SCA Logistics associate terminal to connect is in the Port of Szczecin, in Poland. "In this way, we are able to meet our customers' traceability requirements," says SCA Forwarding Manager Andreas Hamm.

Text: Håkan Norberg.

At present, SCA Logistics has some 20 associated terminals that are gradually being connected to the company's logistics system. One by one, the remaining terminals are now connecting.

The latest terminal to integrate is in Szczecin, Poland.

"As things stand, we will soon be connected to all of our terminals. We are continuing along the path to increased traceability and efficiency by connecting to our partners," says Lotta Åkre, Commercial Manager for road-rail associated terminals and agency.

"Our customers should be able to trace their goods from production to delivery. This solution allows us to offer this service," says Forwarding Manager Andreas Hamm.

Goods are scanned on loading and unloading, all of which is logged in SCA's system via the cloud service, making the entire logistics chain visible to the customer. The Szczecin terminal warehouses and forwards goods.

Andreas and his colleagues were in daily contact with the terminal to monitor the introduction of the system. Now that everything is up and running, they are in touch only as and when necessary.

"It's a good terminal with an efficient and cost-effective service and good cargo circulation. And it is ideally placed for many of our customers," says Andreas.

SCA Logistics calls at Szczecin once a month with break bulk vessels loaded with pulp.

About the Port of Szczecin

The Port of Szczecin is a seaport and deep water harbour located at the mouth of the Oder River, connected to the Baltic Sea. The port handles both general cargo and bulk cargo goods.

The ports of Szczecin and Swinoujscie form one of the largest port groups in the Baltic Sea region. They are situated on the shortest route connecting Scandinavia with Central and Southern Europe.

Ortviken paper mill makes way for textile recycling

Text: Håkan Norberg.

On 20 January, the final roll of paper produced by paper machine no. 5 rolled off the production line at SCA's Ortviken paper mill in Sundsvall. Commissioned in 1985, machine no. 5 had an annual capacity of 255,000 tonnes of uncoated publication paper. It will now be dismantled to make way for Renewcell's textile recycling business, which is expected to be up and running during 2022.

"It feels like the end of an era but, at the same time, both

Renewcell and SCA are establishing new and interesting futureproof businesses on the Ortviken Industrial Estate," says Nils-Johan Haraldsson, Vice President of Marketing and Business Development at SCA Logistics.

The remaining paper machines at the Ortviken paper mill have been decommissioned during the first quarter of 2021, as SCA discontinues production of publication paper.

New tools for increased efficiency and customer benefit

Why digitise? And what does it mean? For SCA Logistics the answer is simple. It makes our work more efficient and more productive and satisfies our customers. Logistics is generally highlighted as the sector in which digitisation is progressing fastest.

Text: Mats Wigardt. **Photo:** SCA.

Road transport, either short or long-haul, often plays a part in the supply chain and logistical solutions offered by SCA Logistics – for example, from terminal to customer.

This means that each year SCA Logistics procures and implements road transport on some 3,000 different routes at an annual cost of approximately €50 million.

Lotta Åkre, SCA Logistics' Commercial Manager for European Road and Rail Transport, explains that SCA Logistics uses a range of different digital tools, developed both in-house and externally, to fulfil customers' increasing demands for efficiency, delivery reliability and service.

"Everything needs to flow smoothly, in terms of everything from procurement to booking and document management," she says.

To ensure an efficient, wide-ranging procurement process that reaches all possible suppliers, the company primarily uses the well-established Ticontract e-procurement solution. With access to 35,000 carriers throughout Europe, the system deals with tens of thousands of tenders.

"The hard work of selecting candidates based on the criteria we select is done automatically, giving us more time to focus on the final price negotiations and selection process," explains Lotta.

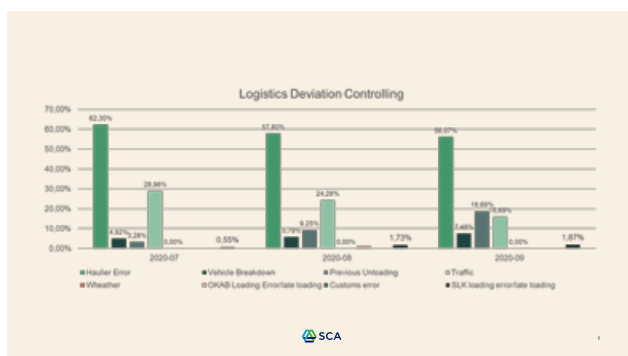
Streamlined booking process

In order to streamline the booking process, SCA has developed its own system with automated booking for each supplier based on their unique agreements and specific criteria for capacity, price, goods and destination.

