

# New Ways

Nº 4 2020

## The Port of Umeå prepares to meet the future

Procurement of  
European road haulage

Gold to  
SCA Logistics

Unique biorefinery one  
step closer to reality

# After rain comes sun

The COVID-19 pandemic has led to many changes in everyday life and had an enormous impact on many businesses and on consumer behaviour. Naturally, our business is no exception.

Many of our customers have been affected by decreasing demand and a changing marketing mix – not least on the paper market, which has seen a huge drop in consumption for magazines and advertising.

After the summer, SCA took the decision to close down its remaining publishing paper production at the Ortviken paper mill, one of the largest printing paper mills in the world. Instead, SCA will be investing SEK 1.5 billion in increasing pulp capacity, specifically chemical thermomechanical pulp (CTMP). While this decision is in line with SCA's long-term strategy, it does come sooner than most people expected. This represents a major decrease in volume for SCA Logistics, with a consequent reduction in staffing needs. We have now concluded all negotiations with the unions based on co-determination in the workplace and redundancies will be implemented in line with the reduced volumes.

On the bright side, SCA is currently ramping up production of northern bleached softwood kraft (NBSK) thanks to the earlier heavy investment in the Östrand pulp mill, as well as investing SEK 7.5 billion in increasing Kraftliner capacity at the Obbola paper mill. You can learn more about this project and investment on page 6.

In addition to this, a new tenant will be establishing a production facility on the Ortviken site. Textile-to-textile recycling company Renewcell has decided to invest in excess of SEK 1 billion in producing a new type of dissolving pulp from recycled textiles. The new factory is expected to

enter production in the second half of 2022. You can learn more about Renewcell, its ambitions and collaboration with SCA on pages 16-17.

All in all, this means that we will be handling lower volumes in the period 2021-2022, until such time as the new production facilities in Ortviken and Obbola are up and running.

So, after the rain, expect sunshine from 2023 onwards!

With those words, I conclude this business update and I would just like to take this opportunity to thank our customers for your continued support. It is greatly appreciated in these strange times and you can rest assured that we will do our utmost to continue delivering excellent service in 2021!

Merry Christmas and a Happy New Year!

**Magnus Svensson**  
President SCA Sourcing  
and Logistics



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# SCA Logistics is prepared for Brexit

New customs regulations and requirements for export and import declarations are just some of the changes that will come into force at the turn of the year as a result of Brexit. “We are prepared and feeling confident that our shipments to and from the United Kingdom will continue to function in the new year,” says Peter Eriksson, SCA Sourcing & Logistics.

**Text:** Thomas Ekenberg.

According to Sustainability & Logistics Manager Peter Eriksson, to all intents and purposes Brexit has already happened when the United Kingdom officially left the European Union on 31 January 2020. Trade has however been able to continue as usual during a transitional period, which ends on 31 December 2020.

At the time of writing, negotiations are still ongoing regarding the nature of the relationship once the transition period agreed in the Withdrawal Agreement expires.

“As things stand, we don’t know what the future relationship between the EU and the United Kingdom will look like, but whether an agreement is reached or not, in the new year the United Kingdom will be on equal footing with other countries outside the EU. What we do know is that there will then be requirements for new customs formalities for exports and imports,” Peter points out.

## **Global trade**

As SCA Logistics operates on a global market, the company already has plenty of experience of trading with countries outside the European Union.

“We feel confident that our cargo chain will continue to function in the new year.

We have a wealth of experience of export and customs administration and will also be able to assist our customers with the necessary administrative changes,” says Peter.

In order to ensure that procedures are in place and working, SCA Logistics has also performed a number of dry runs with all documentation to simulate the likely customs process.

## **Increased bureaucracy**

The United Kingdom’s withdrawal from the European Union will also have an impact on other administration, including VAT, which in the new year will need to be dealt with differently.

“There will inevitably be a little more hassle, bureaucracy and paperwork but we have ensured that our procedures will continue to function under the new conditions,” says Peter.

SCA Logistics also has the advantage of controlling the entire logistics chain, with its own vessels and terminals in the United Kingdom.

“We have all seen pictures showing the construction of enormous lorry parks to deal with the expected queues of heavy goods vehicles entering and leaving the country. That is one problem that we will avoid. Our vessels always arrive at the quay,” Peter concludes.

# Gold to SCA Logistics in sustainability ratings

SCA Logistics has been awarded a gold rating in 2020 for the company’s corporate social responsibility (CSR) work.

**Text:** Thomas Ekenberg.

It is the independent expert on business sustainability analytics, EcoVadis, that ranks the company in its gold category, placing SCA Logistics in the top 5% of assessed companies across all sectors.

EcoVadis rankings are assessed annually based on environmental issues, work environment, human rights and

business ethics. While the result is reported in the form of a points score for the various categories, EcoVadis also provides a list of the company’s strengths, weaknesses and opportunities for improvement. In total, almost 65 000 companies in over 160 countries have been assessed within the framework of the ranking system.

# The Port of Umeå prepares to meet the future

The Port of Umeå is building for the future. And SCA Logistics is ready to deliver larger volumes worldwide. “We have a wealth of experience – almost a tradition – of handling wood and other products, so our customers are in good hands,” says Patrick Mattsson, Forwarding Manager at SCA Logistics in Umeå.

