



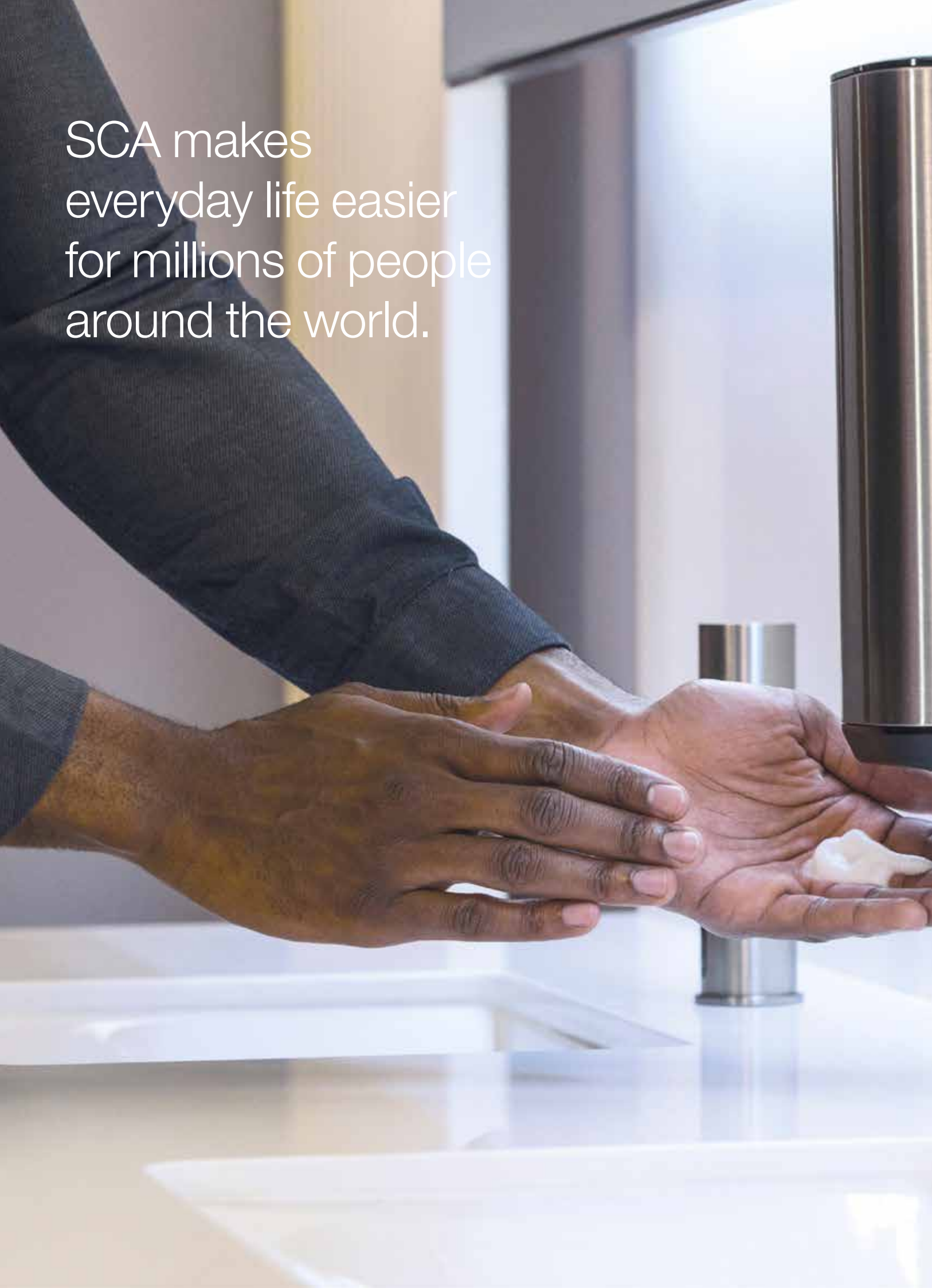
SCA
Care of Life



Annual Report 2015

500 million people worldwide
use SCA's products every day.

SCA makes
everyday life easier
for millions of people
around the world.





This is SCA

SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care, tissue and forest products.

PERSONAL CARE

SCA is a global leader in personal care and manufactures and sells incontinence products, baby diapers and feminine care products. Within these product segments, SCA also offers such products as wet wipes, soap, lotion, baby oil and cotton pads. The products are sold under SCA's global and regional brands, such as Libero, Libresse, Nosotras, Saba and TENA, as well as under retailers' brands. Distribution channels for the products are the retail trade, online sales, pharmacies and care institutions.



30%

of SCA's net sales for 2015

Read more about the Personal Care business area on pages 50–55.



TISSUE

SCA is a global leader in tissue and manufactures and sells consumer tissue and Away-from-Home (AfH) tissue. The consumer tissue product portfolio comprises toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins. In the consumer tissue segment, products are sold to retailers under SCA's own brands, such as Lotus, Tempo and Zewa, as well as under retailers' brands. In the AfH tissue segment, SCA develops and markets complete hygiene solutions, including tissue, soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products, service and maintenance for institutions and companies, under the globally leading brand Tork. Distribution channels for the products are the retail trade, online sales and distributors.



55%

of SCA's net sales for 2015

Read more about the Tissue business area on pages 56–61.



FOREST PRODUCTS

In the Forest Products business area, SCA manufactures and sells paper for packaging and print, pulp, solid-wood products and renewable energy. SCA is Europe's largest private forest owner and produces forest products with a strong environmental profile.



15%

of SCA's net sales for 2015

Read more about the Forest Products business area on pages 62–65.

SALES – SEK BN



SALES – NUMBER OF COUNTRIES



EMPLOYEES



BRANDS



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The year at a glance

2015 IN FIGURES

- Net sales rose 11% to SEK 115,316m (104,054).
- Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 5%.
- Operating profit, excluding items affecting comparability, rose 10% to SEK 13,014m (11,849).
- The operating margin, excluding items affecting comparability, was 11.3% (11.4%, 11.1% excluding gains on forest swaps).
- Profit before tax, excluding items affecting comparability, rose 11% to SEK 12,059m (10,888).
- Earnings per share amounted to SEK 9.97 (9.40).
- The return on capital employed, excluding items affecting comparability, was 12.0% (11.2%).
- The return on equity, excluding items affecting comparability, was 11.6% (11.9%).
- Cash flow from current operations amounted to SEK 9,890m (8,149).
- The Board of Directors proposes an increase in the dividend by 9.5% to SEK 5.75 (5.25) per share.

KEY EVENTS IN 2015

- To further intensify the focus on the Group's two main operations, SCA decided to initiate a dividing of the Group into two divisions: a Hygiene division and a Forest Products division.
- Decision to further enhance the hygiene organization. This change took effect on January 1, 2016.
- Decision to invest in a new production facility in Brazil for the manufacture of incontinence products.
- Decision to invest in increased capacity for pulp production at the Östrand pulp mill in Sweden.
- SCA qualified for inclusion in the Dow Jones Sustainability World Index and the Dow Jones Sustainability Europe Index, and was named industry leader in the Household Products sector.
- Decision to make a public bid on Wausau Paper Corp., one of the largest AfH tissue companies in the North American market. The transaction was completed on January 21, 2016.
- Decision to divest the business in Southeast Asia, Taiwan and South Korea for integration with Vinda. SCA is the majority shareholder in Vinda, one of China's largest hygiene companies.
- As part of the cost-savings program related to the acquisition of Georgia-Pacific's European tissue operations, a tissue production plant in France was closed.
- Decision to close down a newsprint machine at the Ortvikén paper mill in Sweden.

GROUP

Key ratios

	2015		2014	
	SEK	EUR ²⁾	SEK	EUR ²⁾
Net sales, SEKm/EURm	115,316	12,334	104,054	11,449
Operating profit, SEKm/EURm	10,947 ⁴⁾	1,171	10,449	1,150
Operating profit, SEKm/EURm ¹⁾	13,014	1,392	11,849	1,304
Operating margin, %	9		10	
Operating margin, % ¹⁾	11		11	
Profit before tax, SEKm/EURm	9,992	1,069	9,488	1,044
Profit before tax, SEKm/EURm ¹⁾	12,059	1,290	10,888	1,198
Profit for the year, SEKm/EURm	7,452	797	7,068	778
Profit for the year, SEKm/EURm ¹⁾	8,753	936	8,244	907
Earnings per share, SEK	9.97		9.40	
Earnings per share, SEK ¹⁾	11.82		11.07	
Cash flow from current operations per share, SEK	14.08		11.60	
Equity per share, SEK	107.35		103	
Dividend, SEK	5.75 ³⁾		5.25	
Strategic capital expenditures, including acquisitions, SEKm/EURm	-3,218	-344	-2,324	-256
Divestments, SEKm/EURm	329	35	206	23
Equity, SEKm/EURm	75,691	8,290	72,872	7,643
Return on capital employed, %	10		10	
Return on capital employed, % ¹⁾	12		11	
Return on equity, %	10		10	
Return on equity, % ¹⁾	12		12	
Debt/equity ratio	0.39		0.49	
Debt/equity ratio, excluding pension liabilities	0.36		0.42	
Average number of employees	44,051		44,247	
Number of employees at Dec. 31	44,000		43,772	

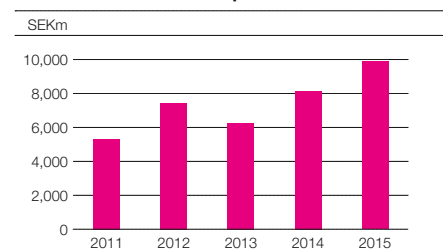
¹⁾ Excluding items affecting comparability.

²⁾ See footnote ¹⁾ on pages 84 and 88 for exchange rates.

³⁾ Proposed dividend.

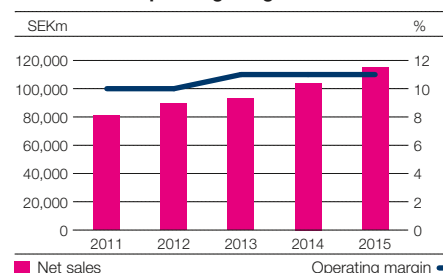
⁴⁾ Includes the sale of securities, SEK 970m.

Cash flow from current operations



2012 and 2013 restated in accordance with IFRS 10 and 11.

Net sales and operating margin



Excluding items affecting comparability.

2012 and 2013 restated in accordance with IFRS 10 and 11.

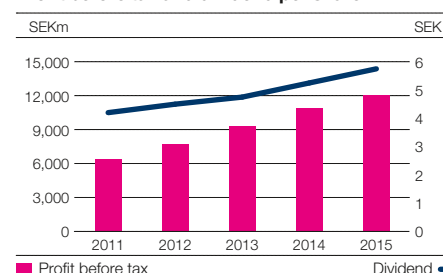
Group's largest markets



+10%

increase in operating profit in 2015, excluding items affecting comparability, compared with the preceding year.

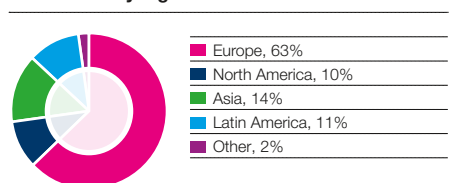
Profit before tax and dividend per share



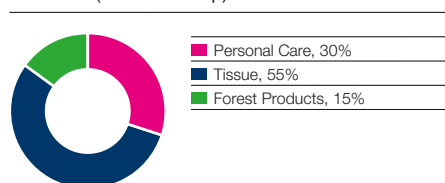
Profit excluding items affecting comparability.

2012 and 2013 restated in accordance with IFRS 10 and 11.

SCA's sales by region

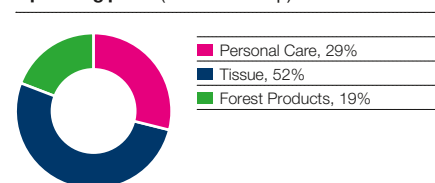


Net sales (share of Group)



Total Group: SEK 115,316m

Operating profit (share of Group)



Total Group: SEK 13,014m

Excluding items affecting comparability.

Enhancing a successful strategy

As a result of profitable growth, successful innovation work and efficiency improvements, we delivered favorable results in 2015, creating value for our shareholders, customers and employees. We also made several acquisitions and divestments, as well as deciding on substantial investments that will enable increased growth and profitability moving forward.



There is a growing awareness of the relationship between hygiene and health, as indicated by the UN's recently announced global development goals. Combined with a growing and aging population, this is creating greater demand for our products. At SCA, we are deeply committed to ensuring that our products make everyday life easier for millions of people around the world every day.

Organic sales growth in 2015 amounted to 5%. Operating profit, excluding items affecting comparability, rose 10% compared to the previous year and amounted to SEK 13,014m. Operating cash flow increased 16% compared to the previous year.

To further intensify the focus on the Group's two main operations, we decided to initiate a dividing of the Group into two divisions: a Hygiene division and a Forest Products division. During the year, we also continued to further enhance SCA's hygiene organization, which took effect on January 1, 2016.

Investments for profitable growth

During 2015, strategic investment decisions were made, for example, in Brazil, Sweden and North America.

Brazil is the third largest retail market worldwide for incontinence products. In an effort to expand our production capacity and improve our long-term profitability, we are investing in a new production facility in Brazil.

To satisfy the growing demand for pulp, we are investing SEK 7.8bn in increased capacity for pulp production at Östrand pulp mill in Sweden. The investment will enable us to double our pulp production while simultaneously creating a world-class mill in terms of cost-efficiency.

During the year, SCA made a public bid for Wausau Paper Corp., one of the largest producers of AfH tissue in North America. The acquisition of Wausau Paper is an excellent strategic fit for us and strengthens our presence in North America. The Wausau Paper product portfolio complements SCA's offering in North America and gives us access to premium tissue in the region. The acquisition was closed in January 2016.

Successful efficiency work

Our efficiency work continued, with a focus on the entire value chain. Considerable savings were achieved, for example, in material sourcing, distribution and production efficiency. As part of the cost-savings program related to the acquisition of Georgia-Pacific's European tissue operations, a production plant in France was closed during the year. The program was concluded at year-end, but we continue to see opportunities for efficiency improvement measures.

"We achieved favorable results in 2015 through continuous operational improvements and consistent strategy implementation focused on profitable growth, innovation and efficiency."

Innovations that benefit the consumer

Creative innovations and product launches are a top priority when it comes to delivering increased customer and consumer value, as well as reducing resource consumption in all stages of the value chain, which contributes to sustainable development and lower costs.

We introduced approximately 30 innovations and product launches during 2015. In the baby diapers segment, we launched Libero Touch, our most significant innovation in baby diapers since "Up & Go" 20 years ago. Libero Touch is a specially designed product that offers superior fit and softness never before seen on the market.

Customers and consumers are increasingly requesting digital solutions that simplify their day-to-day activities. In addition to offering products online, we are also working to digitize our solutions. The "Internet of Things" solutions from Tork are packaged under the name Tork Solutions. These products offer intelligent solutions for public spaces, which improve efficiency, quality and communication. Tork Solutions includes Tork EasyCube™, which provides facility managers with real-time information regarding visitor numbers and levels in soap and paper dispensers in washroom facilities, and Tork SmartFresh™, which is an automatic toilet system that keeps toilets clean and fresh. Tork Solutions provides information about cleaning requirements and what needs to be refilled, thus streamlining property operations for our customers and, most importantly, offering visitors a more pleasant experience.

Action to increase profitability

In emerging markets, our aim is to focus on fewer markets to ensure we are successful in capturing leading market positions wherever we decide to operate. Due to weak market positions and insufficient profitability, we exited the baby diaper markets in Brazil and South Africa and changed to an export business for baby diapers in Thailand.

In the forest products operation, we decided to close down a newsprint machine at Ortviken paper mill in Sweden as a result of declining global demand for publication papers and weak profitability. In addition, efficiency-enhancement actions were implemented at our kraftliner mills in Sweden.

Strengthened cooperation with Vinda in Asia

Since 2013, SCA has been the majority shareholder in Vinda, one of China's

largest hygiene companies. During the year, we decided to further strengthen our cooperation by divesting SCA's operations in Southeast Asia, Taiwan and South Korea to Vinda. This strengthens the collaboration between SCA and Vinda and enables us to leverage our joint strengths to build a leading Asian hygiene business.

Raising hygiene awareness

To increase awareness of the importance of good hygiene and break the taboos relating to incontinence and menstruation, we continued our collaboration with the UN Water Supply and Sanitation Collaborative Council (WSSCC), which commenced in conjunction with the participation of our female Team SCA in the Volvo Ocean Race. In May 2015, SCA and WSSCC participated in a seminar at the UN headquarters in New York. The seminar included a discussion on how the lack of washroom facilities and hygiene products impacts women's social role, and the importance of cooperation between the public and private sectors in this area.

Creating value for SCA and society

Corporate success is closely related to social challenges. The growing elderly population is one such challenge in which effective incontinence care can contribute to a solution. Using TENA Solutions, we conduct an extensive analysis of each nursing home's specific requirements in order to develop the optimal solution. This results in less leakage and skin irritation for care recipients, while at the same time freeing up more time for personnel and reducing the total cost. We create value for SCA, while also creating value for people and society.

In 2015, SCA qualified for inclusion in the Dow Jones Sustainability Indexes, one of the world's most prestigious series of sustainability indexes, and was named the industry leader in the Household Products sector. SCA also qualified for the Climate Disclosure Leadership Index, in which the Group gained the highest grade.

Ethics are another top priority and we carry out ongoing employee training in order to minimize the risk of unethical behavior in our operations. During the year, the competition authorities audited SCA's operations in various areas, including Chile. SCA cooperates with the authorities and provides all information requested. During 2015, we conducted extensive training in competition legislation, and I would like to underscore that all types of illegal collaboration – as well as other deviations from

our ethical rules – are totally unacceptable. Read more about our activities in this area in SCA's Sustainability Report.

Female Team SCA crosses the finish line

In accordance with SCA's work aimed at offering women equal opportunities as men, socially, professionally and educationally, SCA participated with the first female crew to compete in the Volvo Ocean Race in more than ten years – Team SCA – in 2014–2015. Several activities focusing on women were featured, at the same time as we had the opportunity to highlight SCA as a leading global hygiene and forest products company. The project was successful and thanks to Team SCA, we attained widespread exposure of the SCA brand and a distinct connection to our customer and consumer brands.

Conclusion

2015 was an eventful and dramatic year for SCA, starting with major changes in the Board of Directors and Executive Management Team. We achieved favorable results in 2015 through continuous operational improvements and consistent strategy implementation focused on profitable growth, innovation and efficiency. I would like to thank all of our employees and customers worldwide and I look forward to an exciting 2016.

Magnus Groth
President and CEO



SCA's work on value creation

SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care products, tissue and forest products.

Macro trends indicate increased usage of hygiene products

Global prosperity is on the rise, resulting in growing consumer demand for SCA's products and services. Once people's most basic needs for food and shelter are met, people begin to prioritize hygiene products. We are also undergoing population growth, which is resulting in greater demand for hygiene products, such as baby diapers, feminine care products and tissue. An aging population is also resulting in an increased need for incontinence products. Market penetration for incontinence products is largely low, thus providing SCA with excellent possibilities for continued growth in both mature and emerging markets. For other hygiene products, the relatively low level of market penetration in emerging markets entails growth potential.

Profitable growth

To achieve profitable growth, SCA works to grow profitable market positions, improve or exit underperforming positions, broaden its offering of product categories and expand integrated solutions and services. In the digital segment, SCA is investing in increasing the number of digital products and services as well as online sales. SCA is well-positioned to leverage the growth potential existing in both mature and emerging markets. SCA's long-term goal is to be a leader and strengthen its brand positions in the markets that it serves. SCA's ambition is to increase the emerging markets' share of sales and profit. In addition to organic sales growth, SCA sees a potential to also grow through acquisitions. Increasing the hygiene business's share of the SCA Group has been a strategic step toward reducing the company's sensitivity to economic fluctuations and thereby ensuring a more long-term stable level of profitability and growth.

Innovation

SCA's offerings simplify everyday life for millions of people worldwide. All of this begins and ends with innovation. By maintaining close proximity to our customers, understanding their needs and transforming this knowledge into offerings, SCA makes a difference in people's everyday lives. Our innovations drive growth and efficiency and are crucial when it comes to building our brands and meeting customer and consumer requirements. SCA introduced approximately 30 innovations and product launches in 2015.



Strong brands and leading market positions



SCA conducts sales in about 100 countries. In around 90 of these countries, SCA held the number one or two position in at least one hygiene product segment. SCA is the global market leader in incontinence products under the TENA brand and in the Away-from-Home (AfH) tissue segment under the Tork brand. Moreover, SCA has strong regional brands and market positions in baby diapers, feminine care and consumer tissue. SCA is working to establish a strong corporate brand and strengthen the link to our customer and consumer brands.

Employer branding – SCA as an employer

Talented, innovative and motivated employees are key to SCA's success. SCA takes a long-term and strategic approach to attracting, developing and retaining the right employees. The second round of the "SCA Go Program!", designed for newly graduated students, started in 2015. Individual development plans, leadership courses and employee surveys are important aspects of SCA's efforts toward a value-creating and motivating work environment with dedicated leaders and employees.

Efficiency

SCA continuously works to improve efficiency to strengthen SCA's competitiveness, cut costs and improve earnings. Cost and capital efficiency are top priorities in the Group and SCA is clearly focused on improving production and supplier efficiency and better leveraging economies of scale in order to achieve an effective supply chain.



Sustainability initiatives

SCA's operations are based on a sustainable business model where value creation for people and nature drives growth and profitability. We believe this approach ensures success both in the short and long term. SCA has set ambitious targets in the areas that are paramount for SCA and our stakeholders, such as in hygiene solutions, health and safety, climate and energy, water and biodiversity. Starting in 2016, the targets for water, health and safety, and fiber sourcing have been updated.



Creating value for our shareholders

To generate more value for our shareholders in the long-term, SCA has targets for organic sales growth, return on capital employed, capital structure as well as people and nature. These targets drive and govern the operations and are intended to increase shareholder value. SCA's target for annual organic sales growth for Personal Care is 5–7%, while the target for Tissue is 3–4%. For Forest Products, the target is to grow in line with the market. The Group's overall profitability target is to achieve a return on capital employed of 13% over a business cycle. The target is 30% for Personal Care, 15% for Tissue and to be in the top quartile of the industry for Forest Products. SCA aims to provide long-term stable and rising dividends to its shareholders.



Driving forces

Global macro trends, from population increases and higher standards of living to resource shortages and climate change, rapidly alter the conditions for SCA's business operations. By analyzing the external environment and trends, and maintaining close customer and consumer dialogs, SCA can leverage these drivers, thus enabling the creation of long-term sustainable growth.

Growing and aging population

The world's population is growing and aging. The current global population is more than seven billion and the UN predicts that this figure will grow to nine billion by 2050. The average life expectancy is increasing and the world's elderly population is expected to grow more than any other section of the population. This growing population is resulting in an increased

demand for hygiene products and thus creating favorable growth opportunities for SCA. The greatest population increase is expected to occur in Asia, Latin America and Africa, which means that having a presence in these markets and offering adapted products will be strategically important. An aging population will put more pressure on the elderly care sys-

tem and an increasing number of elderly people will require homecare. We are also becoming healthier and continuing to lead active lives at an older age. These factors are contributing to increased demand for customer and consumer-adapted incontinence solutions in both mature and emerging markets.



Higher standard of living

At the same time as the world's population is growing, the level of poverty in the world is decreasing. An increasing number of people now earn more than USD 2 per day (the UN's definition of poverty) or have moved into the middle class. Once people's most basic needs for food and shelter are met, health and hygiene become top priorities. This creates favorable growth opportunities, and SCA is working to develop business models for consumers with limited resources.

Health and hygiene

Limited or no access to hygiene and sanitation is one of the greatest global challenges to be resolved. Good hygiene and knowledge about hygiene and hygiene products improve people's health and quality of life. An attitude promoting better hygiene and health is a global trend. SCA continuously develops new hygiene solutions and educates young women about menstruation and puberty, as well as teaching children about the importance of good hand hygiene. For many women in developing countries, access to sanitary pads could mean the difference between going to school and work or being forced to stay home. Incontinence products enable elderly people to live more active and dignified lives.



A changing world

Globalization, urbanization, political decisions, the global economy, legislation and cultural dynamics all impact SCA. By trying to anticipate and assess structural changes in our external environment, we prepare for the future and ensure that we will be able to capitalize on the benefits and tackle the challenges that arise as a result of these changes. Economic power relationships are changing, and emerging markets such as China, India and Brazil are gaining increasingly important influence.



Changing customer/consumer behavior

Trends, technological developments and prevailing values cause customer and consumer behavior to change. Accordingly, the ability to anticipate and exceed customer and consumer expectations is becoming increasingly important.

- Sustainable consumption: Limited resources, political prioritizations and knowledgeable, aware customers and consumers are increasing demand for sustainable products and services.
- Digitization: Many purchases are now made online, which is changing the rules of the game, for example, when it comes to product development, marketing and

distribution. Customers and consumers are showing greater demand for digital solutions.

- The company behind the brand: More than ever before, customers and consumers are paying attention to the companies behind the products and services they buy and imposing greater demands on these companies in terms of corporate responsibility.
- Innovation: Highly innovative products, services and business models are required to respond to these changing behaviors.

Scarce resources

As a result of the growing global economy and world population, an increasing number of people are now sharing the planet's natural resources.

- Energy: Access to energy is a key issue. The International Energy Agency (IEA) predicts that the need for energy will increase by one-third by 2040, which will probably entail higher costs and, in some cases, an energy shortage. As a major energy consumer, this is an important issue for SCA and we continuously work to enhance our energy efficiency. New technology is not only resource-efficient, but usually also generates fewer emissions. SCA is also driving development in the area of renewable energy, including wind power and biofuel.

- Water: The UN predicts that two-thirds of the world's population may live in areas with water shortages by 2025. Access to water is critical for people, industry and agriculture. SCA's production operations are dependent on access to water and we are working to achieve our ambitious goals for efficient water usage.
- Forest management: Illegal felling and felling of forests with a high conservation value contributes to global deforestation and constitutes a threat to biodiversity. SCA has a Group target for checking the origin of all wood raw material. Forests are a key component in our value chain and provide us with access to forest raw materials.

- Human capital: The economic progress of the world's emerging markets and increasingly knowledge-intensive business in mature markets are resulting in a growing need for skilled labor and management. At SCA, we invest in the development and training of our employees and take a strategic approach to meeting our future requirements for competent leaders.



Climate changes

Climate change is one of the most critical environmental and social issues facing the world today. Authorities are setting targets to reduce CO₂ emissions, and the private sector is expected to play its part. SCA combats climate change by investing in new technology, efficiency enhance-

ments, and biofuel and wind power initiatives. Our forests have an annual net growth of 1%. This means that our forests absorb 2.6 million tons of carbon dioxide each year, which exceeds the emissions generated through the total use of fossil fuels in SCA's production operations.

Our crossroads

Areas that are important to the Group's stakeholders serve as the basis for our priorities.

Our materiality analysis highlights the issues that are significant to SCA and our stakeholders. It forms the basis of SCA's strategy and sustainability program. The analysis is based on a survey of 1,100 internal and external stakeholders.

Earlier materiality analyses were conducted by SCA in 2008, 2010, 2012 and 2013. The results of the 2015 materiality analysis show that our stakeholders consider the following areas most important:

1. Innovation
2. Customer and consumer satisfaction
3. Business ethics
4. Transparency
5. Health and Safety

Other key areas are human rights, resource efficiency, forest assets, corporate governance and product safety. A total of about 1,100 customers, consumers, suppliers, investors, analysts, journalists, NGO representatives and SCA employees participated in the analysis. The stakeholder groups' results have been weighted to provide a more balanced view of the results. Innovation was ranked highest in an overall assessment of all of the stakeholders' results. Investors and analysts listed innovation as the most important issue, while customers and consumers ranked customer and consumer satisfaction as most important, and innovation as second most important. SCA employees felt that health and safety were most important, followed by customer and consumer satisfaction and innovation. In comparison with the 2013 materiality analysis, health and safety together with human rights ranked higher in 2015, while product safety and brands were ranked lower.

1 INNOVATION was ranked as the overall most important area by the Group's stakeholders. Innovation is one of SCA's three strategic priorities. By maintaining close proximity to our customers and consumers, understanding their needs and transforming this knowledge into products and services, SCA makes a difference in people's everyday lives, which in turn strengthens the company's market positions and brands.



2 CUSTOMER AND CONSUMER SATISFACTION received the second highest ranking by the stakeholders. Customer understanding and consumer insight determine the innovations that are developed by SCA and how finished products and services are delivered to the market.

A dialog with consumers is conducted through focus groups, in-depth interviews and other alternatives.

A great deal can be learned from SCA's sales representatives and SCA performs regular customer satisfaction surveys. Insight is also gained into the needs of consumers and their perceptions of our products by following the discussions on such websites as www.libero.com and www.girls1st.se and on social media.



3 BUSINESS ETHICS are also considered highly important by the stakeholders. Free and fair competition is an important cornerstone in every society, and for every sustainable business operation. SCA has zero tolerance for all forms of corruption and unethical business practices and expects its suppliers to adhere to the same rules as SCA, in accordance with SCA's Global Supplier Standard. SCA has a long-standing training program for employees who, during the course of their work, encounter and require extra expertise when it comes to issues concerning competition law. As part of the program, employees receive written guidelines and an opportunity to participate in recurring training seminars in small groups, during which various relevant issues are discussed. During the year, SCA also introduced a new, interactive e-learning program addressing all areas of competition law. To ensure that employees understand all of the rules and regulations, the program also includes a section in which they must answer various questions. More than 2,000 employees completed this program in 2015, and more will be trained in 2016. SCA offers its employees a number of channels for reporting potential breaches of the Code of Conduct, such as through their line manager, HR Director, legal counsel or union representative. In 2015, SCA made further improvements in the process for investigating reports and potential violations, such as development of new guidelines and training, to ensure all reports are handled in a correct, professional and efficient way.

Customers and consumers

SCA is there for our customers and consumers. To understand their needs and expectations and how we at SCA best can meet these with our offerings, we engage in a continuous dialog with customers and consumers. Customer understanding and consumer insight determine the innovations we develop and how we formulate and carry out our business strategy.

Who are we there for?

SCA's operations interact with numerous different customers, markets and needs. Put simply, our products and services are there for customers, consumers and users. Customers are companies that buy SCA's products and services, for example, restaurants, construction companies, care providers, pharmacies or retailers. Consumers and users are the individuals who use our products. For example, a teenager who buys feminine care products at the supermarket, caregivers or residents at care facilities who use our incontinence products or a do-it-yourselfer who buys timber at a building materials supplier.

Understanding and insight

Customer understanding and consumer insight are at the core of what SCA develops and how it delivers innovations to the market.

Customers' needs influence the ideas we generate, which are then developed into finished products or services for the market. We monitor macro trends to identify changes in behavior and observe consumers' and customers' actual behavior. This is realized in a number of ways, including home visits by SCA, inviting focus groups to meetings and through in-depth interviews. Many valuable insights and ideas are identified in dialogs with SCA's sales representatives. We also gain insight into consumers' lives and perceptions of our products by following the discussions on our own websites, such as www.libero.com and www.girls1st.com, and on social media.

SCA's global presence means that we attempt to meet the needs that many people share. At the same time, SCA adapts products and services to local needs and cultures. For example, this

could apply to the packaging design or the appropriate colors for differing cultures. While Scandinavians prefer unscented products, scented products are appreciated in countries like Mexico and Italy.

Customer surveys as a tool for improvement

Customer feedback is important to be able to offer better products and solutions and every business unit has methods to investigate customer satisfaction.

The hygiene operations conduct a systematic customer follow-up. This includes both external reports and our own surveys. For example, SCA introduced a global system of customer follow-up in the incontinence products and tissue operations. These reports are important as decision support for SCA and provide an indication of customer satisfaction and improvement potential, for example, by providing a "Net Promoter Score."

In addition to products, SCA delivers crucial knowledge and support in the development of operations at such institu-

tions as nursing homes and, accordingly, highly values opportunities for direct customer contact. By so doing, we can make a difference and create value for our customers and users.

The retail trade accounts for a significant part of SCA's sales. The Group uses external comparison reports where the largest retail chains assess their suppliers based on such criteria as customer service, logistics, sales support, marketing and product development. Consumers who purchase retail products are followed up through general brand and product recognition surveys.

Unsatisfied customers

SCA has established procedures for managing customer complaints. All information received by the our customer service team is entered into SCA's global business system. We always try to compensate unsatisfied customers directly and determine whether a need exists for further measures beyond the individual case. For example, production personnel receive feedback to determine whether a production fault was the underlying cause.

The users' complaints and opinions provide valuable consumer insight and it is important that the knowledge gathered is transferred to the organization.



Continuous dialog with customers and consumers provides understanding and insight

Insight into and understanding of people's needs and behaviors are fundamental to SCA's innovations. We pursue a continuous dialog and interact with the market, where customer and consumer feedback forms the basis for new insights. Being receptive, available and reliable are our catchwords.

Tork EasyCube enhances visitors' experience

At Gröna Lund Amusement Park in Stockholm, Sweden, visitor experience is everything and a good impression of the park's washrooms is an important part of this experience. Tork EasyCube™ has not only increased visitor satisfaction, but also helped the park's caretakers do a better job. Tork EasyCube™ is an IT-based service that streamlines cleaning in public spaces, including washrooms. It provides real-time data on paper and soap consumption, and measures the number of visitors, giving an accurate overview of when and where toilets need to be cleaned and dispensers need to be

refilled. Gröna Lund was one of the first customers to start using Tork EasyCube™. Read the customer comments from Dragica Novacic, park support manager at Gröna Lund:

What has been your experience so far after installing Tork EasyCube?

From an operational perspective we see clear efficiency benefits. For example, installation of Tork EasyCube has eliminated unnecessary inspections of soap and paper dispensers, which saves time. We fill the empty dispensers at the right time, saving time in transportation and helping us to improve the level of service. Now our park caretakers only need to go to those washrooms that need cleaning or refilling. They now know exactly what needs to be refilled where and when, help-



ing to improve the visitors' experience while being more efficient.

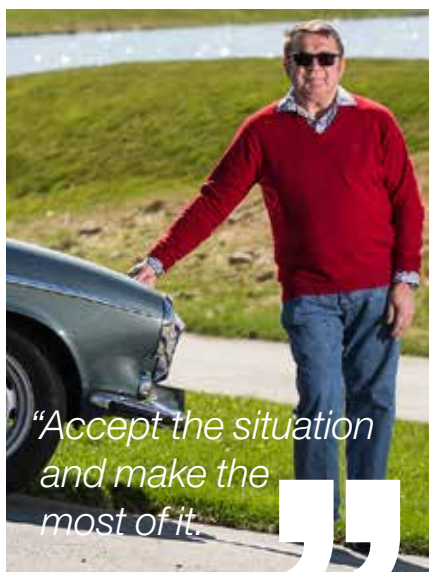
Has this improved visitor satisfaction?

Visitor experience is crucial for Gröna Lund, and this applies to the visitors' perception of the washrooms as well. We have seen visitor satisfaction improving, the washrooms are cleaner and there is always sufficient soap and paper available which was not always the case in the past, according to previous visitor feedback. Tork EasyCube offers better visibility of the flow of visitors and which washrooms

TENA Men enables a continued active lifestyle

Incontinence is surrounded by social taboos. SCA works diligently to challenge these taboos and improve the lives of people suffering from incontinence. This work includes the development of products that simplify everyday life, as well as lending knowledge and information. Read about one of our consumers:

Six years ago, Jörgen Pihl had an operation for prostate cancer. Like many others, he was affected by incontinence problems after his surgery.



"Incontinence does not directly prevent me from doing things, but everything has to be more carefully planned. Whenever I go somewhere new I check if there is a washroom and where it is located. By taking preventive measures, I've managed to avoid an accident while out," Jörgen tells us.

In addition, he always uses a pad. Jörgen takes out an extra pad that he usually keeps in his coat pocket and places it on the table.

"I want a small pad. I don't know whether it's true, but I think that a larger pad would be visible. This is usually sufficient. I always have an extra one with me, just in case. And I always wear jeans these days."

are used most frequently, which in turn helps us to guide visitors to other less frequented washrooms in the area.

How has this impacted your team of caretakers responsible for the washrooms?

Tork EasyCube's benefits in terms of efficiency have had a positive impact on our own organization. More employees want to be part of the team caring for the washrooms. Tork EasyCube allows us to better manage our time and people, resulting in a more efficient workflow, which gives us more control over the daily tasks and reduces unnecessary stress. The system is easy to operate and the tablet gives us all the information needed

at the right time. Our caretakers also feel they are providing a better quality service and they instantly see the results of their efforts. There are ergonomic benefits as well. Park caretakers visit only those washrooms that require refilling or cleaning and this further eliminates unnecessary lifting, bending or other activities that could otherwise impact them.

Have there been any cost benefits?

It has helped us to optimize our portfolio for washroom products and the new dispensers have enabled us to reduce soap and paper consumption. Tork EasyCube has helped us achieve greater efficiency, satisfied employees and an improved experience for the visitors.



The amusement park Gröna Lund in Stockholm uses Tork EasyCube.

40,000 Tork dispensers

As of 2015, automobile manufacturer BMW uses paper towels, toilet paper and soap as well as 40,000 Tork dispensers in the sanitary facilities in all its German and Austrian sites. This means that the plants have a uniform hygiene solution that gives customers and employees a consistent and familiar setting while simultaneously improving hygiene conditions.

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

BMW tested a variety of suppliers and products before ultimately choosing SCA. Combined with lower consumption and cost, high product quality and service level SCA's sustainability profile was a decisive factor for the collaboration.



Incontinence came as a shock.

"I had no idea. No one told me that incontinence and impotence are common side effects of prostate cancer surgery," explains Jörgen. "Initially, I had great difficulty accepting the situation and I was ashamed. A grown-up man should be able to control his bladder."

"Incontinence is like having a stone in your shoe you can't get rid of."

With time, it has been easier to accept and the feeling of shame has passed.

"Were I to advise others who suffer from this, it would be to try to accept the situation and still make the most of it."



During 2015, TENA Men relaunched its entire range in order to better meet the needs of men.

SCA's strategy

SCA is a leading global hygiene and forest products company. SCA's strategy is based on a sustainable business model where value creation for people and nature is a condition for growth and profitability to ensure a successful company in both the short and long term.

Mission:

"To sustainably develop, produce, market and sell increasingly value-added products and services within hygiene and forest products markets for customers and consumers. Satisfying needs through understanding of customers and consumers, knowledge of local and regional market conditions and superior go-to-market approaches, combined with global experience, strong brands, efficient production and innovation."

Targets:

SCA's overall long-term objective is to generate increased value for our shareholders.

Return on capital employed

The Group's overall profitability target is to achieve a return on capital employed of 13% over a business cycle. The target is 30% for Personal Care, 15% for Tissue and to be in the top quartile of the industry for Forest Products.

Growth

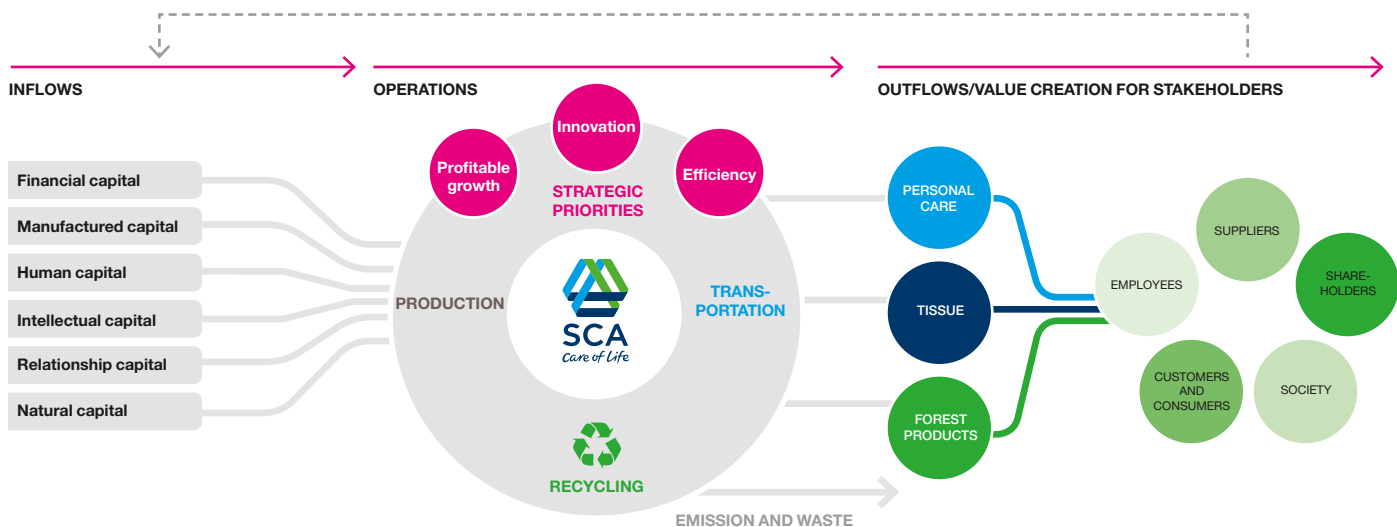
SCA's target for annual organic sales growth for Personal Care is 5–7%, while the target for Tissue is 3–4%. For Forest Products, the target is to grow in line with the market.

Strategic priorities

PROFITABLE GROWTH

Profitable growth through growing profitable market positions, improving or exiting under-performing positions, broadening its offering of product categories and expanding integrated solutions and services. In the digital segment, SCA is investing in digital products and services as well as increasing online sales.

Integrated business model



Capital structure

SCA's target is to have an effective capital structure at the same time that the long-term access to debt financing is ensured. Cash flow in relation to net debt shall take into account the target to maintain a solid investment grade rating.

People

SCA's people targets relate to people & nature innovations, hygiene solutions, Code of Conduct and employee health & safety.

Nature

SCA's nature targets focus on climate & energy, fiber sourcing & biodiversity and water.

TARGETS AND OUTCOME ON PAGES 30-33 ▶

INNOVATION

Innovation to increase customer and consumer value, strengthen our market positions and brands, and drive profitable growth.

EFFICIENCY

Efficiency to strengthen SCA's competitiveness, cut costs and improve earnings.

READ MORE ABOUT THE STRATEGIC PRIORITIES ON PAGES 18-27 ▶



Strategic
priority

Profitable growth

To achieve profitable growth, SCA works to grow profitable market positions, improve or exit under-performing positions, broaden its offering of product categories and expand integrated solutions and services. In the digital segment, SCA is investing in digital products and services as well as increasing online sales. SCA is well-positioned to leverage the growth potential existing in both mature and emerging markets. SCA's long-term goal is to be a leader and strengthen its brand positions in the markets that it serves. SCA's ambition is to increase the emerging markets' share of sales and profit. In addition to organic sales growth, SCA sees a potential to also grow through acquisitions. Increasing the hygiene business's share of the SCA Group has been a strategic step toward reducing the company's sensitivity to economic fluctuations and thereby ensuring a more long-term stable level of profitability and growth.



New production plant in Brazil

In 2015, SCA decided to invest approximately SEK 650m in a new production plant for incontinence products in Brazil. The investment will increase SCA's production capacity and improve SCA's profitability for incontinence products in Brazil in the long term. Brazil is the third largest retail market in the world for incontinence products and SCA is now the second largest company in the country with its global leading brand TENA and the local brand Biofral.

Investment in increased pulp capacity

To satisfy the growing demand for pulp, SCA decided in 2015 to invest in increased capacity for pulp production at Östrand pulp mill in Sweden. Over time, the investment will increase sales and competitiveness and create a world-class cost position and higher margins. The investment will amount to about SEK 7.8bn over a three-year period. Production is expected to commence in 2018.

North American Away-from-Home tissue acquisition

In 2015, SCA made a public bid on Wausau Paper Corp., one of the largest AfH tissue companies in the North American market. The acquisition of Wausau Paper is an excellent strategic fit for SCA and strengthens SCA's presence in North America. The Wausau Paper product portfolio complements SCA's offering in North America and gives SCA access to premium tissue in the region. The acquisition is expected to generate annual synergies of approximately USD 40m, with full effect three years after closing. The restructuring costs are expected to amount to approximately USD 50m. The transaction was completed on January 21, 2016.

Strengthened cooperation with Vinda in Asia

Asia is an important growth market for SCA with a large population and low penetration of hygiene products. In 2015, SCA decided to divest its business in Southeast Asia, Taiwan and South Korea for integration with Vinda. Since 2013, SCA has been the majority shareholder in Vinda, one of China's largest hygiene companies. This transaction strengthens the collaboration

between SCA and Vinda and enables us to further leverage the companies' joint strengths to build a leading Asian hygiene business.

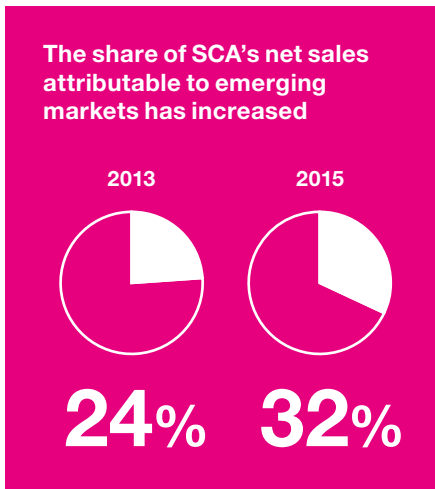
Addressed areas with weak profitability

In 2015, SCA addressed areas where the Group has weak profitability and weak market positions. Last year, SCA exited the baby diaper markets in Brazil and South Africa and changed to an export business for baby diapers in Thailand.

Outcome 2015

Net sales rose 11% to SEK 115,316m (104,054). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 5%, of which volume accounted for 3% and price/mix for 2%. Organic sales growth was 2% in mature markets and 11% in emerging markets. Emerging markets accounted for 32% of sales.

Operating profit, excluding items affecting comparability, rose by 10% to SEK 13,014m (11,849).



SCA provided training for 33,000 nurses worldwide in incontinence and skincare in 2015.

Strategic
priority



Together with the launch of TENA Men Protective Shield, a new commercial was released featuring the fictive, fearless and active gentleman Stirling Gravitas in the lead. It is the second commercial starring Stirling introduced with the Keep Control campaign in spring 2015.

Innovation

SCA's offerings simplify everyday life for millions of people worldwide. All of this begins and ends with innovation. By maintaining close proximity to our customers and consumers, understanding their needs and transforming this knowledge into products, SCA makes a difference in people's everyday lives.

SCA's innovation process is deeply embedded in the Group's strategy and business model. Innovation activities are based on market trends, customer and consumer insight, new technology and new business models. SCA also takes sustainability aspects and product safety into consideration throughout the process. SCA's presence in both mature and emerging markets provides a good understanding of trends and needs.

All innovation starts with an insight

All of SCA's innovation work starts with an insight about a customer or consumer need. This insight will guide the innovation work on how to improve existing products, satisfy new needs and build

our brands. With leading brands such as TENA, Tork, Libero, Libresse, Lotus, Nosotras, Saba, Tempo, Vinda and Zewa, improved product performance is essential for ensuring attractive offerings and strong brands.

Innovation drives growth and profitability and is one of the company's three strategic priorities.

Innovation creates value for our business by increasing customer and consumer satisfaction and cutting costs. One of the aspects the innovation teams take into account is to improve efficiency, for example in how we use raw materials and optimize transportation. This means both lower environmental impact and lower costs. Innovation is also paramount in our marketing in order to find new ways to market our offering.



Inspiration and a lot of hard work

Innovation work is supported by SCA's innovation teams across the globe and a well-developed innovation culture. SCA's strategy is to increase the pace of innovation, capitalize on global economies of scale and ensure that all segments have a competitive and balanced portfolio of innovations. Particular focus is given to exploring the possibility of broadening the product portfolio and expanding the range of services.

Every day, numerous employees are involved in innovation at the company. Their work requires insight, inspiration, creativity, systematic development and risk taking – and a lot of hard work and discipline.

To further harness our employees' creativity and good ideas, SCA has created an internal innovation platform. It can be used during all stages of a project to ask for help with solutions and find people with the right expertise. SCA also encourages

open innovation – meaning cooperation with external parties. Open innovation is an important part of the innovation process and offers a number of benefits, such as providing input from adjacent industries, speeding up development processes and cutting costs.

In 2015, SCA introduced approximately 30 innovations and product launches and applied for 54 patents.

When looks matter – from insight to the new Tork Image Design™

A solid customer insight showed an existing need for a new dispenser line for customers where looks matter. A design brief was developed identifying the key criteria for this new dispenser line: a pure material, discreet, elegant and smooth lines that blend into interiors without taking over, while at the same time enhancing the visitor's overall experience of the establishment.

The initial feedback was positive and showed we were on the right track to move the project into the development phase. We started by developing engineering concepts, reviewing drawings, identifying and building relationships with potential suppliers and validating tools before starting up production. In parallel, the communication and go-to-market plans were outlined, anchored and executed together with the business units.

This customer insight resulted in a merger between form and function, delivering a beautifully designed and complete range of washroom dispensers to our image-conscious customers.



„Cleanliness is vital to my business – the customer's perception of our kitchen is based on their visit to the washroom. Design is an important part of a washroom upgrade, but it has to blend in with our overall style.”

Per Bengtsson, founder of the restaurant PM & Vänner in Växjö, Sweden, user of Tork Image Design.

Innovations strengthens our brands



Tork Image Design™ is an elegantly designed and complete range of washroom dispensers with smooth surfaces and clean lines for customers who want their interior facilities to reflect the company's image. The dispenser line has a brushed stainless steel exterior featuring anti-fingerprint protection.

Digital products

TENA Identifi™ is an innovation with sensor technology that automatically captures data about individual voiding patterns, both daily patterns and volume during a 72-hour period. After three days' observation, the care staff can discern a pattern for the patient in terms of frequency and volumes that provides entirely new opportunities to determine a continence plan and apply incontinence products as necessary. TENA Identifi™ has been designed according to an expressed need among SCA's customers in elderly care and SCA thereby supports customers by addressing higher demands for active continence care. The value is both financial and qualitative; the care staff receives a clear basis for improving work and the individual a more dignified life. TENA Identifi™ was launched in 2013.



The Internet of Things solutions from Tork are packaged under the name **Tork Solutions**. The common denominator is that they offer intelligent solutions for public spaces, including washrooms, that improve efficiency, quality and communication. Tork Solutions includes both **Tork EasyCube™** and **Tork SmartFresh™**. Tork EasyCube™ analyzes real-time data about the number of visitors and levels in dispensers so that caretakers know what needs to be refilled and where cleaning is needed. This makes their work more efficient, offers a better work situation and more satisfied customers. Tork SmartFresh™ is an automatic toilet system that keeps toilets clean and fresh, makes cleaning easier and faster, and delivers real-time data to facilitate more effective cleaning. Tork SmartFresh™ also offers an innovative and effective communication channel that can generate income. Tork EasyCube™ and Tork SmartFresh™ were launched in 2014.



lights™ by TENA Ultra Towels Normal and Ultra Towels Normal with Wings are specially designed to deal with little leaks. Their FeelFresh™ technology quickly absorbs and locks in liquid and odors to provide a dry and fresh feeling.



Our strong brands



SCA provides products and solutions that make everyday life easier for people. We are proud that many of our 80 customer and consumer brands around the world hold a number one or two position. Listening to our customers and consumers and developing innovations that meet their requirements and needs, strengthens our brands and is a key part of our success.

SCA was founded in 1929 but the company's roots stretch back to 1673 when an industrial business was started in northern Sweden. Every day we challenge ourselves

with the ambition to exceed the expectations of our customers and consumers. We strive to find new ways to solve many of life's everyday challenges so that people can have a better and more sustainable lifestyle.

In today's connected world, a leadership position is more than market shares. It is also about inspiring confidence and being able to trust a company and its products. SCA will never take this confidence for granted and we are always striving to improve.

With innovative and sustainable products that fulfil the needs of our customers and consumers we develop strong brands and provide added value to our stakeholders. Moreover, customers and consumers need to feel safe that behind every brand there is a strong and trustworthy company.

For several years, SCA has transformed as a company and is today a leading global hygiene and forest products company. SCA's participation with its female Team SCA in the Volvo Ocean Race 2014–2015 is among the activities that have had profound impact on building our brand. The project was a part of the endorsement strategy to more strongly connect our corporate brand with our customer and consumer brands around the world.

The Team SCA project gave us a unique global marketing platform that enabled SCA to showcase our commitment to empowering women around the world. It was the first time in over ten years that a female team participated in the race. Team SCA's participation in the world's toughest ocean race inspired women



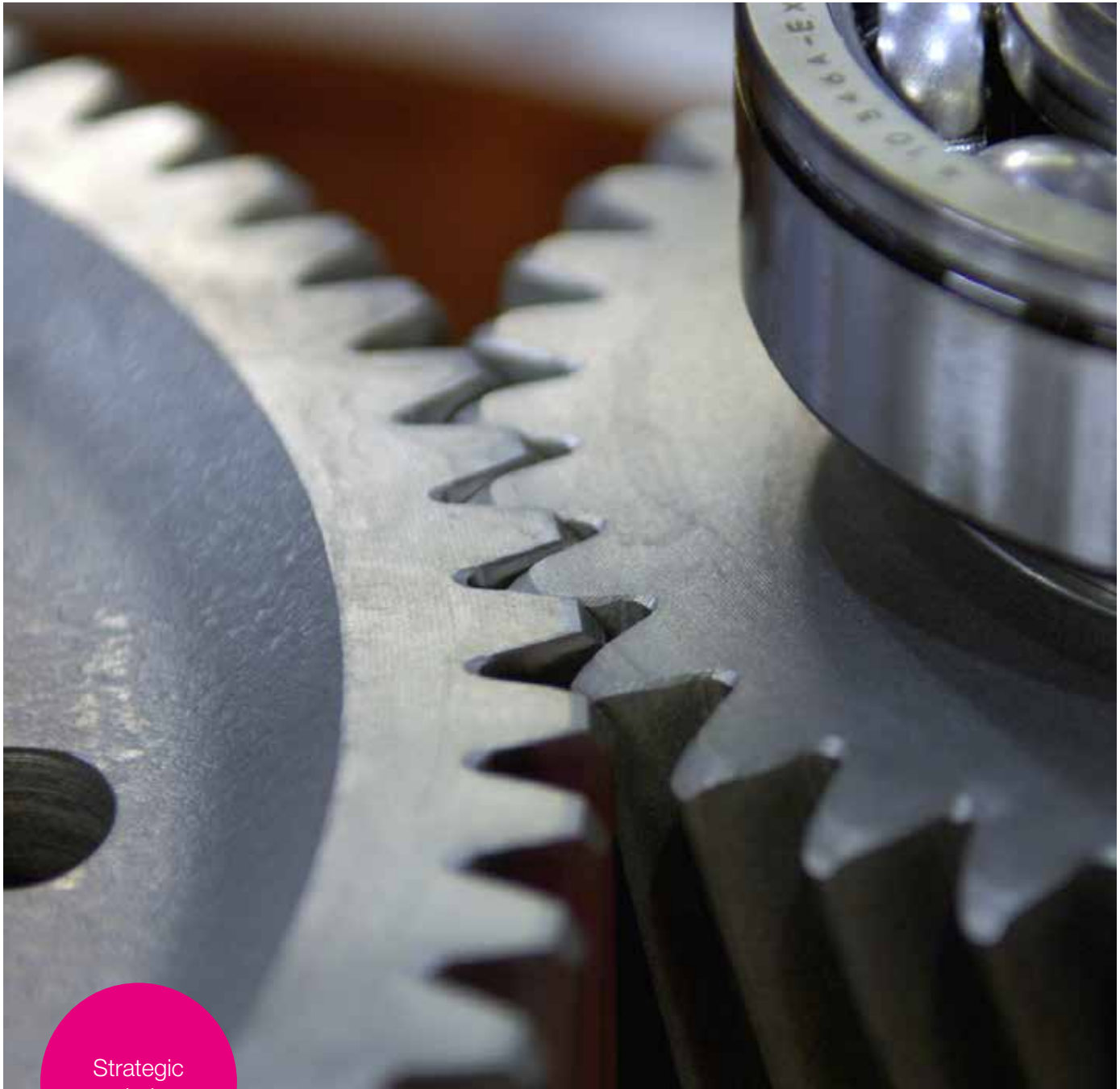


and men around the world to pursue their goals and dreams. The participation also served as a platform to strengthen SCA's reputation as an innovative and sustainable company with the ambition to elevate the standard of hygiene in the world. To do so, hygiene seminars, hygiene courses and CSR activities, such as planting trees, were carried out.