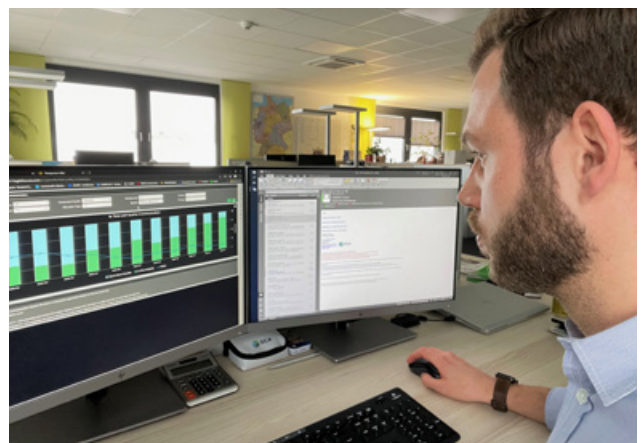
"This makes us efficient and secures capacity with the suppliers," says Lotta, "something that is important to our customers. Naturally, it is also possible to make spot bookings on the market if necessary."

Driven by the Kiel Terminal, SCA Logistics has also developed new digital tools for automated shipment follow-up to meet increased demand for delivery quality and monitoring.

In only a short time, it has been possible to significantly



Dennis Radtke and his colleagues at the Kiel Terminal drives the development of new digital tools.





PRESS RELEASE

SCA invests SEK 460 million in the Port of Sundsvall

increase the quality of logistics and monitoring, while at the same time achieving 98% delivery punctuality.

“By optimising highly complex data streams and providing users with high-quality transport data, we are able to meet the increasing demands of customers all over Europe,” remarks Kiel Terminal Manager Jörn Grage of SCA Logistics GmbH.

GPS and geofencing

Large amounts of data are collected from the hundreds of vehicles moving through Europe every day on behalf of SCA, which is then sent via various interfaces and portals to SCA's logistics production system, Scope.

“We are now collaborating with other units within SCA Logistics to further develop our automated transport monitoring,” says Dennis Radtke, TeamLeader for Road and Rail Forwarding at SCA Logistics GmbH in Kiel.

One such example is the use of GPS and geofencing to plan and update loading and unloading.

In the United States, SCA Logistics has also entered into an exciting collaboration with startup transport company Uber Freight, a spin-off of global taxi company Uber.

The basic concept of Uber Freight is the same as the taxi operation: to use advanced algorithms and GPS to match cargoes with available carriers.

The platform allows users to access prices and vehicle booking around the clock, something that can be invaluable when working in different time zones.

“Thus far we are satisfied and have established good cooperation in developing this new service,” comments Andreas Hamm, Forwarding Manager at SCA Logistics in Sundsvall.

SCA will invest approximately SEK 460 million in the Port of Sundsvall between 2021 and 2024. The investment will encompass a new container port and new cargo handling areas.

SCA is expanding to be able to accommodate ships with a draft of 15 meters, compared with the current 12 meters. SCA also will build a modern container port with a capacity of 100,000 TEU (standard containers) per year. Finally, SCA intends to build land south of the current port to create new space for cargo handling.

“With this expansion of the port, we will be able to load significantly larger ships and be able to ensure the efficient and competitive transport of the products that are growing in volume in the region. Key parts of the port expansion will be ready in time for the new volumes from the Ortviken industrial site comprising pulp and recycled textile fibers from Renewcell,” says Magnus Svensson, President Sourcing and Logistics at SCA.

“With the expanded port, the combined terminal being built by the Municipality of Sundsvall and the improved rail links to Tunadal port, we will have a transport infrastructure that will move Sundsvall closer to the global export markets and the Scandinavian domestic market, thereby benefiting industry and trade across northern Sweden,” concludes Magnus Svensson.

Read more at [sca.com](https://www.sca.com)



Sustainability from the inside out

SCA's sustainability platform shows the way for sustainable development in all areas of the group – and out into the world. “It's important to work with sustainability at all stages, both internally and with our suppliers and customers,” says SCA Sustainability Director Katarina Kolar.

Text: Håkan Norberg. **Photo:** Michael Engman.

Sustainability is integrated into every area of SCA's business. In order to determine long-term priorities and ensure sustainable development, SCA has adopted group targets to be achieved by 2030. The group's sustainability platform shows how the organisation delivers sustainable development and contributes to achieving the 17 Sustainable Development Goals (SDGs) of the UN's Agenda 2030.