**Text:** Håkan Norberg. **Photo:** Patrick Trägårdh.

Larger marshalling areas, more warehousing and extended service hours: these are just some of the improvements that SCA Logistics will be able to offer its customers thanks to the major investments now underway at the Port of Umeå.

“And, of course, our capacity,” adds Patrick.

Work on the port will continue until 2026. The SEK 1.4 billion investment includes more robust quays able to service larger vessels with greater draughts, a new ferry terminal with connecting combi terminal, a new transshipment area and new railway tracks. And, not least, a larger port area better equipped to handle increasing demands for the transport of timber, paper and special cargoes.

## **Collaboration to meet all needs**

SCA Logistics is already experiencing increased volumes. During 2019, the company shipped out approximately 450,000 m<sup>3</sup> of wood products. At the current rate, the corresponding figure for 2020 will be closer to 500,000 m<sup>3</sup>.

“This is a massive increase, especially considering the fact that we are in the midst of a pandemic. Taking containerised timber alone, we have grown by 10-15% annually and the trend remains positive. This is especially pleasing as we can use larger vessels and offer our customers cost-effective shipping,” says Patrick.

“This is linked to our excellent collaboration with sawmills from Umeå to the very north of Sweden,” he continues. “We maintain a good dialogue and are responsive to their needs.”

For most companies, the optimal solution is to transport goods directly from the production facility to the terminal. While some products need to be stored dry under cover, others can be stored outdoors. Some wood products arrive packaged and ready for shipping while others are sorted according to quality and dimensions and packaged at the terminal. SCA Logistics can accommodate all of this at the Port of Umeå.

“We sign cooperation agreements with customers so that they can be assured of both storage and deliveries,” says Patrick.

He explains that customers appreciate that the terminal is open from 6 AM until 10 PM, allowing sawmills to balance production and transportation across a large part of the day.

## **Increasing volumes**

The terminal will continue to see increasing volumes, not least due to the expansion of the Obbola paper mill. Deliveries of Kraftliner will increase from the current 440,000 to 725,000 tonnes per year, to which can be added the production from SCA Munksund, which corresponds to 370,000 tonnes. There is also the matter of intermediate goods in the form of recycled fibre, which will be increasing by around 150,000 tonnes per year.

“We are prepared! Our employees have a great deal of experience and know-how. In combination with a modern machine park, proven procedures and high levels of safety, this creates competitive advantages for our customers,” concludes Patrick.



Patrick Mattsson and Susanne Lundberg, stevedore at Umeå Terminal.



Gustav Eriksson, Operative Manager at SCA Logistics in Umeå.





# Obbola paper mill invests heavily in production, logistics and the environment

The world is crying out for sustainable packaging. SCA is responding by investing SEK 7.5 billion in increasing production of Kraftliner.

**Text:** Håkan Norberg. **Photo:** Patrick Trägårdh, Mattias Andersson.

Big things are happening at the Obbola paper mill outside Umeå. Very big things. SCA is constructing a new paper machine to manufacture Kraftliner. Once completed, the plant will be the world's largest, with an annual production of 725,000 tonnes compared to the current 450,000 tonnes.

The total investment is SEK 7.5 billion. The man at the tiller of this project is Per Strand, former manager of SCA's paper mills at Obbola and Munksund.

"It was clear to me that I should accept this assignment. I have been responsible for major projects before as mill and production manager, but this is at a completely different level and presents an especially big challenge," he says.

## Full production throughout the project

In only a short time, Per has put together the organisation that will implement the project based on the framework adopted by the board. There are obvious differences to the line organisation he comes from. This project began with a blank sheet, with no established organisation or processes on which to rest or to modify – and the deadline is set in stone.

"One milestone in a project like this affects everything that comes after so, unlike a line organisation, there is no such thing as we'll deal with that next week. That difference has become very clear to me," says Per.

The new paper machine will be housed in a separate, purpose-built building, meaning that the mill can maintain full production throughout the construction. The new production line will be operational during the first quarter of 2023.

The plan is to continue production of the two main products currently manufactured in the existing paper machine in Obbola – SCA Kraftliner and SCA Eurokraft – although it is also possible that new products may be introduced.

## Switching to round-the-clock service

SCA currently runs two shifts of lorries between the mill and the terminal in the Port of Umeå. Once the expansion is complete, deliveries will continue along the same route but at 20-minute intervals around the clock, seven days a week.

"We have a limited area and, in principle, no intermediate warehousing at the mill; so, we are dependent on the port and the expansion of warehousing currently underway there," says Per.

Global demand for paper packaging is increasing, driven by accelerating e-commerce, growing populations and a worldwide ambition to reduce the use of plastics.

