



**Sustainable values  
from family forestry**  
Annual and Sustainability Report

**2024**



# A single tree produces a thousand opportunities

Society's interest in forests is growing. More and more people are seeing the importance of forests and the many solutions they can provide to major challenges such as climate change. Forests have to meet a wide range of needs and we have a structural deficit of forest raw material. Södra's operations are based on the long-term profitability of forest estates and have a strategic focus on making more from every tree and finding new and sustainable products and solutions from the forest. Based on our mission to refine and renew family forestry, we will make the most of every opportunity that grows from every tree.

# What we do

Södra is the largest forest-owner association in Sweden and combined, we own more than half of all privately owned forest in southern Sweden. We also own a forest industry group where we convert the sustainable forest raw material into products with a low carbon footprint that create value for people all over the world. Our product areas and some examples of the end-products they are used for are listed below.

 <p><b>Biochemicals</b> for cleaning agents and cosmetics</p>	 <p><b>Biofuel</b> for heating, renewable electricity and liquid biofuels</p>	 <p><b>Biomaterials</b> for straw, sawdust and mulch</p>
 <p><b>Building systems</b> for housing, industrial facilities and public buildings</p>	 <p><b>Dissolving pulp</b> for textiles</p>	 <p><b>Electricity</b> Green electricity and members' electricity</p>
 <p><b>Forest</b> Forestry services and advisory services</p>	 <p><b>Heating</b> District heating for the local community</p>	 <p><b>Paper pulp</b> for tissue, packaging and specialty papers</p>
 <p><b>Seedlings</b> Spruce, pine and other deciduous and coniferous trees</p>	 <p><b>Wood products</b> Structural timber, decking and cladding</p>	

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The Board of Directors and President of Södra Skogsägarna ekonomisk förening (corporate identity number 729500-3789) hereby submit the 2024 Annual Report for the Group and the Parent Company. The audited annual report comprises pages 42–95. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be presented to the Annual General Meeting on 3 June 2025 for adoption. The Sustainability Report comprises pages 100–139. The scope of the statutory sustainability report is presented on page 138. The Corporate Governance Report comprises pages 144–153.

This is a translation of the annual report. This translation does not replace the original annual report. In the event of any lack of clarity or disparity between this translation and the annual report, the annual report will always take precedence.



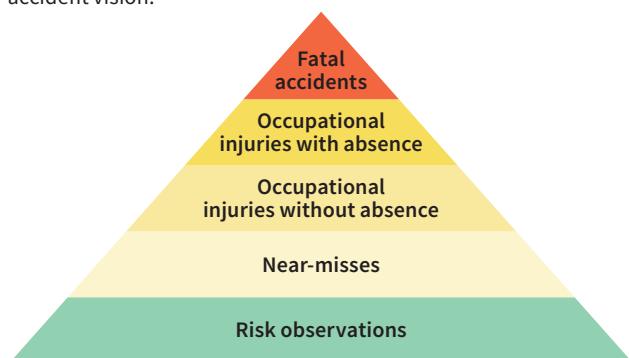
# We put safety first



We put people and culture at the centre of everything we do. Health and safety is therefore our top priority. Every second of the day should count when it comes to safety, security and taking care of each other, and that is why we never stop working to create a work environment and an organisation that are healthy, sustainable and injury-free. This applies to members, employees and contractors. We work safely or not at all.

## Zero accident vision

No one should ever be exposed to health risks at work, and every workplace injury is one too many. We never stop working to improve our safety culture and we have a zero accident vision. We maintain the vision that every accident and all ill health can be prevented, while also developing and strengthening our systematic health and safety management in order to move towards our zero accident vision.



*The accident triangle, known as Heinrich's triangle, is a theory of industrial accident prevention. It means that for each serious accident there is a corresponding number of near-misses and even more risk observations. By addressing the conditions identified by the risk observations, the risk of serious accidents can be reduced. This lies in line with our zero accident vision.*



## Focus on reducing slip and fall accidents

Between 2021 and 2023, about one-quarter of all accidents with absence from work in Södra's mills were due to same-level slips and falls. During the year, Södra Cell focused on trying to reduce these accidents.

“We have created an action plan with a Group-wide template for safety inspections. This led to the completion of more than 40 inspection rounds and the identification of more than 150 actions in 2024. They include, for example, repairing uneven flooring, improving lighting and maintaining better order in various ways,” said Christian Mattsson, Södra's OHS officer at Mörrum.

Alongside of these measures, communication was also strengthened to raise awareness of safe behaviours.

These efforts led to an increase in the number of risk observations and a higher level of awareness and willingness to report. By continuing to work proactively with our risks and strengthen safe behaviours, we are hoping to reduce the number of accidents caused by slips or falls.

## Safe Member

Over the years, Södra has introduced many measures to reduce the various risks associated with work in forests, such as opportunities for forest owners to take a chainsaw and clearing saw operator license through collaboration with the Safe Forestry organisation. Many members often work alone in their forests, which is a risk area across the entire forest industry where Södra can do more to prevent accidents.

As part of the Safe Member initiative, Södra has developed a tool kit with important tools for various procedures such as lifesaving and risk assessments. The starting point is that all accidents can be prevented. This process requires intensified communication campaigns and initiatives in relation to health and safety issues.

### Be safe, think SKOG (FOREST)

**S** – Stop. Think through the situation and what has to be done. Make sure you have the right knowledge, permit, equipment and personal protective equipment for the job.

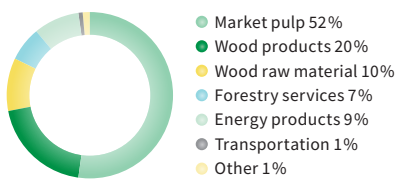
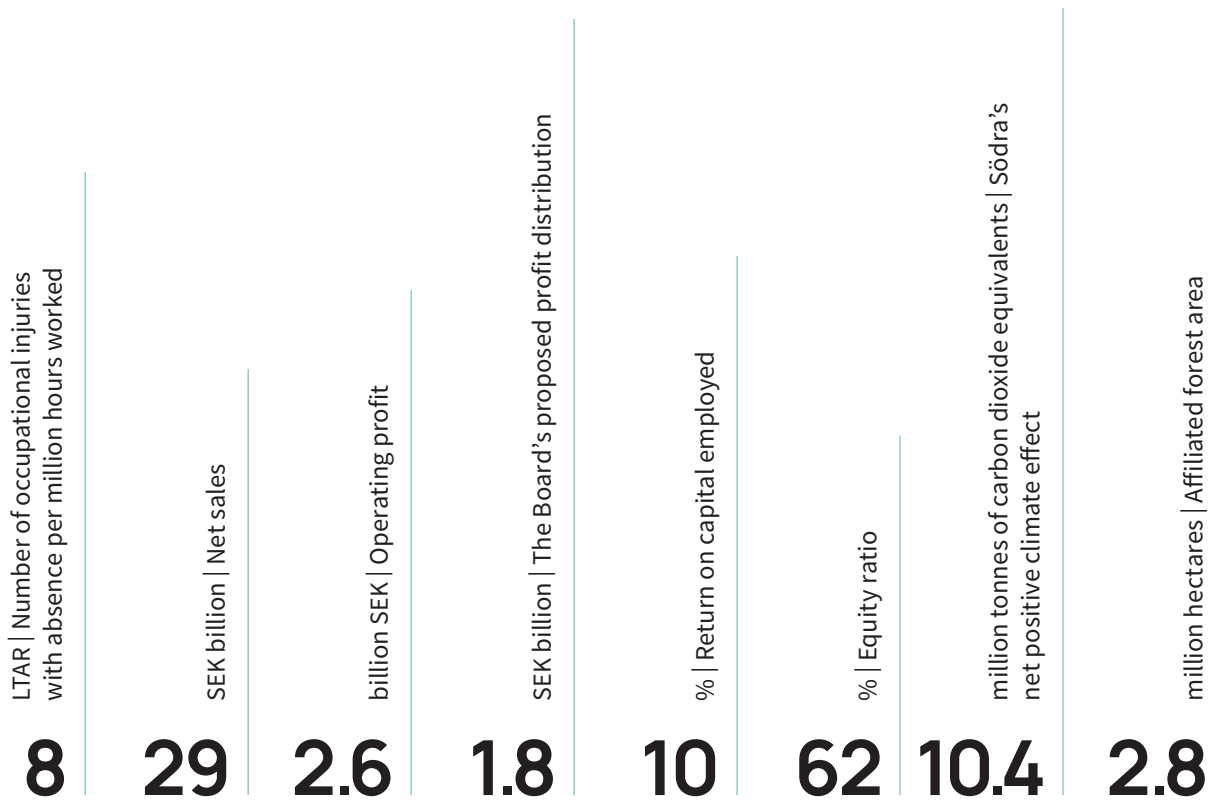
**K** – Reflect How do I feel today? Am I stressed, unfocused, tired? What does the rest of my day look like?

**O** – Orient yourself. Look around. Are there any other risks? Soil, weather, road, power lines. Does anybody know that I am working alone?

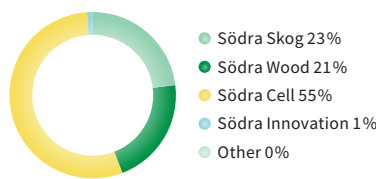
**G** – Get the job done safely!

# The year in figures

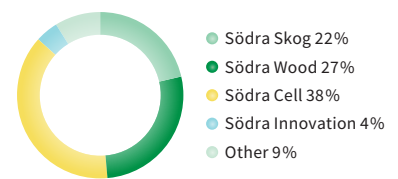
Some of our most important figures and key indicators for 2024.



Net sales per revenue category. SEK 29,487 million in total, excluding internal deliveries.



Sales per business area. SEK 29,487 million in total, excluding internal deliveries.



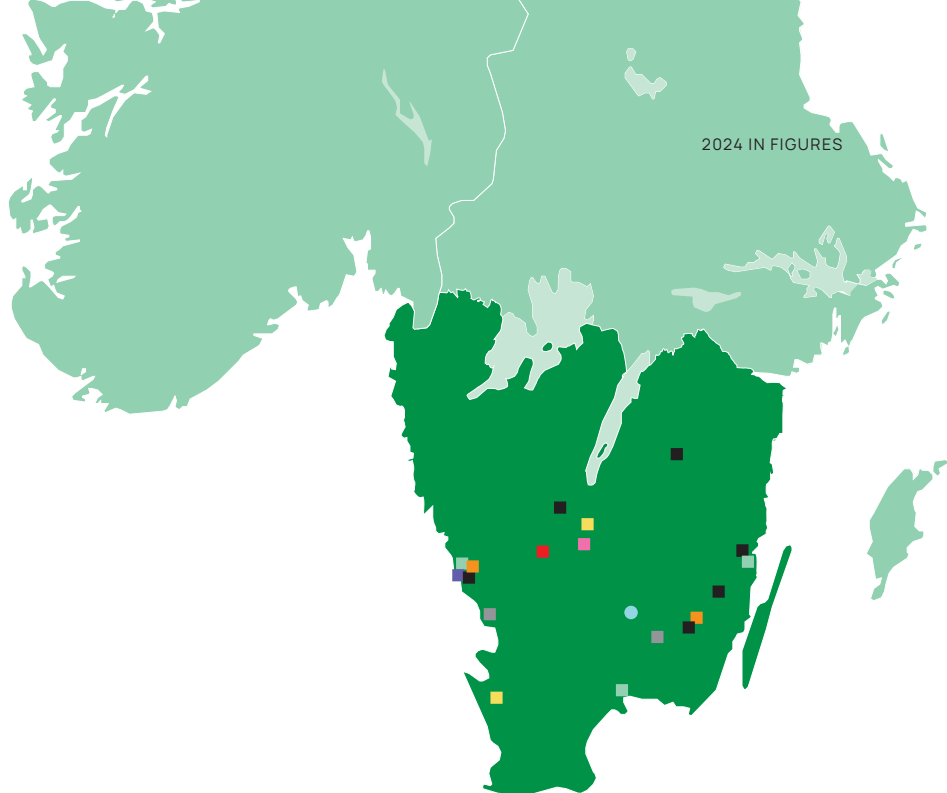
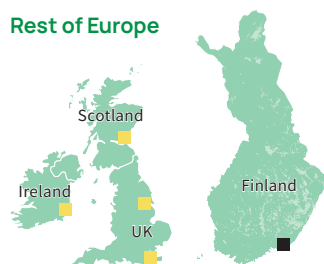
Average number of employees per business area. 3,195 in total.

## Production units

- Pulp mill
- Sawmill
- Pressure treatment plant
- Grinding facility
- Further processing
- Pellets factory
- Factory for cross-laminated timber (CLT)
- Nursery
- Head office

Refers to production units at 31 December 2024

### Rest of Europe



# 3,195

Average no. of employees

# 24

Forestry member teams in Götaland

# 3

Pulp mills

# 7

Sawmills

Key indicators	2024	2023	2022	2021	2020
Net sales, SEK million	29,487	28,896	33,367	27,060	20,351
Operating profit before depreciation, amortisation and impairment, SEK million	4,155	3,677	9,136	6,811	2,164
Operating profit, SEK million	2,630	2,226	7,805	5,316	891
Profit before tax, SEK million	2,728	2,272	7,724	5,233	746
Return on capital employed	10%	9%	35%	25%	2%
Equity ratio	62%	64%	65%	63%	57%
Cash flow after investments, SEK million	1,820	79	5,820	3,192	646
Profit distribution <sup>1)</sup> , SEK million	1,753	1,474	3,243	2,239	598
Affiliated forest area, 1,000 ha	2,833	2,806	2,786	2,719	2,696
Wood volume, million m <sup>3</sup> sub	17.5	17.3	18.3	18.0	17.4
No. of members	52,116	51,774	51,476	51,938	52,921
Average no. of employees <sup>2)</sup>	3,195	3,251	3,262	3,118	3,112
Positive climate effect <sup>3)</sup> , Mt CO <sub>2</sub> e	10.4	11.4	12.1	13.3	11.0
Fossil emissions in the value chain <sup>4)</sup> , Mt CO <sub>2</sub> e	2.5	2.4	2.1	2.1	2.2
Lost time accidents (LTA) <sup>5)</sup> , no.	44	38	50	56	47
Lost time accident rate (LTAR) <sup>6)</sup>	8	7	10	11	9

<sup>1)</sup> Proposed profit distribution, including bonus issue.

<sup>2)</sup> New definition from 2024: comprises actual hours worked divided by scheduled hours for a full-time employee. The comparative figures for 2023 have been restated

<sup>3)</sup> CO<sub>2</sub>e=carbon dioxide equivalents.

<sup>4)</sup> In 2021, the reporting principle for fossil GHG emissions was changed in relation to the emissions that are included. The comparative figures for 2020 have been restated, and the comparative figures for 2023 have been adjusted.

<sup>5)</sup> LTA (lost time accident): occupational injury with absence.

<sup>6)</sup> LTAR (lost time accident rate): number of occupational injuries with absence per million hours worked.

A few glimpses from the past year to show how we increase member value and strengthen the Södra brand. Our focus is always on our mission – to refine and renew family forestry.

# The year in brief



## Reduced climate impact with electric trucks

We have taken important steps in the process to achieve our long-term target for fossil-free transportation. One step is the investment in a wood chip truck from Scania, which is charged with own-generated fossil-free electricity. The wood chip truck is part of the Forestry Research Institute of Sweden's TREE project and will help to reduce the climate impact of Södra's transportation. Another step is the first electric truck in a joint collaboration with DFDS. The truck transports pulp between the mill at Värö and the ports in Gothenburg and Varberg and is expected to save 48 tonnes of carbon dioxide per year compared with a diesel truck.



## First commercial facility for kraft lignin in Sweden

Södra is establishing a new business to become a world leader in kraft lignin production. The production facility at Mönsterås will be the first commercial facility in Sweden and the largest producer in the world, and is scheduled to commence operation in 2027. The total investment of more than SEK 2 billion is supported by the Swedish Energy Agency, and the project is included in the EU's Recovery and Resilience Facility (RRF) under NextGenerationEU.



Funded by the European Union  
NextGenerationEU

Kraft lignin can replace fossil materials in adhesives, batteries, rubber and composites, for example, and also form the basis for new biofuels.

## New pricing terms for a secure transaction

To strengthen family forestry in a raw material market with continued high demand and considerably greater fluctuations than before, we have taken several initiatives to strengthen both the profitability of forest estates and their long and short-term conditions.

In addition to adjusting wood prices on five occasions, we also increased transparency and developed our business terms.

Since spring 2024, open price statistics have been presented in the My Forest Estate web and mobile applications and on Södra's website. Highest Price, 60 Days has been introduced to ensure that forest owners can feel secure when signing agreements. This means that forest owners will receive the new higher price should the price be raised within 60 days of signing the agreement. Price Compensation for Delayed Harvesting means that a harvesting operation that has not commenced within 12 months of signing the agreement will receive the wood price that applies 12 months after signing the agreement if it is higher than when the agreement was signed.



## Two new business areas

Södra Bioproducts, with responsibility for energy and chemicals, and Södra Building Systems, with responsibility for building systems, have been new business areas since September 2024.

"Our new businesses have taken a number of steps forward and it is time to give them more space together with our existing core businesses. The changes will provide us with a good balance between our various products and give the businesses a stronger voice," said President and CEO Lotta Lyrå.

For accounting purposes, Bioproducts and Building Systems will be separate units from 2025.





### Top rating for Södra's sustainability performance in international evaluation

Independent research firm EcoVadis continues to rank Södra among the top percentage of sustainability performers. The annual survey gave Södra a top ranking for the fifth consecutive year from among more than 100,000 companies rated in over 200 sectors and 175 countries.

EcoVadis assesses four key areas: the environment, fair working conditions and human rights, business ethics and sustainable purchasing. With a total score of 80 from 100, Södra achieved its highest score to date and a platinum medal.

"It is very positive that we received such high scores for our sustainability performance in an independent assessment, and it feels really good that several of the environmental areas that we focus on in our strategy were rated so highly," said Jessica Nordin, Södra's Director of Sustainability.



### Excursion in connection with AGM highlighted Södra's products

At Södra's Annual General Meeting (AGM) in Kalmar, a decision was made to distribute profit of SEK 1,474 million to members for 2023. The amount corresponds to an average distribution of SEK 28,478 per member and 65 percent of profit before tax.

In connection with the AGM, an excursion to the combined plant at Mönsterås was arranged for the Meeting's participants, with the theme A single tree produces a thousand opportunities.

"I arrived here as a forest owner and leave here as an industrial owner," said Tomas Svensson, a delegate in the Mönsterås forestry district.



### Continued investment in BraSatt

Södra will continue to invest in development of the BraSatt planting machine. A decision was made to continue the project for another two years. The aim is that the project will then be at a stage where we can enter into collaboration with partners to develop the next version, which will be closer to a finished product.

BraSatt represents an investment in new advanced technology to achieve better seedling survival and gentle soil scarification, and to minimise the risk of a labour shortage.



### Changed industrial structure to strengthen competitiveness

To maintain a strong market position and build up an even more competitive industrial structure over time, the consolidation of Södra's sawn timber operations began at the beginning of the year. The aim is to achieve economies of scale by relocating production volumes to Södra Wood's larger production units.



### Major investment in green electricity generation at Mörrum

During the year, a decision was made to invest in a new condensing turbine in the pulp mill at Mörrum, which will increase the supply of electricity to the grid in Blekinge by 20 percent. The investment is part of a process to strengthen Södra's industrial competitiveness, offer products with a low carbon footprint, maintain the positive energy balance and continue supplying surplus green electricity.

The new turbine is scheduled for deployment by mid-2026.

### Strong commitment to owner dialogue

During the autumn, an owner dialogue was carried using new digital tools. Nearly 6,000 responses were received to the open question about what Södra could do to create even more value for forest estates and for forest owners going forward. In 2025, the compiled results will be reported back to members in various way during the spring.



# We stand stable but never still

**Lotta Lyrå**  
President & CEO

Our mission is to refine and renew family forestry together. This benefits our customers, helps society in the green transition and builds profitability for family forestry today and tomorrow. As we look back on 2024, it was a year in which we maintained a high pace of change to take advantage of the forest's many opportunities, while also handling external factors that affect our business in both the long and short term. As a cooperative and an industrial group, we stand stable but never still. Due to sound decision-making and hard work, Södra's liquidity position and balance sheet are strong, which means we can invest in line with our strategy.

Södra puts safety first and works actively and consciously to eliminate risks, reduce accidents and create a safety culture that permeates the entire operation. This is a never-ending process. Despite major efforts and initiatives in the operations, we did not achieve our target for 2024 and our LTAR ended at 8. Towards the end of the year, we took additional measures that we will now continue to develop and monitor during the spring. Our efforts to increase safety in the forest are also aimed at improving safety for members and contractors. There are no compromises for us in this area. Safety comes first.

### Challenging business environment

In 2024, we expected challenges and continued market uncertainty due to geopolitical volatility, the economic situation and a raw material shortage in the market. The economic recovery that has begun with falling inflation and lower interest rates has not made itself felt and geopolitical unrest, with wars in Europe and the Middle East, is affecting consumption. Given these conditions, Södra delivered a very stable result. During the year, the weak SEK benefited Södra, whose exports account for around 80 percent of production. Our sales amounted to SEK 29,487 million and we achieved operating profit of SEK 2,630 million. On this basis, the Board proposes a profit distribution of SEK 1,753 million to members.

Södra's product portfolio is evolving as we make more from every tree. That is strengthening our competitiveness and reducing our vulnerability to market fluctuations. During the year, demand for paper pulp was predominantly positive in relation to supply and this was reflected in favourable prices. Our scheduled maintenance shutdowns led to lower production, however, which affected the result. The assessment now is that price levels have fallen to a plateau that will continue into 2025. The economic situation challenged the sawn timber market during the year and, combined with higher prices for saw logs, the business has been under pressure. We are working to strengthen our competitiveness and our industrial adaptation of the sawmill operations in 2024 was successful and will strengthen us in the new year, when we are expecting a brighter market. The CLT (cross-laminated timber) business was also affected by the slow pace of construction, but by ramping up the facility, we will be ready when the market recovers. 2024 was a good year for Södra's biomethanol, biofuel and dissolving pulp, while low electricity prices and slow demand for tall oil led to lower prices. Overall, we expect that 2025 will also be a challenging year because the economic recovery will take time.

### High demand for forest raw material

In forests, the year was characterised by high demand and intense competition in a market with a structural deficit. Prices have reached historical high levels, with Götaland now at the top tier of northern Europe. This is positive for the profitability of forest estates and completely in line with Södra's mission. Our assessment is that demand is long-term. At the same time, the business environment and market are bringing greater uncertainty and faster fluctuations for individual forest owners. Therefore, in addition to several price adjustments during the year, Södra also invested in strengthening both the market position for forest owners, and Södra's business relationships with members. As a cooperative, we want to continuously improve the member experience and have developed our business terms and transaction forms to increase security in relation to wood sales, while adapting the forestry organisation and our advisory services to meet the needs and goals of members in the best possible way. As Sweden's largest forest-owner association, we have remained a driving market player by increasing the transparency of pricing terms. Based on our cooperative principles where transparency, fair treatment and increased security for individuals are important, we are continuing our efforts to be an attractive choice for forest owners.

### We make more from every tree and process

Record-high wood prices are increasing pressure on the industrial facilities owned jointly by members of Södra. Our strategic focus on making more from every tree is therefore highly relevant and requires innovation, investments and courage. During the year, we presented several initiatives in this direction. Our new businesses for kraft lignin and tannin are creating added value from the raw material, while we are broadening our range and establishing new customer relationships. The fact that Södra has already signed agreements for kraft lignin with two customers is an important milestone for our initiative, but also a signal to the market that this is a fossil-free product to be reckoned with. Another initiative aimed at accelerating the development and strengthening our competitiveness is our work with increased digitisation and artificial intelligence (AI) across the value chain. During the year, our AI chatbot for health and safety, Jörgen, was rolled out. Jörgen helps managers and employees in the important process of analysing data and giving insights and trends, which helps us to predict and avoid accidents. New forecasting tools and use of data across the business areas are further examples of how we are gradually allowing digitisation and AI to help us in our day-to-day operations. In efforts to make more from every tree and process, the development of our existing operations is an equally important focus. Our investment in a new condensing turbine is making further use of our pulping processes and producing more green electricity for our industrial operations and market. Our ongoing efforts to improve efficiency, which have been in progress for several years now, will continue with a high degree of commitment, and are highly significant for our underlying profitability. During the year, we had already achieved our target of SEK 434 million in cost-efficiencies by the second quarter and the year closed with SEK 613 million. This contributed to the result and will generate a long-term effect to be proud of.

In 2020, Södra became a signatory to the UN Global Compact. We have committed to the Ten Principles for corporate sustainability and report our sustainability performance every year.

### An active voice for forests

Södra, with its base in family forestry and key role in the forest industry in Sweden, generates great value. From jobs in rural areas and tax revenue for welfare to renewable products that store carbon dioxide, replace fossil materials and benefit society and consumers. We are proud but also know that this value can grow. Policy and society need to do their part to promote investments, create a level playing field and give family forestry the conditions for both active management and nature conservation. The rotation period of a tree is equal to 20 election cycles, so forests and the forest industry need a long-term approach and stability. In this process, Södra – as a forest-owner association and industrial group – must be active and share knowledge and perspectives at both national and EU level. During the year, we were able to participate in and host important meetings that were focused on forests with, among others, the President of the European Commission and the Swedish Prime Minister. Our efforts to achieve a more legally secure, efficient and predictable management of species protection and strengthened property rights are now being reviewed by two public inquiries, where our active engagement has continued. Södra is also one of the initiators of a global standard for biocredits, a first important step for a functional market of the future.

Södra was founded on the conviction that we will be stronger together. This is evident every day when more than 50,000 family forest owners, 3,500 employees, hundreds of elected representatives, contractors, suppliers, customers and partners all work in their own way to make the most of the many opportunities that forests offer. It is a fantastic starting point as we now enter a new and exciting year.

# How Södra generates value – from one family to another

## Member-owned forests



## Own mills



Research and innovation | Purchase of goods and services from suppliers



Wood raw material



Renewable products with a low carbon footprint

**Value chain**

Profit distribution to forest owners/members

### Forest carbon sink

The trees in members' forests absorb and store carbon dioxide from the atmosphere.

### Value chain emissions

The remaining fossil emissions in our value chain.

### Biodiversity

### Responsible forest management

Nature conservation measures, general environmental considerations and voluntary set-asides.

### Social benefit

Source of income | Jobs & competence | Infrastructure

## End-products



- Bio-chemicals
- Bio-fuels
- Bio-materials
- Building systems
- Dissolving pulp
- Electricity
- Heating
- Paper pulp
- Seedlings
- Wood products

Customers that reprocess and sell end-products

### Substitution

When our renewable products are used to replace products with a higher climate impact, a potential substitution effect is created and fossil emissions are avoided.



### Södra's total climate effect

Net change in forest carbon stock, minus our fossil emissions, plus using our forest-based products to replace products with a higher climate impact, gives us a positive total climate effect.



### Partnerships & community engagement

# The value of forest estates grows every year in Södra

We calculate the profitability of forest estates every year. The calculation is based on a fictitious model forest estate of 100 hectares, that follows a green forest management plan and applies Södra's forest management method. In model estate's profitability also includes the Board's profit distribution proposal. This gives you an idea of Södra's added value for you as a member.

## Profit distribution for the model forest estate

In 2024, the model estate's profitability amounted to SEK 2,680 per hectare (ha), compared with SEK 2,217 in the preceding year. Profitability is calculated by adding net forest income (the forest estate's revenue less costs) to the dividends paid for both wood deliveries and contributed capital (see the table below).

## Net forest income – SEK 2,138 per hectare

550 m<sup>3</sup> was harvested on the model forest estate, of which thinning accounted for 34 percent. We calculate income from wood sales at an average wood price for member deliveries during the year. The costs include the total of harvesting costs, forest management and other expenses (such as road maintenance and insurance).

The harvesting cost is based on an average price for all harvesting operations in Södra. The calculation also includes an estimate of SEK 110<sup>1)</sup> per hectare for the effects of wildlife browsing on profitability (calculated on the basis of damage that exceeds the forest management target of at least seven of ten undamaged stems).

## Dividend – SEK 542 per hectare

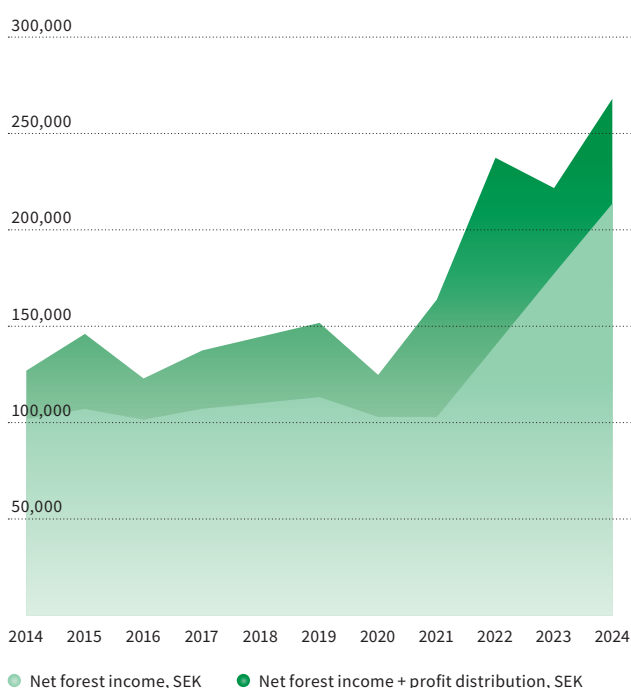
For the model forest estate, we base our calculation on the average contributed capital per member hectare. The dividend on wood deliveries is calculated on the basis of the model forest estate's harvesting (550 m<sup>3</sup>, of which thinning accounts for 34 percent). The profit distribution comprises:

- » Dividend on wood deliveries – SEK 452/ha divided by:  
Standard saw logs: SEK 130/m<sup>3</sup>sub (solid m<sup>3</sup> underbark),  
Pulpwood: SEK 75/m<sup>3</sup>sub,  
Other ranges: 12% of delivered wood value.
- » 10% dividend on contributed capital – SEK 90/ha

## Bonus issue – SEK 45 per hectare

There is another form of profit distribution in addition to the dividend paid on contributed capital – a bonus issue. This helps the capital contributed by members to continue growing in Södra, and contributes to future dividends. The bonus issue for 2024 is 5 percent of a member's paid-in contributed capital at year-end. That adds up to SEK 45 per hectare for the model forest estate.

PROFITABILITY OF THE MODEL FOREST ESTATE (BASED ON 100 HA)



PROFITABILITY OF THE MODEL FOREST ESTATE, 2024<sup>2)</sup>

Net forest income	SEK 2,138/ha	(1,773)
Dividend on wood deliveries	SEK 452/ha	(378)
Dividend on contributed capital	SEK 90/ha	(66)
<b>Total</b>	<b>SEK 2,680/ha</b>	<b>(2,217)</b>
Bonus issue on paid-up contributed capital	SEK 45/ha	(49)

<sup>1)</sup> The increase in the cost for wildlife browsing damage was mainly attributable to higher wood prices. The level of wildlife browsing damage declined in terms of percentage of damaged pines.

<sup>2)</sup> The calculation is based on the Board's proposed profit distribution for 2024.

# The Board's profit distribution proposal

As a member of Södra, you share the association's profit. The dividend is calculated on your wood deliveries, and your contributed capital in Södra.

The cooperative business model is based on the participation of members in the value creation of the company through both a business relationship and an ownership relationship. By delivering wood, you are helping to supply the jointly owned industrial facilities and thereby contributing to Södra's financial results. Over time, half of the profits will be used to equip Södra for the future and the other half as dividends to members. As a member, you receive dividends based on your timber deliveries and your contributed capital.

### Södra's Profit-distribution Policy

According to Södra's Profit-distribution Policy, the profit distribution should correspond to

at least 50 percent of profit before tax over time. For 2024, the Board proposes a profit distribution corresponding to 64 percent of profit before tax. The average profit distribution over the past ten years has been 48 percent. The profit distribution comprises:

- » Dividend on wood deliveries
- » Dividend on contributed capital
- » Bonus issue on paid-up contributed capital

Södra's financial model and Profit-distribution Policy are regularly revised and in 2024, feedback was gathered via the owner dialogue. This feedback will be included in the Board's review of the policy in 2025.

### Dividend on wood deliveries

In a market with a structural deficit of raw material, members' wood deliveries to the association become even more important. The basis is a market-based price for wood. In 2024, we noted considerably higher price levels and greater changes than before.

In addition to the wood price, Södra can reward wood deliveries by paying dividends. For a long time, the dividend on wood deliveries has comprised a percentage increase on the value of the delivered wood. The Articles of Association also allow for the possibility of calculating the dividend in SEK per delivered m<sup>3</sup>, which has now been proposed for standard saw logs and pulpwood.

## Proposed profit distribution for 2024 for adoption by the 2025 AGM



Total

SEK **1,753** million

Dividend on wood deliveries:	
- Standard saw logs: SEK 130/m <sup>3</sup> sub	SEK 351 million
- Pulpwood SEK 75/m <sup>3</sup> sub	SEK 298 million
- 12% of the value of other wood deliveries	SEK 330 million
10% dividend on contributed capital <sup>1)</sup>	SEK 647 million
5% bonus issue on paid-up contributed capital	SEK 127 million
<b>Total dividend</b>	<b>SEK 1,753 million</b>

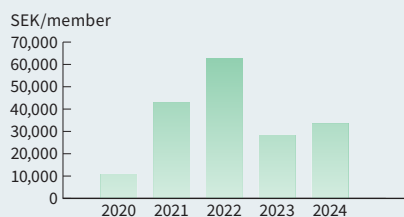
<sup>1)</sup> Paid-up and issued.



Per member

SEK **33,646**

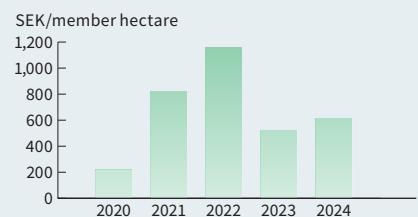
Profit distribution SEK/member



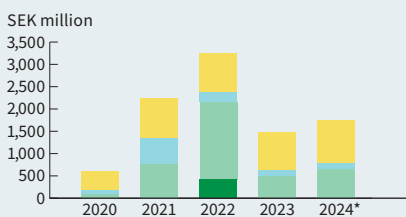
Per member hectare

SEK **619**

Profit distribution SEK/member hectare



Profit distribution and bonus issues



- Dividend on wood deliveries
- Bonus issue
- Dividend on contributed capital
- Extra dividend on paid-in capital

\* Proposed profit distribution

## Södra's Group-wide strategy

# From one family to another

Södra serves as the bridge between family forestry and families in the community. The raw material is delivered from members' forests, which have often been in the family for generations, and converted into essential and sustainable products via our mills. Our joint strategy addresses how we connect forest owners with customers and consumers in five key areas – **from one family to another**.

Strategic framework  
with five key areas



**OPTIMISED VALUE CHAIN FROM FOREST OWNER TO CUSTOMER AND CONSUMER**

Target

Equity ratio

Return on capital employed (ROCE)



**STRENGTHENED FAMILY FORESTRY AND PROFITABILITY FOR FOREST ESTATES**

Target

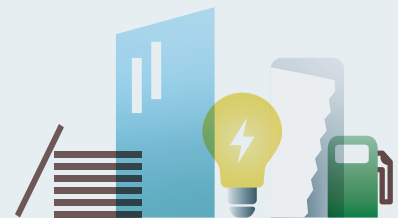
Profitability of the model forest estate



**PEOPLE AND CULTURE AT THE CENTRE**

Target

Lost time accident rate – LTAR



**LEADING OFFER FOR OUR CUSTOMERS AND CONSUMERS**

Target

Customer satisfaction



**SUSTAINABLE USE OF THE FOREST AND EARTH'S RESOURCES**

Target

Positive climate effect



# Strategic initiatives to address global drivers



## Geopolitics & trade

Geopolitical tensions have been increasing for many years. Today's economies are globally interconnected through trade, finance and technology, which means that conflicts and trade barriers affect most companies and organisations in one way or another.

This is something that Södra need to address. We need to assess risks carefully and work proactively to handle trade barriers and secure supply chains.

High inflation and interest rates have reduced the purchasing power of consumers, which has dampened consumer spending. Even if global inflation falls, there will still be long-term risks. As margins generally narrow, we need to strengthen our competitiveness and our customer offering and work to reduce costs and improve efficiency.

In the forest industry, a structural deficit of forest raw material has intensified competition for raw material and led to new market conditions. We are developing our business models, strengthening the organisation and increasing transparency around wood prices in order to enhance the member offer and meet the competition for raw material.



## Technology & innovation

Artificial intelligence (AI) is continuing to evolve and change how systems interact and handle cybersecurity. Correct and integrated data over various system and platforms is becoming increasingly important. Södra lies at the forefront of AI with tools for health and safety, for example, that are helping us to pro-actively understand where and how accidents can occur and therefore avoid them. We are also working with AI value-chain stimulation for business planning, for example.

With a growing economy and increasing energy demand, the transition to sustainable fuels is becoming increasingly important. Interest in bioproducts, bioenergy and biogenic carbon capture are growing, and the forest industry has great potential in this area. There is a risk that increased electricity demand and power shortages (i.e. a lack of electricity at a given time) could have a significant impact on industrial production and supply chains.



## Climate & the environment

Sustainability, traceability, quality and shelf life have become increasingly important for both consumers and companies. Companies are required to comply with new and revised EU environmental and climate rules in a short time. Under the EU's Deforestation Regulation (EUDR), forest-based products must not contribute to deforestation and companies must disclose information about the origin of their products and their supply chains. We are also seeing a growing demand for circular activities and resource recovery. This is evident in new legislation and policies, especially in the EU, where initiatives to promote recycling and reduce waste are high on the agenda.

The impacts of climate change are putting climate change adaptation and mitigation in focus. Forestry can be affected by droughts and floods, for example, which is increasing the importance of using resources sustainably. Climate-adapted forests are a key issue for Södra.

The significance and role of forestry in conserving biodiversity are receiving increased attention in terms of new knowledge and raised public interest, which is driving progress.

Södra is working ambitiously to achieve climate neutrality and preserve biodiversity by introducing, for example, electrified transportation, environmental considerations in all types of forestry operations, and by developing new measurement methods.



## Society & competence

The older population is growing in many parts of the world, which has a major impact on social development. There are severe labour shortages in many developed economies and many key skills are becoming increasingly difficult to recruit. In the competition for employees, issues such as opportunities for life-long skills development, teleworking and a clear focus on health and safety are becoming increasingly important. This is particularly evident among future employees in younger generations.

Changes are taking place in forest ownership, and medium-sized forest estates are diminishing in favour of large and small forest ownership. There are different views of forests and forestry, which is becoming increasingly clear in society.

## People & culture at the centre

# Group-wide values form the basis

People and culture are at the centre of our strategy and our entire operations. Our values are Group-wide and guide us in our day-to-day operations. We put safety first, our leadership is values-driven, we act democratically, take advantage of the opportunities of digitisation, and have an equal and inclusive culture.

### Health and safety

Everyone in Södra should have the very best conditions for safe behaviours. We work with this by identifying and implementing safe work methods, learning and helping each other, and through leadership that breathes, lives and teaches health and safety.

During the year, we implemented the Grow Health & Safety training course for managers and leaders, and also held Health and Safety Days at Värö, Mönsterås and Mörrum. At the same time, we also launched our Health and Safety Policy and the AI chatbot Jörgen, which has now been trained in identifying trends and high-risk areas.

Despite active Group-wide measures and a high level of commitment, learning and higher risk awareness, our lost time accident rate (LTAR) showed a negative trend. By maintaining and developing our systematic OHS management, based on the assumption that all accidents and ill health are preventable, we are moving towards our zero accident vision.

During the year, we reviewed the strategic initiatives that enable us to strengthen health and prevent ill health. The growing prevalence of ill health is something we want to help counteract.

Read more about how we are working with Health and Safety on page 3.

### Values-driven leadership and competence supply

By focusing on competence supply and leadership development, we are securing the right skills to address tomorrow's needs and challenges. That also strengthens our ability to attract and retain talent, and increases Södra's competitiveness.

Efforts to position Södra as an attractive employer are continuing and we were named a Karriärföretag (Career Company) for the third consecutive year. To clarify the conditions and expectations for managerial and leadership roles, the process to develop a shared view of leadership in Södra continued.

One of Södra's strategic initiatives in competence supply is the trainee programme, where we provide future leaders with an in-depth understanding of our entire value chain. Another round started during the autumn, with eight new trainees.

During the autumn, a new forestry organisation was launched, with a process-oriented approach to advisory services, forestry and raw material supply.

### Cooperation and democracy

Our cooperative form of enterprise is important, and the democratic processes and the organisation form the basis for members' insight and influence.

Efforts to develop our democratic processes continued. We revised the Terms of Reference for our cooperative organisation, which led to more efficient meetings and a stronger focus on the strategic direction of the cooperative.

The Cooperative Code of Ethics was completed and adopted. The process strengthened elected representatives in their role. We also established a cooperative ethical advisory service.

We initiated a process to develop the assignment and work methods of district councils. The new Terms of Reference for the local nomination committees were implemented in conjunction



with training for committee members, where the significance of diversity in district councils in particular was raised.

Nearly 6,000 members participated in the autumn's owner dialogue about what could make Södra better going forward. The dialogue will continue in 2025 and the results will be reported to the AGM.

During the year, member coordinators were introduced to serve as a link between elected representatives and employees, and to support local collaboration.

## Digitisation

Digitisation is key to streamlining our processes, improving the customer and member experience, enabling data-driven decisions and improving collaboration and communication.

To improve data-driven decision support, several successful solutions were built with AI-based technology. Generative AI has provided many benefits, including the ability to analyse large amounts of data. In our mills, we demonstrated the value of inspecting and analysing parts of production in order to, for example, anticipate the need for maintenance, minimise risk and optimise flows. To ensure that AI is used responsibly and safely, we have an AI Directive and an AI Council.

We are now working together to further develop tomorrow's IT support. Södra's Group-wide business system, which was rolled out during the year, gives us an important foundation.

To strengthen our role in current and future digital ecosystems, we are building strong partnerships with other players. Together with Linnaeus University and several European companies and universities, we are taking part in the EU-funded EnTrust project, which will increase value for family forestry and improve our digital maturity with regard to the Sustainable Development Goals. To increase our knowledge and gain inspiration from others, we joined AI Sweden, the largest AI partnership in Sweden.

In IT security, we commenced an external certification process to further improve our IT platform.

## Diversity, equity and inclusion

Södra's aim for the strategic area diversity, equity and inclusion is to be characterised by an equal and inclusive culture where everyone feels welcome, respected and valued.

In 2024, a programme organisation, programme leader and programme team were appointed. To improve skills, we held workshops for Group Senior Management, created an e-learning course with exercises and discussion topics, and focused on raising awareness in the area by holding talks and workshops, and increasing our communicative focus on the area.

Södra applies a zero tolerance approach to victimisation and discrimination. This year's employee survey showed that 5 percent of employees had been subject to victimisation. This is an increase since the preceding year's survey, when the corresponding share was 4 percent. We have therefore clarified our procedures for suspected bullying, and continued working with active measures to preventing discrimination and promote equal rights.

Södra plays an active role in the forest industry's equal opportunity council, which is a national forum for dialogue and coordination with the aim of achieving equality in the forest industry. Södra is also a member of Diversity Charter Sweden, a network that promotes diversity and inclusion in working life. This provides access to training and best-practice sharing.

## Target 2024

- » Lost time accident rate (LTAR): less than 6

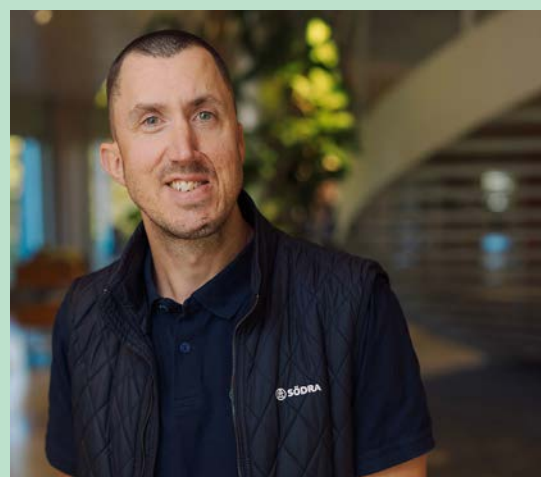
## Outcome

- » Lost time accident rate (LTAR): 8

LTAR: Number of occupational injuries with absence per million hours worked.

## Strategic areas included

- » Health and safety
- » Values-driven leadership and competence supply
- » Cooperation and democracy
- » Digitisation
- » Diversity, equity and inclusion



## Increased access with new forest owner support

In order to free up time for advisors while also meeting the need for professional and joint processing of issues and cases, forest owner support was launched during the year. The support service is part of the organisational development of Södra Skog, which took place in 2024.

“Previously, Member Services handled administrative and financial matters while forest inspectors dealt with forest-related issues. We are now building up our forest owner support and the mission is to provide support for all types of issues, either directly or by offering guidance,” said Björn Markström, who is responsible for forest owner support.

Forest owner support works closely with member teams, advisors and various specialists and, as a member, you should always feel that you get answers to your questions or are referred to the right person when you contact them.

## Strengthened family forestry and profitability for forest estates

# New solutions in a changing raw material market

Demand for forests is growing, competition for the forest raw materials is intensifying and forest ownership is changing. To be attractive in the wood market and offer the very best member experience, we are constantly seeking new solutions and improvements in our interactions with forest owners and developing the tools and services that we offer.

### Knowledge and learning

Södra's unique corporate form is based on engaged and competent owners. To secure engagement and meet the competition from other forums and organisations, we need to strengthen our attractiveness. Our accessibility, various alternatives for engagement and influence, knowledge-raising and ability to communicate will therefore become increasingly important.

Knowledge and learning are two of the cooperative's guiding principles, and the clearest way to increase engagement and involvement in forest ownership and membership. By taking a leading role in promoting knowledge, establishing Södra as a training provider for forest owners and supporting self-organised learning, we create a unique member offer.

New modules were added to the Södra School during the year – deciduous forest management, and online training in continuous cover forestry – while courses in forest economy are currently being planned. In this strategic area, we are also looking into alternative methods for training and knowledge-sharing in order to reach more members. Collaboration with other parts of Södra has been developed and strengthened in order to achieve the objectives of the strategy and to benefit from the expertise that exists within Södra.

Efforts to develop a new training administration also commenced in order to better meet the expectations of members and become an even better training provider.

A broad-based owner dialogue was conducted in 2024. There will be important insights related to knowledge and learning to take advantage of here. To reach a wider range of members, we need to work more on packaging, marketing and communicating our training and knowledge initiatives.

During the year, we produced several webcasts and podcasts with knowledge content for forest owners.

### Meetings, tools and services

During the year, work was conducted to develop business terms and transaction forms with the aim of strengthening relationships with members and ensuring that we have the very best offer.

### Business terms

In order for forest owners to feel secure when signing a contract, Södra has introduced Highest Price, 60 days, which means that the forest owner will receive the new higher price should the price be raised within 60 days of signing the contract. There are times when we need to prioritise and when harvesting must be delayed.



We have therefore added a pricing term, Price Compensation for Delayed Harvesting, which means that a harvesting operation that has not commenced within 12 months of signing the agreement will receive the wood price that applies 12 months after signing the agreement, should it be higher than when the agreement was signed.

To increase the transparency of the wood market, open price statistics have been presented in My Forest Estate and on Södra's website since spring 2024. Members can see all of the pricing terms and premiums in My Forest Estate. We launched the Price Calculation tool in My Forest Estate, which helps members form a better idea about wood prices for a certain harvesting site.

### Transaction forms

The aim of developing Södra's transaction forms is to increase clarity around wood sales and to strengthen mutual and long-term relationships between forest owners and Södra. We started developing the Forest Owner Agreement service, which is focused on strong and long-term collaborations, guided by the forest owner's requirements and goals for their forest ownership. The Forest Owner Agreement service will be launched in 2025.

During the year, we also implemented a pilot project with the aim of increasing simplicity and clarity in wood sales. Södra already offers harvest measurement with a log price and in three geographic areas, we have now tested the next step with harvester measurement with a log net. Both the price and harvesting cost are set when the contract is signed and based on the diameter of each log. We are planning to launch this form of transaction in 2025.

### Digital member experience

In 2024, we launched the Digital Member Experience programme, which deals with how we engage with members digitally. The aim is to create an interactive digital companion that simplifies and strengthens forest ownership. This work, to date, has resulted in a first version of Skogsspegeln (Forest Mirror), a Group-wide data and service inventory for forestry planning, and the Planning App, the first test version of a new tool for creating forest management plans. Alongside of this, a pilot project is taking place to develop the capacity for using remote data in forestry planning.

