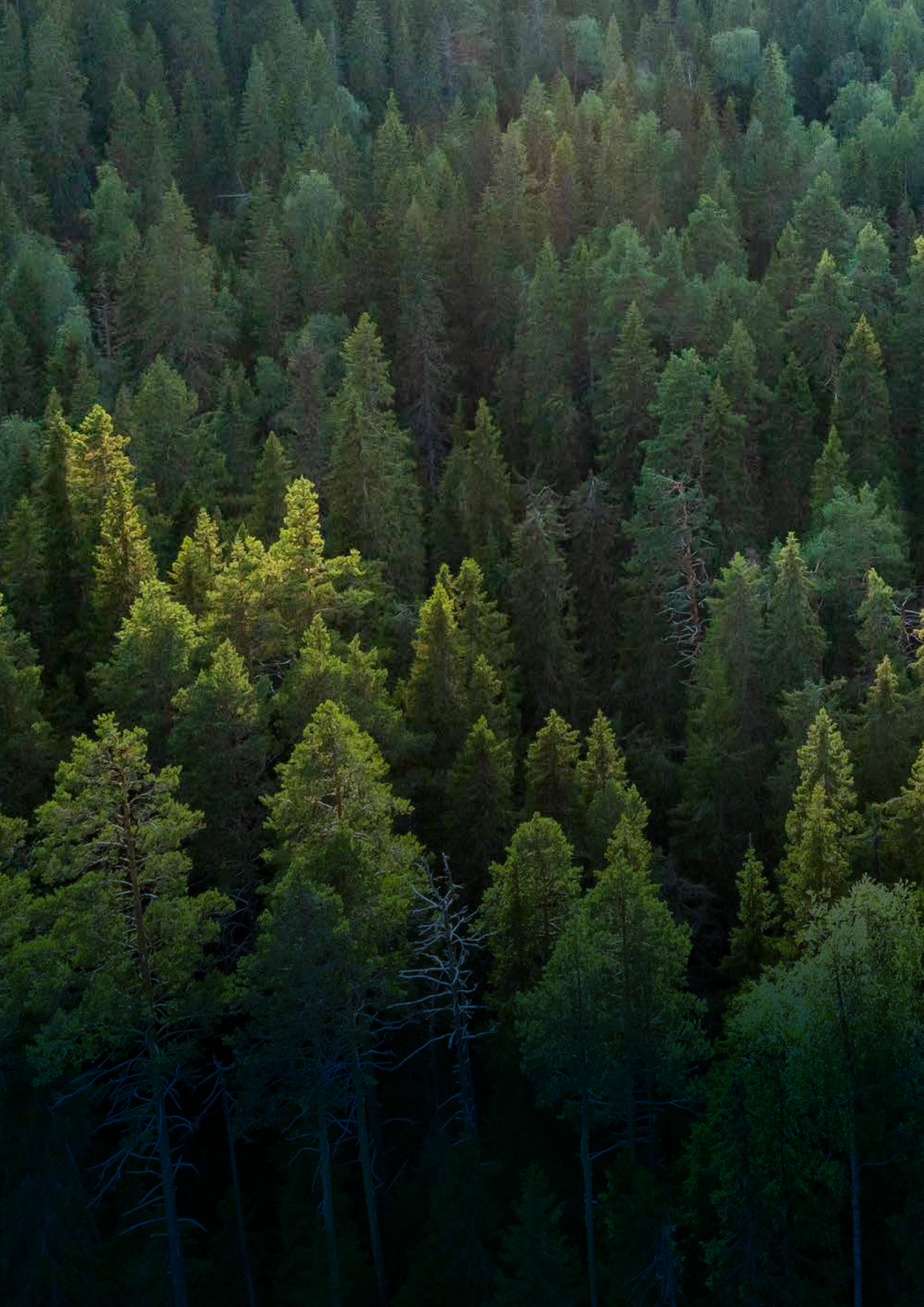


# 2023

ANNUAL REPORT





# ≡ Contents

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## ABOUT SCA

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### Introduction

This is SCA	2
The year at a glance	4
CEO's message	6

### Value creation

What to expect as a shareholder in SCA	9
The forest forms the foundation for SCA's value creation	11
Climate benefit	16
Sustainability targets	20

### Strategy and operations

Operating environment	27
Strategy	30
Forest	34
Wood	40
Pulp	44
Containerboard	48
Renewable Energy	52
Logistics	58
The share and the shareholders	60

## REPORTS

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### Board of Directors' Report

Board of Directors' Report	62
Sustainability reporting in accordance with the Swedish Annual Accounts Act	66
Risks and risk management	67
Corporate governance	76
Presentation of the Board of Directors and Auditors	84
Presentation of the Executive Management Team	86

### Financial statements and notes

Consolidated income statement	88
Consolidated statement of comprehensive income	89
Consolidated statement of change in equity	90
Consolidated balance sheet	91
Consolidated cash flow statement	92
Table of notes	93
Group notes	94
Parent Company income statement	129
Parent Company statement of comprehensive income	129
Parent Company statement of change in equity	130
Parent Company balance sheet	131
Parent Company's notes	133

### Sustainability disclosures

Contents	138
Strategy for sustainable development	139
General disclosures	140
Environmental disclosures	149
Social disclosures	169
Disclosures related to responsible business conduct	177

### Other

Signatures	180
Auditor's report	181
Limited Assurance Report on the Sustainability Report	185
GRI index	186
Financial multi-year summary	188
Non-financial multi-year summary	189
Definitions and glossary	190
About the Annual General Meeting	191

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The formal annual report comprises pages 62–75, 88–137 and 180. The scope of the Sustainability Report in accordance with the Swedish Annual Accounts Act is described on page 66. The Sustainability Report according to GRI is summarized in the GRI index on pages 186–187. The Corporate Governance Report is on pages 76–87.

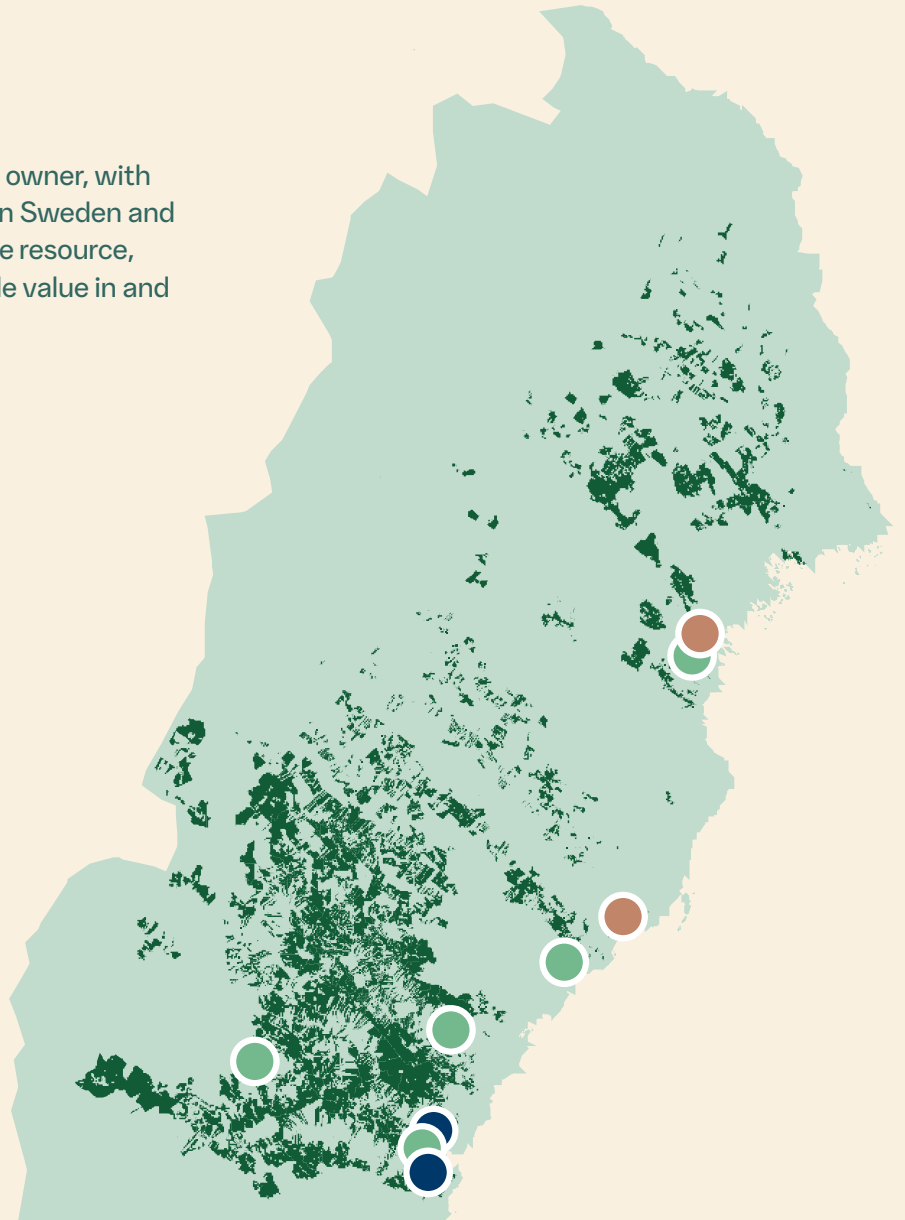
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The Swedish language version of the Annual Report is official. In the event of disparities with the English version, the Swedish version prevails.

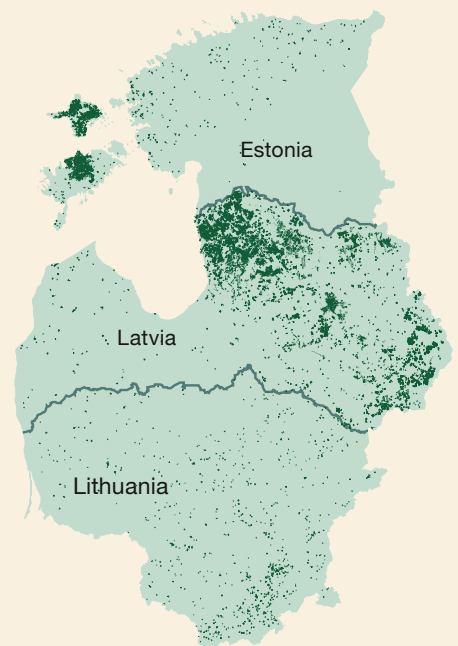
# This is SCA

SCA is Europe's largest private forest owner, with 2.7 million hectares of land in northern Sweden and the Baltic region. Based on this unique resource, SCA generates the maximum possible value in and from the forest.

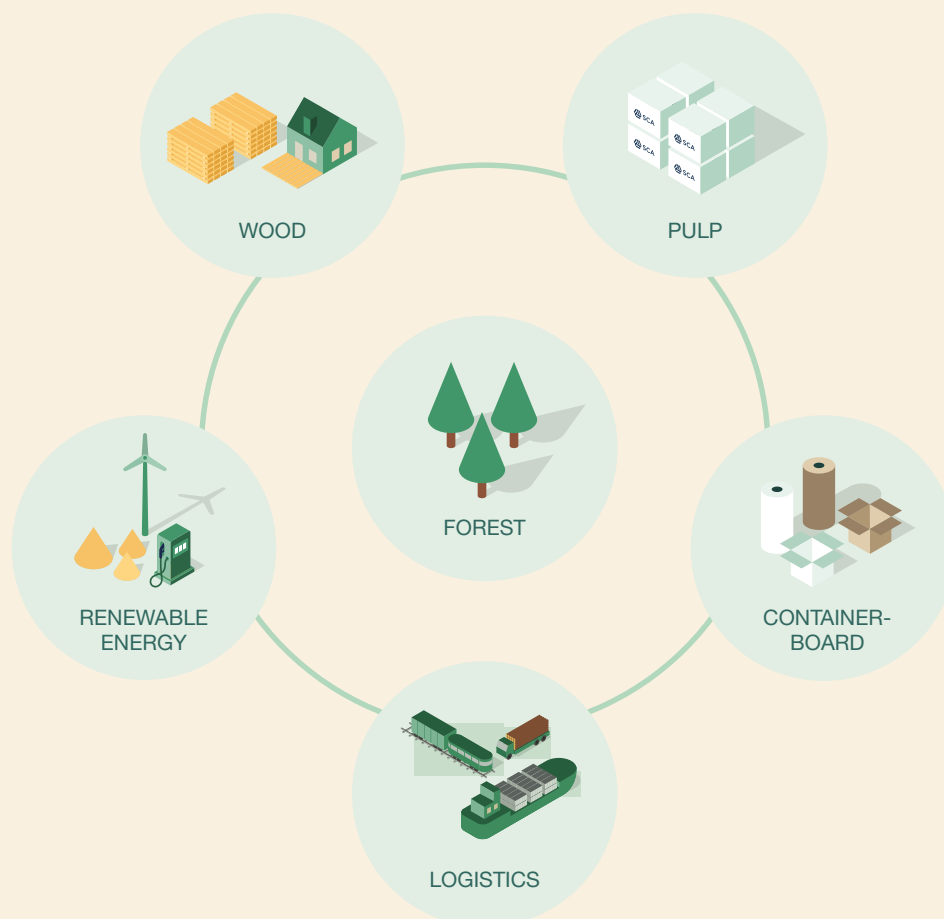
**2.7**  
million hectares



- Pulp mills
- Sawmills
- Kraftliner mills
- SCA's forest holdings



The forest is at the core of SCA's operations. SCA has built an integrated and well-invested industry around this renewable resource, utilizing and maximizing the value of the entire tree. Using this raw material, SCA develops products for customers all around the world.



**Forest**

The forest is at the core of SCA's operations. Around this core, SCA has built an industrial ecosystem that maximizes value creation in and from the forest. Forest land also provides value in the form of energy production from wind power and opportunities for hunting and leisure activities.

**Wood**

Two thirds of the revenue for forest owners come from sawmills. This is why SCA has created a competitive sawmill industry that acts as an economic engine of the forest business and creates the conditions for a competitive fiber-based industry.

**Pulp**

Most of the wood that is unsuitable for use in solid-wood products is used to make pulp. A pulp mill also produces green chemicals, green electricity, heating and raw materials for biofuels, for example.

**Containerboard**

SCA produces containerboard – paper for transport packaging. Integrated paper mills produce green chemicals, green electricity, heating and raw materials for biofuels, for example.

**Renewable Energy**

From the raw materials that are not used for solid-wood products, paper, or pulp, SCA produces energy, green electricity, biofuels and green chemicals. SCA's forests offer favorable sites for wind power production.

**Logistics**

Efficient logistics are crucial for a forestry company. Raw materials must be shipped cost-efficiently to industrial facilities and products must be delivered to customers worldwide.

# The year at a glance

In 2023, SCA demonstrated that the company can deliver good profitability even in times of austerity and a challenging global economic climate. Efficient industries and a high level of self-sufficiency in wood, energy and logistics ensure good cost control. This meant the company could report an EBITDA margin of 38% for the full year.

Net sales

**18,081**

SEKm

EBITDA

**6,807**

SEKm

EBITDA margin

**38%**

Earnings per share

**5.23**

SEK

Dividend per share

**2.75**

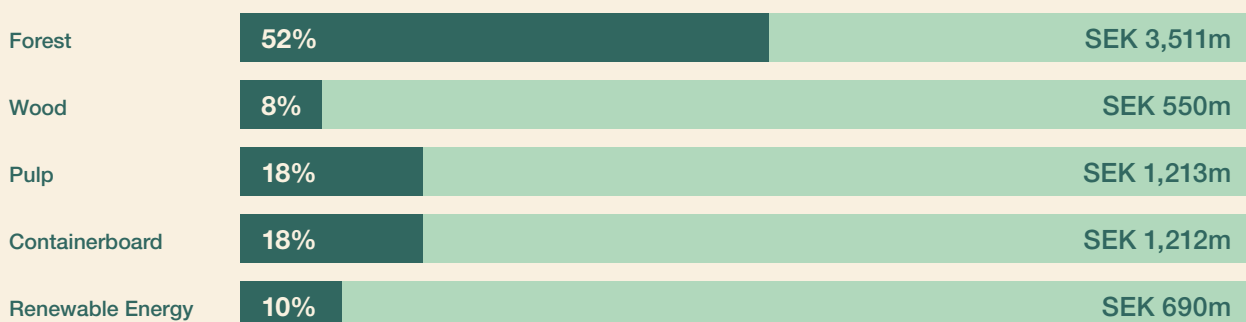
SEK

Climate benefit

**12.8**

million tonnes of CO<sub>2</sub>e

## EBITDA, share of Group 2023<sup>1)</sup>



<sup>1)</sup> SEK -369m is recognized in Other.



“Good profitability despite challenging global economy.”

## Key figures

SEKm	2023	2022	SEKm	2023	2022
Net sales	18,081	20,794	Strategic capital expenditures	1,510	4,351
EBITDA	6,807	10,194	Forest assets	107,481	97,882
EBITDA margin, %	37.6	49.0	Capital employed	115,050	106,347
Operating profit	4,857	8,642	Industrial return on capital employed, %	7.3	40.1
Operating margin, %	26.9	41.6	Net debt/EBITDA	1.6x	1.0x
Profit for the period	3,625	6,821	Average number of employees	3,413	3,313
Earnings per share, SEK	5.23	9.61	Accidents, LTA per million hours worked	4.3	3.1
Proposed dividend per share, SEK	2.75	2.50	Climate benefit, million tonnes of CO <sub>2</sub>	12.8	13.7
Operating cash flow	2,985	5,685			

*SCA supports the Ten Principles of the UN Global Compact in human rights, labor, environment, and anti-corruption.*

CEO's message

# SCA a safe haven when storms rage in the world around us

As a shareholder in SCA, you own a portion of SCA's forests and are part of the positive future toward which they contribute. With its well-invested industries, competent employees and high degree of self-sufficiency in wood, energy and logistics, SCA has delivered a strong performance in a difficult-to-navigate environment.



SCA has the stability and capacity to deliver good profitability despite lower demand and prices due to a weaker economic climate. The full-year EBITDA margin of 38% indicates that SCA is a safe haven for good earnings, even when global economic winds howl and inflation erodes customer purchasing power. One important reason for the good performance is the company's high degree of self-sufficiency in forest raw materials, energy and logistics, which creates the basis for maintaining good cost control and profitability in a challenging global market.

### Prepared for a bright future

SCA's operations are based on a secure, sought-after and scarce resource – the forest – and on a well-integrated value chain in which each link strengthens the others and the sum creates more value than each individual link. This is how we maximize the economic and climate benefit of each tree.

In recent years, we have made a number of strategic investments that strengthen the value chain and increase our production capacity in prioritized product areas. The investments were completed before inflation gained momentum and could therefore be completed within the established financial framework.

Our largest investment was carried out at the paper mill in Obbola, where we increased kraftliner production capacity from 450,000 tonnes to 725,000 tonnes. Investment projects in sawmill operations were also completed and include a state-of-the-art dry sorting line and digital solutions at the Bollsta sawmill. These investments have led to improved productivity and increased volume and value yield from the high-quality sawlogs in northern Sweden. During the year, we also decided to acquire the remaining 50% of Gällö Timber AB, thus becoming the sole owner of the sawmill.

In Gothenburg, the process to start up the jointly owned biorefinery was initiated. The refinery will manufacture liquid biofuel from products such as tall oil from our pulp mills for the aviation sector and other uses.

Throughout the year, systematic and intensive efforts have also been underway to gradually increase production at plants where we recently completed strategic industrial investments. Through the investments, we are mobilizing ahead of a future economic recovery, and with the aim of meeting growing demand for climate-smart products made from raw materials from certified and responsibly managed forests.

### Expanding sectors of the future

As of 2023, the Renewable Energy business area is reported as a separate segment. The business noted strong growth during the year and we can still see significant potential for profitable growth. The climate transition and greater focus on resource efficiency mean fossil-free energy products from the forest and our industries are becoming valuable input goods in the production of sustainable bioenergy. As one of Europe's leading producers of sustainable bioenergy, we see that the bioenergy business has clear potential for growth when Sweden, Europe and the world raise their ambitions to reduce the use of fossil-based raw materials in fuels and for heating.

20% of Sweden's installed wind power capacity is located on SCA's land. We are well-placed to further develop wind power and thus ensure a high degree of self-sufficiency in electricity, even as we gradually grow our industrial operations.

The company's first wind farm, in Markbygden near Piteå, has contributed to a healthy level of self-sufficiency in electricity throughout the year. During the fall, SCA acquired a large and modern wind power project in Bräcke Municipality, in Jämtland. The farm is scheduled to begin operating in early 2026 and will strengthen and secure the company's supply of fossil-free electricity as the industrial business grows.

### The forest drives climate benefit

Our forest and the products we bring to the market greatly benefit the climate. The total climate benefit in carbon dioxide equivalents for full-year 2023 amounted to almost 13 million tonnes, which is a positive benefit that corresponds to more than one quarter of Sweden's emissions. Almost half of the

“As SCA's industries increase their capacity, their ability to generate climate benefit also grows.”

climate benefit is created through our growing forests' capacity to bind CO<sub>2</sub> while the remaining share is from the use of raw materials in climate-smart products that bind carbon dioxide and can replace products with a larger carbon footprint. This means that as SCA's industries increase their capacity, their ability to generate climate benefit also grows.

### Safety first

Over the past year, we have continued our journey to create a work environment that is not only productive, but above all safe and healthy for all of our employees. Our commitment to safety is deeply rooted in our corporate culture and is reflected in our daily operations. The ZERO initiative establishes our shared safety culture, in which we actively endeavor to eliminate workplace accidents and promote an atmosphere in which every employee feels safe and valued. Our systematic and proactive safety efforts, enhanced through management training courses and behavior-based safety, clearly show our commitment to always put the health and safety of our employees first.

### All forest values

We nurture and manage the forest to ensure the gradual increase of its contribution to a sustainable future. Concurrently, we create thousands of jobs in northern Sweden, tangibly contribute to Sweden's trade balance and nurture all of the forest's other values, its biodiversity and the experiences in nature that it offers – as well as the forest as a base for other businesses.

As a shareholder in SCA, you own part of our forests and partake in the positive future toward which they contribute.

### Ulf Larsson

President and CEO



VALUE CREATION

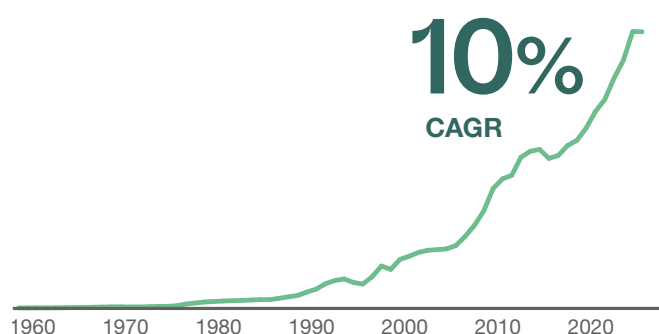
# SCA maximizes value creation in and from the forest

# What to expect as a shareholder in SCA

With 2.7 million hectares of land, SCA is Europe's largest private forest owner. Around this renewable resource, SCA has built a well-invested value chain that maximizes the value of each tree. Combined with a high degree of self-sufficiency and a robust project portfolio, this enables long-term and increasing returns for SCA's shareholders.

## Stable and profitable value growth over time

Total return, forest in Sweden (index 1956–2023)



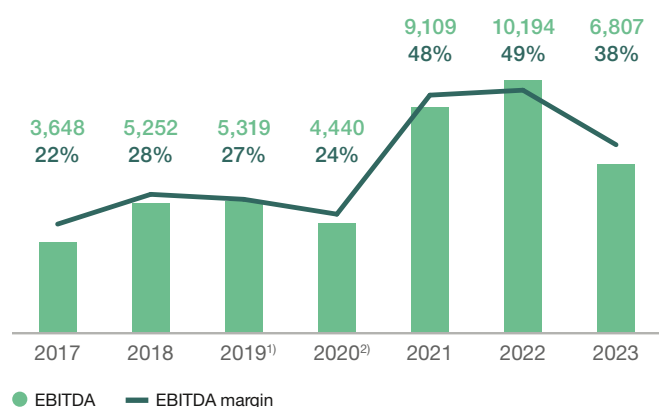
With 2.7 million hectares of land, SCA is Europe's largest private forest owner. Forest is a real asset that protects against inflation and generates stable profitability and value growth. Since 1956, forest assets have provided an annual total return of about 10%.

→ Read more on page 39.

Source: The Swedish National Forest Inventory, the Swedish Forest Agency, Ludvig & Co, the National Land Survey, Svefa, FutureVistas.  
Note: Cash flow is reinvested in forest.  
CAGR: Compound Annual Growth Rate.

## A robust project portfolio that ensures competitive returns

EBITDA and EBITDA margin



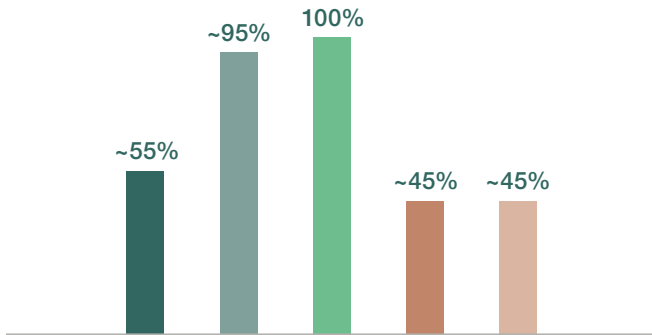
SCA is a forest company with modern, well-invested industries close to the forest holding. Important investments in the future are taking place in all product areas that increase production, quality and competitiveness. The robust project portfolio comprising strategic capital expenditures in forest and industry ensures long-term competitive returns.

→ Read more on pages 32–33.

<sup>1)</sup> Excluding the impact of the changed accounting method for the valuation of forest assets.  
<sup>2)</sup> Excluding the effect of one-off items related to the discontinuation of publication paper operations.

## High degree of self-sufficiency provides stability in the cost base

Degree of self-sufficiency by area



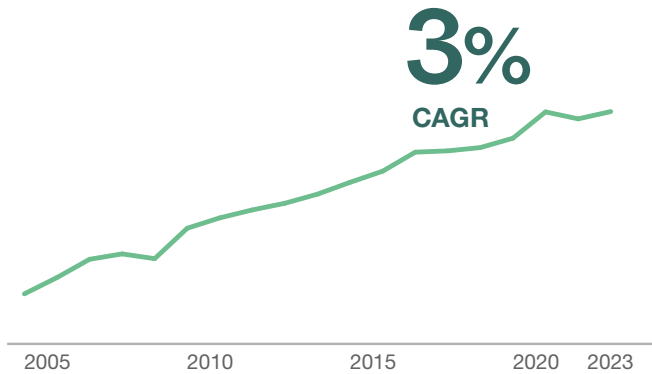
SCA uses the entire tree in an industrial ecosystem, ensuring efficient use of resources with a high degree of self-sufficiency in wood, energy and logistics that largely counteracts cost increases. In parallel, competitive industries have a high payment capacity for wood raw material and secure the long-term value of the forest.

→ Read more on pages 28–29.

- Forest raw materials, M m<sup>3</sup>
- Electricity consumption, TWh
- Solid biofuels, TWh
- SCA Logistics, SEKbn
- Transportation fuel, tonnes

## SCA's products are meeting rising demand and contribute to a more sustainable society

Global demand for Containerboard



Historically, there has been a growing, long-term demand for all products manufactured by SCA, and these products also meet rigorous sustainability and quality standards. Renewable products, such as solid-wood products, biofuels and packaging paper made using trees from SCA's forests can replace fossil fuels, plastics and concrete. SCA's products and forest have an increasingly important role to play in the transition to a more sustainable society.

→ Read more on pages 34–59.

Source: Numera.

## SCA contributes climate benefit corresponding to more than one quarter of Sweden's emissions

SCA's climate benefit 2023



Growing forest binds CO<sub>2</sub>. Combined with higher production of renewable products and investments in sustainable technology, SCA's climate benefit is increasing. In 2023, total climate benefit from SCA's forest and manufacturing industries amounted to almost 13 million tonnes of CO<sub>2</sub>. SCA is also one of Europe's leading producers of renewable bioenergy, which helps to mitigate climate change.

→ Read more on pages 16–19.

- Forest carbon
- Wood-based carbon
- Prevented emissions
- Emissions in the value chain
- Climate benefit 2023

# The forest forms the foundation for SCA's value creation

**Growing and well-maintained forests form the foundation of the values created by SCA. The forest is processed in competitive industries to make products with long-term growing demand and new seedlings are planted to secure the future.**

SCA's business creates employment and income for forest owners, contractors, employees and customers while benefiting the climate. Growing forests that capture and store CO<sub>2</sub> and a competitive industry that manufactures products that can replace those with a larger carbon footprint also generate favorable returns for shareholders.

Profitable growth is a prerequisite, enabling SCA to continue to make important investments in forest and industry in order to maintain strong cash flows. Ultimately, this improves opportunities for good silviculture, and thus higher growth in SCA's forests, which also enhances the climate benefit.

## A vibrant local community

SCA is an important source of economic activity and welfare in northern Sweden and the company's products provide benefits worldwide. Of all SCA's payments in 2023, more than half were to recipients in Sweden's four northernmost counties, where most of SCA's forests and industrial operations are located.

Together with its local community engagement, SCA forms the basis for sustainable development in the communities in which we operate.

## All forest values

SCA nurtures and manages the forest to ensure the gradual increase of its contribution to a sustainable future. Through responsible forest management, SCA provides raw materials for renewable products, nurtures biodiversity and contributes to the experiences offered by the forest.

SCA's large forest assets in northern Sweden and the Baltic region are managed to ensure long-term value creation.



## Economic value creation 2023

The bar represents the total inflow into SCA

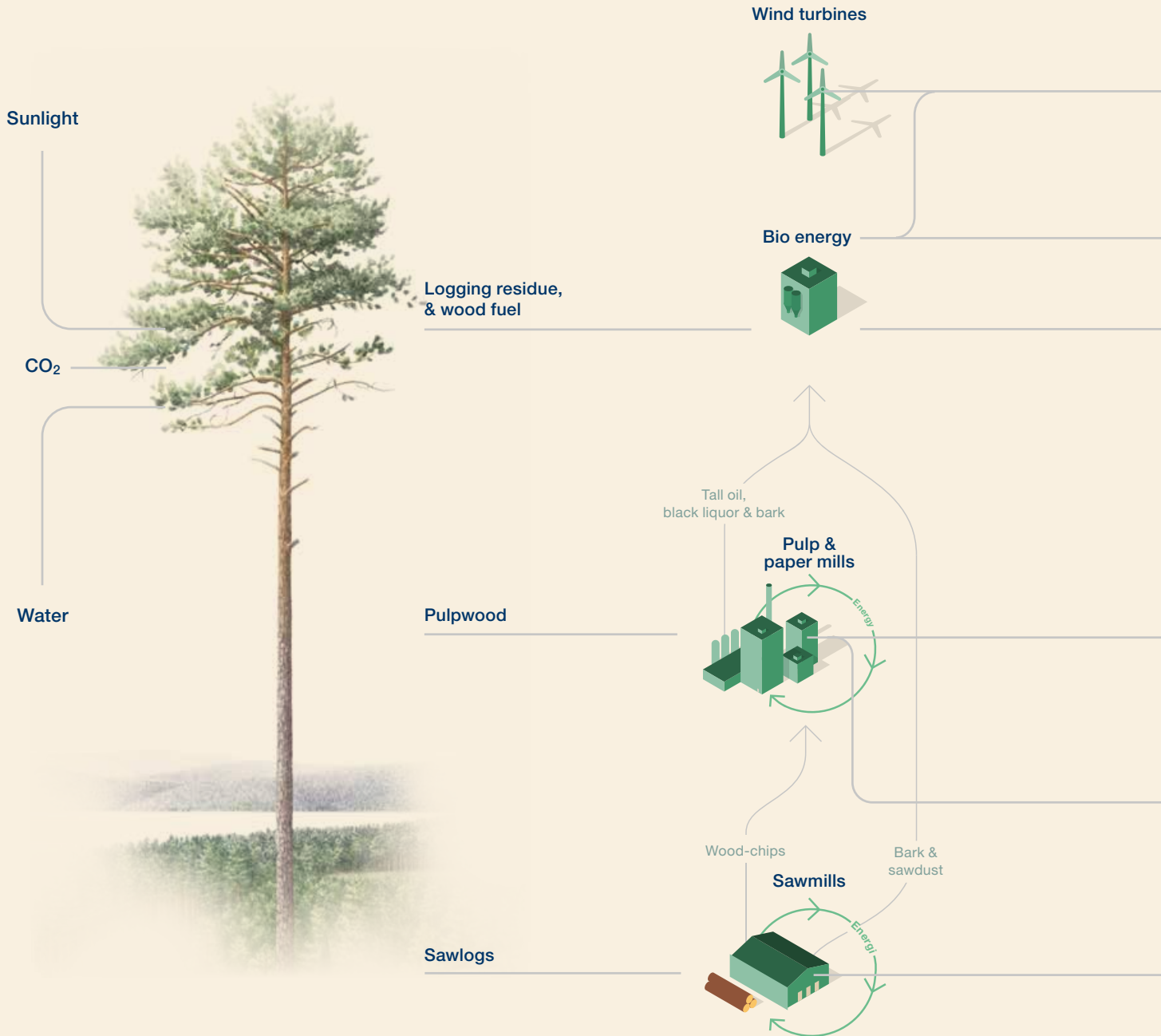


- Payments to suppliers, including private forest owners
- Investments in future value creation in forests and industry
- Dividend to shareholders
- Salaries, social security costs and pension provisions to SCA's employees
- Taxes paid to society
- Other

SCA is an important source of prosperity and welfare. The company's operations generate economic value for shareholders, employees, suppliers, investors and society. A large portion of payments to suppliers are made to SCA's local area in northern Sweden. This is particularly the case for purchasing wood raw material and contractors' services.

# From forest to benefits for a greener society

Trees from SCA's well-maintained, growing and certified forests are at the core of our business. For maximum resource efficiency, the entire tree is used, and by-products from sawmills and pulp mills, for example, are further refined. This is financially efficient and climate-smart, while also helping society to replace fossil materials and fuels.



**The forest forms the foundation for operations...**

**...that is processed in well-invested industries...**

Electricity



Heat



Pellets



Liquid biofuels



Pulp



Containerboard



Solid-wood products



Profitable growth



Fossil-free world



More valuable forests



Efficient use of resources



**...that produce renewable products...**

**...and sustainable development while generating value in society.**

## Forest value grows through SCA's industries

**When SCA invests in industrial growth, it helps to secure and raise the value of the forest. This benefits SCA as well as all private forest owners with whom the company cooperates and forms the basis for economic sustainability that provides forest owners with the conditions to nurture the forest's diverse values. There are about 100,000 private forest owners in northern Sweden who create natural variation in forest planning, management and nature conservation measures.**

Birgitta Velander, one of the many small-scale private forest owners, emphasizes a long-term perspective and economic sustainability as central elements of her forest ownership.

"I run a business with a rotation period of 100 years, where tree rings are added to tree rings and handed over to future generations. The future will prove the significant value of the forest and forest owners, particularly in terms of the creation of climate benefits," says Birgitta Velander.

Birgitta Velander is one of many thousands of private individuals in northern Sweden helping to secure the important 50% share of SCA's raw material needs that are not sourced from its own forests.

She describes her roughly 240 hectares of forest land in Sundsvall Municipality as a place for diversity, with variation in terms of age, tree species and soil conditions. At present, the share of deciduous and pine is increasing in her stand and the forest management plan provides a good overview while certifications and legislation set the framework for how forest operations can be run.

Birgitta explains that the forest itself tells her about its preferences and development potential.

"I grew up with a father who was a forest warden, as was his father in the 1800s. I think I have inherited a forest gene and try to nurture all of the forest's values. Production values are important, but the forest must also be a place that creates physical and mental well-being, or where you can go mushroom picking or 'forest bathing'," she says.

Among the country's more than 300,000 individuals who own forest, there is natural variation in how the forest is planned and managed and in the nature conservation measures employed.

In some respects, Birgitta Velander has been a pioneer. For example, she was one of the first to identify and undertake the restoration of a wetland area, which she understood could contribute to richer fauna while also creating climate benefits. There was no doubt in her mind that this was the right thing to do.

"I want to be sustainable and show consideration in my forest management practices, invest in initiatives that strengthen the environment and make adjustments to address climate change. At the same time, income is required to make all of this possible. And to generate income, it's necessary to have forest production that supplies forest industries and creates value".

"I feel the Swedish Forest Agency and SCA provide me with support and answer my questions as I strive to achieve diversified forest management. This is valuable help, though the final decision is my own. It's a great responsibility, but also a great pleasure," says Birgitta Velander.

Birgitta points out that forestry is – for obvious reasons – a long-term endeavor and spans generations. She believes that the forest and forest owners, who have created great benefit for society in the past, may have an even more prominent role in the future.

"The forest gives so much. In addition to binding large volumes of CO<sub>2</sub>, it makes it possible to produce everything from climate-smart construction materials to pulp. The forest also offers us an opportunity to replace plastic with new materials and manufacture renewable biofuels. That is why I believe the future will prove the significant value of the forest and forest owners to society," says Birgitta Velander.



**"The future will prove the significant value of the forest and forest owners, particularly in terms of the creation of climate benefits."**

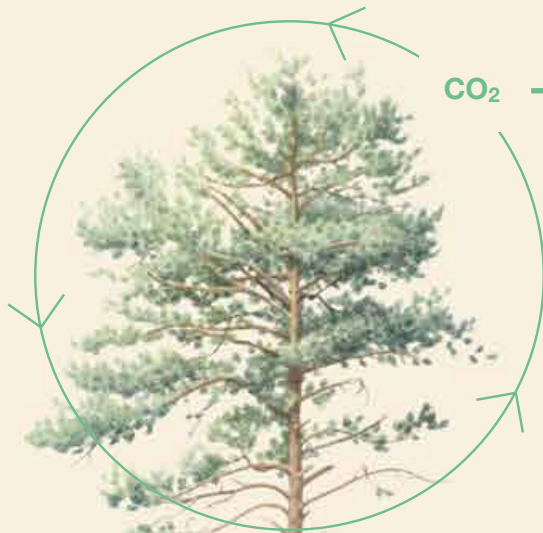




# SCA's climate benefit

SCA's responsibly managed and growing forests bind CO<sub>2</sub>. The net volume of bound CO<sub>2</sub> increases when growth is higher than harvesting. Harvested timber is used in products that store carbon and enables the phasing out of fossil carbon.

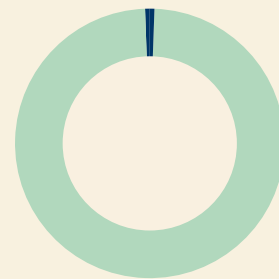
**Growing forest binds CO<sub>2</sub>**



**Active forest management encourages growth**

- Improved seedlings.
- Active silviculture.
- Contorta pine.
- Fertilization.

**SCA borrows biomass from nature's green carbon cycle to make products**

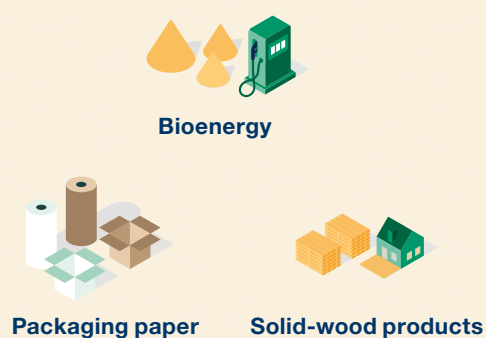


● Carbon store  
● Harvesting

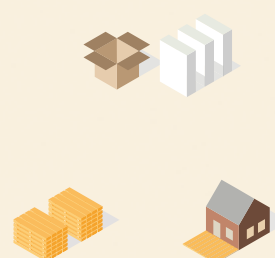
Growing trees capture and bind carbon dioxide (CO<sub>2</sub>). The more they grow, the more carbon they bind. With net growth in SCA's forests, this carbon store is constantly increasing in growing forests and forest land.

SCA utilizes part of this growth as renewable raw material to manufacture products that enable the phasing out of fossil carbon. Thereby, fossil carbon can stay in the ground and forests can remain vigorous and growing.

### SCA's renewable products replace non-renewable products



### Carbon is stored in renewable products during the lifecycle of the product

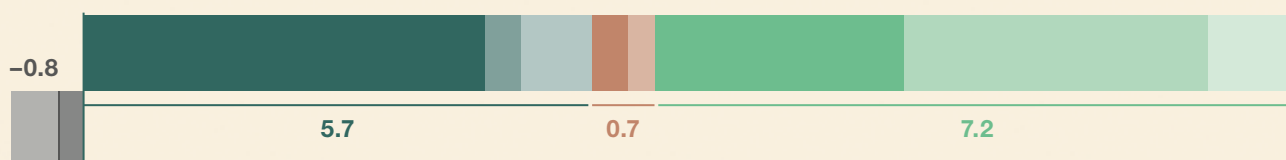


SCA offers products that replace alternatives with a higher environmental and climate impact, thereby contributing to the success of its customers and the sustainable development of society. At the same time, emissions in its own value chain are steadily being reduced.

Carbon from the forest is stored in products for a shorter or longer period, depending on the lifecycle of the products.

## SCA's climate benefit correspond to more than one quarter of Sweden's emissions million tonnes of CO<sub>2</sub>e

# 12.8



#### Emissions in the value chain

Total emissions of fossil carbon in the value chain, from forest operations to customers.

- Scope 1, direct emissions, 0.3
- Scope 2, purchased electricity and energy, >0.0
- Scope 3, purchased goods and services, 0.5

#### Forest carbon

SCA's growing and well-managed forests bind carbon dioxide.

- Net uptake in own forest, 4.5
- Low-productive forest land, 0.4
- Soil carbon, 0.8

#### Wood-based carbon

Carbon from the forest is stored in products.

- Solid-wood products, 0.4
- Paper and pulp, 0.3

#### Prevented emissions

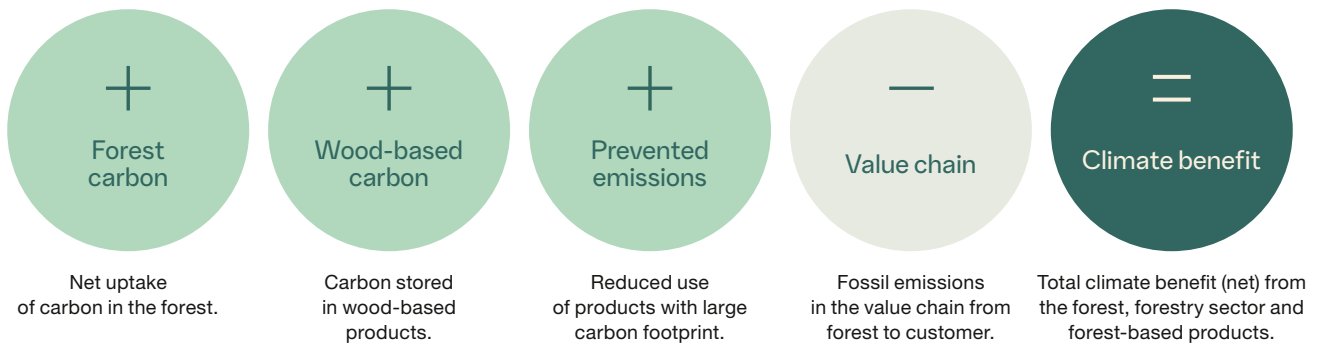
SCA's renewable products can replace non-renewable products.

- Solid-wood products, 2.8
- Pulp and paper, 3.4
- Bioenergy, 1.0

The model to calculate climate benefit was further developed in 2023. For more information, refer to Sustainability disclosures, pages 154–155.

# A robust climate model is evolving and harmonized with the surrounding world

The function of the climate model is to provide a clear and accurate overall picture of the forest's role in climate change. This includes quantifying the positive impacts of the forest's uptake of CO<sub>2</sub> and storage of carbon, and the contribution from forest-based products when they can replace fossil raw materials and enable the phasing out of fossil carbon – but also the negative impact of SCA's own fossil CO<sub>2</sub> emissions.



SCA is highly ambitious in its climate efforts and started to report yearly total climate benefit in its 2018 Annual Report.

Since 2022, the model has been maintained and developed by the Swedish Forest Industries federation in collaboration with the Forest Research Institute of Sweden (Skogforsk), among others, to enable harmonization with national reporting and continuous improvements in pace with new research. Additionally, standardization is underway within the framework of the International Organization for Standardization, ISO, on how to calculate climate benefit from the forest and forest products.

The model was supplemented in 2023 with a new component in the form of storage of CO<sub>2</sub> in wood-based products to increase the level of detail and provide an even clearer overall picture. Products with a long life, such as solid-wood products

in buildings, provide greater benefits than alternatives with a shorter lifespan. The calculations for other components were further developed with the addition of net storage in low-productive forest and with carbon storage in the soil. Fossil emissions in the value chain are reported using the global Greenhouse Gas Protocol and apply to activities ranging from forest operations all the way to the customer's gate. The related emission reduction target are supported by science and aligned with the Paris Agreement's 1.5°C goal, and the calculation method was updated in 2023 to estimate the products' capacity to replace other products and create climate benefit using new available research. For more information on emission targets, refer to Sustainability disclosures, page 144.



Carbon is stored in Harvested Wood Products. Products with a long life, such as solid-wood products in buildings, provide greater benefits than products with a shorter lifespan.

# Sustainable development in a green bioeconomy

SCA's sustainability platform is built on six components that contribute together to all of the UN's 17 Sustainable Development Goals. In prioritized areas, the company has established long-term Group targets. This means the platform is a robust tool that ensures that sustainability in a green bio-based economy is systematically prioritized in the company's decision-making processes.

SCA has a vision of a resource-efficient, green, circular bioeconomy that creates global benefits by growing and gaining market share from fossil raw materials year by year. At the same time, the forest's natural, cultural and social values are preserved and given the pre-conditions to develop.

These are growing forests, where each harvested tree is re-planted with 2–3 new seedlings, thus building a larger and stronger forest base. This makes it possible to increase the raw material flows, boost production of climate-smart products and ensure forests that are richer in timber.

For some time now, a parallel project has been underway in which active improvement initiatives are combined with

low-impact forestry methods and increased consideration for natural environments and biodiversity. Over time, this changes the forest's structure and gradually moves it toward a richer range of important habitats.

SCA uses a sustainability platform that is based on the UN Sustainable Development Goals, stakeholder expectations and business intelligence as a means of support to verify the various sustainability perspectives. The sustainability platform and the targets are regularly revised to remain aligned with current knowledge and the overall strategy of the business.





## Value-based culture

**Target:** An accident-free and healthy SCA where all employees comply with SCA's Code of Conduct.

The company's Code of Conduct and Supplier Standard help managers, employees and suppliers to act in line with SCA's values.



## Profitable growth

**Target:** Leading total shareholder return (share performance including dividends).

A leading performance and stable and increasing dividend to shareholders form the foundation for a strong financial position and long-term sustainable value creation.



## Fossil-free world

**Target:** Climate benefit of at least 10 million tonnes CO<sub>2</sub>e per year.<sup>1)</sup>

High net uptake of CO<sub>2</sub> in the forest, low fossil emissions and the manufacture of climate-smart products counteract global warming.



## Valuable forests

**Target:** 100% of wood raw material shall come from responsibly managed forests.

The forest's value is preserved and developed through responsible use of SCA's own forest, full traceability in external timber procurement and close collaboration with authorities, suppliers and stakeholders.



## Efficient use of resources

**Target:** Zero waste, meaning nothing goes to waste.

SCA maximizes value creation from the forest by ensuring the entire tree is used in resource-efficient processes with a reduced impact on water and air.



## Sustainable development

**Target:** SCA contributes to sustainable development in the communities in which we operate.

SCA actively contributes to sustainable development in the communities where our forests grow and where our products are manufactured and used.



<sup>1)</sup> New target effective from 2024 according to updated calculation model.

# SCA works proactively to increase the viability of our certified forest environments

SCA's most important sustainability target for forest management is to promote biodiversity. This requires varied habitats in our certified forests and endeavoring to develop, preserve and recreate such conditions for species with special needs.



Forest wetlands are important for biodiversity.

## Promote biodiversity

Efforts to promote biodiversity include ecological landscape planning, strategic voluntary set-asides of the right habitats for rare species, active measures to support SCA's Species Commitment, nature conservation landscapes and the recreation of valuable habitats.

By taking the right action in the right place, we achieve high precision and efficiency in actions to preserve and strengthen biodiversity.

## SCA recreates valuable wetlands

SCA regularly launches initiatives to restore wetlands, such as mires and bogs, either through its own restorations or as host when other participants finance, plan and undertake measures.

By implementing these measures, SCA helps to restore more wetlands and thus a valuable type of environment in which many animals are given better conditions to thrive, including wading birds, batrachians, insects and certain flora.

In some cases, rewetting not only benefits fauna, but also has climate benefits.

In 2023, the company completed several land restorations and also has several ongoing projects.





White-backed woodpeckers.

### Rare woodpecker testament to SCA's forest management

A very rare nesting pair of white-backed woodpeckers were observed on SCA land in Västerbotten. The species, which is classified as critically endangered on the Swedish Red List, requires a specific habitat and only about 40 individuals are believed to be in the country.

SCA has therefore included the bird in its Species Commitment and is conducting active measures to continue developing the broad-leaved forest environment needed by the bird.

The white-backed woodpecker is considered an umbrella species, which means the species' habitat needs reflect the needs of about 200 other red-listed plant and animal species.

The observation of the bird is therefore an indication that SCA's silviculture in the area has created very high conservation values that provide suitable conditions for significantly more unusual species.

“By taking the right action in the right place, we achieve high precision and efficiency in actions to preserve and strengthen biodiversity.”

### SCA's conservation parks create many benefits

SCA has established five conservation parks in northern Sweden, one in each province. These parks are distinguished by greater biodiversity than the surrounding forest landscape, and in them, SCA strive to promote all aspects of sustainability. With their large area and focus on nature conservation, cultural history and outdoor activities, the parks are an important step in preserving and developing the forest and biodiversity.

These areas often coincide with nature reserves and thus make it possible to conduct research.

For example, research confirmed the presence of the extremely rare beetle species, *Phryganophilus ruficollis*, in the Tjäderberget Conservation Park in Västerbotten.



*Phryganophilus ruficollis*.

Vibrant local communities

## SCA creates jobs in northern Sweden

**SCA's forest operations and industries are being developed as positive winds of change sweep through much of northern Sweden, bringing more and bigger industries. SCA has therefore launched a number of training programs to ensure good access to critical expertise, such as forest machine operators and purchasers, both now and in the future.**

SCA's operations create thousands of jobs, both directly in the company and in other parts of society, around the communities where the company conducts its operations. SCA employs roughly 100 forest machine operators and another approximately 600 work for the company's contractors.

The need for labor may rise as SCA increases harvesting to supply its expanding industry. SCA's forest resource is growing, which makes it possible to increase harvesting on its own land. SCA is also increasing its timber purchasing from private forest owners, which is usually conducted in the form of harvesting assignments, which means SCA is responsible for harvesting.

### **Need for many new machine operators**

More forest machine teams and forest machine operators are needed to address natural wastage for SCA and its contractors, and to increase harvesting on its own and third-party land. The company estimates that it will need approximately 60 new forest machine operators per year until 2025.

To meet this demand and to recruit staff with the right expertise, SCA has started its own course for forest machine operators. Course participants receive a salary during training and are then offered trial employment, either with SCA or with one of SCA's contractors.

Initially, 24 machine operators will be trained per year as part of this unique initiative in the industry, though additional places may be added during the course.

### **SCA's purchasing academy boosts expertise**

Purchasers constitute another strategic profession. SCA purchases input goods and services for significant amounts and skilled purchasers are crucial for ensuring cost control and profitability. The company therefore runs a purchasing academy to raise the level of expertise of newly recruited and existing purchasers.

The academy will focus on developing tactical purchasing skills, the purchasing process itself (including tenders, contracts and procurement), and strategic purchasing skills. Training in the latter is based on the company's strategic purchasing process.

Electricity, maintenance and automation are additional categories in which initiatives are in progress and opportunities are now being reviewed to develop future competence.





A photograph of a dense forest with tall, thin trees and a lush green undergrowth. The text is overlaid on the image.

STRATEGY AND OPERATIONS

**SCA stands on stable  
ground and is well  
prepared for the future**

# SCA and the macro environment

SCA's well-invested industries, competent employees and high degree of self-sufficiency give the company a stable ground in turbulent times, with the energy crisis in Europe, global inflation and rapidly changing interest rates that have severely shaken the global economy. At the same time, there is a rising long-term underlying structural need for climate-smart forest products and renewable energy. The latter will benefit SCA in the short and long term.

## SCA shows strength in the global economic slowdown

Russia's war of aggression in Ukraine and the escalating conflict between Israel and Palestine have created enormous humanitarian suffering and political turbulence. Russia's invasion also led to extensive economic sanctions. As a logical consequence, Russian wood raw material has disappeared from the market and competition has intensified in raw material sourcing.

Concurrently, energy prices in Europe soared as supply was curtailed, especially of Russian gas. This led to periods of double-digit inflation in the EU and a rapid adjustment, with central banks around the world being compelled to raise interest rates to counter inflation.

The measures put pressure on companies and consumers to make difficult financial priorities and led to a general drop in demand. Overall, this has created a situation with weaker demand for products, while the price of forest raw materials has increased. It has been a difficult challenge for the global forest industry.

As Europe's largest private forest owner, SCA's forest holding has provided a valuable base for its own supply of raw material. Combined with well-invested industries, competent employees, its own logistics and a high degree of self-sufficiency in energy, this created a platform that enabled the company to continue to report good results, even in a depressed global economy.

During the second half of 2023, inflation gradually returned to normal levels, which may provide the necessary basis for greater economic stability, optimism and thus stronger demand for SCA's products.

## Strong trend for energy

The energy crisis has created intensified and price-driven competition for energy sources, particularly natural gas, but also electricity, fossil fuels and biofuels. The generally higher price formation, combined with the large volumes of gas that have disappeared from the European market, have increased interest in forest biofuel.

In this situation, SCA's biofuel has noted a strong trend with very high demand and good profitability. During the year, SCA's energy segment reported very strong growth, supported by increased production capacity for pellets and continued investments in more wind power.

## Role of by-products may be upgraded

The increased interest in biofuel from forest by-products coincides with a sharp rise in the level of political ambition for fossil-free fuels. During spring 2023, as part of the EU's "Fit for 55" climate package, it was resolved to gradually increase the share of green and sustainable aviation fuel to 70% by 2050.

This means forest by-products – both tall oil from pulp mills and solid by-products from sawmills – have good prospects when the time comes to produce these fuels.



The new dry sorting line replaces two old lines and leads to significant efficiency enhancements and improved product quality and production.

SCA has already invested in capacity increases at several of the company's sawmills and the strong global trend toward climate-smart construction and resource efficiency indicates that the role of sawmills in future value chains should be strengthened.

For this reason, it is strategically important for SCA to continue to grow in solid-wood products, while maintaining a balance in relation to wood raw material.

## Increased forest holdings reinforce climate benefits

Forest holdings are of the utmost importance if we are to gradually grow the company's industries and create climate benefits through the products produced. For a number of years now, SCA has purchased forest land in the Baltic region. At the same time, the Russian war of aggression against Ukraine, as well as forest fires and insect damage in Canada, have led to a reduction in world supplies of raw material.

This gives SCA's forest holding and industries strong economic and strategic value when the EU raises its targets for the production of fossil-free fuel.

This means SCA, which already has a positive climate benefit of almost 13 million tonnes of carbon dioxide equivalents every year, has good prospects for further growth while contributing even more to combating climate change.

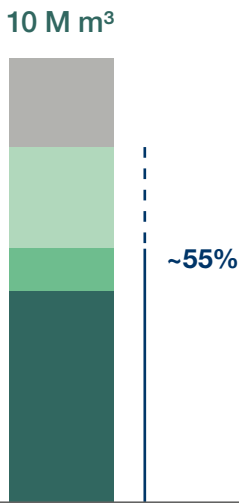
# Improved self-sufficiency offers greater security and control

SCA has a high degree of self-sufficiency through its integrated value chain. SCA's own large forest holding, own energy production and the company's logistics operations create the basis for good cost control and security.

## Forest raw materials

**~55%**

Degree of self-sufficiency



- SCA forests
- Chips from own sawmills
- Purchases from local forest owners
- External suppliers

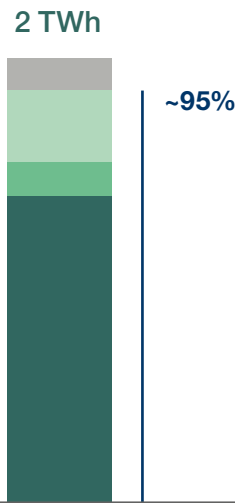
About half of SCA's raw material needs are provided by wood from the Group's own forests and chips from its own sawmills.

— SCA can influence  
 - - - SCA can partially influence

## Electricity consumption

**~95%**

Degree of self-sufficiency



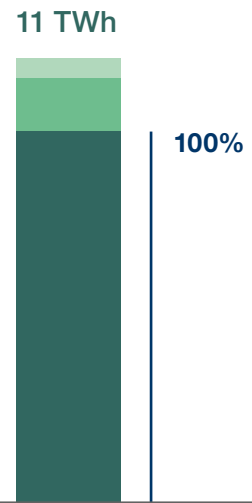
- Own production
- Own wind power
- Wind power leases
- External exposure

SCA's industries produce green electricity corresponding to approximately 1% of Sweden's consumption. In addition, wind power produces green electricity on SCA's land.

## Solid biofuels

**100%**

Degree of self-sufficiency



- Own production, used internally
- Sold externally
- District and waste heat

As one of Europe's largest manufacturers of biofuel, SCA is more than self-sufficient. Biofuel not used by SCA is sold externally.

The forest is the hub around which SCA's operations revolve. SCA has built an ecosystem of industries that utilizes and maximizes the forest's potential and value. A high level of self-sufficiency for wood raw material provides security of supply and cost control, as well as a basis for long-term and strategic development.

Energy is another area in which SCA has a high degree of self-sufficiency or provides a surplus to the market. The production of green electricity in SCA's own facilities and lease income from its own wind power largely corresponds to the electricity consumption. With production in balance with SCA's own consumption, a level of cost security is achieved in periods of fluctuating electricity prices.

In respect of biofuel, SCA has a significant surplus to offer customers outside the company. There is untapped potential

in this area when demand increases for renewable energy as an alternative to gas and other fossil sources.

After several years of widespread disruption in global and European logistics chains, significant value can be gained by having its own logistics organization to maintain the supply of raw materials and input goods and to guarantee secure customer deliveries.

SCA also has a substantial buffer in respect of transportation fuels, albeit not directly via an in-house supply. Through the delivery of tall oil for fuel production, SCA is partly compensated for high fuel costs. By increasing the involvement in liquid biofuel, through the company's joint-venture plant in Gothenburg, cost control will be further enhanced.

### Logistics

~45%

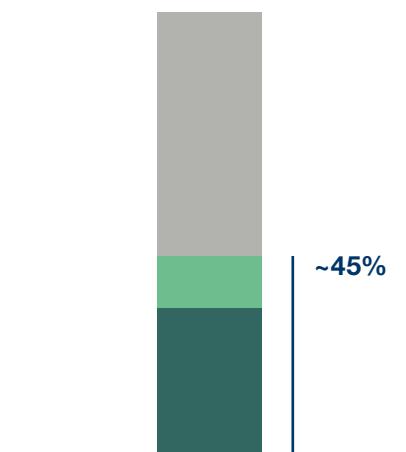
Degree of self-sufficiency

### Transportation fuel

~45%

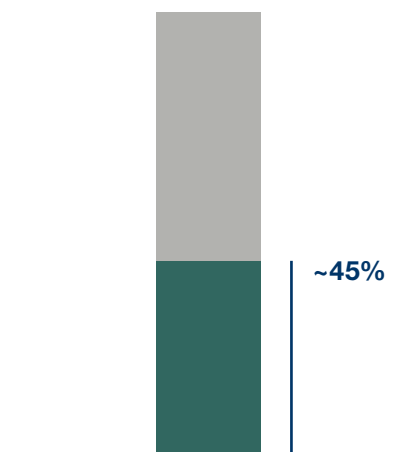
Degree of self-sufficiency

SEK 2.7bn



- Own vessels and terminals
- Long-term contracts
- External suppliers

100 ktonnes



- Tall oil
- External exposure

SCA has its own logistics organization that operates its own vessels and terminals. This helps SCA counter market turbulence and secure customer deliveries.

At year-end, the start-up began of SCA's joint venture biorefinery in Gothenburg for manufacturing biofuels. Tall oil – a by-product from pulp mills – is a raw material.

# SCA's strategy for profitable growth

High degree of  
self-sufficiency

Increased value  
from each tree

Growing, renewable  
forest assets



## High degree of self-sufficiency

Ensure high and balanced degree of self-sufficiency  
in forest raw materials, energy and logistics

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## Invest in the integrated value chain

Increase containerboard, wood and pulp  
production

Realize business opportunities  
in renewable energy

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## Increase forest resource

Increase growth and harvesting

Acquire forest land in the Nordic  
and Baltic regions

# SCA's strategic project portfolio drives profitable growth

SCA has developed the company's value chain using a long-term and systematic approach to maximize the value of forest raw materials. Investments in the industrial structure must be profitable on their own merits and add value throughout the chain.



A number of major investments and development projects have been completed, and production will gradually ramp up to full capacity. Obbola's production capacity has increased significantly, our pulp mills in Östrand and Ortviken have been prepared for greater capacity and the company's energy business has continued to grow through new wind power, increased pellets production and a joint venture plant in Gothenburg that manufactures liquid biofuel from SCA's tall oil.

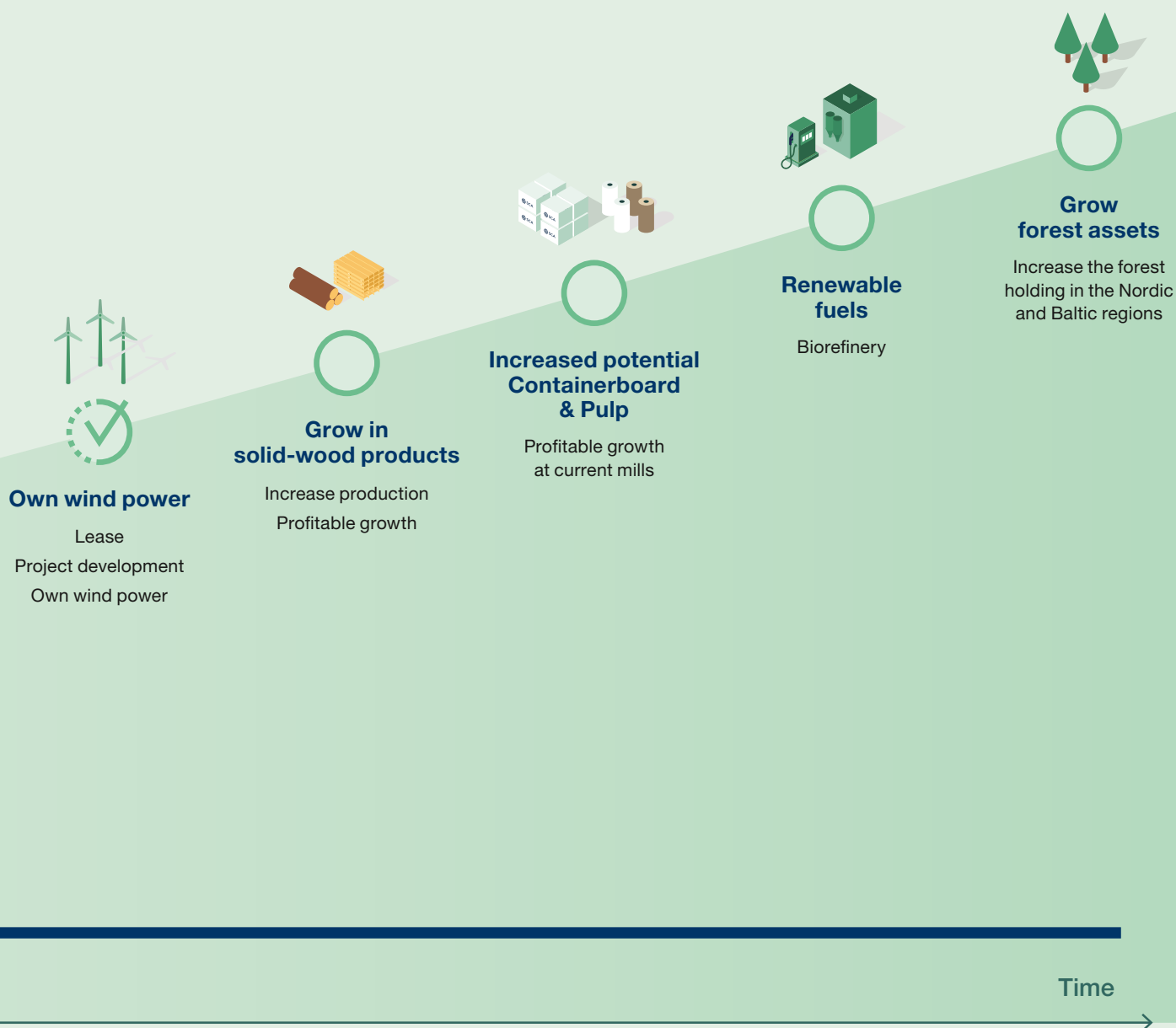
In parallel, the company's forest holding continues to grow, through investment programs in the Baltic region. The company wants this resource to grow, through proper management of the existing forest and through continued acquisitions.

Growth in forest assets also creates the conditions for growth in solid-wood products. Over the past year, investment projects in sawmills were completed, for example in the Bollsta sawmill, which is now very well-invested and highly efficient in a global context.

There is an ambition to continue the development of the company's sites and SCA is therefore actively examining possible projects in northern Sweden, not least among sawmills. This would, in addition to valuable solid-wood products, also strengthen the streams of by-products for further processing.

SCA's growing industries, major opportunities for continued development and other industrial expansion in northern Sweden means access to more fossil-free electricity is increasingly important. Onshore wind is now the cheapest method of producing new electricity in SCA's geography, and the production method with the lowest carbon footprint and environmental impact of all energy types.

Previously, SCA leased out land with favorable wind conditions, but became an active owner of wind energy production in 2023. This means the company's strategy now includes lease agreements, operation of its own wind farms and project development for its own operation or divestment.



## FOREST

# Europe's largest private forest holding

SCA's operations are based on a unique resource, Europe's largest private forest holding. The forest provides a secure and sustainable supply of renewable raw material, while SCA works to promote the growth in volume and value of this forest resource through long-term and active forest management as well as acquisitions.

SCA's forests are well-maintained and growing.

Elsewhere in the world, the picture is more mixed. In North America, large areas of forest have been ravaged by fires and suffered from extensive insect damage in previous years. Substantial areas of forest in Central Europe have also been damaged by insects.

War and conflicts are other reasons for the limited supply of wood raw material. Russia's war of aggression in Ukraine led to the discontinuation of timber imports from Russia, primarily to Finland, the Baltic region and Central Europe.

Many countries have complicated regulations for managing, owning and using forests, thereby limiting the potential for long-term and active forest operations. Ownership structures and access to infrastructure, such as roads and railways, are obstacles to the development of forestry in many locations.

One particular obstacle is access to a well-developed value chain. In many places, demand only exists for one or a limited number of timber products, which reduces profitability and hampers development.

At the same time, demand is increasing for solid-wood products and fiber products worldwide. Access to wood raw material will remain scarce moving forward, above all for sawlogs and softwood.

#### Reliable and high degree of self-sufficiency

SCA owns 2.7 million hectares of forest in northern Sweden and the Baltic region, of which 2.1 million hectares are productive forest land. At year-end, SCA's standing volume amounted to 271 million forest cubic meters (m<sup>3</sup>fo), 8 of which are in the Baltic region.

SCA wants to increase its forest holding and is acquiring forest where it can help to supply the company's value chain. In the Baltic region, SCA has an ongoing program to acquire 100,000 hectares of forest land, approximately 70% of which has been completed. In Sweden, legal opportunities to increase the forest holding are limited. Therefore, the company is

endeavoring to improve conditions for forest management and timber supply in the country through land purchases and sales.

About half of SCA's raw material needs are provided by wood from the Group's own forests and woodchips from its own sawmills. The high rate of self-sufficiency means that SCA is less exposed to price increases on forest raw materials than many other comparable forest products companies with significantly lower self-sufficiency. Due to SCA's investments in solid-wood products, pulp and containerboard, demand for raw materials is increasing. Nevertheless, SCA will retain its unique and high degree of self-sufficiency, even when the newly invested industries are operating at full capacity. The large forest holding, which is growing and developing, provides a reliable supply of raw material, facilitates investments and allows for greater flexibility.

Every harvested tree is replaced with at least two new ones. SCA's tree nursery supplied 103 million seedlings in 2023.

#### Timber purchases from private forest owners

SCA's well-invested industries also enable competitive payment rates for wood from private forest owners. Most of the timber that does not originate from SCA's own forests is purchased from private forest owners in northern Sweden.

SCA has created an organization for harvesting and silviculture in the region that makes the company an attractive partner for forest owners. SCA has forest expertise and resources including machinery and skilled professionals. These assets have been built up to manage SCA's own forest, but are also well adapted to take care of third-party forests.

SCA's well-invested industries establish the value, not only of the company's own forest, but also other forest owners' assets in northern Sweden and the Baltic region.

Timber purchased from private forest owners is supplemented by purchases from other forest companies and some imports from the Nordic and Baltic regions. Imports were at very low levels in 2023.

## Share of Group 2023





### Responsible forest management

SCA's forests are managed sustainably with the aim of keeping them at least as rich in biodiversity, nature experiences and raw material in the future as they are today. Preserving biodiversity by maintaining the many species of flora and fauna, is one of SCA's most important sustainability targets. Forest areas of high conservation value are set aside from harvesting or managed specifically to enhance conservation values. In all forest management activities, forest is set aside to provide variety and habitats for sensitive flora and fauna.

Good and secure working conditions for our personnel and contractors' employees is another important area of responsibility.

SCA's forest has been certified since 1999 in accordance with the requirements of the Forest Stewardship Council®

“Forest areas of high conservation value are set aside from harvesting.”

### Strategy

- Increase growth and harvesting.
- Strengthen competitiveness through increased productivity and efficiency.
- Acquire forest in the Nordic and Baltic regions.
- Increase the precision and quality of biodiversity conservation measures.

### Financial key figures

SEKm	2023	2022
Net sales	7,748	6,705
EBITDA	3,511	2,602
EBITDA margin, %	45.3	38.8
Operating cash flow	939	264
Strategic capital expenditures	343	809
Capital employed	87,683	79,943
Return on capital employed, %	4.0	3.3
Harvesting of own forest, thousand m <sup>3</sup> sub	4,951	4,434
Average number of employees	629	593

(FSC® C004466) and has also been certified since 2011 in accordance with the Programme for the Endorsement of Forest Certification (PEFC), (PEFC/05-23-131).