While the project has come to an end, SCA continues its brand journey. Through our daily efforts, we showcase how hygiene affects health and, through this work, make it easier for people to build better lives. We continue to break-down the taboos around hygiene that may jeopardize the health of millions of people and women in particular. Toward this end, SCA produces the Hygiene Matters

Report, a global insight report aimed at raising around the world awareness about and the link between hygiene and health. The latest report was launched together with Team SCA in the Volvo Ocean Race and was presented by SCA in conjunction with the stopovers. On several occasions, seminars were held together with the UN organ WSSCC, Water Supply and Sanitation Collaborative Council, to discuss the importance of hygiene and sanitation so that women can play a part in building society. Hygiene Matters also addresses hygiene initiatives from SCA such as information and training in schools, workplaces and hospitals. Through all these activities SCA builds its brand while simultaneously creating value for people and nature.





Strategic
priority

Efficiency

SCA continuously works to improve efficiency to strengthen the Group's competitiveness, cut costs and improve earnings. A more effective supply chain can be achieved by improving production and supplier efficiency and better leveraging economies of scale. Enhanced capital efficiency, lower costs and strengthened cash flow are achieved through efficiency enhancement and savings measures, as well as the optimization of capital employed in all parts of the

Group. Establishing more efficient production and processes strengthens the Group's competitiveness and enables SCA to improve its customer service and customer satisfaction. In most cases, this also results in positive environmental effects. Global functions in the hygiene operations relating to such areas as innovation and brand activities, as well as production, sourcing and logistics, generate cost synergies and enable efficient resource allocation.

Acquisition of Georgia-Pacific

The cost-savings program related to the acquisition of Georgia-Pacific's European tissue operations was completed at the end of 2015. The savings pertained to production, sourcing, logistics, sales and administration. As part of the cost-savings program in 2015, SCA closed a tissue production plant in France. Savings in 2015 amounted to approximately SEK 930m.

Efficiency improvement measures within Forest Products

The global demand for publication paper has declined during several years, primarily for newsprint, and SCA's Ortviken paper mill in Sweden has reported weak profitability. Consequently, SCA closed down a newsprint machine at the Ortviken paper mill and recognized an impairment loss for the mill in 2015. Ortviken remains one of the world's largest publication paper mills and has the prerequisites to be one of the most competitive. Efficiency improvement measures are being implemented at the kraftliner mills in Obbola and Munksund in Sweden. The closure, impairment loss and efficiency improvement measures entail total costs of approximately SEK 1.4bn and will result in annual cost savings of about SEK 180m, of which approximately SEK 120m is attributable to lower depreciation, with full impact in 2017.

Global Safety Week

SCA's aim is zero workplace accidents. To reinforce behavior in relation to safety awareness and thereby further reduce the number of workplace accidents, SCA held a global safety week for the first time in 2015. The purpose of the week is to direct more focus on the physical work environment, and to promote a culture where safety comes first and where there is substantial awareness of safety rules in order to reduce the number of workplace accidents.



"DAD, WORK SAFELY SO YOU CAN COME HOME AND PLAY BALL WITH MOM AND ME."

Emma and Amanda Harville, Daughter and wife of Nathan Harville, Barton – USA

Our aim is zero workplace accidents.
That's why we are holding the **Global Safety Week** –
an SCA initiative for maximum safety at work.
Be part of it!

SCA
GLOBAL SAFETY WEEK
2015

Sustainability

Good for society and good for SCA

Long-term value can only be created if companies simultaneously create value for their operating environment. By turning social challenges into business opportunities, SCA creates the conditions for profitable growth.

2015 was a year with a global sustainability focus. The UN adopted 17 Global Goals Sustainable for Development and the UN COP 21 climate change conference in Paris saw the global community agree to limit the global temperature rise to 1.5 degrees Celsius. Meeting these commitments will require new ways of working and cross-border cooperation – a transition in which the business community will play a key role. Both the global sustainability goals and the climate agreement have direct links to SCA's business, mainly in terms of health and well-being, water and sanitation, energy and climate, and sustainable consumption.

SCA creates value that encompasses economic, social and environmental dimensions, which SCA's incontinence care offering is a good example of. These individually designed solutions free up time for caregivers and relatives, while also reducing the amount of laundry and waste generated. If people can work, or receive care at home instead of at an institution, costs to society are substantially reduced. But most importantly, people are able to enjoy a better quality of life and live more active lives.

About the Sustainability Report

SCA publishes a Sustainability Report each year. The Global Reporting Initiative (GRI) G4 core guidelines are applied in the report and a detailed GRI index table is available at www.sca.com. The Sustainability Report was reviewed in its entirety by PwC.

SCA's Sustainability Report is available in English and Swedish in a printed version and at www.sca.com. The Sustainability Report is also SCA's Communication on Progress, a document required of all Global Compact signatories.

The Sustainability Report and the Annual Report should be viewed as a single unit in which information may be provided in either report or, where appropriate, in both. Read more at www.sca.com or in SCA's 2015 Sustainability Report.



Hand washing is an effective and cheap way for society to prevent the spread of disease. We conduct regular educational initiatives in hand washing and during the year, SCA and Vinda implemented a program in China. The program used the "Ella's hand washing adventure" app to teach preschoolers and households about the importance of hand hygiene.

Global warming is one of the most serious problems in the world today, and SCA is committed to finding climate-change and energy-efficiency solutions. We constantly endeavor to find smarter and more efficient ways of working, which benefits both SCA and the environment. For example, the company's investment in a new biofuel plant in Nokia, Finland, is increasing operational efficiency and reducing energy costs, while at the same time cutting carbon emissions by 40%. Resource efficiency is a top priority, not only with respect to energy and water, but also to raw materials, transport activities and minimizing waste.

SCA is a major producer of renewable energy and is always looking for new, innovative solutions. In 2015, we decided to

build a pilot plant for the production of biodiesel at our kraftliner mill in Obbola.

We want to help our customers and consumers make sustainable, informed decisions when choosing brands and products. This means that our innovation work is based on a life cycle perspective and that product safety and transparency are of the utmost importance.

Ethics are a top priority and SCA carries out ongoing employee training in order to minimize the risk of unethical behavior in its operations. In 2015, we conducted extensive training in competition law (anti-trust).

In recent years, SCA has devoted considerable focus to its health and safety efforts, adopting a vision of zero workplace accidents. During the year, the company held its first SCA Global Safety Week, with a range of activities to promote the message that everyone should be able to return home safely from work. Safety statistics continued to improve, with a 31% reduction in the accident frequency rate between 2011 and 2015.

SCA conducts regular educational initiatives in hand washing and teaches preschoolers about the importance of hand hygiene.



Leadership, culture and employees

Dedicated employees are crucially important to SCA's efforts to create a dynamic corporate culture and drive innovation and results. Our employees are essential to SCA's ability to remain successful and achieve our targets.

Team SCA erases borders

Our Team SCA project was an effective way to motivate and unite our employees around the world by offering a wide range of shared activities throughout the organization and encouraging cross-border interactions.

Our aim was to encourage as many people as possible to become involved in the race and follow our all-women's Team SCA. In one example, employees were encouraged to work as hosts at SCA's pavilion during the various stopovers. Our employees served as brand ambassadors, marketing and presenting SCA, our values and brands to the people visiting the pavilion.

Dedicated employees who continuously advance SCA

In 2015, SCA conducted its third global All Employee Survey. This year's survey received the highest response rate to date at 88.3% and SCA achieved a good result

in many perspectives. The All Employee Survey is a tool for measuring various aspects of SCA's corporate culture, such as leadership, teamwork and employee commitment. By gathering feedback from our employees, we are able to assess their perception of SCA and compare ourselves against other high-performance organizations. The results of the survey are used to develop the company and establish the right conditions to help our employees meet their goals and deliver results.

The results of this year's survey showed a significant improvement across the Group as a whole, especially in our focus areas. SCA received particularly high results in such areas as commitment, company image and culture, and goal-orientation. These results indicate a positive, inclusive and result-focused company culture that encourages commitment and loyalty.

Result-focused leaders

Responsive, dedicated leaders are pivotal to the successful implementation of SCA's strategy. The SCA Leadership Platform serves as the basis for all leadership development in the company. In 2015, we continued to develop leaders through our various leadership programs: Leadership@SCA, Core 1 – People Engagement & Performance, Core 2 – Implementing Strategy & Leading Change, Driving Business Performance and Creating Value. These programs play a crucial role in our leadership development.

Employees who develop to achieve their potential

All SCA employees are responsible for their own development, based on individual development plans that combine the Group's business needs and the employee's individual aspirations. In 2015, SCA focused on identifying, implementing and developing its functional capabilities, which are specified in shared descriptions of the abilities and behaviors we expect and on which employee development is to be based.

Life Inspiring Careers

SCA offers its employees an opportunity to establish a career in a global company focused on quality, innovation, business performance and sustainability. In 2015, we launched the second round of the "SCA GO! Program," which provides recent graduates in the areas of sales, marketing, research and development, and production an opportunity to find their first job. The program includes both introductory activities, as well as challenging project work to help the graduates develop skills and create a contact network for the future.



Proud employees working as pavilion hosts during the Team SCA project.

Targets and outcome

Group and business area targets

Return on capital employed

TARGET

The Group's overall profitability target is to achieve a return on capital employed of 13% over a business cycle. The target is 30% for Personal Care, 15% for Tissue and to be in the top quartile of the industry for Forest Products.



Group

Personal Care

Tissue

Forest Products

13%

30%

15%

Top quartile of the industry

OUTCOME 2015

Group

Personal Care

Tissue

Forest Products

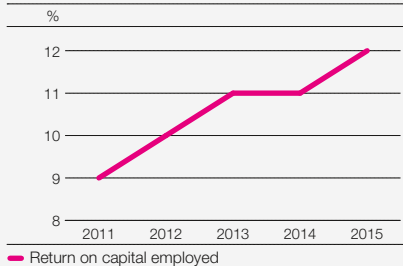
12%

29%

13%

7%

Return on capital employed



Excluding items affecting comparability.

2012 and 2013 restated in accordance with IFRS 10 and 11.

The Group's return on capital employed, excluding items affecting comparability, was 12%. The return on capital employed, excluding items affecting comparability, was 29% for Personal Care and 13% for Tissue. The return on capital employed, excluding items affecting comparability, for Forest Products was 7%.

Growth

TARGET

SCA's target for annual organic sales growth for Personal Care is 5–7%, while the target for Tissue is 3–4%. For Forest Products, the target is to grow in line with the market.



Personal Care



Tissue



Forest Products

5–7%

3–4%

**Grow
in line with
the market**

OUTCOME 2015

Group	Personal Care	Tissue	Forest Products
5%	7%	5%	3%

The Group's organic sales growth amounted to 5%. Organic sales growth was 7% for Personal Care and 5% for Tissue. Organic sales growth for Forest Products amounted to 3%.

Capital structure

TARGET

SCA's target is to have an effective capital structure at the same time that the long-term access to debt financing is ensured. Cash flow in relation to net debt shall take into account the target to maintain a solid investment grade rating.

OUTCOME 2015

SCA had a solid investment grade rating.

Targets and outcome

Targets for people and nature



People & nature innovations

TARGET

We will deliver better, safe and environmentally sound solutions to our customers. We strive to continuously improve resource efficiency and environmental performance considering the whole lifecycle for new innovations.

OUTCOME 2015¹⁾

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

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

Status: ●

Share of people and nature innovations

43%



Hygiene solutions

TARGET

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

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

OUTCOME 2015¹⁾

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

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

The hygiene training SCA conducts worldwide reached 2,000,000 people.

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

Status: ●

Millions of people who used SCA products every day

500



Code of Conduct

TARGET

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

Our SCA supplier standard will be used to drive shared values and priorities throughout our supply chain. We will use it in all our supply chain contracts by 2015.

OUTCOME 2015¹⁾

91% of employees received Code of Conduct training.

Status: ●

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

Status: ●

Employees trained in the Code of Conduct

91%



Employee Health & Safety

TARGET

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

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

OUTCOME 2015¹⁾

The accident frequency rate was 6.3 (6.7) per million hours worked, down 6%. Compared with the reference year 2011, this is a 31% decrease.

Status: ●

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

Status: ●

Reduction in accident frequency rate

-6%

¹⁾ Excluding Vinda.

Measurable targets and follow-up are key drivers for SCA's sustainability work. Transparent targets also make it easier for internal and external stakeholders to follow the progress of the company's sustainability efforts.

Status:

- = Not according to schedule
- = Not according to schedule, actions identified
- = According to schedule



Climate and energy

TARGET

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

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

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

OUTCOME 2015¹⁾

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

Status: ●

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

Status: ●

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

Status: ●

Reduction in CO₂ emissions

-17.4%



Fiber sourcing & Biodiversity

TARGET

We will achieve and maintain our target of zero fresh fiber-based material from controversial sources*, including pulp.

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

OUTCOME 2015¹⁾

All deliveries of pulp to SCA's facilities meet the requirements of the Group target. All of SCA's wood-consuming units are reviewed by independent auditors and meet the requirements of the Group target.

Status: ●

7% of SCA's productive forest land has been set aside from forestry in the long term in our ecological landscape plans. In 2015, 14% of the area in the locations planned for harvesting was set aside for preservation.

Status: ●

Productive forest land set aside from harvesting

14%



Water

TARGET

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

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

OUTCOME 2015¹⁾

By year-end 2015, water usage in water-stressed regions in relation to the production level had declined by 18.7%, compared with the reference year of 2010.

Status: ●

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

Status: ●

Reduction in water usage in water-stressed regions

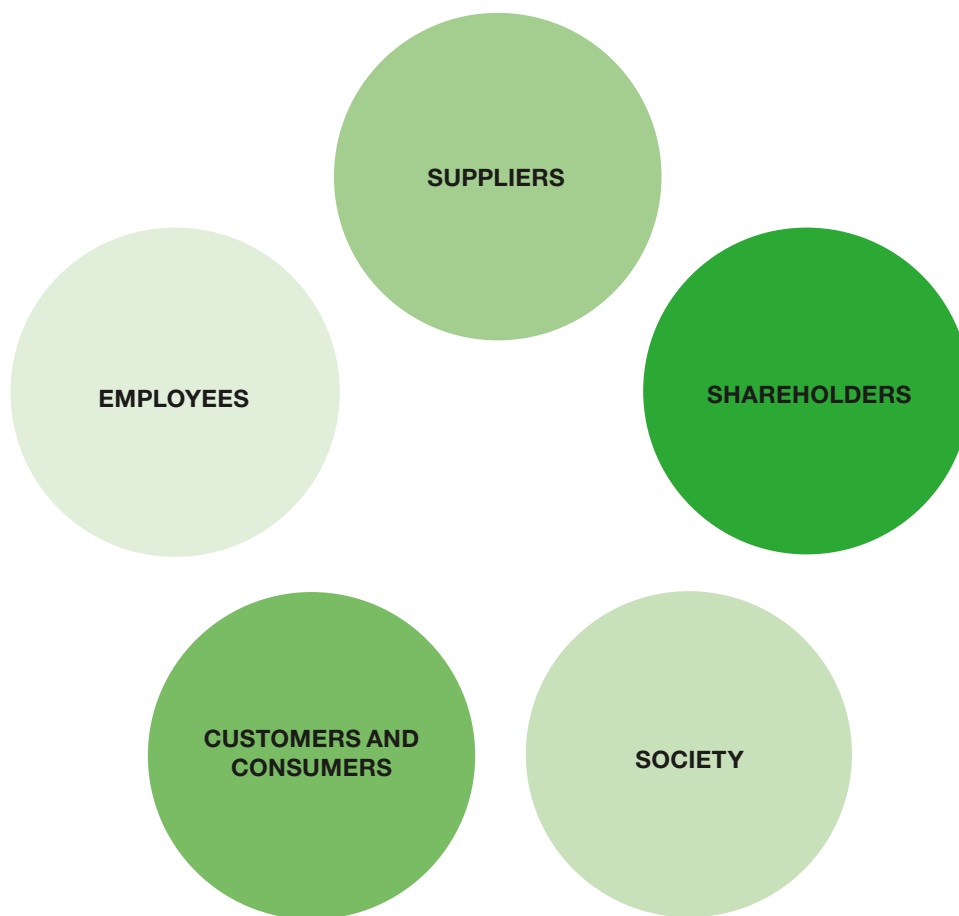
-18.7%

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

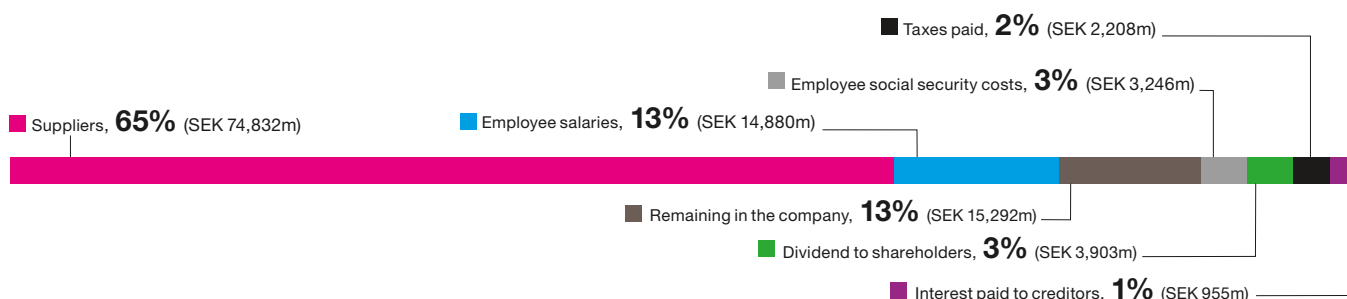
We create value

for our stakeholders

SCA's business model and strategy aim to deliver maximum value for our stakeholders. By developing, producing and selling sustainable personal care products, tissue and forest products, SCA creates value for shareholders, customers and consumers, suppliers, employees and society.



Economic value creation by stakeholder in 2015



Shareholders

SCA's overall long-term objective is to generate increased value for our shareholders. This is achieved through a positive share price trend and dividends. SCA aims to provide long-term stable and rising dividends to its shareholders. When cash flow from current operations exceeds what the company can invest in profitable expansion over the long term – and under the condition that

the capital structure target is met – the surplus shall be distributed to the shareholders.

Outcome 2015: SCA's share price rose 46% in 2015. The Board of Directors proposes an increase in the dividend by 9.5% to SEK 5.75 (5.25) per share. Accordingly, dividend growth in the most recent five-year period amounted to 7.5%.

Customers and consumers

SCA simplifies everyday life for millions of people worldwide. To create additional customer and consumer value, SCA focuses on developing new, attractive products and services, evolving and improving its existing offerings, and expanding its range. With its comprehensive customer and consumer insight, SCA aims to not only meet consumers' needs, but also exceed their expectations. SCA also works to provide information about hygiene and its hygiene products and solutions. In emerging markets, SCA sells hygiene products and solutions that are specially adapted to

consumers with limited resources.

Outcome 2015: SCA held the number one or two position in at least one hygiene product segment in some 90 countries. We offered a broad portfolio of products ranging from the premium segment to the economy segment and introduced approximately 30 innovations and product launches during the year. SCA continued to educate young women about menstruation and puberty, as well as educating children about the importance of hand hygiene and providing training for nurses in the field of incontinence care.

Suppliers

SCA strives to have transparent, long-term relationships with its suppliers to guarantee both high quality and financial stability for both parties. Purchasing accounts for SCA's single largest expense. To achieve economies of scale, input goods, such as pulp, electricity and chemicals, are purchased centrally. SCA's goals in the area of responsible sourcing encompass all suppliers of raw materials and input goods. The SCA Global Supplier

Standard serves as a basis for ensuring that the company's suppliers meet the highest standards in terms of social and environmental responsibility and product safety.

Outcome 2015: SCA paid approximately SEK 74.8bn to its suppliers during 2015. A total of 84% of SCA's hygiene supplier base and 86% of the forest products supplier base had signed the SCA Global Supplier Standard.

Employees

Our employees are SCA's most important asset. The Group depends on motivated and competent employees who are willing to think outside the box and contribute to the company's success. Employee commitment and performance are critical to SCA's ability to successfully pursue its strategy, meet its goals and continue to develop. All professional development at SCA has its starting point in the Group's business goals, and harmonizes the individual's ambitions with the Group's expectations. We create value for our employees by offering professional development opportunities and a stimulating, safe and healthy work environment. SCA

offers employment terms and benefits that are in line with prevailing market terms.

Outcome 2015: During 2015, SCA paid approximately SEK 14.9bn in salaries to our employees. In 2015, SCA conducted its third global All Employee Survey, which received the highest response rate to date at 88.3%. The All Employee Survey is a tool for measuring various aspects of SCA's corporate culture, such as leadership, teamwork and employee commitment. The results help SCA to continuously develop and improve.

Society

SCA contributes to the local economy as a major employer in many regions and through its community involvement. Aside from income tax, SCA also pays customs duties, property taxes, payroll taxes, pension taxes, and energy taxes.

Social challenges can serve as a source of innovation and development for companies' business models and product offerings. SCA's operations related to health and hygiene provide excellent solutions to some of the challenges faced by society in both mature and emerging markets.

SCA also participates in the community through projects with a clear link to the company's values, expertise, operations and geographic presence. The focus of these projects is on hygiene and health, often related to women and children.

Outcome 2015: SCA paid SEK 2.2bn in income tax in 2015. Payroll taxes for the year amounted to SEK 3.2bn. SCA invested approximately SEK 37m in 400 local community involvement projects during the year.

The SCA share

SCA shares are quoted and traded on NASDAQ OMX Stockholm, and as American Depository Receipts (ADR level 1) in the US through Deutsche Bank. The final 2015 closing price on NASDAQ OMX Stockholm for SCA's B share was SEK 246.50 (168.90), corresponding to a market capitalization of SEK 173bn (119) at December 31, 2015. In 2015, the price of SCA's B share rose 46%, while the OMX Stockholm 30 Index declined 1% during the same period. The highest closing price for SCA's B share during the year was SEK 256.80, which was noted on November 4. The lowest price was SEK 163.10 on January 7. The proposed dividend is SEK 5.75 (5.25) per share. For more information, refer to the section "Dividend and dividend policy" on page 38.

Index

On NASDAQ OMX Stockholm, SCA is included in the OMX Stockholm 30 Index, OMX Nordic 40 and in the Personal & Household Goods sector within Consumer Goods. In addition to indexes directly linked to NASDAQ OMX Stockholm, SCA is included in other indexes, such as the FTSE Eurofirst 300 Index and FTSE Global Equity Index. Within MSCI, SCA is included in Household Products within Consumer Staples. SCA is also represented in sustainability indexes, including the Dow Jones Sustainability World Index, Dow

Jones Sustainability Europe Index, FTSE-4Good, OMX GES Sustainability Sweden PI and OMX GES Sustainability Nordic PI.

Liquidity

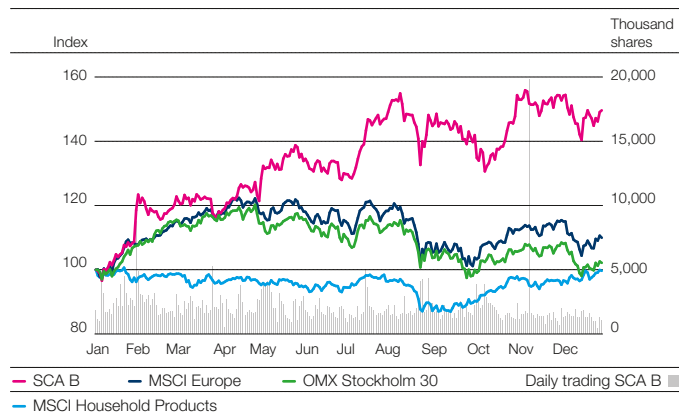
In 2015, the volume of SCA shares traded on NASDAQ OMX Stockholm was about 540 million (495), corresponding to a value of approximately SEK 119bn (88). Average daily trading for SCA on NASDAQ OMX Stockholm amounted to approximately 2.2 million shares, corresponding to a value of approximately SEK 474m (354). During the year, trading on BATS Chi-X

amounted to approximately 228 million SCA shares, trading on Turquoise to about 55 million SCA shares and trading on other marketplaces to approximately 11 million SCA shares.

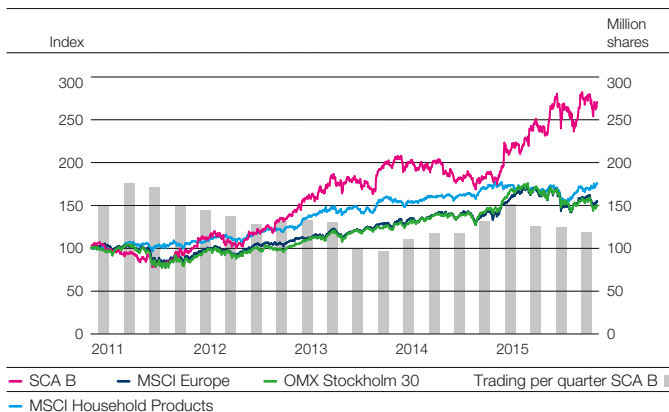
Ownership

Some 36% (39) of the share capital is owned by investors registered in Sweden and 64% (61) by foreign investors. The US and the UK account for the highest percentage of shareholders registered outside Sweden. Of SCA's shareholders, at least 14% perform sustainability assessments.

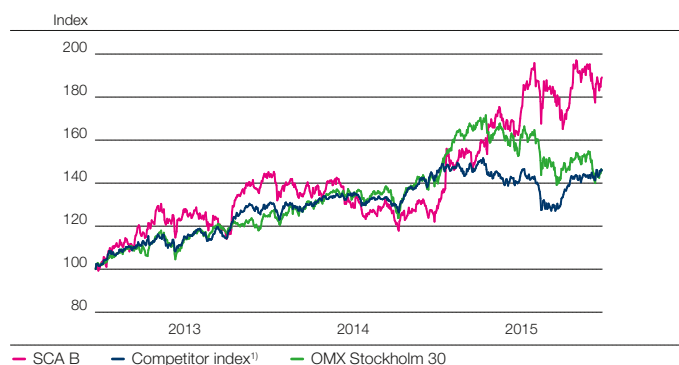
Total shareholder return 2015



Total shareholder return 2011–2015



Total shareholder return 2013–2015



¹⁾ Weighted index of competitors' total shareholder return. Competitors are selected to reflect SCA's operations. The index is used when comparing the SCA share performance over a three-year term for the long-term portion (LT) of senior executives' variable remuneration.

SCA's ten largest shareholders

At December 31, 2015, the following companies, foundations and mutual funds were the ten largest registered shareholders based on voting rights:

SHAREHOLDERS	No. of A shares	No. of B shares	Votes (%)	Capital (%)
AB Industrivärden	35,250,000	35,585,407	29.6%	10.0%
Norges Bank Investment Management	8,062,657	32,342,815	8.6%	5.7%
SHB Oktogonen Foundation	3,150,000	–	2.4%	0.4%
SHB pensionsstiftelse	3,050,876	–	2.3%	0.4%
Skandia	2,010,481	1,868,339	1.7%	0.6%
Swedbank Robur Funds	–	16,724,003	1.3%	2.4%
AMF Insurance and Funds	–	15,297,976	1.2%	2.2%
SHB pensionskassa	1,303,000	–	1.0%	0.2%
SCA's Personalstiftelse	982,845	74,406	0.8%	0.1%
Första AP-fonden	–	7,433,749	0.6%	1.1%

Source: Modular Finance AB

Data per share

All earnings figures include items affecting comparability unless otherwise indicated.

SEK per share unless otherwise indicated	2015	2014	2013	2012	2011
Earnings per share after full tax:					
After dilution	9.97	9.40	7.90	7.06	0.78
After dilution, excluding items affecting comparability ⁷⁾	11.82	11.07	9.07	10.25	8.00
Before dilution	9.97	9.40	7.90	7.06	0.78
Market price for B share:					
Average price during the year	222.03	178.87	168.27	116.77	95.80
Closing price, December 31	246.50	168.90	198.00	141.00	102.00
Cash flow from current operations ^{1) 7)}	14.08	11.60	8.90	10.59	7.55
Cash flow from operating activities	19.92	16.92	13.43	15.95	14.44
Dividend	5,75 ²⁾	5.25	4.75	4.50	4.20
Dividend growth, % ³⁾	8	7	6	0	1
Dividend yield, %	2.3	3.1	2.4	3.2	4.1
P/E ratio ⁴⁾	25	18	25	20	N/A
P/E ratio, excluding items affecting comparability ^{4) 7)}	21	15	22	14	13
Price/EBIT ^{5) 7)}	19	15	19	21	47
Price/EBIT, excluding items affecting comparability ^{5) 7)}	16	14	17	15	14
Beta coefficient ⁶⁾	0.70	0.77	0.62	0.86	0.83
Pay-out ratio (before dilution), %	58	56	60	64	N/A
Equity, after dilution ⁷⁾	107	103	96	88	87
Equity, before dilution ⁷⁾	107	103	96	88	87
Number of registered shares December 31 (millions)	705.1	705.1	705.1	705.1	705.1
of which treasury shares (millions)	2.8	2.8	2.8	2.8	2.8

¹⁾ See definitions of key figures on page 136.²⁾ Board proposal.³⁾ Rolling five-year data.⁴⁾ Share price at year-end divided by earnings per share after full tax and dilution.⁵⁾ Market capitalization plus net debt plus non-controlling interests divided by operating profit. (EBIT = earnings before interest and taxes).⁶⁾ Share price volatility compared with the entire stock exchange (measured for rolling 48 months).⁷⁾ 2012 and 2013 restated in accordance with IFRS 10 and 11.**Shareholder structure**

Holding	No. of share-holders	No. of shares	Holding (%)	Votes (%)
1–500	50,552	8,212,705	1.2	1.4
501–1,000	11,057	8,426,087	1.2	1.4
1,001–5,000	12,103	26,094,902	3.7	4.6
5,001–10,000	1,599	11,442,940	1.6	1.9
10,001–20,000	697	9,952,213	1.4	1.4
20,001–	1,176	640,981,247	90.9	89.3
Total	77,184	705,110,094	100.0	100.0

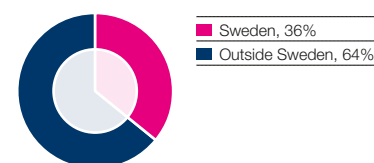
Source: Euroclear

Share distribution

December 31, 2015	Series A	Series B	Total
Number of registered shares	67,441,609	637,668,485	705,110,094
of which treasury shares		2,767,605	2,767,605

Ticker names

NASDAQ OMX Stockholm	SCA A, SCA B
New York (ADR level 1)	SVCBY

Percentage of foreign ownership, capital

Source: Euroclear

Share issues, etc. 1993–2015

Since the beginning of 1993, the share capital and the number of shares have increased due to issues of new shares, conversions and splits, as detailed below:

	No. of shares	Increase in share capital, SEKm	Cash payment, SEKm	Series A	Series B	Total
1993 Conversion of debentures and new subscription through Series 1 warrants	4,030,286	40.3	119.1			
New share issue 1:10, issue price SEK 80	17,633,412	176.3	1,410.7	62,145,880	131,821,657	193,967,537
1994 Conversion of debentures	16,285	0.2	–	62,145,880	131,837,942	193,983,822
1995 Conversion of debentures	3,416,113	34.2	–	62,145,880	135,254,055	197,399,935
1999 New share issue 1:6, issue price SEK 140	32,899,989	329.0	4,579.0	62,133,909	168,166,015	230,299,924
2000 Conversion of debentures	101,631	1.0	15.0	61,626,133	168,775,422	230,401,555
2001 New issue, private placement	1,800,000	18.0	18.0	45,787,127	186,414,428	232,201,555
2002 New subscription through IIB warrants	513	0	0.1	41,701,362	190,500,706	232,202,068
2003 Conversion of debentures and subscriptions through IIB warrants	2,825,475	28.3	722.9	40,437,203	194,590,340	235,027,543
2004 Conversion of debentures	9,155	0.1	1.1	40,427,857	194,608,841	235,036,698
2007 Split 3:1	470,073,396	–	–	112,905,207	592,204,887	705,110,094

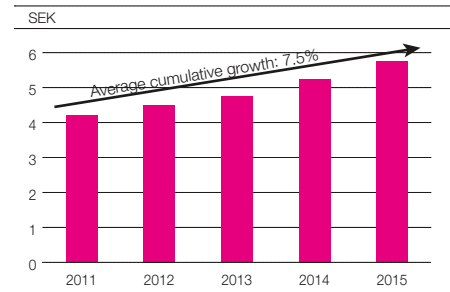
Dividend and dividend policy

SCA aims to provide long-term stable and rising dividends to its shareholders. When cash flow from current operations exceeds what the company can invest in profitable expansion over the long term – and under the condition that the capital structure target is met – the surplus shall be distributed to the shareholders. The Board of Directors proposes an increase the dividend by 9.5% to SEK 5.75 (5.25) per share for the 2015 fiscal year. Accordingly, dividend growth in the most recent five-year period amounted to 7.5%. The 2015 dividend represents a dividend yield of 2.3%, based on SCA’s share price at the end of the year.

Incentive program

SCA’s incentive program is designed to contribute to the creation of shareholder value. The program for senior executives consists of two components, one of which is tied to the total shareholder return on the SCA share compared with an index consisting of SCA’s largest global competitors. For more information about the structure of the program, see Note C3 (Remuneration of senior executives) on pages 97–99.

Dividend per share



Information to shareholders

Annual General Meeting

The Annual General Meeting of Svenska Cellulosa Aktiebolaget SCA will be held on Thursday, April 14, 2016, at 3:00 p.m. in Aula Magna at Stockholm University, Frescativägen 6, Stockholm. Registration for the Annual General Meeting will start at 1:30 p.m.

Notification of attendance

Shareholders who wish to attend the Annual General Meeting must: be listed in the shareholders' register maintained by Euroclear Sweden AB on Friday, April 8, 2016, and give notice of their intention to attend the meeting no later than Friday, April 8, 2016.

Notification may be given in any of the following manners:

- by telephone at +46 8 402 90 59, weekdays between 8:00 a.m. and 5:00 p.m.
- on the Internet at www.sca.com
- by mail to Svenska Cellulosa Aktiebolaget SCA, Group Function Legal Affairs, P.O. Box 200, SE-101 23 Stockholm, Sweden

To be entitled to participate in the Annual General Meeting, the following applies for shareholders whose shares are registered through a bank or other nominee: In addition to giving notification, shareholders must request that their shares be registered in the shareholders' register under their own names by Friday, April 8, 2016 at the latest in order to be entitled to attend the meeting. In such cases, the shareholders in question should instruct the bank or nominee of this

well in advance of Friday, April 8, 2016. Such registration may be temporary.

The shareholder's name, personal identity number/corporate registration number, address and telephone number, and number of accompanying persons, if any, should be stated when notification is given. Shareholders represented by proxy should deliver a proxy in the original to the company prior to the Annual General Meeting. Proxy forms are available upon request and on the company website www.sca.com. Anyone representing a corporate entity must present a copy of the registration certificate, not older than one year, or equivalent authorization document, listing the authorized signatories.

The Notice convening the Annual General Meeting can be found on the company website www.sca.com.

Nomination Committee

- Helena Stjernholm, AB Industrivärden, Chairman of the Nomination Committee
- Håkan Sandberg, Handelsbanken Pensionsstiftelse and others
- Yngve Slyngstad, Norges Bank Investment Management
- Hans Sterte, Skandia
- Pär Boman, Chairman of the Board of SCA

The Nomination Committee prepares, among other things, the proposal for election of Board members.

Dividend

The Board of Directors proposes a dividend of SEK 5.75 per share and that the record date for the dividend be Monday, April 18, 2016. Payment through Euroclear Sweden AB is expected to be made on Thursday, April 21, 2016.

Financial information 2016–2017

Interim report (Jan 1–Mar 31, 2016)	April 28, 2016
Interim report (Jan 1–Jun 30, 2016)	July 19, 2016
Interim report (Jan 1–Sep 30, 2016)	October 27, 2016
Year-end report for 2016	January 26, 2017
Annual Report for 2016	March 2017

Annual Reports, year-end reports and interim reports are published in Swedish and English (in the event of differences between the English translation and the Swedish original, the Swedish text shall prevail) and can be downloaded from SCA's website www.sca.com. Annual Reports can also be ordered from: Svenska Cellulosa Aktiebolaget SCA Group Function Communications P.O. Box 200 SE-101 23 Stockholm, Sweden Tel +46 8 788 51 00

Subscriptions to publications:

Subscription to SCA's press releases, interim reports and year-end reports can be arranged by registering an e-mail address on the SCA website.

Board of Directors' Report



BOARD OF DIRECTORS' REPORT

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Operations and structure

SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care, tissue and forest products.

SCA divides and reports its operations according to three business areas – Personal Care, Tissue and Forest Products. Personal Care includes incontinence products, baby diapers and feminine care products. Tissue includes consumer tissue and Away-from-Home tissue (AfH tissue). Forest Products includes paper for packaging and print, pulp, solid-wood products and renewable energy.

While Europe is SCA's largest market, the Group also holds strong positions in North America, Latin America and Asia. Expansion takes place through both organic growth and acquisitions, primarily within Personal Care and Tissue.

SCA is Europe's largest private forest owner, with 2.6 million hectares of forest land, which covers approximately half of the Group's timber supply and enables efficient raw material integration and effective cost control.

Organization

SCA has seven business units. After a reorganization on January 1, 2016, the units are as follows:

- SCA Incontinence Care, which offers incontinence products in Europe and North America.

- SCA Consumer Goods, which offers consumer goods in Europe.
- SCA Latin America, which offers personal care products and tissue.
- SCA MEIA (the Middle East, India and Africa), which offers personal care products and tissue.
- SCA Asia Pacific, which offers personal care products and tissue.
- SCA AfH Professional Hygiene, which offers AfH tissue in Europe and North America.
- SCA Forest Products, which offers paper for packaging and print, pulp, solid-wood products and renewable energy.

In addition to the business units, SCA has established three global units:

- Global Hygiene Category (GHC), with global responsibility for customer and consumer brands and innovation in the hygiene area.
- Global Hygiene Supply Tissue (GHS-T) with global responsibility for sourcing, production and technology in Tissue.
- Global Hygiene Supply Personal Care (GHS-PC) with global responsibility for sourcing, production and technology in Personal Care.

The organization has six Group functions: Finance, Human Resources, Sustainability, Legal Affairs, Communications, and Strategy and Business Development. Strategy and Business Development is also responsible for the Group's Global Business Services (GBS) and IT Services.

GBS has global responsibility for providing professional and transactional services in finance, HR administrative support, organization of master data, and office-related support and service to all units within SCA. In addition there is also the unit Logistics.

Events during the year

SCA decided to invest in a new production facility for incontinence products in Brazil.

To further intensify the focus on the Group's two main operations, SCA decided to initiate a dividing of the Group into two divisions: a Hygiene division and a Forest Products division.

SCA decided to further enhance the hygiene organization. The change took effect on January 1, 2016.

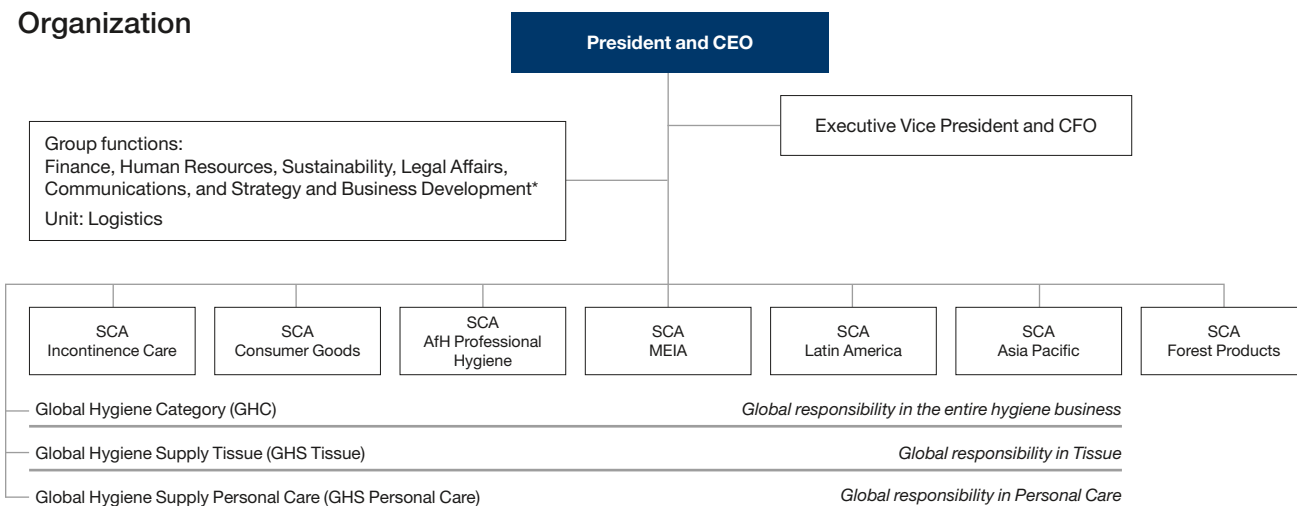
SCA decided to invest in increased capacity for pulp production in Sweden.

SCA decided to make a public bid on Wausau Paper Corp., one of the largest AfH tissue companies in the North American market. The transaction was completed on January 21, 2016.

SCA decided to divest its business in Southeast Asia, Taiwan and South Korea for integration with Vinda. SCA is the majority shareholder in Vinda, one of China's largest hygiene companies.

SCA decided to close down a newsprint machine at the Ortviken paper mill in Sweden.

Organization



* The Strategy and Business Development Group function is also responsible for Global Business Services (GBS) and IT Services. GBS has global responsibility for providing professional and transactional services in finance, HR administrative support, organization of master data, and office-related support and service to all units within SCA.

Acquisitions, investments and divestments

Acquisition of North American tissue operation

In 2015, SCA decided to make a public bid for Wausau Paper Corp. for a total consideration of USD 513m in cash. Wausau Paper is one of the largest Away-from-Home tissue companies in North America. The company manufactures and markets Away-from-Home towel and tissue products, and markets soap and dispensing systems. The combined operations will provide customers access to a comprehensive portfolio of food service offerings, premium tissue and washroom products. Wausau Paper's reported sales for the first half of 2015 amounted to USD 175m (SEK 1.5bn) with EBITDA of USD 32m (SEK 268m) and operating profit of USD 11m (SEK 94m). Wausau Paper's reported sales for full year 2014 amounted to USD 352m (SEK 2.4bn) with EBITDA of USD 38m (SEK 263m) and an operating profit of USD -3m (SEK -19m). On a pro forma basis, giving effect to the acquisition, SCA's sales for the full year 2014 would have increased from SEK 104.1bn to SEK 106.5bn. Pro forma operating profit for the full year 2014, excluding items affecting comparability, would have been on a similar level and amounted to approximately SEK 11.8bn. The acquisition is expected to generate annual synergies of approximately USD 40m, with full effect three years after closing. Synergies are expected in sourcing, production, logistics, reduced imports, increased volumes of premium products and reduced sales, general and administration costs. The restructuring costs are expected to amount to approximately USD 50m. The transaction was completed on January 21, 2016.

Acquisition and divestment in South Africa

In 2015, SCA acquired the remaining 50% of the jointly owned South African subsidiary Sancella S.A from the South African company Nampak. At the same time, Sancella S.A.'s baby diaper operations was divested to another South African company. Sancella S.A. generated approximately SEK 330m in net sales in

2014, of which the baby diaper operations accounted for about SEK 250m. Going forward, in South Africa SCA will focus on feminine care and incontinence products under the Lifestyle and TENA brands, which accounted for approximately SEK 80m of Sancella S.A.'s net sales in 2014.

Investment in new production facility for incontinence products in Brazil

In 2015, SCA decided to invest approximately SEK 650m in a new production facility in Brazil for the manufacture of incontinence products. Production is scheduled to commence in 2016.

Investment in increased capacity for pulp production in Sweden

In 2015, SCA decided to invest in increased capacity for pulp production at Östrand pulp mill in Timrå, Sweden in order to satisfy the long-term growth in demand for pulp. The annual production capacity for bleached sulphate pulp will increase from the current level of approximately 430,000 tons to about 900,000 tons. The investment will amount to about SEK 7.8bn over a three-year period. Production is expected to commence in 2018.

Divestment of business jet operation

In 2015, SCA announced that the Company, together with the other part-owners, was divesting Bromma Business Jet. The transaction gave rise to costs of approximately SEK 95m and was recognized as an item affecting comparability in 2015.

Strengthened cooperation with Vinda

In 2015, SCA decided to divest its business in Southeast Asia, Taiwan and South Korea for integration with Vinda International Holdings Limited ("Vinda"). SCA is the majority shareholder in Vinda, one of China's largest hygiene companies. As part of the transaction, SCA and Vinda have signed an agreement regarding the exclusive license to market and sell the SCA brands: TENA (incontinence products), Tork (AfH tissue), Tempo (consumer tissue), Libero (baby diapers), and Libresse (feminine care) in Southeast Asia, Taiwan and

South Korea. With this agreement, Vinda will hold the rights to these product brands in these Asian markets. Vinda will acquire the brands Drypers, Dr.P, Sealer, Prokids, EQ Dry and Control Plus in these markets. SCA's hygiene business in Southeast Asia, Taiwan and South Korea had net sales of approximately SEK 2.2 billion in 2014. The purchase consideration amounted to HKD 2.8bn on a debt-free basis. Vinda is listed on the Hong Kong Stock Exchange. As a consequence of this transaction, SCA's Shanghai office will stop to have operations. This led to approximately SEK 90m in restructuring costs, which were recognized as an item affecting comparability in 2015.

Divestment of holding in Industrivärden

In 2015, SCA sold its entire holding of 12,108,723 Class A shares in AB Industrivärden, corresponding to 4.3% of the votes and 2.8% of the capital in the company. The shares were sold to Swedish institutions and investors for a price of SEK 169 per Class A share. Following the transaction SCA does not own shares in AB Industrivärden.

Closure of newsprint machine in Ortviken

In 2015, SCA decided to close down a newsprint machine at the Ortviken paper mill in Sweden and recognized an impairment loss for the mill. Efficiency improvement measures are being implemented at the kraftliner mills in Obbola and Munksund. The closure, impairment loss and efficiency improvement measures entail total costs of approximately SEK 1.4bn and will result in annual cost savings of about SEK 180m, of which approximately SEK 120m is attributable to lower depreciation, with full impact in 2017. The impairment loss amounted to approximately SEK 1.3bn and was recognized as an item affecting comparability in 2015. The transaction gave rise to restructuring costs of approximately SEK 90m, which were recognized as an item affecting comparability in 2015.

Other Group information

Parent Company

The Group's Parent Company, Svenska Cellulosa Aktiebolaget SCA (publ), owns most of the forest land and other real estate relating to forestry operations, and grants felling rights for standing timber to the subsidiary SCA Skog AB. The Parent Company is otherwise a holding company with the main task of owning and managing shares in a number of business group companies and performing Group-wide management and administrative functions. In 2015, the Parent Company recognized operating income of SEK 430m (414) and profit before appropriations and tax of SEK 10,098m (4,116). The Parent Company's divestments in shares and participations in companies outside SCA amounted to SEK 7m (0). Investments in property and non-current assets totaled SEK 157m (544) during the year. Cash and cash equivalents at year-end amounted to SEK 0m (0).

Research and development

Research and development (R&D) costs during the year amounted to SEK 1,093m (1,050), corresponding to 0.9% of consolidated net sales. R&D is coordinated and conducted from a global perspective. Product development is carried out in close cooperation with the local units, as well as through direct collaboration with customers. A slightly more long-term approach is adopted when it comes to R&D in the fields of materials and technology.

Holdings of treasury shares

SCA implemented a directed cash issue of a total of 1,800,000 shares in 2001. These shares were subsequently acquired by SCA to be used for transfer to senior executives and key individuals under the employee stock option program. The program ended in 2009. Following the share split in 2007 and transfer of the shares under the concluded program, the company holds a total of 2,767,605 treasury shares. The Board was not authorized to repurchase shares in 2015.

Distribution of shares

During the year, 18,608,314 Class A shares were converted into Class B shares. The proportion of Class A shares was 9.6% at year-end.

Dividend

The Board of Directors proposes an increase in the dividend by 9.5% to SEK 5.75 (5.25) per share. The dividend is expected to total approximately SEK 4,038m (3,687). Accordingly, dividend growth over the most recent five-year period amounted to 7.5%. The Board's assessment is that the proposed dividend will provide the Group with the scope to fulfill its obligations and make the required investments. The record date for entitlement to receive dividends is proposed as April 18, 2016.

Environmental impact in Sweden

In 2015, SCA conducted 13 operations for which a permit is required in Sweden. Operations for which permits are required accounted for 16% of consolidated net sales. Five permits relate to the manufacture of pulp and paper. These operations impact the environment through emissions to air and water, solid waste and noise. Seven permits relate to the production of solid-wood and value-added wood products, and biofuel. These operations affect the environment through emissions to air and water, and noise. One permit relates to the manufacture of fuel pellets. This operation affects the environment through emissions to air and water, as well as noise.

Guidelines for remuneration of senior executives

The Board of Directors has decided to propose to the 2016 Annual General Meeting the following guidelines for determining salaries and other remuneration for senior executives to apply for the period following the Annual General Meeting.

"Remuneration of the CEO and other senior executives will be a fixed amount, possible variable remuneration, additional benefits and pension. Other senior executives include the Executive Vice President, Business Unit Managers and equivalent, and Central Staff Managers. The total remuneration is to correspond to market practice and be competitive in the senior executive's field of profession. Fixed and variable remuneration are to be linked to the manager's responsibility and authority.

For the CEO, as well as for other senior executives, the variable remuneration is to be limited and linked to the fixed remuneration.

The variable remuneration is to be based on the outcome of predetermined objectives and, as far as possible, be linked to the increase of value of the SCA share, from which the shareholders benefit. Programs for variable remuneration should be formulated so that the Board of Directors, if exceptional financial circumstances prevail, has the possibility to limit, or refrain from, payment of variable remuneration if such an action is considered reasonable and in compliance with the company's responsibility to shareholders, employees and other stakeholders.

In the event of termination of employment, the notice period should normally be two years if termination is initiated by the company, and one year, when initiated by the senior executive. Severance pay should not exist.

Previously agreed pension benefits in the company are either defined benefit or defined contribution plans, or a combination of both, and can entitle the senior executive to pension from the age of 60, at the earliest. To earn full defined benefit pension benefits, the period of employment must be long-term, at present 20 years. When resigning before the age providing entitlement to pension, the senior executive will receive a paid-up pension policy from the age of 60. Pension benefits in new employment contracts should, wherever possible, only include defined premium pension benefits and entitle the executive to receive a pension from the age of 65. Variable remuneration is not pensionable income. Matters of remuneration of the senior management are to be dealt with by the Remuneration Committee and, as regards the President, be resolved by the Board of Directors."

This proposal entails that the guidelines remain essentially unchanged compared with 2015, with the addition that pension benefits in new employment contracts should, wherever possible, only include defined premium pension benefits and entitle the executive to receive a pension from the age of 65. For information concerning the company's application of previously agreed guidelines and information on the company's calculated expenses for remuneration of senior executives, see Note C3 on pages 97–99.

Sales and earnings

SCA's operating profit for 2015, excluding items affecting comparability, rose 10% compared with the preceding year. A better price/mix, higher volumes and cost savings contributed to the earnings improvement.

Net sales

SCA's net sales for 2015 increased 11% compared with the preceding year and amounted to SEK 115,316m (104,054). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 5%, of which volume accounted for 3% and price/mix for 2%. Organic sales growth was 2% in mature markets and 11% in emerging markets.

Profit

SCA's operating profit for 2015, excluding items affecting comparability totaling SEK -2,067m (-1,400), increased 10% compared with the preceding year and amounted to SEK 13,014m (11,849).

Financial items decreased to SEK -955m (-961). The decrease was attributable to lower average net debt, which compensated for somewhat higher interest rates during the year. Profit before tax, excluding items affecting comparability, rose 11% to SEK 12,059m (10,888). The average tax rate for the year's profit, excluding items affecting comparability, was 27.4%. Profit for the year, excluding items affecting comparability after tax of SEK -1,301m (-1,176), amounted to SEK 8,753m (8,244). Earnings per share attributable to owners of the Parent amounted to SEK 11.82 (11.07) excluding items affecting comparability and to SEK 9.97 (9.40) including items affecting comparability.

Key figures

The Group's gross margin amounted to 25.9%, compared with 25.5% in the preceding year, and the operating margin, excluding items affecting comparability, was 11.3%, compared with 11.4% in 2014. The return on capital employed, excluding items affecting comparability, improved to 12% (11). The return on equity was 12% (12). The interest coverage ratio rose to 11.5, compared with 10.9 in the preceding year.

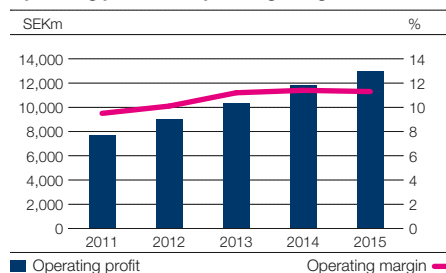
Summary income statement

SEKm	2015	2014	2013 ²⁾
Net sales	115,316	104,054	92,873
Gross profit	29,840	26,534	23,288
Operating profit¹⁾	13,014	11,849	10,381
Financial items	-955	-961	-1,061
Profit before tax¹⁾	12,059	10,888	9,320
Tax ¹⁾	-3,306	-2,644	-2,639
Profit for the year¹⁾	8,753	8,244	6,681

¹⁾ Excluding items affecting comparability amounting to SEK -2,067m before tax and SEK -1,301m after tax for 2015, SEK -1,400m before tax and SEK -1,176m after tax for 2014 and SEK -1,239m before tax and SEK -820m after tax for 2013.

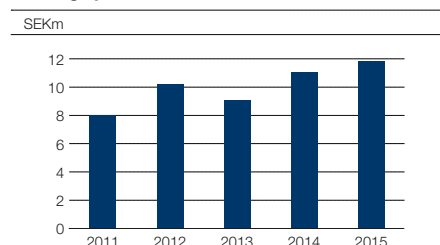
²⁾ Restated in accordance with IFRS 10 and 11.