During the year, we added new services to the My Forest Estate web and mobile applications. Read more at the bottom right of this page.

### VIOL 3

VIOL is an industry-wide system owned and run by Biometria that handles central functionality and data across the entire industrial value chain. The system will be upgraded to version 3, which is a major change for the entire industry. It involves a major transformation to ensure that both IT systems and operations are ready when VIOL 3 goes live on 2 May 2025.

## Target 2024

- » Profitability of the model forest estate: SEK 1,765/hectare

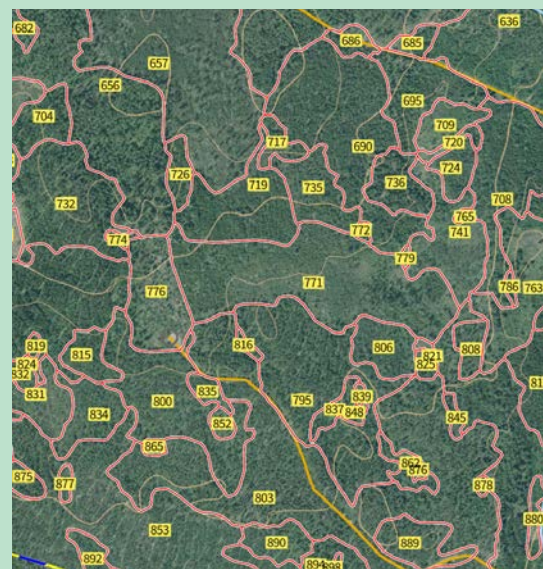
## Outcome

- » Profitability of the model forest estate: SEK 2,680/hectare

**Profitability of the model forest estate:** Read more on page 12.

## Strategic areas included

- » Knowledge and learning
- » Meetings, tools and services



## New features enhance My Forest Estate web and mobile applications

The My Forest Estate web and mobile applications provide support for forest owners both with and without a forest management plan. It gives forest owners a quick snapshot of their forest estate and support for making decisions about their forest and managing their membership in Södra. During the year, we continued to develop:

- » **Automatic Forest Overview** – map-based automatic classification of the forest based on remote assessment and open data from multiple sources (refer to the example in the image above).
- » **Clearer Certification Status** which shows whether forest certifications are about to expire and whether a partner has signed the certification. It also provides access to various checklists to support the measures that are required to comply with the certification.
- » **Price Calculation** – where members can form a better idea about wood prices and see the premiums that Södra offers.



## Leading offer for our customers and consumers

# Growing demand for bio-based products

In a situation with a shortage of forest raw material and tougher market competition, demands on sustainability and resource-efficiency are intensifying. We must therefore adapt our processes and our offer to ensure to we remain a long-term partner for our customers. This involves both finding new applications for existing products and creating new and sustainable offers.

### Customer-oriented offer

In our business areas, we are continuously developing the customer offer in various ways and highlighting the possibilities of the raw material. We combine our long experience of conducting a robust business with new insights into the attitudes and buying habits of today's customers and consumers. We monitor technological and market developments closely, and continue to strengthen our expertise. A key component is close dialogue with customers and developing our customer offer by adding new products and services. We also conduct regular customer surveys to follow up these activities.

In 2024, we took several major and important steps towards our strategic direction to make more from every tree. The decision to invest in kraft lignin production marked the beginning of one of Södra's biggest ventures and is a clear example of how we adapt to the market's growing demand for bio-based products. The facility in Mönsterås, which is planned to be operational in 2027, will make Södra one of the world's leading producers of kraft lignin – a bio-based material with great potential in the chemical industry. During the year, we signed agreements with two kraft lignin buyers – Stora Enso and UPM.

Another example of how we use our knowledge, innovation and experience to maximise the value of forest resources and meet market demand was the decision to invest in a production line for the vegetable tanning agent tannin, which is an alternative for leather processing. The facility is planned to become operational in 2026.

Södra's cross-laminated timber (CLT) comprises structural components produced at Värö.

More and more people are choosing to build with a wooden frame as it reduces the building's emissions compared with concrete, for example. Economic conditions for the residential sector are challenging, but slightly better for industrial and public properties. Södra Building Systems therefore increased its focus on these sectors during the year.

During the year, one of Södra's pulp customers became a partner in the Conscious Delivery pilot project that started in 2023. There are already ten customers in the biofuel product area that are availing of the offer. The aim is to inspire our customers to work with us to find new ways to reduce GHG emissions from fossil fuels in the logistics chain.

### New and sustainable offers

Södra wants to offer the market's most attractive offer that makes best use of the raw material. We want to be a leading player to create a sustainable society based on a circular value chain. We will therefore develop new and sustainable products with a low climate impact, and services that supplement our existing offer, drive long-term growth and create added value for members. We will do this by:

- » creating conditions for sustainable and profitable forestry that delivers raw material that meets the exact needs of our customers
- » delivering solutions for simple and sustainable use of wood
- » being the pulp supplier of choice
- » being a competitive player in the dissolving pulp market and the supplier of choice for our customers, and contribute actively to a sustainable and circular economy
- » expanding our contribution to a sustainable world by producing more, and a wider range, of biochemicals and raw material inputs
- » optimising our energy streams for maximum utilisation and value creation, resulting in a maximum value-adding mix of energy products.

Our BraSatt project, which is developing the forest regeneration method of the future, has now entered the next phase where the focus is on further developing all subsystems into integration-ready modules, and establishing collaborations with external partners for future commercial production.

Together with EIT InnoEnergy, Södra Ädla became a co-owner of Nordluft Automation, a Swedish start-up that is developing a unique drone solution for forest fertilising and bio-ash recirculation.

OnceMore® and Lindex commenced their collaboration in 2022 and have now produced more than one million garments based on OnceMore®. During the year, a midsummer collection was launched based on Swedish flora and the classic midsummer celebration.

Several concept studies are currently taking place in the area of bioenergy with carbon capture and utilization or storage (Bio-CCUS). This could eventually lead to new sources of revenue in areas such as carbon credits and electrofuels.

## Target 2024

Customer satisfaction:

- » Södra Wood: 80
- » Södra Cell: 85

## Outcome

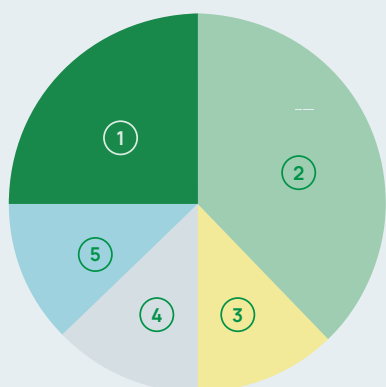
Customer satisfaction:

- » Södra Wood: 80
- » Södra Cell: 83.6

**Customer satisfaction:** An index for measuring customer satisfaction.

## Strategic areas included

- » Customer-oriented offer
- » New and sustainable offers



**Our future product portfolio consists of five core business areas:**

- 1 **Sawn timber** – more efficient and a higher level of processing of the available raw material from members in a profitable and modern production process with realised economies of scale.
- 2 **Pulp** – continue to be a world-leading supplier of softwood, hardwood and dissolving pulp, where we create the highest possible value from all of the raw material, including the production of bioproducts, bioenergy and green electricity.
- 3 **Building systems** – the basis for a profitable CLT business, and established partnerships with standardised solutions for both projects and industry.
- 4 **Energy and chemicals** – maximum use of forest raw material and energy flows – energy products, chemicals and green electricity make a clear contribution to the profitability of forest estates.
- 5 **Carbon** – a driving player in the climate transition, and carbon from members' forests is captured from the smokestacks of our mills and either stored or used in products (Bio-CCUS).



## Agreements with first buyers of Södra's kraft lignin

In spring 2024, Södra decided to establish kraft lignin as a new business, and the new production facility at the combined facility at Mönsterås will be the first commercial facility in Sweden. Södra will be the largest producer of kraft lignin in the world. Stora Enso and UPM are among the first customers for the new product.

“With Stora Enso and UPM as our customers, we will be part of value chains that can lead to a range of climate-positive solutions for the green transition,” said Johannes Bogren, President of Södra Bioproducts.

Stora Enso has expressed a strong belief in the potential of lignin and the need for an external source of raw material for its pilot plant for battery materials. UPM will use the lignin to produce more sustainable products and materials in a range of segments, including adhesives in the plywood and MDF industries, and binding agents for various types of insulation materials.

## Optimised value chain from forest owner to customer and consumer

# An efficient value chain creates new opportunities

Our value chain serves as the bridge between family forestry and our customers and consumers. This is where raw materials, knowledge, services and data flow. To make our value chain even more competitive, we will improve our processes and management tools, and through data-driven decision-making, we will increase the efficiency of all our flows. By focusing on World-class Efficiency, we are working systematically with improvements as a natural part of our day-to-day activities.

### Flow-oriented value chain

The aim of the Air Traffic Control function is to transform the entire value chain – from tree to customer and consumer. Increased transparency, optimised decisions and improved collaboration are creating new ways of working and strengthening competitiveness.

During the year, we introduced a new coherent planning process across our business areas, in order to make the best possible use of available raw materials and optimise the flow of products and goods. We launched Jörgen, an AI-based tool that will help us reduce work-related injuries in our operations. The aim is to detect patterns of dangerous environments and behaviours and thereby prevent accidents from happening.

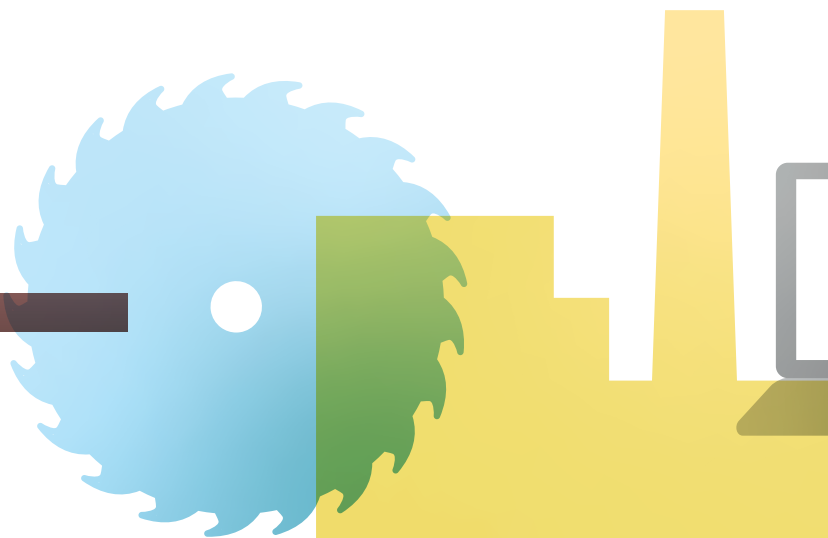
The Air Traffic Control function's work generated considerable economic value and also improved collaboration between the business areas due to increased understanding and transparency. This meant that more decisions were based on facts, which led to more proactive decisions and a more robust value chain.

We are taking a leadership role in AI through the Air Traffic Control function. Over the past three years, we have invested in building our own AI capabilities and seen the effects across Södra. These can range from daily efforts to increase productivity, more efficient processes and decision support to the identification of new and innovative business opportunities.

### Competitive industry

The aim of our work with World-class Efficiency is to improve our competitiveness, increase profitability and create a safe workplace. The processes will establish systematic improvements that are evidence-based and a natural part of everyday life, and place managers, employees and their skills at the centre of business development.

During spring 2024, the original target of SEK 1 billion in completed improvements was achieved. Purchasing savings and category-based purchasing were a focus area. This has now been implemented and employees across Södra are now collaborating around purchasing and strategies.





Södra's production units worked actively to perform diagnoses and data-driven analyses of their operations. This helps us to challenge the current situation and prioritise areas for improvement in safety, quality and efficiency. The efforts yielded twelve diagnoses and several initiatives that span across Södra, such as wood chip quality.

The streamlining process that commenced last year continued and all functions are now working with various initiatives.

The next steps for the strategic area include a stronger focus on major shifts, and work on previously unexplored areas. We will develop approaches, methods and tools and more employees will be trained to take this work further and strengthen our capacity for change.

### Strategic business management

The aim of working with strategic business management is to ensure that Södra's business processes and systems are in line with our long-term vision, strategy and targets. Södra's Group-wide business system, which was rolled out during the year, has laid the foundation for future-proof and efficient business management for all of Södra.

Data-driven decision-making is central for this area. New technologies have also helped us move forward with IT security, as the new systems are now more secure and continuously updated by their providers.

In 2024, we strived to create more harmonised business management across all of our business areas. We are working to become more efficient, free-up time for value-creating work and to use Södra's investments in business systems in a joint and cost-efficient way across the entire value chain.

A key element has been to develop and implement an appropriate financial control model that shows how we manage our operations at various levels of the organization. With careful financial monitoring and analysis, it helps us make informed decisions in line with our strategy. We also developed processes that describe how we want to work together in various flows for the control model to have the desired effect.

Strategic business management and a new business system provide us with several benefits, including better access to data and information across all of Södra, automated processes and access to systems from mobile devices. The new business system was a major change and is affecting many members, employees, suppliers and customers. There are still several improvements to be made, but this investment has given us a platform for the future in terms of both new business areas and new technologies.

### Target 2024

- » Equity ratio: more than 55%
- » Return on capital employed: 10%

### Outcome

- » Equity ratio: 62%
- » Return on capital employed: 10%

**Equity ratio:** The percentage of assets that are financed by equity.

**Return on capital employed (ROCE):** Measures how efficiently a company is using its capital. The calculation shows how much profit is generated for each SEK of capital invested.

### Strategic areas included

- » Flow-oriented value chain
- » Competitive industry
- » Strategic business management



### Collaboration increases wood chip quality

During the year, as part of the World-class Efficiency programme, we worked to improve the quality of wood chips from our own sawmills and to ensure that more of our raw material is used in the best way. The quality of wood chips is a key factor for stable and efficient pulp production. Consistent and high quality not only benefits the properties of the pulp but also strengthens the profitability of the entire value chain.

“The success behind the initiative is a strong collaboration between employees from the Cell, Wood and Skog business areas, who have worked together to lay the foundation for new ways of working and solutions that benefit the whole of Södra. Among other things, we redirected what was previously sold as wood chips to energy and heat. The initiative shows the strength of what we can achieve when we bring competencies from different parts of the organisation together and work towards common goals,” said Mehdi Arjmand, Change Leader at World-class Efficiency.

## Sustainable use of the forest and earth's resources

# Climate-adapted forests from family forestry

Climate change is affecting the forest ecosystem in many ways. We need to meet our needs for raw material in order to successfully tackle the climate transition, while also ensuring that this takes place in a way that does not deplete biodiversity. Climate change is also increasing demand for products and services with a low carbon footprint.

### Climate neutrality and circularity

Södra's emissions reduction targets, which have been validated by the Science Based Targets initiative (SBTi), mean that by 2030, we will halve the emissions in our own operations and in a large part of the value chain compared with 2020. To achieve these targets, the business areas have created climate action plans.

Large-scale electrification of internal and external transportation is an important part of our work to achieve our emissions reduction targets. During the year, we decided to invest in a battery-electric long-haul truck for the transportation of wood chips as part of the Forestry Research Institute of Sweden's TREE project. The hope is that the knowledge gained from this pilot project will eventually reduce the carbon footprint of our contract hauliers across the entire value chain.

To succeed with the climate transition, we need to increase our collaboration with suppliers, customers and the research community. Our Conscious Delivery customer offer is one example where two pilot projects were started with customers and suppliers. The aim is to reduce the climate impact of transportation in the logistics chain to customers.

The Sustainable IT project ensures that used IT equipment is either reused in the operations or recovered in a sound way.

### Climate-adapted forests

Climate-adapted forest management will be the most important and overarching issue for forest development for a long time to come. In collaboration with researchers and experts, we have developed guidelines for climate-adapted forest management and our advice to forest owners is to perform a risk assessment for all measures, apply site-based tree species selection and active

management, and vary the length of the rotation period based on the circumstances.

Training for forestry workers in continuous cover methods continued to meet the interest of forest owners in different management methods. We also launched the Continuous Cover Harvesting service.

Through our collaboration with Nordic Forestry Automation (NFA), we are developing precision thinning using terrestrial sensor technology. Two of Södra's thinning teams are testing the technique and the aim is that it will be used by all of Södra's contractors.

Forest tree breeding is an important part of the process for climate-adapted forestry with a high rate of growth. During the year, a new site was prepared to expand Södra's seed orchards.

The department for Forestry development is focused on long-term work with climate change adaptation, growth, technological development and biodiversity.

### Biodiversity

The basis of Södra's nature conservation work is the members' voluntary set-asides for nature conservation, nature conservation measures and the conservation considerations we apply in all types of forestry measures. The members' landholdings in southern Sweden are widely varied in terms of habitats, with rich biodiversity. Many of these conservation values are dependent on management for their preservation and strength. We have therefore set a target to carry out nature conservation measures on 3,000 hectares annually by 2025. In 2024, nature conservation measures were carried out on 2,310 hectares. The target was not achieved due to poor soil bearing capacity and re-prioritised harvesting resources, due to factors such as storm-felled trees and spruce bark beetle outbreaks.

Together with an external partner, we compiled a list of near-threatened and threatened forest species in Götaland, known as



priority species, which allows us to be more regionally adapted in our nature conservation activities.

Södra is working to ensure that rich biodiversity becomes an asset to forest owners that can strengthen the profitability of their forest estates. Biocredits are a way for businesses to contribute to richer biodiversity, while creating new business opportunities for landowners. We are participating in the Swedish Biocredit Alliance project, a collaboration between Södra, Norra skog, Umeå Municipality and Qarlbo Biodiversity that is run by the World Forest Forum Foundation. In 2024, the project launched a standard for biocredits in production landscapes, the first step towards the creation of a transparent and secure biocredit market.

During the year, we strengthened our nature conservation organisation by gathering all sustainability and environmental expertise, and by strengthening nature conservation expertise and resources. We are also developing methods to measure biodiversity.

### Positive social impact

We conduct broad-based business policy lobbying, ranging from our statutory assignment to safeguard the value of family forestry to conditions for our industrial activities.

During the year, we focused on three important national processes – the All Party Committee on Environmental Objectives’ assignment to implement EU legislation, the Forest Inquiry’s review of national forest policy, and the inquiry into species protection.

We were also involved in the EU election campaign and created a platform with election messages. The election platform was used in dialogues with parties and candidates during various pre-election events. During the year, we were represented at several meetings with the European Commission and hosted a visit from the Swedish prime minister.

In 2024, Södra became more active in feedback processes within the EU and at Södra Cell Mörrum, we welcomed the Joint Research Center (JRC), the European Commission’s research and policy institute.

One issue that Södra pursued actively from an industrial perspective is the need for a system approach in the legislation to make our mills fossil-free and circular, where decisions follow the same direction.

### Forest and wild game

Forest and wild game issues are complex and involve conflicting objectives. We can make a difference together and achieve better forest conditions with more diverse and resilient forests. To achieve this, there are six initiatives in the strategic plan. In 2024, Södra formed working groups based on three of these initiatives.

In “Equip operational and cooperative organisation”, knowledge and learning concepts are being developed and implemented for various target audiences with a focus on an overall perspective and collaboration. In “Research and knowledge building”, the state of knowledge and initiatives for more research on multi-species management and forage availability are summarised. The “Communication and external collaboration” initiative is developing a message platform and communication plan for Södra’s work with forest and wild game for priority target groups.

To build broad engagement around this issue, the aim is to integrate issues related to wild game into all parts of Södra that are affected. Forest and wild game should be a natural part of advisory services for forest management. The wild game unit was therefore discontinued, but the knowledge remains within Södra in the form of a forest management expert specialising in wild game. We also work with research and development issues with a focus on forest and wild game.

## Target 2024

» Positive climate effect: 11.8 Mt CO<sub>2</sub>e

## Outcome

» Positive climate effect: 10.4 Mt CO<sub>2</sub>e

**Positive climate effect:** Based on the net change in forest carbon stock (growth minus harvesting and other losses), GHG emissions and the substitution effect that arises when forest-based products replace products with a higher climate impact. Mt CO<sub>2</sub>e = million tonnes of carbon dioxide equivalents.

## Strategic areas included

- » Climate neutrality and circularity
- » Climate-adapted forests with high growth
- » Biodiversity
- » Positive social impact
- » Forest and wild game



## Initiator of the global standard for biocredits

Global biodiversity loss is one of the greatest challenges of our time. Reversing the negative trend requires concrete measures in broad collaboration between different players in society. Södra wants to be a driving force for richer biodiversity and is therefore one of the initiators of a global standard for biocredits in the production landscape that was launched during the year. The Swedish Biocredit Alliance collaborates with the World Forest Forum, Qarlbo Biodiversity, Norra Skog and Umeå Municipality.

“Södra is working to ensure that rich biodiversity becomes an asset to forest owners. Biocredits are a way for businesses to contribute to richer biodiversity while creating new business opportunities that strengthen the profitability of forest estates,” said Director of Sustainability Jessica Nordin.

# Business areas for today and tomorrow

We develop services and products in biofuel, biochemicals, biomaterials, building systems, dissolving pulp, electricity, paper pulp, seedlings, wood products and heating – all based on the forest raw material supplied by members. For 2024, the operations are reported in four business areas – Skog, Wood, Cell and Innovation. These also include the two new business areas initiated during the year – Bioproducts and Building Systems.



## Södra Skog

- » Forestry and advisory services for members of Södra
- » Purchases forest raw material from members and delivers the material to Södra's mills
- » Forest management and contractor development
- » Management of Södra's forests in the Baltics and Sweden
- » External trade with wood raw material
- » 24 local member teams
- » Two nurseries
- » Haulage operations and port



## Södra Wood

- » Wood products – sawn, planed, pressure-treated and coated
- » Pellets and other wood chip products
- » District heating
- » Seven sawmills in Sweden and Finland
- » Two timber treatment facilities and one planing mill in Sweden. Four timber treatment facilities in the UK and Ireland.



## Södra Cell

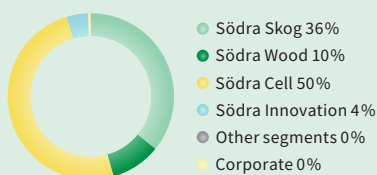
- » Paper pulp
- » Dissolving pulp
- » Three Swedish pulp mills
- » Biofuel, biochemicals and biomaterials
- » Green electricity and district heating



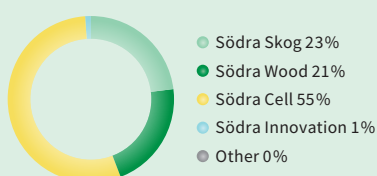
## Södra Innovation

- » Develop methods, processes, products and services in Södra's innovation areas of forestry, wood products, paper, textiles, chemicals and energy.
- » CLT production facility
- » Södra Ädla
- » Södra Medlemmel
- » SunPine associate company

Non-current assets per segment



Sales per business area



SEK 29,487 million in total, excluding internal deliveries.

	Skog		Wood		Cell		Innovation	
	2024	2023	2024	2023	2024	2023	2024	2023
Net sales, SEK million	6,817	6,260	6,258	6,083	16,121	16,142	291	411
Operating profit/loss, SEK million	513	367	23	-175	2,867	2,631	-268	-227
Return on operating capital	7%	5%	1%	neg.	20%	18%	neg.	neg.
Investments, SEK million	253	608	348	351	1,290	886	46	146
Average no. of employees	688	702	868	876	1,220	1,239	140	148
Healthy attendance	98%	98%	95%	94%	97%	97%	98%	98%
LTAR	4	4	12	13	10	6	8	8

# Forestry services with security and transparency

As a member of Södra, you have access to forestry services, advisory services and digital tools. We offer forestry services that create opportunities for responsible forest management – from planting, thinning and harvesting to long-term planning of the forest estate's management, finances and administration. Södra mainly purchases forest raw material from its members' forests, but also from other suppliers. We deliver the raw material to our own mills.



## The year in brief

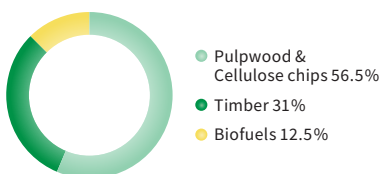
- » Five price adjustments for wood.
- » Introduction of Highest Price, 60 Days – the forest owner receives the new higher price should the price be raised within 60 days of signing the agreement.
- » Introduction of Price Compensation for Delayed Harvesting – if a harvesting operation has not commenced within 12 months of signing the agreement, the forest owner will receive the wood price that applies 12 months after signing the agreement, should it be higher than when the agreement was signed.
- » Increased transparency around pricing terms, and price calculation tools for members.
- » Developed forestry organisation and advisory services including expanded support for forest owners.
- » New Continuous Cover Harvesting service.

## Examples of services

- » Forestry advice
- » Forestry measures.
- » Continuous cover harvesting
- » Forest-economic advisory services



### Wood sales



Pulpwood and cellulose chips accounted for more than half of all wood sales.

### Growth in Södra's forests 2024

Million m <sup>3</sup> fo	Sweden	Baltics	Total
Opening volume 2023	1.4	16.5	17.9
Growth	0.1	0.6	0.7
Acquisitions/divestments	–	0.2	0.2
Harvesting/forest management	–0.1	–0.4	–0.5
<b>Closing volume 2024</b>	<b>1.4</b>	<b>16.9</b>	<b>18.3</b>

Södra's own forests comprise 135,600 hectares of productive forest land in Sweden and the Baltics.

# A single tree produces a thousand opportunities



How Södra evolves and focuses in a market situation with a structural raw material deficit

Society's interest in forests is growing. More and more people are seeing the importance of forests and the many solutions they can provide to major challenges such as climate change. Forests have to meet a wide range of needs and we are now seeing a structural deficit of forest raw material. Södra's operations are based on the long-term profitability of forest estates and have a strategic focus on making more from every tree and finding new and sustainable products and solutions from the forest. Based on our mission to refine and renew family forestry, we will make the most of every opportunity that grows from every tree.

Södra has been playing a key role in the development of forest estates in southern Sweden for more than 80 years. By being a driving market player that has promoted the interests of forest owners, we have safeguarded the profitability and values of the forest estate. In this way, the cooperative has also contributed to the Swedish economy, improved nature conservation and enabled millions of people all over the world to have access to everyday products from family forestry. From this position of strength, we continued to build competitiveness from family forestry during the year.

## A raw material market that requires new solutions

Within the framework of our joint strategy, we have identified five focus areas for further development and to remain an attractive player:

- » **Development of business terms for members**  
We are raising the attractiveness of Södra's business offer and made five price adjustments during the year, introduced Highest Price, 60 Days and Price Compensation for Delayed Harvesting. We also increased transparency around pricing terms.
- » **Development of procedures and organisation in Södra Skog**  
We want to make it easier to be a forest owner. During the year, we changed and developed the forestry organisation and our advisory services to align them with our service offer and transaction forms. With local member teams and expanded support for forest owners, we are strengthening how members engage with Södra and can receive advice and support for their forest estates.

- » **Development of an even stronger member offer**

The aim is that family forest owners and members of Södra will have access to meetings, knowledge, tools, services, research and development for the most important aspects of forest ownership.

- » **Investments in the industrial operations to strengthen competitiveness**

By creating maximum value from every wood fibre, we can make forests last a long way. A key element in this process is a future-oriented industrial structure that creates a leading offer to customers and consumers. This doesn't mean that Södra has to be biggest, but that we are always striving to be best at what we do. The decision to change the industrial structure for the Wood business area, as well as the investment in a new condensing turbine at Mörrum, are two examples of how we are continuously strengthening our position and long-term competitiveness. Looking ahead, we see good opportunities for developing these business areas and capturing market positions in energy and biochemicals.

- » **Optimisation of the raw material delivered by members**

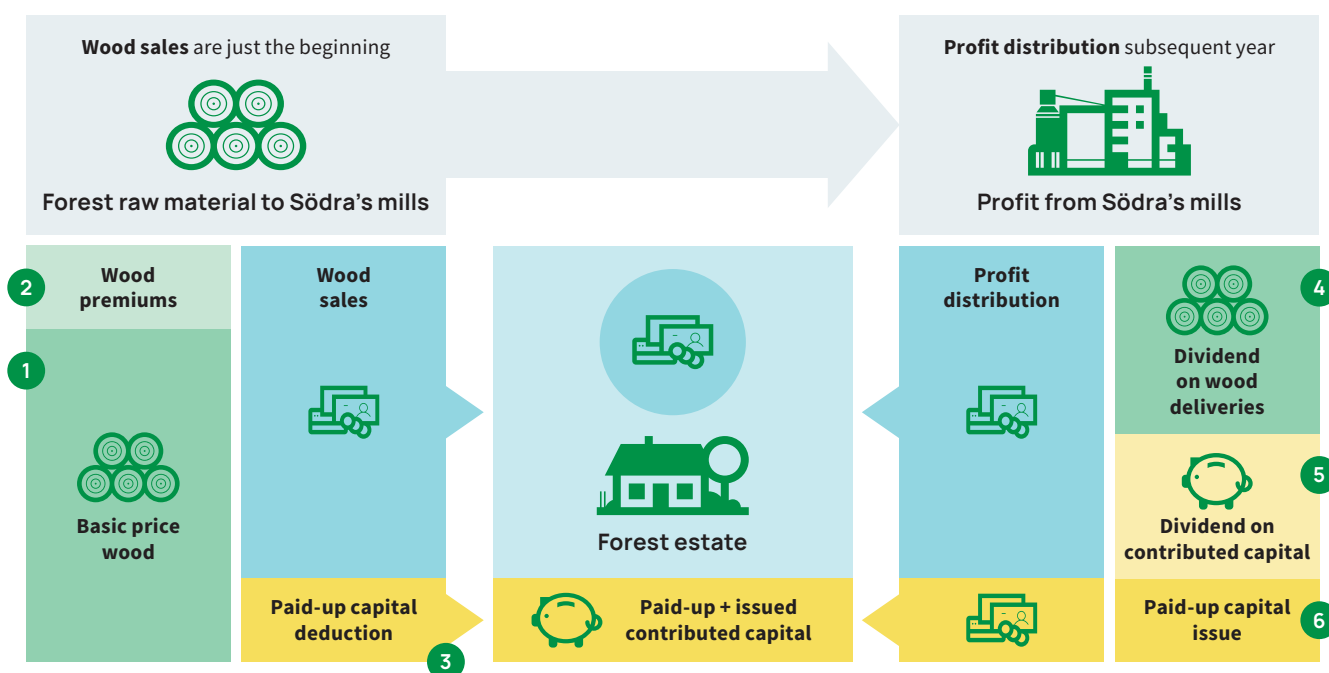
In a raw material market that is clearly favourable for forest owners, we will actively ensure that the value is passed on to forest estates by fully adapting and optimising our external business areas to the prevailing market situation.

## The Södra Model strengthens forest ownership

Members who deliver wood to Södra are not only paid a market price, they are also eligible for additional returns from our jointly owned industrial operations. As the business continues to develop and we can make more from every tree and create added value with new products, this will also generate value for members. Over a business cycle, you and all of Södra's other members share half of

the profit generated by our mills. The other half of the profits go to investments and development to keep Södra financially strong and create continued growth.

The Södra Model creates additional opportunities for members and forest owners to generate returns from their forest through the values created along the entire value chain – a single tree produces a thousand opportunities!



### Part 1 – Wood sales

#### 1. Basic price wood

Södra's wood prices are aligned with the market and governed by the supply of forest raw material and demand from our mills.

#### 2. Wood premiums

A range of premiums can be added to the basic price, including:

- » Certification premium for certified wood (PEFC and FSC®)<sup>1)</sup>
- » Size premium for large harvesting operations
- » Availability premium for harvesting operations where forest roads and forest land have good bearing capacity
- » Market premium in strong market conditions
- » Nature conservation premium.

#### 3. Contribution deduction

2 or 4 percent (each member chooses their own level) of the basic price and the premiums are paid into your contributed capital, which remains in Södra. It continues to grow and provide dividends, year after year. The deduction is compulsory up to SEK 900/hectare and 200 hectares, thereafter optional. Each member may have a maximum of SEK 5,000 in paid-up contributions per hectare of productive forest land.

### Subsequent year – Profit distribution

The profit distribution has three components: a dividend on wood deliveries, a dividend on contributed capital and a bonus issue.

#### 4. Dividend on wood deliveries

- » Calculated as a percentage of the value or volume of your wood deliveries that were measured during the preceding year (basic price + wood premiums).

#### 5. Dividend on contributed capital

- » Calculated as a percentage of your contributed capital (paid-up and/or issued) at year-end.

#### 6. Bonus issue

- » Transferred to your contributed capital so that it grows. Calculated as a percentage of your paid-in contributed capital at year-end, and then becomes issued contributed capital.

<sup>1)</sup> Södra is certified according to PEFC and FSC® – license numbers PEFC/05-22-11 and FSC®-C014930.

# Everyday products from family forestry

Many of the products that we use every day come from the forest. Toilet paper, hygiene items, wooden decking, cleaning agents, clothing, high-rise timber-framed buildings and fuel are some of the everyday items that can be made from this fantastic forest raw material when we use the whole tree. Many of our products are sold to customers around the world who process them, while others reach the end consumer in the same form as when they leave Södra. Read more about the products on pages 31–35.

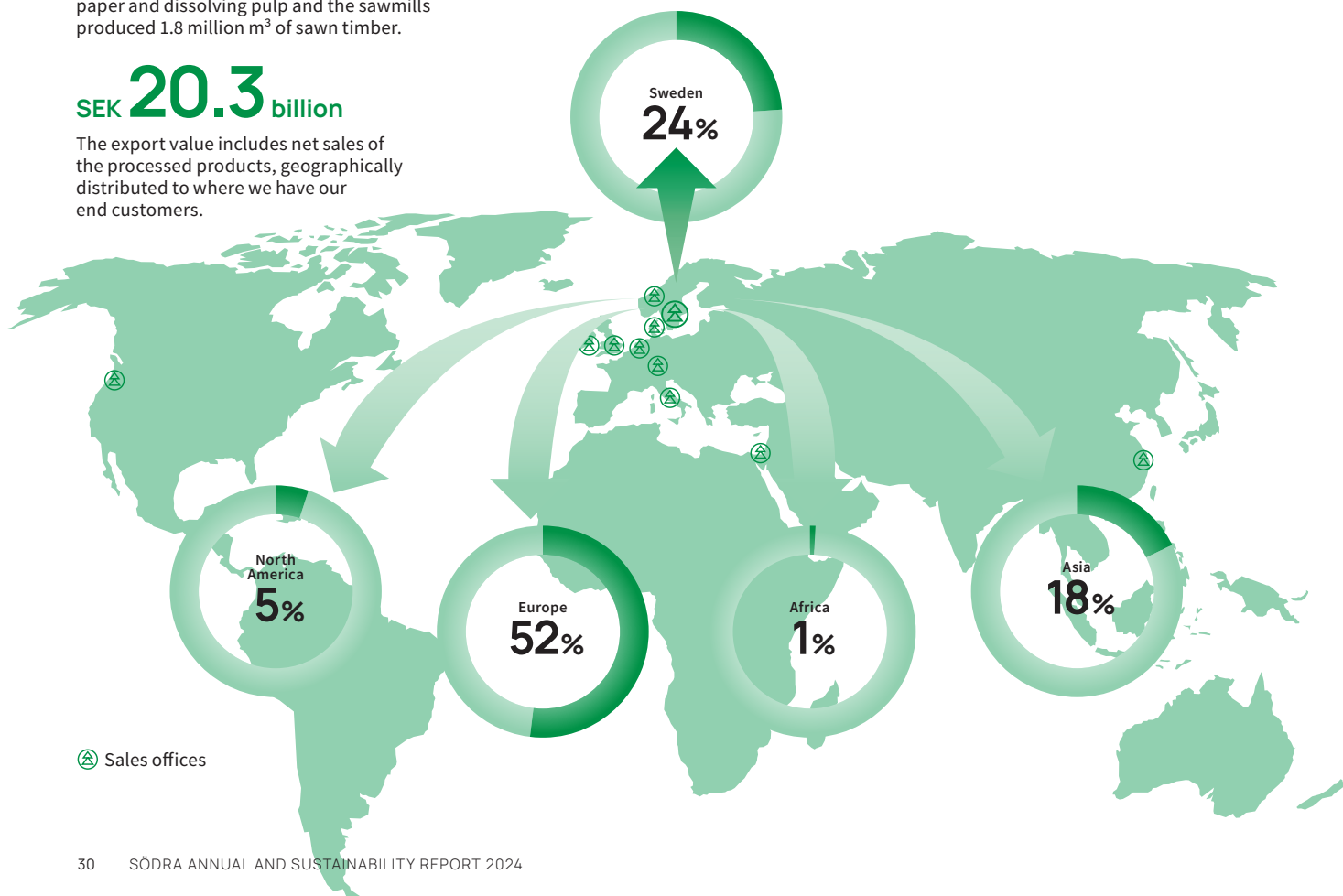
KEEP CALM AND CHOOSE FAMILY FORESTRY

## 1.8+1.8

The pulp mills produced 1.8 million tonnes of paper and dissolving pulp and the sawmills produced 1.8 million m<sup>3</sup> of sawn timber.

## SEK 20.3 billion

The export value includes net sales of the processed products, geographically distributed to where we have our end customers.



Sales offices



# Biochemicals

– for cleaning agents and cosmetics

Biochemicals from the forest can replace fossil raw materials and contribute to the environmental certification of industrial processes and end products, playing a crucial role in the transition to products with a lower climate impact. They can also be used in the production of cleaning agents and cosmetics, for example, and in the flavour and fragrance industry.

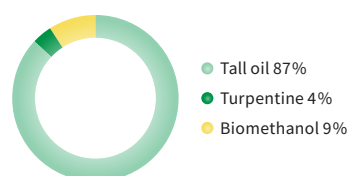


**40,000** tonnes biochemicals produced

### The year in brief

- » Decreased demand for bio-based diesel, which is where our tall oil goes, but signs of a trend reversal.
- » Decision to invest in production of the tanning agent tannin. The facility will become operational in 2026.
- » Södra started supplying the pharmaceutical and food industries with dissolving pulp (microcrystalline cellulose or MCC).

Sales volumes liquid bioproducts



### Examples of products

- » Biomethanol
- » Dissolving pulp
- » Tall oil
- » Turpentine

# Biofuel

– for heating, renewable electricity and liquid biofuels

Biofuel from the forest raw material from family forestry is used to produce heat, renewable electricity and liquid biofuels. That enables us to make more from every tree. You can find forest products, and products from our sawmills and pulp mills here.



**3,700** GWh solid biofuels delivered

### The year in brief

- » Price adjustments for members of Södra to increase supplies of forest chips, for example.
- » Environmental Product Declaration (EPD) for pellets.
- » Biofuel customers are showing a strong interest in Conscious Delivery to reduce the climate impact of transportation.

Solid biofuels



### Examples of products

- » Biomethanol
- » Fuel wood
- » Pellets
- » Wood briquettes

Solid biofuels are used in a variety of ways in Södra's value chain. Forest residues (branches and treetops) is a product of harvesting and used as fuel in thermal power stations. Bark from the pulp mills is used for internal energy generation and sold on the market as biofuel. The sawmills contribute with bark, wood chips and sawdust. The diagram shows the division between biofuels from the forest and biofuels from the mills, a total of about 3,700 GWh.

## Biomaterials

– for straw, sawdust and mulch

The products in biomaterials mainly come from our sawmills. In this area, our products include bedding materials for livestock, sawdust for the pellet and board industries and bark for covering material.



### Examples of products

- » Bark
- » Wood chips
- » Wood shavings
- » Sawdust



**0.4** million tonnes biomaterials delivered

### The year in brief

- » Decision to invest in kraft lignin. The facility will become operational in 2027.
- » Södra signed agreement to supply UPM and Stora Enso with kraft lignin.

## Building systems

– for housing, industrial facilities and public buildings

Our structural components in cross-laminated timber (CLT) enable the construction of large high-rise buildings for residential, industrial and public use. Södra's CLT is made from layers of planed spruce from family forestry that are finger-jointed and glued together into lamellae. These are then cross-laminated to form a strong and rigid structural component that is precision machined according to the customer's specifications.



### Examples of products

- » Cross-laminated timber
- » Products for façades and interiors



**14,000** m<sup>3</sup> production volume

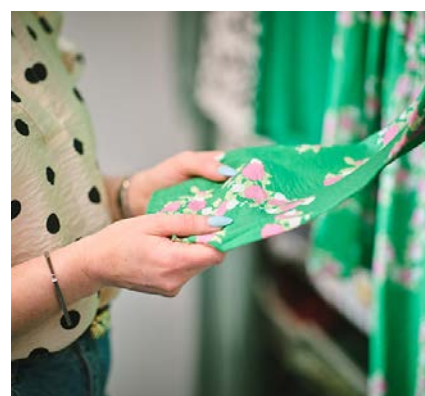
### The year in brief

- » CLT facility fine-tuned and ready for increased production.
- » Steadily growing interest in timber construction.
- » Clear focus on competence building in large-scale timber construction and industrial solutions.

# Dissolving pulp

– for textiles

Dissolving pulp from Södra comes mainly from birch and is primarily used in the textile industry to produce viscose and lyocell. In our OnceMore® product, we also mix in textile waste comprising a cotton and polyester blend. We separate the polyester from the cotton in the process and can recycle the cotton, which is then combined with wood fibres.



**0.15** million tonnes of dissolving pulp produced



### Examples of products

- » OnceMore®
- » Södra Orange
- » Södra Purple
- » Södra Purple F

### The year in brief

- » The collaboration with FEBEN led to a showcasing of OnceMore® during London Fashion Week.
- » New OnceMore® collaboration with the Selected Femme/ Homme brand.

# Electricity

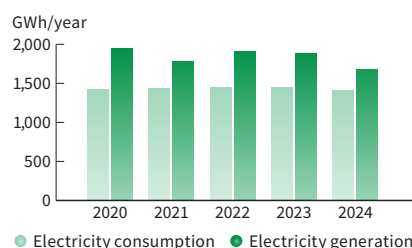
– green electricity and members' electricity

Södra is a major producer of green electricity from biomass, wind and water, and thereby contributes to the supply in southern Sweden. The total amount of excess electricity that we generate corresponds to the domestic electricity consumed by just over 50,000 detached houses per year, or the average consumption of just over 120,000 electric vehicles per year.



**1,700** GWh electricity generated

Electricity use and electricity generation



Electricity generated continued to exceed electricity use, net electricity deliveries were 272 GWh.

### Examples of products

- » Green electricity
- » Medlemsel
- » Guarantees of Origin (verifies the source of the electricity)

### The year in brief

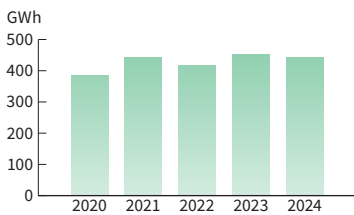
- » A decision to invest in a new turbine at Mörrum that will increase the amount of green electricity generated.
- » Södra became a partner of Industrikraft, where we will collaborate to support Swedish electricity.

# Heating

– district heating for the local community

District heating from Södra mainly consists of excess energy from our mills. We supply district heating to locations close to our industrial facilities corresponding to the heating requirements of almost 25,000 homes.

External district heating deliveries



Södra delivers district heating from the pulp mills at Mönsterås, Mörrum and Värö, and the sawmills at Kinda and Hamina, to neighbouring communities. In 2024, external district heating deliveries were 440 GWh. Two-thirds of the external district heating deliveries comprised excess heat from industrial processes. District heating is also delivered internally within Södra. The pulp mills at Mönsterås and Värö supply the combined facilities with district heating.

## Example of product

- » District heating



**440** GWh district heating deliveries

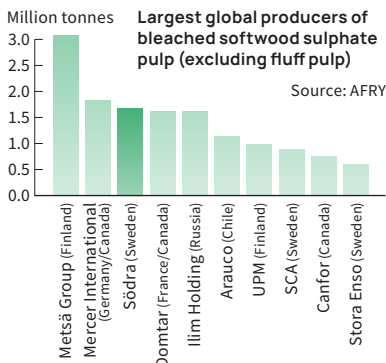
## The year in brief

- » Agreement with Varberg Energi regarding deliveries of district heating to Varberg Energi's district cooling. District heating will contribute to a unique system for district cooling with very low emissions.

# Paper pulp

– for tissue, packaging and specialty papers

Our three pulp mills produce softwood and hardwood pulp of the highest quality. The largest share is used for tissue, but the pulp is also used for specialty products, printing and publishing paper, and packaging. Products made from our pulp are used every day to make life easier.



## Examples of products

- » Södra Black
- » Södra Blue
- » Södra Gold Birch Z
- » Södra Green



**1.7** million tonnes paper pulp produced

## The year in brief

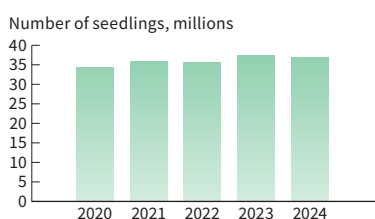
- » The first pilot project for Conscious Delivery commenced together with customers to reduce the climate impact of transportation.
- » Mill trials conducted to produce Spiramassa – paper pulp made from pulpwood and local agricultural residues.

# Seedlings

– spruce, pine and other coniferous and deciduous trees

We have been working with seedling production for more than 50 years. We have invested in research into tree breeding material and development of the business to produce the best seedlings for conditions in southern Sweden. Södra's nurseries offer seedlings that are robust, provide rapid growth with high-quality wood and have a high survival rate. The seedlings are mainly spruce and pine, but also other species of deciduous and conifer trees.

### Seedling sales



Seedling sales totalled 36.9 million (37.6). Nearly all of these were treated with mechanical plant protection.

### Examples of products

- » Container-grown seedlings
- » PluggPlusEtt seedlings
- » Bare-root seedlings



**37** million seedlings sold

### The year in brief

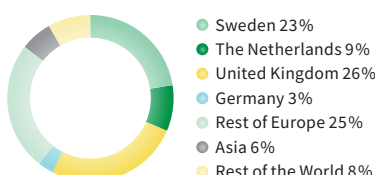
- » A new freezing solution combined with logistics helped to raise the quality and vitality of the seedlings.
- » More than one in three seedlings sold is pine – the proportion of pine is increasing.
- » Investment in a footbridge and walkways to improve safety at the Flåboda nursery.

# Wood products

– structural timber, decking and cladding

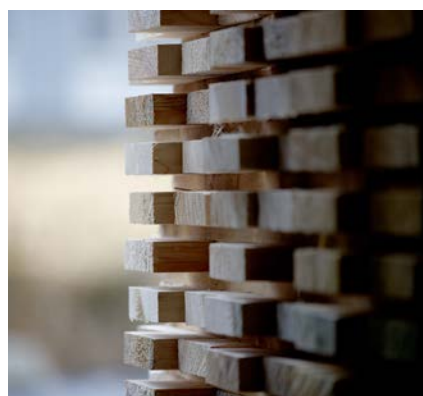
Structural timber accounts for the highest proportion of our sales, but wood products have many applications. Customers are mainly in the construction, packaging and wood processing industries. Södra is one of the leading producers of wood products in Europe, with seven sawmills in Sweden and Finland where we produce high-quality wood products. All sawmills have a high level of processing and several have integrated planing mills and coating facilities.

### Sales per market



### Examples of products

- » Structural timber
- » Sawn wood products
- » Decking
- » Cladding



**1.8** million m<sup>3</sup> sawn timber produced

### The year in brief

- » Industry consolidation including closure of the sawmill section at Klevshult and redevelopment of the unit to conduct planing.
- » New operational management team for Södra Wood.



## Financial statements

# Operating profit: SEK 2,630 million

In 2024, Södra posted operating profit of SEK 2,630 million (2,226) and net sales amounted to SEK 29,487 million (28,896). The year was characterised by higher prices for saw logs, but higher delivery prices and favourable exchange rates led to higher earnings year-on-year and above the expected level. The earnings improvement shows that Södra can deliver high profitability despite challenges and continued market uncertainty in terms of geopolitical volatility, the economic situation and a raw material shortage in the market. The proposed profit distribution is SEK 1,753 million.

## 62%

Södra stands stable with an equity ratio of 62 percent, exceeding the long-term target of 55 percent.

## 10%

Return on capital employed is in line with the long-term target of 10 percent.

## SEK 1,753 million

The proposed profit distribution amounts to 64 percent of profit before tax.