Independent, accredited auditors verify that SCA's forest operations meet the certification requirements. Products based on timber from certified forestry can in turn be certified and offered to customers with stringent sustainability demands. SCA also encourages its suppliers to certify their forest operations.

### Climate benefits and biodiversity conservation

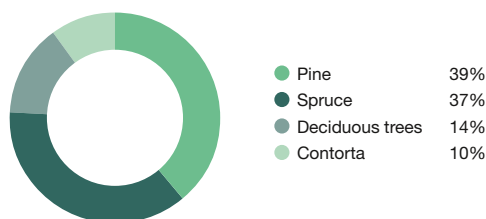
Growing trees capture and bind carbon dioxide (CO<sub>2</sub>). SCA's forests have an annual net growth of more than three million m<sup>3</sup>fo of timber, which means that the forests bind a net total of more than four million tonnes of CO<sub>2</sub>. Growth on low-productive forest land and the net increase in soil carbon contribute additional uptake and storage of just over one million tonnes of CO<sub>2</sub>. In total, this is seven times the total CO<sub>2</sub> emissions from fossil-based sources in all of SCA's value chain, including forest operations, industrial production, transportation of raw materials and finished products, as well as manufacturing of input goods.

Growth is what binds CO<sub>2</sub>. The greater the growth, the more CO<sub>2</sub> is bound by the growing tree. As trees age, growth slows and they are harvested and replaced with new, vigorous trees. In Sweden and the European Union, there are calls for the forest to remain standing and considered a carbon sink. However, as the trees in the carbon sink age, they will eventually die and rot, and the CO<sub>2</sub> will be released back into the atmosphere. Older forests are also susceptible to more dramatic events, such as insect damage or fire, where a forest dies on a larger scale and CO<sub>2</sub> emissions rise as a result.

SCA's forest in the Baltic region is an example of a positive climate effect. SCA owns more than 70,000 hectares of land in the Baltic region. This represents roughly 3% of SCA's productive forest land area. The sequestration of CO<sub>2</sub> and storage of carbon are increasing as forest maintenance improves and due to the land's high production capacity.

When a forest is actively managed and renewable raw materials are made into renewable products, fossil carbon can remain in the ground and forests remain vigorous and growing.

### Forest holding (volume)



### Growth in SCA's forest in 2023<sup>1)</sup>

SEKm	Million m <sup>3</sup> fo	%
<b>Opening volume Sweden, 2023</b>	<b>260</b>	
Gross forest growth	10.5	4.0
Natural losses and pre-commercial thinning	-1.4	-0.5
<b>Available growth</b>	<b>9.1</b>	<b>3.5</b>
Harvesting <sup>2)</sup>	-5.9	-2.3
<b>Net forest growth</b>	<b>3.2</b>	<b>1.2</b>
<b>Closing balance Sweden, 2023</b>	<b>263</b>	
Holdings in Baltic region	8	
<b>Closing volume, 2023</b>	<b>271</b>	

<sup>1)</sup> Based on standing timber volume and growth as per the forest survey performed in 2019.

<sup>2)</sup> Equal to about 5.0 m<sup>3</sup>sub.

SCA sets aside important habitats for sensitive flora and fauna from forest operations and manages the forests to improve conditions for species with special requirements. At the same time, the company is working to make these initiatives as effective as possible. Growth, meaning the sequestration of CO<sub>2</sub>, and renewable raw materials are also important environmental considerations, and SCA is therefore aiming to achieve a good balance of biodiversity, climate benefits and access to raw materials.

## Market

Forest covers almost 70% of Sweden, corresponding to 28 million hectares. SCA is Sweden's largest private forest owner. The remainder is owned by individual forest owners, other forest products companies, the state and the Church of Sweden.

In addition to its holdings in Sweden, SCA has forest holdings in the Baltic region. Forests in the Baltic region have excellent production capacity, which is only utilized to a limited extent for historical reasons.

## Laws that govern forest operations and forest management in Sweden

**The Forestry Act** has existed in different versions since 1905 and includes mandatory rules for forestry operations in Sweden. It states, for example, that reforestation must take place after final harvest; it stipulates limits for the youngest age at which forest can be felled; and includes an obligation to consider environmental values.

**The Swedish Environmental Code** includes rules that impact forestry, such as rules for the protection and preservation of flora and fauna.

**The Land Acquisition Act** regulates the acquisition of forest land. The law states that a legal entity may not net acquire forest land from private individuals, but only from other legal entities. The background to the law is that the Swedish legislator wants a certain percentage of the forest to be held by private individuals.



Using the harvesting plan that SCA has now adopted, harvesting will increase while standing volume continues to grow.

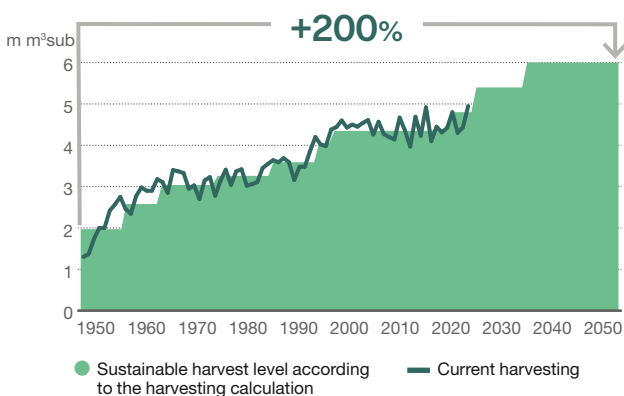
**Harvesting increasing by 25%**

SCA endeavors to manage its forests in an active and long-term manner to increase growth and improve harvesting potential. SCA regularly performs its own inventories of the company’s forests and has done so since 1947. The inventories form the basis for strategic decisions regarding long-term forest management and timber supply. The latest inventory was completed in 2019. The regular inventories and harvesting calculations conducted by the company indicate that harvesting can

increase to 5.4 million solid cubic meters under bark (m<sup>3</sup>sub) in 2025 and the company is gradually approaching this level. Harvesting can increase more in the longer term.

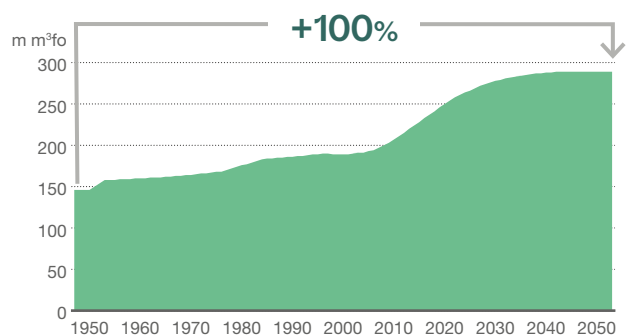
Contorta pine, which has a much higher growth rate than Swedish pine, has made a significant contribution to this growth increase and the net sequestration of CO<sub>2</sub>. SCA began planting contorta pine on its land in the early 1970s and deliveries of contorta pine sawlogs to the Gällö sawmill are now reaching significant levels.

**Harvesting of own forest (million m<sup>3</sup>sub)**



Good forest management has gradually increased the sustainable harvesting level since the 1950s. Over the next 10–20 years, it will be possible to raise this further.

**Standing timber volume (million m<sup>3</sup>fo)**



We have never had so much forest. The standing volume will continue to grow over the coming decades in parallel with an increase in the harvesting level.



Since the first forest inventory in the late 1940s, SCA's standing volume has increased by more than 70% to date, while growth and the sustainable harvesting level have more than doubled. At the same time, during these 70 years, the company has harvested more timber volume than is currently growing in SCA's forests.

Using the harvesting plan that SCA has now adopted, standing volume will continue to increase, albeit at a slightly slower pace than in the past. SCA manages its forests to ensure the highest possible level of sawlog production, which is the most valuable timber product.

### Forest value

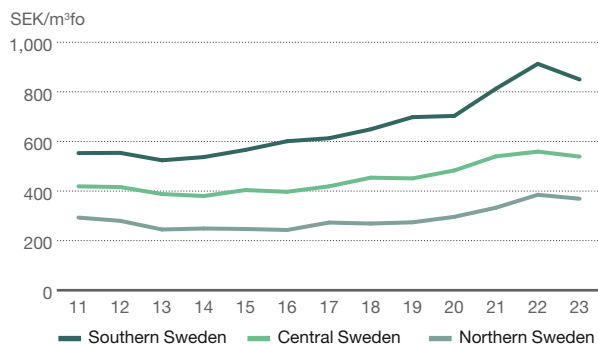
SCA bases the valuation of the company's forest assets on transactions in areas where SCA owns forest land. The average

market price over the past three years was used in the valuation of SCA's forest assets. The three-year average market price amounted to SEK 395/m<sup>3</sup>fo for the Swedish holding as per December 31, 2023. At the end of the year, SCA's standing timber volume amounted to 271 million m<sup>3</sup>fo with a carrying amount of SEK 107.5bn.

Ludvig & Co and Svefa are two of the main providers of market statistics, and this is where SCA obtains statistics to value the company's forest assets.

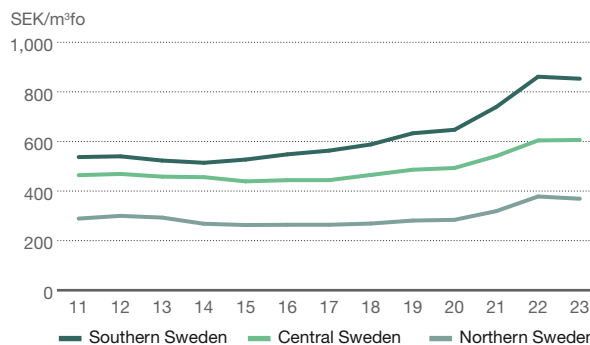
Most of the transactions included in the supporting data are acquisitions conducted by private individuals. However, the relatively few transactions between legal entities indicates that forest owned by legal entities has an added value compared with forest owned by private individuals.

### Forest land prices (SEK/m<sup>3</sup>fo), Ludvig & Co



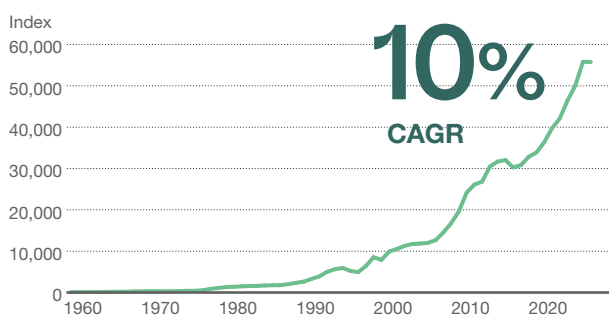
Source: Ludvig & Co, nominal values

### Forest land prices (SEK/m<sup>3</sup>fo), Svefa



Source: Svefa, nominal values.

### Total return, forest in Sweden (index 1956–2023)



Source: The Swedish National Forest Inventory, the Swedish Forest Agency, Ludvig & Co, the National Land Survey, Svefa, FutureVistas.  
Note: Cash flow is reinvested in forest.  
CAGR: Compound Annual Growth Rate.

### Total return of 10% per year

The forest creates value in three ways: cash flow from harvesting, biological growth and value growth of forest land.

**Harvesting.** Harvesting provides raw materials to the industries and generates cash flow. Good forest management has helped double the sustainable harvesting level since 1956.

**Net growth.** Over the past 70 years, standing volume has increased significantly, and growth far exceeds harvesting. This will enable a higher level of harvesting and an increase in cash flow going forward.

**Land value.** The value of forest land in northern Sweden has increased by more than 200% in real terms and 4,000% in nominal terms since 1956, according to an estimate by the National Land Survey.

Altogether, these three value streams have generated a total return from SCA's forest assets of approximately 10% per year since 1956.



WOOD

# Quality products that create climate benefits

The Bollsta sawmill uses recently installed artificial intelligence and digitalization to optimize the value of the wood raw material, which also increases the benefit to the climate. In an economic downturn, it is even more important to build competitiveness through well-invested plants and operations that are efficient at every stage. The competitiveness of the sawmills is crucial for profitability and value in the forest, as well as for profitability in the fiber industry and for bioenergy.

SCA operates five sawmills in close proximity to its own forest assets. The sawmills are well-invested and are among the largest in Europe with a total annual capacity of 2.3 million m<sup>3</sup> of solid-wood products. They have a high degree of automation and use x-ray technology to maximize the yield from every log. With this technology, the sawmills can sort, select and adjust the log to suit the requirements of the end product.

SCA also operates planing mills, painting facilities and impregnation plants, and is engaged in the further processing of by-products as well as its own distribution to the building materials trade in the Nordic region and France.

### Customized products

Residential construction – new construction as well as renovation and refurbishment – dominates demand for solid-wood products in a variety of different applications. The wood raw material to which SCA has access in northern Sweden is characterized by a high proportion of heartwood and small knots. This makes the raw material suitable for visible wood applications, interior uses including flooring and for products subject to high quality standards, such as interior and exterior cladding. SCA has chosen to focus in particular on the wood industry and building materials trade, which are market segments where these characteristics are in demand and that offer the best prospects for profitable growth.

As a supplier to the wood processing industry, SCA manufactures customized products suitable for further processing by its customers. SCA's customers are mainly manufacturers of furniture, doors, windows, flooring and roofs.

For the building materials trade, SCA delivers processed products that are ready for consumers, and advanced distribution solutions. SCA supplements its own products with products purchased from other suppliers in order to offer a complete range of products. Customers are primarily building materials suppliers in Scandinavia, France and the US. The products are also sold directly to industrial timber-frame housing producers.

The prioritized market segments are complemented by transactions considered to have the best market conditions. The entire log should generate wood products with the best possible profitability.

This focus has enabled SCA to achieve high and more stable margins over a business cycle and it has delivered a profitable growth rate of about 10% per year over the past 20 years.

### High-efficiency plants

The important investments undertaken at the Bollsta sawmill are now fully operational. The new dry sorting line replaces two old lines and entails significant efficiency enhancements as well as improved product quality and a basis for a sustained increase in production.

The new CT scanner means Bollsta sawmill can now use digital measurement, computed tomography, image analysis and artificial intelligence to monitor each product as it passes through the sawmill and harness the potential value of each individual log. This will optimize product value per customer.



Bollsta sawmill's new CT scanner follows the progress of the log as it passes through the sawmill.

## Share of Group 2023





Bollsta sawmill is one of Europe's most efficient sawmills.

Bollsta sawmill is one of SCA's largest and one of Europe's most efficient sawmills. The company is working to improve efficiency and competitiveness for all production units. At the Munksund and Rundvik sawmills, a study is underway concerning a potential investment to increase production and enhance competitiveness. The Tunadal sawmill has applied for a new production permit that would allow for the continued development of production and efficiency.

SCA took over full ownership of Gällö sawmill at year-end. In Gällö, SCA has initiated production of products from contorta pine. SCA owns a significant amount of land with contorta forest and Gällö is ideally situated to utilize the growing volumes of contorta wood that is becoming available. Contorta has excellent characteristics for the production of interior cladding and joinery products, for example.

### Challenging market

The downturn in the wood products market that began in 2022, continued in 2023. Construction activity in most markets has declined due to rising interest rates, which has led to a drop in demand and falling prices. Concurrently, prices for raw materials remain at high levels. SCA's efficient production facilities and control over its supply of raw materials are invaluable assets in a weak market.

Global demand for solid-wood products is growing in the long term and in SCA's most important markets. The demand trend is being driven by the strong sustainability of wood products and their ability to help customers replace less sustainable materials, such as steel, plastic and aluminum. Wood products have a positive impact on the climate, both as alternatives to

## Strategy

- Continued profitable growth kept in balance with supply of raw materials.
- Well-invested plants with world-class efficiency and competitiveness.
- Maximize the value of SCA's high-quality sawlogs through a high raw material yield and customized products.

## Financial key figures

SEKm	2023	2022
Net sales	5,158	6,753
EBITDA	550	1,945
EBITDA margin, %	10.7	28.8
Operating cash flow	349	1,727
Strategic capital expenditures	0	0
Capital employed	3,490	3,376
Return on capital employed, %	9.4	48.1
Deliveries, wood products, thousand m <sup>3</sup>	1,948	2,022
Average number of employees	895	899

products with a larger carbon footprint and through their capacity to bind CO<sub>2</sub> over a long period.

The availability of sawlogs is not increasing at the same rate as demand for solid-wood products. On the contrary, in important markets, such as northern North America and Central Europe, the long-term availability of sawlogs is decreasing due to fires, insect damage and growing restrictions on forest operations.

### Sustainable construction materials

A number of studies have evaluated the sustainability and climate impact of construction materials and construction processes. Wood products derived from responsible forest management received high marks. Climate and sustainability are also assigned high importance in the selection of materials

by customers, which provides support for sustained growth in demand.

Wood has a positive impact on the climate for several reasons. Wood products have a significantly smaller carbon footprint than most other construction materials, such as concrete, aluminum, plastic and steel. Wood is also lighter than concrete and steel, which reduces the environmental impact from transportation and handling. Lastly, wood binds carbon. When the tree grows, it binds CO<sub>2</sub>, and this carbon remains in the wood product for a shorter or longer period, depending on the life-cycle of the product. Given that carefully maintained timber houses can stand for several centuries, the carbon sink in wood products is significant. 90% of SCA's solid-wood products are made into long lasting products.



Wood products often have a long lifespan and have a significantly smaller carbon footprint than most other construction materials.

### Capacity

#### MUNKSUND, PITEÅ

**Solid-wood products:**  
400,000 m<sup>3</sup>/year

#### RUNDVIK, NORDMALING

**Solid-wood products:**  
320,000 m<sup>3</sup>/year

#### BOLLSTA, KRAMFORS

**Solid-wood products:**  
600,000 m<sup>3</sup>/year

#### TUNADAL, SUNDSVALL

**Solid-wood products:**  
600,000 m<sup>3</sup>/year

#### GÄLLÖ, BRÄCKE

**Solid-wood products:**  
360,000 m<sup>3</sup>/year

### WOOD PROCESSING AND DISTRIBUTION

**Planned products:**  
600,000 m<sup>3</sup>/year

**Distribution to building materials trade:**  
Scandinavia | France

## Market

The global market for softwood solid-wood products is about 350 million m<sup>3</sup>, the majority of which is used in traditional construction and renovation. Long-term demand is expected to grow by approximately 2% per year.

The European market for softwood solid-wood products amounts to approximately 100 million m<sup>3</sup>. SCA's share of this is approximately 2%. The market is characterized by a large number of mid-sized and small suppliers that target different products and geographic markets.



## PULP

# Well-invested mills provide robust competitiveness



SCA's two pulp mills are world leaders in terms of competitiveness and efficiency. These are strengths that help maintain profitability during times when the pulp market is weak.

SCA manufactures bleached softwood kraft pulp at the Östrand pulp mill and chemi-thermomechanical pulp (CTMP) at the Ortvikén pulp mill. The mills also produce green electricity, tall oil and turpentine. In addition, the mills provide district heating to the Sundsvall and Timrå district heating grids.

**Leading producer of softwood kraft pulp**

The Östrand pulp mill is world leading in terms of quality, cost efficiency and environmental performance. The mill's main focus is pulp for tissue, but it also delivers pulp for board and publication paper, together with specialty products, such as pulp for filter manufacturing.

Softwood kraft pulp made of fiber from northern Sweden is highly valued for its good strength properties. In tissue, it is often combined with pulp based on deciduous trees, such as

birch or eucalyptus, or pulp based on recovered paper. Different types of pulp contribute to different properties in the final paper. Since softwood kraft pulp contributes to strength, it cannot easily be replaced by pulp produced from other wood sources and with other pulp characteristics.

The modern mill has significant potential to produce specialty products with specific properties, such as pulp for various types of filter products. The production of green products, such as tall oil and green electricity, is important for the mill's profitability and for the efficient use of the plant and raw materials.

The production of kraft pulp was stable throughout the year. During the year, a new CNCG boiler began operating at the mill, which improved cost efficiency, productivity and environmental performance.



“Since softwood kraft pulp contributes to strength, it cannot easily be replaced by pulp produced from other wood sources”

**Share of Group 2023**



### Increased CTMP production

The new chemi-thermomechanical pulp (CTMP) mill began operating in Ortviken at the end of 2022. Production was calibrated and ramped up as planned in 2023. During the second half of the year, CTMP production was discontinued at the Östrand pulp mill and both pulp mills can now focus entirely on their respective core products.

CTMP is mainly used to manufacture tissue and board. For example, CTMP is used in the middle ply in liquid packaging board to provide bulk to the packaging. Various proportions of softwood pulpwood and hardwood pulpwood are used as raw materials to manufacture products with different properties.

### Weaker pulp market

The global economic downturn also impacted the pulp market. Demand for pulp was weak and prices fell, particularly in the first half of the year.

Europe remains SCA's core market, but with increasing production volume, SCA has grown as a supplier to US customers and commands a stable presence on the US east coast. Supported by efficient production facilities and logistics solutions, SCA can deliver profitably to pulp customers around the world. It can therefore maintain profitable production, even during periods of weak demand.



CTMP pulp production has been concentrated to the new mill in Ortviken.

## Strategy

- Continue to strengthen competitiveness through increased productivity.
- Realize the full potential of the new CTMP mill in Ortviken.
- Maximize the value of by-products such as electricity, crude tall oil and district heating.

## Financial key figures

SEKm	2023	2022
Net sales	6,893	7,209
EBITDA	1,213	2,883
EBITDA margin, %	17.6	40.0
Operating cash flow	993	1,984
Strategic capital expenditures	183	8
Capital employed	9,871	8,321
Return on capital employed, %	5.9	28.1
Deliveries, pulp, thousand tonnes	945	864
Average number of employees	537	400





## Market

The global market for bleached softwood kraft pulp (BSK) is approximately 14 million tonnes. Long-term demand is expected to increase by approximately 1–2% per year. SCA's share of the global market for market pulp, NBSK – Nordic bleached softwood kraft pulp, amounts to approximately 6%, and Östrand is the largest mill.

The global market for chemi-thermomechanical pulp (CTMP) is roughly 4.5 million tonnes. Long-term demand is expected to grow by about 2–3% per year. Following the ramp-up of the new CTMP plant in Ortviken, SCA's share of the global CTMP market for market pulp is expected to amount to approximately 7%.

## Capacity

### ÖSTRAND PULP MILL, TIMRÅ

**Bleached softwood kraft pulp (NBSK):** 900,000 tonnes/year. The pulp is used in items such as tissue, packaging, publication paper and filters.

**Green electricity:** 1.2 TWh/year at full pulp production capacity.

**Complementary products:** Tall oil, turpentine, district heating, sodium bisulfite.

### ORTVIKEN PULP MILL, SUNDSVALL

**Chemi-thermomechanical pulp (CTMP):** 300,000 tonnes/year (2025). The pulp is used in items such as packaging and hygiene products.

**Complementary products:** District heating.



## CONTAINERBOARD

# World's largest kraftliner machine now in operation

SCA's new paper machine in Obbola is being ramped up to full capacity. Efficiency and productivity are crucial for profitability in a weak market.

SCA produces containerboard at the Obbola and Munksund paper mills. Containerboard is the outer and inner layer of corrugated board, which is used to manufacture packaging. The vast majority of SCA's production is fresh fiber-based containerboard, known as kraftliner.

SCA is a leading producer of kraftliner, the third largest in Europe, with well-invested and competitive plants. The product portfolio includes a range of specialty products, such as kraft-

liner with a white printable surface (white-top) and wet-strength kraftliner. Wet-strength kraftliner is used for packaging with particularly high demands, such as packaging for food or heavy goods. The slow-growing wood raw material from northern Sweden provides strength and is well suited for high-quality packaging that uses materials efficiently. The core market is Europe.



“SCA is a leading producer of kraftliner.”

### Share of Group 2023



### Increased production with new machine

Toward the end of 2022, the new paper machine at the Obbola paper mill began operating. The investment was completed on budget and ahead of schedule. The new machine is now being ramped up to full production, which is expected to be achieved by 2026.

Aside from a significant increase in production, the new machine is also a leap forward in technology in terms of production and process control. Digitalization and artificial intelligence offer a radical improvement in capacity to manufacture specialty products and for product development.

Other parts covered by the investment have also been successfully commissioned, including a new facility for recovered

paper handling, biological wastewater treatment and chemical recycling. The paper mill's carbon footprint has been drastically reduced.

SCA is now reviewing the potential to increase production and improve resource efficiency at the company's other plant for manufacturing containerboard, Munksund.

### Weaker market

The year began with a deteriorating global economy and thus lower demand for transport packaging, a weaker market and falling prices. The market and prices for kraftliner stabilized in early summer.



The new paper machine in Obbola began operating at the end of 2022 and is the largest of its kind in the world.

## Strategy

- Realize the full potential of the new paper machine in Obbola.
- Continue to offer the market's best service and product range.
- Continue to evaluate an expansion of the Munksund paper mill with a focus on specialty products, such as white-top and wet-strength kraftliner.

## Financial key figures

SEKm	2023	2022
Net sales	5,850	6,823
EBITDA	1,212	2,792
EBITDA margin, %	20.7	40.9
Operating cash flow	706	2,165
Strategic capital expenditures	634	1,813
Capital employed	10,962	10,704
Return on capital employed, %	5.1	62.1
Deliveries, kraftliner, thousand tonnes	839	773
Average number of employees	695	702



The renewable products made from SCA's kraftliner can replace plastic packaging.

In a weaker market, customers assign added importance to aspects other than price. Demand for specialty products continues to grow. Requirements are increasing in particular for good printing quality. Transport packaging with high-quality printing becomes part of a product's marketing, and thus allowing customers to develop their business offering.

The white-top kraftliner manufactured at Munksund paper mill meets high customer requirements and demand.

During the year, the supply of recovered fiber was favorable and prices for this input material have declined.

SCA expects demand for fiber-based transport packaging to continue to rise in the long term.

## Capacity

### OBOLA, UMEÅ

**Brown kraftliner:** 725,000 tonnes/year (2026).

**Product range:** Brown kraftliner for consumer and transport packaging with a focus on lightweight and standard grades.

### MUNKSUND, PITEÅ

**Brown and white kraftliner:** 415,000 tonnes/year.

**Product range:** Brown and white-top kraftliner for consumer and transport packaging. Specialized in heavy-duty, wet-strength and white-top grades.

## Market

The global market for containerboard is more than 180 million tonnes, of which kraftliner accounts for about 35 million tonnes. Kraftliner is manufactured from fresh fiber, in contrast to the larger range of testliner, which is manufactured from recovered paper. Most kraftliner is unbleached, meaning brown. Kraftliner is also manufactured with a white-top coating, which has a market share of just over 10%. Long-term demand for kraftliner is expected to increase 2–3% per year.

The European market amounts to just over 6 million tonnes. SCA is the largest independent supplier of fresh fiber-based kraftliner in Europe.



## RENEWABLE ENERGY

# Strong growth in renewable energy



Demand for renewable energy is driven by activities to build sustainable industrial and energy systems. It is affected by regulations and policies, but also by conflicts and the ambition of European nations to secure their energy supply. SCA sees favorable business opportunities in this environment and has now begun its own production of biofuels and electricity from wind power.

SCA has significant renewable energy assets in all parts of its operations. The large forest holding features good locations for wind power. The forest has significant untapped energy resources, such as branches and crowns. Sawmills generate raw materials for fuel in the form of bark, sawdust and dry chips. Pulp and paper mills also generate bark, as well as valuable flows in the form of by-products, such as liquor and tall oil.

A significant portion of the energy used to supply SCA's industrial operations is generated by the company itself, both electricity and heating, and the company is also a major supplier to external customers in the form of pellets, district heating, green electricity and other energy products.

#### SCA's wind power production

As Europe's largest private forest owner, SCA has many areas of land with favorable wind conditions. A significant expansion of wind power is currently underway. At the end of 2023, based on normal wind conditions, the annual production capacity of wind power on SCA's land was 9.0 TWh. This is equivalent to about 20% of Sweden's total installed capacity. At the end of 2022, SCA acquired the Skogberget wind farm in Markbygden near Piteå, with a capacity of just under 200 GWh per year. This

year, an investment was initiated in a higher-capacity wind farm located in Bräcke Municipality for commissioning in early 2026.

Wind power generates three revenue streams for SCA: leases, project development and SCA's own energy production.

For wind farms on SCA's land that other providers own and operate, SCA receives a lease payment based on revenue from the farm.

Another source of revenue is the development of wind power projects. The major expansion of wind power on SCA's land has given the company insight into preparing and developing wind power projects, from early evaluations to permitted projects. These projects can then be sold, or executed by SCA or in collaboration with various external parties.

Lastly, SCA produces its own green electricity with the aim of self-sufficiency. When the Fasikan wind farm is completed in 2026, SCA will also be self-sufficient in electricity after the ongoing industrial expansion is completed.

SCA's own electricity production in balance with consumption ensures security of supply and cost control. Demand for green electricity in northern Sweden is considered good in the long term, considering the planned or ongoing industrial projects in the region.

“SCA has significant renewable energy assets in all parts of its operations.”

### Share of Group 2023



### Biorefinery begins operating

The start-up of the biorefinery in Gothenburg began at the end of the year. The biorefinery has a total annual production capacity of approximately 200,000 tonnes of liquid biofuel. SCA's 25% ownership corresponds to 50,000 tonnes, equivalent to the total fuel requirements of domestic flights in Sweden. A substantial part of the raw material for the refinery is tall oil from SCA's kraft pulp production.

Biofuels made from sustainable raw materials play a key role in the climate transition. Many countries require the admixture of biofuel to vehicle and aviation fuel, and demand will exceed supply for the foreseeable future.

SCA is preparing a major biofuel investment at the Östrand pulp mill. An environmental permit was received for production based on solid biomass, such as sawdust and bark. Land reclamation is currently underway beside the site to prepare space for a potential future plant.

### Strong market for biofuels

SCA is one of the largest suppliers of forest-based biofuels in Sweden, with unrefined by-products from the forest and industry, as well as refined fuels in the form of pellets.

Russia's invasion of Ukraine has led to a fuel shortage in Europe and prices and demand have thus increased.

In 2023, SCA produced 11.1 TWh of bioenergy. 9.3 TWh were used in SCA's own plants and 1.8 TWh were delivered to external customers. Of the external deliveries, 0.7 TWh consisted of processed biofuels, meaning wood pellets, 0.6 TWh was unprocessed biofuels, meaning bark, sawdust and by-products from harvesting, and 0.5 TWh was district and waste heat. SCA's production capacity at fully or partially owned plants is more than 300,000 tonnes of pellets per year. During the year, a new pellets plant adjacent to the Rundvik sawmill began operating. The investment will also shorten transport distances to the new fossil-free energy plant at the Obbola paper mill.



Renewable energy throughout SCA's operations.

## Capacity

### BIONORR, HÄRNÖSAND

**Pellets:** 180,000 tonnes/year (880 GWh)

### TUNADAL, SUNDSVALL

Integrated with Tunadal sawmill

**Pellets:** 12,000 tonnes/year (60 GWh)

### STUGUN, RAGUNDA

Integrated with Stugun planing mill

**Pellets:** 24,000 tonnes/year (120 GWh)

### RUNDBLIK, NORDMALING

Integrated with Rundvik sawmill

**Pellets:** 25,000 tonnes/year (120 GWh)

### BIOENERGI I LULEÅ AB

Joint venture with Luleå Energi AB

**Pellets:** 100,000 tonnes/year (490 GWh)

### GOTHENBURG BIOREFINERY

Joint venture with St1

**Biofuels:** 200,000 tonnes/year (2025)

### SKOGBERGET WIND FARM

**Wind power:** 200 GWh/year

### FASIKAN WIND FARM

**Wind power:** 330 GWh/year (2026)

## Strategy

### Wind power

- Invest in SCA's own wind power production to achieve a high degree of self-sufficiency in electricity.
- Develop a project portfolio for divestment or investment.
- Maximize wind power on SCA's land and increase lease income.

### Liquid biofuels

- Realize the full potential of the biorefinery in Gothenburg.
- Develop opportunities for a possible biorefinery adjacent to Östrand.

### Solid biofuels

- Optimize production, product portfolio and profitability.
- Guarantee access to feedstock fuel.

## Financial key figures

SEKm	2023	2022
Revenue <sup>1)</sup>	1,879	1,550
EBITDA	690	355
EBITDA margin, % <sup>2)</sup>	36.7	22.9
Operating cash flow	609	364
Strategic capital expenditures	350	835
Capital employed	2,167	1,871
Return on capital employed, %	32.1	36.9
Deliveries, renewable electricity own wind power, GWh	149	0
Average number of employees	68	61

<sup>1)</sup> Revenue consists of net sales and other operating income.

<sup>2)</sup> EBITDA as share of revenue.





Energy is an important component of SCA's value chain. SCA is a major supplier of pellets, district heating, green electricity and other energy products.

## Market

Demand for renewable electricity and renewable fuel, both solid and liquid, is driven by the climate transition. The energy market is also subject to a wide range of political decisions, restrictions and ambitions, at both the national and supranational levels.

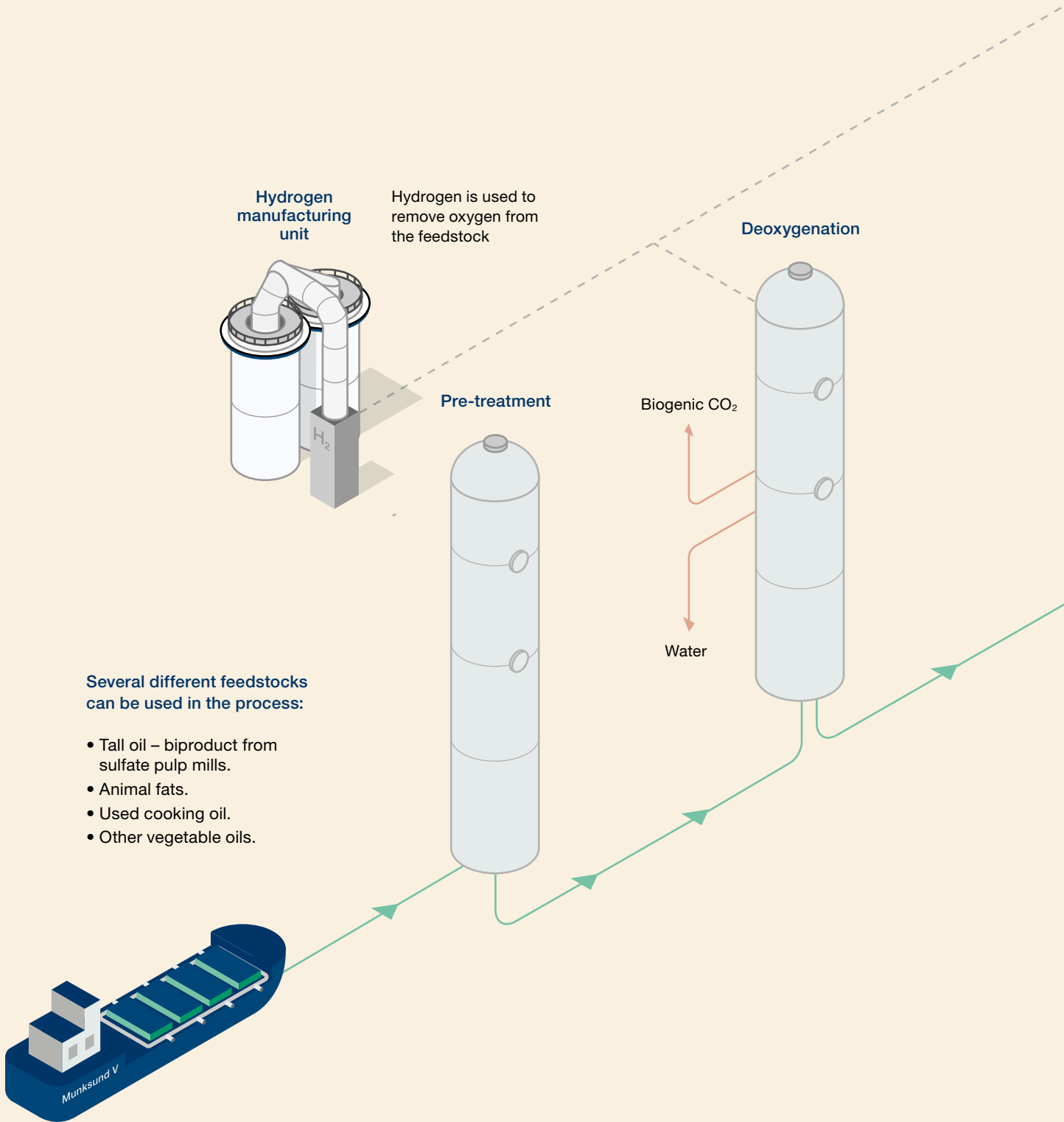
The introduction of wind power in Sweden was supported by subsidies as a result of requirements stipulating a certain proportion of green electricity. Today, wind power is fully commercial and is the cheapest method to produce new electricity in Sweden. New wind power production is preceded by a complicated and often lengthy permit process when a number of stakeholders – the defense forces, reindeer herders or municipalities – may hinder full or partial implementation of the project. New wind power must also be connected to the public electricity grid.

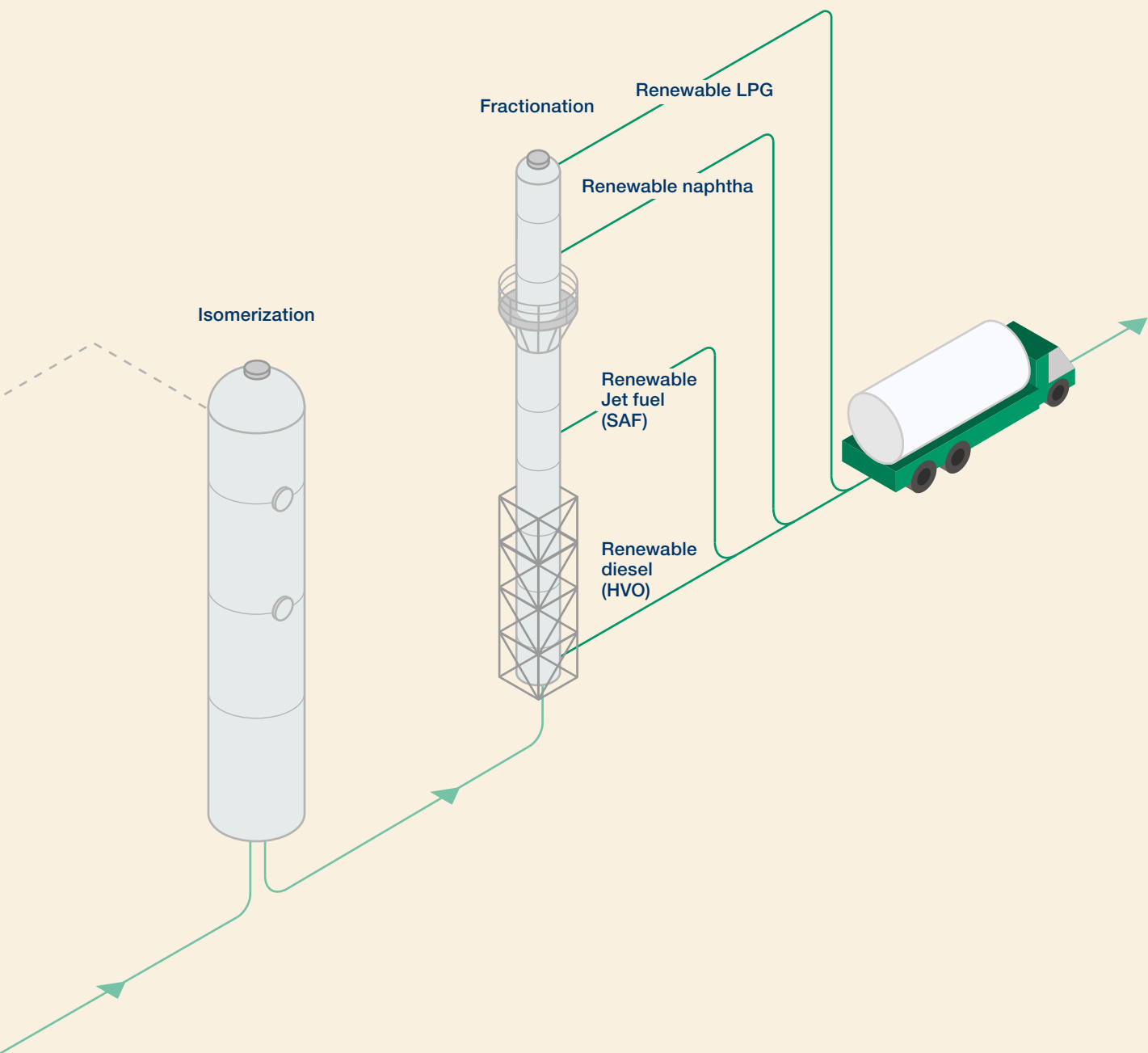
There is substantial interest for wind power from long-term investors and from customers who wish to secure access to renewable electricity.

The market for biofuels is mainly driven by regulations and the ambition to replace fossil fuels with renewable alternatives. Many countries within and outside Europe are imposing demands on the admixture of renewable fuels. Similar demands are targeting air and maritime transport. The EU has established regulations for the raw materials that are approved for use in biofuels if they are to be considered sustainable. Under current regulations, there is a significant and growing shortage of biofuels.

# From renewable raw materials to biofuel

A biorefinery operates in essentially the same way as a refinery based on fossil crude oil. Using renewable raw materials, GHG emissions can be drastically reduced when producing fuel products.





Raw materials for a biorefinery could include a wide range of different plant and animal fats and fatty acids. An important and suitable raw material is tall oil, a by-product from kraft pulp production. SCA's mills produce roughly 40–60k tonnes of tall oil per year.

The first step in the refining process is pre-treatment, comprising the removal of contaminants that could disrupt the subsequent steps in the process.

The treated raw material is then fed into a deoxygenation reactor where oxygen bound to the raw material reacts with hydrogen over a catalyst and forms water and biogenic CO<sub>2</sub>.

The virtually oxygen-free hydrocarbon chains are now transferred to a product upgrade reactor, where the hydrocarbon

chains are branched and given a structure that provides the correct product characteristics, such as enhanced cold flow properties for aviation fuel.

Finally, the product is fractionated into its components as renewable LPG, naphtha, aviation fuel and diesel. A biorefinery is optimized to produce the best possible combination of renewable products that can replace fossil alternatives and contribute to reducing global warming.

SCA also works with the development of biorefinery processes that can use other raw materials, for example solid biofuel such as sawdust or bark.



## LOGISTICS

# SCA's own logistics provide good cost control and high delivery reliability

Logistics is a core operation for a forestry company with industrial operations. Raw materials must be delivered to production facilities and products must be shipped to customers worldwide. With its own logistics organization, SCA has been able to choose reliable transport solutions and offset cost increases.

The forest industry is logistics-intensive. Logistics account for about 20% of SCA's cost base. To optimize freight flows, SCA has set up its own logistics systems in both raw material supply and the distribution of finished products. In forest operations, SCA is one of Sweden's largest users of rail transport, with its own transportation system from inland forests to industrial sites on the coast. SCA's railway system for the transportation of round timber is the biggest in Europe.

### Raw material transportation

Timber is taken from forests throughout northern Sweden. All timber transportation begins on trucks. If the distance to the factory is short, the timber is driven directly by truck. If the distance exceeds about 100 kilometers, the timber is driven to a rail terminal and then transported to the factory by rail.

The SCA unit that uses the most timber is the Östrand pulp mill, which is largely supplied by rail. Timber can also be transported from southern and central Sweden at a competitive cost by using efficient rail transportation.

Timber imported to SCA's plants, mainly from the Baltic region where SCA owns forest, is shipped by sea.

Efficient road transport by truck is economically and environmentally friendly. Timber trucks with a 74-tonne capacity are now permitted on Swedish roads. These trucks can transport 15% more timber than previously permitted, while reducing environmental impact. A limited, but growing, part of the road network in northern Sweden is available to 74-tonne trucks. SCA is working to make a greater number of roads available to these more efficient trucks. SCA swaps timber with other forest product companies to reduce transport distances to industry, thereby reducing costs and emissions as much as possible.

### Delivery of finished products

After several years of considerable turbulence and sharp cost increases for global logistics chains, the situation stabilized in 2023, thanks in part to weaker economic conditions and thus

somewhat subdued global transport flows. However, production restrictions in oil-producing countries and regulatory initiatives such as emission trading for shipping have entailed sustained high cost pressure.

Thus it remains important to have an own logistics organization and control over transportation as this enables fast and flexible transport solutions for customers and SCA's business areas. The organization is also prepared for increased product volumes that will arise when SCA's newly-invested units reach full production.

Most of SCA's finished products are transported by ship. Pulp and solid-wood products are mainly transported using bulk carriers and containers. Comprehensive port investments are nearing completion in the Port of Sundsvall, which will allow for more efficient container handling and the use of larger vessels. Port investments are also being prepared in the Port of Umeå.

One reason for the port investments is to facilitate the accommodation and handling of larger vessels, which Umeå and Sundsvall in particular have the proper conditions to achieve. An important element of SCA's logistics strategy is to gather together freight flows and increase the size of vessels. Large vessels reduce costs as well as environmental impact.

SCA's RoRo vessels are being optimized to transport kraftliner and return with input materials to SCA's industries. These vessels operate scheduled services and timetables between terminals in Umeå, Sundsvall, Kiel, Rotterdam and London, but also stop off at other ports during their northbound journey to provide competitive logistics services for external freight. The use of this transportation system enables SCA to maintain a high level of customer service at a low transportation cost and with little environmental impact.

Within Sweden, SCA operates rail shuttles between Piteå, Umeå and Skövde for deliveries to customers in southern Scandinavia. The same block trains transport production materials northbound.

“Most of SCA's finished products are transported by ship.”



# The share and the shareholders

The SCA share is quoted and traded on Nasdaq Stockholm. The company's market capitalization was approximately SEK 106bn at the end of the year.

SCA's share capital comprises two classes of shares, shares of Class A and of Class B. Each Class A share carries ten votes and each Class B share carries one vote. Class A and Class B shares hold the same right to dividends. Both share classes are listed on Nasdaq Stockholm and are part of the Large Cap segment.

## Share performance

At the end of 2023, SCA's Class B share was listed at a price of SEK 151.10 and SCA's Class A share at SEK 149.80, corresponding to a market capitalization of SEK 106bn. SCA's Class B share noted an increase of 15% during the year. During the corresponding period, the index of the 30 most traded shares, OMX Stockholm 30, increased 17%. The highest closing price for SCA's Class B share was SEK 161.70, which was noted on November 17. The lowest closing price during the year was SEK 129.15, noted on April 25. Since the distribution of Essity in 2017, the total return for SCA's Class B share has been 163%, which compares with a total return for OMX Stockholm 30 of 76%. SCA's total shareholder return amounted to 17% in 2023.

## Share trading

During 2023, trading on all marketplaces amounted to approximately 1,446 million SCA shares. On Nasdaq Stockholm, approximately 386 million SCA shares changed hands. Average

daily trading for SCA on Nasdaq Stockholm amounted to approximately 1.5 million shares. During the year, the SCA share was also traded on other market places. The highest trading volume was on Cboe Global Markets (841 million shares) and LSE Group (169 million shares).

## Ownership structure

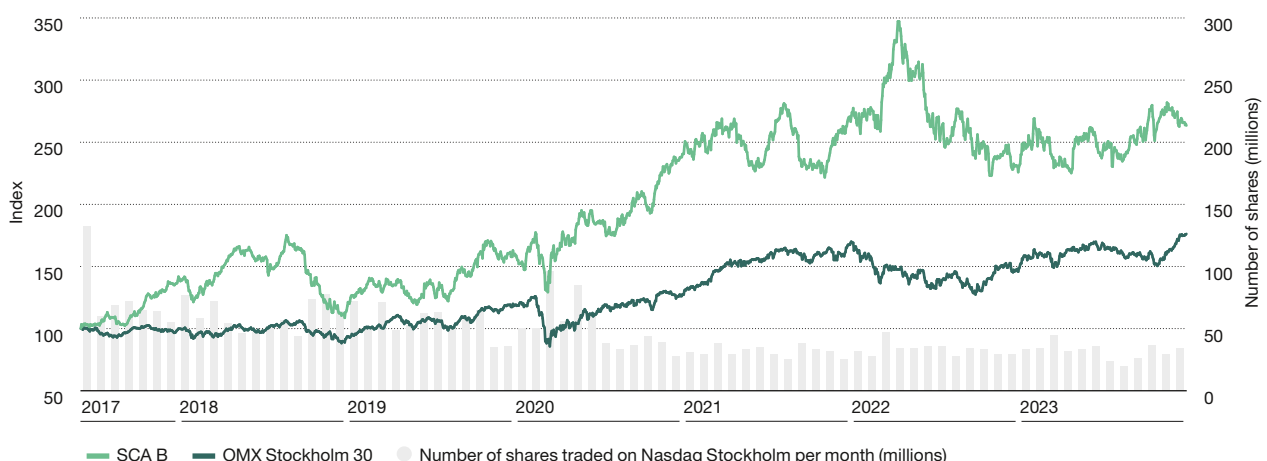
SCA had approximately 111,000 shareholders as of December 31, 2023. At the end of the year, some 58% of the share capital was owned by Swedish investors and 42% by investors outside Sweden. Ownership was divided among Swedish institutions with 45%, foreign institutions with 35%, Swedish private individuals with 11% and other owners with 9% of the share capital. The US and Norway accounted for the highest percentages of shareholders registered outside Sweden.

## Dividend and dividend policy

SCA aims to provide long-term, stable and increasing dividends to its shareholders. When cash flow from current operations exceeds what the company can invest in profitable growth over the long term, and provided that the capital structure target is met, the surplus shall be distributed to the shareholders.

A dividend of SEK 2.50 per share was disbursed for the 2022 fiscal year. The Board of Directors proposes a dividend of SEK 2.75 per share for the 2023 fiscal year.

## Total shareholder return, index



Source: Nasdaq.

### SCA's ten largest shareholders, as of December 31, 2023

Shareholders	No. of Class A shares	No. of Class B shares	Capital (%)	Votes (%)
Industrivärden	33,785,290	39,800,000	10.5	29.5
AMF Pension & Fonder	2,500,000	58,592,810	8.7	6.5
Norges Bank	8,066,000	42,446,457	7.2	9.6
Alecta Tjänstepension		33,491,495	4.8	2.6
T. Rowe Price		29,303,517	4.2	2.3
BlackRock		29,023,843	4.1	2.3
Vanguard	227,929	21,907,689	3.2	1.9
Swedbank Robur Funds		16,253,258	2.3	1.3
MFS Investment Management		12,679,834	1.8	1.0
First Swedish Pension Insurance Fund		11,937,255	1.7	0.9
<b>Ten largest</b>	<b>44,579,219</b>	<b>295,436,158</b>	<b>48.4</b>	<b>57.8</b>
Other	19,855,930	342,471,182	51.6	42.2
<b>Total</b>	<b>64,435,149</b>	<b>637,907,340</b>	<b>100.0</b>	<b>100.0</b>

Source: Monitor by Modular Finance. Compiled and processed data from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority. The verification date may vary for certain shareholders.

### Shareholders by country, capital



Sweden	58%
US	18%
Norway	8%
Other	16%

Source: Modular Finance.

### Shareholder structure, as of December 31, 2023

Holding	No. of shareholders	No. of shares	Capital (%)	Votes (%)
1–500	84,171	10,575,665	1.5	1.8
501–1,000	11,840	9,066,546	1.3	1.5
1,001–5,000	12,047	26,044,307	3.7	4.3
5,001–10,000	1,531	10,971,391	1.6	1.8
10,001–20,000	620	8,787,798	1.3	1.2
20,001–50,000	316	9,889,547	1.4	1.4
50,001–100,000	131	9,558,573	1.4	1.4
100,001–	223	568,049,691	80.9	82.5
Anonymous owners		49,398,971	7.0	4.3
<b>Total</b>	<b>110,879</b>	<b>702,342,489</b>	<b>100.0</b>	<b>100.0</b>

Source: Modular Finance.

### Types of ownership, capital



Swedish institutional owners	45%
Foreign institutional owners	35%
Swedish private individuals	11%
Other	9%

Source: Modular Finance.

### Share price and trading volume 2023



Source: Nasdaq.

### Earnings per share (SEK)

# 5.23

### Proposed dividend per share (SEK)

# 2.75

# Board of Directors' Report

**SCA is Europe's largest private forest owner with 2.7 million hectares of land in northern Sweden and the Baltic region. The forest is a real asset, which grows each year and forms the core of SCA's operations. Around this renewable resource SCA has built a well-invested and efficient value chain.**

## About SCA

The forest is at the core of SCA's operations. Around this resource, SCA has built an integrated and well-invested industry, which is utilizing and maximizing the value of the entire tree. Using the raw materials, SCA develops products for customers all over the world with high demands on quality, delivery reliability, service and sustainability. The most valuable part of the tree is used for sawlogs and as much as possible of the timber is sawn to become solid-wood products for industrial customers and the building materials trade. Bark is used in energy production. Woodchips together with

the upper part of trees are used to make pulp and kraftliner for further processing by customers into tissue and packaging. Sawdust is used to make pellets for energy production at SCA and externally. Steam and other products from pulp production are used to deliver heat to the local district heating system, generate green electricity and also produce liquid biofuels and green chemicals. As Europe's largest private forest owner, SCA also has many areas of land with favorable wind conditions that are used for wind power.





## Events during the year

### Organization

#### Renewable Energy new reporting segment

On January 1, 2023, Renewable Energy became a reporting segment. The Renewable Energy segment encompasses production and sales of processed and unprocessed biofuels as well as liquid biofuels, development and revenue linked to the wind power operations and sales of green products intended for energy production from SCA's industries.

### Forest assets

#### Increased standing volume

The annual gross growth in SCA's Swedish forest holding amounts to approximately 10.5 million m<sup>3</sup>fo, according to the survey conducted in 2019. SCA's total standing volume amounted to 271 million m<sup>3</sup>fo as of December 31, 2023, of which 8 million m<sup>3</sup>fo is in the Baltic region.

#### Higher growth enables increased harvesting

According to the latest harvesting plan from 2020, the planned annual harvesting can gradually increase from the previous 4.3 million m<sup>3</sup>sub to about 5.4 million m<sup>3</sup>sub in 2025.

#### Valuation of SCA's forest assets

SCA bases its valuation of forest assets on forest transactions in the areas where SCA owns forest. The average three-year market price on December 31, 2023 used in valuation of SCA's forest assets was SEK 395/m<sup>3</sup>fo for the Swedish holding and EUR 40.5/m<sup>3</sup>fo for the Baltic holdings. Applied to SCA's standing timber volume of 271 million m<sup>3</sup>fo on December 31, 2023, the carrying amount of SCA's forest assets was SEK 107.5bn. At the end of 2022, the three-year average market price amounted to SEK 366/m<sup>3</sup>fo and the carrying amount was SEK 97.9bn.

### Investments

#### Investment in expanded kraftliner capacity

In 2019, SCA decided to invest in a new paper machine for the production of kraftliner at the Obbola paper mill in Umeå. The paper machine began operating at the end of 2022. Production in Obbola will increase from the previous 450,000 tonnes of kraftliner to 725,000 tonnes per year. Full capacity is expected to be reached in 2026. The total investment will be approximately SEK 7.5bn and is recognized as a strategic capital expenditure.

#### Investment in expanded pulp capacity

In 2020, SCA decided to invest in the production of chemi-thermo-mechanical pulp (CTMP) to achieve an annual production volume of 300,000 tonnes at the Ortvikén site. The new facility began operating at the end of 2022. Full capacity is expected to be reached in 2025. The total investment will be approximately SEK 1.45bn and is recognized as strategic capital expenditure.

#### SCA invests in the production of biofuels

SCA resolved in 2021 to invest in a biorefinery together with the energy company St1. The biorefinery will have access to SCA's tall oil, which is produced at SCA's pulp mills. The start-up of the new



SCA resolved in 2019 to construct a new dry sorting line in Bollsta. The investment was completed in 2023.

facility began in late 2023/early 2024. SCA's part of the investment is approximately SEK 0.6bn and its ownership share is one quarter.

#### New dry sorting line in Bollsta

SCA resolved in 2019 to construct a new dry sorting line at the sawmill in Bollsta. Production started at the beginning of 2023. The total investment will amount to about SEK 600m and is funded within the company's existing framework for current capital expenditure.

#### Investment in forest land in the Baltic region

SCA has an ongoing investment program to acquire 100,000 hectares of forest land in the Baltic region. At the end of 2023, SCA had a holding of about 62,000 hectares of forest land, and 11,000 hectares other land which can be converted to forest land or be sold. The acquisitions are recognized as strategic capital expenditures.

#### Investing in wind power

In 2023, SCA acquired a wind power project located on SCA's land in Bräcke Municipality, in the county of Jämtland. Construction of the wind farm began at the start of the year and the wind farm is scheduled to begin operating in 2026. Annual production is expected to be approximately 330 GWh. The total investment is expected to amount to SEK 1.7bn and is recognized as strategic capital expenditure.

## Financial performance

### Net sales

In 2023, SCA's sales declined compared with the preceding year due to lower selling prices. Net sales amounted to SEK 18,081m (20,794), a change of -13%, of which price/mix accounted for -23%, currency +6% and volume +4%.

In the Forest segment, net sales increased 16% to SEK 7,748m (6,705), primarily related to higher selling prices for sawlogs and pulpwood.

In the Wood segment, net sales decreased 24% to SEK 5,158m (6,753). The change was primarily attributable to lower selling prices.

In the Pulp segment, net sales decreased 4% to SEK 6,893m (7,209). Lower selling prices were offset by higher delivery volumes from the new CTMP facility and positive exchange rate effects.

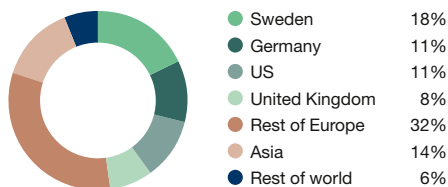
In the Containerboard segment, net sales decreased 14% to SEK 5,850m (6,823). The decrease was primarily attributable to lower selling prices. Exchange rate effects and higher delivery volumes from the new paper machine in Obbola, which began operating at the end of the preceding year, had a positive impact on net sales.

In the Renewable Energy segment, income, which comprises net sales and other operating income, increased 21% to SEK 1,879m (1,550). The increase was primarily related to higher selling prices.

The Group's total other operating income amounted to SEK 3,314m (3,163). Other operating income comprises products and services such as energy products, sales of freight services to external customers and wind power leases (see Note B1 and B2).

SCA is an export-oriented company and approximately 80% of net sales relate to sales outside of Sweden. The single largest individual export market is Germany (11% of net sales) followed by the US (11%) and the UK (8%).

### Net sales by geography in 2023

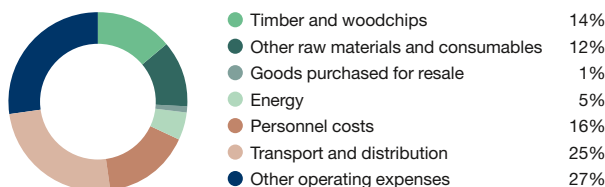


### Cost structure

SCA's total operating expenses in 2023 were SEK 16,564m (15,482), an increase of 7% compared to 2022. The largest share of the cost base comprises other operating expenses (27%), transportation and distribution costs (25%), personnel costs (16%), timber and woodchips (14%), and other raw materials and consumables (12%).

Research and development (R&D) costs during the year amounted to SEK 45m (45).

### Cost structure 2023



### Performance

Earnings for 2023 declined compared with the preceding year. EBITDA amounted to SEK 6,807m (10,194), corresponding to an EBITDA margin of 37.6% (49.0). The change was mainly attributable to lower selling prices. The change in value of biological assets had a positive impact on EBITDA of SEK 2,198m (1,825). The cost of planned maintenance stops was SEK 377m (300).

In the Forest segment, EBITDA increased 35% to SEK 3,511m (2,602). This increase was primarily attributable to a higher share of harvesting from SCA-owned forest and higher selling prices for sawlogs and pulpwood as well as a higher revaluation of biological assets.

In the Wood segment, EBITDA declined 72% to SEK 550m (1,945), which was mainly attributable to lower selling prices and higher raw material costs. Exchange rate effects had a positive impact on earnings.

In the Pulp segment, EBITDA decreased 58% to SEK 1,213m (2,883). Lower selling prices and higher raw material costs were somewhat offset by positive exchange rate effects. The cost of planned maintenance stops amounted to SEK 194m (171).

In the Containerboard segment, EBITDA decreased 57% to SEK 1,212m (2,792). The decrease was mainly attributable to lower selling prices. The cost of planned maintenance stops was SEK 183m (129).

In the Renewable Energy segment, EBITDA increased 94% to SEK 690m (355). The increase was mainly due to continued growth in the energy business and higher selling prices. The wind farm in Markbygden, which was acquired at the beginning of the year, made a positive contribution to the earnings trend.

Depreciation and impairment amounted to SEK 1,950m (1,552).

Operating profit amounted to SEK 4,857m (8,642).

Financial items amounted to SEK -414m for the year, compared with SEK -39m in the same period of the preceding year. The change was attributable to higher average net debt and higher market rates.

The Group's tax expense amounted to SEK 818m (1,782), corresponding to a tax rate of 18.4% (20.7).

Earnings per share amounted to SEK 5.23 (9.61).

### Condensed consolidated income statement

SEKm	2023	2022	Comparison %
Net sales	18,081	20,794	-13
Other operating income	3,314	3,163	5
Change in inventories	-275	-83	
Change in value in biological assets	2,198	1,825	20
Operating expenses	-16,564	-15,482	7
Result from participations in associated companies	53	-23	
<b>EBITDA</b>	<b>6,807</b>	<b>10,194</b>	<b>-33</b>
Depreciation and impairment	-1,950	-1,552	26
<b>Operating profit</b>	<b>4,857</b>	<b>8,642</b>	<b>-44</b>
Financial items	-414	-39	
<b>Profit before tax</b>	<b>4,443</b>	<b>8,603</b>	<b>-48</b>
Income tax	-818	-1,782	
<b>Profit for the period</b>	<b>3,625</b>	<b>6,821</b>	<b>-47</b>
Profit for the period attributable to owners of the Parent	3,675	6,748	
Profit for the period attributable to non-controlling interests	-50	73	
<b>Key figures</b>			
EBITDA margin, %	37.6	49.0	
Earnings per share	5.23	9.61	

### Reasons for changes in EBITDA (%) in 2023 compared with 2022

	2023
Price/mix, %	-46
Volume, %	+2
Raw material costs, %	-4
Energy costs, %	+1
Currency, %	+9
Other, %	+5
<b>Total, %</b>	<b>-33</b>

### Cash flow

The operating cash surplus amounted to SEK 4,502m (8,331). The cash flow effect of changes in working capital was SEK -159m (-1,328). Restructuring expenditure amounted to SEK -12m (-40). Current capital expenditures, net, totaled SEK -1,603m (-1,436). Operating cash flow was SEK 2,985m (5,685). Financial items amounted to SEK -414m (-39) and tax payments amounted to SEK -330m (-859). Corporate acquisitions amounted to SEK -146m (-832). Strategic capital expenditures totaled SEK -1,510m (-4,351) and primarily related to the investment in increased kraftliner production in Obbola, pulp production at Ortvikén, the acquisition of forest land in the Baltic region and the acquisition of a wind power project on SCA's land in Bräcke Municipality, in the county of Jämtland. Cash flow before dividend for the period was SEK 585m (-320).

### Operating cash flow statement

SEKm	2023	2022
Operating cash surplus	4,502	8,331
Change in working capital	-159	-1,328
Current capital expenditures, net	-1,603	-1,436
Other operating cash flow	245	118
<b>Operating cash flow</b>	<b>2,985</b>	<b>5,685</b>
Financial items	-414	-39
Paid tax	-330	-859
Other	0	56
<b>Cash flow from current operations</b>	<b>2,241</b>	<b>4,843</b>
Corporate acquisitions	-146	-832
Divestments	0	20
Strategic capital expenditures in non-current assets	-1,510	-4,351
<b>Cash flow before dividend</b>	<b>585</b>	<b>-320</b>

### Financial position

SCA's capital employed totaled SEK 115,050m (106,347) as of December 31, 2023, an increase during the year of SEK 8,703m. The increase was mainly related to the change in value of forest assets of SEK 9,599m. At December 31, 2023, net debt totaled SEK 10,766m, an increase during the year of SEK 777m. Net debt in relation to EBITDA amounted to 1.6x compared with 1.0x in the preceding year. Total equity increased by SEK 7,926m during the period, to SEK 104,284m at December 31, 2023.

### Balance sheet structure

SEKm	Dec 31, 2023	Dec 31, 2022
Forest assets	107,481	97,882
Deferred tax related to forest assets	-21,277	-19,468
Working capital	4,321	4,138
Other capital employed, net	24,525	23,795
<b>Total capital employed</b>	<b>115,050</b>	<b>106,347</b>
Net debt	10,766	9,989
Net debt/EBITDA	1.6x	1.0x
Equity	104,284	96,358
Net debt/Equity, %	10.3	10.4

## Other Group information

### Parent Company

The purpose of the Group's Parent Company, Svenska Cellulosa Aktiebolaget SCA (publ), is to own and manage shares in a number of subsidiaries and perform Group-wide management and administrative functions. The Parent Company also owns a large share of the company's forest assets. The company is a Swedish limited liability company domiciled in Sundsvall with the corporate registration number 556012-6293.

In 2023, operating income amounted to SEK 314m (292) and profit before tax amounted to SEK 142m (3,551). For more information, refer to pages 129–137.

### Holdings of treasury shares

SCA holds no treasury shares.

### Distribution of shares

The total number of shares as per December 31, 2023, amounted to 702,342,489, of which 64,435,149 Class A shares and 637,907,340 Class B shares. At the request of shareholders, 146,845 Class A shares were converted to Class B shares in 2023.

### Dividend

The Board of Directors proposes a dividend of SEK 2.75 per share. The record date for entitlement to receive dividends is proposed as March 26, 2024.

### Environmental impact in Sweden

In 2023, SCA operated 13 manufacturing sites for which a permit is required in Sweden. The value of deliveries from operations for which permits are required accounted for more than 90% of consolidated net sales in 2023. Four 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 processed wood products, and biofuels and one permit pertains to the manufacture of fuel pellets. These operations impact the environment through emissions to air and water, and noise.

### Guidelines for remuneration of senior executives

The 2022 AGM decided on the guidelines for determining salaries and other remuneration for senior executives. The guidelines apply until the 2026 AGM, unless material changes are implemented prior to that.

SCA's current guidelines for the remuneration to senior executives are described in Note C3. Information about the application of the current guidelines and the costs for the remuneration to senior executives is also described in Note C3 and in SCA's remuneration report on sca.com.

## SCA's statutory sustainability reporting in accordance with the Swedish Annual Accounts Act

Sustainability work is integrated into SCA's operations and the statutory sustainability reporting for the year 2023 is included in the company's 2023 Annual Report in accordance with Chapter 6 of the Swedish Annual Accounts Act. This report relates to Svenska Cellulosa Aktiebolaget SCA (publ) and its subsidiaries, refer to Note F1 on page 127. The SCA Group, its operations and business model is described on pages 26–33, 62 and 81. The statutory Sustainability Report was submitted to the auditor at the same time as the Annual Report.

Governance of the sustainability agenda is described in the Corporate Governance Report, page 82. SCA's Code of Conduct is the Group's primary steering document and sets, together with the Group's Sustainability Policy, the basis of SCA's sustainability agenda. Follow-up and evaluation of these policies complies with SCA's procedures for internal control and audits, as described in the Corporate Governance Report on pages 76–83. In addition, SCA's sustainability targets and priorities are also monitored through the Group's Sustainability Council.

The management of material risks in the sustainability area constitutes part of the Group's overall work with identifying

and handling risks. This process, identified risks and managing these risks are described in the Board of Directors' Report on pages 67–75.

The strategic priorities for the sustainability work, where SCA's value chain can be affected, how the areas are material for SCA's stakeholders, how they are governed and the most important result indicators are described in the Sustainability disclosures, refer to the table on pages 144–145. The table also shows how social conditions, personnel issues, the environment, human rights and anti-corruption form part of SCA's sustainability agenda.

For the 2023 fiscal year, the requirements for reporting according to the EU Taxonomy regulation for sustainable investments were extended with reporting requirements for all six environmental objectives, refer to Sustainability disclosures on pages 149–153.

In addition to the information above, SCA's sustainability work and the outcome of this work is described in the Sustainability disclosures section, pages 138–179 and divided by area according to the Swedish Annual Accounts Act in the table below.

Area	General	Social conditions and employees	Environment	Human rights	Anti-corruption
Business model	11–13, 16–17				
Policies and results	144–145	169–174, 177–178	154–165, 178	177–179	177
Risks and risk management	67–75	68–70	68–69, 73–75	68–70	68–70
Targets and outcomes	144–145, 188–189	144–145, 170, 173, 178	144–145, 154, 168, 178	144–145, 177–179	144–145, 178

# Risks and risk management

SCA is exposed to a number of risks. These risks pertain to factors or events that may impact SCA's brand and credibility and ability to be a sustainable company with good profitability over time. Through effective risk management, SCA is proactive in minimizing the risk and in reducing the negative effects should events occur. Most risks could have a positive or negative impact on the company. Examples include "Demand and market price for SCA's products" and "Raw material prices". The current geopolitical situation affects several different risks and contributes to greater uncertainty when assessing risks than normal. SCA has included this when assessing relevant risks.

## Process for risk management

SCA's Board determines the Group's strategic direction after recommendations from Executive Management. Responsibility for the long-term, overall management of risks corresponds with the company's decision and delegation scheme. This implies that most of SCA's operational risks are managed by SCA's business areas at the local level, but that the handling is coordinated when deemed necessary and effective. The tools for this work primarily comprise

continuous reporting by the business areas and the annual review of the risk scenario, where identifying, evaluating and managing risks are a part of the process. Identified risks are classified according to the likelihood of the risk occurring and the assessed impact on SCA's performance. Approved control measures are followed up and assessed within the framework of the company's internal control. When a risk scenario changes during the year, the measurement and management of relevant risks are updated.

SCA's financial risk management is centralized, as is the corporate internal bank for handling the Group companies' financial transactions and management of the Group's energy risks. The financial risks are managed in accordance with the Group's Financial Policy, which is set by SCA's Board of Directors. Together with the company's instructions for energy trading, this provides a framework for management activities.

SCA's corporate Internal Audit function ensures that SCA complies with policies and other governing documents, and that the organization implements approved measures to manage identified risks. The Internal Audit function reports to the Board of Directors through its Audit Committee.