Operating profit and operating margin



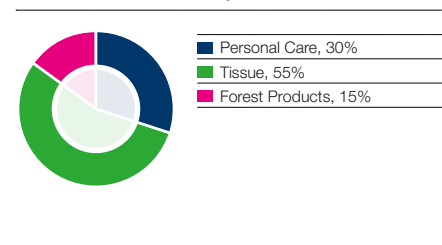
Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

Earnings per share after dilution effects



Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

Net sales, share of Group



Operating cash flow

A high level of control of the operating cash flow is a key part of SCA's long-term competitiveness strategy. Operating cash flow amounted to SEK 12,921m (11,184). The increase is primarily attributable to a higher operating cash surplus compared with the preceding year.

The operating cash surplus rose 13% to SEK 18,312m (16,250). Working capital increased due to higher inventory values and trade receivables. Working capital in proportion to net sales amounted to 7% (8). Current capital expenditures increased SEK 425m during the year and amounted to SEK 4,162m (3,737), corresponding to 4% (4) of net sales. Operating cash flow increased to SEK 12,921m (11,184).

Financial items decreased SEK 6m to SEK -955m (-961). The decrease was the result of lower average net debt, which compensated for somewhat higher inter-

est rates during the year. Tax payments totaled SEK 2,208m (2,101). Cash flow from current operations amounted to SEK 9,890m (8,149).

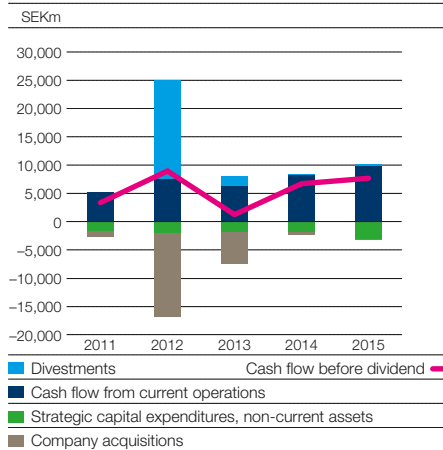
Strategic capital expenditures in non-current assets made to strengthen organic growth totaled SEK 3,125m (1,816). The year's expense for strategic capital expenditures pertained to for example investments in Forest Products in Sweden and Personal Care in Brazil.

Net debt declined SEK 6,469m during the year to SEK 29,478m at year-end. Net cash flow decreased net debt by

SEK 3,098m. Fair value measurement of pension assets and pension obligations together with fair valuation of financial instruments decreased net debt by SEK 1,910m. Exchange rate movements decreased net debt by SEK 1,461m.

The debt/equity ratio amounted to 0.39 (0.49), while the Group's debt payment capacity was 47% (39). Excluding pension liabilities, the debt/equity ratio was 0.36 (0.42).

The Group's cash flow



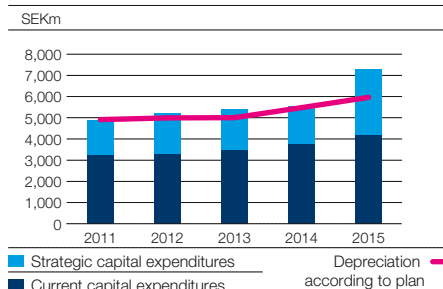
2012 and 2013 restated in accordance with IFRS 10 and 11.

Summary operating cash flow statement

SEKm	2015	2014	2013 ¹⁾
Operating cash surplus	18,312	16,250	14,004
Change in working capital	-399	-446	-328
Current capital expenditures, net	-4,162	-3,737	-3,489
Restructuring costs, etc.	-830	-883	-1,294
Operating cash flow	12,921	11,184	8,893
Financial items	-955	-961	-1,061
Income taxes paid, etc.	-2,076	-2,074	-1,580
Cash flow from current operations	9,890	8,149	6,252
Company acquisitions	-93	-508	-5,488
Strategic capital expenditures in non-current assets	-3,125	-1,816	-1,906
Divestments	329	206	1,716
Cash flow before dividend	7,001	6,031	574

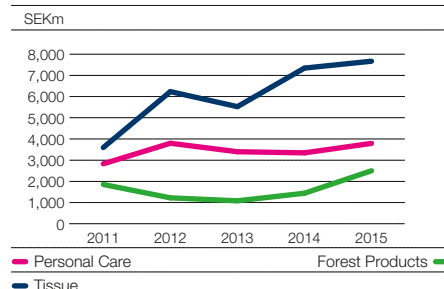
¹⁾ Restated in accordance with IFRS 10 and 11.

Capital expenditures in non-current assets



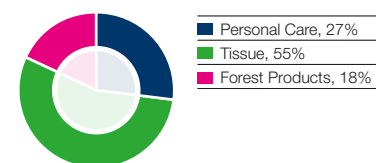
2012 and 2013 restated in accordance with IFRS 10 and 11.

Operating cash flow by business area



2012 and 2013 restated in accordance with IFRS 10 and 11.

Operating cash flow, share of Group



Financial position

Assets and capital employed

The Group's total assets declined 2% compared with the preceding year, amounting to SEK 152,372m (154,736). Non-current assets decreased SEK 4,243m compared with the preceding year to SEK 111,242m, of which property, plant and equipment declined SEK 1,379m to SEK 84,651m and intangible assets declined SEK 828m to SEK 22,852m. Current and strategic capital expenditures in property, plant and equipment amounted to SEK 7,333m and depreciation for the year to SEK 5,668m.

Current assets rose SEK 1,879m to SEK 41,130m (39,251). Working capital amounted to SEK 8,167m (8,350). Capital employed was 3% lower than in the preceding year and totaled SEK 105,169m (108,819). The distribution of capital employed per currency is shown in the table below.

The value denominated in SEK of the Group's foreign net assets amounted to SEK 62,196m at year-end. In 2014, the

Group's foreign net assets totaled SEK 57,922m.

Equity

Consolidated equity amounted to SEK 75,691m (72,872) at year-end. Net profit for the period increased equity by SEK 7,452m (7,068), while shareholder dividends decreased equity by SEK 3,903m (3,564). Equity rose SEK 2,004m after tax due to remeasurements of the net pension liability to fair value. Fair value measurement of financial instruments decreased equity by SEK 774m after tax. Exchange rate movements, including the effect of hedges of net foreign investments, after tax, decreased equity by SEK 1,920m. Acquisitions of non-controlling interests decreased equity by SEK 19m.

Financing

The Group's interest-bearing gross debt amounted to SEK 33,822m (38,886) at

year-end. The maturity period was 3.4 (2.5) years.

Net debt amounted to SEK 29,478m (35,947) at year-end. Net cash flow decreased net debt by SEK 3,098m. Furthermore, net debt declined by SEK 1,910m as a result of fair value measurement of pension assets and pension obligations, together with fair valuation of financial instruments. Exchange rate movements decreased net debt by SEK 1,461m.

Key figures

The debt/equity ratio was 0.39 (0.49). Excluding pension liabilities, the debt/equity ratio was 0.36 (0.42). The visible equity/assets ratio was 46% (44). The return on capital employed (ROCE) and on equity (ROE), excluding items affecting comparability, amounted to 12% (11) and 12% (12), respectively. The capital turnover rate was 1.06 (0.99). At year-end, working capital amounted to 7% (8) of net sales.

Consolidated capital employed by currency, SEKm

	2015	%	2014	%	2013 ¹⁾	%
EUR	24,097	23	31,037	29	27,393	27
SEK	39,464	38	36,337	33	36,627	36
USD	7,124	7	7,192	7	6,145	6
GBP	4,879	5	5,452	5	4,894	5
Other	29,605	27	28,801	26	26,671	26
Sweden	105,169	100	108,819	100	101,730	100

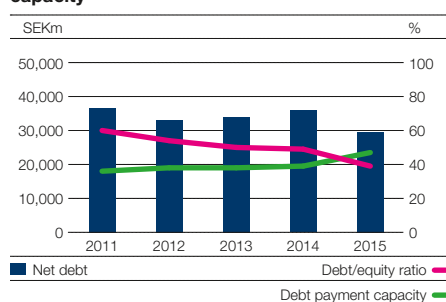
¹⁾ Restated in accordance with IFRS 10 and 11.

Consolidated balance sheet

SEKm	2015	2014	2013 ¹⁾
Intangible assets	22,852	23,680	21,921
Property, plant and equipment	54,532	56,345	52,777
Biological assets	30,119	29,685	28,767
Other non-current assets	3,739	5,775	6,081
Total non-current assets	111,242	115,485	109,546
Current assets	41,130	39,251	35,430
Total assets	152,372	154,736	144,976
Equity	75,691	72,872	67,811
Non-current liabilities	36,481	40,347	42,375
Current liabilities	40,200	41,517	34,790
Total equity and liabilities	152,372	154,736	144,976
Working capital	8,167	8,350	7,740
Capital employed	105,169	108,819	101,730
Net debt	29,478	35,947	33,919

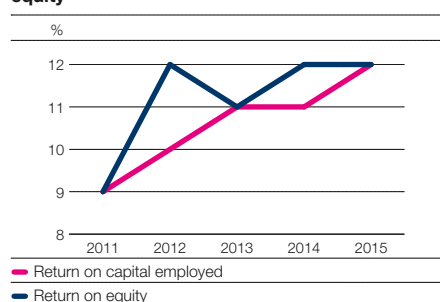
¹⁾ Restated in accordance with IFRS 10 and 11.

Net debt, debt/equity ratio and debt payment capacity



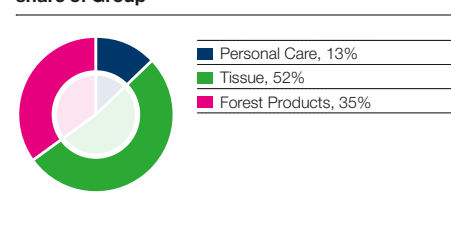
2012 and 2013 restated in accordance with IFRS 10 and 11.

Return on capital employed and equity



Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

Capital employed, share of Group



SCA's business areas



Personal Care manufactures and sells incontinence products, baby diapers and feminine care products. Read more on pages 50–55.



Tissue manufactures and sells consumer tissue and AfH tissue. Read more on pages 56–61.



Forest Products manufactures and sells paper for packaging and print, pulp, solid-wood products and renewable energy. Read more on pages 62–65.

Personal Care



SCA is a global leader in personal care products and manufactures and sells **incontinence products, baby diapers** and **feminine care products**. Within these product segments, SCA also offers such products as wet wipes, soap, lotion, baby oil and cotton pads. The products are sold under

SCA's global and regional brands, such as Libero, Libresse, Nosotras, Saba and TENA, as well as under retailers' brands. Distribution channels for the products are the retail trade, online sales, pharmacies and care institutions.



Share of Group



Net sales, 30%
SEK 34,344m



Operating profit, 29%
SEK 3,990m¹⁾



Capital employed, 13%
SEK 13,148m



Number of employees at December 31, 29%
12,700 employees

¹⁾ Excluding items affecting comparability.

Operations in 2015

Net sales rose 11% to SEK 34,344m (31,066). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 7%, of which volume accounted for 4% and price/mix for 3%. Organic sales growth was 4% in mature markets and 12% in emerging markets. Emerging markets accounted for 43% of sales. Exchange rate effects increased sales by 4%.

For incontinence products, under the globally leading TENA brand, organic sales growth was 4%. Growth is attributable to emerging markets and Western Europe, which compensated for lower sales in North America. For baby diapers, organic sales growth was 7%. Growth is mainly attributable to Europe. For feminine care products, organic sales growth was 18%, attributable to emerging markets and Western Europe.

Operating profit, excluding items affecting comparability, rose 13% (12% excluding currency translation effects) to SEK 3,990m (3,526). Profit was favorably affected by a better price/mix, higher volumes and cost savings. Higher raw material costs mainly resulting from the stronger US dollar had a negative earnings impact. Investments were made in increased marketing activities for incontinence products and in India.

The operating margin¹⁾ was 11.6% (11.4).

Return on capital employed¹⁾ was 29.2% (27.3).

The operating cash surplus amounted to SEK 5,018m (4,511). Operating cash flow increased to SEK 3,792m (3,345).

Capital expenditures amounted to SEK 1,743m (1,530).

Operating profit¹⁾, SEKm:

3,990

Operating margin¹⁾:

11.6%

Key figures

SEKm	2015	2014
Net sales	34,344	31,066
Operating cash surplus	5,018	4,511
Change in working capital	-314	-96
Current capital expenditures, net	-840	-884
Other operating cash flow	-72	-186
Operating cash flow	3,792	3,345
Operating profit ¹⁾	3,990	3,526
Operating margin, % ¹⁾	12	11
Capital employed	13,148	13,578
Return on capital employed, % ¹⁾	29	27
Strategic capital expenditures		
plant and equipment	-903	-646
company acquisitions/divestments	23	-567
Average number of employees	12,688	12,988
No. of employees at Dec. 31	12,700	12,641

¹⁾ Excluding items affecting comparability.

TARGETS

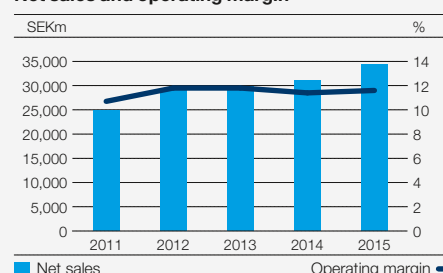
- Return on capital employed of 30% over a business cycle
- Annual organic sales growth of 5-7%

Emerging markets accounted for

43%

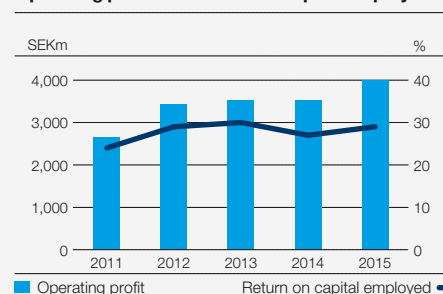
of the business area's sales in 2015 and reported organic sales growth of 12% for the year.

Net sales and operating margin



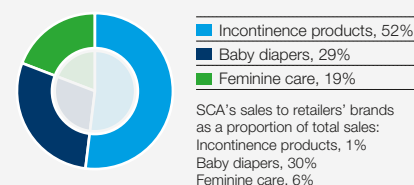
Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

Operating profit and return on capital employed

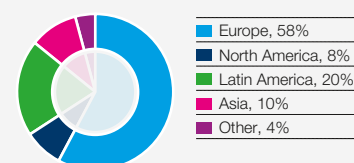


Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

SCA's sales by product segment



SCA's sales by region



¹⁾ Excluding items affecting comparability.

In 2015, sales in the Personal Care business area amounted to approximately SEK 34bn. The single largest brand in the portfolio is TENA, a globally leading brand for incontinence products with annual sales exceeding SEK 10bn. At the end of the year, SCA had production at 29 plants in 24 countries.

Market

The global market for personal care products is valued at slightly more than SEK 400bn and is growing at a rate of some 5% annually. Incontinence products is the Personal Care segment that has the highest rate of growth. Institutional care and homecare account for about 55% of the global market for incontinence products and the retail market accounts for approximately 45%.

In 2015, the European and North American markets for incontinence products showed low growth in the institutional and homecare sectors and favorable growth in the retail market compared with the preceding year. Emerging markets showed favorable growth in demand for incontinence products. The global market for incontinence products was affected by greater competition and campaign activity. In Europe, demand for baby diapers was stable, while demand for feminine care products decreased slightly. In emerging markets, demand grew for baby diapers and feminine care products. The global market for baby diapers was characterized by intense competition and campaign activity.

Shifts in global demographics such as population growth – due primarily to a lower infant mortality rate and increased longevity – and higher disposable incomes point to continued good growth for personal care products. The effect of higher disposable incomes is that more people prioritize hygiene when food and housing needs have been, or are in the process of being, satisfied. Consequently, demand for personal care products is rising in emerging markets. The growth potential for personal care products is greatest in emerging markets where market penetration is significantly lower than in mature markets and where urbanization, improved infrastructure and the retail trade are evolving rapidly. One example of the lower market penetration in emerging markets is that the consumption rates for baby diapers and incontinence products per capita and year in Asia are only about one-fifth and one-seventh, respectively, of those in Western Europe. In mature markets, baby diapers and feminine care products have attained high market penetration, while market penetration for incontinence products in mature markets remains relatively low, particularly among men.

Incontinence, which is classed as a disease by the World Health Organization (WHO), affects 4–8% of the world’s population, corresponding to approximately 400 million people. Many indicators point to the proportion of people affected increasing on a global scale as a result of an aging population. By 2020, the population of the world over the age of 60 is expected to have increased by 15% and pass the one billion mark. The occurrence of inconti-

nence among people over the age of 65 is expected to be between 15 and 20%.

SCA’s competitors in personal care include Kimberly-Clark, Procter & Gamble and Unicharm.

Brands in Personal Care

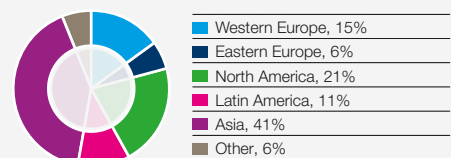


SCA's market positions

	Europe	North America	Global
Incontinence products	1	4	1
Baby diapers	2	–	4
Feminine care	3	–	5

Data is based on market data and SCA's estimates.

Personal care products – global market



SCA's BUSINESS

Incontinence products

Offering and market position:

SCA offers a broad range of incontinence products under the TENA brand and is the clear global market leader. SCA's offering, which includes both products and services, improves the quality of life for consumers while also reducing costs for institutional customers, such as nursing homes. SCA's offering also includes an assortment of skincare products, wash gloves and shower caps. Through TENA Solutions, SCA helps nursing homes provide the best care by offering procedures, analysis tools and training. The advantages include improved well-being for the care recipients, a better workplace environment, less resource consumption and lower overall costs.

SCA's global market share in incontinence products is more than double that of the second largest player. SCA is the market leader in Europe, Asia (excluding Japan) and Latin America.

Strategy: SCA aims to strengthen and develop its global market-leading position and set the standard in the market for incontinence care. Since incontinence is surrounded by social taboos in many regions of the world, it is vital to raise understanding and acceptance of the condition to enhance the quality of life for people suffering from incontinence. SCA is involved in increasing awareness of incontinence as a disease and contributing to better conditions for people who suffer from it by arranging seminars and educational programs for nurses and professional caregivers within the scope of the health and medical care systems in various countries. To help to establish

sustainable reimbursement systems, SCA works with decision-makers and governments in different countries. SCA works actively to break the taboos surrounding incontinence and continues to invest in order to increase its market penetration by providing information and through marketing activities, training and global forums. SCA's activities for the retail trade include information, advertising and the development of increasingly discreet, comfortable,

easy-to-use and effective products, always with the customer and consumer benefits in mind. With the introduction of TENA Men and lights by TENA, SCA is further expanding its offering for men and consumers with lighter incontinence problems. For institutional customers, SCA will continue to promote TENA Solutions to help customers improve the quality of their incontinence care and lower their overall costs.

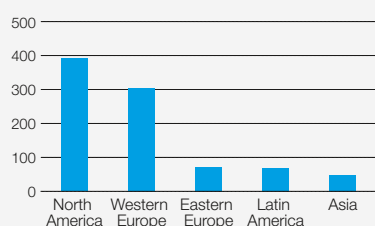
Investment in new production facility in Brazil

Through an acquisition made in 2011, SCA established a presence in the Brazilian market for incontinence products. Since then, SCA has increased its sales and market share in Brazil. SCA is now the second largest company in the Brazilian market for incontinence products, with its global leading brand TENA and the local brand Biofral. Brazil, which is one of SCA's prioritized emerging markets, is the third largest retail market in the world for incontinence products. In 2015, SCA decided to invest approximately SEK 650m in a new production facility in Brazil for the manufacture of incontinence products. The new production facility will replace the smaller existing plant and production is scheduled to commence in 2016. The investment will increase SCA's production capacity and improve SCA's profitability in Brazil in the long term. It will also enable SCA to capitalize on the growth opportunities in the Brazilian market for incontinence products and to potentially launch other product categories in the future.



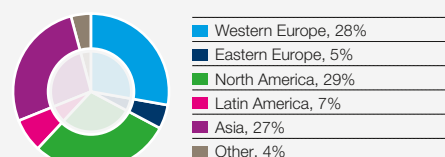
Use of incontinence products

Units per person with incontinence per year

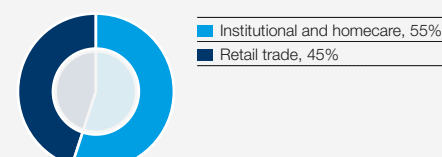


Data is based on market data and SCA's estimates.

Incontinence products – global market



Incontinence products – sales channels, global market



Baby diapers

Offering and market position:

SCA offers both open baby diapers and pant diapers, as well as baby-care products such as wet wipes, shampoo, lotion and baby oil, and is the world's fourth largest player in the segment and the second largest in Europe. In Europe, SCA markets baby diapers under its own Libero brand and under retailers' brands. SCA's strongest market is the Nordic region, where the Libero brand is the market leader. Examples of other strong regional brands are Drypers in Southeast Asia and Pequeñin in South America.

Strategy: SCA works to strengthen the positions of its own brands in both mature and emerging markets and to improve the profitability in the baby diapers segment. As part of SCA's work to improve profitability, several actions were taken during 2015 to address weak market positions with unsatisfactory profitability. As a result, SCA has divested the baby diapers operation in South Africa, exited the baby diapers market in Brazil and changed to an export business for baby diapers in Thailand. Innovations are important to have a strong branded and retail-branded product offering.



Feminine care

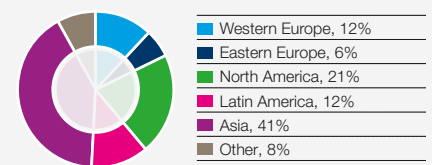
Offering and market position:

In feminine care, SCA offers a broad product portfolio that includes pads, panty liners, tampons, intimate soaps and intimate wipes. SCA is the world's fifth largest player in the segment and the third largest in Europe. SCA is the market leader in Latin America.

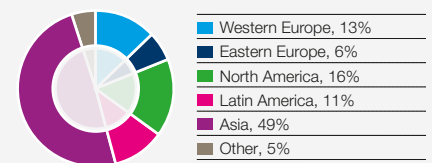
A large and growing share of SCA's sales takes place in emerging markets such as Latin America, Russia, Eastern Europe, the Middle East and Asia. Examples of regional brands supported by SCA's global brand platform include Libresse in the Nordic region, Russia and Malaysia, Bodyform in the UK, Nana in France, the Middle East and North Africa, and Saba and Nosotras in Latin America.

Strategy: SCA's strategy is to be the fastest growing feminine care brand globally and to increase sales while maintaining good profitability. SCA views it as an important task to promote awareness of hygiene and menstruation. School programs are being carried out in Latin America, Asia and Europe that aim to educate girls about what happens to their bodies during puberty and when they have their period.

Baby diapers – global market

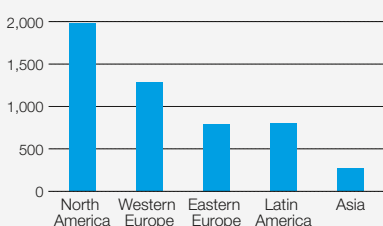


Feminine care – global market



Use of baby diapers

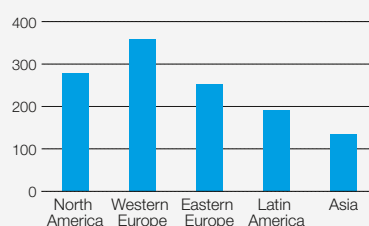
Units per child up to 2.5 years



Data is based on market data and SCA's estimates.

Use of feminine care products

Units per woman aged 15–49 per year



Data is based on market data and SCA's estimates.

Examples of innovations and product launches in 2015



TENA Lady Mini, Mini Wings, Mini Plus, Mini Plus Wings with DRYZone

New top sheet and ultra sonic welding pattern to improve the absorption.

Libero Touch™ Drypers Touch™

Premium range of Libero's open diapers and pant diapers. A specially designed product that offers superior fit and softness never before seen on the market.

Drypers' softest diapers ever – now with **DrySOFT™** – provide enhanced comfort for babies.



TENA Flex Normal

A new addition to the TENA Flex range with a lower absorption level.



Nosotras Frescura Extrema

A new range of hygiene products for women that offers an immediate cooling effect to maintain a clean and fresh feeling all day long.



TENA Men Protective Shield

Extra thin and discreet, this black protective shield offers leakage protection specially designed for men.



Tissue



SCA is a global leader in tissue and manufactures and sells consumer tissue and Away-from-Home (AfH) tissue. The consumer tissue product portfolio comprises toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins. In the consumer tissue segment, products are sold to retailers under SCA's own brands, such as Lotus, Tempo and Zewa, as well as under retailers' brands. In the AfH tissue segment, SCA devel-

ops and markets complete hygiene solutions, including tissue, soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products, service and maintenance for institutions and companies, under the globally leading brand Tork. Distribution channels for the products are the retail trade, online sales and distributors.



Share of Group



Net sales, 55%
SEK 64,184m



Operating profit, 52%
SEK 7,217m¹⁾



Capital employed, 52%
SEK 55,053m



Number of employees at
December 31, 61%
27,024 employees

¹⁾ Excluding items affecting comparability.

Operations in 2015

Net sales rose 13% to SEK 64,184m (56,994). Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, was 5%, of which volume accounted for 3% and price/mix for 2%. Organic sales growth was 1% in mature markets and 13% in emerging markets. Emerging markets accounted for 32% of sales. Exchange rate effects increased sales by 8%.

For consumer tissue, organic sales growth was 6%. Growth is related to high growth in emerging markets, particularly China, and higher sales in Western Europe. For AfH tissue, organic sales growth was 2%. The increase was related to emerging markets and North America.

Operating profit, excluding items affecting comparability, rose 8% (0% excluding currency translation effects) to SEK 7,217m (6,652). A better price/mix, higher volumes and cost savings contributed to the earnings increase. Higher raw material costs mainly resulting from the stronger US dollar had a negative earnings impact.

The operating margin¹⁾ was 11.2% (11.7).

The return on capital employed¹⁾ was 12.9% (12.6).

Operating cash surplus increased to SEK 10,703m (9,760). Operating cash flow increased to SEK 7,667m (7,343).

Capital expenditures in non-current assets amounted to SEK 3,536m (2,835).

Operating profit¹⁾, SEKm:

7,217

Operating margin¹⁾:

11.2%

Key figures

SEKm	2015	2014
Net sales	64,184	56,994
Operating cash surplus	10,703	9,760
Change in working capital	-285	55
Current capital expenditures, net	-2,260	-1,849
Other operating cash flow	-491	-623
Operating cash flow	7,667	7,343
Operating profit ¹⁾	7,217	6,652
Operating margin, % ¹⁾	11	12
Capital employed	55,053	55,489
Return on capital employed, % ¹⁾	13	13
Strategic capital expenditures		
plant and equipment	-1,276	-986
company acquisitions/divestments	0	283
Average number of employees	27,210	26,966
No. of employees at Dec. 31	27,024	26,997

¹⁾ Excluding items affecting comparability.

TARGET

- Return on capital employed of 15% over a business cycle.
- Annual organic sales growth of 3–4%.

Emerging markets accounted for

32%

of the business area's sales in 2015 and reported organic sales growth of 13% for the year.

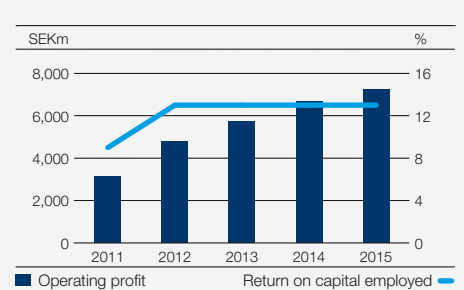
¹⁾ Excluding items affecting comparability.

Net sales and operating margin



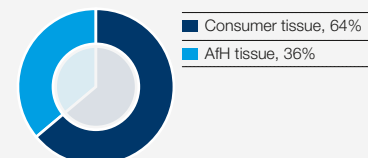
Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

Operating profit and return on capital employed

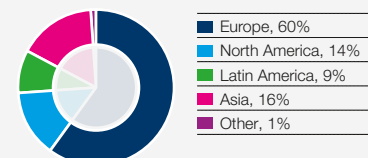


Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

SCA's sales by product segment



SCA's sales by region



In 2015, sales in the Tissue business area amounted to approximately SEK 64bn. In the Away-from-Home (AfH) segment, the globally leading brand Tork is the business area's single largest brand, with sales exceeding SEK 10bn annually. At the end of the year, SCA had production at 58 plants in 20 countries.

Market

The global market for tissue is valued at just over SEK 500bn and is growing by 4% annually. Growth in mature markets is in the low single-digit figures, while it is considerably higher in emerging markets.

In 2015, the European market for consumer tissue and AfH tissue showed low growth compared with the preceding year. The North American market for AfH showed growth, but competition rose as a result of greater investment in production capacity. The Chinese tissue market showed higher demand.

Shifts in global demographics such as population growth – due primarily to a lower infant mortality rate and increased longevity – and higher disposable incomes point to continued healthy growth for tissue products. The effect of higher disposable incomes is that more people prioritize hygiene when food and housing needs have been, or are in the process of being, satisfied. Consequently, demand for tissue products is rising in emerging markets. The growth potential for tissue products is greatest in emerging markets where market penetration is significantly lower than

in mature markets and where urbanization, improved infrastructure and the retail trade are evolving rapidly. One example of the lower market penetration in emerging markets is that tissue consumption per capita per year in Eastern Europe is only about one-third of that in Western Europe. Growth is also occurring in mature markets owing to lifestyle changes and innovations that lead to increased use. Market growth is positively impacted by global hygiene and health trends and increased awareness of the importance of hygiene to improve health and avoid diseases, especially in emerging markets.

SCA's competitors in tissue include Georgia-Pacific, Hengan, Kimberly-Clark and Sofidel.

Tissue brands



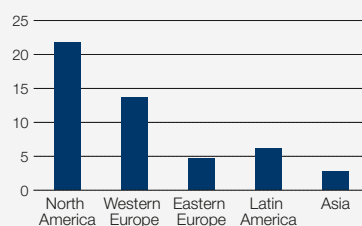
SCA's market positions

	Europe	North America	Global
Consumer tissue	1	-	2
AfH tissue	1	2*	1

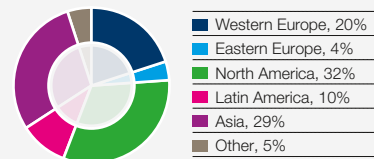
* Following the acquisition of Wausau Paper Corp., which was closed on January 21, 2016. Data is based on market data and SCA's estimates.

Use of tissue

Kg per capita per year



Tissue – global market



SCA's BUSINESS

Consumer tissue

Offering and market position:

SCA is the world's second largest supplier of consumer tissue, which includes toilet paper, kitchen rolls, facial tissues, handkerchiefs and napkins. In Europe, SCA is the clear market leader and holds a market share that is about double that of the second largest player. SCA also holds strong positions in many emerging markets, such as Russia and Colombia, where the Group is the market leader, and in Mexico, where it holds the number two position. SCA holds the number three position in China through its majority shareholding in Vinda.

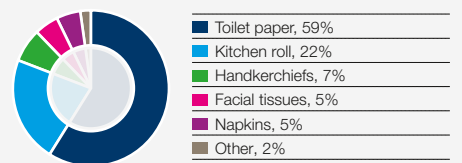
Products sold under SCA's own brands account for about 64% of SCA's sales, while the remaining 36% is sold under

retailers' brands. SCA's brand portfolio comprises several strong regional brands. Tempo, Zewa and Lotus are leading brands in large areas of Europe, while Cushelle, Velvet and Plenty are strong brands in the UK and Ireland, and Edet in the Nordic region and the Netherlands. In Hong Kong and Morocco, Tempo is the clear market leader in handkerchiefs. In South America, SCA markets products under the Familia and Favorita brands, and holds strong positions in emerging markets including Colombia, Chile and Ecuador. In the Mexican market, SCA occupies a strong position with the Regio brand. Vinda is one of the leading brands in China.

Strategy: In the markets where SCA has a presence, the strategy is to be the leading supplier of strong and innovative brands through successful brand marketing and accelerated innovation. SCA will continue to focus on increasing efficiency in the supply chain and innovations that drive product mix improvements. In Europe, the aim is to further strengthen SCA's leading market position and to grow key positions for SCA's own consumer tissue brands and the branded sales share, while aiming to be the best retailer-branded supplier. To improve efficiency and continue to build on SCA's strong regional brands, SCA works with a global brand platform for consumer tissue.



Product breakdown for consumer tissue, European market





In 2015, the new Tork Image Design™ dispenser range was launched.

AfH tissue

Offering and market position:

SCA is the world's largest supplier of AfH tissue with the global Tork brand. The AfH segment comprises institutions and companies, including hospitals, healthcare institutions, large workplaces, industries, restaurants and hotels, for which SCA develops and sells complete hygiene solutions comprising tissue, soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products, service and maintenance. The products are distributed by distributors and service companies.

SCA is the clear market leader in Europe and holds a market share that is about double that of the second largest player. Following the acquisition of Wausau Paper Corp., which was completed on January 21, 2016, SCA is the second largest player in North America. SCA's market position is particularly strong in the foodservice segment in North America, where approx-

imately every second napkin is supplied by SCA. SCA also holds strong positions in emerging markets, such as Russia and Colombia, where SCA is the market leader.

The global brand Tork provides significant synergies since the difference in consumer and customer requirements is minimal in regard to tissue and dispensers in the various parts of the world.

Strategy: SCA aims to strengthen its position as global market leader and to accelerate profitable growth. The ambition is to globally continue to focus on increasing sales of soap, hand lotion, hand sanitizers, dispensers and products for wiping and cleaning tasks as part of the tissue offering. Strong innovations and product launches are key to improving the customer offering, accelerating profitable growth and increasing the Tork brand awareness. In North America, where SCA

already occupies a strong position in the foodservice segment, the company aims to strengthen its washroom offering and to increase its share of premium sales and services.



Acquisition of Wausau Paper Corp.

In October 2015, SCA announced that it had made a public bid for Wausau Paper for a total consideration USD 513m in cash. Wausau Paper is one of the largest manufacturers of AfH tissue in North America. The company manufactures and markets AfH towel and tissue products and markets soap and dispensing systems. The acquisition of

Wausau Paper is an excellent strategic fit and strengthens SCA's presence in North America. The Wausau Paper product portfolio complements SCA's offering in North America and provides SCA with access to premium tissue in the region. The combined operations will provide customers with access to a comprehensive portfolio of foodser-

vice offerings, premium tissue as well as washroom products. The acquisition is expected to generate annual synergies of approximately USD 40m, with full effect three years after closing. The restructuring costs are expected to amount to approximately USD 50m. The transaction was completed on January 21, 2016.

Examples of innovations and product launches in 2015

Tempo®

Parts of the Tempo® handkerchief range were upgraded. The handkerchiefs are now softer than ever and just as strong as they have always been.



Tork Cleaning Cloths with ExelClean™

Cleaning cloths for quicker wiping and cleaning that help customers to enhance productivity while reducing the need for solvents.



New Plenty Easy Clean Wipes

A range of refillable dispensers that enable efficient cleaning while remaining moist for longer. Is available in three different versions: Multi-purpose, Bathroom, Antibacterial.



Tork Matic® Hand Towel Roll Dispenser with Intuition™ sensor

Tork Elevation line is a seamless and functional design series with a modern feel that fits into most washroom environments. The Tork Matic system for hand towel rolls has a high capacity that is ideal for busy washrooms in various environments. The touch-free system dispenses one towel at a time, thereby ensuring superior hygiene.



Tempo Light®

Cube-shaped boxes containing lighter weight Tempo® tissue suitable for many uses in the home.



Forest Products



SCA is Europe's largest private forest owner, encompassing some 2.6 million hectares of forest land, and produces forest products with a strong environmental profile. Operations are based on in-depth customer insight, high innovative ability and

a sustainability perspective at all levels. SCA manufactures and sells paper for packaging and print, pulp, solid-wood products and renewable energy.



Share of Group



Net sales, 15%
SEK 17,279m



Operating profit, 19%
SEK 2,605m¹⁾



Capital employed, 35%
SEK 37,217m



Number of employees at
December 31, 10%
4,276 employees

¹⁾ Excluding items affecting comparability.

Operations in 2015

Net sales rose 5% to SEK 17,279m (16,490). Sales growth excluding exchange rate effects was 3%, of which volume accounted for 2% and price/mix for 1%. Exchange rate effects increased sales by 2%.

Kraftliner showed higher prices (including exchange rate effects) and higher volumes. Publication papers showed higher prices (including exchange rate effects) and lower volumes. Solid-wood products showed lower prices (including exchange rate effects) and higher volumes. Pulp showed higher prices (including exchange rate effects) and unchanged volumes.

Operating profit, excluding items affecting comparability, rose 4% (17% excluding gains on forest swaps) to SEK 2,605m (2,505). Higher prices (including exchange rate effects), higher volumes, lower raw material and energy costs, and cost savings contributed to the earnings increase. Gains on forest swaps recognized in the income statement were lower than in the preceding year and amounted to SEK 0m (336).

The operating margin¹⁾ was 15.1% (15.2).

The return on capital employed¹⁾ was 6.9% (6.6).

Operating cash surplus amounted to SEK 3,319m (2,750) and operating cash flow to SEK 2,501m (1,440).

Capital expenditures in non-current assets amounted to SEK 1,815m (1,060).

Operating profit¹⁾, SEKm:

2,605

Operating margin¹⁾:

15.1%

Key figures¹⁾

SEKm	2015	2014
Net sales	17,279	16,490
of which internal	482	424
Operating cash surplus	3,319	2,750
Change in working capital	95	-342
Current capital expenditures, net	-869	-876
Other operating cash flow	-44	-92
Operating cash flow	2,501	1,440
Operating profit ¹⁾	2,605	2,505
Operating margin, % ¹⁾	15	15
Capital employed	37,217	37,831
Return on capital employed, % ¹⁾	7	7
Strategic capital expenditures		
plant and equipment	-946	-184
company acquisitions/divestments	279	-18
Average number of employees	4,153	4,293
No. of employees at Dec. 31	4,276	4,134

¹⁾ Excluding items affecting comparability.

TARGET

For the Forest Products business area

- Return on capital employed is to be in the top quartile of the industry over a business cycle.
- To grow in line with the market.

Net sales and operating margin



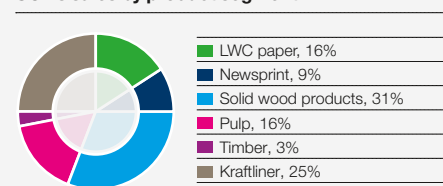
Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

Operating profit and return on capital employed

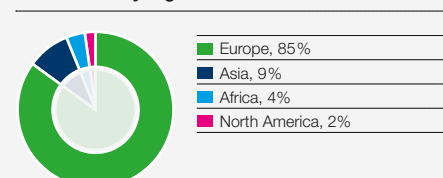


Excluding items affecting comparability. 2012 and 2013 restated in accordance with IFRS 10 and 11.

SCA's sales by product segment



SCA's sales by region



¹⁾ Excluding items affecting comparability.

In 2015, sales in the Forest Products business area amounted to approximately SEK 17bn. SCA sells paper for packaging and print, pulp, solid-wood products and renewable energy, and has a well-integrated supply chain in Sweden between its forest holdings and production facilities. At the end of 2015, SCA conducted manufacturing activities at 18 sites. Having its own logistics is part of the company's integration strategy, with loading and unloading terminals in Sweden and on the continent and freight transportation on vessels.

Market

The European market for kraftliner, paper for corrugated board packaging manufactured from fresh wood fiber, is valued at approximately SEK 32bn and growth over an economic cycle is approximately 1–2% per year.

The European market for publication papers is valued at approximately SEK 81bn. Future demand is expected to decline as a consequence of lower readership of printed media and more intense competition for advertising expenditures from electronic media.

The European market for solid-wood products is valued at some SEK 136bn, with demand primarily deriving from the

construction and house building industries, which are relatively cyclical. Future growth is expected to amount to 1–2%. The industry is dominated by many small and mid-sized producers.

The market for long-fiber pulp has long-term growth of 1–2% per year.

In Europe, demand for solid-wood products and kraftliner rose in 2015 compared with a year earlier. European demand for publication papers continued to fall in 2015.

SCA's competitors in forest products include Holmen, Smurfit Kappa, Stora Enso and UPM.

SCA's BUSINESS

Forest Product's production of paper for packaging and print, pulp and solid-wood products is concentrated to northern Sweden, close to SCA's forest holdings. SCA's forest holdings are certified in accordance with the FSC®'s rigorous forest management standard and SCA is one of the world's largest suppliers of FSC®-certified forest products.

SCA is Europe's largest private forest owner with a holding of 2.6 million hectares of FSC® and PEFC™-certified forest land, of which 2.0 million is managed for timber production. Over the past 50 years, the standing volume in SCA's forests has increased by nearly 50%, at the same time

as growth, and thus the sustainable harvesting potential, has more than doubled. The forest is a unique resource that offers us access to high-quality forest raw materials, which are then converted into solid-wood products, pulp and paper for packaging and print in our production process. The forest also makes a positive contribution to SCA's environmental practices, enabling energy production from wind power and biofuels while at the same time storing and binding carbon dioxide. From a community perspective, the forest also contributes biodiversity while also providing a source for nature experiences and recreation. While responsible forest management and the

replanting of trees help to combat climate change, a major contribution in the climate work also comes from replacing products with a large carbon footprint – such as concrete, plastic and oil – with products and materials with a smaller carbon footprint – such as wood products, paper and biofuels. SCA's forests display a net growth rate and the company's growing forests absorb 2.6 million tons of carbon dioxide each year, which exceeds the emissions from SCA's use of fossil fuels in production.

In 2015, SCA's nurseries produced 86 million seedlings, of which 57% was sold externally.

Two new publication paper grades were launched in 2015, GraphoCote light and GraphoStyle. GraphoStyle is a bright, matt and bulky LWC paper. It is intended to give an exclusive magazine feel, even for printed materials with lower page counts.



Kraftliner

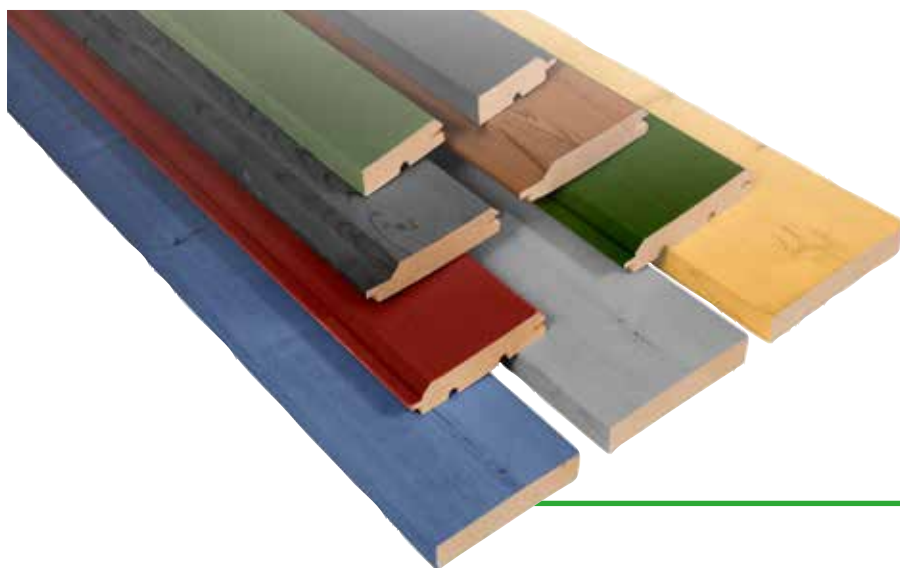
SCA is Europe's third largest supplier of packaging paper based on fresh wood fiber – kraftliner. SCA's kraftliner mill in Munksund specializes in white-top kraftliner with good printability, while the kraftliner mill in Obbola specializes in more robust grades and higher wet strength packaging paper. In recent years, SCA has made significant investments in both mills

to increase production, improve quality, reduce costs and enhance energy efficiency. In 2015, a new digester was commissioned at the Obbola mill.

Publication papers

SCA's sales of publication papers mainly take place within the Western European market. The single largest markets are the Nordic region, Germany and the UK. In

2015, SCA decided to close down a newsprint machine, the smallest and oldest of the Ortviken mill's four machines. Ortviken is now focusing on the development and production of value-added publication paper grades. Even after the closure, the mill remains one of the world's largest publication paper mills and has the potential to become one of the most competitive.



For solid-wood products, SCA has continued to develop its products for the builders merchant sector, producing pre-painted paneling in attractive lengths for customers and pre-assembled ceiling board to speed up construction processes. SCA has also launched finger-jointed, defect-free blanks for interior use in woodwork and interior details.

Pulp

In the pulp market, SCA has positioned itself in the high-quality segment based on its excellent access to, and expertise in, the Nordic long-fiber forest raw material. Approximately 40% of production at Östrand pulp mill is utilized within SCA for production of tissue and publication papers. To satisfy the long-term growth in demand for pulp, SCA decided in 2015 to invest in increased capacity for pulp production at Östrand pulp mill in Timrå, Sweden. The annual production capacity of bleached kraft pulp will increase from the current level of 430,000 tons to about 900,000 tons. The investment will amount to about SEK 7.8bn over a three-year period. Production is expected to commence in the second quarter of 2018. Over time, the investment in Östrand will increase sales and competitiveness and create a world-class cost position and higher margins. The expanded pulp plant will entail a high level of demand for pulpwood and sawmill chips in northern Sweden for a considerable time to come, with a positive effect on the value of the forest and the sawmill business.

Solid-wood products

SCA's sawmill operation is the second largest in Europe. The strategy for solid-wood products is to move toward more value-added and customized products in markets and with customers that offer long-term growth. SCA's own raw materials, production and logistics expertise, combined with close cooperation with customers, generate competitive advantages, which in turn are combined with world-class productivity. SCA's five mills are among the largest and most competitive sawmills in Europe. SCA is a qualified supplier of purpose-designed wood products to industry for further processing into such items as panels, floors, windows, doors and furniture. Finished-wood components for window manufacturing, for example, represents another high-growth market. Products for the builders merchant sector are delivered planed and pre-packaged. Service and advanced logistics solutions are of key significance for the builders merchant sector. SCA works in close cooperation with its customers in its principal markets in Scandinavia, France and the UK. SCA supplements the economies of scale generated at its sawmills in Sweden with

further processing carried out close to the customer in the market.

Renewable energy

SCA Energy is continuing the construction of the Björkhöjden wind farm, one of the largest in Sweden. At year-end 2015, 298 turbines were in production on land owned by SCA with total generating capacity of 2.3 TWh per year. SCA is one of Europe's largest suppliers of forest-based biofuels, such as tree branches, crowns, stumps, bark, sawdust, peat and processed products, which includes pellets and briquettes. In 2015, production of biofuel amounted to 2.7 TWh.

Logistics

Because transportation accounts for one of the largest cost items for SCA's forest products, SCA Logistics has been given the strategic task of developing cost-effective logistical solutions. In 2015, SCA launched a new strategy for its three RoRo vessels involving services to terminals in Germany, the UK and the Netherlands. In parallel, SCA will relocate its terminal from Lübeck to Kiel and, in the UK, from Tilbury to Sheerness.

Corporate governance

The task of corporate governance is to ensure the Group's commitments to all of its stakeholders: shareholders, customers, suppliers, creditors, society and employees. At the same time, governance must be structured in a way that supports the company's long-term strategy, market presence and competitiveness. Corporate governance must be reliable, clear, simple and business-oriented.

Corporate governance, including remuneration, pages 66–75

This section describes the rules and regulations and the Group's corporate governance, including a description of the operational organization. It also details the Board of Directors' responsibilities and its work during the year. Information regarding remuneration and remuneration issues in SCA and internal control in the Group are also included here. SCA applies

the Swedish Corporate Governance Code without any deviations, including the changes made to the Code on November 1, 2015 (www.bolagsstyrning.se).

Risk management, pages 76–81

SCA's processes to identify and manage risks are part of the Group's strategy work and are pursued at a local and Group-wide level. The section dealing with risk management describes the most significant

risks, and the policies and measures that the Group applies to manage these.

Sustainability, pages 28 and 32–33

SCA's sustainability work is an integral part of the company's business model. The sustainability work helps the company reduce risk and costs, strengthen competitiveness and attract talent and investors.

Governance at SCA

■ Annual General Meeting

The Annual General Meeting (AGM) is SCA's highest decision-making body, which all shareholders are entitled to attend, to have a matter considered and to vote for all shares held by the shareholder. The company's Board of Directors is elected at the AGM. The AGM also appoints the company's auditor. According to its Articles of Association, SCA has two listed classes of shares: Class A and Class B shares. Every Class A share represents one vote and every Class B share represents one tenth of a vote.

□ Nomination Committee

The Nomination Committee represents the company's shareholders and is charged with the sole task of preparing proposals for adoption at the AGM with respect to election and remuneration matters and, in certain cases, proposing procedural motions for the next Nomination Committee.

■ Board of Directors

The Board of Directors has overall responsibility for the company's organization and administration through regular monitoring of the business and by ensuring the appropriateness of the organization, management team, guidelines and internal control. The Board approves strategies and targets, and decides on major investments, acquisitions and divestments of operations, among other matters.

The Board of Directors shall comprise members elected by the AGM with no deputies. In addition, the Board shall include three

members and three deputies appointed by the employees.

SCA's Articles of Association contain no provisions regarding appointment or dismissal of Board members or amendments to the Articles.

Chairman of the Board

The Chairman of the Board leads the work of the Board and is responsible for ensuring that it is effectively organized and that work is efficiently conducted. This includes continuously monitoring the company's operations in close dialog with the President and CEO and ensuring that other Board members receive information and decision data that will enable high-quality discussion and decisions by the Board. The Chairman leads the assessment of the Board's and the President's work. The Chairman also represents the company in ownership matters.

Audit Committee

The tasks of the Audit Committee include monitoring financial reporting and the efficiency of the company's internal control, internal audit and risk management. The Committee keeps itself informed on the audit, reviews and monitors the impartiality and independence of the auditors, and contributes proposals for the AGM's election of auditors. The Audit Committee sets guidelines for the procurement of services other than auditing services from the company's auditor. Lastly, the Audit Committee evaluates the audit effort and informs the Nomination Committee of the results of the evaluation.

Remuneration Committee

The Remuneration Committee prepares the Board's motions on issues relating to remuneration principles, remuneration and other terms and conditions of employment for the President and CEO and is authorized to make decisions in these matters for the company's senior executives. The Committee monitors and assesses programs for variable remuneration, the application of the AGM's resolution on guidelines for remuneration of senior executives and the applicable remuneration structure and remuneration levels in the Group.

Internal audit

At SCA, it is the employees' responsibility to ensure sound internal governance and control in the operation or process for which they are responsible. Since 2006, internal audit has been a separate function with the task of evaluating and improving the efficiency of SCA's internal governance and control, as well as its risk management. This function has 13 employees and reports to the Audit Committee and the Board in terms of internal audit issues. The internal auditors are geographically located throughout the world where SCA conducts operations. The function examines, among other aspects, SCA's internal processes for ordering, invoicing, purchasing and financial reporting, IT systems, compliance with SCA's policies, including its Code of Conduct, HR issues and various types of projects. The function also offers internal consultancy services in connection with internal control matters.

■ President and CEO

SCA's President and CEO is responsible for and manages the day-to-day administration of the Group and follows the Board's guidelines and instructions. The President and CEO is supported by an Executive Vice President, who is also the CFO, and the Executive Management Team (see pages 74–75), the work of which is led by the CEO. The Executive Management Team comprises the President and CEO, the CFO, the Business Unit Presidents and the Presidents of the global units Global Hygiene Category (GHC), Global Hygiene Supply Tissue (GHS-T) and Global Hygiene Supply Personal Care (GHS-PC), as well as Logistics, and the Senior Vice Presidents of the Group functions Human Resources, Sustainability, Legal Affairs, Communications and Strategy and Business Development. The formal work plan for the Board of Directors and terms of reference issued by the Board of Directors to the President detail, for example, the division of work between the Board and President. In consultation with the Chairman of the Board, the President prepares documentation and decision data for the Board's work.

SCA has seven business units. After a reorganization on January 1, 2016, the business units are as follows:

- SCA Incontinence Care, which offers incontinence products in Europe and North America.
- SCA Consumer Goods, which offers consumer goods in Europe.
- SCA Latin America, which offers personal care products and tissue.
- SCA MEIA (the Middle East, India and Africa), which offers personal care products and tissue.
- SCA Asia Pacific, which offers personal care products and tissue.
- SCA AfH Professional Hygiene, which offers AfH tissue in Europe and North America.
- SCA Forest Products, which offers paper for packaging and print, pulp, solid-wood products and renewable energy.

In addition to the business units, SCA has established three global units:

- Global Hygiene Category (GHC), with global responsibility for customer and consumer brands and innovation in the hygiene area.
- Global Hygiene Supply Tissue (GHS-T), with global responsibility for purchasing, production and technology in Tissue.
- Global Hygiene Supply Personal Care (GHS-PC), with global responsibility for purchasing, production and technology in Personal Care.

SCA's business units adhere to the principle of distinct decentralization of responsibility and authority. The business units are fully responsible for developing their respective operations through established objectives and strategies, a process that is also centrally coordinated. The business units are responsible for their operating results, capital and cash flow. Business and earnings position are followed up by the entire Executive Management Team on a monthly basis. Each quarter, business review meetings are conducted during which the management of each business unit personally meets with the President, the CFO and others. These meetings function as a complement to the daily monitoring of operations. Through formal work plans and terms of reference, a number of issues of material significance are placed under the control of the CEO and the Parent Company's Board of Directors. SCA divides and reports its business in three business areas – Personal Care, Tissue and Forest Products.

□ External auditors

The company's auditor, elected at the Annual General Meeting, examines SCA's annual report and consolidated financial statements, the Board's and President's administration and the annual reports of subsidiaries, and submits an audit report.

The audit is performed in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing principles in Sweden.



Internal rules and regulations, etc.

- Articles of Association
- Rules of Procedure plan of the Board of Directors
- Terms of reference issued by the Board to the President
- Code of Conduct
- Policy documents (such as financial, communications, risk management, pension, HR and diversity) and instructions

External rules and regulations, etc.

- The Swedish Companies Act
- Swedish and international accounting legislation
- NASDAQ OMX Stockholm's rules for issuers
- Swedish Corporate Governance Code

Compliance with stock market regulations

In 2015, SCA was not sanctioned by Finansinspektionen, the stock exchange's disciplinary committee or any other authority or self-regulating body for violations of the rules concerning the stock market.

Read more about SCA's Corporate Governance at www.sca.com

- Articles of Association
- Swedish Corporate Governance Code
- Information from previous Annual General Meetings since 2005 (notices, minutes, President's speeches and press releases)
- Information from the Nomination Committee since 2006 (composition, proposals and work)
- Information ahead of the 2016 Annual General Meeting (notice, Nomination Committee proposals, Board proposal for principles for remuneration of senior executives, information routines for notifying attendance at the Meeting, etc.)
- Earlier Corporate Governance Reports, since 2005

Activities during the year

Annual General Meeting

The AGM was held on Wednesday, April 15, 2015, in Stockholm, Sweden. The Meeting was attended by 1,510 shareholders, either personally or by proxy, corresponding to 67.2% of the votes in the company. Eva Hägg, Attorney-at-Law, was elected Chairman of the Meeting.