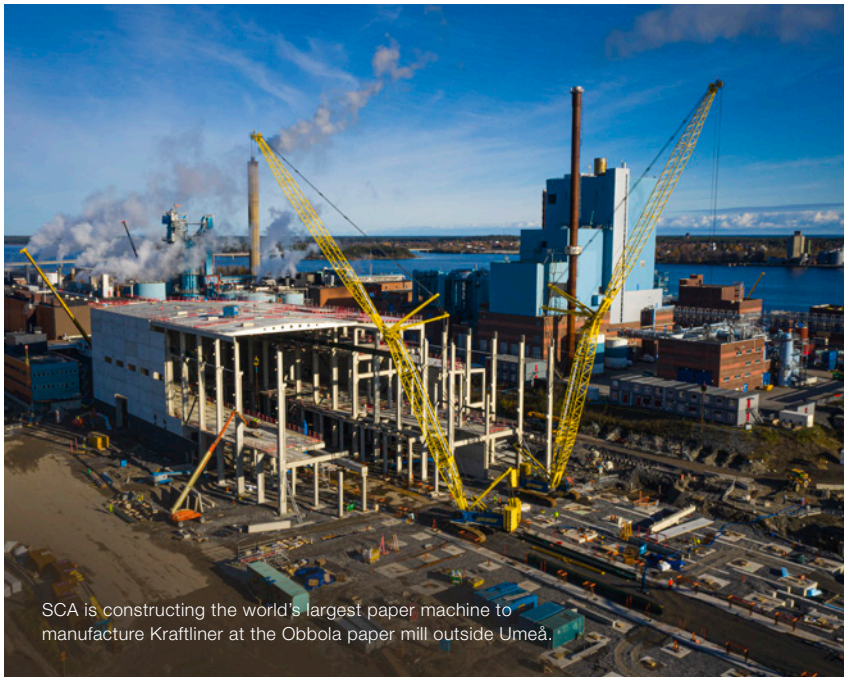
"The investment in Obbola will allow us to meet the increasing demand for sustainable packaging," says Mats Nordlander, President SCA Paper.

## Also investing in the environment

Alongside increased production, the investment will also reduce the need for oil by 8,000 m<sup>3</sup> annually and improve the plant's water treatment capacity. As a result, SCA's industrial processes will be 97% fossil-free.

In future, heating oil will only be needed to start up lime kilns and boilers and as support fuel in certain production modes. This will reduce greenhouse gas emissions from fossil fuels by approximately 20,000 tonnes per year.

"This is a very exciting project for production, logistics and the environment and this is only the beginning; so, I expect there will be every reason to get back to you to let you know how things are progressing," concludes project manager Per.



## Facts at a glance

The paper machine in Obbola will be the largest in the world manufacturing Kraftliner packaging paper. At approximately 10-metres wide and with a paper line moving at 70 km/h, it will produce just over 1,700 hectares of paper per day, the equivalent of 2,500 football pitches. In only four years, the machine will have produced enough paper to cover the area of SCA's entire forest holding.

The new building is 292 metres in length and the machine hall is 54 metres wide. This gives a footprint of 15,800 m<sup>2</sup>, equivalent to two football pitches.

The installation of the frame and walls commenced on 1 August 2020. Over 4,500 concrete elements will be delivered and assembled to connect the frame, floor and roof.

Construction will continue throughout the first half of 2021, with the installation of machinery commencing on 1 August 2021.

## Installations include:

- 11,000 tonnes of machinery (equivalent to 1.5 Eiffel Towers) that will arrive on 1,350 lorries and 60 special transports.
- 75 kilometres of pipes will be drawn to the paper machine.
- In total, the project involves 110 kilometres of pipes.
- 90 kilometres of cable (equivalent to two Airbus 380s, although with thicker cable).
- 137 pumps.
- 880 electric motors.

## Movie

Scan the qr code with your mobile device and watch the movie "The expansion of the Obbola paper mill" on YouTube.



The global demand for paper packaging is increasing.

# Fossil-free vehicle fuel reduces carbon footprint

By switching to renewable, fossil-free hydrogenated vegetable oil (HVO), SCA Logistics and supplier Alltransport i Östergötland AB have significantly reduced the carbon footprint of their road haulage in Sweden. Carbon dioxide emissions have been slashed by 85%.

**Text:** Thomas Ekenberg. **Photo:** Alltransport.

Since spring 2020, SCA Logistics and Alltransport have been trialling a greener alternative fuel, primarily for transporting recycled fibre by road in Sweden.

As a vehicle fuel, HVO100 offers several advantages over regular diesel. It is both fossil-free and renewable and causes significantly lower greenhouse gas emissions.



**“It’s great to see our environmental ambitions delivering results in black and white”**

**Lotta Åkre**  
Commercial Manager  
SCA Sourcing & Logistics

An evaluation of the first six months of using the new fuel shows a reduction in CO<sub>2</sub> emissions of 85% compared to regular diesel. In concrete figures, this equates to a reduction of 167 tonnes of CO<sub>2</sub>e.

## Delivering results

“It’s great to see our environmental ambitions delivering results in black and white,” says Lotta Åkre, Commercial Manager at Logistics Sourcing & Sales, who continues:

“This is part of our efforts to reduce our carbon footprint. We examine a variety of technologies and work continuously with our suppliers to identify solutions that can make a positive contribution to our environmental management,” she says.