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# Multi-year summary

	2024	2023	2022	2021	2020 <sup>2)</sup>	2019 <sup>3)</sup>	2018	2017	2016 <sup>4)</sup>	2015
<b>RESULT</b>										
Net sales, SEK million	29,487	28,896	33,367	27,060	20,351	23,183	24,230	20,518	18,482	18,267
Net sales, change	2%	-13%	23%	33%	-9%	-4%	18%	11%	1%	5%
Operating profit before depreciation, amortisation and impairment, SEK million	4,155	3,677	9,136	6,811	2,164	3,897	5,654	3,009	1,887	3,146
Depreciation, amortisation and impairment of assets, SEK million	-1,525	-1,451	-1,331	-1,495	-1,273	-1,315	-1,146	-1,092	-908	-984
Operating profit, SEK million	2,630	2,226	7,805	5,316	891	2,582	4,508	1,917	979	2,162
Operating margin	9%	8%	23%	20%	2%	11%	19%	9%	5%	12%
Financial income and expenses, SEK million	98	46	-81	-83	-145	-87	-77	-87	-66	-90
Profit before tax, SEK million	2,728	2,272	7,724	5,233	746	2,495	4,431	1,830	913	2,072
<b>FINANCIAL POSITION</b>										
Non-current assets, SEK million	23,121	21,794	21,179	19,764	19,150	18,805	18,408	14,932	14,413	11,948
Inventories, SEK million	5,155	3,965	4,232	3,866	3,364	3,835	3,649	3,036	3,097	2,801
Equity, SEK million	27,803	26,083	27,065	21,088	16,759	17,382	16,011	12,884	11,766	11,945
Return on equity	8%	7%	25%	22%	1%	12%	24%	12%	6%	14%
Net debt, SEK million	-1,513	-845	-3,629	668	3,651	3,415	4,558	3,901	3,879	1,290
Debt/equity ratio, times	-0.1	0.0	-0.1	0.0	0.2	0.2	0.3	0.3	0.3	0.1
Average capital employed, SEK million	25,508	24,089	22,476	21,350	21,039	21,104	19,029	16,493	14,600	12,639
Return on capital employed	10%	9%	35%	25%	2%	12%	24%	12%	7%	17%
Total assets, SEK million	45,034	40,494	41,433	33,429	29,253	29,337	27,094	23,104	21,671	19,248
Equity ratio	62%	64%	65%	63%	57%	59%	59%	56%	54%	62%
<b>CASH FLOW</b>										
Cash flow from operating activities, SEK million	3,547	1,890	7,652	5,190	2,317	3,343	4,270	1,915	2,315	3,123
Investments, SEK million	1,948	2,007	2,011	1,875	1,549	1,128	4,380	1,606	4,256	2,959
Cash flow after investments, SEK million	1,820	79	5,820	3,192	646	2,227	-142	356	-1,581	218
<b>VOLUMES</b>										
Wood volume, million m <sup>3</sup> sub	17.5	17.3	18.3	18.0	17.4	17.1	16.5	15.9	15.0	15.1
Deliveries of biofuels, 1,000 m <sup>3</sup> l	5,674	4,837	5,415	5,402	4,593	5,077	4,630	4,393	4,632	4,678
Sawn timber production, 1,000 m <sup>3</sup> sw	1,770	1,770	1,804	1,965	1,834	1,809	1,761	1,841	1,955	2,031
Pulp production, 1,000 tonnes	1,842	1,893	1,897	1,840	1,865	1,869	1,786	1,712	1,429	1,512
Electricity generation, GWh	1,683	1,886	1,913	1,790	1,956	1,830	1,772	1,719	1,326	1,379
<b>SUSTAINABILITY</b>										
Fossil CO <sub>2</sub> from production, ktonnes	79	81	67	68	70	70	103	81	99	87
Fossil CO <sub>2</sub> from transportation, ktonnes	378	336	271	270	227	207	196	191	199	193
Lost time accidents (LTA) <sup>5)</sup> , no.	44	38	50	56	47	62	77	94	94	75
Lost time accident rate (LTAR) <sup>6)</sup>	8	7	10	11	9	12	15	17	16	13
<b>OTHER</b>										
Profit distribution <sup>1)</sup> , SEK million	1,753	1,474	3,243	2,239	598	1,068	1,795	868	602	1,002
No. of members	52,116	51,774	51,476	51,938	52,921	52,192	51,637	51,009	50,771	50,360
Affiliated forest area, 1,000 ha	2,833	2,806	2,786	2,719	2,696	2,637	2,591	2,517	2,481	2,440
Members' wood deliveries, million m <sup>3</sup> sub	10.1	10.4	11.1	11.1	10.6	10.4	9.8	9.7	9.4	9.4
Average no. of employees <sup>7)</sup>	3,195	3,251	3,262	3,118	3,112	3,126	3,122	3,537	3,740	3,574
USD/SEK (average rate)	10.57	10.62	10.12	8.58	9.21	9.46	8.69	8.55	8.56	8.43
EUR/SEK (average rate)	11.43	11.48	10.63	10.14	10.49	10.59	10.26	9.64	9.47	9.35
NBSK (average price USD/tonnes)	1,491	1,268	1,437	1,201	844	983	1,166	881	802	856

<sup>1)</sup> Proposed profit distribution, including bonus issue.

<sup>2)</sup> The effect of assets held for sale is presented in the Consolidated statement of comprehensive income and Consolidated statement of financial position. The effect of assets held for sale is not included in the Consolidated statement of cash flows nor is it taken into account in calculated key indicators, which is not directly apparent from the income statement and balance sheet presented, since Södra uses these factors to manage all of its operations.

Comparative figures for prior years have not been restated for the above-mentioned effect (from 2019 and earlier), but are reconcilable with historical reports.

<sup>3)</sup> IFRS<sup>16</sup> Leases has been applied since 2019, which means that leases are now recognised as assets and liabilities, instead of Other expenses. This has impacted income statements and balance sheets, as well as key indicators.

<sup>4)</sup> As of 2017, the accounting policy for Södra Cell's scheduled maintenance shutdowns has changed so that the cost is charged to profit for the current year, rather than being recognised as an improvement expense and subsequently amortised over the period until the next maintenance shutdown. The comparative figures affected have only been restated for 2016, while 2015 is reconcilable with historical financial statements.

<sup>5)</sup> LTA (lost time accident): occupational injury with absence.

<sup>6)</sup> LTAR (lost time accident rate): no. of occupational injuries with absence per million hours worked.

<sup>7)</sup> New definition from 2024: includes number of actual hours worked divided by the number of scheduled hours for a full-time employee. The comparative figures for 2023 have been restated

# Alternative performance measures

Södra manages its operations by analysing key indicators. Some of these financial key indicators are defined or specified in applicable regulations for financial information, or by other applicable laws. All others are referred to as alternative performance measures. Södra uses the following alternative performance measures and believes they provide valuable complementary information for analysing Södra's performance. The effect of assets held for sale is presented in the Consolidated statement of comprehensive income and Consolidated statement of financial position. The effect of assets held for sale is not included in the Consolidated statement of cash flows nor is it taken into account in calculated key indicators, which is not directly apparent from the income statement and balance sheet presented, since Södra uses these factors to manage all of its operations. Comparative figures for prior years have not been restated for the above-mentioned effect (from 2019 and earlier), but are reconcilable with historical reports.

## NET SALES, CHANGE

SEK million	2024	2023	2022	2021	2020
Opening	28,896	33,367	27,060	20,351	23,183
Closing	29,487	28,896	33,367	27,060	20,351
Assets held for sale	—	—	—	—	679
Closing incl. assets held for sale	29,487	28,896	33,367	27,060	21,030
Change	2%	-13%	23%	33%	-9%

### Explanation

Shows Södra's growth.

### Definition

Net sales for the year relative to the previous year's net sales.

## OPERATING PROFIT BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT

SEK million	2024	2023	2022	2021	2020
Operating profit	2,630	2,226	7,805	5,316	891
Assets held for sale	—	—	—	—	-537
Operating profit incl. assets held for sale	2,630	2,226	7,805	5,316	354
Depreciation, amortisation and impairment	1,525	1,451	1,331	1,495	1,273
Assets held for sale	—	—	—	—	341
Depreciation, amortisation and impairment incl. assets held for sale	1,525	1,451	1,331	1,495	1,614
Operating profit before depreciation, amortisation and impairment incl. assets held for sale	4,155	3,677	9,136	6,811	1,968

### Explanation

A complement to operating profit/loss, which shows the items on the income statement that affect cash flow.

### Definition

Operating profit/loss excluding depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

## EBITDA MARGIN

SEK million	2024	2023	2022	2021	2020
Operating profit before depreciation, amortisation and impairment	4,155	3,677	9,136	6,811	1,968
Net sales	29,487	28,896	33,367	27,060	21,030
EBITDA margin	14%	13%	27%	25%	9%

### Explanation

The EBITDA margin shows the percentage of surplus on each SEK earned less operating costs, but before depreciation, amortisation and impairment. This measure gives an overall view of the cash flow generated. The measure is used to produce an overall trend analysis of Södra's performance, and for comparison with other companies.

### Definition

Operating profit/loss excluding depreciation and amortisation of property, plant and equipment and intangible assets expressed as a percentage of net sales.

## OPERATING PROFIT/LOSS

SEK million	2024	2023	2022	2021	2020
Net sales	29,487	28,896	33,367	27,060	20,351
Other revenue and profit from shares in associates	1,057	598	758	657	486
Operating expenses	-26,389	-25,817	-24,989	-20,906	-18,673
Depreciation, amortisation and impairment	-1,525	-1,451	-1,331	-1,495	-1,273
Assets held for sale	—	—	—	—	-537
Operating profit incl. assets held for sale	2,630	2,226	7,805	5,316	354

### Explanation

Operating profit/loss shows the surplus on each sales SEK less operating costs, including depreciation, amortisation and impairment. This is an essential measure for producing a trend analysis of Södra's performance, and for comparison with other companies.

### Definition

Net sales and other revenue less operating costs including depreciation, amortisation and impairment.

## OPERATING MARGIN

SEK million	2024	2023	2022	2021	2020
Operating profit	2,630	2,226	7,805	5,316	354
Net sales	29,487	28,896	33,367	27,060	21,030
Operating margin	9%	8%	23%	20%	2%

### Explanation

The operating margin is a measurement of the proportion of surplus on each SEK earned less operating costs, including depreciation. This surplus is used to cover interest expense and tax, and to generate an acceptable profit. The measure is used to produce an overall trend analysis of Södra's performance, and for comparison with other companies.

### Definition

Operating profit/loss expressed as a percentage of net sales.

## RETURN ON EQUITY

SEK million	2024	2023	2022	2021	2020
Equity OB	26,083	27,065	21,088	16,759	17,382
Equity CB	27,803	26,083	27,065	21,088	16,759
Average equity	26,943	26,574	24,077	18,924	17,071
Profit before tax	2,728	2,272	7,724	5,233	746
Assets held for sale	—	—	—	—	-537
Standard tax	-562	-468	-1,591	-1,078	-45
Return	8%	7%	25%	22%	1%

### Explanation

Return on equity is a measure of the interest that Södra pays on its members' capital.

### Definition

Profit after net financial items less standard tax in relation to average equity.

**NET DEBT**

SEK million	2024	2023	2022	2021	2020
Interest-bearing liabilities	10,205	8,878	7,108	5,990	6,838
Financial receivables	9	0	0	0	0
Current investments and cash and cash equivalents	-11,728	-9,723	-10,737	-5,322	-3,187
<b>Net debt</b>	<b>-1,514</b>	<b>-845</b>	<b>-3,629</b>	<b>668</b>	<b>3,651</b>

**Explanation**

Shows Södra's financial strength through the relationship between current investments and cash and cash equivalents compared with borrowings.

**Definition**

Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.

**DEBT/EQUITY RATIO**

times	2024	2023	2022	2021	2020
Net debt	-1,514	-845	-3,629	668	3,651
Equity	27,803	26,083	27,065	21,088	16,759
<b>Debt/equity ratio</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.2</b>

**Explanation**

The debt/equity ratio is used to measure Södra's financial strength and, in combination with the equity ratio, is the measurement most frequently used by management to monitor the Group's financial leverage.

**Definition**

Net debt in relation to equity.

**CAPITAL EMPLOYED**

SEK million	2024	2023	2022	2021	2020
Assets	45,034	40,494	41,433	33,429	29,253
- Surplus in funded pension plans	-298	-138	-221	-	-
- Financial assets	-11,781	-9,762	-10,884	-5,461	-3,220
- Provisions <sup>1)</sup>	-527	-540	-529	-381	-100
- Income tax <sup>1)</sup>	-2,119	-1,944	-2,287	-2,141	-1,639
- Operating liabilities	-4,380	-3,024	-4,420	-3,586	-3,154
Assets held for sale	-	-	-	-	-300
<b>Capital employed</b>	<b>25,929</b>	<b>25,086</b>	<b>23,092</b>	<b>21,860</b>	<b>20,840</b>
Average	25,508	24,089	22,476	21,350	21,039

<sup>1)</sup> Not considered in the calculation of Operating capital.

**Explanation**

Capital employed shows the capital used by Södra and is a component of Return on capital employed.

**Definition**

Property, plant and equipment and intangible assets, biological assets, inventories and other operating assets, less operating liabilities and net tax liability.

Alternatively expressed as total assets less financial assets, provisions, tax and operating liabilities.

**RETURN ON CAPITAL EMPLOYED**

SEK million	2024	2023	2022	2021	2020
Average capital employed	25,508	24,089	22,476	21,350	21,039
Operating profit	2,630	2,226	7,805	5,316	891
Assets held for sale	-	-	-	-	-537
Operating profit incl. assets held for sale	2,630	2,226	7,805	5,316	354
<b>Return</b>	<b>10%</b>	<b>9%</b>	<b>35%</b>	<b>25%</b>	<b>2%</b>

**Explanation**

Return on capital employed is a measure of the interest that Södra pays on capital tied up in operations.

**Definition**

Operating profit expressed as a percentage of average capital employed.

**EQUITY RATIO**

SEK million	2024	2023	2022	2021	2020
Equity	27,803	26,083	27,065	21,088	16,759
Assets	45,034	40,494	41,433	33,429	29,253
<b>Equity ratio</b>	<b>62%</b>	<b>64%</b>	<b>65%</b>	<b>63%</b>	<b>57%</b>

**Explanation**

An established and key measure of Södra's financial strength. Measures the proportion of total assets financed by equity. The measure indicates the ability to pay long-term liabilities, since any future losses will be deducted from equity.

**Definition**

Equity expressed as a percentage of total assets.

## Other definitions

**Return on operating capital**

Operating profit in relation to average operating capital.

**Equity**

Consolidated equity is equal to taxed equity increased by the equity portion of untaxed provisions and non-controlling interests. Equity consists of member contributions, both paid-in and issued, and the earnings that have accumulated over the years and not been allocated to the members.

**Operating capital**

Property, plant and equipment and intangible assets, biological assets, inventories and other operating assets less operating liabilities and also, as of 2014, Group contributions.

**Dividends**

Includes dividends on paid-up contributed capital, through bonus issues and on wood deliveries.

**Goodwill**

Goodwill represents the difference between the cost of a business combination and the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities. Goodwill impairment does not affect the statement of cash flows.

# Directors' Report

The Board of Directors and President of Södra Skogsägarna ekonomisk förening (corporate identity number 729500-3789) hereby submit the annual accounts and consolidated financial statements for the 2024 financial year.

## Södra delivers stable result in uncertain market conditions

The year was characterised by higher prices for saw logs, but higher delivery prices and favourable exchange rates led to higher earnings year-on-year and above the expected level. The earnings improvement shows that Södra can deliver high profitability despite challenges and continued market uncertainty in terms of geopolitical volatility, the economic situation and a raw material shortage in the market. Net sales for the full-year amounted to SEK 29,487 million (28,896), with operating profit of SEK 2,630 million (2,226). Return on capital employed was 10 percent (9). At 31 December 2024, the equity ratio was 62 percent (64).

### ABOUT SÖDRA

Södra is a member-owned global forest industry group and Sweden's largest forest-owner association with 52,116 members, where approximately 80 percent of the processed products are exported.

Södra's overall assignment is to secure markets for its members' forest raw material and to promote the profitability of their forest estates. By providing advice and support, Södra helps its members to manage their forests in a long-term, responsible and sustainable manner.

The wood delivered by members is processed at Södra's mills into mainly sawn timber and pulp. Södra has one of the largest sawmill operations in Europe, and is one of the biggest European suppliers of softwood sulphate pulp. Dissolving pulp is also produced from hardwood. The forest raw material is also processed through the production of, for example, biomethanol and cross-laminated timber (CLT). At its pulp mills, wind turbines and hydropower plant, Södra produces nearly 2 TWh of electricity and supplies other energy producers with raw material.

### MARKET TREND

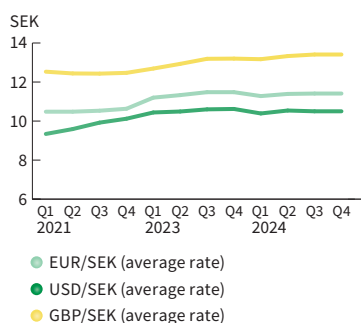
In 2024, the global economy was mixed. The US economy remained strong, while China and the eurozone were much more challenging. On a more

positive note, inflation continued to fall and approach central banks' targets. The tense political situation continued due to the war in Ukraine and unrest in the Middle East. While the economic impact of these crises has been limited to date, the risk of negative setbacks in energy and raw material markets remains. Following the Republican victory in the US presidential election, there is uncertainty about increased trade barriers, which could have global effects on inflation and growth. The reforms that were announced in advance were deemed to increase the risk of sustained high inflation.

The US economy remained strong in 2024 but showed signs of slowing down as the year progressed. Inflation fell and the labour market weakened, resulting in fewer new jobs and rising unemployment. Despite the slowdown in growth, however, the US remained the fastest growing economy compared with Europe and China. The eurozone's economy was characterised by stagnation, and the negative trend in industrial production continued. The manufacturing industry in Europe struggled with not only a weak economy but also with continuing structural problems, such as high energy costs and intense competition, especially from China.

Expectations for central banks' key interest rates varied during the year, especially in regard to the Federal Reserve (Fed). There were deep

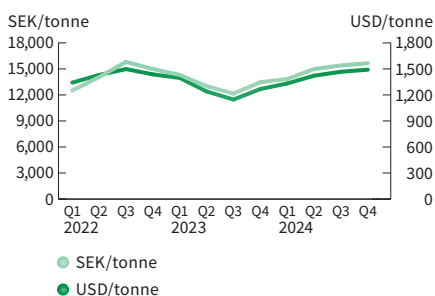
### Foreign exchange rates



The diagram shows the annual average exchange rate.

Source: ECB

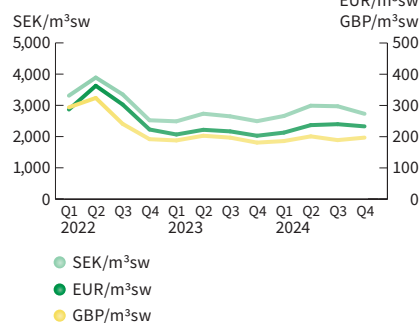
### Pulp prices



The price of bleached softwood sulphate pulp in USD rose during the year. The diagram shows the average prices for softwood sulphate pulp delivered to European customers.

Source: FOEX PIX and Södra

### Delivery prices for sawn timber



The diagram shows delivery prices for sawn timber in the most important currencies.

Source: Södra

concerns about a sharp decline in the US economy at times, due to a weakening job market.

This did not materialise however and the deterioration was modest. Inflation fell relatively slowly in the eurozone, mainly due to rising prices for services. The Riksbank lowered the interest rate gradually during the year as inflation fell and the economy weakened. The Swedish economy fell into a mild recession during the year with few clear signs of recovery. Like Europe as a whole, the manufacturing industry showed clear signs of weakness.

During the year, inflation and interest rate hikes contributed to fluctuations in the foreign exchange market. US interest rates were at generally higher levels than EU rates, including Swedish rates. Rate differences combined with uncertainty surrounding the global economy helped to maintain the strength of the USD. In 2024, the USD and EUR weakened slightly, while the GBP strengthened against the SEK measured by the average exchange rate, compared with the preceding year. Currency fluctuations affect Södra, since the USD is relevant for pulp product prices, and the GBP rate has a major impact on the sawmill operations, since the UK is a major export market for wood products.

### Wood supply

Demand for both saw logs and pulpwood was highly favourable during the year. While the level of forestry activities was high, supply was challenging. For the energy ranges of fuel wood and forest chips, demand remained stable throughout the year. The wood volume for the full-year was slightly higher year-on-year.

### Sawn timber market

The price trend for wood products rose during the year and was relatively stable in the second half of the year. Overall for the year, delivery prices increased around 15 percent. Delivery volumes ended slightly higher year-on-year.

Sawlog supply was a challenge and affected production volumes in several units. During the year, the building materials trade remained at a stable low level, but with falling inflation and interest rates, demand is

expected to rise slightly in the near future. Södra's industrial customers in Europe met intense competition, but the short supply drove up delivery prices. At the same time, raw material costs increased due to the saw log shortage. Non-European markets are on the way up from a relatively low level, demand in China has begun to recover and the US market is slightly improving.

### Pulp market

Demand for paper pulp was relatively weak at the end of the year and is expected to have bottomed out, but it will take time before it reaches a high level. Combined with lower global supply due to pulp capacity closures and extended maintenance shutdowns in several pulp mills, the market equilibrium has improved, however. This in turn led to a 15-percent increase in the average price for softwood sulphate pulp during the year.

While the pulp market does not have the same cyclical profile as the sawn timber market for the construction industry, the global economy remains uncertain. Delivery volumes in 2024 were lower year-on-year.

### NET SALES

Consolidated net sales amounted to SEK 29,487 million (28,896). The positive sales trend for the quarter was primarily due to higher price levels for Södra's core products and continued favourable exchange rates.

### RESULT

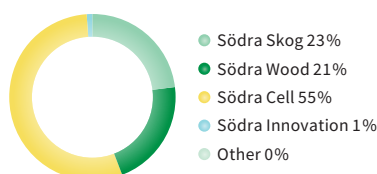
Operating profit totalled SEK 2,630 million (2,226). Södra posted improved operating profit, mainly attributable to higher delivery prices and favourable exchange rates combined with higher raw material costs for saw logs and slightly lower delivery volumes. The earnings improvement shows that Södra can deliver high profitability despite challenges and continued market uncertainty in terms of geopolitical volatility, the economic situation and a raw material shortage in the market.

Tax expense for the year was SEK 240 million (151). The Group's net financial items amounted to income of SEK 98 million (46). Return on capital employed was 10 percent (9).

### BUSINESS AREAS

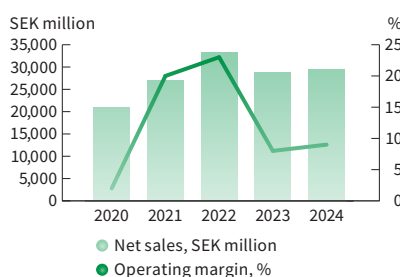
SEK million	Net sales		Operating profit/loss	
	2024 Jan–Dec	2023 Jan–Dec	2024 Jan–Dec	2023 Jan–Dec
Södra Skog	6,817	6,260	513	367
Södra Wood	6,258	6,083	23	-175
Södra Cell	16,121	16,142	2,867	2,631
Södra Innovation	291	411	-268	-227
Other	—	—	-505	-370
<b>Group</b>	<b>29,487</b>	<b>28,896</b>	<b>2,630</b>	<b>2,226</b>

### Sales per business area

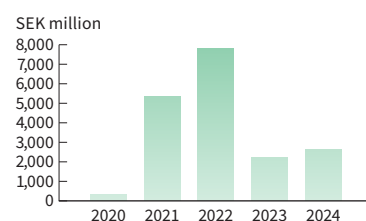


SEK 29,487 million in total, excluding internal deliveries.

### Net sales and operating margin



### Operating profit/loss

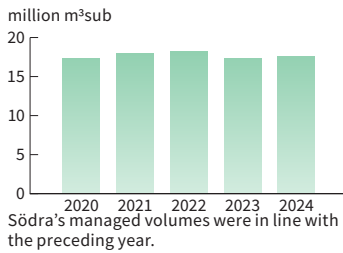


> Directors' Report, cont.

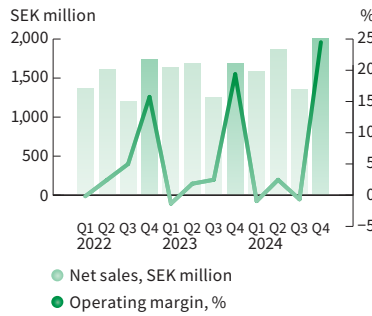
**Södra Skog's** operating profit totalled SEK 513 million (367), including the remeasurement of biological assets. The remeasurement effect for biological assets amounted to SEK 631 million (394). Sales amounted to SEK 6,817 million (6,260), an effect of price increases for saw logs and pulpwood, and a slightly higher volume during the year. The total delivery volume was 17.5 million m<sup>3</sup>sub (17.3), comprising 56 percent pulpwood, 31 percent saw logs and 13 percent biofuel. The earnings

trend was impacted by slightly higher volumes, mainly from sales of energy products. Demand for saw logs and pulpwood was high and stable during the year, but the delivery situation was challenging at the end of the year. Södra's biological assets were impacted by higher prices for forest land and forest raw material, higher costs for harvesting and forest management, estimated harvest rates and exchange rate effects.

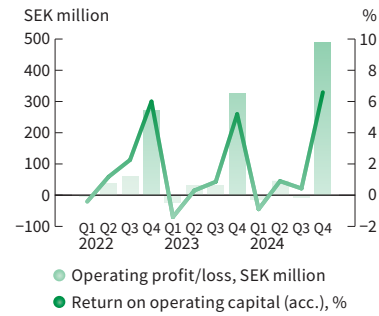
**Wood volume**



**Net sales and operating margin**



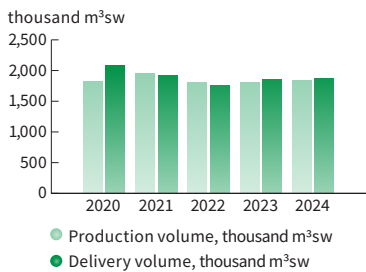
**Operating profit/loss and return on operating capital**



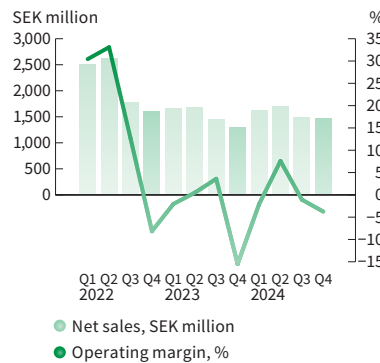
**Södra Wood's** operating profit totalled SEK 23 million (loss: 175). Sales amounted to SEK 6,258 million (6,083), attributable to higher delivery prices and a slightly higher volume during the year. The total production volume of sawn timber was 1,770 thousand m<sup>3</sup>sw (1,770). Outbound deliveries of sawn

timber amounted to 1,872 thousand m<sup>3</sup>sw, compared with 1,866 thousand m<sup>3</sup>sw in the preceding year. The earnings improvement was attributable to higher delivery prices, a slightly higher volume and improved efficiency. The improvement was realised, despite higher raw material costs.

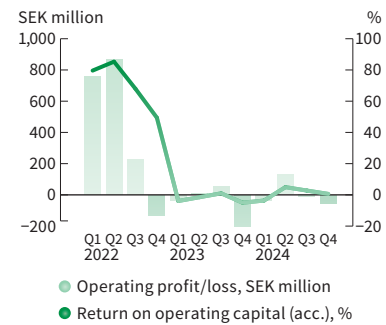
**Production and delivery volume, sawn timber**



**Net sales and operating margin**



**Operating profit/loss and return on operating capital**

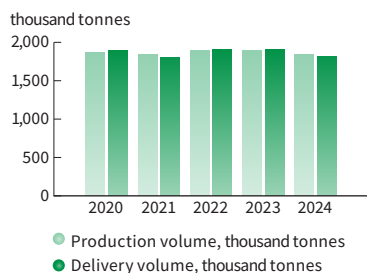


**Södra Cell's** operating profit totalled SEK 2,867 million (2,631). Sales amounted to SEK 16,121 million (16,142), an effect of lower delivery volumes during the year, mainly due to scheduled maintenance shut-downs in 2024. The production volume declined 51 ktonnes to a total of 1,842 ktonnes (1,893), comprising 1,599 ktonnes (1,677) of softwood sulphate pulp, 93 ktonnes (60) of hardwood sulphate pulp and 150 ktonnes (155) of dissolving pulp. Outbound deliveries of pulp amounted to 1,820 ktonnes, down 86 ktonnes year-on-year. Outbound deliveries of liquid

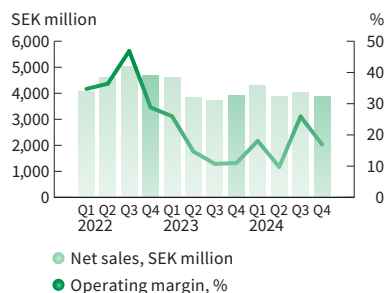
bioproducts amounted to 37 ktonnes, down 2 ktonnes compared with the preceding year. The earnings trend was primarily the result of higher pulp prices, combined with increased raw material costs and a favourable exchange rate during the year.

Electricity generated at the pulp mills, the wind turbines and hydro-power plant amounted to 1,683 GWh (1,886). Excess electricity amounted to 397 GWh (561). The excess represented about 24 percent of the generated volume and was sold both within Södra and on the open market.

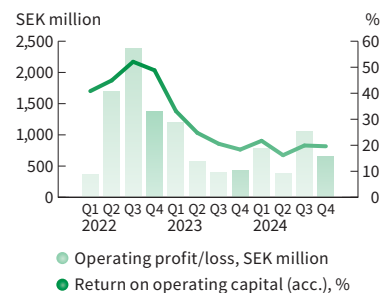
#### Production and delivery volume, pulp



#### Net sales and operating margin



#### Operating profit/loss and return on operating capital



**Södra Innovation's** operating loss totalled SEK 268 million (loss: 227). Sales amounted to SEK 291 million (411), mainly due to continued weak construction activity for CLT and the volume trend for Innovation's

subsidiaries. The earnings trend was mainly attributable to Södra's participation in SunPine and to increased depreciation due to the CLT business only having depreciation during the second half of the preceding year.

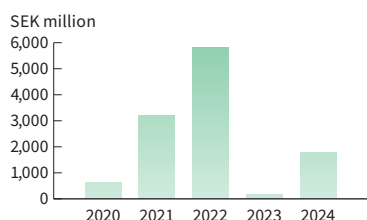
#### CASH FLOW AND LIQUIDITY

Cash flow before investments was SEK 3,547 million (1,890), and SEK 1,820 million (79) after investments. At year-end, cash and cash equivalents and current investments amounted to SEK 11,728 million (9,723)

#### INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Investments totalled SEK 1,948 million (2,007), of which SEK 253 million (608) pertained to Södra Skog, SEK 348 million (351) to Södra Wood, SEK 1,290 million (886) to Södra Cell and SEK 46 million (146) to Södra Innovation. The investments were mainly focused on energy, productivity and the environment.

#### Cash flow after investments



#### FINANCIAL POSITION

At 31 December 2024, equity amounted to SEK 27,803 million (26,083), of which paid-up and issued contributed capital accounted for SEK 6,476 million (6,145). Total assets increased to SEK 45,034 million (40,494). At 31 December 2024, the equity ratio was 62 percent (64). Södra's borrowing comprised loans of SEK 9,755 million (8,322) from members and a loan of SEK 200 million (333) from the Nordic Investment Bank that matures in April 2026. Södra has a credit agreement in the form of a club agreement, enabling Södra to borrow up to SEK 3,000 million until December 2029. The debt/equity ratio was -0.1 times (0.0).

#### USE OF FINANCIAL INSTRUMENTS

Due to the international and capital-intensive nature of its operations, Södra is constantly exposed to financial risks, such as market risk, credit risk and liquidity and financing risk. The Group's Financial Policy for handling financial risks, as adopted by the Board, provides a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

For more information, refer to Note 24 for financial risk management.

&gt; Directors' Report, cont.

### INNOVATION, RESEARCH AND DEVELOPMENT

The Group's R&D costs amounted to SEK 178 million (247), corresponding to 1 percent (1) of operating expenses. This amount includes costs for Södra's own operations, support for external research projects and Södra's share of costs for the Silva Green Fuel development project. In agreement with Statkraft, Södra decided to sell its participation in Silva Green Fuel during the year. Research and development is conducted in forestry, wood products, paper, textiles, chemicals and energy. Research is mainly conducted in partnerships with research institutes and universities, while development takes place both internally and in external networks together with companies that are usually further upstream in various value chains.

The overall objective of forestry and wood products is to promote high, sustained and sustainable forest production, product development of sawn timber and increased knowledge of timber construction. In the other areas, the focus lies on the development of products and processes in existing business, and the development of new business for Södra. In new business, Södra works with everything from textile recycling to new sustainable biochemicals and energy carriers.

Södra also supports research through the Södra Foundation for Research, Development and Education. The Foundation grants funding for research projects and training programmes that promote forest management and forest industry operations in southern Sweden. During the year, the Foundation granted more than SEK 20 million to 35 different projects.

### REGULATED ACTIVITIES

Of Södra's net sales, 80 percent (80) are subject to permits or mandatory notification requirements under the Swedish Environmental Code. At year-end, Södra conducted 55 activities (56) that were subject to permit or notification requirements in Sweden. Activities requiring a permit are conducted at Södra's pulp mills, sawmills, timber treatment facilities, peat bogs, the port in Mönsterås and the Karlshammar hydro-power plant. Facilities subject to notification requirements are wood and biofuel terminals and wind turbines. The permits contain conditions for activities, such as limits for emissions to air and water, and noise.

In 2024, four peat bogs were divested (Rings mosse, Åsamossen, Kåramåla mosse and Boda mosse). The sawmill at Orrefors submitted an application to the Land and Environment Court in Växjö regarding an expansion of the forestry operations area, and a modification of operating hours in relation to the original permit. The sawmill at Klevshult was granted an amendment to its existing permit regarding a redistribution of production and processing volumes. The sawmill operations were discontinued. Operations at the processing unit at Ramkvilla were closed down and the property was divested. The timber treatment facility at Vaggeryd submitted an application to expand its operations to the Environmental Assessment Delegation in Jönköping County. The timber treatment operations in Åtvidaberg were discontinued. The main hearing regarding final conditions for emissions to water and nitrogen oxides to air for the pulp mill at Värö was held at the Land and Environment Court in Stockholm. The judgement was announced and Södra decided to appeal and request leave to appeal in the Supreme Court. If the Supreme Court does not grant leave to appeal, or if the judgement is not reversed, investments will be required to comply with the terms of the judgement. The pulp mill at Mönsterås was granted an amendment to its existing permit for the extraction of lignin and production of sulphuric acid. In connection with the change in the system for the European Union Emissions Trading System, the pulp mills' permit in relation to GHG emissions was revoked.

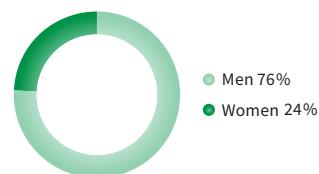
There were no other significant changes regarding permits in 2024.

### SUSTAINABILITY REPORT IN ACCORDANCE WITH THE SWEDISH ANNUAL ACCOUNTS ACT

Södra has prepared a Sustainability Report in accordance with the Swedish Annual Accounts Act. The Sustainability Report contains relevant information about Södra's work and results in the areas of environment, social conditions and employment, human rights and anti-corruption. In accordance with the Swedish Annual Accounts Act Chapter 6, Section 11, Södra Skogsägarna ekonomisk förening has elected to prepare a Sustainability Report that is separate from the Annual Report. The scope of the Sustainability Report is presented on page 138.

### EMPLOYEES

The average number of employees was 3,195 (3,251), of whom 24 percent were women (25).



### EVENTS AFTER THE CLOSE OF THE PERIOD

No significant events occurred after the balance-sheet date.

### FUTURE OUTLOOK

Inflation continued to fall in the fourth quarter, enabling continued rate cuts in Sweden. Uncertainty about the future is slightly lower and the assessment is that a continued decline in inflation will allow for further interest rate cuts. This should have a positive effect on economic growth, but from a low level. Electricity prices remained relatively low during the fourth quarter and continue to show more stability than in recent years. However, it is difficult to estimate the long-term trend for prices.

Pulp prices were slightly lower in the fourth quarter and demand varied across market regions. The price level appeared to stabilise in the latter part of the quarter. For sawn timber, uncertainty is greater with regard to demand and price trends. While short-term demand is affected by the decline in residential construction, the assessment is that we are heading into a balanced market now that supply has also decreased. Prices remained relatively stable in the fourth quarter, although they varied more than usual across markets in Europe.

In terms of earnings, full-year 2024 was a stable year with an historically high pulp price in USD and a relatively stable SEK that continued to weaken towards the end of the year. From lower price levels for Södra's core products towards the end of 2024, there are now signs that prices will rise in early 2025. The long-term outlook for Södra's core products is considered favourable. Global economic growth will bolster the underlying demand for sustainable forest-based products. Tightened emissions reduction targets are also driving the transition towards a more sustainable bioeconomy.

### PARENT COMPANY

#### Result

Net sales rose to SEK 27,326 million (26,584) and operating profit increased to SEK 1,698 million (1,565). Profit after financial items amounted to SEK 1,816 million (1,750).

#### Members

The number of members was 52,116 (51,774). The affiliated forest area increased by approximately 27,000 hectares to 2.8 million hectares (2.8). In 2025, contribution repayments to members who had left the association by 31 December 2024 will amount to SEK 57 million (82).

#### Proposed appropriation of profits

The Board proposes that the profits at the disposal of the AGM, an amount of SEK 9,617,155,255, be appropriated as follows:

The total dividend on wood deliveries as set out below amounts to SEK 978,992,725. The dividend is calculated on the value of members' wood deliveries from 1 January 2024 to 31 December 2024 and on all ranges, excluding sold standing forest.	
A dividend of SEK 130/m <sup>3</sup> sub for standard saw logs will be paid to members, totalling	SEK 351,303,550
Dividend to members of SEK 75/m <sup>3</sup> sub of pulpwood, totalling	SEK 297,660,075
Dividend to members of 12 percent of the value of other wood deliveries, totalling	SEK 330,029,100
Dividend to members of 10 percent of contributed capital (paid-up and issued), totalling	SEK 647,572,440
To members' contribution capital accounts through a bonus issue	SEK 126,916,225
The bonus issue represents 5 percent of available paid-up contributed capital at 31 December 2024	
Amount carried forward	SEK 7,863,673,865
<b>SEK 9,617,155,255</b>	



# Consolidated statement of comprehensive income

SEK million	Note	2024	2023
Net sales	2, 3	29,487	28,896
Other revenue	4	1,057	568
Change in inventories of finished products and work in process		3,484	160
Own work capitalised		16	18
Raw materials and consumables		-21,986	-18,969
Goods for resale		-32	-34
Freight and transportation		-1,220	-1,184
Employee expenses	5	-3,241	-2,960
Other expenses	6	-3,397	-2,848
Depreciation, amortisation and impairment of assets	7	-1,525	-1,451
Share of profit of associates	8	-13	30
<b>Operating profit</b>	<b>2</b>	<b>2,630</b>	<b>2,226</b>
Financial income		433	403
Financial expenses		-335	-292
Loss from shares in partnerships		—	-65
<b>Net financial items</b>	<b>9</b>	<b>98</b>	<b>46</b>
<b>Profit before income tax</b>		<b>2,728</b>	<b>2,272</b>
Income tax	10	-240	-151
<b>Profit for the year</b>		<b>2,488</b>	<b>2,121</b>
<b>Other comprehensive income</b>			
Actuarial gains and losses		135	-143
Tax attributable to items that will not be reclassified to profit or loss		-28	29
<b>Items that will not be reclassified to profit or loss</b>		<b>107</b>	<b>-114</b>
Translation differences for the year on translation of foreign operations		240	-17
Fair value remeasurement, forest land		21	-126
Fair value remeasurement of available-for-sale financial assets		1	15
Hedge accounting		4	11
Tax attributable to items that will be reclassified to profit or loss		-2	21
<b>Items that will be reclassified to profit or loss</b>		<b>264</b>	<b>-96</b>
<b>Other comprehensive income for the year</b>	<b>11</b>	<b>371</b>	<b>-210</b>
<b>Total comprehensive income for the year</b>		<b>2,859</b>	<b>1,911</b>
<b>Profit attributable to:</b>			
Parent Company		2,488	2,121
<b>Profit for the year</b>		<b>2,488</b>	<b>2,121</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Parent		2,859	1,911
<b>Total comprehensive income for the year</b>		<b>2,859</b>	<b>1,911</b>

# Consolidated statement of financial position

31 December, SEK million	Note	2024	2023
<b>ASSETS</b>	12, 13		
<b>Non-current assets</b>			
Intangible assets			
Goodwill		64	64
Other intangible assets		4	4
<b>Total intangible assets</b>	14	<b>68</b>	<b>68</b>
Property, plant and equipment			
Buildings and land		5,452	5,297
Machinery and equipment		10,250	10,243
Construction in progress		1,286	963
<b>Total property, plant and equipment</b>	15	<b>16,988</b>	<b>16,503</b>
Biological assets	16	5,355	4,650
Shares and participations in associates	8	312	339
Surplus in funded pension plans	27	298	138
Financial investments	17	44	39
Non-current financial receivables		9	—
Non-current operating receivables	18	43	53
Deferred tax assets	19	4	4
<b>Total non-current assets</b>		<b>23,121</b>	<b>21,794</b>
Current assets			
Inventories	20	5,155	3,965
Tax assets		257	668
Current operating receivables	21	4,773	4,344
Current investments	17	8,523	6,361
Cash and cash equivalents	22	3,205	3,362
<b>Total current assets</b>		<b>21,913</b>	<b>18,700</b>
<b>TOTAL ASSETS</b>		<b>45,034</b>	<b>40,494</b>

31 December, SEK million	Note	2024	2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		6,476	6,145
Other paid-up capital		1,413	1,413
Reserves		686	423
Retained earnings including profit for the year		19,228	18,102
<b>Equity attributable to owners of the Parent</b>		<b>27,803</b>	<b>26,083</b>
<b>Total equity</b>	23	<b>27,803</b>	<b>26,083</b>
<b>Liabilities</b>			
	12, 13		
<b>Non-current liabilities</b>			
Non-current interest-bearing financial liabilities	25	592	1,131
Non-current interest-bearing operating liabilities	26	143	125
Provisions for pensions	27	—	25
Non-current provisions	28	527	540
Deferred tax liabilities	19	2,066	1,922
Other non-current operating liabilities	29	5	13
<b>Total non-current liabilities</b>		<b>3,333</b>	<b>3,756</b>
<b>Current liabilities</b>			
Current interest-bearing financial liabilities	25	9,362	7,524
Current interest-bearing operating liabilities	26	108	98
Income tax liabilities		53	22
Current operating liabilities and provisions	28, 30	4,375	3,011
<b>Total current liabilities</b>		<b>13,898</b>	<b>10,655</b>
<b>Total liabilities</b>		<b>17,231</b>	<b>14,411</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,034</b>	<b>40,494</b>

For information about the Group's pledged assets and contingent liabilities, refer to Notes 38–39.

# Consolidated statement of changes in equity

## EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT

SEK million	Contributed capital	Other paid-up capital	Translation reserve	Revaluation reserve	Fair value reserve	Retained earnings incl. profit for the year	Total equity
Opening balance, 1 January 2024	6,145	1,413	440	3	-20	18,102	26,083
Profit for the year	—	—	—	—	—	2,488	2,488
Other comprehensive income for the year	—	—	240	21	2	113	376
<b>Comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>240</b>	<b>21</b>	<b>2</b>	<b>2,601</b>	<b>2,864</b>
Contributed capital, paid-up by members	250	—	—	—	—	—	250
Contributed capital, paid-out to members	-58	—	—	—	—	—	-58
Dividends to members	—	—	—	—	—	-1,336	-1,336
Bonus issue	139	—	—	—	—	-139	—
<b>Closing balance, 31 December 2024</b>	<b>6,476</b>	<b>1,413</b>	<b>680</b>	<b>24</b>	<b>-18</b>	<b>19,228</b>	<b>27,803</b>
Opening balance, 1 January 2023	5,795	1,413	457	103	-41	19,338	27,065
Profit for the year	—	—	—	—	—	2,121	2,121
Other comprehensive income for the year	—	—	-17	-100	21	-114	-210
<b>Comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>-17</b>	<b>-100</b>	<b>21</b>	<b>2,007</b>	<b>1,911</b>
Contributed capital, paid-up by members	233	—	—	—	—	—	233
Contributed capital, paid-out to members	-94	—	—	—	—	—	-94
Dividends to members	—	—	—	—	—	-3,032	-3,032
Bonus issue	211	—	—	—	—	-211	—
<b>Closing balance, 31 December 2023</b>	<b>6,145</b>	<b>1,413</b>	<b>440</b>	<b>3</b>	<b>-20</b>	<b>18,102</b>	<b>26,083</b>

For additional information, refer to Note 23 Equity and Note 11 concerning other comprehensive income.

# Consolidated statement of cash flows

SEK million	Note	2024	2023
<b>Operating activities</b>			
Profit before tax		2,278	2,272
Adjustment for non-cash items			
Depreciation and amortisation		1,525	1,413
Impairment of non-current assets		—	38
Change in value of biological assets		-631	-394
Loss from sale of non-current assets		-38	-8
Other items not affecting cash flow		-200	-163
Income tax paid		316	-1,024
<b>Cash flow from operating activities before change in working capital</b>		<b>3,700</b>	<b>2,134</b>
Change in			
Inventories (increase -)		-1,179	210
Operating receivables (increase -)		-122	890
Operating liabilities (increase +)		1,148	-1,344
<b>Cash flow from operating activities</b>		<b>3,547</b>	<b>1,890</b>
<b>Investing activities</b>			
Acquisition of subsidiaries and associates		3	—
Divestment of companies	41	—	75
Acquisition of other financial assets		-9	-5
Divestment of other financial assets		—	—
Investments in intangible assets		—	-1
Investments in property, plant and equipment		-1,727	-1,606
Investments in biological assets		-74	-280
Divestment of property, plant and equipment		80	6
<b>Cash flow from investing activities</b>		<b>-1,727</b>	<b>-1,811</b>
<b>Cash flow after investing activities</b>		<b>1,820</b>	<b>79</b>
<b>Financing activities</b>			
Contributed capital, paid-up		250	233
Contributed capital, paid out		-58	-94
Dividends paid		-1,336	-3,032
Loans from members	25	9,216	11,128
Payment from member deposits	25	-7,784	-9,236
Repayment of other loans	25	-133	-133
Dividends received		-14	25
Change in current investments with maturity >90 days		-2,155	-594
<b>Cash flow from financing activities</b>		<b>-2,014</b>	<b>-1,703</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>41</b>	<b>-194</b>	<b>-1,624</b>
Cash and cash equivalents at beginning of period		3,362	5,004
Exchange gains on cash and cash equivalents		37	-18
Cash and cash equivalents at end of period	22	3,205	3,362

For additional information related to change in liabilities attributable to financing activities, refer to Note 25.

# Parent Company income statement

SEK million	Note	2024	2023
Net sales	2, 3	27,326	26,584
Change in inventories of finished products and work in process		3,411	116
Own work capitalised		16	17
Other revenue	4	446	199
Raw materials and consumables		-20,305	-17,155
Other external expenses	6	-4,691	-3,990
Employee expenses	5	-3,115	-2,848
Depreciation, amortisation and impairment of assets	7	-1,378	-1,318
Other operating expenses	6	-12	-40
<b>Operating profit</b>	2	<b>1,698</b>	<b>1,565</b>
Profit/loss from shares in Group companies		14	80
Profit from shares in associates		13	25
Interest income and similar profit items		439	391
Interest expenses and similar loss items		-348	-311
<b>Net financial items</b>	9	<b>118</b>	<b>185</b>
<b>Profit after financial items</b>		<b>1,816</b>	<b>1,750</b>
Appropriations	31	281	799
<b>Profit before income tax</b>		<b>2,097</b>	<b>2,549</b>
Income tax	10	-102	-133
<b>Profit for the year</b>		<b>1,995</b>	<b>2,416</b>

Profit for the year matches Comprehensive income for the year.

# Parent Company balance sheet

31 December, SEK million	Note	2024	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Other intangible assets		0	1
<b>Total intangible assets</b>	14	<b>0</b>	<b>1</b>
Property, plant and equipment			
Buildings and land		3,559	3,589
Machinery and equipment		9,950	9,969
Construction in progress		1,285	960
<b>Total property, plant and equipment</b>	15	<b>14,794</b>	<b>14,518</b>
Financial assets			
Shares in Group companies	32	4,485	4,485
Shares and participations in associates	8	99	99
Endowment policies	27	11	11
Other non-current investments	33	35	31
Non-current financial receivables		9	—
Other non-current receivables	18	43	53
Deferred tax assets	19	26	42
<b>Total financial assets</b>		<b>4,708</b>	<b>4,721</b>
<b>Total non-current assets</b>		<b>19,502</b>	<b>19,240</b>
Current assets			
Inventories	20	4,334	3,418
Current receivables			
Tax assets		238	643
Interest-bearing receivables from Group companies	34	321	258
Operating receivables	21	4,519	4,268
<b>Total current receivables</b>		<b>5,078</b>	<b>5,169</b>
Current financial investments	17	10,122	7,277
Cash and bank balances		1,299	2,196
<b>Total current assets</b>		<b>20,833</b>	<b>18,060</b>
<b>TOTAL ASSETS</b>		<b>40,335</b>	<b>37,300</b>

&gt; Parent Company balance sheet, cont.