Resolutions by the Meeting

- dividend of SEK 5.25 (4.75) per share to be paid for the 2014 fiscal year,
- re-election of the Board members Pär Boman, Rolf Börjesson, Leif Johansson, Bert Nordberg, Anders Nyrén, Louise Julian Svanberg and Barbara Milian Thoralfsson and the election of new Board members Annemarie Gardshol and Magnus Groth,
- Pär Boman elected as the new Chairman of the Board,
- adoption of guidelines for determining the salary and other remuneration of the President and other senior executives; see page 44 and Note C3 on pages 97–99.

The minutes of the Meeting in full and information on the 2015 AGM, including the President's speech, are available at www.sca.com.

Nomination Committee

The 2012 AGM decided that the Nomination Committee should comprise representatives of not fewer than the four and not more than the six largest shareholders

in terms of voting rights, as well as the Chairman of the Board, who is also the convener, and that this decision should apply until further notice. The Nomination Committee shall submit proposals relating to the Chairman of the Meeting, the Board of Directors, the Chairman of the Board, Board fees and remuneration for committee work, the election of the company's auditor and remuneration for services rendered.

In its work, the Nomination Committee is to consider the rules that apply to the independence of Board members, as well as the requirement of diversity and breadth with the endeavor to achieve an even gender distribution and that the selection for those nominated shall be based on expertise and experience relevant to SCA.

Composition of the Nomination Committee for the 2016 AGM

The composition of the Nomination Committee for the 2016 AGM is as follows:

- Helena Stjernholm, AB Industrivärden, Chairman of the Nomination Committee
- Håkan Sandberg, Handelsbanken Pension Foundation, among others
- Yngve Slyngstad, Norges Bank Investment Management
- Hans Sterte, Skandia
- Pär Boman, Chairman of the Board, SCA

All shareholders have had an opportunity to submit proposals to the Nomination Committee. The Nomination Committee's proposal for the 2016 AGM is presented in

the notice convening the Annual General Meeting on SCA's website www.sca.com. The 2016 AGM will be held on April 14; see page 39.

The Nomination Committee was convened on nine occasions. The Chairman of the Board presented the Board evaluation and provided the Nomination Committee with information regarding Board and committee work during the year. When preparing proposals for the Board for the 2016 AGM, particular attention has been paid to the issues of diversity and an even gender distribution in accordance with the company's diversity policy.

Board of Directors

SCA's Board of Directors comprises seven members elected by the AGM.

Board members Pär Boman, Rolf Börjesson, Leif Johansson, Bert Nordberg, Anders Nyrén, Louise Julian Svanberg and Barbara Milian Thoralfsson were re-elected to the Board in 2015. Magnus Groth, SCA's President and CEO, and Annemarie Gardshol were also elected as new Board members. Pär Boman was elected as the Chairman of the Board. After the AGM, Anders Nyrén resigned from the Board on April 30, 2016 and Rolf Börjesson resigned on May 4, 2016.

The independence of Board members is presented in the table below. SCA complies with the requirements of the Swedish Corporate Governance Code that stipulate that not more than one member elected by the AGM shall be a member of

Board of Directors and committees

Board of Directors	Elected	Dependence	Committees		Attendance*			
			Audit	Remuneration	Board of Directors (16)	Audit Committee (5)	Remuneration Committee (7)	
Pär Boman ¹⁾	2010	■	x	Chairman	16/16	16/16	4/4	5/5
Annemarie Gardshol ²⁾	2015				10/10			
Leif Johansson	2006			x	16/16			7/7
Louise Julian Svanberg ³⁾	2012			x	15/16			4/4
Bert Nordberg ⁴⁾	2012		x		16/16		3/3	
Barbara Milian Thoralfsson	2006			Chairman	16/16		5/5	
Magnus Groth ⁵⁾	2015	■			10/10			
Sverker Martin-Löf ⁶⁾	1986	■			6/6	1/1		2/2
Rolf Börjesson ⁷⁾	2003				8/8			3/3
Anders Nyrén ⁸⁾	2001	■			8/8	1/1		
Jan Johansson ⁹⁾	2008	■			6/6			

* Board meetings January 1–December 31, 2015.

■ = Dependent in relation to the company's major shareholder, AB Industrivärden.

■ = President of SCA, dependent in relation to the company and the Executive Management Team.

■ = Dependent in relation to the company, the Corporate Senior Management Team, and the company's major shareholder, AB Industrivärden.

Composition of the largest shareholders, Nomination Committee at August 31, 2015 (share of votes)

	%
AB Industrivärden	29.6
Handelsbanken's foundations, etc.	11.4
Norges Bank Investment Management	7.9
Skandia	1.5

¹⁾ Chairman of the Board and member of the Audit and Remuneration Committee as of April 15, 2015.

²⁾ Elected to the Board on April 15, 2015.

³⁾ Member of the Remuneration Committee as of May 8, 2015.

⁴⁾ Member of the Audit Committee as of May 8, 2015.

⁵⁾ Elected to the Board on April 15, 2015.

⁶⁾ Withdrew from the Board on April 15, 2015.

⁷⁾ Withdrew from the Board on May 04, 2015.

⁸⁾ Withdrew from the Board on April 30, 2015.

⁹⁾ Withdrew from the Board on April 15, 2015.

President and CEO until March 1, 2015.

company management, that the majority of the members elected by the AGM shall be independent of the company and company management, and that not fewer than two of these shall also be independent of the company's major shareholders. All of the Board members have experience of the requirements incumbent upon a listed company. The employees have appointed the following three representatives to the Board for the period until the 2017 AGM: Roger Boström, Örjan Svensson and Thomas Wiklund, and their deputies Per Andersson, Paulina Halleröd and Hans Nyqvist.

Board activities

In 2015, the Board was convened 16 times. The Board has fixed working procedures that describes in detail which ordinary agenda items are to be addressed at the various Board meetings of the year. Recurring agenda items are finances, the market situation, investments and adoption of the financial statements. The Board also establishes and evaluates the company's overall objectives and strategy and decides on significant rules with regard to the company's social responsibility, such as SCA's Code of Conduct. Another key task is to continuously monitor the internal control of the compliance of the company and its employees with relevant internal and external rules, and that the company has well-functioning procedures for market disclosures. On a regular basis throughout the year, the Board has also dealt with reports from the Audit and Remuneration Committees and reports on internal control and financial operations. The company's auditors regularly present a report on their audit work and these issues are discussed by the Board. The Business Unit Presidents present reports on their respective operations and current issues affecting them to the Board.

Evaluation of the Board's work

The work of the Board, like that of the President, is evaluated annually using a systematic and structured process, the purpose of which is to obtain a sound basis

for the Board's own development work and to provide the Nomination Committee with decision data for its nomination work. In 2015, external expertise was used regarding the interview questions. In 2015, the evaluation took the form of interviews and a questionnaire as well as group and individual discussions between the Chairman of the Board and the members. The evaluation covers such areas as the Board's methods of work, effectiveness, expertise and the year's work. The Board was provided with feedback after the results were compiled. The Nomination Committee was also informed of the full results of the evaluation.

Audit Committee

The Audit Committee comprises Chairman Barbara Milian Thoralfsson, Pär Boman and Bert Nordberg. The Audit Committee held five meetings during the year. In addition, members have also held internal meetings with internal audit, the auditors and the CFO, and held meetings with the auditors and CFO of Vinda in Hong Kong. In its work, which includes monitoring financial reporting, the Committee dealt with relevant accounting issues, internal auditors' reviews, auditing work and a review of various measurement issues, such as testing of impairment requirements for goodwill, the measurement of forest assets and the preconditions for the year's pension liability calculations.

Remuneration Committee

The Remuneration Committee comprises Chairman Pär Boman, Leif Johansson and Louise Julian Svanberg. The Remuneration Committee held seven meetings during the year. Activities in 2015 mainly concerned remuneration and other employment terms and conditions for senior executives, and current remuneration structures and remuneration levels in the Group.

Internal audit

The basis of the work is a risk analysis conducted in cooperation with SCA's management. The risk analysis concludes in an audit plan, which is presented to the

Audit Committee. In 2015, around 120 audit projects were performed. During the year, the function reported its observations at meetings with the Audit Committee.

Work in 2015 involved follow-up of the units' progress with process-based control, follow-up of the efficiency in internal governance and control, follow-up of product safety and follow-up of the Code of Conduct.

External auditors

The 2015 Annual General Meeting appointed the accounting firm of PricewaterhouseCoopers AB as the company's auditor for a mandate period of one year. The accounting firm notified the company that Anna-Clara af Ekenstam, Authorized Public Accountant, would be the auditor in charge. Anna-Clara af Ekenstam is also the auditor of SAAB AB and Knowit AB. The auditor owns no shares in SCA.

In accordance with its working procedures, the Board met with the auditors at two scheduled Board meetings in 2015. The auditors also attended each meeting of the Audit Committee. At these meetings, the auditors presented and received opinions on the focus and scope of the planned audit and delivered verbal audit and review reports. Furthermore, at the Board's third scheduled autumn meeting, the auditors delivered an in-depth verbal report on the audit for the year. The working procedures specifies a number of mandatory issues that must be covered. These include matters of importance that have been a cause for concern or discussion during the audit, business routines and transactions where differences of opinion may exist regarding the choice of accounting procedures. The auditors also provide an account of consultancy work assigned to the audit firm by SCA and the audit firm's independence in relation to the company and its management. On each occasion, Board members have had an opportunity to ask the auditors questions. Certain parts of the detailed discussion on the accounts take place without representatives of company management being present.

Remuneration, Executive Management Team and Board of Directors

Guidelines

The 2015 Annual General Meeting adopted guidelines for remuneration of senior executives that are based on a total remuneration package comprising a fixed salary, variable salary and other benefits, and a pension; see Note C3 on pages 97–99. These guidelines are proposed to remain unchanged until the 2016 AGM with the addition that pension benefits in new employment contracts should, wherever possible, only include defined premium pension benefits and entitle the executive to receive a pension from the age of 65; see page 44.

Remuneration of the President and other senior executives

Remuneration of the President and other senior executives is presented in Note C3 on pages 97–99. Variable remuneration for the CEO, CFO and Business Unit Presidents was maximized to a total of 100% of the fixed salary for 2015. For one Business

Unit President, stationed in the US, the maximum outcome is 130%, while the corresponding limit for other senior executives is 90%.

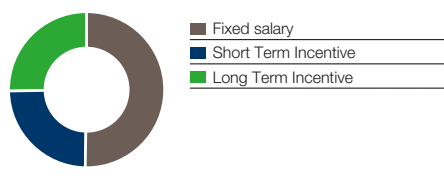
Variable remuneration and strategic targets

Programs for variable remuneration are formulated to support the Group’s strategic targets. The short-term program is individually adapted and based mainly on cash flow, operating profit and growth. The long-term program is based on the SCA share’s long-term total shareholder return.

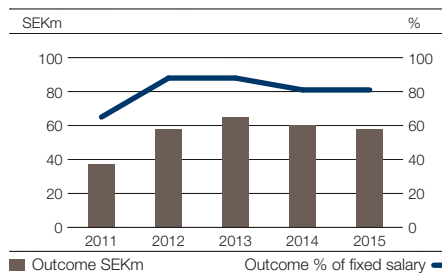
Remuneration of the Board

The total remuneration of the AGM-elected Board members amounts to SEK 7,780,000 in accordance with the AGM’s resolution, although the actual compensation was lower due to two members resigning from the Board in advance. See Note C3 on pages 97–99 for further information.

Possible maximum remuneration, composition



Outcome variable remuneration 2011–2015



Internal control and financial reporting

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Swedish Corporate Governance Code. The Annual Accounts Act requires that the company, each year, describe its system for internal control and risk management with respect to financial reporting. The Board bears the overall responsibility for financial reporting and its working procedures regulates the internal division of work between the Board and its committees.

The Audit Committee has the important task of preparing the Board's work to assure the quality of financial reporting. This preparation work includes issues relating to internal control and regulation compliance, control of recognized values, estimations, assessments and other activities that may impact the quality of the financial statements. The Committee has charged the company's auditors with the task of specifically examining the degree of compliance in the company with the rules for internal control, both general and detailed.

Financial reporting to the Board

The Board's working procedures stipulates which reports and information of a financial nature shall be submitted to the Board at each scheduled meeting. The President ensures that the Board receives the reports required to enable the Board to continuously assess the company's and Group's financial position. Detailed instructions specifically outline the types of reports that the Board is to receive at each meeting.

External financial reporting

The quality of external financial reporting is guaranteed via a number of actions and procedures. The President is responsible for ensuring that all information issued, such as press releases with financial content, presentation material for meetings with the media, owners and financial institutions, is correct and of a high quality. The responsibilities of the company's auditors include reviewing accounting issues that are critical for the financial reporting and reporting their observations to the Audit Committee and the Board of Directors. Besides the year-end report, the auditor also conducts a review of the six-month report.

Risk management

With regard to financial reporting, the risk that material errors may be made when reporting the company's financial position and results is considered the primary risk. To minimize this risk, control documents have been established pertaining to accounting, procedures for annual accounts and follow-up of reported annual accounts. There is also a joint system for reporting annual accounts. SCA's Board of Directors and management assess the financial reporting from a risk perspective on an ongoing basis. To provide support for this assessment, the company's income statement and balance sheet items are compared with earlier reports, budgets and other planned figures. Control activities that are significant to financial reporting are carried out using the company's IT system. For further information, see Risk and risk management on pages 76–81.

Control activities and follow-up

Significant instructions and guidelines related to financial reporting are prepared and updated regularly by the Group Function Finance and are easily accessible on the Group's intranet. The Group Function Finance is responsible for ensuring compliance with instructions and guidelines. Process managers at various levels within SCA are responsible for carrying out the necessary control measures with respect to financial reporting. An important role is played by the business unit's controller organizations, which are responsible for ensuring that financial reporting from each unit is correct, complete and delivered in a timely manner. In addition, each business unit has a Finance Manager with responsibility for the individual business unit's financial statements. The company's control activities are supported by the budgets prepared by each business unit and updated during the year through continuous forecasts.

SCA has introduced a standardized system of control measures involving processes that are significant to the company's financial reporting. The controls are adapted to the operational process and system structure of each unit. Accordingly, each unit prepares a record of the actual controls to be carried out in the unit in question. Control of these processes is

assessed through self-evaluation followed up by the internal audit unit. In some cases, SCA has enlisted external help to validate these control measures.

Financial results are reported and examined regularly within the management teams of the operating units and communicated to SCA's management at monthly and quarterly meetings. Before reports are issued, results are analyzed to identify and eliminate any mistakes in the process until the year-end closing. For additional information, see Internal audit on page 69.

The Board follows up to ensure that the internal control and reporting to the Board functions through continuous reporting from the CEO and CFO and through reporting from the internal audit unit in the scope of the audit plan set annually. Internal audit also continuously reports its observations in this respect to the Audit Committee. Internal Audit's tasks include following up compliance with the company's policies, and the results of this follow-up are reported to the Board through the Audit Committee.

Activities in 2015

For a number of years now, the entire SCA Group has used a shared reporting system for financial statements. An increasing number of units within SCA are also introducing the same accounting system based on a common IT platform.

Another development involved the co-location of accounting and reporting of several units in shared service centers, which made reporting more efficient and uniform. Work continued during the year to reduce the number of legal entities in SCA and thereby simplify the reporting and system structures. SCA Global Business Services (GBS), which is responsible for providing professional and transactional services in finance, HR administrative support, organization of master data, and office-related support and services to all units within SCA, continued its efforts to improve the efficiency of the processes during the year.

All of the SCA Group's policies and, where relevant, instructions and guidelines were reviewed in 2015. The purpose of the review was to ensure that SCA has a portfolio of policies that promotes effective and responsible operation of the business.

Board of Directors and Auditors



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Elected by the Annual General Meeting

1 Pär Boman (1961)

Engineer, Economist, Hon PhD Econ

Chairman of the Board since 2015. Chairman of the Board of Svenska Handelsbanken AB, Deputy Chairman of the Board of AB Industrivärden and Board member of Skanska AB.

Formerly President and CEO of Handelsbanken 2006–2015 and Vice President of Handelsbanken 1998–2006. Elected: 2010

Class A shares: 1,000

Independent of the company and corporate management.

2 Annemarie Gardshol (1967)

MSc Eng.

Various senior positions in Postnord AB and a member of Postnord's corporate management team since 2012.

President of Strålfors and member of the Board of Etac AB.

Elected: 2015

Class B shares: 700

Independent of the company, corporate management and SCA's major shareholders.

3 Magnus Groth (1963)

MBA and MSc ME

President and CEO of SCA. Member of the Board of Acando AB. Former President of SCA Consumer Goods Europe 2011–2015. President of Studsvik AB (publ) 2006–2011 and SVP of Vattenfall 2001–2005.

Employed since: 2011

Elected: 2015

Class B shares: 11,250

Independent of SCA's major shareholders.

4 Leif Johansson (1951)

MSc Eng.

Chairman of the Boards of Telefonaktiebolaget LM Ericsson and AstraZeneca. Member of the Board of Ecolan AB. Chairman of the Royal Swedish Academy of Engineering Sciences (IVA), Chairman of the Nobel Foundation's International Advisory Board and member of the European Round Table of Industrialists (ERT).

President and CEO of Volvo 1997–2011. Vice President of AB Electrolux 1988–1991, President 1991–1994 and President and CEO of Electrolux 1994–1997.

Elected: 2006

Class B shares: 5,800

Independent of the company, corporate management and SCA's major shareholders.

5 Bert Nordberg (1956)

Engineer

Chairman of the Board of Vestas Wind Systems A/S. Member of the Boards of AB Electrolux, Skistar AB, Axis AB and Sigma Connectivity AB.

Previously held various management positions in Digital Equipment Corp. and Ericsson, President of Sony Mobile Communications AB 2009–2012. Member of the Board of BlackBerry Ltd 2013–2014 and Chairman of the Board of Sony Mobile Communications AB 2012–2013.

Elected: 2012

Class B shares: 5,000

Independent of the company, corporate management and SCA's major shareholders.

Information regarding individuals' own and related parties' shareholdings pertains to the situation on December 31, 2015.



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6 Louise Julian Svanberg (1958)

MSc Econ.

Member of the Board of Careers Australia and member of the Advisory Board for Cue Ball Capital, Boston.

Previously held various management positions in EF, including President 2002–2008 and Chairman of the Board 2008–2010.

Elected: 2012

Class B shares: 15,000

Independent of the company, corporate management and SCA's major shareholders.

7 Barbara Milian Thoralfsson (1959)

MBA, BA

Member of the Boards of Cable & Wireless Plc, Hilti AG, ColArt Holdings Ltd and Norfolier GreenTec AS, and industry advisor to EQT. President of NetCom ASA 2001–2005 and President of Midelfart & Co AS 1995–2000. Member of the Board of AB Electrolux 2003–2014 and member of the Board of Telenor ASA 2009–2015.

Elected: 2006

Independent of the company, corporate management and SCA's major shareholders.

Appointed by the employees

8 Roger Boström (1971)

Vice Chairman of the Swedish Paper Workers' Union dept. 167 at SCA Graphic Sundsvall AB, Östrand pulp mill, Timrå.

Member of the Swedish Trade Union Confederation (LO).

Appointed: 2013

Class B shares: 25

9 Örjan Svensson (1963)

Senior Industrial Safety Representative at SCA Hygiene Products AB, Edet Bruk, Lilla Edet.

Member of the Swedish Trade Union Confederation (LO).

Appointed: 2005

Class B shares: 75

10 Thomas Wiklund (1955)

Shift Production Manager and Chairman of Ledarna (Swedish Organization for Managers) at Munksund paper mill.

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2009

Deputies

Per Andersson (1955)

Employed at SCA Obbola, Umeå.

Appointed: 2013

Paulina Halleröd (1967)

Employed at SCA Hygiene Products, Gothenburg

Appointed: 2013

Hans Nyqvist (1968)

Employed at SCA Hygiene Products, Gothenburg

Appointed: 2013

Honorary Chairman

Bo Rydin

MSc Econ., Hon PhD Econ., Hon PhD Engineering

Auditors

PricewaterhouseCoopers AB

Secretary to the Board

Mikael Schmidt (1960)

Master of Laws

Senior Vice President, Group Function Legal Affairs, General Counsel.

Employed since: 1992

Class B shares: 10,000

Executive Management Team

As of January 1, 2016



1 Magnus Groth (1963)
President and CEO
MBA and MSc ME
Employed since: 2011
Class B shares: 11,250

2 Fredrik Rystedt (1963)
CFO and Executive Vice President
Head of Group Function Finance
MSc Econ.
Employed since: 2014
Class B shares: 5,000

3 Joséphine Edwall-Björklund (1964)
Senior Vice President, Group Function Communications
BSc in Communications
Employed since: 2012
Class B shares: 3,782

4 Pablo Fuentes (1973)
President, SCA Latin America
MSc Econ., MBA
Employed since: 2006
Class B shares: 8,073

5 Donato Giorgio (1973)
President, SCA Global Hygiene Supply Tissue
MSc Eng.
Employed since: 2009
Class B shares: 2,838

6 Ulrika Kolsrud (1970)
President, SCA Global Hygiene Supply Personal Care
MSc Eng.
Employed since: 1995
Class B shares: 1,897

7 Ulf Larsson (1962)
President, SCA Forest Products
BSc Forestry
Employed since: 1992
Class B shares: 4,400

8 Margareta Lehmann (1958)
President, SCA Incontinence Care
MSc Econ.
Employed since: 1983
Class B shares: 7,928

9 Don Lewis (1961)
President, SCA AfH Professional Hygiene
MSc Econ.
Employed since: 2002
SCA ADR: 15,195

Information regarding individuals' own and related parties' shareholdings pertaining to the situation on December 31, 2015.



10



13



16



11



14



17



12



15



18

10 Sune Lundin (1951)

President, Logistics
MSc Eng.
Employed since: 2008
Class B shares: 13,610

11 Annika Nordin (1954)

Acting President, Global Hygiene Category
MSc Eng.
Employed since: 1984
Class B shares: 3,445

12 Mikael Schmidt (1960)

Senior Vice President, Group Function Legal Affairs,
General Counsel
Master of Laws
Employed since: 1992
Class B shares: 10,000

13 Robert Sjöström (1964)

Senior Vice President, Group Function Strategy and
Business Development, Global Business Services and IT
MSc Econ., MBA
Employed since: 2009
Class B shares: 10,000

14 Kersti Strandqvist (1963)

Senior Vice President, Group Function Sustainability
MSc Chem., Tech Lic.
Employed since: 1997
Class B shares: 9,797

15 Ulf Söderström (1964)

President, SCA Asia Pacific
Studies in economics, MBA
Employed since: 2009
Class B shares: 16,000

16 Thomas Wulkan (1961)

President, SCA MEIA
BSc BA
Employed since: 2000
Class B shares: 5,150

17 Volker Zöller (1967)

President, SCA Consumer Goods
BSc BA
Employed since: 1994
Class B shares: 4,350

18 Anna Sävinger Åslund (1969)

Senior Vice President, Group Function Human Resources
HR Management Degree
Employed since: 2001
Class B shares: 1,830

Risks and risk management

SCA is exposed to a number of risks that could exert a greater or lesser material impact on the Group. These risks are generally defined as factors that impact SCA's ability to achieve established targets for the Group. This applies to both financial targets and targets in other areas. SCA's targets are outlined on pages 30–33.

Many of the risks described could have a positive or negative impact on the Group. This implies that if a risk develops in a favorable manner or if risk management is successful in counteracting the risk, target fulfillment could exceed expectations. From this perspective, risk could also entail opportunities for SCA. Examples include the GDP trend and the economic situation, the cost of input goods, customer and consumer patterns, and movements in market prices.

The description in this section relates to the structure that the SCA Group had at year-end 2015.

SCA's structure and value chain

SCA's structure and geographically dispersed business entails in itself a certain degree of risk reduction. SCA conducts operations in three business areas that deliver to entirely, or partially, different customer segments and end-users. The operations are influenced to varying degrees by the business cycle and general economic prosperity and their competitive situations also

differ. SCA's products are sold through many different channels and distribution paths.

The operation has a large geographical spread. Sales are conducted in about 100 countries worldwide and manufacturing is pursued at about 100 production units in some 30 countries. Sales are often based on local manufacturing.

SCA's structure also ensures that the raw material flows are, to a certain degree, integrated from forest land to the finished consumer products. In 2015, 54% of SCA's wood raw material requirements were sourced from its own forests and chips from its own sawmills. The wood fiber is used for SCA's production of pulp, kraftliner and publication papers, in sawmill operations, and for the manufacture of tissue. Forest waste from SCA's activities is used in biofuel operations. The energy generated in the production process is used internally or sold.

The pulp is subsequently used mainly in the production of tissue. In 2015, own pulp production corresponded to 24% of SCA's pulp consumption.

Processes for risk management

SCA's Board determines the Group's strategic direction based on recommendations from Executive Management Team. The responsibility for long-term and overall management of strategic risks follows the company's delegation scheme, from the Board

to the President, and from the President to the Business and Global Unit Presidents. This implies that most operational risks are managed by SCA's business and global units at a local level, but are coordinated when deemed necessary. The tools for this work primarily comprise continuous reporting by the business and global units and the annual strategy process, which includes risk assessment and risk management as part of the process. In this process, identified risks have been classified according to the likelihood of the risk becoming a reality and the impact on SCA's goal fulfillment. The outcome of this evaluation constitutes a part of the assessment of risks described in this section.

SCA's financial risk management is centralized, as is the case for the corporate internal bank for financial transactions of Group companies and management of the Group's energy risks. The financial risks are managed in accordance with the Group's finance policy, which is set by SCA's Board and, together with SCA's energy risk policy, comprises a framework for management activities. The risks are grouped and followed up on a regular basis to ensure compliance with these guidelines. SCA has also centralized the management of other risks.

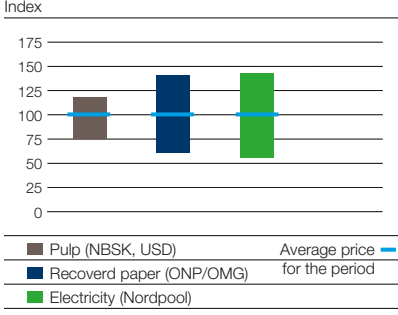
SCA has established a corporate internal audit unit, which ensures that SCA's organization complies with the set policies.

Risks that impact SCA's ability to achieve established targets

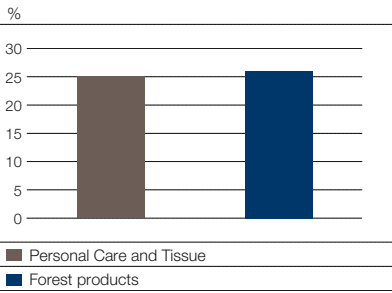
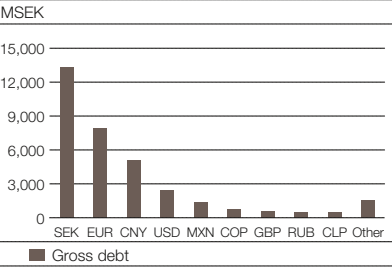
Risk	Policy/Action	
<p>GDP trend and economic conditions</p>		
<p>SCA's volume development is linked to the development of GDP and related factors, including industrial production, in countries representing SCA's main markets. Movements in the GDP trend influence demand for some of SCA's products, primarily in the Forest Products business area.</p> <p>Development within SCA's key customer segments (Europe, Index year 2000 = 100)</p> <p>Legend: — Retail trade — Manufacturing industry — Construction industry — Advertising market (newspapers and magazines, Germany, France and the UK)</p>	<p>In 2015, Personal Care and Tissue accounted for 85% of SCA's sales. Sales to the retail market, which accounts for the bulk of sales of hygiene products, are more dependent on established consumption patterns and distribution than the economic climate. The institutional care and homecare segment for incontinence products is also relatively unaffected by the business cycle, although it can be impacted by the public sector budget situation in certain countries. The segment in the hygiene business that is most sensitive to economic movements is AfH tissue, which is affected by the consumption of tissue outside the home, for example, within industry and offices, as well as in the hotel and restaurant industry.</p>	<p>Forest products are vulnerable to economic movements. Sales of publication papers, representing 4% of SCA's sales, are affected by fluctuations in business activity in the advertising sector. The relatively cyclical construction and prefab house industries impact SCA's solid-wood product business, which accounts for 5% of sales.</p> <p>For all businesses, it is important that SCA manages the effects of the economic movements that occur by taking actions to reduce costs and by reviewing the capacity and production structure.</p>

Risk	Policy/Action	
Environmental impact and climate change		
<p>SCA's operations have an impact on air, water, land and biological processes. These effects could lead to costs for restoring the environment or other kinds of negative effects. The matter of the economic impact of climate change is also growing in significance.</p>	<p>A number of years ago, SCA established a sustainability policy, detailing guidelines for the Group's actions in the areas of environmental and social responsibility. In addition to this, targets for people and nature are an integrated part of SCA's business strategy. Risks are minimized through preventive work in the form of certified environmental management systems, environmental risk inspections in conjunction with acquisitions, and remediation projects in connection with plant closures.</p> <p>The Group's large forest holding has a significant positive environmental effect through the absorption of carbon dioxide. The forest also guarantees access to renewable forest raw materials and provides</p>	<p>valuable ecosystem services for society. Through its Resource Management System (RMS), SCA monitors how the company utilizes energy, water, transport activities and raw materials. The data is used for internal control and follow-up of established targets. SCA works proactively to decrease its carbon footprint by reducing its energy consumption and emissions of greenhouse gases. Continuous work is conducted to reduce the already low levels of oil and coal used in the Group, and to increase the proportion of renewable energy, such as wind power. A comprehensive description of SCA's work and governance in this area is provided in the Group's Sustainability Report.</p>
Impact of political decisions		
<p>SCA is affected by political decisions and administrative regulations in the approximately 100 countries in which the Group conducts operations. These relate to general regulations, such as taxation and financial reporting. SCA is also impacted by more specific regulations, such as the granting of permits in accordance with the Environmental Code and reimbursement of expenses in the healthcare system.</p>	<p>Through SCA's Public Affairs unit, the company works to monitor and evaluate changes in its surroundings, including amended legislation, and to identify actions that lead to improvements of the policy areas/regulations for the benefit of all relevant stakeholder groups. SCA is also a member of national and international trade associations, which comprise the primary bodies for participation in current public debates.</p> <p>A key area for SCA is global energy and environmental legislation. Because SCA has major operations in Europe and the EU plays a leading role in developing environmental legislation, SCA is focusing its activities on the various EU institutions. For example, SCA monitors developments in policy areas of major importance to the company, including resource consumption in general and issues pertaining to</p>	<p>water, air and waste, such as EU trade in emission rights, the EU waste regulations and circular economy initiatives.</p> <p>Since the public sector is both a significant customer and stakeholder group for SCA, the health debate is important to the company, especially with regard to the development of systems for healthcare with greater patient benefit and greater cost efficiency. SCA also works actively to disseminate knowledge and solutions regarding various national systems to decision-makers in countries where new structures are being built up. Examples include the development of systems for cost-free or subsidized prescription of incontinence aids in countries where such benefits were not offered in the past.</p>
Impact of substitutes		
<p>Other product solutions (substitutes) can replace products that are included in SCA's offering and thereby reduce sales. By offering competitive products, SCA can also take market shares from the substitute. The issue of substitutes is also linked to changes in the patterns and attitudes of customers and consumers that affect demand for certain products and thus profitability.</p>	<p>Substitutes exist for virtually all SCA products. This may involve different products with a similar function, such as cloth diapers or cloth rags for household or industrial cleaning, or completely different solutions to the needs of customers and consumers, such as electric hand dryers and the spread of news by electronic media instead of on paper.</p> <p>SCA takes proactive steps to adapt to the existence of substitutes and take advantage of the possibilities to expand the Group's business by viewing the substitutes as a potential market opportunity. Another way of being proactive is through innovation, including in-house research and development. A major driver for innovation comprises demands and requests from customers and consumers. Accordingly, development work is often conducted in direct</p>	<p>cooperation with customers. An increasingly important factor is greater focus on sustainability with respect to environmental, economic and social factors. Other demands imposed on SCA's innovation include the desire to create profitable differentiation for SCA's product range and create value and growth, both for customers and SCA (read more about innovation on pages 20–23).</p> <p>In many countries, the degree of penetration is low, meaning only a small proportion of the population uses SCA's products, compared with more developed countries. To increase acceptance of its products, SCA focuses on matters influencing attitudes and on breaking taboos. This also applies to Europe and North America with regard to such items as incontinence products.</p>
Dependence on major customers and distributors		
<p>The retail trade is SCA's single largest customer group and thus exercises considerable influence. Around 55% of SCA's sales are made to the retail trade, under both SCA's brands and the retailer's own brands. SCA also uses other distributors or retailers that could impact the Group. A general consolidation process is taking place in several of SCA's sales channels, thus increasing dependence on individual customers. This increase in dependence could result in negative consequences if SCA does not fulfill the demands imposed.</p>	<p>SCA's customer structure is relatively dispersed, with customers in many different areas of business. In the retail trade, the prevailing trend is towards increased concentration, which has mainly resulted in fewer retail companies at a national and regional level. This could also present opportunities through closer cooperation. There are still a considerable number of retail companies, which reduces the risk for SCA. SCA also uses distributors, mainly for AfH tissue. A very large number of distributors are active in this</p>	<p>segment and the international concentration is relatively low.</p> <p>In 2015, SCA's ten largest customers accounted for 22% of SCA's sales. The single largest customer accounted for 4% of sales. Most of these customers were retail companies. The ten largest customers also include some large distributors of AfH tissue.</p> <p>Credit risk in accounts receivable is dealt with in the section Credit risk, on page 81.</p>

Risk	Policy/Action													
Movements in the market price of SCA's products														
<p>Movements in the market price of SCA's products could create major fluctuations in the profitability of the product in question when these movements are not linked to changes in costs for SCA.</p>	<p>Several methods can be applied to address this risk. Long-term contracts at fixed prices and price hedging only occur in exceptional cases. To reduce the impact of price movements on SCA, actions are taken to adapt the cost scenario to lower market prices, for example, by renegotiating purchasing agreements, implementing personnel and capacity reductions, and reviewing the business structure. In other cases, the product's content can be adapted to the new market price level.</p> <p>Movements in the market price in a number of SCA's product segments are detailed in the figure below. The diagram specifies the average price per year (Index 100) and movements around this value over the past ten years.</p>	<p>Highest/lowest market prices (annual average) 2005–2015 per product</p> <table border="1"> <caption>Highest/lowest market prices (annual average) 2005–2015 per product</caption> <thead> <tr> <th>Product</th> <th>Index (approx.)</th> </tr> </thead> <tbody> <tr> <td>Solid-wood products (Pine)</td> <td>118</td> </tr> <tr> <td>Production papers (LWC)</td> <td>105</td> </tr> <tr> <td>Kraftliner</td> <td>112</td> </tr> <tr> <td>Tissue</td> <td>102</td> </tr> <tr> <td>Average price for the period</td> <td>100</td> </tr> </tbody> </table>	Product	Index (approx.)	Solid-wood products (Pine)	118	Production papers (LWC)	105	Kraftliner	112	Tissue	102	Average price for the period	100
Product	Index (approx.)													
Solid-wood products (Pine)	118													
Production papers (LWC)	105													
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Average price for the period	100													
Risks at plants														
<p>SCA has around 100 production facilities in some 30 countries. Many of them conduct continuous production. Fires, machinery breakdowns and other types of harmful incidents could damage the plant in question and also cause delivery problems.</p>	<p>SCA's activities in this area are governed by its Risk Management Policy, which controls how SCA shall manage insurable operating risks. From this perspective, the aim of risk management is to effectively and cost efficiently protect the employees, the environment, the company's assets and the business, and to minimize SCA's risk management costs. This can be achieved by creating and retaining a balance between loss prevention and insurance coverage.</p> <p>The loss-prevention work is conducted in accordance with established guidelines that include inspections by risk engineers and benchmarking with other plants, within and outside SCA. Other important</p>	<p>elements of loss-prevention activities include maintenance of plants, staff training, good orderliness, and documentation. Every year, SCA invests in loss-prevention measures and its production plants continuously work to reduce their risks. For example, new facilities are fitted with sprinkler systems as standard. All wholly owned plants are insured to replacement cost and for the loss of contribution margin. Within the EU, insurance is carried out by one of the Group's own companies, with external reinsurance for major damages. Outside the EU, SCA cooperates with market-leading insurance companies.</p>												
Occurrence of unethical business practices and human rights violations														
<p>SCA works in some 100 countries and in environments where unethical business practices and violations of human rights may occur. If SCA becomes involved in these business practices, the company's reputation in the market may be damaged. SCA may also suffer fines and other legal sanctions. SCA works together with various business partners, such as customers, distributors, partners in joint ventures, suppliers and others. Differences in culture and ways of working between SCA and these partners can increase the risk mainly with regard to business ethics and consideration of human rights.</p>	<p>To ensure that SCA's organization lives up to the company's core values and is not drawn into or tied to unethical business practices, there has been a Code of Conduct established since 2004, which includes general rules for how the company conducts its business. The Code includes principles on business ethics, relationships with the employees, respect for human rights and the environment, and other areas. SCA's starting point is that SCA's Group policies, including its Code of Conduct and Sustainability Policy, must apply to all markets in which SCA conducts operations. Training of all of SCA's employees regarding the Code of Conduct takes place continuously. To ensure that SCA works with business partners that share these valued, potential partners are evaluated before cooperation is initiated. The evaluation</p>	<p>comprises both business issues and issues concerning existing policies and processes regarding, for example, the work environment and business ethics. Suppliers are expected to comply with SCA's Code of Conduct, which is regulated as a part of the supplier agreements.</p> <p>SCA uses a number of methods to monitor and safeguard the implementation of the Code of Conduct. These include due diligence in connection with acquisitions, risk evaluation of the company's own units and its suppliers, and regular on-site audits of SCA's units around the world and of suppliers deemed to have a higher risk level. More detailed information on the Code of Conduct and the work in 2015 is available in the Group's Sustainability Report.</p>												
Suppliers														
<p>SCA is dependent on a large number of suppliers. The loss of key suppliers could result in costs for SCA and problems in manufacturing. Suppliers could also cause problems for SCA through non-compliance with applicable legislation and regulations or by otherwise acting in an unethical manner.</p>	<p>To reduce this risk, SCA has supply contracts with several suppliers and continuously enters into agreements with various durations. The Group has a number of suppliers for essentially all important input goods. These contracts ensure deliveries of a significant proportion of input goods at the same time as the effects of sudden cost increases are limited. The Group also has more intensive cooperation with selected suppliers that covers the development of materials and processes.</p> <p>SCA continuously assesses all key suppliers to ensure that they fully comply with the Group requirements in all respects. The assessment may take the</p>	<p>form of a questionnaire, an on-site visit or the use of independent auditors. For essentially all important input goods, SCA assesses the following factors at current and potential suppliers:</p> <ul style="list-style-type: none"> • Quality • Product safety • Impact on the environment, including the issue of the origin of the input goods • Use of chemicals • Compliance with SCA's Code of Conduct <p>More information is available in SCA's Sustainability Report 2015.</p>												

Risk	Policy/Action	
Cost of input goods		
<p>The market price of many of the input goods used in the manufacture of SCA's products fluctuates over time and this could influence SCA's earnings.</p> <p>Highest/lowest market prices (annual average) 2005–2015 per product</p>  <p>Index</p> <p>175 150 125 100 75 50 25 0</p> <p>■ Pulp (NBSK, USD) Average price — ■ Recovered paper (ONP/OMG) for the period ■ Electricity (Nordpool)</p>	<p>The risk of price movements related to input goods and the impact of these on earnings can be managed in several ways. As a result of SCA's structure, a significant share of raw materials is produced within the Group and, consequently, price movements have a smaller impact on earnings. In 2015, 54% of SCA's wood raw material requirements were sourced from its own forests and chips from its own sawmills, and 24% of its pulp requirements were satisfied by the Group's own pulp production.</p> <p>Another method used to manage the price risk is by availing of financial hedges and long-term contracts. SCA is an energy-intensive company and hedges the energy price risk for electricity and natural gas. More detailed information on the energy price risk and management activities related to this is presented on page 80. Under normal circumstances, no other price risks related to input goods are hedged, although this could be carried out in</p>	<p>exceptional cases. SCA has also begun building up its own energy operations based on the utilization of the Group's own holdings of forest land. More information on these operations is provided in the Group's Sustainability Report.</p> <p>A significant cost item comprises oil-based materials and other oil-related costs, such as transportation. The oil-based materials are principally used in Personal Care and generally as packaging material. When possible, these and other costs are managed principally through compensation in the form of raised prices for SCA's products, by adjusting product specifications or through streamlining of the Group's own operation. The impact of price movements on input goods can be delayed through purchasing agreements.</p> <p>SCA's relative costs for various key input goods are described on page 134. The price trend for a number of input goods is presented in the diagram to the left.</p>
Employee-related risks		
<p>SCA must have access to skilled and motivated employees and safeguard the availability of competent managers to achieve established strategic and operational objectives.</p>	<p>SCA's strategic manpower planning secures access to people with the right expertise at the right time. Recruitment can take place both externally and internally, and internal recruitment and job rotation are facilitated by a job portal, where available positions are advertised both internally and externally. Salaries</p>	<p>and other conditions are to be adapted to the market and linked to SCA's business priorities. An established succession planning program protects the operations. SCA strives to maintain good relationships with union organizations.</p>
Legal risks		
<p>New legislation in various countries could negatively impact SCA. Legal processes can be protracted and costly.</p>	<p>SCA monitors the development of legislation through its internal corporate legal staff and external advisors. Another important issue is the management of SCA's intellectual property rights (patents, trademarks, etc.), which is largely centralized. In the approximately 100</p>	<p>countries in which SCA conducts operations, local legal issues and disputes are handled through an extensive network of local legal advisors.</p>
IT risks		
<p>SCA relies on IT systems in its day-to-day operations. Disruptions or faults in critical systems have a direct impact on production and important business processes. Errors in the handling of financial systems can affect the company's reporting of results. These risks grow in an increasingly technically complex and interlinked world.</p>	<p>SCA has established a management model for IT that includes governance, standardized IT processes and an organization for information security. The IT security work includes a continuous risk assessment, the introduction of preventive measures and use</p>	<p>of security technologies. Standardized processes are in place for the implementation of new systems, changes to existing systems and daily operations. The majority of SCA's system landscape is based on well-proven products, such as SAP.</p>

Risk	Policy/Action																																																																																
Energy price risk																																																																																	
<p>Energy price risk is the risk that increased energy prices could adversely impact SCA's operating profit. SCA is exposed to price movements of electricity and natural gas, but the price of other energy commodities also directly and indirectly impacts SCA's operating profit.</p>	<p>SCA centrally manages the energy price risk related to electricity and natural gas. According to SCA's policy, these price risks can be hedged for a period of up to 36 months. Energy price hedging is effected through financial instruments and fixed pricing in existing supply agreements.</p> <p>SCA safeguards the supply of electricity and natural gas through centrally negotiated supply agreements with well-established suppliers. The portfolio of supply agreements shall be effectively spread to minimize SCA's counterparty risk.</p> <p>In 2015, SCA purchased about 8 TWh (7; 7) of electricity and about 8 TWh (8; 8) of natural gas.</p> <p>The graph displays SCA's price hedges in relation to forecast consumption of electricity and natural gas for the next three years. The graph includes financial hedges and hedging effected via supply agreements. Some of the Swedish electricity exposure is hedged for a longer period through supply agreements maturing in 2019.</p>																																																																																
<p>For further information concerning financial price hedges, see Note E6 Derivatives and hedge accounting.</p>																																																																																	
<p>Energy price hedges in relation to forecast consumption, 12/31/2015</p> <table border="1"> <caption>Energy price hedges in relation to forecast consumption, 12/31/2015</caption> <thead> <tr> <th>Year</th> <th>Electricity (%)</th> <th>Natural gas (%)</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>~55</td> <td>~48</td> </tr> <tr> <td>2017</td> <td>~28</td> <td>~18</td> </tr> <tr> <td>2018</td> <td>~10</td> <td>~5</td> </tr> </tbody> </table>		Year	Electricity (%)	Natural gas (%)	2016	~55	~48	2017	~28	~18	2018	~10	~5																																																																				
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Currency risk																																																																																	
<p>Transaction exposure</p> <p>Transaction exposure is the risk that exchange rate movements in export revenues and import expenses could negatively impact the Group's operating profit and the cost of non-current assets.</p> <p>Translation exposure</p> <p>Translation exposure is the risk to which SCA is exposed when translating foreign subsidiaries' balance sheets and income statements to SEK.</p> <p>Long-term currency sensitivity</p> <p>The table below presents a breakdown of the Group's net sales and operating expenses by currency, which provides an overview of the Group's long-term currency sensitivity. The largest exposures are denominated in EUR, USD and GBP. The imbalance between sales and expenses in SEK is because the Swedish operations have a high proportion of exports that are invoiced in foreign currencies.</p>	<p>Transaction exposure</p> <p>Transaction exposure, resulting from exports and imports, can be hedged for a period of up to 18 months. Contracted future payments for non-current assets in foreign currencies can be hedged up to the full cost.</p> <p>The forecast net flow of currency against SEK amounts to SEK -10,844m (-9,856; -9,153) on an annual basis. At year-end, a net flow against SEK corresponding to one month of the forecast flow for 2016 was hedged. The majority of hedges mature during the first quarter of 2016. The forecast currency outflow in USD increased for 2016 and decreased in EUR due to a change in invoicing currency for pulp purchases in Europe. The forecast and hedges of the 2016 flows are shown in the table to the right. For further information relating to hedging of transaction exposure, see Note E6 Derivatives and hedge accounting.</p> <p>Translation exposure</p> <p>The policy relating to translation exposure for foreign net assets is to hedge a sufficient proportion in relation to SEK so that the Group's debt/equity ratio is unaffected by exchange rate movements. Hedging takes place by financing a certain portion of capital employed in foreign currencies with loans and derivatives in corresponding currencies. The optimal degree of matching in connection with hedging depends on the current consolidated debt/equity ratio. Translation exposure in the income statements of foreign subsidiaries is not hedged.</p> <p>At December 31, 2015, capital employed in foreign currency amounted to SEK 65,705m (72,482; 65,104). Distribution by currency is shown in the table to the right. At year-end, capital employed was financed in the amount of SEK 16,898m (18,489; 18,733) in foreign currency, which is equivalent to a total matching ratio of 26% (26; 30).</p>																																																																																
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Credit risk																								
<p>Credit risk refers to the risk of losses due to a failure to meet payment obligations by SCA's counterparties in financial agreements or by customers.</p>	<p>Credit risk in accounts receivable Credit risk in accounts receivable is managed through credit checks of customers using credit rating companies. The credit limit is set and regularly monitored. Accounts receivable are recognized at the amount that is expected to be paid based on an individual assessment of each customer.</p> <p>Financial credit risk The objective is that counterparties must have a minimum credit rating of A- from at least two of the rating institutes Moody's, Fitch and Standard & Poor's. SCA strives to enter into agreements that allow net calculation of receivables and liabilities. Credit exposure in derivative instruments is calculated as the market value of the instrument. At year-end, the total credit exposure was SEK 9,152m (11,313; 9,807). This exposure also includes credit risk for financial investments in the amount of SEK 8,393m (9,985; 9,281), of which SEK 3,309m (6,034; 6,287) was attributable to</p>	<p>leasing transactions (see Note G3 Contingent liabilities and pledged assets). Credit exposure in derivative instruments amounted to SEK 759m (1,327; 526) at December 31, 2015.</p> <p>Ten largest customers' share of outstanding accounts receivable by business area</p>  <table border="1"> <thead> <tr> <th>Business Area</th> <th>Share (%)</th> </tr> </thead> <tbody> <tr> <td>Personal Care and Tissue</td> <td>25</td> </tr> <tr> <td>Forest products</td> <td>26</td> </tr> </tbody> </table>	Business Area	Share (%)	Personal Care and Tissue	25	Forest products	26																
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<p>Liquidity and refinancing risk is the risk that SCA is unable to meet its payment obligations as a result of insufficient liquidity or difficulty in raising new loans.</p>	<p>To ensure good access to loan financing, regardless of the economy and at attractive terms, SCA strives to maintain a solid investment grade rating. SCA is to maintain financial flexibility in the form of a liquidity reserve consisting of cash and cash equivalents and unutilized credit facilities totaling at least 10% of the Group's forecast annual sales. SCA limits its refinancing risk by having a good distribution in the maturity profile of its gross debt. The gross debt must have an average maturity in excess of three years, considering unutilized credit facilities that are not liquidity reserves. Surplus liquidity should primarily be used to amortize external liabilities. SCA's policy is to not agree to terms that entitle the lender to withdraw loans or adjust interest rates as a direct consequence of movements in SCA's financial key figures or credit rating. The Group's financing is mainly secured by bank loans, bond issues and through issuance of commercial papers. The refinancing risk in short-term borrow-</p>	<p>ing is limited through long-term credit facilities from bank syndicates and individual banks with favorable creditworthiness. SCA's net debt decreased by SEK -6,469m in 2015. At year-end, the average maturity of gross debt was 3.4 years (2.5; 2.6). If short-term loans were replaced with drawings under long-term unutilized credit facilities, the maturity would amount to 4.7 years. Unutilized credit facilities amounted to SEK 18,583m at year-end. In addition, cash and cash equivalents totaled SEK 5,042m. For further information, see Note E3 Financial assets, cash and cash equivalents, and Note E4 Financial liabilities.</p> <p>Liquidity reserve</p> <table border="1"> <thead> <tr> <th>SEKm</th> <th>2015</th> <th>2014</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>Unutilized credit facilities</td> <td>18,583</td> <td>19,396</td> <td>18,186</td> </tr> <tr> <td>Cash and cash equivalents</td> <td>5,042</td> <td>3,815</td> <td>3,785</td> </tr> <tr> <td>Total</td> <td>23,625</td> <td>23,211</td> <td>21,971</td> </tr> </tbody> </table>	SEKm	2015	2014	2013	Unutilized credit facilities	18,583	19,396	18,186	Cash and cash equivalents	5,042	3,815	3,785	Total	23,625	23,211	21,971						
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<p>Interest rate risk relates to the risk that movements in the interest rates could have a negative impact on SCA. SCA is affected by interest rate movements through its net financial income and expense.</p>	<p>SCA seeks to achieve a good spread of its interest maturity dates to avoid large volumes of renewals occurring at the same time. SCA's policy is to raise loans with floating rates, since it is SCA's opinion that this leads to lower interest expense over time. The interest rate risk and interest period are measured by currency and the average interest term shall be within the interval 3-36 months. SCA's net financial items decreased in 2015 as a result of a lower average net debt, which compensated for somewhat higher interest rates during the year. SCA's largest funding currencies are denominated in SEK and EUR; refer to the graph. To achieve the desired fixed interest period and currency balance, SCA uses financial derivatives. The average interest period for the gross debt, including derivatives, was 9.3 months (8.4; 9.8) at year-end. The aver-</p>	<p>age interest rate for the total outstanding net debt including derivatives, amounted to 2.90% (2.64; 2.92) at year-end.</p> <p>Gross debt distributed by currency</p>  <table border="1"> <thead> <tr> <th>Currency</th> <th>Gross Debt (MSEK)</th> </tr> </thead> <tbody> <tr> <td>SEK</td> <td>13,000</td> </tr> <tr> <td>EUR</td> <td>8,000</td> </tr> <tr> <td>CNY</td> <td>5,000</td> </tr> <tr> <td>USD</td> <td>3,000</td> </tr> <tr> <td>MXN</td> <td>2,000</td> </tr> <tr> <td>COP</td> <td>1,000</td> </tr> <tr> <td>GBP</td> <td>1,000</td> </tr> <tr> <td>RUB</td> <td>1,000</td> </tr> <tr> <td>CLP</td> <td>1,000</td> </tr> <tr> <td>Other</td> <td>1,000</td> </tr> </tbody> </table>	Currency	Gross Debt (MSEK)	SEK	13,000	EUR	8,000	CNY	5,000	USD	3,000	MXN	2,000	COP	1,000	GBP	1,000	RUB	1,000	CLP	1,000	Other	1,000
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Financial statements and notes

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Amounts that are reconcilable to the balance sheet, income statement, cash flow statement and operating cash flow statement are marked with the following symbols:

- BS** Balance sheet
- IS** Income statement
- CF** Cash flow statement
- OCF** Operating cash flow statement

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Consolidated income statement ^{IS}

Group	Note	2015		2014		2013	
		SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
Net sales	B1	115,316	12,334	104,054	11,449	92,873	10,740
Cost of goods sold	B2	-85,476	-9,142	-77,520	-8,529	-69,585	-8,047
Gross profit		29,840	3,192	26,534	2,920	23,288	2,693
Sales, general and administration	B2	-17,025	-1,821	-14,798	-1,628	-13,122	-1,518
Items affecting comparability	B2	-2,067 ²⁾	-221 ²⁾	-1,400	-154	-1,239	-143
Share of profits of associates and joint ventures		199	21	113	12	215	25
Operating profit		10,947²⁾	1,171²⁾	10,449	1,150	9,142	1,057
Financial income	E7	205 ³⁾	22 ³⁾	217	24	132	16
Financial expenses	E7	-1,160	-124	-1,178	-130	-1,193	-138
Profit before tax		9,992	1,069	9,488	1,044	8,081	935
Taxes	B4	-2,540	-272	-2,420	-266	-2,220	-257
Profit for the period		7,452	797	7,068	778	5,861	678
Earnings attributable to:							
Owners of the Parent		7,002	749	6,599	726	5,547	642
Non-controlling interests		450	48	469	52	314	36
Earnings per share							
Earnings per share, SEK – owners of the Parent							
before dilution effects		9.97		9.40		7.90	
after dilution effects		9.97		9.40		7.90	
Dividend per share, SEK		5.75 ⁴⁾		5.25		4.75	
Profit for the period attributable to owners of the Parent		7,002	749	6,599	726	5,547	642
Average number of shares before dilution, million		702.3		702.3		702.3	
Average number of shares after dilution, million		702.3		702.3		702.3	

¹⁾ Translation to EUR is recognized for the convenience of the reader. An average exchange rate of 9.35 (9.09; 8.65) was used.

²⁾ Includes the sale of securities, SEK 970m.

³⁾ Excludes the sale of securities, SEK 970m.

⁴⁾ Board proposal.

Consolidated statement of comprehensive income

SEKm	2015	2014	2013
Profit for the period	7,452	7,068	5,861
Other comprehensive income for the period			
Items that cannot be transferred to profit for the period			
Actuarial gains and losses relating to defined benefit pension plans	2,562	-2,925	1,927
Income tax attributable to components in other comprehensive income	-558	660	-488
	2,004	-2,265	1,439
Items that have been or can be transferred to profit for the period			
Available-for-sale financial assets:			
Result from measurement at fair value recognized in equity	318	140	249
Transferred to profit or loss upon sale	-970	-	-
Cash flow hedges:			
Result from remeasurement of derivatives recognized in equity	-499	-428	-123
Transferred to profit or loss for the period	342	344	49
Transferred to cost of hedged investments	-	3	26
Translation differences in foreign operations	-1,871	5,169	656
Result from hedging of net investments in foreign operations	-58	-1,497	-423
Other comprehensive income from associates	-17	-	-
Income tax attributable to components in other comprehensive income	44	359	-131 ¹⁾
	-2,711	4,090	303
Other comprehensive income for the period, net after tax	-707	1,825	1,742
Total comprehensive income for the period	6,745	8,893	7,603
Total comprehensive income attributable to:			
Owners of the Parent	6,510	7,852	7,396
Non-controlling interests	235	1,041	207

By operating segment SEKm	Net sales			Operating profit ¹⁾		
	2015	2014	2013	2015	2014	2013
Personal Care	34,344	31,066	29,736	3,990	3,526	3,519
Tissue	64,184	56,994	48,096	7,217	6,652	5,724
Forest Products	17,279	16,490	15,525	2,605	2,505	1,843
Other	-9	-45	95	-798	-834	-705
Intra-Group deliveries	-482	-451	-579	-	-	-
Total	115,316	104,054	92,873	13,014	11,849	10,381

¹⁾ Excluding items affecting comparability.