SCA's overall climate impact is already positive, and significantly so given that it corresponds to the emissions from all private cars in Sweden. The ambition now is to increase that impact further. The group's sustainability goal is to increase the SCA's climate benefit from 10 to 15 million tonnes of CO₂ per year by 2030.

SCA Sustainability Director Katarina Kolar explains:

“We have interwoven sustainability management into every aspect of the business. The group goal is now in place and all areas of the organisation are able to break this down into interim targets and continue the work. We can feel positive about the future,” she says.

The sustainability platform consists of six components with targets linked to each: a fossil-free world, valuable forests, efficient use of resources, responsibility for people and the community, profitable growth, and core values. What these all have in common is that they begin with the individual, permeate the organisation and continue along the supply chain. The aim is to work towards sustainability along the entire value chain.

“It's all about working with the world around us to identify global solutions, so that we achieve sustainability at all stages, even beyond our direct operations,” explains Katarina.

One of the targets for increased climate benefit is to reduce SCA's fossil CO₂ emissions by 50% by 2030. At present, transportation is responsible for half of the group's fossil-fuel emissions.

“If we are to achieve this goal, we must identify alternatives to fossil fuels and even more efficient transport solutions,” says Katarina.

The SCA sustainability platform



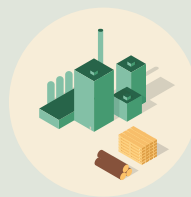
A fossil-free world

SCA contributes climate benefit through the carbon dioxide uptake of growing forests, increased volumes of renewable products and the reduction of emissions.



Valuable forests

SCA's forests shall be at least as rich in biodiversity, nature experiences and raw material in the future as they are today.



Efficient use of resources

SCA eliminates waste by making the best possible use of raw materials.



Responsibility for people and the community

SCA shall be a healthy, accident-free workplace and an employer that contributes to the vitality of local communities.



Profitable growth

Long-term, sustainable profitability is central to SCA's strategic direction. The forest is valuable in creating a sustainable future for everyone.



Core values

Responsibility, respect and excellence are important elements of SCA's core values. All employees of SCA comply with our Code of Conduct, which among other things emphasises human rights and sustainability at all stages.

SCA Logistics' path to sustainability

Reduced fuel consumption, more efficient transport and a higher percentage of non-fossil fuels: this is a summary of SCA Logistics' road to achieving the group's sustainability goals. SCA Logistics' Sustainability and Logistics Manager Peter Eriksson explains.

Text: Håkan Norberg.

"We have switched to larger vessels, allowing us to ship more cargo on each trip. We have also steadily reduced consumption by both Container and RoRo vessels over the past five years."

"During this period, we have reduced our CO₂ emissions per tonne-km, i.e. to transport one tonne of cargo one kilometre, by 11%, thanks to our more efficient operation and changing to more efficient propellers."

"Where available, we use non-fossil fuels, such as HVO."

"We are discussing whether to repaint the vessels with a new type of paint that is both environmentally friendly and repels organisms that can attach themselves to the hull, which will reduce friction during operation."

"The major thing from SCA's point of view is to be involved in producing pine-oil-based non-fossil fuels in collaboration with fuel manufacturers and in a future biorefinery at the pulp mill in Östrand."

A mature and attractive workplace

While SCA Logistics' employee survey has shown continuous improvement over the years, results for 2020 were particularly encouraging. "We have seen a fine improvement over the past year and hopefully the good results will have an impact on our customer relations," says Magnus Svensson, President of SCA Logistics.

Text: Håkan Norberg.

The latest employee survey conducted at SCA Logistics paints a picture of an attractive workplace with the emphasis on health and safety and teamwork. President of SCA Logistics Magnus Svensson sees an organisation that has matured as it has changed.

"Between 2015 and 2018 we reorganised both procurement and logistics. We have now found our places and become better as a unit," says Magnus.

While the employee survey shows significant improvement in all areas, parameters that stand out include leadership, goal fulfilment and the work environment.

"Leadership impacts on all areas of the business, so it's gratifying to see it working well. Management has also put a lot of work into action programmes to strengthen other areas. One example I would like to highlight is improvements in our processes," says Magnus.

He describes efforts intended to ensure that all parties are provided with the right data and a common operating basis throughout the logistics process. This has made the organisation more efficient, as well as providing customers with better service.

"Updates have an impact throughout the process, which helps us to better help our customers, for example, when they need to make changes at short notice," says Magnus.

SCA's core values have also made their mark on the organisation, something that is evident in areas such as corporate culture and customer focus. Responsibility, respect and excellence are the values that employees constantly strive to live up to.