## Operational risks

Description of risk	Management and comments for the year
<p><b>Demand and market price for SCA's products</b></p> <p>Demand for SCA's products is influenced by several factors, such as the general economic trend, and also more specifically through trends in construction and in the building materials trade, as well as an increase in e-commerce. Other products and services can substitute SCA's products at the same time as SCA's products can replace other products and materials. SCA is benefiting from the substantial and growing need to replace fossil materials with renewable alternatives.</p> <p><b>Impact:</b> ○ ○ ● <b>Change:</b> —</p>	<p>In most of the product areas where SCA operates, there are a number of competing producers and distinct market prices. Supply is determined by the available production capacity and price is based on supply and demand. Sales contracts can use market prices based on published price indexes, sometimes with a certain time lag to events in the market. Sales contracts can also state a price, which is valid for during the period of contract. Variations in market prices can cause significant fluctuations in profit for SCA.</p> <p>Several methods are used to address the risk of a fluctuating market price. Long-term contracts at fixed prices or price hedging only occur in exceptional cases. If the impact of price movements is expected to be negative and long-term, measures can be taken to adapt the cost scenario, for example, by renegotiating agreements, capacity or personnel changes, and reviewing the business structure. A transition to alternative production can also be considered where this is possible.</p> <p>The company's innovation work aim to develop new products, services and process solutions that enhance competitiveness.</p>
<p><b>Raw material prices and other costs for input goods and services</b></p> <p>The market price fluctuates over time for many of the input goods and services used in the manufacture of SCA's products. This could have a positive or negative impact on earnings. About 80% of SCA's cost base is made up of raw materials, input goods and services. SCA's cost structure is described in the Board of Directors' Report.</p> <p><b>Impact:</b> ○ ○ ● <b>Change:</b> —</p>	<p>Price movements on raw materials, input goods and services can be managed in several ways. SCA has an integrated value chain with a high degree of self-sufficiency in wood, energy and logistics, which contributes to risk reduction. SCA is Europe's largest private forest owner and in 2023, 58% of SCA's wood raw material need was sourced from its own forests and chips from its own sawmills.</p> <p>Through its large forest holding and energy-efficient industrial processes, SCA is also a net producer of bioenergy. SCA is both a major user and producer of electricity. In 2023, SCA used 2.0 TWh of electricity while the company produced 1.5 TWh of electricity. The company's wind power leases reduced its exposure further, to a total of 0.1 TWh. The price risk may also be reduced by using financial hedges and long-term contracts. According to internal rules, the electricity price risk can be hedged for up to 36 months. For 2024 approximately 75%, for 2025 about 40% and for 2026 0% of the forecast net electricity consumption has been hedged. Under normal circumstances, no other price risks in input goods are hedged.</p> <p>Transport expenses account for a large share of SCA's cost base. Use of SCA's own logistics operations enables the system to be optimized and risks minimized. In addition, the risk is minimized through investments, together with partners, in the production of liquid biofuel. SCA also works actively to reduce cost risk by renegotiating contracts, identifying new suppliers or replacing input goods and services where prices have risen.</p>

An assessment of the potential impact on SCA based on a combination of likelihood and financial impact.

● Low   ● Medium   ● High

Refers to change compared with the preceding year.

↑ Increased risk (impact and/or likelihood)   — Unchanged risk   ↓ Reduced risk

Description of risk	Management and comments for the year
<b>Environmental impact</b>	
<p>SCA's operations have an impact on air, water, land, noise levels and biological processes. These effects could lead to costs to prevent or limit the impact on the environment or costs to restore environments affected by SCA's operations. Demands for restoring the environment may also relate to the impact of SCA's previous operations.</p> <p>SCA's industrial operations in Sweden require a permit in accordance with the Swedish Environmental Code, which stipulates limits for the scope of operations and the permitted impact on surroundings. Any expansion or changes to operations may require further action. Forest operations are also impacted by the Swedish Forestry Act and the Land Acquisition Act.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Change:</b> —</p>	<p>SCA's Sustainability Policy details guidelines for the Group's work in environmental and social responsibility. Each production unit sets targets to reduce its environmental impact. The targets are based on evaluations of environmental aspects. Environmental risks are minimized through preventive work in the form of certified environmental management systems, control programs for compliance with environmental permits, and risk analyses in conjunction with acquisitions, as well as a through remediation projects in connection with plant closures. Through its Resource Management System (RMS), SCA monitors how the company utilizes energy, water, transport activities and raw materials. All employees are encouraged to report observations and incidents, which become part of preventive work and efforts to achieve continuous improvements. SCA has spent many years striving to steadily increase the share of renewable energy and minimize waste. SCA's integrated value chain helps to increase circularity as by-products and waste streams from one process become raw materials for another process.</p>
<b>Climate change</b>	
<p>Climate change entails risk to SCA's operations. Changes to weather conditions could lead to drought, which in turn could lead to increased insect damage and fires. More storms increase the risk of storm damage. Timber harvesting and transportation could be impacted by a milder climate with more rain creating difficult terrain, particularly in the spring. Political decisions taken to reduce or limit the effects of climate change may affect the company in various ways.</p> <p>A changing climate could affect biodiversity in the company's forests as living conditions for various species are altered. Access to fresh water may be adversely impacted by a warmer climate.</p> <p>At the same time, climate change in the form of global warming is, to a certain extent, expected to have a positive impact by creating a more favorable climate for forest growth in northern Sweden.</p> <p>To counteract climate change, demand is increasing for renewable and fossil-free alternatives, which favors SCA.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Change:</b> —</p>	<p>The main impact for the company is considered to be related to the forest and forest management. Since forest operations have a long perspective of 100 years, it is difficult to predict how different aspects of climate change will interact. A warmer climate will probably lead to higher growth in the forest but in parallel greater risk of pests, extreme weather conditions and longer periods of drought. SCA takes part in various research collaborations to increase knowledge of how the forest may be impacted by climate change and how forest operations can be adapted to best address these changes.</p> <p>Transition risks could entail both risks and opportunities. Increased demand for renewable energy and products based on renewable materials offer SCA an opportunity. Political decisions to limit climate change could positively or negatively impact the company, refer also to political risks.</p> <p>The company's industrial processes are almost fossil-free following structured efforts over many years involving energy optimization and the replacement of fossil fuels with biofuels. The company's largest exposure to fossil fuels is related to transportation and various measures are being taken to reduce consumption. One example is an electric timber truck that began operating in 2022 and that is being evaluated for timber transports to the paper mill in Obbola.</p> <p>A more detailed analysis of climate-related risks and opportunities is presented on pages 73–75.</p>
<b>Business ethics</b>	
<p>Unethical behavior or poor management of risk linked to business ethics can damage SCA's brand and credibility. The company may also suffer fines and other legal sanctions. Through good business ethics, the company can contribute to positive development across the value chain, safeguard human rights and minimize the risk of corruption and money laundering.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Change:</b> —</p>	<p>To ensure that SCA and its employees live up to the company's core values and is not involved in or linked to unethical business practices, SCA has a Code of Conduct. This includes general rules for how SCA conducts its business and how the company's employees are to act toward each other and in business relationships. The Code is a policy approved by the Board of Directors and is regularly reviewed. The Code includes principles on business ethics, relationships to employees, respect for human rights and environmental considerations. All employees are educated in the Code as part of the introduction for new employees and through refresher courses.</p> <p>To ensure that SCA works with business partners that share these values, potential partners are evaluated before cooperation is initiated. The evaluation 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 Supplier Standard, which is regulated in supplier agreements. SCA uses a number of methods to monitor and safeguard the implementation of the Code of Conduct. These include checks in connection with acquisitions, risk evaluation of the company's own units and suppliers, and on-site audits of SCA's units and of suppliers deemed to have a higher risk level. SCA has a whistleblower system where both internal and external parties can report suspected violations of the Code, which are processed by the company's Compliance Council.</p>
<b>Legal risks</b>	
<p>SCA conducts operations covered by laws, rules and regulations, much of which are subject to permits. SCA may be subject to commercial disputes and other legal procedures.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Change:</b> —</p>	<p>SCA monitors legal developments in relevant areas to ensure regulatory compliance. The company takes the measures required to comply with regulatory changes and provides employees with relevant training. SCA is also a member of trade associations to safeguard the company's interests on legal issues. SCA's facilities continuously monitor their environmental impact and compliance with permits issued.</p>
<b>Reputational risk</b>	
<p>Events may occur that damage SCA's reputation. This could, for example, concern an employee, contractor, supplier or business partner who fails to comply with laws and regulations or policy documents, such as SCA's Code of Conduct. SCA could also be affected by accidents that damage the reputation of SCA and its ability to conduct the business in a safe and efficient manner.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/> <b>Change:</b> —</p>	<p>SCA performs training sessions to ensure that knowledge about regulations is transferred to SCA's employees and works to ensure that co-owned operations and staff in these companies comply with similar requirements.</p> <p>SCA has a Supplier Standard to ensure that SCA's suppliers and contractors adhere to the requirements imposed by SCA. SCA has systems in place to handle sudden events, such as accidents, that risk damaging confidence in SCA. The company has a procedure to ensure that new partners share SCA's values before initiating a business collaboration. Whenever necessary, audits are conducted on-site to monitor that SCA's performance levels are met. SCA holds discussions with its stakeholders and regularly updates information on the company's website to satisfy various needs.</p>

Description of risk	Management and comments for the year
<b>Risks linked to forest operations and the forest holding</b>	
<p>SCA is Europe's largest private forest owner, with 2.7 million hectares of forest land, of which 2.1 million hectares is productive forest land. The holding is mostly in northern Sweden and in the Baltic region. There is a risk that the value of the forest holding decreases through infestation by pests, grazing moose, storms or fire. The value of the forest assets can also change, for example through variations in demand for wood raw material in SCA's region, which in turn would impact price levels in the region. Furthermore, SCA's forest management may conflict with the activities of reindeer herding Sami communities pertaining to land use. This is also the case when establishing wind power production on forest land. Legislation may also influence opportunities to conduct active and responsible forest management.</p> <p><b>Impact:</b> ○ ● ○ <b>Change:</b> —</p>	<p>SCA works proactively and together with research institutes to continuously improve forestry methods and seedlings to enhance forest growth and to reduce impact on the forest landscape. SCA works in various ways and holds discussions with different stakeholders, to contribute fact-based supporting data of the benefits created through a responsible use of the forest and how forest operations impact the forest landscape.</p> <p>Active and responsible forest management combined with an industry that adds value to the forest raw material is essential to secure the value of the forest asset. Since 1950, the sustainable harvesting level has more than doubled at the same time as the standing volume has increased by about 70%. The risk of infestation by pests is managed through diligent soil scarification, special protection against pine weevils and procedures to minimize the risk of infestation by spruce bark beetles. The stock of grazing moose is managed through hunting on land where SCA issues hunting licenses. SCA's forest land is spread across large areas of northern Sweden, which means forest fires and storms usually only impact a limited part of the forest holding. The forest is therefore not insured. On the basis of the fire situation in previous years, SCA has drawn up procedures to minimize the risk of forest fires, particularly during longer periods of dry weather. SCA jointly plans with the relevant Sami communities in connection with forestry operations and wind power projects on SCA's land. The participatory planning pertains to the adaptation of forest management activities, including the scheduling of harvest operations, the use of fertilizers, the selection of soil scarification method and the choice of tree species when replanting forests. For wind power projects, consultation may be carried out concerning the size of the wind farm and potential impact on reindeer herding with the relevant Sami communities, local residents and landowners in the area.</p>
<b>Biodiversity</b>	
<p>SCA uses large quantities of forest raw material, which is partly from its own forest and partly from other landowners and forest companies. All forestry measures involve a risk of impacting biodiversity. Political decisions and legislation to protect biodiversity may impact the company.</p> <p>A warmer climate will probably affect biodiversity.</p> <p><b>Impact:</b> ○ ● ○ <b>Change:</b> —</p>	<p>SCA's objective is to manage the company's forests to make them at least as rich in biodiversity, nature experiences and raw material in the future as they are today. SCA is pursuing long-term and responsible forest management where nature conservation measures are applied in all forest operations. SCA strives to preserve and strengthen biodiversity in several ways. Ecological landscape planning applies to SCA's entire land holding and forms the foundation of our approach to nature conservation. SCA makes voluntary set-asides where the company's forests with the highest conservation values are set aside from forest management. Alternative forms of production are used and targeted actions are taken to promote biodiversity. SCA takes specific responsibility for forest species that are at risk of being negatively affected by forest management in northern Sweden and works proactively to guarantee and increase access to the right habitats for these species. The company cooperates with organizations to jointly identify and undertake measures that promote biodiversity and recreation.</p> <p>SCA's forestry management and timber procurement is certified under FSC and PEFC in Sweden and the Baltic region. SCA actively refrains from purchasing timber from controversial sources. As a minimum requirement, purchased timber must comply with FSC's Controlled Wood Standard.</p>
<b>Risks at production plants</b>	
<p>SCA has 14 production facilities, all of which are located in Sweden. SCA also owns facilities for distribution, such as port facilities, timber terminals and forest roads in Sweden. Poor health and safety practices at the production facilities may cause ill health or a workplace accident with substantial consequences for individual employees. Some of the facilities conduct continuous production. Fires, machinery break-downs and other types of harmful incidents could lead to production disruptions and cause delivery problems. When major projects are undertaken, there is a risk of disruption in the existing operations.</p> <p><b>Impact:</b> ○ ● ○ <b>Change:</b> —</p>	<p>SCA has a vision of zero workplace accidents and is actively and systematically running a health and safety program to minimize the risk of personal injury and ill health. SCA applies a preventive approach to ensure a high degree of availability in production facilities and to avoid unscheduled production stops. The aim is to effectively and cost efficiently protect the employees, local residents, the environment, the company's assets and the business, and to minimize SCA's risk management costs. Loss-prevention activities are conducted in accordance with established guidelines, which include management's safety walks, maintenance of plants, staff training and good orderliness. Continuous action is taken to reduce risks by using, for example, risk assessments and undertaking continuous improvements.</p> <p>All wholly owned plants are insured with market-leading insurance companies to replacement cost and for the loss of contribution margin. In order to minimize the impact of ongoing projects on operations, separate project organizations are created to conduct regular follow-ups that quickly identify any disruptions and shortcomings, and take corrective action.</p>
<b>Impact of political decisions</b>	
<p>SCA's operations are affected by political decisions and administrative rules, primarily in Sweden where SCA has most of its operations, but also at EU level. This impact could be from general regulations, such as rules covering taxation and financial reporting, but also by more specific regulations and practices. These include political decisions pertaining to forest management, transportation and permit processes. Political decisions may restrict future harvesting levels.</p> <p><b>Impact:</b> ○ ○ ● <b>Change:</b> —</p>	<p>SCA is working to monitor and evaluate changes in its surroundings, amended legislation and political decisions that lead to a change in circumstances for the company. SCA is a member of national and international trade associations. A few key areas for SCA include the ownership and right to the use of forest land, European and global legislation in the field of energy and the environment, and attitudes toward biofuel. SCA monitors developments in prioritized areas, such as forest management, biodiversity, fossil-fuel use, ecolabels, issues relating to waste and emissions to water and air. It is important for SCA to monitor EU emission rights trading, regulations concerning waste and circular economy initiatives.</p>
<b>Customer dependency</b>	
<p>In 2023, SCA's ten largest customers accounted for about 37% of SCA's sales. The risk of too great a dependency on an individual customer is that lost sales from these customers could have a negative impact on SCA's earnings.</p> <p><b>Impact:</b> ○ ● ○ <b>Change:</b> —</p>	<p>SCA works continuously to build relations with existing and new customers in order to reduce the consequences of lost sales from established customers. Generally, customers in the pulp and paper segments are major companies, such as tissue manufacturers and corrugated board manufacturers. Within the Wood business area, SCA has developed new customer segments over the years. Traditionally, solid-wood products are distributed by wholesalers. SCA has built up business relationships with distributors in the building materials trade, which are focused on distribution to consumers, including the DIY segment. In addition, certain construction components are manufactured for sale directly to industry.</p>

Description of risk	Management and comments for the year
<b>Suppliers</b>	
<p>SCA is dependent on a large number of suppliers. The loss of key suppliers could result in costs for SCA and problems in the value chain. Suppliers that fail to comply with SCA's Supplier Standard could also cause problems for SCA. Global or regional crises may have a negative impact on the supplier's capacity to meet its commitments and on the mobility of goods and services.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>    <b>Change:</b> ↓</p>	<p>To reduce this risk, SCA has supply contracts with multiple suppliers. For wood raw material purchased externally, SCA has created a purchasing organization with about 80 timber purchasers, distributed between local offices across the region and through these has relationships with approximately 18,000 private forest owners. SCA may also sell silvicultural services to these forest owners. About 170 contractors are responsible for most of the harvesting, about 100 for transportation of wood raw material to SCA's industries and around 90 for silviculture.</p> <p>For the most important input goods and services, there are a number of suppliers available in the market. This is also often the case for suppliers of maintenance services and building services. As SCA has access to several suppliers, it has reduced the risk of non-delivery resulting from delivery problems at an individual supplier. Active efforts have helped to manage disruptions linked to the current crisis in Ukraine, resulting in no major impact on the company's operations.</p> <p>An SCA Supplier Standard has been established that addresses, for example, working conditions, health and safety, business ethics and human rights. SCA's suppliers must agree to follow the standard and may be required to undergo an audit. The audits are planned and carried out from a risk perspective to ensure that deliveries are from suppliers that fulfill SCA's requirements.</p>
<b>IT security and IT risks</b>	
<p>SCA relies on IT systems in its operating activities. Disruptions or faults in critical systems may have a direct impact on production and important business processes. Errors in the handling of financial systems can affect the company's reporting. Unauthorized intrusion into SCA's systems may result in financial losses and other damage. These risks grow in an increasingly technically complex and interlinked world.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>    <b>Change:</b> —</p>	<p>SCA has established a management model for IT that includes governance, standardized IT processes and an organization for IT security. The IT security work includes a continuous risk assessment, the introduction of preventive measures, use of security technology, procedures for business continuity management and internal audits. 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-established systems. The company's approach has been adapted and changes in accordance with the General Data Protection Regulation (GDPR). Employee awareness of the risks is raised through courses in IT security.</p>
<b>Employee-related risks</b>	
<p>SCA needs access to skilled and dedicated employees. The company must have an ability to attract and retain talent and safeguard the availability of competent managers to achieve established strategic and operational objectives.</p> <p><b>Impact:</b> <input type="radio"/> <input checked="" type="radio"/> <input type="radio"/>    <b>Change:</b> —</p>	<p>SCA's objective is that workplaces are to be accident-free and healthy, and the company has a proactive approach toward the health and well-being of employees. The company carries out management training courses to develop and support managers in their leadership role.</p> <p>SCA follows an established process for succession planning to ensure the supply of leaders and specialists. SCA works with strategic skills supply to secure access to the right expertise in the short and long term. Employees are developed through traditional training, coaching and learning as a part of everyday work as well as annual performance reviews. The company uses targeted initiatives to attract critical expertise and to strengthen the employer brand. The company also offers local training initiatives to gain access to talent in areas where there is a skills shortage. Salaries and other conditions are to be adapted to the market and linked to SCA's business priorities. SCA strives to maintain good relationships with union organizations.</p>



## Financial risks

Description of risk	Management and comments for the year												
<b>Currency risk</b>													
<p>SCA's focus on exports makes SCA's operations highly dependent on currency. About 90% of sales are conducted in currencies other than SEK. Most purchasing is conducted in SEK. Only a minor share of purchasing is carried out in other currencies. Fluctuations in currency rates have a substantial impact on SCA's revenue and thereby on earnings.</p> <p><b>Impact:</b> ○ ○ ● <b>Change:</b> —</p>	<p>The table shows the net flows for the three largest currencies in 2023, and the total of other foreign currencies, measured as sales in each foreign currency less purchases in the same currency. In accordance with SCA's Financial Policy, this exposure is hedged as follows:</p> <p>Balance sheet items in foreign currency are hedged, as is exposure in major approved and contracted investments in non-current assets.</p> <p>According to the policy, transaction exposure regarding expected future net flows may also be hedged for up to 18 months. At December 31, 2023, the company had hedged roughly the following shares of the expected net exposure from sales minus purchases. For EUR, 75% for the first quarter, 70% for the second quarter, 40% for the third quarter and 20% for the fourth quarter of 2024, as well as 5% for the first quarter of 2025, and for USD, 80% for the first quarter, 75% for the second quarter, 50% for the third quarter and 30% for the fourth quarter of 2024, as well as 10% for the first quarter of 2025. These had the following average exchange rates, EUR/SEK 11.53, USD/SEK 10.69.</p> <p>Translation exposure, meaning the risk to which SCA is exposed when translating foreign subsidiaries' balance sheets and income statements to SEK, is less important as the total assets in these companies only amount to approximately 2% of SCA's total assets. Translation exposure in the foreign subsidiaries is not currency-hedged.</p>												
	<table border="1"> <thead> <tr> <th>Net flows</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>EUR</td> <td>EUR 429m</td> </tr> <tr> <td>USD</td> <td>USD 532m</td> </tr> <tr> <td>GBP</td> <td>GBP 94m</td> </tr> <tr> <td>Others (translated to SEK)</td> <td>SEK 280m</td> </tr> <tr> <td><b>Total</b></td> <td><b>SEK 12,078m</b></td> </tr> </tbody> </table>	Net flows	2023	EUR	EUR 429m	USD	USD 532m	GBP	GBP 94m	Others (translated to SEK)	SEK 280m	<b>Total</b>	<b>SEK 12,078m</b>
Net flows	2023												
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<b>Total</b>	<b>SEK 12,078m</b>												
<b>Credit risk</b>													
<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><b>Impact:</b> ○ ● ○ <b>Change:</b> ↑</p>	<p>Credit exposure in accounts receivable amounted to SEK 2,858m as per December 31, 2023. Credit risk in accounts receivable is managed through credit checks of customers using credit rating companies. Credit limits are set and regularly monitored. Accounts receivable are recognized at the amount that is expected to be received based on an individual assessment of each customer. The financial credit exposure, in which the counterparty is a financial actor or a pension fund manager, amounted to SEK 2,960m as per December 31, 2023. The objective is that financial counterparties must have a credit rating of at least A- from at least two credit rating institutes.</p>												
<b>Liquidity and refinancing risk</b>													
<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><b>Impact:</b> ● ○ ○ <b>Change:</b> —</p>	<p>As of December 31, 2023, SCA's gross debt amounted to SEK 13,726m and the average duration, including unutilized credit facilities, to 3.7 years (taking into account lease liability in accordance with IFRS 16). Unutilized credit facilities amounted to SEK 6,249m at the end of the year, and cash and cash equivalents to SEK 502m.</p> <p>To ensure good access to loan financing at attractive terms, SCA has a clear objective to maintain an investment grade rating. During the year, the credit rating agency Standard and Poor's (S&amp;P) repeated SCA's credit rating as "BBB" with a stable outlook.</p> <p>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 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, taking into account unutilized credit facilities.</p> <p>Surplus liquidity should primarily be used to amortize external liabilities. As of December 31, 2023, SCA's financing mainly comprised one credit facility from a group of four banks with high credit ratings, bilateral loans and credit facilities from several banks and issued commercial papers and bonds.</p>												
<b>Interest rate risk</b>													
<p>Interest rate risk relates to the risk that movements in the interest rates could have a negative impact on SCA.</p> <p><b>Impact:</b> ○ ● ○ <b>Change:</b> —</p>	<p>SCA's policy is that the average interest rate duration period shall be within the interval 3–36 months. SCA's average interest rate duration for the gross debt, including derivatives and excluding lease liability in accordance with IFRS 16, was about 15 months as of December 31, 2023. The risk is managed using fixed-interest loans or through interest rate derivatives. A sensitivity analysis is presented in Note E7.</p>												



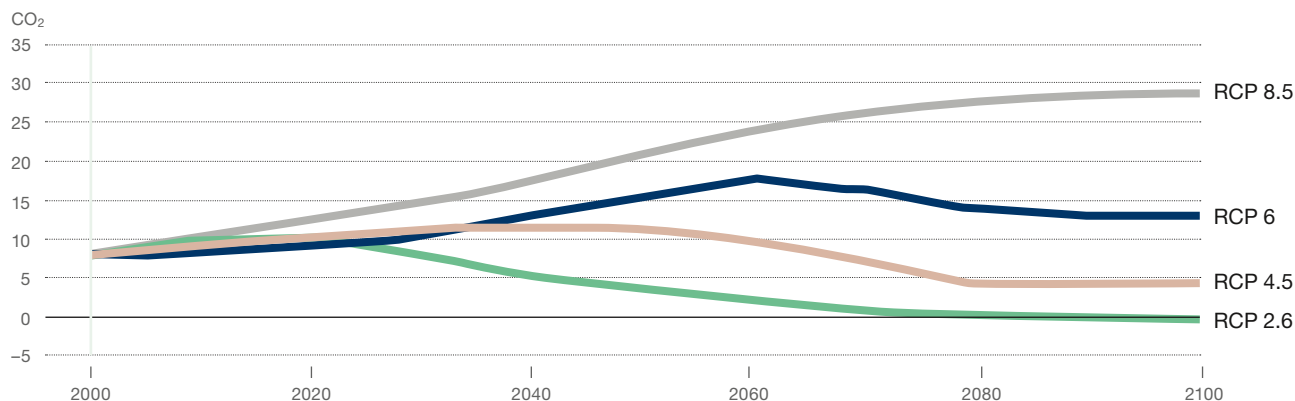
Growing forests absorb CO<sub>2</sub> from the atmosphere every year. Products manufactured from wood raw material facilitate the phasing out of fossil materials and store carbon during their lifecycle.

# Climate-related risks and opportunities

Climate change entails both risks and opportunities that SCA must understand and respond to. A scenario analysis with a perspective of 100 years was carried out that analyzed two scenarios: one where the world achieves the Paris Agreement and one with a higher temperature increase where society reacted more slowly. The analysis was conducted with both a global perspective and

with a focus on northern Sweden. Risks for the company have been assessed in the short and long term on the basis of the analysis. SCA's business model and base in its own forests represent major opportunities to be an important player in the transition to a sustainable development of society.

## Emissions billion tonnes of carbon dioxide



Source: van Vuuren, D.P., Edmonds, J., Kainuma, M. et al. The representative concentration pathways: an overview. *Climatic Change* 109, 5 (2011). <https://doi.org/10.1007/s10584-011-0148-z>

## Scenario 1 – Low temperature<sup>1)</sup>

In line with the Paris Agreement, global warming ~1.5°C

Global warming is slowed and greenhouse gas emissions are negative by 2100. The global increase in the average temperature is limited to 1.5°C.

Society has undergone a high degree of transition while the physical impact arising from climate change was restricted. Technology development contributes to the transformation of society. Charges for emissions have accelerated the phasing out of fossil energy. Extreme weather conditions occur more frequently than today.

The global population decreases to about 7 billion, due primarily to an increase in education and lower birth rates. Changed consumption patterns have increased resource efficiency and reduced material needs.

## Scenario 2 – High temperature<sup>2)</sup>

Slower transition, global warming ~3–5°C

Society has not taken adequate measures to reduce climate change and still has a great dependency on fossil energy. The global average temperature has continued to increase by about 3.5°C.

Fossil emissions have continued to increase until 2060 but decreased thereafter. The concentration of CO<sub>2</sub> in the atmosphere has increased by approximately 70%. Climate change makes more locations on earth difficult or impossible to inhabit. Increased inequality between and within countries, leads to more conflicts in the world. Extreme weather conditions occur frequently and result in various types of problems. Costly proactive measures are required to reduce the consequences.

The global population increases to about 9 billion, which leads to a greater need for resources and more land is used for food production.

## Scenario analysis – Impact on SCA

Based on an estimate of changed conditions in northern Sweden and with a perspective of 100 years

The effects of a changed climate in northern Sweden, where SCA conducts most of its operating activities, are deemed similar for both scenario 1 and 2, but with more pronounced changes for scenario 2 (high temperature). For scenario 2, the effects are expected to be more severe and to occur earlier than for scenario 1. According to models from, for example, SMHI, a global increase in average temperature will lead to an even greater temperature increase closer to the poles. This will entail an anticipated temperature increase of 1–3°C (scenario 1) and 4–7°C (scenario 2), respectively, in northern Sweden. Access to water will be affected

depending on geography and season. Spring will be wetter in the inland, summer drier at the coast, autumn and winter wetter throughout northern Sweden.

The long-term impact of climate-related transition risks are difficult to foresee, which leads to great uncertainty. Both legislation in Sweden and the EU will have an impact, as will technology development, access to and price of raw materials, changed consumption patterns, access to and terms of financing as well as investor valuations and risk appetite.

<sup>1)</sup> Source: RCP 2.6 and SSP1–2.6.

<sup>2)</sup> Source: RCP6, SSP4–6.0 and when data is missing, then data from RCP 8.5 and RCP 4.5 was used to supplement the scenario.

## Climate-related risks and opportunities based on the performed scenario analysis

With starting point in changed conditions in northern Sweden and a perspective of 100 years

### Climate-related physical risks

#### Acute risks

- Different types of extreme weather conditions occur more frequently and may affect the value chain, including transportation to customers and raw materials to industry.
- Increased periodical rainfall, torrential rain, occur more frequently.
- Storms occur more often, but the average wind speed is not expected to increase.
- Larger outbreaks of insect and fungal damage in the forest holding.

#### Chronic risks

- Higher average annual precipitation while periods of drought increase, mainly in terms of the number of days per year.
- More days with low soil moisture. During these periods, access to water is reduced for the trees and fire risk is increased.
- Higher average temperature, fewer frost days and shorter winter season. Also contributes to extended growing seasons that lead to increased growth in the forest.
- Warmer and wetter winters with less ground frost increase the risk of windfalls and have a negative impact on logging conditions in the forest.
- Increased occurrence of insect and fungal damage in the forest holding.
- Changes in access to habitats may impact flora and fauna.

### Climate-related transition risks

#### Regulatory risks (political decisions and legislation)

- Limitations on ownership rights and/or right to the use of forests.
- Differing opinions about how the forest can best be used may impact access to and the price of raw materials.
- Changes in fees and taxes, mainly on CO<sub>2</sub> and transportation.
- Terms, access and pricing for renewable energy and renewable fuel.
- Slow and difficult to predict permit processes.
- Lack of systemic perspective and risk of suboptimal outcomes.

#### Technological risks

- Development of new competing materials.
- Development of fossil-free production processes that lead to lower substitution needs.

#### Market risks

- Increased demand for sustainability at all stages of the life cycle.
- Changed consumer habits.

#### Reputational risks

- Perception of the definition of responsible forest management.

Risks for SCA in the short, medium and long term	Management of risks
<b>Risks in the short term 1–2 years</b> <ul style="list-style-type: none"> <li>• Slow and difficult to predict permit processes.</li> <li>• Increased taxes and fees on fossil emissions.</li> <li>• Increased administration to report emissions.</li> <li>• Requirements to set aside land to promote biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions and collaboration forums with stakeholders. Advocacy activities through trade organizations, and other collaborations as well as through own initiatives.</li> <li>• High level of expertise in relevant areas within the company, and through research collaboration, with customers and other parties.</li> <li>• Continued development of forest management through own experience and by following and participating in research work.</li> </ul>
<b>Risks in the medium term 2–5 years</b> <ul style="list-style-type: none"> <li>• More days with low soil moisture that reduce access to water for the trees and increase the risk of forest fires.</li> <li>• More frequent torrential rain and a shorter winter season that may create more challenging logging conditions in forest operations.</li> <li>• Increased magnitude of infestation by pests and fungi.</li> <li>• Potential limitations to the right to the use of forest land and requirements to set aside land to protect nature.</li> <li>• Legislation and classification of bioenergy.</li> <li>• Requirements to minimize emissions throughout the value chain, even outside the company's own operations and increased costs for fossil emissions.</li> <li>• Costs to combat and minimize the effects of extreme weather conditions, such as flooding, droughts and storms.</li> <li>• Access to and pricing for renewable and dispatchable energy.</li> </ul>	<ul style="list-style-type: none"> <li>• Good fire-fighting capabilities and developed procedures to monitor the risk of forest fire. Adapted forestry procedures.</li> <li>• Procedures for soil scarification and the development of seedling material when planting new forests.</li> <li>• Increased knowledge about pests (insects and fungi) and how forestry can be adapted to minimize damage.</li> <li>• Cultivating seedling material.</li> <li>• Increased and refined monitoring of the forest holding for early detection of infestation.</li> </ul>
<b>Risks in the long term 5–100 years</b> <ul style="list-style-type: none"> <li>• Taxes and fees on emissions.</li> <li>• Costs to combat, minimize and manage the effects of extreme weather conditions, where the magnitude depends on the development of climate change.</li> <li>• Technology development that affects material efficiency, material use and production costs.</li> <li>• Changed requirements on material properties and recycling.</li> <li>• Access to and costs for raw materials and energy.</li> <li>• Changed consumer demands and consumption patterns.</li> <li>• Access to and terms of financing.</li> </ul>	<ul style="list-style-type: none"> <li>• Technology and product development through own initiatives and together with partners.</li> <li>• Landscape planning, site adaptation and choice of seedling material for replanting to improve the robustness of the forest holding.</li> <li>• Development of technology and working practices to address wetter conditions during harvesting and other forestry measures.</li> </ul>

## Opportunities for SCA

The transition of society to combat climate change also entails many opportunities for SCA, with its base in renewable raw materials from responsibly managed forests. The company has effective control of the value chain, a high degree of self-sufficiency in critical raw materials and a potential in renewable energy.

- Greater demand for renewable materials and renewable energy increases demand for the company's products.
- The development of new products based on forest raw materials or waste streams can offer new revenue streams.
- A warmer climate and extended growing seasons will increase growth in the forests. Increased growth will boost the uptake of CO<sub>2</sub> in the company's forests and access to raw materials, which both help to mitigate climate change and to phase out fossil material.
- Increasing demand on sustainability and climate have contributed, and are expected to continue to contribute, to favorable opportunities for securing financing.

## Potential financial impact

- The market price for the company's products follows changes in demand in the market.
- Revenue from new products and services.
- Higher/lower growth in the forest and higher/lower volumes of harvested forest on own land.
- Costs to adapt the company to any changes to laws and fees.
- Costs to manage the effects of extreme weather conditions, including proactive measures.
- Access to and terms of financing as sustainability demands increase.
- Valuation of the company's assets. Currently, the risk of stranded assets is considered low.

The financial impact is described in the financial statements, see Note A1 under Climate-related risks and opportunities.

## Task Force on Climate-related Financial Disclosures (TCFD)

Climate-related risks and opportunities are an integrated part of the company's work. SCA presents information about how these may impact the company in accordance with TCFD recommendations. References are provided below to the relevant pages for more detailed information.

### Governance

Climate-related risks and opportunities are included in the company's work with risk management and business development. The Board of Directors approves all policies. Sustainability issues and risks are discussed at least at one Board meeting every year. The Executive Management approves Group targets and reviews and updates the risk scenario every year. Risk management may be followed-up by internal audit and internal control tools.

Read more on pages: 76–83.

### Strategy

Climate-related risks and opportunities have been identified and integrated into SCA's strategy for profitable growth. SCA has, through its large forest assets and renewable products, a strong potential to play a significant role in the transition to a decarbonized society both with existing and new products and services. In parallel, the company is striving to reduce the impact of climate change on its own operations, mainly by adapting and developing forest management, and mitigating its impact by reducing emissions.

Read more on pages: 8–13, 20–21 and 26–33.

### Risk management

Climate-related risks and opportunities are part of the company's risk management process. Risks and opportunities are also managed on a continuous basis in the line organization and in cross-functional, Group-wide networks. When a risk scenario changes during the year, a review is conducted of risk management in the relevant areas to modify the company's actions if required.

Read more on pages: 67–75.

### Metrics and targets

SCA's Group targets include a number of supporting targets related to climate impact. In addition, local targets exist in each business area. An assessment of the fossil emissions from the whole value chain is conducted every year. The company calculates its climate benefit contribution on an annual basis using the model described by the Forest Research Institute of Sweden (Skogforsk) in report number 1187-2024 and that includes the contribution from the company's products.

Read more on pages: 144–145, 154–159 and 168.

# Corporate governance

**Corporate governance aims to ensure SCA's commitments to all of its stakeholders. In addition, corporate governance supports the company's long-term strategy, market presence and competitiveness.**

## **Corporate governance, including remuneration, pages 76–87**

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 as well as SCA's internal control. Moreover, it provides an overview of remuneration and remuneration issues, see also SCA's remuneration report on sca.com. SCA applies the Swedish Corporate Governance Code without any deviations ([www.bolagsstyrning.se](http://www.bolagsstyrning.se)). Corporate governance shall be reliable, clear, straightforward and business-oriented. This Corporate Governance Report forms part of the Board of Directors' Report for SCA's 2023 Annual Report in accordance with Chapter 6, Section 6 of the Swedish Annual Accounts Act (1995:1554). The report has been reviewed by the company's auditor.

## **Risks and risk management, pages 67–75**

The processes to identify and manage risks in SCA are part of the Group's strategy work and are pursued at a local and Group-wide

level. The risk management section describes the most significant risks as well as the governing documents and measures that the Group applies to manage these.

## **Sustainability, pages 20–25, 66 and 138–179**

SCA's sustainability work is an integral part of the company's business model and operations. Work to improve the company's sustainability performance strengthens competitiveness, reduces risks and costs and attracts talent and investors. The Board and the President bear the overall responsibility for the running of SCA's business in the field of sustainability. SCA's sustainability agenda is headed by the Group's Sustainability Council, which includes members of the Executive Management and the Group's Sustainability Director. The Sustainability Council is led by the Group's Senior Vice President Sustainability and Communications. In addition, a number of cross-functional networks manage and coordinate issues such as health, safety and environment.

## Governance at SCA

### **Shareholder meeting/Annual General Meeting**

The shareholders' meeting is SCA's highest decision-making body, where all shareholders are entitled to attend, to have a matter considered and to vote in respect of all shares held by the shareholder. According to its Articles of Association, SCA has two listed classes of shares: Class A and Class B shares. Every Class A share represents ten votes and every Class B share represents one vote. The Annual General Meeting (AGM) is the annual shareholders' meeting at which the annual report is presented. The AGM appoints the company's Board of Directors and auditor, which are proposed by a Nomination Committee specifically elected by the AGM. The AGM also resolves on dividends, adoption of the annual accounts, fees to be paid to the company's Board and auditor, where applicable on guidelines for remuneration of senior executives, and other important matters.

### **Nomination Committee**

The Nomination Committee represents the company's shareholders and is charged with the 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 the overall responsibility for the company's organization and administration through regular monitoring of the business and by ensuring the appropriateness of the organization and management team, and also compliance with guidelines and internal control. The Board approves strategies and targets, and decides on major investments, acquisitions and divestments of operations, among other matters.

The 2023 AGM resolved that the Board of Directors shall comprise ten members elected by the AGM with no deputies. In addition, the Board shall include three employee representatives and three deputies.

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 dialogue with the President and ensuring that other Board members receive information 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 company's Board has, within itself, established an 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, and submitting recommendations and proposals to ensure the reliability of reporting. The Committee keeps itself informed on the audit, reviews and monitors the impartiality and independence of the auditor and submits recommendations to the Nomination Committee as a basis for the appointment of auditor and the determination of remuneration, and information to the Board concerning the results of the audit in order to fulfill all requirements of the EU Audit Regulation and Directive. The Audit Committee sets guidelines for the procurement of services other than auditing services from the company's auditors. Lastly, the Audit Committee evaluates the audit quality and informs the Nomination Committee of the results of the evaluation.

### Remuneration Committee

The company's Board has also, within itself, established a Remuneration Committee. The Remuneration Committee prepares the Board's motions on issues relating to remuneration principles and 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 other 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. The Remuneration Committee also prepares the Board's remuneration report.

### Internal audit

At SCA, it is the employees' responsibility to ensure sound governance and internal control in the operations or processes for which they are responsible. Internal audit is a separate function with the task of evaluating and improving the efficiency of SCA's internal control, governance, and risk management. The function reports to the Audit Committee and the Board in relation to internal audit matters. The function examines, among other, SCA's internal processes for sales, purchases, financial reporting, assets, compensation and benefits, HR matters, information security and IT systems, various projects and compliance with SCA's policies and other governing documents including the Code of Conduct.

### President and CEO and Executive Management

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 the Executive Management Team, the work of which is led by the President and CEO. The Executive Management Team comprises the President and CEO, the CFO, the Presidents of the Business Areas Forest, Containerboard, Pulp, Wood and Renewable Energy and the President for the support unit Sourcing & Logistics. Further, the Senior Vice Presidents of the Group functions Human Resources, Legal Affairs, Sustainability and Communications and Strategic Development are also members of the team. The working procedures for the Board of Directors and terms of reference issued by the Board of Directors to the President and CEO detail, for example, the division of work between the Board and President. In consultation with the Chairman of the Board, the President and CEO prepares documentation and background information for the Board's work.

SCA adheres to the principle of distinct decentralization of responsibility and authority. The business areas are fully responsible for developing their respective operations through established objectives and strategies, a process that is also centrally coordinated. Each business area is responsible for its operating result, capital and cash flow. The position of the business and results 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 area personally meet with the President and CEO, the CFO and others. These meetings function as a complement to the daily monitoring of operations.

### External auditors

The company's auditor, elected at the Annual General Meeting, examines SCA's accounting, the Group's annual report and sustainability report, the Board's and President and CEO's administration and the annual reports of subsidiaries, and submits an audit report.

The audit is performed in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act, International Standards on Auditing (ISA) and generally accepted auditing principles in Sweden, which also includes a review of compliance with the Swedish Companies Act and the Swedish Annual Accounts Act.

Internal rules and regulations include:

- Articles of Association.
- Working procedures of the Board of Directors.
- Terms of reference issued by the Board to the President and CEO.
- Code of Conduct.
- Other policy documents established by the Board and instructions established by the President and CEO.

External rules and regulations include:

- The Swedish Companies Act.
- The Swedish Annual Accounts Act.
- International Financial Reporting Standards (IFRS).
- Nordic Main Market Rulebook for Issuers of Shares.
- Swedish Corporate Governance Code.
- Relevant EU regulations.

### Compliance with stock market regulations

In 2023, SCA was not sanctioned by the Swedish Financial Supervisory Authority, the stock exchange's disciplinary board or any other authority or self-regulating body for violations of the rules concerning the stock market.

Read more about SCA's Corporate Governance on [sca.com](https://www.sca.com). This includes:

- SCA's Articles of Association.
- Link to the Swedish Corporate Governance Code.
- Information from previous Annual General Meetings since 2015 (notices, minutes, President and CEO's speeches) and press releases since 2012.
- Information from the Nomination Committee since 2007 (composition, proposals and work done).
- Information ahead of the 2024 Annual General Meeting (notice, Nomination Committee proposals including the Audit Committee's recommendation, Board proposal for guidelines for remuneration of senior executives, information on routines for notifying attendance to the Meeting, etc.).
- Earlier Corporate Governance Reports, since 2007.

## Activities during the year

### Annual General Meeting

The AGM was held on Thursday, March 30, 2023. The shareholders could also exercise their voting rights by postal voting prior to the Meeting. A total of 1,222 shareholders were represented at the Meeting and these accounted for approximately 71.9% of the votes in the company. Eva Hägg, Attorney-at-Law, was elected Chairman of the Meeting.

The Meeting resolved that a dividend of SEK 2.50 per share be paid for the 2022 fiscal year. The AGM also decided on the re-election of Board members Pär Boman, Åsa Bergman, Lennart Evrell, Annemarie Gardshol, Carina Håkansson, Ulf Larsson, Martin Lindqvist, Anders Sundström, Barbara Milian Thoralfsson and Karl Åberg. Pär Boman was re-elected as the Chairman of the Board. Ernst & Young was re-elected as auditor for the period until the 2024 AGM. The Meeting resolved on the approval of the remuneration report for 2022.

The minutes of the Meeting in full and information on the 2023 AGM are available on [sca.com](https://www.sca.com).

### Nomination Committee

The 2017 AGM decided that the following procedure for appointing the Nomination Committee is to apply until further notice. The Nomination Committee is to comprise representatives from the four largest shareholders in terms of voting rights as per the shareholders' register maintained by the company on the final banking day of August, as well as the Chairman of the Board. The Chairman of the Board is to convene the first meeting of the Nomination Committee. The member representing the largest shareholder in terms of votes is to be appointed as Chairman of the Nomination Committee. If necessary, due to subsequent ownership changes, the Nomination Committee is entitled to call on one or two additional members from among the next largest shareholders in terms of voting rights, so that the total number of members amounts to not more than seven. In the event that a member steps down from the Nomination Committee before the task is completed and the Nomination Committee decides it would be beneficial for a replacement to be appointed, such a replacement is to be appointed by the same shareholder or, if this shareholder is no longer among the largest shareholders in terms of voting rights, by the largest unrepresented shareholder in terms of voting rights. Changes to the composition of the Nomination Committee are to be disclosed immediately. The composition of the

Nomination Committee is to be disclosed not later than six months prior to the AGM. No remuneration is to be paid to the members of the Nomination Committee. Any expenses incurred during the work of the Nomination Committee are to be paid by the company. The mandate period of the Nomination Committee extends until the composition of the next Nomination Committee is disclosed. The Nomination Committee is to submit proposals relating to the Chairman of the General Meeting, the Board of Directors, the Chairman of the Board, Board fees for the Chairman of the Board and each of the other Board members, including remuneration for committee work, the company's auditors and auditors' fees.

In its work, the Nomination Committee has considered 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.

When preparing its proposal for the election of auditors and remuneration, the Nomination Committee has also considered the Audit Committee's recommendation.

### Composition of the Nomination Committee for the 2024 AGM

The composition of the Nomination Committee for the 2024 AGM is as follows:

- Bengt Kjell<sup>1)</sup>, AB Industrivärden, Chairman of the Nomination Committee.
- Nikolai Schjold, Norges Bank Investment Management.
- Anders Oscarsson, AMF Insurance and Funds.
- Mikael Hallåker, Handelsbanken Pension Foundation, among others.
- Pär Boman, Chairman of the Board, SCA.

<sup>1)</sup> Replaced Helena Stjernholm on October 12, 2023.

Shareholders have had the opportunity to submit proposals to the Nomination Committee. The Nomination Committee's proposal for the 2024 AGM is presented in the notice convening the AGM on SCA's website [sca.com](https://www.sca.com). The 2024 AGM will be held on March 22.

Since its appointment, the Nomination Committee was convened five times in 2023. The Chairman of the Board has presented the Board evaluation and provided the Nomination Committee with information regarding Board and committee work during the year.





### Diversity policy

When preparing proposals for the Board for the 2023 AGM, the Nomination Committee has applied Item 4.1 of the Swedish Corporate Governance Code as its diversity policy. The policy aims to ensure that the Board has – with regards to the company’s operations, stage of development and circumstances in general – an appropriate composition characterized by diversity and breadth as regards the AGM-elected members’ expertise, experience and background, with the endeavor to achieve an even gender ratio. The 2023 AGM resolved in accordance with the Nomination Committee’s proposal, which meant ten members were elected, of which four were women and six men. When preparing proposals for the Board for the 2024 AGM, the Nomination Committee has worked with and applied the diversity policy in a corresponding manner, which resulted in the proposal for the Board described in the notice convening the AGM.

The Nomination Committee’s proposal entails the appointment of nine Board members, of which five are women and four men.

### Board of Directors

Ten Board members were appointed at the 2023 AGM. In addition to these members, there are three employee representatives and their three deputies.

The SCA Board of Directors comprises the AGM-elected members Pär Boman (Chairman), Åsa Bergman, Lennart Evrell, Annemarie Gardshol, Carina Håkansson, Ulf Larsson (President and CEO), Martin Lindqvist, Anders Sundström, Barbara Milian Thoralfsson and Karl Åberg.

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 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 AGM-elected Board members have experience of the requirements incumbent upon a listed company.

The following three employee representatives were appointed to the Board for the period until the 2024 AGM: Niclas Andersson, Roger Boström and Maria Jonsson and their deputies Stefan

Lundkvist, Malin Marklund and Peter Olsson. Further information concerning the Board members can be found on pages 84–85.

### Board activities

In 2023, the Board was convened ten times. The Board has established working procedures. The working procedures describe 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 internal rules. Another task is to continuously monitor the internal control and compliance of the company and its employees with internal and external rules, and that the company has well-functioning procedures for market disclosures. On a regular basis throughout the year, the Board also deals with reports from the Audit and Remuneration Committees and reports on internal control and financial operations. The company’s auditor regularly presents a report on the audit work and these issues are discussed by the Board.

In 2023, the Board conducted standard duties, including strategy issues.

### Evaluation of the Board’s work

The work of the Board, as that of the Chairman and the President, is evaluated annually using a systematic and structured process. The purpose is to obtain a sound basis for the Board’s own development work and to provide the Nomination Committee with relevant analysis for its nomination work. In 2023, the evaluation took the form of a questionnaire and interviews held by an external consultant 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 results of the evaluation.

### Audit Committee

The Audit Committee comprises Barbara Milian Thoralfsson (Chairman), Pär Boman, Martin Lindqvist and Karl Åberg. The Audit Committee held seven meetings in 2023. In its monitoring of the

### Board of Directors and committees

Names	Elected	Depen- dence	The Board of Directors	Attendance	Audit Committee	Attendance	Remuneration Committee	Attendance
Pär Boman	2010	●	Chairman	10	Board member	7	Chairman	5
Åsa Bergman	2022		Board member	9				
Lennart Evrell	2017		Board member	10			Board member	5
Annemarie Gardshol	2015		Board member	10				
Carina Håkansson	2021		Board member	10				
Ulf Larsson	2017	●	Board member	10				
Martin Lindqvist	2017		Board member	10	Board member	7		
Anders Sundström	2018		Board member	10			Board member	5
Barbara Milian Thoralfsson	2006		Board member	10	Chairman	7		
Karl Åberg <sup>1)</sup>	2022	●	Board member	10	Board member	6		

<sup>1)</sup> Karl Åberg was elected to join the Audit Committee on January 26, 2023.

- Dependent in relation to the company’s major shareholder – Industrivärden.
- President and CEO of SCA – Dependent in relation to the company and corporate management.

financial reporting, the Committee dealt with relevant accounting issues, internal audit reviews, audit work, review of internal control procedures and the measurement of the Group's forest assets. The Audit Committee also monitors work to adapt the company's sustainability reporting to new legislation in accordance with the European Sustainability Reporting Standards, ESRS. The Audit Committee also prepared a recommendation to be used by the Nomination Committee when deciding on its proposal to the AGM regarding the election of auditors and remuneration.

#### Remuneration Committee

The Remuneration Committee comprises Pär Boman, Chairman, Lennart Evrell and Anders Sundström. The Remuneration Committee held five meetings in 2023. Activities in 2023 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 for the internal audit work is a risk-based annual plan. The plan derives from a risk assessment process based on, among other, input from operations, management and the Board. The annual plan is approved by the Audit Committee. In 2023, 14 internal audit assignments were performed. Observations from the assignments are reported to the Audit Committee.

During 2023, work included follow-up of the organization's work concerning the effectiveness of internal controls and compliance with policies and other governing documents, including the Code of Conduct.

#### External auditors

The 2023 Annual General Meeting appointed accounting firm Ernst & Young AB as the company's auditor for a mandate period of one year. The accounting firm notified the company that Fredrik

Norrman, Authorized Public Accountant, would be the auditor in charge. The auditor owns no shares in SCA.

In accordance with its working procedures, the Board met with the auditor at five scheduled Board meetings in 2023. The auditor also attended each meeting of the Audit Committee. At these meetings, the auditor presented and received opinions on the focus and scope of the planned audit and delivered verbal audit and review reports. Further, at the Board's third scheduled autumn meeting, the auditor delivered a preliminary report on the audit for the year. The working procedures specify a number of mandatory issues that must be covered. These include matters of importance that have been a cause for remark or discussion during the audit, business routines and transactions where differences of opinion may exist regarding the choice of accounting procedures. The auditor shall 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 auditor questions. Certain parts of the detailed discussion on the accounts take place without representatives of company management being present.

#### The largest shareholders

As of December 31, 2023, AB Industrivärden was the company's largest shareholder, with a holding totaling 33,785,290 Class A shares and 39,800,000 Class B shares, corresponding to 10.48% of the total number of shares and 29.45% of the total number of votes in the company. No other shareholder in the company has a direct or indirect shareholding whose voting rights represent one-tenth or more of the total number of votes in the company.

	Number of meetings in 2023
The Board of Directors	10
Audit Committee	7
Remuneration Committee	5

## Remuneration, Executive Management Team and Board of Directors

#### Guidelines

The 2022 Annual General Meeting adopted guidelines for remuneration of senior executives. The total remuneration package comprises a fixed salary, variable salary, other benefits, and a pension. See Note C3.

#### Remuneration of the President and CEO and other senior executives

Remuneration of the President and CEO and other senior executives is presented in Note C3.

#### Variable remuneration and strategic targets

Programs for variable remuneration are designed to support the Group's strategic targets. The short-term program is individually adapted and based mainly on profit, cash flow and capital effi-

ciency. The long-term programs are based on the SCA share's total shareholder return during the performance period in relation to a peer group of other companies and in relation to OMXS30, as well as a sustainability target related to increased climate benefit, million tonnes of CO<sub>2</sub> equivalents, during the performance period. The short-term supplementary program is based on EBITDA, operating cash flow and industrial return on capital employed.

#### Remuneration of the Board

The total remuneration of the AGM-elected Board members is presented in Note C4.

#### Remuneration report

The Board has presented a separate remuneration report, which is available on [sca.com](https://www.sca.com).

## Organization and operations

### Organization and reported segments

SCA is organized into five business areas and one supporting unit.

#### Business areas

- The Forest business area includes the supply of raw material to SCA's industries as well as management and harvesting on SCA-owned forest land, which comprises 2.7 million hectares in northern Sweden and the Baltic region. The business area also includes sourcing timber from other forest owners and transporting the timber to SCA's industries.
- The Wood business area is responsible for the solid-wood business, which comprises five sawmills in northern Sweden and wood processing and distribution to the building materials trade in Sweden and France.
- The Pulp business area encompasses the production and sale of bleached softwood kraft pulp (NBSK) and chemi-thermomechanical pulp (CTMP), which are produced at the Östrand pulp mill and Ortviken site. The Östrand pulp mill is also a net producer of green energy and biochemicals such as tall oil and turpentine.
- The Containerboard business area manufactures and sells packaging paper (kraftliner), with production at the integrated paper mills in Obbola and Munksund.
- The Renewable Energy business area encompasses production and sales of processed and unprocessed biofuels as well as liquid biofuels. The business area also includes development and revenue linked to the wind power operations and sales of green products from industrial operations for energy production.

The supporting unit Sourcing & Logistics includes SCA's common sourcing functions. The unit is also responsible for SCA's logistics system for deliveries to customers using specially adapted vessels and terminals both in Sweden and in key foreign markets.

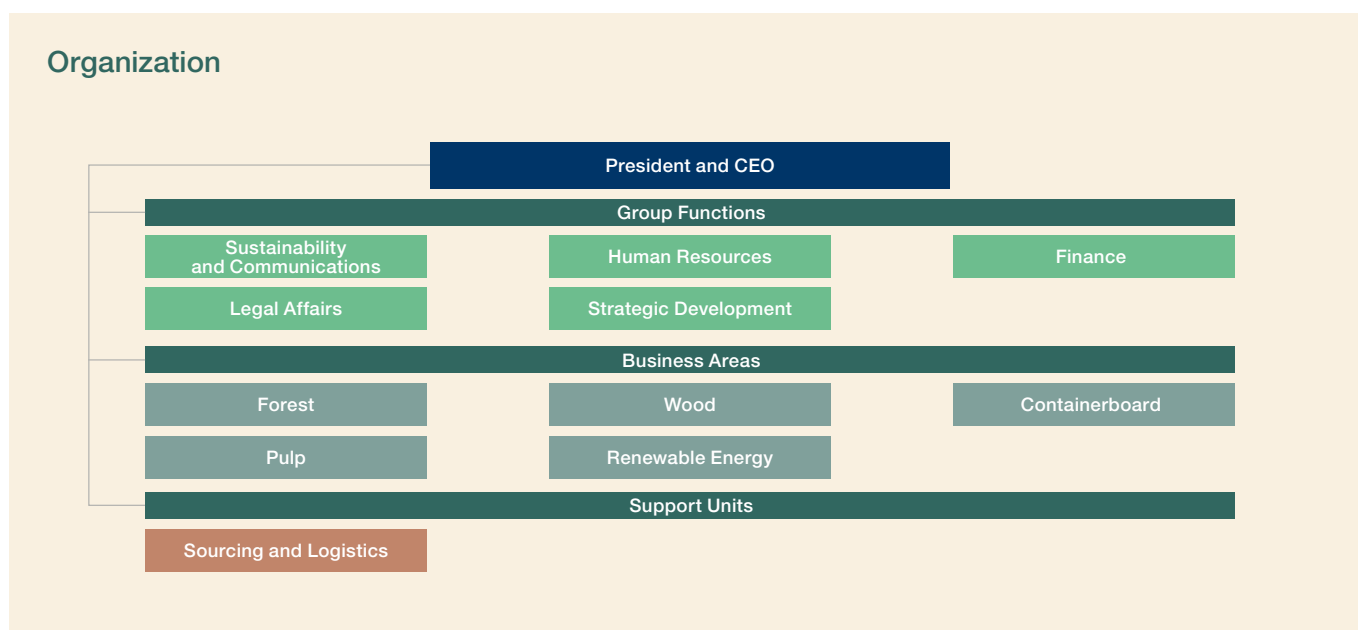
#### Group functions

SCA has five Group functions: Sustainability and Communications, Human Resources, Finance, Legal Affairs and Strategic Development.

#### Segments

SCA's financial reporting is conducted in five segments, which correspond to the business areas. As of January 1, 2023, Renewable Energy became a separate reporting segment.

The Wood, Pulp and Containerboard segments include an allocation of the results of the support unit Sourcing & Logistics, equivalent to the resources of the support unit used by each segment. The Forest and Renewable Energy segments do not use the support unit's logistics services.



**Sustainability governance**

SCA's sustainability work is an integral part of the company's business model and operations. The sustainability work helps the company strengthen competitiveness, reduce risks and costs, and attract talent and investors. SCA's strategic priorities in the field of sustainability are clarified in a sustainability platform that covers all of the company's commercial activities. To deliver progress in sustainability, the company has adopted Group targets in areas where SCA can make a key contribution toward sustainable development – socially, environmentally and economically.

The Board and the President bear the overall responsibility for the running of SCA's business in the field of sustainability. Sustainability issues and risks are addressed at least at one Board meeting every year. SCA's sustainability agenda is headed by the Group's Sustainability Council, which includes members of the Executive Management and the Group's Sustainability Director. The Sustainability Council is led by the Group's Senior Vice President Sustainability and Communications who is also responsible for sustainability issues in Executive Management. In addition, a number of cross-functional networks and forums exist to manage and coordinate issues such as the environment, health and safety and compliance issues.

Control and follow-up of sustainability work follows the same structure as other operations in SCA Group, refer to the illustration

below. Responsibility and authority follow SCA's normal delegation scheme. The sustainability agenda is based on SCA's set of core values and regulated through the Group's policies, where the Code of Conduct and Sustainability Policy form the basis of sustainability activities. The Board of Directors approves all policies.

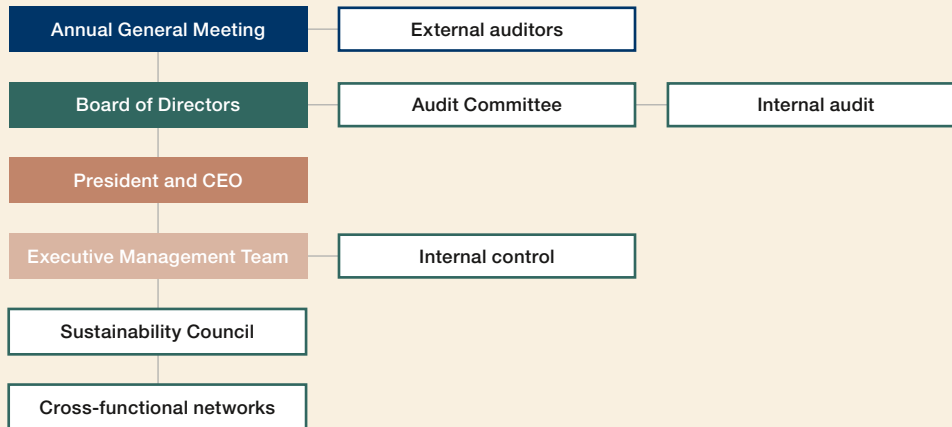
The Group sustainability targets are formulated based on the materiality assessment and on strategic priorities. These are supplemented at local level with unit-specific targets. The materiality assessment and Group targets are approved by Executive Management. Risks linked to the field of sustainability form part of the Group's total risk management and are included in the company's framework of internal controls, see the Internal control and financial reporting section.

**Follow-up of sustainability work**

Follow-up and evaluation of sustainability work complies with SCA's procedures for self-assessment, internal control and audits. Follow-up is conducted at unit level together with other monitoring of targets, and aggregated at Group level. The outcome of the Group-wide targets is monitored by the Group's cross-functional network and by SCA's Sustainability Council. Any discrepancies are reported using the discrepancy procedures in each business area and corrective measures are identified and implemented.

**Control and follow-up of sustainability work**

Control and follow-up of sustainability work follows the same model as other operations in SCA.



## 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, describes its system for internal control and risk management with respect to financial reporting. The Board bears the overall responsibility for financial reporting. Its working procedures regulate the internal division of work between the Board and its committees.

The Audit Committee has an 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 auditor 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 formal work plan stipulates which reports and information of a financial nature shall be submitted to the Board at each scheduled meeting. The President and CEO 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 ensured via a number of actions and procedures. The President and CEO 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. In addition to the audit of the annual accounts, a review of the six-month report and of the company's administration and internal control is carried out.

### 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, governing documents have been established pertaining to accounting, procedures for annual accounts and follow-up of reported annual accounts. There is also a common 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 forecasts.

### Control activities and follow-up

Significant instructions and guidelines related to financial reporting are prepared and updated regularly by the Group Finance Function

and are accessible on the Group's intranet. The Group Finance Function is responsible for monitoring compliance with instructions and guidelines. Process owners 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 Group's shared service center, business areas and support units' finance and controller organizations, which are responsible for ensuring that financial reporting from each unit is correct, complete and delivered in a timely manner. The company's control activities are supported by the budgets prepared by each unit and updated during the year through regular forecasts.

SCA has a standardized system of control measures involving processes that are significant to the company's financial reporting, among other matters. Control of these processes is assessed and updated through self-assessments by each unit followed up by a review by the internal control function. In some cases, these control measures are validated by internal audit and external parties.

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 closing.

The Board follows up on the effectiveness of the internal control system, functioning of the reporting to the Board through continues reporting from the President and CEO, the CFO, and also on the internal audit work in accordance with the annual audit plan. 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. The results of the follow-up work are also reported to the Board through the Audit Committee.

### Internal control of other processes

The basis for the internal control is identifying and assessing risks. A review of identified risks is conducted every year with the addition of any new identified risks. At the same time, an evaluation is carried out of the potential impact of the risks on profits and the brand, and the probability that the risk will occur.

Risks that threaten business objectives are linked to the company's processes. For each process and identified risks, the control activities are defined that must be established to manage risks, and a description of how self-assessments are used to monitor the effectiveness of the control activities.

Control activities to address the identified risks are documented, and the effectiveness of each control is tested on an annual basis through self-assessments. The Group's internal control function summarizes the result of the self-assessments and reports to management and the Board.

### Activities in 2023

In 2023, a major review was performed of the financial processes, controls were expanded and adjusted to identified risks and risk assessments. During the year, SCA's units conducted internal control in accordance with the company's framework. The results of the self-assessment have been reported to the Board.

# Board of Directors and Auditors



**Pär Boman (1961)**  
*Engineering and Business/  
Economics degree*

Chairman of the Board since 2015. Chairman of the Board of Svenska Handelsbanken AB and Essity AB. Deputy Chairman of the Board of AB Industrivärden and member of the Board of Skanska AB. Former President of Handelsbanken during the period 2006 to 2015.

Elected: 2010  
Class B shares: 10,000

Independent of the company and corporate management.



**Åsa Bergman (1967)**  
*MSc Eng.*

President and CEO of Sweco AB. Board member of Securitas AB. Previously Board member of Swegon AB and AB Persson Invest and senior positions in the Sweco Group.

Elected: 2022  
Class B shares: 573

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



**Lennart Evrell (1954)**  
*MSc Eng. and Econ.*

Chairman of the Board of SSAB. Member of the Board of Epiroc. Previously Board member of ICA, the Confederation of Swedish Enterprise and Industriarbetsgivarna, as well as former President and CEO of Boliden, Sapa and Munters.

Elected: 2017  
Class B shares: 4,000

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



**Annemarie Gardshol (1967)**  
*MSc Eng.*

President and CEO of PostNord Group AB. Board member of Essity AB. Former President of PostNord Sverige AB and PostNord Strålfors Group AB, in addition to various management positions at PostNord and Gambro AB as well as management consultant at McKinsey & Company.

Elected: 2015  
Class B shares: 6,200

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



**Carina Håkansson (1961)**  
*BSc Forestry*

Board member and member of Audit Committee of AFRY AB, Board member of Vasaloppet and Chairman of the Royal Swedish Academy of Engineering Sciences (IVA) Division VIII. Former President of the trade association Swedish Forest Industries between 2013–2020, President of DalaKraft between 2009–2013 and President of Stora Enso Skog between 2004–2009.

Elected: 2021  
Class B shares: 9,100

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



**Ulf Larsson (1962)**  
*BSc Forestry*

President and CEO of SCA. Chairman of the Swedish Forest Industries and Board member of Alleima and CEPI. Former President of SCA Forest Products AB, 2008–2017, as well as Executive Vice President of SCA 2016–2017.

Elected: 2017  
Employed since: 1992  
Class A shares: 26,000  
Class B shares: 100,000

Independent of SCA's major shareholders.



**Martin Lindqvist (1962)**  
*Engineer and Master of Business Administration*

President and CEO of SSAB. Chairman of the Board of Jernkontoret, and of Stål och Metall. Member of Industriarbetsgivarna. Previously held senior positions, including at SSAB and NCC.

Elected: 2017  
Class B shares: 4,000

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



**Anders Sundström (1952)**  
*Academic studies in economy and politics*

Chairman of the Board of SkiStar AB, Kaunis Holding AB, NMI Group, Ekhaga Utveckling AB and Nordion Energi AB. Previously Chairman of the Board at Swedbank and CF, among others. Many years of operating experience within both the industry and the financial sector, including as CEO for Folksam. Has held several ministerial posts and other political assignments.

Elected: 2018  
Class B shares: 6,000

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



**Barbara Milian Thoralfsson (1959)**  
MBA, BA

Chairman of the Board of Exclusive Networks SA. Board member of Essity AB and Hilti AG. Member of Advisory Board at SpareBank 1 Markets. Former President of NetCom ASA 2001–2005 and President of Midelfart & Co AS 1995–2000. Former member of the Boards of AB Electrolux, Telenor ASA Cable & Wireless Plc, Orkla ASA, Tandberg ASA and G4S Plc as well as industry advisor to EQT.

Elected: 2006

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



**Karl Åberg (1979)**  
*Master of Business Administration*

Executive Vice President, head of investment organization and finance function of AB Industrivärden. Member of the Board of Alleima. Former partner and corporate director at Zeres Capital, partner at CapMan Public Markets and formerly active in Handelsbanken Capital Markets.

Elected: 2022  
Class B shares: 5,000

Independent of the company and corporate management.

## Employee representatives



**Niclas Andersson (1974)**  
Chairman GS trade union branch, SCA Wood Scandinavia AB, Tunadal  
Member of the Swedish Trade Union Confederation (LO).

Appointed: 2021  
Class B shares: 30



**Roger Boström (1971)**  
Chairman of the Swedish Paper Workers' Union dept. 167 at SCA Massa AB, Östrand pulp mill.  
Member of the Swedish Trade Union Confederation (LO).

Appointed: 2013  
Class B shares: 55



**Maria Jonsson (1966)**  
Chairman Unionen, SCA staff functions  
Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2022, formerly deputy since 2017

## Employee representatives, deputies

**Stefan Lundkvist (1977)**  
Chairman of Swedish Paper Workers Union, dept 158, SCA Munksund AB  
Member of the Swedish Trade Union Confederation (LO).  
Appointed 2017.

**Malin Marklund (1986)**  
Chairman GS trade union branch, Munksund sawmill  
Member of the Swedish Trade Union Confederation (LO).  
Appointed 2022.

**Peter Olsson (1975)**  
Chairman Ledarna (Swedish Organization for Managers), SCA Obbola AB  
Member of the Council for Negotiation and Cooperation (PTK).  
Appointed 2021.  
Class B shares: 1,480

## Honorary Chairman

**Bo Rydin**  
*MSc Econ., Hon PhD Econ., Hon PhD Engineering*

## Auditors

**Ernst & Young AB**  
*Senior Auditor:*  
Fredrik Norrman, Authorized Public Accountant

## Secretary to the Board

**Sofia Haga**  
*Master of Laws*  
Senior Vice President, Legal Affairs Group Function, General Counsel.

Information regarding individuals' own and related parties' shareholdings pertains to the situation on December 31, 2023.

# Executive Management Team



9. 7. 12. 6. 10. 5.

**Ulf Larsson (1)**

President and CEO  
*BSc Forestry*  
 Employed since: 1992  
 Class A shares: 26,000  
 Class B shares: 100,000

**Stina Danielsson (2)**

Senior Vice President, Human Resources  
*BA*  
 Employed since: 2005  
 Class B shares: 7,806

**Anders Edholm (3)**

Senior Vice President Sustainability and Communications  
*Degree of Bachelor of Science in Military Studies*  
 Employed since: 2021  
 Class B shares: 4,300

**Kristina Enander (4)**

Senior Vice President, Strategic Development  
*MSc Eng. chemical engineering in physics*  
 Employed since: 1993  
 Class A shares: 792  
 Class B shares: 15,531

**Andreas Ewertz (5)**

CFO  
*MSc Eng. and Management.*  
 Employed since: 2017  
 Class B shares: 4,226

**Sofia Haga (6)**

Senior Vice President Legal Affairs and General Counsel  
*Master of Laws*  
 Employed since: 2022





1. 11. 4. 8. 2. 3.