There are other environmental benefits to HVO. Studies show that it also produces fewer emissions of particulates, nitrogen oxides, hydrocarbons and carbon monoxide.

## Easy to use

Alltransport’s Business Area Manager Anders Wiman also points out that HVO is easy to use and is suitable for most modern diesel engines without the need for modifications.

“We enjoy a good dialogue with SCA and are delighted that they have chosen a fossil-free alternative. This is an excellent example of how we can work together to create climate-smart transport,” he says.

There are several methods for manufacturing HVO. The fuel chosen by SCA and Alltransport is produced from waste products such as fat and cooking oil from the food industry and restaurants.



SCA and Alltransport have been trialling a greener alternative fuel, HVO 100 produced from waste products from the food industry and restaurants.



# It's time again for the procurement of European road haulage

In 2020, interest in participating in SCA Logistics' European road haulage procurement reached record levels. Preparations are now underway for next year's procurement.

**Text:** Thomas Ekenberg. **Photo:** AdobeStock.

Calls for tenders will be sent out in December for next year's European road haulage procurement round. Lotta Åkre, Commercial Manager at SCA Sourcing & Logistics, points out that the goal is to achieve a broad spectrum of road haulage suppliers.

"Over the years we have acquired good knowledge of the industry and developed useful tools to penetrate the market," she says.

## **Interest at record levels**

Interest among suppliers in the 2020 call for tenders reached record levels. Lotta is expecting even greater interest in 2021.

"Road haulage is a vital link in the logistics chain between shipping companies, goods owners and end customers. We are therefore delighted that so many suppliers want to join us in our efforts to offer our customers efficient and sustainable logistics solutions," she says.

Preparations for next year's road haulage procurement are in full swing.

"SCA Sourcing & Logistics conducts procurement together with the operational units at the terminals in Germany and the United Kingdom, which have in-depth knowledge of the local markets. Another important factor for success is that we have a good and close collaboration with our customers, so we have a good grasp of their needs," says Lotta.

## **New relationships**

The coronavirus has had an impact on the supply of transport and goods volumes during 2020 and Lotta foresees the effects of the pandemic continuing to some extent during 2021. Another major change over the next couple of years will be SCA's transition from manufacturing publishing paper to more futureproofed products such as pulp and Kraftliner.


"This will move the goalposts for us, with different demands and altered volumes, which will lead to new supplier relationships," says Lotta.

Tender evaluations and negotiations will take place during the first quarter of 2021.

"In total, we are talking about thousands of tenders that need to be evaluated based on quality and price. We will also be weighing up sustainability, capacity and delivery reliability."

There is also a requirement to comply with SCA's Global Supplier Standard, with the emphasis on business ethics, health and safety, wages and working hours, human rights, accident insurance and the environment.

Suppliers and new prices for European routes should be ready in April.

A red semi-truck is driving away from the viewer on a two-lane road covered in snow. The road is flanked by tall, thin evergreen trees. The sky is a clear, pale blue. The truck is a modern model with a large red cab and a white trailer. The overall scene is a winter landscape.

Thousands of suppliers took part of SCA tender in 2020 and SCA is expecting even greater interest in 2021.





“In my experience, at SCA individuals are given great responsibility and great authority. This means that we can quickly make progress and it makes the job particularly enjoyable.”

Magnus Svensson  
President SCA Sourcing and Logistics



# Magnus Svensson

## – competitive and determined president

A constantly improving organisation – that is the most important task facing Magnus Svensson, President of SCA Sourcing and Logistics. “That suits me down to the ground, given that I take enormous pleasure in setting new objectives and then striving to achieve them,” he affirms. “A good deal of my free time is also spent on improving both my ice hockey club IF Sundsvall Hockey and the trotting horses I own in partnership with my father.”

**Text:** Kerstin Olofsson. **Photo:** Linda Snell.

In addition to providing SCA's own industries with procurement and transportation services, SCA Sourcing and Logistics also provides efficient logistics solutions to hundreds of other companies. These services encompass everything from overland transportation to global marine shipping.

On the marine side, the major global trend is towards increased containerisation using larger and larger vessels, something that suits SCA's strategies and investments perfectly.

“We are growing within this segment. Container systems work for almost all industries and it is possible to ship enormous volumes. The greater the volumes we can coordinate, the larger the vessels we can operate and the more cost-effective it becomes, because the shipping cost per tonne decreases,” says Magnus, who continues:

“The fact that we can operate large vessels along the northern Swedish coast, for example, makes the entire region more robust. This area is a long way from the major ports of the Continent, as well as other European markets, and our logistics chain therefore plays an important role for customers operating there. By offering efficient transport, we help them to become more competitive.”

### **Efficient and sustainable**

The work of improving efficiency goes hand in hand with sustainability, given that larger vessels mean a dramatic

reduction in greenhouse gas emissions per shipped tonne.

“Looking back, a great deal has happened over the past 20 years; back then, emissions per tonne were double what we see today from marine transport. Our greatest contribution to a more sustainable world is to continuously work to improve because, when our operations become more efficient, it almost always becomes more environmentally friendly,” says Magnus.

And increased efficiency is one of Magnus' passions.