Consolidated statement of change in equity

Group	2015	2014	2013
Attributable to owners of the Parent			
Value, January 1	67,622	63,271	59,706
Total comprehensive income for the period	6,510	7,852	7,396
Dividend	-3,687	-3,336	-3,161
Acquisition of non-controlling interests	-40	-112	-666
Issue costs in associates	-	-49	-
Remeasurement effect upon acquisition of non-controlling interests	-4	-4	-4
Value, December 31	70,401	67,622	63,271
Non-controlling interests			
Value, January 1	5,250	4,540	1,993
Total comprehensive income for the period	235	1,041	207
Dividend	-216	-228	-142
Acquisition of non-controlling interests	21	-61	2,482
Effect of confirmation of acquisition balance sheet	-	-42	-
Value, December 31	5,290	5,250	4,540
Total equity, value December 31	75,691	72,872	67,811

For further information, see Note E8 Equity.

Consolidated operating cash flow statement, supplementary disclosure OCF

Group	Note	2015		2014		2013	
		SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
Net sales		115,316	12,334	104,054	11,449	92,873	10,740
Operating expenses		-96,539	-10,326	-86,841	-9,555	-77,702	-8,985
Operating surplus		18,777	2,008	17,213	1,894	15,171	1,755
Adjustment for non-cash items		-465	-49	-963	-106	-1,167	-135
Operating cash surplus		18,312	1,959	16,250	1,788	14,004	1,620
Change in							
Inventories		-1,390	-149	-370	-40	76	9
Operating receivables		-1,129	-121	-162	-18	115	13
Operating liabilities		2,120	227	86	9	-519	-60
Change in working capital		-399	-43	-446	-49	-328	-38
Current capital expenditures		-4,162	-445	-3,737	-411	-3,489	-403
Restructuring costs, etc.		-830	-89	-883	-97	-1,294	-150
Operating cash flow		12,921	1,382	11,184	1,231	8,893	1,029
Financial items	E7	-955	-102	-961	-106	-1,061	-122
Paid tax	B4	-2,208	-236	-2,101	-231	-1,741	-201
Other		132	14	27	3	161	17
Cash flow from current operations		9,890	1,058	8,149	897	6,252	723
Strategic capital expenditures and divestments							
Company acquisitions	F6	-93	-10	-508	-56	-5,488	-635
Strategic capital expenditures in non-current assets		-3,125	-334	-1,816	-200	-1,906	-220
Total strategic capital expenditures		-3,218	-344	-2,324	-256	-7,394	-855
Divestments	F6	329	35	206	22	1,716	198
Cash flow from capital expenditures and divestments		-2,889	-309	-2,118	-234	-5,678	-657
Cash flow before dividend		7,001	749	6,031	663	574	66
Dividend to shareholders		-3,903	-417	-3,564	-392	-3,303	-382
Net cash flow		3,098	332	2,467	271	-2,729	-316

Net debt

	2015		2014		2013	
	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
Net debt, January 1	-35,947	-3,770	-33,919	-3,797	-33,063	-3,841
Net cash flow	3,098	332	2,467	271	-2,729	-316
Remeasurements to equity	1,910	204	-2,785	-306	2,176	252
Exchange rate effects, etc.	1,461	6	-1,710	62	-117	130
Effect of reclassification of operating liability to net debt ²⁾	-	-	-	-	-186	-22
Net debt, December 31	-29,478	-3,228	-35,947	-3,770	-33,919	-3,797

¹⁾ Translation to EUR is recognized for the convenience of the reader. An average exchange rate of 9.35 (9.09; 8.65) was used.

²⁾ According to IAS 19, the provision for payroll tax on defined benefit pension obligations is to be considered part of the pension liability. Accordingly, this was reclassified at the beginning of 2013 and is thereafter included as part of net debt.

Consolidated cash flow statement **CF**

Group	Note	2015		2014		2013	
		SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
Operating activities							
Profit before tax		9,992	1,069	9,488	1,044	8,081	934
T:1 Adjustment for non-cash items		6,604	706	4,944	544	3,742	433
		16,596	1,775	14,432	1,588	11,823	1,367
Paid tax	B4	-2,208	-236	-2,101	-231	-1,741	-201
Cash flow from operating activities before changes in working capital		14,388	1,539	12,331	1,357	10,082	1,166
Cash flow from changes in working capital							
Change in							
Inventories		-1,390	-149	-370	-41	77	9
Operating receivables		-1,129	-121	-162	-18	115	13
Operating liabilities		2,120	227	86	10	-520	-60
Cash flow from operating activities		13,989	1,496	11,885	1,308	9,754	1,128
Investing activities							
Company acquisitions	F6	-74	-8	-508	-56	-1,998	-231
Divestments	F6	329	35	206	23	1,371	158
T:2 Investments in intangible assets and property, plant and equipment		-7,591	-812	-5,733	-631	-5,653	-654
Sale of property, plant and equipment		304	33	179	20	258	30
Loans granted to external parties		-	-	-186	-21	-	-
Sale of securities		2,046	219	-	-	-	-
Repayment of loans from external parties		177	19	-	-	282	33
Cash flow from investing activities		-4,809	-514	-6,042	-665	-5,740	-664
Financing activities							
Acquisition of non-controlling interests		-11	-1	-173	-19	-1,028	-119
Loans raised		11,100	1,187	3,485	383	5,530	639
Amortization of debt		-15,039	-1,608	-5,819	-640	-3,519	-406
Dividend ²⁾		-3,903	-417	-3,564	-392	-3,303	-382
Cash flow from financing activities		-7,853	-839	-6,071	-668	-2,320	-268
Cash flow for the period		1,327	143	-228	-25	1,694	196
Cash and cash equivalents, January 1		3,815	400	3,785	424	2,118	246
Exchange differences in cash and cash equivalents		-100	10	258	1	-27	-18
Cash and cash equivalents, December 31	E2	5,042	553	3,815	400	3,785	424

¹⁾ Translation to EUR is recognized for the convenience of the reader. An average exchange rate of 9.35 (9.09; 8.65) was used.

²⁾ Including dividend to non-controlling interests.

For the Group's liquidity reserve, refer to the risk section on page 81.

T:1 Adjustment for non-cash items

SEKm	2015	2014	2013
Depreciation/amortization and impairment of non-current assets	8,216	5,608	5,216
Fair-value measurement of forest assets	-476	-615	-574
Gain/loss on asset sales and swaps	21	-350	-586
Gain/loss on sale of securities	-970	-	-
Gain/loss on divestments	-92	395	157
Unpaid relating to efficiency program	232	234	661
Payments relating to efficiency program already recognized	-302	-396	-509
Revaluation of previous share upon acquisition	-	-36	-564
Other	-25	104	-59
Total	6,604	4,944	3,742

T:2 Investments in intangible assets and property, plant and equipment

SEKm	2015	2014	2013
Measures to raise the capacity level of operations (Strategic capital expenditures)	-3,125	-1,816	-1,906
Measures to uphold capacity level (Current capital expenditures)	-4,466	-3,917	-3,747
Total	-7,591	-5,733	-5,653

Interest paid, SEKm

	2015	2014	2013
Interest paid	-1,148	-1,290	-1,302
Interest received	80	124	68
Total	-1,068	-1,166	-1,234

Correlation between consolidated cash flow statement and operating cash flow statement, supplementary disclosure

Cash flow from operating activities

SEKm	2015	2014	2013
Cash flow from operating activities	13,989	11,885	9,754
<i>Adjustment items</i>			
Current capital expenditures	-4,162	-3,737	-3,489
Accrued interest	64	1	-13
Other	-1	-	-
Cash flow from current operations according to consolidated operating cash flow statement	9,890	8,149	6,252

Cash flow from investing activities

SEKm	2015	2014	2013
Cash flow from investing activities	-4,809	-6,042	-5,740
<i>Adjustment items</i>			
Current capital expenditures	4,162	3,737	3,489
Loans granted to external parties	-	186	-
Sale of securities	-2,046	-	-
Repayment of loans from external parties	-177	-	-282
Net debt in acquired and divested companies	-	174	-2,117
Acquisition of non-controlling interests	-11	-173	-1,028
Financial liability (earn-out payment) upon acquisition	-9	-	-
Other	1	-	-
Cash flow from strategic capital expenditures and divestments according to the consolidated operating cash flow statement	-2,889	-2,118	-5,678

Cash flow for the period

SEKm	2015	2014	2013
Cash flow for the period	1,327	-228	1,694
<i>Adjustment items</i>			
Amortization of debt	15,039	5,819	3,519
Loans raised	-11,100	-3,485	-5,530
Loans granted to external parties	-	186	-
Sale of securities	-2,046	-	-
Repayment of loans from external parties	-177	-	-282
Net debt in acquired and divested operations	-	174	-2,117
Financial liability (earn-out payment) upon acquisition	-9	-	-
Accrued interest	64	1	-13
Net cash flow according to consolidated operating cash flow statement	3,098	2,467	-2,729

Consolidated balance sheet **BS**

Group	Note	2015		2014		2013	
		SEKm	EURm ¹⁾	SEKm	EURm ¹⁾	SEKm	EURm ¹⁾
Non-current assets							
Goodwill	D1	15,412	1,688	15,717	1,649	13,785	1,543
Other intangible assets	D1	7,440	815	7,963	835	8,136	911
Buildings, land, machinery and equipment	D2	54,532	5,972	56,345	5,910	52,777	5,908
Biological assets	D3	30,119	3,299	29,685	3,114	28,767	3,220
Participations in joint ventures and associates	F3	1,078	118	1,088	114	1,020	114
Shares and participations	F5	45	5	53	6	52	6
Surplus in funded pension plans	C5	371	41	3	–	442	49
Non-current financial assets	E2	1,032	113	3,137	329	2,748	308
Deferred tax assets	B4	1,063	116	1,186	124	948	106
Other non-current assets		150	16	308	32	871	97
Total non-current assets		111,242	12,183	115,485	12,113	109,546	12,262
Current assets							
Inventories	D4	14,661	1,606	13,793	1,447	12,579	1,408
Trade receivables	E3	16,829	1,843	16,827	1,765	15,420	1,726
Current tax assets	B4	872	96	652	69	535	60
Other current receivables	D5	2,832	310	2,852	299	2,543	285
Current financial assets	E2	774	85	1,252	131	536	60
Non-current assets held for sale	G1	120	13	60	6	32	3
Cash and cash equivalents	E2	5,042	552	3,815	400	3,785	424
Total current assets		41,130	4,505	39,251	4,117	35,430	3,966
Total assets		152,372	16,688	154,736	16,230	144,976	16,228
EQUITY AND LIABILITIES							
Equity	E8						
<i>Owners of the Parent</i>							
Share capital		2,350	257	2,350	247	2,350	263
Other capital provided		6,830	748	6,830	716	6,830	764
Reserves		–2,242	–246	237	25	–3,281	–367
Retained earnings		63,463	6,951	58,205	6,105	57,372	6,422
		70,401	7,710	67,622	7,093	63,271	7,082
Non-controlling interests		5,290	580	5,250	550	4,540	508
Total equity		75,691	8,290	72,872	7,643	67,811	7,590
Non-current liabilities							
Non-current financial liabilities	E4	21,475	2,352	24,246	2,543	28,703	3,213
Provisions for pensions	C5	2,771	303	5,100	535	2,548	285
Deferred tax liabilities	B4	11,076	1,213	10,195	1,069	10,531	1,179
Other non-current provisions	D7	901	99	600	63	416	46
Other non-current liabilities	D6	258	28	206	22	177	20
Total non-current liabilities		36,481	3,995	40,347	4,232	42,375	4,743
Current liabilities							
Current financial liabilities	E4	12,346	1,352	14,640	1,536	10,009	1,120
Trade payables		14,351	1,572	13,964	1,465	12,853	1,439
Current tax liabilities	B4	827	91	747	78	818	92
Current provisions	D7	990	108	986	103	1,167	131
Other current liabilities	D6	11,686	1,280	11,180	1,173	9,943	1,113
Total current liabilities		40,200	4,403	41,517	4,355	34,790	3,895
Total liabilities		76,681	8,398	81,864	8,587	77,165	8,638
Total equity and liabilities		152,372	16,688	154,736	16,230	144,976	16,228
Contingent liabilities and pledged assets, see Note G3							
Capital employed		105,169	11,518	108,819	11,414	101,730	11,387
Net debt		29,478	3,228	35,947	3,770	33,919	3,797

¹⁾ Translation for the readers convenience has been made with exchange rate EUR 9.35 (9.09; 8.05).

A. ACCOUNTING PRINCIPLES

A. GENERAL ACCOUNTING PRINCIPLES AND NEW ACCOUNTING RULES

READING INSTRUCTIONS

General accounting principles **AP** and new accounting rules are presented below. Other accounting principles considered material by SCA are presented in conjunction with the respective notes. The same principles are usually applied in both the Parent Company and the Group. In some cases, the Parent Company applies principles other than those used by the Group and, in such cases, these principles are specified under the respective note in the section about the Parent Company.

Key assessments and assumptions **KAA** are presented under the respective notes; see application of assessments below.

Amounts that are reconcilable to the balance sheet, income statement, cash flow statement and the operating cash flow statement are marked with the following symbols:

BS	Balance sheet
IS	Income statement
CF	Cash flow statement
OCF	Operating cash flow statement
Tx:x	Reference to table in note

BASIS FOR PREPARATION

The SCA Group's financial statements are prepared in accordance with the Annual Accounts Act and International Financial Reporting Standards (IFRS)/ International Accounting Standards (IAS), as adopted within the EU, and the Swedish Financial Reporting Board, Recommendation RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's financial statements are prepared in accordance with the Swedish Financial Reporting Board's recommendation RFR 2, Reporting by Legal Entities, and the Annual Accounts Act. The accounts for both the Group and the Parent Company pertain to the fiscal year that ended on December 31, 2015. SCA applies the historical cost method for measurement of assets and liabilities except for biological assets (standing timber), available-for-sale financial assets and financial assets and liabilities, including derivative instruments, measured at fair value through profit or loss, which are measured at fair value either in profit or loss or in other comprehensive income. In the Parent Company, biological assets or financial assets and liabilities are not measured at fair value.

New or amended accounting standards 2015

No new standards or amendments to regulatory frameworks that had a material impact on SCA's earnings and financial position were implemented in 2015.

New or amended accounting standards after 2015

No new standards will be implemented in 2016. However, a number amendments to existing standards will be introduced. See below:

- Amendments to IAS 1 Disclosure Initiative
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

These amendments are not expected to have a material impact on the Group.

The new standards below will be applied from their effective date. No prospective application is planned.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments was issued in July 2014 and is a new standard that will replace IAS 39. The standard is divided into three areas: Classification and measurement of financial assets and liabilities, impairment and hedging. The standard become mandatory effect on January 1, 2018 with prospective application permitted.

The company's business model for managing the asset and the nature of the asset's contractual cash flows comprise the basis for classification and measurement, in which the financial assets are classified in one of the following three categories: 1) financial assets measured at amortized cost 2) financial assets measured at fair value through other comprehensive income and 3) financial assets measured at fair value through profit or loss. The new standard entails essentially unchanged recognition of financial liabilities.

The standard introduces a new model for impairment of financial assets based on expected losses and not as previously under IAS 39 until the loss event has already occurred. Under the model, provisions are established for credit losses that may arise within the next 12 months for assets with low credit risk. In other cases where the credit risk has increased significantly since initial recognition and where the credit risk is not low, provisions are established for credit losses that are expected to occur during the full lifetime of the asset.

A simplified model has been developed for trade receivables and lease receivables, whereby anticipated losses are recognized over the estimated remaining term of the receivable.

The new standard focuses to a great extent on reflecting the company's risk management strategies in hedge accounting and allowing more hedging strategies to qualify for hedge accounting.

SCA has not fully evaluated the effects of IFRS 9 but expects the new rules for hedge accounting to increase SCA's possibilities for hedge accounting and facilitate the documentation of hedge accounting. With respect to impairment, trade receivables are the main item affected for SCA and the quantitative effects are deemed relatively small. SCA has not yet decided whether it will apply IFRS 9 prospectively.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers establishes a new regulatory framework for the manner in which a company should recognize revenue. The new standard will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC (International Financial Reporting Interpretations Committee) 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC (Standing Interpretation Committee of the IASC, predecessor to the IFRIC) 31 Revenue – Barter Transactions Involving Advertising Services. The date on which the standard will gain legal force has been postponed a year to January 1, 2018 if it is adopted by the EU. The main reason for this is the work pursued by the Revenue Transition Resource Group (TRG) to clarify IFRS 15. The amendments mainly affect licenses, the identification of distinct performance obligations and issues related to principal versus agent considerations. These clarifications are included in the exposure draft (ED) to IFRS 15. The new standard is designed according to a control-based five-step model framework.

The standard regulates commercial agreements (contracts) with customers in which delivery of goods/services is divided into separately identifiable performance obligations that are recognized independently. In certain cases, the good/service can be integrated with other obligations in the contract, whereby a package of goods/services comprises a joint obligation. The standard establishes rules for calculating the transaction price for delivery of goods and services and the manner in which this can be allocated among the various performance obligations. Revenue is recognized when control has passed to the customer by the customer being able to use or benefit from the good/service, at which point it is deemed to have been transferred. Control may be passed on a given point in time, which is usually the case for sales. In other cases, a performance obligation may be satisfied over time, which is common for services. Three different criteria have been established for determining whether a performance obligation is satisfied over time. Either the customer receives and consumes all of the benefits as the obligation is performed; the company's performance enhances an asset that the customer controls; or the company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

The new standard is not expected to have a material impact on revenue recognition for SCA's type of business, meaning primarily the sale of products. There may be some changes for a limited number of service contracts.

A. GENERAL ACCOUNTING PRINCIPLES AND NEW ACCOUNTING RULES, CONT.

IFRS 16 Leases

In January 2016, the IASB published a new leases standard that will replace IAS 17 Leasing agreements and associated interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that all assets and liabilities attributable to all lease agreements, with a few exceptions, be recognized in the balance sheet. This type of recognition is based on the approach that the lessee is entitled to use an asset over a specific period and simultaneously has an obligation to pay for this entitlement. Recognition for the lessor will remain essentially unchanged. The standard is applicable to fiscal years beginning on January 1, 2019 or later. Earlier application is permitted. The standard has not yet been adopted by the EU. The Group has not yet evaluated the effects of IFRS 16.

USE OF ASSESSMENTS

The preparation of financial statements in conformity with IFRS and generally accepted Swedish accounting principles requires assessments and assumptions to be made that affect recognized asset and liability items and income and expense items, respectively, as well as other information disclosed.

These assumptions and estimates are often based on historical experience, but also on other factors, including expectations of future events. With other assumptions and estimates, the result may be different and the actual result will seldom fully concur with the estimated result.

In SCA's opinion, the areas that are impacted the most by assumptions and estimates are:

Biological assets, D3
Goodwill, D1
Pensions, C5
Taxes, B4

SCA's assessments and assumptions are presented in the respective notes.

PRINCIPLES OF CONSOLIDATION

The consolidated accounts are prepared in accordance with the Group's accounting principles and include the accounts of the Parent Company and all Group companies in accordance with the definitions below. Group companies are consolidated from the date the Group exercises control or influence over the company according to the definitions provided under the respective category of Group company below. Divested Group companies are included in the consolidated accounts until the date the Group ceases to control or exercise influence over the companies. Intra-Group transactions have been eliminated.

Parent Company:

The Parent Company recognizes all holdings in Group companies at cost after deduction for any accumulated impairment losses.

Subsidiaries

All companies over which the Group has control are consolidated as subsidiaries. The definition of control is that SCA has the ability to control the subsidiary, is entitled to a return and has the power to influence the activities that impact return. The consolidated financial statements are prepared in accordance with the purchase method.

Joint arrangements

SCA classifies its joint arrangements as joint ventures or joint operations. A joint venture entitles the joint owners to the net assets of the investment and is therefore recognized according to the equity method. In joint operations, parties to the agreement have rights to the assets and an obligation for the liabilities associated with the investment, meaning that the operator must account for its share of the assets, liabilities, revenues and costs according to the proportional method.

Associates

Associates are companies in which the Group exercises a significant influence without the partly owned company being a subsidiary or a joint arrangement. Normally, this means that the Group owns between 20% and 50% of the votes. Accounting for associates is carried out according to the equity method and they are initially measured at cost.

For further information, see Note F3.

TRANSLATION OF FOREIGN CURRENCY

Functional currency and translation of foreign Group companies to the presentation currency

SCA's Parent Company has Swedish kronor (SEK) as its functional currency. The functional currency of each SCA Group company is determined on the basis of the primary economic environment in which it operates. The financial statements of Group companies are translated to the Group's presentation currency, which is SEK in the case of SCA. Assets and liabilities are translated at the closing rate, while income and expenses are translated at the average rate for the respective period. Translation differences on net assets are recognized as translation differences in other comprehensive income, which is a component of equity (translation reserve).

Exchange rate effects arising from financial instruments used to hedge foreign subsidiaries' net assets are recognized in the same manner in other comprehensive income, which is a component of equity (translation reserve). On divestment, the translation difference on the foreign subsidiary and exchange rate effects on the financial instrument used to currency hedge the net assets in the company are recognized as part of the gain or loss on disposal.

Goodwill and surplus value adjustments arising in connection with the acquisition of a foreign subsidiary are to be translated, in a manner corresponding to the net assets in the company, from their functional currency to the presentation currency.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

Transactions in foreign currency are translated to a functional currency using the rate prevailing on the transaction date. At accounting year-end, monetary assets and liabilities are translated at the closing day rate and any exchange rate effects are recognized in profit or loss. In cases where the exchange rate effect is related to the operations, the effect is recognized net in operating profit. Exchange rate effects pertaining to borrowing and financial investments are recognized as other financial items. Non-monetary assets and liabilities recognized at historical cost are translated at the exchange rate prevailing on the transaction date.

If hedge accounting has been applied, for example, for cash flow hedges or hedging of net investments, the exchange rate effect is recognized in total equity under other comprehensive income.

If a financial instrument has been classified as available-for-sale financial assets, the portion of the value change pertaining to currency is recognized in profit or loss, while any other unrealized change is recognized in equity under other comprehensive income.

REVENUE RECOGNITION

Sales revenue, which is synonymous with net sales, refers to the consideration received or receivable for goods and services sold within the Group's ordinary activities. Revenue is recognized when delivery to the customer has taken place according to the terms of the sale. Other income includes compensation for sales that are not included in the Group's ordinary activities and includes income from SCA's transport activities and rental revenue, which is recognized in the period covered by the rental contract, as well as royalties and similar items, which are recognized in accordance with the implied financial effect of the contract. Interest income is recognized in accordance with the effective interest method. Dividends received are recognized when the right to receive a dividend has been established.

GOVERNMENT GRANTS

Government grants are measured at fair value when there is reasonable assurance the grants will be received and that the Group will comply with the conditions attached to them. Government grants related to acquisition of assets are recognized in the balance sheet by the grant reducing the carrying amount of the asset. Government grants received as compensation for costs are accrued and recognized in profit or loss during the same period as the costs. If the government grant or assistance is neither related to the acquisition of assets nor to compensation for costs, the grant is recognized as other income.

B. SALES AND EARNINGS

B1. SEGMENT REPORTING

AP ACCOUNTING PRINCIPLES

Operating segments are recognized in a manner that complies with the internal reporting submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the result of the operating segments. At SCA, this function has been identified as the company's President and CEO, who is responsible for and manages the day-to-day administration of the Group in accordance with

the Board's guidelines and terms of reference. One Executive Vice President and the Executive Management Team support him in his work; see the section Responsibility and governance, Corporate governance on pages 66–67. SCA's three business areas, Personal Care, Tissue and Forest Products, comprise the operating segments.

The tables below show parts of the consolidated balance sheet and income statement broken down by operating segment: Personal Care, Tissue and Forest Products.

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total, Group
2015 fiscal year						
REVENUES						
TB1:2 External sales	34,344	64,184	16,797	-9	-	115,316
Internal sales	-	-	482	-	-482	-
IS Total revenues	34,344	64,184	17,279	-9	-482	115,316
RESULT						
Performance by operating segment	3,990	7,217	2,605	-798	-	13,014
TB1:1 Items affecting comparability	-614	-618	-1,280	445	-	-2,067
IS Operating profit/loss	3,376	6,599	1,325	-353	-	10,947
IS Financial income						205
IS Financial expenses						-1,160
IS Tax expense for the period						-2,540
IS Profit for the period						7,452
OTHER DISCLOSURES						
Assets	20,871	75,825	48,719	3,664	-5,006	144,073
BS Holdings in associates	301	727	34	16	-	1,078
Unallocated financial assets				7,221		7,221
BS Total assets	21,172	76,552	48,753	10,901	-5,006	152,372
Investments/acquisitions	-1,810	-3,695	-1,913	-247	-	-7,665
Depreciation/amortization	-1,124	-3,552	-1,194	-91	-	-5,961
Expenses, in addition to depreciation, not matched by payments	6	24	-479	-15	-	-464

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total, Group
2014 fiscal year						
REVENUES						
TB1:2 External sales	31,066	56,994	16,066	-72	-	104,054
Internal sales	0	0	424	27	-451	-
IS Total revenues	31,066	56,994	16,490	-45	-451	104,054
RESULT						
Performance by operating segment	3,526	6,652	2,505	-834	-	11,849
TB1:1 Items affecting comparability	-252	-599	-392	-157	-	-1,400
IS Operating profit/loss	3,274	6,053	2,113	-991	-	10,449
IS Financial income						217
IS Financial expenses						-1,178
IS Tax expense for the period						-2,420
IS Profit for the period						7,068
OTHER DISCLOSURES						
Assets	21,363	76,768	49,048	2,870	-4,617	145,432
BS Holdings in associates	33	90	39	926	-	1,088
Unallocated financial assets				8,216		8,216
BS Total assets	21,396	76,858	49,087	12,012	-4,617	154,736
Investments/acquisitions	-1,574	-2,827	-1,704	-135	-	-6,240
Depreciation/amortization	-1,039	-3,157	-1,206	-76	-	-5,478
Expenses, in addition to depreciation, not matched by payments	2	-6	-953	-6	-	-963

B1. SEGMENT REPORTING, CONT.

SEKm	Personal Care	Tissue	Forest Products	Other operations	Eliminations	Total, Group
2013 fiscal year						
REVENUES						
External sales	29,486	48,234	15,158	-5	-	92,873
Internal sales	250	-138	367	100	-579	-
IS Total revenues	29,736	48,096	15,525	95	-579	92,873
RESULT						
Performance by operating segment	3,519	5,724	1,843	-705	-	10,381
TB1:1 Items affecting comparability	-59	-656	-236	-288	-	-1,239
IS Operating profit/loss	3,460	5,068	1,607	-993	-	9,142
IS Financial income						132
IS Financial expenses						-1,193
IS Tax expense for the period						-2,220
IS Profit for the period						5,861
OTHER DISCLOSURES						
Assets	18,658	69,544	49,733	3,037	-4,528	136,444
BS Holdings in associates	18	187	54	761	-	1,020
Unallocated financial assets				7,512		7,512
BS Total assets	18,676	69,731	49,787	11,310	-4,528	144,976
Investments/acquisitions	-1,068	-8,072	-1,939	-62	-	-11,141
Depreciation/amortization	-1,003	-2,690	-1,253	-59	-	-5,005
Expenses, in addition to depreciation, not matched by payments	-1	-4	-1,164	2	-	-1,167

TB1:1 Items affecting comparability allocated by segment

SEKm	Personal Care	Tissue	Forest Products	Other	Total
2015 fiscal year					
Restructuring costs	-72	-289	-52	-319	-732
Costs	-1	-70	0	-71	-142
Impairment	-541	-259	-1,228	-135	-2,163
Gain/loss on sale of securities				970	970
IS Total	-614	-618	-1,280	445	-2,067
2014 fiscal year					
Restructuring costs	-144	-257	12	-4	-393
Costs	-50	-311	-	-151	-512
Impairment	-58	-31	-404	-2	-495
IS Total	-252	-599	-392	-157	-1,400
2013 fiscal year					
Restructuring costs	-51	-710	-158	-44	-963
Costs	-	179	2	-246	-65
Impairment	-8	-125	-80	2	-211
IS Total	-59	-656	-236	-288	-1,239

Operating segments: SCA is a leading global hygiene and forest products company that develops and produces sustainable personal care, tissue and forest products. These product groups are the primary lines of business. Personal Care comprises three product segments and offers incontinence products, baby diapers and feminine care products. Tissue comprises consumer tissue and Away-from-Home (AfH) tissue encompassing hospitals, large workplaces, restaurants and hotels. Consumer tissue comprises toilet paper, kitchen paper, facial tissues, handkerchiefs and napkins. In AfH tissue, SCA develops and sells complete hygiene solutions comprising dispensers, tissue, soap, service and maintenance. Forest Products sells paper for packaging and print, pulp, solid-wood products and renewable energy. SCA has a well-integrated value chain in Sweden between its forest assets and Forest Products' production facilities. Pulp production contributes to the Group's raw material integration, since the Group's pulp is partly delivered internally. The Group's pulp is partly produced from timber from the Group's own forests, which also, to a large extent, supply the sawmills.

Assets and liabilities: The assets included in each operating segment comprise all operating assets used in the operating segment, primarily trade receivables, inventories and non-current assets after deduction for operating liabilities and provisions. Most of the assets are directly attributable to each operating segment. Assets that are common to two or more operating segments are allocated among the operating segments.

Intra-Group deliveries: Revenues, expenses and results for the various operating segments were affected by intra-Group deliveries. Internal prices are market-based. Intra-Group deliveries are eliminated when preparing the consolidated financial statements.

Customers: SCA has no customers from which it generates income that accounts for more than 10% of the company's net sales. SCA's ten largest customers account for 22.5% (21; 21) of the company's sales.

B1. SEGMENT REPORTING, CONT.

TB1:2 Group by country

	Net sales				Average number of employees				Non-current assets ¹⁾	
	2015		2014		2015	Of whom women, %	2014	Of whom women, %	2015	2014
	SEKm	%	SEKm	%					SEKm	SEKm
Sweden	5,764	5	5,524	5	5,481	27	5,576	26	46,465	44,659
EU excl. Sweden										
Germany	12,007	11	11,442	11	3,382	19	3,391	18	5,839	6,244
UK	11,728	10	9,881	9	1,767	18	1,798	17	4,998	5,127
France	10,205	10	9,804	9	2,677	24	2,755	23	5,331	5,889
Spain	5,864	5	5,556	5	1,173	24	1,137	24	3,812	4,041
Netherlands	3,483	3	3,293	3	1,260	16	1,254	15	3,030	3,022
Italy	3,332	3	3,098	3	830	22	812	22	2,043	2,179
Belgium	1,943	2	1,843	2	373	23	382	24	770	2,856
Finland	1,785	2	1,687	2	321	27	362	28	819	812
Austria	1,629	1	1,548	1	628	18	635	19	707	745
Denmark	1,510	1	1,446	1	84	63	83	63	3	1
Poland	1,113	1	967	1	625	26	606	24	882	912
Hungary	795	1	649	1	136	57	137	57	3	4
Greece	673	1	781	1	53	46	66	41	64	70
Czech Republic	564	0	522	1	68	59	71	60	-	-
Portugal	492	0	587	1	23	57	26	60	68	70
Ireland	477	0	452	0	17	30	23	25	26	28
Romania	257	0	275	0	24	67	26	69	-	1
Slovakia	254	0	234	0	761	30	779	32	580	593
Lithuania	226	0	209	0	23	42	23	42	-	1
Rest of EU	1,043	1	978	1	37	64	21	76	1	17
Total	59,380	52	55,254	53	14,262	22	14,385	22	28,976	32,612
Rest of Europe										
Russia	3,024	3	3,120	3	1,296	41	1,275	41	1,432	1,652
Norway	1,741	2	1,802	2	105	64	135	68	2	0
Switzerland	1,325	1	1,242	1	29	58	29	49	82	87
Turkey	725	0	810	1	264	18	221	19	430	435
Ukraine	300	0	268	0	67	54	73	52	1	2
Other	305	0	273	0	-	-	-	-	-	-
Total	7,420	6	7,515	7	1,761	39	1,733	41	1,947	2,176
Rest of world										
US	10,459	10	8,389	8	2,497	25	2,507	25	7,806	7,655
China	9,562	9	6,976	7	8,166	47	8,222	48	13,131	12,346
Mexico	4,140	4	3,406	3	2,438	27	2,418	26	3,666	4,143
Colombia	3,513	4	3,492	3	3,154	31	3,091	31	1,880	2,224
Canada	1,479	1	1,302	1	281	36	292	37	224	294
Ecuador	1,402	1	1,242	1	1,148	41	1,108	50	263	241
Malaysia	1,343	1	1,123	1	1,306	56	1,275	57	762	871
Japan	1,324	1	1,328	1	112	77	118	79	5	6
Chile	1,095	1	933	1	647	17	637	15	792	892
Hong Kong	1,068	1	931	1	5	40	19	66	-	-
Brazil	563	1	514	0	501	39	501	43	411	222
Costa Rica	519	0	410	0	88	46	83	46	3	3
Argentina	451	0	296	0	302	40	298	39	63	86
Taiwan	400	0	349	0	276	43	300	43	552	713
South Africa	371	0	346	0	108	45	143	45	1	65
Morocco	346	0	377	0	-	-	-	-	-	-
Tunisia	342	0	301	0	864	12	880	11	180	137
Singapore	252	0	245	0	32	69	30	68	8	8
India	224	0	85	0	185	6	106	10	175	158
Peru	220	0	163	0	10	63	24	82	-	1
Dominican Republic	216	0	159	0	107	36	102	45	8	9
Egypt	203	0	313	0	4	-	1	-	2	2
Other	3,260	3	3,083	4	265	36	405	52	183	186
Total	42,752	37	35,761	34	22,496	37	22,553	39	30,115	30,262
Total, Group	115,316	100	104,054	100	44,000	31	44,247	32	107,503	109,710

¹⁾ Non-current assets comprise Goodwill, Other intangible assets, Buildings, Land, Machinery and equipment, and Biological assets.

B2. OPERATING EXPENSES

Operating expenses by function and type of cost

Operating expenses by function

SEKm	2015	2014	2013
IS Cost of goods sold	-85,476	-77,520	-69,585
IS Sales, general and administration	-17,025	-14,798	-13,122
IS TB2:1 Items affecting comparability	-2,067	-1,400	-1,239
Total	-104,568	-93,718	-83,946

Refer also to page 134 for a description of costs.

Operating expenses by type of cost

SEKm	Note	2015	2014	2013
TB2:2 Other income		1,834	2,469	2,475
Change in net value of biological assets	D3	476	615	574
Change in inventory of finished products and products in progress ¹⁾		680	198	-184
Raw materials and consumables ¹⁾		-42,166	-36,255	-30,095
Personnel costs ¹⁾	C1	-19,529	-17,700	-16,989
TB2:3 Other operating expenses ¹⁾		-38,709	-37,081	-35,032
Amortization of intangible assets ¹⁾	D1	-293	-282	-289
Depreciation of property, plant and equipment ¹⁾	D2	-5,668	-5,228	-4,716
Impairment of intangible assets ¹⁾	D1	-554	-36	-32
Impairment of property, plant and equipment ¹⁾	D2	-1,639	-62	-179
Impairment of associates		-62	-	-
Financial items		970	-	-
Revaluation of acquisitions ¹⁾		-	36 ²⁾	564
Gain/loss on divestment ¹⁾	F6	92	-392 ³⁾	-44
Total		-104,568	-93,718	-83,946

¹⁾ Including items affecting comparability.

²⁾ Remeasurement of previous equity portion at fair value in conjunction with acquisition of up to 100% of Vinda Personal Care, Hong Kong.

³⁾ This amount pertains primarily to the impairment of the receivable for the additional purchase price from the divestment of Laakirchen, Austria in 2013.

TB2:1 Items affecting comparability

Distribution of items affecting comparability by function

SEKm	2015	2014	2013
Cost of goods sold	-323	-436	-288
Sales, general and administration	-551	-469	-740
Impairment, etc.	-2,163	-495	-211
Gain/loss on sale of securities	970	-	-
IS Total	-2,067	-1,400	-1,239

Distribution of items affecting comparability by type of cost

SEKm	2015	2014	2013
Change in inventory of finished products and products in progress	-30	-221	-24
Raw materials and consumables	-15	-14	-2
Personnel costs	-350	-282	-765
Other operating expenses	-479	-396	-757
Depreciation of property, plant and equipment	-	-32	-
Impairment of intangible assets	-554	-	-
Impairment of property, plant and equipment	-1,639	-99	-211
Impairment of associates	-62	-	-
Revaluation of acquisitions	-	36	564
Gain/loss on divestment	92	-392	-44
Gain/loss on sale of securities	970	-	-
IS Total	-2,067	-1,400	-1,239

Distribution of items affecting comparability

SEKm	2015
Impairment of assets ¹⁾	-1,409
Impairment of trademarks	-464
Integration costs in connection with GP acquisition	-439
Costs for the sale of the business jet operation	-172
Gain on sale of securities	970
Other, including transaction costs	-553
IS Total	-2,067

For information on items affecting comparability by segment, refer to Note B1 Segment reporting.

¹⁾ of which SEK -1,263m pertains to the impairment of assets in Ortviken paper mill.

TB2:2 Other income

SEKm	2015	2014	2013
Sales not included in core operations	1,114	1,736	1,748
SCA's transport business	720	733	727
Total	1,834	2,469	2,475

TB2:3 Distribution of other operating expenses

SEKm	2015	2014	2013
Transport expenses	-8,457	-7,928	-7,292
Energy costs ¹⁾	-5,308	-5,097	-5,050
Purchased finished goods for resale	-4,315	-4,452	-4,890
Marketing costs	-5,223	-4,655	-4,272
Repairs and maintenance	-2,758	-2,635	-2,701
IT, telephony and lease of premises	-1,638	-1,339	-1,305
Other operating expenses, production	-4,949	-5,062	-4,011
Other operating expenses, distribution, sales and administration	-5,341	-5,247	-4,660
Other	-720	-666	-851
Total	-38,709	-37,081	-35,032

¹⁾ After deduction for revenues from energy in the amount of SEK 800m (954; 800).

Other disclosures

Exchange rate effects had a positive impact of SEK 800m (954; 800) on operating profit. Government grants received reduced operating expenses by SEK 90m (71; 49). Costs for research and development amounted to SEK -1,093m (-1,050; -998) during the period.

B3. AUDITING EXPENSES

Auditing expenses

SEKm	2015	2014	2013
PWC			
Audit assignments	-59	-56	-50
Auditing activities other than the audit assignment	-2	-2	-2
Tax consultancy services	-17	-9	-19
Other assignments	-24	-13	-34
Total PwC	-102	-80	-105
Other auditors			
Audit assignments	-5	-5	-5
Tax consultancy services	-4	-3	-13
Other assignments	-8	-7	-3
Total other auditors	-17	-15	-21
Total	-119	-95	-126

B4. INCOME TAXES

AP ACCOUNTING PRINCIPLES

The Group's tax expense comprises current tax and deferred tax.

Current tax is calculated on the taxable result for the period based on the tax rules prevailing in the countries where the Group operates. Since taxable result excludes costs that are not tax deductible and income that is not taxable, this is differentiated from profit before tax in profit or loss. Current tax also includes adjustments relating to recognized current tax from prior periods. Interest attributable to income tax and withholding taxes deducted at source on intra-Group transactions are also recognized as income tax.

Deferred tax is calculated based on temporary differences between the carrying amounts and the taxable values of assets and liabilities and for tax loss carryforwards in so far as it is probable that these can be utilized against future taxable profits. Deferred taxes are measured at their nominal amount and based on the tax rates enacted or substantively enacted on the balance sheet date. Deferred tax is not calculated on the initial recognition of goodwill or when an asset or liability is recognized for the first time, provided that

the asset or liability is not attributable to an acquisition. SCA does not recognize tax that may arise on future dividends of the retained earnings of foreign subsidiaries. Any such future effects (withholding tax deducted at source and other deferred tax on profit-taking within the Group) are recognized when SCA can no longer control the reversal of such differences or when, for other reasons, it is probable that a reversal can take place in the foreseeable future.

The recognition of tax effects is determined by the manner in which the underlying transaction is recognized. For items in profit or loss, the tax effect is recognized in profit or loss. For transactions in equity and in other comprehensive income, the tax effect is recognized in equity and in other comprehensive income, respectively.

Tax liabilities and tax assets are recognized net when SCA has a legal right to offset.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

For companies that operate globally and thus apply significantly different taxation legislation, determining deferred tax assets and tax liabilities is complicated. This requires that assessments and assumptions are made to determine the value of the deferred tax asset and deferred tax liability on the balance sheet date. Future changes to taxation legislation and trends in the business climate will impact the company's future taxable profits and thus its possibility to utilize deferred tax assets on loss carryforwards and other temporary differences. As of December 31, 2015, SEK 1,063m was recognized as deferred tax assets based on best assessment of future taxable profits in the

Group. At year-end 2015, the Group also had taxable losses of SEK 2,649m, for which no deferred tax asset had been recognized. Accordingly, a changed assessment of the probability of future taxable profits could have a positive or negative effect.

Key assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks. For further information, see Note D7 and Note G3.

Tax expense

Tax expense (+), tax income (-)

SEKm	2015	%	2014	%	2013	%
Current tax						
Income tax for the period	2,019	20.2	2,145	22.6	1,995	24.7
Adjustments for prior periods	-2	-0.0	-155	-1.6	102	1.3
Current tax expense	2,017	20.2	1,990	21.0	2,097	26.0
Deferred tax						
Changes in temporary differences	323	3.2	472	5.0	112	1.4
Adjustments for prior periods	349	3.5	97	1.0	9	0.1
Revaluation	-149	-1.5	-139	-1.5	2	-
TB4:1 Deferred tax expense	523	5.2	430	4.5	123	1.5
IS Tax expense	2,540	25.4	2,420	25.5	2,220	27.5

Explanation of tax expense

The difference between the recognized tax expense and expected tax expense is explained below. The expected tax expense is calculated based on profit before tax in each country multiplied by the tax rate in effect in the country.

Tax expense

SEKm	2015	%	2014	%	2013	%
IS Profit before tax	9,992		9,488		8,081	
IS Tax expense	2,540	25.4	2,420	25.5	2,220	27.5
Expected tax expense	2,267	22.7	2,251	23.7	2,043	25.3
Difference	273	2.7	169	1.8	177	2.2

The difference is explained by:

Permanent differences between accounting and taxable result						
Effects of subsidiary financing	-71	-0.7	-21	-0.2	-27	-0.3
Effects of acquisitions and divestments	-23	-0.2	99	1.0	-124	-1.6
Taxes relating to profit-taking in the Group	27	0.3	9	0.1	49	0.6
Other permanent effects	17	0.2	176	1.9	125	1.6
Taxes related to prior periods ¹⁾	347	3.4	-58	-0.6	111	1.4
Changes in unrecognized deferred tax assets ²⁾	23	0.2	-76	-0.8	48	0.6
Changes in tax rates	-47	-0.5	40	0.4	-5	-0.1
Total	273	2.7	169	1.8	177	2.2

¹⁾ Taxes related to prior periods include a tax provision of SEK 294m pertaining to a tax dispute in Spain. The year 2014 primarily pertains to effects in Taiwan of SEK -54m. The effect in 2013 pertains to effects in Germany and Mexico, which increased the tax expense by SEK 92m.

²⁾ The change in unrecognized deferred tax assets includes the utilization of uncapped losses of SEK -81m in Belgium and SEK 62m relating to the operation in Asia. The change in unrecognized deferred tax assets for 2014 includes SEK -179m relating to the operation in Poland.

B4. TAXES, CONT.

Current tax liability

Current tax liability (+), current tax asset (-)

SEKm	2015	2014	2013
Value, January 1	95	283	-172
Current tax expense	2,017	1,990	2,097
CF Paid tax	-2,208	-2,101	-1,741
Other changes	13	-111	92
Translation differences	38	34	7
Value, December 31	-45	95	283
BS of which current tax liability	827	747	818
BS of which current tax asset	872	652	535

Paid tax

Tax payments by SCA units in different countries, paid tax (-)

SEKm	2015	2014	2013
Country			
Germany	-358	-271	-179
France	-306	-264	-116
China	-236	-51	-2
Mexico	-121	-107	-37
UK	-115	-92	-20
Austria	-100	-60	-96
Spain	-90	-90	-80
Italy	-87	-77	-82
Belgium	-80	-91	-92
Sweden	-79	-65	-99
Other countries	-636	-933	-938
CF Total	-2,208	-2,101	-1,741

Paid tax by region 2015, % of Group



Europe, 70%
Asia, 16%
America, 13%
Other, 1%

TB4:1 Deferred tax liability

Deferred tax liability (+), deferred tax asset (-)

SEKm	Value, January 1	Deferred tax expense	Other changes ⁴⁾	Translation differences	Value, December 31
Intangible assets	1,504	-139	-1	71	1,435
Property, plant and equipment	11,744	-281	25	-51	11,437
Financial non-current assets	-292	156	58	-11	-89
Current assets	-181	-86	-3	10	-260
Provisions	-1,293	455	342	-1	-497
Liabilities	-440	-211	-23	19	-655
Tax credits and tax loss carryforwards	-2,054	596	-	53	-1,405
Other	21	33	-12	5	47
BS Total³⁾	9,009	523	386	95	10,013

³⁾ The closing deferred tax liability comprises deferred tax assets of SEK 1,063m (1,186; 948) and deferred tax liabilities of SEK 11,076m (10,195; 10,531).

⁴⁾ Other changes include deferred tax recognized directly in equity according to IAS 19 of SEK 557m, IAS 39 of SEK 119m and changes in tax risk provisions of SEK -290m.

Loss carryforwards

Loss carryforwards for which deferred tax assets were recognized have been reported at the tax amount on the line Tax credits and tax loss carryforwards in the table Deferred tax liability above.

Loss carryforwards for which no deferred tax assets were recognized amounted to SEK 2,649m (2,644; 2,572) at December 31, 2015. The expiry dates of these loss carryforwards are distributed as follows:

The change in uncapitalized loss carryforwards for the period includes SEK 2m that has expired and SEK 256m that was either utilized or capitalized. The tax value of uncapitalized loss carryforwards amounted to SEK 779m.

Loss carryforwards for which no deferred tax assets were recognized

Year of maturity	SEKm
2016	88
2017	286
2018	833
2019	28
2020 and later	820
Indefinite life	594
Total	2,649

C. EMPLOYEES

C1. PERSONNEL COSTS

Personnel costs

SEKm	Note	2015	2014	2013
Salaries and remuneration		-13,810	-12,648	-11,993
TC3:1 of which Executive Management Team		-163	-144	-143
of which Board	C4	-6	-8	-6
Pension costs		-1,403	-1,179	-1,129
of which defined-benefit pension costs	C5	-669	-541	-554
of which other pension costs		-734	-638	-575
Other social security costs		-3,246	-2,929	-2,768
Other personnel costs		-1,070	-944	-1,099
Total¹⁾		-19,529	-17,700	-16,989

¹⁾ Costs for implemented efficiency-enhancement activities of SEK -255m (-302; -765) are included in total personnel costs.

C2. PERSONNEL DATA

Personnel data

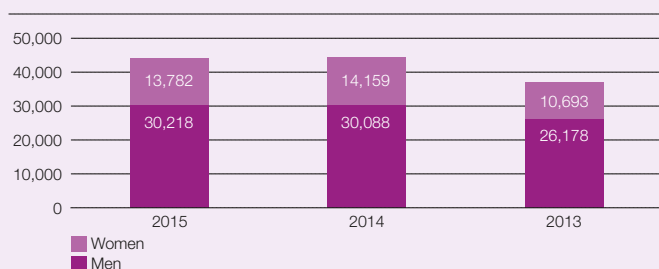
	2015	2014	2013
Employees under 20 years of age, %	1	2	2
Employees over 60 years of age, %	3	3	3
Investments in skills-enhancement activities			
total, SEKm	157	130	117
per employee, SEK	3,500	2,900	3,200
Value added per employee, KSEK	668	614	678
Proportion of university graduates, %	22	20	18
Number of employees who left the Group during the period	5,600	8,355	5,495
Number of employees who joined the Group during the period	5,988	7,319	4,887

These figures include both voluntary retirement and the effects of rationalization activities and retirements. In addition, a significant portion relates to summer jobs for students and seasonal work.

From 2014, the information about personnel costs was noticeably impacted by the Group's acquisition of Vinda.

C2. PERSONNEL DATA, CONT.

Average number of employees



In 2015, SCA had employees in 61 countries (62; 61). Women comprised 39% (21; 21) of the total number of SCA Board members elected by the Annual General Meeting and senior executives.

C3. REMUNERATION OF SENIOR EXECUTIVES

Senior executives refer to the President, who is also the CEO, the Executive Vice President, Business Unit Presidents and equivalents, and the Central Staff Managers. For the composition of this group, see pages 74–75.

Annual General Meeting guidelines for remuneration of senior executives

The 2015 AGM adopted the following guidelines for remuneration of senior executives. "Remuneration to the CEO and other senior executives will be a fixed amount, possible variable remuneration, additional benefits and pension. Other senior executives include the Executive Vice Presidents, Business Unit Presidents and equivalents, and the Central Staff Managers. The total remuneration is to correspond to market practice and be competitive in the senior executive's field of profession. Fixed and variable remuneration are to be linked to the manager's responsibility and authority. For the CEO, as well as for other senior executives, the variable remuneration is to be limited and linked to the fixed remuneration. The variable remuneration is to be based on the outcome of predetermined objectives and, as far as possible, be linked to the increase of value of the SCA share, from which the shareholders benefit. Programs for variable remuneration should be formulated so that the Board, if exceptional circumstances prevail, has the possibility to limit, or refrain from, payment of variable remuneration if such an action is considered reasonable and in compliance with the company's responsibility to shareholders, employees and other stakeholders.

In the event of termination of employment, the notice period should normally be two years if termination is initiated by the company, and one year, when initiated by the senior executive. Severance pay should not exist.

Pension benefits are to be either defined benefit or defined contribution plans, or a combination of both, and entitle the senior executive to pension from the age of 60, at the earliest. To earn the pension benefits, the period of employment must be long-term, at present 20 years. When resigning before the age providing entitlement to pension, the senior executive will receive a paid-up pension policy from the age of 60. Variable remuneration is not pensionable income. Matters of remuneration to senior executives are to be dealt with by the Remuneration Committee and, as regards the President, be resolved by the Board of Directors."

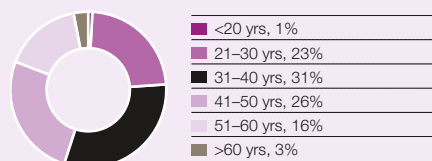
Company's application of guidelines

The company applied the guidelines approved by the AGM in the following manner.

Fixed salary

The fixed salary is to be in proportion to the individual's position and the authority and responsibilities this entails. It is set individually at a level that, combined with other remuneration, is assessed as a market rate and competitive in the labor market in which the executive works.

Age distribution 2015



Variable remuneration

Variable remuneration of the CEO, Executive Vice President and Business Unit Presidents and equivalents is maximized to a total of 100% of the fixed salary. For one Business Unit President, stationed in the US, the maximum outcome is 130%, while the corresponding limit for other senior executives is 90%. The program for variable remuneration is divided into a short and long-term portion. The short-term portion (Short-term Incentive, or STI) for the CEO, Executive Vice President and Business Unit Presidents and equivalents may amount to a maximum of 50% of fixed salary. For one Business Unit President, stationed in the US, the maximum outcome is 80%, while the corresponding limit for other senior executives is 40%. The STI goals set for the Business Unit Presidents are mainly based on operating cash flow, operating profit and sales growth for each business unit. For the heads of the global functions, goals for innovation and cost-efficiency are also applied. The goal for the CEO and others reporting directly to him is based primarily on the Group's profit before tax, operating cash flow and sales growth. The long-term portion (Long-Term Incentive, or LTI) may amount to a maximum of 50% of the fixed salary. The senior executive is to invest half of the variable LTI compensation, after tax withholdings, in SCA shares. The shares may then not be sold before the end of the third calendar year after entry into the relevant LTI program. The established LTI goal is based on the performance of the company's B share, measured as the TSR (Total Shareholder Return) index, compared with a weighted index of competitors' and consumer companies' shares performance (TSR) over a three-year period. The structure of the LTI was approved by the Board in 2003.

Outcome, variable remuneration

For the CEO, Executive Vice Presidents and Central Staff Managers, STI resulted in 37 to 47% of fixed salary for 2015. STI resulted in variable remuneration corresponding to 9 to 57% of fixed salary for the Business Unit Presidents and heads of the global functions. The LTI target was achieved for 2013–2015, resulting in maximum outcome for the CEO and other senior executives.

Other benefits

Other benefits pertain, in some cases, to a company car, housing and school fees.

Pension

In 2015, the President and CEO's pension agreement was adjusted from a previous combination of a defined benefit plan and defined premium plan to a strictly defined premium plan. The new defined premium pension is based on an annual payment, to be paid by the company, amounting to 40% of the employee's fixed cash salary, as well as the basic pension benefits in the ITP plan, with retirement pension benefits limited to a maximum salary income of 7.5 income amounts. A paid-up policy has been established for previously earned pension benefits according to the earlier plan and was calculated on the CEO's actual salary for 2015. The retirement age for the CEO is now

C3. REMUNERATION OF SENIOR EXECUTIVES, CONT.

65. Seven of the other senior executives in the Group have a combination of defined benefit and defined premium pension plans that entitle the executives, on reaching the age of 60, to receive a retirement pension (including national pension benefits) of up to 45% of the average salary (excluding variable remuneration) three years prior to retirement age. For full pension, the individual must have been employed for at least 20 years calculated from 40 years of age. Upon termination of employment prior to reaching retirement age, a paid-up policy is received for pension payments from age 60, on condition that the executive, after reaching the age of 40, has been employed in the Group for at least three years. In addition, beneficiaries' pension amounts to about 50% of retirement pension. In addition to the defined benefit pension, a pension is paid based on premiums paid by the company. The premiums paid for each year of service amount to 10% of the executive's fixed salary and are invested in a fund or traditional insurance chosen by the executive. One senior executive has a pension plan, which is closed to new entrants, that is a defined benefit pension plan, which grants the executive the right at the age of 65 to receive a pension (including national pension benefits) at up to 70% of the salary (excluding variable salary). However, the senior executive is entitled to retire at 60 with 70% of the final salary at retirement (excluding variable remuneration), between 60 and 65 and subsequently with 50% of the salary at retirement (excluding variable remuneration). Normally, full pension requires the executive to have been employed in the Group for 20 years. Upon termination of employment prior to reaching retirement age, a paid-up policy is received for pension payments from age 65 or 60, on condition that the executive, after reaching the age of 40, has been employed in the Group for at least three years. In addition, beneficiaries' pension amounts to about 50% of retirement pension.

Four senior executives have a defined premium pension plan (in addition to national pension benefits) into which the company pays 30 to 40% of the executives' fixed salary, which is invested in funds or traditional insurance. Three senior executives are employed in companies outside Sweden. One executive is encompassed by the defined contribution pension plan that applies to employees in the US. Two executives are encompassed by the defined benefit pension plan that applies to managers in Germany.