**Mikael Källgren (7)**  
 President, Renewable Energy  
*BSc Energy*  
 Employed since: 2015  
 Class B shares: 5,482

**Jerry Larsson (8)**  
 President, Wood  
*MSc Eng., MBA*  
 Employed since: 2003  
 Class B shares: 10,000

**Jonas Mårtensson (9)**  
 President, Forest  
*MSc Eng.*  
 Employed since: 2005  
 Class B shares: 32,165

**Mats Nordlander (10)**  
 President, Containerboard and Pulp  
*Dipl. Eng.*  
 Employed since: 2015  
 Class B shares: 17,468

**Magnus Svensson (11)**  
 President, Sourcing & Logistics  
*MSc Eng.*  
 Employed since: 1993  
 Class A shares: 27,500  
 Class B shares: 46,380

**Ole Terland (12)**  
 Senior Vice President, Strategic  
 Development (until May 1, 2023)  
*Doctor of Technology*  
 Employed since: 2016  
 Class A shares: 2,250  
 Class B shares: 38,909

# Financial statements and notes

## Consolidated income statement (IS)

SEKm	Note	2023	2022
Net sales	B1	18,081	20,794
Other operating income	B1, B2	3,314	3,163
Change in inventories		-275	-83
Change in value in biological assets	D3	2,198	1,825
Raw materials and consumables	B3	-4,346	-4,577
Personnel costs	C1	-2,655	-2,627
Other operating expenses	B4	-9,563	-8,278
Result from participations in associated companies and joint ventures	F2	53	-23
<b>EBITDA</b>		<b>6,807</b>	<b>10,194</b>
Depreciation and impairment		-1,950	-1,552
<b>Operating profit</b>		<b>4,857</b>	<b>8,642</b>
Financial income	E7	85	65
Financial expenses	E7	-499	-104
<b>Profit before tax</b>		<b>4,443</b>	<b>8,603</b>
Income taxes	B5	-818	-1,782
<b>Profit for the year</b>		<b>3,625</b>	<b>6,821</b>
<b>Profit for the year attributable to:</b>			
Owners of the Parent		3,675	6,748
Non-controlling interests		-50	73
Average number of shares, millions		702.3	702.3
<b>Earnings per share</b>			
Earnings per share (SEK) – owners of the Parent <sup>1)</sup>		5.23	9.61
Dividend per share, SEK <sup>2)</sup>		2.75	2.50

<sup>1)</sup> There are no dilution effects.

<sup>2)</sup> Board's proposal for 2023.

## Consolidated statement of comprehensive income (OCI)

SEKm	Note	2023	2022
<b>Profit for the period (IS)</b>		<b>3,625</b>	<b>6,821</b>
<b>Other comprehensive income for the period:</b>			
<i>Items that cannot be transferred to profit for the period</i>			
Change of value land assets	D3	6,957	10,398
Revaluation of defined benefit pension plans		436	394
Income tax attributable to components in other comprehensive income		-1,414	-2,235
<b>Total</b>		<b>5,979</b>	<b>8,557</b>
<i>Items that have been or may be reclassified subsequently to the income statement</i>			
Cash flow hedges:			
Result from revaluation of derivatives recognized in equity		-180	-176
Transferred to the income statement for the period		269	523
Hedge cost		5	-13
Translation differences in foreign operations		-35	177
Income tax attributable to components in other comprehensive income		-19	-78
<b>Total</b>		<b>40</b>	<b>433</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>6,019</b>	<b>8,990</b>
<b>Total comprehensive income for the period</b>		<b>9,644</b>	<b>15,811</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Parent (EQ)		9,694	15,738
Non-controlling interests (EQ)		-50	73

## Consolidated statement of change in equity (EQ)

SEKm	2023	2022
<b>Attributable to owners of the Parent</b>		
<b>Value January 1</b>	<b>96,358</b>	<b>83,055</b>
Total comprehensive income for the period (OCI)	9,694	15,738
Cash flow hedge, transferred to cost of hedged investments	-15	-6
Tax on cash flow hedge, transferred to cost	3	1
Cash dividend	-1,756	-2,282
Acquisition of non-controlling interests	-	-148
<b>Value December 31</b>	<b>104,284</b>	<b>96,358</b>
<b>Non-controlling interests</b>		
<b>Value January 1</b>	<b>-</b>	<b>-</b>
Total comprehensive income for the period (OCI)	-50	73
Acquisition of non-controlling interests	50	-73
<b>Value December 31</b>	<b>-</b>	<b>-</b>
<b>Total equity, value December 31</b>	<b>104,284</b>	<b>96,358</b>

For further information, see Note E8.

## Consolidated balance sheet (BS)

SEKm	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	D1	813	731
Buildings, land, machinery and equipment	D2	25,230	24,800
Forest assets	D3	107,481	97,882
<i>of which land assets</i>	D3	49,267	42,201
<i>of which biological assets</i>	D3	58,214	55,681
Right-of-use assets	D4	570	561
Holdings in associated companies and joint ventures	F2	1,253	1,106
Surplus in funded pension plans	C5	2,219	1,689
Non-current financial assets	E2	148	165
Deferred tax assets	B5	45	22
Other non-current assets		28	176
<b>Total non-current assets</b>		<b>137,787</b>	<b>127,132</b>
<b>Current assets</b>			
Inventories	D5	5,361	4,856
Trade receivables	E3	2,858	3,007
Current tax assets	B5	134	3
Other current receivables	D6	1,219	1,415
Current financial assets	E2	91	106
Cash and cash equivalents	E2	502	836
<b>Total current assets</b>		<b>10,165</b>	<b>10,223</b>
<b>Total assets</b>		<b>147,952</b>	<b>137,355</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Owners of the Parent</i>			
Share capital	E6, E8	2,350	2,350
Other capital provided		6,830	6,830
Reserves		37,494	31,833
Retained earnings including profit for the year		57,610	55,345
<b>Total equity owners of the Parent</b>		<b>104,284</b>	<b>96,358</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	E4	11,498	10,751
Provisions for pensions	C5	326	245
Deferred tax liabilities	B5	24,373	22,117
Other non-current provisions	D8	57	48
Other non-current liabilities	D7	44	66
<b>Total non-current liabilities</b>		<b>36,298</b>	<b>33,227</b>
<b>Current liabilities</b>			
Current financial liabilities	E4	1,902	1,789
Trade payables	D9	3,963	3,622
Current tax liabilities	B5	39	224
Current provisions	D8	187	108
Other current liabilities	D7	1,279	2,027
<b>Total current liabilities</b>		<b>7,370</b>	<b>7,770</b>
<b>Total liabilities</b>		<b>43,668</b>	<b>40,997</b>
<b>Total equity and liabilities</b>		<b>147,952</b>	<b>137,355</b>

## Consolidated cash flow statement (CF)

SEKm	Note	2023	2022
<b>Operating activities</b>			
Profit before tax (IS)		4,443	8,603
Change in liabilities regarding restructuring costs		-12	-40
Adjustment for non-cash items (CF:1)		-48	-51
<b>Operating profit excluding non-cash items</b>		<b>4,383</b>	<b>8,512</b>
Paid tax	B5	-330	-859
<b>Cash flow from operating activities before changes in working capital</b>		<b>4,053</b>	<b>7,653</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-504	-663
Change in operating receivables		339	-957
Change in operating liabilities		6	292
<b>Cash flow from operating activities</b>		<b>3,894</b>	<b>6,325</b>
<b>Investing activities</b>			
Business acquisitions		-146	-832
Divestments		-	20
Investments in intangible and tangible fixed assets (CF:2)		-3,135	-5,961
Sale of tangible fixed assets (CF:2)		200	259
Acquisition of financial assets		-24	-17
Repayment of loans from external parties		-	8
<b>Cash flow from investing activities</b>		<b>-3,105</b>	<b>-6,523</b>
<b>Financing activities</b>			
Loans raised	E4	2,099	4,223
Amortization of debt	E4	-1,265	-1,788
Amortization of debt, leases	E4	-202	-183
Dividend (EQ)	E8	-1,756	-2,282
<b>Cash flow from financing activities</b>		<b>-1,124</b>	<b>-30</b>
<b>Cash flow for the period</b>		<b>-335</b>	<b>-228</b>
Cash and cash equivalents, January 1		836	1,056
Exchange rate differences in cash and cash equivalents		1	8
<b>Cash and cash equivalents, December 31</b>	E2	<b>502</b>	<b>836</b>

### TABLE CF:1

#### Adjustment for non-cash items

SEKm		2023	2022
Depreciation and impairment of non-current assets (IS)		1,950	1,552
Measurement of fair value of forest assets (IS)	D3	-2,198	-1,825
Gain/loss on asset sales and swaps		-56	-51
Dissolution of provisions		-	-11
Other		256	284
<b>Total</b>		<b>-48</b>	<b>-51</b>


### TABLE CF:2

#### Net investments in intangible and tangible fixed assets

SEKm		2023	2022
Current net investments in intangible and tangible fixed assets		-1,425	-1,351
Strategic net investments in intangible and tangible fixed assets		-1,510	-4,351
<b>Total</b>		<b>-2,935</b>	<b>-5,702</b>

For information concerning the Group's liquidity reserve, refer to the risk section on page 71.

# Table of notes

 This symbol takes you back to the table of notes.

The machine-readable annual report is available on SCA's website

## Group notes

### A Accounting principles and application of alternative performance measures (APM)

General accounting principles and new accounting rules A1 94

Application of financial measures not included in IFRS A2 95

### B Sales and earnings

Segment reporting and revenue from contracts with customers B1 98

Other operating income B2 100

Raw materials and consumables B3 100

Other operating expenses B4 100

Taxes B5 101

### C Employees

Personnel costs C1 103

Personnel data C2 103

Remuneration of senior executives C3 103

Remuneration of Board members in the Parent Company C4 106

Remuneration after completion of employment C5 106

### D Operating assets and liabilities

Intangible fixed assets D1 109

Tangible fixed assets D2 110

Forest assets D3 111

Right-of-use assets and lease liabilities D4 114

Inventories D5 116

Other current receivables D6 116

Other liabilities D7 116

Other provisions D8 117

Trade payables D9 117

### E Capital structure and financing

Financial instruments by category and measurement level E1 118

Financial assets, cash and cash equivalents E2 119

Trade receivables E3 120

Financial liabilities E4 120

Liquidity risk E5 122

Derivatives and hedge accounting E6 122

Financial income and expenses E7 123

Equity E8 124

### F Group structure

Subsidiaries F1 127

Associated companies and joint ventures F2 127

Corporate acquisitions and divestments F3 128

### G Other

Contingent liabilities, pledged assets and commitments G1 128

Transactions with related parties G2 128

Events after the end of the reporting period G3 128

## Parent Company notes

### PC Parent Company notes

Other operating expenses PC1 133

Personnel and Board costs PC2 133

Personnel data PC3 133

Provisions for pensions PC4 133

Appropriations PC5 133

Taxes PC6 134

Tangible fixed assets PC7 134

Participations in Group companies PC8 135

Receivables from and liabilities to subsidiaries PC9 135

Other current receivables PC10 135

Financial instruments PC11 136

Other current liabilities PC12 136

Share capital PC13 137

Contingent liabilities, pledged assets and guarantees PC14 137

Proposed disposition of earnings PC15 137

## A Accounting principles and application of alternative performance measures (APM)

### A1 General accounting principles and new accounting rules

#### Reading instructions

General accounting principles and new accounting rules are **S** presented below. Other accounting principles considered material by SCA are presented in conjunction with the respective note. 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 **I** are presented under the respective notes. The preparation of financial statements in conformity with IFRS and generally accepted Swedish accounting principles requires assessments and assumptions that affect recognized asset and liability items, income and expense items, as well as other information disclosed. These assessments and assumptions, which also includes estimates based on, amongst other, chosen valuation models, are often based on historical experience, but also on other factors, including expectations of future events. With other assessments and assumptions, the result may be different and the actual result will seldom fully concur with the estimated result.

The areas that SCA considers to be impacted the most by assessments and assumptions are:

- Segment reporting and revenue from contracts with customers, Note B1.
- Remuneration after completion of employment, Note C5.
- Forest assets, Note D3.

Amounts that are reconcilable to the income statement, balance sheet, comprehensive income, equity and cash flow statement and tables in notes are marked with the following symbols.

IS	Consolidated income statement.
OCI	Consolidated statement of comprehensive income.
EQ	Consolidated statement of change in equity.
BS	Consolidated balance sheet.
CF	Consolidated cash flow statement.
XX:X	Reference to table in note.

#### Basis for preparation

The SCA Group's financial statements are prepared in accordance with the Annual Accounts Act, International Financial Reporting Standards (IFRS) and 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 RFR 2, Reporting by Legal Entities, and the Annual Accounts Act. The accounts for both the Group and the Parent Company relate to the fiscal year that ended on December 31, 2023. Biological assets measured at fair value in the income statement. Land assets attributable to forest assets are measured at fair value in other comprehensive income. In the Parent Company, biological assets are not measured at fair value, but at historical cost.

#### Changes to accounting principles

The following standards and changes were applied by the Group for the first time for the first fiscal year beginning on January 1, 2023:

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a single transaction.
- IAS 12 Income Taxes: International Tax Reform – Pillar 2 Model Rules – amendments.
- Amendments to IAS 1 Presentation of Financial Statements.

The amendments have not had a material impact on the carrying amount. For information linked to Pillar 2, see Note B5.

#### Principles of consolidation

The Group's financial statements are prepared in accordance with the Group's accounting principles and include the accounts of the Parent Company and all Group companies.

#### Subsidiaries

All companies over which the Group has a controlling influence are consolidated as subsidiaries.

#### 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 financial statements of Group companies are translated to the Group's presentation currency, which is SEK in the case of SCA.

Exchange rate effects arising from financial instruments used to hedge foreign subsidiaries' net assets are recognized in other comprehensive income, which is a component of translation reserves in equity.

##### 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. 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 equity under other comprehensive income.

For financial assets in the form of equity instruments that are not held for trading, the portion of the value change pertaining to currency is recognized in the income statement. Any other unrealized change is recognized in equity under other comprehensive income.

#### Revenue recognition

Sales revenue, which is synonymous with net sales, includes the consideration for goods and services sold within the Group's main business. This consists entirely of revenue from contracts with customers and is recognized in accordance with IFRS 15. Other operating income includes income from SCA's transport activities, income from the sale of forest seedlings, gravel, district heating, electricity, guarantees of origin pertaining to wind power, tall oil and wood pellets, revenue from leases, land lease income from wind power, hunting and fishing rights, and capital gains from the sale of non-current assets. Most other operating income consists of revenue from contracts with customers and is recognized in accordance with IFRS 15. Income from electricity certificates, emission allowances and guarantees of origin from pulp mills is recognized as reduced energy costs. Dividends received are recognized when the right to receive a dividend has been established.

#### Government grants

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 the income statement as a cost reduction during the same period as the costs. If the government grant is neither related to the acquisition of assets nor to compensation for costs, the grant is recognized as other income. For more information about government grants, refer to Notes B2, B4 and D2.

#### Climate-related risks and opportunities

SCA sees both risks and opportunities linked to a changed climate and measures to counteract or adapt operations to expected climate change. Identifying and managing these risks are integrated into the company's risk process. SCA has analyzed climate-related risks and opportunities using two alternative scenarios, one scenario with low future emissions and one scenario with high future emissions, refer to the risk section in the Board of Directors' Report. Negative impacts could be increased costs or reduced opportunities to conduct forest operations and thus lower harvesting rates. Positive opportunities could be greater demand for renewable materials and renewable energy.

The expected physical climate change is deemed to have the greatest impact on the development of the forest holding and conditions for forest operations and is currently considered to be related to more frequent extreme weather conditions, increased risk of infestation and a longer growing season. Transition risks, such as political decisions, could have a positive or negative impact on the company. Positive or negative impacts were identified in the following areas and are discussed under each note:

- Measurement of assets, see Notes D1 and D2.
- Measurement of forest assets, see Note D3.
- Access to and terms of financing, see Note E4.



## A2 Application of financial measures not included in IFRS

The Annual Report refers to a number non-IFRS performance measures used to assist investors and company management to analyze the company's operations. A description of the performance measures used as a complement to the financial information reported according to IFRS is presented below.

### Calculation of financial measures not included in IFRS

PERFORMANCE MEASURES		
Various types of performance measures and margin measures expressed as a percentage of net sales		
Key figure	Description	Application of the measure
Revenue	Total of net sales and other operating income	The measure is a complement to the follow up of net sales and is monitored by management in the Renewable Energy business area.
EBITDA	Profit before depreciation, amortization and impairment, financial items and taxes.	This measure is a complement to operating profit.
EBITDA margin	Profit before depreciation, amortization and impairment, financial items and taxes as a percentage of net sales for the year. Renewable Energy is monitored according to the same structure as a percentage of revenue.	This measure is a complement to operating margin. Management uses the measure as one of the most important in controlling the company's business areas.
Operating margin	Operating profit as a percentage of net sales for the year. Renewable Energy is monitored according to the same structure as a percentage of revenue.	Operating margin describes operating profit in relation to net sales or revenue.

CAPITAL MEASURES		
Show how capital is utilized and the company's financial strength		
Key figure	Description	Application of the measure
Capital employed	Calculated as the balance sheet's total assets excluding financial assets and pension assets, less non-interest-bearing liabilities.	The management follows this measure to reduce the capital tied up in operations that is financed by owners and creditors.

SEKm	Note	2023	2022
<b>CAPITAL EMPLOYED</b>			
Total assets		147,952	137,355
Financial assets		-2,960	-2,797
Long term, non-interest bearing liabilities		-24,474	-22,231
Short term, non-interest bearing liabilities		-5,468	-5,980
<b>Capital employed</b>		<b>115,050</b>	<b>106,347</b>
<b>CAPITAL EMPLOYED</b>			
Forest assets	D3	107,481	97,882
Working capital		4,321	4,138
Deferred tax relating to forest assets	D3	-21,277	-19,468
Other capital employed		24,525	23,795
<b>Capital employed</b>		<b>115,050</b>	<b>106,347</b>
<b>CAPITAL EMPLOYED PER SEGMENT</b>			
Forest		87,683	79,943
Wood		3,490	3,376
Pulp		9,871	8,321
Containerboard		10,962	10,704
Renewable Energy		2,167	1,871
Other		877	2,132
<b>Capital employed</b>		<b>115,050</b>	<b>106,347</b>

Key figure	Description	Application of the measure
Working capital	Working capital is calculated as current operating receivables (inventories, trade receivables and other non-interest-bearing current receivables) less current operating liabilities (trade payables excluding those that concern strategic capital expenditures, other non-interest-bearing current liabilities as well as other current provisions).	The management monitors this measure to reduce capital tied up in the balance sheet from the company's operations.

SEKm	Note	2023	2022
<b>WORKING CAPITAL</b>			
Inventories	D5	5,361	4,856
Trade receivables	E3	2,858	3,007
Other current receivables	D6	1,218	1,412
Trade payables	D9	-3,864	-3,404
Other current liabilities	D7	-1,182	-1,684
Other current provisions	D8	-70	-49
<b>Working capital</b>		<b>4,321</b>	<b>4,138</b>

Key figure	Description	Application of the measure
<b>Net debt</b>	Calculated as current and non-current financial liabilities and provisions for pensions with deductions for financial assets (surplus in funded pension plans, financial assets and cash and cash equivalents).	Net debt is considered to be the most relevant measure to describe the company's total debt financing in the short and long term, short and long term financial liabilities are therefore included as well as short and long term financial assets. The key figure is continuously monitored by the management.
<b>Debt/equity ratio</b>	Net debt in relation to equity.	Shows financial risk and is used by management to monitor the level of the company's indebtedness.

SEKm	Note	2023	2022
<b>NET DEBT</b>			
<b>Net debt January 1</b>		<b>9,989</b>	<b>7,752</b>
Net cash flow		1,160	2,675
Revaluations to equity	E8	-436	-394
Change in lease liability	D4	12	-49
Exchange rate effects and market value changes		41	5
<b>Net debt December 31</b>		<b>10,766</b>	<b>9,989</b>
Surplus in funded pension plans	C5	2,219	1,689
Non-current financial assets	E2	148	165
Current financial assets	E2	91	106
Cash and cash equivalents	E2	502	836
<b>Financial assets</b>		<b>2,960</b>	<b>2,796</b>
Non-current financial liabilities	E4	11,498	10,751
Provisions for pensions	E5	326	245
Current financial liabilities	E4	1,902	1,789
<b>Financial liabilities</b>		<b>13,726</b>	<b>12,785</b>
<b>Net debt</b>		<b>10,766</b>	<b>9,989</b>
<b>Equity</b>		<b>104,284</b>	<b>96,358</b>
<b>Debt/equity ratio, %</b>		<b>10.3</b>	<b>10.4</b>

RETURN MEASURES	Various types of return measures expressed as a percentage of capital employed	
Key figure	Description	Application of the measure
<b>Return on capital employed, ROCE</b>	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. One-off items are excluded. Industrial segments only use industrial ROCE.	Used to measure return on capital tied up in operations.
<b>Return on capital employed, industrial ROCE</b>	Calculated as the Group's return on capital employed, excluding operating profit and capital employed from the Forest operating segment, operations in the wind power area and a share of Other operations. Strategic capital expenditures in industry that have not begun operating and one-off items are excluded. This measure applies to the Wood, Pulp and Containerboard segments.	Shows the underlying industrial return on capital employed adjusted for the ongoing strategic capital expenditures.
<b>One-off items</b>	Material transactions lacking a clear connection to the ordinary operations, and which are not expected to occur regularly.	This measure is excluded in the calculation of return of capital employed.

SEKm	Forest	Wood	Pulp	Container-board	Renewable Energy	Other	Group
<b>2023 fiscal year</b>							
<i>Return on capital employed, ROCE</i>							
<b>Operating profit/loss, SEKm</b>	<b>3,279</b>	<b>328</b>	<b>559</b>	<b>482</b>	<b>613</b>	<b>-404</b>	<b>4,857</b>
Industrial average capital employed, SEKm	-	3,497	9,523	9,441	275	625	23,361
Average capital employed, other, SEKm	81,996	-	-	-	828	-	82,824
Average ongoing strategic capital expenditures, SEKm	-	-	-	1,390	810	342	2,542
<b>Total average capital employed, SEKm</b>	<b>81,996</b>	<b>3,497</b>	<b>9,523</b>	<b>10,831</b>	<b>1,913</b>	<b>967</b>	<b>108,727</b>
<b>Return on capital employed, ROCE, %</b>	<b>4.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32.1</b>	<b>-</b>	<b>4.5</b>
<b>Return on capital employed, industrial ROCE, %</b>	<b>-</b>	<b>9.4</b>	<b>5.9</b>	<b>5.1</b>	<b>-</b>	<b>-</b>	<b>7.3</b>

SEKm	Forest	Wood	Pulp	Container-board	Renewable Energy	Other	Group
<b>2022 fiscal year</b>							
<i>Return on capital employed, ROCE</i>							
<b>Operating profit/loss, SEKm</b>	<b>2,378</b>	<b>1,722</b>	<b>2,297</b>	<b>2,359</b>	<b>338</b>	<b>-452</b>	<b>8,642</b>
Industrial average capital employed, SEKm	-	3,579	8,177	3,802	278	272	16,108
Average capital employed, other, SEKm	72,782	-	-	-	153	-	72,935
Average ongoing strategic capital expenditures, SEKm	-	-	-	5,950	485	1,167	7,602
<b>Total average capital employed, SEKm</b>	<b>72,782</b>	<b>3,579</b>	<b>8,177</b>	<b>9,752</b>	<b>916</b>	<b>1,439</b>	<b>96,645</b>
<b>Return on capital employed, ROCE, %</b>	<b>3.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36.9</b>	<b>-</b>	<b>8.9</b>
<b>Return on capital employed, industrial ROCE, %</b>	<b>-</b>	<b>48.1</b>	<b>28.1</b>	<b>62.1</b>	<b>-</b>	<b>-</b>	<b>40.1</b>

#### CASH FLOW PERFORMANCE MEASURES

Various performance measures and costs that have impacted the company's cash flow

Key figure	Description	Application of the measure
<b>Cash flow from current operations</b>	Operating cash flow less net financial items and tax payments and taking into account other financial cash flow.	This measure illustrates the cash flow generated by operations and that can potentially be used for strategic initiatives, such as capital expenditures or acquisitions.
<b>Operating cash surplus</b>	EBITDA with deductions for capital gains and capital losses from tangible and intangible assets, the reversal of the result of participations in associated companies and joint ventures and the result of the revaluation of biological assets.	This measure shows cash flow generated by the income statement when calculating operating cash flow.
<b>Strategic capital expenditures in non-current assets</b>	Strategic capital expenditures increase the company's future cash flow through acquisitions of companies, capital expenditures to expand facilities, or new technologies that increase competitiveness.	Shows the size of the capital expenditures that are made in expansion in production capacity and other growth measures.
<b>Operating cash flow</b>	Operating cash flow comprises the sum of operating cash surplus and change in working capital, with deductions for current net investments in fixed assets and restructuring costs.	The management controls the business areas using this measure that shows the combined cash flow from operating activities.
<b>Restructuring costs</b>	Costs for impairment together with personnel costs in connection with structural changes to the company's operations.	This measure shows the specific costs that have arisen in connection with structural changes of an operation, which contributes to an understanding of the underlying cost level in the continuing operating activities.
<b>Current capital expenditures, net</b>	Current capital expenditures, net are made to maintain competitiveness, and include maintenance, rationalization and replacement measures or investments of an environmental nature with deductions for compensation from divested non-current assets. Operating cash flow also includes the effects from additional, remeasured and prematurely terminated right-of-use assets associated with leases.	Shows the size of the capital expenditures required to maintain existing capacity in operations.

#### Operating cash flow

SEKm	Forest		Wood		Pulp		Containerboard		Renewable Energy	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Operating cash surplus	1,260	758	507	1,963	1,208	2,882	1,216	2,793	675	360
Change in working capital	89	-143	89	57	-4	-727	-255	-347	-59	38
Current capital expenditures, net	-410	-352	-267	-320	-364	-228	-342	-329	-5	-37
Other	0	1	20	27	153	57	87	48	-2	3
<b>Operating cash flow</b>	<b>939</b>	<b>264</b>	<b>349</b>	<b>1,727</b>	<b>993</b>	<b>1,984</b>	<b>706</b>	<b>2,165</b>	<b>609</b>	<b>364</b>

#### Consolidated operating cash flow statement

SEKm	2023	2022
EBITDA (IS)	6,807	10,194
Change in biological assets	-2,198	-1,825
Other non-cash items	-107	-38
<b>Operating cash surplus</b>	<b>4,502</b>	<b>8,331</b>
Change in working capital	-159	-1,328
Current net investments <sup>1)</sup>	-1,603	-1,436
Other operating cash flow	245	118
<b>Operating cash flow</b>	<b>2,985</b>	<b>5,685</b>
Financial items	-414	-39
Paid tax	-330	-859
Other non-cash items	0	56
<b>Cash flow from other operations</b>	<b>2 241</b>	<b>4 843</b>

<sup>1)</sup> Includes SEK -178m (-85) from new, remeasured and terminated lease contracts.

## B Sales and earnings

### B1 Segment reporting and revenue from contracts with customers

#### § ACCOUNTING PRINCIPLES

##### Segments

Segments are recognized in accordance with IFRS 8 Operating Segments in a manner that complies with the internal reporting submitted to the chief operating decision maker, which in SCA's case is the company's President and CEO. The President and CEO is responsible for allocating resources and assessing the result of the operating segments. The Executive Management supports the President and CEO in his work, see the section Corporate governance in the Board of Directors' Report on pages 76–87.

A description of the five operating segments can be found on pages 34–57.

##### Revenue from contracts with customers

SCA applies IFRS 15 Revenue from contracts with customers. SCA's contracts with customers are mainly framework agreements without established minimum volumes, which means a binding agreement in accordance with the criteria specified in IFRS 15 arises when the customer makes a call-off order. SCA's performance obligation in the contracts consists of providing the goods specified in the contracts.

SCA is of the opinion that control is transferred to the customer at the same time as the risk for the goods is transferred, in accordance with the

Incoterms applicable in the contract. SCA applies the Delivered At Place (DAP) terms for 56% (53) of sales revenues, meaning risk is transferred when the goods are made available to the customer at the agreed destination. For other freight terms applied, the risk is transferred when the goods are loaded on to the vessel or other freight vehicles. Payment terms follow industry practice without long credit periods.

The transaction price primarily consists of a fixed price per sold quantity. Variable parts, such as cash discounts, volume discounts and delivery bonuses, reduce the transaction price. The transaction price is estimated at the value that is expected to accrue to SCA when entering into the agreement. The transaction price is continuously updated if the circumstances that form the basis of the estimate change. Performance obligations consist of sales of goods, which are satisfied at a point in time.

#### ! KEY ASSESSMENTS AND ASSUMPTIONS

SCA has determined that all revenue recognized as net sales and other operating income pertaining to goods and services constitute revenue from contracts with customers. Net sales comprise the sales of goods. Other operating income comprises the sales of goods and services.

TABLE B1:1

#### Group by country

Group by country	Net sales – sold by <sup>1)</sup>				Average number of employees						Non-current assets <sup>2)</sup>	
	2023		2022		2023	Of whom, %		2022	Of whom, %		2023 SEKm	2022 SEKm
	SEKm	%	SEKm	%		men	women		men	women		
<b>Sweden</b>	<b>17,355</b>	<b>96</b>	<b>20,002</b>	<b>96</b>	<b>3,346</b>	<b>76</b>	<b>24</b>	<b>3,259</b>	<b>78</b>	<b>22</b>	<b>130,440</b>	<b>121,187</b>
<b>Germany</b>	-	-	-	-	<b>21</b>	<b>56</b>	<b>44</b>	<b>21</b>	<b>58</b>	<b>42</b>	<b>22</b>	<b>30</b>
<b>United Kingdom</b>	<b>118</b>	<b>1</b>	<b>164</b>	<b>1</b>	<b>8</b>	<b>59</b>	<b>41</b>	<b>8</b>	<b>52</b>	<b>48</b>	<b>70</b>	<b>76</b>
<b>Rest of Europe</b>												
Latvia	83	0	3	0	20	39	61	11	49	51	2,346	1,741
Estonia	33	0	7	0	9	59	41	8	62	38	825	646
Lithuania	12	0	-	-	2	50	50	-	-	-	390	294
Netherlands	-	-	-	-	1	100	-	1	100	-	-	-
<b>Total, Rest of Europe</b>	<b>128</b>	<b>1</b>	<b>10</b>	<b>-</b>	<b>32</b>	<b>47</b>	<b>53</b>	<b>20</b>	<b>57</b>	<b>43</b>	<b>3,561</b>	<b>2,681</b>
<b>Asia</b>												
Hong Kong	480	3	618	3	6	58	42	5	47	53	1	-
<b>Total Asia</b>	<b>480</b>	<b>3</b>	<b>618</b>	<b>3</b>	<b>6</b>	<b>58</b>	<b>42</b>	<b>5</b>	<b>47</b>	<b>53</b>	<b>1</b>	<b>-</b>
<b>Total Group</b>	<b>18,081</b>	<b>100</b>	<b>20,794</b>	<b>100</b>	<b>3,413</b>	<b>76</b>	<b>24</b>	<b>3,313</b>	<b>78</b>	<b>22</b>	<b>134,094</b>	<b>123,974</b>

<sup>1)</sup> "Sold by" means revenue from external customers based on where SCA's sales subsidiary has its registered office.

<sup>2)</sup> Non-current assets comprise other intangible assets, buildings, land, machinery and equipment, forest assets and right-of-use assets.

### Intra-Group deliveries

Revenues, expenses and results for the various operating segments were affected by intra-Group deliveries. Internal prices are market-based.

### Operating segments

SCA recognizes five operating segments in accordance with IFRS 8. Renewable Energy is a new segment from January 1, 2023. Comparative figures have been restated.

The Forest segment includes the supply of raw material to SCA's industries as well as management and harvesting on SCA-owned forest land, which comprises 2.7 million hectares in northern Sweden and the Baltic region. The segment also includes sourcing timber from other forest owners and transporting the timber to SCA's industries.

The Wood segment includes the solid-wood business with five saw-mills in northern Sweden and wood processing and distribution to the building materials trade in Sweden and France.

The Pulp segment encompasses the production and sale of bleached softwood kraft pulp (NBSK) and chemi-thermomechanical pulp (CTMP), which are produced at the Östrand pulp mill and Ortviken site. The Östrand pulp mill is also a net producer of green energy and biochemicals such as tall oil and turpentine.

The Containerboard segment manufactures and sells packaging paper (kraftliner), with production at the integrated paper mills in Obbola and Munksund.

The Renewable Energy segment encompasses production and sales of refined and unrefined biofuels as well as liquid biofuels. The segment also includes development and revenue linked to the wind power operations and sales of green products from industrial operations for energy production.

### Reporting by operating segment

SEKm	Forest	Wood	Pulp	Container-board	Renewable Energy	Other	Eliminations	Total Group
<b>2023 fiscal year</b>								
External sales (B1:1, B1:2)	128	5,156	6,893	5,850	54	0	0	18,081
Internal sales	7,620	2	0	0	0	0	-7,622	0
<b>Net sales (IS)</b>	<b>7,748</b>	<b>5,158</b>	<b>6,893</b>	<b>5,850</b>	<b>54</b>	<b>0</b>	<b>-7,622</b>	<b>18,081</b>
Other operating income	285	132	1,274	605	1,825	74	-881	3,314
of which goods	203	6	845	162	1,671	0	-723	2,164
of which services	16	97	388	398	12	97	-165	843
of which leases	6	8	24	0	118	3	-2	157
of which other operating income	60	21	17	45	24	-26	9	150
<b>Revenue</b>	<b>8,033</b>	<b>5,290</b>	<b>8,167</b>	<b>6,456</b>	<b>1,879</b>	<b>74</b>	<b>-8,504</b>	<b>21,395</b>
Operating expenses	-4,522	-4,783	-6,954	-5,244	-1,204	-438	8,504	-14,641
Result from participations in associated companies	-	43	0	-	15	-5	-	53
<b>EBITDA</b>	<b>3,511</b>	<b>550</b>	<b>1,213</b>	<b>1,212</b>	<b>690</b>	<b>-369</b>	<b>-</b>	<b>6,807</b>
Depreciation and impairment	-232	-222	-654	-730	-77	-35	-	-1,950
<b>Operating profit/loss</b>	<b>3,279</b>	<b>328</b>	<b>559</b>	<b>482</b>	<b>613</b>	<b>-404</b>	<b>-</b>	<b>4,857</b>
<b>Other disclosures</b>								
Capital employed	87,683	3,490	9,871	10,962	2,167	877	-	115,050
Net investments <sup>1)</sup>	-753	-267	-546	-977	-355	-215	-	-3,113

<sup>1)</sup> Includes SEK -178m from new, remeasured and terminated lease contracts in 2023.

SEKm	Forest	Wood	Pulp	Container-board	Renewable Energy	Other	Eliminations	Total Group
<b>2022 fiscal year</b>								
External sales (B1:1, B1:2)	9	6,753	7,209	6,823	-	-	-	20,794
Internal sales	6,696	-	-	-	-	-	-6,696	-
<b>Net sales (IS)</b>	<b>6,705</b>	<b>6,753</b>	<b>7,209</b>	<b>6,823</b>	<b>-</b>	<b>-</b>	<b>-6,696</b>	<b>20,794</b>
Other operating income	310	340	1,936	1,401	1,550	205	-2,579	3,163
of which goods	223	12	475	177	1,450	68	-595	1,810
of which services	-	309	1,384	1,174	-	90	-1,995	962
of which leases	2	8	-	1	91	23	-	125
of which other operating income	85	11	77	49	9	24	11	266
<b>Revenue</b>	<b>7,015</b>	<b>7,093</b>	<b>9,145</b>	<b>8,224</b>	<b>1,550</b>	<b>205</b>	<b>-9,275</b>	<b>23,957</b>
Operating expenses	-4,413	-5,131	-6,262	-5,432	-1,189	-588	9,275	-13,740
Result from participations in associated companies	-	-17	-	-	-6	-	-	-23
<b>EBITDA</b>	<b>2,602</b>	<b>1,945</b>	<b>2,883</b>	<b>2,792</b>	<b>355</b>	<b>-383</b>	<b>-</b>	<b>10,194</b>
Depreciation and impairment	-224	-223	-586	-433	-17	-69	-	-1,552
<b>Operating profit/loss</b>	<b>2,378</b>	<b>1,722</b>	<b>2,297</b>	<b>2,359</b>	<b>338</b>	<b>-452</b>	<b>-</b>	<b>8,642</b>
<b>Other disclosures</b>								
Capital employed	79,943	3,376	8,321	10,704	1,871	2,132	-	106,347
Net investments <sup>1)</sup>	-1,161	-320	-236	-2,142	-872	-1,056	-	-5,787

<sup>1)</sup> Includes SEK -85m from new, remeasured and terminated lease contracts in 2022.

## Customers

SCA's ten largest customers account for 37% (31) of the company's sales. Revenue from the largest customer amounts to SEK 2,645m (3,241), which represents 15% (16) of net sales, and is reported in the Container-board segment.

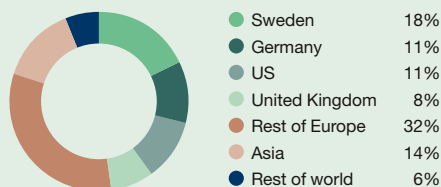
TABLE B1:2

### Group by country

	Net sales – sold to <sup>1)</sup>			
	2023		2022	
	SEKm	%	SEKm	%
<b>Sweden</b>	<b>3,322</b>	<b>18</b>	<b>3,947</b>	<b>19</b>
<b>Germany</b>	<b>2,039</b>	<b>11</b>	<b>2,205</b>	<b>11</b>
<b>US</b>	<b>1,945</b>	<b>11</b>	<b>2,533</b>	<b>12</b>
<b>United Kingdom</b>	<b>1,393</b>	<b>8</b>	<b>2,017</b>	<b>10</b>
<b>Rest of Europe</b>				
France	880	5	967	5
Norway	863	5	1,192	6
Spain	698	4	830	4
Finland	449	2	705	3
Italy	399	2	486	2
Poland	370	2	578	3
Netherlands	364	2	429	2
Denmark	287	2	550	3
Belgium	263	1	248	1
Turkey	153	1	233	1
Austria	148	1	206	1
Other	852	5	918	4
<b>Total, Rest of Europe</b>	<b>5,726</b>	<b>32</b>	<b>7,342</b>	<b>35</b>
<b>Asia</b>				
China	1,403	8	509	2
Japan	348	2	605	3
India	293	2	63	-
Other	575	3	457	2
<b>Total Asia</b>	<b>2,619</b>	<b>14</b>	<b>1,634</b>	<b>8</b>
<b>Rest of world</b>				
Morocco	401	2	424	2
Egypt	252	1	172	1
Other	384	2	520	3
<b>Total, rest of world</b>	<b>1,037</b>	<b>6</b>	<b>1,116</b>	<b>5</b>
<b>Total Group</b>	<b>18,081</b>	<b>100</b>	<b>20,794</b>	<b>100</b>

<sup>1)</sup> Net sales recognized as "Sold to" compiles sales to countries where SCA has its customers.

### Net sales by geography in 2023



## B2 Other operating income

### Specification of other operating income

SEKm	2023	2022
Transportation	800	944
Energy	1,406	1,106
Leases	156	125
Other	952	988
<b>Total (IS)</b>	<b>3,314</b>	<b>3,163</b>

### Other disclosures

Government grants received increased other operating income by SEK -m (2).

## B3 Raw materials and consumables

### Specification of raw materials and consumables

SEKm	2023	2022
Timber and chips	-2,303	-2,454
Other raw materials and consumables	-1,994	-1,958
Goods purchased for resale	-49	-165
<b>Total (IS)</b>	<b>-4,346</b>	<b>-4,577</b>

## B4 Other operating expenses

### Specification of other operating expenses

SEKm	2023	2022
Transportation	-4,173	-4,385
Energy	-844	-538
Repairs and maintenance	-955	-745
IT, telephony and rents	-425	-375
Other	-3,166	-2,235
<b>Total (IS)</b>	<b>-9,563</b>	<b>-8,278</b>

### Other disclosures

Government grants received have reduced operating expenses by SEK 43m (16), excluding the effects from the European system for emission allowances described under Notes D1 and D8. Costs for research and development amounted to SEK 45m (45) in 2023.

### Specification of auditing expenses

SEKm	2023	2022
<b>EY</b>		
Audit assignments	-12	-11
Auditing activities other than the audit assignment	-1	-1
Other assignments	-1	0
<b>Total EY</b>	<b>-14</b>	<b>-12</b>
<b>Other auditors</b>		
Audit assignments	0	-1
<b>Total other auditors</b>	<b>0</b>	<b>-1</b>
<b>Total</b>	<b>-14</b>	<b>-13</b>

## B5 Taxes

### § ACCOUNTING PRINCIPLES

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

Current tax includes adjustments relating to recognized current tax from other periods. Interest attributable to income tax is also recognized as income tax.

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.

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

The Group is subject to the OECD's model rules and the EU directive for Pillar 2. Legislation relating to this was adopted in Sweden, where SCA is based, and took effect on January 1, 2024. Legislation concerning Pillar 2 had not gained legal force on the balance sheet date and consequently the Group has no related current tax to take into account. The Group applies the exemption to reporting and providing information about deferred tax assets and liabilities related to income tax from Pillar 2, as presented in the amendments to IAS 12 that were issued in May 2023 and adopted by the EU in November 2023. For further information, refer to the "disclosures relating to top-up tax for large multinational enterprises (Pillar 2)" on the following page.

### ! KEY ASSESSMENTS AND ASSUMPTIONS

The Group conducts operations in several countries, which increases the complexity when determining deferred tax assets and tax liabilities. 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, 2023, SEK 45m (22) was recognized as deferred tax assets based on best assessment of future taxable profits in the Group. At year-end 2023, the Group also had tax loss carryforwards of SEK 24m (35), 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. In SCA's opinion, at the end of 2023 there were no material uncertain tax items in the financial statements which could result in a significant adjustment of the reported values during forthcoming fiscal years.

Key assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks. For further information, refer to Note G1.

TABLE B5:1

### Tax expense

Tax expense (+), tax income (-)

SEKm	2023		2022	
	SEKm	% <sup>1)</sup>	SEKm	% <sup>1)</sup>
<b>Current tax</b>				
Income tax for the period	52	1.2	789	9.2
Adjustments for other periods	-38	-0.9	28	0.3
<b>Current tax expense</b>	<b>14</b>	<b>0.3</b>	<b>817</b>	<b>9.5</b>
<b>Deferred tax</b>				
Changes in temporary differences	839	18.9	972	11.3
Adjustments for other periods	-35	-0.8	-7	-0.1
<b>Deferred tax expense (B5:3)</b>	<b>804</b>	<b>18.1</b>	<b>965</b>	<b>11.2</b>
<b>Tax expense (IS)</b>	<b>818</b>	<b>18.4</b>	<b>1,782</b>	<b>20.7</b>

<sup>1)</sup> Percentage of profit before tax.

### Recognized and expected tax expense

	2023		2022	
	SEKm	%	SEKm	%
Profit before tax (IS)	4,443		8,603	
Tax expense (IS)	818	18.4	1,782	20.7
Expected tax expense	928	20.9	1,788	20.8
<b>Difference</b>	<b>-110</b>	<b>-2.5</b>	<b>-6</b>	<b>-0.1</b>
<b>The difference is due to:</b>				
Permanent differences between accounting and taxable result				
Other permanent effects <sup>1)</sup>	-38	-0.9	-27	0.3
Taxes related to other periods <sup>2)</sup>	-72	-1.6	22	0.3
Changes in tax rates	0	0.0	-1	0.0
<b>Total</b>	<b>-110</b>	<b>-2.5</b>	<b>-6</b>	<b>-0.1</b>

<sup>1)</sup> Other permanent effects in 2023 relate primarily to non-taxable earnings from associated companies and non-taxable income relating to tonnage tax. Other permanent effects in 2022 relate primarily to non-taxable earnings from associated companies, non-taxable dividends, adjustment of expected tax deductions attributable to investments in equipment and non-taxable income relating to tonnage tax.

<sup>2)</sup> Taxes attributable to other periods in 2023 relate, for the most part, to adjustment of deferred tax liability in respect of pensions, buildings and land and adjustment of tax deductions attributable to investments in equipment as well as adjustments to previous tax assessments. Taxes attributable to other periods in 2022 primarily relate to adjustments to previous tax assessments.

### Current tax liability

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

SEKm	2023	2022
<b>Value January 1</b>	<b>221</b>	<b>264</b>
Current tax expense (B5:1)	14	817
Paid tax (B5:2)	-330	-859
Translation differences	0	0
Other changes from acquisitions and divestments	0	-1
<b>Value December 31</b>	<b>-95</b>	<b>221</b>
of which current tax liability (BS)	39	224
of which current tax asset (BS)	-134	-3

**TABLE B5:2**

### Paid tax

Tax payments by SCA entities by country, paid tax (-)

SEKm	2023	2022
France	2	-22
Hong Kong	-3	0
United Kingdom	0	-5
Sweden	-320	-827
Germany	-9	-5
Other	0	0
<b>Total (CF)</b>	<b>-330</b>	<b>-859</b>

**TABLE B5:3**

### Deferred tax liability 2023

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

SEKm	Value January 1	Deferred tax expense	Other changes <sup>1)</sup>	Value December 31
Tangible fixed assets	2,379	273	-	2,652
Forest assets	19,468	485	1,324	21,277
Financial fixed assets	323	-9	90	404
Current assets	-29	30	25	26
Provisions	-37	1	0	-36
Liabilities	48	-4	-42	2
Future tax credits and tax loss carryforwards	-49	27	0	-22
Other	-8	1	32	25
<b>Total<sup>2)</sup> (BS)</b>	<b>22,095</b>	<b>804</b>	<b>1,429</b>	<b>24,328</b>

<sup>1)</sup> Other changes include deferred tax recognized directly in equity according to IAS19 of SEK 90m, IFRS 9 hedge accounting derivatives of SEK 19m and deferred tax attributable to the change in fair value of land assets of SEK 1,324m.

<sup>2)</sup> The closing deferred tax liability comprises deferred tax assets of SEK 45m (22) and deferred tax liabilities of SEK 24,373m (22,117).

### Loss carryforwards

Future tax credits and loss carryforwards for which deferred tax assets were recognized have been reported at the tax amount of SEK -22m on the line future tax credits and tax loss carryforwards in table B5:3. Loss carryforwards for which no deferred tax assets were recognized amounted to SEK 24m (35), gross, at December 31, 2023, see table B5:4. The tax value of uncapitalized tax loss carryforwards amounted to SEK 5m (7). SCA considers it unlikely that loss carryforwards for which no deferred tax was recognized will be offset against future profits as these largely concern saved capital losses with a limited right of deduction against future capital gains. The useful life of these loss carryforwards are distributed as shown in table B5:4.

**TABLE B5:4**

### Loss carryforwards, gross, for which no deferred tax assets were recognized as per December 31

SEKm	2023	2022
<b>Year of maturity</b>		
Indefinite useful life	24	35
<b>Total</b>	<b>24</b>	<b>35</b>

### Information regarding top-up tax for large multinational enterprises (Pillar 2)

Legislation concerning Pillar 2 was adopted by Sweden on December 13, 2023. Under the legislation, SCA is required to pay top-up tax for the difference between the effective tax rate calculated using the GloBE rules for each jurisdiction and the minimum effective tax rate of 15%.

The Group is currently assessing its exposure to top-up tax under Pillar 2. This assessment used country-by-country reporting for 2021 and 2022, though SCA expects the result to also be representative for 2023 and 2024. Part of the Group's work is to ensure that the data source used in its country-by-country reports is considered a qualified financial report under the legislation.

This assessment indicates that the Group will be able to utilize the temporary simplification rules in all countries where SCA operates, with the exception of Estonia and Latvia. These countries are, however, subject to separate rules regarding approved dividend tax systems whereby fictitious dividend tax amounts may be credited and through which the Group expects to achieve the minimum effective tax rate. Consequently, no material exposure is expected to top-up tax.

The Group notes that its operations in Hong Kong are subject to a nominal tax rate that is close to the minimum effective tax rate of 15% and that certain exposure may exist with respect to 2024. Earnings in Hong Kong only represent a small portion of the Group's earnings, so possible exposure is not expected to result in any material amounts.

Due to the complexity of applying the legislation and in calculating GloBE income, the quantitative effect of the adopted legislation is difficult to assess. The Group is currently working with tax specialists who are assisting in applying the legislation and evaluating the impact should the Group be unable to use the temporary simplification rules.



## C Employees

### C1 Personnel costs

#### Personnel costs

SEKm	Note	2023	2022
Salaries and remuneration		-1,838	-1,778
of which Executive Management (C3:1)		-50	-69
of which Board	C4	-9	-9
Pension costs		-204	-248
of which defined benefit pension costs	C5	-29	-76
of which other pension costs		-175	-172
Other social security costs		-555	-544
Other personnel costs		-58	-57
<b>Total personnel costs (IS)</b>		<b>-2,655</b>	<b>-2,627</b>

### C2 Personnel data

#### Average number of employees

	2023	2022
Average number of employees	3,413	3,313
of whom men	2,593	2,576
of whom women	820	737

### C3 Remuneration of senior executives

#### Guidelines for remuneration of senior executives

These guidelines were adopted by the 2022 Annual General Meeting (AGM) and shall thereafter apply to remuneration to Board members, the President and CEO, vice President as well as other members of the senior management. The guidelines do not apply to remuneration resolved by the general meeting.

#### Principles for remuneration

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit, motivate and retain qualified personnel through competitive remuneration in line with market levels. To this end, the total remuneration is to correspond to market practice and be competitive on the senior manager's field of profession, as well as being linked to the manager's responsibility, authority and performance. Remuneration may consist of fixed salary, variable salary, other benefits and pension, jointly referred to as total remuneration. The company's business strategy is available on pages 30–33.

#### Variable remuneration

Variable remuneration shall aim at promoting the company's business strategy and long-term interests, including its sustainability. Variable remuneration shall be based on the outcome in relation to short-term and long-term goals, respectively, comprising financial goals, goals that contribute to such (including sustainability goals), or to the value development of the company's Class B share. It shall be linked to the fixed annual salary and be maximized. Variable remuneration is to be paid as cash remuneration and shall not qualify for pension benefits.

Short-term performance goals may include, for example, organic growth, profit, cash flow, capital efficiency, return, health-safety-environment, individual targets, or a combination thereof. Remuneration that may be paid under such short-term performance goals shall not exceed 100% of the fixed annual salary.

Long-term performance goals shall be linked to the value development of the company's Class B share and the company's increased climate benefit. Remuneration that may be paid under such long-term performance goals, including performance period, maximum amount and other main conditions, shall therefore be approved by the general meeting.

Total variable remuneration related to short-term performance goals and long-term performance goals in accordance with the description above shall not exceed 100% of the fixed annual salary.

Additionally, variable remuneration in the form of project bonus may be awarded in individual cases. The performance goals shall, in such cases, be linked to the project (e.g. CAPEX or production volume) in order to promote the completion of the project. The achievement of goals is measured, and bonus may be paid, after one or several years. Such project bonus shall not exceed 40% of the total fixed annual salary during the relevant period. The company shall be able to refrain from paying variable remuneration when required and possible under applicable law, if there is special cause and withholding the payment is necessary to serve the company's long-term interests, including its sustainability.

The company shall also have the possibility to, under applicable law, reclaim variable remuneration paid on incorrect grounds.

#### Pension and other benefits

Pension benefits shall solely contain defined contribution pension benefits, unless the manager is subject to defined benefit pension under applicable collective agreement provisions. The planned retirement age is 65 years. The defined contribution pension shall amount to a maximum of 50% of the fixed annual salary.

Other benefits may include, for example, health insurance, company car and wellness allowance.

In the event of termination of employment, a notice period of no longer than two years shall apply if termination is initiated by the company, or no longer than one year, if termination is initiated by the senior executive. There will be no severance pay.

#### Decision-making process and reporting

Issues regarding remuneration to senior executives shall be dealt with by the Board of Directors' Remuneration Committee and, in case of the President and CEO, be decided by the Board of Directors. The Remuneration Committee's tasks shall also include preparing the Board of Directors' decision to propose guidelines for remuneration to senior executives, as well as monitoring and evaluating the application of these. The senior executives shall not participate in the Board of Directors' nor the Remuneration Committee's discussions of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

In the preparation of the remuneration guidelines, salary and employment conditions for the company's other employees in Sweden shall be taken into account, including information on the employees' total income, the components of the remuneration and increase and growth rate over time, as well as the company's equality policy. The Board of Directors shall prepare a remuneration report.

#### Application of and deviation from the guidelines

The Board of Directors may temporarily decide to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability.

The guidelines do not take precedence over mandatory provisions under applicable employment regulation or collective agreements. In addition, they are not applicable to agreements already signed.

#### Application of guidelines for remuneration of senior executives 2023

In 2023, the company has complied with the applicable remuneration guidelines as adopted by the Annual General Meeting. No deviations were made from the guidelines, nor were any deviations made from the decision-making process with regard to the determination of remuneration stated in the guidelines. The auditor statement on the company's compliance with the guidelines is available on sca.com. There were no demands to repay remuneration.

### Fixed salary

The fixed salary has been linked to the senior executive's responsibility and authority. Salaries have been decided on an individual basis to a level, using an overall assessment of the executive's total remuneration, that was deemed competitive and corresponds to market practice in the executive's field of profession.

### Variable remuneration

The President and CEO and other senior executives were part of SCA's program for variable remuneration where remuneration is paid according to SCA's provisions. The total variable remuneration could, for the President and CEO, amount to a maximum of 100% of fixed salary while the variable remuneration for other senior executives could amount to a maximum of 80% of fixed salary. Variable remuneration was divided into a short-term and long-term portion.

The short-term variable remuneration (Short Term Incentive, STI) could, for the President and CEO, amount to a maximum of 50% of the fixed salary and for other senior executives to 40% of the fixed salary. The established STI targets in 2023 for the President and CEO and CFO comprised the Group's EBITDA, profit for the year, operating cash flow, industrial return on capital employed as well as development relating to the number of workplace accidents that result in lost time accidents (LTAs). For senior executives with Central Staff functions, the Manager for the support unit Sourcing & Logistics and for the Business Area Manager of Forest, the STI targets comprised the Group's EBITDA, operating cash flow, industrial return on capital employed as well as development relating to the number of workplace accidents that result in LTAs. For the Wood, Pulp, Containerboard and Renewable Energy business area presidents, the STI targets in addition to Group-wide targets relate to EBITDA, operating cash flow, industrial return on capital employed for each segment. For the Renewable Energy business area, the return target consisted of return on capital employed and also included wind power.

The long-term portion (Long Term Incentive, LTI) could, for the President and CEO, amount to a maximum of 50% of fixed salary and for other senior executives to 40% of fixed salary, where all of the net outcome (after tax deductions) is to be used to buy Class B shares in SCA. The acquired shares may then not be sold within three years of the purchase.

In 2023, SCA had two outstanding long term cash-based incentive programs, LTI 2022–2024 and LTI 2023–2025.

The performance criteria for LTI 2022–2024 comprise a financial target related to the total shareholder return (TSR) of the company's Class B share during the 2022–2024 fiscal years, which shall be measured as 60% in comparison with a peer group of other companies and as 40% in relation to the OMXS30 index (the TSR condition), as well as a sustainability target related to increased climate benefit (million tonnes of CO<sub>2</sub> equivalents,) during the performance period (the Sustainability condition). The TSR condition will be weighted 90% and the Sustainability Condition 10% when payment of the cash remuneration is decided. One prerequisite for payment under the TSR condition is that the TSR of the company's class B share does not fall below the weighted TSR outcome for the peer group and the OMXS30 index during the performance period. The maximum outcome requires the performance target (TSR) for the company to be 5% better than the outcome for the peer group and that the average annual climate benefit must increase by 1.5 million tonnes of CO<sub>2</sub> equivalents during the performance period compared with the average annual climate benefit during the 2019–2021 fiscal years. The evaluation period for the program covers the fiscal years 2022–2024. Payment of cash remuneration under the program can therefore not be made until 2025.

The performance criteria for LTI 2023–2025 comprise a financial target related to the total shareholder return (TSR) of the company's Class B share during the 2023–2025 fiscal years, which shall be measured as 60% in comparison with a peer group of other companies and as 40% in relation to the OMXS30GI index (the TSR condition), as well as a sustainability target related to increased climate benefit (million tonnes of CO<sub>2</sub> equivalents,) during the performance period (the Sustainability condition). The TSR condition will be weighted 90% and the Sustainability Condition 10% when payment of the cash remuneration is decided. One prerequisite for payment under the TSR condition is that the TSR of the company's class B share does not fall below the weighted TSR outcome for the peer group and the OMXS30GI index during the performance period. The maximum outcome requires the performance target (TSR) for the company to be 5% better than the outcome for the peer group and that the average annual climate benefit must increase by 1.5 million tonnes of CO<sub>2</sub> equivalents during the performance period compared with the average annual climate benefit during the 2020–2022 fiscal years. The evaluation period for the program covers the fiscal years 2023–2025. Payment of cash remuneration under the program can therefore not be made until 2026.

For both the outstanding LTI programs, climate benefit is calculated using the model published in 2019, see page 155.

### Supplementary variable program

For 2023, the Board of Directors resolved that the STI program should be supplemented with an additional short-term program. The supplementary program is intended to act as a transition to LTI 2022–2024, which matures in 2025.

The targets in the supplementary short-term incentive program are solely financial and consist of EBITDA, operating cash flow and industrial return on capital employed.

The supplementary short-term variable portion could, for the President and CEO, amount to a maximum of 50% of the fixed salary and for other senior executives to 40% of the fixed salary.

### Outcome, variable remuneration

For the President and CEO, STI resulted in 36.8% of the annual maximum STI payment for 2023. For other senior executives, STI resulted in 22.7–54.1% of the annual maximum STI payment for 2023. Payment from the supplementary STI program was equivalent to 36.7% of the maximum outcome. The President and CEO and other senior executives are entitled, as all Swedish white collar employees at SCA, to convert proceeds from variable pay programs into pension. This process is cost neutral for SCA.

### Pensions

The senior executives are covered by a defined contribution pension, where the company annually pays a premium of 40% of the fixed salary to the President and CEO and an annual premium of 30% of the fixed salary to other senior executives. The agreed pension premium for the President and CEO and other senior executives is paid as long as they are employed, though not longer than the month before the month the senior executive reaches the age of 65.

### Other benefits

Other benefits pertained to company cars and any other agreed benefits.

### Notice period and severance pay

The agreement with the President and CEO stipulates a period of notice of 24 months if such notice is given by the company and a period of notice of 6 months if notice is given by the President and CEO. If notice is given by the company, the President and CEO is obligated to be available to the company during the notice period if so requested by the company. If the President and CEO, after written approval from the company, assumes a new position during the period of notice, unless otherwise agreed, the new salary will be deducted from the salary received during the notice period. The agreement does not contain any stipulations with regard to severance pay.

Other senior executives have a notice period, if such notice is given by the company, of 12 months, which after five years of service, from their latest employment, increases to 18 months. The executive's notice period toward the company is 6 months. If requested by the company, this executive is obligated to be available to the company during the notice period. Any new salary from other positions will be deducted from the salary received 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 of Directors regarding the principles for remuneration of Senior executives. The Board discussed the Remuneration Committee's proposal and decided on the basis of the Committee's recommendations. The remuneration of corporate management for the fiscal year was based on the Remuneration Committee's recommendation. Matters of remuneration of the President and CEO were resolved by the Board of Directors. The executives concerned did not participate in remuneration matters pertaining to themselves. When it was deemed necessary, 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 79.

### Current guidelines

The guidelines for determining salaries and other remuneration for senior executives as resolved by the 2022 AGM, apply until the 2026 AGM, unless significant changes are made before then.

**TABLE C3:1**
**Remuneration and other benefits in 2023**

SEK	Fixed salary <sup>1)</sup>	Variable remuneration <sup>2)</sup>	Other benefits	Total salaries and remuneration
President and CEO <sup>3)</sup>	10,900,000	4,000,300	160,657	15,060,957
Other senior executives (11 persons) <sup>4)</sup>	26,419,550	7,642,979	1,234,359	35,296,888
<b>Total</b>	<b>37,319,550</b>	<b>11,643,279</b>	<b>1,395,016</b>	<b>50,357,845</b>

<sup>1)</sup> Fixed salary consists of salary paid and vacation pay supplement for the period and, where applicable, the value of housing benefits.

<sup>2)</sup> Variable remuneration covers the 2023 fiscal year but is paid in 2024.

<sup>3)</sup> The supplementary STI program includes variable remuneration of SEK 1,994,700.

<sup>4)</sup> The supplementary STI program includes variable remuneration of SEK 3,880,653.

**Remuneration and other benefits in 2022**

SEK	Fixed salary <sup>1)</sup>	Variable remuneration <sup>2)</sup>	Other benefits	Total salaries and remuneration
President and CEO <sup>3)</sup>	10,500,000	10,500,000	147,933	21,147,933
Other senior executives (11 persons) <sup>4)</sup>	26,096,200	20,794,856	1,139,300	48,030,356
<b>Total</b>	<b>36,596,200</b>	<b>31,294,856</b>	<b>1,287,233</b>	<b>69,178,289</b>

<sup>1)</sup> Fixed salary consists of salary paid and vacation pay supplement for the period and, where applicable, the value of housing benefits.

<sup>2)</sup> Variable remuneration covers the 2022 fiscal year and was paid in 2023.

<sup>3)</sup> The supplementary STI program includes variable remuneration of SEK 5,250,000.

<sup>4)</sup> The supplementary STI program includes variable remuneration of SEK 10,434,400.

The Senior executives category above includes 11 (11) persons, of which 8 (8) are men and 3 (3) are women.

**Pension costs 2023<sup>1)</sup>**

SEK	
President and CEO <sup>2)</sup>	4,543,314
Other senior executives (11 persons) <sup>2)</sup>	9,399,173
<b>Total</b>	<b>13,942,487</b>

<sup>1)</sup> The pension costs pertain to the costs that affected profit for 2023, excluding pension tax expense.

<sup>2)</sup> Outstanding pension obligations to all senior executives, including the President and CEO, amounted to SEK 30,868,643 (value as of December 31, 2023). These primarily consist of defined benefit pension plans, including ITP.

**Pension costs 2022<sup>1)</sup>**

SEK	
President and CEO <sup>2)</sup>	4,371,666
Other senior executives (11 persons) <sup>2)</sup>	9,431,337
<b>Total</b>	<b>13,803,003</b>

<sup>1)</sup> The pension costs pertain to the costs that affected profit for 2022, excluding pension tax expense.

<sup>2)</sup> Outstanding pension obligations to all senior executives, including the President and CEO, amounted to SEK 27,395,516 (value as of December 31, 2022). These primarily consist of defined benefit pension plans, including ITP.

## C4 Remuneration of Board members in the Parent Company

Remuneration to non-executive Board members refers to the established fees approved at the 2023 AGM, for the period until the next AGM in March 2024. No remuneration is paid to the President and CEO and other employees.

SEK	Board fee		Audit Committee fee		Remuneration Committee fee		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Pär Boman	2,085,000	2,025,000	285,000	280,000	145,000	145,000	2,515,000	2,450,000
Åsa Bergman	695,000	675,000	-	-	-	-	695,000	675,000
Lennart Evrell	695,000	675,000	-	-	120,000	120,000	815,000	795,000
Annemarie Gardshol	695,000	675,000	-	-	-	-	695,000	675,000
Carina Håkansson	695,000	675,000	-	-	-	-	695,000	675,000
Martin Lindqvist	695,000	675,000	285,000	280,000	-	-	980,000	955,000
Anders Sundström	695,000	675,000	-	-	120,000	120,000	815,000	795,000
Barbara Milian Thoralfsson	695,000	675,000	400,000	390,000	-	-	1,095,000	1,065,000
Karl Åberg	695,000	675,000	285,000	-	-	-	980,000	675,000
<b>Total</b>	<b>7,645,000</b>	<b>7,425,000</b>	<b>1,255,000</b>	<b>950,000</b>	<b>385,000</b>	<b>385,000</b>	<b>9,285,000</b>	<b>8,760,000</b>

At the end of the year, SCA's Board consisted of 4 women and 6 men.

## C5 Remuneration after completion of employment

### § ACCOUNTING PRINCIPLES

#### Defined benefit pension plans

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 (refer to Key assessments and assumptions). 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 includes 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.

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 Employee Benefits. 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 the income statement, 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.

### ! 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. The key assessments and assumptions 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 obligations. 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. Principal actuarial assumptions are presented in table C5:5. The sensitivity of the recognized provision with respect to key actuarial assumptions is described in table C5:6.

## Provisions for pensions and similar obligations

SEKm	2023	2022
Defined benefit obligations (C5:2)	1,419	1,197
Fair value of plan assets (C5:3)	-4,466	-3,522
Effect of asset ceiling (C5:4)	1,154	881
<b>Provision for pensions, net (C5:1)</b>	<b>-1,893</b>	<b>-1,444</b>

Surpluses in funded plans recognized as financial non-current assets amounted to (BS) SEK 2,219m (1,689) on the balance sheet date and provisions for pensions totaled (BS) SEK 326m (245). Defined benefit obligations include obligations in an amount of SEK 134m (117) pertaining to unfunded plans.

SCA has both defined contribution and defined benefit pension plans in a number of subsidiaries. The most significant defined benefit pension plan is the pension plan in Sweden, as described in table C5:1.

**TABLE C5:1**

### Provisions for pensions and similar obligations per plan 2023

SEKm	Commitments				Plan assets, fair value	Effect of asset ceiling	Net	Duration of obligation, years
	Active	Paid-up pension policies	Pensioners	Total				
Country								
Sweden	147	451	575	1,173	-3,267		-2,094	17
Other	145	45	56	246	-1,199	1,154	201	10
<b>Total</b>	<b>292</b>	<b>496</b>	<b>631</b>	<b>1,419</b>	<b>-4,466</b>	<b>1,154</b>	<b>-1,893</b>	

### Sweden

The ITP2 plan 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.

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.

### Other

There are a number of minor pension obligations in Germany and Sweden. Some of these plans are funded.

### Costs for the period for defined benefit plans

SEKm	2023	2022
Service cost for the period, after deduction for premiums paid by the employees	-18	-38
Pension tax expense	4	-15
Net interest	49	14
<b>Pension costs</b>	<b>35</b>	<b>-39</b>

**TABLE C5:2**

### Defined benefit obligations

SEKm	2023	2022
<b>Value January 1</b>	<b>1,197</b>	<b>1,888</b>
Service cost for the period	18	38
Interest expense	54	31
Pension tax expense	-4	15
Benefits paid	-64	-58
Pension taxes paid	0	-5
Remeasurement: financial assumptions	187	-672
Remeasurement: demographic assumptions	13	-12
Remeasurement: experience-based assumptions	104	49
Pension taxes pertaining to remeasurement	-85	-77
Translation differences	-1	0
<b>Value December 31</b>	<b>1,419</b>	<b>1,197</b>

Remeasurements in the defined benefit obligations comprise changes in financial assumptions, such as changes to the discount rate, any changes in demographic assumptions and experience-based deviations. Experience-based deviations include unexpectedly high or low employee turnover.

**TABLE C5:3**

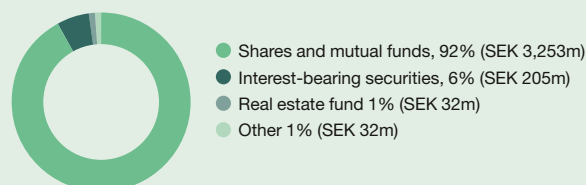
### Fair value of plan assets

SEKm	2023	2022
<b>Fair value January 1</b>	<b>-3,522</b>	<b>-3,997</b>
Interest income	-140	-58
Contributions by the employer	-8	-2
Benefits paid, excluding settlements	95	113
Return in excess of recognized interest income	-891	422
<b>Fair value December 31</b>	<b>-4,466</b>	<b>-3,522</b>

### The plan assets are distributed according to the following classes of assets 2023:



### The plan assets are distributed according to the following classes of assets 2022:



99% (99) 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, 2023.

**TABLE C5:4**
**Effect of asset ceiling**

SEKm	2023	2022
<b>Value January 1</b>	<b>881</b>	<b>972</b>
Interest expense	36	15
Other changes to asset ceiling	237	-106
<b>Value December 31</b>	<b>1,154</b>	<b>881</b>

Effect of asset ceiling pertains to funds in one Swedish foundation that can be used for possible future undertakings for early retirement for certain categories of employees.

**TABLE C5:5**
**Principal actuarial assumptions**

Sweden	2023	2022
Discount rate	3.12	4.08
Expected salary increase rate	3.09	3.09
Expected inflation	1.98	2.27
Life expectancy, men <sup>1)</sup>	22	22
Life expectancy, women <sup>1)</sup>	24	24

<sup>1)</sup> Life expectancy, expressed in years, for an individual currently aged 65.

The discount rate for Germany was 3.17 (3.77).

**TABLE C5:6**
**Sensitivity analysis**

SEKm	2023	2022
Discount rate +0.5%	118	95
Price inflation, including salary inflation +0.5%	-132	-109
Longevity +1 year	-56	-47

The sensitivity analysis is calculated by changing one assumption while the others remain constant. An increased obligation is reported with a minus sign.

**Other disclosures**
**Multiemployer plans**

SCA has obligations for disability and family pensions for salaried employees in Sweden, secured through insurance with the insurance company Alecta. 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 2024 were calculated at SEK 65m. Contributions for multi-employer plans for 2024 were calculated at SEK 3m.

## D Operating assets and liabilities

### D1 Intangible fixed assets

#### § ACCOUNTING PRINCIPLES

##### Other intangible fixed assets

Intangible assets 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 3 and 20 years.

Customer relations are measured at fair value at the time of the acquisition. The value of these customer relations is amortized over their estimated useful life, which is considered to be between 3 and 15 years.

Research expenditure is recognized as an expense when 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 is in a location and in the condition required to use it in the manner intended by management.

##### Impairment testing

When testing for impairment, the assets are grouped in cash-generating units in accordance with SCA's operating segments in Note B1. The calculation of future cash flows is based on the strategic plans adopted by Executive Management for the next three years.

##### Emission allowances and costs for carbon dioxide emissions

SCA participates in the European system for emission allowances and receives a permit to emit a specific volume of carbon dioxide (CO<sub>2</sub>) during a calendar year for each operation where an environmental permit is required. Emission allowances relating to CO<sub>2</sub> emissions are recognized as an intangible asset and as deferred income (liability) when they are received. Emission 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 the income statement as income in pace with actual CO<sub>2</sub> emissions and meets the cancellation of the intangible asset from allocated emission allowances to the extent the allocation covers actual emissions. If the emission allowances received do not cover actual emissions, a provision is made 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 when the dissolution of the corresponding liability and disposal of the corresponding intangible assets occurs.

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. 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 the income statement. The emission allowances are used as payment in the settlement with the Swedish state regarding liabilities for actual CO<sub>2</sub> emissions.

##### Guarantees of origin

SCA receives guarantees of origin for the electricity produced by SCA's industries and wind farms. Guarantees of origin are recognized as an intangible asset and as deferred income (liability) equivalent to the produced volume for the current month at market value. Guarantees of origin can be sold, purchased or canceled. Sales of guarantees of origin are reported on the delivery date at selling price and the intangible asset and as deferred income (liability) reversed proportionately. In the event of cancellation for own use or when the validity period expires, the intangible asset is reversed and deferred income is reduced by a corresponding amount.