31 December, SEK million	Note	2024	2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Contributed capital		6,476	6,145
Statutory reserve		1,413	1,413
<b>Total restricted equity</b>		<b>7,889</b>	<b>7,558</b>
<b>Non-restricted equity</b>			
Profit carried forward		7,622	6,681
Profit for the year		1,995	2,416
<b>Total non-restricted equity</b>		<b>9,617</b>	<b>9,096</b>
<b>Total equity</b>	23	<b>17,506</b>	<b>16,655</b>
<b>Untaxed reserves</b>	35	<b>7,367</b>	<b>7,637</b>
<b>Provisions</b>			
Provisions for pensions	27	11	11
Other non-current provisions	28	527	540
<b>Total provisions</b>		<b>538</b>	<b>551</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities from Group companies	36	8	7
Non-current interest-bearing financial liabilities	25	592	1,131
<b>Total non-current liabilities</b>		<b>600</b>	<b>1,138</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities from Group companies	36	572	810
Current interest-bearing financial liabilities	25	9,362	7,524
Current operating liabilities and provisions	30	4,390	2,985
<b>Total current liabilities</b>		<b>14,324</b>	<b>11,319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40,335</b>	<b>37,300</b>

For information about the Parent Company's pledged assets and contingent liabilities, refer to Notes 37–38.



# Parent Company statement of changes in equity

SEK million	Restricted equity		Non-restricted equity		Total equity
	Contributed capital	Statutory reserve	Profit carried forward	Profit for the year	
Opening balance, 1 January 2024	6,145	1,413	6,681	2,416	16,655
Transfer of profit/loss for the period	—	—	2,416	-2,416	—
Profit for the year	—	—	—	1,995	1,995
<b>Total equity excluding owner transactions</b>	<b>6,145</b>	<b>1,413</b>	<b>9,097</b>	<b>1,995</b>	<b>18,650</b>
Contributed capital, paid-up by members	250	—	—	—	250
Contributed capital, paid-out to members	-58	—	—	—	-58
Appropriation of profits					
Dividends to members	—	—	-1,336	—	-1,336
Bonus issue	139	—	-139	—	—
<b>Closing balance, 31 December 2024</b>	<b>6,476</b>	<b>1,413</b>	<b>7,622</b>	<b>1,995</b>	<b>17,506</b>
Opening balance, 1 January 2023	5,795	1,413	4,572	5,352	17,132
Transfer of profit/loss for the period	—	—	5,352	-5,352	—
Profit for the year	—	—	—	2,416	2,416
<b>Total equity excluding owner transactions</b>	<b>5,795</b>	<b>1,413</b>	<b>9,924</b>	<b>2,416</b>	<b>19,548</b>
Contributed capital, paid-up by members	233	—	—	—	233
Contributed capital, paid-out to members	-94	—	—	—	-94
Appropriation of profits					
Dividends to members	—	—	-3,032	—	-3,032
Bonus issue	211	—	-211	—	—
<b>Closing balance, 31 December 2023</b>	<b>6,145</b>	<b>1,413</b>	<b>6,681</b>	<b>2,416</b>	<b>16,655</b>

For additional information, refer to Note 23 Equity. Profit for the year matches Comprehensive income for the year.

# Parent Company statement of cash flows

SEK million	Note	2024	2023
<b>Operating activities</b>			
Profit after financial items		1,816	1,750
<b>Adjustment for non-cash items</b>			
Depreciation and amortisation according to plan		1,378	1,280
Impairment		—	38
Gain/loss from divestment of non-current assets		-5	-1
Impairment Group companies		—	0
Other items not affecting cash flow		-176	-119
Income tax paid		320	-1,060
<b>Cash flow from operating activities before change in working capital</b>		<b>3,333</b>	<b>1,888</b>
<b>Change in</b>			
Inventories (increase -)		-909	53
Operating receivables (increase -)		-218	957
Operating liabilities (increase +)		1,242	-1,360
<b>Cash flow from operating activities</b>		<b>3,448</b>	<b>1,538</b>
<b>Investing activities</b>			
Shareholders' contributions paid	32	—	—
Acquisition of Group companies		—	-5
Group contributions received		86	140
Group contributions paid		-110	-5
Investments in property, plant and equipment and intangible assets		-1,668	-1,743
Divestment of property, plant and equipment		21	6
Acquisition of external companies		—	-5
Other changes, financial items		-12	-1
<b>Cash flow from investing activities</b>		<b>-1,683</b>	<b>-1,613</b>
<b>Cash flow after investing activities</b>		<b>1,765</b>	<b>-75</b>
<b>Financing activities</b>			
Contributed capital, paid-up		250	233
Contributed capital, paid out		-58	-94
Dividends paid		-1,336	-3,032
Loans from members	25	9,216	11,128
Payment from member deposits	25	-7,784	-9,236
Repayment of loans	25	-133	-133
Dividends received		27	130
Change in current investments with maturity >90 days		-2,154	-594
<b>Cash flow from financing activities</b>		<b>-1,972</b>	<b>-1,598</b>
<b>CASH FLOW FOR THE YEAR</b>	<b>41</b>	<b>-207</b>	<b>-1,673</b>
Cash and cash equivalents at beginning of period		3,151	4,824
Cash and cash equivalents at end of period	22	2,944	3,151

For additional information related to change in liabilities attributable to financing activities, refer to Note 25.

# Notes

## Note 1 | Overall accounting policies, changes in accounting policies and disclosures

### GENERAL INFORMATION

Södra Skogsägarna ekonomisk förening (corp. ID number 729500-3789) is a Swedish-registered economic association with its registered office in Växjö, Sweden. The head office is located at Skogsudden, Växjö, Sweden. The consolidated financial statements for 2024 consist of the Parent Company and its subsidiaries, jointly named the Group. The Group also includes shares owned in associates.

The purpose of Södra Skogsägarna ekonomisk förening is to promote the economic interests of its members by trading and processing forest raw material; securing a market for its members' forest-based products at market prices; promoting high value, advanced forest production that integrates nature and cultural considerations; supporting and developing private forestry; monitoring and lobbying the business policy interests of its members; and conducting operations otherwise compatible with the above.

Södra Skogsägarna ekonomisk förening is a forest industry group that offers forestry services, sawn timber, timber building systems and pulp for the pulp market. The Group consists of four business areas: Södra Skog, Södra Wood, Södra Cell and Södra Innovation.

The annual accounts and consolidated financial statements for the 2024 financial year were approved for publication by the Board of Directors and President on 12 February 2025. The consolidated statement of comprehensive income and statement of financial position, and the Parent Company earnings and balance sheet, are subject to adoption by the AGM on 3 June 2025.

Overall accounting policies and new accounting standards are described below. Other significant accounting policies are presented under each Note. The same policies are normally applied by both the Parent Company and the Group. In cases where the Parent Company applies other policies than the Group, these policies are specified under the respective Note for the Parent Company.

The consolidated financial statements are prepared in SEK, which is the Parent Company's functional currency and presentation currency. All amounts are in SEK million, unless otherwise indicated.

All figures in the report have been rounded off to the nearest million, unless otherwise stated. As a result, some percentages and figures in the report may not correspond with the total shown, and may also differ from previously published information.

### CONFORMITY WITH STANDARDS AND LEGISLATION

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS<sup>®</sup>) issued by the International Accounting Standards Board (IASB<sup>®</sup>) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC<sup>®</sup>) and the European Commission, with certain supplementary requirements in the Swedish Annual Accounts Act. The standards and interpretations applied are those that were in force and adopted by the EU on 1 January 2024. The Swedish Financial Reporting Board's recommendation RFR 1 Supplementary accounting rules for groups has also been applied.

The following accounting policies have, with the exceptions described below, been applied consistently to all periods presented in the consolidated financial statements. The Group's accounting policies were also consistently applied by Group companies and associates.

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act (1995:1554) and the recommendation of the Swedish Financial Reporting Board RFR 2 Accounting for legal entities. The Parent Company applies the same accounting policies as the Group except as specified in the section Parent Company's accounting policies and valuation principles.

### BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Assets and liabilities are recognised at historic cost, except for certain financial assets and liabilities and biological assets that are measured at fair value. The financial assets and liabilities measured at fair value, either through other comprehensive income or through profit or loss, consist of derivative instruments, current investments and other shares and participations.

### AMENDMENTS TO ACCOUNTING POLICIES AND DISCLOSURES

#### New or revised accounting standards applied

When initial application of a new or amended IFRS<sup>®</sup> has an effect on the current period or any prior period, or might have an effect on future periods, the company shall disclose this information in accordance with IAS<sup>®</sup> 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amended standards with a material effect on the consolidated financial statements and that were applied for the first time in the annual reporting period beginning on 1 January 2024 are described below.

Amendments to IAS<sup>®</sup> 1 address the classification of liabilities as current or non-current for annual reporting periods beginning on 2024, and new disclosure requirements apply for non-current liabilities with covenants that could become re-payable within 12 months. Södra has already confirmed that this will not have any material impact on the financial statements.

In December 2021, the OECD released a Pillar Two framework: Inclusive Framework on BEPS. These rules are designed to ensure that large multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. Södra has elected to apply the Grace Period developed by the OECD and Inclusive Framework that is intended to allow for a gradual inclusion. For Södra, this means that current and deferred tax is calculated in the same way as before. The assessment of the Group's Pillar Two exposure based on its latest financial statements per country is that there is no significant exposure to extra taxation in 2025.

#### New and revised accounting policies not yet applied

A number of new or revised standards and interpretations are not yet effective, and have not been applied in advance in the preparation of these financial statements. These are not expected to have any material effect on the Group in either the current or future financial years.

During spring 2024, IASB<sup>®</sup> issued IFRS<sup>®</sup> 18 Presentation and Disclosure in Financial Statements which is expected to replace IAS<sup>®</sup> 1 for reporting periods beginning on or after 1 January 2027. The objective of the new standard is to increase comparability between the financial statements of different companies, while also making financial statements more useful by ensuring that both adequately detailed information is provided and that immaterial information does not obscure material information. At the same time as IFRS<sup>®</sup> comes into force, certain amendments to IAS<sup>®</sup> 7 Statement of Cash Flows and IAS<sup>®</sup> 34 Interim Financial Reporting must also be applied.

In May 2024, amendments to IFRS<sup>®</sup> 9 and IFRS<sup>®</sup> 7 were issued regarding the classification and measurement of financial instruments. The amendments address issues such as the settlement date for the derecognition of a financial liability and provide further guidance on the use of electronic payment systems. The amendments also clarify how an entity should assess the contractual cash flows of a financial asset with non-recourse features, such as those related to sustainability-linked agreements. The amendments also include additional disclosure requirements for contractually linked instruments, and equity instruments designated at fair value through other comprehensive income. The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

> Note 1, cont.

### CONSOLIDATION POLICIES

Subsidiaries are entities over which the Parent Company Södra Skogsägarna ekonomisk förening has a controlling influence. A controlling influence is achieved when the Group is exposed or entitled to variable returns from its commitments in the company and can influence the returns by exercising its controlling influence. Such influence arises when the Group has existing rights that allow it to control the relevant operations, meaning the operations that significantly influence the company's returns. Potential voting shares that can be immediately utilised or converted are taken into consideration when assessing whether a controlling influence exists.

### CHANGES IN NON-CONTROLLING INTERESTS

Acquisitions and divestments of non-controlling interests are recognised as transactions in equity, i.e. between owners of the Parent (in retained earnings) and non-controlling interests.

### FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Assets and liabilities of foreign entities, including goodwill and other consolidated surplus values, are translated from the functional currency of the foreign entity into the Group's presentation currency, SEK, at the closing rate. Revenue and expenses in a foreign entity are translated into SEK at an average rate that represents an approximation of the exchange rates at each transaction date.

### RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

Forward contracts are used to hedge receivables or liabilities against exchange-rate risk. Hedge accounting is not applied to protect against foreign exchange risk, since a financial hedge is reflected in the accounts by the underlying receivable or liability and the hedging instrument being carried at the closing rate and the changes in exchange rates are recognised in the consolidated statement of comprehensive income.

## Parent Company

### ACCOUNTING POLICIES

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act (1995: 1554) and the recommendation of the Swedish Financial Reporting Board's RFR2 Accounting for legal entities. RFR2 specifies that the Parent Company in the annual report of the legal entity is to apply all IFRS<sup>®</sup> and statements adopted by the EU to the extent possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act, and with regard to the relationship between accounting and taxation. The recommendation sets out the exemptions from, and amendments to, IFRS<sup>®</sup> that apply.

### DIFFERENCES BETWEEN ACCOUNTING POLICIES FOR THE GROUP AND PARENT COMPANY

Differences between accounting policies for the Group and Parent Company are presented below. The accounting policies described below for the Parent Company have been applied consistently to all periods in the financial statements of the Parent Company.

### CLASSIFICATION AND PRESENTATION

The Parent Company's income statement and balance sheet are presented in accordance with the Annual Accounts Act layouts.

### SUBSIDIARIES AND ASSOCIATES

Shares in subsidiaries and associates are recognised in the Parent Company at cost less any cumulative impairment.

The recoverable amount of the subsidiary or associate is calculated where there is an indication of impairment. Impairment is recognised when the carrying amount of the subsidiary or associate exceeds the recoverable amount. An impairment is recognised as a loss on the income statement.

The recoverable amount is the higher of fair value less costs to sell and the value-in-use. When calculating the value in use, future cash flows are discounted using a discount rate that reflects the risk-free interest rate and the risk associated with the specific subsidiary and associate.

## Note 2 | Operating segments

Södra's operations are divided into operating segments based on how the company's highest executive decision-makers, Group Senior Management, follow the operations. An operating segment is an essential part of the Group that engages in activities that generate revenue and incur costs, which are reported as independent financial information.

The follow-up of the business areas is focused on net sales, operating profit/loss including margins, operating capital and returns, cash flow after investments and investments.

The Group has four main business areas: Södra Skog, Södra Wood and Södra Cell and Södra Innovation. The business areas correspond to operating segments.

Södra Skog purchases forest raw material from its members and delivers them to Södra's mills, and conducts external trade with wood raw material and biofuels. Södra Skog also provides forestry services and, on behalf of members of Södra, manages the entire ecosystem of their forests – from planting and forest management to regeneration harvesting, site preparation and replanting for future-generation forestry.

Södra Wood, with sawmills in Sweden and Finland, produces sawn and planed timber products for high-quality applications. Customers are

primarily in the building materials trade and the prefab housing, packaging and wood-processing industries.

With its three pulp mills at Värö, Mörrum and Mönsterås, Södra Cell is one of Europe's leading manufacturers of pulp for the pulp market. The paper pulp product range consists of both softwood and hardwood pulp. Dissolving pulp is also produced in the mill at Mörrum. Södra Cell is a major supplier of biofuel, green electricity and district heating.

Södra Innovation works to increase business capacity across Södra's entire operations by optimising and developing new and existing products, services and processes. This business area also includes the production of building systems in cross-laminated timber (CLT), textile recycling in OnceMore<sup>®</sup> dissolving pulp and several development projects in Södra's various innovation areas such as SunPine and Södra Medlemsel.

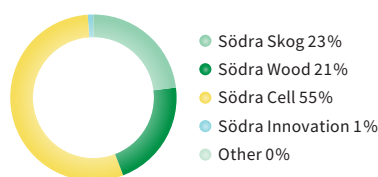
On 1 September, Södra formed two new business areas – Södra Bioproducts and Södra Building Systems – which were previously part of Södra Cell and Södra Innovation, respectively.

'Other' information refers to Group-wide functions and other activities that are not included in the segment reporting.

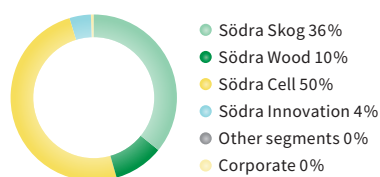
The Swedish operations in Södra Skog, Södra Wood, Södra Cell and most of Södra Innovation are reported under the Parent Company.

&gt; Note 2, cont.

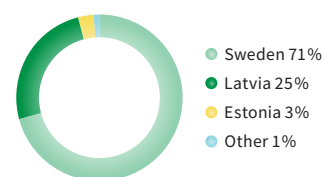
## External net sales per segment



## Facilities per segment



## Facilities by geographic market



Group	Södra Skog		Södra Wood		Södra Cell		Södra Innovation		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net sales												
from external customers	6,817	6,260	6,258	6,083	16,121	16,142	291	411	—	—	29,487	28,896
from other segments	103	9,559	1,110	1,020	63	246	36	1	-1,312	-10,826	—	—
	6,920	15,819	7,368	7,103	16,184	16,388	327	412	-1,312	-10,826	29,487	28,896
Change in fair value of biological assets	631	394	—	—	—	—	—	—	—	—	631	394
Depreciation, amortisation and impairment of assets	-98	-79	-213	-253	-1,112	-1,062	-90	-45	-12	-12	-1,525	-1,451
Share of profit of associates	—	0	—	—	—	—	-13	30	—	—	-13	30
Operating profit/loss	513	367	23	-175	2,867	2,631	-268	-227	-505	-370	2,630	2,226
Financial income											433	403
Financial expenses											-335	-292
Income tax											-240	-151
Return on operating capital <sup>1)</sup>	7%	5%	1%	neg.	20%	18%	neg.	neg.	neg.	neg.	10%	9%
Investments	253	608	348	351	1,290	886	46	146	11	16	1,948	2,007
Cash flow after investments	472	-942	-330	-329	2,150	2,780	-411	-292	-61	-1,138	1,820	79

<sup>1)</sup> Average operating capital = Property, plant and equipment and intangible assets, biological assets, inventories and other operating assets less operating liabilities. Capital employed is used in the Group. Capital employed = Operating capital less net tax liability.

## SEGMENT ALLOCATION

Segment profit and assets include directly attributable items. Operating profit, return on operating capital and cash flow per segment are monitored by the chief operating decision-maker.

Assets and investments for the period in property, plant and equipment and intangible assets are grouped geographically by where the assets are located. Investments comprise property, plant and equipment and intangible assets, as well as biological assets. Assets deemed to be held or used in the operation for a minimum of 12 months are recognised as non-current assets. The non-current assets are mainly distributed between the geographic markets of Sweden, SEK 15,923 million (15,536),

Latvia, SEK 5,561 million (4,846), Estonia, SEK 703 million (603), Finland, SEK 146 million (145), the UK, SEK 56 million (61) and Denmark, SEK 15 million (15). The investments are mainly distributed between the geographic markets of Sweden, SEK 1,810 million (1,743), Latvia, SEK 87 million (121), Finland, SEK 30 million (9) and Estonia SEK 16 million (17).

## PARENT COMPANY

The Parent Company does not recognise segments based on the same allocation and scope as the Group, but discloses the allocation of net sales and other revenue based on the revenue types and geographic markets of the Parent Company.

Parent Company	Södra Skog		Södra Wood		Södra Cell		Södra Innovation		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net sales												
from external customers	6,495	5,927	3,482	3,221	15,290	15,493	207	283	—	—	25,474	24,924
from other segments	102	9,559	2,229	2,154	796	771	36	0	-1,311	-10,824	1,852	1,660
	6,597	15,486	5,711	5,375	16,086	16,264	243	283	-1,311	-10,824	27,326	26,584
Depreciation, amortisation and impairment of assets	-60	-50	-175	-215	-1,050	-1,002	-86	-44	-7	-7	-1,378	-1,318
Operating profit/loss	-209	-135	-45	-221	2,762	2,606	-284	-267	-526	-418	1,698	1,565
Financial income											439	391
Financial expenses											-348	-311
Profit after financial items											1,816	1,750

## Result

### Note 3 | Net sales

Revenue from sales of goods for the main operations, comprising sawlogs, pulp, energy products, CLT and sawn, planed and pressure-treated timber. Softwood, hardwood and dissolving pulp are recognised when the buyer obtains control of an asset (goods or service). Control is obtained when the customer can distribute the asset and receive all future economic benefits embodied in the asset. Revenue from service assignments, primarily forestry services such as harvesting, transportation, forest management plans, site preparation, etc., is recognised in net profit or loss according to the same principle as for sales of goods meaning when control of the service transfers to the customer. Any promise to transfer an asset to a customer that can be separated from other promises in a contract represents a performance obligation. Every distinct performance obligation is recognised separately and an obligation is considered fulfilled when the customer obtains control of the asset.

Control of goods or services can be transferred to the buyer either at a point in time, or over time. Whether each distinct performance obligation in a contract will be satisfied at a point in time or over time is determined at the start of the contract. For sales of forestry services, revenue is recognised over time since the customer is able to obtain the asset and simultaneously realise all of its remaining benefits. For sales of the company's other core activities, revenue is recognised at a point in time. Södra considers this point in time to be when the goods are delivered to the customer under the current delivery terms of contractual agreements.

Revenue is recognised at transaction price, which is the consideration to which the Group expects to be entitled in exchange for those goods or services. When determining the transaction price, consideration is mainly made for any discounts but also for the time value of money for long-term agreements. The transaction price is not adjusted to reflect the customer's credit risk, but any impairment of a consideration is made in accordance with IFRS<sup>®</sup> 9 and the credit loss is recognised in profit or loss as an impairment loss. For those performance obligations for which revenue is recognised over time, Södra assesses that an output method is most appropriate for determining the degree of completion and thereby the amount recognised on the balance-sheet date. As a practical solution, since it essentially leads to a correct determination of the degree of completion, revenue is recognised in the same amount to which the company is entitled to invoice the customer.

Payment is made on the basis of agreed payment terms in contractual agreements, which is normally on a date occurring after delivery has taken place. The Södra Group does not have any financing solutions.

Net sales includes revenue related to primary activities. Most of the Group's revenue is generated by sales of manufactured goods. Net sales also include revenue derived from electricity and district heating, sold and delivered electricity certificates, emission permits, remuneration for delivery costs and sales commissions.

Revenue is recognised excluding value-added tax, since the Group does not collect tax on its own account, but acts as a representative for the state.

#### CONSOLIDATED NET SALES BY GEOGRAPHIC MARKET

	2024	%	2023	%
Sweden	13,385	45%	14,853	51%
UK	2,473	9%	2,686	9%
Italy	2,725	9%	2,392	8%
Germany	1,495	5%	1,381	5%
France	1,160	4%	1,028	4%
Austria	1,011	3%	699	2%
Poland	757	3%	523	2%
Denmark	708	2%	749	3%
The Netherlands	615	2%	524	2%
Rest of Europe	2,961	10%	2,343	8%
Asia	847	3%	617	2%
US	1,347	5%	1,100	4%
Others, North America	2	0%	1	0%
Africa	1	0%	0	0%
<b>Total</b>	<b>29,487</b>	<b>100%</b>	<b>28,896</b>	<b>100%</b>

The table shows total external net sales according to the invoice recipient's geographic location.

#### CONSOLIDATED NET SALES OF PROCESSED PRODUCTS BY END CUSTOMER'S GEOGRAPHIC MARKET

	2024	%	2023	%
Sweden	6,392	24%	4,452	18%
Rest of Europe	13,911	52%	12,327	51%
Asia	4,853	18%	6,205	26%
Africa	174	1%	176	1%
North America	1,349	5%	1,101	4%
Rest of World	0	0%	0	0%
<b>Total</b>	<b>26,679</b>	<b>100%</b>	<b>24,261</b>	<b>100%</b>

The table shows net sales of processed products from sales to those countries where Södra's end customers are.

#### GEOGRAPHIC SEGMENTS

Net sales by geographic market are shown as revenue grouped by the location of the invoice recipient.

#### PARENT COMPANY NET SALES BY GEOGRAPHIC MARKET

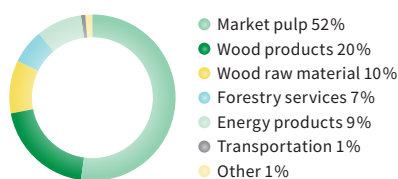
	2024	2023
Sweden	13,297	14,722
Italy	2,725	2,392
UK	1,675	1,816
Germany	1,493	1,381
France	1,160	1,028
Austria	1,011	699
Poland	753	519
The Netherlands	614	522
Rest of Europe	2,656	2,104
Asia	818	590
US	1,122	810
Others, North America	2	1
Africa	0	0
<b>Total</b>	<b>27,326</b>	<b>26,584</b>

&gt; Note 3, cont.

## NET SALES PER REVENUE CATEGORY:

2024	Södra Skog	Södra Wood	Södra Cell	Södra Innovation	Other segments	Group	2023	Södra Skog	Södra Wood	Södra Cell	Södra Innovation	Other segments	Group
	Wood raw material	2,960	—	—	—			—	2,960	Wood raw material	2,595	—	
Wood products	—	5,620	—	200	—	5,820	Wood products	—	5,537	—	283	—	5,820
Pulp	—	—	15,476	—	—	15,476	Pulp	—	—	14,995	—	—	14,995
Energy products	1,257	637	645	85	—	2,624	Energy products	1,030	528	1,147	128	—	2,833
Forestry services	1,958	—	—	—	—	1,958	Forestry services	2,100	—	—	—	—	2,100
Transportation	283	—	—	—	—	283	Transportation	521	—	—	—	—	521
Other	359	1	—	6	—	366	Other	14	18	—	—	—	32
<b>Net sales, goods and services</b>	<b>6,817</b>	<b>6,258</b>	<b>16,121</b>	<b>291</b>	<b>—</b>	<b>29,487</b>	<b>Net sales, goods and services</b>	<b>6,260</b>	<b>6,083</b>	<b>16,142</b>	<b>411</b>	<b>—</b>	<b>28,896</b>

## External net sales by revenue category



## Note 4 | Other revenue

Revenue from activities outside the company's core operations is recognised as other revenue. This mainly comprises rental and lease income, other remuneration and capital gains on property, plant and equipment.

Other revenue also includes exchange-rate gains on operating receivables and liabilities arising from translation to the closing rate, gains on unhedged derivatives, and changes in the carrying amount of biological assets when the effects are credited to Södra's result.

## OTHER REVENUE BY REVENUE TYPE

	Group		Parent Company	
	2024	2023	2024	2023
Change in fair value of biological assets	631	394	—	—
Exchange-rate effect	218	—	216	—
Services	54	15	65	38
Capital gains	51	20	17	8
Government grants	16	5	12	2
Sale of goods	8	38	70	82
Rental income	6	10	5	4
Other	73	86	61	65
<b>Total</b>	<b>1,057</b>	<b>568</b>	<b>446</b>	<b>199</b>

Other government grants of SEK 16 million (5) are reported under Group, and mainly relate to contributions of SEK 4 million (3) for forest management, SEK 2 million (0) for energy, SEK 1 million (1) for employees and SEK 9 million (1) for research and development.

## Note 5 | Employee expenses

EMPLOYEE EXPENSES SEK million	Group		Parent Company	
	2024	2023	2024	2023
Salaries and benefits	2,167	1,955	2,051	1,825
Contractual social security contributions	335	288	341	254
Other social security contributions	657	598	647	655
Other employee expenses	82	119	76	114
<b>Total</b>	<b>3,241</b>	<b>2,960</b>	<b>3,115</b>	<b>2,848</b>

The year-on-year increase pertains to pay reviews, a higher outcome for variable remuneration and a non-recurring reversal in 2023.

AVERAGE NUMBER OF EMPLOYEES	2024			2023			2022		
	No.	Men/Women		No.	Men/Women		No.	Men/Women	
<b>Parent Company</b>									
Sweden	3,029	76% / 24%		3,086	76% / 24%		3,088	76% / 24%	
<b>Subsidiaries</b>									
Sweden	—	— / —		—	— / —		—	— / —	
Finland	43	84% / 16%		44	76% / 24%		43	88% / 12%	
UK	32	42% / 58%		33	43% / 57%		35	46% / 54%	
Latvia	39	60% / 40%		39	63% / 37%		43	65% / 35%	
Denmark	17	73% / 27%		16	71% / 29%		17	77% / 23%	
Germany	13	58% / 42%		11	50% / 50%		14	64% / 36%	
Estonia	6	50% / 50%		6	50% / 50%		7	57% / 43%	
US	5	27% / 73%		5	80% / 20%		4	25% / 75%	
Norway	6	100% / 0%		5	100% / —%		5	100% / —%	
China	3	33% / 67%		3	33% / 67%		3	33% / 67%	
Ireland	2	59% / 41%		3	67% / 33%		3	67% / 33%	
<b>Total</b>	<b>3,195</b>	<b>76% / 24%</b>		<b>3,251</b>	<b>75% / 25%</b>		<b>3,262</b>	<b>76% / 24%</b>	

MEN/WOMEN IN MANAGEMENT	Group						Parent Company					
	2024		2023		2022		2024		2023		2022	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
<b>Boards</b>												
<30 years	—	—	—	—	—	—	—	—	—	—	—	—
30–50 years	90%	10%	90%	10%	93%	7%	33%	67%	33%	67%	50%	50%
>50 years	92%	8%	90%	10%	85%	15%	67%	33%	67%	33%	73%	27%
<b>Total proportion</b>	<b>91%</b>	<b>9%</b>	<b>90%</b>	<b>10%</b>	<b>90%</b>	<b>10%</b>	<b>58%</b>	<b>42%</b>	<b>58%</b>	<b>42%</b>	<b>69%</b>	<b>31%</b>
<b>Management groups</b>												
<30 years	—	—	—	—	—	—	—	—	—	—	—	—
30–50 years	55%	45%	58%	43%	62%	38%	71%	29%	40%	60%	33%	67%
>50 years	81%	19%	88%	12%	88%	12%	67%	33%	83%	17%	80%	20%
<b>Total proportion</b>	<b>68%</b>	<b>32%</b>	<b>74%</b>	<b>26%</b>	<b>76%</b>	<b>24%</b>	<b>69%</b>	<b>31%</b>	<b>64%</b>	<b>36%</b>	<b>55%</b>	<b>45%</b>

### SALARIES, BENEFITS AND SOCIAL SECURITY COSTS

	2024		2023		2024		2023	
	Board and President	Other employees	Board and President	Other employees	Salaries and benefits	Social security contributions	Salaries and benefits	Social security contributions
Parent Company	18	2,039	15	1,815	2,057	988	1,830	909
Subsidiaries	12	89	14	116	—	—	—	—
<b>Total</b>	<b>30</b>	<b>2,128</b>	<b>29</b>	<b>1,931</b>	<b>2,158</b>	<b>970</b>	<b>1,960</b>	<b>886</b>
(of which pension costs in operating profit) <sup>2)</sup>						(295)		(331)
Other Group					101	(18)	130	(23)
(of which pension costs)						(10)		(43)
<b>Total</b>						<b>970</b>		<b>886</b>
(of which pension costs in operating profit) <sup>3)</sup>						(306)		(288)

<sup>1)</sup> Board fees are recognised as administration expenses under Other expenses.

<sup>2)</sup> Of the Parent Company's pension costs, SEK 5 million (4) pertains to current and previous Presidents Outstanding pension obligations to previous Presidents amounted to SEK 1 million (1).

<sup>3)</sup> Of the Group's pension costs, SEK 6 million (6) pertained to current and previous Presidents and Board members. Outstanding pension obligations to previous Presidents amounted to SEK 1 million (1).



> Note 5, cont.

#### SALARIES, REMUNERATION AND BENEFITS TO THE BOARD AND GROUP SENIOR MANAGEMENT

2024, SEK 000s	Board fees		Pension cost <sup>4)</sup>	Benefits <sup>5)</sup>	Total	2023, SEK 000s	Board fees		Pension cost <sup>4)</sup>	Benefits <sup>5)</sup>	Total		
	fixed <sup>1)</sup>	variable <sup>2)</sup>					Salary <sup>3)</sup>	fixed <sup>1)</sup>				variable <sup>2)</sup>	Salary <sup>3)</sup>
Elected Board members in Södra Skogsägarna ekonomisk förening	3,689	973	—	—	4,662	Elected Board members in Södra Skogsägarna ekonomisk förening	3,894	962	—	—	4,856		
President, Ann-Charlotte Lyrå	—	—	12,405	4,631	783	17,819	President, Ann-Charlotte Lyrå	—	—	10,616	3,944	727	15,287
Group Senior Management, other*	—	—	36,069	13,190	1,155	50,414	Group Senior Management, other*	—	—	33,528	12,718	1,033	47,279
<b>Total</b>	<b>3,689</b>	<b>973</b>	<b>48,474</b>	<b>17,821</b>	<b>1,938</b>	<b>72,895</b>	<b>Total</b>	<b>3,894</b>	<b>962</b>	<b>44,144</b>	<b>16,662</b>	<b>1,760</b>	<b>67,422</b>

\* Of which estimated variable remuneration of SEK 2 million (1).

<sup>1)</sup> Fixed Board fees pertain to fees adopted by the AGM.

<sup>2)</sup> Variable remuneration to Board members pertains to the hourly and per diem fees according to remuneration levels adopted by the AGM.

<sup>3)</sup> Salary including holiday compensation, changes in holiday pay liability and the estimated variable remuneration for Group Senior Management.

<sup>4)</sup> Pension cost including special employer's contribution.

<sup>5)</sup> Applicable benefits are company cars, cleaning services and accommodation.

	2024	2023
Annual total compensation ratio between the Group's highest paid individual and the median for all other employees	21	19
Ratio between percentage change in annual total remuneration of the Group's highest paid individual and the median percentage change for all other employees	8.2	2.2

The calculations include all employees with gross salaries paid during the year. Salaries and benefits are included. Sickness absence, leave of absence and parental leave are deducted.

#### FEES TO ELECTED BOARD MEMBERS

2024, SEK 000s	Board fees		Total	2023, SEK 000s	Board fees		Total
	fixed	variable			fixed	variable	
Magnus Hall (Chair)	1,061	196	1,257	Magnus Hall (Chair)	1,018	67	1,086
Paul Christensson (Vice Chair)	531	130	661	Paul Christensson (Vice Chair)	509	131	641
Kristina Alsér	318	104	422	Kristina Alsér	306	119	424
Hannele Arvonen	318	105	423	Hannele Arvonen	306	91	397
Hans Berggren	318	72	390	Hans Berggren	306	107	412
Pål Börjesson	318	125	443	Pål Börjesson	306	89	395
Håkan Larsson	189	57	246	Ulf Johansson (Jan–May)	228	77	305
Mikaela Johnsson	318	72	390	Mikaela Johnsson	306	86	391
Carina Olson	318	112	430	Carina Olson	306	103	408
<b>Total</b>	<b>3,689</b>	<b>973</b>	<b>4,662</b>	<b>Total</b>	<b>3,894</b>	<b>962</b>	<b>4,856</b>

No remuneration is paid for committee assignments.

No Board fees were paid for subsidiaries in 2023 or 2024.

#### SALARIES AND REMUNERATION OF SENIOR MANAGEMENT

##### Senior Management

Senior Management in this Note refers to Group Senior Management, which consists of the President and CEO, Business Area Presidents and Heads of Group functions. Members of Group Senior Management may be employed in the Parent Company or in subsidiaries. In 2024, Senior Management consisted of 11 people (11).

##### Variable salaries/pensions

The President/CEO has a fixed salary only. In addition to fixed salaries, other members of Senior Management receive variable remuneration in accordance with the Group-wide policy (maximum of one month's salary). The President/CEO has a personal pension solution, while others members of Senior Management have a defined-contribution pension, ITP 1, with a supplementary personal pension to compensate for the income ceiling in ITP 1.

##### Preparation and proposal process prior to determination of remuneration to Senior Management

The Fees and Benefits Committee is appointed by the Board and comprises at least three Board members, although not the President. In addition to preparing matters and principles for remuneration and other terms of employment for Group Senior Management, the Committee also regularly approves compilations of expenses in relation to the Board, Chair and Vice Chair, and personal expenses in relation to the President.

##### Redundancy payments/termination

Between Södra and the President/CEO and for members of Senior Management, a notice period of six months applies for termination of employment by the company, and six months for termination by the employee. Should Södra terminate the employment, the employee receives termination payment plus a redundancy payment amounting to 12 months' salary. Redundancy payments are deducted in the event of new employment.

## Note 6 | Other expenses

Group	2024	2023
Repairs, maintenance and other operating costs	1,883	1,075
Other services and subcontracted personnel	715	677
Vehicle costs	229	248
Travel expenses and cost of sales	127	142
Administration expenses	111	46
Cost of premises and property	105	140
Company insurances and other risk costs	74	42
R&D costs	63	83
Rent of non-current assets	28	33
Exchange-rate effect	—	32
Other expenses	62	330
<b>Total</b>	<b>3,397</b>	<b>2,848</b>

R&D costs of SEK 89 million (74) are included in employee expenses, and R&D costs of SEK 26 million (25) are included in amortisation. Other expenses include costs of SEK 528 million (160) for scheduled maintenance shutdowns at the Group's pulp mills.

### OTHER OPERATING EXPENSES

Parent Company	2024	2023
Capital loss	12	7
Exchange-rate effect	—	33
<b>Total</b>	<b>12</b>	<b>40</b>

### LEASES WHERE SÖDRA IS LESSEE.

	Parent Company	
	2024	2023
Non-cancellable lease payments amounted to:		
Within 1 year	113	98
Between 1-5 years	134	125
More than 5 years	2	—
<b>Total</b>	<b>249</b>	<b>223</b>

Of the Parent Company's future lease payments, time-charter vessels accounted for SEK 137 million (104), machinery and equipment for SEK 67 million (73) and rents for SEK 24 million (44). The amount of future lease payments for rented premises is based on the consumer price index. No variable fees otherwise occur.

	Parent Company	
	2024	2023
Expensed charges for operating leases amounted to:		
Minimum lease payments	103	101
<b>Total</b>	<b>103</b>	<b>101</b>

### AUDITOR FEES

	Group		Parent Company	
	2024	2023	2024	2023
<b>PwC</b>				
auditing assignments	4	5	3	4
auditing activities other than the audit assignment	0	0	0	0
tax consultancy services	0	0	—	0
other assignments	1	1	1	1
<b>Other</b>				
auditing assignments	1	1	—	—
tax consultancy services	1	1	1	1
other assignments	3	13	1	11

Auditing assignments refer to reviews of the annual report and accounting records as well as the management of the Board and the President, any other duties delegated to the company's auditor, and consultation or other advisory services in connection with findings observed in such reviews or the performance of such duties.

The fees specified above pertain to the following: PwC Sweden, auditing assignments SEK 3,563 thousand (4,225) and other services SEK 842 thousand (426).

## Note 7 | Depreciation, amortisation and impairment of assets

### Impairment

The Group's recognised assets are tested regularly to determine whether there is any indication of impairment.

The recoverable amounts of assets must be calculated when there is an indicator of impairment. An asset is impaired if its carrying amount exceeds its recoverable amount. Losses arising from impairment are recognised in the consolidated statement of comprehensive income.

The recoverable amount is the higher of fair value less costs to sell and the value-in-use. When value-in-use is calculated, future cash flow is discounted using a discount factor that reflects the risk-free interest rate and risk associated with the specific asset.

### Impairment reversals

An impairment loss on assets covered by IAS<sup>®</sup> 36 is reversed if there are indications that an impairment loss may no longer exist and there has been a change in the assumptions that formed the basis for calculation of the recoverable amount. Impairment of goodwill is never reversed. A reversal is only made to the extent that the asset's carrying amount after reversal does not exceed the amount that would otherwise have been recognised, less any depreciation, had it not been impaired.

### Depreciation

Depreciation is made straight-line over the estimated useful life of assets. The Group applies component depreciation, which means that depreciation is based on the estimated useful life of the individual components. Machinery and other technical facilities comprise components with different useful lives. They are recognised and depreciated as separate components. Factory buildings consist of two components grouped under

buildings and land. There is no depreciation on the land component as the useful life is considered indefinite.

### ESTIMATED USEFUL LIVES

	Group	Right-of-use assets
Wind turbines	20 years	—
Pulp mills	17-25 years	—
Factory buildings	20-25 years	—
Administration buildings	20-50 years	1-7 years
Housing	25-50 years	—
Land improvements	20 years	—
Sawmills	10-25 years	—
Machinery	5-13 years	3-5 years
Equipment	3-15 years	3-5 years

The Group's head office consists of components with different useful lives as follows:

Structure	50 years
Structural additions, internal walls, etc.	25 years
Installations: heating, electricity, sanitation, ventilation, etc.	25 years
External surface: façades, roof, etc.	25 years
Inner surface, mechanical equipment, etc.	25 years

Depreciation methods, residual values and useful lives are reviewed at the end of each financial year.

&gt; Note 7, cont.

Group	2024			2023		
	Depreciation and amortisation	Impairment <sup>1)</sup>	Total	Depreciation and amortisation	Impairment <sup>1)</sup>	Total
Goodwill	—	—	—	—	—	—
Other intangible assets	—	—	—	1	—	1
Buildings	215	—	215	200	4	204
Land	3	—	3	2	4	6
Land improvements	63	—	63	60	1	61
Machinery	910	—	910	860	26	886
Equipment	334	—	334	290	3	293
<b>Total</b>	<b>1,525</b>	<b>—</b>	<b>1,525</b>	<b>1,413</b>	<b>38</b>	<b>1,451</b>

Parent Company	2024			2023		
	Depreciation and amortisation	Impairment <sup>1)</sup>	Total	Depreciation and amortisation	Impairment <sup>1)</sup>	Total
Goodwill	1	—	1	—	—	—
Other intangible assets	—	—	—	—	—	—
Buildings	185	—	185	174	4	178
Land	—	—	—	—	4	4
Land improvements	62	—	62	58	1	59
Machinery	890	—	890	840	26	866
Equipment	240	—	240	208	3	211
<b>Total</b>	<b>1,378</b>	<b>—</b>	<b>1,378</b>	<b>1,280</b>	<b>38</b>	<b>1,318</b>

<sup>1)</sup> Lack of profitability initiated a calculation, which showed that the carrying amounts of the assets exceeded their recoverable amount. The recoverable amount was calculated using the principles described in Note 16.

## Note 8 | Shares in associates

Associates in which Södra has a significant influence are recognised using the equity method, which means that the Group's share of profit in the associates is recognised in the Consolidated statement of comprehensive income, adjusted for any depreciation/amortisation, impairment losses and reversals of acquired surplus or deficits. Share in profits less dividends received from associates represents the main change in the carrying amount of the shares in associates.

Any difference arising from the acquisition between cost of the holding and the owner's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is recognised using the same principles as for the acquisition of subsidiaries.

When the Group's share of recognised losses in the associate exceeds the carrying amount of the shares in the Group, the value of the shares is reduced to zero. Losses are also settled against non-current, unsecured financial dealings, which in economic terms represents part of the owner's net investment in the associate. Continuing losses are only recognised if the Group has provided guarantees to cover them. The equity method is applied until the date that control ceases.

	Group		Parent Company	
	2024	2023	2024	2023
At the beginning of the year	339	447 <sup>1)</sup>	99	99
Share of profit of associates	-13	30	—	—
Share of loss of partnerships	—	-65	—	—
Dividends	-13	-25	—	—
Divestments of shares in associates	-2	-48	—	—
Translation difference	1	0	—	—
<b>Carrying amount at the end of the year</b>	<b>312</b>	<b>339</b>	<b>99</b>	<b>99</b>

<sup>1)</sup> Shares in associates also includes shares in partnerships, which are recognised under Financial investments. At the beginning of the year, the value of shares in partnerships was SEK — million (113) and the carrying amount at year-end was SEK — million (—). For more information, refer to Note 17 Financial investments.

The following information pertains to associates in full.

### SPECIFICATION OF ASSOCIATES/JOINT ARRANGEMENTS

2024	Country	Revenue	Result	Assets	Liabilities	Adjusted equity	Ownership
SunPine AB	Sweden	2,702	2	1,517	426	1,091	25%
Silva Green Fuel AS	Norway	—	0	—	—	—	—%
Prestige Exclusive Homes Ltd	UK	—	0	6	—	6	50%
Other associates	Sweden	9	1	7	2	5	—%
2023	Country	Revenue	Result	Assets	Liabilities	Adjusted equity	Ownership
SunPine AB	Sweden	3,958	110	1,831	638	1,193	25%
Silva Green Fuel DA	Norway	—	-112	—	—	—	—%
Silva Green Fuel AS	Norway	—	0	4	4	0	49%
Prestige Exclusive Homes Ltd	UK	—	0	5	—	5	50%
Other associates	Sweden	7	2	6	2	4	—%

The information is based on the reports available at the time of Södra's reporting. During the year, the participations in Silva Green Fuel AS were divested and Södra's share up until the divestment date amounted to SEK 0 million.

## Note 9 | Income from financial items

Financial income and expenses consist of interest income and expenses, dividend income and fair value remeasurements of certain financial instruments, as well as realised and unrealised exchange-rate gains and losses attributable to financial operations.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. Dividend income is recognised when the dividend has been determined and the right to receive payment is established. Issue expenses and arrangement fees for loans are accrued over the term of the loan, using the effective interest method. For measurement principles, refer to Note 13 Financial instruments.

NET FINANCIAL ITEMS		
Group	2024	2023
<b>Financial income</b>		
Net profit		
Assets and liabilities at fair value through profit or loss	10	26
Dividends	7	3
Other interest income	414	374
Net exchange rate fluctuations	2	0
Other financial income	—	—
	<b>433</b>	<b>403</b>
<b>Financial expenses</b>		
Held for trading	0	0
Net loss		
Assets and liabilities at fair value through profit or loss	—	—
Net exchange rate fluctuations	-8	0
Impairment of non-current operating receivables	—	—
Interest expenses on defined-benefit pension obligations	-5	-8
Other interest expenses	-301	-239
Profit/loss from shares in partnerships	0	-65
Other financial expenses	-21	-45
	<b>-335</b>	<b>-357</b>
<b>Total</b>	<b>98</b>	<b>46</b>
<b>Of which:</b>		
Interest income from instruments measured at amortised cost	414	374
Interest expenses from instruments measured at amortised cost	-301	-245
<b>PROFIT FROM FINANCIAL INSTRUMENTS RECOGNISED IN OPERATING PROFIT/LOSS</b>		
<b>Group</b>	<b>2024</b>	<b>2023</b>
Exchange-rate effect in trade receivables	218	-32
	<b>218</b>	<b>-32</b>

Value changes for hedging instruments pertaining to fair value hedging had an earnings impact of SEK — million (—) for derivatives, and SEK — million (—) for hedged items.

### Parent Company

In the Parent Company, financial assets are measured at cost less any impairment, and current assets according to the lowest value principle. The cost of interest-bearing instruments is adjusted for the accrued difference between the original price paid, less transaction costs, and the amount due on maturity (premium and discount, respectively).

NET FINANCIAL ITEMS		
Parent Company	2024	2023
<b>Profit from shares in Group companies</b>		
Dividends from Group companies	14	105
Profit/loss from sale of shares in Group companies	0	-5
Impairment of shares in Group companies	0	-20
	<b>14</b>	<b>80</b>
<b>Profit from shares in associates</b>		
Dividends from associates	13	25
	<b>13</b>	<b>25</b>
<b>Interest income and similar profit items</b>		
Dividends on shares in other companies	7	3
Interest income from Group companies	17	15
Interest income from others	407	362
Exchange-rate gain	0	3
Gain on sale of current investments	8	7
Other	0	1
	<b>439</b>	<b>391</b>
<b>Interest expenses and similar loss items</b>		
Interest expenses from Group companies	-33	-29
Interest expenses from others	-288	-235
Impairment	-2	0
Foreign exchange rate loss	-8	0
Loss on sale of current investments	—	—
Other	-17	-47
	<b>-348</b>	<b>-311</b>
<b>Total</b>	<b>118</b>	<b>185</b>

The value of shares in Group companies is tested for impairment. When equity in the Group company is less than the value of the shares and future earnings cannot be demonstrated, the value of the Parent Company's shares is downgraded.

## Note 10 | Taxes

The Group's total tax consists of current tax and deferred tax. Income taxes are recognised in net profit or loss except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is recognised in other comprehensive income or equity.

Current tax is tax that is to be paid or received pertaining to the current year, with application of the tax rates that are enacted or substantively enacted at the balance-sheet date. Adjustments of current tax relating to previous periods are also recognised here.

The rules for economic associations were applied for the calculation of current tax. These mean that the dividend proposal for the financial year (which will be paid out in the following year) is tax deductible in the current year and has been treated as a deduction in the calculation of current tax. The deduction has affected the tax expense recognised in net profit or loss for the year.