“I love the challenge of having to make constant progress and come up with new ideas for how we can improve. What we see as fantastic today will be commonplace tomorrow. The work is never done; rather, the demands are constantly increasing, which is all part of the appeal,” he says.

Magnus describes himself as competitive and tenacious.

“Yes, it's important to continue working away at it, even when progress is slow for a while. I don't give up easily – I always want to reach the goal I've set myself.”

### **The impact of the pandemic**

While Magnus' job normally involves a great deal of travel, both within Sweden and around Europe, the coronavirus pandemic has changed all that.

“It is a challenge not to be able to travel in the same way. The projects that started before the pandemic are generally no problem to push forward via Skype meetings etc.; however, starting new projects is somewhat more

The ice hockey club IF Sundsvall Hockey is close to Magnus' heart and he has taken on the role of chairman, among other things attracted by the fine club spirit and the opportunity to see players and teams develop.



## Magnus Svensson

**Current role:** President, SCA Sourcing and Logistics.

**Background:** Joined SCA as a logistician in Sundsvall in 1993 and then worked as a process engineer at the Ortviken paper mill. From there, Magnus took up the post of vice president for logistics and distribution at SCA Transforest and via a few other roles became president of SCA Logistics in 2004. Since 2016, also responsible for SCA's procurement organisation.

**Education:** Master of Science in Industrial and Management Engineering.

**Family:** Wife and three sons, 16, 23 and 25 years of age.

**Lives:** In a house at Alnö, from which I can see SCA Logistics' Sundsvall terminal from the balcony.

**Interests:** Ice hockey and trotting.

complicated as it does make things easier if the project members can meet and get to know one another in the beginning. Still, we just have to accept and make the best of the situation. We can't just let work grind to a halt; transport solutions still need to work, pandemic or no pandemic."

### Enjoyment = motivation

Creativity is important in a job that constantly demands new ideas about how the organisation can be developed.

"This applies to both me and my colleagues and it's important to bring the best out of every individual and group. I find it interesting to watch people develop and bloom to their full potential; to think about what excites this particular individual or group to give their all. You have to find it enjoyable in order to find the motivation to do your very best."

Magnus draws parallels with his own leisure interests: IF Sundsvall Hockey and trotting horses.

"The same applies there. It is wonderful to see an ice hockey player develop from the first skating lesson, when they can barely stay on their feet, until they become a fully-fledged player. And with trotting horses, which I own with my father, the greatest enjoyment is always in watching the horses' development. While with both ice hockey players and horses it's important to see the individual, ice hockey has the added dimension of needing to perform as a group, and all of the groups needing to work together as a club. What motivates them and what makes them grow," Magnus says, and continues:

"There are fairly big development steps at the beginning but then after that it becomes a matter of finetuning the details. Sometimes it might feel that all you do is talk about all the details that could be improved but, the fact is, these are often the difference between winning and losing in an environment where everyone competing is pretty good at what they do."

Magnus and his father buy young horses, break them in and train them before they can begin competing.

"My father handles most of the training but at weekends I usually join him when we drive them at the racetrack at Bergsåker. For competitive races we hire professional drivers."

### Helping a club in trouble

Much of Magnus' free time is also spent as the chair of the board of local ice hockey club IF Sundsvall Hockey, a role he was asked to take on when the club found itself in financial difficulties.

"All three of our sons have played there and I think it's a very fine club, so I decided to accept the position. At first things were difficult, with the club on the verge of bankruptcy, but we managed to turn things around. We have paid all of the creditors, started up the senior team again and have a strong belief in the future. It was an enjoyable challenge. I thrive in situations in which I see opportunities for improvement."



# An educational week on health and safety

CPR training, fire fighting exercises and risk observations were just some of the activities arranged during SCA Logistics' annual health and safety week.

**Text:** Kerstin Olofsson. **Photo:** SCA, Tina Kropp.

"While safety is in focus at SCA every day, all year round, during our annual health and safety week we emphasise the issue even more," says Magnus Svensson, President of SCA Sourcing and Logistics.

This was the fourth consecutive year in which the week has been arranged and this year's theme was "All accidents are preventable". A great many activities took place throughout the company; among other things, staff learned first aid for various types of injury, practised extinguishing fires and joined health and safety rounds to observe some of the risks presented in the work environment.

"We conduct extensive work on health and safety issues, in part to build out risks but primarily to change behaviour and learn to act in a manner that minimises risk," explains Magnus, who continues:

"Our mindset has changed enormously thanks to these initiatives and we have gained much greater awareness of health and safety work. One might say that we have been given new glasses that allow us to see the existing risks and thereby take measures to minimise them."



Practicing CPR at SCA in Sundsvall.



Practicing the practical handling of fire extinguishers and fire blankets in a secured area of the Ostuferrhafen in Kiel.

## Towards a ZERO accident SCA

ZERO is SCA's methodology for improving the corporate health and safety culture and reducing the number of work-related injuries. The vision is for every employee to leave work at the end of every day healthy and unharmed.

The method uses a toolbox containing a number of important aids to work with issues such as risk assessment, incident reporting and lifesaving procedures.

While many accidents can be avoided by taking practical measures, much can also be achieved by changing behaviour.