#### Intangible fixed assets

SEKm	Intangible assets	
	2023	2022
Accumulated cost	1,080	917
Accumulated depreciation	-309	-306
Accumulated impairment	-90	-90
<b>Total</b>	<b>681</b>	<b>521</b>
<b>Value January 1</b>	<b>521</b>	<b>392</b>
Investments	166	147
Reclassifications	11	-
Depreciation	-17	-18
<b>Value December 31</b>	<b>681</b>	<b>521</b>
Emission allowances, net value (D1:1)	118	210
Guarantees of origin, net value (D1:2)	14	-
<b>Value December 31 including emission allowances (BS)</b>	<b>813</b>	<b>731</b>

TABLE D1:1

#### Emission allowances

SEKm	2023	2022
Accumulated cost	118	210
<b>Total</b>	<b>118</b>	<b>210</b>
<b>Value January 1</b>	<b>210</b>	<b>134</b>
Emission allowances received	255	254
Sales	-309	-110
Revaluation	44	-
Settlement with the Swedish government	-82	-68
<b>Value December 31</b>	<b>118</b>	<b>210</b>

TABLE D1:2

#### Guarantees of origin

SEKm	2023	2022 <sup>1)</sup>
Accumulated cost	14	-
<b>Total</b>	<b>14</b>	<b>-</b>
<b>Value January 1</b>	<b>-</b>	<b>-</b>
Guarantees of origin received	59	-
Sales	-45	-
<b>Value December 31</b>	<b>14</b>	<b>-</b>

<sup>1)</sup> As of 2023, guarantees of origin received are recognized both in the income statement and balance sheet. Previously, these were only reported in the income statement.

#### Climate risks

As of 2024, the maritime sector will be included in the EU Emission Trading System (EU ETS). There will be a gradual introduction of obligations. By 2027, it will be mandatory to compensate for 100% of the fossil emissions from both intra-European and non-European sea travel. Exemptions may be made for countries outside the EU where emissions coverage could be reduced to 50% under certain conditions. There will be no free allocation of emission allowances for maritime traffic, but SCA is expected to be able to reallocate emission allowances within the Group.

## D2 Tangible fixed assets

### § ACCOUNTING PRINCIPLES

The cost of properties and production facilities included in major projects includes costs for running-in and start-up. The sale of products from the running-in period is recognized as net sales. Borrowing costs are included in the cost of investments involving significant amounts that take more than 12 months to complete. Expenditure for repairs and maintenance is expensed directly in the income statement. Income from the sale of products manufactured during the completion of the facility are recognized over the income statement. 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.

Land assets attributable to forest assets are recognized on a separate line in the balance sheet and are included in Note D3 Forest assets.

For information on investment commitments in non-current assets, refer to Note G1 Segment reporting.

### Assessed useful lives

	Number of years
Computers	3–5
Vehicles	4–5
Tools	3–10
Office equipment	5–10
Other machinery	7–18
Land improvements	10–20
Pulp-, paper- and sawmills	10–25
Energy plants	15–30
Harbors and railways	20–30
Buildings	15–50

### Depreciation and impairment

Land is not subject to depreciation. Buildings, land improvements, machinery and equipment are depreciated on a straight-line basis over the useful lives of the assets. The remaining useful lives of assets that will be replaced in the transition to fossil-free manufacturing could be impacted. However, the conditions required to amend accounting estimates have not been met, for example, investment decisions are still pending. Nor have investments and other cash flow related to the transition been taken into account in impairment testing.

### Carrying amounts

SEKm	Buildings		Land and land improvements <sup>1)</sup>		Machinery and equipment <sup>2)</sup>		Construction in progress <sup>3)4)</sup>		Total tangible fixed assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Accumulated cost	5,793	4,867	4,190	3,891	36,235	28,465	1,455	9,879	47,673	47,102
Accumulated depreciation	-1,803	-2,115	-2,378	-2,227	-16,886	-16,587	-	-	-21,067	-20,929
Accumulated impairment	-201	-202	-84	-84	-1,079	-1,080	-12	-7	-1,376	-1,373
<b>Total</b>	<b>3,789</b>	<b>2,550</b>	<b>1,728</b>	<b>1,580</b>	<b>18,270</b>	<b>10,798</b>	<b>1,443</b>	<b>9,872</b>	<b>25,230</b>	<b>24,800</b>
<b>Value January 1</b>	<b>2,550</b>	<b>2,585</b>	<b>1,580</b>	<b>1,485</b>	<b>10,798</b>	<b>10,730</b>	<b>9,872</b>	<b>6,937</b>	<b>24,800</b>	<b>21,737</b>
Investments <sup>4)</sup>	52	39	167	145	878	190	879	3,311	1,976	3,685
Sales and disposals	-	7	-13	-	-14	-22	-	-4	-27	-19
Asset acquisitions <sup>5)</sup>	-	-	-	29	14	760	253	-	267	789
Company divestments	-	-	-	-	-	-	-	-36	-	-36
Reclassifications	1,348	62	146	60	8,039	227	-9,544	-350	-11	-1
Depreciation	-161	-144	-152	-139	-1,446	-1,088	-	-	-1,759	-1,371
Impairment	-	-	-	-	-	0	-4	-	-4	0
Translation differences	-	1	-	-	1	1	-13	14	-12	16
<b>Value December 31 (BS)</b>	<b>3,789</b>	<b>2,550</b>	<b>1,728</b>	<b>1,580</b>	<b>18,270</b>	<b>10,798</b>	<b>1,443</b>	<b>9,872</b>	<b>25,230</b>	<b>24,800</b>

<sup>1)</sup> Land and land improvements include forest roads valued at SEK 990m (908). Investments for the year in forest roads amounted to SEK 138m (112) and depreciation for the year to SEK 91m (83).

<sup>2)</sup> In 2023, investment grants were included in the amount of SEK 6m (1).

<sup>3)</sup> During the period, interest was capitalized in an amount of SEK 45m (162). The average interest rate used was 4% (2).

<sup>4)</sup> Of the outgoing value of construction in progress and advance payments for property, plant and equipment in 2022, SEK 7,090m pertained to the investment project in Obbola.

<sup>5)</sup> Asset acquisitions in 2022 and 2023 both pertain entirely to the acquisition of wind farms.



## D3 Forest assets

### § ACCOUNTING PRINCIPLES

The total value of the forest assets is based on transactions in the areas where SCA owns forest assets. To support this valuation, SCA retrieves statistics of transactions, which are available from a number of market sources. Price statistics from transactions are multiplied by SCA's standing volume; the level of the standing volume is based on an inventory and simulated growth. A large number of forest transactions are conducted in areas where SCA owns forest assets, and the value of larger forest holdings is generally at the same level or higher compared with smaller and mid-sized forest assets per m<sup>3</sup>fo.

SCA uses inputs, which under IFRS 13 are recognized at various levels in the evaluation hierarchy, to measure its forest assets. The statistics obtained can be viewed as market-corroborated inputs in accordance with measurement level 2. However, the valuation of forest assets is entirely allocated to level 3, as the estimated forest volume contains assessments and the suppliers of the transaction data make certain adjustments using unobservable inputs (see KAA). No transfers have taken place between the measurement levels during the year.

The total value of SCA's forest assets is distributed between biological assets and land. To establish the value of biological assets a DCF-model (discounted cash flow) is used. When cash flow was discounted, a rate of return was used that reflects the yield requirement necessary so the discounted cash flows correspond to the total fair value according to the current market statistics. SCA also capitalizes replanting costs. The change in value is recognized in the income statement on the line for change in value in biological assets. Land assets relating to forest assets are recognized at fair value in accordance with IAS 16.31, and are recognized on a separate line in the balance sheet under forest assets. The change in value pertaining to land is recognized as other comprehensive income and does not impact profit for the year.

Climate-related risks are taken into account, for example, by considering environmental restrictions and other limitations which mean that the assets cannot be fully utilized. The effects of regulations as a result of known political decisions are taken into consideration. Demand for renewable raw materials and renewable energy is expected to increase and may have a positive impact on wood prices in the future. Changed climate conditions may lead to higher growth and in parallel increase the risk of infestation and extreme weather conditions. The impact of climate-related changes is difficult to assess since the cycles are long and entail both opportunities and risks. SCA manages this by conducting a sensitivity analysis (table D3:1) in the form of changed wood price, felling costs and volumes. The calculation is performed for a production cycle for biological assets that SCA estimated to average 100 years.

### ! KEY ASSESSMENTS AND ASSUMPTIONS

The market statistics that form the basis for the valuation of forest assets relating to the Swedish forest holding are obtained from the providers Ludvig & Co and Svefa, which are two independent parties in relation to SCA. The providers process the data by adjusting market transactions that include other significant components in addition to forest land. Svefa also makes adjustments for forest land transactions under ten hectares. SCA makes no adjustments to data from Ludvig & Co and Svefa. On average, the suppliers completed 186 transactions in 2023 and SCA was a party in approximately 2% of the transactions. SCA uses the data to calculate a volume-weighted price on the basis of how the forest assets are distributed geographically.

SCA's timber stand in Sweden is inventoried at regular intervals (most recently in 2019). Between the inventories of the entire forest holding, forest growth is simulated each year based on the inventory. The simulation of SCA's growth is conducted by an external party. It is then fixed until the next inventory. In the Baltic region, SCA receives an estimate of growth from Norskog, which is an independent source in relation to SCA.

The calculated market price used by SCA is based on forest transactions over the last three years to obtain an accurate overall view as individual transactions will not have a major impact on the outcome. Since transactions may take several months to complete, there is no isolated market value given at December 31.

The Baltic holdings were previously measured at the same price per m<sup>3</sup>fo as the Swedish holdings. In 2023, SCA changed this assumption and used a three-year average market price based on completed forest transactions in the Baltic region. Market statistics of forest land prices in the Baltic region are mainly obtained from Norskog. Since available data for forest transactions in the Baltic region are less comprehensive than Swedish data, SCA uses another three data sources to determine the price used for measurement. These data sources are a DCF model from Norskog, SCA's own transactions in the Baltic region and data from transactions in northern Sweden.

The cash flow statements for 2023 took no account of climate change since its impact is considered to lie further in the future and will not impact the current model to any significant extent. SCA indicates possible effects of climate change by presenting a sensitivity analysis, which shows the effects of an increased timber inventory and harvesting volume. When cash flow was discounted, estimated income and expenses were adjusted by an annual inflation rate of 2%. The calculation to establish the value of biological assets is based on existing, sustainable harvesting plans and assessments regarding growth, timber prices, harvesting and silviculture costs, and selling expenses.

The three-year average price in 2023 was SEK 395/m<sup>3</sup>fo (366) and is used to determine the total average value per m<sup>3</sup>fo of SCA's forest assets in Sweden. The corresponding price for the Baltic region is EUR 40.5/m<sup>3</sup>fo (SEK 366). The distribution of forest assets is carried out according to the same principles in Sweden and the Baltic region and is based on the Swedish model. As of December 31, 2023, timber volume is estimated to amount to approximately 263 million m<sup>3</sup>fo in Sweden and approximately 8 million m<sup>3</sup>fo in the Baltic region.

The table (D3:1) describes the sensitivity of the carrying amount with respect to key assumptions.

### Forest assets

#### Distribution of balance sheet

SEKm	Biological assets		Land assets		Total forest assets	
	2023	2022	2023	2022	2023	2022
<b>Value January 1</b>	<b>55,681</b>	<b>53,309</b>	<b>42,201</b>	<b>31,188</b>	<b>97,882</b>	<b>84,497</b>
Acquisitions	237	559	210	636	447	1,195
Divestments	-6	-12	-21	-21	-27	-33
Other changes in fair value <sup>1)</sup>	3,567	2,892	6,877	10,398	10,444	13,290
Change due to felling	-1,265	-1,067	0	0	-1,265	-1,067
<b>Value December 31 (BS)</b>	<b>58,214</b>	<b>55,681</b>	<b>49,267</b>	<b>42,201</b>	<b>107,481</b>	<b>97,882</b>

<sup>1)</sup> Other changes are primarily recognized as the increase in value due to market prices and growth of the forest.

### Distribution by country

SEKm	2023	2022
Forest assets in Sweden <sup>1)</sup>	103,927	95,206
Forest assets in the Baltic region <sup>2)</sup>	3,554	2,676
<b>Total value of biological assets and land assets</b>	<b>107,481</b>	<b>97,882</b>
Deferred tax related to forest assets	21,277	19,468

- <sup>1)</sup> The fair value of SCA's forest assets in Sweden in 2023 was based on a timber volume of approximately 263 million m<sup>3</sup>fo multiplied by the market price of SEK 395/m<sup>3</sup>fo.
- <sup>2)</sup> The fair value of SCA's forest assets in the Baltic region in 2023 was based on a timber volume of approximately 8 million m<sup>3</sup>fo multiplied by the market price of EUR 40.5/m<sup>3</sup>fo (translated to SEK at the closing day rate).

### Value per hectare and forest cubic

	2023 <sup>1)</sup>	2022 <sup>1)</sup>
Carrying amount SEK/hectare total forest assets	51,176	47,585
Carrying amount SEK/m <sup>3</sup> fo <sup>2)</sup>	395	366
Carrying amount EUR/m <sup>3</sup> fo <sup>3)</sup>	40.5	

- <sup>1)</sup> The values are calculated based on productive forest area.
- <sup>2)</sup> Applied to forest assets in Sweden
- <sup>3)</sup> Applied to forest assets in Baltic region. In 2022, SEK 366/m<sup>3</sup>fo was used.

The change in the fair value of biological assets and change due to felling are recognized as a net value in the income statement on the line change in value in biological assets. The change amounts to (IS) SEK 2,198m (1,825). Total change in value of biological assets amounts to SEK 2,533m (2,372).

The current year's valuation of biological assets and land assets was based on market statistics and discounted cash flows. For the current year's valuation of biological assets, the same valuation model was used as in the previous year using a yield requirement of 3.6% (3.5) after tax. The yield requirement for investments in forest assets reflects the forest's long cycles, and it is not affected by short-term variations in market rates.

Assumptions regarding future price and cost levels are based on the outcome for prior years adjusted for inflation. The valuation assumes an average wood price of SEK 528 (479) per solid cubic meter under bark (m<sup>3</sup>sub). Annual harvesting in 2023 was 5.0 (4.4) million m<sup>3</sup>sub and is expected to rise over the future production cycle. On average, 87% of harvesting is final felling and 13% thinning. Of this, 48% is expected on average over the years to comprise sawlogs and 52% pulpwood.

SCA's forest holdings in Sweden are made up of approximately 2.6 million hectares of forest assets primarily in northern Sweden, of which approximately 2.0 million is productive forest land. SCA also owns just over 62,000 hectares of forest land and 11,000 hectares of other land that can potentially be converted to forest land or be sold in Estonia, Latvia and Lithuania. Growth amounts to approximately 10.9 million m<sup>3</sup>fo per year, gross, on productive forest area. Net growth, meaning growth after harvesting and natural losses, is estimated to have averaged 3.5 million m<sup>3</sup>fo per year in Sweden and 0.3 million m<sup>3</sup>fo per year in the Baltic region.

### Growth in SCA's forest

	Sweden		Baltic region		Total	
	2023	2022	2023	2022	2023	2022
<b>Volume, million m<sup>3</sup>fo</b>						
<b>Value January 1</b>	<b>259.9</b>	<b>256.1</b>	<b>7.3</b>	<b>6.6</b>	<b>267.2</b>	<b>262.7</b>
Available growth	9.1	9.1	0.4	0.4	9.5	9.5
<i>of which gross forest growth</i>	10.5	10.5	0.4	0.4	10.9	10.9
<i>of which natural losses and pre-commercial thinning</i>	-1.4	-1.4	0.0	0.0	-1.4	-1.4
Harvesting <sup>1)</sup>	-5.9	-5.3	-0.2	-0.1	-6.1	-5.4
Net forest growth	3.2	3.8	0.2	0.3	3.4	4.1
<b>Value December 31</b>	<b>263.1</b>	<b>259.9</b>	<b>7.5</b>	<b>6.9</b>	<b>270.6</b>	<b>266.8</b>
Acquisitions in Baltic region			0.5	0.4	0.5	0.4
<b>Value December 31</b>	<b>263.1</b>	<b>259.9</b>	<b>8.0</b>	<b>7.3</b>	<b>271.1</b>	<b>267.2</b>

- <sup>1)</sup> Equal to about -5.0 (-4.4) million m<sup>3</sup>sub.

TABLE D3:1

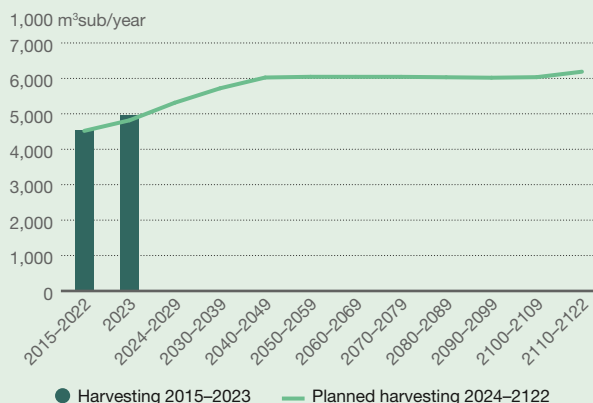
### Sensitivity analysis<sup>1)</sup>

SEKm	Change in assumption	Change in value, before tax	
		2023	2022
<b>Total forest assets</b>			
Market price based on market statistics	Price change 5% on a total volume of 271 (267) million m <sup>3</sup> fo	5,374	4,894
Forest holding's standing timber volume <sup>2)</sup>	3 million m <sup>3</sup> fo (approx. 1%)	1,185	1,099
<b>Biological assets as a share of forest assets<sup>3)</sup></b>			
Discount rate	Reduction by 0.1%	2,234	2,188
Wood price	Increase of 10%	12,291	11,584
Felling cost	Increase of 10%	-3,383	-3,179
Volume harvested	Increase of 10%	6,008	5,749

- <sup>1)</sup> The effects of climate change are difficult to predict and SCA chose a few parameters for a sensitivity analysis when the climate could impact the valuation of forest assets and biological assets. For example, future timber volume and possible harvesting are impacted by climate change through increased growth, and in parallel greater risk of infestation and extreme weather conditions.
- <sup>2)</sup> The sensitivity figures are based on the Swedish market price, which for 2023 has been set to SEK 395 (366) /m<sup>3</sup>fo.
- <sup>3)</sup> Since valuation in the discounted cash flow model treats the distribution of the market value of the total asset, this sensitivity would not impact the total value of the forest assets but rather transfer the value between biological assets and land assets.

### Harvesting

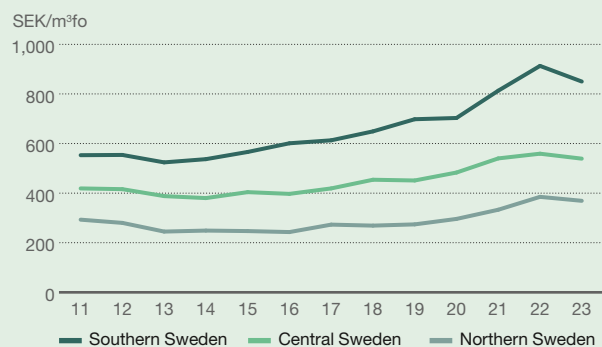
#### Harvesting 2015–2023 and planned harvesting 2024–2122



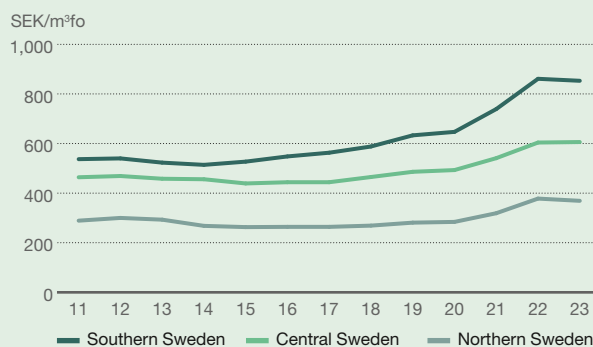
The following charts and tables illustrate some of the components used to determine the Group's fair value for forest assets and their distribution.

### Forest land prices, Sweden, nominal value 2011–2023

#### Ludvig & Co



#### Svefa



### SCA's purchases and divestments of forest land in Sweden<sup>1)</sup>

Purchase	2023	2022	2021	2020
Volume, thousand m <sup>2</sup> fo	183	448	467	288
Price, SEK/m <sup>2</sup> fo	396	453	379	294

Divestment	2023	2022	2021	2020
Volume, thousand m <sup>2</sup> fo	440	602	255	319
Price, SEK/m <sup>2</sup> fo	225	386	198	259

<sup>1)</sup> Price differences between SCA's purchases and sales are attributed to the sale by SCA of properties with generally higher transport costs to industrial sites and lower site quality. SCA purchases east facing forest properties with lower costs of transportation to industrial sites and higher productivity.

### Market data included in SCA's forest valuation<sup>1)</sup>

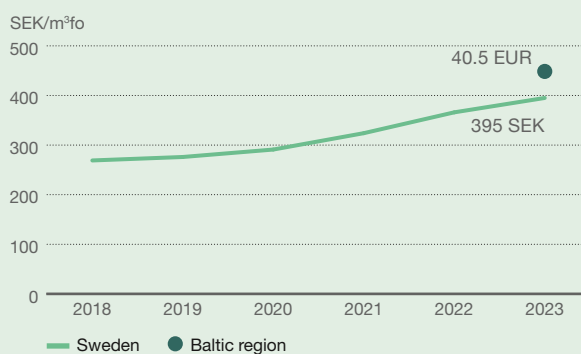
	2023	2022	2021	2020
No. of transactions <sup>2)</sup>	186	135	176	219
Average price, SEK/m <sup>2</sup> fo	398	418	368	312
Average size of estate (ha)	128	137	75	61

<sup>1)</sup> Combined statistics from Svefa and Ludvig & Co volume-weighted according to geographic position for SCA's forest holdings. SCA's forest holding is largely in the southern parts of northern Sweden, where prices are slightly above the average for northern Sweden as a whole.

<sup>2)</sup> Average number of transactions from Svefa and Ludvig & Co.

### Market price of forest transactions

#### Historical market price 2017–2023 (based on three-year average)



## D4 Right-of-use assets and lease liabilities

### § ACCOUNTING PRINCIPLES

#### Lessee

SCA's lease agreements primarily consist of trains, office premises, terminals, warehouses, other buildings, land leases, various transport vehicles, and company cars. SCA uses the available exemption for short-term leases (leases with a lease term of 12 months or less) and leases where the underlying asset has a low value. Leases covered by the exemption largely consist of photocopiers and coffee machines.

On the date of initial application for the lease, the lease liability is measured at the present value of outstanding lease payments. Lease payments are to be discounted by the interest rate implicit in the lease contract, if it can be readily determined. In cases where the rate cannot be readily determined, lease payments are discounted using SCA's incremental borrowing rate. A substantial part of SCA's lease liability has been discounted using the incremental borrowing rate. SCA has prepared a method for determining the incremental borrowing rate, which includes the credit rating of the individual subsidiaries, the economic environment, contract duration of the lease, and class of asset. Updating the incremental borrowing rate is performed on a regular basis of new and modified contracts. Lease liabilities are classified as financial liabilities, see Note E4.

The lease term is defined as the non-cancellable lease period together with periods that may be covered by an option to extend a lease if the lessee is reasonably certain of utilizing this alternative and periods covered by an option to terminate the lease if the lessee is reasonably certain of not utilizing this alternative. SCA has a number of contracts where the contractual terms clearly encompass extension periods. The right to an extension has been included in the lease term when SCA with reasonable assurance can determine that the contract will be extended.

Impairment is addressed in Note D2.

#### Assessed useful lives of right-of-use assets

	Number of years
Company cars	3–4
Other	2–8
Trains	10
Work vehicles	3–12
Properties, real estate	3–40

#### Lessor

Agreements where SCA is a lessor are primarily consisting of development rights for land connected to wind power projects, leasing non-productive forest land and leasing parts of industrial facilities and other subletting of property. All contracts when SCA is lessor are classified as operating leases. The classification is primarily based on the master agreement entered into by SCA and not on the basis of the underlying asset.

### ! KEY ASSESSMENTS AND ASSUMPTIONS

IFRS 16 Leases stipulates that when entering into any agreement an assessment must be made of whether the contract is or includes a lease. SCA assesses all contracts entering into force on an individual basis with the exception of contracts for company cars, which are assessed as a portfolio. In cases where a lease contract includes an identifiable asset, but where SCA is not entitled to receive essentially all benefits from use of the asset or is not entitled to control use of the identified asset, SCA's opinion in all instances is that the contract is not, nor does it contain, a lease agreement. A contract can include components that are not to be classified as lease components, such as included services, personnel, and administration. SCA has chosen to exclude non-lease components for all leases.

SCA has not included the right to an extension in the lease term where the lease period exceeds ten years as the assessment is that "reasonable assurance" cannot be applied to such a long interval. The following extension periods have been utilized for contracts that include a right to an extension for an unspecified period and where SCA with reasonable assurance will utilize this right: forklifts and other work vehicles 3 years, property 3–5 years.

A number of contracts include an option to withdraw from the agreement early, but an early termination would then trigger a termination fee, the size of which is dependent on when the agreement is terminated. In no instance over the lease term has SCA considered the option to withdraw from an agreement early as there are often significant termination fee. In cases where SCA and its counterparty are each independently entitled to terminate a lease without the consent of the counterparty and without a substantial financial penalty, SCA has considered the agreement as unenforceable. In cases where only the counterparty was entitled to terminate an agreement, the contract's period of notice has constituted the lease term. When SCA has been solely entitled to terminate an agreement, the lease term in the majority of cases was assessed as 3–5 years, as described above.

In applicable cases, residual value guarantees were taken into account when determining the lease payments.

**Leases where SCA is lessee in accordance with IFRS 16**  
Carrying amounts right-of-use assets and lease liabilities

SEKm	Right-of-use assets					Total	Lease liabilities <sup>2)</sup>
	Properties, real estate	Trains	Work vehicles	Company cars	Other		
<b>Value January 1, 2023</b>	<b>265</b>	<b>183</b>	<b>72</b>	<b>27</b>	<b>14</b>	<b>561</b>	<b>588</b>
Lease payments	-	-	-	-	-	-	-202
Depreciation	-67	-39	-27	-29	-8	-170	-
Interest expenses	-	-	-	-	-	-	28
Additional and remeasured contracts <sup>1)</sup>	65	22	14	79	4	184	197
Terminated contracts	-1	-	2	-6	-1	-6	-12
Translation differences	1	-	0	0	-	1	1
<b>Value December 31 (BS)</b>	<b>263</b>	<b>166</b>	<b>61</b>	<b>71</b>	<b>9</b>	<b>570</b>	<b>600</b>

<sup>1)</sup> Additional contracts amount to SEK 149m and remeasurement of existing contracts to SEK 48m. The remeasurement of leases mainly concerns the extension of the lease period for a number of rental contracts for premises and indexed rental payments. Of the additional contracts, SEK 23m concerns office premises, SEK 22m railcars and SEK 69m vehicles.

<sup>2)</sup> Of the total lease liability at year-end, SEK 442m is classified as non-current financial liabilities and SEK 158m as current financial liabilities. An analysis by maturities is provided in Note E4.

SEKm	Right-of-use assets					Total	Lease liabilities <sup>2)</sup>
	Properties, real estate	Trains	Work vehicles	Company cars	Other		
<b>Value January 1, 2022</b>	<b>261</b>	<b>214</b>	<b>80</b>	<b>39</b>	<b>20</b>	<b>614</b>	<b>636</b>
Lease payments	-	-	-	-	-	-	-183
Depreciation	-56	-35	-34	-29	-8	-162	-
Interest expenses	-	-	-	-	-	-	24
Additional and remeasured contracts <sup>1)</sup>	55	4	27	18	2	106	106
Terminated contracts	0	-	-1	-1	0	-2	-2
Translation differences	5	-	0	0	0	5	7
<b>Value December 31 (BS)</b>	<b>265</b>	<b>183</b>	<b>72</b>	<b>27</b>	<b>14</b>	<b>561</b>	<b>588</b>

<sup>1)</sup> Additional contracts amount to SEK 58m and remeasurement of existing contracts to SEK 48m. The remeasurement of leases mainly concerns the extension of the lease period for a number of rental contracts and indexed rental payments. Of the additional contracts, SEK 19m concerns land leases related to the wind farm acquired by SCA in the fourth quarter of 2022.

<sup>2)</sup> Of the total lease liability at year-end, SEK 439m is classified as non-current financial liabilities and SEK 149m as current financial liabilities. An analysis by maturities is provided in Note E4.

**Amounts reported in income statement**

SEKm	2023	2022
Depreciation right-of-use assets	-170	-162
Interest expenses, lease liability	-28	-24
Lease payments related to low value leases	-2	-3
Lease payments related to short-term leases	-7	-4
Variable payments	-15	-15
Terminated contracts	-2	-1
<b>Total</b>	<b>-224</b>	<b>-209</b>

**Cash flow**

SCA recognizes a cash flow effect arising from payments related to present value calculated leasing contracts of SEK 202m (183). The cash flow effect attributable to low value leases, short-term leases and variable payments amounts to SEK 24m (22).

**TABLE D4:1**

**Operating leases where SCA is lessor**

Rental income for the year amounts to SEK 152m (113).

Future minimum lease payments for operating leases mature according to the table below:

SEKm	2023	2022
Within 1 year	125	115
Between 1 and 5 years	499	387
More than 5 years	134	161
<b>Total</b>	<b>758</b>	<b>663</b>

## D5 Inventories

### § ACCOUNTING PRINCIPLES

Inventories are measured at the lower of cost and net realizable value. Felling rights for standing timber are measured at contract prices, which on average have not exceeded the lower of net realizable value and acquisition cost.

#### Inventories

SEKm	2023	2022
Raw materials and consumables	1,430	1,424
Spare parts and supplies	868	693
Products in progress	113	83
Finished products	1,767	1,630
Felling rights	1,183	1,026
<b>Total (BS)</b>	<b>5,361</b>	<b>4,856</b>

Impairment of inventory amounted to SEK 39m (44) during the period.

## D6 Other current receivables

### § ACCOUNTING PRINCIPLES

#### Derivatives

Derivatives are classified as a financial instrument, refer to Note E1. Since SCA defines derivatives used to hedge operating items as operating derivatives, they are recognized on operating lines in the balance sheet.

#### Other current receivables

SEKm	2023	2022
<i>Other current receivables included in working capital</i>		
VAT receivables	180	196
Accrued income	152	129
Prepaid expenses	215	277
Receivables from authorities	62	131
Derivatives	384	475
Receivables from associated companies	0	0
Other receivables	225	204
<b>Total other current receivables included in working capital</b>	<b>1,218</b>	<b>1,412</b>
<i>Other current receivables</i>		
Receivables from electricity certificates	1	3
<b>Total other current receivables not included in working capital</b>	<b>1</b>	<b>3</b>
<b>Total (BS)</b>	<b>1,219</b>	<b>1,415</b>

## D7 Other liabilities

### § ACCOUNTING PRINCIPLES

#### Derivatives

Derivatives are classified as a financial instrument, refer to Note E1. Since SCA defines derivatives used to hedge operating items as operating derivatives, they are recognized on operating lines in the balance sheet.

#### Other liabilities

SEKm	2023	2022
<b>Other non-current liabilities</b>		
Derivatives	44	66
Other non-current liabilities	0	0
<b>Total (BS)</b>	<b>44</b>	<b>66</b>
Of which items that fall due for payment later than within 5 years	0	0
<b>Other current liabilities</b>		
<i>Other current liabilities included in working capital</i>		
Derivatives	36	483
Accrued expenses and prepaid income (D7:1)	883	964
Other operating liabilities	263	237
<b>Total other current liabilities included in working capital</b>	<b>1,182</b>	<b>1,684</b>
<i>Other current liabilities not included in working capital</i>		
Accrued expenses and prepaid income (D7:1)	37	184
Other operating liabilities	60	159
<b>Total other current liabilities not included in working capital</b>	<b>97</b>	<b>343</b>
<b>Total (BS)</b>	<b>1,279</b>	<b>2,027</b>

#### TABLE D7:1

#### Accrued expenses and prepaid income

SEKm	2023	2022
<i>Accrued expenses and prepaid income included in working capital</i>		
Accrued social security costs	95	112
Accrued vacation pay liability	106	102
Other liabilities to personnel	123	188
Bonus and discounts to customers <sup>1)</sup>	173	61
Other items	386	501
<b>Total accrued expenses and prepaid income included in working capital</b>	<b>883</b>	<b>964</b>
<i>Accrued expenses and prepaid income not included in working capital</i>		
Emission allowances	37	184
<b>Total accrued expenses and prepaid income not included in working capital</b>	<b>37</b>	<b>184</b>
<b>Total</b>	<b>920</b>	<b>1,148</b>

<sup>1)</sup> The principles for recognition of revenue from contracts with customers are described in Note B1.

## D8 Other provisions

### § ACCOUNTING PRINCIPLES

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	Environ- ment	Discontinuation of publication paper	Other	Total
<b>Value January 1</b>	<b>66</b>	<b>86</b>	<b>4</b>	<b>156</b>
Provisions	109	-	71	180
Utilization	-29	-56	-1	-86
Dissolutions	-	-6	-	-6
Translation differences	-	0	-	0
<b>Value December 31</b>	<b>146</b>	<b>24</b>	<b>74</b>	<b>244</b>
Provisions comprise:				
Long-term component (BS)				57
Short-term component (BS)				187
<i>of which short-term component included in working capital</i>				70
<i>of which short-term component not included in working capital</i>				117

Of the provisions for the period for environment, SEK 94m pertains to carbon dioxide emissions, which will be paid out in 2024. The remaining SEK 15m of provisions for the period concerning environment pertain to land remediation and restoration expenses. Remaining provisions concerning the environment from previous years largely relate to provisions for future remediation commitments and land restoration expenses.

Provisions arising from the discontinuation of publication paper operations decreased by SEK 62m during the year. The change primarily relates to costs for decommissioning work and also personnel costs. The remaining funds of SEK 24m mainly concern the remaining decommissioning work and are scheduled to be largely used in 2024.

Of other provisions for the year, SEK 70m pertains to provisions for energy tax and will be paid out in 2024. Remaining other provisions from previous years pertain to the restoration of gravel quarries.

## D9 Trade payables

SEKm	2023	2022
<i>Trade payables included in working capital</i>		
Trade payables	3,864	3,404
<b>Total trade payables included in working capital</b>	<b>3,864</b>	<b>3,404</b>
<i>Trade payables excluded from working capital</i>		
Trade payables strategic capital expenditures	99	218
<b>Total trade payables excluded from working capital</b>	<b>99</b>	<b>218</b>
<b>Total (BS)</b>	<b>3,963</b>	<b>3,622</b>

SEK 1,866m (1,753) of the total trade payable was related to standing forest, referred to as standing forest timber for sale. The seller of standing forest timber for sale has the right to almost immediate payment once the timber is harvested, though a payment plan can be used to spread payments over a longer period.

## E Capital structure and financing

### E1 Financial instruments by category and measurement level

#### § ACCOUNTING PRINCIPLES

Financial instruments recognized in the balance sheet include cash and cash equivalents, securities, other financial receivables, trade receivables, trade payables, loans, derivatives and equity instruments.

Current investments and derivatives are recognized on the trade date. Equity instruments 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 received, respectively.

For disclosures relating to interest-bearing loans and investments, current market interest rates are taken into account in fair value calculations, refer to Note E4.

#### Financial instruments by category and measurement level

SEKm	Note	Measurement level	2023	2022
<b>Financial assets measured at fair value in the income statement</b>				
Non-current financial assets	E2	2	95	72
Derivatives – Current financial assets	E2	2	4	5
Derivatives – Other current receivables	D6	2	63	102
<b>Total</b>			<b>162</b>	<b>179</b>
<b>Financial liabilities measured at fair value in the income statement</b>				
Derivatives – Current financial liabilities	E4	2	4	5
Derivatives – Other current liabilities	D7	2	4	143
Derivatives – Other non-current liabilities	D7	2	-	-
<b>Total</b>			<b>8</b>	<b>148</b>
<b>Financial assets measured at fair value through other comprehensive income</b>				
Equity instruments	E2	3	14	14
<b>Total</b>			<b>14</b>	<b>14</b>
<b>Financial assets measured at amortized cost</b>				
Prepaid financial expenses	E2	-	87	101
Trade receivables	E3	-	2,858	3,007
Cash and cash equivalents	E2	-	502	836
<b>Total</b>			<b>3,447</b>	<b>3,944</b>
<b>Financial liabilities measured at amortized cost</b>				
Non-current financial liabilities excluding leases	E4	-	11,044	10,312
Non-current financial liabilities leases	D4, E4	-	442	439
Current financial liabilities excluding leases	E4	-	1,740	1,635
Current financial liabilities leases	D4, E4	-	158	149
Trade payables	D9	-	3,963	3,622
<b>Total</b>			<b>17,347</b>	<b>16,157</b>
<b>Derivatives used for hedge accounting</b>				
Non-current financial assets	E2	2	39	80
Other non-current assets	-	2	27	175
Other current receivables	D6	2	321	373
<b>Total</b>			<b>387</b>	<b>628</b>
Non-current financial liabilities	E4	2	12	-
Other non-current liabilities	D7	2	44	66
Other current liabilities	D7	2	32	341
<b>Total</b>			<b>88</b>	<b>407</b>

Financial instruments are measured at fair value, with the exception of loan and trade receivables and financial liabilities measured at amortized cost. The measurement basis for lease liabilities is presented in Note D4. According to SCA's assessment, the fair value essentially corresponds to the carrying amount, with the exception of non-current liabilities, of which the fair value is presented in Note E4.



**Financial instruments in other notes to the balance sheet**

SEKm	Note	2023		2022	
		Financial instruments	Of which derivatives	Financial instruments	Of which derivatives
<b>Assets</b>					
Financial assets, cash and cash equivalents	E2	741	43	1,108	85
Other non-current assets		27	27	175	-
Trade receivables	E3	2,858	-	3,007	-
Other current receivables	D6	384	384	475	475
<b>Total</b>		<b>4,010</b>	<b>454</b>	<b>4,765</b>	<b>560</b>
<b>Liabilities</b>					
Financial liabilities excluding leases	E4	12,800	16	11,952	5
Other non-current liabilities	D7	44	44	66	66
Lease liabilities	D4, E4	600	-	588	-
Trade payables	D9	3,963	-	3,622	-
Other current liabilities	D7	36	36	484	484
<b>Total</b>		<b>17,443</b>	<b>96</b>	<b>16,712</b>	<b>555</b>

## E2 Financial assets, cash and cash equivalents

### § 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. Loan receivables are recognized at amortized cost. Equity instruments comprise shares measured at fair value. These shares are not held for trading, which is why changes in value in accordance with IFRS 9 Financial Instruments are recognized in equity through other comprehensive income. The changes in value related to exchange gains/losses are recognized in net financial items.

#### Financial assets, cash and cash equivalents

SEKm	Carrying amount	
	2023	2022
<b>Non-current financial assets</b>		
Equity instruments (E2:1)	14	14
Derivatives	39	80
Capital investments, other	95	72
<b>Total (BS)</b>	<b>148</b>	<b>166</b>
<b>Current financial assets</b>		
Prepaid financial expenses	87	101
Derivatives	4	5
<b>Total (BS)</b>	<b>91</b>	<b>106</b>
<b>Cash and cash equivalents</b>		
Cash and bank balances	502	836
<b>Total (BS)</b>	<b>502</b>	<b>836</b>
<b>Total financial assets, cash and cash equivalents</b>	<b>741</b>	<b>1,108</b>

**TABLE E2:1**

#### Equity instruments

SEKm	2023	2022
<b>Value January 1</b>	<b>14</b>	<b>14</b>
Revaluation taken to equity, net	-	-
<b>Value December 31</b>	<b>14</b>	<b>14</b>

#### Distribution of equity instruments

SEKm	2023	2022
Shares – Shore Link AB	3	3
Shares – Sundsvalls Hamn AB	4	4
Shares – Bioenergi i Luleå AB	3	3
Other	4	4
<b>Total</b>	<b>14</b>	<b>14</b>

## E3 Trade receivables

### ACCOUNTING PRINCIPLES

Trade receivables belong to the category of financial assets measured at amortized cost, since the purpose of the holding is to obtain contractual cash flows. In compliance with IFRS 9 Financial Instruments, SCA applies a simplified impairment model for trade receivables, whereby the expected credit loss is recognized for the estimated remaining lifetime of the receivable. In the past, SCA has not incurred significant customer losses and these losses have not exhibited significantly different loss patterns for various customer segments or economic cycles, which is why a matrix is used to measure expected customer losses. The provision for expected customer losses is based on an individual assessment of overdue trade receivables for each customer. The basis for the assessment of credit risk in the part of the customer portfolio that is not assessed individually is the average loss frequency of historical customer losses. The average loss frequency is adjusted as necessary to take into account changes in credit risk. The total provision for expected customer losses, in addition to the trade receivables assessed individually, amounted to SEK –9m (–10) at the end of 2023. SCA has signed credit insurance in order to reduce its credit risk. The trade receivables covered by the credit insurance amount to 36% (43) of total trade receivables on December 31, 2023. Any impairment of trade receivables affects SCA's other operating expenses. SCA's trade receivables are current and are not discounted.

#### Trade receivables

SEKm	2023	2022
Trade receivables, gross	2,892	3,046
Provision to reserves for expected customer losses	–34	–39
<b>Total (BS, E3:1)</b>	<b>2,858</b>	<b>3,007</b>

TABLE E3:1

#### Analysis of credit risk exposure in trade receivables

SEKm	2023	2022
<b>Trade receivables neither overdue nor impaired</b>	<b>2,369</b>	<b>2,681</b>
<b>Trade receivables overdue but not impaired</b>		
Less than 30 days	390	299
Between 30–90 days	91	16
More than 90 days	8	11
<b>Total trade receivables overdue but not impaired</b>	<b>489</b>	<b>326</b>
<b>Total</b>	<b>2,858</b>	<b>3,007</b>

SCA's customer structure is diversified, with customers in many different areas of business. In 2023, SCA's ten largest customers accounted for 37% (31) of SCA's sales. More information is available in the section on credit risks on page 71.

#### Provision for expected customer losses

SEKm	2023	2022
<b>Value January 1</b>	<b>–38</b>	<b>–42</b>
Individual provision for expected credit losses	–11	–6
Confirmed credit losses	2	11
Decrease due to reversal of provisions for expected credit losses	15	0
Reclassification	–1	–
Translation differences	0	–1
<b>Value December 31</b>	<b>–33</b>	<b>–38</b>

The expense for the period for expected credit losses amounted to SEK 0m (2).

## E4 Financial liabilities

### Financial liabilities

SEKm	2023	2022
<b>Non-current financial liabilities</b>		
Bond loans	4,000	4,000
Derivatives	12	–
Other non-current loans with maturities between 1 and 5 years	5,309	1,480
Lease liabilities with maturities between 1 and 5 years	283	229
Other non-current loans with maturities of more than 5 years	1,735	4,832
Lease liabilities with maturities of more than 5 years	159	210
<b>Total (BS)</b>	<b>11,498</b>	<b>10,751</b>
<b>Current financial liabilities</b>		
Amortization within 1 year	566	298
Commercial paper	395	597
Derivatives	4	5
Loans with maturities of less than 1 year	726	714
Lease liabilities with maturities of less than 1 year	158	149
Accrued financial expenses	53	26
<b>Total (BS)</b>	<b>1,902</b>	<b>1,789</b>
<b>Total financial liabilities</b>	<b>13,400</b>	<b>12,540</b>
Fair value of financial liabilities <sup>1)</sup>	12,601	11,625

<sup>1)</sup> The fair value of financial liabilities are recognized excluding lease liabilities.

#### Borrowing

Climate and sustainability have become an integrated and increasingly essential part of credit analyses from creditors, banks and rating institutions. It is therefore crucial to fulfil the ever more stringent standards in this area. SCA's commitment to sustainability and the climate value integrated in SCA's balance sheet and value chain have enabled good opportunities for SCA to secure financing, and are expected to continue doing so, even if requirements are tightened. This presents opportunities for diversification between different lending sources, longer maturities and favorable terms, which reduces refinancing risk.

#### Bond loans and bilateral loans

SCA has a Medium Term Note (MTN) program with an amount of SEK 8,000m (8,000) for issuing bonds in the capital market. As of December 31, 2023, a nominal SEK 4,000m (4,000) was outstanding, of which green bonds accounted for SEK 1,500m (1,500). In addition to the bond loans, SCA has several long bilateral loans with strong and well-established banks at a nominal amount of SEK 8,336m (7,921). Of this amount, SEK 4,192m is loans drawn from SCA's bilateral credit facility.

#### Green bonds

SCA's green bonds were issued under the SCA Green Bond Framework, which complies with the Green Bond Principles. The framework was reviewed by the independent party Cicero Shades of Green and received the highest possible ranking (Dark Green). The framework regulates that borrowing under the framework is earmarked for green investments. The criteria for when an investment can be classified as green are specified by the framework. SCA reports back to bond holders about the green investments every year.

#### Issued bond loans

SEKm	Maturity, year	Carrying amount	Fair value
Bond – floating rate	2025	1,000	1,003
Bond – fixed rate	2025	300	287
Bond – fixed rate	2027	1,200	1,113
Bond – floating rate (Green)	2028	1,100	1,088
Bond – fixed rate (Green)	2028	400	366
<b>Total</b>		<b>4,000</b>	<b>3,857</b>

## Bilateral loans

SEKm	Carrying amount	Fair value
Bilateral loans with maturities of less than 1 year <sup>1)</sup>	1,292	1,296
Bilateral loans with maturities between 1 and 5 years	5,309	5,315
Bilateral loans with maturities of more than 5 years	1,735	1,738
<b>Total</b>	<b>8,336</b>	<b>8,349</b>

<sup>1)</sup> The item includes amortization in 2024 of the bilateral loans of SEK 298m and amortization of loans under the bilateral credit facilities of SEK 268m, which are reported in the Financial liabilities table as Amortization within one year.

## Credit facilities

Program size	Nominal SEKm	Maturity credit line <sup>1)</sup>	Total SEKm	Utilized SEKm <sup>2)</sup>	Unutilized SEKm	Sustainability linked
Bilateral credit facility (EUR)	2,154	2024	2,154	2,011	143	
Bilateral credit facility (EUR)	3,287	2024	3,287	2,181	1,106	
Syndicated credit facility	5,000	2026	5,000	-	5,000	Yes
<b>Total</b>	<b>10,441</b>		<b>10,441</b>	<b>4,192</b>	<b>6,249</b>	

<sup>1)</sup> Maturity credit line pertains to the final year the unutilized credit amount can be drawn. Loans under the bilateral credit facilities mature between 2029 and 2031.

<sup>2)</sup> Included in the table Bilateral loans; Bilateral loans with maturities of less than 1 year SEK 268m, Bilateral loans with maturities between 1 and 5 years SEK 2,758m, Bilateral loans with maturities of more than 5 years SEK 1,166m.

SCA has a syndicated credit facility with the bank group of SEK 5,000m (5,000) to limit the refinancing risk and maintain a liquidity reserve. Since 2020, this has been linked to two of the Group's sustainability targets, climate benefit and nature conservation, read more about these targets on pages 144–145. The syndicated credit facility was unutilized on December 31, 2023. Additionally, SCA has a bilateral export credit facility based on the purchasing agreement for the paper machine in Obbola, of which SEK 143m (569) was unutilized as of December 31, 2023, and a bilateral credit facility from the European Investment Bank, of which SEK 1,106m (2,227) was unutilized as of December 31, 2023.

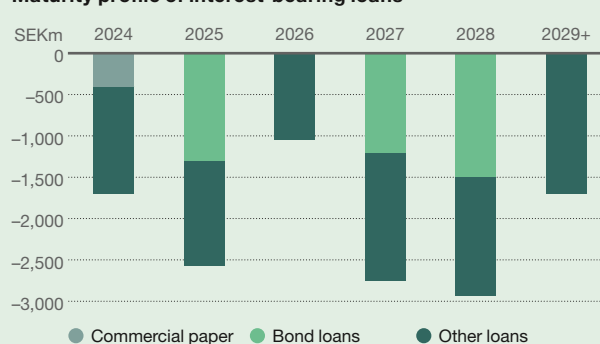
## Commercial paper program

SCA has a Swedish commercial paper program to the amount of SEK 5,000m (5,000), which can be utilized for short-term financing. At year-end, SEK 400m (600) was issued.

## Program size

SEKm	Carrying amount	Fair value
Commercial paper SEK 5,000m	395	395
<b>Total</b>	<b>395</b>	<b>395</b>

## Maturity profile of interest-bearing loans



The average maturity of the interest-bearing loans, excluding lease liabilities, was 3.6 (3.8) years. For a description of the methods used by SCA to manage its refinancing risk, refer to page 71.

## Changes in liabilities from financial activities

SEKm	OB 2023	Cash flow (CF)	Reclassification from non-current to current liabilities			CB 2023
			Revaluation	Other		
Current financial liabilities (excluding lease liabilities)	1,635	-964	1,066	-	3	1,740
Non-current financial liabilities (excluding lease liabilities)	10,312	1,798	-1,066	-	-	11,044
Lease liabilities	588	-202	-	48	166	600
Derivatives	5	-	-	11	-	16
<b>Total liabilities from financing activities</b>	<b>12,540</b>	<b>632</b>	<b>-</b>	<b>59</b>	<b>169</b>	<b>13,400</b>

SEKm	OB 2022	Cash flow (CF)	Reclassification from non-current to current liabilities			CB 2022
			Revaluation	Other		
Current financial liabilities (excluding lease liabilities)	918	-81	798	-	-	1,635
Non-current financial liabilities (excluding lease liabilities)	8,584	2,516	-798	-	10	10,312
Lease liabilities	636	-183	-	48	87	588
Derivatives	1	-	-	4	-	5
<b>Total liabilities from financing activities</b>	<b>10,139</b>	<b>2,252</b>	<b>-</b>	<b>52</b>	<b>97</b>	<b>12,540</b>

## E5 Liquidity risk

The table below shows the Group's liquidity risk regarding financial liabilities (including interest payments), and negative cash flows from gross settled derivatives. A description of how SCA manages its liquidity risk can be found on page 71.

### Liquidity risk

SEKm	Less than 1 year	Between 1 and 5 years	More than 5 years
<b>2023</b>			
Loans including interest	2,174	10,465	1,931
Lease liability including interest	184	357	282
Net settled derivatives	-	-	-
Energy derivatives	24	10	-
Trade payables	2,035	1,928	-
<b>Total</b>	<b>4,417</b>	<b>12,760</b>	<b>2,213</b>
Gross settled derivatives <sup>1)</sup>	8,060	730	-
<b>2022</b>			
Loans including interest	2,053	4,766	6,660
Lease liability including interest	174	309	338
Energy derivatives	212	65	-
Trade payables	1,808	1,814	-
<b>Total</b>	<b>4,247</b>	<b>6,954</b>	<b>6,998</b>
Gross settled derivatives <sup>1)</sup>	10,509	239	-

<sup>1)</sup> 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

### § ACCOUNTING PRINCIPLES

#### Accounting for derivatives used for hedging purposes

All derivatives are initially and continuously recognized at fair value in the balance sheet. Fair value for currency options is determined using the Black-Scholes option pricing model. Gains and losses on remeasurement of derivatives used for hedging purposes are recognized as described below.

#### 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 the income statement at the rate, at which the hedged cash flow affects the income statement. For hedges of non-financial assets and liabilities, the result of the hedge is recognized at historical cost without a reclassification adjustment and therefore does not affect other comprehensive income. 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.

When option contracts are used to hedge currency flows, the Group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the options are recognized within other comprehensive income in the hedge reserve within equity. The changes in the time value of the options that relate to the hedged item are recognized within other comprehensive income in the costs of hedging reserve within equity.

#### Financial hedges

When SCA conducts financial hedges and the transactions do not meet requirements for hedge accounting according to IFRS 9 Financial Instruments, changes in fair value of the hedging instrument are recognized directly in the income statement against the initial hedged item.

### Outstanding derivatives

SEKm	Currency	Interest	Energy	Total
<b>2023</b>				
Nominal	8,452	1,683	173	10,308
Assets	324	39	91	454
Liability	50	12	34	96
<b>2022</b>				
Nominal	10,959	1,807	210	12,976
Assets	113	80	542	735
Liability	277	-	277	554

### Offsetting of outstanding derivatives

SEKm	Assets	Liabilities
<b>December 31, 2023<sup>1)</sup></b>		
Gross amount	460	102
Offsettable amount	-6	-6
<b>Net amount recognized in the balance sheet</b>	<b>454</b>	<b>96</b>
ISDA agreements whose transactions are not offset in the balance sheet <sup>2)</sup>	-89	-89
<b>Net after offsetting in accordance with ISDA agreements</b>	<b>365</b>	<b>7</b>
<b>December 31, 2022<sup>1)</sup></b>		
Gross amount	740	559
Offsettable amount	-5	-5
<b>Net amount recognized in the balance sheet</b>	<b>735</b>	<b>554</b>
ISDA agreements whose transactions are not offset in the balance sheet <sup>2)</sup>	-489	-489
<b>Net after offsetting in accordance with ISDA agreements</b>	<b>246</b>	<b>65</b>

<sup>1)</sup> Outstanding derivatives gross without consideration of the right of set-off in accordance with ISDA agreements.

<sup>2)</sup> ISDA entails framework agreements for financial transactions.

#### Balance sheet

SCA uses financial derivatives to manage risks in currency, interest rate and energy price. 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, 2023. For more information relating to derivatives in the balance sheet, refer to Note E1.

#### Income statement

Hedges pertaining to transaction exposure had an impact of SEK -360m (-661) on operating profit for the period. The net market value amounted to SEK 269m (-94) on the balance sheet date. Currency hedges decreased the cost of non-current assets by SEK -15m (-6). The net market value amounted to SEK -40m (5) on the balance sheet date. The net market value for interest rate risk hedges amounted to SEK 27m (2). Interest rate derivatives impacted net interest items in an amount of SEK 31m (-80).

Energy derivatives had an impact of SEK 60m (137) on operating profit for the period. Energy derivatives had an outstanding market value of SEK 43m (265) on the balance sheet date. For further information relating to net financial items, refer to Note E7.

### Sensitivity analysis

SCA has performed sensitivity analysis calculations on the financial instruments' risk at December 31, 2023 using assumptions on market movements that are regarded as reasonably possible in one year's time. If the Swedish krona is unilaterally weakened/strengthened by 5% against all currencies, outstanding financial hedges, trade payables and trade receivables would decrease/increase profit before tax by SEK 264m (391). Financial hedges with maturities of more than one year would increase/decrease equity by SEK 9m (11).

For forward cover relating to the cost of non-current assets, a 5% increase/decrease in the strength of the Swedish krona would entail a decrease/increase in equity of SEK 9m (9). For hedge options relating to the cost of non-current assets, a 5% increase in the strength of the Swedish krona would entail a decrease in equity of SEK 28m (6) and, conversely, a weakening of the Swedish krona of 5% would increase equity by SEK 30m (7).

If energy prices increase/decrease by 20%, outstanding financial hedges relating to electricity would decrease/increase energy costs for the period by SEK 27m (46). In addition to the earnings impact, equity would increase/decrease by SEK 14m (40).

### Outstanding derivatives with hedge accounting<sup>1)</sup>

SEKm	Assets	Liability	Net	Tax	Hedge reserve after tax
<b>2023</b>					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges:					
Energy risk	78	-35	43	-9	34
Currency risk	270	-41	229	-47	182
Interest rate risk	39	-12	27	-5	22
<b>Total</b>	<b>387</b>	<b>-88</b>	<b>299</b>	<b>-61</b>	<b>238</b>
<b>2022</b>					
Derivatives with hedge accounting in hedge reserve					
Cash flow hedges:					
Energy risk	458	-228	230	-47	183
Currency risk	89	-178	-89	18	-71
Interest rate risk	80	-	80	-16	64
<b>Total</b>	<b>627</b>	<b>-406</b>	<b>221</b>	<b>-45</b>	<b>176</b>

<sup>1)</sup> Outstanding derivatives with hedge accounting are included in the table Outstanding derivatives on the previous page.

The results from fair value hedges are recognized directly in the income statement.

### Hedge reserve in equity

Currency derivatives relating to hedging of transaction exposure mature mainly in 2024 and during the first quarter of 2025. With unchanged exchange rates, profit after tax will be affected in an amount of SEK 214m (-74). Currency derivatives relating to hedging of the cost of non-current assets have a maturity spread until the end of 2025. With unchanged exchange rates, the cost of non-current assets will change by SEK -32m (-4) after tax.

The derivatives intended to hedge energy costs in the Group mature during 2024-2025. With unchanged prices, the Group's profit after tax will be affected in an amount of SEK 34m (183) after tax.

## E7 Financial income and expenses

### Financial income and expenses<sup>1)</sup>

SEKm	2023	2022
<b>Results from shares and participations in other companies</b>		
Dividend	2	0
<b>Interest income and similar profit items</b>		
Interest income, investments	70	22
Other financial income	13	43
<b>Total financial income (IS)</b>	<b>85</b>	<b>65</b>
<b>Interest expenses and similar loss items</b>		
Interest expenses, borrowing <sup>2)</sup>	-418	-2
Interest expenses, derivatives	-9	-42
Interest expenses, leases	-27	-24
Other financial expenses	-45	-36
<b>Total financial expenses (IS)</b>	<b>-499</b>	<b>-104</b>
<b>Total</b>	<b>-414</b>	<b>-39</b>

<sup>1)</sup> Other financial income and expenses include an exchange difference of SEK 5m (1).

<sup>2)</sup> Capitalized interest has reduced interest expenses by SEK 45m (162).

### Sensitivity analysis

If interest rate levels had been 2 percentage points higher, with unchanged fixed-interest terms and net debt, interest expenses for the period would have been SEK 144m (142) higher. A sensitivity analysis has been performed on the risk to which SCA was exposed at December 31, 2023 using assumptions on market movements that are regarded as reasonable in one year's time. A description of how SCA manages its interest rate risk can be found on page 71.

## E8 Equity

Equity totaled SEK 104,284m (96,358) at December 31, 2023. The following tables show the distribution and profit for the period.

SEKm	Equity attributable to owners of the Parent					Non-controlling interests	Total equity
	Share capital	Other capital provided	Reserves <sup>1)</sup>	Retained earnings	Total		
<b>Value January 1, 2023</b>	<b>2,350</b>	<b>6,830</b>	<b>31,833</b>	<b>55,345</b>	<b>96,358</b>	-	<b>96,358</b>
<b>Profit for the period recognized in the income statement (IS)</b>	-	-	-	<b>3,675</b>	<b>3,675</b>	-50	<b>3,625</b>
<b>Other comprehensive income for the period</b>							
<i>Items that cannot be transferred to profit for the period</i>							
Change of value land assets	-	-	6,957	-	6,957	-	6,957
Revaluation of defined benefit pension plans <sup>2)</sup>	-	-	-	436	436	-	436
Income tax attributable to components in other comprehensive income	-	-	-1,324	-90	-1,414	-	-1,414
<b>Total</b>	-	-	<b>5,633</b>	<b>346</b>	<b>5,979</b>	-	<b>5,979</b>
<i>Items that have been or may be reclassified subsequently to the income statement</i>							
Cash flow hedges:							
Result from revaluation of derivatives recognized in equity	-	-	-180	-	-180	-	-180
Transferred to the income statement for the period	-	-	269	-	269	-	269
Hedge cost	-	-	5	-	5	-	5
Translation differences in foreign operations	-	-	-35	-	-35	-	-35
Tax on items recognized directly in/transferred from equity <sup>3)</sup>	-	-	-19	-	-19	-	-19
<b>Other comprehensive income for the period, net after tax</b>	-	-	<b>5,673</b>	<b>346</b>	<b>6,019</b>	-	<b>6,019</b>
<b>Comprehensive income for the period (OCI)</b>	-	-	<b>5,673</b>	<b>4,021</b>	<b>9,694</b>	-50	<b>9,644</b>
Cash flow hedge, transferred to acquisition cost of hedged investments	-	-	-15	-	-15	-	-15
Tax on cash flow hedge, transferred to acquisition cost	-	-	3	-	3	-	3
Acquisition of non-controlling interests	-	-	-	0	0	50	50
Revaluation effect upon acquisition of non-controlling interests	-	-	-	-	-	-	-
Dividend <sup>4)</sup>	-	-	-	-1,756	-1,756	-	-1,756
<b>Value December 31 (BS)</b>	<b>2,350</b>	<b>6,830</b>	<b>37,494</b>	<b>57,610</b>	<b>104,284</b>	-	<b>104,284</b>

<sup>1)</sup> Revaluation reserve, hedge reserve, hedging cost and translation reserve are included in the reserves line in the balance sheet, see specification on page 126.

<sup>2)</sup> Including special payroll tax.

<sup>3)</sup> For a specification of income tax attributable to components in other comprehensive income, see page 126.

<sup>4)</sup> Dividend of SEK 2.50 (3.25) per share and pertains to owners of the Parent. For the 2023 fiscal year, the Board has decided to propose a dividend of SEK 2.75 per share to the Annual General Meeting.

For further information regarding equity, see Parent Company Note PC13.

SEKm	Equity attributable to owners of the Parent					Non-controlling interests	Total equity
	Share capital	Other capital provided	Reserves <sup>1)</sup>	Retained earnings	Total		
<b>Value January 1, 2022</b>	<b>2,350</b>	<b>6,830</b>	<b>23,161</b>	<b>50,714</b>	<b>83,055</b>	-	<b>83,055</b>
<b>Profit for the period recognized in the income statement (IS)</b>	-	-	-	<b>6,748</b>	<b>6,748</b>	<b>73</b>	<b>6,821</b>
<b>Other comprehensive income for the period</b>							
<i>Items that cannot be transferred to profit for the period</i>							
Change of value land assets	-	-	10,398	-	10,398	-	10,398
Revaluation of defined benefit pension plans <sup>2)</sup>	-	-	-	394	394	-	394
Income tax attributable to components in other comprehensive income	-	-	-2,154	-81	-2,235	-	-2,235
<b>Total</b>	-	-	<b>8,244</b>	<b>313</b>	<b>8,557</b>	-	<b>8,557</b>
<i>Items that have been or may be reclassified subsequently to the income statement</i>							
Cash flow hedges:							
Result from revaluation of derivatives recognized in equity	-	-	-176	-	-176	-	-176
Transferred to the income statement for the period	-	-	523	-	523	-	523
Hedge cost	-	-	-13	-	-13	-	-13
Translation differences in foreign operations	-	-	177	-	177	-	177
Tax on items recognized directly in/transferred from equity <sup>3)</sup>	-	-	-78	-	-78	-	-78
<b>Other comprehensive income for the period, net after tax</b>	-	-	<b>8,677</b>	<b>313</b>	<b>8,990</b>	-	<b>8,990</b>
<b>Comprehensive income for the period (OCI)</b>	-	-	<b>8,677</b>	<b>7,061</b>	<b>15,738</b>	<b>73</b>	<b>15,811</b>
Cash flow hedge, transferred to acquisition cost of hedged investments	-	-	-6	-	-6	-	-6
Tax on cash flow hedge, transferred to acquisition cost	-	-	1	-	1	-	1
Acquisition of non-controlling interests	-	-	-	-148	-148	-73	-221
Revaluation effect upon acquisition of non-controlling interests	-	-	-	0	0	-	0
Dividend <sup>4)</sup>	-	-	-	-2,282	-2,282	-	-2,282
<b>Value December 31 (BS)</b>	<b>2,350</b>	<b>6,830</b>	<b>31,833</b>	<b>55,345</b>	<b>96,358</b>	-	<b>96,358</b>

<sup>1)</sup> Revaluation reserve, hedge reserve, hedging cost and translation reserve are included in the reserves line in the balance sheet, see specification on page 126.

<sup>2)</sup> Including special payroll tax.

<sup>3)</sup> For a specification of income tax attributable to components in other comprehensive income, see page 126.

<sup>4)</sup> Dividend of SEK 3.25 per share (regular dividend of SEK 2.25, extra dividend of SEK 1.00) pertains to owners of the Parent. For the 2022 fiscal year, the Board has decided to propose a dividend of SEK 2.50 per share to the Annual General Meeting.

For further information regarding equity, see Parent Company Note PC13.

### Equity, specification of reserves

SEKm	Revaluation reserve		Hedge reserve <sup>1)</sup>		Translation reserve	
	2023	2022	2023	2022	2023	2022
<b>Value January 1</b>	<b>31,820</b>	<b>23,576</b>	<b>166</b>	<b>-85</b>	<b>-153</b>	<b>-330</b>
Revaluation of land assets	6,957	10,398	-	-	-	-
Cash flow hedges:						
Result from revaluation of derivatives recognized in equity	-	-	-180	-176	-	-
Transferred to the income statement for the period	-	-	269	523	-	-
Hedge cost	-	-	5	-13	-	-
Translation differences in foreign operations	-	-	-	-	-35	177
Tax on items recognized directly in/transferred from equity	-1,324	-2,154	-19	-78	-	-
<b>Other comprehensive income for the period, net after tax</b>	<b>5,633</b>	<b>8,244</b>	<b>75</b>	<b>256</b>	<b>-35</b>	<b>177</b>
Cash flow hedge, transferred to acquisition cost of hedged investments	-	-	-15	-6	-	-
Tax on cash flow hedge, transferred to acquisition cost	-	-	3	1	-	-
<b>Value December 31</b>	<b>37,453</b>	<b>31,820</b>	<b>229</b>	<b>166</b>	<b>-188</b>	<b>-153</b>

<sup>1)</sup> See also Note E6 for details of when profit or loss is expected to be recognized.

### Specification of income tax attributable to other comprehensive income for the period

SEKm	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Revaluation of defined benefit pension plans	436	-90	346	394	-81	313
Cash flow hedges	89	-19	70	347	-78	269
Hedge cost	5	-	5	-13	-	-13
Translation differences in foreign operations	-35	-	-35	177	-	177
Revaluation of land assets	6,957	-1,324	5,633	10,398	-2,154	8,244
<b>Other comprehensive income for the period</b>	<b>7,452</b>	<b>-1,433</b>	<b>6,019</b>	<b>11,303</b>	<b>-2,313</b>	<b>8,990</b>

At December 31, 2023, the debt/equity ratio amounted to 10.3% (10.4). Change in liabilities and equity is described on page 71 in the Financial position section. SCA aims to establish an effective capital structure, while at the same time ensuring long-term access to loan financing. Cash flow in relation to net debt shall take into account the target to maintain a credit rating corresponding to investment grade rating. SCA has a credit rating for long-term debt of BBB from Standard & Poor's. SCA's financial risk management is described in the Risk and risk management section on page 71.



## F Group structure

### F1 Subsidiaries

#### § ACCOUNTING PRINCIPLES

##### Subsidiaries

Gällö Timber AB is 50% owned by SCA and 50% owned by AB Persson Invest. SCA is considered to have a controlling influence over Gällö Timber AB, despite the fact that SCA does not have a majority of the votes in the company. SCA is deemed to have a controlling influence since it has control over activities with an impact on Gällö Timber AB's return. The SCA Group thus consolidates 100% of the company. Gällö Timber AB

manages forest and sells solid-wood products. Sales amounted to SEK 899m (1,382). The company has paid a dividend totaling SEK 100m (200), of which SEK 50m (100) to SCA. SCA is entitled under option contracts to purchase the remaining shares in the company, whereby SCA has recognized an option liability in the balance sheet and does not recognize any non-controlling interest in equity.

##### List of major subsidiaries

The Group's participations in major subsidiaries at December 31, 2023. The table below shows wholly owned subsidiaries and subsidiaries with significant interests and controlling influence, with external sales in excess of SEK 100m in 2023.

Company name	Corp. Reg. No.	Domicile	Share of equity at December 31, 2023	Share of equity at December 31, 2022
SCA Massa AB	556093-6733	Sundsvall, Sweden	100	100
SCA Munksund AB	556237-4859	Piteå, Sweden	100	100
SCA Obbola AB	556147-1003	Umeå, Sweden	100	100
SCA Wood AB	556047-8512	Sundsvall, Sweden	100	100
SCA Wood Hong Kong Ltd	1134245	Hong Kong, China	100	100
SCA Wood Scandinavia AB	556302-0667	Sundsvall, Sweden	100	100
SCA Products (UK) Ltd	1549728	Essex, United Kingdom	100	100
Gällö Timber AB	556801-1786	Bräcke, Sweden	50	50

SCA Logistics GmbH, Germany, is included in SCA's consolidated financial accounts and uses the simplifications in Section 264 (3) HGB (Handelsgesetzbuch).

### F2 Associated companies and joint ventures

#### § ACCOUNTING PRINCIPLES

The Group's share of profit after tax arising in associated companies and joint ventures after the acquisition is recognized on the line "Result from participations in associated companies and joint ventures" in the consolidated income statement.

##### Shares in associated companies and joint ventures

SEKm	Associated companies		Joint ventures	
	2023	2022	2023	2022
<b>Value January 1</b>	<b>363</b>	<b>428</b>	<b>743</b>	<b>-</b>
Investments	-	2	96	730
Reclassification	-	-	-	18
Net change (IS)	39	-18	14	-5
Dividends received	-	-56	-	-
Translation differences	-2	7	-	-
<b>Value December 31 (BS)</b>	<b>400</b>	<b>363</b>	<b>853</b>	<b>743</b>

Company name	Corp. Reg. No.	Domicile	Share of equity, %		Carrying amount, SEKm	
			2023	2022	2023	2022
<b>Associated companies</b>						
Florenca S.A.S.	809 910 177	Rennes, France	38.5	38.5	377	336
Other					23	27
<b>Total (BS)</b>					<b>400</b>	<b>363</b>
<b>Joint ventures</b>						
Biorefinery Östrand AB	559111-7956	Sundsvall, Sweden	50	50	158	84
Scastone AB	559337-8788	Sundbyberg, Sweden	50	50	709	659
Other					-14	-
<b>Total (BS)</b>					<b>853</b>	<b>743</b>

## F3 Corporate acquisitions and divestments

### § ACCOUNTING PRINCIPLES

#### Acquisition of subsidiaries

SCA applies IFRS 3 Business Combinations in connection with acquisitions. A corporate acquisition can be classified as a business combination or an asset acquisition. If the acquired assets are not part of a business, the transaction is recognized as an asset acquisition.

A corporate acquisition with the primary purpose of acquiring the company's properties and where any of the company's management organization and administration are of secondary importance for the acquisition, is classified as an asset acquisition. For an asset acquisition, no deferred tax is recognized attributable to the acquisition.