Notice period and severance pay

The agreement with the CEO stipulates a period of notice of termination of two years if such notice is given by the company. The CEO has a correspond-

ing right with a period of termination of one year. If notice is given by the company, the CEO is not obligated to serve during the notice period. The agreement does not contain any stipulations with regard to severance pay. Between the company and other senior executives, a period of notice of termination of one to two years normally applies, if such notice is given by the company. The executive has a corresponding right with a period of notice of termination of six months to one year. The executive is normally expected to be available to the company during the notice period. The agreements have no stipulations with regard to severance pay.

Preparation and decision process for remuneration

During the year, the Remuneration Committee submitted recommendations to the Board regarding the principles for remuneration of senior executives. The recommendations encompassed the ratio between fixed and variable remuneration and the size of any salary increases. In addition, the Remuneration Committee expressed an opinion on the criteria for assessing variable remuneration and pension terms. The Board discussed the Remuneration Committee's proposal and decided on the basis of the Committee's recommendations. The remuneration of senior executives for the fiscal year was based on the Remuneration Committee's recommendation and, with regard to the CEO, decided by the Board. The executives concerned did not participate in remuneration matters pertaining to themselves. When it was deemed appropriate, the work of the Remuneration Committee was carried out with the support of external expertise. For information about the composition of the Remuneration Committee, see page 69.

The Board's proposal for new guidelines

The Board has decided to propose to the 2016 Annual General Meeting the unchanged guidelines for determining salaries and other remuneration for senior executives, with the addition that pension benefits in new employment contracts should, wherever possible, only include defined premium pension benefits and entitle the executive to receive a pension from the age of 65. With the salary situation prevailing in 2016 and an unchanged number of senior executives, the maximum outcome of variable remuneration could entail a cost for the Group, excluding social security costs, of approximately SEK 82m.

Remuneration of senior executives

TC3:1 Remuneration and other benefits during the year 2015

SEK	Fixed salary	Variable remuneration ¹⁾	Other benefits	Total salaries and remuneration
President and CEO Magnus Groth ²⁾	7,922,878	7,713,718 ⁴⁾	428,659	16,065,255
Other senior executives (17 people)	61,717,544	50,270,385 ⁵⁾	8,912,198	120,900,127
Former President and CEO Jan Johansson ³⁾	25,491,326	0	380,318	25,871,644
Total	95,131,748	57,984,103	9,721,175	162,837,026

¹⁾ Variable remuneration covers the 2015 fiscal year but is paid in 2016.

²⁾ President and CEO Magnus Groth, who assumed his position on March 1, has collected a fixed annual salary of SEK 9.5m. In connection with the adjustment of the President and CEO's pension agreement to a defined contribution pension, his fixed annual salary was set at SEK 11m as of December 15. Accordingly, pension obligations will not continue to be earned.

³⁾ Former President and CEO Jan Johansson, who was dismissed from the position on March 1, will continue to collect contractual employment benefits during a period of notice of two years, with the exception of variable remuneration. The above amounts pertain to Jan Johansson's fixed salary, benefits and pension costs for the period from 2015 until March 1, 2017, when his employment ends.

⁴⁾ Of which LTI program SEK 3,992,608.

⁵⁾ Of which LTI program SEK 28,218,873.

Pension costs¹⁾

SEK	
President and CEO Magnus Groth ²⁾	3,153,521
Other senior executives (17 people) ³⁾	63,845,664
Former President and CEO Jan Johansson ⁴⁾	25,027,185
Total	92,026,370

¹⁾ The pension costs pertain to the costs that affected profit for 2015, excluding special payroll tax.

²⁾ Outstanding pension obligations amount to SEK 16m.

³⁾ Outstanding pension obligations amount to SEK 156m.

⁴⁾ Outstanding pension obligations amount to SEK 83m.

Remuneration and other benefits during the year 2014

SEK	Fixed salary	Variable remuneration ¹⁾	Other benefits	Total salaries and remuneration
President and CEO Jan Johansson	11,440,000	9,746,880 ²⁾	174,952	21,361,832
Other senior executives (16 people)	63,096,719	50,502,757 ³⁾	9,055,555	122,655,032
Total	74,536,719	60,249,637	9,230,507	144,016,864

¹⁾ Variable remuneration covers the 2014 fiscal year but is paid in 2015

²⁾ Of which LTI program SEK 5,720,000

³⁾ Of which LTI program SEK 32,318,916

Pension costs¹⁾

SEK	
President and CEO Jan Johansson	6,576,939
Other senior executives (16 people)	26,713,323
Total	33,290,262

¹⁾ The pension costs pertain to the costs that affected profit for 2014, excluding special payroll tax.

Remuneration and other benefits during the year 2013

SEK	Fixed salary	Variable remuneration ¹⁾	Other benefits	Total salaries and remuneration
President and CEO Jan Johansson	10,962,121	10,318,000 ²⁾	160,080	21,440,201
Other senior executives (16 people)	62,836,453	56,029,602 ³⁾	10,755,315	129,621,370
Total	73,798,574	66,347,602	10,915,395	151,061,571

¹⁾ Variable remuneration covers the 2013 fiscal year but is paid in 2014

²⁾ Of which LTI program SEK 5,500,000

³⁾ Of which LTI program SEK 31,712,728

Pension costs¹⁾

SEK	
President and CEO Jan Johansson	8,018,773
Other senior executives (16 people)	28,759,616
Total	36,778,389

¹⁾ The pension costs pertain to the costs that affected profit for 2013, excluding special payroll tax.

C4. FEES TO BOARD MEMBERS IN THE PARENT COMPANY DURING THE YEAR

Remuneration to non-executive Board members refers to the fees approved at the AGM on April 15, 2015 for the period until the next AGM in April 2016. No remuneration is paid to the President and CEO and other employees.

SEK	Board fee			Audit Committee fee			Remuneration Committee fee			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Sverker Martin-Löf (former Chairman)		2,100,000	1,650,000		130,000	130,000		135,000	135,000		2,365,000	1,915,000
Pär Boman (Chairman)	2,100,000	700,000	550,000	130,000			135,000			2,365,000	700,000	550,000
Rolf Börjesson		700,000	550,000					105,000	105,000		805,000	655,000
Annemarie Gardshol	700,000									700,000		
Leif Johansson	700,000	700,000	550,000				105,000	105,000	105,000	805,000	805,000	655,000
Louise Julian Svanberg	700,000	700,000	550,000				105,000			805,000	700,000	550,000
Bert Nordberg	700,000	700,000	550,000	130,000						830,000	700,000	550,000
Anders Nyström		700,000	550,000		175,000	175,000					875,000	725,000
Barbara Millian Thoralfsson	700,000	700,000	550,000	175,000	130,000	130,000				875,000	830,000	680,000
Total	5,600,000	7,000,000	5,500,000	435,000	435,000	435,000	345,000	345,000	345,000	6,380,000	7,780,000	6,280,000

C5. REMUNERATION AFTER EMPLOYMENT**AP ACCOUNTING PRINCIPLES****Defined benefit pension plans**

Defined benefit pension plans are characterized by the fact that payment is based on the period of employment and the employee's salary at, or just prior to, retirement. The actuarial and investment-related risks associated with defined benefit pension plans are carried by the company.

The defined benefit obligations are calculated annually by independent actuaries using the Projected Unit Credit Method. Calculation is based on actuarial assumptions. Actuarial assumptions comprise the company's best assessment of the variables that determine the final cost for providing the benefits. The obligation is measured at the present value of the anticipated future cash flows using a discount rate (see key assessments and assumptions below). Actuarial gains and losses (remeasurements) are recognized directly in equity under other comprehensive income in the period in which they arise. The recognized cost for the defined benefit plans include personnel costs, as well as net interest items. Net interest items comprise the discount rate calculated on the average net pension liability for the period, taking fee and remuneration payments into consideration. The difference between the calculated interest income (discount rate) on the plan assets and SCA's actual return on the plan assets is included in the remeasurement of the defined benefit net liability (net asset) recognized in equity under other comprehensive income. Past service costs are recognized in profit or loss in the period in which they arise.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the obligation on the balance sheet date minus the fair value of the plan assets. Funded plans with net assets, meaning plans with assets exceeding obligations, are recognized as a financial non-current asset provided they are not limited by the "asset ceiling" in IAS 19. Other pension plans, which are not fully funded or unfunded, are recognized as Provisions for pensions.

In certain countries, pension payments are subject to taxes or fees. In such cases, these are included in the calculation of the obligation for the defined benefit pension plans. These taxes or fees are recognized as an expense in profit or loss, except in cases where they are attributable to actuarial gains or losses, in which case they are recognized directly in equity under other comprehensive income, as are the actuarial gains or losses.

Defined contribution pension plans

Plans where the employer's obligation is limited to the premiums the company has undertaken to pay are classified as defined contribution plans. In these plans, it is the employee who bears the investment risk, meaning the risk that the invested assets could be insufficient to generate the anticipated compensation. The Group's payments relating to defined contribution plans are recognized as an expense during the period the employees carry out the service to which the payment relates.

Other post-retirement benefits

Some Group companies provide post-retirement healthcare benefits. The obligation and anticipated costs for these benefits has been calculated and recognized in a similar manner to that applying to defined benefit pension plans.

Severance pay

Severance pay is recognized as a payroll expense when the Group has an obligation to compensate employees whose employment was terminated early.

C5. REMUNERATION AFTER TERMINATION OF EMPLOYMENT, CONT.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

The calculation of recognized expenses and provisions for defined benefit pension plans, where the size of the future compensation is unknown and payment will occur far in the future, is dependent on assumptions and assessments. Key assumptions and assessments include the discount rate, future salary increases, inflation and life expectancy. SCA determines the discount rate based primarily on AA-rated corporate bonds issued in the currency in which the payments will be made that match the duration of the obliga-

tions. If no such corporate bonds are available, government bonds or mortgage bonds are used. Inflation assumptions are based on a combination of central bank targets, implicit market expectations and long-term analyst forecasts. Assumptions regarding salary increases are based on market expectations and market research forecasts. Key actuarial assumptions are presented in **TC5:5**. The sensitivity of the recognized provision with respect to key actuarial assumptions is described in **TC5:6**.

Provisions for pensions and similar obligations

SEKm	2015	2014	2013
TC5:2 Defined benefit obligations	27,101	28,943	21,793
TC5:3 Fair value of plan assets	-25,863	-24,850	-20,603
TC5:4 Effect of asset ceiling	1,162	1,004	916
TC5:1 Provision for pensions, net	2,400	5,097	2,106

Surpluses in funded plans recognized as financial non-current assets amounted to **BS** SEK 371m (3; 442) on the balance sheet date and provisions for pensions totaled **BS** SEK 2,771m (5,100; 2,548). Defined benefit obligations include obligations in an amount of SEK 1,929m (2,363; 1,913) pertaining to unfunded plans.

SCA has both defined contribution and defined benefit pension plans in a number of subsidiaries. The most significant defined benefit plans are the pension plans in the Netherlands, the UK, Sweden, Germany and the US, as described below.

TC5:1 Provisions for pensions and similar obligations by plan

SEKm Country	Paid-up pension policies			Total obligation	Plan assets, fair value	Effect of asset ceiling	Duration of	
	Active	Pensioners					Net obligation	years
Netherlands	1,504	886	941	3,331	-3,143		188	22
UK	1,890	6,156	6,354	14,400	-14,395		5	18
Sweden	1,352	617	897	2,866	-3,203		-337	19
Germany	931	283	1,017	2,231	-2,263		-32	16
US	687	134	356	1,177	-872		305	15
Other	1,634	389	1,073	3,096	-1,987	1,162	2,271	13
Total	7,998	8,465	10,638	27,101	-25,863	1,162	2,400	

Netherlands

The plan is a defined benefit plan with premiums paid by the company and is managed by an independent fund. Surpluses in the fund remain in the fund assets but can be utilized in the form of premium discounts. The plan is based on average salary and includes beneficiaries' pension and disability pension. The plan is obligated to meet the minimum legislated funding level. The plan applies a duration matching strategy to control the interest rate risk in the plan.

United Kingdom

The plan is a defined benefit plan with premiums paid by the company and the employee, and is managed by an independent fund in accordance with British law.

Surpluses in the pension fund remain in the fund assets but can be utilized in the form of premium discounts. The plan is based on final salary and includes beneficiaries' pension and disability pension.

The plan was closed to new participants in July 2007. The plan is obligated to meet the minimum funding level according to an agreement with the pension fund.

Sweden

The ITP2 plan (supplementary pensions for salaried employees) encompasses employees born before 1979 and is a defined benefit plan that provides retirement pension based on final salary. The ITP2 plan provides pension as a percentage of various salary intervals.

Costs for the period for defined benefit plans

SEKm	2015	2014	2013
Current service cost, after deduction for premiums paid by the employees	-646	-494	-514
Past service cost	-21	19	-7
Tax expense for pensions	-65	-35	-40
Remeasurement, net	-2	-33	-3
Net interest income/expense	-143	-65	-120
Pension costs before effects of settlements	-877	-608	-684
Settlements	-	2	10
Pension costs after effects of settlements	-877	-606	-674

The pension is reduced proportionately if the total period of service is less than 30 years. The ITP2 plan is managed by a fund, and the company may compensate itself using any surpluses in the plan assets.

Germany

The plan is a defined benefit plan and, in addition to retirement pension, includes beneficiaries' pension and disability pension. The plan, which is managed by a fund, provides pension as a percentage of a salary interval and is based on final salary. The plan also includes individual pensions based on average salary. No premium payments are required by the company or its employees. The company may compensate itself using any surpluses in the plan assets.

US

The plan includes retirement pension, accident insurance and life insurance. The plan is a defined benefit plan with premiums paid by the company. Benefits are based on a standard amount per service year and are financed through a pension fund. The plan is obligated to meet the minimum legislated funding level. Surpluses in the pension fund can be utilized in the form of premium discounts.

Other

SCA has a number of minor pension obligations in some 15 countries, the largest of which are in France, the Netherlands, Norway, Sweden and Austria. Some of these plans are funded.

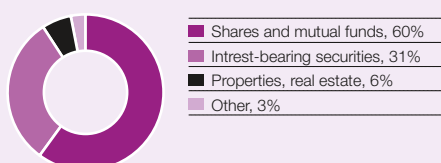
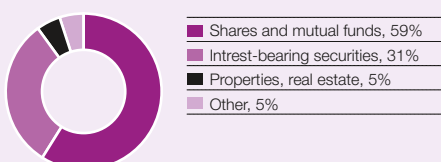
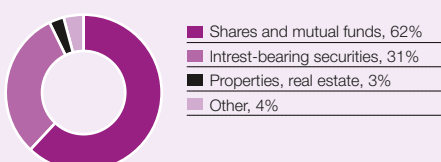
TC5:2 Defined benefit obligations

SEKm	2015	2014	2013
Value, January 1	28,943	21,793	23,857
Current service cost	657	527	519
Interest expense	893	912	780
Past service cost	21	-19	7
Tax expense for pensions	65	35	40
Settlements and transfers	11	9	214
Acquisitions and disposals	-	-	-2,598
Benefits paid	-1,040	-932	-908
Pension taxes paid	-43	-20	-26
Remeasurement: financial assumptions	-1,888	4,079	-1,053
Remeasurement: demographic assumptions	-149	38	388
Remeasurement: experience-based assumptions	-43	-17	280
Pension taxes pertaining to remeasurement	-340	221	-193
Translation differences	14	2,317	486
Value, December 31	27,101	28,943	21,793

Remeasurements in the defined benefit obligations comprise changes in financial assumptions, such as changes to the discount rate, etc., any changes in demographic assumptions and experience-based deviations. Experience-based deviations include unexpectedly high or low employee turnover or salary increases. For 2013, settlements and transfers include SEK 186m attributable to the reclassification of payroll tax to pension liability.

TC5:3 Plan assets

SEKm	2015	2014	2013
Fair value, January 1	-24,850	-20,603	-20,499
Interest income	-775	-883	-684
Acquisitions and disposals	-	-	2,123
Contributions by plan participants	-11	-7	-4
Contributions by the employer	-991	-785	-571
Benefits paid, excluding settlements	1,040	932	908
Benefits paid for settlements	2	10	16
Return in excess of recognized interest income	-275	-1,440	-1,461
Administrative expenses for pension obligations	24	25	-
Translation differences	-27	-2,099	-431
Fair value, December 31	-25,863	-24,850	-20,603

The plan assets are distributed according to the following classes of assets, 2015:**The plan assets are distributed according to the following classes of assets, 2014:****The plan assets are distributed according to the following classes of assets, 2013:**

94% (95; 97) of the plan assets on the balance sheet date were traded on active markets in which market quotations are used for the valuation of assets. As in the preceding year, no financial instruments issued by SCA are included in the fair value of plan assets at December 31, 2015.

TC5:4 Effect of asset ceiling

SEKm	2015	2014	2013
Value, January 1	1,004	916	780
Interest expense	25	36	24
Other changes to asset ceiling	133	52	112
Value, December 31	1,162	1,004	916

Effect of asset ceiling pertains to funds in two Swedish foundations that can be used for possible future undertakings for early retirement for certain categories of employees.

TC5:5 Principal actuarial assumptions

	Sweden	United Kingdom	Eurozone	US
2015				
Discount rate	3.27	3.85	1.94	4.38
Expected salary increase rate	2.75	3.50	2.85	N/A
Expected inflation	1.50	3.00	1.60	N/A
Life expectancy, men ¹⁾	22	22	22	20
Life expectancy, women ¹⁾	25	25	24	22
2014				
Discount rate	2.46	3.59	1.62	4.11
Expected salary increase rate	3.25	4.00	3.00	N/A
Expected inflation	2.00	3.00	1.75	N/A
Life expectancy, men ¹⁾	23	22	21	20
Life expectancy, women ¹⁾	24	24	24	21
2013				
Discount rate	3.94	4.54	3.10	4.92
Expected salary increase rate	3.25	4.00	3.25	N/A
Expected inflation	2.00	3.00	2.00	N/A
Life expectancy, men ¹⁾	23	22	22	19
Life expectancy, women ¹⁾	24	24	24	21

¹⁾ Life expectancy, expressed in years, for an individual currently aged 65.

The sensitivity of the defined benefit obligations with respect to the changes in the principal actuarial assumptions is as follows:

TC5:6 Change of obligation, increased obligation (-)

SEKm	
Discount rate +0.25%	1,129
Price inflation, incl. salary inflation +0.25%	-933
Longevity +1 year	-904

The above sensitivity analysis is calculated by changing one assumption while the others remain constant.

Multiemployer plans

SCA has obligations for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. The company also has employees in Finland who are covered by the country's statutory TyEL pension plan. These obligations are secured through the insurance company Varma. These benefits are reported as defined contribution plans, since there is no basis for allocating the obligations, plan assets and costs to the individual companies covered by the plan.

Budgeted contributions

The budgeted contributions for the company's defined benefit pension plans for 2016 were calculated at SEK 1,004m. Contributions for multiemployer plans for 2016 were calculated at SEK 44m.

D. OPERATING ASSETS AND LIABILITIES

D1. INTANGIBLE ASSETS

AP ACCOUNTING PRINCIPLES

Goodwill

Goodwill arises in connection with business combinations where the consideration transferred exceeds the fair value of the acquired net assets. Goodwill is recognized at cost less accumulated impairment and is an intangible asset with an indefinite useful life. This means that goodwill is not amortized, but rather is tested annually for impairment. All goodwill is allocated to the cash-generating units that are expected to benefit from the synergies from the business combination. In connection with the sale of Group companies, the remaining carrying amount of the goodwill attributable to the divested unit is included in the capital gain. Goodwill that arises in acquisitions of associates or joint ventures is included in the carrying amount of the respective associate or joint venture.

Trademarks

Trademarks arise either in connection with acquisitions or through agreements to purchase trademarks. Trademarks are recognized at cost after any accumulated amortization and accumulated impairment. Trademarks that have an indefinite useful life are not amortized, but rather are tested annually for impairment along with the impairment testing of goodwill. Trademarks with a limited useful life are amortized on a straight-line basis during their anticipated useful life, which varies between three and ten years.

Licenses, patents and similar rights

Intangible assets also include patents, licenses and other similar rights. Acquired assets of this type are recognized at cost and are amortized on a straight-line basis during their anticipated useful life, which varies between three and 20 years.

Customer relations

Customer relations are measured at fair value at the time of the acquisition. The value of these customer relations is amortized over their useful life, which is considered to be between three and 15 years.

Research and development

Research expenditure is recognized as an expense as incurred. Identifiable expenditure for development of new products and processes is capitalized to the extent it is expected to provide future economic benefits. In cases in which it is difficult to separate the research phase from the development phase in a project, the entire project is treated as research and expensed immediately. Capitalized expenditure is amortized on a straight-line basis from the date when the asset starts to be used during the estimated useful life of the asset. The depreciation period is between five and ten years.

Impairment testing

Goodwill is tested annually for impairment. When testing for impairment, the assets are grouped in cash-generating units. SCA's cash-generating units coincide with its defined operating segments. The test compares the carrying amounts of the cash-generating units with the recoverable amounts. The recoverable amount of each cash-generating unit is determined by discounting future cash flows in order to determine their value in use. The calculation of future cash flows is based on the strategic plans adopted by the Corporate Senior Management Team for the next three years. The carrying amount for the cash-generating unit includes goodwill, trademarks with indefinite useful lives and assets with definite useful lives, such as non-current assets, trademarks and working capital. Effects of expansion investments are excluded when calculating the value in use.

The value of depreciated assets is tested for impairment whenever there are indications that the carrying amount might not be recoverable.

In cases in which the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount, an impairment loss is recognized on the asset down to the recoverable amount.

An impairment loss recognized earlier is reversed, if the reasons for the impairment no longer exist. The carrying amount after the reversal is limited to what it would have been had no past impairment been recognized. Impairment losses on goodwill are never reversed.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

In connection with the annual impairment testing of goodwill, the recoverable amount is calculated. The recoverable amount for the cash-generating units is determined by calculating value in use. Calculation of the value in use is based on the three-year strategy plans adopted by the Executive Management Team, which in turn are based on assumptions and assessments. The most important assessments and assumptions pertain to forecasts for organic growth, the profit margin and the discount rate used. The discount rate used in the present value calculation of the anticipated future cash flows is the current weighted average cost of capital (WACC) established within the Group for the markets in which the cash-generating units conduct operations.

Profit margin assumptions are based on current market prices and costs with an addition for real price reductions and cost inflation as well as assumed productivity development. Growth assumptions follow the Group's target of an average annual growth of 3 to 4%, depending on the operating segment, which is in line with historic outcome and expected global market growth.

The expected sustained future cash flow for periods that are beyond the planning horizon of the strategy plan are extrapolated for a ten-year period from the final year of the strategy plan using assumed sustained growth of 2%. The value of the cash flows for the period beyond ten years is calculated by applying an operating surplus multiple to estimated sustained cash flow.

D1. INTANGIBLE ASSETS, CONT.

Goodwill

SEKm	2015	2014	2013
Accumulated costs	15,472	15,806	12,097
Accumulated impairment	-60	-89	-89
Goodwill Vinda	-	-	1,777
Total	15,412	15,717	13,785
Value, January 1	15,717	13,785	12,349
Company acquisitions	-	308	1,759
Company divestments	-	-	-8
Reclassifications	-	46	-389
Impairment	-87	-	-
Translation differences	-218	1,578	74
BS Value, December 31	15,412	15,717	13,785

Intangible assets excluding goodwill

SEKm	Trademarks			Licenses, patents and similar rights			Capitalized development costs			Total Other intangible assets		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Accumulated costs	6,647	6,552	4,317	3,889	3,737	2,772	286	267	270	10,822	10,556	7,359
Accumulated amortization	-244	-118	-71	-2,471	-2,267	-1,943	-182	-184	-180	-2,897	-2,569	-2,194
Accumulated impairment	-532	-61	-57	-2	-8	-8	-36	-33	-33	-570	-102	-98
Intangible assets Vinda	-	-	2,940	-	-	12	-	-	-	-	-	2,952
Total	5,871	6,373	7,129	1,416	1,462	833	68	50	57	7,355	7,885	8,019
Value, January 1	6,373	7,129	4,366	1,462	833	980	50	57	96	7,885	8,019	5,442
Investments	-	-	-	221	115	90	35	6	12	256	121	102
Sales and disposals	-	-	-	-2	-1	-	-	-	-	-2	-1	-
Company acquisitions	-	-	2,895	-	20	13	-	3	-	-	23	2,908
Company divestments	-	-	-28	-	-	-	-	-	-	-	-	-28
Reclassifications	76	-1,242	-165	-	591	-3	-	-1	-	76	-652	-168
Amortization	-27	-33	-30	-251	-233	-241	-15	-15	-18	-293	-281	-289
Impairment	-464	-36	-	-	-	-	-3	-	-32	-467	-36	-32
Translation differences	-87	555	91	-14	137	-6	1	0	-1	-100	692	84
Value, December 31	5,871	6,373	7,129	1,416	1,462	833	68	50	57	7,355	7,885	8,019
TD1:1 Emission allowances, net value										85	78	117
BS Value, December 31 including emission allowances										7,440	7,963	8,136

Impairment testing

Annual testing for impairment of goodwill and trademarks with indefinite useful lives is carried out in the fourth quarter per operating segment. The testing for 2015 showed that no impairment was needed. Sensitivity analyses show that reasonable changes to key parameters do not give rise to any impairment requirement. In addition to annual impairment testing of the cash-generating units, individual assets are tested to determine whether any impairment is needed. During the period, goodwill was impaired by SEK -87m in connection

with the closure of a French tissue mill, as well as impairment of assets in the Swedish Ortviken paper mill. Due to a declining market and new strategy, Personal Care trademarks in the Mexican and Asian markets were impaired by SEK -464m. The recoverable amount of the trademarks was determined through a present value calculation, in which expected future cash flows were discounted using a WACC varying from 10.6% to 13.7%, depending on the market, to determine the value in use.

Distribution by operating segment

SEKm	Goodwill			Trademarks			WACC, before tax %		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Personal Care	2,757	3,338	3,005	1,069	1,325	1,213	10.3	10.1	10.0
Tissue	12,655	12,322	10,743	4,802	5,048	5,916	8.4	8.3	8.5
Forest Products	-	57	37	-	-	-	6.1	7.2	7.6
Total	15,412	15,717	13,785	5,871	6,373	7,129			

D1. INTANGIBLE ASSETS, CONT.

AP ACCOUNTING PRINCIPLES

Emission allowances and costs for carbon dioxide emissions

SCA participates in the European system for emission allowances.

When emission allowances relating to carbon dioxide emissions are received from an individual EU state, they are recognized as an intangible asset and as deferred income (liability). Allowances are received free of charge and measured and recognized at market value as of the date to which the allocation pertains. During the period, the initial liability for emission allowances received is dissolved over profit or loss as income in pace with carbon dioxide emissions made. If the emission allowances received do not cover emissions made, SCA makes a provision for the deficit valued at the market value on the balance sheet date. Sales of surplus emission allowances are recognized as income on the delivery date.

If the market price of emission allowances on the balance sheet date is less than recognized cost, any surplus emission allowances that are not required to cover emissions made are impaired to the market price applying on the balance sheet date. In conjunction with this, the remaining part of the deferred income is recognized as income by a corresponding amount and therefore no net effect occurs in profit or loss. The emission allowances are used as payment in the settlement with the state regarding liabilities for emissions.

TD1:1 Emission allowances

SEKm	2015	2014	2013
Accumulated costs	93	88	117
Accumulated revaluation of surplus	-8	-10	0
Total	85	78	117
Value, January 1	78	117	139
Emission allowances received	93	77	70
Purchases	4	0	1
Sales	-29	-57	-26
Reclassifications	-	-	0
Impairment	-3	-0	-8
Settlement with the government	-54	-58	-63
Revaluation of surplus	0	-3	0
Translation differences	-4	2	4
Value, December 31	85	78	117

D2. PROPERTY, PLANT AND EQUIPMENT

AP ACCOUNTING PRINCIPLES

Property, plant and equipment

Property, plant and equipment is recognized at cost less accumulated depreciation and any impairment. In cases where an investment in foreign currency has been recognized using hedge accounting, the gain/loss from the hedge is recognized as part of the acquisition cost. The cost of properties and production facilities included in major projects includes costs for running-in and start-up. Borrowing costs are included in the cost of investments exceeding SEK 250m that take more than 12 months to complete. Expenses for repairs and maintenance are expensed directly in profit or loss.

Depreciation and impairment

Land is not subject to depreciation. Buildings, machinery and equipment are depreciated on a straight-line basis over the useful lives of the assets. If, at accounting year-end, there is an indication that property, plant and equipment has declined in value, impairment testing is carried out.

Assessed useful lives

	Number of years
Pulp and paper mills, sawmills	10–25
Converting machines, other machinery	7–18
Tools	3–10
Vehicles	4–5
Buildings	15–50
Energy plants	15–30
Computers	3–5
Office equipment	5–10
Harbors, railways	20–30
Land improvements, forest roads	10–20

Property, plant and equipment

SEKm	Buildings			Land			Machinery and equipment			Construction in progress		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Accumulated costs	22 802	22 007	18 558	7 437	7 422	7 000	86 804	84 367	71 633	4 023	4 368	3 414
Accumulated depreciation	-9 653	-9 023	-7 751	-1 826	-1 679	-1 530	-52 403	-50 009	-41 667	-	-	-
Accumulated impairment	-407	-222	-216	-70	-32	-50	-2 173	-847	-865	-2	-7	-8
Property, plant and equipment Vinda	-	-	867	-	-	-	-	-	3 392	-	-	-
Total	12 742	12 762	11 458	5 541	5 711	5 420	32 228	33 511	32 493	4 021	4 361	3 406
Value, January 1	12 762	11 458	9 912	5 711	5 420	5 252	33 511	32 493	28 533	4 361	3 406	4 073
Investments	505	389	646	154	163	214	2 337	2 342	1 894	4 337	2 713	2 642
Sales and disposals	-2	-13	-14	-7	-35	-3	-134	-56	-68	-23	-8	-34
Company acquisitions	-	1	861	-	1	-	-	52	3 330	-	2	-
Company divestments	-	-	-4	-	-	-24	-48	-	-29	-	-	-
Reclassifications	926	796	620	28	77	114	3 361	1 143	2 739	-4 516	-1 711	-3 223
Depreciation	-873	-723	-650	-143	-136	-131	-4 652	-4 369	-3 935	-	-	-
Impairment	-197	-9	-5	-48	-3	-43	-1 394	-50	-131	-	-	-
Translation differences	-379	863	92	-154	224	41	-753	1 956	160	-138	-41	-52
Value, December 31	12 742	12 762	11 458	5 541	5 711	5 420	32 228	33 511	32 493	4 021	4 361	3 406

Total property, plant and equipment

SEKm	2015	2014	2013
Accumulated costs	121 066	118 164	100 605
Accumulated depreciation	-63 882	-60 711	-50 948
Accumulated impairment	-2 652	-1 108	-1 139
Property, plant and equipment Vinda	-	-	4 259
Total	54 532	56 345	52 777
Value, January 1	56 345	52 777	47 770
Investments	7 333	5 607	5 396
Sales and disposals	-166	-112	-119
Company acquisitions	-	56	4 191
Company divestments	-48	-	-57
Reclassifications	-201	305	250
Depreciation	-5 668	-5 228	-4 716
Impairment	-1 639	-62	-179
Translation differences	-1 424	3 002	241
BS Value, December 31	54 532	56 345	52 777

Impairment mainly pertains to the Ortviken paper mill. Due to a decline in global demand for newsprint and weak profitability, non-current assets at Ortviken paper mill were impaired by SEK -1,263m to their recoverable amount. The Ortviken paper mill is part of the Forest Products operating segment. The recoverable amount of the non-current assets was determined through a present value calculation, in which expected future cash flows were discounted using a WACC before tax of 6% to determine the value in use.

During the period, interest was capitalized in machinery and equipment in an amount of SEK 47m (29; 23) and in construction in progress in an amount of SEK 3m (6; 1). The average interest rate used was 7% (2; 3).

D3. BIOLOGICAL ASSETS

AP ACCOUNTING PRINCIPLES

The Group's standing timber is defined and recognized as biological assets at fair value in accordance with IAS 41 Agriculture and IFRS 13 Fair Value Measurement. Forest assets are divided and recognized as biological assets and land assets in accordance with IAS 16 Property, plant and equipment. Forest land and forest roads are classified as land and land improvements. The fair value of the Group's standing timber is calculated as the present value of anticipated future cash flows from the assets before tax and classified at Level 3 in accordance with IFRS 13. The calculation is based on existing, sustain-

able felling plans and assessments regarding growth, timber prices, felling costs and silviculture costs, including costs for statutory replanting. Environmental restrictions and other limitations are taken into account and the calculation is performed for a production cycle that SCA estimates at an average of 100 years. The discount rate is based on a normal forest company's weighted average cost of capital (WACC).

The change in value is recognized in profit or loss in cost of goods sold.

KAA KEY ASSESSMENTS AND ASSUMPTIONS

Since a market price or other comparable value does not exist for assets of the scope owned by SCA, biological assets are measured at the present value of anticipated future cash flows. Key assessments and assumptions pertain to future wood prices, felling costs, felling volumes and discount rates. As of 2014, expected future felling volume and growth are based on the for-

est survey conducted between 2012 and 2013. A new forest survey is performed approximately every eight years. The estimation of future income and expenses is based on the trends of these items over the most recent ten-year period. TD3:1 describes the sensitivity of the carrying amount with respect to key assumptions.

Biological assets

SEKm	2015	2014	2013
Value, January 1	29,685	28,767	27,503
Purchases and forest swaps	33	375	775
Sales	-75	-72	-85
Other changes in fair value	1,549	1,646	1,733
Change due to felling	-1,073	-1,031	-1,159
BS Value, December 31	30,119	29,685	28,767
Deferred tax related to standing forest	6,626	6,531	6,329

The change in fair value and change due to felling are recognized as a net value in profit or loss under cost of goods sold, amounting to SEK 476m (615; 574). The unrealized change in value recognized during the year for assets held on the reporting date is estimated at SEK 1,549m.

For the valuation of standing timber, the same valuation model was used as in the past. For the 2015 valuation, no change was made to the WACC, which amounted to 6.25%. Assessed income and expenses are adjusted upward by an annual inflation rate of 2%. The 2015 valuation used an average wood

price, before inflation adjustment, of SEK 467 per solid cubic meter under bark (m³sub). Annual harvesting is expected to rise over the calculated future production cycle and amount to 4.3 million m³sub for 2016, ending at 5.9 million m³sub by 2115.

On average, 89% of felling comprises final harvesting and 11% thinning. 56% is expected to comprise sawlogs and 44% pulpwood.

SCA's forest holdings comprise approximately 2.6 million hectares of forest land primarily in northern Sweden, of which approximately 2.0 million is productive forest land. The timber volume of the forest portfolio amounts to 221 million cubic meters of forest (m³fo) and is divided into types of trees according to the diagram below. Average growth amounts to approximately 7.8 million m³fo per year. Felling in 2015 amounted to approximately 4.9 million m³sub.

	2015	2014	2013
Value/hectare productive forest land, SEK	15,060	14,843	14,397
Value timber supplies SEK/m ³ fo	136	136	135

TD3:1 Sensitivity analysis

SEKm	2015				2014			
	Change in assumption		Change in value, before tax		Change in assumption		Change in value, before tax	
WACC	+/-	0.25%	+/-	1,805	+/-	0.25%	+/-	1,770
Wood price	+/-	0.50% per year 2016-2025	+/-	2,309	+/-	0.50% per year 2015-2024	+/-	2,264
Felling costs	+/-	0.50% per year 2016-2025	+/-	494	+/-	0.50% per year 2015-2024	+/-	397
Volume (felling and thinning)	+/-	150,000 m ³ sub 2016-2025	+/-	463	+/-	150,000 m ³ sub 2015-2024	+/-	456

Forest area



■ Proportion younger than 40 yrs, 48%

Timber volume



■ Proportion older than 80 yrs, 48%

Forest portfolio



■ Pine, 40%
■ Spruce, 36%
■ Deciduous, 15%
■ Conifera, 9%

D4. INVENTORIES

AP ACCOUNTING PRINCIPLES

Inventories are measured at the lower of cost and net realizable value. Cost is calculated mainly by applying the first-in, first-out (FIFO) principle or weighted average cost formula. The cost of inventories and work in progress includes raw material costs, direct labor, other direct expenses and production-related overheads, based on a normal capacity utilization.

The net sales price is the calculated sales price received for normal business transactions less calculated marketing and sales costs.

Felling rights for standing timber are measured at contract prices, which on average have not exceeded the lower of net realizable value and cost.

Inventories

SEKm	2015	2014	2013
Raw materials and consumables	4,731	4,163	3,052
Spare parts and supplies	1,734	1,812	1,893
Products in progress	1,243	1,165	1,246
Finished products	6,421	6,179	5,924
Felling rights	523	463	441
Advance payments to suppliers	9	11	23
BS Total	14,661	13,793	12,579

D5. OTHER CURRENT RECEIVABLES

Other current receivables

SEKm	2015	2014	2013
Receivables from associates	1	54	116
Accrued financial income	1	8	1
Derivatives	70	70	72
Prepaid expenses and accrued income	537	695	584
VAT receivables	1,000	888	696
Suppliers with debit balance	229	190	140
Receivables for electricity and gas	169	149	88
Receivables from authorities	124	118	82
Other receivables	701	680	764
BS Total	2,832	2,852	2,543

D6. OTHER LIABILITIES

Other liabilities

SEKm	2015	2014	2013
Other non-current liabilities			
Derivatives	108	57	36
Other non-current liabilities	150	149	141
BS Total	258	206	177
Of which items that fall due for payment later than within five years	16	19	15
Other current liabilities			
Liabilities to associates	–	–	4
Derivatives	379	321	240
TD6:1 Accrued expenses and prepaid income	8,759	8,282	7,050
Other operating liabilities	2,548	2,577	2,113
Other current liabilities Vinda	–	–	536
BS Total	11,686	11,180	9,943

TD6:1 Accrued expenses and prepaid income

SEKm	2015	2014	2013
Accrued social security costs	463	391	349
Accrued vacation pay liability	618	526	491
Other liabilities to personnel	1,073	995	920
Accrued financial expenses	106	177	170
Bonus and discounts to customers	3,886	3,715	3,057
Other items	2,613	2,478	2,063
Total	8,759	8,282	7,050

D7. OTHER PROVISIONS

AP ACCOUNTING PRINCIPLES

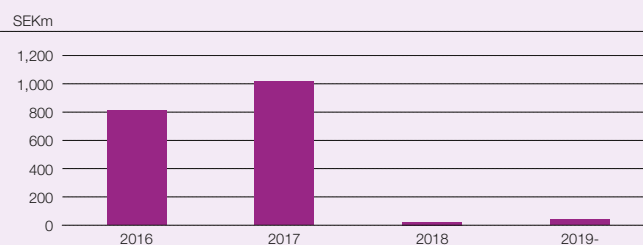
Provisions are recognized in the consolidated balance sheet when there is a legal or informal obligation arising from events that have occurred and it is probable that payments will be required to settle the obligation. It must also be possible to reliably estimate the amount to be paid. The provision is valued at the present value of the anticipated future expenditure to settle the obligation.

A provision for restructuring measures is recognized when the Group has established a detailed plan and either implementation has begun or the main features of the measures have been communicated to the parties involved. Restructuring costs include for example costs for plant closures, impairment of production machinery and costs for personnel reductions.

Other provisions

SEKm	Efficiency programs	Tax risks	Environment	Legal disputes	Other	Total
Value, January 1	665	494	104	127	196	1,586
Provisions	406	297	76	10	119	908
Utilization	-476	–	-68	-7	-50	-601
Reclassifications	–	–	–	-56	165	109
Dissolutions	–	-5	-11	-20	-36	-72
Translation differences	-14	-2	-9	-6	-8	-39
Value, December 31	581	784	92	48	386	1,891
Provisions comprise:						
BS Short-term component						990
BS Long-term component						901

Distribution of other provisions by maturity



Of the provisions for the period for "Environment," SEK 73m pertains to a liability for carbon dioxide emissions, which will be paid out in 2016. Of the "Efficiency programs" provisions, SEK 476m was paid out in 2015. The provisions for efficiency programs consist of personnel costs and closure costs in connection with restructuring. Tax risks mainly comprise two tax disputes attributable to Spain and Denmark, respectively. The provisions for legal disputes were impacted by reclassification between the categories. Other provisions mainly comprise a provision in connection with prior divestments of operations, a provision for final settlement of a prior investment and a provision for potential packaging costs.

E. CAPITAL STRUCTURE AND FINANCING

E1. FINANCIAL INSTRUMENTS BY CATEGORY AND MEASUREMENT LEVEL

AP ACCOUNTING PRINCIPLES

Financial instruments recognized in the balance sheet include cash and cash equivalents, securities, other financial receivables, trade receivables, trade payables, loans and derivatives.

Current investments and derivatives are recognized on the trade date. Available-for-sale financial assets and loans are recognized on the settlement date. Trade receivables and trade payables are recognized in the balance sheet once the invoice has been sent or paid, respectively.

Financial assets are initially recognized at cost, and transaction costs are included for certain instruments that are not measured at fair value. Financial assets are recognized in the balance sheet until the rights in the agreement has been realized or the company no longer has the rights to the asset. Impairment of financial assets takes place when there is objective proof of impairment, such as cessation of an active market or where it is probable that the debtors cannot meet their commitments.

Financial liabilities are recognized at amortized cost, except in cases where they are recognized at fair value using hedge accounting. Financial liabilities are derecognized from the balance sheet when SCA has met its commitments.

SCA recognizes financial instruments with a remaining maturity of less than 12 months as current assets and those liabilities that exceed 12 months as non-current assets and liabilities.

Fair value measurement

For the financial instruments for which market quotations are available, actual prices are used for fair value measurement (Level 1). In the absence of market quotations for the instruments, SCA determines fair values with the aid of common valuation models, using quoted prices of similar assets or liabilities in active markets (Level 2).

For disclosures in a note relating to non-current loans, current market interest rates are taken into account in fair value calculations. The fair value of short-term loans and investments is considered to correspond to the carrying amount, since a change in market interest rates does not have a significant effect on market value.

Classification and subsequent recognition

On the acquisition date, SCA classifies financial instruments into the following categories.

Financial assets measured at fair value through profit or loss

Assets are classified in this category when the intention is to sell in the short term and, if such is the case, they are recognized continuously at fair value through profit or loss.

This category also includes derivatives with positive market values not recognized using hedge accounting. Only financial derivatives were classified in this category during the year.

Held-to-maturity investments

Held-to-maturity investments are defined as financial assets that have determinable payments and that SCA intends to hold to maturity. Assets in this category are measured at amortized cost applying the effective interest method, which means they are accrued so that a constant return is obtained.

Loan and trade receivables

This category comprises loan receivables that have determinable payments and are not quoted in an active market, as well as trade receivables. Receivables arise when SCA provides money, goods or services directly to another party without any intention of conducting trading in the receivables. Assets in this category are measured at amortized cost less a potential provision for impairment.

Available-for-sale financial assets

This category includes assets that are available for sale or that have not been classified in any of the other categories. These assets are measured at fair value through other comprehensive income.

Financial liabilities measured at fair value through profit or loss

This category includes derivatives with negative fair values that are not used for hedge accounting and financial liabilities held for trading. Liabilities in this category are continuously measured at fair value and changes in value are recognized in profit or loss.

Financial liabilities measured at amortized cost

This category includes financial liabilities that are not held for trading. These are recognized initially at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method.

Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized in accordance with the accounting principles stated in Note E6.

E1. FINANCIAL INSTRUMENTS BY CATEGORY AND MEASUREMENT LEVEL, CONT.

Financial instruments by category and measurement level

SEKm	Note	Measurement level	2015	2014	2013
Financial assets measured at fair value through profit or loss					
Derivatives – Non-current financial assets	E2	2	41	–	98
Derivatives – Non-current receivables	E2		–	–	2
Derivatives – Current financial assets	E2	2	465	761	127
Derivatives – Other current receivables	D5	2	70	64	46
Total			576	825	273
Financial liabilities measured at fair value through profit or loss					
Non-current financial liabilities	E4	2	10,967	12,904	15,796
Current financial liabilities	E4	2	5,634	4,126	521
Derivatives – Non-current financial liabilities	E4		–	23	0
Derivatives – Current financial liabilities	E4	2	467	369	69
Derivatives – Other non-current liabilities	D6	2	12	2	10
Derivatives – Other current liabilities	D6	2	59	106	107
Total			17,139	17,530	16,503
Loans and receivables					
Non-current financial assets	E2	–	233	252	27
Current financial assets	E2	–	41	278	366
Trade receivables	E3	–	16,829	16,827	15,420
Cash and cash equivalents	E2	–	5,042	3,815	3,785
Total			22,145	21,172	19,598
Available-for-sale financial assets					
Non-current financial assets	E2	1,2	83	1,815	1,657
Held-to-maturity investments					
Non-current financial assets	E2	–	296	276	227
Financial liabilities measured at amortized cost					
Non-current financial liabilities	E4	–	10,394	11,311	10,979
Current financial liabilities	E4	–	6,224	9,841	8,534
Trade payables	–	–	14,351	13,964	12,853
Total			30,969	35,116	32,366
Derivatives used for hedge accounting					
Non-current financial assets	E2	2	379	794	739
Other non-current assets	–	2	2	2	1
Other current receivables	D5	2	–	6	26
Non-current financial assets	E2	2	268	213	43
Total			649	1,015	809
Non-current financial liabilities	E4	2	115	8	296
Other non-current liabilities	D6	2	96	55	26
Current financial liabilities	E4	2	21	304	6
Other current liabilities	D6	2	320	215	133
Total			552	582	461

These financial instruments are measured at fair value, with the exception of loans and receivables and financial liabilities measured at amortized cost. According to SCA's assessment, the fair value essentially corresponds to the carrying amount, with the exception of non-current liabilities, the fair value of which is disclosed in Note E4.

Measurement levels

Level 1: Quoted prices on an active market for identical assets or liabilities, such as shares or bonds quoted on the stock exchange.

Level 2: Other observable inputs for the asset or liability than quoted prices included in Level 1, either directly (price quotations) or indirectly (obtained from price quotations), such as forward contracts or interest rate swaps.

Financial instruments in other notes to the balance sheet

SEKm	Note	2015		2014		2013	
		Financial instruments	Of which derivatives	Financial instruments	Of which derivatives	Financial instruments	Of which derivatives
Assets							
Financial assets, cash and cash equivalents	E2	6,848	1,153	8,204	1,768	7,069	1,009
Other non-current assets		2	2	2	2	3	1
Trade receivables	E3	16,829	–	16,827	–	15,420	–
Other current receivables	D5	70	70	70	70	72	72
Total		23,749	1,225	25,103	1,840	22,564	1,082
Liabilities							
Financial liabilities	E4	33,821	603	38,886	704	38,712	371
Other non-current liabilities	D6	108	108	57	57	36	36
Trade payables		14,351	–	13,964	–	12,853	–
Other current liabilities	D6	379	379	321	321	240	240
Total		48,659	1,090	53,228	1,082	51,841	647

E2. FINANCIAL ASSETS, CASH AND CASH EQUIVALENTS

AP ACCOUNTING PRINCIPLES

Cash and cash equivalents are defined as cash and bank balances as well as short-term investments with a maturity of less than three months from the acquisition date. Restricted deposits are not included in cash and cash equivalents.

Loan receivables are recognized at amortized cost.

Available-for-sale financial assets are measured at fair value. Changes in value are recognized in equity under other comprehensive income, while exchange rate gains are recognized in profit or loss.

Financial assets, cash and cash equivalents

SEKm	Carrying amount		
	2015	2014	2013
Non-current financial assets			
TE2:1 Available-for-sale financial assets	83	1,815	1,657
Derivatives	420	751	836
Loan receivables, associates	207	270	–
Loan receivables, other	322	301	255
BS Total	1,032	3,137	2,748
Current financial assets			
Financial assets	–	2	38
Derivatives	733	974	172
Loan receivables, other	41	276	326
BS Total	774	1,252	536
Cash and cash equivalents			
Cash and bank balances	2,554	3,023	2,464
Short-term investments < 3 months	2,488	792	1,321
BS Total	5,042	3,815	3,785
Total financial assets, cash and cash equivalents	6,848	8,204	7,069

Cash and cash equivalents at December 31, 2015 include SEK 1,089m (1,384) that is not fully available for use by the Group or for which other limitations exist, primarily cash and cash equivalents in countries that are subject to exchange restrictions and other legal restrictions. Accordingly, it is not possible to immediately use these cash and cash equivalents in other areas of the Group, although it is normally possible to use them in the operations of the respective country.

E2. FINANCIAL INSTRUMENTS BY CATEGORY AND MEASUREMENT LEVEL, CONT.

TE2:1 Available-for-sale financial assets

SEKm	2015	2014	2013
Value, January 1	1,815	1,657	1,448
Investments	–	12	3
Company divestments	–	–	–45
Divestment of securities	–2,046	–	–
Remeasurement taken to equity, net	318	140	249
Translation differences	–4	6	2
Value, December 31	83	1,815	1,657

Available-for-sale financial assets

SEKm	2015	2014	2013
Shares – AB Industrivärden	–	1,729	1,591
Pension assets not included in IAS 19 calculation	75	77	58
Other	8	9	8
Total	83	1,815	1,657

Shares in pension assets attributable to certain pension obligations are classified as available-for-sale financial assets. These assets are not included in the normal pension calculations, as set out in Note C5 Remuneration after termination of employment. The holding in AB Industrivärden was sold during the year. The holding amounted to 12,108,723 shares and was sold for SEK 169 per share.

E3. TRADE RECEIVABLES

AP ACCOUNTING PRINCIPLES

Trade receivables are recognized at amortized cost after a provision is made for doubtful receivables. The provision for doubtful receivables is based on an individual assessment of each customer. Any impairment of trade receivables affects SCA's operating profit. SCA's trade receivables are generally current and are not discounted.

Trade receivables

SEKm	2015	2014	2013
Trade receivables, gross	17,132	17,091	14,570
Provision to reserves for doubtful receivables	–303	–264	–218
Sub-total	16,829	16,827	14,352
Acquisition of Vinda, see Note F6	–	–	1,068
BS TE3:1 Total	16,829	16,827	15,420

TE3:1 Analysis of credit risk exposure in trade receivables

SEKm	2015	2014	2013
Trade receivables neither overdue nor impaired	15,127	14,742	12,785
Trade receivables overdue but not impaired			
< 30 days	1,200	1,513	1,184
30–90 days	266	413	234
> 90 days	236	159	149
Trade receivables overdue but not impaired	1,702	2,085	1,567
Sub-total	16,829	16,827	14,352
Acquisition of Vinda, see Note F6	–	–	1,068
Total	16,829	16,827	15,420

SCA's customer structure is dispersed, with customers in many different areas of business. In 2015, SCA's ten largest customers accounted for 22.5% of the Group's sales. The single largest customer accounted for 3.5% of sales. More information is available in the section on credit risks on page 81.

In total, the Group has collateral mainly in the form of credit insurance taken out amounting to SEK 1,593m (1,513; 2,028). Of this amount, SEK 767m (454; 459) relates to the category Trade receivables overdue but not impaired.

Provision to reserves for doubtful receivables

SEKm	2015	2014	2013
Value, January 1	–264	–218	–190
Provision for possible loan losses	–127	–51	–54
Confirmed losses	71	14	7
Increase due to acquisitions	–	–9	–
Decrease due to divestments	–	0	6
Decrease due to reversal of provisions for possible loan losses	9	13	13
Translation differences	8	–13	0
Value, December 31	–303	–264	–218

The expense for the period for doubtful receivables amounted to SEK –118m (–38; –41). This amount includes approximately SEK 40m pertaining to the impairment of trade receivables in Egypt due to restrictions in the Egyptian financial market.

E4. FINANCIAL LIABILITIES

AP ACCOUNTING PRINCIPLES

The main principle for recognition of SCA's financial liabilities is that they are initially measured at fair value, net after transaction costs, and subsequently at amortized cost according to the effective interest method. Transaction costs are recognized on a straight-line basis over the term of the loan.

In cases where loans with fixed interest rates are hedged using derivatives, both the loan and the derivative are measured at fair value through a fair value hedge. Non-current loans that are subject to hedge accounting are discounted to the market interest rate without a credit spread. The cash flows from the interest rate derivative is discounted to the same market interest rate as the loan and the changes in value are recognized in income statement.

Financial liabilities

SEKm	2015	2014	2013
Current financial liabilities			
Amortization within one year	471	497	211
Bond issues	7,445	4,177	1,021
Derivatives	480	674	75
Loans with maturities of less than one year	3,950	9,292	7,823
Acquisition of Vinda, see Note F6	–	–	879
BS Total¹⁾	12,346	14,640	10,009
Non-current financial liabilities			
Bond issues	14,725	14,646	15,921
Derivatives	123	31	296
Other long-term loans with maturities > 1 year < 5 years	3,162	5,447	8,694
Other long-term loans with maturities > 5 years	3,465	4,122	2,160
Acquisition of Vinda, see Note F6	–	–	1,632
BS Total	21,475	24,246	28,703
Total financial liabilities	33,821	38,886	38,712
Fair value of financial liabilities	33,877	39,243	36,500 ²⁾

¹⁾ Fair value of short-term loans is estimated to be the same as the carrying amount.
²⁾ Excluding Vinda.

E4. FINANCIAL LIABILITIES, CONT.

Borrowing

SCA has a Euro Medium Term Note (EMTN) program with a program amount of EUR 4,000m (SEK 36,522m) for issuing bonds in the European capital market. As of December 31, 2015, a nominal EUR 2,441m (2,043; 2,131) was outstanding with a remaining maturity of 4.1 years (3.4; 4.0).

Bond issues

Issued	Maturity	Carrying amount, SEKm	Fair value, SEKm
Notes SEK 1,800m	2016	1,766	1,766
Floating Rate Note SEK 200m	2016	200	200
Notes EUR 600m	2016	5,478	5,478
Notes SEK 1,500m	2018	1,510	1,498
Notes SEK 600m	2019	604	592
Notes SEK 900m	2019	944	902
Green bond SEK 1,500m	2019	1,499	1,523
Notes EUR 300m	2020	2,729	2,713
Notes EUR 500m	2023	4,786	4,898
Notes EUR 300m	2025	2,654	2,592
Total		22,170	22,162

SCA has a Swedish and a Belgian commercial paper program that can be utilized for current borrowing.

Commercial paper program¹⁾

Program size	Issued SEKm
Commercial paper SEK 15,000m	910
Commercial paper EUR 400m	365
Total	1,275

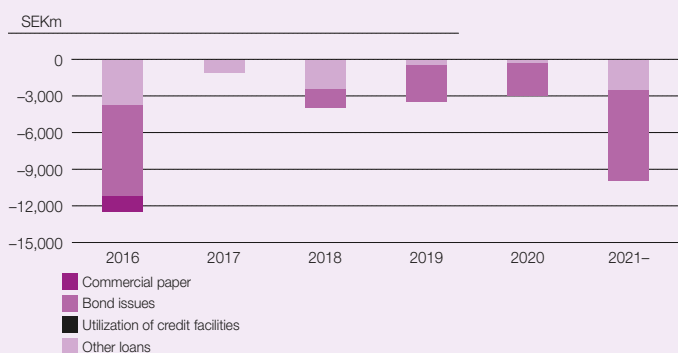
¹⁾ Included in Loans with maturities of less than one year in the Financial liabilities table.