Deferred tax is calculated using the liability method, based on the temporary difference between the carrying amount of assets and liabilities and their tax base. Temporary differences arising on initial recognition of goodwill or on initial recognition of assets and liabilities that are not business combinations that at the time of the transaction do not affect either accounting or taxable earnings are not taken into account. Nor are temporary differences pertaining to shares in subsidiaries and associates that are not expected to be reversed in the foreseeable future taken into account. Measurement of deferred tax is based on how the underlying

assets or liabilities are expected to be capitalised or settled. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance-sheet date.

Deferred tax assets related to deductible temporary differences and tax loss carryforwards are recognised only to the extent it is probable they can be used in the future. The value of deferred tax assets is reduced when it is no longer considered likely they can be utilised.

### Parent Company

Unlike the Group, the Parent Company recognises untaxed reserves in the balance sheet without division into equity and deferred tax liability. Similarly, there is no allocation in the Parent Company income statement for appropriations to be partially transferred to deferred tax expense.

RECOGNISED TAX EXPENSE	Group		Parent Company	
	2024	2023	2024	2023
Tax expense for the period	-138	-211	-75	-193
Adjustment of tax pertaining to prior years	12	35	-11	54
<b>Current tax expense</b>	<b>-126</b>	<b>-176</b>	<b>-86</b>	<b>-139</b>
Deferred tax expense pertaining to temporary differences	-114	25	-16	6
<b>Deferred tax expense</b>	<b>-114</b>	<b>25</b>	<b>-16</b>	<b>6</b>
<b>Total</b>	<b>-240</b>	<b>-151</b>	<b>-102</b>	<b>-133</b>

### RECONCILIATION OF EFFECTIVE TAX

	Group				Parent Company	
	2024	Tax rate	2023	Tax rate	2024	2023
Profit before tax	2,728		2,272		2,097	2,549
Tax based on current tax rate for Parent Company	-562	20.6%	-468	20.6%	-432	-525
Effect of special tax rules for economic associations <sup>1)</sup>	369		315		369	315
Effect of other tax rates for foreign subsidiaries	-1		16		—	—
Non-deductible expenses incl. restructuring costs	-20		-17		-22	-16
Non-taxable income	12		10		18	36
Share of profit of associates	-3		6		—	—
Remeasurement of loss carryforwards <sup>2)</sup> / temporary differences	-46		-35		-23	-1
Standard interest on tax allocation reserve	-1		-4		-1	-4
Tax pertaining to prior years	12		26		-11	62
<b>Effective tax recognised</b>	<b>-240</b>	<b>8.8%</b>	<b>-151</b>	<b>6.6%</b>	<b>-102</b>	<b>-133</b>

<sup>1)</sup> According to the tax rules for economic associations, dividends paid in the second year (pertaining to the prior year) are tax deductible in the first year. This means that the Board's proposed dividend to be paid in the following year has been treated as a deduction in the calculation of current tax for the current year.

<sup>2)</sup> Loss carryforwards can be used indefinitely.

Income tax relating to components of other comprehensive income is presented in Note 11 Other comprehensive income.

&gt; Note 10, cont.

**CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS**

Group 2024	At the beginning of the year	Recognised in profit or loss	Recognised in other comprehensive income	Carrying amount at the end of period
Non-current assets	-1,532	5	—	-1,527
Biological assets	-342	-155	-1	-498
Inventories	5	11	—	16
Current receivables and liabilities	6	-1	—	5
Current investments	-8	—	-1	-9
Provisions	-6	-15	-28	-49
Tax allocation reserves	-41	41	—	—
<b>Total</b>	<b>-1,918</b>	<b>-114</b>	<b>-30</b>	<b>-2,062</b>

Group 2023	At the beginning of the year	Recognised in profit or loss	Recognised in other comprehensive income	Carrying amount at the end of period
Non-current assets	-1,534	2	—	-1,532
Biological assets	-274	-94	26	-342
Inventories	21	-16	—	5
Current receivables and liabilities	8	0	-2	6
Current investments	-1	-4	-3	-8
Provisions	-28	-7	29	-6
Tax allocation reserves	-185	144	—	-41
<b>Total</b>	<b>-1,993</b>	<b>25</b>	<b>50</b>	<b>-1,918</b>

**Note 11 | Other comprehensive income****FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Assets held to collect contractual cash flows and for selling are measured at fair value through other comprehensive income, refer to Note 13 Financial Instruments. Changes in the carrying amount are recognised through other comprehensive income, except for the recognition of interest income, exchange-rate differences and impairment losses, which are recognised in profit or loss. When the financial asset is removed from the balance sheet, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Translation differences on the translation of currency of foreign entities are recognised in other comprehensive income and accumulated in the translation reserve in equity. Refer to Note 13, Financial instruments.

When a foreign entity is divested, the cumulative translation differences attributable to the divested foreign operation are reclassified from equity to net profit or loss as an adjustment on the same date on which the gain or loss from the sale is recognised.

**TRANSLATION RESERVE**

The translation reserve includes all foreign exchange gains and losses that arise in translating financial statements from foreign operations that have prepared their financial statements in a currency other than that used in the consolidated financial statements. The Parent Company and the Group present their financial statements in SEK.

**REVALUATION RESERVE**

The revaluation reserve refers to the revaluation effect for forest land in Sweden.

**FAIR VALUE RESERVE**

The fair value reserve includes the cumulative net change in fair value of available-for-sale financial assets until the asset is removed from the statement of financial position.

Group 2023	Trans-lation reserve	Reval-uation reserve	Fair value reserve	Actuarial gain/ loss <sup>1)</sup>
At the beginning of the year	440	3	-20	-118
Translation differences	240	—	—	—
Change in fair value of financial instruments	—	—	—	—
Change in forest land	—	22	—	—
Change in fair value of hedged derivatives	—	—	3	—
Actuarial gains and losses	—	—	—	135
Tax pertaining to components in other comprehensive income	—	-1	-1	-28
<b>Carrying amount at the end of the period</b>	<b>680</b>	<b>24</b>	<b>-18</b>	<b>-13</b>

<sup>1)</sup> Actuarial gain/loss is included in retained earnings.

Group 2022	Trans-lation reserve	Reval-uation reserve	Fair value reserve	Actuarial gain/ loss <sup>1)</sup>
At the beginning of the year	457	103	-41	-4
Translation differences	-17	—	—	—
Change in fair value of financial instruments	—	—	15	—
Change in forest land	—	-126	—	—
Change in fair value of hedged derivatives	—	—	11	—
Actuarial gains and losses	—	—	—	-143
Tax pertaining to components in other comprehensive income	—	26	-5	29
<b>Carrying amount at the end of the period</b>	<b>440</b>	<b>3</b>	<b>-20</b>	<b>-118</b>

<sup>1)</sup> Actuarial gain/loss is included in retained earnings.

## Financial position

### Note 12 | Business combinations

#### Business combinations

Subsidiaries are recognised using the purchase method. This method means that the acquisition of a subsidiary is viewed as a transaction whereby the Group indirectly obtains the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the fair value of the identifiable assets acquired and liabilities assumed, as well as any non-controlling interest, at the date of acquisition. Transaction expenses, except those attributable to the issue of equity or debt instruments, are recognised directly in net profit or loss for the year.

In business combinations where the consideration transferred, any non-controlling interests and fair value of previously owned participations (in step acquisitions) exceed the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. A negative difference, known as a bargain purchase, is recognised directly in net profit or loss.

Consideration transferred on acquisition does not include payments pertaining to the settlement of earlier business relationships. Such settlement is recognised in profit or loss.

Contingent consideration is measured at fair value at the date of acquisition. When the contingent consideration is classified as an equity instrument, no remeasurement is carried out and settlement takes place in equity. Other contingent considerations are remeasured at each reporting date and the change is recognised in net profit or loss.

Non-controlling interests arise for acquisitions not involving 100 percent ownership of the subsidiary. There are two options available for recognition: Recognising the non-controlling interest's proportionate share of net assets, or measuring the non-controlling interest at fair value, meaning that the non-controlling interest has a share of goodwill. The choice between the options for recognising non-controlling interests are made by Södra on an acquisition-by-acquisition basis.

For step acquisitions, goodwill is determined on the date on which the controlling influence arises. Previous interests are measured at fair value and the change in value is recognised in net profit or loss.

For divestments leading to the loss of a controlling influence but where a residual holding exists, the holding is measured at fair value and the change in value is recognised in net profit or loss.

The financial statements of subsidiaries are included in the consolidated financial statements from the acquisition date until the date that control ceases.

In cases where the subsidiary's accounting policies are not consistent with the Group's accounting policies, adjustments have been made to comply with the Group's accounting policies.

Losses attributable to non-controlling interests are allocated to non-controlling interests, even when the non-controlling interests will be recognised as a debit item under equity.

#### Asset acquisitions

The determination of whether an acquisition represents a business combination or an asset acquisition is based on assumptions and assessments made by management on the acquisition date. A critical factor for the determination is whether the return from the acquisition is substantially generated by the acquired business or the acquired assets.

#### ACQUISITIONS/DIVESTMENTS 2024

There were no material acquisitions or divestments during the financial year.

#### ACQUISITIONS/DIVESTMENTS 2023

There were no material acquisitions or divestments during the financial year.

## Note 13 | Financial instruments

A financial asset or financial liability is recognised in the consolidated statement of financial position when the company becomes party to the contractual terms of the instrument.

### Classification

Financial assets are classified into the categories of financial assets measured at fair value through either other comprehensive income or profit or loss, and financial assets measured at amortised cost. For investments in equity instruments that are not held for trading, recognition depends on whether or not the Group, on the date of acquiring the instruments, has made an irrevocable choice to recognise equity instruments at fair value through other comprehensive income.

### Measurement

The fair value presented is based on official market quotations at the balance-sheet date as well as the generally accepted methods for unquoted

financial instruments. Translation to SEK has been made at the exchange rate quoted at the balance-sheet date.

### Investments in debt instruments

Södra classifies investments in debt instruments into three measurement categories:

#### FAIR VALUE THROUGH PROFIT OR LOSS

Assets that do not meet the conditions for recognition at amortised cost, or fair value through other comprehensive income, are measured at fair value through profit or loss.

This category has two subgroups: available-for-sale financial assets, and other financial assets, which are initially placed in this category based on Södra's business model. The latter subgroup includes shares, share index bonds and share index certificates. Management reviews the fair value of shares, share index bonds and share index certificates on a regular basis through information in the monthly financial report.

#### FAIR VALUE AND CARRYING AMOUNT IN THE STATEMENT OF FINANCIAL POSITION

Group 2024	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
<b>Financial investments</b>					
Other shares and participations	44	—	—	44	44
	44	—	—	44	44
<b>Operating receivables</b>					
Trade receivables	—	—	3,784	3,784	3,784
LTFFP <sup>1)</sup> , current	—	—	—	—	—
	—	—	3,784	3,784	3,784
Current investments	8,523	—	—	8,523	8,523
Cash and cash equivalents	—	—	3,205	3,205	3,205
<b>Total assets, financial instruments</b>	<b>8,567</b>	<b>—</b>	<b>6,989</b>	<b>15,556</b>	<b>15,556</b>
Other assets, non-financial instruments				29,478	
<b>Total assets</b>				<b>45,034</b>	
<b>Non-current liabilities</b>					
Loans from banks and other credit institutions	—	—	67	67	81
Member deposits	—	—	526	526	589
Non-current lease liabilities	—	—	143	143	144
Non-current derivatives	—	5	—	5	5
	—	5	736	741	819
<b>Current liabilities</b>					
Loans from banks and other credit institutions	—	—	133	133	140
Member deposits	—	—	9,229	9,229	9,471
Current lease liabilities	—	—	108	108	108
	—	—	9,470	9,470	9,719
<b>Current operating liabilities</b>					
Trade creditors	—	—	2,748	2,748	2,748
Derivatives	16	—	—	16	16
	16	—	2,748	2,764	2,764
<b>Total liabilities, financial instruments</b>	<b>16</b>	<b>5</b>	<b>12,954</b>	<b>12,975</b>	<b>13,302</b>
Other liabilities, non-financial instruments				4,256	
<b>Total liabilities</b>				<b>17,231</b>	

<sup>1)</sup> Customer contracts tied to financial instruments.



> Note 13, cont.

Assets in this category are regularly measured at fair value with changes in value recognised in profit or loss for the year. Interest on debt instruments, dividend income and exchange-rate effects are recognised in net profit or loss.

#### FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Assets held to collect the contractual cash flows and for trading are measured at fair value through other comprehensive income. Changes in the carrying amount are recognised through other comprehensive income, except for the recognition of interest income, exchange-rate differences and impairment losses, which are recognised in profit or loss. When the

financial asset is removed from the balance sheet, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

#### FAIR VALUE THROUGH AMORTISED COST

Assets held to collect contractual cash flows and where these cash flows consist solely of payments of principal and interest, are measured at amortised cost using the effective interest rate calculated on the date of acquisition. This measurement category includes loans and receivables with fixed or determinable payments that are not quoted in an active market.

Group 2023	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
<b>Financial investments</b>					
Other shares and participations	39	—	—	39	39
	<b>39</b>	<b>—</b>	<b>—</b>	<b>39</b>	<b>39</b>
<b>Operating receivables</b>					
Trade receivables	—	—	3,326	3,326	3,326
LTFP <sup>1)</sup> , current	1	—	—	1	1
	<b>1</b>	<b>—</b>	<b>3,326</b>	<b>3,327</b>	<b>3,327</b>
Current investments	6,361	—	—	6,361	6,361
Cash and cash equivalents	—	—	3,362	3,362	3,362
<b>Total assets, financial instruments</b>	<b>6,361</b>	<b>—</b>	<b>3,362</b>	<b>13,089</b>	<b>13,089</b>
Other assets, non-financial instruments				27,405	
<b>Total assets</b>				<b>40,494</b>	
<b>Non-current liabilities</b>					
Loans from banks and other credit institutions	—	—	200	200	216
Member deposits	—	—	931	931	1,039
Non-current lease liabilities	—	—	125	125	126
Non-current derivatives	—	13	—	13	13
	<b>—</b>	<b>13</b>	<b>1,256</b>	<b>1,269</b>	<b>1,394</b>
<b>Current liabilities</b>					
Loans from banks and other credit institutions	—	—	133	133	138
Member deposits	—	—	7,391	7,391	7,632
Current lease liabilities	—	—	98	98	98
	<b>—</b>	<b>—</b>	<b>7,622</b>	<b>7,622</b>	<b>7,868</b>
<b>Current operating liabilities</b>					
Trade creditors	—	—	1,593	1,593	1,593
Derivatives	11	—	—	11	11
	<b>11</b>	<b>—</b>	<b>1,593</b>	<b>1,604</b>	<b>1,604</b>
<b>Total liabilities, financial instruments</b>	<b>11</b>	<b>13</b>	<b>10,471</b>	<b>10,495</b>	<b>10,866</b>
Other liabilities, non-financial instruments				3,916	
<b>Total liabilities</b>				<b>14,411</b>	

<sup>1)</sup> Customer contracts tied to financial instruments.

Other shares and participations consist of shares and participations in external companies.

Current investments comprise interest-bearing investments with a duration of more than three months from the date of acquisition, share index bonds, share index certificates and shares in listed companies.

Cash and cash equivalents consist of bank balances and current investments with a duration of up to three months from the date of acquisition with insignificant risk of value fluctuation and unsubstantial interest-rate risk.

The following summarises the methods and assumptions that are primarily used to determine fair value of the financial instruments presented in the table above:

#### SHARES AND PARTICIPATIONS AND CURRENT INVESTMENTS

Fair value of listed securities is based on the quoted price of the asset on the balance-sheet date without addition of transaction costs on the date of acquisition. Potential transaction costs are not taken into account upon divestment of an asset.

The fair value of unquoted shares measured at cost due to the difficulty in determining a reliable market value is represented by the carrying amount in the above table.

#### DERIVATIVES

The fair value of currency derivatives is based on quoted prices, when available. In the absence of such prices, fair value is calculated by

> Note 13, cont.

discounting the difference between the contracted forward rate and the forward rate available on the balance-sheet date for the remaining period of the contract. Discounting is done using the risk-free interest based on government bonds.

Fair value of pulp price derivatives, oil price derivatives and timber price derivatives is based on the valuation of the intermediary credit institution, and fairness tested by discounting expected future cash flows based on the market rate for similar instruments at the balance-sheet date. Cash flows are based on the best judgements of management.

### TRADE RECEIVABLES AND TRADE CREDITORS

For trade receivables and trade creditors with a remaining life of less than six months, carrying amount is deemed to reflect fair value.

### OTHER FINANCIAL ASSETS AND LIABILITIES

The fair value of other financial assets and liabilities is based on future cash flows of payments of capital and interest, discounted using the current market rate at the balance-sheet date.

### INTEREST RATES USED TO DETERMINE FAIR VALUE

Discounting is based on the current government borrowing rate plus the appropriate interest spread.

The following tables present information about how fair value is determined for the financial instruments that are measured at fair value in the statement of financial position. Allocation of fair value determination is based on three levels.

Level 1: Based on prices quoted in active markets for identical instruments.

Level 2: Based on direct or indirect observable market data not included in level 1.

Level 3: Based on inputs that are unobservable in the market.

Group 2024	Level 1	Level 2	Level 3	Total	Group 2023	Level 1	Level 2	Level 3	Total
Other shares and participations	—	—	44	44	Other shares and participations	—	—	39	39
LTFP <sup>1)</sup> , current	—	—	—	—	LTFP <sup>1)</sup> , current	—	—	1	1
Current investments	8,523	—	—	8,523	Current investments	6,361	—	—	6,361
<b>Total assets</b>	<b>8,523</b>	<b>—</b>	<b>44</b>	<b>8,567</b>	<b>Total assets</b>	<b>6,361</b>	<b>—</b>	<b>40</b>	<b>6,401</b>
Derivatives, non-current	—	—	5	5	Derivatives, non-current	—	—	13	13
Derivatives, current	—	—	16	16	Derivatives, current	—	—	11	11
<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>21</b>	<b>21</b>	<b>Total liabilities</b>	<b>—</b>	<b>—</b>	<b>24</b>	<b>24</b>

<sup>1)</sup> Customer contracts tied to financial instruments.

<sup>1)</sup> Customer contracts tied to financial instruments.

The following table presents a reconciliation of opening and closing balances for financial instruments measured at fair value in the consolidated report of financial position using a valuation method based on unobservable inputs (level 3).

Group 2024	Assets			Liabilities	
	Other shares and participations	Derivatives	LTFP <sup>*</sup>	Derivatives	LTFP <sup>1)</sup>
At the beginning of the year	39	—	1	25	—
Total recognised gains and losses:					
– recognised in profit for the year	—	—	—	—	—
– recognised in other comprehensive income	—	—	—	2	—
Acquisitions	5	—	—	4	—
Sold and terminated	—	—	-1	-10	—
<b>Carrying amount at the end of the period</b>	<b>44</b>	<b>—</b>	<b>—</b>	<b>21</b>	<b>—</b>

<sup>1)</sup> Customer contracts tied to finance leases.

Group 2023	Assets			Liabilities	
	Other shares and participations	Derivatives	LTFP <sup>*</sup>	Derivatives	LTFP <sup>1)</sup>
At the beginning of the year	34	6	2	38	6
Total recognised gains and losses:					
– recognised in profit for the year	—	—	-1	—	—
– recognised in other comprehensive income	—	-6	—	-20	—
Acquisitions	5	—	—	11	—
Sold and terminated	—	—	—	-4	-6
<b>Carrying amount at the end of the period</b>	<b>39</b>	<b>—</b>	<b>1</b>	<b>25</b>	<b>—</b>

<sup>1)</sup> Customer contracts tied to finance leases.

## Note 14 | Intangible assets

Goodwill represents the difference between the cost of a business combination and the fair value of acquired identifiable assets, assumed liabilities and contingent liabilities. Assets with a finite useful life are amortised on a straight-line basis over each asset's estimated useful life. The useful life of an asset is retested every year. Direct development costs are only capitalised in conjunction with major projects if they are deemed to create an identifiable asset that is controlled by the Group and expected to generate future economic benefits.

Group 2024	Development expenses, licenses	Goodwill	Total
<b>Cost</b>			
At the beginning of the year	65	275	340
Investment	—	—	—
Divestment and disposals	-4	—	-4
Translation differences	—	—	—
	61	275	336
<b>Depreciation</b>			
At the beginning of the year	-61	—	-61
Divestment and disposal	4	—	4
Depreciation according to plan for the year	—	—	—
	-57	—	-57
<b>Impairment</b>			
At the beginning of the year	—	-211	-211
Divestment and disposals	—	—	—
	—	-211	-211
<b>Carrying amount at the end of the period</b>	<b>4</b>	<b>64</b>	<b>68</b>

### GOODWILL IMPAIRMENT TESTING

Södra Wood is the cash-generating unit to which goodwill has been allocated. Following acquisition, acquired operations are integrated into the Group's existing business areas in order to generate the intended synergy effects. The integration also pertains to attributable cash flows.

In such cases where acquired cash-generating units have been integrated with existing business areas, goodwill is tested for impairment at business area level, since this is where goodwill is monitored internally.

The recoverable amounts of the business areas builds on the value-in-use that is based on cash flow forecasts, where the forecasts of individual business area management pertaining to revenue, operating profit, working capital and investments form the basis for discounting cash flows. Thereafter, cash flow growth of approximately 2 percent (0) per year has been adopted. Growth rate and operating margins have been determined

Major investments in IT systems and licences are also recognised as intangible assets. Intangible assets are measured at cost less cumulative amortisation and impairment.

### PARENT COMPANY

#### Research and development

All expenditure for scientific research and development is expensed on the income statement.

Group 2023	Development expenses, licenses	Goodwill	Total
<b>Cost</b>			
At the beginning of the year	119	275	394
Investment	1	—	1
Divestment and disposals	-55	—	-55
Translation differences	—	—	—
	65	275	340
<b>Depreciation</b>			
At the beginning of the year	-90	—	-90
Divestment and disposal	30	—	30
Depreciation according to plan for the year	-1	—	-1
	-61	—	-61
<b>Impairment</b>			
At the beginning of the year	-25	-211	-236
Divestment and disposals	25	—	25
	—	-211	-211
<b>Carrying amount at the end of the period</b>	<b>4</b>	<b>64</b>	<b>68</b>

on the basis of historic experience and judgements of future economic trends that draw on both external and internal sources of information. Cash flow was discounted using an average pre-tax discount rate of about 7 percent (7). The most significant valuation parameter is the discount rate, and if this was changed by  $\pm 0.25$  percentage points, the value of the underlying asset would be impacted by SEK -157/+SEK 239 million.

For other cash-generating units, no changes in key assumptions in the calculation of value-in-use are expected to lead to impairment.

#### GOODWILL PER CASH-GENERATING UNIT

	2024	2023
Södra Wood	62	62
Södra Innovation	2	2
<b>Total</b>	<b>64</b>	<b>64</b>

&gt; Note 14, cont.

Parent Company 2024	Development expenses, licenses	Goodwill	Total
<b>Cost</b>			
At the beginning of the year	17	24	41
Divestment and disposal	-4	—	-4
	13	24	37
<b>Depreciation</b>			
At the beginning of the year	-17	-17	-34
Divestment and disposal	4	—	4
Depreciation according to plan for the year	—	-1	-1
	-13	-18	-31
<b>Impairment</b>			
At the beginning of the year	—	-6	-6
	—	-6	-6
<b>Carrying amount at the end of the period</b>			
	0	0	0

Parent Company 2023	Development expenses, licenses	Goodwill	Total
<b>Cost</b>			
At the beginning of the year	17	24	41
Divestment and disposal	—	—	—
	17	24	41
<b>Depreciation</b>			
At the beginning of the year	-17	-17	-34
Divestment and disposal	—	—	—
Depreciation according to plan for the year	—	—	—
	-17	-17	-34
<b>Impairment</b>			
At the beginning of the year	—	-6	-6
	—	-6	-6
<b>Carrying amount at the end of the period</b>			
	0	1	1

## Note 15 | Property, plant and equipment

Property, plant and equipment are recognised on a consolidated basis at cost less accumulated depreciation and any impairment. The cost includes the purchase price plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of own-generated non-current assets includes expenses for material, for remuneration of employees, if applicable, other manufacturing expenses directly attributable to the non-current asset, and the estimated costs of dismantling and removing the item and restoring the site on which it is located.

Property, plant and equipment consisting of parts with different useful lives are treated as separate components of property, plant and equipment.

The carrying amount for a material facility is derecognised from the consolidated statement of financial position at disposal or divestments or when no future financial advantages is expected from use or disposal/divestment of the asset. The gain or loss arising on the divestment or disposal of an asset represents the difference between the costs to sell and the carrying amount of the asset less direct selling costs. The gain and loss are recognised as other revenue/expenses.

Property, plant and equipment are tested for impairment if there is any indication of a decline in the asset's market value. During the year, an indication of a possible impairment was identified in the Södra Wood business area, and Södra Building Systems in the Södra Innovation business area, which are cash-generating units where impairment testing was carried out in the fourth quarter. Based on cash flow forecasting, the recoverable amount was calculated by discounting these cash flows by approximately 7 percent before tax. The calculation of value-in-use did not lead to any general impairment.

### ADDITIONAL EXPENSES

Additional expenses are added to the cost only if it is probable that the future economic benefits associated with the asset will benefit the company

and the cost can be reliably estimated. Other additional expenses are expensed in the period they are incurred.

An additional expense is added to the cost if the expense relates to the exchange of identified components or parts thereof. The expense is also added to the cost in situations where new components are created. Any undepreciated carrying amount on exchanged components, or parts of components, are disposed and expensed in conjunction with the exchange. Repairs are expensed on an ongoing basis.

### LEASES

The Group's leased assets mainly comprise vessels, premises/buildings and vehicles. The Group recognises all right-of-use assets and lease liabilities attributable to leases on the balance sheet with application of the simplification rules stipulated in IFRS<sup>®</sup> 16. Under this approach, the lessee has the right to use an asset for a period of time in exchange for consideration from the commencement of the lease. When assessing leases, lease components are separated from non-lease components, and when determining the lease term, any options to extend or terminate the lease prematurely are taken into account.

Lease liabilities are initially recognised at the present value of the lease payments that are not paid at that date, discounted using the Group's incremental borrowing rate. Lease payments included in the liability comprise fixed payments, variable lease payments that depend on an index or a rate, and payments of penalties for terminating the lease. The right-of-use asset is initially measured at amortised cost, which is the same amount as the initial measurement of the liability. The Group applies the low-value and short-term lease exemptions, which means that these leases are recognised as an expense on a straight-line basis over the lease term.

Deferred tax is recognised net on the balance sheet and in supplementary disclosures.

For the Parent Company, all leases are recognised as operating leases.

&gt; Note 15, cont.

**BUILDINGS AND LAND**

Group 2024	Buildings	Leased buildings	Land	Leased land	Land improvements	Total Buildings and Land
<b>Cost</b>						
At the beginning of the year	5,257	113	2,140	8	1,541	9,059
Forest land revaluation <sup>1)</sup>	—	—	93	—	—	93
Investments	25	23	118	3	48	217
Reclassifications <sup>2)</sup>	72	—	-73	—	55	54
Divestments and disposals	-34	-3	-6	—	-22	-65
Translation differences	6	2	79	—	—	87
	<b>5,326</b>	<b>135</b>	<b>2,351</b>	<b>11</b>	<b>1,622</b>	<b>9,445</b>
<b>Depreciation</b>						
At the beginning of the year	-2,789	-72	—	-5	-775	-3,641
Divestments and disposals	19	2	—	—	13	34
Reclassifications	2	—	—	—	—	2
Depreciation according to plan for the year	-188	-27	—	-3	-63	-281
Translation differences	-1	-2	—	—	—	-3
	<b>-2,957</b>	<b>-99</b>	<b>—</b>	<b>-8</b>	<b>-825</b>	<b>-3,889</b>
<b>Impairment</b>						
At the beginning of the year	-49	—	-60	—	-12	-121
Divestments and disposals	10	—	1	—	6	17
Reclassifications	—	—	—	—	—	—
Impairment for the year	—	—	—	—	—	—
	<b>-39</b>	<b>—</b>	<b>-59</b>	<b>—</b>	<b>-6</b>	<b>-104</b>
<b>Carrying amount at the end of the period</b>	<b>2,330</b>	<b>36</b>	<b>2,292</b>	<b>3</b>	<b>791</b>	<b>5,452</b>

<sup>1)</sup> Remeasurement recognised in Other comprehensive income, refer to Notes 11 and 23.<sup>2)</sup> Reclassifications predominantly relate to capitalised work in progress, which are considered investments.

Group 2023	Buildings	Leased buildings	Land	Leased land	Land improvements	Total Buildings and Land
<b>Cost</b>						
At the beginning of the year	4,656	77	2,189	8	1,422	8,352
Forest land revaluation <sup>1)</sup>	—	—	-130	—	—	-130
Investments	84	38	369	0	71	562
Reclassifications <sup>2)</sup>	521	1	-277	—	50	295
Divestments and disposals	-4	-3	-4	—	-2	-13
Translation differences	0	0	-7	—	0	-7
	<b>5,257</b>	<b>113</b>	<b>2,140</b>	<b>8</b>	<b>1,541</b>	<b>9,059</b>
<b>Depreciation</b>						
At the beginning of the year	-2,616	-52	—	-3	-718	-3,389
Divestments and disposals	4	3	—	—	3	10
Reclassifications	0	0	—	—	0	0
Depreciation according to plan for the year	-177	-23	—	-2	-60	-262
Translation differences	0	0	—	—	0	0
	<b>-2,789</b>	<b>-72</b>	<b>—</b>	<b>-5</b>	<b>-775</b>	<b>-3,641</b>
<b>Impairment</b>						
At the beginning of the year	-46	—	-56	—	-11	-113
Divestments and disposals	1	—	—	—	—	1
Reclassifications	—	—	—	—	—	—
Impairment for the year	-4	—	-4	—	-1	-9
	<b>-49</b>	<b>—</b>	<b>-60</b>	<b>—</b>	<b>-12</b>	<b>-121</b>
<b>Carrying amount at the end of the period</b>	<b>2,419</b>	<b>41</b>	<b>2,080</b>	<b>3</b>	<b>754</b>	<b>5,297</b>

<sup>1)</sup> Remeasurement recognised in Other comprehensive income, refer to Notes 11 and 23.<sup>2)</sup> Reclassifications predominantly relate to capitalised work in progress, which are considered investments.

&gt; Note 15, cont.

Parent Company	2024				2023			
	Buildings	Land	Land improvements	Total Buildings and Land	Buildings	Land	Land improvements	Total Buildings and Land
<b>Cost</b>								
At the beginning of the year	5,142	523	1,524	7,189	4,542	280	1,405	6,227
Investments	25	19	48	92	84	240	70	394
Reclassifications	71	1	56	128	521	3	50	574
Divestments and disposals	-29	-1	-23	-53	-5	—	-1	-6
	<b>5,209</b>	<b>542</b>	<b>1,605</b>	<b>7,356</b>	<b>5,142</b>	<b>523</b>	<b>1,524</b>	<b>7,189</b>
<b>Depreciation</b>								
At the beginning of the year	-2,764	—	-764	-3,528	-2,594	—	-708	-3,302
Reclassifications	1	—	—	1	—	—	—	—
Divestments and disposals	20	—	13	33	4	—	2	6
Depreciation according to plan for the year	-185	—	-62	-247	-174	—	-58	-232
	<b>-2,928</b>	<b>—</b>	<b>-813</b>	<b>-3,741</b>	<b>-2,764</b>	<b>—</b>	<b>-764</b>	<b>-3,528</b>
<b>Impairment</b>								
At the beginning of the year	-46	-14	-12	-72	-44	-10	-10	-64
Reclassifications	—	—	—	—	1	—	-1	0
Divestments and disposals	9	1	6	16	2	—	—	2
Impairment for the year	—	—	—	—	-4	-4	-1	-9
	<b>-37</b>	<b>-13</b>	<b>-6</b>	<b>-56</b>	<b>-46</b>	<b>-14</b>	<b>-12</b>	<b>-72</b>
<b>Carrying amount at the end of the period</b>	<b>2,244</b>	<b>529</b>	<b>786</b>	<b>3,559</b>	<b>2,332</b>	<b>509</b>	<b>748</b>	<b>3,589</b>

## MACHINERY AND EQUIPMENT

Group	2024					2023				
	Machinery	Leased machinery	Equipment	Leased equipment	Total Machinery and Equipment	Machinery	Leased machinery	Equipment	Leased equipment	Total Machinery and Equipment
<b>Cost</b>										
At the beginning of the year	26,484	9	3,328	414	30,235	25,230	8	3,018	369	28,625
Investments	340	6	385	116	847	441	2	268	80	791
Reclassifications <sup>1)</sup>	233	—	185	—	418	1,074	-1	115	—	1,188
Divestments and disposals	-166	-6	-120	-19	-311	-262	0	-73	-35	-370
Translation differences	9	—	2	—	11	1	—	—	—	1
	<b>26,900</b>	<b>9</b>	<b>3,780</b>	<b>511</b>	<b>31,200</b>	<b>26,484</b>	<b>9</b>	<b>3,328</b>	<b>414</b>	<b>30,235</b>
<b>Depreciation</b>										
At the beginning of the year	-17,325	-7	-2,047	-238	-19,617	-16,731	-5	-1,893	-194	-18,823
Divestments and disposals	133	5	113	16	267	255	0	66	33	354
Reclassification	—	—	-2	—	-2	9	—	-8	—	1
Depreciation according to plan for the year	-907	-3	-246	-88	-1,244	-858	-2	-213	-77	-1,150
Translation differences	-6	—	-2	—	-8	0	0	1	0	1
	<b>-18,105</b>	<b>-5</b>	<b>-2,184</b>	<b>-310</b>	<b>-20,604</b>	<b>-17,325</b>	<b>-7</b>	<b>-2,047</b>	<b>-238</b>	<b>-19,617</b>
<b>Impairment</b>										
At the beginning of the year	-298	—	-77	—	-375	-272	—	-74	—	-346
Divestments and disposals	28	—	1	—	29	0	—	0	—	0
Impairment for the year	—	—	—	—	—	-26	—	-3	—	-29
	<b>-270</b>	<b>—</b>	<b>-76</b>	<b>—</b>	<b>-346</b>	<b>-298</b>	<b>—</b>	<b>-77</b>	<b>—</b>	<b>-375</b>
<b>Carrying amount at the end of the period</b>	<b>8,525</b>	<b>4</b>	<b>1,520</b>	<b>201</b>	<b>10,250</b>	<b>8,861</b>	<b>2</b>	<b>1,204</b>	<b>176</b>	<b>10,243</b>

<sup>1)</sup> Reclassifications predominantly relate to capitalised work in progress, which is considered investments.

&gt; Note 15, cont.

Parent Company	2024			2023		
	Machinery	Equipment	Total Machinery and Equipment	Machinery	Equipment	Total Machinery and Equipment
<b>Cost</b>						
At the beginning of the year	26,281	3,289	29,570	25,027	2,980	28,007
Investments	328	378	706	440	262	702
Reclassifications	234	183	417	1,074	115	1,189
Divestments and disposals	-167	-115	-282	-260	-68	-328
	26,676	3,735	30,411	26,281	3,289	29,570
<b>Depreciation</b>						
At the beginning of the year	-17,202	-2,025	-19,227	-16,623	-1,870	-18,493
Reclassifications	—	-1	-1	9	-9	0
Divestments and disposals	133	109	242	252	62	314
Depreciation according to plan for the year	-890	-240	-1,130	-840	-208	-1,048
	-17,959	-2,157	-20,116	-17,202	-2,025	-19,227
<b>Impairment</b>						
At the beginning of the year	-298	-76	-374	-272	-74	-346
Divestments and disposals	28	1	29	—	1	1
Impairment for the year	—	—	—	-26	-3	-29
	-270	-75	-345	-298	-76	-374
<b>Carrying amount at the end of the period</b>	<b>8,447</b>	<b>1,503</b>	<b>9,950</b>	<b>8,781</b>	<b>1,188</b>	<b>9,969</b>

**CONSTRUCTION IN PROGRESS**

Group	2024		2023		Parent Company	2024		2023	
<b>Cost</b>									
At the beginning of the year	963	2,077			At the beginning of the year	960	2,070		
Investments	884	653			Investments	870	654		
Divestment	-15	-4			Divestments	—	—		
Reclassifications	-546	-1,763			Reclassifications	-545	-1,763		
	1,286	963				1,285	960		
<b>Impairment</b>									
At the beginning of the year	—	—			At the beginning of the year	—	—		
Divestments and disposals	—	—			Divestments and disposals	—	—		
Impairment for the year	—	—			Impairment for the year	—	—		
<b>Carrying amount at the end of the period</b>	<b>1,286</b>	<b>963</b>			<b>Carrying amount at the end of the period</b>	<b>1,285</b>	<b>960</b>		

**PRINCIPLES FOR RIGHT-OF-USE ASSETS**

Södra recognises assets and liabilities for operating leases where Södra is the lessee. Lease payments are recognised as depreciation for right-of-use assets and interest expense for lease liabilities. Deferred tax gives rise to temporary differences in relation to right-of-use assets. Refer to Note 1 for a description of deferred tax on right-of-use assets.

**INVESTMENT COMMITMENTS****Group**

In 2024, the Group entered into agreements for SEK 2,661 million (299) pertaining to future acquisitions of property, plant and equipment. Södra continuously renews leasing agreements to the extent the business deems appropriate.

**Parent Company**

In 2024, the Parent Company entered into agreements for SEK 2,661 million (282) pertaining to future acquisitions of property, plant and equipment.

## Note 16 | Biological assets

Forest assets are divided into standing timber and land assets. Standing timber is recognised as a biological asset according to IAS<sup>®</sup> 41 Agriculture. Land assets are recognised as property, plant and equipment according to IAS<sup>®</sup> 16 Property, plant and equipment.

When measuring biological assets at fair value in Sweden, a market valuation is carried out to determine the fair value of the Swedish forest holding. The market valuation means that the total forest value is based on market transactions involving forest land in the areas where Södra owns forest assets. Land assets are measured at fair value using the revaluation model in IAS<sup>®</sup> 16.31 for the Swedish holding. The change in value of land is recognised as other comprehensive income and does not affect profit or loss for the year. In the Baltics, standing timber is recognised at fair value discounted to the present value of future expected cash flows from the standing timber. The land that the forest is growing on is measured at cost.

When measuring biological assets at fair value in the Baltics, the present value of expected future cash flows before tax is estimated based on current harvest plans and estimates of forest growth, wood prices, harvesting costs and forestry costs. These future cash flows, net of costs to sell, are discounted using estimated weighted average cost of capital (WACC), based on a production cycle of 100 years. Future price and cost trends have been taken into account and provisions have been made for environmental considerations.

### PARENT COMPANY

The value of biological assets and forest land is measured in accordance with the Swedish Annual Accounts Act. This means that biological assets and forest land classified as fixed assets are measured at cost less any impairment.

### MEASUREMENT

At 31 December 2024, Södra's forest holding amounted to 137,200 hectares (134,200) of productive forest land. The volume of standing timber was 18.3 million m<sup>3</sup>fo (18.0). The total value of the forest holding was SEK 7,220 million (6,518). Of this amount, SEK 1,865 million (1,868) pertained to forest land. Of the total value of the forest holding, the Swedish holding accounted for SEK 1,049 million and the Baltic holding for SEK 6,001 million. During the year, the change in value of standing timber was SEK 631 million (394), which was recognised in profit or loss. Of this amount, change in fair value accounted for SEK 490 million (400), and translation differences for SEK 141 million (neg: 6).

The valuation in the Baltics is based on estimated harvest cycles for Södra's harvest volumes, product range and growth assumptions based on current harvest plans. Future price and cost trends have been estimated at 2 percent (2) per year and provisions have been made for environmental considerations.

The calculation of cash flow for forest assets in Estonia was discounted using a pre-tax interest rate of 6.5 percent (6.5), and in Latvia using a pre-tax interest rate of 6.4 percent (6.4). Södra believes that this interest rate should reflect the long-term cost of capital for an investment in forest assets, and not be affected by short-term adjustments to market rates. A 100-year time frame was used for discounting the value of future cash flows in the Baltics. A harvest cycle of 70 years was applied for the forest holding in the Baltics. A provision for deferred tax is calculated in accordance with IAS<sup>®</sup> 12 on the value of the biological asset in accordance with IAS<sup>®</sup> 41. Deferred tax is calculated as the difference between the carrying amount of the estates and their tax base.

The valuation in Sweden is based on all sales over the past five years in the areas where Södra owns forest assets, where the consideration derived from forest land exceeded 75 percent of the total consideration. The selection also excludes estates of less than 50 hectares, based on Södra's view that market rationality is declining. In addition, the forestry parameters must be known through prospectuses to be included in the selection. The market price calculated is based on forest land transactions over the past five years. The market price is a weighted average price that amounted to SEK 750/m<sup>3</sup>fo (830) for 2024 and forms the basis for the total average value per m<sup>3</sup>fo of Södra's forest assets in Sweden. As for standing timber, the value of land assets is based on forest land transactions over the past five years and is a bare land value. The total value of the land assets was SEK 157 million (233).

The change in value of standing timber can be divided into the following components:

Group	2024	2023
At the beginning of the year	4,650	3,976
Purchases of standing timber	74	280
Sales of standing timber	0	0
Change in fair value	490	400
Translation differences	141	-6
<b>Carrying amount at the end of the period</b>	<b>5,355</b>	<b>4,650</b>

The following sensitivity analysis shows how the value of standing timber would be affected if the key valuation parameters were attributed other values than those that form the basis of the current valuation.

Variable	Change	Change in value after tax, SEK million
Discount rate in the Baltics	± 0.25 percentage points	-266/+296
Wood price in the Baltics	±2%, real	±141
Market price per m <sup>3</sup> fo in Sweden	±2%	±18
Exchange rate fluctuation, EUR	± SEK 0.25	±134
Stand volume	0.8 million m <sup>3</sup> fo	±234



## Note 17 | Financial investments

### FINANCIAL INSTRUMENTS

A financial asset or financial liability is recognised in the consolidated statement of financial position when the company becomes party to the contractual terms of the instrument.

#### Classification

Financial assets are classified into the categories of financial assets measured at fair value through either other comprehensive income or profit or loss, and financial assets measured at amortised cost. The classification of investments in debt instruments depends on Södra's business model for managing financial assets and their contractual cash flow characteristics. The Group only reclassifies debt instruments when its business model for managing those instruments changes.

For investments in equity instruments that are not held for trading, recognition depends on whether or not the Group, on the date of acquiring the instruments, has made an irrevocable choice to recognise equity instruments at fair value through other comprehensive income.

#### Measurement

The fair value presented is based on official market quotations at the balance-sheet date as well as the generally accepted methods for unquoted financial instruments. Translation to SEK has been made at the exchange rate quoted at the balance-sheet date.

### FAIR VALUE THROUGH PROFIT OR LOSS

Assets that do not meet the conditions for recognition at amortised cost, or fair value through other comprehensive income, are measured at fair value through profit or loss.

This category has two subgroups: available-for-sale financial assets, and other financial assets, which are initially placed in this category based on Södra's business model. The latter subgroup includes shares, share index bonds and share index certificates. Management reviews the fair value of shares, share index bonds and share index certificates on a regular basis

through information in the monthly financial report. Assets in this category are regularly measured at fair value with changes in value recognised in profit or loss for the year. Interest on debt instruments, dividend income and exchange-rate effects are recognised in net profit or loss.

Group	2024	2023
<b>Non-current assets</b>		
Measured at fair value through profit or loss		
Financial investments	44	39
	<b>44</b>	<b>39</b>
<b>Current assets</b>		
Other current investments	10,168	7,316
– of which reclassified to cash and cash equivalents	–1,645	–955
	<b>8,523</b>	<b>6,361</b>

Non-current financial assets comprise unlisted shares and participations measured at cost since a reliable market value could not be determined. If objective evidence of impairment exists, this is taken into account. Södra does not intend to divest any of the financial assets in 2025.

The financial assets of commercial papers and other interest-bearing securities are measured at fair value through net profit or loss for the Group since the purpose, according to Södra's business model, is to actively sell the instruments. The fair value of these assets is based on quoted prices in an active market.

Interest-bearing securities measured at fair value through profit or loss have a fixed interest rate of between 1.35 (1.35) and 5.04 percent (3.24). The receivables have maturities of up to five years.

Parent Company	2024	2023
<b>Current financial investments</b>		
Other current investments	10,122	7,277
	<b>10,122</b>	<b>7,277</b>

## Note 18 | Non-current operating receivables

	Group		Parent Company	
	2024	2023	2024	2023
Other non-current receivables	43	53	43	53
<b>Total</b>	<b>43</b>	<b>53</b>	<b>43</b>	<b>53</b>

Parent Company	2024	2023
At the beginning of the year	53	46
Additional	–10	10
Utilised	0	–3
<b>Carrying amount at the end of the year</b>	<b>43</b>	<b>53</b>

## Note 19 | Deferred tax assets/liabilities

Deferred tax is calculated using the liability method, based on the temporary difference between the carrying amount of assets and liabilities and their tax base. Temporary differences arising on initial recognition of goodwill or on initial recognition of assets and liabilities that are not business combinations that at the time of the transaction do not affect either accounting or taxable earnings are not taken into account. Nor are temporary differences pertaining to shares in subsidiaries and associates that are not expected to be reversed in the foreseeable future taken into account. Measurement of deferred tax is based on how the underlying

assets or liabilities are expected to be capitalised or settled. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the balance-sheet date.

Deferred tax assets related to deductible temporary differences and tax loss carryforwards are recognised only to the extent it is probable they can be used in the future. The value of deferred tax assets is reduced when it is no longer considered likely they can be utilised.

For right-of-use assets and lease liabilities, deferred tax is recognised in accordance with IAS<sup>®</sup> 12. For more information, refer to Note 1.

Group	Deferred tax assets		Deferred tax liabilities		Net	
	2024	2023	2024	2023	2024	2023
Intangible assets	—	—	0	0	0	0
Property, plant and equipment	4	4	-1,531	-1,535	-1,527	-1,531
Biological assets	—	—	-498	-342	-498	-342
Inventories	—	—	16	5	16	5
Operating receivables	—	—	5	5	5	5
Current investments	—	—	-9	-8	-9	-8
Untaxed reserves	—	—	—	-41	—	-41
Provisions for pensions	—	—	-62	-25	-62	-25
Non-current provisions	—	—	13	19	13	19
Operating liabilities	—	—	0	0	0	0
<b>Deferred tax asset/liability</b>	<b>4</b>	<b>4</b>	<b>-2,066</b>	<b>-1,922</b>	<b>-2,062</b>	<b>-1,918</b>

Parent Company	Deferred tax assets		Deferred tax liabilities		Net	
	2024	2023	2024	2023	2024	2023
Property, plant and equipment	10	21	—	—	10	21
Provisions for pensions	3	2	—	—	3	2
Non-current provisions	13	19	—	—	13	19
<b>Deferred tax asset/liability</b>	<b>26</b>	<b>42</b>	<b>—</b>	<b>—</b>	<b>26</b>	<b>42</b>

Of the Group's deferred tax liabilities, SEK 1,527 million (1,541) was attributable to depreciation and amortisation in excess of plan.

## Note 20 | Inventories

Inventories are measured at the lower of cost and net realisable value. Obsolescence risk is thus taken into account. Cost is determined using the first-in, first-out (FIFO) method and comprises costs incurred in acquiring inventory assets and transporting them to their current location and condition. The cost of finished goods and work in progress includes a reasonable proportion of indirect costs based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### ELECTRICITY CERTIFICATES

In 2003, a system of electricity certificates was introduced in Sweden in order to promote the use of renewable energy sources for electricity generation. Plants involved in the system receive electricity certificates at no cost from Svenska Kraftnät (Swedish National Grid) in proportion to the certificate-entitled electricity generated. Received electricity certificates are recognised at zero cost. Stock-on-hand of allocated electricity certificates is recognised at zero value. No allocated electricity certificates have been sold on contract for future deliveries. At the balance-sheet date, inventories of allocated electricity certificates not deemed necessary to cover the Group's quota obligation had a market value of SEK 0 million (2023: 0, 2022: 0, 2021: 0)

### EMISSION PERMITS

Södra participates in the European emissions trading system, which aims to reduce emissions of the greenhouse gas carbon dioxide. The affected plants are allocated permits free of charge by the Swedish Environmental Protection Agency. Allocated permits are recognised at zero cost. Purchased permits are recognised as inventories under current assets at cost, less cumulative impairment losses, where applicable.

As long as own holding of permits covers own emission commitments, no provision in value is made for emissions liability. If emission commitments exceed own holdings of permits, a liability provision is made corresponding to the requisite number of permits measured at market value. At the balance-sheet date, the value of emission permits not deemed necessary to cover actual emissions was recognised at zero and had a market value of SEK 464 million (2023: 301, 2022: 212, 2021: 204). No permits were sold on contract for future deliveries.