#### Acquisitions

In 2023, Fasikan Vind AB was acquired, a wind power project located on SCA's land in Bräcke municipality for approximately SEK 280m on a debt-free basis.

In 2022, approximately 8,000 hectares of forest land was acquired in the Baltic region through four transactions for a purchase consideration of about SEK 550m on a debt-free basis.

In 2022, Skogberget Vind AB, was acquired for approximately SEK 800m. Skogberget Vind AB primarily has assets associated with wind farm operations in Markbygden, Piteå municipality.

All of the acquisitions were recognized as asset acquisitions.

In 2023, SCA decided to exercise its purchase option to acquire the remaining shares in Gällö Timber AB, thereby acquiring a 100% ownership stake in the company. The acquisition is expected to be finalized in the first quarter of 2024.

#### Divestments

No companies were divested in 2023. In 2022, 50% of the shares in Biorefinery Östrand AB were divested.

## G Other

### G1 Contingent liabilities, pledged assets and commitments

#### Contingent liabilities

SEKm	2023	2022
Guarantees for:		
associated companies	5	5
customers and others	28	28
Other contingent liabilities	24	19
<b>Total</b>	<b>57</b>	<b>52</b>

#### Pledged assets

As of December 31, 2023, SCA had no liabilities for which assets were pledged as collateral. As of December 31, 2022, liabilities for which assets were pledged as collateral amounted to SEK 11m. SCA holds no chattel mortgages.

#### Commitments

SCA has a decided investment in Obbola totaling SEK 7,500m over a five-year period. As of December 31, 2023, SEK 139m remained as contracted commitments. The commitment in its entirety refers to non-current assets.

SCA has a decided investment in wind power projects totaling SEK 1,715m over a two-year period. As of December 31, 2023, SEK 1,427m remained as contracted commitments. The commitments pertain entirely to non-current assets.

SCA has, through a wholly-owned subsidiary, pledged to repay liabilities that a joint venture has undertaken. As of December 31, 2023, SCA Group's obligation amounted to SEK 71m (27).

#### Pledged guarantees

As of December 31, 2023, SCA's pledged guarantees pertaining to forestry machines to subcontractors amounted to SEK 335m (329). In SCA's opinion, the pledged guarantees pose an insignificant risk and the value has therefore not been recognized as a contingent liability.

### G2 Transactions with related parties

To the extent that transactions with related parties took place, these were based on generally accepted commercial terms and conditions including pricing in the industry, and were entered into on standard commercial conditions. In 2023, SCA sold tall oil to Scastone AB for approximately SEK 512m and services to Östrand Biorefinery AB for approximately SEK 37m.

For information regarding salaries and other remuneration, costs and obligations for pensions and similar benefits for the Board of Directors, President and CEO and other senior executives, refer to Notes C3–C5.

Otherwise, no transactions took place between SCA and related parties.

### G3 Events after the end of the reporting period

No significant events took place after the close of the fiscal year.

## Parent Company income statement (PIS)

SEKm	Note	2023	2022
<b>Operating income</b>			
Other operating income		314	292
<b>Total income</b>		<b>314</b>	<b>292</b>
Operating expenses			
Other operating expenses	PC1	-218	-186
Personnel costs	PC2	-95	-119
Depreciation		-99	-94
<b>Total operating expenses</b>		<b>-412</b>	<b>-399</b>
<b>Operating loss</b>		<b>-98</b>	<b>-107</b>
<b>Financial items</b>	PC11		
Interest income and similar profit items		853	306
Interest expenses and similar loss items		-622	-130
<b>Total financial items</b>		<b>231</b>	<b>176</b>
<b>Profit after financial items</b>		<b>133</b>	<b>69</b>
Appropriations	PC5	9	3,482
<b>Profit before tax</b>		<b>142</b>	<b>3,551</b>
Taxes	PC6	-13	-734
<b>Profit for the year</b>		<b>129</b>	<b>2,817</b>

## Parent Company statement of comprehensive income (POCI)

SEKm	2023	2022
Profit for the year	129	2,817
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>129</b>	<b>2,817</b>

## Parent Company statement of change in equity (PEQ)

SEKm	Share capital <sup>1)</sup>	Revaluation reserve	Statutory reserve	Retained earnings and profit for the period	Total equity
<b>Value January 1, 2023</b>	<b>2,350</b>	<b>1,740</b>	<b>7,283</b>	<b>10,666</b>	<b>22,039</b>
Dividend, SEK 2.50 per share				-1,756	-1,756
Profit for the year				129	129
<b>Value December 31, 2023</b>	<b>2,350</b>	<b>1,740</b>	<b>7,283</b>	<b>9,039</b>	<b>20,412</b>

SEKm	Share capital <sup>1)</sup>	Revaluation reserve	Statutory reserve	Retained earnings and profit for the period	Total equity
<b>Value January 1, 2022</b>	<b>2,350</b>	<b>1,740</b>	<b>7,283</b>	<b>10,131</b>	<b>21,504</b>
Dividend, SEK 3.25 per share	-	-	-	-2,282	-2,282
Profit for the year	-	-	-	2,817	2,817
<b>Value December 31, 2022</b>	<b>2,350</b>	<b>1,740</b>	<b>7,283</b>	<b>10,666</b>	<b>22,039</b>

<sup>1)</sup> Refer also to Note PC13.

## Parent Company balance sheet (PBS)

SEKm	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land and buildings	PC7	9,217	9,072
<b>Tangible fixed assets</b>		<b>9,217</b>	<b>9,072</b>
Participations in Group companies	PC8	9,604	9,604
Receivables from subsidiaries		2,276	2,057
Non-current financial assets	PC11	39	80
Other non-current receivables		96	221
<b>Financial fixed assets</b>		<b>12,015</b>	<b>11,962</b>
<b>Total non-current assets</b>		<b>21,232</b>	<b>21,034</b>
<b>Current assets</b>			
Receivables from subsidiaries	PC9	15,685	16,285
Current financial assets	PC11	4	5
Current tax assets	PC6	123	-
Other current receivables	PC10	499	609
Cash and bank balances	PC11	383	322
<b>Total current assets</b>		<b>16,694</b>	<b>17,221</b>
<b>Total assets</b>		<b>37,926</b>	<b>38,255</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	PC13	2,350	2,350
Revaluation reserve		1,740	1,740
Statutory reserve		7,283	7,283
<b>Total restricted equity</b>		<b>11,373</b>	<b>11,373</b>
Retained earnings		8,910	7,849
Profit for the year		129	2,817
<b>Total non-restricted equity</b>		<b>9,039</b>	<b>10,666</b>
<b>Total equity</b>		<b>20,412</b>	<b>22,039</b>
<b>Provisions</b>			
Provisions for pensions	PC4	98	76
Provisions for taxes	PC6	1,636	1,634
<b>Total provisions</b>		<b>1,734</b>	<b>1,710</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	PC11	11,056	10,312
Liabilities to Group companies		27	175
Other non-current liabilities		44	66
<b>Total non-current liabilities</b>		<b>11,127</b>	<b>10,553</b>
<b>Current liabilities</b>			
Current financial liabilities	PC11	1,465	1,400
Liabilities to subsidiaries	PC9	3,065	1,857
Trade payables		2	1
Current tax liabilities	PC6	-	124
Other current liabilities	PC12	121	571
<b>Total current liabilities</b>		<b>4,653</b>	<b>3,953</b>
<b>Total equity, provisions and liabilities</b>		<b>37,926</b>	<b>38,255</b>

## Parent Company cash flow statement (PCF)

SEKm	Note	2023	2022
<b>Operating activities</b>			
Profit after financial items		133	69
Adjustment for non-cash items (PCF:1)		24	-22
		<b>157</b>	<b>47</b>
Paid tax	PC6	-258	-733
<b>Cash flow from operating activities before changes in working capital</b>		<b>-101</b>	<b>-686</b>
Change in operating receivables		712	-1,880
Change in operating liabilities		599	1,212
<b>Cash flow from operating activities</b>		<b>1,210</b>	<b>-1,354</b>
<b>Investing activities</b>			
Acquisition of fixed assets	PC7	-253	-324
Acquisition of financial assets		-53	-2,312
Divestment of financial assets		0	0
Divestment of tangible fixed assets		106	148
<b>Cash flow from investing activities</b>		<b>-200</b>	<b>-2,488</b>
<b>Financing activities</b>			
Loans raised		2,460	3,125
Amortization of debt		-1,662	-763
Dividend		-1,756	-2,282
Group contributions	PC5	9	3,482
<b>Cash flow from financing activities</b>		<b>-949</b>	<b>3,562</b>
<b>Cash flow for the period</b>		<b>61</b>	<b>-280</b>
Cash and cash equivalents, January 1		322	602
Cash and cash equivalents, December 31		383	322

### TABLE MFK:1

#### Adjustment for non-cash items

SEKm	2023	2022
Depreciation of fixed assets	99	95
Capital gain on divestment of fixed assets	-97	-133
Unrealized exchange rate effects/changes in value of receivables and financial assets	0	0
Change in provisions	22	17
Other items	0	-1
<b>Total</b>	<b>24</b>	<b>-22</b>

#### Supplementary disclosures to cash flow

SEKm	2023	2022
<b>Interest paid and received</b>		
Interest paid	-544	-177
Interest received	853	306
<b>Total</b>	<b>309</b>	<b>129</b>

## PC Parent Company notes

Amounts that are reconcilable to the income statement, balance sheet, comprehensive income, equity and cash flow statement and tables in notes are marked with the following symbols.

PIS	Parent Company income statement.
POCI	Parent Company statement of comprehensive income.
PEQ	Parent Company statement of change in equity.
PBS	Parent Company balance sheet.
PCF	Parent Company cash flow statement.
XX:X	Reference to table in note.

### PC1 Other operating expenses

#### Auditing expenses

SEKm	2023	2022
<b>EY</b>		
Audit assignments	-5	-4
Auditing activities other than the audit assignment	-1	-1
<b>Total</b>	<b>-6</b>	<b>-5</b>

### PC2 Personnel and Board costs

#### Personnel and Board costs

SEKm	2023	2022
Salaries and remuneration	-59	-78
<i>of which Executive Management</i>	-50	-69
<i>of which Board</i>	-9	-9
Pension costs <sup>1)</sup>	-14	-13
Other social security costs	-21	-27
Other personnel costs	-1	-1
<b>Total</b>	<b>-95</b>	<b>-119</b>

<sup>1)</sup> The Parent Company's pension costs pertain entirely to the President and CEO and other senior executives. Pension costs for 2022 were SEK 1m lower than stated in Note C3 due to a decrease in the value of the current pension liability to the President and CEO and other senior executives. The corresponding amount for 2023 is SEK 0m.

### PC3 Personnel data

#### Average number of employees

	2023	2022
Average number of employees	11	12
<i>of whom men</i>	8	9
<i>of whom women</i>	3	3

### PC4 Provisions for pensions

#### § ACCOUNTING PRINCIPLES

The Parent Company's provisions for pensions are secured by the Pension Obligations Vesting Act (Tryggandelagen) and through capital insurance policies. The main difference between the rules of the Pension Obligations Vesting Act and IAS 19 Employee Benefits in respect of pensions is that Swedish practice disregards future increases in salaries and pensions when calculating the present value of the pension obligation. Both defined contribution and defined benefit plans exist in the Parent Company.

#### Capital value of pension obligations relating to self-administered pension plans

SEKm	2023	2022
Provisions in accordance with the Pension Obligations Vesting Act	32	32
Provisions outside the Pension Obligations Vesting Act's regulations	66	44
<b>Total (PBS)</b>	<b>98</b>	<b>76</b>

Of the total pension liability on the balance sheet date of SEK 98m, SEK 66m (44) is a direct pension liability, including special payroll tax, secured through capital insurance policies. The direct pension liability is not secured in accordance with the Pension Obligations Vesting Act. The capital insurance policies are reported as other non-current receivables in the balance sheet. For the remainder of the pension liability, external actuaries have carried out capital value calculations pursuant to the provisions of the Pension Obligations Vesting Act. The discount rate is 3.12% (4.08).

The company's outstanding pension obligations as per the balance sheet on December 31, 2023 relate to the President and CEO and other senior executives.

For further information on the Parent Company's pension plans, see Note C3.

### PC5 Appropriations

#### § ACCOUNTING PRINCIPLES

For Group contributions, the Parent Company applies the alternative rule of RFR 2 Reporting by Legal Entities and recognizes Group contributions paid and received, net, as appropriations.

#### Appropriations

SEKm	2023	2022
Group contributions received from subsidiaries	2,403	4,596
Group contributions paid to subsidiaries	-2,394	-1,114
<b>Total (PIS)</b>	<b>9</b>	<b>3,482</b>

## PC6 Taxes

### § ACCOUNTING PRINCIPLES

Tax pooling in the Group is carried out via Group contributions paid and received.

The Parent Company recognizes the majority of the Group's Swedish taxes.

#### Tax expense (+), tax income (-)

SEKm	2023	2022
Deferred tax (PC6:2)	2	48
Current tax	11	686
<b>Total (PIS)</b>	<b>13</b>	<b>734</b>

TABLE PC6:1

#### Recognized and expected tax expense

Reconciliation	2023		2022	
	SEKm	%	SEKm	%
Profit before tax (PIS)	142		3,551	
Tax expense/income (PIS)	11	7.7	686	19.3
Expected tax	29	20.6	732	20.6
<b>Difference</b>	<b>-18</b>	<b>-12.9</b>	<b>-46</b>	<b>-1.3</b>
<b>The difference is due to:</b>				
Taxes related to prior periods	-	-	-	-
Other items	-18	-12.9	-46	-1.3
<b>Total</b>	<b>-18</b>	<b>-12.9</b>	<b>-46</b>	<b>-1.3</b>

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

SEKm	2023	2022
<b>Value January 1</b>	<b>124</b>	<b>171</b>
Current tax expense	11	686
Paid tax	-258	-733
<b>Value December 31 (PBS)</b>	<b>-123</b>	<b>124</b>

TABLE PC6:2

#### Deferred tax expense (+), tax income (-)

SEKm	2023	2022
Changes in temporary differences	2	48
<b>Total</b>	<b>2</b>	<b>48</b>

#### Provisions for deferred tax

SEKm	Value January 1	Deferred tax expense	Value December 31
Land and buildings	1,632	19	1,651
Provisions for pensions	-16	-4	-20
Other	18	-13	5
<b>Total (PBS)</b>	<b>1,634</b>	<b>2</b>	<b>1,636</b>

## PC7 Tangible fixed assets

### § ACCOUNTING PRINCIPLES

The Parent Company's tangible fixed assets are recognized in accordance with the Group's accounting principles. However, 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 the revaluation reserve in equity. For information on the Group, see Note D2.

#### Tangible fixed assets

SEKm	Buildings		Land and land improvements <sup>1)</sup>		Machinery and equipment		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Accumulated cost	177	178	5,319	5,066	1	1	5,497	5,245
Accumulated depreciation	-139	-134	-1,543	-1,450	-1	-1	-1,683	-1,585
Accumulated write-ups	-	-	5,403	5,412	-	-	5,403	5,412
<b>Residual value according to plan</b>	<b>38</b>	<b>44</b>	<b>9,179</b>	<b>9,028</b>	<b>-</b>	<b>-</b>	<b>9,217</b>	<b>9,072</b>
<b>Value January 1</b>	<b>44</b>	<b>49</b>	<b>9,028</b>	<b>8,808</b>	<b>-</b>	<b>-</b>	<b>9,072</b>	<b>8,857</b>
Investments	-	-	253	324	-	-	253	324
Disposals	0	0	-9	-15	-	-	-9	-15
Depreciation for the period	-6	-5	-93	-89	-	-	-99	-94
<b>Value December 31 (PBS)</b>	<b>38</b>	<b>44</b>	<b>9,179</b>	<b>9,028</b>	<b>-</b>	<b>-</b>	<b>9,217</b>	<b>9,072</b>

<sup>1)</sup> Land and land improvements include the carrying amount of SEK 8,105m (8,016) for forest assets.



## PC8 Participations in Group companies

### § ACCOUNTING PRINCIPLES

An assessment is carried out on an annual basis to determine if any impairment is needed in the item Participations in Group companies. Impairment is recognized in the item Result from participations in Group companies.

#### Impairment testing

Testing means the carrying amount of shares in subsidiaries is compared with consolidated equity. The annual impairment testing of the carrying amount of shares in subsidiaries has not resulted in any impairment.

### Participations in Group companies

SEKm	2023	2022
Accumulated acquisition cost	9,604	9,604
<b>Carrying amount</b>	<b>9,604</b>	<b>9,604</b>
<b>Value January 1</b>	<b>9,604</b>	<b>9,604</b>
Investments	-	-
<b>Value December 31 (PBS, PC8:1)</b>	<b>9,604</b>	<b>9,604</b>

TABLE PC8:1

#### Parent Company's holdings of shares in subsidiaries, December 31, 2023

Company name	Corp. Reg. No.	Domicile	No. of shares	Share of equity, %	Carrying amount, SEKm
<b>Swedish subsidiaries</b>					
SCA Graphic Holding AB	556479-2058	Sundsvall, Sweden	1,000	100	9,604
SCA Skogsfastigheter AB	556207-6256	Sundsvall, Sweden	1,000	100	0
SCA Kraftfastigheter AB	556449-7237	Sundsvall, Sweden	1,000	100	0
<b>Total carrying amount of subsidiaries</b>					<b>9,604</b>

## PC9 Receivables from and liabilities to subsidiaries

### Receivables from and liabilities to subsidiaries

SEKm	2023	2022
<b>Current assets</b>		
Interest-bearing receivables	13,220	11,183
Other receivables	2,465	5,102
<b>Total (PBS)</b>	<b>15,685</b>	<b>16,285</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	255	249
Other liabilities	2,810	1,608
<b>Total (PBS)</b>	<b>3,065</b>	<b>1,857</b>

## PC10 Other current receivables

### Other current receivables

SEKm	2023	2022
Prepaid expenses and accrued income (PC10:1)	93	105
Other receivables	406	504
<b>Total (PBS)</b>	<b>499</b>	<b>609</b>

TABLE PC10:1

#### Prepaid expenses and accrued income

SEKm	2023	2022
Prepaid financial expenses	88	103
Other items	5	2
<b>Total</b>	<b>93</b>	<b>105</b>

## PC11 Financial instruments

### § ACCOUNTING PRINCIPLES

The accounting principles for financial instruments in the Parent Company are in accordance with the Group's accounting principles except that hedge accounting is not applied, see Note E1. Financial instruments are classified in accordance with IFRS 9 Financial Instruments.

#### Financial items

SEKm	2023	2022
<b>Interest income and similar profit items</b>		
Interest income, subsidiaries	844	301
Interest income, external	9	5
<b>Interest expenses and similar loss items</b>		
Interest expenses, external	-502	-84
Interest expenses, subsidiaries	-94	-19
Other financial expenses <sup>1)</sup>	-26	-27
<b>Total (PBS)</b>	<b>231</b>	<b>176</b>

<sup>1)</sup> The item includes exchange rate differences amounting net to SEK 4m (2).

#### Financial assets

SEKm	2023	2022
<b>Non-current financial assets</b>		
Derivatives	39	80
<b>Total (PBS)</b>	<b>39</b>	<b>80</b>
<b>Current financial assets</b>		
Derivatives	4	5
<b>Total (PBS)</b>	<b>4</b>	<b>5</b>

#### Financial liabilities

SEKm	2023	2022
<b>Non-current financial liabilities</b>		
Non-current interest-bearing liabilities	11,044	10,312
Derivatives	12	-
<b>Total (PBS)</b>	<b>11,056</b>	<b>10,312</b>
<b>Current financial liabilities</b>		
Current interest-bearing liabilities	1,461	1,395
Derivatives	4	5
<b>Total (PBS)</b>	<b>1,465</b>	<b>1,400</b>

#### Interest-bearing liabilities

##### Non-current interest-bearing liabilities

SEKm	Carrying amount		Fair value	
	2023	2022	2023	2022
Loans with maturities between 1 and 5 years	9,309	3,682	9,174	3,481
Loans with maturities of more than 5 years	1,735	6,630	1,738	6,533
<b>Total (PBS)</b>	<b>11,044</b>	<b>10,312</b>	<b>10,912</b>	<b>10,014</b>

##### Current interest-bearing liabilities

SEKm	Carrying amount		Fair value	
	2023	2022	2023	2022
Loans with maturities <1 year	1,461	1,395	1,463	1,397
<b>Total (PBS)</b>	<b>1,461</b>	<b>1,395</b>	<b>1,463</b>	<b>1,397</b>

For further information about borrowing activities during the year, refer to Note E4.

#### Financial instruments by category

##### Financial assets measured at amortized cost

SEKm	2023	2022
<b>Assets</b>		
<b>Financial fixed assets</b>		
Receivables from subsidiaries	2,232	1,990
Interest-bearing receivables	69	47
<b>Current assets</b>		
Receivables from subsidiaries	13,220	11,183
Cash and bank balances (PBS)	383	322
<b>Total</b>	<b>15,904</b>	<b>13,542</b>

##### Financial liabilities measured at amortized cost

SEKm	2023	2022
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Interest-bearing liabilities	11,044	10,312
<b>Current liabilities</b>		
Interest-bearing liabilities	1,461	1,395
Liabilities to subsidiaries	255	249
Trade payables	2	1
Other current liabilities	52	26
<b>Total</b>	<b>12,814</b>	<b>11,983</b>

##### Financial assets measured at fair value in the income statement

SEKm	2023	2022
Derivatives – Non-current financial assets	39	80
Derivatives – Current financial assets	4	5
Derivatives – Other long-term receivables	71	241
Derivatives – Other current receivables	421	963
<b>Total</b>	<b>535</b>	<b>1,289</b>

##### Financial liabilities measured at fair value in the income statement

SEKm	2023	2022
Derivatives – Non-current financial liabilities	12	-
Derivatives – Current financial liabilities	4	5
Derivatives – Other non-current liabilities	71	241
Derivatives – Other current liabilities	421	959
<b>Total</b>	<b>508</b>	<b>1,205</b>

## PC12 Other current liabilities

#### Other current liabilities

SEKm	2023	2022
Accrued expenses and prepaid income (PC12:1)	80	83
Other operating liabilities	41	488
<b>Total (PBS)</b>	<b>121</b>	<b>571</b>

#### TABLE PC12:1

##### Accrued expenses and prepaid income

SEKm	2023	2022
Accrued interest expenses	52	25
Accrued social security costs	7	14
Accrued vacation pay liability	3	3
Other liabilities to personnel	9	32
Other items	9	9
<b>Total</b>	<b>80</b>	<b>83</b>

## PC13 Share capital

The change in equity is shown in the Parent Company statement of change in equity.

The share capital and number of shares have changed since 1993 on account of new issues, new subscription, conversions, splits, and the cancellation of own shares as set out below:

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 IIB warrants	513	-	0.1
2003	Conversion of debentures	1,127,792	11.3	288.4
	New subscription through IIB warrants	1,697,683	17.0	434.5
2004	Conversion of debentures	9,155	0.1	1.1
2007	Split 3:1	470,073,396	-	-
2017	Cancellation of own shares	-2,767,605	-	-
<b>2023</b>	<b>Number of shares, December 31, 2023</b>	<b>702,342,489</b>		

### SCA's share capital, December 31, 2023

	No. of votes per share	No. of shares	Share capital, SEKm
Class A shares	10	64,435,149	216
Class B shares	1	637,907,340	2,134
<b>Total</b>		<b>702,342,489</b>	<b>2,350</b>

The quotient value of the Parent Company's shares amounts to SEK 3.35. At the request of shareholders, 146,845 Class A shares were converted to Class B shares in 2023.

## PC14 Contingent liabilities, pledged assets and guarantees

### Contingent liabilities

SEKm	2023	2022
Guarantees for subsidiaries	1,342	711
Other contingent liabilities	2	1
<b>Total</b>	<b>1,344</b>	<b>712</b>

### Pledged assets

SEKm	2023	2022
Pledged assets for subsidiaries	0	11
<b>Total</b>	<b>0</b>	<b>11</b>

### Pledged guarantees

As of December 31, 2023, SCA's pledged guarantees pertaining to forestry machines to subcontractors amounted to SEK 335m (329). In SCA's opinion, the pledged guarantees pose an insignificant risk and the value has therefore not been recognized as a contingent liability.

## PC15 Proposed disposition of earnings

### Annual accounts 2023

#### Disposition of earnings, Parent Company (SEK)

#### Non-restricted equity in the Parent Company:

Retained earnings	8,910,164,068
Repayment of previous dividend	141,786
Profit for the period	128,653,094
<b>Total</b>	<b>9,038,958,948</b>

#### The Board of Directors and the President and CEO propose:

- to be distributed to shareholders, a dividend of SEK 2.75 per share	1,931,441,845
- to be carried forward	7,107,517,103
<b>Total</b>	<b>9,038,958,948</b>

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 March 22, 2024.

## SUSTAINABILITY DISCLOSURES

# Sustainability – an integral part of SCA's operations and business decisions

### CONTENTS

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<b>Strategy for sustainable development</b>	139	<b>Social disclosures</b>	169
<b>General disclosures</b>	140	Own workforce	169
About the Sustainability Report	140	Workers in the value chain	174
Value chain	142	Affected communities	175
Strategic priorities and sustainability targets	144	<b>Disclosures related to responsible business conduct</b>	177
Stakeholder dialogues	146	Value-based culture and business ethics	177
Materiality assessment	148	Channels for reporting breaches, incidents and complaints	178
<b>Environmental disclosures</b>	149	Sustainable value chain	179
EU Taxonomy	149		
Climate change	154		
Pollution	160		
Water resources	161		
Forest management and biodiversity	162		
Resource use and circular economy	166		
Environmental data	168		

# Strategy for sustainable development



## SCA's sustainability platform

Sustainability is integrated into the entire business and is part of SCA's business concept. SCA's sustainability platform summarizes the company's priorities and commitment in the field of sustainability.

The foundation is a value-based culture that is underpinned by the company's Code of Conduct. This value-based culture safeguards and ensures a healthy and accident-free SCA and sound business ethics.

A prerequisite for sustainable development over time is profitable growth. The company's strategy for profitable growth is built around its growing and renewable forest assets, continuously increasing value creation from each tree and maintaining a high degree of self-sufficiency in forest raw materials, energy and logistics.

From this foundation, SCA has identified four areas where the company can make a significant difference. These areas are:

- **Fossil-free world** – We can help to mitigate climate change and phase out fossil materials through our renewable products and our growing forest.
- **Valuable forests** – We can contribute to responsible forest management and a sustainable harvesting level in our own forest management and through our suppliers. Responsible forest management also includes preserving biodiversity and the forest's other values.
- **Efficient use of resources** – We can help to increase resource efficiency through our integrated value chain where the entire tree is used and side streams are utilized effectively and through continuously improvements. We can also contribute to our customers' resource efficiency through material selection and technical expertise.
- **Sustainable development** – We can contribute to sustainable development by supporting vibrant local communities where we conduct operations and by ensuring a sustainable supply chain.

# General disclosures

## About the Sustainability Report

SCA publishes a sustainability report each year. The Annual Report for 2023 will be published on February 29, 2024.

Sustainability work is integrated into the Group's operations, and the statutory Sustainability Report – as stipulated by the Swedish Annual Accounts Act – constitutes part of SCA's Annual Report for 2023. Areas covered by the legislative requirements are clarified in the Board of Directors' Report, see page 66. Reporting in accordance with the EU Taxonomy constitutes part of the statutory sustainability report. The statutory Sustainability Report was submitted to the external auditor together with the Annual Report. Refer to the auditor's report.

SCA's 2023 Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, GRI 1, Foundation 2021. The Sustainability Report encompasses the areas referred to in the GRI index, see pages 186–187 and was reviewed by external auditors. See the Auditor's Report. The limited assurance does not include reporting covered by the EU Taxonomy or internally-defined key figures.

SCA reports information in accordance with the Task Force on Climate-related Financial Disclosures, TCFD's recommendations. See the Board of Directors' Report on page 75.

The sustainability report also contains information about how SCA works with the UN Global Compact's Ten Principles in the areas of human rights, working conditions, the environment and anti-corruption.

### Boundary of the report

The Sustainability Report covers the SCA Group, including wholly owned subsidiaries and subsidiaries in which SCA owns at least 50% of the company. See Note F1 and for countries included, see table B1:1 under Financial notes. If SCA owns 50% or more of a company, the entire company is included in the report. Divested and acquired operations are included for the part of the year the operations were owned by the company. Environmental data and resource use is stipulated for the production units, meaning for pulp and paper mills and for sawmills, building materials and pellets production. Reporting of climate benefit and fossil emissions encompasses the entire Group's operations. Social data is reported for the entire Group and pertains to own employees unless otherwise stated.

As the report is prepared in accordance with the GRI Standards, the materiality principle has had great significance. This means that the report's content is determined by the topics that are most relevant to SCA and its stakeholders, and that the content provides a complete view of the operations. The choice of GRI disclosures is based on the materiality assessment conducted, see the Materiality assessment section.

### Data collection

Data provided in the report is compiled through various systems, primarily the Group's accounting system, Resource Management System (RMS), forest planning systems, SCA's HR system as well as Afa's Occupational health and safety information systems (the IA systems) where environmental and energy incidents are also reported. Since assumptions and conversion factors may be

required for certain calculations, this entails a source of uncertainty. SCA strives to obtain data that is as reliable as possible.

The RMS system describes how the company uses energy, water, transport and raw materials and generates waste and emissions. RMS data is used for internal management, monitoring and analysis, life cycle assessments and external benchmarking. RMS data is reported at unit level using direct measurements and inventories.

Energy consumption is calculated in various ways, for example through direct measurements of consumption or by calculating based on fuel consumption. The conversion factors used are obtained from suppliers or from literature. Total energy consumption includes production units and forest operations.

In 2019, SCA published an internally-defined key figure that describe the total climate benefit for a forest company. The calculation model was updated in 2023 to align with national reporting. The updated model is described in a report by the Forest Research Institute of Sweden (Skogforsk), report number 1187-2024 and on sca.com. An ISO standard is under development which is expected to be aligned with the model. The standard is scheduled for completion in 2025. To allow comparison, SCA calculates and reports the company's climate benefit according to both models.

When measuring, analyzing and reporting emissions of CO<sub>2</sub> and other greenhouse gases, SCA uses the global Greenhouse Gas Protocol standard for most of its calculations. Greenhouse gases included in the estimate of emissions are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. For other environmental data, SCA applies recognized measurement and calculation standards, including the Swedish Standards Institute, the Swedish Environmental Protection Agency and the International Energy Agency's factors. The climate effect is stated in the Annual Report as CO<sub>2</sub> or CO<sub>2</sub>e and refers to CO<sub>2</sub>e unless otherwise specified.

Emissions from transportation are calculated based on the total transport work performed per mode of transport for delivered products, raw materials and input goods. Emissions are calculated by multiplying transport work performed per transport mode (expressed as tonne kilometers) by typical emission factors for the different modes of transportation. The emission factors used are based on data from the Network for Transportation Measures (NTM) ([www.transportmeasures.org](http://www.transportmeasures.org)). For transportation with SCA's own vessels and leased vessels, the actual fuel consumption and load utilization is used.

Personnel-related data is mainly provided by SCA's HR system. Supporting data is gathered in SCA's database for sustainability data. The IA systems are used for reporting and following-up work-related injuries and incidents at every unit within the Group. Reporting also encompasses contractors who conduct work on SCA's sites. The systems are also used for preventive reporting of risk observations. A new system has been developed by SCA to report observations of safe and unsafe behavior, BBS, as an aid to develop the health and safety culture in the company. The statistics are aggregated to Group level.

When adjustments have been made compared with previous years, a note is made directly beside the chart or table.

## Overview of particularly significant policies for SCA's sustainability work

Policy	Example of scope	Comments
<b>SCA's Code of Conduct</b>	<ul style="list-style-type: none"> <li>• Working conditions.</li> <li>• Human rights.</li> <li>• Business ethics.</li> <li>• Environment and sustainability.</li> <li>• Information security and integrity.</li> <li>• Whistleblower function.</li> </ul>	<p>SCA's primary steering document that forms the foundation of the company's corporate culture, how people are treated and how SCA does business and conducts its operations in an ethical and responsible manner.</p> <p>Examples of supporting processes include the review of business partners and the whistleblower function.</p> <p>SCA's Supplier Standard is based on SCA's Code of Conduct.</p>
<b>Sustainability Policy</b>	<ul style="list-style-type: none"> <li>• Value-based culture.</li> <li>• Impact on people and the environment.</li> <li>• Responsible forest management.</li> <li>• Resource efficiency.</li> <li>• Sustainable supply chain.</li> <li>• Product safety.</li> </ul>	<p>Sustainability is a fundamental and guiding principle for SCA's operations and is to support sustainable development, taking economic, environmental and social aspects into account.</p> <p>Examples of supporting documentation include the instructions for evaluating and managing negative impact and instructions for the acquisition of wood raw material.</p>
<b>Health and Safety Policy</b>	<ul style="list-style-type: none"> <li>• Health and safety culture.</li> <li>• Vision of zero workplace accidents.</li> <li>• Safety organization.</li> <li>• Psychosocial work environment.</li> <li>• Emergency preparedness and business continuity management.</li> </ul>	<p>The aim of SCA's health and safety culture is that everybody shall return home healthy and unscathed from work. Systematic health and safety work is conducted in company-wide activities referred to as ZERO.</p> <p>Examples of supporting documentation include the ZERO toolbox (Group-wide health and safety instructions).</p>
<b>HR Policy</b>	<ul style="list-style-type: none"> <li>• Leadership and employeeship.</li> <li>• Diversity and inclusion.</li> <li>• Training.</li> <li>• Conflicts of interest.</li> <li>• Cooperation with union organizations.</li> </ul>	<p>The Group's HR Policy describes how employees and managers at SCA should deal with and take responsibility for various issues.</p> <p>Examples of supporting documentation include the action program to address abusive discrimination, and instructions on alcohol and drugs-related issues.</p>
<b>Risk Management and Internal Control Policy</b>	<ul style="list-style-type: none"> <li>• Risk management process.</li> <li>• Internal control process.</li> </ul>	<p>Risk management forms the basis of SCA's efforts to minimize identified risks using a framework of internal controls.</p>

### Governance of sustainability

Governance and follow-up of SCA's sustainability work is described in the Corporate Governance Report in the Sustainability governance section. SCA's sustainability agenda is based on the company's core values and regulated through the Group's policies. The table above shows a selection of the company's most important policies for sustainability work. The Code of Conduct and Sustainability Policy constitute the foundation for the Group's sustainability activities. The Board of Directors approves all policies including the

Group's Code of Conduct. The President approves accompanying instructions that complement and clarify policies. The policies apply for all operations within the SCA Group. In co-owned operations, SCA's representatives are to promote compliance. The policies are available for the company's employees in the Group's document management system. The Code of Conduct, extracts from the Sustainability Policy, the Supplier Standard and other relevant documentation is available on [sca.com](http://sca.com).

## Value chain

The company's value chain begins in the forest and ends at the customers' gate. This boundary is set as the company's products can be used in many ways and are often one part of the end product that the consumer uses or comes into contact with. The value chain includes the supply chains for input goods and externally purchased services and relevant business partners.

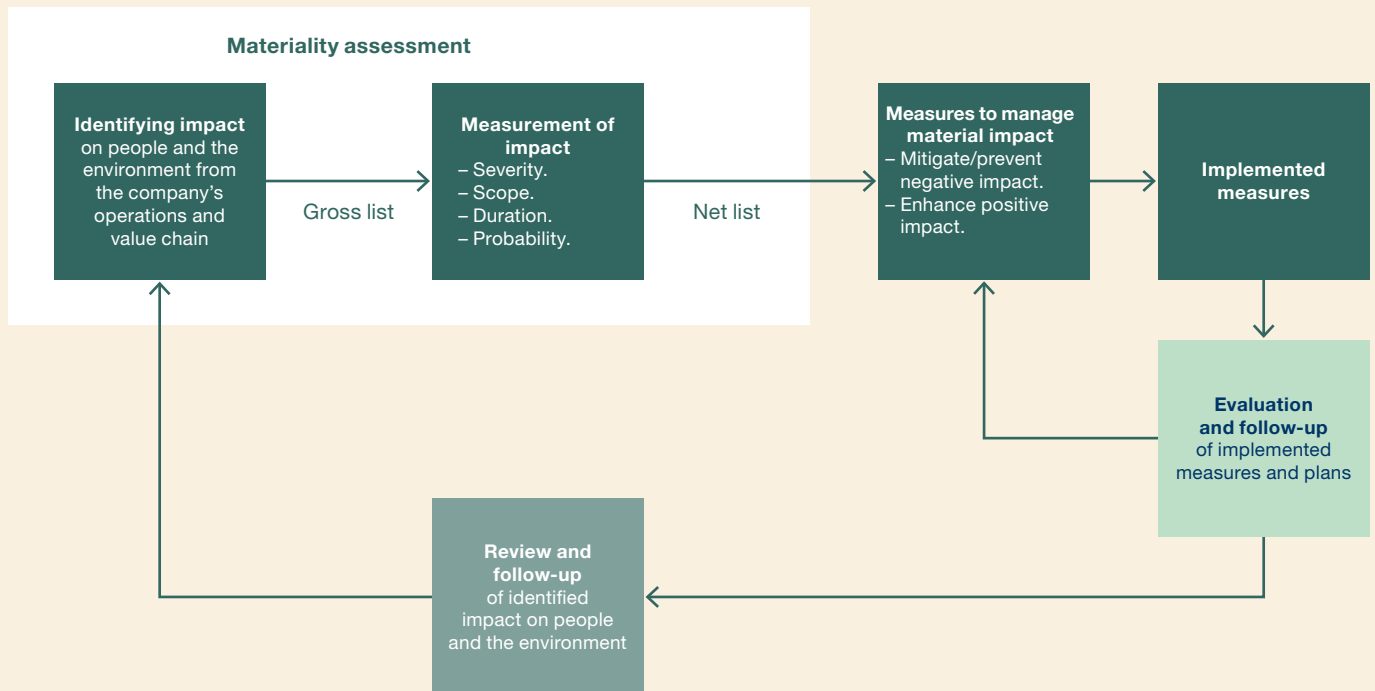
Raw material from the forest is the predominant material flow. The CO<sub>2</sub> captured by the forest returns after end use of the wood-based products, back to the forest and vegetation and is converted through photosynthesis into new biomass. Input goods, such as chemicals, are purchased from external suppliers as well as services to manufacture and maintain plants and machinery. The value chain encompasses many transport operations – of materials destined for industrial sites and of finished goods out into the world. Transportation is performed by the company's own logistics operations

together with purchased transport services. The value chain produces and consumes a large amount of energy, which is almost exclusively renewable. The surplus of bioenergy generated is sold externally.

Waste is generated along the value chain. The share that is within the company's control is primarily found at sites and where most is recycled in various ways; refer to the section on Resource use and circular economy. Outside the company's control, waste is created at the end of the product lifecycle for materials added when manufacturing the end product and that are non-biogenic or non-recyclable, as well as in the supply chain, for example, when manufacturing input goods and spare parts.

The value chain creates jobs both within and outside the company's own operations. The company's operations and value chain impact local communities in various ways.

## Process to identify and manage the negative and positive impact from the company's operations and value chain



The company's operations have both positive and negative impact on people and the environment. The company is working to develop and implement the process to identify and manage the impact that exists. This process addresses both positive and negative impacts as well as actual and potential impacts that may arise throughout the company's value chain.

### Identifying and measuring the impact

To identify and assess the impact from the company's operations, several different aspects are considered jointly, including external stakeholders' views, internal experts on various issues, regulatory requirements, incidents and audits. The severity and scope of the impact is evaluated and this results in a net list of the company's main impact areas.

### Actions and follow-up

Plans to address negative impacts or enhance positive impacts are identified and managed at the local level or within Group-wide functions. The follow-up adheres to the company's other processes for monitoring and internal control. The development is communicated through the company's existing channels.

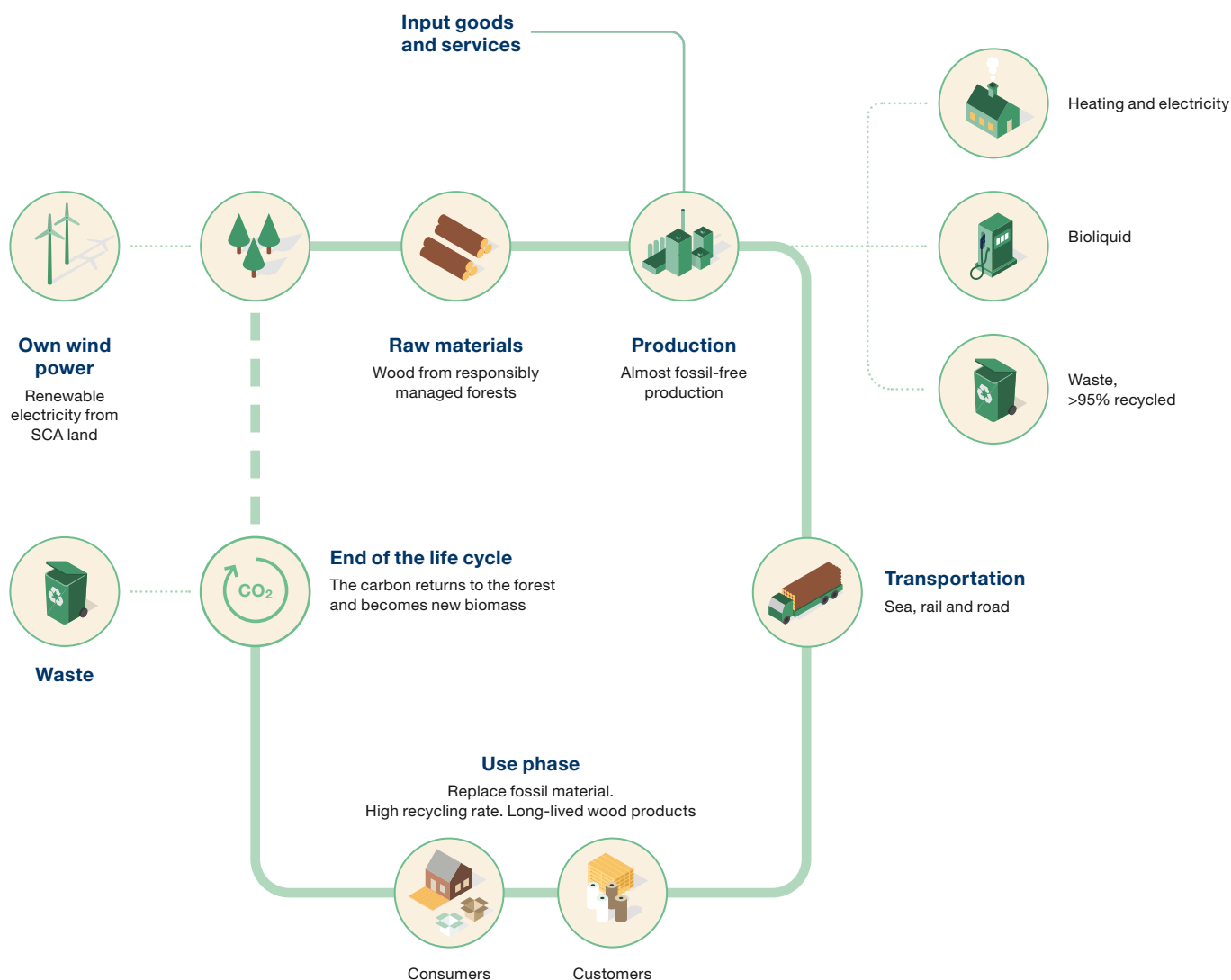
### Review and update

A review is conducted every year to follow up the development of identified impacts and is updated with any new identified impacts based on new information and knowledge, as well as changes in the value chain.



## Overview of SCA's value chain

The main material flow in SCA's value chain is mostly circular and based on wood raw material from the forest. Different degrees of impact, both negative and positive, on people and the environment are present in the value chain.



## Examples of impacts

	Positive impact	Negative impact	Financial impact
<b>Raw materials and input goods</b>	<ul style="list-style-type: none"> <li>Requirements for responsible forest management.</li> <li>Requirements for suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity.</li> <li>Impact on reindeer husbandry.</li> </ul>	<ul style="list-style-type: none"> <li>Access to wood raw material.</li> <li>Cost of goods and services.</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>High share of bioenergy.</li> <li>Job opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Risk for accidents and breakdowns.</li> <li>Emissions to water and air.</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing costs.</li> <li>Access to the right skills.</li> </ul>
<b>Transportation</b>	<ul style="list-style-type: none"> <li>Initiatives for lower emissions, such as electric timber trucks.</li> </ul>	<ul style="list-style-type: none"> <li>Fossil emissions.</li> <li>Long distance to customers.</li> </ul>	<ul style="list-style-type: none"> <li>Transport expenses.</li> <li>Cost of emissions.</li> </ul>
<b>Use phase</b>	<ul style="list-style-type: none"> <li>Replace fossil material.</li> <li>Renewable products.</li> </ul>	<ul style="list-style-type: none"> <li>Lack of recycling systems for solid-wood products.</li> </ul>	<ul style="list-style-type: none"> <li>Revenues from sold products.</li> </ul>
<b>End of the life cycle</b>	<ul style="list-style-type: none"> <li>Returns to nature as new biomass.</li> <li>Energy recovery.</li> </ul>	<ul style="list-style-type: none"> <li>Recoverability is affected by other materials added to the end product.</li> </ul>	
<b>Waste</b>	<ul style="list-style-type: none"> <li>Industrial ecosystems under own control.</li> <li>High recycling rate.</li> </ul>	<ul style="list-style-type: none"> <li>Hazardous waste.</li> <li>Waste with low dry content.</li> </ul>	<ul style="list-style-type: none"> <li>Handling costs.</li> </ul>

## Strategic priorities and sustainability targets

The areas of strategic priority constitute the six components in SCA's sustainability platform each with a Group target and accompanying supporting targets. The outcome of targets applied for 2023 are presented below. The targets are being reviewed.

Strategic priorities	Value-based culture	Profitable growth	Fossil-free world
<b>Why material</b>	SCA's core values – responsibility, respect and excellence – are described in SCA's Code of Conduct, which all employees are to comply with. They permeate the company's business relationships and interaction with stakeholders. Employees are the company's most important resource. SCA is to be an inclusive and attractive employer that puts health and safety first. SCA aims to establish a sustainable supply chain with suppliers and contractors that share the company's values.	Long-term profitability requires sustainable and profitable growth in a responsible manner. The forest forms the core of SCA's operations and profitable growth is created as the renewable forest resource grows and by increasing the value generated from each tree.	SCA produces and sells renewable products that can replace fossil-based alternatives and thereby contribute to reducing global warming. SCA also contributes to climate benefit through the net growth of the company's forests, which absorb CO <sub>2</sub> from the atmosphere, and by continuously striving to reduce greenhouse gas emissions from its own value chain.
<b>Material risks<sup>1)</sup></b>	<ul style="list-style-type: none"> <li>• Business ethics.</li> <li>• Reputational risk.</li> <li>• Suppliers.</li> <li>• Employee-related risks.</li> <li>• Risks at production plants.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial risks.</li> <li>• Demand and market price for SCA's products.</li> <li>• Impact of political decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change.</li> <li>• Political decisions.</li> <li>• Financial risks.</li> </ul>
<b>Impact on value chain</b>	Employees (existing and potential), suppliers, customers, society.	Shareholders, customers, society, employees, suppliers.	Growth in the forest, SCA's facilities, suppliers, transports, customers.
<b>UN Sustainable Development Goals<sup>2)</sup></b>	Goal 3, 5, 8 and 10.	Goal 12.	Goal 7, 9, 12 and 13.
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Code of Conduct.</li> <li>• SCA's Supplier Standard.</li> <li>• SCA's Compliance Council.</li> <li>• Health and Safety Policy.</li> <li>• HR Policy.</li> <li>• Steering committee ZERO.</li> <li>• SCA's Occupational Health and Safety Network.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial control.</li> <li>• Financial Policy.</li> <li>• Business development plans.</li> <li>• Business Review Meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Policy.</li> <li>• SCA's Environmental Network.</li> <li>• Business development plans.</li> </ul>
<b>Group target 2030 Overarching sustainability targets<sup>3)</sup></b>	<b>An accident-free and healthy SCA where all employees comply with SCA's Code of Conduct</b>	<b>Leading total shareholder return (TSR)</b>	<b>Increased climate benefit from 10 to 15 million tonnes CO<sub>2</sub><sup>6)</sup></b>
<b>Supporting sustainability targets Outcome 2023<sup>4)</sup></b>	<ul style="list-style-type: none"> <li>• <b>Target:</b> All employees receive training in the Code of Conduct <b>Outcome:</b> 98%.</li> <li>• <b>Target:</b> Purchasing from suppliers who share SCA's values, &gt;98% of contract suppliers have approved SCA's Supplier Standard. <b>Outcome:</b> 98%.</li> <li>• <b>Target:</b> No workplace accidents resulting in absence. <b>Outcome:</b> LTA frequency rate 4.3 accidents resulting in absence, per million hours worked.</li> <li>• <b>Target:</b> Develop leaders who can address future needs. <b>Outcome:</b> Green rating on leadership index<sup>5)</sup>.</li> <li>• <b>Target:</b> Employees who grow and develop. <b>Outcome:</b> Green rating on engagement index<sup>5)</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Target:</b> Total shareholder return, TSR. <b>Outcome:</b> 17%.</li> <li>• <b>Target:</b> Stable and increasing dividend. <b>Outcome:</b> Dividend for 2022 of SEK 2.50 per share. Proposed dividend for 2023 of SEK 2.75 per share.</li> <li>• <b>Target:</b> Financial stability – Investment Grade credit rating. <b>Outcome:</b> Investment Grade.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Target:</b> Increase total climate benefit to 15 million tonnes CO<sub>2</sub>. <b>Outcome:</b> 9.1 million tonnes CO<sub>2</sub> (12.8 according to updated model).</li> <li>• <b>Target:</b> Net uptake of CO<sub>2</sub> in the forest. <b>Outcome:</b> 4.5 million tonnes CO<sub>2</sub> (5.7 according to updated model).</li> <li>• <b>Target:</b> Increase substitution benefits from SCA's products. <b>Outcome:</b> 5.4 million tonnes CO<sub>2</sub> (7.2 according to updated model).</li> <li>• <b>Target:</b> 50% reduction of fossil emissions in the value chain, Scope 1, 2 and 3, compared with 2019. <b>Outcome:</b> 0.8 million tonnes CO<sub>2</sub>e. Reduction by 10% compared with the base year of 2019.</li> <li>• <b>Target:</b> Implement 11 TWh of approved wind power capacity on SCA land by 2025. <b>Outcome:</b> 9.0 TWh</li> </ul>

<sup>1)</sup> See section Risks and risk management.

<sup>2)</sup> The UN's 17 Sustainable Development Goals play an important part in the work with SCA's sustainability platform. SCA views the goals holistically and makes direct or indirect contribution to all of the objectives. This is described in more detail on sca.com. The examples above show how the company contributes to the goals through each component in SCA's sustainability platform.




<sup>3)</sup> Group targets have 2019 as base year.

<sup>4)</sup> The non-financial multi-year summary presents a selection of key figures.

<sup>5)</sup> Result from the All Employee Survey 2023.

<sup>6)</sup> New target from 2024, see page 21.

<sup>7)</sup> Estimated area for 2023. The update to the register will be completed during the first quarter of 2024. Prioritized habitats are deciduous forests with dead wood; light pine forests with dead wood continuity; open sand pine forests with tree continuity and fire-razed areas. These areas are part of the areas with measures to promote biodiversity presented on page 164.

 <b>Valuable forests</b>	 <b>Efficient use of resources</b>	 <b>Sustainable development</b>
<p>The forest is at the core of SCA's operations. Through responsible forest management, the company's forests will remain at least as rich in biodiversity, nature experiences and raw material in the future as they are today. SCA plays an active role in developing forest management practices in order to reduce negative environmental impact and maintain or enhance conservation values, and also encourages and helps other forest owners to adopt responsible forest management.</p>	<p>SCA continuously strives to improve its resource efficiency, which contributes to better profitability while also being economical with resources and reducing the impact on the environment. Water is an essential resource and we safeguard access to clean water by minimizing our emissions and optimizing its use. We work continuously to minimize waste and look for new uses for the company's side streams. Through innovation and product development, we contribute to greater material efficiency for the company's customers.</p>	<p>With the force of the forest, we contribute to a sustainable future and achieve this through responsible forest management, resource efficiency and renewable products. SCA develops together with the communities in it operates. Jobs and growth are generated through our business activities, both directly and indirectly. Entrepreneurial innovation and strategic collaboration is crucial in this respect. We support institutions that provide meaningful leisure activities and enhance cohesion in the local communities in which we operate.</p>
<ul style="list-style-type: none"> <li>• Risks linked to the forest holding.</li> <li>• Biodiversity.</li> <li>• Climate change.</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental impact.</li> <li>• Legal risks.</li> <li>• Risks at production plants.</li> </ul>	<ul style="list-style-type: none"> <li>• Reputational risk.</li> <li>• Political decisions.</li> </ul>
<p>SCA's forests, private forest owners, local communities, customers.</p>	<p>SCA's operations, optimizing the value chain, customers.</p>	<p>Value creation in and from the forest, vibrant local communities.</p>
<p>Goal 3, 6, 12, 13 and 15.</p>	<p>Goal 6, 7, 9, 12 and 14.</p>	<p>Goal 8, 9, 11 and 17.</p>
<ul style="list-style-type: none"> <li>• Forest management manual.</li> <li>• Quality manuals for forest operations, road construction and transport activities.</li> <li>• Certification systems (FSC, PEFC).</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Policy.</li> <li>• SCA's Environmental Network.</li> <li>• ESAVE program.</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Policy.</li> <li>• Sustainability platform.</li> <li>• Sponsorship procedures.</li> <li>• Procedures for consultation.</li> <li>• Conservation parks.</li> <li>• Forest Business Accelerator.</li> </ul>
<p><b>100% of wood raw material from responsibly managed forests</b></p>	<p><b>Zero waste – Nothing goes to waste</b></p>	<p><b>SCA contributes to sustainable development in the communities in which we operate</b></p>
<ul style="list-style-type: none"> <li>• <b>Target:</b> 100% CoC certified wood raw material – minimum requirement FSC Controlled Wood Standard. <b>Outcome:</b> 100%.</li> <li>• <b>Target:</b> 75% of wood raw material from certified forests or harvested with SCA retention methods. <b>Outcome:</b> 75%.</li> <li>• <b>Target:</b> SCA's own forestry management certified under FSC and PEFC. <b>Outcome:</b> 100% of SCA-owned forest (forest operations).</li> <li>• <b>Target:</b> We are to work proactively to protect biodiversity by increasing the number of habitats of special importance for SCA's Species Commitment. <b>Outcome:</b> Measures to strengthen or develop habitats for SCA's Species Commitment performed on 3,960 hectares in 2023<sup>7</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Target:</b> High raw material yield in every process. <b>Outcome:</b> Measured locally per production unit.</li> <li>• <b>Target:</b> Improve energy efficiency through efficiency enhancements of at least 35 GWh per year based on the company's energy consumption in 2020. (ESAVE program 2020–2025). <b>Outcome:</b> In 2023, energy efficiency programs were carried out corresponding to 37 GWh.</li> <li>• <b>Target:</b> Reduce specific process water use by 5% and emissions of particles to water by 10% by 2030. <b>Outcome:</b> In 2023, process water use increased 14% while emissions of particles decreased by 23% compared with the base year of 2020.</li> <li>• <b>Target:</b> 100% recycling/reuse of all non-hazardous waste. <b>Outcome:</b> 98%.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Target:</b> Contribute toward vibrant local communities. <b>Outcome:</b> 75% of SCA's economic value creation were paid to suppliers and employees mainly in SCA's local area in northern Sweden.</li> <li>• <b>Target:</b> Supporting civil society in sport, culture and other areas. <b>Outcome:</b> Central agreements with 168 local clubs and associations in sports, culture and health.</li> <li>• <b>Target:</b> Promoting the establishment and development of activities that create value in and from the forest. <b>Outcome:</b> Examples from 2023 include organizing the Forest Business Accelerator for the seventh consecutive year.</li> <li>• <b>Target:</b> Work together with external stakeholders in areas defined in our sustainability platform. <b>Outcome:</b> Examples include cooperation projects for fossil-free road freight in forest operations and assessment of the forest in Västerbotten based on the Healthy Forest Landscapes concept together with partners in the value chain.</li> </ul>

**UN'S 17 Sustainable Development Goals**



**WE SUPPORT**



## Stakeholder dialogues

### Stakeholder dialogues

SCA engages in continuous dialogue with various stakeholder groups in order to better understand their concerns and priorities, to reduce negative and enhance positive impacts to which the business may contribute, and to continuously improve the company's value creation.

SCA identifies its primary stakeholders based on their interests and in relation to the Group's business. This takes various forms depending on the stakeholder group and the part of the business affected.

The business areas maintain a close dialogue with their customers and follow up customer satisfaction through surveys, face-to-face meetings and third-party assessments. SCA regularly meets investors, analysts and financial players. SCA maintains a continuous dialogue with its suppliers to ensure quality and deliveries as well as the continued development of purchased goods and services. The Group performs All Employee Surveys and annual goal and performance reviews with its employees. Moreover, SCA communicates with other groups and individuals in matters that have a major impact on society in general and local communities in particular, and holds regular meetings with individuals living near SCA's operations. SCA also maintains a close dialogue with NGOs, such as conservation organizations as well as Sami communities in reindeer herding areas.

Stakeholder dialogues provide insights into the expectations of various interest groups, help to cultivate long-standing relationships and continuously improve the Group's operations. In addition, these dialogues provide valuable information when the Group assesses its sustainability program and prioritizes sustainability initiatives. The "Key issues by stakeholder group" table offers an overview of the main stakeholder groups, the key issues by stakeholder group and a summary of the year's dialogues.

Overall, the key issues in 2023 were linked to the forest, climate change and the new requirements for sustainability reporting according to the EU's Corporate Sustainability Reporting Directive (CSRD).

### Key stakeholder issues in 2023

1. EU Deforestation Regulation and Fit for 55.
2. The forest's role in the work to mitigate climate change.
3. Preservation of biodiversity in the forest.
4. New Corporate Sustainability Reporting Directive (CSRD).

### External initiatives and membership in organizations and certifications

SCA contributes in various ways toward initiatives aimed at achieving a more sustainable world. SCA is a member of the UN Global Compact, an initiative aimed at convincing companies to take responsibility for the UN's ten principles in the areas of human rights, working conditions, the environment and anti-corruption. SCA is also active in a number of international, national and regional trade organizations.

SCA supports the 2030 Agenda and the UN's 17 Sustainable Development Goals. The company works with goals as a whole and makes a direct or indirect contribution to all of these objectives. These goals form an important basis for the company's materiality assessment.

SCA is committed to active and responsible forest management, and supports the two international certification systems for forests and forest based raw materials, the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC). SCA is active at both the international and national level. Furthermore, SCA works to raise awareness of how active forest management and increasing the use of forest products can help to combat climate change. SCA is actively working to protect the forest's biodiversity. This is achieved through its own initiatives and through cooperation in various research programs and initiatives, such as [business@biodiversity Sweden](mailto:business@biodiversity.sweden). SCA production facilities and forestry operations are certified in accordance with relevant standards such as ISO 9001, ISO 14001, ISO 45001 and ISO 50001, according to information on [sca.com](http://sca.com).

SCA actively contributes to the transition and transformation to a fossil-free society and is a member of the Fossil Free Sweden initiative. The company uses established platforms to evaluate its own and its suppliers' performance on sustainability issues, such as EcoVadis and CDP.

## Key issues by stakeholder group

Stakeholder groups	How we conduct dialogues	Main topics	How we address the issues
<b>Customers and consumers</b>	Customer visits, meetings, interviews, participation in customer events and seminars, trade fairs, mailings, website, social media, regular contacts by e-mail and telephone.	Climate benefit, environmental impact, ecolabelling, fiber sourcing, chain of custody, forestry, biodiversity, human rights, reindeer herding, occupational health and safety, expertise, market, customer benefits, business development, resource efficiency, energy market, innovation, quality, product safety, logistics and security of supply.	<ul style="list-style-type: none"> <li>• Customer surveys, questionnaires and customer visits.</li> <li>• Close dialogue with customers to develop the company's value chain.</li> <li>• Dialogue about product safety, climate, responsible forest management, chain of custody.</li> <li>• Training in the company's Code of Conduct and Supplier Standard.</li> <li>• Development of new products and service concepts together with customers.</li> <li>• Life cycle management of products.</li> <li>• Visit to customers by SCA experts in various fields.</li> <li>• Customers who perform audits of SCA's operations.</li> <li>• Customer magazines and newsletters, such as SCA Wood Magazine and New Ways.</li> <li>• Ecolabels, for example Nordic Swan Ecolabel.</li> <li>• Sustainability assessment by EcoVadis.</li> <li>• Environmental Product Declaration (EPD).</li> </ul>
<b>Employees</b>	Performance reviews, workplace meetings, work councils, online surveys, intranet, internal courses, management meetings.	Value-based culture, occupational health and safety, attracting and recruitment, skills development, succession planning, compensation and benefits, business ethics, working conditions, resource efficiency, environmental impact, product development, strategic development.	<ul style="list-style-type: none"> <li>• The Group's ZERO initiative for developing a health and safety culture.</li> <li>• Internal digital channels (intranet, electronic displays, Instagram and webinars).</li> <li>• The discussion tool "How do we act?" and training in SCA's Code of Conduct, anti-corruption and business ethics.</li> <li>• Participation in student fairs and partnerships with the educational sector.</li> <li>• SCA's podcast "Ingenjörspodden".</li> <li>• Introductory course for new employees, skills-enhancement activities, leadership training, Early career programs and internships.</li> </ul>
<b>Investors</b>	Investor meetings in conjunction with, for example, interim reports, capital market days, risk reports, the AGM, interviews, website.	Financial performance, market outlook, sustainability, areas of growth, renewable energy, degree of self-sufficiency, forest valuation, risk management, corporate governance.	<ul style="list-style-type: none"> <li>• Annual General Meeting, March 30, 2023.</li> <li>• Investor visits to SCA's operations.</li> <li>• Regular investor and analyst meetings during the year.</li> <li>• Roadshows in conjunction with quarterly accounts.</li> <li>• Risk management as part of the Board of Directors' Report in the Annual report.</li> </ul>
<b>Credit market, creditors and rating institutes</b>	Regular meetings and presentations. Specific reporting in accordance with loan documentation and public reporting on our website.	Financial information, risk analyses, sustainability assessments, corporate governance.	<ul style="list-style-type: none"> <li>• Continuous dialogue with commercial banks and other creditors.</li> <li>• Investor meetings in connection with major bond issues.</li> <li>• Periodic reports and certificates to all creditors.</li> <li>• Annual Green bond report.</li> <li>• Continuous dialogue and reports to rating institutes.</li> </ul>
<b>Suppliers</b>	Follow-up meetings, request for tenders and procurements, interviews, website.	Health and safety, supplier audits, business ethics, human rights, energy consumption, resource efficiency, climate impact.	<ul style="list-style-type: none"> <li>• SCA's Supplier Standard as part of contracts.</li> <li>• Supplier assessments and follow-up meetings.</li> <li>• Risk-based supplier audits performed on-site.</li> <li>• Training of procurement employees.</li> <li>• Assessing countries and suppliers from a sustainability perspective.</li> <li>• EcoVadis platform for evaluation and follow-up of suppliers.</li> <li>• Follow-up meetings with individual suppliers.</li> </ul>
<b>Private forest owners</b>	Forest owner meetings, physical and virtual meetings, customer magazine, website, social media.	Long-term and sustainable forestry, management methods, forest management plans, ownership rights, forest management certification, nature conservation, profitability.	<ul style="list-style-type: none"> <li>• Business contacts on an ongoing basis during the year.</li> <li>• Customer satisfaction interviews with private forest owners.</li> <li>• Forest owner meetings and participation in trade fairs.</li> <li>• Collaboration with Skogscertifiering Prosilva AB (group certificate).</li> <li>• "Din Skog" customer magazine for forest owners.</li> </ul>
<b>NGOs</b>	Meetings concerning specific issues, interviews, reporting to ecolabels and sustainability indexes, websites.	Forest management, biodiversity, climate and environmental issues, resource efficiency, green energy, human rights, hunting, reindeer herding.	<ul style="list-style-type: none"> <li>• Dialogue with local, regional and national stakeholders.</li> <li>• Onsite visits to the company's forests and dialogue with reference groups in conservation parks.</li> <li>• Memberships and involvement in organizations such as the Swedish Forest Industries Federation, the Confederation of European Paper Industries (CEPI), FSC and PEFC, Bioenergy Europe and the Swedish Wind Energy Association.</li> <li>• Continued revision of relevant standards and ecolabels.</li> <li>• Collaboration with FSC International on biodiversity that was launched at COP15 in Montreal.</li> <li>• Collaboration with BirdLife to restore wetlands and improve conditions for birds, such as Ural owls.</li> </ul>
<b>Political engagement and the community</b>	Dialogue meetings, local events, public consultation, interviews, websites.	Occupational health and safety, environmental issues, local issues, renewable energy, reindeer herding, labor market, education, community engagement, diversity issues, human rights.	<ul style="list-style-type: none"> <li>• Dialogues with regulators, government authorities, municipalities and lobbyists.</li> <li>• Consultation and dialogue about investments, permits, employment and other local issues.</li> <li>• Consultation meetings with local Sami communities and residents living near to SCA's industrial sites and forests.</li> <li>• Board representation or participation in organizations for regional development, such as chambers of commerce and Junior Achievement Sweden in the northern counties.</li> <li>• Participation in "Skogen i skolan".</li> <li>• Supervisory and annual reporting to government authorities, including environmental reports.</li> </ul>

## Materiality assessment

SCA's materiality assessment is based on several different elements: Stakeholder dialogues, targeted surveys, summaries of market trends and the company's and management's strategic priorities. The materiality analysis forms the basis for SCA's strategic direction and priorities within the framework of the Group's sustainability work. Each year, SCA conducts a review of the materiality assessment and performs a more comprehensive assessment every two years.

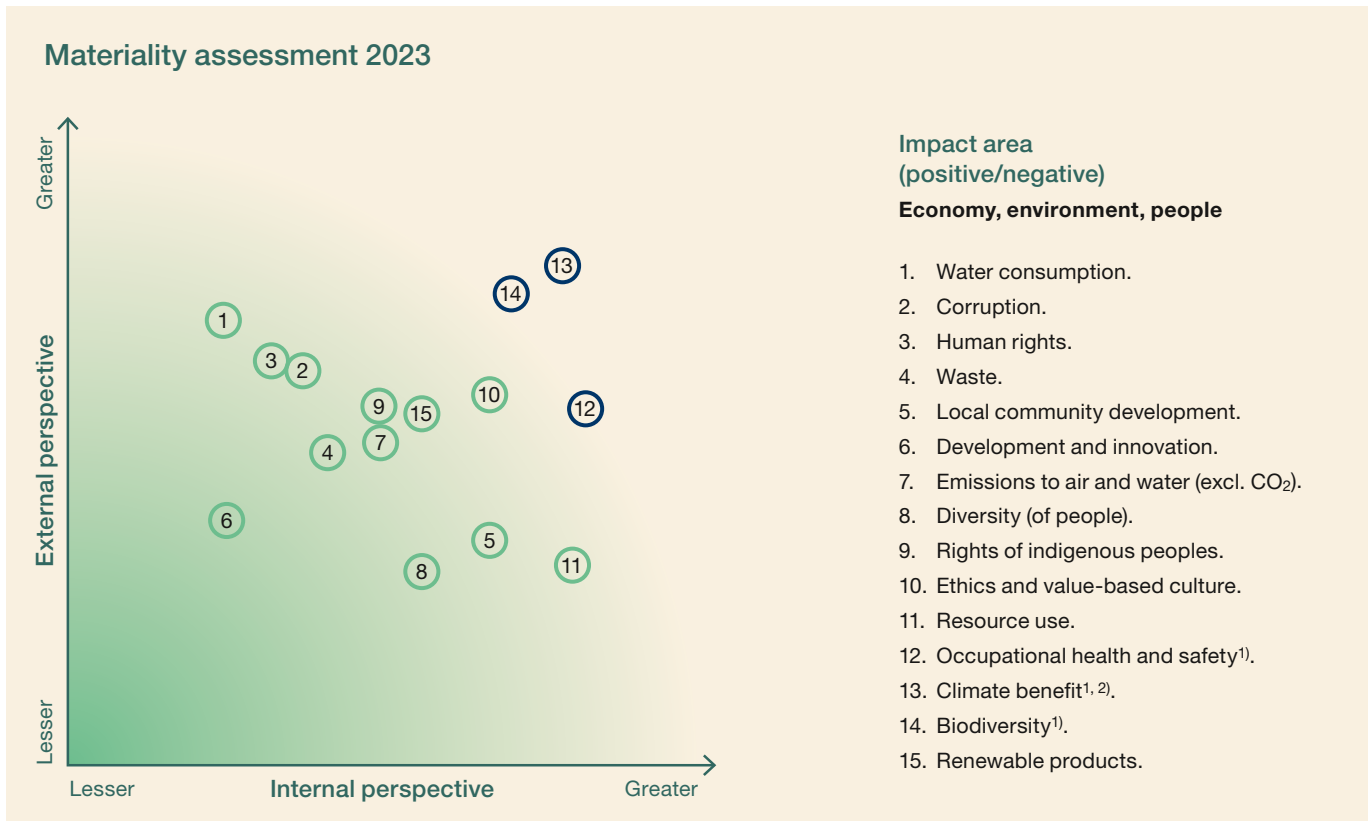
The materiality assessment shows the areas where SCA's operations and sustainability initiatives have the greatest impact on the economy, environment and people, including human rights. The analysis provides an overview of the priorities of the stakeholder groups, market developments and the company's priorities.

The materiality assessment takes the form of a process that gathers different perspectives, including an assessment of the business environment and the viewpoints of various stakeholder groups, as well as external and internal knowledge within relevant areas. The stakeholder analysis includes external stakeholders such as investors, capital market participants, rating institutes, customers, suppliers, NGOs, authorities and politicians as well as the company's internal strategic priorities. The company's contributions and challenges linked to the UN's 17 Sustainable Development Goals were included in the analysis.

The materiality assessment ensures that the company's sustainability priorities are aligned with stakeholder expectations and determines which sustainability topics should be included in the sustainability report and reporting in accordance with the Global Reporting Initiative (GRI Standards 2021).

The 2023 Sustainability Report is based on the materiality assessment from 2022 and is used to select material topics under GRI. See the GRI index. The materiality assessment performed in 2022 concluded that SCA is considered to have the greatest impact in the following areas: occupational health and safety, climate benefit, and biodiversity. This prioritization was retained after the review in 2023. The Group's sustainability agenda also includes topics with a lower priority, and these are described to some extent in the sustainability report and reporting in Sustainability disclosures, but do not constitute material topics according to the GRI index.