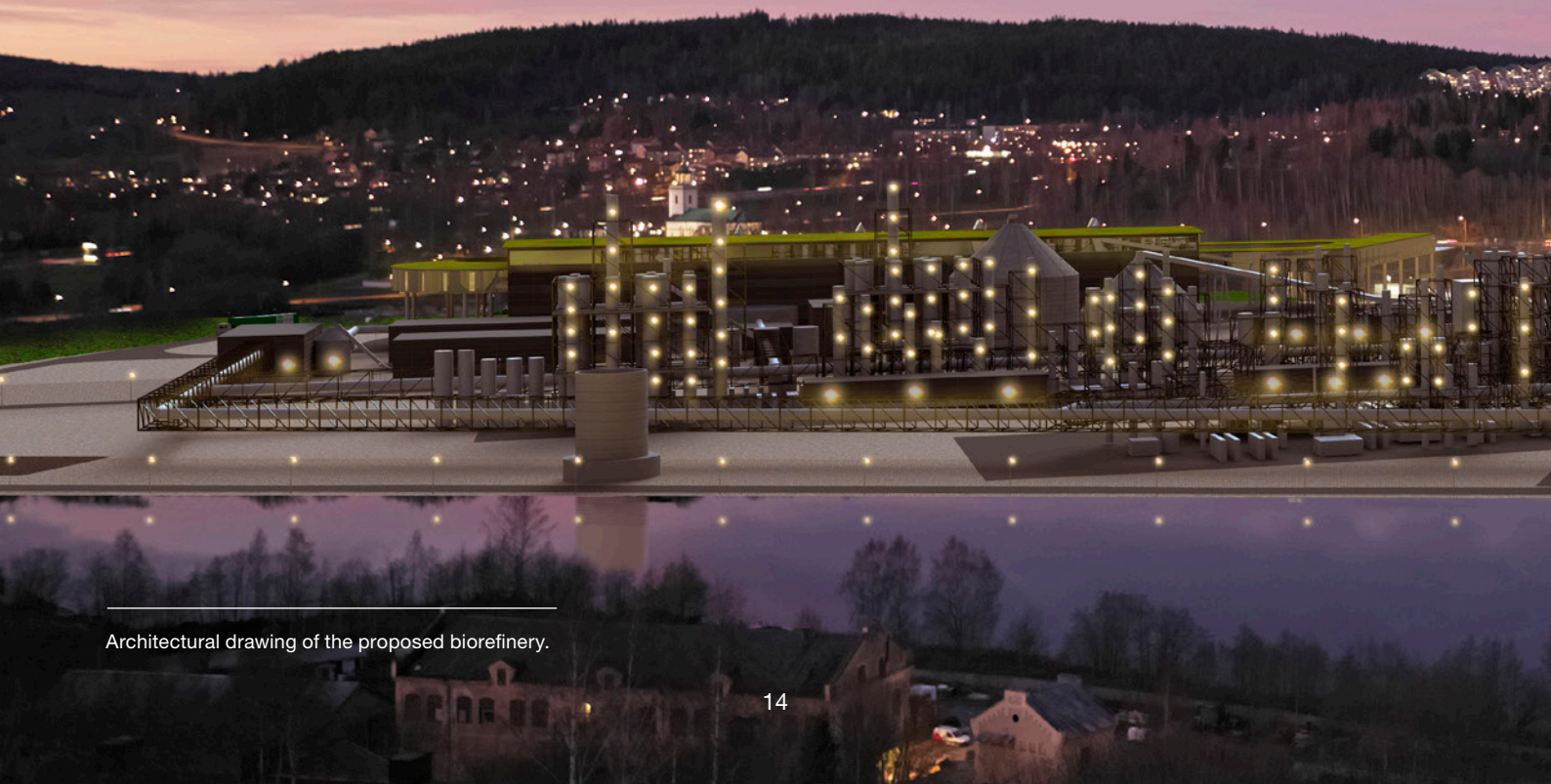
To this end, SCA applies an approach known as behavior-based safety (BBS), which involves employees observing one another's behaviour and then offering constructive feedback. BBS is a matter of caring about each other. It is an effective method for increasing awareness about what constitutes safe and unsafe behaviour.



# Unique biorefinery one step closer to reality

Now that an environmental permit has been issued by the Land and Environmental Court, all that remains is a detailed project review before SCA can decide on the construction of a new and unique biorefinery.

**Text:** Håkan Norberg. **Photomontage:** Scheiwiller Svensson Arkitektkontor AB. **Photo:** SCA.



Architectural drawing of the proposed biorefinery.



After a decade of research and development, SCA has been issued with the necessary permits to produce 300,000 tonnes of biofuels each year at a new plant adjacent to the Östrand pulp mill in Timrå, just outside Sundsvall.

“This is equivalent to Sweden’s annual consumption for domestic air travel. So, potentially we could supply all air traffic within Sweden with renewable biofuels,” says SCA’s Technical Manager, Roger Östlin.