"Hopefully this has an impact on our customer relationships," says Magnus.

The employee survey also shows good results in health and safety. The ZERO programme, intended to improve SCA's safety culture through the vision of zero workplace accidents, has contributed to reducing both accidents and sick leave.

The response rate to the survey was an impressive 95%.

"This is very good. It's important that everyone can make their voice heard," concludes Magnus.

The road to a zero-accident working life

The number of accidents in the workplace at SCA is declining steadily. The organisation is now shining a spotlight on minor everyday incidents in order to achieve the company's vision of a healthy, accident-free working life.

Text: Håkan Norberg

Accidents in the workplace have been reduced throughout the SCA Group over the past eight years and SCA Logistics is no exception. In 2013, the total number of lost-time accidents (LTAs), i.e. those that led to absence, was 90. In 2020, this figure was 36.

While certain types of accident can be eliminated through various safety devices or different construction or other solutions, the majority are the result of human behaviour. And changing this behaviour is a more drawn-out process than reconfiguring machinery.

"These are accidents that were once not viewed as workplace accidents, such as tripping or falls. What can we do to prevent someone from twisting an ankle and being off work for a week?" Magnus Svensson, President of SCA Logistics, asks rhetorically before continuing.

"This is a matter of working systematically, of reminding one another [of the dangers] and, well, reprogramming ourselves," he says.

The small details can be found in measures such as ensuring that walkways in work areas are free of obstacles and gritted, in encouraging operators to back out of their cabs so that they can always hold on to the handrails. All steps on staircases should ideally be equally spaced and, if not, this should be clearly marked. And so on. This eliminates many tripping and fall accidents.

It is crucial that management analyses and informs about all accidents – and takes action. SCA Logistics' employees themselves also work with risk and behavioural observations in order to identify areas for improvement.

"It's all about making sure that everyone arrives home safe and sound and, by extension, enjoys a full working life without injury. That is our vision," explains Magnus.

ZERO



Christmas gifts to charities

Gifts to employees benefit those in need. For Christmas 2020, for the fourth time SCA chose to donate money to charity in the name of the company's employees.

Text: Håkan Norberg.

In December, in accordance with Christmas tradition over recent years, SCA donated SEK 1.5 million to charity. The recipients were the Cancer Research Foundation in Norrland, Bris – Children's Rights in Society, and Médecins Sans Frontières.

"We have chosen to do this for the past four years and it is much appreciated by our employees, who are also involved in the distribution of the donation," says Björn Lyngfelt, SCA's Senior Vice President Communications.

How the money was to be shared between the three organisations was decided by a vote on the company's intranet. As a result, the Cancer Research Foundation in Norrland received SEK 784,000, Bris SEK 400,000 and Médecins Sans Frontières SEK 316,000.

The money was transferred to the charities with a wish for a Happy New Year 2021 from SCA's employees.

Children's Rights in Society (Bris) is a politically and religiously independent organization that listens to, supports and strengthens children and young adults' rights in society.

Médecins Sans Frontières (MSF) is an international, independent medical humanitarian organisation that provides medical assistance to people affected by conflict, epidemics, disasters, or exclusion from healthcare.

The Cancer Research Foundation in Norrland conducts world-class, internationally recognised clinical, experimental and epidemiological research in Umeå, northern Sweden.

SCA sells UK timber business

SCA is selling SCA Wood Supply Ltd to BSW Timber Ltd but will retain its own sales organisation in the United Kingdom. "We will continue to develop our sales and delivery to UK industrial customers within our own organisation," says Jerry Larsson, President SCA Wood.

Text: Håkan Norberg. **Photo:** Chris Randles.

SCA Wood Supply UK Ltd manufactures and distributes wood and wood-based products for the UK building materials trade. SCA is now selling the business to BSW Timber Ltd.

"We have been delighted with the development we have seen from SCA Wood Supply UK and our sales and distribution of building materials to both consumers and professional customers in the United Kingdom," says Jerry. "That said, we believe that the business can develop even more effectively with BSW Timber."

SCA will be retaining its own UK sales organisation for timber products once the sale has gone through.

"We will continue to supply wood products to BSW Timber for the UK building trade, while at the same time we will continue to develop our sales and delivery to UK industrial customers within our own organisation," says Jerry.

The business units being handed over to BSW Timber by SCA are the head office and distribution centre in Stoke-on-Trent, the planing mill and distribution centre in Welshpool, the planing mill and distribution centre in Melton and the Cumbernauld distribution centre.



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