In 2023, an overall materiality assessment was undertaken to begin the process of adjusting to the requirements in the European Sustainability Reporting Standards, ESRS. This analysis will be considered in more detail during 2024.



<sup>1)</sup> Material topics are number 12 occupational health and safety, 13 climate benefit, and 14 biodiversity as described above.

<sup>2)</sup> Climate benefit encompasses energy consumption and CO<sub>2</sub> emissions.

# Environmental disclosures

## EU Taxonomy

### Economic activities eligible under the EU Taxonomy

The EU Taxonomy for sustainable investments should offer guidance for the financial market to identify economic activities that make a substantial contribution to help achieve the EU environmental objectives and green growth strategy. The disclosure requirement for 2023 has been extended to include all six environmental objectives, though the requirement to report activities that are aligned with the Taxonomy applies solely to the first two objectives, mitigation and adaptation to climate change.

All of SCA's products contribute to the sustainable transition of society by replacing fossil materials with products based on renewable materials resulting from responsible forest management. Despite this, most of the company's products are not included in the existing version of the EU Taxonomy, meaning no technical screening criteria have been defined for these activities.

Examples of SCA's activities that contribute to mitigate climate change, but do not fall within the scope of the Taxonomy are:

- Production and sales of solid-wood products for construction, renovation and manufacturing of furniture.
- Production and sales of fiber-based packaging material.
- Production and sales of pellets and unprocessed biofuels to generate renewable energy.

The assessment of the company's operations was based on the activities and criteria described in the delegated acts for the EU Taxonomy 2021/2139 and 2023/2486. The economic activities identified as Taxonomy-eligible are forest management, energy activities such as sale of district heating, electricity and tall oil to process into biofuel as well as various transport services and the electrification of vehicles.

The boundary to identify Taxonomy-eligible activities follows the company's principles of consolidation, see Note A1. This means no activities linked to joint ventures were included.

All activities are first and foremost considered to contribute toward the environmental objective, Climate change mitigation. Some of the activities also contribute to other environmental objectives. Contributions to other environmental objectives were only assessed on the basis of whether they are Taxonomy-eligible and not whether they fulfil the technical screening criteria, which is aligned with the reporting requirements for 2023. Activities have been identified that contribute to the Biodiversity and ecosystems environmental objective. These activities are mainly deemed to contribute to the Climate change mitigation environmental objective, which is why they are reported under this objective. In 2023, no activities were identified that primarily contribute toward other environmental objectives.

The precautionary approach was used in work to estimate economic activities, capital and operating expenditure, which meant that in instances when doubts existed about whether an activity met the requirements for contributions to the environmental objectives, these were not included in the calculation.

To assess whether an activity is aligned with the Taxonomy, the technical screening criteria, do no significant harm and minimum social safeguards, were considered. SCA is deemed to meet the minimum social safeguards, refer to pages 169–174 and 177–179.

In 2023, the company has not identified any activities classified as transitional. One activity, investments in charging stations for electric vehicles, is classified as an enabling activity.

### Turnover

Turnover consists of the Group's revenue, see Note B1. Revenue includes net sales and other operating income from external sales of goods and services, that is, after elimination of internal transactions.

The forest is at the core of SCA's operations and SCA's forest management is deemed to meet the technical screening criteria of the Taxonomy, but since most of the wood raw material is used internally the revenue is excluded from recognition of turnover. This means only a very small portion of SCA's total sales may be included when calculating the proportion that is Taxonomy-eligible and the proportion that is Taxonomy-aligned. The Taxonomy-eligible activities comprise almost exclusively other operating income and constitute a minor share of turnover.

The activity 1.3 Forest management covers revenue from silvicultural services sold externally, sales of seedlings and external sales of small volumes of wood.

For revenue from activity 4.3 Electricity generation from wind power, the wind farm is owned by SCA and is considered aligned with the technical screening criteria.

Energy activities identified as Taxonomy-eligible comprise the production and sale of tall oil to be processed into liquid biofuel, co-generated electricity and heating sold externally and district heating. All of these are considered aligned.

External sales of maritime transport on own and leased vessels is considered Taxonomy-eligible but does not meet the technical screening criteria.

### CapEx

SCA, as a non-financial corporation that applies IFRS standards, has identified CapEx (investments) in the IAS 16, IAS 38, IAS 41 and IFRS 16 categories. For the purpose of assessing the Taxonomy-eligible investments that meet the criteria, calculations were conducted of the investments that meet any of the criteria a–c:

- (a) pertains to assets or processes linked to the company's economic activities that are currently Taxonomy-eligible
- (b) is part of a plan to increase the company's economic activities that are Taxonomy-eligible or make it possible for economic activities that are Taxonomy-eligible to contribute to environmental objectives within a predefined timeframe
- (c) pertains to purchasing of external goods and services that are the result of economic activities that are aligned with the Taxonomy and individual measures that makes it possible to become low-carbon or lead to reduced greenhouse gas emissions, as well as individual measures for building renovation in accordance with what is stated in the delegated acts.

In 2023, Taxonomy-eligible CapEx largely comprises the acquisition of forest land and investments in own wind power. Investments in forest management mainly consist of acquisitions of forest land in the Baltic region and Sweden. Costs also include investments in forest roads, capitalized silviculture and lease contracts linked to forestry machines. Since SCA's forestry management is deemed to

meet the technical screening criteria, these investments are considered aligned.

Other investment expenditure encompasses increased tall oil production and the construction of a new container port. Some investments were also made to improve the production and delivery of electricity and district heating as well as the continued expansion of charging infrastructure for electric cars.

In 2023, no share of CapEx was financed through green bonds or subsidies. Currently, no activities are covered by a CapEx plan.

### OpEx

Operating expenditure includes, in accordance with the Taxonomy's definition, direct costs that are not recognized as assets and that concern research and development, renovation of buildings, current leases, maintenance and repairs and other direct operating expenditures that concern daily maintenance required to ensure the continued operation and appropriate function of tangible fixed assets.

For the purpose of assessing the Taxonomy-eligible operating expenditure that meets the criteria, calculations were conducted of the operating expenditure that meets any of the criteria a–c:

(a) pertains to assets or processes linked to the company's economic activities that are currently Taxonomy-eligible

(b) is part of a plan to increase the company's economic activities that are Taxonomy-eligible or make it possible for economic activities that are Taxonomy-eligible to contribute to environmental objectives within a predefined timeframe

(c) pertains to purchasing of external goods and services that are the result of economic activities that are aligned with the Taxonomy and individual measures that makes it possible to become low-carbon or lead to reduced greenhouse gas emissions, and individual measures for building renovation in accordance with what is stated in the delegated acts.

Only accounts that contain operating expenditure of at least SEK 1m were taken into consideration when calculating category c) above.

In evaluating this expenditure, only invoices of at least SEK 0.5m were taken into consideration. In 2023, most of Taxonomy-eligible operating expenditure comprised other direct operating expenditure.

The main operating expenditure classified as aligned comprises silvicultural measures in own forest such as costs for thinning, planting and soil scarification. In addition, there is also equipment maintenance to perform similar services on behalf of other forest owners.

For energy production, maintenance costs were calculated as a share of the facility's total maintenance costs based on the need for maintenance for the facility's different departments.

Silvicultural measures and energy production are deemed to be aligned since this operating expenditure is linked to activities that are considered as aligned with the technical screening criteria. Operating expenditure linked to own vessels was included as eligible but not aligned, since the vessels have CO<sub>2</sub> emissions that do not meet the technical screening criteria.

## Taxonomy-eligible proportion by environmental objective

The table specifies the proportion of the company's economic activities that contribute to any of the EU's six environmental objectives. For the first and second objectives, both the proportion that is Taxonomy-eligible and the proportion that is Taxonomy-aligned is specified, 2021/2139. For other objectives, the reporting requirement for 2023 only covers the Taxonomy-eligible proportion, 2023/2486. If an activity contributes to several objectives, the entire amount was counted for each objective.

Environmental objectives, EU	Proportion of turnover/ Total turnover		Proportion of CapEx/ Total CapEx		Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
1. CCM	6%	7%	39%	42%	24%	26%
2. CCA	0%	0%	0%	0%	0%	0%
3. WTR	N/A	0%	N/A	0%	N/A	0%
4. CE	N/A	0%	N/A	0%	N/A	0%
5. PPC	N/A	0%	N/A	0%	N/A	0%
6. BIO	N/A	0%	N/A	27%	N/A	22%

CCM Climate change mitigation  
CCA Climate change adaptation  
WTR Water and marine resources

CE Circular economy  
PPC Pollution prevention and control  
BIO Biodiversity and ecosystems



Turnover	Year 2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Proportion Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2), year 2022	Category enabling activity	Category transitional activity
	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities		SEKm	%	Y/N	N/EL	Y/N	N/EL	Y/N	N/EL	Y/N	N/EL	Y/N	N/EL	Y/N	N/EL	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Forest management	CCM 1.3	329	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
Electricity generation from wind power	CCM 4.3	65	<1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	512	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%		
District heating/cooling distribution	CCM 4.15	124	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	<1%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	259	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
<b>Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>1,289</b>	<b>6%</b>	<b>6%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>4%</b>		
of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
of which transitional activities		0	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	276	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
<b>Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>276</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>3%</b>		
<b>Total (A.1 + A.2)</b>		<b>1,565</b>	<b>7%</b>	<b>7%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>7%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>Turnover of Taxonomy-non-eligible activities (B)</b>		<b>19,830</b>	<b>93%</b>														<b>93%</b>		
<b>Total (A + B)</b>		<b>21,395</b>	<b>100%</b>														<b>100%</b>		

### Assessment of the compliance of economic activities with the EU taxonomy

A description is given below of the assessment carried out for how each economic activity complies with the technical screening criteria and the do no significant harm criteria (DNSH) for any of the other environmental objectives. Fulfilment of the minimum social safeguards requirements has been described earlier in this section.

#### CCM 1.3. Forest management

SCA is Europe's largest private forest owner. The company's forest management is certified according to FSC and PEFC. This means the company, in addition to applying national forestry legislation, also meets internationally accepted principles and criteria for responsible forest management. The company has forest management plans to ensure active forest management with a sustainable use of the forest's resources and ecosystem services. These forest management plans encompass ecological landscape plans that document areas with high conservation values and form the basis of the company's strategy to preserve and develop the forest's biodiversity. The forest management plans are updated regularly. Through inventories of the forest holding every five to ten years, the company's harvesting plans are updated to ensure sustainable timber extraction. Since the annual harvesting is lower than the annual growth, net growth of biomass occurs each year and thereby results in a net uptake of CO<sub>2</sub> from the atmosphere. This is part of the company's climate benefit as described in the climate section of this Annual Report. The standing volume trend (net growth) is regularly verified and reported using the SLU Swedish National Forest Inventory and own inventories. These measurements indicate

increased carbon stocks over time in terms of the company's entire holding. The calculations include all relevant carbon pools and comply with IPCC guidelines for greenhouse gas inventories. Internal and external audits are carried out each year of the company's forest management using the FSC and PEFC certification systems. The company's climate risk assessment is reported in the risk section of the Board of Directors' Report. The company has planted contorta pine in a small portion of the forest holding. Contorta pine is not a domestic tree species but may legally be planted in Sweden. The Swedish Forest Agency, which is the responsible authority, does not consider it an invasive species. With its much higher survival and growth rate, it makes a significant contribution to the forest's net uptake of CO<sub>2</sub> from the atmosphere and thereby helps to mitigate climate change. Guidelines are in place to avoid negative impact on environmental values during forestry measures. Specific actions are taken to preserve and restore watercourses and wetlands. Similarly, regulations and procedures exist to avoid discharges of, for example, hydraulic oil and to minimize the impact such a leak could have on soil and water were it to happen. The activity is considered aligned.

#### CCM 4.3. Electricity generation from wind power

SCA owns one wind farm. Substantial contributions to mitigate climate change are considered to be fulfilled since the farm generates and sells renewable electricity from onshore wind power. Through the environmental impact assessment, environmental permits obtained and plan to manage the future dismantling of the farm, the relevant DNSH criteria are considered to have been met. The activity is considered aligned.

CapEx	Year 2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Proportion Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2), year 2022	Category enabling activity	Category transitional activity
	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities		SEKm	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Forest management	CCM 1.3	897	27%	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	19%		
Electricity generation from wind power	CCM 4.3	267	8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	13%		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	87	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
District heating/cooling distribution	CCM 4.15	21	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	<1%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	10	<1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	<1%		
Transport by motorcycle, passenger car and light commercial vehicle	CCM 6.5	2	<1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	8	<1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	<1%	E	
<b>CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>1,292</b>	<b>39%</b>	<b>39%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>34%</b>		
of which enabling activities		8	<1%	<1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
of which transitional activities		0	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	99	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>99</b>	<b>3%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>3%</b>		
<b>Total (A.1 + A.2)</b>		<b>1,391</b>	<b>42%</b>	<b>42%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>37%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities (B)		1,922	58%														63%		
<b>Total (A + B)</b>		<b>3,313</b>	<b>100%</b>														<b>100%</b>		

### CCM 4.13. Manufacture of biogas and biofuels for use in transport and of bioliquids

The company extracts and sells tall oil that is a by-product from kraft pulp production. All raw materials used in pulp manufacturing comply with as a minimum FSC Controlled Wood. Tall oil is further refined into liquid biofuel and gives a reduction in greenhouse gas emissions of >90% compared with fossil fuels. Through the pulp mills' environmental impact assessments and environmental permits obtained, the relevant DNSH criteria are considered to have been met. The activity is considered aligned.

### CCM 4.15. District heating/cooling distribution

The company delivers heating to the municipal district heating system. The heat supplied consists of surplus heat and/or heat based on renewable fuels. Through the environmental impact assessments and environmental permits obtained by the industries in question, the relevant DNSH criteria are considered to have been met. The activity is considered aligned.

### CCM 4.20. Cogeneration of heat/cool and power from bioenergy

The company's industrial processes produce co-generated electricity that is used internally or sold externally to the grid. This activity also includes a minor supply of steam produced from bio-fuels. Raw materials to the mills fulfill as a minimum FSC Controlled Wood and the reduction in greenhouse gases is estimated to be approximately 90% as compared to if fossil fuels had been used.

Through the environmental impact assessments and environmental permits obtained by the industries in question, the relevant DNSH criteria are considered to have been met. The activity is considered aligned.

### CCM 6.5. Transport by motorbikes, passenger cars and light commercial vehicles

The company leases a number of cars for passenger transportation. The share that comprises purely electric cars is deemed to meet the technical screening criteria and DNSH criteria as the vehicles do not produce any fossil emissions. The activity is considered aligned.

### CCM 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities

The company conducts ocean freight operations for freight transports on own or leased vessels. Currently, technology is not available to meet the technical screening criteria of the EU taxonomy. The activity is Taxonomy-eligible but is not considered aligned.

### CCM 7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

The company has invested in charging stations for electric vehicles at several of its facilities to enable the electrification of the vehicle fleet. Some of the charging stations are also available to local residents. The activity is considered aligned and is an enabling activity.

OpEx	Year 2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Proportion Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2), year 2022	Category enabling activity	Category transitional activity
	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
Economic activities		SEKm	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Forest management	CCM 1.3	374	22%	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	24%		
Electricity generation from wind power	CCM 4.3	2	<1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	4	<1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	<1%		
District heating/cooling distribution	CCM 4.15	14	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	14	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%		
<b>OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)</b>		<b>408</b>	<b>24%</b>	<b>24%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>Y</b>	<b>26%</b>		
of which enabling activities		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
of which transitional activities		0	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
<b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	CCM 6.10	31	2%	EL	EL	EL	EL	EL	EL								3%		
<b>OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>31</b>	<b>2%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>3%</b>		
<b>Total (A.1 + A.2)</b>		<b>439</b>	<b>26%</b>	<b>26%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>								<b>29%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
<b>OpEx of Taxonomy-non-eligible activities (B)</b>		<b>1,233</b>	<b>74%</b>														<b>71%</b>		
<b>Total (A + B)</b>		<b>1,672</b>	<b>100%</b>														<b>100%</b>		

## Climate change

### Climate impact

SCA is committed to limiting global warming and is actively working to increase the company's contribution by using the forest as a base to reduce society's dependence on fossil material and fossil energy. This includes increasing its own forest's uptake of CO<sub>2</sub> from the atmosphere, by developing and increasing production of renewable products that replace fossil alternatives and by reducing fossil emissions in the value chain from forest to customer. SCA also enables the transition to fossil-free operations for others by providing renewable energy in various forms. This includes surplus heat from the company's plants for delivery as district heating to local municipalities, sales of pellets and unrefined biofuels mainly for heat production, renewable electricity, tall oil that is refined into liquid biofuels and own wind power production and leasing of land for wind power production.

SCA has worked systematically for a long time to reduce its own fossil emissions, for example by transitioning to renewable fuels. The impact of SCA's operations is therefore climate-positive, as the net uptake of CO<sub>2</sub> in the company's forests is more than seven times larger than the fossil emissions throughout the value chain. The climate effect is part of the assessment when investment decisions are taken. The effect is measured using the market price for emission allowances in the EU emission trading system (EU ETS).

The company can see further opportunities for positive impact, principally as the company's products facilitate the phasing out of fossil carbon. Innovation and changing consumer behavior are expected to promote increased demand for forest-based products and new uses are being explored.

Risks for the company linked to climate change are described in the Board of Directors' Report and in Note A1 under Financial notes. A changed climate is expected to have the greatest impact on the forest. The transitional risks are difficult to assess since these are largely dependent on political decisions taken at the national and EU level.

### Climate benefit

The company's total climate benefit is calculated according to a model that takes into consideration the net uptake in the forest, changes in the carbon pools, prevented emissions due to the company's products and fossil emissions in SCA's value chain. The model is described in a report by the Forest Research Institute of Sweden (Skogforsk), report number 1187-2024. This model is a further development of the model SCA published in 2019. Refer

also to [sca.com](https://www.sca.com) for more detailed information and the table on page 155 for comparison.

### Outcome 2023

In 2023, SCA's total climate benefit amounted to 12.8 (13.7) million tonnes CO<sub>2</sub>e. This was a decrease compared with 2022 due to a higher level of harvesting in SCA's own forests and lower volume of solid-wood products sold due to the market situation, which was partly offset by increased volumes of containerboard and pulp.

Fossil emissions in the value chain, Scope 1–3, increased 10% compared with 2022, but decreased by 10% compared with the base year of 2019. The increase compared with 2022 was primarily due to higher transport volumes and a higher share of transport to countries outside Europe. Fossil emissions from industrial sites decreased despite increased production. No fossil emissions were offset through purchased carbon credits.

In 2023, net uptake in SCA's forests in Sweden and the Baltic region amounted to 5.7 (6.6) million tonnes of CO<sub>2</sub>e, of which net growth in productive forest accounted for 4.5 (5.4) million tonnes of CO<sub>2</sub>e. Net uptake on low-productive forest land and the increase in soil carbon contributed a further 1.2 (1.2) million tonnes of CO<sub>2</sub>e. The decrease in net uptake in the productive forest in 2023 compared with 2022 is due to higher harvesting volume and thereby lower net growth in 2023 compared with 2022. Growth can be enhanced through responsible and active forest management, the development of seedling material and planting methods, the use of fast-growing contorta pine on suitable land and through fertilization. The rate of harvesting is lower than the growth, which leads to net growth and thereby a net uptake of CO<sub>2</sub> from the atmosphere.

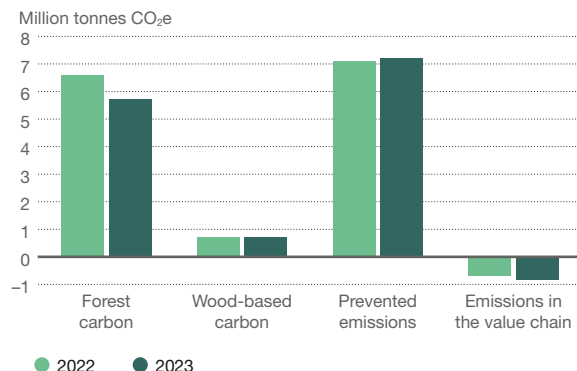
The carbon captured from the atmosphere by the forest in the form of CO<sub>2</sub> is stored during the lifecycle of the products. The net effect of the carbon stored in products amounted to 0.7 (0.7) million tonnes CO<sub>2</sub>e for solid-wood products, pulp and paper products. The calculation takes into account what the products are used for and the recycling rate. More than 90% of the company's solid-wood products are made into long-lived products.

The company's products provide climate benefits as they replace fossil alternatives and thereby facilitate the phasing out of fossil emissions. Prevented emissions amounted to about 7.2 (7.1) million tonnes of CO<sub>2</sub>e in 2023. Innovations and continued development work will provide new opportunities to replace fossil materials and thus further increase climate benefit from forest-based products.

### The climate benefit from SCA's operations corresponds to more than one quarter of Sweden's fossil emissions.

Climate benefit in million tonnes of CO <sub>2</sub> e	2023	2022
Forest carbon (net uptake in own forest)	5.7	6.6
Wood-based carbon	0.7	0.7
Prevented emissions	7.2	7.1
Fossil emissions (Scope 1, 2 and 3)	-0.8	-0.7
<b>Total climate benefit</b>	<b>12.8</b>	<b>13.7</b>

The table shows SCA's climate benefit according to the model described in the Skogforsk report 1187-2024. A comparison with the previous model is presented on page 155.



The change between the years is explained in the above text.

### Updated model for calculating climate benefit – comparison with previous model from 2019

As of 2023, SCA will calculate and report the company’s total climate benefit using an updated model. See Skogforsk’s report number 1187-2024. In order to facilitate a comparison with outcomes from earlier years, outcomes are presented for both models in the table below.

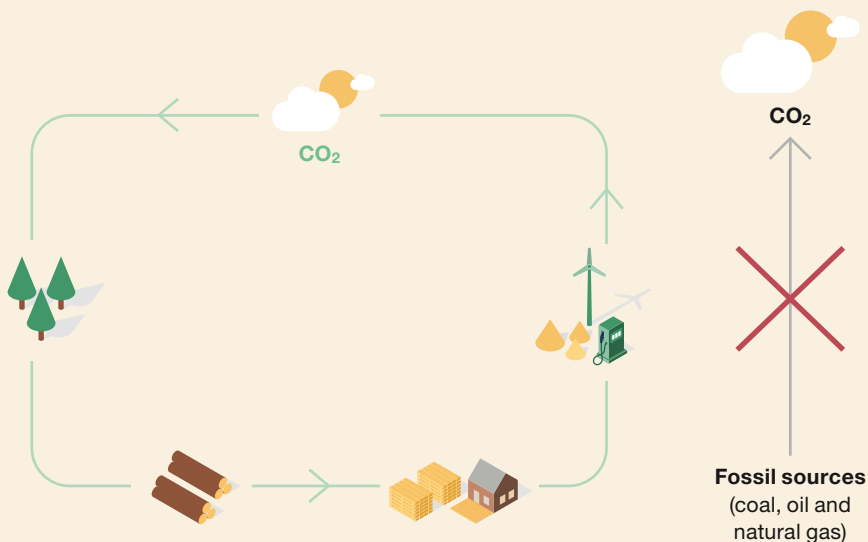
Million tonnes of CO <sub>2</sub> e	Climate benefit updated model		Climate benefit model published 2019		Comments
	2023	2022	2023	2022	
<b>Forest carbon</b>					
Net uptake in growing productive forest	4.5	5.4	4.5	5.4	Uptake: 1.375 tonnes CO <sub>2</sub> e/m <sup>3</sup> fo in net growth
Net uptake on non-productive forest land <sup>1)</sup>	0.4	0.4	N/A	N/A	Uptake: 1.231 tonnes CO <sub>2</sub> e/hectare/year
Net increase in soil carbon <sup>1)</sup>	0.8	0.8	N/A	N/A	Net change in soil carbon during the year. Factor 0.36 tonnes CO <sub>2</sub> e/hectare forest land
<b>Wood-based carbon</b>					
Wood products <sup>1)</sup>	0.4	0.5	N/A	N/A	Half-life 20 years. Factor 0.25 tonnes CO <sub>2</sub> e/tonne CO <sub>2</sub> in product.
Wood-fiber-based products (pulp and paper) <sup>1)</sup>	0.3	0.2	N/A	N/A	Half-life 2 years. Factor for pulp 0.05 and for containerboard 0.15 tonnes CO <sub>2</sub> e/tonne CO <sub>2</sub> in product. Recycling rate 30% and 80%, respectively.
<b>Prevented emissions (potential)<sup>2)</sup></b>					
Wood products	2.8	2.9	2.7	2.8	Factor 1.5 tonnes CO <sub>2</sub> e/tonne CO <sub>2</sub> in product.
Wood-fiber-based products (pulp and paper)	3.4	3.2	1.9	1.8	Factor between 1.0 and 1.5 tonnes CO <sub>2</sub> e/tonne CO <sub>2</sub> in product.
Energy products <sup>3)</sup>	1.0	1.0	0.8	0.8	Based on energy amount replaced. Factor 0.8 tonnes CO <sub>2</sub> e/tonne CO <sub>2</sub> in product.
<b>Fossil emissions</b>					
Fossil emissions in the value chain, Scope 1–3	-0.8	-0.7	-0.8	-0.7	No change compared with earlier reports
<b>Total climate benefit</b>	<b>12.8</b>	<b>13.7</b>	<b>9.1</b>	<b>10.1</b>	

<sup>1)</sup> New component to harmonize with national reporting.

<sup>2)</sup> Prevented emissions was previously referred to as substitution effect. Greater granularity in calculation based on the product’s area of application. Carbon content in product restated as CO<sub>2</sub>.

<sup>3)</sup> Own wind power is included in energy products.

### Biogenic and fossil carbon



**BIOGENIC CARBON** is part of a circular flow. Growing trees absorb CO<sub>2</sub> from the atmosphere through photosynthesis and store this as biomass. A small amount of the carbon flow is harvested every year and used in wood-based products that store the carbon during their lifecycle. Most of the carbon eventually returns as biogenic emissions to the atmosphere as CO<sub>2</sub> that new growing trees capture and convert into new biomass. Biogenic emissions from wood-based products are therefore part of a circular flow and thus do not contribute to global warming. Managed forests and wood-based products accumulate carbon over time, which reduces levels of CO<sub>2</sub> in the atmosphere. This is also shown in Sweden’s national climate reporting, where the LULUCF component indicates a very high annual net storage in the forest. Biogenic emissions from wood-based products should therefore not be counted separately but be included in concurrent storage in the forest.

**FOSSIL CARBON** has been formed over a very long period of time and is stored as coal, oil and natural gas. When the fossil carbon is mined or extracted and used as energy or in products, it will accumulate and increase the level of CO<sub>2</sub> in the atmosphere and thus contribute to global warming.

### Biogenic emissions

Biogenic CO<sub>2</sub> emissions occur when biological material decomposes, is consumed by flora and fauna or burned. This is entirely natural and the natural carbon flows, both uptake and emissions, are greater than the share of carbon flows used by people. Human activity impacts biogenic carbon flows, for example, through the use of biological material for bioenergy, so the stored carbon is released and returned to the atmosphere faster than it would otherwise, but also by preventing natural forest fires, which postpones emissions of biogenic CO<sub>2</sub>. According to the climate convention, net emissions and net uptake of CO<sub>2</sub> that take place during a carbon cycle in the forest and on land for the land-use sector (LULUCF) is to be reported in the country where the biomass is produced. The biogenic CO<sub>2</sub> emissions from, for example, the incineration of bio-fuel is therefore not reported separately as emissions in the energy sector as this would otherwise result in double counting. It can however be included in reporting as information.

### Toward a fossil-free value chain

SCA's objective is to make the entire value chain fossil-free. One interim target is to halve fossil emissions between 2019 and 2030, which is in line with the Paris agreement's 1.5°C target. Through systematic work with efficiency enhancements and a transition to biofuels, emissions from SCA's industries have decreased and industrial processes are almost entirely fossil-free. Some 36% (41) of fossil emissions in the value chain are from own operations and from purchased energy while about 64% (59) are from sources outside the company's facilities.

### The largest emission sources

The single largest source of emissions is transportation. This accounts for 47% (37) of total emissions. Raw materials are transported to SCA's production plants and finished products are delivered to customers around the world. SCA uses sea, rail and road transportation depending on distance and the transport systems accessibility, in order to achieve the lowest climate impact and energy use. The choice of fuel is reviewed as renewable fuels

become more available. Transportation by rail is a carbon-efficient mode of transportation, which is prioritized wherever possible. About half of timber transport, measured as transport work, is conducted by rail. However, the lack of a reliable railway network limits options. Other measures include optimizing transport routes, load utilization and ecodriving to minimize emissions and transport costs. Electrification of terminal handling and road transport by truck has begun.

After transportation, the remaining fossil fuels used in industrial processes and the manufacturing of input goods represent the largest source of emissions. Various measures are taken to reduce use in our own operations and by the company's suppliers. One example is the investment in a pellet-fired lime kiln at the paper mill in Obbola that began operating in conjunction with the expansion project.

Work is ongoing to update and further specify action plans to reduce emissions.

### Examples of activities to reduce fossil emissions

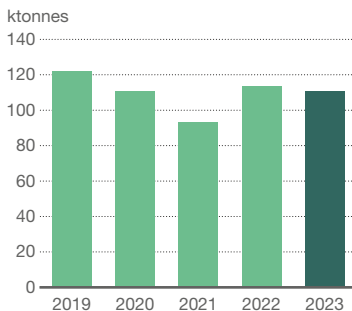
The pellet-fired lime kiln in Obbola will remove a source of fossil oil consumption of approximately 8,000 m<sup>3</sup>, corresponding to approximately 22,000 tonnes of CO<sub>2</sub>e in Scope 1 and 1,700 in Scope 3 per year, when it reaches full capacity.

Several different initiatives are underway to reduce emissions from transportation. The installation of frequency converters in our own vessels has reduced fuel consumption and saves approximately 2,400 tonnes of CO<sub>2</sub>e in Scope 1 and approximately 500 in Scope 3 per year.

The evaluation of the electric truck for heavy transports of wood raw materials continued in 2023. Each such vehicle saves approximately 55 tonnes CO<sub>2</sub>e per year in Scope 1.

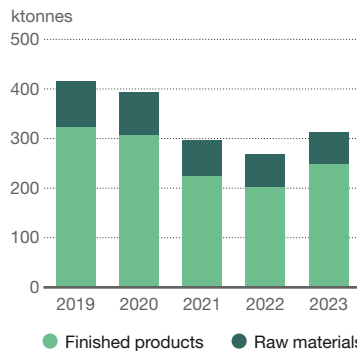
The electrification of the passenger car fleet is accelerating. To date, 25% of cars are purely electric or plug-in hybrids. Adjacent to SCA's operations and offices, about 100 electric car chargers have been installed to facilitate more electrification and are partly accessible to local residents.

### Carbon emissions from industry, fossil CO<sub>2</sub>



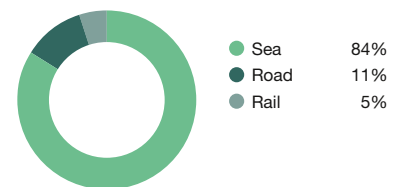
In 2023, emissions decreased due to lower oil consumption while production volumes increased as completed investments were commissioned.

### Carbon emissions from transportation, fossil CO<sub>2</sub>



In 2023, CO<sub>2</sub> emissions grew due to larger delivery volumes as investments were completed, as well as increased exports to countries outside Europe. The diagram shows tank-to-wheel.

### Distribution of transport work



Sales to other continents have fallen slightly, which has led to a minor decrease in the proportion of ship transports. For land transportation, approximately one third is conducted by rail.

## GHG emissions

The Group's fossil-fuel emissions in the value chain from forest operations to the customers' gate. The objective for emission reductions applies to Scope 1, 2 and 3 jointly, not broken down by scope. Biogenic emissions are not reported in the table.

Greenhouse gas emissions in thousand of tonnes of CO <sub>2</sub> e	Retrospectively			Milestones and target years	
	Base year 2019	Outcome 2022	Outcome 2023	2023 / 2022, %	Annual target % / Base year
<b>Scope 1 GHG emissions</b>					
Gross Scope 1 GHG emissions	278	261	258	-1%	
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	36%	55%	56%		
<b>Scope 2 GHG emissions</b>					
Gross location-based Scope 2 GHG emissions	58	46	33	-29%	
Gross market-based Scope 2 GHG emissions	111	59	60	2%	
<b>Significant scope 3 GHG emissions</b>					
Total Gross indirect (Scope 3) GHG emissions	571	433	521	21%	
1 Purchased goods and services	141	158	152	-4%	
2 Capital goods <sup>2)</sup>	N/A	N/A	N/A		
3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	59	47	48	2%	
4 Upstream transportation and distribution	363	223	319 <sup>4)</sup>	43%	
5 Waste generated in operations	3	4	3	-36%	
6 Business traveling	4	<1	<1	-17%	
7 Employee commuting <sup>2)</sup>	N/A	N/A	N/A		
8 Upstream leased assets <sup>1)</sup>	N/A	N/A	N/A		
9 Downstream transportation <sup>2)</sup>	N/A	N/A	N/A		
10 Processing of sold products <sup>3)</sup>	N/A	N/A	N/A		
11 Use of sold products <sup>3)</sup>	N/A	N/A	N/A		
12 End-of-life treatment of sold products <sup>3)</sup>	N/A	N/A	N/A		
13 Downstream leased assets <sup>1)</sup>	N/A	N/A	N/A		
14 Franchises <sup>1)</sup>	N/A	N/A	N/A		
15 Investments <sup>3)</sup>	N/A	N/A	N/A		
<b>Total GHG emissions</b>					
Total GHG emissions (location-based)	907	740	813	10%	-50%
Total GHG emissions (market-based)	960	753	843	12%	-5%

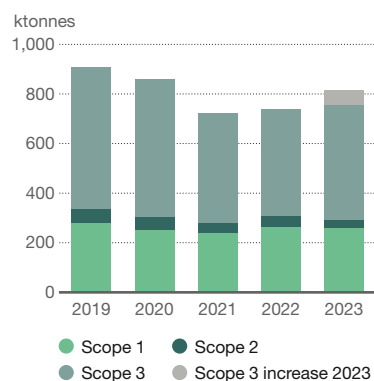
<sup>1)</sup> Not applicable to SCA's operations.

<sup>2)</sup> Category not considered relevant since emissions are <1% of total emissions.

<sup>3)</sup> Emissions are considered low but reliable data is not available.

<sup>4)</sup> From 2023, the scope of reporting has been extended to include well-to-tank emissions for purchased transportation, which increased Scope 3 emissions by 58 ktonnes.

## GHG emissions, CO<sub>2</sub>e



In 2023, fossil emissions from the entire value chain amounted to about 0.8 million tonnes of CO<sub>2</sub>e. This amounts to an increase compared with the year-earlier period as a result of increased transport work, but a decrease of 10% compared with the base year of 2019. Scope 1 includes emissions from SCA's own vessels.

Some 36% (41) of fossil emissions in the value chain are from own operations and from purchased energy while approximately 64% (59) are from sources outside the company's facilities.

From 2023, the scope of reporting has been extended to include well-to-tank emissions for purchased transportation, which increased Scope 3 emissions by 58 ktonnes.



SCA is a net producer of bioenergy and the surplus is sold in the form of pellets and unprocessed products such as chips and bark.

**Energy**

The forest industry is a major energy consumer as well as a major energy producer. A large share of the energy used is from the industry’s own value chain and own production of renewable energy. SCA is a net producer of bioenergy and the surplus is sold in the form of pellets and unprocessed products such as fuel wood chips and bark. Electricity is produced through co-generation and own wind power.

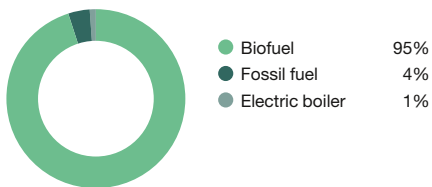
SCA has, for a long time, worked in a structured manner to replace fossil fuels with renewables. Fuel supply to the industrial facilities is today almost fossil-free at 95% (95) fossil-free. In conjunction with the major investment to increase liner production

capacity in Obbola, an oil-fired lime kiln that used about 8,000 cubic meters of oil per year has been replaced.

Calculations for energy consumption at a production facility include purchased energy (heating, electricity and fuel), energy generated from wood, liquor, bark, sludge and waste paper, and internal generation of electricity. A large portion of the energy used by SCA comes from the incineration of wood residuals and from electricity produced through co-generation.

Any internally generated surplus electricity is supplied to the national grid. SCA also delivers energy to the district heating grid by utilizing secondary heat from the processes and in this way replaces fossil fuels at municipal heating plants. A by-product from the Group’s kraft pulp mill is tall oil, which is sold externally and further

**Distribution of fuel supply**



In 2023, SCA’s fuel consumption for steam production, was 95% (95) fossil-free. Refers to Swedish production facilities.



## Total energy consumption<sup>1) 2)</sup>

MWh	2023	2022	2021
<b>Fuels</b>			
Coal	0	0	0
Oil and petroleum products	608,321	791,758	518,980
Natural gas	0	0	0
Other fossil fuels	12,959	16,867	21,890
<b>Non-renewable fuels, total</b>	<b>621,280</b>	<b>808,625</b>	<b>540,870</b>
<b>Renewable fuel<sup>3)</sup>, total</b>	<b>9,288,315</b>	<b>8,968,570</b>	<b>10,357,038</b>
<b>Purchased electric power, heating and steam</b>	<b>1,109,296</b>	<b>779,267</b>	<b>989,491</b>
of which renewable	770,328	541,599	694,982
of which non-renewable	338,968	237,668	294,510
<b>Total energy consumption</b>	<b>11,018,891</b>	<b>10,556,463</b>	<b>11,887,399</b>
Share of renewable sources of total energy consumption	91%	90%	93%

<sup>1)</sup> Includes production facilities and forestry operations. For data collection, see page 140.

<sup>2)</sup> The table for total energy consumption in the 2022 Annual Report reported only production facilities and not forestry operations and own logistics operations, which was erroneously indicated. The error had no impact on operations.

<sup>3)</sup> Renewable fuel refers to liquor, bark, wood pellets, sludge and reject.

refined into bioliquid. The joint-owned biorefinery in Gothenburg began operating at the end of 2023.

Since 2003, SCA's energy-efficiency program, ESAVE, has contributed to energy savings and improved efficiency. The target for the current 2020–2025 program period is energy-saving measures of at least 35 GWh per year. An ESAVE network is established in the Group and comprises energy assessments, investments in energy-efficient technical solutions, a focus on continuous improvements and promoting greater awareness among employees. Target breakdowns are carried out centrally and each business area is responsible for their own action plans, and for ensuring that energy-saving activities are initiated and undertaken. An evaluation and follow-up of outcomes are conducted every quarter, where best practices are

## External sold energy by-products

		2023	2022	2021
Electricity (co-generated)	TWh	0.45	0.40	0.40
District and waste heat	TWh	0.44	0.38	0.47
Solid biofuels <sup>1)</sup>	TWh	1.3	2.0	2.5
Tall oil, turpentine	ktonnes	47	48	47

<sup>1)</sup> Including volumes from operations where SCA has total responsibility for sales.

Biofuels sold, 1.3 TWh, and district heat deliveries, 0.4 TWh, together equivalent to heating approximately 120,000 homes.

Through its energy efficiency, the pulp mill in Östrand contributes to a surplus of green electricity of 0.45 TWh that is sold to the grid, which corresponds to a midsize power station.

Installed wind power capacity (under normal wind conditions) on SCA's land amounted to 9.0 TWh per year in 2023. Production of own wind power amounted to 0.15 TWh.

shared and experiences exchanged between the Group's different units. The network has annual focus areas to broaden knowledge within the company and ensure proactive work to enhance energy efficiency. In 2023, the energy target was achieved through efficiency improvements in secondary heat systems with better use of energy from flue gas, optimized steam for boiler cleaning and speed control of pumps and fans. All new equipment should be energy efficient by design. In 2023, SCA had seven units subject to the EU Emissions Trading System (EU ETS).

In 2023, SCA delivered 1,809 TJ (1,428) of thermal energy externally and purchased 464 TJ (479). 434 TJ (178) of energy sold was steam. No cooling was purchased or sold.

## Climate change adaptation

SCA has used scenario analysis to identify any need to adapt its operations or facilities to a changing climate. The scenario analysis was based on two different scenarios. One with a higher and one with a lower temperature increase, where the 1.5°C target is achieved in the latter scenario. The analysis and conclusions are described in the risk section in the Board of Directors' Report. For SCA's operations, the main risks due to climate change have been identified for the forest and the conditions for forest operations.

The forest may be impacted by more frequent extreme weather conditions, such as storms and torrential rain, longer periods of drought and shorter winter seasons. SCA is participating in a number of research projects to increase knowledge about how and when conditions may change and how to manage or prevent this in the best way. This could involve changing forest operation methods,

choice of tree species and greater variation in the forest. Another area is knowledge about pests and fungi and the best way to handle these.

Currently, no need has been identified to adapt the company's sites to a changing climate. A sharp increase in freshwater supply temperatures could lead to an increased need for cooling capacity during warm seasons. The company's coastal sites are located in areas with substantial land elevation, which is deemed to mitigate any rise in sea levels.

The possible need to adapt to climate change in the value chain outside the company's direct control has not yet been analyzed in detail.

# Pollution

SCA's operations entail the risk of negative impacts due to actual or potential emissions to water, air and land. The company's total emissions are influenced by the level of production, product portfolio and uniformity in production. SCA's production facilities hold environmental permits, which regulate emissions, among other parameters. The company has control systems in place to ensure compliance with permits issued and to quickly flag if a fault were to arise. A number of procedures exist to minimize the risk of emissions in connection with forestry measures and follow-up includes on-site internal audits. SCA requires its suppliers to minimize risks for emissions in the value chain. Fossil emissions are reported in the Climate change section.

## Water

Almost 100% of all water used is returned to the recipient, which for SCA is the Gulf of Bothnia. The greatest share of the water, 70%, is used as cooling water and has never been in contact with the process so it can be discharged directly at a slightly elevated temperature. Some 30% of the water is process water reused in several stages before it is eventually treated both mechanically and biologically before being discharged. Mechanical treatment removes suspended solids, sand and particles. Biological treatment reduces dissolved solids and pollutants that affect chemical oxygen demand (COD).

Emissions to water relates to suspended solids, COD, chloro-organic compounds (AOX), nitrogen and phosphorous. SCA monitors water consumption and the quality of effluent water with process control and control programs. By 2030, SCA is aiming to reduce particle emissions to water by 10%.

Timber is watered at a few timber terminals and is subject to an environmental permit. This water is treated separately.

## Air

Air emissions comprise all combustion units at SCA's production facilities, regardless of fuel, as well as emissions from purchased electricity and thermal energy. When energy is supplied to an external facility, air emissions are reduced in the report in relation to the energy amount delivered. In addition to fossil CO<sub>2</sub>, dust, NO<sub>x</sub> and SO<sub>2</sub> are the emissions to air with the greatest impact and that are also covered by the industries' environmental permits.

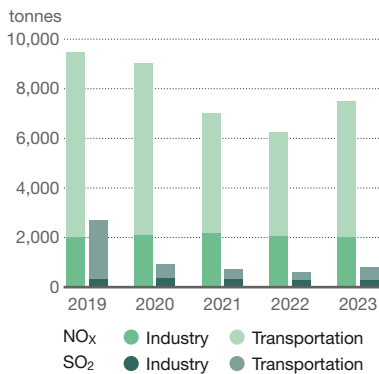
A large portion of air emissions are generated by transportation. SCA works to reduce emissions by increasing the fill ratio, training in ecodriving, applying various techniques to reduce fuel consumption, and prioritizing transport means with less environmental impact.

The largest share of transport work is conducted by ship with SCA-owned RoRo vessels, or other cargo ships. SCA uses external suppliers for most of its road transportation. Heavy vehicles, known as 74-tonne vehicles, contribute to more efficient transportation with lower emissions. The 74-tonne vehicles are used for timber transportation where possible considering the bearing capacity of road bridges.

## Soil

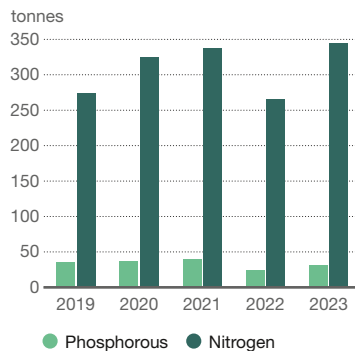
There are no emissions to soil in the normal course of operations. Emissions to soil could occur in the event of accidents. Soil pollutants from historical activities are present at the company's sites and are managed in accordance with national laws. In forest operations there is a risk of leakage of hydraulic oil and fuel in the event of an accident. Preventive measures are implemented to minimize the risk of this occurring and to minimize the impact should an accident occur.

**Emissions to air from industry and transportation, NO<sub>x</sub> and SO<sub>2</sub>**



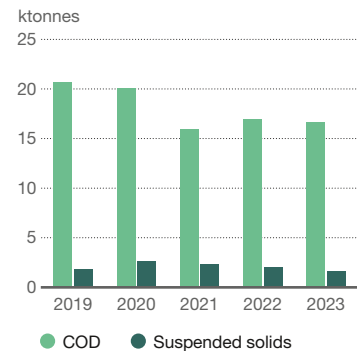
Emissions of nitrogen oxides and sulfur dioxide from transportation increased in 2023 and follows an increase in transport work.

**Emissions to water from industry, phosphorous and nitrogen**



Emissions of phosphorous and nitrogen increased in 2023 as a result of investments started to operate during the year.

**Emissions to water from industry, COD and suspended solids**



Emissions of COD increased marginally in 2023 compared with the preceding year. Suspended solids continued to decrease as a result of optimized wastewater treatment processes.

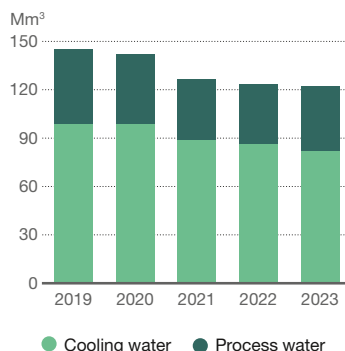
## Water resources

Water issues are increasingly important from a global resource perspective even if Sweden is a country with low risk for general water shortages.

SCA's industrial plants are located in northern Sweden in areas with a plentiful supply of water in the form of large rivers and almost 100% of the supply of water to the plants is surface water from these watercourses. The remaining water is from municipal water systems. Most water is used by SCA's industries for cooling and has not been in contact with process media.

SCA is striving to reduce water usage and is aiming to cut specific process water use at its industries by 5% by 2030, compared with the base year of 2020. In 2023, total water usage decreased but the specific process water use increased as new plants began operating.

### Water usage



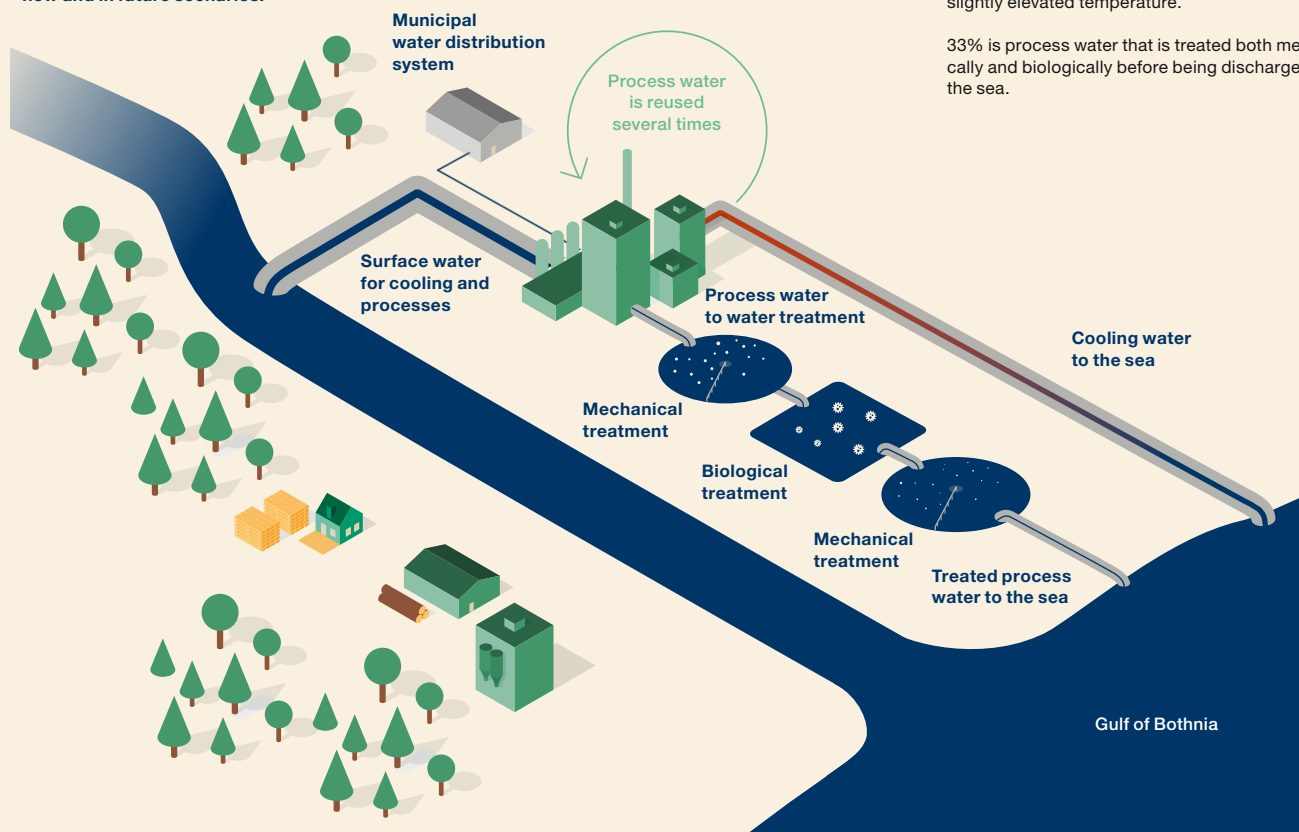
Process water is the portion of water intake that has contact with the process and is treated in a wastewater treatment facility before it is discharged to the recipient.

### Responsible water management

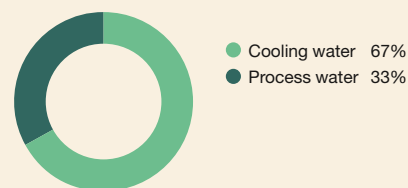
SCA's plants are located in northern Sweden in areas with plentiful supply of water and almost 100% of the supply of water is from surface water from the rivers Piteälv, Umeälv and Indalsälven. SCA's total withdrawal of water from the three rivers constitutes as little as approximately 0.4% of their total annual average flow.

Almost 100% is returned to the recipient Gulf of Bothnia.

**SCA's industries are located in areas with low water stress – now and in future scenarios.**



### Distribution of used water



67% of SCA's water intake is used as cooling water and has no contact with the manufacturing process but can be discharged directly into the sea at a slightly elevated temperature.

33% is process water that is treated both mechanically and biologically before being discharged into the sea.

## Forest management and biodiversity

### Responsible forest management

The forest is at the core of SCA's operations. SCA's goal is that the forests remain at least as rich in biodiversity, nature experiences and raw material in the future as they are today. SCA conducts responsible, long-term and profitable forest management that have resulted in SCA having well-managed forests that contribute to biodiversity as well as conservation and recreational values and at the same time, the standing volume is growing in the forest allowing an increasing volume of renewable raw material to be harvested.

Nature conservation is an integrated part of the way SCA manages the forests – also in forests that do not currently have any particular conservation values. This means that nature conservation is always part of the forest operations, such as road construction, soil scarification, pre-commercial thinning, thinning, fertilization and regeneration felling. SCA refers to this as a basic environmental consideration.

The processes in the forests are long and it takes almost a century for a tree to become mature enough for harvesting and many processes in nature take even longer. SCA's forest management planning therefore extends across 100 years. Every tree that is harvested is replaced with at least two new ones. During 2023, SCA's nurseries delivered 103 (98) million seedlings, of which some 45 (40) million were planted in SCA's own forests. SCA offers a range of forestry services to private forest owners, one of which is "New forest with regeneration guarantee" where SCA takes full responsibility for soil scarification and planting and conducts a regeneration control, at the latest, two years after the planting.

### Certified forest management

SCA's forestry has long been certified in accordance with international forest management standards, Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), which aim to ensure responsible forest management.

SCA contributes together with other social, environmental and economic stakeholders, in developing FSC's and PEFC's standards and operations. SCA's forest operations received the FSC certificate in 1999 and the PEFC certificate in 2011.

### Responsible raw material sourcing

All wood raw material used in SCA's products must originate from responsibly managed forests. This applies to SCA's own forest and to the wood purchased from other forest owners. When sourcing wood, SCA works systematically to ensure good working conditions and appropriate nature conservation measures, also outside the company's own forests.

All wood raw material bought by SCA is therefore covered by Chain of Custody (CoC) rules and must at least fulfill the requirements of the FSC Controlled Wood Standard (FSC CW). This means the wood must not come from controversial sources, which includes wood from illegal logging, from forests with high conservation values where these values are threatened by forest operations and forests where the rights of indigenous people or human rights are being violated. SCA's timber procurement is third-party certified according to PEFC and FSC Chain of Custody. SCA works to continuously increase the percentage of wood raw material from certified forests and encourages private forest owners with whom SCA does business to certify their forests. SCA also encourages non-certified landowners to apply the same on-site retention standards as those deployed in SCA's own forests. This is referred to as SCA retention and corresponds to the FSC standard. In 2023, 66% (60) of wood raw material consumed was from FSC or PEFC certified forest operations and 9% (9) was harvested by SCA on the land of private forest owners, with SCA retention. The remaining volume is sourced in compliance with the requirements in FSC CW. The increase in the certified share is mainly due to a higher share from SCA's own forest.

### Responsible fiber sourcing



SCA's timber unit and marketing function are responsible for sourcing wood raw material for the production of wood, pulp and paper products. The raw material sourcing is third-party certified according to PEFC and FSC Chain of Custody (CoC). The largest amount of raw material is derived from certified forest operations. All raw material from the company's own forests is included in this share. The remaining volumes are CoC certified in accordance with FSC CW, of which half is from felling where the proportion of forest set aside for nature conservation corresponds to FSC requirements (SCA retention). SCA encourages its external suppliers to certify their forest management to increase access to certified raw materials.

Country of origin, percentage of consumed	2023	2022
Sweden	94.0%	95.5%
Baltic region	4.3%	3.4%
Finland, Norway	1.7%	1.1%

SCA's production facilities used 10.3 million (10.4) cubic meters of wood raw material in 2023. Almost all wood raw material is sourced from northern Sweden.

### Nature conservation strategy promotes biodiversity

The development and preservation of biodiversity in the company's forests is the most important environmental target in the management of the forest. Areas that provide vital habitats for sensitive flora and fauna are either excluded from harvesting through voluntary set-asides, enhanced through active conservation measures, or maintained using various levels of environmental consideration. Forest set aside from harvesting or managed using continuous cover forms of forest management are included in our ecological landscape plans, which SCA has developed for its entire holding. The ecological landscape plans are continuously revised in line with SCAs nature conservation strategy, entailing that forests with the highest conservation values are set aside or harvested using continuous cover forms of forest management. This work requires a high level of expertise among employees, extensive inventories of conservation values in the company's forests and stakeholder dialogues. For many years, ecological landscape planning has included dialogue with the county administrative boards and the Swedish Environmental Protection Agency about forest that is best suited for formal protection.

SCA also manages five conservation parks. The parks are larger forest areas that SCA manages to benefit sensitive flora and fauna and highlight cultural heritage and recreational values. Stakeholder dialogues are held every year on how the forest should be managed with regards to the different conservation values in the park. A diverse range of measures and management methods are tested in the parks to strengthen existing conservation values and create new ones.

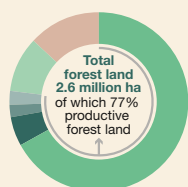
### Baltic region

SCA's forests in the Baltic region currently encompass approximately 62,000 hectares forest land. To ensure responsible forest management in line with the Group target for valuable forests, all forests in the Baltic region are certified under FSC and PEFC. As an important element in these activities, forests with high conservation values (HCV) are identified and managed so the conservation values are maintained or strengthened. This means that 17% of forest in the Baltic region is protected as voluntary set-asides (in addition to legal requirements) or receives special management with adapted retention. 80% of the forest is managed with basic retention using standard requirements in respect to buffer zones, tree groups, old trees and dead wood. Active and responsible forest management also ensures strong growth that contributes to significant sequestration and storage of CO<sub>2</sub> in the growing forest and in the timber harvested.

Type of consideration, % of total forest land	2023
Voluntary set-asides	5%
Expanded retention <sup>1)</sup>	12%
Basic retention	80%
Non-productive forest land	3%

<sup>1)</sup> Expanded retention encompasses combined targets and adapted retention.

### Distribution of different types of on-site retention in the Swedish holding<sup>1)</sup>



The level of on-site retention indicates the balance between production and nature conservation, or in certain cases social values. For example, >50% retention leaves >50% of the stand untouched after harvest.

Consideration category	Share of total area, %		Share of productive forest land area, %		Consideration share by category	
	Ambition	2023	Ambition	2022	2023	2022
● Basic retention (~15% retention) – of which saved stand of seed trees (30–80 tree/hectare)	67	88	87	88.5	16.0 <sup>4)</sup>	18.8 <sup>4)</sup>
● Voluntary set-asides (100% retention) <sup>2)</sup>	5.4	8.2	7	8.3	100	100
● Combined targets (>50% retention) <sup>3)</sup>	2.3	2.1	3	1.7	<sup>5)</sup>	<sup>5)</sup>
● Adapted retention (15–30% retention) <sup>3)</sup>	2.3	1.7	3	1.4	<sup>5)</sup>	<sup>5)</sup>
● Low-productive forest land (100% retention, protected)	10	-	-	-	100	100
● Non-forest land (not cultivated)	13	-	-	-	-	-
<b>Total area</b>	<b>2.6 million hectares</b>		<b>2.0 million hectares</b>			

<sup>1)</sup> Percentage of area set aside, managed with varying levels of retention or consisting of non-forest land, of the total land holding in Sweden.

<sup>2,3)</sup> The outcome shows the percentage of SCA's productive forest land that was included in ecological landscape plans at the end of 2023 for the purpose of 2) promoting biodiversity, 3) protecting biodiversity at stand level with mainly various continuous cover methods or adapted retention. The voluntary set-asides, combined targets and adapted retention are presented on sca.com.

<sup>4)</sup> Shows the proportion of planned on-site retention (areas of productive forest land > 0.1 hectares) in regeneration harvesting operations in the basic retention category. The result is slightly higher than previous years as the consideration share is presented by category and not in terms of all productive land. Adjusted results are presented retrospectively for 2022. This also includes a minor portion of planned on-site retention in harvesting with adapted retention. Distributed trees and smaller tree groups are not reported. At the same time, the result is lower than previous years since forest younger than 70 years (primarily forest with contorta pine) was included in the result for 2023.

<sup>5)</sup> Methods to assess on-site retention in harvesting stands with combined targets and adapted retention have been drafted but require further work in 2024.



“We are to work proactively to protect biodiversity by increasing the number of habitats of special importance for SCA’s Species Commitment.”

Xylomya czekanovskii (part of the family wood-soldierflies) is included in the ÅGP action program for threatened species on aspen in Norrland and is encompassed by SCA’s Species Commitment.

**SCA’s Species Commitment yields greater precision**

There are an estimated 7,400 forest species in northern Sweden, where SCA has most of its forest holding. Of these, approximately 700 are red-listed according to the Swedish Species Information Centre and are considered to be negatively impacted by forest operations. In 2020, SCA carried out an initiative together with the Swedish Species Information Centre and external expertise to identify which of these species are present on SCA’s land holding in order to develop and increase the precision of work to preserve and expand biodiversity conservation measures. This initiative identified 203 species that can be considered particularly affected by SCA’s forest operations and therefore species that SCA has a particular responsibility for. These species fall under what we refer to as “SCA’s Species Commitment”.

Almost all species groups are represented but species covered by SCA’s Species Commitment are predominately fungi, mosses and lichen as well as insects and certain birds.

Based on their ecology, a number of habitats were identified upon which the selected species are dependent. By focusing nature conservation measures on these habitats, SCA can work in a resource-efficient manner together with other landowners and authorities to create favorable conditions for the survival of these species in the managed forest landscape.

As part of SCA’s Species Commitment, SCA also identified species that require active conservation measures in order to survive over the long term. Some 30 species covered by SCA’s Species Commitment are included in the ÅGP action program. The ÅGP action program for threatened species and habitat types has been

**Measures to promote biodiversity**

Measures taken	Number of hectares		% of regeneration harvesting area	
	2023	2022	2023	2022
Nature conservation measures in voluntary set-asides	272	185	1.0	0.8
Measures taken as combined targets	1,033	619	3.7	2.7
Measures taken as adapted retention	2,468	1,821	8.8	8.1
Seed tree stands retained for the future	1,752	1,077	6.2	4.8
Prescribed burning for biodiversity conservation	157	28	0.6	0.1
Measures in productive forest land in prioritized landscapes	172	132	0.6	0.6
Wetland restoration projects <sup>1)</sup>	150	196 <sup>2)</sup>	N/A	N/A
<b>Total</b>	<b>6,004</b>	<b>4,058</b>		

The table shows forest management measures conducted during the year that have benefited biodiversity in relation to the harvested area within SCA’s Swedish forest holding. Various measures are implemented to recreate habitats and valuable substrates, with prescribed burning and wetland restoration as two examples. Burning takes place in both clearcut areas and as a regeneration method and in forests set aside for nature conservation purposes. Wetland restoration was performed in open wetlands to restore hydrology after past drainage.

A conservation value assessment on site is carried out before all regeneration harvesting and a complementary inventory is performed by personnel with specialist expertise in forests that may contain high conservation values.

<sup>1)</sup> The restoration of open wetlands on SCA land performed by SCA and in cooperation with other parties.  
<sup>2)</sup> The report for 2022 has been supplemented with restoration performed in cooperation with other parties, which was not reported in 2022. Correction of 2 hectares. The error had no impact on operations.

drawn up by the Swedish Environmental Protection Agency and the Swedish Agency for Marine and Water Management. These active biodiversity measures include prescribed burning, creating dead wood or the restoration of water bodies as well as expanding habitats upon which the species is dependent, such as by creating deciduous forests. Far more than the 30 highlighted ÅGP species will benefit from the implemented measures.

To date, SCA has identified 10 ÅGP landscapes, a total of 73,000 hectares, for species that require landscape-wide adjustments, such as spider beetles and powder-post beetles. The conservation values in these landscapes are typically linked to either deciduous or pine forests, though it is also common that the habitats are isolated from each other. Measures are prioritized in these landscapes to improve the quality of existing habitats and to restore habitats that the species can utilize in the longer term. Through higher precision in nature conservation activities, the restored habitats link together existing habitats and improve the functionality of the landscape over time through higher quality, larger living spaces and better opportunities to spread. Targeted species inventories during 2023 discovered the presence of previously unknown very unusual ÅGP species, which is clear confirmation of the major significance of the designated ÅGP landscapes. Geographic distribution and active conservation focus in these landscapes are regularly reviewed to create the highest nature conservation value. During 2023, a further approximately 700 hectares of productive forest land was identified for future restoration. In 2023, nature conservation measures were implemented to promote biodiversity in 6,004 (4,058) hectares in both productive forest land and in forests with existing high conservation values.

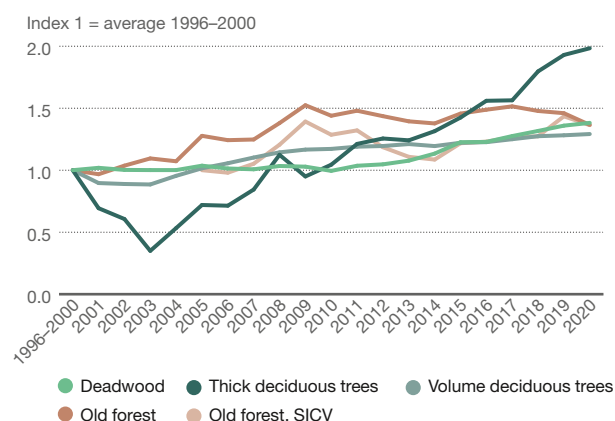
### Promoting biodiversity

Measuring and assessing the impact of efforts to promote biodiversity is complex. SCA has attempted to monitor development of a few indicators in its Swedish land holdings that are relevant for biodiversity with the help of the Swedish National Forest Inventory at SLU, which publishes data for the whole of Sweden based on a large number of sample plots. The status of the indicators is based on estimations of data from the Swedish National Forest Inventory's sample plots on SCA's land. Steps taken to promote biodiversity are long-term and the result is often notable after several years. To obtain a representative base to follow developments, a mean value was chosen of outcomes between 1996 and 2000. As a first attempt, indicators for dead wood, old deciduous trees, volume deciduous trees, old forest, and old forest with specific indications of conservation value were chosen. All indicators are seen to represent important factors for biodiversity in the forest.

The amount of dead wood in the forest landscape is an established indicator to estimate the conditions for biodiversity, since many species are dependent on dead wood at various stages of degradation. The supply of thick deciduous trees is another important indicator that benefits certain bird species, eventually producing habitats in the form of old, dead hardwood.

Since there is some uncertainty in the data for each year, the relative development by indicator is primarily monitored. All indicators have developed very positively due to the company's initiatives in relation to voluntary set-asides, the conservation approach taken in connection with final felling and changed conservation strategies. In terms of dead wood, the impact of major windthrow in 2011 and 2013 was also noted.

### Indicators for biodiversity – relative change



All indicators developed very positively due to the company's initiatives in the form of voluntary set-asides, the conservation approach taken and changed conservation strategy. The volume of dead wood has increased by approximately 38%. The increase is tangible from 2011 and is mainly the result of dead trees being left following storms (2011, 2013) and insect damage (2009-2016). The volume of thick deciduous trees increased by 98%. The increase mainly consists of a greater number of thick deciduous trees in old forest. The volume of deciduous trees has increased by 29%. The increase results primarily because deciduous trees are left standing to a greater extent during pre-commercial thinning and thinning. Deciduous trees are also left standing to a greater extent in connection with basic environmental consideration in harvesting. The percentage of old forest (≥140 years) has increased by 37%. The increase was primarily the result of aging of voluntary set-aside forest. The percentage of old forest with specific indications of conservation value has increased by 36% since the estimations started in 2005.

Source: SLU Swedish National Forest Inventory.

### Indicators for biodiversity<sup>1)</sup>

Indicator	SCA Starting point 1996-2000	SCA Present situation 2020	SCA Trend	Mean value for northern Sweden
Dead wood, m <sup>3</sup> fo/hectare	9.0	12.5	38%	9.2
Old deciduous trees (thick deciduous trees ≥ 35 cm), m <sup>3</sup> fo/hectare	0.6	1.1	98%	1.0
Deciduous trees, m <sup>3</sup> fo/hectare	16	20	29%	20
Old forest (> 140 years), share of productive forest land	5.4%	7.4%	37%	9.2%
Old forest with SICV, share of productive forest land <sup>2)</sup>	3.0%	4.0%	36%	4.3%

<sup>1)</sup> Data refers to five-year mean values on productive forest land, excluding protected areas for SCA's forests and reference values for northern Sweden, respectively.

<sup>2)</sup> SICV stands for specific indications of conservation value and includes high stand age, thick trees, dead wood and tree stratification. SICV measurement began in 2003 and has another reference period. 2005 was chosen as the starting point as this is the first reported five-year mean value.

Source: SLU Swedish National Forest Inventory. Sweden's official statistics, Skogsdata 2023. Swedish University of Agricultural Sciences, Umeå. Reference values are taken from Skogsdata and the Swedish National Forest Inventory. Data for SCA is based on the Swedish National Forest Inventory's sample plots on SCA's forest holding.

## Resource use and circular economy

SCA's products are renewable and enable greater circularity and reduced climate impact, and are thus important in the transition to a sustainable society and sustainable consumption where fossil materials can be phased out. SCA shall conduct its operations in a manner that has the least impact on people and the environment, and to eliminate wastage, Zero waste.

SCA's products are based on renewable raw materials that can be reused and contribute toward a circular material flow. Through collaboration and innovation, the company is constantly striving to identify new uses for existing products, by-products and waste streams as a means to further increase circularity and climate benefit.

### We use the entire tree

SCA strives to make use of the entire tree and all of our waste streams. The most valuable part of the tree is processed in the saw-mills into wood products. Some of these become window components, painted cladding or shelves. More than half of the log is used for solid-wood products. The remainder becomes chips for pulp production or sawdust that is processed into pellets. The bark is used in energy production.

In addition to finished goods, SCA's mills generates by-products and waste streams such as bark, tall oil, ash and sludge. Most waste streams, such as ashes, green liquor sludge and lime mud is today used as construction material or is handled as waste, while by-products are largely used in energy production and the production of liquid biofuel. SCA's target is to increase the added value and circularity for these streams by finding new uses. SCA is continuously striving to optimize its resource efficiency and energy performance by developing its processes, products and practices.

All units are to work to improve resource utilization through efficient processes, more recycling and by investigating new uses for their waste streams. SCA's units actively monitor their energy usage, set targets for improving their energy efficiency and take steps to realize these targets.

### Product development and innovation

SCA conducts structured innovation work in compliance with its strategic priorities. Innovation work is integrated into sustainability activities and is about creating as much value as possible from the entire tree, partly through greater utilization of raw

materials, efficiency and increased circularity, and partly by transitioning the product portfolio to increase added value. Innovation work leads to greater customer value through the development of new products and application areas that improve climate benefit and resource efficiency through the use of wood-based products. In addition to the development of existing product areas, innovation is also carried out to generate higher product values from the production units' side streams, such as ash, sludge and bark. SCA's business areas are responsible for their own innovation work, with the support of central resources. Projects for the company's business areas are conducted at the SCA R&D Centre, which is the company's central unit for such activities.

One example in recent years was the launch of contorta as a third type of wood for wood products where homogeneity and a high proportion of fresh knots are important properties. Through the development of a more precise identification of the properties of different forest holdings, contorta has become a type of wood used for long-lived products. Another example is a new digital tool that facilitates the planning of landings in the forest. The tool helps to create safe and efficient timber landings that take into account several factors that affect the suitability of a landing, such as its proximity to water or areas of conservation or cultural importance.