### Green fuels

The biorefinery will produce green equivalents to petrol, diesel and aviation fuel, as well as biochar. This will provide positive climate effects as fossil fuels are replaced by renewable alternatives. An environmental impact assessment calculates the net climate effect at an annual reduction of global fossil CO<sub>2</sub> emissions by 1.2 million carbon dioxide equivalents (CO<sub>2</sub>e).

“The new facility is not only unique in Sweden, in all likelihood it will be the first plant in the world to produce biofuels from biomass and black liquor,” says Roger.



**“We will be able to produce biofuels using residues from our forestry operations and other industries.”**

**Roger Östlin**  
Technical Manager, SCA

“The plant will require approximately 25 hectares, 20 of which will be on existing land. The remaining 5 hectares will be reclaimed from the sea. This is also intended to stabilise to land area,” he continues.

While it will take several years to plan and implement a project of this magnitude, now that all of the permits are in place, the goal is now in sight.

### Proximity to raw materials

The location of the investment is due to the proximity to raw materials. The forest residues from SCA’s local forestry operations and other industries will be used in the manufacturing process. This means that logistical concerns will mostly revolve around the delivery of the biofuels produced at the plant. The symbiosis between the new biorefinery and the existing pulp mill will also provide additional environmental benefits.

Among other things, the pulp mill infrastructure will be utilised for supplying energy and treating process water, as well as for loading and unloading products and intermediate goods at the Östrand industrial quay.

SCA is currently working to create the preconditions for implementation.

“The basic engineering work is now beginning, during which we will review the plant in detail based on the prevailing conditions. This will involve dialogue with suppliers, costings and much else besides so that, eventually, we can reach the decision to build the refinery,” explains Roger.



# Recycled textiles for sustainable fashion

## – from Sundsvall to the world

Renewcell is building a textile-to-textile recycling plant on SCA Ortviken's industrial estate in Sundsvall. "This is the perfect location for the production of our unique, recycled material. It has the infrastructure, competence and, not least, access to a fantastic logistics chain. We operate on a global market and are highly dependent on efficient transportation," says Patrik Lundström, CEO of Renewcell.

**Text:** Kerstin Olofsson. **Photo:** Alexander Donka, Emil Nordin, Renewcell.

Renewcell is a Swedish company specialising in textile-to-textile recycling to produce new raw materials for the fashion industry. The company has a small production facility in Kristinehamn but will now be scaling up capacity through a billion-kronor investment in Ortviken.

"Society is already recycling many different types of materials, including paper, glass and plastic; however, there is barely any recycling of clothes, despite the enormous environmental impact of clothing manufacture. It is vital that we create a circular system of recycling within this area too and it is our intention to be a major player," says Lundström.



**"The unique thing about our product is that it maintains the same high quality as pulp from virgin fibres."**

**Patrik Lundström**  
Chief Executive Officer  
Renewcell

### Old clothes recycled

The raw material for Renewcell's manufacturing process is worn clothing and remnants from clothing manufacture. This is used to manufacture Circulose®, a 'dissolving pulp' product that the company's customers then use to manufacture

textiles such as viscose and lyocell. These materials are then used to produce new garments.

"By using Circulose®, we can significantly reduce the climate impact and carbon footprint of clothing manufacture compared to using new so-called virgin fibres. The unique thing about our product is that it maintains the same high quality as pulp from virgin fibres, making it ideal for manufacturing clothing from 100% recycled materials," explains Lundström.

Renewcell has collaborations with several global brands. Earlier this year, the first garments manufactured from Circulose® were launched in collaboration with H&M and Levi's.

"There is great and steadily increasing interest in sustainable textiles. The basic driving force comes from a new generation that is demanding fashion without a negative impact on the environment and climate."

### Half of Sweden's consumption

Preparations for the establishment at Ortviken have already started and it is planned to begin building in the new year. As long as the permit application process runs smoothly, the first deliveries of recycled textiles are expected to be shipped to customers during the first half of 2022.

"Once we reach full production we will be producing around 60,000 tonnes a year at Ortviken. This is equivalent to about half of Sweden's annual consumption of textiles," says Lundström.



Circulose® is a branded product manufactured by Renewcell from 100% waste textiles, such as worn-out jeans and production scraps.



Hundreds of millions of garments will be recycled at Ortviken every year. The finished product, Circulose®, is a material that significantly reduces the carbon footprint and environmental impact of clothing manufacture.

## About Renewcell

Renewcell was established in 2012 by researchers at KTH Royal Institute of Technology in Stockholm. The vision for this multi-award-winning textile-to-textile recycling company is to lead the way to a sustainable fashion industry by manufacturing high-quality materials from recycled textiles.

Renewcell has already signed an agreement for the sale of two thirds of its production to a Chinese company, one of the worlds largest manufactures of viscose fibres.

### Access to vital logistics infrastructure

SCA currently manufactures publishing paper at Ortviken but this production line will be decommissioned in the first quarter of 2021, when SCA will instead invest in manufacturing chemi-thermomechanical pulp (CTMP). This switch will free up space at Ortviken and Renewcell will be the first tenant. Renewcell sees significant benefits in building its new production plant here in particular.

“Our process is largely based on traditional paper and pulp technology so many of our needs are already met, including infrastructure and access to competent personnel. We will also be purchasing services such as steam and energy supply and water treatment via SCA,” says Lundström.