	Group		Parent Company	
	2024	2023	2024	2023
Raw materials and consumables	1,754	1,142	1,547	994
Goods under production	275	318	252	298
Finished goods and goods for resale	3,126	2,505	2,535	2,126
<b>Total</b>	<b>5,155</b>	<b>3,965</b>	<b>4,334</b>	<b>3,418</b>

## Note 21 | Current operating receivables

Under IFRS<sup>®</sup> 9, the entity's overall business model and characteristics of an asset impact the classification and measurement of financial assets in the form of debt instruments, including trade receivables, loan receivables and investments in bonds. IFRS<sup>®</sup> 9 also requires that a provision for expected credit losses be recognised for receivables and other types of debt instruments. In order to recognise both the expected and actual credit losses, Södra made an impairment assessment of trade receivables and other receivables, which did not result in any material transition effect compared with the previous method of recognition and measurement.

Trade receivables are recognised less estimated expected and actual credit losses. They are measured in the amounts expected to be received. Trade receivables in foreign currency are measured at the closing rate. The value of uncertain receivables is based on individual estimates.

### Customer credit risk

The risk of customers not fulfilling their obligations, in other words payment not being received, represents a customer credit risk. Customer credit is checked using information on their financial position from various credit-rating agencies. The basic principle is that security is required for customers with a bad credit score or weak credit history. To the extent that sufficient security is not obtained, an individual assessment is carried out in accordance with the Financial Policy to determine whether delivery with the associated credit risk should go ahead. Södra estimates expected credit losses by grouping trade receivables on the basis of shared credit risk and the calculation of historical loss rate.

	Group		Parent Company	
	2024	2023	2024	2023
Current receivables from Group companies	—	—	290	455
Trade receivables	3,784	3,326	3,294	2,964
Customer contracts	0	1	—	—
Accrued revenue	0	11	0	11
Other receivables	784	763	735	679
Prepaid expenses and accrued income	205	243	200	159
<b>Total</b>	<b>4,773</b>	<b>4,344</b>	<b>4,519</b>	<b>4,268</b>

Prepaid expenses and accrued income for the Parent Company include prepaid rental charges of SEK 8 million (7), prepaid insurance premiums of SEK 17 million (15), accrued interest income of SEK 50 million (471), accrued income of SEK 6 million (6) and other prepaid expenses of SEK 118 million (85).

### CUSTOMER CREDIT RISK

Trade receivables	Group		Parent Company	
	2024	2023	2024	2023
Trade receivables gross	3,969	3,497	3,477	3,133
Provision for expected credit losses	-185	-171	-183	-169
<b>Total</b>	<b>3,784</b>	<b>3,326</b>	<b>3,294</b>	<b>2,964</b>

Analysis of the credit risk exposure in trade receivables	Group		Parent Company	
	2024	2023	2024	2023
Trade receivables that are neither overdue nor impaired	3,161	2,848	2,847	2,643
Trade receivables that are overdue				
<30 days	584	507	415	349
30-90 days	39	8	29	7
90-180 days	0	4	0	4
>180 days	185	130	186	130
<b>Total exposure to credit risk</b>	<b>3,969</b>	<b>3,497</b>	<b>3,477</b>	<b>3,133</b>
Provision for expected credit losses	-185	-171	-183	-169
<b>Trade receivables</b>	<b>3,784</b>	<b>3,326</b>	<b>3,294</b>	<b>2,964</b>

Provision for uncertain receivables	Group		Parent Company	
	2024	2023	2024	2023
At the beginning of the year	-171	-181	-169	-178
Actual credit losses	—	—	—	—
Provision for expected credit losses	-14	9	-14	9
Reversal of unutilised amount	0	1	—	—
<b>Carrying amount at the end of the year</b>	<b>-185</b>	<b>-171</b>	<b>-183</b>	<b>-169</b>

## Note 22 | Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and similar institutions, and other short-term liquid investments with original maturity of three months or less from the date of acquisition which are exposed to only an immaterial risk of value fluctuations.

	Group		Parent Company	
	2024	2023	2024	2023
Cash and bank balances	1,560	2,407	1,299	2,196
Current investments, equivalent to cash	1,645	955	1,645	955
<b>Cash and cash equivalents according to statement of cash flows</b>	<b>3,205</b>	<b>3,362</b>	<b>2,944</b>	<b>3,151</b>

## Note 23 | Equity

Södra's Articles of Association states that an AGM resolution is to precede the disbursement of contributed capital. Södra thereby classifies contributed capital as equity.

Wood purchases from members are based on market-value pricing. Dividends based on wood deliveries are classified as dividends and recognised in equity.

	Group		Parent Company	
	2024	2023	2024	2023
Paid-up contributed capital	2,538	2,307	2,538	2,307
Issued contributed capital	3,937	3,838	3,937	3,838
Other equity <sup>1)</sup>	21,328	19,938	11,031	10,510
<b>Total</b>	<b>27,803</b>	<b>26,083</b>	<b>17,506</b>	<b>16,655</b>

<sup>1)</sup> Remeasurement of biological assets, refer to Note 11 and Note 15.

Board policy provides that the Group's financial objective is to have a strong financial position that contributes to retaining the confidence of members, creditors and the market and creating a foundation for ongoing development of the business, while also generating satisfactory long-term profit. Due to the cyclical risks that the Group's business areas are exposed to, the target for the minimum equity ratio for the Group is 55 percent.

The profitability target is a return on capital employed of not less than 10 percent over a business cycle.

According to Södra's Dividend Policy, the total profit distribution is calculated on contributed capital and wood deliveries during the year (and the preceding year in some cases) and on bonus issues. Combined, the total profit distribution should comprise at least 50 percent of profit before tax over a business cycle. Dividends are to reward wood deliveries and the risk capital – in the form of capital contributed by the members. The long-term objective is to achieve a balance between the return on wood deliveries and contributed capital.

Södra has a credit agreement in the form of a club agreement, enabling Södra to borrow up to SEK 3,000 million until December 2028. The loan agreements have two Covenants – Södra's equity ratio, and the debt/equity ratio – whereby the lenders are entitled to renegotiate the loan commitment should Södra's equity ratio fall below 40 percent, or the debt/equity ratio exceed 0.7 times.

### CONTRIBUTION REPAYMENTS

In 2025, contribution repayments to members who had left the association by 31 December 2024 will amount to SEK 58 million (82).

## Note 24 | Financial risk management

Due to the international and capital-intensive nature of its operations, Södra is constantly exposed to financial risks, such as market risk, credit risk and liquidity and financing risk. There are correlations between certain risk variables. The Group's Financial Policy for handling financial risks, as adopted by the Board, provides a framework of guidelines and rules in the form of risk mandates and limits for financial activities.

Södra's financial risk management is centralised to the Treasury function in the Parent Company. This enables economies of scale and synergy effects. The overall objective is to provide cost-effective financing and liquidity management, while minimising the negative effects of market risks on consolidated profit. The financial risks are continuously measured and compliance with the Financial Policy is monitored. The key aspects of financial risk management within the Group are described below.

### MARKET RISK

Market risk entails the risk that the fair value of, or future cash flow from, a financial instrument will change due to fluctuating market prices. The risk comprises foreign exchange risk, interest risk and other price risks. The market risks that primarily affect the Group are foreign exchange risk and raw material price risk.

### Foreign exchange risk

Södra is exposed to different types of foreign exchange risk. The primary exposure arises from the Group's sales and purchases in foreign currencies. These foreign exchange risks consist partly of the risk of fluctuations in the value of financial instruments and trade receivables and payables,

and partly of foreign exchange risk in anticipated or contracted payment flows (transaction exposure).

There is also risk in translation of the assets and liabilities of foreign subsidiaries to the presentation currency of the Group (translation exposure). The Group is also exposed to foreign exchange risk in terms of investments in foreign currency (financial exposure).

Consolidated income includes positive exchange-rate changes of SEK 218 million (neg: 32) in operating profit, and a negative change of SEK 5 million (pos: 44) in net financial items.

### Transaction exposure

A substantial part of revenue is related to customers outside Sweden and most of the company's products are invoiced in local currency or USD. Input goods are largely imported in foreign currency. These factors mean that changing foreign exchange rates have a major impact on Södra. To manage Södra's net transaction exposure, forecast currency flows can be hedged with currency derivatives. As in the prior year, none of these exposures were hedged at year-end.

Currency exposure is hedged in accordance with the Financial Policy. Temporarily attractive levels or specific factors can make it desirable to deviate from the hedging norms. The hedging interval determines the risk mandate that Södra Treasury has to follow for deviations from hedging norms. The currency hedging component of pulp hedges is included in the overall currency risk mandate. Under the policy, standardised forward contracts, currency swaps and acquired foreign exchange options may be used for hedging purposes. Hedge accounting is used when the demands for this are met.

> Note 24, cont.

**TRANSACTION EXPOSURES AT 31 DECEMBER 2024  
(PER MAJOR CURRENCY)**

Currency	2025				2026			
	Forecast net influx	Hedges	%	Average rate	Forecast net influx	Hedges	%	Average rate
USD <sup>1)</sup>	1,208	—	—	—	1,263	—	—	—
EUR	87	—	—	—	39	—	—	—
GBP	98	—	—	—	102	—	—	—
<b>Total</b>								

<sup>1)</sup> The currency hedging component of pulp price hedges is included in forecast net influxes; there are no pulp price hedges for 2025–2026.

**TRANSACTION EXPOSURES AT 31 DECEMBER 2023  
(PER MAJOR CURRENCY)**

Currency	2024				2025			
	Forecast net influx	Hedges	%	Average rate	Forecast net influx	Hedges	%	Average rate
USD <sup>1)</sup>	1,032	—	—	—	976	—	—	—
EUR	157	—	—	—	263	—	—	—
GBP	140	—	—	—	147	—	—	—
<b>Total</b>								

<sup>1)</sup> The currency hedging component of pulp price hedges is included in forecast net influxes; there are no pulp price hedges for 2024–2025.

### TRANSLATION EXPOSURE

Translation exposure refers to the net value in foreign subsidiaries. The basic principle is to not currency hedge this exposure. The most significant translation exposures pertain to equity and excess returns in the following local currencies: EUR 344 million (608), NOK 54 million (64), GBP 7 million (23) and DKK 57 million (70). Currency swaps equivalent to EUR 22 million (25) were signed to hedge some of the Group's translation exposure in EUR. The currency swaps are contracted using the SEK 200 million (333) loan from the Nordic Investment Bank as the interest rate benchmark. The aim of the hedges is to reduce the effects of a changed EUR/SEK exchange rate, where a stronger SEK would have a negative impact on consolidated equity, which is offset by contracted currency swaps. These effects are recognised in other comprehensive income until the asset and the currency swap are settled. The strategy for this currency hedging is to reduce the risk of material translation effects. The time-to-maturity of the currency swap is 2026 for the loan with Nordic Investment Bank, and repayment commenced in 2019.

#### NET INVESTMENT IN FOREIGN OPERATIONS

	2024	2023
Currency swap and bank loan EUR	-22	-25
Hedged net investment in foreign operations (EUR)	696	518
Hedge ratio	1:32	1:21
Changes in the value of currency swap	-3	11
Changes in value of the hedged item to determine effectiveness	426	236
Weighted average of forward rates, EUR/SEK	10.33	10.33
Closing rate EUR/SEK	11.46	11.10

#### Interest risk

Interest risk represents the negative changes in market value that can arise with interest fluctuations in the yield curve (market rates for different terms). According to the Financial Policy, the difference in fixed rates for asset and liability management may not exceed nine months. At 31 December 2024, the fixed-rate term of the financial liability was three months (three). The fixed-rate term is an average where the frequency of interest-rate reset matches the interest rate of the financial liability. The interest rate for member deposits is adjusted on a regular basis following a decision by the President taking into account the Riksbank's benchmark interest rate. For other loans, the interest rate is adjusted with the change in STIBOR for each contracted fixed-rate period, except when fixed rates have been contracted.

Trading with fixed-rate instruments is permitted under the Financial Policy. At 31 December 2024, no specific interest rate hedges had been entered into. At 31 December 2024, Södra had positive net debt of SEK 1,513 million (SEK 845 million). Based on a general decrease of 1 percentage

point in market rates on net debt, consolidated profit would be negatively impacted by SEK 15 million.

The Financial Policy specifies how the interest-rate risk on the Group's interest-bearing investments must be limited by allocating investments across a mix of fixed-rate periods. The basic idea is that the maturity structure of subscribed fixed-income instruments is to counter forecast cash flow fluctuations. At 31 December 2024, the fixed-rate term for interest-bearing investments was 3 months (3).

#### Price risk

Price risk pertains to the change in price of products or input goods and the subsequent effect on profit.

#### Pulp price risk

Pulp price risk is the risk of the average price received for pulp being less than the expected price. To reduce pulp price risk, Södra Treasury can trade in quoted pulp forward contracts, forward contracts or swap contracts on the OTC market. Södra hedges pulp price risk in two ways: hedging of cash flow risk from the future sale of Södra's pulp, and hedging of fair value risk in fixed price customer contracts.

Cash flow risk from the future sale of own production of pulp arises through cyclical variations in pulp price, expressed in foreign currency, which, in conjunction with variations in exchange rates, can mean the pulp price that Södra receives measured in SEK is less than the pulp price expected by the Group in the long term. The main strategy is to be restrictive with this kind of hedge and no hedges were in place at year-end.

Fair value risk arises when Södra, through the value-added service PulpServices Hedging, utilises its financial competence in the field of pulp price risk, and offers pulp supplies to buyers at a fixed price. To ensure the fixed prices contracted with customers will not deviate negatively from the prevailing market prices at the time of delivery, the fixed price contract is swapped to a variable price. Fixed price contracts may be signed for not more than 50 percent of the total delivery volume to individual customers. The contract period may not exceed 24 months. Business cycles, market price level, demand for fixed price contracts and the potential to sign swap contracts on acceptable terms are factors that, over time, affect current hedging levels.

#### PULP PRICE DERIVATIVES

31 December 2024	2025	2026
Fair value hedges, ktonnes	— 0%	— 0%

31 December 2023	2024	2025
Fair value hedges, ktonnes	— 0%	— 0%

> Note 24, cont.

### Electricity price risk

Södra has business areas with both excess and deficit electricity. Södra Wood is at risk of sharp price hikes for purchased electricity, leading to lower margins and a weaker competitive position. For Södra Cell, a net seller of electricity, the effect will be the opposite Södra as a whole is also a net seller of electricity.

Södra's hedging strategy favours continuous management through delivery against spot electricity market prices rather than continuous price hedging.

There is no electricity price hedging for 2025 onwards.

### Oil price risk

Most purchases are related to the spot market for each oil-related product. Since these markets are volatile, there is a risk of undesirable earnings fluctuations. Buying and selling oil-related products in financial markets enables Södra to limit this risk. The permitted hedging instruments consist of forward contracts and options.

Oil-related products that may be hedged are diesel, fuel oil and Brent crude. Hedging may be done for an 18-month period with the following purchasing volumes for each six-month period: 0–6 months 0–75 percent, 7–12 months 0–50 percent and 13–18 months 0–25 percent. Because of Södra's total energy exposure, consolidated profit is positively correlated with energy prices.

There is no oil price hedging for 2025 onwards.

### Share price risk

Under certain conditions, Södra has opportunities for positive exposure to shares or share-based products. Södra is exposed to price risk through its holding of shares, share index certificates, share index bonds and share funds (refer to Note 17 Financial investments).

## CREDIT RISK

### Financial credit risk

Södra's financial transactions create exposure to credit risk relative to financial counterparties. The Financial Policy specifies that transactions should only be undertaken with parties that have good credit ratings and that are subject to continuous review. To further limit counterparty risk, ISDA contracts (netting contracts) have been taken out with several banks.

At 31 December 2024, the Södra Group's counterparty exposure totalled SEK 11,728 million (9,723). At 31 December, all counterparties were within the parameters set in Södra's Financial Policy with regard to limits, durations and rating requirements.

### Credit risk in trade receivables

The risk of customers not fulfilling their obligations, in other words payment not being received, represents a customer credit risk. Customer credit is checked using information on their financial position from various credit-rating agencies. The basic principle is that security is required for customers with a bad credit score or weak credit history. To the extent that sufficient security is not obtained, an individual assessment is carried out in accordance with the Financial Policy to determine whether delivery with the associated credit risk should go ahead. Södra estimates expected credit losses by grouping trade receivables on the basis of shared credit risk and the calculation of historical loss rate. Customer credit risk is described in more detail in Note 18 Non-current operating receivables and Note 21 Current operating receivables.

### Maximum credit risk

Södra's financial assets with credit risk exposure are grouped as follows:

FINANCIAL ASSETS BY CATEGORY	2024	2023
Trade receivables that are not overdue	3,161	2,848
Trade receivables that are overdue	808	649
<b>Trade receivables gross</b>	<b>3,969</b>	<b>3,497</b>
Current investments	8,523	6,361
Cash and cash equivalents	3,205	3,362
<b>Total financial investments</b>	<b>11,728</b>	<b>9,723</b>
Customer contracts	–	1
Accrued revenue	–	11
Other operating receivables	783	763
<b>Total other receivables</b>	<b>783</b>	<b>775</b>
<b>Maximum credit risk exposure</b>	<b>16,480</b>	<b>13,995</b>

Refer to Note 21, Current operating receivables and information about a loan loss provision of SEK 185 million (neg: 171) in trade receivables.

## LIQUIDITY AND FINANCING RISK

Liquidity and financing risk is the risk of the Group having problems fulfilling its obligations associated with financial liabilities. Corporate financial planning, which comprises all Group entities, is used to identify and counter liquidity risks and minimise corporate financing costs. The objective is for the Group to be able to meet its financial commitments in positive and negative business cycles without substantial unforeseen costs. Group policy is to minimise its borrowing requirements by using surplus liquidity in the Group in cash pools. Liquidity risks are managed on a central basis by Södra Treasury for the Group as a whole. The liquidity reserve, which consists of loan commitments and the company's cash and cash equivalents, is to represent at least 20 percent of forecast rolling 12-month revenue.

Liquid assets are mainly invested in current interest-bearing securities. Investments can also be made in highly liquid assets that are negotiable within three days.

To cover future financing requirements, Södra aims to have account credits, loan limits or other binding loan commitments that guarantee access to liquidity in the coming two-year period.

A substantial part of loan financing consists of loans from members through member accounts and payment plans. Södra has a credit agreement in the form of a club agreement, enabling Södra to borrow up to SEK 3,000 million until December 2029. The loan agreement has two covenants – Södra's equity ratio, and the debt/equity ratio – whereby the lenders are entitled to renegotiate the loan commitment should Södra's equity ratio fall below 40 percent, or the debt/equity ratio exceed 0.7 times. The debt/equity ratio was –0.1 (0.0). The loan commitment was unutilised at the balance-sheet date.

The covenants also apply to the loan of SEK 200 million from the Nordic Investment Bank. The interest rate is based on the six-month STIBOR rate plus a fixed surcharge. On the balance-sheet date, the liquidity reserve totalled SEK 14,728 million (12,723), corresponding to 50 percent (44) of consolidated annual sales. All loan commitments were unutilised at the balance-sheet date.

&gt; Note 24, cont.

**MATURITY STRUCTURE CURRENT INVESTMENTS**

	Maturity						Total	
	Within 1 year		1–5 years		More than 5 years			
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Financial investments</b>								
Quoted shares	139	141	—	—	—	—	139	141
Certificates	8,384	6,220	—	—	—	—	8,384	6,220
<b>Total</b>	<b>8,523</b>	<b>6,361</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8,523</b>	<b>6,361</b>

Interest-bearing investments amounted to SEK 8,384 million (6,220), of which 100 percent (100) have a maturity of up to one year, 0 percent (0) between one and five years and 0 percent (0) of longer than five years. Quoted shares have no fixed maturity date. Historical statistics indicate that they are current over a business cycle.

**MATURITY STRUCTURE FINANCIAL LIABILITIES  
– UNDISCOUNTED CASH FLOWS**

Financial liabilities	Interest rate <sup>1)</sup>	Currency	Maturity						Total	
			Within 1 year		1–5 years		More than 5 years			
			2024	2023	2024	2023	2024	2023	2024	2023
Borrowings		SEK	14	—	67	216	—	—	81	216
Loans from members										
Liquidity accounts	2.75% (3.30)	SEK	40	22	—	—	—	—	40	22
Payment plans	2.75% (3.75)	SEK	2,169	911	976	871	—	167	3,145	1,949
Member accounts <sup>2)</sup>	2.75% (3.30)	SEK	6,857	6,644	—	—	—	—	6,857	6,644
Fixed-rate account	2.00% (3.75)	SEK	24	40	7	15	—	—	31	55
Trade creditors			2,748	1,593	—	—	—	—	2,748	1,593
Negative derivatives			16	11	—	14	—	—	16	25
Lease liabilities			108	98	144	127	—	—	252	225
Other liabilities			140	138	6	—	—	—	146	138
<b>Total</b>			<b>12,116</b>	<b>9,457</b>	<b>1,200</b>	<b>1,243</b>	<b>—</b>	<b>167</b>	<b>13,316</b>	<b>10,867</b>

<sup>1)</sup> Relates to applicable interest rate at the balance-sheet date.

<sup>2)</sup> Fall due on request. Historical statistics indicate that they are non-current over a business cycle.

**SENSITIVITY ANALYSIS**

Södra is subject to major earnings fluctuations. Several of the Group's businesses are highly cyclical, and currency-dependent. However, it is primarily the upswings and downswings in the pulp market that give rise to earnings fluctuations at Group level.

Södra Skog's earnings are particularly sensitive to changing price margins in the wood trade and acquired volumes. Sawmill earnings are mainly affected by changes in the sawn timber price, sawlog cost and wood chip price. For Södra Cell, changes in pulp prices, currency, volume and fibre costs have the greatest impact. The table shows the effect on earnings had the values been higher or lower than the actual outcome. (Pertains to 12-month profit based on average conditions during the financial year.)

When calculating the earnings effect, the effects of the specified changes on hedging instruments for currencies and pulp prices have been taken into account. The effects that would have been realised during the year, and the unrealised effects that would have arisen by year-end, are taken into account in the specified earnings effect.

The table shows individual sensitivity for each variable. In reality, the change in one variable often affects other variables, but with a certain time delay. For example, a strengthening or weakening of a currency could affect the market price. There is no simple rule of thumb for calculating a "net income effect" since the relationships are complicated, and vary depending on market conditions and other factors.

Variable	Change	Effect on 12-month profit, SEK million
USD/SEK	SEK ±0.5	672
Pulp price	SEK ±300/tonne	545
Fibre cost for the pulp mills	SEK ±25/m <sup>3</sup> sub	225
Pulp production	±50,000 tonnes	177
Sawn timber price	SEK ±50/m <sup>3</sup>	94
Sawlog cost for sawmills	SEK ±25/m <sup>3</sup> sub	88
Sawn timber production	±50,000 m <sup>3</sup>	35
Total salary cost	±3%	97

**PROFIT EFFECT OF CHANGE IN CLOSING RATE**

Variable	Change	Profit effect, SEK million
Trade receivables	USD SEK ±0.5	86
	EUR SEK ±0.5	36
	GBP SEK ±0.5	0
Trade creditors	USD SEK ±0.5	0
	EUR SEK ±0.5	17
	GBP SEK ±0.5	0

The effect on equity corresponds to the effect on profit.

## Note 25 | Interest-bearing financial liabilities

Non-derivative financial instruments are initially measured at cost corresponding to the fair value of the instrument, plus transaction costs.

A financial liability, or part thereof, is derecognised from the consolidated statement of financial position when the contractual obligations are fulfilled or otherwise extinguished.

A financial asset and financial liability are offset and the net amount presented in the consolidated statement of financial position only when there is a legally enforceable right to set off the amount, combined with an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Group	Maturity						Total	
	Within 1 year		1-5 years		More than 5 years		2024	2023
	2024	2023	2024	2023	2024	2023		
Liabilities to credit institutions	133	133	67	200	—	—	200	333
Loans from members <sup>1)</sup>	9,229	7,391	466	831	59	100	9,754	8,322
<b>Total</b>	<b>9,362</b>	<b>7,524</b>	<b>533</b>	<b>1,031</b>	<b>59</b>	<b>100</b>	<b>9,954</b>	<b>8,655</b>

Parent Company	Maturity						Total	
	Within 1 year		1-5 years		More than 5 years		2024	2023
	2024	2023	2024	2023	2024	2023		
Liabilities to credit institutions	133	133	67	200	—	—	200	333
Loans from members <sup>1)</sup>	9,229	7,391	466	831	59	100	9,754	8,322
<b>Total</b>	<b>9,362</b>	<b>7,524</b>	<b>533</b>	<b>1,031</b>	<b>59</b>	<b>100</b>	<b>9,954</b>	<b>8,655</b>

<sup>1)</sup> Historical statistics indicate that they are non-current over a business cycle.

	Group		Parent Company	
	2024	2023	2024	2023
At the beginning of the year	8,655	6,896	8,655	6,896
Member deposits	9,216	11,128	9,216	11,128
Repayment of loans	-133	-133	-133	-133
Member deposits paid	-7,784	-9,236	-7,784	-9,236
<b>Carrying amount at the end of the period</b>	<b>9,954</b>	<b>8,655</b>	<b>9,954</b>	<b>8,655</b>

## Note 26 | Interest-bearing operating liabilities

For lease accounting principles, refer to Note 15 Property, plant and equipment.

Group	Within 1 year		1-5 years		More than 5 years		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Leases	116	98	133	125	2	—	251	223
<b>Total</b>	<b>116</b>	<b>98</b>	<b>133</b>	<b>125</b>	<b>2</b>	<b>—</b>	<b>251</b>	<b>223</b>

Lease liabilities recognised at 1 January 2024	223
New loans	145
Repayment of loans	-122
Translation differences	5
<b>Carrying amount at the end of the period</b>	<b>251</b>



## Note 27 | Pensions

Within the Group, there are a number of defined-contribution plans as well as defined-benefit pension plans.

### Defined-contribution pension plans

Defined-contribution pension plans are classified as pension plans under which the company's obligation is limited to the contributions the company has committed to pay. Under such plans, the size of an employee pension is based on the contributions the company pays to the plan or an insurance company and the capital yield generated by the contributions. Consequently, it is the employee who bears the actuarial risk (that the payment will be lower than expected) and the investment risk (that the investment assets will be inadequate to provide the expected benefits). The company's obligation to make payments to the defined-contribution plans is recognised as an expense in net profit or loss at the rate they are earned through services provided by the employees over a period. Pension obligations secured through endowment policies are recognised net in the Group.

### Defined-benefit pension plans

The Group's net obligation in terms of defined-benefit pension plans is calculated separately for each plan by estimating the future benefit that employees have earned in current and previous periods. This benefit is discounted to a present value. The discount rate is the interest on the balance-sheet date on a mortgage bond with a duration equivalent to the Group's pension obligations. The calculation is made by a qualified actuary using the Projected Unit Credit Method. The fair value of any plan assets is also calculated at the report date.

Actuarial gains and losses are recognised as revenue or expense in other comprehensive income.

In the consolidated statement of financial position, the carrying amount for pensions and similar obligations represents the present value of the obligation at the end of the financial year, less the fair value of plan assets.

When the calculation leads to an asset for the Group, the carrying amount of the asset is limited to the net of unrecognised costs for service in earlier periods and the present value of future repayments from the plan or reduced future payments to the plan. When benefits in a plan are improved, the share of the increase in benefit attributable to past service is recognised as an expense in the consolidated statement of comprehensive income and allocated straight-line over the average period until the benefit is fully earned. If the benefit is fully earned, the total expense is recognised directly in net profit or loss.

When there is a difference between how pension costs are determined in a legal entity and Group, a provision or asset for special employer's contribution is recognised based on this difference. The provision or asset is not calculated at present value.

The net of the interest on pension liabilities and expected return on the associated plan assets is recognised in net financial items. Other components are recognised in operating profit or loss.

The value of pension obligations for defined-benefit pension plans is based on actuarial calculations based on assumptions of discount interest, future salary increases, inflation and demographic circumstances. These assumptions are normally updated on an annual basis. Changes in these assumptions affect the amount of the recognised pension liability and recognised equity in the Group.

Most salaried employees in Sweden and almost all employees in Germany are covered by defined-benefit pension plans. Most other employees are covered by defined-contribution pension plans. The pension plans mainly cover retirement pension and, for some categories, disability and family pension.

### DEFINED-BENEFIT PENSION PLANS

Benefit-based pension obligations are primarily secured through a pension foundation with assets separate from Södra, but also through provisions in the consolidated statement of financial position. The Södra Pension Foundation of 2003 secures most of the Parent Company's and other Group obligations in Sweden. The Board of the Pension Foundation is responsible for management of the Foundation's plan assets. The Foundation's required return is 2.9 percent in real terms and this should match the liability trend of the pension obligations. Södra's defined-benefit pension obligations and plan assets in the Pension Foundation are regulated by the Swedish Act on Safeguarding of Pension Commitments.

Pension obligations in Sweden are also credit-insured in the Swedish pension guarantee mutual insurance company, PRI Pensionsgaranti.

Defined-benefit plans expose Södra to various types of risk, attributable to increased lifetime expectancy, inflation and salary increases. The plan assets are impacted by changes in value, particularly in the stock market.

The ITP 2 plan, which constitutes the vast majority of reported defined-benefit plans, is a defined-benefit pension plan in which the benefit is based on the employee's final salary. ITP 2 is the pension plan used for employees born in 1978 or earlier. The retirement pension is 10 percent of salaries below 7.5 income base amounts, 65 percent between 7.5 and 20 income base amounts and 32.5 percent between 20 and 30 income base amounts.

### DEFINED-CONTRIBUTION PENSION PLANS

Pension obligations for defined-contribution plans are paid as insurance premiums. The size of the premium is based on the salary.

The total cost of Södra pension obligations is presented below.

#### PENSION COST

Group	2024	2023
<b>Defined-benefit plans</b>		
Pension costs accrued during the year	19	11
Net interest	-3	-8
<b>Cost of defined-benefit plans in profit for the year</b>	<b>16</b>	<b>3</b>
Cost of defined-contribution plans	221	201
Special employer's contribution recognised in legal entity	66	76
<b>Pension cost in profit for the year</b>	<b>293</b>	<b>280</b>
Remeasurement recognised in other comprehensive income	-135	143
<b>Pension cost in comprehensive income for the year</b>	<b>158</b>	<b>423</b>
Costs in the following line items are included in profit for the year:		
Employee expenses	298	288
Net financial items	-5	-8
<b>Cost recognised in profit for the year</b>	<b>293</b>	<b>278</b>
Other comprehensive income	-135	143
<b>Pension cost recognised in comprehensive income for the year</b>	<b>158</b>	<b>423</b>

#### RETURN ON PLAN ASSETS

Group	2024	2023
Actual return on plan assets	159	131
Interest income on plan assets	-50	-56
<b>Actuarial result for plan assets during the period</b>	<b>109</b>	<b>75</b>

&gt; Note 27, cont.

**OBLIGATIONS AND PLAN ASSETS FOR THE DEFINED-BENEFIT PLANS**

Group	2024	2023
Defined-benefit plans and value of plan assets Fully or partially funded obligations		
Present value of defined-benefit obligations	1,370	1,395
Fair value of plan assets	-1,692	-1,533
<b>Fully or partially funded obligations, net</b>	<b>-322</b>	<b>-138</b>
Present value of unfunded defined-benefit obligations	25	25
<b>Net (surplus - / obligations +) before adjustments</b>	<b>-297</b>	<b>-113</b>
Net amount is presented in the consolidated statement of financial position under the heading:		
Surplus in funded pension plans (asset) - / Provision for pensions (liability) +	-297	-113
<b>Net amount in Consolidated statement of financial position (surplus - / obligations +)</b>	<b>-297</b>	<b>-113</b>
Net amount is allocated between plans in the following countries:		
Sweden	-322	-138
Germany	25	25
<b>Net amount in Consolidated statement of financial position (surplus - / obligations +)</b>	<b>-297</b>	<b>-113</b>

**NET AMOUNT IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	2024	2023
Net liability in consolidated statement of financial position at the beginning of the period	-113	-197
<b>Cost of defined-benefit plans</b>		
Net cost recognised in profit for the year	16	3
Payment of benefits	-66	-64
Actuarial gains and losses recognised in Other comprehensive income	-135	143
Exchange-rate difference	1	1
<b>Net amount in Consolidated statement of financial position at end of period (surplus - / obligation +)</b>	<b>-297</b>	<b>-113</b>

**PRESENT VALUE OF DEFINED-BENEFIT OBLIGATIONS**

Group	2024	2023
At the beginning of the year	1,419	1,204
Service expenses	19	11
Payment of benefits	-66	-64
Interest expense	47	49
Actuarial gains and losses <sup>1)</sup>	-25	219
Exchange rate differences	1	1
<b>Carrying amount at the end of the period</b>	<b>1,395</b>	<b>1,420</b>

<sup>1)</sup> Of which change in demographic assumptions accounted for SEK 0 million (neg: 13), financial for negative SEK 12 million (neg: 582), experience-based for SEK 13 million (79) and special employer's contribution for negative SEK 26 million (neg: 84).

**FAIR VALUE OF PLAN ASSETS**

Group	2024	2023
At the beginning of the year	1,533	1,401
Expected return on plan assets	50	56
Difference between expected and actual return	109	76
<b>Carrying amount at the end of the period</b>	<b>1,692</b>	<b>1,533</b>

**FAIR VALUE OF PLAN ASSETS**

Group	2024	2023
Equity instruments	729	669
Hedge funds and bonds	354	219
Other interest-bearing securities	434	426
Properties	33	33
Cash and cash equivalents	142	186
<b>Carrying amount at the end of the period</b>	<b>1,692</b>	<b>1,533</b>

Equity instruments plus hedge funds and bonds comprise the asset classes with prices quoted primarily in active markets.

The tables below comprises the Swedish liability, which accounts for 98 percent of the recognised pension liability.

**ACTUARIAL ASSUMPTIONS**

The following significant actuarial assumptions have been applied in calculations (weighted average values).

Group	2024	2023
Discount rate	3.5%	3.25%
Inflation	1.8%	1.60%
Employee turnover	3.5%	3.5%

Assumptions of life expectancy are based on official statistics and experience from mortality surveys in each country, and are set in consultation with actuarial expertise.

DUS23 is applied for the Swedish pension plans.

**SENSITIVITY ANALYSIS OF THE PENSION OBLIGATION**

Assumption	Change	Change in liabilities SEK million
Discount rate	±0.5%	+138/-123
Inflation	±0.5%	-100/+109
Life expectancy	±1 year	-65/+65

The sensitivity analysis is performed by changing one actuarial assumption, while other assumptions remain unchanged. This is a simplified method, since the other actuarial assumptions are usually correlated. The method shows the sensitivity of the pension obligation to the change of a single assumption. The duration is 15 years (15). The expected pension payments in the forthcoming year amount to SEK 64 million (62).

**PENSION LIABILITIES PER CATEGORY OF PERSON**

	2024		2023	
	Women	Men	Women	Men
Active	179	374	184	380
Disability pensioners	3	2	3	4
Leavers	340	579	331	595
Retirees	305	1,018	315	1,031
<b>Total</b>	<b>827</b>	<b>1,973</b>	<b>833</b>	<b>2,010</b>
<b>Total commitments comprised by the obligation</b>	<b>2,800</b>		<b>2,843</b>	

**PENSION EXPENSES**

Parent Company	2024	2023
Pension system run by Södra		
Cost for pensions accrued	0	0
Payment of benefits	63	62
Operating costs and credit insurance	0	1
Cost for pensions run by Södra excluding tax	63	63
Pensions through insurance		
Insurance premiums or equivalent	192	192
Special employer's contribution	65	76
<b>Recognised net cost pertaining to pensions</b>	<b>320</b>	<b>331</b>

**PROVISIONS FOR PENSIONS**

Parent Company	2024	2023
Net present value of pension obligations*	1,299	1,234
Less plan assets in Pension Foundation	-1,288	-1,223
<b>Total</b>	<b>11</b>	<b>11</b>
Pension obligations secured through endowment insurance recognised under financial assets	-11	-11
Net	-	-
* Of which PRI pensions ITP 2	1,187	1,108
* Credit insured via PRI Pensionsgaranti	1,288	1,223

Where plan assets exceed pension liabilities, the excess amount is not recognised. In 2024, the unrecognised surplus in the Pension Foundation was SEK 404 million (310).

> Note 27, cont.

#### CHANGES IN NET LIABILITY

Parent Company	2024	2023
At the beginning of the year	11	11
Cost recognised in profit or loss for pensions run by Södra excluding taxes	63	62
Pension payments	-63	-62
<b>Carrying amount at the end of the period</b>	<b>11</b>	<b>11</b>

In 2024, anticipated pension payments amounted to SEK 66 million (64).

#### FAIR VALUE OF PLAN ASSETS

Parent Company	2024	2023
Equity instruments	729	669
Hedge funds and bonds	354	219
Other interest-bearing securities	434	426
Properties	33	33
Cash and cash equivalents	142	186
<b>Value of plan assets</b>	<b>1,692</b>	<b>1,533</b>
Surplus value	-404	-310
<b>Carrying amount at the end of the period</b>	<b>1,289</b>	<b>1,223</b>

#### ASSUMPTIONS FOR DEFINED-BENEFIT OBLIGATIONS

Parent Company	2024	2023
ITP plan according to PRI grounds		
Discount rate	2.9%	2.9%

#### PARENT COMPANY

##### Defined-benefit plans

The Parent Company uses another basis for calculating defined-benefit plans than that specified in IAS<sup>®</sup> 19. The Parent Company follows the regulations of the Pension Obligations Vesting Act and the Financial Supervisory Authority as required for tax deductibility. The key differences compared with the rules in IAS<sup>®</sup> 19 relate to how discount interest is determined, that calculation of the obligations of the defined-benefit plan are based on current salary level without regard to future salary increases, and that all actuarial profits and losses are recognised in profit or loss when they arise.

## Note 28 | Provisions

A provision is recognised in the Consolidated statement of financial position when a legal or informal obligation arises as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are made based on the best estimate of the amount required to settle the obligation on the balance-sheet date. When the effect of the timing of the payment is important, provisions are estimated by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money.

Group 2024	Restructuring reserve	Other provisions	Total
At the beginning of the year	—	579	579
Provisions made during the period	—	62	62
Utilised amount during the year	—	-83	-83
<b>Carrying amount at the end of the year</b>	—	<b>558</b>	<b>558</b>
of which non-current provisions	—	527	527
of which current provision, refer to Note 30	—	31	31

### OTHER PROVISIONS

Provision has been made for future environmental remediation in amounts deemed reasonable, based on the information available.

Given Södra's extensive business operations, it is unavoidable that

Parent Company 2024	Restructuring reserve	Other provisions	Total
At the beginning of the year	—	574	574
Provisions made during the period	—	62	62
Utilised amount during the year	—	-78	-78
<b>Carrying amount at the end of the year</b>	—	<b>558</b>	<b>558</b>
of which non-current provisions	—	527	527
of which current provision, refer to Note 30	—	31	31

### OTHER PROVISIONS

Other provisions described above also pertain to the Parent Company.

### TERMINATION BENEFITS

An expense for benefits on termination of employees is only recognised if the company is demonstrably committed to a detailed formal plan, without realistic possibility of withdrawal, for terminating employment before the normal date. When benefits are paid as an offer to encourage voluntary redundancy, an expense is recognised if it is probable the offer will be accepted and the number of employees that will accept the offer can be reliably estimated.

Group 2023	Restructuring reserve	Other provisions	Total
At the beginning of the year	—	541	541
Provisions made during the period	—	54	54
Utilised amount during the year	—	-16	-16
<b>Carrying amount at the end of the year</b>	—	<b>579</b>	<b>579</b>
of which non-current provisions	—	540	540
of which current provision, refer to Note 30	—	39	39

certain disputes arise. Provisions have been made in the financial statements in amounts deemed reasonable.

Provisions for guarantee and warranty commitments have been made in amounts deemed reasonable, based on experience.

Parent Company 2023	Restructuring reserve	Other provisions	Total
At the beginning of the year	—	529	529
Provisions made during the period	—	54	54
Utilised amount during the year	—	-9	-9
<b>Carrying amount at the end of the year</b>	—	<b>574</b>	<b>574</b>
of which non-current provisions	—	540	540
of which current provision, refer to Note 30	—	34	34

## Note 29 | Other non-current operating liabilities

The fair value of currency derivatives is based on quoted prices.

Group	2024	2023
Derivatives	5	13
<b>Total</b>	<b>5</b>	<b>13</b>

## Note 30 | Other current operating liabilities and provisions

The fair value of currency derivatives is based on quoted prices. Fair value of pulp price derivatives is based on the valuation of the intermediary credit institution, and fairness is tested by discounting estimated future

cash flows and based on the market rate for similar instruments at the balance-sheet date. Cash flows are based on the best judgements of management.

	Group		Parent Company	
	2024	2023	2024	2023
Trade creditors	2,748	1,593	2,692	1,498
Value-added tax liability	65	40	1	—
Current provisions	65	39	63	34
Advances from customers	23	23	23	24
Derivatives	16	11	—	—
Current liabilities from Group companies	—	—	319	257
Other operating liabilities	200	209	179	179
Accrued expenses and prepaid income	1,258	1,096	1,113	993
<b>Total</b>	<b>4,375</b>	<b>3,011</b>	<b>4,390</b>	<b>2,985</b>

## Parent Company Notes

### Note 31 | Appropriations

Parent Company	2024	2023
Change in tax allocation reserve		
– releases for the year	0	700
– provisions for the year	200	—
Change in provisions in excess of plan		
– machinery and equipment	70	10
Group contributions received	11	228
Group contributions paid	0	–139
<b>Total</b>	<b>281</b>	<b>799</b>

Group contributions paid and received are recognised as appropriations.

## Note 32 | Group companies

### SPECIFICATION OF PARENT COMPANY'S HOLDINGS OF SHARES AND PARTICIPATIONS IN GROUP COMPANIES

	Corp. ID no.	No.	%	Carrying amount	
				2024	2023
<b>Operational</b>					
Södra Cell GmbH	164312351	50	100%	0	0
Sodra Cell USA Inc	87-1923567	1,000	100%	0	0
Sodra Forest Latvia SIA	41203019726	106,025,646	100%	3,082	3,082
SIA Fragaria	41203019711	16,784,658	100%		
SIA Myrtilus	41203020212	82,212,308	100%		
SIA Zilupe mezs	40003655631	3,274,785	100%		
SIA Granmark	40103897578	3,000	100%		
Alfredsson Latvia SIA	40003814052	100	100%		
SIA Ruda	40003383543	2,377,823	100%	250	250
Sodra International Trading (Shanghai) Co Ltd	0034266114005	200,000	100%	0	0
Södra mark & hus AB	556536-7520	5,000	100%	5	5
Södra Medlemsel AB	556070-5724	50,000	100%	6	6
Södra Forest Estonia OÜ	10944021	400	100%	231	231
Sodra Mezs SIA	50003871841	310,000	100%	181	181
Södra Silva Holding AB	559164-5816	1,000	100%	216	216
Södra Skogsägarna TH Holding AB	556552-6810	5,000	100%	0	0
Södra Tofte AS	914,134,994	100	100%	34	34
Sodra USA Inc	47-5601859	1,000	100%	0	0
Södra Wood AB	2571610-1	100	100%	113	113
Södra Wood A/S	73496314	2	100%	33	33
Södra Wood GmbH	208934	1	100%	0	0
Sodra Wood Ltd	1789912	1	100%	225	225
Sodra Wood Ireland	635053	1	100%	0	0
Södra Ädla AB	559351-1701	250	100%	100	100
<b>Non-operational</b>				9	9
<b>Total</b>				<b>4,485</b>	<b>4,485</b>

The shares in Södra Mark Holding were divested during the year.

### SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Parent Company	2024	2023
<b>Cost</b>		
At the beginning of the year	4,485	4,480
Acquisitions, incl. shareholders' contributions	—	5
<b>Carrying amount at the end of the period</b>	<b>4,485</b>	<b>4,485</b>

## Note 33 | Other non-current investments

In the Parent Company, financial assets are measured at cost less any impairment, and current assets according to the lowest value principle. The cost of interest-bearing instruments is adjusted for the accrued difference between the original price paid, less transaction costs, and the amount due on maturity (premium and discount, respectively).

Parent Company	2024	2023
<b>Cost</b>		
At the beginning of the year	73	73
	73	73
<b>Impairment</b>		
At the beginning of the year	-42	-42
Impairment for the year	4	—
	-38	-42
<b>Carrying amount at the end of the year</b>	<b>35</b>	<b>31</b>

## Note 34 | Receivables from Group companies

### INTEREST-BEARING RECEIVABLES FROM GROUP COMPANIES

Parent Company	2024	2023
<b>Cost</b>		
At the beginning of the year	258	234
Additional items	93	48
Deductible items	-30	-24
<b>Carrying amount at the end of the period</b>	<b>321</b>	<b>258</b>

### OPERATING RECEIVABLES FROM GROUP COMPANIES

Parent Company	2024	2023
<b>Cost</b>		
At the beginning of the year	455	573
Additional items	30	115
Deductible items	-195	-233
<b>Carrying amount at the end of the period</b>	<b>290</b>	<b>455</b>

### TRANSACTIONS ELIMINATED ON CONSOLIDATION

Intra-Group receivables and liabilities, revenue or expenses and unrealised gains or losses in transactions between Group companies are eliminated in their entirety when the consolidated financial statements are prepared.

Unrealised profits in transactions with associates are eliminated to the extent they represent the Group's ownership in the company. Unrealised losses are eliminated in the same way as unrealised gains.

## Note 35 | Untaxed reserves

Parent Company	2024	2023
Tax allocation reserves	0	200
Accumulated depreciation and amortisation in excess of plan		
– machinery and equipment	7,367	7,437
<b>Total</b>	<b>7,367</b>	<b>7,637</b>

Deferred tax in the above untaxed reserves amounted to SEK 1,518 million (1,573), which is not recognised on the Parent Company's balance sheet.

## Note 36 | Interest-bearing liabilities from Group companies

Parent Company	Maturity						Total	
	Within 1 year		1-5 years		More than 5 years		2024	2023
	2024	2023	2024	2023	2024	2023		
Group account – liabilities	572	810	–	–	–	–	572	810

Parent Company	Maturity						Total	
	Within 1 year		1-5 years		More than 5 years		2024	2023
	2024	2023	2024	2023	2024	2023		
Liabilities to Group companies	–	–	–	–	8	7	8	7

## Other information

### Note 37 | Pledged assets

	Group		Parent Company	
	2024	2023	2024	2023
Pledged assets for own liabilities and provisions	–	–	–	–
Other pledged collateral and securities				
Financial assets <sup>1)</sup>	11	11	11	11
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>

<sup>1)</sup> Endowment policies, see Note 27.

## Note 38 | Contingent liabilities

	Group		Parent Company	
	2024	2023	2024	2023
Other contingent liabilities	51	47	51	50
<b>Total</b>	<b>51</b>	<b>47</b>	<b>51</b>	<b>50</b>

### GROUP

#### Restoration obligations

The future closure of part or parts of the operation could lead to a requirement for decontamination or other restoration work. This work is considered to be in the distant future and any expenses cannot be reliably calculated. No provision for expenses has been made.

Provision has been made for future environmental remediation in amounts deemed reasonable, based on the information available.

Future remediation measures are dependent on several unknown variables and therefore difficult to estimate. Accordingly, it is not possible to rule out whether the Group will be charged with additional costs for such measures in the future.

### Disputes

In the scope of Södra's operations, differences of opinion arise between companies within the Södra Group and various counterparties with regard to the size of compensation, results achieved, lines of responsibility, etc. Most of these differences can be solved on a commercial basis, while some will be subject to arbitration or court proceedings. Provisions have been made in the financial statements in amounts deemed reasonable.

### PARENT COMPANY

Contingent liabilities described above also relate to the Parent Company.

## Note 39 | Related parties

The Parent Company is deemed a related party in relation to its subsidiaries and associates, as presented in Note 32 Group companies and Note 8 Shares in associates.

Of the Parent Company's total purchases and sales denominated in SEK million, 2 percent (1) of purchases and 7 percent (6) of sales pertained to other Group companies.

Through its representation on the Boards of the Södra Pension Foundation in 2003 and the Södra Foundation for Research, Development and Education, the Parent Company is considered a related party to these foundations. Through their right to participate in decisions affecting the Parent Company's strategies, its Board members have a significant influence over the Parent Company and are thus considered related parties.