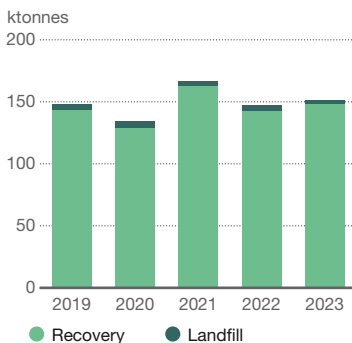
### Life cycle perspective

One important tool in SCA's corporate responsibility work is the Resource Management System (RMS). This system monitors resource consumption and environmental impact for production facilities, transportation of raw materials and finished products. Using life cycle assessments, the climate and environmental impact of the SCA's products can be calculated and evaluated. Calculations show that today's products already have a small carbon footprint. The greatest climate effect is achieved by using the products to replace other products with a larger carbon footprint.

### Product safety

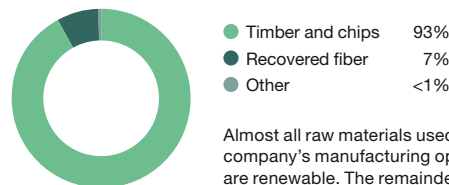
SCA strives to ensure safe and high-quality products and services for its customers and consumers, produced and delivered with respect for people and environment. Products must be safe for the user and for the environment and meet the customers' and authorities' product safety requirements. In product and process development, the precautionary principle is used.

### Non-hazardous waste



Solid waste is mainly recycled through use as raw material in other processes, as construction materials or for energy recovery and is primarily bio ash, sludge, organic waste and plastic. A minor share is sent to landfill.

### Consumption of raw materials



Almost all raw materials used in the company's manufacturing operations are renewable. The remainder consists of inorganic material, such as calcium carbonate.





The foundation for SCA's products is fresh wood fiber. Fresh fiber from sustainable forestry is renewable and recyclable and together with recovered fiber these contribute to a circular ecosystem.

Raw materials and chemicals used in the products or in the company's operations are continuously assessed and SCA's Supplier Standard sets high demands on the product safety of input goods. Based on available knowledge, we work actively to identify and replace any products that are subject to substitution requirements. The work is coordinated through the Group's Chemicals Management Network.

#### Raw materials

The foundation for SCA's products is fresh wood fiber. In addition, smaller quantities of recovered fiber and a small amount of inorganic material in the form of calcium carbonate are used in the manufacture of various paper products. Almost all wood raw material is derived from local sources in northern Sweden and 58% (51) of wood raw material used is sourced from SCA's own forest and own sawmills. In addition to raw materials, input goods are also used in the form of various chemicals.

#### Recovered fiber

Kraftliner is a fresh fiber-based product mainly used in the outer, smooth layers of corrugated board boxes. In addition to fresh fiber, small amounts of carefully selected recovered fiber are used. Kraftliner is used in packaging for very demanding applications, for example packaging for long transport distances, heavy goods, humid conditions or with special requirements for purity. Since fibers cannot be recovered an infinite number of times, a continuous inflow of fresh fiber is needed. Fresh fiber from sustainable forestry is renewable and recyclable and together with recovered fiber these contribute to a circular ecosystem.

#### Waste and waste streams

SCA takes a life cycle approach and works proactively with resource efficiency. This has enabled new uses and, in some instances, completely new products, either in our own operations or with an external party.

By-products and waste streams are utilized as far as possible and solid waste, primarily in the form of bio ash, sludge, organic waste and plastic, is mainly recycled through use as raw material in other processes, as building materials or for energy recovery. The company's target is that by 2030 all non-hazardous waste is to be recycled as efficiently as possible. About 98% of the total waste volume is recycled. The company is continuing its work to optimize value creation and processing levels for the recycled waste and to lower handling costs for the remaining waste through reduced volume and improved efficiency.

A minor share of the total waste is hazardous waste, such as waste oil, strip lights and batteries. Hazardous waste is sent to authorized subcontractors using approved transport companies. This waste is not included in the waste target.

The company also strives to achieve greater circularity by working with partners to re-use and recycle end-of-life electronics, such as computers and displays.

#### Raw material consumption (total for Group)

Raw materials		2023	2022	2021
Wood and sawmill chips	ktonnes	4,300	4,200 <sup>1)</sup>	4,300
Recovered fiber	ktonnes	310	270	283
Inorganic material	ktonnes	15	16	44
Organic fossil material	ktonnes	0	0	1

<sup>1)</sup> Input error from 2022 has been corrected. No impact on operations.

## Environmental data

The table shows environmental data for SCA's industrial facilities, where SCA's holding is at least 50%. The reporting is more extensive than covered in text and charts.

		Total SCA			Wood		Pulp		Containerboard		Renewable Energy	
		2023	2022	2021	2023	2022	2023	2022	2023	2022	2023	2022
<b>PRODUCTION</b>												
Paper, pulp and pellets	ktonnes	2,004	1,849	1,931	4	9	972	858	852	793	176	188
Timber and solid-wood products	1,000 m <sup>3</sup>	1,879	2,112	2,263	1,879	2,112	0	0	0	0	0	0
<b>ENERGY CONSUMPTION</b>												
<b>Electricity</b>												
Co-generation	GWh	921	1,012	1,037	0	0	671	695	251	318	0	0
Grid supply	GWh	957	618	705	131	141	279	48	515	397	31	32
<b>TOTAL ELECTRICITY</b>	<b>GWh</b>	<b>1,878</b>	<b>1,631</b>	<b>1,742</b>	<b>131</b>	<b>141</b>	<b>950</b>	<b>743</b>	<b>766</b>	<b>714</b>	<b>31</b>	<b>32</b>
<b>Fuels</b>												
Biofuel	GWh	9,280	8,843	8,993	437	445	5,393	5,303	3,341	2,978	108	117
Fossil fuel	GWh	397	402	349	19	22	243	254	134	126	1	1
Electric boiler	GWh	51	21	34	0	0	16	7	35	14	0	0
<b>TOTAL FUEL</b>	<b>GWh</b>	<b>9,728</b>	<b>9,266</b>	<b>9,376</b>	<b>457</b>	<b>467</b>	<b>5,653</b>	<b>5,563</b>	<b>3,510</b>	<b>3,118</b>	<b>109</b>	<b>118</b>
of which co-generation	GWh	1,949	2,298	2,185	0	0	1,667	1,942	283	356	0	0
<b>Heat</b>												
Purchased district heating	GWh	129	133	131	129	133	0	0	0	0	0	0
<b>TOTAL HEATING</b>	<b>GWh</b>	<b>129</b>	<b>133</b>	<b>131</b>	<b>129</b>	<b>133</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EMISSIONS</b>												
<b>To air<sup>1)</sup></b>												
NO <sub>x</sub> as NO <sub>2</sub>	tonnes	2,005	2,032 <sup>1)</sup>	2,180	76	96 <sup>1)</sup>	1,238	1,221	692	715	0	0
SO <sub>2</sub>	tonnes	277	265 <sup>1)</sup>	313 <sup>1)</sup>	2	2 <sup>1)</sup>	115	152	160	111	0	0
Dust	tonnes	166	236	267	17	16	83	134	64	53	1	33
CO <sub>2</sub> fossil	ktonnes	111	113 <sup>1)</sup>	98 <sup>1)</sup>	5	6 <sup>1)</sup>	68	71	37	36	0	0
CO <sub>2</sub> fossil, grid electricity	ktonnes	11	6	9	1	1 <sup>1)</sup>	3	1	6	4	0	0
CO <sub>2</sub> fossil, purchased heating	ktonnes	22	30	31	22	30	0	0	0	0	0	0
CO <sub>2</sub> biogenic	ktonnes	3,341	3,267 <sup>1)</sup>	3,328 <sup>1)</sup>	164	160 <sup>1)</sup>	2,027	1,961	1,109	1,106	41	40
<b>To water</b>												
COD	tonnes	16,704	16,549	15,925	25	13	13,065	9,001	3,614	7,536	0	0
BOD	tonnes	1,017	3,529	3,026	55	66	446	497	515	2,966	0	0
Suspended solids	tonnes	1,605	2,104	2,353	0	0	1,002	1,103	602	999	2	2
AOX	tonnes	35	35	28	0	0	30	31	5	4	0	0
Phosphorous (P)	tonnes	32	25	40	1	1	17	10	14	14	0	0
Nitrogen (N)	tonnes	345	266	337	2	3	241	169	102	94	0	0
Total water withdrawal <sup>2)</sup>	Mm <sup>3</sup>	122	123	127	0	0	86	87	35	36	1	1
Effluent water (process water)	Mm <sup>3</sup>	40	37	38	0	0	26	22	14	15	0	0
<b>Solid waste<sup>3)</sup></b>												
Landfill	tonnes	3,757	5,438	4,183	10	36	70	26	3,578	5,335	99	41
Recovery	tonnes	147,619	142,124 <sup>4)</sup>	162,538	4,909	5,770 <sup>4)</sup>	96,084	97,864	46,337	38,438	289	52
Hazardous waste	tonnes	1,223	2,537	2,253	312	408	637	535	267	561	7	1,033

<sup>1)</sup> Emissions to air of CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub> and dust include direct emissions from our industrial units. Indirect emissions from purchased district heating are not included, which was the case in previous years. Historic data has been corrected. The corrections had no impact on operations.

<sup>2)</sup> Total water withdrawal refers to cooling and process water.

<sup>3)</sup> In 2023, 962 tonnes of construction waste primarily from the expansion project in Obbola and the conversion in Ortviken were generated. Of this, 90% was recoverable.

<sup>4)</sup> Correction of minor input error from 2022. No impact on operations.

AOX	Absorbable organic halogens	NO <sub>2</sub>	Nitrogen dioxide
CO <sub>2</sub>	Carbon dioxide	NO <sub>x</sub>	Nitrogen oxides
COD	Chemical oxygen demand	SO <sub>2</sub>	Sulfur dioxide
BOD	Biochemical oxygen demand		

# Social disclosures

## Own workforce

SCA creates many jobs, particularly in northern Sweden, in its own operations and in the company's value chain. Through an inclusive culture, proactive efforts for health and safety as well as respect for human rights and fair working conditions, SCA has a positive impact

on employees. SCA's operations are mainly concentrated in Sweden where working conditions and social benefits are regulated by Swedish law and collective agreements.



Positive impact through an inclusive culture and proactive efforts for health and safety.

### Accident-free and healthy SCA

SCA's most important objective is to ensure that all employees, and everyone who enters the company's sites, shall return home healthy and unharmed. The Group's primary aim is that no workplace accidents resulting in work absence are to occur and that other workplace accidents are minimized. SCA's Health and Safety Policy describes the Group's health and safety culture. Health and safety work at SCA's mills is certified in accordance with ISO 45001. Every year, a Group-wide health and safety week is held when extra emphasis is placed on these topics.

SCA has brought together health and safety activities under the name ZERO. This work is reported directly to the CEO. In turn, the CEO regularly reports to the Board of Directors on the outcome and developments. The ZERO program promotes a shared health and safety culture. Under the program, managers receive training and a dialogue is conducted on safe and unsafe behavior. All employees

are expected to become involved and be proactive. ZERO also includes shared procedures and a uniform structure for systematic follow-up, evaluation and reporting. The target of zero workplace accidents has been supplemented with achieving a mature health and safety culture, corresponding to the definition of "interdependent" used in the Bradley Curve™ developed by DuPont.

SCA is proactive in identifying and addressing shortcomings and risks, reporting and analyzing events that have occurred to identify the underlying causes and implementing measures to prevent similar incidents in the future. Lessons learned from incidents that have occurred are shared within the Group. Every employee has the right to stop work if his or her work environment is perceived unsafe. Each unit has a clear safety organization with local targets and action plans.

SCA conducts health and safety training initiatives. During the autumn of 2023, digital training was launched in life-saving rules

### Occupational health and safety<sup>1)</sup>

	2023	2022	2021
Absence due to illness total	3.5%	3.7%	3.0%
Number of workplace accidents resulting in absence, LTA (of which non-Swedish units)	22 (1)	16 (0)	33 (0)
Number of workplace accidents among contractors, CLTA <sup>2)</sup> (of which fatal accidents <sup>3)</sup> )	19 (1)	29 (1)	36 (0)
Number of working days lost due to workplace accidents, DLA <sup>4)</sup>	374	230	472
Workplace Accident Severity Rate, ASR, measured as days of absence/LTA	17.0	14.4	14.3
Workplace accident Frequency Rate, FR, (LTA/million working hours)	4.3	3.1	5.8
Fatal accidents	0	0	0
Total Recordable Incidents, TRI <sup>5)</sup>	92	103	112
Total Recordable Incidents Rate, TRIR	18.0	20.1	19.7
Number of hours worked, million hours	5.11	5.13	5.69

<sup>1)</sup> The table shows aggregated data at Group level for operations that were part of the Group during that year. External staff supervised by SCA are included in statistics for the company.

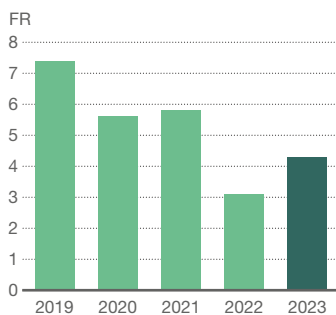
<sup>2)</sup> Refers to contractors who perform work at SCA's facilities, in forestry operations or conduct transport activities.

<sup>3)</sup> Subcontractor in conjunction with preparing a main haul road ahead of harvesting.

<sup>4)</sup> Scheduled days of absence from day 1 after the accident.

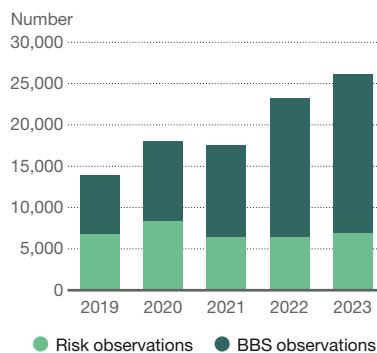
<sup>5)</sup> Includes all lost time accidents (LTA), restricted work cases (RWC) and medically treated accidents (MT). Medically treated accidents include visits to healthcare or occupational health services.

### Workplace accident frequency rate



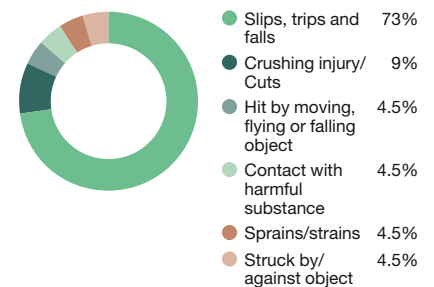
The accident frequency rate (FR), measured as the number of workplace accidents resulting in absence per million hours worked, was slightly higher than 2022. The long-term trend is positive and a clear sign that the work within ZERO is having the desired effect.

### Risk and BBS observations



The number of risk observations was at a slightly higher level than last year and was in line with the target for 2023. BBS observations increased sharply during the year and exceeded our target for 2023 and this means the safety culture is evolving in a positive direction.

### Workplace accidents resulting in absence



In 2023, the main reason for workplace accidents resulting in absence was due to employee slips, trips and falls, which accounted for 73%.

that are based on our guiding instructions in ZERO. The training is mandatory for all employees and more than 70% of our employees have already completed the course.

All new managers, leaders and safety officers receive systematic training to create a better work environment (known under the Swedish acronym of BAM). Every year, employees are also trained in behavior-based safety (BBS), a methodical and simple approach to alert each other to work safely. There are also local initiatives that promote healthy living and a safe work environment.

All SCA employees have access to occupational health services that provide work-related health services and proactive work in health and well-being. The occupational health service provider works on a strictly confidential basis and also conducts random alcohol and drug tests.

In 2023, SCA continued its systematic health and safety work encompassing our employees and contractors. Among SCA's employees, 22 (16) workplace accidents took place during the year resulting in absence, which is an increase compared with last year's accident frequency rate. Most of the accidents occurred in the form of slips, trips and falls. During 2024, a theme will be launched in the area to alert our employees of the risks and how everyone can help to minimize accidents.

During the year, a tragic accident occurred in our forestry operations when a subcontractor was killed when their machine fell through the ice while preparing a main haul road ahead of harvesting.

In 2023, the number of days of absence due to workplace accidents was at a slightly higher level than in 2022 at 17 (14) days per accident. The total number of days of absence increased to 374 (230) days. A small number of accidents account for a large share of absence. As part of preventive efforts, some 26,142 (23,242) risk and BBS observations were reported.

### Diversity and inclusion

SCA firmly believes in the equal value of every individual and mutual respect for one another. It fosters cooperation and contributes to a

environment, for both people and the company. The principles for the company's work in the field are detailed in SCA's Code of Conduct, HR Policy and procedures to deal with victimization. The equal opportunity plans, which include active measures at operational level, are prepared and followed up on an annual basis.

To increase attractiveness and diversity, the company is working to better clarify the employer proposition and to broaden its recruitment base by changing the style of its recruitment ads, and through interaction with high schools, higher education institutions and universities. In recruitment, the aim is to ensure that at least one of the final candidates is from the underrepresented gender for that position.

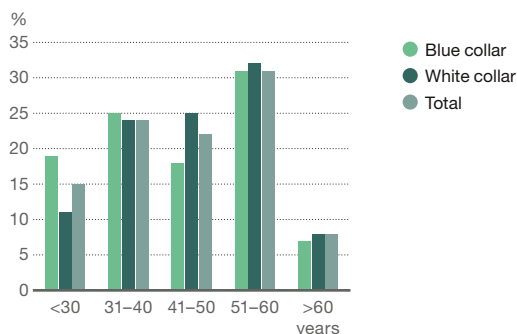
### Committed and competent employees

Expertise and the need for training are identified to meet current and future challenges and targets in the best way possible. Each year, succession and skills supply plans are prepared to ensure the supply of managers.

SCA strives to offer every employee an opportunity to develop to their full potential and to work in an atmosphere of respect and trust. All employees are to take part in annual performance review to follow up performance and job satisfaction, define areas for improvement and targets. The 70-20-10 model is applied for development and learning, meaning most learning is achieved by performing work duties and reflecting in the work situation (70), followed by interaction (20) and formal training (10). Formal training is undertaken in functional areas such as health and safety, production and operations, maintenance, logistics, and marketing, as well as in economy, legal matters and IT. Training in simulators combined with coaching in everyday operations is used to develop areas such as tree harvesting, and pulp and paper production.

New employees undertake SCA-wide introductory training and have a personalized introductory plan. New managers take part in an introduction to SCA's leadership platform and needs-based training in various areas, such as leadership, labor law, target and performance reviews, rehabilitation and recruitment. In 2023, a total of 204 (180) managers took part in these activities.

### Employee age distribution for the Group



No major changes compared with 2022. Refers to permanent employees at the end of the year.

### Examples of activities to attract and develop

- Employees portray their daily lives at SCA through the Instagram account #wearesca
- The Early Career program to attract and develop future specialists and leaders where half of the participants are women and half men.
- Internal training programs such as Inköpsakademien (purchasing academy), Träskolan (timber training), Virkesköparskolan (timber purchaser training) and individual development programs.
- SCA's podcast "Ingenjörspodden", public podcasts available via regular platforms, where young employees interview experts and leaders in various fields.
- Encourage technical university studies through scholarships and participation in Tekniskprånget run by The Royal Swedish Academy of Engineering Sciences (IVA). In 2023 was 45% of the participants women.

### Skills supply

SCA must respond to the changes resulting from new business opportunities, rapid technological development, digitalization, changing demographic patterns and other local and global changes.

SCA works with various educational institutions and plays an active role in steering committees for relevant training programs to secure its short and long-term supply of skilled personnel. To address the shortage of forest machine operators, SCA is starting its own training program. Participation in the technical training initiative Teknikcollege ensures qualified education at upper secondary and post-secondary levels in electrical installations, maintenance and automation. All aligned with industry needs. The company also utilizes the accelerated learning concept to develop competence in the area of automation. For many years, SCA has participated in the Skogen i Skolan project, which aims to increase knowledge and awareness of the forest and forest industry.

Furthermore, SCA offers degree projects, practical workplace experience and summer jobs in offices, industrial plants, nurseries and forest operations. This provides a good and important base for SCA's supply of skilled employees, while offering young people an

important work experience. In 2023, 375 (421) young people had summer jobs at SCA of which 40% (37) were women.

### Employee relations and working conditions

Employees have representatives on the Board and in various networking groups to work together with the company to improve and develop operations. In the event of major changes, an impact assessment is performed where union representatives take part.

All Employee Surveys are regularly performed. The most recent one was held in 2023 and had a response rate of 86.5%. All departments have drafted action plans and endeavor to execute these initiatives.

Working conditions comply with national laws and applicable collective agreements wherever we operate. These regulate minimum wages and working hours. When collective agreements are not applicable, the company follows relevant industry standards. Employee representatives exist at workplaces with collective agreements. Operations in Sweden, where 98% of SCA employees work, are also covered by state and municipal support structures that offer child care, sickness allowance, parental leave and housing allowance.



In 2023, 375 young people had summer jobs at SCA. 40% were women.

## Number of employees<sup>1)</sup>

	Total		Sweden		United Kingdom		Germany		Baltic region		Rest of Europe		Hong Kong	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Total number of employees	3,388	3,243	3,318	3,184	8	8	21	20	33	24	1	1	7	6
of whom women (%)	24	23	24	22	38	38	43	45	58	50	0	0	43	50
Permanent employees	2,998	2,886	2,931	2,831	8	8	18	17	33	23	1	1	7	6
of whom women (%)	23	22	22	21	38	38	44	41	58	52	0	0	43	50
Temporary employees	318	357	315	353	0	0	3	3	0	1	0	0	0	0
of whom women (%)	40	32	40	32	0	0	33	67	0	0	0	0	0	0
Full-time employees	3,334	3,181	3,269	3,128	8	8	19	18	30	20	1	1	7	6
of whom women (%)	24	23	23	22	38	38	37	39	53	45	0	0	43	50
Part-time employees	54	62	49	56	0	0	2	2	3	4	0	0	0	0
of whom women (%)	37	31	31	25	0	0	100	100	100	75	0	0	0	0
Non-guaranteed hours employees <sup>2)</sup>	72	0	72	0	0	0	0	0	0	0	0	0	0	0
of whom women (%)	15	0	15	0	0	0	0	0	0	0	0	0	0	0

<sup>1)</sup> The table refers to data from December 31, expressed as number of employees. The Baltic region refers to Estonia, Latvia and Lithuania.

Rest of Europe refers to the Netherlands. The total number of employees refers to permanent employees, temporary employees and non-guaranteed hours employees.

Non-guaranteed hours employees are reported as of 2023. Data collection, see page 140.

<sup>2)</sup> Non-guaranteed hours employees refers to the GRI definition of Non-guaranteed hours employees.

## Employee – social data<sup>1)</sup>

	2023	2022	2021
Average number of employees	3,413	3,313	3,577
Average age of employees <sup>2)</sup>	43	43	-
Share of women <sup>3)</sup>	24%	23%	22%
Share of women, blue collar <sup>3)</sup>	15%	13%	13%
Share of women, white collar <sup>3)</sup>	36%	35%	35%
Share of women in management positions <sup>3, 4)</sup>	21%	24%	23%
Share of women in Executive Management <sup>3)</sup>	27%	25%	25%
Share of women on the Board of Directors (including appointed by employees)	38%	38%	38%
Share of women on the Board of Directors (excluding appointed by employees)	40%	40%	40%
Share covered by collective agreements <sup>5)</sup>	98%	98%	98%
Employee turnover <sup>6)</sup>	6%	12%	21%
of which restructuring <sup>7)</sup>	<1%	4%	12%
of which retirement	2%	2%	2%
of which other	4%	6%	7%
Share of completed performance reviews	91%	90%	87%
Hours of training per employee, average <sup>8)</sup>	17	-	-
Compensation ratio, total remuneration to the CEO relative to employees <sup>9)</sup>	33	43	-
Compensation ratio, total remuneration to the CEO relative to employees, change <sup>10)</sup>	-1,045	5	-
External staff supervised by SCA, number of FTE <sup>11)</sup>	41	-	-
External staff supervised by SCA, average FTE <sup>11)</sup>	49	-	-

<sup>1)</sup> The table shows aggregated data at Group level for operations that were part of the Group during that year.

<sup>2)</sup> Follow-up of average age, began 2022. Data excluding Gällö.

<sup>3)</sup> Refers to employees on December 31.

<sup>4)</sup> Refers to members of management teams.

<sup>5)</sup> Members of Executive Management and most employees abroad are not covered by collective agreements.

<sup>6)</sup> Refers to permanent employees.

<sup>7)</sup> The discontinuation of publication paper operations affected the statistics in the years 2020–2022.

<sup>8)</sup> Required and functional training is registered. All activities linked to learning as part of everyday work are not included in the data.

<sup>9)</sup> For employees, median remuneration is used based on the number of full-time equivalent employees in the Group.

<sup>10)</sup> Change compared with previous year. Changes between the comparative years 2023/2022 are mainly due to a lower bonus amount and a reduction in pension costs for other employees in 2023.

<sup>11)</sup> Includes administrators, financial assistants, operators and in-house sales representatives from employment agencies and consulting companies. The calculation is performed manually and any fluctuations are affected by needs.

## Workers in the value chain

Through choice of suppliers and by making demands on suppliers, SCA can contribute to a positive development in terms of respect for human rights, working conditions and environmental impact in the value chain.

Many jobs are created in the company's value chain that are performed at SCA's facilities and on its land holdings, and at supplier and sub-supplier operate facilities. These include forestry operations, maintenance services (mechanical, electrical and automation, scaffolding), transport services, consulting services and production of input goods.

The risks identified for employees in the value chain can result if suppliers do not respect stipulated applicable values and legislation. This can impact working conditions or health and safety in the value chain outside the company's control. Furthermore, it may be difficult to have full insight into current conditions as the value chain consists of sub-suppliers on several levels.

### Measures to minimize negative impacts

SCA works in various ways to minimize the risk that working conditions and health and safety in the value chain do not comply with the company's values. The company has processes to review and approve suppliers and business partners before agreements are signed. The agreement also stipulates compliance with SCA's Supplier Standard, which is based on SCA's Code of Conduct. See more under the section entitled Disclosures related to responsible business conduct.

On the Swedish market, social security and fair salaries are covered by Swedish law and applicable collective agreements. This reduces the risk of negative impacts.

When work is carried out on SCA sites, extra emphasis is placed on safety regulations and risk assessments. Safety inspections or similar are carried out on site to minimize the risk that accidents occur. Accident statistics for contractors are reported in the Employee section in health and safety statistics.

For the company's existing suppliers, a risk-based review is performed and forms the basis of on-site audits at supplier facilities. These audits are primarily conducted by staff who speak the local language at the site.

For harvesting and silvicultural service contractors, there is a procedure in place for supplier assessments, combined with controls and field visits. The requirements correspond to SCA's Supplier Standard and have been supplemented with requirements and controls linked to forest and forest operations, including PEFC's supplier audits. More than 5,800 follow-ups were carried out in the field in 2023.

SCA has agreements with a large number of suppliers. For timber supply from private forest owners, SCA has created a purchasing organization with about 80 timber purchasers, distributed among local offices across the region. Through this organization, SCA has business relationships with approximately 18,000 private forest owners. Wood sourcing from forest companies and forest owner associations, as well as any imports, is managed by a central purchasing function. About 170 contractors are responsible for most of the harvesting work, about 100 for timber transportation to SCA's industries and about 90 for silvicultural measures. SCA's contractors and subcontractors in forest operations provide work for more than 1,000 people with an increase of about 300 people during the summer season.



Many jobs are created in SCA's value chain at suppliers and sub-suppliers.



## Affected communities

The forest is at the core of SCA's operations and the company's business model is to sustainably create the highest possible value from, out of and around this unique resource. With the force of the forest, we contribute to a sustainable future through responsible forest management, resource efficiency and renewable products.

SCA plays an active role in a variety of ways in local, regional and global development. SCA's substantial forest holdings and extensive industrial operations make the company a visible and important local, regional and national player. Significant investments in industrial capacity and responsible forest management create value for the company and for other forest owners in the region. One important factor in attracting companies to the region is sustainable transportation. SCA has built a new container port in Sundsvall, directly adjacent to the logistics park initiative by Sundsvall Municipality, and will be part of an important transport hub.

Any organization's community engagement and how it makes a difference is a complex process to measure in a simple way. SCA has therefore, as part of the ongoing Early career program, involved young new employees to devise proposals for how the company's community engagement and contribution to social progress could be measured in order to identify new ways to monitor its contribution to social progress.

### Vibrant local communities

SCA must evolve with the world around it in order to create value in the communities of which the company is a part. SCA's community engagement has a clear link to the company's values, strategic priorities, expertise, operations and geographic presence. SCA engages in continuous dialogue with various stakeholders about how the Group can contribute to the positive development of society as a whole. This includes meetings and dialogue with municipal representatives, local residents, reindeer herding Sami and people who live close to SCA's facilities.

SCA contributes to the local economy in the municipalities in northern Sweden where the company conducts operations. Most of SCA's more than 3,300 employees, 98%, are employees in Sweden

and the remaining 2% mainly in the rest of Europe. In addition to direct payments, in the form of various taxes, SCA generates the preconditions so that trade, services and public services can continue to exist in smaller rural communities. SCA's industries, where one very important element of the supply of raw material is the purchase of timber from private forest owners, create jobs in rural areas, both directly and indirectly. SCA's forests and the forest roads SCA builds contribute toward ecotourism, hunting and fishing. Refer to Economic value creation on page 11.

### Value creation in and from the forest

SCA has an important role to play in the transformation to a circular economy. The concept of sustainability is built around the notion that we use the entire tree to maximize value creation in and from the forest. In close contact with customers and suppliers, SCA is driving structured innovation work based on the company's strategy and sustainability platform.

SCA endeavors to generate value in the forest value chain. Entrepreneurial innovation and strategic collaboration is crucial in this respect. By supporting entrepreneurship, SCA helps to create conditions for the growth of new companies and jobs. For the past seven years, SCA has organized the Forest Business Accelerator program, together with IBM, RISE Processum and BizMaker. The purpose is to create new business opportunities and a greener world by uniting forestry, digitalization and entrepreneurship to benefit business and innovation in the value chain. To date, 37 startups linked to the forest industry and sustainable development have taken part in the program. The current program includes five startups working, for example, in energy storage, electricity production and chain of custody.

SCA is involved in various research and development programs together with universities, research institutes and commercial entities at the national and international level. The proximity between SCA R&D Centre and Mid Sweden University in Sundsvall has contributed to several interesting research and innovation projects in the region and to attracting skilled research talent.

## Activities for sustainable development

- Supporting associations and local community engagement in sport, culture and other areas, primarily targeting children and young people.
- SCA-run machine operator training – supports and encourages local businesses and in parallel develops and strengthens the supply of skilled workers for SCA's contractors and for SCA.
- Support to Junior Achievement Sweden in northern Sweden to stimulate young entrepreneurship in schools.
- Project together with Skogforsk, Scania and other companies in the industry for increased electrification of forestry's road transportation with a project goal that 50% of new trucks will be electric by 2030.
- Meetings with reference groups at SCA's conservation parks to develop management plans for the parks.
- University partnerships to use AI technology for safer maintenance aimed at reducing the risk of accidents.
- Machines for low-impact replanting of seedlings, a project supported by Vinnova with the participation of Bracke Forest, KTH, LTU and Skogforsk
- Continued development of SCA Digital Forest Testsite, a 50,000 hectare forest site, which has been laser scanned in various resolutions to provide a basis for development projects in such fields as remote analysis.
- Support for newly launched companies, such as Tebrito – a manufacturer of sustainable protein and fertilizer based on insect farming in waste streams.
- Social community engagement through support for Save the Children for projects in vulnerable areas.
- Collaboration with Åsarna Ski Academy – local initiative that enables elite ski training combined with studies and work for young people up to the age of 25.

**Rights of indigenous peoples – participatory planning process with reindeer husbandry**

Some 30 Sami communities have legal and customary rights to herd reindeer on SCA’s land. The new FSC standard applied from October 2020 includes rules to provide a special collaborative process. This offers reindeer herders better opportunities to present long-term needs and plans, and for forestry and reindeer herding to be participatory planned over longer periods of time and over larger areas. Participatory planning is based on the principle of Free Prior and Informed Consent (FPIC) of indigenous peoples, and is to enable coexistence between forest operations and reindeer herding in the forest landscape. SCA puts great care and a large amount of resources into participatory planning with the reindeer herders. New for 2023 is that SCA offers the use of the platform [samplanering.se](https://samplanering.se) to facilitate participatory planning from a landscape perspective, and that participatory planning process in the regions of Medelpad and Ångermanland has been extended east of the former so-called “FSC boundary.” Issues covered include the time for harvesting,

soil scarification methods, fertilization and choice of tree species when planting new forest. Pre-commercial thinning, thinning, handling of forest residues and alternative forms of harvesting are also highlighted as positive and requested measures in particularly important areas for reindeer herding.

One important question for Sami communities is regeneration with contorta pine. The contorta pine has a high growth rate and forms dense forest that can cause problems for reindeer herding. The choice of tree species in regeneration is included in the participatory planning with affected Sami communities, as well as measures required in the existing contorta pine stand to facilitate reindeer herding.

In 2023, 83 (37) meetings for participatory planning took place with 21 (20) Sami communities, with discussions concerning approximately 4,800 (4,600) forest holdings. To keep pace with the forward planning described in the FSC standard (5–7 years), the volume of participatory planning must increase in the years ahead.

Reference meeting in one of SCA’s five conservation parks. Review of results of measures taken and new measures discussed.



# Disclosures related to Responsible Business Conduct

## Value-based culture and business ethics

SCA's Code of Conduct serves as the basis for its corporate culture and is founded on SCA's core values – responsibility, respect and excellence. This is reflected in the way SCA treats people, does business and conducts its operations. SCA complies with each country's legislation and has policies and well-established procedures in responsible business, such as business ethics, human rights, environment and working conditions. SCA has been a member of the UN Global Compact since 2008.

SCA can have a positive impact by acting responsibly and in accordance with SCA's Code of Conduct, by training employees and by making demands on its business partners. The company is proactive in preventing risks by providing annual training in prioritized areas.

### Core values and Code of Conduct

SCA's Code of Conduct is a framework for putting the Group's core values into practice. The Code of Conduct is a policy approved by the Board of Directors and is to ensure that SCA's employees and others who represent SCA comply with the Group's core values and do not engage in unethical transactions or practices.

The Code of Conduct includes the areas of business ethics and anti-corruption, health and safety, employee relations, and respect for human rights, the environment and society as a whole. The Code of Conduct is based on the UN Declaration of Human Rights, the Organisation for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises, and the Ten Principles of the UN Global Compact. More about SCA's Code of Conduct can be found on [sca.com](http://sca.com).

SCA's Code of Conduct applies to all employees within the Group and other people who represent SCA. It applies to all markets in which SCA conducts operations. New employees receive training in the Code of Conduct as part of their initial orientation and every third year all employees take part in a refresher course. The percentage of employees that have completed Code of Conduct training amounted to some 98% at the end of 2023.

### Human rights and the equal value of everyone

SCA respects and supports human rights and expects its business partners to do the same. SCA stands up for the equal value of every person and respect for each other, and has zero tolerance for misbehavior in the workplace, such as discrimination and sexual harassment, other types of harassment and threats or other illegal or inappropriate behaviors.

SCA recognizes children as stakeholders who need particular protection and SCA does not tolerate child labor or any form of forced labor in its own facilities or the operations of any business partner. SCA complies with applicable national laws and international standards on minimum age wherever the company operates. SCA promotes fair working conditions, health and safety, the trade union rights of employees and the right to collective bargaining. SCA respects the rights of indigenous peoples and considers their social, cultural, environmental and economic interests. Risks linked to human rights have primarily been identified in business relation-

ships, health and safety and the use of land. See the section on risks in the Board of Directors' Report. Any suspected violations of human rights are taken very seriously and dealt with in the same manner as other potential violations of SCA's Code of Conduct.

### Business ethics

SCA bases its business activities on honesty, integrity and responsible business conduct. Work against corruption is included in SCA's Code of Conduct and SCA's instructions for anti-corruption establish rules to prevent anti-corruption in the Group's operations regardless of country. The company must comply with applicable laws, regulations and SCA policies and instructions. Bribery, fraud, extortion and all other forms of corrupt business practice are strictly prohibited and will not be tolerated.

Neither SCA nor anyone acting on SCA's behalf may offer, give, receive, approve or make available any payments, gifts or other benefits that could affect or appear to affect objectivity in business decisions or the actions of a government official. According to SCA's Code of Conduct, employees must always act in SCA's best interest and avoid conflicts of interest. SCA's Conflict of Interest Directive sets out the meaning of conflicts of interest and specifies how potential conflicts of interest shall be reported.

Corruption includes using one's position to achieve an unfair advantage for your own gain or the gain of another person. This includes bribery that entails providing, offering, receiving or requesting an unfair benefit. The Group must conduct all activities in accordance with applicable laws and regulations and does not tolerate any form of corruption or bribery.

All of SCA's employees are trained in business ethics, which is part of the Group's Code of Conduct. Employees in a senior position and/or with external contacts are given additional training in anti-corruption. The target group comprises about 1,400 employees. Management teams and other relevant functions also receive training on these issues in the form of mini-seminars.

SCA stands for open and fair competition and its business is therefore always to be conducted honestly and in compliance with applicable competition law. SCA complies with competition laws and strives to combat anti-trust, price fixing, the carving up of customers or geographic markets, bid rigging or abuse of a dominant position. SCA has established programs to increase knowledge among employees of competition law. The target group is employees with market-related contact with competitors and includes about 500 individuals. SCA has guidelines for compliance with competition law. Every year these guidelines are distributed to the target group, who must confirm that they have read the material. In addition to training for employees and new employees in the relevant target group, regular seminars are held that discuss issues and news in the area.

SCA operates in accordance with applicable money laundering legislation. SCA also undertakes to comply with applicable national and international rules on trade restrictions and sanctions that apply in the countries where the company operates. All financial information must be accurately reported in a non-misleading manner in accordance with SCA's accounting practices.

## Channels for reporting breaches, incidents and complaints

SCA encourages all employees to report suspected violations of the Code of Conduct or related laws in accordance with SCA's normal channels. These include line managers, HR managers, legal counsel or union representatives. Each business area has also appointed specific functions to independently and autonomously receive complaints. In addition, there is a whistleblower function available on sca.com. This is open to employees as well as individuals who do not work at SCA. Complaints can be submitted anonymously and are promptly processed in full confidence and in a professional manner. All such issues take into account current personal data legislation. Even if an allegation cannot be substantiated, preventive actions may be implemented. The scope, outcome and actions taken concerning reported cases are followed up by SCA's Compliance Council, which routinely reports to SCA's Audit Committee.

It is important to engage in active dialogue with communities that can be affected by SCA's operations. This stakeholder dialogue encompasses the entire Group's operations. See the Stakeholder dialogues section. For example, at public meetings there is an opportunity for dialogue and to submit opinions about SCA's operations. It is also possible to submit comments or complaints about the company's forest management via sca.com. Feedback on the handling of remarks is conducted in dialogue with the parties involved. All remarks are investigated in accordance with SCA's procedures and measures are taken when deemed appropriate.

All employees have the opportunity to report incidents and risk observations with respect to the environment and health and safety. This reporting is used to rectify any deficiencies and is incorporated into ongoing work to ensure continuous improvement.

## Compliance with SCA's Code of Conduct, laws and regulations

### Reported cases and remarks in 2023 (outcome in 2022 in brackets)

SCA uses a number of methods to safeguard compliance with prevailing law and the company's Code of Conduct. These include risk evaluation, audits by external and internal auditors, the company's internal control, incident reporting and controls in connection with acquisitions.

#### Code of Conduct

In 2023, 14 (8) cases of potential breaches of the Code of Conduct were reported and investigated. They included cases of corruption and conflicts of interest as well as inappropriate behavior. Of these, 5 (5) were confirmed as breaches of the Code. One case was ongoing at the end of the year.

#### Human rights

In 2023, no cases (0) of violations of human rights or discrimination were identified.

#### Anti-corruption and competition laws

There are no ongoing (0) cases against SCA related to breaches of anti-corruption or competition law. Nor has SCA been subject to any legal process during the current or preceding year.

#### Health and safety

Serious workplace accidents and health and safety incidents are reported to the relevant authority. The authority may submit a case to the public prosecutor for review. In 2023, SEK 100,000 (0) was paid as a corporate fine to the Swedish Police Authority concerning an injured finger in a workplace accident that took place in 2021.

In 2023, authorities began an investigation into the tragic fatal accident that occurred at a subcontractor in forestry operations.

#### Environment

In 2023, 97 (108) remarks were registered. These remarks were related to noise, odors, emissions to surrounding areas, and to forest management operations. SCA's operations have been granted permits by the authorities. These permits are associated with a number of environmental conditions that must be complied with. The authorities are informed in the event of transgressions. Corrective action is taken both urgently and in the longer term to reduce environmental impact. During 2023, 22 (21) environmental matters were dealt with in dialogue with the authorities. During the year 4 (5) of these matters resulted in penalties. These concerned a failure in dust measurement, late submissions of report as well as wheel rutting and harvesting notification. In total, the company paid SEK 315,000 (522,232) in fines and other fees.

## Sustainable value chain

SCA wants to ensure safe and high-quality goods and services for its customers and consumers, produced and delivered with respect for people and the environment. Potential business partners are evaluated, in accordance with a structured process, instruction for Integrity Due Diligence of Business Partners (IDD), before any cooperation is initiated. The evaluation comprises both commercial matters and issues concerning existing policies and processes regarding, for instance, human rights, the work environment, working conditions and business ethics.

SCA also has a process to review and approve suppliers before agreements are signed. To ensure that SCA's suppliers share the company's set of values, SCA has formulated a Supplier Standard with which suppliers must comply. The Standard is based on SCA's Code of Conduct and international standards. It has been formulated to ensure that the company's suppliers share the company's

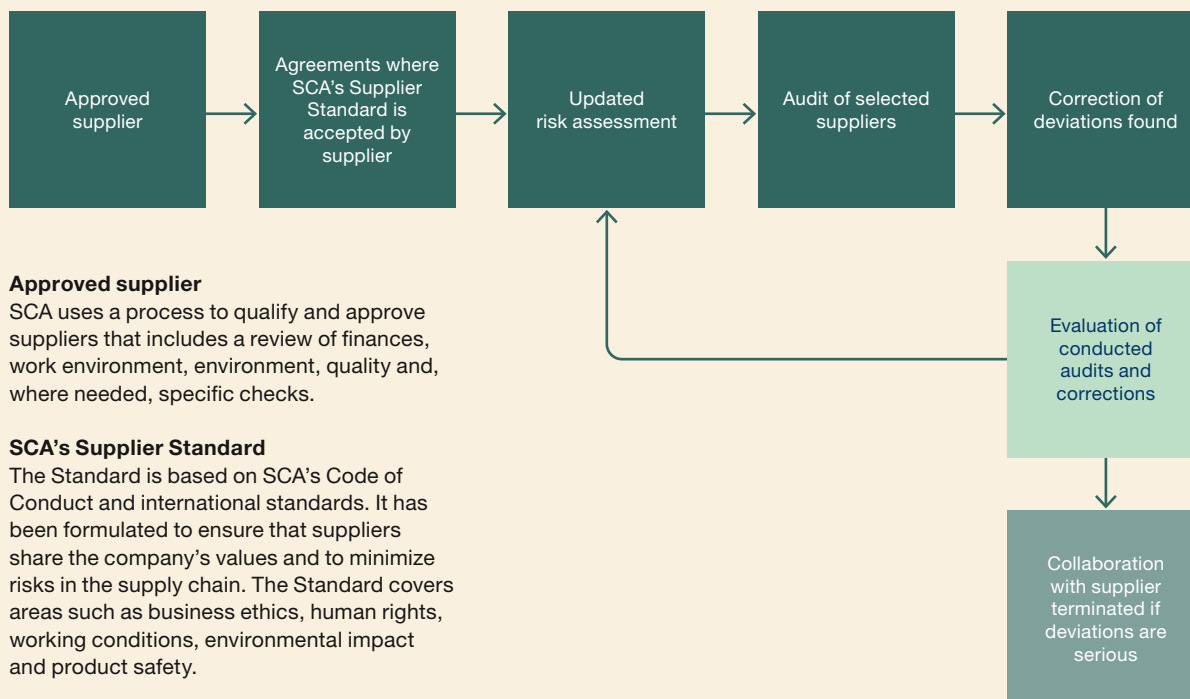
values and to minimize risks in the supply chain. The Supplier Standard covers areas such as business ethics, human rights, working conditions, environmental impact and product safety. In 2023, 98% (99) of contract suppliers accepted the Supplier Standard.

SCA has an external system to evaluate sustainability work by suppliers. On the basis of risk assessments, audits are conducted on-site. In 2023, 5 (5) on-site audits were performed. Sustainability risks for just over 4,300 (3,900) of SCA's suppliers were assessed using the EcoVadis IQ tool. The sustainability activities of almost 450 (333) of these were also studied in more detail in EcoVadis.

SCA works systematically to ensure that all wood raw material originates from responsibly managed forests. This is regularly verified by independent third parties in accordance with the relevant standards from FSC and PEFC.

### SCA's process for a sustainable supply chain

It is important that the company's suppliers share our values. Regular reviews of risk and improvement potential enable us to develop together.



# Signatures

The Board's assessment is that the dividend to shareholders in the proposed amount, in accordance with Note PC15, see page 137, is justifiable taking into account the requirements, on both the company and the Group, the nature of the business, its scope and risks place on the size of equity and also considering consolidation requirements, liquidity and other status. The financial position remains good after the proposed dividend and is considered sufficient to ensure that the company can fulfill its short or long-term obligations, and has the opportunity to make any necessary investments.

The Annual Report and the consolidated financial statements have been approved for publication by the Board of Directors on February 22, 2024. The Group's income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented for approval at the Annual General Meeting on March 22, 2024.

The Board of Directors and President and CEO 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.

The Annual Report also contains the Group's and Parent Company's statutory sustainability reporting in accordance with the Swedish Annual Accounts Act, Chapter 6, see page 66, and the Sustainability Report in accordance with the Global Reporting Initiative, GRI, see the GRI index on pages 186–187.

Sundsvall, February 22, 2024

Pär Boman  
Chairman of the Board

Niclas Andersson  
Board member,  
appointed by the employees

Åsa Bergman  
Board member

Roger Boström  
Board member,  
appointed by the employees

Lennart Evrell  
Board member

Annemarie Gardshol  
Board member

Carina Håkansson  
Board member

Maria Jonsson  
Board member,  
appointed by the employees

Martin Lindqvist  
Board member

Anders Sundström  
Board member

Barbara Milian Thoralfsson  
Board member

Karl Åberg  
Board member

Ulf Larsson  
President and CEO,  
and Board member

Our audit report was submitted on February 26, 2024

Ernst & Young AB

Fredrik Norrman  
Authorized Public Accountant  
Auditor in charge

# Auditor's report

To the general meeting of the shareholders of Svenska Cellulosa Aktiebolaget SCA (publ), corporate identity number 556012-6293.

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2023 except for the corporate governance statement on pages 76–87 and the sustainability report defined on page 66. The annual accounts and consolidated accounts of the company are included on pages 88–137 and page 180 in this document.

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 December 31, 2023 and its financial performance and cash flow 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 December 31, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 76–87 and the sustainability report on page 66. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statement.

### Forest valuation

Description	How our audit addressed this key audit matter
<p>The Group values its forest assets at fair value in accordance with IAS 16 and IAS 41. The group's forest assets are divided into biological assets where the change in value is recognized as operating profit in accordance with IAS 41 Agriculture, and into land assets accounted for with the revaluation model and where the change in value is reported as other comprehensive income in accordance with IAS 16 Property, Plant and Equipment.</p> <p>The fair value of the group's total forest assets are determined based on transactions in the areas where SCA owns forest land and the calculated standing timber volumes, to then be split based on cash flows relating to the two assets. The valuation is classified as level 3 in accordance with IFRS 13. A description of the valuation of forest assets and important assumptions are presented in note D3.</p> <p>As of December 31, 2023, the forest (biological assets) has been disclosed at a value of SEK 58,214 million and land assets at a value of SEK 49,267 million, totaling SEK 107,481 million which is 72,6% of the group's total assets.</p> <p>The valuation process is complex as it requires judgement and assumptions in terms of market statistics, timber volumes and the future discounted cash flows determining the split between land- and biological assets.</p> <p>Significant judgmental areas include the areas and period of the market statistics, calculated timber volumes, discount rates and cash flows. Based on the above, we consider the valuation of the group's forest assets to be a Key Audit Matter.</p>	<p>Our audit procedures have included, among others, the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Reviewed and audited the group's process and method for valuating forest assets and the splitting of total fair value between land- and biological assets.</li> <li>• Reviewed the third party suppliers of market statistics and assessed the reliability of this data.</li> <li>• Reviewed and audited the calculation of timber volumes.</li> <li>• For the split between land- and biological assets we have, together with our valuation experts, further: <ul style="list-style-type: none"> <li>◦ Reviewed the discount rate.</li> <li>◦ Assessed the judgement applied in the cash flow models such as what costs and income are included and the assumed inflation rate.</li> <li>◦ Reviewed the data in the cash flow models against accounting records and supporting evidence. For the input in the model based on forecasts, we have assessed the reasonability in applied judgement and in order to assess the reliability of previous forecasts by comparing to historical outcome.</li> </ul> </li> <li>• Assessed the group's sensitivity analysis (parameters and arithmetically) and computed our own sensitivity analysis.</li> </ul> <p>Finally we have assessed whether related disclosures are appropriate.</p>

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–61, 138–179 and 186–194. The remuneration report for the financial year 2023 also constitutes other information. It is the Board of Directors and the CEO who are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they 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.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the CEO are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the CEO's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, measures taken to eliminate the threats or countermeasures that have been taken.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.



## Report on other legal and regulatory requirements

### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Svenska Cellulosa Aktiebolaget SCA (publ) for the year 2023 and the proposed appropriations of the company's profit.

We recommend to the general 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 CEO be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. 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.

### The auditor's examination of the ESEF report

#### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the CEO have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Svenska Cellulosa Aktiebolaget SCA AB for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting

#### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Svenska Cellulosa Aktiebolaget SCA AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the CEO determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the CEO, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the CEO.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the ESEF regulation.

## The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 76–87 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's

examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

## The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on page 66 with references, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB, with Fredrik Norrman as auditor-in-charge since 2020, was appointed auditor of Svenska Cellulosa Aktiebolaget AB by the general meeting of the shareholders on March 31st, 2023 and has been the company's auditor since 2016.

Stockholm February 26, 2024

Ernst & Young AB

Fredrik Norrman  
Authorized Public Accountant

# Limited Assurance Report on the Sustainability Report

## Auditor's Limited Assurance Report on Svenska Cellulosa Aktiebolaget SCA's Sustainability Report

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

### Introduction

We have been engaged by the Board of Directors of Svenska Cellulosa Aktiebolaget SCA to undertake a limited assurance engagement of Svenska Cellulosa Aktiebolaget SCA's Sustainability Report for the year 2023. The company has defined the scope of the Sustainability Report to the areas referred to in the GRI Index on pages 186–187.

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

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 140, and are the parts of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our review is limited to the information in this document and to the historical information and does therefore not include future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) *Assurance engagements other than audits or reviews of historical financial information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the

preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards.

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

The procedures performed, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm February 26, 2024

Ernst & Young AB

Fredrik Norrman  
Authorized Public Accountant

Marianne Förander  
Expert Member of FAR

# GRI index

SCA prepared its report in accordance with GRI Standards 2021 for the January 1, 2023–December 31, 2023 period.

GRI standard / other sources and disclosure	Page	Omission		
		Requirement(s) omitted	Reason	Explanation
<b>GRI 2: General disclosures</b>				
<b>Organization and its reporting practices</b>				
2-1	Organizational details	60–61, 98, 192		
2-2	Entities included in the organization's sustainability reporting	127 Note F1, 140		
2-3	Reporting period, frequency and contact point	140, 192		
2-4	Restatements of information	140		
2-5	External assurance	80, 180, 185		
<b>Activities and workers</b>				
2-6	Activities, value chain and other business relationships	12–13, 63, 142–143		
2-7	Employees	140, 173		
2-8	Workers who are not employees	173		
<b>Governance</b>				
2-9	Governance structure and composition	76–85		
2-10	Nomination and selection of the highest governance body	76, 78		
2-11	Chair of the highest governance body	79		
2-12	Role of the highest governance body in overseeing the management of impacts	76–77, 82		
2-13	Delegation of responsibility for managing impacts	76–77, 82		
2-14	Role of the highest governance body in sustainability reporting	76–77, 82, 148		
2-15	Conflicts of interest	79, 82, 177		
2-16	Communication of critical concerns	178		
2-17	Collective knowledge of the highest governance body	78–79, 84–85		
2-18	Evaluation of the performance of the highest governance body	79, 82, 148		
2-19	Remuneration policies	103–104		
2-20	Process to determine remuneration	77		
2-21	Annual total compensation ratio	173		
<b>Strategy, policies and practices</b>				
2-22	Statement on sustainable development strategy	6–7		
2-23	Policy commitments	82, 141, 177		
2-24	Embedding policy commitments	82, 141, 177		
2-25	Processes to remediate negative impacts	142, 178		
2-26	Mechanisms for seeking advice and raising concerns	146–147, 178		
2-27	Compliance with laws and regulations	178		
2-28	Membership associations	146		
<b>Stakeholder engagement</b>				
2-29	Approach to stakeholder engagement	146–147		
2-30	Collective bargaining agreements	172–173		

GRI standard / other sources and disclosure	Page	Omission	
		Requirement(s) omitted	Reason
<b>GRI 3: Material topics</b>			
<b>GRI 3: Material topics in accordance with GRI Standards 2021</b>			
3-1	Process to determine material topics		
3-2	List of material topics		
<b>GRI 302: Energy</b>			
3-3	Management of material topics		
302-1	Energy consumption within the organization		
<b>GRI 305: Emissions</b>			
3-3	Management of material topics		
305-5	Reduction of GHG emissions		
<b>GRI 304: Biodiversity</b>			
3-3	Management of material topics		
304-3	Habitats protected or restored		
<b>GRI 403: Occupational health and safety</b>			
3-3	Management of material topics		
403-1	Occupational health and safety management system		
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
403-9	Work-related injuries		

# Financial multi-year summary

SEKm	2023	2022	2021	2020	2019	2018	2017
<b>INCOME STATEMENT</b>							
Net sales	18,081	20,794	18,822	18,410	19,591	18,755	16,664
<b>EBITDA</b>	<b>6,807</b>	<b>10,194</b>	<b>9,109</b>	<b>4,440<sup>1)</sup></b>	<b>5,319<sup>2)</sup></b>	<b>5,252</b>	<b>3,648</b>
Forest	3,511	2,602	2,601	2,213	1,740	1,394	1,363
Wood	550	1,945	2,895	657	789	904	670
Pulp	1,213	2,883	2,010	614	983	709	482
Containerboard	1,212	2,792	1,708	1,190	2,064	2,468	1,479
Renewable Energy	690	355	248	-	-	-	-
Other	-369	-383	-353	-234 <sup>1)</sup>	-257 <sup>2)</sup>	-223	-346
Depreciation	-1,950	-1,552	-1,475	-1,601 <sup>1)</sup>	-1,616 <sup>2)</sup>	-1,250	-1,137
<b>Operating profit</b>	<b>4,857</b>	<b>8,642</b>	<b>7,634</b>	<b>2,839<sup>1)</sup></b>	<b>3,703<sup>2)</sup></b>	<b>4,002</b>	<b>2,511</b>
Financial items	-414	-39	-107	-117	-126	-29	-93
<b>Profit before tax</b>	<b>4,443</b>	<b>8,603</b>	<b>7,527</b>	<b>2,722<sup>1)</sup></b>	<b>3,577<sup>2)</sup></b>	<b>3,973</b>	<b>2,418</b>
Income taxes	-818	-1,782	-1,426	-483 <sup>1)</sup>	-730 <sup>2)</sup>	-314	-544
<b>Profit for the period</b>	<b>3,625</b>	<b>6,821</b>	<b>6,101</b>	<b>2,239<sup>1)</sup></b>	<b>2,847<sup>2)</sup></b>	<b>3,659</b>	<b>1,874</b>
<b>BALANCE SHEET</b>							
Forest assets	107,481	97,882	84,497	74,900	69,682	33,065	32,384
Deferred tax liabilities related to forest assets	-21,277	-19,468	-16,905	-14,977	-13,977	-6,658	-6,905
Working capital	4,321	4,138	2,823	2,759	3,748	3,735	2,861
Other capital employed	24,525	23,795	20,392	17,152	17,654	15,940	14,379
<b>Capital employed</b>	<b>115,050</b>	<b>106,347</b>	<b>90,807</b>	<b>79,834</b>	<b>77,107</b>	<b>46,082</b>	<b>42,719</b>
Equity	104,284	96,358	83,055	72,163	68,510	39,062	36,753
Net debt	10,766	9,989	7,752	7,671	8,597	7,020	5,966
<b>Capital employed</b>	<b>115,050</b>	<b>106,347</b>	<b>90,807</b>	<b>79,834</b>	<b>77,107</b>	<b>46,082</b>	<b>42,719</b>
<b>CASH FLOW STATEMENT</b>							
Operating cash flow	2,985	5,685	5,216	2,688	2,922	2,751	2,273
Cash flow before dividend	585	-320	876	723	145	528	-754
Current capital expenditures, net	-1,603 <sup>3)</sup>	-1,436	-1,236	-1,224	-1,132	-1,002	-638
Strategic capital expenditures in non-current assets	-1,510	-4,351	-3,723	-1,414	-1,256	-1,967	-2,863
<b>KEY FIGURES</b>							
EBITDA margin	37.6%	49.0%	48.4%	24.1% <sup>1)</sup>	27.2% <sup>2)</sup>	28.0%	21.9%
Operating margin	26.9%	41.6%	40.6%	15.4% <sup>1)</sup>	18.9% <sup>2)</sup>	21.3%	15.1%
Industrial return on capital employed	7.3%	40.1%	33.0%	5.4% <sup>1)</sup>	11.9%	20.1%	12.5%
Return on capital employed	4.5%	8.9%	9.0%	3.6% <sup>1)</sup>	6.9% <sup>2)</sup>	9.0%	6.1%
Net debt/EBITDA	1.6x	1.0x	0.9x	1.7x <sup>1)</sup>	1.6x <sup>2)</sup>	1.3x	1.6x
Net debt/Equity	10.3%	10.4%	9.3%	10.6%	12.5%	18.0%	16.2%
<b>Data per share</b>							
Earnings per share, SEK	5.23	9.61	8.69	3.19 <sup>1)</sup>	4.05 <sup>2)</sup>	5.21	2.67
Dividend per share, SEK	2.75 <sup>4)</sup>	2.50	3.25	2.00	0.00	1.75	1.50

<sup>1)</sup> Excluding the effect of one-off items related to the discontinuation of publication paper operations.

<sup>2)</sup> Excluding the effect of one-off items related to the impact of the changed accounting method for the valuation of forest assets.

<sup>3)</sup> SEK -178m from new, remeasured and terminated leases.

<sup>4)</sup> Board of Directors' proposal.

# Non-financial multi-year summary

	2023	2022	2021	2020	2019	2018	2017
Value-based culture	Number trained in SCA's Code of Conduct	98%	97%	97%	96%	96%	90%
	Percentage of contract suppliers that have approved SCA's Supplier Standard	98%	99%	98%	94%	93%	75%
	Number of confirmed breaches of SCA's Code of Conduct	5	5	5	7	8	2
	Average number of employees <sup>1)</sup>	3,413	3,313	3,577	4,196	4,253	4,127
	Share of women in the Group <sup>2)</sup>	24%	23%	22%	21%	19%	18%
	Absence due to illness total	3.5%	3.7%	3.0%	3.9%	3.1%	3.8%
	Workplace accident Frequency Rate, LTA per million hours worked	4.3	3.1	5.8	5.6	7.4	9.1
	Preventive activities – number of risk and behavior-based safety observations	26,142	23,242	17,477	18,079	13,964	11,290
Profitable growth	Total shareholder return (TSR)	17%	-16%	14%	51%	41%	-17%
	Credit rating	Investment Grade	Investment Grade	Investment Grade	Investment Grade	Investment Grade	Investment Grade
Fossil-free world	Climate benefit <sup>3)</sup> , million tonnes of CO <sub>2</sub> e	9.1 <sup>3)</sup>	10.1	10.5	9.6	10.5	8.0
	Uptake of CO <sub>2</sub> through net growth of SCA's forests <sup>3)</sup> , million tonnes CO <sub>2</sub>	4.5 <sup>3)</sup>	5.4	5.4	4.4	5.4	4.0
	Fossil emissions in the value chain (Scope 1-2-3), million tonnes of CO <sub>2</sub> e	0.81	0.74	0.72	0.86	0.91	0.88
	Fossil-free production (emissions from used fuel)	95%	95%	96%	95%	95%	93%
	Specific fossil emissions from transportation in the value chain, g of CO <sub>2</sub> e per tonne-kms transport work performed <sup>4)</sup>	16.3	18.0	18.6	19.0	17.9	20.7
	Installed capacity of wind power on SCA's land, TWh per year	9.0	7.2	6.5	5.4	4.4	2.6
Valuable forests	Standing volume in SCA's forests <sup>5)</sup> , million m <sup>3</sup> fo	271	267	261	257	252	245
	Wood raw material from responsibly managed forests, percentage of chain of custody certified wood raw material <sup>6)</sup>	100%	100%	100%	100%	100%	100%
	Wood raw material from responsibly managed forests, percentage of wood raw material from certified forestry or harvested with SCA retention <sup>7)</sup>	75%	69%	72%	81%	67%	71%
	Replanting, millions of seedlings planted in SCA's forests	45	40	67	46	35	36
	Nature conservation area <sup>8)</sup> , % of productive forest land	22.9%	25.2%	24.5%	22.5%	21.0%	20.0%
	Number of meetings for participatory planning with reindeer-herding Sami communities	83	37	80	120	79	69
Efficient use of resources	Wood raw material used, million m <sup>3</sup> sub	10.3	10.4	10.7	11.3	11.2	9.6
	Electricity used, TWh <sup>9)</sup>	1.9	1.6	1.7	2.8	3.1	3.0
	Emissions to air of nitrogen compounds, tonnes of NO <sub>2</sub>	2,005	2,032	2,180	2,106	1,995	1,831
	Emissions to water of suspended solids, tonnes	1,605	2,104	2,353	2,628	1,873	1,892
	Share of recycling of non-hazardous waste	97.5%	96.3%	97.5%	96.0%	96.7%	95.3%
Sustainable development	Contribute toward vibrant local communities <sup>10)</sup>	75%	61%	61%	58%	51%	-
	Support civil society in sport, culture and other areas, number of central agreements	168	149	-	-	-	-

<sup>1)</sup> In 2020, the construction material operations in the UK were divested, publication paper operations in SCA were discontinued in 2021.

<sup>2)</sup> Refers to employees on December 31.

<sup>3)</sup> Climate benefit calculated using the model launched by SCA in 2019, see sca.com

<sup>4)</sup> The reported outcome for 2017–2021 was erroneously specified in previous annual reports as CO<sub>2</sub> and has been adjusted to CO<sub>2</sub>e.

<sup>5)</sup> New forest survey in 2019. Holding in the Baltic region included since 2019.

<sup>6)</sup> Wood raw material that at least complies with FSC's Controlled Wood Standard.

<sup>7)</sup> SCA retention pertains to harvesting where the on-site retention corresponds to FSC's requirements for certified forestry.

<sup>8)</sup> Nature conservation area refers to voluntary set-asides and on-site retention in harvesting operations.

<sup>9)</sup> Pertains to SCA's industrial facilities

<sup>10)</sup> Share of SCA's economic value creation paid to suppliers and employees.

# Definitions and glossary

## Financial terms

### Performance measures

#### EBITDA

Profit before depreciation, amortization and impairment, financial items and taxes.

#### EBITDA margin

Profit before depreciation, amortization and impairment, financial items and taxes as a percentage of net sales for the year.

### Capital measures

#### Capital employed

Calculated as the balance sheet's total assets excluding financial assets and pension assets, less non-interest-bearing liabilities.

#### Working capital

Working capital is calculated as current operating receivables (inventories, trade receivables and other non-interest-bearing current receivables) less current operating liabilities (trade payables excluding those that concern strategic capital expenditures, other non-interest-bearing current liabilities as well as other current provisions).

#### Net debt

Financial liabilities and provisions for pensions with deductions for financial assets (surplus in funded pension plans, financial assets and cash and cash equivalents).

### Profitability ratios

#### Return on capital employed

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. One-off items are excluded. Industrial segments only use industrial ROCE.

#### Industrial return on capital employed

Calculated as the Group's return on capital employed, excluding operating profit and capital employed from the Forest operating segment, operations in the wind power area and a share of Other operations. Strategic capital expenditures in industry that have not begun operating and one-off items are excluded. This measure applies to the Wood, Pulp and Containerboard segments.

#### One-off items

Material transactions lacking a clear connection to the ordinary operations, and which are not expected to occur regularly.

### Cash flow performance measures

#### Operating cash flow

The sum of operating cash surplus and change in working capital, with deductions for current capital expenditure 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 expenditures in non-current assets

Investments aimed at increasing the company's future cash flow through acquisitions of companies, capital expenditures to expand facilities, or new technologies that boost competitiveness.

#### Current capital expenditures, net

Investments made to maintain competitiveness, and include maintenance, rationalization and replacement measures or investments of an environmental nature, with deductions for compensation from divested non-current assets, aimed at preserving the value of assets.

## Glossary

**CTMP** Chemi-thermomechanical pulp is a high-yield pulp produced through heating and mechanical defibration in a refiner of preheated, chemically pre-treated softwood.

**FSC** (Forest Stewardship Council) is an international organization promoting 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.

**Climate benefit** describes the company's total climate effect in millions of tonnes of carbon dioxide equivalents and is calculated using a model described in a report från Skogforsk, report number 1187-2024 and on sca.com. The model comprises forest net uptake of CO<sub>2</sub>, the products' contribution when they store CO<sub>2</sub> and replaces fossil materials and fossil emissions from the value chain.

**Kraftliner** is the surface layer of corrugated board based on fresh wood fiber.

**m<sup>3</sup>sub** (solid cubic meter under bark) specifies the volume of timber excluding bark and tops. Used in harvesting and the timber trade. 1 m<sup>3</sup>sub equals about 1.22 m<sup>3</sup>fo.

**m<sup>3</sup>fo** (forest cubic meter) specifies the volume of timber including tops and bark, but excluding branches. Used to describe the forest holding of standing timber. Growth is also specified in forest cubic meters. 1 m<sup>3</sup>fo equals about 0.82 m<sup>3</sup>sub.

**PEFC** (Programme for the Endorsement of Forest Certification) is an international forest certification system.

**Productive forest land** is land with a production capacity that exceeds an average of one cubic meter of forest per hectare annually.

**NBSK** is bleached softwood kraft pulp manufactured by boiling wood fiber with chemicals.

**Solid-wood products** refers to timber sawn into various sizes for use in, for example, furniture manufacturing, joinery or construction.

**Wood raw material** relates to fresh wood fiber used in solid-wood products, pulp and paper products.



# About the Annual General Meeting

The Annual General Meeting (AGM) of Svenska Cellulosa Aktiebolaget SCA will be held on Friday, March 22, 2024, at 1:00 p.m. at Clarion Hotel Sundsvall, Skepparegatan 9 in Sundsvall, Sweden. Registration for the AGM will start at 11:30 a.m.

The shareholders also have the opportunity to exercise their voting rights by postal voting prior to the Meeting.

## Right to participate and notice of participation at the meeting venue

Shareholders who wish to participate in the AGM at the meeting venue in person or by proxy must be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances on Thursday, March 14, 2024, and give notice by Monday, March 18, 2024.

Notification may be given in any of the following manners:

- On the company's website [sca.com](https://sca.com)
- By telephone at +46 60 19 33 00, weekdays between 9:00 a.m. and 4:00 p.m.
- By mail to Svenska Cellulosa Aktiebolaget SCA, "Annual General Meeting", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm.
- by e-mail to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com)

Notification must include name, personal or corporate identification number, address, telephone number and number of any assistants (not more than two).

Shareholders represented by proxy shall issue a written, signed and dated power of attorney for the proxy. Proxy forms in Swedish and English are available on the company's website [sca.com](https://sca.com) and also upon request. A power of attorney is valid for one (1) year from its issue date or such longer time period as set out in the power of attorney, however not more than five (5) years. The representative of a legal person must provide a copy of a registration certificate or corresponding authorization document, not older than one year, listing the authorized signatories. In order to facilitate the registration at the Meeting, the power of attorney in original, the registration certificate and other authorization documents should be sent to the company at the address stated above, well in advance of the Meeting and not later than Monday, March 18, 2024.

## Right to participate and notice by postal voting

Shareholders who wish to participate in the AGM by postal voting must be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB as of Thursday, March 14, 2024, and give notice of their participation by submitting their postal votes in accordance with the instructions below so that the postal vote is received by Euroclear Sweden AB by Monday, March 18, 2024.

A person who wishes to attend the meeting venue in person or by proxy must give notice of this in accordance with the instructions under the heading "Right to participate and notice of participation at the meeting venue" above. Hence, notice of participation only through postal voting is not sufficient for a person who wishes to attend the meeting venue.

A special form must be used for postal vote. The form is available on the company's website [sca.com](https://sca.com) and is considered as notice to participate in the AGM.

In order to be considered, the completed and signed form must be received by Euroclear Sweden AB no later than Monday, March 18, 2024 and sent by post to Svenska Cellulosa Aktiebolaget SCA, "Annual General Meeting", c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden, or by e-mail to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com). Shareholders may also cast their votes electronically through verification with BankID via Euroclear Sweden AB's website <https://anmalan.vpc.se/EuroclearProxy/>. To be considered, such electronic votes must be submitted no later than Monday, March 18, 2024.

If the shareholder submits its postal vote by proxy, a written, signed and dated power of attorney must be attached to the postal voting form. Proxy forms in Swedish and English are available on the company's website [sca.com](https://sca.com) and also upon request. A power of attorney is valid for one (1) year from its issue or such longer time period as set out in the power of attorney, however not more than five (5) years. If the shareholder is a legal person, a registration certificate or corresponding authorization document, not older than one (1) year, must be attached to the form, listing the authorized signatories.

The shareholder may not provide specific instructions or conditions to the postal vote. If so, the postal vote in its entirety is invalid. Further instructions and conditions can be found in the postal voting form.

## Nominee registered shares

In order to be entitled to participate in the AGM, in person, by proxy or through postal voting, a shareholder whose shares are registered in the name of a nominee must, in addition to giving notice of participation in the AGM, register its shares in its own names so that the shareholder is listed in the presentation of the share register as of Thursday, March 14, 2024. Such re-registration may be temporary and made to the nominee in accordance with the nominee's routines as such a time in advance as decided by the nominee. Voting rights registration that has been made by the nominee no later than Monday, March 18, 2024, will be taken into account in the presentation of the share register.

The notice convening the AGM can be found on the company's website [sca.com](https://sca.com).

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## Addresses

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