### Excellent logistics chain

Access to an efficient logistics chain was one of the deciding factors in Renewcell’s choice of location.

“We operate on a global market so efficient, sustainable transport is extremely important to us. We will need to ship 70,000 tonnes of raw materials to Sundsvall every year as well as 60,000 tonnes of Circulose® from Sundsvall to our customers around the world. The majority of this will be shipped in containers.”

Raw materials in the form of tightly compacted bales of textiles come primarily from continental Europe and North America. The finished product, Circulose®, is in the form of pulp sheets that are then baled so that they look exactly like pulp bales from the forest industry.

“Although two thirds of production will be shipped all the way to China, we also have customers in Europe, North America and other parts of Asia. Sweden may not be at the centre of global textile production but we are at the forefront of technical know-how and sustainability, so this is a good location for us. Cost-effective, environmentally friendly shipping allows us to compensate for the long distances to global markets,” says Lundström, who goes on:

“At Ortviken, we will have outstanding conditions with the nearby container port, the new logistics park and access to a logistics chain along which we can easily ship containers to ports all over the world. We will be collaborating a great deal with SCA Sourcing and Logistics.”

The future looks bright and Renewcell is already planning further growth. The goal is to be producing 360,000 tonnes a year by 2030.

“We want to make a real difference to the garment industry, which is in major need of a transition to more environmentally friendly processes and a circular economy,” concludes Lundström.





CTMP (chemical thermomechanical pulp) produced at Östrand pulp mill, with an annual capacity of 100,000 tonnes. The new plant at Ortviken will have an annual capacity of 300,000 tonnes of CTMP.

# SCA Ortviken invests in pulp production

SCA is investing SEK 1.45 billion in the manufacture of CTMP – a sustainable product with a bright future. At the same time, the company is discontinuing publication paper production. “This will mean a partly new product mix for our shipments and an opportunity to combine new customers and goods flows in an optimal manner,” says Nils-Johan Haraldsson, Vice President of Marketing and Business Development at SCA Sourcing & Logistics.

**Text:** Kerstin Olofsson.

Digitisation has led to steadily declining demand for publication paper, a development that has been accelerated by the coronavirus pandemic. As a result, SCA has decided to discontinue production and the paper machines will come to halt in the first quarter of 2021.

Instead, SCA will be investing in a product for the future that is in increasing demand: paper pulp.

An investment of SEK 1.45 billion will facilitate the transfer of chemical thermomechanical pulp (CTMP) manufacture from the Östrand pulp mill to Ortviken, where production capacity will be trebled. The current annual capacity at Östrand is 100,000 tonnes of CTMP, while the new plant at Ortviken will have a capacity of 300,000 tonnes. The transfer will also make it possible to increase kraft pulp production at Östrand.

## **Developing a robust industry around a renewable raw material**

“The investment cost at Ortviken can be kept down thanks to the fact that we can use the existing TMP equipment currently used to manufacture pulp for publication paper. Ortviken also offers facilities such as a cleaning plant and treatment plant that are necessary for the manufacture of CTMP,” says Pulp Business Area President Kristina Enander, who continues:

“We are making this investment because the CTMP market is growing, not only in Europe but also in Asia and the United States. This is one way for SCA to continue to develop a robust, sustainable and profitable industry around our renewable raw material – our large forest holding.”

CTMP is chemically pretreated thermomechanical pulp, which is both strong and soft and is used in the manufacture

of products such as liquid packaging board, tissue paper and hygiene paper.

“CTMP is especially suited to end products that require high bulk, absorbency and flexural rigidity. In collaboration with our existing customers, we have developed CTMP with a range of unique characteristics,” says Kristina.

CTMP production at Ortviken is expected to commence in 2023.

## **Hand in glove**

Unlike publishing paper, which is transported by Ro-Ro vessel, pulp is shipped in containers. This will mean a relatively major transition in SCA Logistics’ flow.

“That said, this development goes hand in glove with our planned growth, given the investment in the Port of Sundsvall and the emphasis on coordinating large volumes of container traffic. We see this restructuring as an opportunity to develop new business and new flows that can be optimally combined in both a southbound and northbound direction,” explains Nils-Johan, who goes on:

“By running large-scale container traffic through our terminals in Sundsvall and Umeå, we can offer cost-effective shipments and help our customers to strengthen the competitiveness on a global market.”

Access to stable, cost-effective logistics solutions is also crucial to SCA’s pulp sales.

“We use containers for shipments to Asia and the Middle East. Previously we have stuffed containers once the pulp bales arrive in Rotterdam but with increased container traffic we can stuff in Sundsvall, thus strengthening our competitiveness and service,” says Henning Ellström, Vice President for Sales & Marketing Pulp.





# Take off for a continued journey

Time to leave the challenging year of 2020 behind as we look forward to a prosperous 2021. We thank you all for your continuous support during this year. In 2021 we will continue to strengthen our network, develop our services and keep looking for new opportunities. Join us on the journey!

SCA Logistics – We sharpen your competitive edge  
[www.scalogistics.se](http://www.scalogistics.se)