SCA has syndicated bank facilities to limit the refinancing risk and maintain a liquidity reserve. Contracted bilateral credit facilities with banks are used to supplement these syndicated bank facilities.

Credit facilities

	Nominal	Maturity	Total SEKm	Utilized SEKm	Unutilized SEKm
Syndicated credit facilities	EUR 1,000m	2019	9,131	–	9,131
	EUR 1,000m	2020	9,131	–	9,131
Bilateral credit facilities	SEK 322m	2016	322	–	322
Total			18,584	–	18,584

Maturity profile of gross debt



¹⁾ Gross debt includes accrued interest in the amount of SEK 105m.

After additions for net pension provisions and deductions for cash and cash equivalents, interest-bearing receivables and capital investment shares, net debt amounted to SEK 29,478m (35,947; 33,919). For a description of the methods used by SCA to manage its refinancing risk, refer to page 81 of the Board of Directors' Report.

E5. LIQUIDITY RISK

The table below shows the Group's liquidity risk regarding financial liabilities (including interest payments), net settled derivatives that constitute financial liabilities and negative cash flows from gross settled derivatives. For a description of how SCA manages its liquidity risk, refer to page 81 of the Board of Directors' Report.

Liquidity risk

SEKm	Less than 1 year	Between 1 and 5 years	More than 5 years
2015			
Loans including interest	12,204	12,483	10,284
Net settled derivatives	–18	–76	–69
Energy derivatives	357	96	–
Trade payables	13,244	1,107	–
Total	25,787	13,610	10,215
Gross settled derivatives ¹⁾	41,262	1,025	293
2014			
Loans including interest	14,699	17,858	7,791
Net settled derivatives	197	9	–
Energy derivatives	244	57	–
Trade payables	12,893	1,071	–
Total	28,033	18,995	7,791
Gross settled derivatives ¹⁾	34,964	2,195	–
2013			
Loans including interest	10,107	22,423	5,999
Net settled derivatives	–60	55	–232
Energy derivatives	126	36	–
Trade payables	11,968	885	–
Total	22,141	23,399	5,767
Gross settled derivatives ¹⁾	24,724	2,321	–

¹⁾ The gross settled derivatives have, largely, corresponding positive cash flows and therefore in SCA's opinion do not constitute any real liquidity risk.

E6. DERIVATIVES AND HEDGE ACCOUNTING

AP ACCOUNTING PRINCIPLES

Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as described below. When using hedge accounting, the relationship between the hedge instrument and the hedged item is documented. Assessment of the effectiveness of the hedge is also documented, both when the transaction is initially executed and on an ongoing basis. Hedge effectiveness is the extent to which the hedging instrument offsets changes in value in a hedged item's fair value or cash flow. The ineffective portion is recognized directly in profit or loss.

Cash flow hedges

Gains and losses on remeasurement of derivatives intended for cash flow hedging are recognized in equity under other comprehensive income and reversed to profit or loss at the rate at which the hedged cash flow affects profit or loss. If a hedge relationship is interrupted and cash flow is still expected, the result is recognized in equity under other comprehensive income until the cash flow affects the result. If the hedge pertains to a balance sheet item, the result is transferred from equity to the asset or liability to which the hedge relates when the value of the asset or liability is determined for the first time. In cases in which the forecast cash flow that forms the basis of the hedging transaction is no longer assessed as probable, the cumulative gain or loss that is recognized in equity under other comprehensive income is transferred directly to profit or loss. Cash flow hedges relating to energy affect the energy costs, that is, cost of goods sold. Transaction exposure's cash flow hedges affect consolidated net sales and expenses. Cash flow hedges relating to interest expenses affect net financial items.

E6. DERIVATIVES AND HEDGE ACCOUNTING, CONT.

Hedges of net investments in foreign operations

Gains and losses on remeasurement of derivatives intended to hedge SCA's net investments in foreign operations are recognized in equity under other comprehensive income. The cumulative gain or loss in equity is recognized in profit or loss in the event of divestment of the foreign operation.

Fair value hedges

The gain or loss from remeasurement of a derivative relating to fair value hedges is recognized in profit or loss with changes in fair value of the asset or liability exposed to the hedged risk. For SCA, this means that non-current loans with fixed interest rates that are subject to hedge accounting are discounted without a credit spread to the market interest rate and meet inherent interest rate derivatives' discounted cash flows at the same interest rate.

Financial hedges

When SCA conducts hedges and the transactions do not meet requirements for hedge accounting according to IAS 39, changes in fair value of the hedging instrument are recognized directly in profit or loss.

Outstanding derivatives

SEKm	Total	of which currency ¹⁾	Interest rate	Energy
2015				
Nominal	84,713	64,639	18,133	1,941
Asset	1,225	660	538	27
Liability	1,090	516	121	453
2014				
Nominal	64,773	44,793	17,718	2,262
Asset	1,839	893	931	15
Liability	1,082	575	207	300
2013				
Nominal	47,371	26,762	18,061	2,548
Asset	1,082	293	758	31
Liability	647	178	307	162

¹⁾ Nominal SEK 135,448m (82,957; 79,844) is outstanding before the right of set-off.

Offsetting of outstanding derivatives

SEKm	Assets	Liabilities
December 31, 2015		
Gross amount	2,236	2,101
Offsettable amount	-1,011	-1,011
Net amount recognized in the balance sheet	1,225	1,090
ISDA agreements whose transactions are not offset in the balance sheet	-472	-472
Net after offsetting in accordance with ISDA agreements	753	618
December 31, 2014		
Gross amount	3,163	2,406
Offsettable amount	-1,324	-1,324
Net amount recognized in the balance sheet	1,839	1,082
ISDA agreements whose transactions are not offset in the balance sheet	-567	-567
Net after offsetting in accordance with ISDA agreements	1,272	515
December 31, 2013		
Gross amount	1,641	1,206
Offsettable amount	-559	-559
Net amount recognized in the balance sheet	1,082	647
ISDA agreements whose transactions are not offset in the balance sheet	-451	-451
Net after offsetting in accordance with ISDA agreements	631	196

Balance sheet

SCA uses financial derivatives to manage currency, interest rate and energy price risks. For a description of how SCA manages these risks, refer to the Board of Directors' Report. The table above shows the derivatives that impacted the Group's balance sheet on December 31, 2015. For more information relating to derivatives in the balance sheet, see Note E1 Financial instruments by category.

Income statement

Hedges pertaining to transaction exposure had an impact of SEK 54m (-158; 48) on operating profit for the period. At year-end, the net market value amounted to SEK 28m (-77; -61). Currency hedges impacted the cost of non-current assets in an amount of SEK 0m (increased: 3; increased: 26). At year-end, the net market value amounted to SEK -17m (4; -6).

Energy derivatives had an impact of SEK -360m (-288; -91) on operating profit for the period. Energy derivatives had an outstanding market value of SEK -426m (-286; -131) at year-end. Derivatives impacted net interest items in an amount of SEK 16m (175; 188). The net market value on outstanding interest rate derivatives amounted to SEK 417m (724; 451) at year-end. For further information relating to net financial items, see Note E7 Financial income and expenses.

Sensitivity analysis

SCA has performed sensitivity analysis calculations on the financial instruments' risk at December 31, 2015 using assumptions on market movements that are regarded as reasonably possible in one year's time. If the Swedish krona had unilaterally weakened/strengthened by 5% against all currencies, outstanding financial hedges as well as trade payables and trade receivables would have decreased/increased profit for the period before tax by SEK 26m (4; 78).

If the Swedish krona had unilaterally weakened/strengthened by 5%, currency hedges relating to the cost of non-current assets would have increased/decreased equity by SEK 63m (7; 0). If energy prices had increased/decreased by 20%, outstanding financial hedges relating to natural gas and electricity, all other things being equal, would have decreased/increased energy costs for the period by SEK 187m (237; 251). In addition to the earnings impact, equity would have increased/decreased by SEK 73m (89; 104). However, the total energy cost for the Group would have been affected differently if the price risk related to supply contracts was taken into account.

Outstanding derivatives with hedge accounting ¹⁾

SEKm	Assets	Liabilities	Net	Tax	Hedge reserve after tax
2015					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges					
Energy risk	2	-393	-391	102	-289
Currency risk	1	-18	-17	-4	-21
Total	3	-411	-408	98	-310
Derivatives with hedge accounting without hedge reserve					
Hedges of net investments in foreign operations					
Currency risk ²⁾	860	-259	601		
Fair value hedges					
Interest rate risk	538	-115	423		
Total	1,401	-785	616		
2014					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges					
Energy risk	4	-261	-257	72	-185
Interest rate risk	-	-8	-8	2	-6
Currency risk	17	-9	8	-5	3
Total	21	-278	-257	69	-188
Derivatives with hedge accounting without hedge reserve					
Hedges of net investments in foreign operations					
Currency risk ²⁾	281	-1,263	-982		
Fair value hedges					
Interest rate risk	920	-171	749		
Total	1,222	-1,712	-490		

E6. DERIVATIVES AND HEDGE ACCOUNTING, CONT.

Outstanding derivatives with hedge accounting ¹⁾

SEKm	Assets	Liabilities	Net	Tax	Hedge reserve after tax
2013					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges					
Energy risk	19	-111	-92	20	-72
Interest rate risk	-	-33	-33	8	-25
Currency risk	8	-47	-39	8	-31
Total	27	-191	-164	36	-128
Derivatives with hedge accounting without hedge reserve					
Hedges of net investments in foreign operations					
Currency risk ²⁾	119	-471	-352		
Fair value hedges					
Interest rate risk	757	-263	494		
Total	903	-925	-22		

¹⁾ Outstanding derivatives with hedge accounting are included in the table Outstanding derivatives

²⁾ Derivatives before offsetting

Hedging of net investments

SCA has hedged net investments in a number of selected legal entities in order to achieve the desired hedging level for foreign capital employed. The result of hedging positions affected equity in 2015 by a total of SEK 58m (-1,497; -423). This result is largely due to hedges of net investments in USD. The total market value of outstanding hedging transactions at the end of the period was SEK 601m (-982; -352). In total at year-end, SCA hedged net investments outside Sweden amounting to SEK -19,062m. SCA's total foreign net investments at year-end amounted to SEK 62,196m.

The results from hedging of net investments in foreign operations are recognized in the translation reserve on page 115. The results from fair value hedges are recognized directly in profit or loss.

Hedge reserve in equity

Currency derivatives relating to hedging of transaction exposure mature during the first quarter of 2016. With unchanged exchange rates, profit after tax will be affected in an amount of SEK 0m (0; neg: 26). Currency derivatives relating to hedging of the cost of non-current assets have a maturity spread until June 2019. With unchanged exchange rates, the cost of non-current assets will increase by SEK 21m (decrease: 3; increase: 5) after tax.

Derivatives pertaining to hedging of interest expenses were concluded in 2015. The derivatives intended to hedge energy costs in the Group mature during 2016 and 2017. With unchanged prices, the Group's profit after tax will be affected negatively in an amount of SEK -289m (neg: 185; neg: 72).

E7. FINANCIAL INCOME AND EXPENSES

Financial income and expenses

SEKm	2015	2014	2013
Results from shares and participations in other companies			
Dividend	80	83	63
Interest income and similar profit items			
Interest income, investments	73	132	69
Other financial income	52	2	-
Total financial income	205	217	132
Interest expenses and similar loss items			
Interest expenses, borrowing	-1,073	-1,280	-1,292
Interest expenses, derivatives	7	208	191
Fair value hedges, unrealized	9	-33	-3
Other financial expenses	-103	-73	-89
Total financial expenses	-1,160	-1,178	-1,193
Total	-955	-961	-1,061

Other financial income and expenses include exchange differences of SEK 52m (2; -7).

Sensitivity analysis

If interest rate levels had been 1 percentage point higher/lower, with unchanged fixed-interest terms and volumes in the net debt, interest expenses for the period would have been SEK 66m (108; 59) higher/lower. Sensitivity analysis calculations have been performed on the risk to which SCA was exposed at December 31, 2015 using assumptions on market movements that are regarded as reasonably possible in one year's time. For a description of how SCA manages its interest rate risk, refer to page 81 of the Board of Directors' Report.

E8. EQUITY

AP ACCOUNTING PRINCIPLES

Transaction costs directly relating to the issue of new shares or options are recognized, net after tax, in equity as a reduction in the issue proceeds. Expenditure for the purchase of SCA's treasury shares reduces retained earnings in equity in the Parent Company and the portion of consolidated equity that pertains to owners of the Parent. When these are sold, the sales proceeds are included in retained earnings in the equity pertaining to owners of the Parent.

Equity totaled SEK 75,691m (72,872; 67,811) at December 31, 2015. The following tables show the distribution and profit for the period.

SEKm	Share capital	Other capital provided	Reserves ¹⁾	Retained earnings	Equity attributable to SCA's shareholders	Non-controlling interests	Total equity
Value, January 1, 2013	2,350	6,830	-3,691	54,217	59,706	1,993	61,699
Profit for the period recognized in profit or loss				5,547	5,547	314	5,861
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans ²⁾				1,927	1,927	-	1,927
Income tax attributable to components in other comprehensive income				-488	-488	-	-488
				1,439	1,439	-	1,439
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity				249	249	-	249
Transferred to profit or loss upon sale				-	-	-	-
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity				-123	-123	-	-123
Transferred to profit or loss for the period				49	49	-	49
Transferred to cost of hedged investments				26	26	-	26
Translation differences in foreign operations				763	763	-107	656
Result from hedging of net investments in foreign operations				-423	-423	-	-423
Tax on items recognized directly in/transferred from equity ³⁾				-131	-131	-	-131
Other comprehensive income for the period, net after tax				410	1,439	-107	1,742
Comprehensive income for the period				410	6,986	207	7,603
Acquisition of non-controlling interests				-	-666	2,482	1,816
Remeasurement effect upon acquisition of non-controlling interests				-	-4	-	-4
Dividend, SEK 4.50 per share				-3,161	-3,161	-142	-3,303
BS Value, December 31	2,350	6,830	-3,281	57,372	63,271	4,540	67,811
2014							
Profit for the period recognized in profit or loss				6,599	6,599	469	7,068
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans ²⁾				-2,925	-2,925	-	-2,925
Income tax attributable to components in other comprehensive income				660	660	-	660
				-2,265	-2,265	-	-2,265
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity				140	140	-	140
Transferred to profit or loss upon sale				-	-	-	-
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity				-428	-428	-	-428
Transferred to profit or loss for the period				344	344	-	344
Transferred to cost of hedged investments				3	3	-	3
Translation differences in foreign operations				4,597	4,597	572	5,169
Result from hedging of net investments in foreign operations				-1,497	-1,497	-	-1,497
Tax on items recognized directly in/transferred from equity ³⁾				359	359	-	359
Other comprehensive income for the period, net after tax				3,518	-2,265	572	1,825
Comprehensive income for the period				3,518	4,334	1,041	8,893
Issue cost in associates				-	-49	-	-49
Acquisition of non-controlling interests				-	-112	-61	-173
Effect of confirmation of acquisition balance sheet				-	-	-42	-42
Remeasurement effect upon acquisition of non-controlling interests				-	-4	-	-4
Dividend, SEK 4.75 per share				-3,336	-3,336	-228	-3,564
BS Value, December 31	2,350	6,830	237	58,205	67,622	5,250	72,872

E8. EQUITY, CONT.

SEKm	Share capital	Other capital provided	Reserves ¹⁾	Retained earnings	Equity attributable to SCA's shareholders	Non-controlling interests	Total equity
Value, January 1, 2015	2,350	6,830	237	58,205	67,622	5,250	72,872
Profit for the period recognized in profit or loss				7,002	7,002	450	7,452
Other comprehensive income for the period							
Items that cannot be transferred to profit for the period							
Actuarial gains and losses relating to defined benefit pension plans ²⁾				2,562	2,562	-	2,562
Income tax attributable to components in other comprehensive income				-558	-558	-	-558
				2,004	2,004	-	2,004
Items that have been or can be transferred to profit for the period							
Available-for-sale financial assets:							
Result from measurement at fair value recognized in equity			318		318		318
Transferred to profit or loss upon sale			-970		-970		-970
Cash flow hedges:							
Result from remeasurement of derivatives recognized in equity			-499		-499		-499
Transferred to profit or loss for the period			342		342		342
Transferred to cost of hedged investments			-		-		-
Translation differences in foreign operations			-1,656		-1,656	-215	-1,871
Result from hedging of net investments in foreign operations			-58		-58		-58
Other comprehensive income from associates				-17	-17		-17
Tax on items recognized directly in/transferred from equity ³⁾			44		44		44
Other comprehensive income for the period, net after tax			-2,479	1,987	-492	-215	-707
Comprehensive income for the period			-2,479	8,989	6,510	235	6,745
Issue cost in associates							
Acquisition of non-controlling interests				-40	-40	21	-19
Effect of confirmation of acquisition balance sheet				-	-		-
Remeasurement effect upon acquisition of non-controlling interests				-4	-4		-4
Dividend, SEK 5.25 per share ⁴⁾				-3,687	-3,687	-216	-3,903
BS Value, December 31	2,350	6,830	-2,242	63,463	70,401	5,290	75,691

¹⁾ Revaluation reserve, Hedge reserve, Available-for-sale assets and Translation reserve are included in the Provisions line in the balance sheet; see specification below.

²⁾ Including payroll tax.

³⁾ For a specification of income tax attributable to components in other comprehensive income, see below.

⁴⁾ Dividend SEK 5.25 (4.75; 4.50) per share pertains to owners of the Parent. For the 2015 fiscal year, the Board has decided to propose a dividend of SEK 5.75 per share to the Annual General Meeting.

For further information regarding equity, see Parent Company Note PC11.

Equity, specification of reserves

SEKm	Revaluation reserve ¹⁾			Hedge reserve ²⁾			Available-for-sale assets			Translation reserve		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
Value, January 1	107	107	107	-188	-128	-87	659	519	270	-341	-3,779	-3,981
Available-for-sale financial assets:												
Result from measurement at fair value recognized in equity	-	-	-	-	-	-	318	140	249			
Transferred to profit or loss upon sale	-	-	-	-	-	-	-970	-	-			
Cash flow hedges:												
Result from remeasurement of derivatives recognized in equity	-	-	-	-499	-428	-123	-	-	-			
Transferred to profit or loss for the period	-	-	-	342	344	49	-	-	-			
Transferred to cost of hedged investments	-	-	-	-	3	26	-	-	-			
Translation differences in foreign operations ³⁾	-	-	-	5	-9	-2	-	-	-	-1,661	4,606	765
Result from hedging of net investments in foreign operations	-	-	-	-	-	-	-	-	-	-58	-1,497	-423
Tax on items recognized directly in/transferred from equity	-	-	-	30	30	9				14	329	-140
Other comprehensive income for the period, net after tax	-	-	-	-122	-60	-41	-652	140	249	-1,705	3,438	202
Value, December 31	107	107	107	-310	-188	-128	7	659	519	-2,046	-341	-3,779

¹⁾ Revaluation reserve includes effect on equity of step acquisitions.

²⁾ See also Note E6 for details of when profit or loss is expected to be recognized.

³⁾ Transfer to profit or loss of realized exchange gains relating to divested companies is included in the amount of SEK -m (-; 3).

Specification of income tax attributable to other comprehensive income for the period

SEKm	2015			2014			2013		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Actuarial gains and losses relating to defined benefit pension plans	2,562	-558	2,004	-2,925	660	-2,265	1,927	-488	1,439
Available-for-sale financial assets	-652	-	-652	140	0	140	249	0	249
Cash flow hedges	-157	30	-127	-81	30	-51	-48	9	-39
Translation differences in foreign operations	-1,871	-	-1,871	5,169	-	5,169	656	-	656
Other comprehensive income from associates	-17	-	-17						
Result from hedging of net investments in foreign operations	-58	14	-44	-1,497	329	-1,168	-423	-140	-563
Other comprehensive income for the period	-193	-514	-707	806	1,019	1,825	2,361	-619	1,742

At December 31, 2015, the debt/equity ratio amounted to 0.39, which is below SCA's long-term target of 0.70. The debt/equity ratio deviates from this target at times and, over the past ten-year period, has varied between 0.39 and 0.70. Change in liabilities and equity is described on page 47 under

Financial position. SCA has a credit rating for long-term debt of Baa1 from Moody's and A- from Standard & Poor's. SCA's financial risk management is described in the Risk and risk management section on pages 76–81. SCA's dividend policy and capital structure are described on page 38.

F. GROUP STRUCTURE

F1. SUBSIDIARIES

AP ACCOUNTING PRINCIPLES

Subsidiaries

The companies over which SCA has control are consolidated as subsidiaries. Control means that SCA has sufficient influence to control the activities of the subsidiary, has the right to its returns and has control over its exposure, and is able to impact the return of the company through its influence. Most of the Group's subsidiaries are wholly owned, which means that SCA has control over the companies. SCA owns 51.4% of Vinda and 50% of Familia; SCA also has control of these companies, despite the fact that there are significant non-controlling interests in the companies.

Non-controlling interests

Non-controlling interests are recognized as a separate item in the Group's equity. Profit or loss and every component of other comprehensive income are attributable to the owners of the Parent and to non-controlling interests. Losses attributable to non-controlling interests are recognized even if this results in a negative balance for the interest. In connection with acquisitions of less than 100% when a controlling influence is achieved, non-controlling interests are determined either as a proportional share of the fair value of identifiable net assets excluding goodwill or at fair value. Subsequent acquisitions up to 100% and divestments of participations in a subsidiary that do not lead to a loss of controlling influence are recognized as an equity transaction.

List of major subsidiaries

The Group's participations in major subsidiaries at December 31, 2015. The following selection of wholly owned subsidiaries and subsidiaries with significant non-controlling interests includes companies with external sales in excess of SEK 500m in 2015.

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2015	Share of equity at December 31, 2014	Share of equity at December 31, 2013
SCA Hygiene Products SAS	509 395 109	Linselles, Bobigny, France	100	100	100
SCA Hygiene Products Nederland B.V.	30-135 724	Zeist, Netherlands	100	100	100
SCA Hygiene Products (Fluff) Ltd.	577 116	Dunstable, UK	100	100	100
SCA Tissue North America LLC	58-2494137	Delaware, US	100	100	100
Vinda International Holding Limited ¹⁾	90 235	Hong Kong, China	51	51	51
SCA Skog AB	556048-2852	Sundsvall, Sweden	100	100	100
SCA Hygiene Products Vertriebs GmbH	HRB 713332	Mannheim, Germany	100	100	100
SCA Graphic Sundsvall AB	556093-6733	Sundsvall, Sweden	100	100	100
SCA Hygiene Products AB	556007-2356	Gothenburg, Sweden	100	100	100
SCA Hygiene Products S.L.	B28451383	Madrid, Spain	100	100	100
SCA Consumidor Mexico, S.A. de C.V.	SCM-931101-3S5	Mexico City, Mexico	100	100	100
Productos Familia S.A., Colombia ¹⁾	8909001619	Medellin, Colombia	50	50	50
SCA Tissue France SAS	702 055 187	Bois-Colombes, France	100	100	100
SCA Hygiene Products GmbH, Mannheim	HRB3248	Mannheim, Germany	100	100	100
SCA Timber AB	556047-8512	Sundsvall, Sweden	100	100	100
SCA Hygiene Products S.p.A.	3 318 780 966	Lucca, Italy	100	100	100
SCA Hygiene Products Russia OOO	4 704 031 845	Moscow, Russia	100	100	100
SCA Hygiene Products GmbH, Wiesbaden	HRB5301	Wiesbaden, Germany	100	100	100
SCA Hygiene Sp.z.o.o.	KRS No. 0000427360	Warsaw, Poland	100	100	100
SCA Hygiene Products GmbH	FN49537z	Vienna, Austria	100	100	100
SCA Hygiene Products SA-NV	BE0405.681.516	Stembert, Belgium	100	100	100
SCA Hygiene Products AFH Sales GmbH	HRB 710 878	Mannheim, Germany	100	100	100
SCA Obbola AB	556147-1003	Umeå, Sweden	100	100	100
SCA Munksund AB	556237-4859	Piteå, Sweden	100	100	100
SCA Hygiene Products Sp.z.o.o.	KRS No. 0000086815	Olawo, Poland	100	100	100
SCA North America-Canada, Inc.	421 987	Ontario, Canada	100	100	100
OY SCA Hygiene Products AB	0165027-5	Helsinki, Finland	100	100	100
SCA PERSONAL CARE INC.	23-3036384	Delaware, US	100	100	100
SCA Hygiene Products Sloviakia s.r.o.	36 590 941	Gemerska-Horka, Slovakia	100	100	100
SCA Hygiene Malaysia Sdn Bnd	320704-U	Kuala Lumpur, Malaysia	100	100	100
SCA Hygiene Products GmbH Neuss	HRB 14343	Neuss, Germany	100	100	100
SCA HP Supply SAS	509 599 619	Roissy, Bobigny, France	100	100	100
Productos Familia del Sancela Ecuador SA ¹⁾	21761	Quito, Ecuador	50	50	50
SCA Hygiene Products A/S	915 620 019	Oslo, Norway	100	100	100
SCA Timber Supply Ltd	2541468	Stoke on Trent, UK	100	100	100
SCA Hygiene Spain, SRL	D31235260	Allo, Spain	100	100	100
SCA Hygiene Marketing (M) Sdn Bhd	313228-T	Kuala Lumpur, Malaysia	100	100	100
SCA Hygiene Products AG	CHE-106.977.	Zug, Switzerland	99	99	99
SCA Hygiene Products A/S	DK20 638 613	Allerød, Denmark	100	100	100
SCA Chile SA	RUT:9.282.000-3	Santiago de Chile, Chile	100	100	100
SCA Hygiene Products Manchester Ltd	4 119 442	Dunstable, UK	100	100	100
Sancellia S.A.	B14441997	La Chargaia, Tunisia	49	49	49
SCA Yıldız Kagit ve Kisisel Bakim Üretim A.S.	12559	Kocaeli, Turkey	50	50	50
SCA Hygiene Products Kft	01-09-716945	Budapest, Hungary	100	100	100
SCA Timber Supply Scandinavian AB	556302-0667	Sundsvall, Sweden	100	100	100
SCA do Brasil Indústria e Comércio Ltda	72.899.016/0001-99	Osasco, Brazil	100	100	100

¹⁾ The SCA Group has a small number of subsidiaries that are partly owned and hold significant non-controlling interests. These subsidiaries primarily conduct hygiene products operations; see **TF2:1**.

F2. JOINTLY OWNED SUBSIDIARIES WITH SIGNIFICANT NON-CONTROLLING INTERESTS

Vinda

SCA has been a partner in Vinda since 2007. Until the end of 2013, the holding was recognized as an associate. SCA acquired additional participations in Vinda at year-end 2013 and now holds 51.4% of the votes in the company, which is now recognized as a subsidiary with significant non-controlling interest in SCA. Vinda markets and sells tissue and personal care products, mainly in the markets in China, Hong Kong and Macau. In 2015, SCA granted loans to Vinda for the financing of operations, as well as for acquisitions. Vinda's market value on the Hong Kong stock market at December 31, 2015, was SEK 16,533m.

Familia

Familia is 50% owned by SCA and 49.8% owned by the Gomez family. SCA is considered to have a controlling influence over Familia, despite the fact that SCA does not hold a majority of shares in the company. SCA is deemed to have a controlling influence since it has control over the activities with the most

significant impact on Familia's return. Familia operates in the South American market and sells tissue and personal care products.

Financial information

Financial information is recognized below for both subsidiaries. Financial information has not been recognized for other subsidiaries since no other individual subsidiary had a material impact on the Group's earnings and position. These balance sheets have been recognized taking into account of the recognition of Vinda and Familia in SCA's consolidated financial statements, whereby consideration was given to adjustments for surplus values in connection with acquisitions and elimination of transactions in connection with intra-Group sales of companies from SCA to Vinda in a so-called common control transaction.

TF2-1 Subsidiaries with significant non-controlling interests, 100% of operations¹⁾

SEKm	Vinda ²⁾			Familia ²⁾		
	2015	2014	2013 ³⁾	2015	2014	2013
Condensed income statement						
Net sales	10,436	7,024	–	6,186	5,650	5,350
Operating profit	736	500	–	783	719	758
Profit for the period	155	189	–	311	247	264
Other comprehensive income for the period	119	857	–	–412	27	–165
Comprehensive income for the period attributable to SCA's shareholders	274	1,046	–	–101	274	–99
Other comprehensive income attributable to non-controlling interests	222	693	–	24	266	141
Dividend to non-controlling interests	88	63	–	92	145	77
Condensed balance sheet						
Non-current assets	13,587	12,535	9,210	2,917	3,344	3,282
Current assets	4,623	4,320	3,160	2,494	2,453	2,030
Total	18,210	16,855	12,370	5,411	5,797	5,312
Attributable to owners of the Parent	5,895	5,715	4,812	2,089	2,259	2,071
Non-controlling interests	3,570	3,437	2,868	1,510	1,583	1,454
Non-current liabilities	4,543	3,165	2,372	486	548	575
Current liabilities	4,202	4,538	2,318	1,326	1,407	1,212
Total	18,210	16,855	12,370	5,411	5,797	5,312
Cash flow from operating activities	810	739	–	440	767	365
Cash flow from investing activities	–1,322	–2,092	–	–135	–103	–87
Cash flow from financing activities	171	1,384	–	–249	–475	–197
Cash flow for the period	–341	31	–	56	189	81

¹⁾ During 2015, SCA changed its principle for recognizing the balance sheets of subsidiaries with significant non-controlling interests after a clarification from IFRIC (IFRIC Update January 2015 - IFRS 12 Disclosure of Interest in Other Entities). These balance sheets have been recognized taking into consideration the recognition of Vinda and Familia in SCA's consolidated financial statements, whereby consideration was given to adjustments for surplus values in connection with acquisitions and elimination of transactions in connection with intra-Group sales of companies from SCA to Vinda in a common control transaction.

²⁾ For more information about the companies, refer to the List of major subsidiaries.

³⁾ SCA was already a partner in Vinda, which was previously recognized as an associate. SCA acquired additional participations in Vinda at year-end 2013 and now holds 51.4% of the votes in the company.

F3. JOINT VENTURES AND ASSOCIATES

AP ACCOUNTING PRINCIPLES

Joint arrangements

SCA classifies its joint arrangements as joint ventures or joint operations, which are presented in further detail in Note F4.

Joint ventures

Joint ventures are defined as companies in which SCA together with other parties, through an agreement, has shared control over operations. A joint venture entitles the joint owners to the net assets of the investment. Joint ventures are recognized in accordance with the equity method, meaning that a net item including the goodwill will be recognized for each joint venture in the balance sheet. A share in profits is recognized in the income statement as "profit from holdings in joint ventures." Share in profits is calculated on the basis of SCA's share of equity in the respective joint venture. Joint arrangements recognized in accordance with the equity method are initially measured at cost. Measurement of acquired assets and liabilities is carried out in the same way as for subsidiaries. SCA's single largest joint venture is Bunzl & Biach Gesellschaft m.b.H., Vienna, which supplies the hygiene business with raw materials.

Associates

Associates are companies in which the Group exercises a significant influence without the partly owned company being a subsidiary or a joint arrangement. Normally, this means that the Group owns between 20% and 50% of the votes. Accounting for associates is carried out according to the equity method and the companies are initially measured at cost. Valuation of acquired assets and liabilities is performed in the same manner as for subsidiaries and the carrying amount for associates includes any goodwill and other Group adjustments.

The Group's share of profit after tax arising in the associate after the acquisition is recognized on one line in the consolidated income statement. Share in profits is calculated on the basis of SCA's share of equity in the respective associate. Asaleo Care in Australia was reclassified as an associate when SCA decreased holding following the company's flotation on the Australian stock exchange.

F3. JOINT VENTURES AND ASSOCIATES, CONT.

Carrying amounts of joint ventures and associates

SEKm	2015	2014	2013
Joint ventures			
Value, January 1	122	837	771
Investments	-	129	10
Net increase in joint ventures ¹⁾	4	-165	-49
Remeasurement effect upon changes in holdings	-	-	46
Reclassification between subsidiaries and joint ventures	-	-	37
Reclassification between joint ventures and associates	-8	-719	-
Translation differences	-4	40	22
Value, December 31	114	122	837
Associates			
Value, January 1	966	183	1,486
Investments	68	-	1
Company acquisitions	-	-	58
Company divestments	-	-	-13
Net increase in associates ¹⁾	41	101	104
Impairment of associates	-62	-	-
Reclassification between associates and subsidiaries	-7	-72	-1,454
Reclassifications due to changes in the acquisition balance sheet	-	-11	-
Reclassification between joint ventures and associates	8	719	-
Translation differences	-50	46	1
Value, December 31	964	966	183
BS TF3:1 Value, December 31, joint ventures and associates	1,078	1,088	1,020

¹⁾ Net increase for the period includes the Group's share of the profit after tax of joint ventures and associates, as well as items recognized directly in equity (both after deductions for any non-controlling interests), in addition to an adjustment for dividends received during the period, which amounted to SEK 11m (10; 27) for joint ventures and SEK 125m (16; 30) for associates.

Joint ventures and associates

Recognized joint ventures and associates mainly operate in the forest products industry, with the exception of Vinda and Asaleo Care Ltd, which operate in tissue and personal care products.

Asaleo Care Ltd

As of 2014, Asaleo Care Ltd in Australia is recognized as an associate in accordance with the equity method, following the flotation of the company on the Australian Securities Exchange (ASX). In connection with the flotation, SCA's participation decreased to 32.5%. In 2015, the company implemented a program to repurchase shares from the market, in which SCA did not participate. This caused SCA's participation in Asaleo Care to increase to 34.7% during the fourth quarter. Asaleo Care manufactures and markets consumer tissue and AfH tissue, baby diapers, feminine care products and incontinence products. SCA has licensed its Tork and TENA brands to Asaleo Care for sale in Australia, New Zealand and Fiji.

Vinda

In 2013, SCA acquired additional participations in Vinda and the company became a subsidiary, in which SCA currently has a holding of 51.4%. The company primarily operates in the markets in Hong Kong, Macau and China. Refer also to Note F2.

Bunzl & Biach

Bunzl & Biach is a joint venture that operates in the recovered paper market and supplies raw materials to SCA's hygiene business.

TF3:1 Joint ventures and associates, 100% of operations

SEKm	Joint ventures			Associates			Vinda	2013 ²⁾	Total		
	Bunzl & Biach	Asaleo Care Ltd		Asaleo Care Ltd					2015	2014	2013
Condensed income statement											
Net sales	852	776	719	3,946	3,890	3,943	5,706	4,798	4,666	10,368	
Depreciation/amortization	-11	-9	-	-169	-154	-172	-9	-180	-163	-181	
Operating profit	31	20	16	736	375	486	598	767	395	1,100	
Interest income	-	-	-	3	-	-	3	3	-	3	
Interest expense	-	-	-	-64	-153	-231	-51	-64	-153	-282	
Other financial items	3	1	1	-3	-208	-54	37	-	-207	-16	
Tax expense	-8	-6	-4	-193	5	-56	-109	-201	-1	-169	
Profit for the period	26	16	13	479	18	145	456	505	34	614	
Other comprehensive income for the period	-1	-	-	-49	106	79	118	-50	106	197	
Comprehensive income for the period	25	16	13	430	124	224	574	455	140	811	
Condensed balance sheet											
Non-current assets	106	53	56	3,343	3,555	3,020		3,449	3,608	3,076	
Current investments	-	-	-	-	-	-		-	-	-	
Cash and cash equivalents	10	55	43	214	226	314		224	281	357	
Other current assets	93	98	89	1,159	1,161	998		1,252	1,259	1,087	
Total assets	209	206	188	4,716	4,942	4,332		4,925	5,148	4,520	
Non-current financial liabilities	50	48	52	1,792	1,723	2,413		1,842	1,771	2,465	
Other non-current liabilities	47	46	39	181	78	239		228	124	278	
Current financial liabilities	-	-	-	24	5	18		24	5	18	
Other current liabilities	16	18	9	668	658	711		684	676	720	
Total liabilities	113	112	100	2,665	2,464	3,381		2,778	2,576	3,481	
Net assets	96	94	88	2,051	2,478	951		2,147	2,572	1,039	
Group share of net assets	47	46	43	711	806	476		758	852	519	
Fair value adjustment	56	66	51	119	43	258		175	109	309	
Carrying amount of the companies	103	112	94	830	849	734		933	961	828	
Carrying amount of other joint ventures								11	10	9	
Carrying amount of other associates								134	117	183	
BS TF3:2 Carrying amount of joint ventures and associates								1,078	1,088	1,020	
Market value, December 31				5,495	6,402		10,834				

¹⁾ Asaleo Care was recognized as a joint venture in 2013. Following the stock market flotation in 2014, the company was classified as an associate since SCA's holding decreased.

²⁾ SCA increased its holding in the company Vinda at year-end 2013 to 51.4% of the votes in the company. As a result, the company was reclassified from being consolidated as an associate to being consolidated as a subsidiary.

F3. JOINT VENTURES AND ASSOCIATES, CONT.

TF3:2 Carrying amounts of joint ventures and associates

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2015, %	Share of equity at December 31, 2014, %	Share of equity at December 31, 2013, %	Carrying amount at December 31, 2015, SEK m	Carrying amount at December 31, 2014, SEK m	Carrying amount at December 31, 2013, SEK m
Joint ventures								
Bunzl & Blach GmbH	FN79555v	Vienna, Austria	49	49	49	103	112	94
Asaleo Care Ltd	61 154 461 300	Melbourne, Australia	–	–	50	–	–	734
Other						11	10	9
Associates								
Asaleo Care Ltd	61 154 461 300	Melbourne, Australia	35	33	–	830	849	–
Other						134	117	183
BS TF3:1 Carrying amount, December 31						1,078	1,088	1,020

F4. JOINT OPERATIONS

AP ACCOUNTING PRINCIPLES

Joint operations are defined as companies in which SCA, together with other parties through an agreement, has shared control over operations. In joint operations, parties to the agreement have rights to the assets and obligations for the liabilities associated with the investment, meaning that the holder must account for its share of the assets, liabilities, revenues and costs according to the proportional method.

Measurement of acquired assets and liabilities according to the proportional method is carried out in the same way as for subsidiaries. SCA recognizes its proportional share of the company's assets, liabilities, income and expenses in its financial statements. A small number of companies in the SCA Group are deemed to be joint operations, namely Uni-Charm Mölnlycke, ProNARO and Nokianvirran Energia, in which the parties to the agreement acquire all products from the companies and the companies are operated with near-zero profit.

Joint operations

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2015	Share of equity at December 31, 2014	Share of equity at December 31, 2013
Uni-Charm Mölnlycke B.V.	02-330 631	Hoogezand, Netherlands	40	40	40
ProNARO GmbH	HRB 8744	Stockstadt, Germany	50	50	50
Nokianvirran Energia Oy (NVE)	213 1790-4	Kotipakka, Finland	27	27	–

Uni-Charm Mölnlycke

Uni-Charm is classified as a joint operation since the parties to the agreement purchase all products produced by the company. The products are priced in a manner that allows the operations to receive full cost recovery for their production and financing costs. This means that the company in the joint operation is managed with near-zero profit and thus is not exposed to commercial risk. This joint operation has businesses in Hoogezand in the Netherlands, Veniov in Russia and Delaware in the US.

ProNARO

A number of paper mills merged and formed the company ProNARO, whose main task is to negotiate favorable prices, optimize inventory levels, improve timber quality and reduce lead times and costs when purchasing timber. ProNARO's purchasing is based on forecast volumes from the paper mills. The company's production and administration costs are charged to the paper mills through the price set for the timber. Any budget or price deviations are charged to the paper mills for these additional costs, which means that ProNARO is not exposed to commercial risk.

Nokianvirran Energia

SCA has entered into an agreement with two other stakeholders to form a joint so-called mankala company in the Finnish energy market, where the joint parties will produce heat and steam from biofuel. Each party in the joint operation is obligated to bear a portion of the fixed costs in proportion to its holding in the company and to pay for the raw materials used in the production of heat and steam in proportion to its consumption. Accordingly, the company is not profit-driven since the parties themselves bear their respective costs. The company is expected to generate near-zero profit and thus is not exposed to commercial risk. The company is expected to commence production in 2016.

F5. SHARES AND PARTICIPATIONS

Shares and participations

SEKm	2015	2014	2013
Value, January 1	53	52	60
Increase through acquisition of subsidiaries	–	–	–
Divestments	–7	–	–8
Other reclassifications	–	1	–
Impairment	–	–	–
Translation differences	–1	0	–
BS Value, December 31	45	53	52

Shares and participations pertain to holdings in other companies that are not classified as subsidiaries, joint arrangements or associates. Since these holdings are of an operating nature, the holdings are not classified as available-for-sale financial assets. Carrying amounts concur with fair value.

F6. ACQUISITIONS AND DISPOSALS

AP ACCOUNTING PRINCIPLES

Acquisition of subsidiaries

SCA applies IFRS 3 Business Combinations in connection with acquisitions. In business combinations, acquired assets and assumed liabilities are identified and classified at fair value on the date of acquisition (also known as an acquisition analysis). The acquisition analysis also includes an assessment of whether there are any assets that are intangible in nature, such as trademarks, patents, customer contracts or similar assets that were not recognized in the acquired unit. If the cost is higher than the net value of the acquired assets, assumed liabilities and identified intangible assets in the company, the difference is recognized as goodwill. Any surplus value on property, plant and equipment is depreciated over the estimated useful life of the asset. Goodwill and strong trademarks with indefinite useful lives are not amortized; instead, they are subjected to annual impairment testing. Some trademarks and customer contracts are amortized over their estimated useful lives.

If the transferred consideration is contingent on future events, it is measured at fair value and any changes in value are recognized in profit for the period.

Transaction costs in conjunction with acquisitions are not included in cost, but rather expensed directly.

Companies acquired during the period are included in the consolidated financial statements as of the acquisition date. Divested companies are included in the consolidated financial statements until the divestment date.

Acquisitions

With the exception of the acquisition of Nampak, which is described in more detail below, SCA made only minor supplementary investments in 2015 and paid the final purchase consideration for previously acquired companies. In July, SCA signed an agreement to acquire the remaining 50% of the jointly owned South African subsidiary Sancella S.A. Nampak. The purchase consideration amounted to SEK 1. SCA had already recognized Sancella S.A. as a subsidiary, which is why the acquisition will be recognized as a so-called equity transaction.

The acquisitions conducted during the period, which amounted to SEK 74m, were paid in cash. The earn-out payment for FZCO Sancella amounted to SEK 19m, of which SEK 11m was paid in cash and the remaining SEK 8m was recognized as a financial liability. Operating profit for the period includes acquisition costs of approximately SEK 1.4m.

Effect on sales and earnings of acquisitions for the period

No new acquisitions were carried out during the period.

Acquired operations

The table below shows the fair value of acquired net assets recognized on the acquisition date, recognized goodwill and the effect on the Group's cash flow statements.

Non-controlling interests

Acquisitions of non-controlling interests are measured on an acquisition-by-acquisition basis, either as a proportional share of the fair value of identifiable net assets excluding goodwill (partial goodwill) or at fair value, which means that goodwill is also recognized on non-controlling interests (full goodwill).

In step acquisitions in which a controlling influence is achieved, any net assets acquired earlier in the acquired units are remeasured at fair value and the result of the remeasurement is recognized in profit or loss. If the controlling influence is lost upon the divestment of an operation, the result is recognized in profit or loss and the portion of the divested operation that remains in the Group is measured at fair value on the divestment date, with the remeasurement effect recognized in profit or loss.

Acquisitions in which a controlling influence is achieved are recognized as an equity transaction, meaning a transfer between equity attributable to owners of the Parent and non-controlling interests. The same applies for divestments that take place without the loss of a controlling influence.

Acquisition balance sheet

SEKm	2015	2014	2013
Intangible assets	–	23	2,908
Property, plant and equipment	–	56	4,191
Other non-current assets	66	166	231
Operating assets	–	86	2,522
Cash and cash equivalents	2	27	654
Provisions and other non-current liabilities	–	–5	–732
Net debt excl. cash and cash equivalents	–	–20	–2,462
Operating liabilities	–	–29	–1,448
Non-current assets held for sale	–	–	–
Fair value of net assets	68	304	5,864
Goodwill	–	269	1,759
Consolidated value of share in associates	–	–72	–1,482
Revaluation of previously owned shares	–	–35	–564
Non-controlling interests	–	–	–2,822
Consideration transferred	68	466	2,755
Consideration transferred	–68	–466	–2,755
Settled debt pertaining to acquisitions in earlier years	–6	–	103
Cash and cash equivalents in acquired companies	–	27	654
Adjustment of cash and cash equivalents in final acquisition analysis for Vinda	–	–69	–
CF Effect on Group's cash and cash equivalents, acquisition of operations	–74	–508	–1,988
Acquisition of non-controlling interests	–19	–173	–1,028
Acquired net debt excl. cash and cash equivalents	–	–20	–2,462
Adjustment of net debt in final acquisition analysis for Vinda	–	193	–
OCF Acquisition of operations during the period, including net debt assumed	–93	–508	–5,488

Adjustment of preliminary acquisition balance sheets for 2014

An acquisition analysis is considered preliminary until it is confirmed. A preliminary acquisition analysis is confirmed as soon as new information regarding assets/liabilities on the acquisition date is obtained, but not later than one year from the time of acquisition. Adjustments to acquisition analyses result in changes to the income statement and balance sheet for the comparative period. The acquisition analyses prepared in the preceding year have been confirmed in accordance with the preliminary acquisition analyses.

F6. ACQUISITIONS AND DISPOSALS, CONT.

Acquisitions after the end of the reporting period

On October 13, 2015, SCA announced that it had made a public bid on Wausau Paper Corp., one of the largest AfH tissue companies in the North American market. The purchase consideration amounted to USD 513m in cash. The transaction was conditional on the approval of Wausau Papers shareholders and the relevant authorities. The transaction was approved by the US competition authority on November 17, 2015, and Wausau Paper's shareholders accepted the bid from SCA at the shareholder meeting held on January 20, 2016. SCA recently gained access to financial information from Wausau and the preliminary acquisition analysis is based on the balance sheet prepared by Wausau in accordance with generally accepted accounting principles in the US (US GAAP). Non current assets have not yet been calculated and no new actuary calculation of the pensions has been made. Intangible assets and goodwill is only estimated preliminary. Goodwill is motivated by synergies between SCA and Wausau in the area of AfH tissue in North America. To finance the acquisition of Wausau, SCA took up a loan of USD 500m.

In October, SCA signed an agreement to divest its operations in Southeast Asia, Taiwan and South Korea for integration with Vinda International Holding Limited (Vinda), a subsidiary that is 51.4% owned by SCA and listed on the Hong Kong stock exchange.

Preliminary acquisition balance sheet for Wausau Paper

SEKm	2015
Intangible assets	943
Non-current assets	3,131
Operating assets	612
Cash and cash equivalents	15
Provisions and other non-current liabilities	-376
Net debt excl. cash and cash equivalents	-1,992
Operating liabilities	-650
Fair value of net assets	1,683
Goodwill	2,718
Consideration transferred	4,401
Consideration transferred	-4,401
Cash and cash equivalents in acquired companies	15
Effect on Group's cash and cash equivalents, acquisition of operations	-4,386
Acquired net debt excl. cash and cash equivalents	-1,992
Acquisition of operations during the period, including net debt assumed	-6,378

Divestments

In July 2015, SCA and Nampak signed an agreement to divest the baby diaper operations of the jointly owned South African company Sancela S.A. to another South African company. The transaction was completed in the fourth quarter and resulted in a transferred consideration of SEK 116m and near-zero profit. Of this transferred consideration, SEK 67m will be paid in 2016.

In addition, final settlement of the earn-out payment took place for the publication paper mill in Laakirchen, Austria, which was divested in 2013. The transaction resulted in an accounting gain of SEK 92m, which was recognized in items affecting comparability in profit or loss.

Assets and liabilities included in divestments

SEKm	2015	2014	2013
Intangible assets	-	-	37
Property, plant and equipment	48	-	58
Other non-current assets	-	-	26
Operating assets	68	-	1,175
Non-current assets held for sale	-	-	1,855
Cash and cash equivalents	-	-	306
Net debt excl. cash and cash equivalents	-	-	-345
Provisions	-	-	-120
Operating liabilities	-	-	-413
Gain/loss on sale ¹⁾	0	-	-156
Purchase price received after divestment costs	116	-	2,423
Less:			
Unpaid purchase consideration	-67	-	-746
Cash and cash equivalents in divested companies	-	-	-306
Add:			
Payment of receivable for purchase consideration	280	206	-
CF Effect on Group's cash and cash equivalents, divestments	329	206	1,371
Less:			
Divested net debt excl. cash and cash equivalents	-	-	345
OCF Divestment of operations during the period, including net debt transferred	329	206	1,716

¹⁾ Excluding reversal of realized translation differences in divested companies to profit or loss. Gain/loss on sale is included in items affecting comparability in profit or loss.

G. OTHER

G1. NON-CURRENT ASSETS HELD FOR SALE

AP ACCOUNTING PRINCIPLES

Non-current assets held for sale and discontinued operations

Assets are classified as held for sale if their value, within one year, will be recovered through a sale and not through continued use in the operations. On the reclassification date, the assets and liabilities are measured at the lower of fair value minus selling costs and the carrying amount. The assets are no longer depreciated/amortized after reclassification. The gain is limited to the amount equivalent to previously made impairment charges. Gains and losses recognized on remeasurement and divestment are recognized in profit and loss for the period.

When an independent business segment or a significant operation within a geographic area is divested, it is classified as a discontinued operation. The divestment date, or the point in time when the operation fulfills the criteria for classification as held for sale, determines when the operation should be classified as a discontinued operation.

Profit/loss after tax from discontinued operations is recognized on a separate line in the income statement. The income statement is adjusted for the comparative period as though the discontinued operation had already been disposed of at the start of the comparative period.

Non-current assets held for sale and discontinued operations

SEKm	2015	2014	2013
Other intangible assets	-	-	-
Buildings	53	15	17
Land	67	43	13
Machinery and equipment	-	1	1
Construction in progress	-	1	1
BS Total	120	60	32

In 2015, non-current assets held for sale amounted to SEK 120m and were attributable to the divestment of operations in Asia.

G2. LEASING

AP ACCOUNTING PRINCIPLES

Lease agreements are classified and recognized as either operating or finance leases. In cases where a lease agreement essentially entails that the risks and rewards incidental to ownership have been transferred to SCA, the lease agreement is classified as a finance lease. The leased asset is recognized as a non-current asset with a corresponding interest-bearing liability. The initial value of both these items comprises the lower of the fair value of the assets or the present value of the minimum lease payments. Future lease fees are divided between amortization and interest, so that each reporting period is charged with an interest amount that corresponds to a fixed interest rate on the recognized liability for the respective period. The leased asset is depreciated according to the same principles that apply to other assets of the same nature. If it is uncertain whether the asset will be taken over at the end of the leasing period, the asset is depreciated over the lease term if this is shorter than the useful life that applies to other assets of the same nature. Lease agreements in which the risks and rewards incidental to ownership are essentially carried by the lessor are classified as operating leases, and the lease payments are expensed on a straight-line basis over the lease term.

Leasing expenses

SEKm	2015	2014	2013
Operating leases	-816	-797	-692
Finance leases, depreciation/amortization	-7	-9	-18
Finance leases, interest expense	-2	-3	-4
Total	-825	-809	-714

Operating leases, future minimum lease payments

SEKm	2015	2014	2013
Within 1 year	624	605	557
Between 2 and 5 years	1,235	1,324	1,186
Later than 5 years	623	708	536
Total	2,482	2,637	2,279

Operating lease objects comprise a large number of items, including energy plants, warehouses, offices, other buildings, machinery and equipment, IT equipment, office fixtures and various transport vehicles. The assessment for a number of the objects is that, in reality, it is possible to terminate contracts early.

Finance leases, future minimum lease payments

SEKm	2015	2014	2013
Within 1 year	9	44	16
Between 2 and 5 years	13	9	45
Later than 5 years	35	-	-
Total	57	53	61
Of which, interest	-18	-3	-5
Present value of future minimum lease payments	39	50	56

Other disclosures

Total payments for finance leases during the period amounted to SEK -13m (-17; -55), of which amortization of debt accounted for SEK -11m (-15; -51). The carrying amount of finance lease assets at year-end amounted to SEK 39m (46; 138) relating to buildings/land and SEK 9m (12; 13) relating to machinery.

For information about significant lease agreements, refer to Note G3 Contingent liabilities.

G3. CONTINGENT LIABILITIES AND PLEDGED ASSETS

AP ACCOUNTING PRINCIPLES

A contingent liability is recognized when there is a potential or actual obligation arising from events that have occurred that is not recognized as a liability or provision, either because it is improbable that an outflow of resources will be required to settle the obligation or because the amount cannot be calculated in a reliable manner.

Contingent liabilities

SEKm	2015	2014	2013
Guarantees for associates	15	17	19
Customers and others	54	51	48
Tax disputes	1,302	1,554	374
Other contingent liabilities	256	262	250
Total	1,627	1,884	691

Contingent liabilities for tax mainly relate to one tax dispute in Sweden where the Tax Agency has decided on additional taxes and tax surcharges for the years 2008 to 2012 of approximately SEK 1,188m, including interest. The dispute pertains to interest expenses on loans in a Group company that arose in connection with the move of operations to Sweden in 2004. SCA's assessment is that the tax claim will not be upheld in court. Consequently, no provision has been made in the accounts for this claim.

During 2000, SCA entered into a leasing transaction with US banks as counterparties pertaining to the Östrand pulp mill in Timrå, Sweden. The term of the transaction was originally 30 years. However, SCA has the opportunity to cancel the transactions in 2017 without incurring any financial consequences. At the time the transactions were entered into, the current value of the leasing amount that SCA has undertaken to pay amounted to about SEK 4bn or USD 442m. Of this amount, in accordance with the agreement, an amount corresponding to SEK 3.6bn was partly invested in accounts in banks, partly in US securities, which at the time of the agreement had an AA and AAA rating, respectively. In 2009, the leasing transaction with one of the US banks was terminated prematurely. The value of outstanding deposits and US securities subsequently amounted to SEK 2.4bn at December 31, 2015. SCA carries the credit risk against the depository bank. Should the rating of a depository bank decline in the future, SCA has the possibility to transfer the deposit to another bank with a better rating. SCA also has an obligation to exchange the US securities if their rating falls below AA- or A, respectively. The rating of the original securities declined in 2008, which resulted in SCA exchanging these securities for bank-guaranteed securities and US government bonds. The counterparties have accepted that the deposited funds are applied for the leasing undertakings. The advance payments and deposits have been netted in the balance sheet since 2000. Should SCA, as a result of extraordinary events (of a force majeure nature), elect not to fulfill, or cannot fulfill the leasing contracts, SCA is liable to compensate the counterparties for financial losses, which may be incurred as a result. Compensation varies during the duration and can amount to a maximum of about 9% of the present value of the leasing amount, which subsequent to the above-mentioned premature termination, amounts to USD 227m. The agreements were drafted and examined by legal experts in Sweden and the US and are considered to follow the standard practice for this type of transaction.