A Board member who is also a member of Södra plays an active role in the business operations through their business relationship with the company and, from time to time, has significant financial dealings with the company. An economic association is intended to promote the economic interests of its members through financial operations in which the members participate. Accordingly, purchases and sales of goods and services during the financial year have occurred between the Parent Company and individual Board members who are members of the association. Similarly, individual Board members participate in the financing of the association through their contributions. These transactions occurred in accordance with the association's purpose, whereby the association's pricing and other conditions applied.

Group	Sale of goods/services to related parties	Purchase of goods/services from related parties	Other (interest, dividends)	Receivables from related parties 31 December	Liabilities to related parties 31 December
<b>Associates</b>					
2024	100	1	12	—	—
2023	473	485	25	72	15
<b>Parent Company</b>					
<b>Subsidiaries</b>					
2024	1,852	598	2	290	319
2023	1,660	297	116	573	235
<b>Associates</b>					
2024	100	1	12	—	—
2023	473	485	25	72	15

For information about salaries, agreements for redundancy payments, and so forth for employees in senior positions, refer to Note 5 Employee expenses. Other information relating to transactions between Group companies is presented in Note 38 Contingent liabilities.

## Note 40 | Statement of cash flows

	Group		Parent Company	
	2024	2023	2024	2023
<b>Financial items</b>				
Interest received during the year	406	338	427	403
Interest paid during the year	-288	-236	-321	-264
Dividends received during the year	7	25	33	130
Capital gains	59	22	25	5
Capital losses	-13	-28	-12	-7
<b>Parent Company</b>				
Unsettled Group contributions	—	—	35	-50

## Note 41 | Events after the balance-sheet date

No significant events occurred after the balance-sheet date.



## Proposed appropriation of profits

The Board proposes that the profits at the disposal of the AGM, an amount of SEK 9,617,155,255, be appropriated as follows:

The total dividend on wood deliveries as set out below amounts to SEK 978,992,725. The dividend is calculated on the value of members' wood deliveries from 1 January 2024 to 31 December 2024 and on all ranges, excluding sold standing forest.

Dividend to members of SEK 130/m <sup>3</sup> sub for standard saw logs, totalling	SEK 351,303,550
Dividend to members of SEK 75/m <sup>3</sup> sub of pulpwood, totalling	SEK 297,660,075
Dividend to members of 12 percent of the value of other wood deliveries, totalling	SEK 330,029,100
Dividend to members of 10 percent of contributed capital (paid-up and issued), totalling	SEK 647,572,440
To members' contribution capital accounts through a bonus issue	SEK 126,916,225
The bonus issue represents 5 percent of available paid-up contributed capital at 31 December 2024	
Amount carried forward	SEK 7,863,673,865

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**SEK 9,617,155,255**

As a basis for its profit appropriation proposal, the Board has evaluated the consolidation needs, liquidity and financial position of the Parent Company and the Group, pursuant to Chapter 12, Section 4 of the Swedish Economic Associations Act. In making this evaluation, the Board has considered all known circumstance that could be significant for the financial position of the Parent Company and the Group. The proposed appropriation of profits does not limit the Group's ability to invest or need for liquidity, and the Board's assessment is that the proposed appropriation of profits is well-balanced and justifiable taking into account the requirements that the nature, scope and risks of the business place on the amount of equity, and in view of the consolidation needs, liquidity and financial position of the Parent Company and the Group.

The consolidated accounts and annual report have been prepared in accordance with International Financial Reporting Standards as referred to in Regulation No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles in Sweden and provides a true and fair view of the position and performance of the Group and the Parent Company.

The Directors' Report for the Parent Company and the Group provides a true and fair view of the development of the operations, position and performance of the Parent Company and Group and describes significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Växjö, 12 February 2025

Magnus Hall  
*Chair*

Paul Christensson  
*Vice Chair*

Kristina Alsér  
*Board member*

Teddy Hedlund  
*Employee representative*

Hannele Arvonen  
*Board member*

Hans Berggren  
*Board member*

Pål Börjesson  
*Board member*

Pontus Johansson  
*Employee representative*

Mikaela Johnsson  
*Board member*

Ann-Sofi Petersson  
*Employee representative*

Carina Olson  
*Board member*

Håkan Larsson  
*Board member*

Lotta Lyrå  
*President and CEO*

Our audit report was submitted on 12 February 2025

Erik Bergh  
*Authorised Public Accountants*  
PricewaterhouseCoopers AB

Madeleine Edberg

Katarina Johnsson

*Member Representative Auditors*

Roger Johansson

# Auditor's report

To the general meeting of Södra Skogsägarna ekonomisk förening, corporate identity number 729500-3789

## Report on the annual accounts and consolidated accounts

### OPINIONS

We have audited the annual accounts and consolidated accounts of Södra Skogsägarna ekonomisk förening for the year 2024, except for the statutory sustainability report on pages 100–136. The annual accounts and consolidated accounts of the association are included on pages 37–95 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 parent association as of 31 December 2024 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 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS<sup>®</sup>), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 100–136. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting adopts the income statement and balance sheet for the parent association and the group.

### BASIS FOR OPINIONS

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Authorised public accountants' section and in the Member representative auditors' section. We are independent of the parent association 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.

### OUR AUDIT APPROACH

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## 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.

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### KEY AUDIT MATTER

### HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

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#### **Valuation and reporting of intangible assets, property, plant and equipment and biological assets (refer to the group's accounting principles in Note 7 and in Notes 14–16)**

In the consolidated statement of financial position as at 31 December 2024, intangible assets, property, plant and equipment & biological assets total MSEK 22,411 and MSEK 14,794 in the parent association's balance sheet. The valuation and reporting of property, plant and equipment comprised a Key Audit Matter in our audit due to the significance of the amounts in relation to the group's and parent association's financial position, and in consideration of the complexity of the investment projects within the industry.

The group's and parent association's investments in intangible assets, property, plant and equipment & biological assets during the financial year amounted to MSEK 1,801, respective MSEK 1,668. The group has established processes for its investment decision-making. A number of executed investments involve both several sub-projects, as well as a delineation between items to be reported in the balance sheet, respective those to be seen to comprise reparation and maintenance costs.

The starting point of the valuation of intangible assets and property, plant and equipment takes into consideration any possible impairment requirements. In the case there are indications of a write-down requirement, the book values are tested against the assets' calculated recoverable amount. A write-down is reported when an asset's reported value is consistently in excess of its recoverable amount. The recoverable amount is determined through a calculation of the value in use for the respective cash-generating units and is comprised of the present value of future cash flows for the unit. The calculation of the recoverable amount involves a number of assumptions and judgements, amongst others, as regards the discount factor applied and as regards future cash flows. No need for write-downs have been identified in relation to intangible and tangible fixed assets.

In terms of biological assets, the valuation aims at establishing a market value in accordance with prevailing regulations. The valuations of the Swedish holdings are based on observed market prices in the region where the forest assets are placed.

In our audit, we have evaluated the association's processes for managing and controlling investments from the point of the Board decision through to implementation and commissioning. Based on randomly selected samples, we have reviewed capitalized amounts against the established criteria for capitalization versus expensing. In addition, we have examined the disclosures provided in the Notes to the annual financial statements to ensure that they reflect the principles applied by the association in determining investment projects.

As regards impairment testing for intangible and tangible fixed assets, we have evaluated the association's calculation models and reasonability of adopted assumptions. We have examined the process for identifying cash-generating units against established criteria and have compared this with the association's follow-up of the operations in order verify that these agree. We have also assessed whether the disclosures presented in the annual financial statements provide a true and fair view of the association's work with impairment testing.

In terms of the valuation of biological assets and forest land, we have evaluated the models used by the association when calculating the values and based on randomly selected samples reviewed the transactions which forms the basis for the calculated market value. Further, we have reviewed the accounting resulting from the model and the disclosures in connection with this.

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#### **Transactions with the association's members (refer to Note 23)**

During financial year 2024, the group and parent association undertook a large number of repetitive transactions with members in the form of the purchase of timber from the members and as regards the sale of forestry services. In addition, the parent association undertook a large number of transactions with members referring to contributed capital, contribution accounts and dividends and final price adjustments on delivered timber. Transactions with the association's members are significant to the operations and it is important that these transactions take place in accordance with the Board's and senior members of management's adopted guidelines and according to the allocation principles adopted by the annual general meeting.

In our audit, we have evaluated the system and processes for handling transactions with the association's members. Furthermore, we have executed a reconciliation of dividends and final price adjustments on the delivery of timber paid to members based on the applied allocation grounds and on the resolutions by the annual general meeting of the association. We have also audited the framework for the purchase of timber from members and the sale of forestry services to members and how these are applied in the operations through sample testing in connection with testing of revenue and expenses.

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### 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 1–35 and 100–160. Other information does not comprise the annual accounts, except from the statutory sustainability report, and the auditor's report. The Board of Directors and the Managing Director 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 MANAGING DIRECTOR

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 Managing Director intends to liquidate the association, 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 association's financial reporting process.

### AUTHORISED PUBLIC ACCOUNTANTS' 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, the auditor exercises professional judgment and maintains professional skepticism throughout the audit. The auditor also:

- » Identifies and assesses the risks of material misstatement in the annual accounts and consolidated accounts, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the 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.

- » Obtains an understanding of the company's internal control relevant to the 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.
- » Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and, where applicable, the Managing Director.
- » Concludes on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. The auditor also draws 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 the auditor concludes that a material uncertainty exists, the latter is required to draw attention in the auditor's report to the
  - » related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify the opinion about the annual accounts and consolidated accounts. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- » Evaluates 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.
- » Obtains 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. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the opinions.

The auditor must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. The auditor must also inform the Board of Directors of significant audit findings during the audit, including any significant deficiencies in internal control that the auditor identified.

The auditor also has to provide the Board of Directors with a statement that the auditor has complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the auditor determines 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 that are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

### MEMBER REPRESENTATIVE AUDITORS' RESPONSIBILITY

Our objectives is to perform an audit in accordance with Auditing Act and consequently in accordance with generally accepted auditing standards in Sweden. Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and that the annual accounts and consolidated accounts fairly present the financial performance and financial position of the association and group.

## Report on other legal and regulatory requirements

### 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 Managing Director of Södra Skogsägarna ekonomisk förening for the year 2024 and the proposed appropriations of the association's profit or loss.

We recommend to the general meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director 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 association 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 MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the association'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 association's and the group's type of operations, size and risks place on the size of the parent association's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the association's organization and the administration of the association's affairs. This includes among other things continuous assessment of the association's and the group's financial situation and ensuring that the association's organization is designed so that the accounting, management of assets and the association's financial affairs otherwise are controlled in a reassuring manner. The Managing Director 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 association'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 Managing Director in any material respect:

- » has undertaken any action or been guilty of any omission which can give rise to liability to the association, or
- » in any other way has acted in contravention of the Co-operative Societies' Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the association'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 Co-operative Societies' 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 association, or that the proposed appropriations of the association's profit or loss are not in accordance with the Co-operative Societies' Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the association'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 association'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 association's profit or loss we examined whether the proposal is in accordance with the Co-operative Societies' Act.

Växjö, 12 February 2025

Erik Bergh  
Authorised Public Accountant

Katarina Johnsson  
Member Representative Auditor

Madeleine Edberg  
Authorised Public Accountant

Roger Johansson  
Member Representative Auditor

# Sustainability

Sustainability is integrated with the Group-wide strategy, where we connect forest owners with customers and consumers in five key areas. We focus our efforts on the material sustainability topics, where our ability to affect the economy, the environment and people is greatest. Prioritised areas with long-term targets are a zero accident vision, more women in senior positions, promotion of biodiversity, a higher rate of forest growth, increased positive climate effect and reduced greenhouse gas (GHG) emissions.

## People and culture at the centre

By focusing on people and culture at the centre, we are creating Södra's future together. We shall offer a safe, secure and caring workplace with a zero accident vision. We want to be a learning organisation with curiosity about the future and an ability to adapt to, and drive, change. The commitment of our employees is key to our success as an attractive and responsible employer. We are working in several ways to break down traditional cultural barriers by increasing diversity, equity and inclusion. We create both direct and indirect employment, and help to build vibrant rural areas.

## Strengthened family forestry and profitability for forest estates

Strengthened family forestry and profitability for forest estates lay the foundation for us to continue running a sustainable business. Better offers, services and meetings, as well as increased opportunities for knowledge and learning for members of Södra are also crucial for the achievement of our targets, including a zero accident vision, the promotion of biodiversity and a higher rate of forest growth.

## Leading offer for our customers and consumers

The forest raw material is delivered from members' forests and processed in our mills. Through existing products and new innovations, we are meeting the growing demand for sustainable products with a low carbon footprint in the growing circular bioeconomy. The significance of certifications and labelling is increasing.

## Optimised value chain from forest owner to customer and consumer

Södra serves as the bridge between forest estates and consumers. We prioritise sustainability across our entire value chain, in every aspect of our business operations, and in our social engagement. Economic, environmental and social sustainability have equal significance. The fact that we demand responsibility from our employees and suppliers is therefore natural and obvious. We develop our sustainability practices in partnership with our suppliers and customers through in-depth dialogue and cooperation. Our sustainability efforts also extend to the local community and its development.

## Sustainable use of the forest and earth's resources

Sustainable forestry is natural for members of Södra. There is a desire to hand over a forest with even more value than it has today to future generations – not only financial value, but also natural, cultural and social values. This requires a balance between higher forest growth, not harvesting more than forest growth over time, and preserving and developing biodiversity, and the cultural and social values of forests. Climate change is the greatest challenge of our time. While our products are part of the solution to this challenge, we will still need to adapt our forestry and industrial operations to the changing climate. Reducing the GHG emissions in our value chain and transitioning to net zero are high on the agenda. By optimising the way we use our resources, we are reducing our own environmental impact and creating demand for alternatives to fossil-based products. Continued development of circular value chains is important.

Read more about the Group-wide strategy on pages 14–25.

# Södra and the 2030 Agenda

Although we are well-positioned to contribute to several of the Sustainable Development Goals (SDGs) under the 2030 Agenda, we also have a negative impact. Our work has the greatest effect on seven of the goals. We are working continuously to integrate the SDGs across our entire operations. This requires an understanding of what we must do to reduce the risk of negative impacts and what we must scale-up to increase our positive contributions to the achievement of the goals. Södra's own targets are well-aligned with the 2030 Agenda.

## HIGHER LEVEL OF IMPACT

- 7 Sustainable energy for all
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 15 Life on land

## LOWER LEVEL OF IMPACT

- 3 Good health and well-being
- 5 Equal opportunity
- 6 Clean water and sanitation
- 10 Reduced inequalities
- 14 Life below water
- 16 Peace, justice and strong institutions
- 17 Partnerships for the goals



## INDIRECT IMPACT

- 1 No poverty
- 2 Zero hunger
- 4 Quality education

The figures refer to the number of the SDG in the 2030 Agenda.

## THE UN SUSTAINABLE DEVELOPMENT GOALS

## IMPACT AND CONTRIBUTION

	<b>AFFORDABLE AND CLEAN ENERGY</b>	<ul style="list-style-type: none"> <li>+ Deliveries of bio-based energy (electricity, district heating, solid biofuels) and liquid bioproducts (tall oil, biomethanol), p. 120.</li> <li>+ Systematic efforts to reduce electricity and heating consumption, pp. 129–131.</li> <li>– Energy-intensive industrial processes and transportation, pp. 129–131.</li> </ul>
	<b>DECENT WORK AND ECONOMIC GROWTH</b>	<ul style="list-style-type: none"> <li>+ Zero accident vision – a focus on preventive measures, p. 116.</li> <li>+ Supplier risk assessment and audit with a focus on working conditions, etc. pp. 121–122.</li> <li>+ Continued investments and focus on innovation to strengthen Sweden's forest industry position, pp. 20–21, 28, 31–34.</li> <li>– Health and safety risks in the workplace and supply chain, pp. 116, 122.</li> </ul>
	<b>INDUSTRY, INNOVATION AND INFRASTRUCTURE</b>	<ul style="list-style-type: none"> <li>+ Effective use of wood raw material, p. 129.</li> <li>+ Production of new, sustainable products and services for a bio-based society, pp. 20–21, 27–28, 30–35.</li> <li>+ Collaborative business development and innovation, pp. 20–21, 31–35.</li> </ul>
	<b>SUSTAINABLE CITIES AND COMMUNITIES</b>	<ul style="list-style-type: none"> <li>+ Development of timber building systems, p. 32.</li> <li>+ Access to outdoor recreation, and consideration for the cultural and social values of forests, p. 125.</li> <li>– Risk of negative impact on urban forests, pp. 110–111, 123–125.</li> </ul>
	<b>RESPONSIBLE CONSUMPTION AND PRODUCTION</b>	<ul style="list-style-type: none"> <li>+ Systematic efforts to reduce emissions to air and water from industrial activities, p. 132.</li> <li>+ New applications for Södra's products, pp. 20–21, 31–35.</li> <li>– Risk of negative environmental impact of emissions to air and water from industrial activities, p. 132.</li> </ul>
	<b>CLIMATE ACTION</b>	<ul style="list-style-type: none"> <li>+ Long and short-term initiatives to reduce GHG emissions in the value chain, p. 127.</li> <li>+ Forest-based products with a low climate impact are used to replace products with a higher climate impact, p. 126.</li> <li>+ Initiatives to increase forest growth, p. 125.</li> <li>– Industrial production and transportation using fossil fuels, pp. 130–131.</li> </ul>
	<b>LIFE ON LAND</b>	<ul style="list-style-type: none"> <li>+ Sustainable forestry – balance between production and environmental considerations, pp. 123–125.</li> <li>+ Nature conservation measures and areas set aside to promote biodiversity, pp. 123–124.</li> <li>– Risk of negative impacts on ecosystems and biodiversity, pp. 110–111, 123–125.</li> </ul>

# About Södra's Sustainability Report

Södra Skogsägarna ekonomisk förening has prepared this report in accordance with the Global Reporting Initiative (GRI) Standards for the period of 1 January 2024 to 31 December 2024. Södra uses the calendar year as its financial year. Södra's Sustainability Report is part of the Group's Annual and Sustainability Report for 2024, which was published in February 2025. The Sustainability Report has been reviewed by auditors on behalf of the Board of Södra Skogsägarna ekonomisk förening.

## Scope and content of the Sustainability Report

The Sustainability Report covers Södra Skogsägarna ekonomisk förening and its subsidiaries (refer to Note 32 for a summary of the Group companies included). Associates are not included, refer to Note 8, with the exception of other indirect GHG emissions (Scope 3, Category 15, Investments). Acquisitions, divestments and closures are included in the Sustainability Report from their respective date of acquisition, divestment or closure. The comparative figures have not been restated. During the year, the industrial structure of the Wood business area was changed. The units in Åtvidaberg and Ramkvilla were closed down, parts of the unit in Torsås were closed down and the remainder will be divested. The unit in Klevshult was redeveloped for planing and the sawmill section was closed down. Four peat bogs were divested in the Skog business area. These changes had no material impact on Södra's Sustainability Report. Södra mainly conducts operations in Sweden. From a sustainability perspective, the Swedish operations are most relevant due to their scope and their nature. Disclosures related to employees, anti-corruption and anti-competitive behaviour are generally reported for the Parent Company and its subsidiaries with employees, with any exceptions specified in each table or diagram. The number of employees was calculated at 31 December 2024. The supplier assessment covers Södra's suppliers, but not sub-contractors (suppliers' suppliers). Refer to the specific scope in the Suppliers section on page 122. Disclosures related to other material sustainability topics are reported for operations involved in production. The impact of other activities is considered zero or negligible. For calculation principles, refer to pages 113–115.

## Changes and restatement of information compared with previous reports

Changes compared with previous reports have been made to the reporting principles for supplier review and GHG emissions.

- » Previously, business development appraisals were included in the key indicator for environmental and social screenings of suppliers. As of 2024, business development appraisals have not been included in the key indicator, but a supplier assessment in the form of a self-assessment of low-risk suppliers is included. Comparative figures have not been restated.
- » Previously, GHG emissions for business travel were calculated on the basis of driven/travelled distance, calorific values and emission factors. As of 2024, emission figures obtained directly from travel providers are also used. Comparative figures have not been restated.
- » As of 2024, emissions from hotel nights are included in business travel. Comparative figures have not been restated.

The data for previous years have been restated. The reasons for these restatements include errors in the reported data and calculations. All restatements are minor and have no material impact on Södra's sustainability reporting.

- » Subcontracted personnel has been restated for 2023.
- » The percentage of certified products has been restated for 2022 and 2023.
- » The harvest rate has been restated for 2023.
- » The climate effect has been restated for 2023.
- » Net change in forest carbon stock in members' forests has been restated for 2023 in relation to both the long-term trend and net change calculated as the difference between the two most recently available five-year averages for the growing stock.
- » Fossil emissions in the value chain have been restated for 2023.
- » The proportion of GHG emissions from the processing of sold products from customers who have set their own science-based targets have been restated for 2023.
- » Emissions of biogenic carbon dioxide have been restated for 2023.
- » Fuel consumption has been restated for 2023.
- » Energy consumption in and outside Södra has been restated for 2023.
- » The number of exceedances of guideline values in environmental permits has been restated for 2023.



## Material sustainability topics

To identify Södra’s most material sustainability topics, a materiality assessment is carried out on a regular basis to identify the most significant impacts on the economy, environment and people, including human rights. The assessment forms the basis for sustainability management and the content of the Sustainability Report. The materiality assessment reported was conducted in 2022. The material sustainability topics for 2024, including boundaries, are set out in the table below and there are no changes compared with 2023. The name of Södra’s own disclosure *Training in non-discrimination policies* has been changed to *Training in diversity, equity and inclusion*. No material sustainability topics have been placed directly under the strategic key area of *Strengthened family forestry and profitability for forest estates*. This area focuses on better offers, services and meetings, and more opportunities for knowledge and learning for members of Södra. It is crucial for the achievement of our targets, including a zero accident vision, the promotion of biodiversity and a higher rate of forest growth.

In the materiality assessment in 2022, Södra’s value chain, activities and business relationships were mapped. Several different stakeholders were interviewed and Södra’s actual and potential positive and negative impacts were identified by assessing internal and external information. The impact was evaluated and prioritised quantitatively. The significance of positive impact was assessed on the basis of scale and magnitude. The significance of negative impact was assessed on the basis of severity – a combination of scale, scope and remediability. The potential impact also accounted for probability.

Material sustainability topics were identified by engaging with internal and external sustainability experts. Validation was carried out by the sustainability management team and the HR function.

In 2024, Södra continued to work with a possible voluntary implementation of the Corporate Sustainability Reporting Directive (CSRD) based on how the Directive has been incorporated into the Swedish Annual Accounts Act. Refer to page 139 for more information. A double materiality assessment was performed in three steps: analysis (current situation, benchmark and value chain), engagement with stakeholders and identification of impacts, risks and opportunities. The aim was to identify the sustainability topics that are material for Södra based on their impact on the environment or people and/or their financial impact on Södra.

## Reporting

Södra’s material sustainability topics are presented in the GRI Content Index on pages 134–136. The connection between Södra’s material sustainability topics and selected GRI standards is presented in the table below. Södra’s own standards and disclosures for material sustainability topics that do not correspond to a GRI Standard are defined on page 105. The GRI Reporting Principles for defining report content (stakeholder inclusiveness, sustainability context, materiality and completeness) have determined the scope and content of this Sustainability Report.

## Events after the close of the period

No significant events occurred after the end of the reporting period.

MATERIAL SUSTAINABILITY TOPICS	VALUE CHAIN PLAYERS	GRI STANDARD/OWN STANDARD
<b>People and culture at the centre</b>		
<b>Diversity, equity and inclusion</b>		
Diversity, equity and inclusion	Södra, suppliers	GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination
<b>Health and safety</b>		
Health and safety	Södra, suppliers	GRI 403: Health and safety
<b>Values-driven leadership and competence supply</b>		
Competence supply	Södra, suppliers, customers, society	GRI 404: Training and education
Jobs	Södra, suppliers	GRI 401: Employment
Organisational culture and values	Södra	Own: Organisational culture and values
<b>Leading offer for our customers and consumers</b>		
<b>New and sustainable offers</b>		
Sustainable products	Södra, customers, society	Own: Forest certification and certified products
<b>Optimised value chain from forest owner to customer and consumer</b>		
Business conduct and anti-corruption	Södra, suppliers, customers, society	GRI 205: Anti-corruption GRI 206: Anti-competitive behaviour
Responsible value chain	Södra, suppliers, customers, society	GRI 308: Supplier environmental assessment GRI 414: Supplier social assessment
<b>Sustainable use of the forest and earth’s resources</b>		
<b>Biodiversity</b>		
Biodiversity	Södra, suppliers, customers, society	GRI 304: Biodiversity
<b>Climate-adapted forests with high growth</b>		
Forest growth	Södra, suppliers	Own: Forest growth
Sustainable harvest rate	Södra	Own: Sustainable harvest rate
<b>Climate neutrality and circularity</b>		
Climate effect	Södra, suppliers, customers, society	GRI 201: Economic performance Own: Climate effect
Emissions to air, land and water	Södra, suppliers	GRI 303: Water and effluents GRI 305: Emissions
Energy	Södra, suppliers, society	GRI 302: Energy
GHG emissions	Södra, suppliers, customers, society	GRI 305: Emissions
Materials	Södra	GRI 301: Materials
Waste	Södra, suppliers, customers, society	GRI 306: Waste
Water	Södra, suppliers, customers, society	GRI 303: Water and effluents
<b>Positive social impact</b>		
The social values of forests	Södra, society	Own: The social values of forests

## Value chain players



### Cooperation for sustainable development

Södra contributes to sustainable development through membership and involvement in various initiatives and organisations, and in research collaborations with universities and colleges.

- » Södra has committed to working actively with the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption.
- » Södra’s emissions reduction targets for 2030 have been validated by the Science Based Targets initiative.
- » Södra is a member of Fossil Free Sweden, the f3 Innovation Cluster for Sustainable Biofuels, the Closer collaboration platform for increased transport efficiency and an accelerator in the Combient network, which is focused on the reduction of Scope 3 emissions.
- » Södra is represented on the Swedish Boards of both PEFC and FSC®.
- » Södra is a member of Business@Biodiversity Sweden, a sustainability network with a focus on biodiversity for large corporations.
- » Södra is one of the initiators of a global standard for biocredits in production landscapes in the Swedish Biocredit Alliance.
- » Södra is a member of the Responsible Shipping Initiative (RSI), which aims to promote working conditions, health and the environmental performance of vessels operating in the Baltic and North Sea.
- » Södra became a member of Diversity Charter Sweden, the world’s largest diversity and inclusion network.

In addition to these memberships and engagements, Södra also plays an active role in several national and international organisations that are focused on issues relevant to Södra. These include the Federation of Swedish Farmers (LRF), the Forestry Research Institute of Sweden, Swedish Wood, the Swedish Forest Industries Federation, Recycling Industries, TEKO, the Energy Research Institute of Sweden, Svebio, Bioenergy Europe and the Swedish Institute for Standards.

### Stakeholder dialogue

Södra’s stakeholders contribute to the Group’s development. The stakeholders were identified through a structured analysis and prioritisation. The stakeholders with the greatest impact on, and that are most impacted by Södra’s activities and the decisions that Södra makes are customers, owners/members, employees, business partners and a number of social stakeholders. Ongoing stakeholder dialogue takes place in various forms, and with varying frequency, throughout the year. Refer to the table below.

One example of collaboration with stakeholders during the year was a wetlands project together with the Swedish Society for Nature Conservation in Östergötland-Jönköping. The aim of the project is to spread knowledge about the rewetting of drained peatland and find landowners who want to implement rewetting measures.



### Dialogue with Södra’s stakeholders

Stakeholder group	Stakeholder dialogue 2024	Key topics from stakeholders	How Södra handles the topics
Customers	- Customer contacts (meetings, surveys) - Research and development projects - Knowledge building and partnerships	- Product performance (quality, safety, price, development) - Traceability - Business ethics - Profitability - Sustainable forestry - Climate change and environmental impact - Working conditions and human rights - New legislation	- Process and product development - Innovation - Sustainability partnerships with selected customers - Management systems - Certifications and labelling - Policies, Code of Conduct and Supplier Code - Targets and key indicators - Annual and Sustainability Report
Owners/Members	- Annual General Meeting, Administrative Council meetings, district council meetings, member meetings, member surveys, owner dialogue	- Profitability and profit distribution - Social impact and opinion - Market for wood raw material - Forestry services - Business ethics - Sustainable forestry - Climate change and environmental impact - Working conditions and human rights - New legislation	- Targets and key indicators - Business policy activities - Research and development - Development of service offers (forestry services, forest certification) - Policies, Code of Conduct and Supplier Code - Management systems - Annual and Sustainability Report
Employees	- Regular dialogue - Performance appraisals - Employee surveys - Unionisation	- Working conditions and human rights - Personal development - Sustainable forestry - Climate change and environmental impact - Business ethics	- Policies, Code of Conduct and Supplier Code - Incident reporting system - Benefits - Training programmes - Management systems
Business partners	- Research and development projects - Unionisation - Monitoring compliance with Supplier Code	- Sustainability requirements in the Supplier Code - Contract terms - Profitability - Sustainable forestry - Climate change and environmental impact - Working conditions and human rights - New legislation	- Management systems - Incident reporting system - Policies, Code of Conduct and Supplier Code - Assessment and monitoring based on the Supplier Code - Forest contractor certification
Society at large (capital market, local residents, policy makers and salaried employees, public bodies, interest groups, other companies)	- Dialogue and cooperation - Research and development projects	- Sustainable business (economic, environmental and social responsibility) - Community engagement - Transparency - Industry-specific issues - New legislation	- Policies, targets, management systems, risk management - Employer - Membership and involvement in various organisations and initiatives - Environmental permits for industrial processes - Annual and Sustainability Report

# Own material sustainability topics

Not all material sustainability topics correspond to a GRI Standard. Södra has therefore elected to report a number of its own material sustainability topics with related disclosures. In some cases, Södra has supplemented some GRI Standards with its own disclosures.

## **GRI 304 Biodiversity:**

### **Promotion of biodiversity**

Södra works to preserve and promote biodiversity – a process under continuous development. The aim is that Södra will lead the way for a richer biodiversity. Key indicators for measuring the effect of measures to preserve and promote biodiversity are under development. Until further notice, this disclosure will be used to report the area on which nature conservation measures have been carried out.

## **GRI 406 Non-discrimination:**

### **Training in diversity, equity and inclusion**

Södra aims to be a welcoming workplace, where everyone contributes to health, job satisfaction and well-being. This means showing respect for each other regardless of sex, gender identity or expression, ethnicity, religion or belief, disability, sexual orientation, age or any other similar personal factors. Every employee is responsible for maintaining a workplace free from victimisation. This disclosure is used to report the proportion of Södra's employees that have completed training in Södra's approach to diversity, equity and inclusion.

## **Organisational culture and values:**

### **Employees who would recommend Södra**

Södra works strategically and systematically to attract, develop and retain the right competencies. As a forest company of the future, Södra wants to remain an attractive employer. This disclosure is used to report the eNPS (employee Net Promoter Score), which is a measure of how likely employees are to recommend Södra as a good place to work.

## **Forest certification and certified products:**

### **Certified affiliated forest area**

### **Certified products**

Forest certification is an important tool for ensuring that members manage their forests responsibly. Södra offers products of certified forest raw material. The certifications guarantee that the wood raw material is a product of

responsible forestry, and that its origin has been verified. This disclosure is used to report the percentage of affiliated forest area in Södra with forest certification and the percentage of certified products.

## **The social values of forests:**

### **Promotion of the social values of forests**

The estates owned by members of Södra have often been in the family for many generations. That creates a strong emotional tie to the forest. Forests are an important place for relaxation, recovery and recreation for their owners as well as other people. This disclosure is used to report Södra's activities to protect the social values of forests.

## **Sustainable harvest rate:**

### **Harvest rate on land owned by members**

Forests are a resource that should be used, but not overused. Harvesting should be within sustainable harvest rates. This disclosure is used to report the harvest rate in forests owned by members of Södra.

## **Forest growth:**

### **Annual rate of forest growth on members' estates**

Growing forests absorb carbon dioxide from the atmosphere through photosynthesis, and help to combat climate change. This disclosure is used to report the rate of forest growth in forests owned by members of Södra.

## **Climate effect:**

### **Positive climate effect**

The climate benefits of forests are often reduced to the fact that growing trees absorb large amounts of carbon dioxide. Substitution creates potential for climate benefits when products based on renewable forest raw material are used to replace products with a higher climate impact, such as steel, concrete, plastic and energy from fossil sources. At the same time, there are still fossil GHG emissions in the value chain. This disclosure is used to report Södra's positive climate effect.

# Governance and sustainability organisation

## Sustainability framework

Södra's values – how we act – are:

- » Feet on the ground
- » Ears to the wind
- » Eyes on the horizon

The values, combined with stated competencies for both employees and leaders, help us keep step with our ever-changing business environment. We are confident in what we as an organisation and as employees want to achieve through our vision *Rooted in the forest, we grow the future*. All employees are responsible for acting in line with the values.

Södra has six Group-wide targets. These have been set to balance taking care of each other (lower lost time accident rate), protecting members (profitability of the model forest estate), the desire to deliver a leading customer offer (customer satisfaction), securing a financially sustainable value chain (return on capital employed and equity ratio) and caring for the planet (higher positive climate effect). Prioritised areas with long-term targets are presented on pages 116–117, 123 and 125–127.

The Sustainability Policy governs and guides Södra's sustainability practices. In 2024, the Sustainability Policy was updated and comprises key strategic areas:

- » Care for people throughout the value chain
- » Responsible business
- » Sustainable use of the forest and earth's resources
- » Transparency and open dialogue

The Södra Code of Conduct and Supplier Code are also key elements of Södra's sustainability framework. Södra's policies, codes, directives and guidelines apply to everyone who works for Södra. Södra's Board renews these documents once per year. Employees and business partners are informed about these documents via the intranet and [sodra.com](https://www.sodra.com), where any major changes are also communicated.

Södra's sustainability framework is inspired by several principles and standards: The UN Global Compact, Sweden's national environmental objectives, the Swedish government's action plan for business and human rights, the Universal Declaration of Human Rights, the ILO core conventions and the OECD Guidelines for Multinational Enterprises. Södra became a signatory to the UN Global Compact in 2020. Despite not signing other external charters, principles and initiatives, Södra intends to follow them. The Paris Agreement and European Green Deal with policy initiatives for a green transition in the EU also influence the focus of the framework. Södra's sustainability targets are aligned with the UN Sustainable Development Goals. Read more on page 101. The framework is regularly reviewed to ensure its relevance.

## Sustainability organisation

During the year, Södra's Group-wide sustainability function was part of the Strategy function, led by the Director of Strategy (member of Group Senior Management). (As of 1 January 2025, the Sustainability

function will be a part of the *Strategy and Members* function and the Head of the function is a member of Group Senior Management.) At central level, the Sustainability function consists of the Director of Sustainability and three employees who are responsible for coordinating the Group's sustainability practices, driving and supporting development issues and projects, working with the Sustainability Policy and monitoring targets in prioritised areas. The management team for the Sustainability function consists of the Director of Sustainability and representatives from the business areas. The team's mission is to lead and develop Södra's sustainability practices.

Södra's entire organisation works with sustainability topics – in the business areas, as well as functions. Direct responsibility for sustainability topics is delegated within the line organisation, from the President to each Business Area President. Södra's targets are continuously monitored by Group Senior Management and followed up in detail on a half-yearly basis. Decisions are then made regarding further action.

An innovation project for the implementation of systems support for sustainability data is ongoing. The system handles Södra's direct and indirect GHG emissions from the generation of purchased energy. Implementation of the system for all of Södra's other indirect GHG emissions is ongoing. The aim of automating the collection and calculation of sustainability data is to achieve more efficient processes, higher quality data and more frequent data updates, which are essential for in-depth analyses. It should be easier to include sustainability in both decision-making and follow-ups.

During the year, a feasibility study was also initiated to explore the possibility of a shared internal platform for all sustainability information where analyses, modelling and reporting of sustainability data can be carried out to comply with internal and external requirements.

## People and culture at the centre

At Södra, every second of the day should be characterised by safety, security and taking care of each other to create a safe, healthy and secure workplace. Södra shall be a learning organisation with an inclusive culture that ensures diversity and competence supply. Our cooperative values and democratic processes strengthen the culture through commitment and influence. Our digitisation puts people at the centre and grows business and capabilities.

Södra's values – *Feet on the ground, Ears to the wind, Eyes on the horizon* – guide how we act. All employees are equal and have the same rights and obligations. Södra's policies and guidelines in social responsibility include health and safety, and diversity, equity and inclusion. The HR process is conducted coherently via a Group-wide function plan.

## Health and safety

Health and safety is a key priority for Södra with an explicit zero accident vision. The target is to create a physically, mentally, organisationally and socially sustainable workplace. All employees should feel safe and satisfied, and be able to develop in their work. Responsibility for occupational health and safety (OHS) is delegated from the President to all managers with responsibility for employees, and the process is supported by the Group-wide Health and Safety function.

Systematic OHS management is mandatory for all employers (AFS 2001:1). This means that employers are required to systematically, and together with employees and Health and Safety Officers, investigate, implement and monitor activities in a manner that prevents accidents and ill health at work, and to achieve a safe and healthy workplace. To ensure a safe and healthy workplace, Södra has a range of management systems that cover all employees. The business areas use business management systems that gather procedures and processes. The systems refer to Södra's HR portal, which contains Group-wide information, policies and guidelines for areas such as health and safety. The management systems enable planning, implementation, control, monitoring and evaluation, and are crucial to Södra's continuous improvement in workplace health and safety. All of Södra's units create their own health and safety targets based on their own focus, requirements and needs. The starting point is the Health and Safety Policy and Group-wide targets and key indicators. During the year, the policy was revised and implemented through Occupational Health and Safety Days for managers. The Cell business area holds ISO 45001 certification.

All OHS measures are implemented in collaboration between employers and employees and as close to the activities as possible, in local health and safety committees and through safety inspections. When issues are identified that could generate value for other parts of Södra, or that cannot be solved locally, they are escalated to Business Area Councils, the Group Council or the Group-wide Health and Safety Committee. In these forums, employers and union parties discuss OHS-related issues of a long-term and overall nature with the aim of developing and stimulating Södra's workplace health and safety measures.

Under the Swedish Work Environment Act (AML), Södra is responsible for coordinating health and safety in the workplace. This means that all activities that are carried out in a workplace must be coordinated and planned so that employees, subcontracted personnel, trainees and contractors are able to handle the risks that exist and arise when work is carried out in the same area or at the same time. SSG On site is an app that contains safety information for everyone who enters our industrial facilities. The app can provide information about production or traffic disruptions, for example, that may require special caution.

Contractors are always responsible for their own employees, which means they are obligated to take the measures that are required to prevent accidents and ill health. Designated people serve as links between clients and contractors to coordinate the work related to these issues. Under the Södra Supplier Code, suppliers are required to maintain a safe and secure workplace for their employees. Read more about the Supplier Code on pages 109–110.

To identify, report and control accidents, incidents, dangerous occurrences and hazards in the workplace, Södra uses the Group-wide web-based IA system (Health and Safety Information System, AFA Försäkring). Every adverse event is reported and then follows a pre-defined flow that manages both the reactive (occurred events) and proactive (such as safety inspections, risk assessments) health and safety measures. Employees and contractors are urged to report adverse events with an emphasis on risk observations. The reporting of risk observations is a component of variable remuneration for employees. The mills use a risk matrix with consequence and probability to determine the severity of the events. Events can be registered in several ways – on Södra's intranet, during safety inspections or via a mobile app. The system also provides clear action plans for different levels, enabling risk assessments. This ensures that all events are handled systematically and enables continuous improvement. Employees can suggest measures and give feedback on the measures taken. During the year, the IA system was developed to standardise the non-compliance reporting and make the statistics more comparable and usable across the operations.

During the year, Södra developed an AI chatbot called 'Jörgen' for health and safety, that can interact with people through text or voice using natural language processing and machine learning. By analysing all reported events in the IA system, Jörgen can identify, prioritise and predict risk areas for accidents and ill health. Jörgen also provides guidance, evaluates actions and sees connections across Södra that

would not otherwise be identified. Jörgen can produce both general and specific analyses for a particular work environment area, for example, or for a particular task.

Preventive health measures are carried out at both Group-wide and local level. All employees are offered preventive healthcare and rehabilitation through agreements with Occupational Health Services. Occupational Health Services can provide support and assistance for rehabilitation and preventive healthcare with risk assessments, a review of workplace ergonomics, new employment surveys, statutory surveys and health discussions. Södra's employees have access to Occupational Health Services, which is both internal and external. All employees are offered regular health checks to create motivation for good health and well-being. Initiatives at both Group-side and local levels increase the focus on health promotion activities. These activities are designed for Södra's employees. Other preventive measures include the annual wellness subsidy, free counselling and health insurance for planned specialist care, which also can also be taken out by employee's families. All employees in Sweden are offered life and accident insurance cover, and cover for children.

Health and safety training programmes are implemented on a regular basis and handled via the Group's Competency Toolkit. The courses are adapted to the needs of each unit. For example, they may be linked to physical hazards in a production environment that require a regular review, the safe handling of chemicals, safe production stoppages or the use of personal protective equipment and fire safety training. Södra also offers a range of courses with a focus on psychosocial risk factors in the workplace, such as workload, stress and working hours. The *Grow Health and Safety* training programme is mandatory for managers and leaders at Södra, and is focused on behaviour-based safety and the measures that are required to reinforce safe and reduce high-risk behaviour in our workplaces, and is implemented across the organisation through workshops, and through coaching at both individual and team level. In total, Södra's employees completed more than 19,000 hours of health and safety training in 2024. This corresponds to just over five hours of training per employee. Courses categorised under *health and safety* in Södra's Competency Toolkit are included. For more information about training in the Södra Code of Conduct, refer to page 121.

Södra's safety culture is evaluated every second year using a Safety Culture Index. The aim is to gain an overview of Södra's safety culture in order to enable and follow a strategic shift.

## Diversity, equity and inclusion

Working proactively with diversity, equity and inclusion is essential for a positive work environment, well-being, and sustainable and profitable growth. Södra's ambition is to encourage new perspectives and realise the full potential of every individual based on their own terms. Södra aims to offer an equal and inclusive culture where everyone feels welcome, respected and valued. Efforts to achieve this ambition are strengthening Södra's competitive advantages and supporting Södra's objectives to be a good corporate citizen and an attractive employer. Södra states clearly that every employee's competence and resources shall be used in the best possible way under equal conditions regardless of sex, gender identity or gender expression, ethnicity, religion or belief, disability, sexual orientation, age or any other similar personal factors.

Södra's work with diversity, equity and inclusion is based on the Employee Policy. Södra has guidelines with instructions for how various types of suspected bullying should be reported and the investigation procedure. Training in equity and inclusion is included in Södra's onboarding programme. Since January 2024, diversity, equity and inclusion has been a strategic area under *People and culture at the centre*. The programme comprises Södra's entire value chain, from member to consumers. During the year, an organisation with a programme leader and programme team was appointed for the area. Workshops were conducted with Group Senior Management and there is a rotating role as spokesperson for the area. A cross-functional team consisting of managers in the organisation contributed ideas, insights and perspectives to the process.

There is also a focus on diversity, equity and inclusion in the membership organisation. One of the targets in the action plan for greater diversity and equality in Södra's membership organisation is that at least 40 percent of Södra's elected representatives should be women by 2025. Development of the member offer, which spans from when a forest owner becomes a member of Södra to a generational change or sale, continued. During the year, an awareness-raising session was held for the Nomination Committee with the theme of diversity, equity and inclusion. Södra plays an active role in the forest industry's Equality Council and, together with other forest-owner associations, hosted a digital awareness-raising seminar for people who engage with existing and potential members, or who otherwise work with generational change in the forestry area. Together with other forest-owner associations, Södra has also been granted funding by the Forest Owners Research Foundation to conduct research into gender-balanced forest ownership.

A review of active measures is carried out every year, as well as salary surveys. The active measures mandated by the Swedish Discrimination Act are aimed at preventing discrimination at both general and structural levels. The prohibition of discrimination in the Act is aimed at preventing discrimination with concrete actions in individual cases and the active measures serve to prevent discrimination and promote equal rights and opportunities for all grounds of discrimination. Work with active measures takes place continuously in a joint working group and identified risks of discrimination are addressed. Salary surveys are carried out every year by a joint working group with the aim of identifying and remedying unjustified pay gaps between women and men. The salary survey for 2024 was postponed due to organisational changes in the Skog business area during the year. The results will be delivered in the first quarter of 2025.

### Values-driven leadership and competence supply

Södra's leaders shall put safety first, show concern, live our values and unlock the full potential of each individual through feedback and continuous learning. In order to provide leaders with both structural and cultural conditions, we offer leadership development, coaching and networking meetings, and each business area and function conducts organisational performance reviews every year to identify any need for support in the development of structure, culture and competence.

Södra has Group-wide competencies for both employees and managers. These competencies are an important starting point for personal and organisational development. Our values and competencies exist to help us respond to a changing world while remaining confident in who we are, as both an organisation and employees. They are embedded in all processes, from recruitment tests to team development activities, the *Grow* leadership development programme and in personal development. During the year, we added a framework for leadership that includes a long-term ambition, the leadership concept, roles and clearer expectations. Personal development is encouraged at Södra and builds on manager/employee dialogue in, for example, the performance review. The review is an opportunity for employees to contribute to, and influence, their performance, development and job satisfaction, and to discuss how they are contributing to the company's profitability, the development of the team, and Group-wide targets. For managers, performance reviews are a tool for driving performance, learning and competency development, and for ensuring job satisfaction. Södra work with a Competency Toolkit to set targets and follow the employee's development, and to provide access to the relevant training courses – both digital and physical. Alongside of training, Södra works actively to make learning a part of everyday work, which is also measured with a key indicator.

Södra wants to be a learning organisation with a forward-looking capacity for change, and a focus on people and culture. Active work on succession planning and potential is important for ensuring a high level of knowledge about our organisational status, and to create good conditions for exciting career and development journeys. We work in several ways to facilitate and stimulate internal mobility, and measure this with a key indicator.

In 2023, an organisational competency matrix was created, which started with the identification of a Group-wide process for competence supply. In 2024, the matrix was focused on implementing strategies and plans linked to critical positions at Södra, the need for competencies for strategic shifts, external collaborations and opportunities for competence supply based on education and competition forecasts going forward. This includes future-proofing competencies and engagement across the value chain. This process is helping to strengthen and develop our employer brand, and to position us as an attractive employer.

The *Grow* leadership development programme is an important core for Södra and embeds learning in a leader's day-to-day activities. In addition to creating new insights, personal goals are set for personal development. Learning is expanded along the entire journey through reflection, both individually and together with other participants, in cross-functional learning teams. Leading for learning – by involving, acting, developing and coaching – makes Södra's leaders active implementers of the Group-wide strategy. Our leaders are equipped for handling change and to continue evolving. *Grow* started in 2021 and about 450 leaders have either commenced or completed the programme to date.

Södra's trainee programme is a strategic initiative that aims to strengthen the employer brand and the organisation, and to contribute to Södra's competence supply. The aim of the programme is to secure skilled leaders for Södra in the future in areas such as strategy, innovation, sustainability and leadership. The programme gives future leaders an in-depth understanding of Södra's value chain, and tools for leading themselves, others and development in Södra. The 2023 trainee programme concluded during the year, and all 14 trainees have now taken on new roles in Södra. A new programme with eight trainees started in autumn 2024.

Södra has continued to develop *The Bridge*, a strategic collaboration for development of research and knowledge with IKEA and Linnaeus University. The aim is to gather expertise in a shared interdisciplinary arena, with an active exchange between academia and industry. This collaboration led to a Master's programme *Innovation through business, engineering and design* and a new Master's programme *Forestry for green sustainable development* commenced during the autumn. Going forward, the focus on challenge and needs-driven knowledge development linked to the entire forest value chain will increase, but also on issues related to sustainability and innovation. We want to encourage young people to take an interest in science, technology, engineering and maths and are therefore involved in IGE Day (Introduce a Girl to Engineering Day), Tekniksprånget (engineering internships), Maker Tour – Towards New Heights, and in councils for educational programmes at both secondary and tertiary level. By taking part in bridge-building between the business sector and schools, we are strengthening our long-term competence supply.

Södra's employees also visit schools and universities to speak about Södra at Career Days, for example. We hold talks and spread knowledge about Södra's views of forestry, the climate benefits of forests and other topics related to forest values. Södra also offers field trips, summer jobs, internships and degree projects.

Employee surveys in the form of pulse surveys are conducted annually. The aim is to receive continuous feedback on employees' perception of their work situation and of Södra, to identify areas for development and to take measures of both a general and more specific nature. The employee survey is one of the most important tools for receiving feedback from employees. Feedback, analysis and any need for measures arising from the results are shared between managers and employees. The results can be monitored digitally over time.