In 2007, SCA entered into a sale and leaseback transaction with a European bank relating to the new soda recovery boiler at the kraftliner plant in Obbola, Sweden. The original term of the contract is 25 years and SCA has a right

G3. CONTINGENT LIABILITIES AND PLEDGED ASSETS, CONT.

to terminate the transaction in 2023 without any financial consequences. The present value of SCA's future rental amounts was SEK 671m, which was invested in a security with an A rating issued by the counterparty and deposited in a Swedish bank assigned to handle rental payments during the term of the contract. Should the counterparty's rating fall below BBB-, SCA is entitled, without incurring any financial consequences, to terminate the transaction in advance. Should SCA, as the result of extraordinary events (of a force majeure nature), elect not to fulfill, or cannot fulfill the leasing contract, SCA is liable to compensate the counterparty for any economic loss that may be incurred as a result. Compensation varies during the term and can amount to a maximum of 12% of the transaction amount. SCA has the use of the facility without operational restrictions. The lease and depositary arrangement have been recognized net in SCA's balance sheet since 2007.

SCA is subject to reviews by the competition authorities in certain countries. SCA does not expect these ongoing investigations to have any material financial effect.

SCA signed a ten-year fixed-price agreement with a Norwegian electricity supplier comprising electricity deliveries corresponding to approximately 17% of SCA Graphic Sundsvall's estimated consumption. The agreement became effective in 2009.

Pledged assets

SEKm	Pledged assets		Total		
	related to financial liabilities	Other	2015	2014	2013
Real estate mortgages	11		11	11	10
Chattel mortgages	32	20	52	56	50
Other	296	134	430	414	364
Total	339	154	493	481	424

Liabilities for which some of these assets were pledged as collateral amounted to SEK 5m (5; 5).

Financial statements, Parent Company

Income statement IS

SEKm	Note	2015	2014
Administrative expenses		-1,109	-738
Other operating income		430	414
Other operating expenses		-200	-204
Operating loss	PC1	-879	-528
Financial items	PC9		
Result from participations in Group companies		12,191	6,524
Interest income and similar profit items		25	1,414
Interest expenses and similar loss items		-1,240	-3,294
Total financial items		10,976	4,644
Profit after financial items		10,097	4,116
Appropriations	PC3	-16	-17
Tax on profit for the period	PC3	-349	69
Profit for the period		9,732	4,168

Statement of comprehensive income

SEKm	2015	2014
Profit for the period	9,732	4,168
Other comprehensive income	-	-
Total comprehensive income	9,732	4,168

Cash flow statement CF

SEKm	2015	2014
Operating activities		
Profit after financial items	10,097	4,116
Adjustment for non-cash items T:1	-1,576	-3,967
	8,521	149
Paid tax	-8	-
Cash flow from operating activities before changes in working capital	8,513	149
Change in operating receivables ¹⁾	-42	95
Change in operating liabilities ¹⁾	-983	119
Cash flow from operating activities	7,488	363
Investing activities		
Acquisition of subsidiaries	-6,346	-
Acquisition of fixed assets	-126	-488
Divestment of financial assets	10	-
Sale of tangible fixed assets	31	284
Cash flow from investing activities	-6,431	-204
Financing activities		
Loans raised	2,630	3,177
Dividend paid	-3,687	-3,336
Cash flow from financing activities	-1,057	-159
Cash flow for the period	0	0
Cash and cash equivalents, January 1	0	0
Cash and cash equivalents, December 31 ²⁾	0	0

T:1 Adjustment for non-cash items	2015	2014
Depreciation/amortization of fixed assets	68	64
Change in accrued items	498	702
Impairment of shares in subsidiaries	102	-
Dividend income in the form of a reduction in internal financial liabilities/shares received in subsidiaries	-2,272	-4,475
Other	28	-258
Total	-1,576	-3,967

¹⁾ Dealings of the Parent Company with the Swedish subsidiaries relating to tax are recognized as Change in operating receivables or Change in operating liabilities, respectively.

²⁾ The company's current account is a subsidiary account and is recognized in the balance sheet as Liabilities to subsidiaries.

Supplementary disclosures

Interest and dividends paid and received	2015	2014
Dividends received	10,688	6,200
Group contribution received	1,339	1,867
Group contribution paid	-68	-242
Interest paid	-1,406	-2,046
Interest received	227	182
Total	10,780	5,961

Balance sheet BS

SEKm	Note	2015	2014
Assets			
Non-current assets			
Capitalized development costs		0	0
Intangible fixed assets	PC4	0	0
Land and buildings		8,182	8,099
Machinery and equipment		8	9
Tangible fixed assets	PC5	8,190	8,108
Participations	PC6	139,886	133,649
Receivables from subsidiaries	PC7	186	348
Other long-term receivables		126	123
Financial fixed assets		140,198	134,120
Total fixed assets		148,388	142,228
Current assets			
Receivables from subsidiaries	PC7	2,345	3,637
Current tax assets	PC3	26	18
Other current receivables	PC8	59	104
Cash and bank balances		0	0
Total current assets		2,430	3,759
Total assets		150,818	145,987
Equity, provisions and liabilities			
Equity			
Share capital	PC11	2,350	2,350
Revaluation reserve		1,363	1,363
Statutory reserve		7,283	7,283
Total restricted equity		10,996	10,996
Retained earnings		39,151	38,670
Profit for the period		9,732	4,168
Total non-restricted equity		48,883	42,838
Total equity		59,879	53,834
Untaxed reserves	PC3	230	213
Provisions			
Provisions for pensions	PC2	713	619
Provisions for taxes	PC3	958	609
Other provisions		3	3
Total provisions		1,674	1,231
Non-current liabilities			
Liabilities to subsidiaries	PC7	-	2,326
Non-current interest-bearing liabilities	PC9	16,556	18,890
Other non-current liabilities		0	0
Total non-current liabilities		16,556	21,216
Current liabilities			
Liabilities to subsidiaries	PC7	64,319	67,217
Current interest-bearing liabilities	PC9	7,484	1,726
Accounts payable		27	54
Other current liabilities	PC10	649	496
Total current liabilities		72,479	69,493
Total equity, provisions and liabilities		150,818	145,987
Contingent liabilities	PC12	13,089	26,035
Pledged assets	PC12	154	158

Change in equity (Refer also to Note PC11)

SEKm	Share capital	Revaluation reserve	Statutory reserve	Retained earnings and profit for the period	Total equity
Equity at December 31, 2013	2,350	1,363	7,283	42,006	53,002
Profit for the period				4,168	4,168
Dividend, SEK 4.50 per share				-3,336	-3,336
Equity at December 31, 2014	2,350	1,363	7,283	42,838	53,834
Profit for the period				9,732	9,732
Dividend, SEK 5.25 per share				-3,687	-3,687
Equity at December 31, 2015	2,350	1,363	7,283	48,883	59,879

PC. PARENT COMPANY NOTES**PC1. OPERATING LOSS****Operating loss by type of cost**

SEKm	Note	2015	2014
Other operating income		430	414
Other external costs		-586	-379
Personnel and Board costs		-517	-353
Amortization of capitalized development costs	PC4	-	-1
Depreciation of tangible fixed assets	PC5	-68	-63
Other operating expenses excluding depreciation/amortization		-138	-146
IS Total		-879	-528

The item "Other external costs" includes consultancy fees, travel expenses, leasing expenses, management costs, and so forth.

Auditing expenses

SEKm	2015	2014
PwC		
Audit assignments	-9	-9
Auditing activities other than the audit assignment	0	0
Tax consultancy services	-14	-2
Other assignments	-6	-6
Total	-29	-17

Leasing**AP ACCOUNTING PRINCIPLES**

The Parent Company recognizes all leases as operating leases.

Future payment commitments for non-cancellable operating leases are as follows:

SEKm	2015	2014
Within 1 year	24	49
Between 2 and 5 years	71	111
Later than 5 years	-	5
Total	95	165

Cost for the period for leasing of assets amounted to SEK -120m (-48), of which SEK -73m (-) pertains to premature termination of a lease agreement. Leased assets comprise means of transportation, office premises and technical equipment. In reality, such contracts can be terminated early.

PC2. PERSONNEL AND BOARD COSTS**Salaries and remuneration**

SEKm	2015	2014
Board of Directors ¹⁾ , President, Executive Vice Presidents and senior executives (5 (5))	-85	-76
of which variable remuneration	-25	-32
Other employees	-149	-121
Total	-234	-197

¹⁾ Board fees decided by the Annual General Meeting amounted to SEK -6.4m (-7.8). For further information, see Notes C1-C4.

Social security costs

SEKm	2015	2014
Total social security costs	-272	-150
of which pension costs ²⁾	-198	-92

²⁾ Of the Parent Company's pension costs, SEK -100m (-36) pertains to the Board, President, Executive Vice President and senior executives. Former Presidents and Executive Vice Presidents and their survivors are also included. The company's outstanding pension obligations to these individuals amount to SEK 409m (344).

Pension costs

SEKm	2015	2014
Self-administered pension plans		
Costs excl. interest expense	-127	-43
Interest expense (recognized in personnel costs)	-12	-16
Total	-139	-59

Retirement through insurance

SEKm	2015	2014
Insurance premiums	-27	-21
Other	5	7
Total	-161	-73
Policyholder tax	0	0
Special payroll tax on pension costs	-36	-16
Cost of credit insurance, etc.	-1	-3
Pension costs for the period	-198	-92

Premiums during the period for disability and family pension insurance with Alecta amounted to SEK -2m (-3). Premiums for 2016 are expected to amount to SEK 3m (see also Pension provisions in this note). Personnel costs also include other personnel costs in the amount of SEK -11m (-9).

Average number of employees

	2015	2014
Sweden	118	117
of whom women, %	53	51

Breakdown of employees by age groups, %

2015	21-30 yrs	31-40 yrs	41-50 yrs	51-60 yrs	61- yrs
	5	23	38	25	9

Women comprised 30% (17) of Board members and 35% (24) of senior executives.

PC2. PERSONNEL AND BOARD COSTS, CONT.**Provisions for pensions****AP ACCOUNTING PRINCIPLES**

The Parent Company applies the regulations in the Pension Obligations Vesting Act (Tryggandelagen). The main difference compared with IAS 19 is that Swedish practice disregards future increases in salaries and pensions when calculating the present value of the pension obligation. This present value includes, however, a special reserve for future payments of pension supplements indexed for inflation. Both defined contribution and defined benefit plans exist in the Parent Company.

PRI PENSIONS

Pension liabilities pertaining to PRI pensions have been secured through a common Swedish SCA pension fund. The market value of the Parent Company's portion of the foundation's assets at December 31, 2015 amounted to SEK 111m (98). In the past two years, no compensation has been received. The capital value of the pension obligations at December 31, 2015 amounted to SEK 119m (113). Pension payments of SEK -7m (-6) were made in 2015. Since the value of the assets in 2015 is below that of the pension obligations in the amount of SEK 8m (15), this is recognized as a provision in the balance sheet. The provision is included below.

Other pension obligations

The Group's Note C3 Remuneration of senior executives describes the other defined benefit pension plans of the Parent Company. The table below shows the change between the years.

Capital value of pension obligations relating to self-administered pension plans

SEKm	2015	2014
Value, January 1	619	598
Reclassification	-	-
Costs excluding interest expense	127	43
Interest expense (recognized in personnel costs)	12	16
Payment of pensions	-45	-38
BS Value, December 31	713	619

External actuaries have carried out capital value calculations pursuant to the provisions of the Swedish Act on Safeguarding of Pension Obligations. The discount rate is 1.9% (2.6). The defined benefit obligations are calculated based on salary levels valid on the respective balance sheet dates. Next year's expected disbursements regarding defined benefit pension plans amount to SEK 34m.

PC3. TAXES**AP ACCOUNTING PRINCIPLES**

Due to the links between accounting and taxation, the deferred tax liability on untaxed reserves in the Parent Company is recognized in the Parent Company's annual accounts as a component of untaxed reserves.

Tax expense (+), tax income (-)

SEKm	2015	2014
Deferred tax	349	-70
Current tax	0	1
IS Total	349	-69

Explanation of tax expense

The difference between the recognized tax expense and expected tax expense is explained below. The expected tax expense is calculated based on profit before tax in each country multiplied by the current tax rate.

Reconciliation	2015		2014	
	SEKm	%	SEKm	%
IS Profit before tax	10,081		4,099	
IS Tax expense/income	349	3.5	-69	-1.7
Expected tax	2,218	22.0	902	22.0
Difference	-1,869	-18.5	-971	-23.7
Difference is due to:				
Taxes related to prior periods	14	0.2	-50	-1.2
Non-taxable dividends from subsidiaries	-2,351	-23.3	-1,364	-33.3
Non-taxable Group contributions from subsidiaries	-50	-0.5	-53	-1.3
Non-deductible Group contributions to subsidiaries	487	4.8	457	11.1
Assumed replacement reserves for land	-	-	35	0.9
Other non-taxable/non-deductible items	31	0.3	4	0.1
Total	-1,869	-18.5	-971	-23.7

The Parent Company participates in the Group's tax pooling arrangement and pays the majority of the Group's total Swedish taxes. These are now recognized in profit and loss as Group contributions paid and received.

Current tax liability (+), tax asset (-)

SEKm	2015	2014
Value, January 1	-18	-18
Current tax expense	0	1
Paid tax	-8	-1
BS Value, December 31	-26	-18

Deferred tax expense (+), tax income (-)

SEKm	2015	2014
Changes in temporary differences	335	-20
Adjustments for prior periods	14	-50
Total	349	-70

Provisions for taxes

SEKm	Value, January 1	Deferred tax expense	Value, December 31
Land and buildings	1,530	9	1,539
Provisions for pensions	-123	-21	-144
Tax loss carryforwards	-759	360	-399
Other	-39	1	-38
BS Total	609	349	958

Appropriations and untaxed reserves

Accumulated depreciation in excess of plan totaling SEK 230m (213) is included in the Parent Company's untaxed reserves.

PC4. INTANGIBLE FIXED ASSETS**Capitalized development costs**

SEKm	2015	2014
Accumulated costs	20	20
Accumulated amortization	-20	-20
Residual value according to plan	0	0
Value, January 1	0	1
Investments	-	0
Amortization for the period	0	-1
BS Value, December 31	0	0

PC5. TANGIBLE FIXED ASSETS

AP ACCOUNTING PRINCIPLES

The Parent Company's tangible fixed assets are recognized in accordance with the Group's accounting principles. The Parent Company recognizes standing timber as a tangible fixed asset at historical cost. No systematic

depreciation or changes in value in conjunction with felling is carried out in the Parent Company. Collective revaluation of forest assets has occurred. The revaluation amount was placed in a revaluation reserve in equity.

Tangible fixed assets

SEKm	Buildings		Land and land improvements		Machinery and equipment		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated costs	166	165	4,029	3,876	25	23	4,220	4,064
Accumulated amortization	-106	-100	-913	-853	-17	-14	-1,036	-967
Accumulated write-ups	-	-	5,006	5,011	-	-	5,006	5,011
Residual value according to plan	60	65	8,122	8,034	8	9	8,190	8,108
Value, January 1	65	53	8,034	7,580	9	11	8,108	7,644
Investments	1	17	154	527	2	0	157	544
Sales and disposals	0	0	-6	-17	-1	0	-7	-17
Amortization for the period	-6	-5	-60	-56	-2	-2	-68	-63
BS Value, December 31	60	65	8,122	8,034	8	9	8,190	8,108

Land includes forest land in the amount of SEK 7,384m (7,340).

PC6. PARTICIPATIONS

AP ACCOUNTING PRINCIPLES

The Parent Company recognizes all holdings in Group companies at cost after deduction for any accumulated impairment losses.

Participations in Group companies

SEKm	Subsidiaries		Other companies		Total	
	2015	2014	2015	2014	2015	2014
Accumulated costs	139,982	133,636	6	13	139,988	133,649
Accumulated amortization	140	140	-	-	140	140
Accumulated impairment	-242	-140	-	-	-242	-140
Residual value according to plan	139,880	133,636	6	13	139,886	133,649
Value, January 1	133,636	129,161	13	13	133,649	129,174
Investments	6,346	4,475	-	-	6,346	4,475
Divestments	0	-	-7	-	-7	-
Impairment for the period	-102	-	-	-	-102	-
BS TPC6:1 Value, December 31	139,880	133,636	6	13	139,886	133,649

In 2015, investments amounted to SEK 6,346m in the form of capital contributions to subsidiaries. The company's holding in SCA UK Holdings Ltd was divested in an intra-Group transaction and the value of Fastighets- och Bostadsaktiebolaget FOBOF was impaired by SEK 102m. Intra-Group transfers of SCA Graphic Holding Aktiebolag and SCA Kraftfastigheter Aktiebolag were also carried out during the fiscal year.

TPC6:1 Parent Company's holdings of shares and participations in subsidiaries, December 31, 2015

Company name	Corp. Reg. No.	Domicile	No. of shares	Share of equity, %	Carrying amount, SEKm
Swedish subsidiaries:					
Fastighets- och Bostadsaktiebolaget FOBOF	556047-8520	Stockholm, Sweden	1,000	100	0
SCA Försäkringsaktiebolag	516401-8540	Stockholm, Sweden	140,000	100	14
SCA Graphic Holding Aktiebolag	556479-2058	Stockholm, Sweden	1,000	100	4,758
SCA Research Aktiebolag	556146-6300	Stockholm, Sweden	1,000	100	0
SCA Hedging AB	556666-8553	Stockholm, Sweden	1,000	100	0
Foreign subsidiaries:					
SCA Group Holding BV	33181970	Amsterdam, Netherlands	246,347	100	95,836
SCA Capital NV	0810.983.346	Diegem, Belgium	1,199,999	100	38,993
SCA Hygiene Products S.p.A.	03318780966	Capannori, Italy	125,000	25	279
Total carrying amount of subsidiaries					139,880

German subsidiaries that are exempted from public information. In accordance with Section 264, Paragraph 3 of the German Commercial Code ("HGB"), the following German companies are not required to prepare consolidated financial statements since all of their subsidiaries are encompassed by the consolidated financial statements prepared by SCA AB.

- SCA GmbH, domicile in Mannheim, Germany
- SCA Hygiene Products Holding GmbH, domicile in Ismaning, Germany
- SCA Hygiene Products GmbH Neuss, domicile in Neuss, Germany
- SCA Hygiene Products GmbH, domicile in Mannheim, Germany

PC7. RECEIVABLES FROM AND LIABILITIES TO SUBSIDIARIES

Receivables from and liabilities to subsidiaries

SEKm	2015	2014
Fixed assets		
Interest-bearing receivables	186	348
BS Total	186	348
Current assets		
Interest-bearing receivables	625	1,502
Other receivables	1,720	2,135
BS Total	2,345	3,637
Non-current liabilities		
Interest-bearing liabilities	-	2,326
BS Total	-	2,326
Current liabilities		
Interest-bearing liabilities	64,108	65,897
Other liabilities	211	1,320
BS Total	64,319	67,217

PC8. OTHER CURRENT RECEIVABLES

Other current receivables			
SEKm	2015		2014
TPC8:1 Prepaid expenses and accrued income	22		60
Other receivables	37		44
BS Total	59		104
TPC8:1 Prepaid expenses and accrued income			
Prepaid lease of premises	6		6
Prepaid financial expenses	1		1
Prepaid pension premiums	0		4
Other items	15		49
Total	22		60

PC9. FINANCIAL INSTRUMENTS

Financial items			
SEKm	2015		2014
Result from participations in Group companies			
Dividends from subsidiaries	10,688		6,200
Group contributions received from subsidiaries	1,669		1,591
Group contributions paid to subsidiaries	-64		-1,267
Impairment of shares in subsidiaries	-102		-
Interest income and similar profit items			
Interest income, external	0		0
Interest income, subsidiaries	25		1,414
Interest expenses and similar loss items			
Interest expenses, external	-607		-1,775
Interest expenses, subsidiaries	-563		-1,519
Other financial expenses ¹⁾	-70		-
IS Total	10,976		4,644

¹⁾ Other financial expenses are recognized separately as of 2015. The item includes exchange rate differences amounting to SEK 0m, net. In 2014, Other financial expenses were recognized under Interest expenses, external and the exchange rate differences were recognized in a gross amount.

Interest-bearing liabilities

SEKm	Non-current interest-bearing liabilities			
	Carrying amount		Fair value	
	2015	2014	2015	2014
Bond issues	14,490	13,933	14,666	14,721
Other non-current loans with a term > 1 year < 5 yrs	149	2,985	161	3,100
Other non-current loans with a term > 5 yrs	1,917	1,972	1,980	2,048
BS Total	16,556	18,890	16,807	19,869

Current interest-bearing liabilities

SEKm	Current interest-bearing liabilities			
	Carrying amount		Fair value	
	2015	2014	2015	2014
Bond issues	7,444	-	7,444	-
Loans with a term < 1	40	1,726	40	1,726
BS Total	7,484	1,726	7,484	1,726

Bond issues

Issued	Maturity	Carrying amount, SEKm		Fair value, SEKm
		2015	2014	
Notes EUR 600m	2016	5,478	5,478	
Notes SEK 1,800m	2016	1,766	1,766	
Floating Rate Note SEK 200m	2016	200	200	
Notes SEK 1,500m	2018	1,510	1,507	
Notes SEK 600m	2019	604	596	
Notes SEK 900m	2019	898	899	
Green bond SEK 1,500m	2019	1,499	1,521	
Notes EUR 300m	2020	2,731	2,705	
Notes EUR 500m	2023	4,520	4,855	
Notes EUR 300m	2025	2,728	2,583	
Total		21,934	22,110	

Financial instruments by category

AP ACCOUNTING PRINCIPLES

In accordance with Paragraph 3 of RFR 2, the Parent Company has chosen not to apply IAS 39. The Parent Company recognizes financial fixed assets at cost less any impairment and financial current assets according to the lower of cost or market rule. For derivatives used for hedging purposes, recognition is determined by the hedged item. Currency derivatives used to hedge foreign receivables and liabilities are remeasured at the closing day rate to match the currency remeasurement in the receivable/liability. Interest rate derivatives used to hedge interest rate exposure in financial receivables or liabilities are recognized at amortized cost. The accounting principles for financial instruments are applied for the items below. The financial instruments in the Parent Company are classified as loans and receivables for assets, and other financial liabilities measured at amortized cost for liabilities. No other categories have been utilized over the past two years. These balance sheet items are not fully reconcilable since they may include items that are not financial instruments.

Loans and receivables

SEKm	2015	2014
Assets		
<i>Financial fixed assets</i>		
Interest-bearing receivables	126	123
Interest-bearing receivables from subsidiaries	186	348
<i>Current assets</i>		
Receivables from subsidiaries ¹⁾	1,105	2,524
Other current receivables	35	43
Cash and bank balances	0	0
Total	1,452	3,038

Financial liabilities measured at amortized cost

SEKm	2015	2014
Liabilities		
<i>Non-current liabilities</i>		
Liabilities to subsidiaries	-	2,326
Interest-bearing liabilities	16,556	18,890
<i>Current liabilities</i>		
Interest-bearing liabilities	7,484	1,726
Liabilities to subsidiaries ¹⁾	64,152	65,950
Accounts payable	27	54
Other current liabilities	268	261
Total	88,487	89,207

¹⁾ The item Receivables from subsidiaries includes the carrying amount of financial derivatives in respect of subsidiaries of SEK 162m (644) MSEK. The item Liabilities to subsidiaries includes the carrying amount of financial derivatives in respect of subsidiaries of SEK 344m (52) MSEK. The net fair value of these derivatives amounts to SEK -169m (1,156). The nominal value of the derivatives is SEK 32,264m (29,246).

PC10. OTHER CURRENT LIABILITIES

Other current liabilities

SEKm	2015	2014
TM10:1 Accrued expenses and prepaid income	596	419
Other operating liabilities	53	77
BS Total	649	496

TM10:1 Accrued expenses and prepaid income

SEKm	2015	2014
Accrued interest expenses	268	261
Accrued social security costs	36	26
Accrued vacation pay liability	18	11
Other liabilities to personnel	84	59
Other items	190	62
Total	596	419

PC11. SHARE CAPITAL

The change in equity is shown in the financial report relating to Equity presented on page 125. The share capital and number of shares have increased since 1993 with new issues, conversions and splits as set out below:

Change in SCA's share capital

Year	Event	No. of shares	Increase in share capital	Cash payment, SEKm
1993	Number of shares, January 1, 1993	172,303,839		
1993	Conversion of debentures and new subscription through Series 1 warrants	4,030,286	40.3	119.1
	New issue 1:10, issue price SEK 80	17,633,412	176.3	1,410.7
1994	Conversion of debentures	16,285	0.2	–
1995	Conversion of debentures	3,416,113	34.2	–
1999	New issue 1:6, issue price SEK 140	32,899,989	329.0	4,579.0
2000	Conversion of debentures	101,631	1.0	15.0
2001	New issue, private placement	1,800,000	18.0	18.0
2002	New subscription through warrants IIB	513	0	0.1
2003	Conversion of debentures	1,127,792	11.3	288.4
	New subscription through warrants IIB	1,697,683	17.0	434.5
2004	Conversion of debentures	9,155	0.1	1.1
2007	Split 3:1	470,073,396	–	–
2015	Number of shares, December 31, 2015	705,110,094		

SCA's share capital, December 31, 2015

	No. of votes	No. of shares	Share capital, SEKm
Class A shares	10	67,441,609	225
Class B shares	1	637,668,485	2,125
Total		705,110,094	2,350

The quotient value of the Parent Company's shares amounts to SEK 3.33. Treasury shares at the beginning and at the end of the year amounted to 2,767,605 shares. Shares were held as part of the employee stock option programs that expired in 2008 and 2009.

PC12. CONTINGENT LIABILITIES AND PLEDGED ASSETS

Contingent liabilities

SEKm	2015	2014
Guarantees for subsidiaries	13,072	26,020
Other contingent liabilities	17	15
Total	13,089	26,035

The Parent Company has issued a guarantee in relation to the Group's UK pension plan in the event of the plan being dissolved or one of the companies covered by the plan becoming insolvent.

Pledged assets

SEKm	2015	2014
Chattel mortgages	20	20
Other	134	138
Total	154	158

PC13. ADOPTION OF THE ANNUAL ACCOUNTS

The annual accounts are subject to adoption by SCA's Annual General Meeting and will be presented for approval at the Annual General Meeting on April 14, 2016.

PC14. PROPOSED DISPOSITION OF EARNINGS**Annual accounts 2015****Disposition of earnings, Parent Company**

Non-restricted equity in the Parent Company:	
retained earnings	39,151,023,032
net profit for the year	9,732,077,014
Total	48,883,100,046

The Board of Directors and the President propose:

to be distributed to shareholders, a dividend of SEK 5.75 per share	4,038,469,312 ¹⁾
to be carried forward	44,844,630,734
Total	48,883,100,046

¹⁾ Based on the number of outstanding shares at December 31, 2015. The amount of the dividend may change if any treasury share transactions are executed before the record date, April 18, 2016. The company's equity would have been SEK 181,814,664 higher if assets and liabilities had not been measured at fair value in accordance with Chapter 4, Section 14a of the Swedish Annual Accounts Act.

Stockholm February 24, 2016

The Board of Directors and President declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards adopted by the EU and that disclosures herein give a true and fair view of the Group's financial position and results of operations. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations. The statutory Board of Directors' Report provides a fair review of the Parent Company's and Group's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Pär Boman
Chairman of the Board

Roger Boström
Board member,
appointed by the employees

Annemarie Gardshol
Board member

Leif Johansson
Board member

Bert Nordberg
Board member

Louise Julian Svanberg
Board member

Örjan Svensson
Board member,
appointed by the employees

Barbara Milian Thoralfsson
Board member

Thomas Wiklund
Board member,
appointed by the employees

Magnus Groth
President, CEO and Board member

Our audit report was submitted on March 21, 2016
PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

PC15. AUDITOR'S REPORT

**To the annual meeting of the shareholders of Svenska Cellulosa Aktiebolaget SCA (publ),
Corporate Registration Number 556012-6293**

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 40–130.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate govern-

ance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Directors of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Directors is liable to the company. We also examined whether any member of the Board of Directors or the Managing Directors has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Directors be discharged from liability for the financial year.

Stockholm, March 21, 2016

PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

INDEPENDENT ASSURANCE REPORT RELATING TO SUSTAINABILITY REPORT

Pages 28 and 32–33 of this document contain an extract of the Sustainability Report. A complete Sustainability Report has been prepared by the company, which contains our full assurance report. Based on our review, nothing has come to our attention that causes us to believe that the sustainability report has not, in all material respects, been prepared in accordance with the criteria stipulated in the full version of the assurance report.

Stockholm, March 21, 2016

PricewaterhouseCoopers AB

Mikael Eriksson
Authorized Public Accountant
Auditor in charge

Fredrik Ljungdahl
Expert member of the Swedish Institute of
Authorized Public Accountants (FAR)

Multi-year summary¹⁾

SEKm	2015	2014	2013 ²⁾	2012 ²⁾	2011	2010	2009	2008	2007	2006
INCOME STATEMENT										
Net sales ³⁾	115,316	104,054	92,873	89,229	81,337	82,731	109,358	110,449	105,913	101,439
Operating profit	10,947⁹⁾	10,449	9,142	6,426	2,299	7,793	8,190	8,554	10,147	8,505
Personal Care	3,990	3,526	3,519	3,437	2,645	2,922	3,235	2,912	2,960	2,799
Tissue	7,217	6,652	5,724	4,778	3,150	3,041	3,946	2,375	1,724	1,490
Packaging	–	–	–	–	–	–	413	1,493	2,651	2,072
Forest Products	2,605	2,505	1,843	1,363	2,423	2,915	2,503	2,207	2,870	2,475
Other operations ⁴⁾	-2,865	-2,234	-1,944	-3,152	-5,919	-1,085	-1,907	-433	-58	-331
Financial income	205 ¹⁰⁾	217	132	107	129	57	158	246	193	179
Financial expenses	-1,160	-1,178	-1,193	-1,430	-1,454	-1,227	-1,802	-2,563	-2,103	-1,851
Profit before tax	9,992	9,488	8,081	5,103	974	6,623	6,546	6,237	8,237	6,833
Tax	-2,540	-2,420	-2,220	-364	-1,267	-1,755	-1,716	-639	-1,076	-1,366
Profit for the period from disposal group	–	–	–	503	900	724	–	–	–	–
Profit for the year	7,452	7,068	5,861	5,242	607	5,592	4,830	5,598	7,161	5,467
BALANCE SHEET										
Non-current assets (excl. financial receivables)	109,839	112,345	106,356	96,516	83,428	105,655	111,745	113,866	104,150	95,994
Receivables and inventories	35,194	34,124	31,077	29,736	25,577	31,890	30,605	36,121	33,793	29,907
Non-current assets held for sale	120	60	32	1,937	3,379	93	105	102	55	2,665
Financial receivables	1,403	3,140	3,190	3,577	2,083	3,254	2,062	2,499	3,663	2,970
Non-current financial assets	774	1,252	536	401	292	220	194	642	366	409
Cash and cash equivalents	5,042	3,815	3,785	2,118	2,644	1,866	5,148	5,738	3,023	1,599
Assets in disposal group held for sale	–	–	–	–	21,601	–	–	–	–	–
Total assets	152,372	154,736	144,976	134,285	139,004	142,978	149,859	158,968	145,050	133,544
Equity	70,401	67,622	63,271	59,706	60,752	67,255	67,156	66,450	63,590	58,299
Non-controlling interests	5,290	5,250	4,540	1,993	539	566	750	802	689	664
Provisions	13,847	15,295	13,079	14,027	12,651	13,908	13,351	13,292	14,199	14,240
Interest-bearing debt	34,980	39,692	39,305	35,204	37,834	37,297	44,766	52,886	42,323	38,601
Operating and other non-interest bearing liabilities	27,854	26,877	24,781	23,355	19,627	23,952	23,836	25,538	24,249	21,740
Liabilities in disposal group held for sale	–	–	–	–	7,601	–	–	–	–	–
Total liabilities and equity	152,372	154,736	144,976	134,285	139,004	142,978	149,859	158,968	145,050	133,544
Capital employed ⁵⁾	108,549	105,409	95,349	87,059	83,374	84,664	112,264	105,955	96,368	96,192
Net debt, incl. pension liabilities	-29,478	-35,947	-33,919	-33,063	-36,648	-34,406	-40,430	-47,002	-37,368	-36,399
CASH FLOW STATEMENT										
Operating cash flow	12,921	11,184	8,893	9,927	7,418	8,725	14,133	7,813	8,127	6,304
Cash flow from current operations	9,890	8,149	6,252	7,441	5,306	6,490	11,490	3,810	4,508	2,772
Cash flow before dividend	7,001	6,031	574	8,279	2,671	5,049	8,483	77	1,473	1,538
Current capital expenditures	-4,162	-3,737	-3,489	-3,272	-3,250	-3,017	-4,037	-5,353	-5,165	-5,672
Strategic capital expenditures, non-current assets	-3,125	-1,816	-1,906	-1,971	-1,637	-2,254	-3,031	-3,109	-1,342	-935
Company acquisitions	-93	-508	-5,488	-14,873	-983	-484	-51	-1,764	-4,545	-323
Divestments	329	206	1,716	17,682	-15	1,297	75	1,140	2,852	48
KEY FIGURES⁶⁾										
Equity/assets ratio, %	46	44	44	44	44	47	45	42	44	44
Interest coverage, multiple	11.5	10.9	8.6	4.9	1.7	6.7	5.0	3.7	5.3	5.1
Debt payment capacity, incl. pension liabilities, %	47	39	38	38	36	35	31	26	35	29
Debt/equity ratio, incl. pension liabilities	0.39	0.49	0.50	0.54	0.60	0.51	0.60	0.70	0.58	0.62
Debt/equity ratio, excl. pension liabilities	0.36	0.42	0.47	0.47	0.52	0.48	0.55	0.66	0.58	0.59
Return on capital employed, %	10	10	10	8	4	8	7	8	11	9
Return on capital employed, excl. items affecting comparability, %	12	11	11	10	9	9	9	8	10	9
Return on equity, %	10	10	9	9	1	8	7	9	12	9
Operating margin, %	9	10	10	7	3	9	7	8	10	8
Operating margin, excl. items affecting comparability, %	11	11	11	10	10	10	9	8	9	8
Net margin, % ⁷⁾	7	7	6	5	0	6	4	5	7	6
Capital turnover rate, multiple	1.06	0.99	0.97	1.02	0.98	0.98	0.97	1.04	1.10	1.05
Operating cash flow per share, SEK	14.08	11.60	8.90	10.59	7.55	9.24	16.36	5.42	6.42	3.95
Earnings per share, SEK	9.97	9.40	7.90	7.06	0.78	7.90	6.78	7.94	10.16	7.75
Dividend per share, SEK ⁸⁾	5.75	5.25	4.75	4.50	4.20	4.00	3.70	3.50	4.40	4.00

¹⁾ Up to 2009 including packaging operations, which were divested in June 2012.

²⁾ 2012 and 2013 restated in accordance with IFRS 10 and 11.

³⁾ Net sales for SCA's recycling business were reclassified to other income, with retroactive adjustment for 2009.

⁴⁾ 2015, 2014, 2013, 2012, 2011, 2010, 2009 and 2007 include items affecting comparability of SEK -2,067m, SEK -1,400m, SEK -1,239m, SEK -2,614m, SEK -5,439m, SEK -702m, SEK -1,458m and SEK 300m.

⁵⁾ Calculation of average capital employed is based on five measurements.

⁶⁾ Key figures are defined on page 136.

⁷⁾ Net margin for 2012 excludes Profit for the period from disposal group.

⁸⁾ Dividend for 2015 relates to the proposed dividend.

⁹⁾ Includes the sale of securities, SEK 970m.

¹⁰⁾ Excludes the sale of securities, SEK 970m.

Comments to the multi-year summary

Income statement

Net sales

In 2008, sales increased 4%. SCA's European packaging operations were reclassified to Disposal group held for sale with retroactive adjustment from 2010. Sales declined 24% in 2010 mainly due to the reclassification of the European packaging operations, but also to negative exchange rate effects and the divestment of the Asian packaging operations. Net sales in 2011 fell 2%. A number of strategic acquisitions and divestments were carried out in 2012, including the acquisition of Georgia-Pacific's European tissue operations and the divestment of SCA's European packaging operations. Net sales for 2012 rose 5%. In 2013, SCA divested its publication paper mill in Laakirchen, Austria, as well as the areas of Georgia-Pacific's European tissue operations which the European Commission ordered SCA to divest in conjunction with the acquisition in 2012. Net sales increased 4%. The Chinese hygiene products company Vinda has been consolidated as of 2014. Net sales rose 12% in 2014. In 2015, net sales increased 11%, of which organic sales growth accounted for 5%.

Operating profit

Profit for Personal Care improved in 2007. Operating profit was stable in 2008 and increased 11% in 2009. Profit declined in 2010. Higher volumes and lower costs failed to offset increased costs of raw materials, marketing activities and negative exchange rate effects. Operating profit for 2011 declined 5% excluding exchange rate effects compared with the preceding year. Higher volumes, prices and cost savings did not offset higher costs of raw materials. In 2012, operating profit rose 20% compared with the preceding year. The earnings improvement was attributable to higher volumes and prices, an improved product mix, lower raw material costs and cost savings. In 2013, profit increased 1%. Earnings were impacted positively by higher volumes, cost savings and acquisitions. Investments in increased market activity resulted in higher volumes, but impacted earnings, particularly in the area of diapers. Increased raw material costs and negative exchange rate effects had an adverse impact on profit. Operating

profit for 2014 was in line with the preceding year. Higher volumes, an improved price/mix and cost savings had a positive impact on earnings, while higher raw material costs and investments in market activity had an adverse impact on earnings. In 2015, operating profit increased 13%, with higher volumes and an improved price/mix offsetting higher raw material costs and increased investments in market activities.

The Tissue operations experienced a number of years of lower prices, higher raw material and energy costs, and negative exchange rate effects. In 2007, this negative trend was reversed and operating profit increased. As of the fourth quarter of 2007, the acquisition of Procter & Gamble's European tissue unit is included in SCA's Tissue operations. In 2008, the profit level increased mainly as a result of acquisitions and higher prices and volumes. In 2009, the profit level increased as a result of higher prices and lower costs for raw materials. In 2010, profit declined for Tissue compared with the preceding year, due to a sharp increase in costs for raw materials. Operating profit for 2011 rose 4%. Higher prices, a changed product mix and increased volumes had a positive impact, while higher raw material and distribution costs combined with negative exchange rate effects had an adverse impact on profit. In 2012, operating profit increased 47%. Higher prices, an improved product mix, increased volumes, acquisitions, lower raw material costs and cost savings contributed to the improvement in earnings. Profit for 2013 rose 21%. The improvement in earnings was due to acquisitions, increased volumes and cost savings. In 2014, operating profit increased 16% as a result of higher volumes, an improved price mix, cost savings and the acquisition of the Chinese company Vinda. In 2015, operating profit rose 8%. Higher volumes, an improved price/mix and cost savings compensated for the higher costs for raw materials, which were primarily the result of the stronger USD.

Packaging implemented price increases in 2007. SCA sold its North American packaging operations in 2007. Operating profit declined sharply in 2008 due to the financial crisis and the ensuing recession. The recession continued in 2009 and the result from Packaging declined 72%. The

Asian packaging operations were divested in 2010. In 2012, the European packaging operations were divested and reclassified to Disposal group held for sale with retroactive adjustment from 2010.

Forest Products' earnings improved until 2007. The earnings improvement was mainly an effect of higher prices. In 2008, profit declined due to increased energy and raw material costs. In 2009, profit improved, primarily for publication papers, an area in which higher prices, lower raw material costs and efficiency enhancements made a positive contribution. Profit increased 16% in 2010 due to productivity improvements and implemented price increases in pulp and solid-wood products. Profit declined in 2011, primarily as a result of higher costs for raw materials and negative exchange rate effects. In 2012, operating profit declined, mainly due to lower prices and negative exchange rate effects due to the stronger SEK. The Austrian publication paper mill in Laakirchen was divested in 2013. Profit increased 35% due to cost savings, lower raw material costs and profit from forest swaps. In 2014, profit rose 36% as a result of higher prices (including exchange rate effects), increased volumes, lower energy costs and cost savings. In 2015, profit increased 4%, or 17% excluding profit from forest swaps.

Cash flow statement

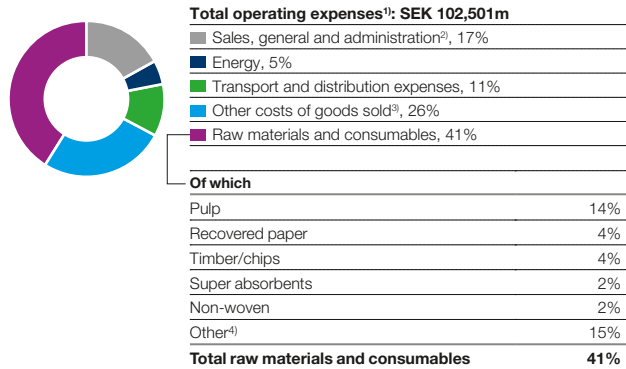
A total of SEK 50bn has been invested in expansion during the reported ten-year period, of which SEK 29bn is attributable to company acquisitions. Maintenance investments amounted to SEK 41bn and have remained at a steady level of about 4% in relation to sales.

Key figures

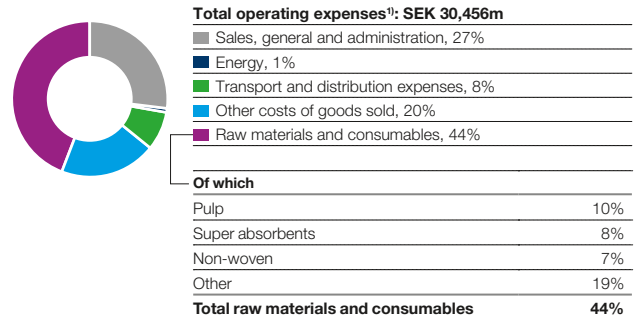
During the reporting period, the Group's dividend rose from SEK 4.00 to the proposed SEK 5.75, corresponding to an average annual increase of approximately 4.6%. The proposed dividend of SEK 5.75 per share corresponds to an increase of 9.5% compared with the preceding year.

Description of costs

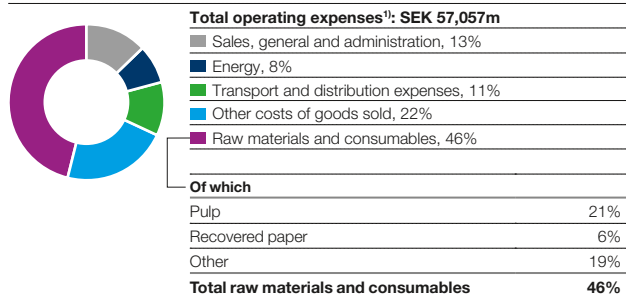
SCA Group



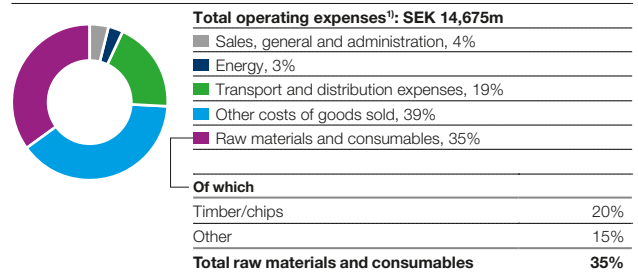
Personal Care



Tissue



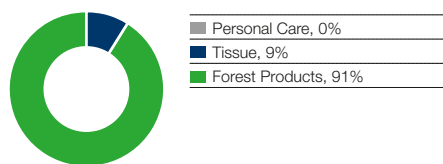
Forest Products



¹⁾ Excluding items affecting comparability.
²⁾ Sales, general and administration include costs for marketing (5 percentage points).
³⁾ The two largest items in Other costs of goods sold comprise personnel (11 percentage points) and depreciation/amortization (5 percentage points).
⁴⁾ The item Other in Raw materials and consumables includes costs for chemicals, packaging material and plastic material.

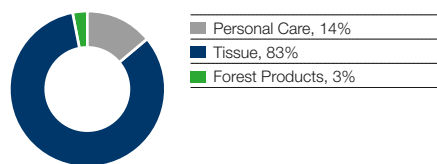
Raw materials, energy and transport activities

Timber and chips consumption



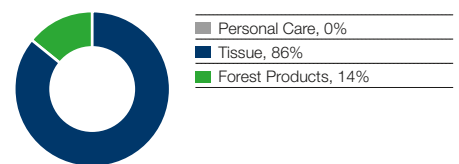
Total of 11.1 million cubic meters
of which, 54% comprises timber from own forests and chips from own sawmills and 46% purchased externally

Pulp consumption



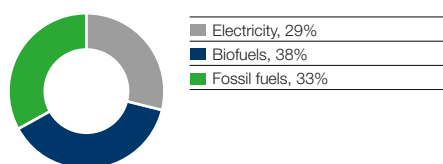
Total of 3 million tons
SCA's own pulp production corresponded to 24% of pulp consumption

Recovered paper consumption



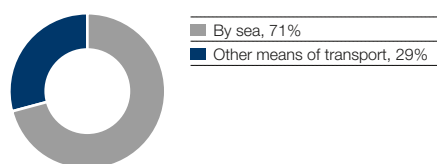
Total of 2.4 million tons
of which, 5% from own collection and 95% purchased externally

Energy consumption⁵⁾



Total of 23.4 TWh

Transport activities⁵⁾



Total of 32 billion ton kilometers

⁵⁾ Excluding Vinda.

Production plants

(Capacity is stated in thousands of tons, unless otherwise indicated, and per year)

Personal Care		Tissue			Tissue		
Production plant	Country	Production plant	Country	Capacity	Production plant	Country	Capacity
Annaba	Algeria	Ortmann	Austria	132	Suameer	Netherlands ¹⁾	8
Buenos Aires	Argentina	Stembert	Belgium	75	Sovetsk	Russia	90
Sao Paulo	Brazil	Santiago	Chile	45	Svetogorsk	Russia	55
Drummondville	Canada	Beijing	China	30	Allo	Spain	160
Wuhan	China	Hubei	China	180	La Riba	Spain	26
Caloto	Colombia	Liaoning	China	55	Mediona	Spain	45
Rio Negro	Colombia	Shangdong	China	80	Valls	Spain	132
San Cristobal	Dominican Republic	Sichuan	China	75	Lilla Edet	Sweden	100
Lasso	Ecuador	Xinhui, Sanjiang	China	380	Chesterfield	UK	31
Cairo	Egypt	Zhejiang	China	150	Manchester	UK	50
Ranjangaon	India	Cajica	Colombia	70	Oakenholt	UK	68
Amman	Jordan	Medellin	Colombia	39	Prudhoe	UK	92
Shah Alam 1 & 2	Malaysia	Lasso	Ecuador	26	Stubbins	UK	105
Ecatepec	Mexico	Nokia	Finland	67	Barton	US	180
Gennep	Netherlands	Gien	France	145	Flagstaff	US	55
Hoogezand	Netherlands	Hondouville	France	78	Menasha	US	211
Olawa	Poland	Kunheim	France	50	South Glens Falls	US	64
Veniov	Russia	Le Theil	France	62			
Jeddah	Saudi Arabia	Kostheim	Germany	152	Converting plants:		
Gemerská Hôrka	Slovakia	Mannheim	Germany	279	St. Etienne du Rouvray	France	
Valls	Spain	Neuss	Germany	112	Dubai	United Arab Emirates	
Falkenberg	Sweden	Witzenhausen	Germany	32	Ranjangaon	India	
Mölnlycke	Sweden	Altopascio	Italy	25	Lucca	Italy	
Kao Hsiung	Taiwan	Collodi	Italy	42	Hlohovec	Slovakia	
Ksibet el Mediouni	Tunisia	Lucca	Italy	140	Mapacasa	Spain	
Gebze (Istanbul)	Turkey	Monterrey	Mexico	57	Skelmersdale	UK	
Tuzla (Istanbul)	Turkey	Sahagun	Mexico	60	Bellemont	US	
Bowling Green	US	Uruapan	Mexico	38	Greenwich	US	
		Cuijk	Netherlands	52	Neennah	US	
		Total					4 200

Forest Products

Production plant	Country	Uncoated paper	Coated paper	Kraftliner	CTMP pulp	Kraft pulp	Total pulp and paper	Solid-wood products 1,000 m ³
Ortviken	Sweden	255	520				775	
Östrand	Sweden				100	430	530	
Munksund	Sweden			415			415	400
Obbola	Sweden			450			450	
Bollsta	Sweden							550
Tunadal	Sweden							500
Rundvik	Sweden							300
Gällö Timber	Sweden							320
Total		255	520	865	100	430	2,170	2,070

¹⁾ Non-woven production.

Definitions and key figures

Capital definitions

Capital employed The Group's and business area's capital employed is calculated as an average of the balance sheet's total assets, excluding interest-bearing assets and pension assets, less total liabilities, excluding interest-bearing liabilities and pension liabilities.

Equity The equity reported in the consolidated balance sheet consists of taxed equity increased by the equity portion of the Group's untaxed reserves and non-controlling interests. (Deferred tax liability in untaxed reserves has been calculated at a 22.0% rate for Swedish companies and at the applicable tax rate for foreign companies in each country outside Sweden).

Net debt The sum of consolidated interest-bearing liabilities, including pension liabilities and accrued interest less cash and cash equivalents and interest-bearing current and non-current receivables and capital investment shares.

Equity per share Equity in relation to the total number of registered shares.

Financial measurements

Equity/assets ratio Equity expressed as a percentage of total assets.

Debt/equity ratio Expressed as net debt in relation to equity.

Interest coverage ratio Calculated according to the net method where operating profit is divided by financial items.

Cash earnings Calculated as profit before tax, with a reversal of depreciation and impairment of property, plant and equipment and intangible assets, share of profits of associates, and nonrecurring items, reduced by tax payments.

Debt payment capacity Expressed as cash earnings in relation to average net debt.

Operating surplus Expressed as operating profit before depreciation/impairment of property, plant and equipment and intangible assets and share of profits of associates.

Operating cash flow The sum of operating cash surplus and change in working capital, with deductions for current capital expenditures in property, plant and equipment and restructuring costs.

Cash flow from current operations Operating cash flow less net financial items and tax payments and taking into account other financial cash flow.

Strategic capital expenditure Strategic investments increase the company's future cash flow through acquisitions of companies, capital expenditures to expand facilities, or new technologies that boost SCA's competitiveness.

Current capital expenditure Investments to maintain competitiveness, such as maintenance, rationalization and replacement measures or investments of an environmental nature.

Organic sales growth Sales growth excluding exchange rate effects, acquisitions and divestments.

Margins, etc.

Operating surplus margin Operating surplus as a percentage of net sales for the year.

Operating margin Operating profit as a percentage of net sales for the year.

Net margin Profit for the year as a percentage of net sales for the year.

Capital turnover Net sales for the year divided by average capital employed.

Profitability ratios

Return on capital employed Accumulated return on capital employed is calculated as 12-month rolling operating profit as a percentage of average capital employed for the five most recent quarters. The corresponding key figure for a single quarter is calculated as operating profit for the quarter multiplied by four as a percentage of average capital employed for the two most recent quarters.

Return on equity Return on equity is calculated for the Group as profit for the year as a percentage of average equity.

Other measurements

Value added per employee Operating profit plus salaries, wages and payroll expenses divided by the average number of employees.

Glossary

CTMP (Chemical thermo mechanical pulp) A high-yield pulp produced through heating and mechanical defibration in a refiner of preheated, chemically pretreated softwood.

FSC® (Forest Stewardship Council) An international organization working to ensure responsible forest management. The FSC has developed principles for responsible forestry that can be applied for certifying forest management and that facilitate FSC labeling of wood products from FSC-certified forests.

Kraftliner The surface layer of corrugated board based on fresh wood fiber.

LWC paper (Light Weight Coated) LWC paper is a coated paper with a high mechanical pulp content. Used for high-quality magazines and advertising materials with demanding color-printing requirements.

Consumer tissue Includes toilet and kitchen paper, facial tissues and handkerchiefs.

AfH (Away-from-Home) Tissue sold to bulk consumers such as hospitals, restaurants, hotels, offices and industrial premises.

M³o or m³sub Solid cubic meter under bark. Specifies the volume of timber excluding bark and tops. Used in felling and the timber trade.

M³fo Forest cubic meter. Volume of timber including tops and bark, but excluding branches. Used to describe the forest portfolio of standing timber. Growth is also specified in forest cubic meters.

PEFC™ (Programme for the Endorsement of Forest Certification) An international forest certification system.

Personal care products Here defined as incontinence products, baby diapers and feminine care products.

Productive forest land Land with a productive capacity that exceeds one cubic meter of forest per hectare annually.

Kraft pulp Pulp from wood fiber that is chemically treated usually by boiling.

Super absorbents Collective name of a number of synthetic absorbent materials based on polymers. Important material in personal care products such as diapers and pads.

Solid-wood products Wood sawn into various sizes used in, for example, furniture manufacturing and the joinery industry or as construction timber.

Addresses

SVENSKA CELLULOSA AKTIEBOLAGET SCA (publ)

PO Box 200, SE-101 23 STOCKHOLM, SWEDEN. Visiting address: Klarabergsviadukten 63
Tel +46 8 788 51 00, Fax +46 8 788 53 80
Corp. Reg. No.: 556012-6293 www.sca.com

Business units

SCA INCONTINENCE CARE

SE-405 03 GOTHENBURG
Sweden
Visiting address: Bäckstengatan 5,
Mölnådal
Tel +46 31 746 00 00

SCA CONSUMER GOODS

Postfach 1265
DE-85730 ISMANING
Germany
Visiting address: Adalperostrasse 31
Tel +49 89 970 06 0

SCA AfH PROFESSIONAL HYGIENE

2929 Arch Street
Suite 2600
PHILADELPHIA, PA 19104
US
Tel +1 610 499 3700

SCA MEIA

Türkiye Istanbul İrtibat Burosu
Beytem Plaza
Buyukdere Cad. 19 Mayıs Mah.
No:20 Kat:11 Sisli
34363 ISTANBUL
Turkey
Tel +90 212 412 23 52

SCA LATIN AMERICA

Javier Barros Sierra 555 5to Piso Col.
Santa Fe, Del. Alvaro Obregon,
Mexico D.F.
01210 Distrito Federal
Mexico
Tel +52 55 5002 8500

SCA ASIA PACIFIC

3rd floor, Building 1
No.3 Fenyang Road
Xuhui District
SHANGHAI 200031
China
Tel +86 21 2405 9800

SCA FOREST PRODUCTS

SE-851 88 SUNDSVALL
Sweden
Visiting address: Skepparplatsen 1
Tel +46 60 19 30 00, +46 60 19 40 00

GHC (GLOBAL HYGIENE CATEGORY)

SE-405 03 GOTHENBURG
Sweden
Visiting address: Bäckstengatan 5,
Mölnådal
Tel +46 31 746 00 00

GHS TISSUE (GLOBAL HYGIENE SUPPLY TISSUE)

Postfach 1265
DE-85730 ISMANING
Germany
Visiting address: Adalperostrasse 31
Tel +49 89 970 06 0

GHS PERSONAL CARE (GLOBAL HYGIENE SUPPLY PERSONAL CARE)

SE-405 03 GOTHENBURG
Sweden
Visiting address: Bäckstengatan 5,
Mölnådal
Tel +46 31 746 00 00

GBS (GLOBAL BUSINESS SERVICES)

PO Box 200
SE-101 23 STOCKHOLM
Sweden
Visiting address: Klarabergsviadukten 63
Tel +46 8 788 51 00

Awards and membership



SCA's initiatives and results have gained recognition. We are included in a number of sustainability indexes and have received several prestigious awards.

SCA plays an active role in leading organizations at global, regional and local levels with the aim of contributing to a sustainable future for companies, society and the environment.

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The mark of
responsible forestry
FSC® N002446



In 2015,
SCA educated

2,000,000

people in hygiene
practices worldwide