### Leading offer for our customers and consumers

Södra shall deliver a strong and leading offer for our customers and consumers. By offering products with a low carbon footprint, certifications and labelling, and by assessing the sustainability of investments and new products and services, we are maximising the value of members' forest raw material.

### New and sustainable offers

Södra uses several different schemes for certification and labelling. Chain-of-Custody certification ensures that the wood raw material and forest products in Södra's value chain come from responsibly managed forests, and labelling is a tool for ensuring high environmental and sustainability performance for Södra's processes and products. Life cycle assessments (LCA) and Environmental Product Declarations (EPD) will remain a priority for Södra, particularly due to customer demand.

In the assessment of major investments and new products and services, the positive and negative impacts for a number of sustainability aspects are identified and quantified: responsible forestry, material efficiency, energy efficiency, water use, waste and recycling, a circular and bio-based economy, use of chemicals, emissions to land and water, emissions to air, fossil GHG emissions, legal and regulatory compliance in the value chain, health and safety, working conditions, business ethics and anti-corruption. Both the direct impact of Södra's operations and the indirect impact of Södra's value chain are assessed. If negative impacts arise in any part of the value chain, mitigation measures should be taken, if possible, and then followed up. For investments, the impact on Södra's climate effect is also calculated as changes in net change in forest carbon stock, fossil GHG emissions in the value chain and the potential for avoided fossil emissions through substitution. Health and safety due diligence is carried out for investments. The assessment analyses reported risk observations and near-misses to ensure that existing risks in the operations are taken into account.

### Optimised value chain from forest owner to customer and consumer

Södra prioritises sustainability in every aspect of its operations, and expects employees and suppliers to meet their respective responsibilities as set out in policies, codes, directives and guidelines. During the year, further development of the method for assessing, reporting and monitoring risks continued. The method includes risk assessment in relation to regulatory compliance, including business conduct.

### Business conduct and anti-corruption

Södra's business ethics programme, based on the Code of Conduct, provides a business ethics framework for employees. The programme is based on a number of basic building blocks that together describe the process for identifying and handling legal and business ethics risks linked to identified key areas of Södra's operations. This is a continuously ongoing process and the programme is regularly updated on the basis of changed legal requirements, but also evaluations, audits and investigations that are carried out to ensure that the programme is, and remains, relevant in relation to Södra's business ethics risks. The business ethics programme includes several directives, guidelines and business processes to support employees. A key building block in the programme is dialogue and training, and key employees at Södra have received in-depth training in competition law and anti-corruption.

The Code of Conduct translates our values into concrete guidelines and behaviours. This applies to everyone who works for Södra and we expect our business partners and anyone else who represent us to have values and rules that correspond to Södra's. The Code of Conduct is summarised as follows:

- » Show respect for people throughout the entire value chain
- » Engage in responsible business with our feet on the ground
- » Protect Södra's assets and interests
- » Use the forest and the earth's resources with our eyes on the horizon
- » Keep our ears to the wind through open dialogue

The Code of Conduct contains guidance for health and safety, discrimination and harassment, working conditions and freedom of association, child labour and forced labour, anti-corruption, competition law, trade rules and restrictions, conflicts of interest, protection of confidential information, Södra's assets, information security and protection of

personal data, the environment, climate and circularity, sustainable forestry, community engagement and stakeholder dialogue. Suspected breaches of the Code of Conduct should be reported to the immediate supervisor in the first instance or, alternatively, to a senior member of staff, the HR department or a union representative.

Employees, members and other people who have a working relationship with Södra can use Södra's whistleblowing system to report irregularities related to Södra's activities. The whistleblowing system is a web-based reporting channel handled by an independent third party, together with designated internal recipients. Reports can be submitted in writing, orally or by booking a physical meeting via the reporting channel. The reporter always has the right to remain anonymous. Whistleblowing cases are communicated to Södra's Board via the Audit Committee.

The 2022 AGM mandated the Board to develop and adopt a Cooperative Code of Ethics in consultation with the Administrative Council. Work on the Cooperative Code of Ethics commenced in 2022 and included a broad buy-in process among elected representatives. The Code was adopted by the Board in spring 2024. The Cooperative Code of Ethics provides guidance for Södra's elected representatives and can be summarised as follows:

- » We operate on the basis of cooperative principles of long-term benefits for members, democracy, collaboration and equal treatment
- » We show care for each other by focusing on security, inclusion and service
- » We are representatives and role models, and promote Södra's interests
- » We develop and learn together

The Code is a natural part of the Nomination Committees' work, the introduction of newly elected representatives, the dialogue between elected representatives, and the Administrative Council's annual follow-ups. The aim of Södra's Cooperative Ethics Council is to provide support in particularly difficult situations, and recommendations and guidance on matters of principle. In the same way as employees and other people who work with Södra, elected representatives can use Södra's whistleblowing system to report irregularities related to Södra's operations.

### Responsible value chain

Södra has processes in place to ensure that suppliers and customers are not subject to financial sanctions. Södra identifies whether products that are bought and sold are subject to specific export or import rules or restrictions, and conducts risk-based controls in order to comply with applicable legislation. The Supplier Code contains guidelines for the obligations and responsibilities of Södra's suppliers in the same areas as the Code of Conduct. Södra's suppliers are assessed on the basis of selected sustainability criteria: geographic risk, supply chain complexity and the supplier's assessed ability to comply with the Södra Supplier Code. Suppliers with a high assessed risk of non-compliance with the requirements of the Södra Supplier Code will be regularly evaluated through either a self-assessment or sustainability audit. After a sustainability audit, the supplier receives a report with feedback, an action plan is drawn up, if necessary, and the actions are monitored. Self-assessments are also used in large procurements in areas such as transport services and input products. For vessel audits, shipping companies are monitored within the framework of the Responsible Shipping Initiative (RSI). In autumn 2024, the RSI established new guidelines for follow-up. The purchasing conducted by Södra's foreign companies is not yet fully included in the monitoring of supplier performance. Efforts are ongoing as part of the *Responsible purchasing* initiative to implement processes for monitoring suppliers in foreign companies.

Södra purchases large volumes of wood raw material from its members. They are private forest owners whose deliveries, harvesting assignments and wood deliveries are not covered by the Supplier Code. The wood

raw material delivered by these members is checked in accordance with PEFC and FSC® certification requirements instead. This applies to both certified and non-certified members who have delivered wood to Södra during the year.

As part of Södra's work with due diligence in the value chain, Södra performs continuous risk assessments of customers. The assessments are based on publicly accessible information with a focus on sustainability. The aim of the assessments is to identify any sustainability-related risks linked to downstream relationships in Södra's value chain.

### Sustainable use of the forest and earth's resources

Södra shall be a leader in the social transition to climate neutrality and circularity, promote richer biodiversity to generate value for future generations, and have climate-adapted forests with high growth that create added value for forest estates. The social values of forests are important for many people and Södra's operations contribute to a vibrant countryside and give family forestry a strong voice in business policy.

### Biodiversity and positive social impact

Members of Södra are highly committed to sustainable forestry and Södra contributes by offering a range of advisory and other services to support forest estate management and administration. PEFC and FSC® certifications are important tools for responsible forest management. Forest owners can become certified under Södra's group certification and undertake to comply with the certification requirements and monitoring through annual audits. Our offers also include the Södra School, which aims to raise awareness of sustainable forestry and inspire active forest management for a higher rate of growth and profitability while preserving and promoting all of the values of the forest. The Södra School evolves in line with members' needs for information and training. During the year, training courses in deciduous forest management and continuous cover forestry were created. Active dialogue with members around nature conservation and considerations, forest certification and the social values of forests, is conducted via various communication channels and through participation in member meetings, Forest Days and Forest Nights.

Guidelines for the balance between production, economics, and conservation, cultural and social considerations in forestry are summarised in *Environmental considerations, Södra Skog – strategic direction*. Södra's employees undergo continuous training via the internal *Environmental considerations Södra* course, which includes application of the guidelines. During the year, training in nature conservation measures and considerations for cultural and ancient remains also continued for Södra's employees. More forest owners have shown an interest in the application of continuous cover methods in order to promote more values than wood production. To meet this interest, Södra launched the *Continuous Cover Harvesting* service during the year. Training in this area continued for forestry workers.

Södra's green forest management plans have been drawn up for a large part of the affiliated forest area. The plan sets long-term management objectives for each forest stand. The objectives are divided into four classes with detailed descriptions for each stand. The green forest management plans help to maintain a balance between valuable wood production and the preservation or new creation of biodiversity and social considerations. The plans also include consideration for the cultural heritage and social values of forests. The green forest management plans also include blue management targets in which watercourses are assessed, and the ambition for aquatic environment considerations is specified. For forest owners with more than 20 hectares of productive forest land, a green forest management plan is mandatory for forest certification.

The preservation of forests with high conservation values is important for Södra. Not all forest owners have the same conditions in this regard, depending on their management history, the nature of their land and the conditions of their estate. This means that many forest owners set aside a higher proportion of their estate for nature conservation than is required by forest certification schemes. To reward the value of

these members' contributions to biodiversity, Södra applies a nature conservation premium, whereby an extra bonus is paid for yields of wood from their entire estate. The nature conservation premium increases relative to the percentage of land set aside, but is capped at SEK 25 extra per m<sup>3</sup> solid volume underbark. Since the nature conservation premium was introduced in 2022 Södra has noted a higher interest in increasing the percentage of voluntary set-asides.

In its nature conservation activities, Södra has historically worked with a variety of environments, substrates and structures to protect the various species that live in forest environments. Recently, the focus on certain species and their survival has increased. Södra has developed a tool for the inclusion of known species in nature conservation activities. We also continued a project to identify particular priority species, which are defined as threatened or near-threatened forest species, with a habitat that spans across large parts of Götaland. In 2023, a study commenced into the environmental considerations that are needed to promote the Goodyera orchid when harvesting, in collaboration with the Swedish University of Agricultural Sciences (SLU). A number of harvesting objects with the Goodyera orchid will be followed for a few years to see how the orchid copes with various forestry operations and is affected by the environmental considerations that are applied.

As part of Södra's strategic plan for biodiversity, a study is being conducted of how Södra can contribute to the development of new business models for increased biodiversity. Biocredits are a way for businesses to contribute to richer biodiversity, while creating new business opportunities for landowners. In this context, we are participating in the Swedish Biocredit Alliance's collaboration project, which developed a global standard for biocredits in production landscapes during the year as the first step in creating a transparent and secure biocredit market.

Contractors who perform forestry measures on behalf of Södra must meet the requirements of the PEFC and FSC® standards. The contractors' employees must be aware of the environmental considerations that apply for forest management. For forestry operations in aquatic environments, such as ditch clearing, expertise in the management of aquatic environments in forests is required. The aim of business development appraisals with contractors is to develop the contractors in areas related to the environment and social issues. Södra provides continuous training for forestry workers and contractors in, for example, the industry-wide objectives for good environmental considerations in forestry operations. The forest industry's joint environmental objectives provide guidance on how environmental considerations should be integrated with forest management planning and practises in production forests. The objectives have been developed in broad cooperation based on prevailing forest policy and best available evidence on the practical aspects of forestry.

Every year, the considerations applied in regeneration harvests, thinning operations, nature conservation measures and regeneration operations are audited and rated in Södra's *Green Balance Sheet*. The handling of forest residues (branches and treetops), which are attractive habitats for many species – especially insects and fungi – is also assessed. Regeneration operations are followed up 1–2 years after harvesting, including an assessment of the soil scarification and planting performed, and whether special considerations were applied for cultural remains, buffer zones and sensitive habitats. The field work is carried out by Södra's forest management auditors. In 2024, procedures were developed and tested in order to establish a *Green Balance Sheet* for young stand thinning as of 2025.

The business management system for Södra's forestry operations undergoes internal and external audits every year. During the management's review, annual outcomes are evaluated and steps are taken to achieve continuous improvement. In a third-party audit to verify that all PEFC and FSC® forest certification requirements were met, more than 70 randomly selected forest owners were visited. Four serious incidents of non-compliance were identified in connection with procedures and work methods for conservation value assessment, the follow-up of social and environmental effects, commitment of large forest owners to



Södra's group certification, and the fact that Red-listed species were not evaluated in accordance with the standard. The observations and less serious incidences of non-compliance that were identified were mainly related to shortcomings in regard to administrative processes and general considerations. Corrective and remedial action in the form of changed procedures and work methods was implemented.

Responsible and sustainable forestry is based on key basic principles for timber harvesting and handling. Södra verifies the origin of the wood and rejects deliveries of timber that have been illegally harvested, from forest areas where traditional or civil rights are violated, from forests where high conservation values are threatened, from forests that have been converted to industrial tree plantations on a large scale, and from genetically modified trees. According to FSC® Interpretation on GMOs (Genetically Modified Organisms) FSC®-POL-30-602 (2000) EN, genetically modified organisms are biological organisms which have been induced by various means to consist of genetic structural changes.

### Climate-adapted forests with high growth

A higher rate of forest growth contributes to the profitability of forest estates. In Södra's roadmap for higher forest growth, key areas are identified: a higher seedling survival rate, effective stand management, forest tree breeding, site adaptation (forest management adapted to the conditions of each site, such as selection of tree species) and damage reduction. Continued investment in research and development (R&D) is also required to implement the changes. Forests are a resource that should be used, but not overused. A sustainable harvest rate is a prerequisite for maintaining and increasing the positive net change in forest carbon stock over time.

Södra applies a long-term approach when developing forest management measures for a higher rate of forest growth, with advice for active forest management for members. Forest management must also be adapted to climate change in view of the ongoing global warming. We follow forest growth over time, and can thereby monitor the effects of climate change, such as more extreme weather events with high temperatures and drought. Planting the right tree in the right place is an important tool and means that members of Södra have increased the proportion of regeneration stands with pine and reduced the proportion with spruce in order to adapt to a warmer and drier climate. We are also working to increase the number of tree species used in forestry in order to spread risk in a more uncertain future. Active utilisation of forest tree breeding ensures faster adaptation to a warmer climate with longer periods of dry weather, while selective breeding can also contribute to the development of forest reproductive material over time with higher resistance to drought and diseases. Knowledge and learning are important for enabling members to make well-informed decisions about their forestry.

### Climate neutrality and circularity

Södra's total climate impact is illustrated in a model with three input parameters: net change in forest carbon stock, fossil GHG emissions in the value chain and potential for avoided fossil emissions through substitution. The model shows the total climate impact of forests and forest-based products. The substitution effect should be considered a potential for reduced emissions, with the reduction taking place in other sectors. The substitution effect arises when forest-based products are used to replace products with a higher carbon impact. By optimising the use of our resources, we are reducing environmental impact. That means that we are also increasing our competitiveness, efficiency and profitability. By working with energy efficiencies, deliveries of green energy are expected to increase moving forward. Research and development leads to new products that can replace products with a higher climate impact.

The emissions reduction targets, which have been validated by the Science Based Targets initiative, involve an extensive process that has been endorsed by the Board and Group Senior Management, and Group-wide activities that are coordinated through a central working group. Södra's action plan for reduced GHG emissions is based on

three parts: a strategic systems change (such as large-scale electrification of operational machinery and trucks), efficiency gains in production and logistics, and substitution (replacing energy from fossil sources with renewable energy). Activities in these three parts are expected to yield positive results both long and short term, and generate new business opportunities in the social transition and attractive customer offers. Research and development is needed in all three areas. During the year, climate action plans were set at business area level. Internal carbon pricing is used to put a financial value on the climate impact of major investments and selected purchasing categories. The transition is an extensive process that requires long-term, external partnerships in supply and demand for biofuels and liquid biofuels, as well as political advocacy. Södra launched the *Conscious Delivery* initiative in autumn 2023 with the aim of inspiring our customers to enter into partnerships to reduce GHG emissions in the logistics chain. This initiative was preceded by *Zero fossil*, which had the same purpose.

There are several policy instruments aimed at reducing GHG emissions and promoting renewable electricity generation. The Cell business area participates in the European Union Emissions Trading System (EU ETS 1). The aim of the trading system is to reduce Europe's GHG emissions in a cost-efficient manner. Södra is awarded a number of emission permits, where each permit allows the holder to emit 1 tonne of fossil CO<sub>2</sub>. Since Södra's pulp mills are largely run on biofuels, Södra has a surplus of emission permits which are sold to others in the trading system. The trading system is under development and from 2026, Södra will no longer be included in ETS 1 and not therefore be granted any free emission permits. Södra Medlemsel offer members, employees and partners an opportunity to purchase green electricity from the pulp mills and from Södra's own wind turbines and hydropower plant. The Cell business area is awarded electricity certificates for some of the electricity it generates. The electricity certificate system is a support system that aims to increase renewable electricity generation. Renewable electricity producers can sell electricity certificates on the open market where the buyers are players with a quota obligation who are required to purchase a certain percentage of electricity certificates in relation to their electricity sales or electricity consumption. Guarantees of Origin are electronic certificates used to guarantee the origin of electricity. Electricity generators, including Södra, are issued certificates by the state for each megawatt hour of electricity generated. The certificate can then be traded on an open market. Green Guarantee of Origin certificates for the electricity consumed by the Södra Group and by customers of Södra Medlemsel are used by Södra.

Environmental permits control a major part of the industrial activities, such as emissions to air and water, and management systems are used to ensure that the activities complies with the permit. Water court rulings have been issued for all industries that extract raw water, to regulate their withdrawals and prevent any significantly negative effects from their activities. Södra's activities are governed by many laws and regulations, most significantly the Swedish Forestry Act, the Swedish Environmental Code and chemicals legislation. Södra applies the precautionary approach and other general rules of consideration set out in the Swedish Environmental Code for permit applications, and in its ongoing environmental work. Regulatory and permit compliance is regularly inspected by authorities and Södra reports events in line with procedures. The business management systems have procedures for handling environmental incidents or accidents. Read more about regulated activities on page 46.

Södra's environmental and energy initiatives are based on the Sustainability Policy which, in combination with targets and guidelines, govern the Group's efforts in this area. In the Cell business area, there are groups that coordinate issues related to the environment, energy and chemicals. Environmental and energy issues are addressed within the framework of each business area's business management system. Most of the Group's environmental management systems are ISO 14001-certified. The energy management systems of the pulp mills are ISO 50001-certified. Internal and external audits of management systems are performed annually. Each business area works towards

targets in selected areas to achieve continuous improvement. Targets are followed up in business areas and units. Management performs regular reviews to ensure that management systems remain appropriate, adequate and effective.

In the Skog business area, one serious non-compliance and several minor non-compliances were recorded during an external ISO 14001 audit. The serious non-compliance was related to shortcomings in the consideration of abnormal and emergency conditions in the environmental aspects of nurseries and own haulage operations. A number of minor non-compliances were noted in relation to the process for improvement were identified in corrective actions during internal and external audits of the business management systems. Targeted initiatives are taking place in these areas to achieve improvements, including coordination and best-practice sharing between the business areas and units. An overall impression is that safety is high on the agenda and that to *work safely or not all* is well implemented. The impression is that the organisation is open to change and striving to achieve improvements in its day-to-day operations. In Södra Building Systems, non-compliances were recorded by third-party audits of traceability (PEFC and FSC®) and

ISO 14001. One serious case of non-compliance was recorded for FSC® in relation to certification trademarks on invoices. The case was handled and closed. In ISO 14001, a minor non-compliance was recorded in relation to a chemical that was not included on an inventory list. The non-compliance was handled and procedures for handling chemicals were strengthened. One strength identified was the operation's improvements in governance and continuous improvement.

Water supply and water use are key issues for Södra. In order to use water resource-efficiently, the pulp mills use a range of water-conservation measures when washing pulp. Most sawmills recirculate the water used for wetting down logs. Efficient irrigation systems that adjust the amount of water to the evaporation rate help to conserve water. Every year, the Cell business area presents a *Water footprint* for its pulp products. Södra is a member of water organisations across Götaland, whose purpose is that stakeholders in each water area can assist authorities with knowledge and perform proposed measures at local level. Emissions to air and water are regulated in environmental permits and self-assessment programmes are prepared to ensure compliance with the permits.

By creating new solutions for material and energy recovery, the amount of waste generated by Södra's operations is reduced. Pulp mills account for the vast majority of waste generated by Södra. Inorganic material, such as green liquor, ash and lime sludge, comes from the boilers and is sent to Södra's own landfills. Other waste is handled by operators who are authorised (where applicable) or have otherwise notified the county administrative board (where required).

### Summary of Södra's sustainability governance

Area	Why is this important for Södra?	Södra's governance tools	
<b>People and culture at the centre</b> - Health and safety - Diversity, equity and inclusion - Values-driven leadership and competence supply	Södra's objective is to have committed employees with the right competence who take responsibility for diversity, development and health and safety. Södra therefore works with a safe, secure and healthy work environment and a learning organisation with an inclusive culture that ensures diversity and competence supply. The values are: <i>Feet on the ground, Ears to the wind, Eyes on the horizon.</i>	- Group-wide strategy - Code of Conduct - Business ethics programme - Sustainability Policy - Health and Safety Policy - Employee Policy - Targets: zero accident vision and more women in senior positions - Sustainability assessment of investments and the innovation process and in-depth assessment of health and safety	- Preventive work for better health and safety - Projects and initiatives to improve diversity and inclusion - Training for employees - Management systems - Business area and local targets
<b>Leading offer for our customers and consumers</b> - New and sustainable offers	More and more customers and consumers are demanding traceability and raw material from responsibly managed forests. Products with a low carbon footprint, certifications and labelling contribute to our customer offer and together with sustainability assessments of investments and new products and services, we are maximising the value of members' forest raw material.	- Group-wide strategy - Code of Conduct - Business ethics programme - Sustainability Policy - Investment Policy and Purchasing Policy	- Sustainability assessment of investments and the innovation process - Certifications and labelling - Training for employees - Management systems
<b>Optimised value chain from forest owner to customer and consumer</b>	Södra places high demands on its employees and suppliers in regard to business ethics, working conditions, human rights and the environment. Sound business ethics and integrity make Södra an attractive and credible business partner.	- Group-wide strategy - Code of Conduct and Supplier Code - Business ethics programme - Whistleblowing system - Sustainability Policy - Purchasing Policy	- Training for employees and contractors - Management systems - Business area and local targets
<b>Sustainable use of the forest and earth's resources</b> - Biodiversity - Positive social impact - Climate-adapted forests with high growth - Climate neutrality and circularity	Sustainable forestry forms the basis of Södra's operations. Responsible forest management ensures regrowth for coming generations and future needs. Considerations during forestry operations are essential for maintaining and promoting the multiple values of forests. Södra pursues strategic innovation to meet the growing need for more sustainable products based on renewable, recyclable and biodegradable forest raw material. Growing forests, the use of wood and deliveries of renewable energy play a key role in combating climate change and the transition to a circular bioeconomy. Efficient use of resources is helping to strengthen Södra's competitiveness and profitability. It also benefits society and reduces negative impacts on the climate and the environment.	- Group-wide strategy - Code of Conduct and Supplier Code - Business ethics programme - Sustainability Policy - Environmental considerations, Södra Skog – strategic focus area - Targets: increased positive climate effect, promotion of biodiversity, forest growth and reduced GHG emissions - Roadmap for a higher rate of forest growth and action plan for reduced GHG emissions - Investment Policy and Purchasing Policy - Sustainability assessment of investments and the innovation process - Advisory and other services for members	- PEFC or FSC® forest certification - Nature conservation premium - Green forest management plan - Business policy lobbying - Partnerships with customers, universities, research institutes and companies in the value chain - Environmental permits for industrial processes - European policy instruments for greenhouse gas emissions and renewable electricity - Training for members and employees - Management systems - Business area and local targets

# Calculation principles

Data for the Sustainability Report is gathered in a variety of ways. The HR function is responsible for employee data and the Economy function gathers information about the gender and age diversity of Boards and management teams. Information about suppliers is gathered by each purchasing organisation and compiled centrally by the Sustainability function. The Skog business area is responsible for biodiversity, sustainable harvesting, rate of forest growth and net change in forest carbon stock. Information about raw materials, energy, products, emissions to air and water and waste is gathered in Södra's annual environmental inventory and compiled centrally by the Sustainability function. The direct GHG emissions, indirect GHG emissions from the generation of purchased energy and parts of all other indirect GHG emissions (Category 3.2: Capital goods, Category 3.3: Upstream emissions from production and distribution of fuel and energy-related activities, Category 3.6: Business travel, Category 3.11: Use of sold energy products) are monitored using systems support.

## Employees

Information about employees is gathered by the central HR system, which covers all of Södra's units in Sweden. In Sweden, occupational safety and health (OHS) statistics are reported in the IA system (AFA Försäkring) and compiled. Foreign units report using digital tools and forms. Employees are reported in the Sustainability Report as number of employees at year-end. In the Annual Report, employees are reported as the average number of employees. Information about subcontracted personnel (people who work on behalf of Södra and are not employed by Södra, but for whom Södra has a work-environment responsibility) is gathered via the HR managers of the business areas and units. Health and safety is reported for Södra's employees. Health and safety for subcontracted personnel and contractors is handled by their respective employer. However, occupational injuries and near-misses related to subcontracted personnel and contractors are reported in Södra's incident reporting system to improve health and safety at Södra's workplaces. Södra reports LTAR (lost time accident rate), number of occupational injuries with absence per million hours worked. Days of absence from work are counted per working day, excluding the day of injury, and are reported as the number of days of absence from work per occupational injury. Absence due to occupational diseases is not included in days of absence from work for occupational injuries.

## Boards and management teams

Information about the gender and age distribution on Boards and in management teams (Note 5), is obtained from the registration certificate of each Group company (Note 32), and from surveys of the business areas.

## Suppliers

Information about Södra's suppliers is gathered from supplier agreements and invoices in Södra's accounting system. Suppliers are risk-assessed by the responsible purchaser and categorised on the basis of geographic risk, estimated complexity in the

supply chain and assessed ability to comply with the Södra Supplier Code.

## Biodiversity

Information about protected areas and measures to preserve and promote biodiversity, such as considerations in regeneration harvesting and nature conservation measures, is obtained from official statistics, forest management plans, member statistics, production monitoring systems and *Green Balance Sheets*.

## Sustainable harvesting

The harvest rate is based on statistics from the National Forest Inventory for Götaland. The harvest rate for 2024 is a mean of three seasons, from first bud burst in 2020 to first bud burst in 2023. Calculation of the long-term sustainable harvest rate is based on the forestry impact assessments carried out by the Swedish Forest Agency and the Swedish University of Agricultural Sciences (SLU). The most recent analysis was carried out in 2022 and Södra chose *Today's forestry* as its scenario, since it best reflects Södra's forest management strategy.

## Forest growth

Forest growth is based on statistics from the National Forest Inventory's sample plots on members' estates. The map data was updated in 2022. Forest growth for 2024 refers to annual increment, and is a mean of the annual growth rings from 2018–2022.

## Climate effect

Södra's climate impact is calculated in a model with three input parameters: net change in forest carbon stock (positive impact), fossil GHG emissions in the value chain (negative impact) and potential for avoided fossil emissions through substitution (positive impact). Net change in forest carbon stock is calculated for forest land on members' estates, and for Södra's forest holding in the Baltics, as an annual increase in growing stock. Biological growth, biomass extraction through harvesting, and losses due to biological processes or forest fires are taken into account. For members of Södra, statistics from the National Forest Inventory's sample plots on members' estates, and a linear trend for ten years of the five-year averages for the growing stock, are used. The map data was updated in 2022. Internal annual data is used for Södra's forest holdings in the Baltics.

Fossil GHG emissions in the value chain include Scopes 1, 2 and 3, with the same boundaries described in the section on GHG emissions. An addition has been made for the fossil GHG emissions from forestry operations linked to the forest raw material that members use themselves, or that they sell to other forest industries.

The substitution effect of Södra's products arises when they are used to replace products with a higher climate impact. The effect is calculated on the basis of products produced and sold, and a substitution factor in the following product categories: wood raw material, biomaterials, sawn timber, paper pulp, dissolving pulp, as well as energy and biochemicals. The substitution factors are based on scientific publications in the field and give a conservative

estimate of the substitution effect's potential. There is major variation in the size of the factors between different publications and the factors will be adjusted as new research findings are presented. An international standard for the calculation model's parts is currently under development.

## GHG emissions

Direct and indirect GHG emissions are reported using the base year of 2020, which is the same base year used for Södra's GHG emissions-reduction target in line with the SBTi's criteria. The emissions are calculated using the Greenhouse Gas (GHG) Protocol. Deviations are presented below under the description of each scope. Global Warming Potentials (GWP) are taken from the IPCC report released in 2021: 29 for methane, and 273 for nitrous oxide. The comparative figures for prior years were calculated with earlier GWP versions. Refrigerants are included in emissions and the GWP values of refrigerants are obtained from refrigerant reports for the freezing and chilling systems used by Södra.

Direct (Scope 1) GHG emissions refer to direct emissions from the sources that are financially controlled by Södra, including leased vehicles. Emissions from boiler combustion, operational machinery and vehicles are calculated on the basis of fuel consumption using calorific values and emission factors. Emissions from transportation where fuel consumption has not been monitored are calculated on the basis of transport mode, transported volume and transport distance. Emissions from leased company cars are calculated on the basis of driven distance, fuel consumption, calorific values and emission factors. Emissions of methane and nitrous oxide from the pulp mills are calculated on a standard basis using sector-wide emission factors. Process emissions from calcination and biological treatment are calculated for the pulp mills. Fugitive emissions of refrigerants are calculated as refilled amount of refrigerant in freezing and chilling systems. Scope 1 included refrigerants for external chilling systems for seedlings up to 2023, after which no external chilling systems were used for seedlings.

Södra is a net supplier of electricity to the market and electricity is mainly generated by the pulp mills. GHG emissions from electricity generation are therefore included in Scope 1. Electricity purchased via Södra's electricity supply contract does not contribute to any additional GHG emissions. For the Swedish units that are not included in Södra's electricity supply contracts and for foreign companies, indirect emissions associated with purchased energy (Scope 2) are calculated using a market-based method based on the purchased amount of electricity and emission factors for each country's residual mix. Emissions from leased company cars are calculated on the basis of distance driven, electricity consumption and emission factors. Emissions calculated using a location-based method are presented for comparison. GHG emissions from purchased district heating are calculated on the basis of district heating volume and emission factors. Purchased electricity and district heating for small units in Södra's operations, such as offices, are partly included in Scope 2.

GHG emissions intensity refers to fossil carbon dioxide emissions from production and operational machinery, and is reported per tonne pulp.

Other indirect (Scope 3) GHG emissions in the value chain comprise the categories of purchased goods and services, capital goods, upstream emissions from fuel and energy-related activities, upstream and downstream transportation, waste, business travel, employee commuting, processing of sold products, use of sold energy products, end-of-life treatment of sold products, and investments. The selection of Scope 3 activities is based on the

criteria set out in the GHG Protocol Guidance, including the ability to influence emissions.

- » 3.1 Emissions from the production of purchased goods and services are calculated based on the quantity of goods or services consumed and emission factors (life cycle emissions). Purchased goods and services are limited to forestry and other contractor services, external wood purchases, production chemicals and packaging materials.
- » 3.2 Emissions from the production of capital goods is calculated on the basis of total investment (SEK million) and emission factors.
- » 3.3 Upstream emissions from production and distribution of fuel and energy-related activities are calculated on the basis of fuel, electricity and district heating consumption, as well as calorific values and emission factors.
- » 3.4 and 3.9 Emissions from upstream and downstream transportation are calculated on the basis of fuel consumption, electricity consumption, transport mode, transported volume, transport distance and emission factors. Emissions from production and distribution of fuel and electricity are included. Upstream and downstream transportation is not reported separately.
- » 3.5 The emissions from waste are calculated on the basis of waste volume and emission factors for end-of-life treatment. Emissions from transportation of waste are included.
- » 3.6 Business travel includes emissions from business travel with rented and own car, and by rail and air. The emissions are calculated on the basis of distance driven and/or travelled, fuel and electricity consumption, calorific values, emission factors or, as of 2024, directly through emission figures from travel providers. Emissions from production and distribution of fuel and electricity are included. As of 2024, emissions from hotel nights have been included in business travel. The emissions are calculated on the basis of hotel nights and emission factors.
- » 3.7 Emissions from employee commuting are calculated on the basis of number of employees, estimated annual commuting distance by car from home to work, Swedish car fleet statistics, fuel and electricity consumption, calorific values and emission factors.
- » 3.10 Processing of sold products includes emissions from processing of paper pulp and dissolving pulp. The emissions are calculated on the basis of sold pulp in various categories, and representative Scope 1 and 2 emissions for each category, for processing of the pulp by customers.
- » 3.11 Use of sold energy products includes emissions from the use of solid biofuels, energy peat and fuel sold externally from Södra's filling stations. The emissions are calculated on the basis of fuel volume, calorific values and emission factors. In Scope 3.11, emissions from the use of peat for material purposes are not included in the inventory. Emissions were 70,000 tonnes of CO<sub>2</sub>e for 2020 and 2021, 90,000 tonnes of CO<sub>2</sub>e for 2022, 60,000 tonnes of CO<sub>2</sub>e for 2023 and 50,000 tonnes of CO<sub>2</sub>e for 2024. Due to the discontinuation of Södra's peat activities, emissions from 2020–2024 will be reported separately, instead of in the other inventory. In 2024, four peat bogs were divested. The remaining peat bogs are being re-wetted, and one is being divested.
- » 3.12 Emissions from end-of-life treatment of sold products are calculated on the basis of the product volume, an estimated distance to end-of-life treatment and emission factors for waste transportation.

- » 3.15 Investments include Scope 1 and 2 emissions from Södra's associates. The emissions are calculated on the basis of the associates' emissions and Södra's ownership stake.

The conversion figures have been obtained from various sources, including historical figures, suppliers, customers, the Network for Transport Measures (NTM), the Swedish Environmental Protection Agency and Quantis.

### Fossil carbon dioxide from production and transportation

GHG emissions for Scopes 1, 2 and 3 are presented from 2020. Ten-year data for fossil carbon dioxide from production and transportation based on the previous reporting principle is also presented on page 127. Fossil carbon dioxide from production, operational machinery and internal transportation as well as other transportation includes a limited amount of the emissions included in the reporting of Scope 1, 2 and 3 GHG emissions. The following are not included in the reporting of fossil carbon dioxide from production, operational machinery and internal transportation as well as other transportation, as presented in the table on page 127:

- » Emissions of methane, nitrous oxide and refrigerants
- » Emissions from biological treatment in the pulp mills
- » Emissions from the generation of purchased electricity outside Södra's electricity supply contract, and the production of district heating
- » Emissions from the production of purchased goods and services in addition to forestry and other contractors working on behalf of Södra
- » Emissions from the production of capital goods
- » Upstream emissions from the production of external fuel and energy-related activities
- » Upstream emissions from the production and distribution of fuels used for transportation and business travel
- » Emissions from pulp transportation where Södra is not responsible for the transport
- » Emissions from external waste treatment
- » Emissions from employee commuting
- » Emissions from processing of sold products
- » Emissions from the use of sold energy products, except for fuel sold externally from Södra's filling stations
- » Emissions from end-of-life treatment of sold products
- » Emissions from investments

In 2021, changes were made to the reporting principles for fossil carbon dioxide from production and transportation. Therefore, from 2021 onwards, emissions from the transportation of pulp to customers where Södra is not responsible for the transportation are included. In addition, there was a change in calculation of emissions from fuel consumption. Previously, emissions were calculated on the basis of liquid biofuel blends, depending on the type of fuel. From 2021 onwards, emissions are calculated using either average liquid biofuel blend or pure liquid biofuel.

### Energy

Information about energy consumption within and outside Södra is obtained in various ways: direct measurements of electricity and heating, actual or standard calculations of fuel and electricity

consumption, calculations based on transport mode, transported volume and transport distance, or calculations based on distance driven or travelled. The conversion figures have different origins and varying accuracy: measurement of biofuels' calorific values, specific calorific values from suppliers, general calorific values from the Swedish Environmental Protection Agency, sector-wide factors, transportation factors from carriers, and standard values for transportation factors from the Network for Transport Measures (NTM) and the Swedish Environmental Protection Agency. Internally generated heating and cooling are reported solely as fuel consumption. Energy consumption outside the organisation is limited to forestry and other contractors working on behalf of Södra (part of Category 3.1 emissions), upstream and downstream transportation and distribution (Categories 3.4 and 3.9), transportation of waste (part of Category 3.5), business travel (Category 3.6) and fuel sold externally from Södra's filling stations (part of Category 3.11). Upstream energy consumption for production and distribution of fuels, electricity and district heating is not included.

Energy intensity, electricity and heat, are recognised per tonne pulp and per m<sup>3</sup> sawn timber, and limited to energy consumption within Södra.

### Emissions to air

Other emissions to air (nitrogen oxides, sulphur, dust and volatile organic compounds) are reported as direct and indirect emissions. Direct emissions correspond to Scope 1 GHG emissions, and indirect emissions correspond to Scope 3 GHG emissions, with the same boundary as energy consumption outside the organisation. The emissions are based on measured values and calculations based on fuel and electricity consumption, transportation or distance driven or travelled. The information was obtained from carriers, and the standard values for emission factors from NTM and the Swedish Environmental Protection Agency.

### Water and emissions to water

Water withdrawal is measured and monitored for each water-consuming unit. Emissions to water are measured and analysed at the pulp mills with varying frequency. Both continuous and manual measurements in the form of sampling occur. The mills' accredited laboratories are responsible for measurements and analyses, and some analyses are performed by external laboratories.

### Waste

Waste volume refers to the amount of waste disposed of by either an external party or in Södra's own landfill. The amounts are monitored by each operation by registering waste sent to own landfill and reports from external waste recipients. Waste volumes stored temporarily pending removal are not monitored at Group level. Non-hazardous waste is classified according to treatment method: materials recovery, energy recovery and landfill. Waste to materials recovery includes waste for re-use, recycling and composting. All waste that is incinerated is assumed to be used for energy recovery where electricity and/or district heating is generated. Hazardous waste is not classified according to treatment method.

# People and culture at the centre

By focusing on people and culture at the centre, we are creating Södra's future together. Every second of the day counts when it comes to safety, security and taking care of each other. We are working to break down traditional cultural barriers by increasing diversity, equity and inclusion.

## Health and safety

The health and safety of our employees is a top priority. Healthy attendance during the year was 97 percent (96). Södra shall offer a safe and secure workplace for employees and contractors, with a zero accident vision. The number of lost time accidents was 44 (38) and the lost time accident rate measured as the number of occupational injuries with absence per million hours worked was 8 (7).

Systematic OHS management, with proactive measures, investigations and continuous learning, is an ongoing process that requires a steadfast focus. Work with behaviour-based safety continued and will also continue throughout 2025 in order to become an integral part of systematic OHS management. The overarching objective is to promote safe behaviours through positive feedback, which will lead to fewer accidents. We see positive results in regard to adverse events in the workplace linked to contact with hazardous substances and exposure to cold/heat, which were some of the most common workplace hazards in the preceding year. In the area of health, a review was carried out with the aim of being able to work more proactively with the conditions for our employees to have a high sense of wellness and be sustainable. The review shows that knowledge of the organisational and social work environment, and physical and mental health, needs to be raised.

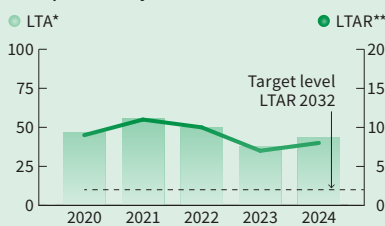
At the end of the year, the Safety Culture Index was measured for the second time. The aim is to enable us to follow the cultural shift that is required to achieve our zero accident vision. The result was an index score of 3.21, which is a decline since the zero point survey in 2022 when the score was 3.38. The maximum score is 4. The response rate for 2024 was 43 percent (45). Positive observations were that employees feel they can speak freely and openly about health and safety, and that there is a high level of care for each other in working groups. Areas for improvement include the supervisor's involvement of employees in the investigation of accidents, and in decisions related to health and safety.

In 2022, two fatal accidents occurred at Södra's workplaces, one at Orrefors, and one at Värö. The investigation of the accident at Orrefors was concluded in early 2024 and Södra accepted the corporate fine recommended by the prosecutor. The corporate fine was imposed by Kalmar District Court on 29 February 2024. The Accident Investigation Authority delivered its report and the Swedish Work Environment Authority concluded its inspection due to the accident at Värö. An investigation into a breach of the Work Environment Act is ongoing.

### OCCUPATIONAL INJURIES – TARGET AND OUTCOME

We have a zero accident vision and the target was a lost time accident rate (LTAR) of six or less in 2024, and two or less by 2032. In 2024, Södra had 44 lost time accidents (LTA) (38) and the LTAR was 8 (7). A number of initiatives took place during the year to achieve a healthy and injury-free workplace.

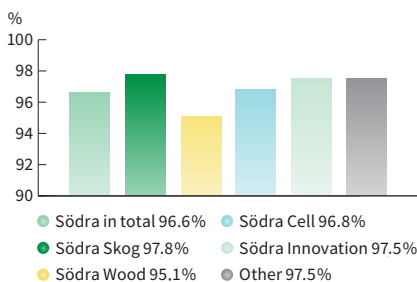
Occupational injuries



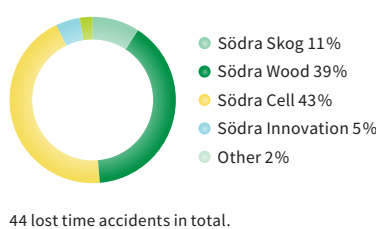
\* LTA (lost time accident). Occupational injury with absence.  
 \*\* LTAR (lost time accident rate). The number of occupational injuries with absence per million hours worked.

The number of lost time accidents and the lost time accident rate were higher in 2024 compared with the preceding year, but lower compared with 2020–2022. The results show the importance of a continuous, proactive and systematic approach to health and safety for reducing occupational injuries and achieving our zero accident vision.

### Healthy attendance 2024



### Lost time accidents 2024



44 lost time accidents in total.

### Comments

» Some of the most common workplace hazards that can cause accidents are same-level falls, striking a fixed object and acute overexertion. The most common hazards that led to sickness absence in 2024 were same-level falls, acute overexertion and being caught-in/between objects. Accidents often occur in conjunction with activities during service disruptions.

## Diversity, equity and inclusion

We are working to break down traditional cultural barriers by increasing diversity, equity and inclusion in several ways, including a strategic focus on the area and diverse types of community engagement such as collaborations with schools and universities. Södra's target is that 50 percent of newly appointed managers will be women by 2025. The target for Södra's membership organisation is that at least 40 percent of the elected representatives are women by 2025. In 2024, 26 percent (26) of Södra's employees and 35 percent (36) of newly appointed managers were women. The proportion of women in the forestry districts' district councils was 33 percent (32). In Södra's Swedish operations, the proportion of employees with a foreign background was 7.4 percent (7.6). There was no follow-up for employees in any of the other countries where Södra operates. In connection with International Women's Day, an internal focus week on gender equality was held. Among other activities, colleagues celebrated female role models across the organisation and the opportunity was given to participate in two digital meetings to discuss gender equality in Södra. In 2024, Södra became a member of Diversity Charter Sweden, the world's largest diversity and inclusion network. As a member, Södra can actively share experiences and continuously take part in activities to expand its knowledge, thus strengthening the company's ability to carry out and support internal efforts in this area.

Södra has zero tolerance of victimisation and all forms of discrimination. In the year's employee survey, which was conducted in March, 177 colleagues, or around 5 percent, say they had experienced bullying or victimisation. This is an increase since the survey in September 2023, when 151 colleagues, corresponding to 4 percent, say they experienced bullying or victimisation. During the year, Södra worked to clarify the procedures for suspected bullying and will continue to work in this area with training courses and skill-building activities in various parts of the organisation. At the end of 2024, 74 percent (69) of employees had completed

Health and safety	2024	2023	2022
<b>Healthy attendance<sup>1)</sup></b>			
Healthy attendance	96.6%	96.4%	95.8%
<b>Health and safety, no.</b>			
Near-misses, including risk observations	7,181	6,904	5,638
Occupational injuries without absence	337	354	308
Lost time accidents (LTA) <sup>2)</sup>	44	38	50
Fatal accidents	0	0	1
Lost days per injury	9	10	6
Hours worked (million)	5	5	5
Lost time accident rate (LTAR) <sup>3)</sup>	8	7	10

Information about health and safety is presented to Södra's employees.

<sup>1)</sup> Healthy attendance is defined as 100 percent less sickness absence.

<sup>2)</sup> LTA (lost time accident): occupational injury with absence.

<sup>3)</sup> LTAR (lost time accident rate): no. of occupational injuries with absence per million hours worked.

training in Södra's approach to diversity, equity and inclusion. In 2025, updated training was launched.

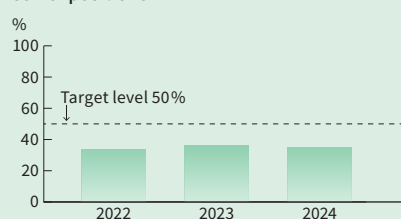
A zero point survey was conducted at the end of 2023 to gain insight into how Södra's employees experience efforts to promote diversity, equity and inclusion. The response rate was 60 percent and the survey showed, for example, that 77 percent felt that their immediate manager takes responsibility for issues related to diversity, equity and inclusion. 12 percent perceive that the workplace is not free from exclusive jargon, such as condescending jokes and comments, and 5 percent say there are restrictive norms governing different forms of expression in relation to lifestyle, interests, clothing, appearance, religion or views.

In 2024, efforts continued to comply with the Swedish regulation of active measures to prevent discrimination and promote equal rights. This work was carried out by a joint working group and comprised an analysis of the current situation, risks and obstacles in the area, the creation of proposals for activities and a Group-wide method to evaluate actions.

### WOMEN IN NEWLY APPOINTED SENIOR POSITIONS – TARGET AND OUTCOME

Södra's target is that 50 percent of newly appointed managers will be women by 2025. The aim of this target is to improve equal opportunity at Södra over time. In 2024, 35 percent (36) of newly appointed managers were women.

#### Women in newly appointed senior positions



The number of newly appointed women in senior positions relative to the total number of newly appointed managers during the year.

Employees	2024	2023	2022
No. of employees <sup>1)</sup>	3,525	3,503	3,282
– men	2,609	2,600	2,487
– women	916	903	795
Women	26%	26%	24%
Women managers	27%	26%	24%
Women in newly appointed senior positions	35%	36%	34%
Employees with a foreign background <sup>2)</sup>	7.4%	7.6%	7.9%
Employees with collective agreements, all employees <sup>3)</sup>	98%	98%	97%
Employees with collective agreements, Sweden	100%	100%	100%
Internal mobility <sup>4)</sup>	64.3%	10.5%	6.8%
Employee turnover <sup>5)</sup>	6%	7%	10%
Wages, salaries and social security contributions, SEK million	3,159	2,841	2,690

<sup>1)</sup> Number of employees relates to the number of employees at year-end. Seasonal variations in number of employees are less than 0.5 percent of the total number of employees.

<sup>2)</sup> Relates to the Swedish part of Södra's operations.

<sup>3)</sup> For employees without collective agreements, terms of employment and benefits are determined on the basis of legislation in each country, Group-wide guidelines and individual adaptations.

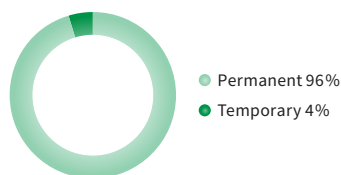
<sup>4)</sup> As of 2023, internal mobility refers to a change of position, place of work (location) and/or department for permanent employees. Previously, internal mobility referred to change of position only. In 2023, payroll systems were replaced. Data for 2023 is therefore calculated using the June-December follow-up. In 2024, internal mobility was affected by organisational changes in the Skog business area and Group functions.

<sup>5)</sup> Employee turnover is calculated as new employees plus departures, divided by two and divided by the average number of employees.

### Subcontracted personnel

» At year-end, the number of subcontracted personnel for whom Södra has a work-environment responsibility was 155 (184). Subcontracted personnel work in areas such as production, maintenance, cleaning and IT. The agreements are primarily long-term. The number of subcontracted people does not vary during the year.

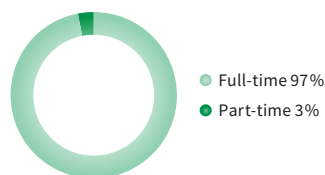
**Form of employment**



**Permanent:** 3,367 employees (3,358), of whom 75% (75) were men and 25% (25) women. Sweden: 3,189 employees (3,185), other countries: 178 employees (173).

**Temporary:** 158 employees (145), of whom 54% (48) were men and 46% (52) women. Sweden: 157 employees (145), other countries: 1 employee (0).

**Full-time/part-time employees**



**Full-time:** 3,419 employees (3,342), of whom 75% (75) were men and 25% (25) women. Sweden: 3,244 employees (3,179), other countries: 175 employees (163).

**Part-time:** 106 employees (161), of whom 58% (59) were men and 42% (41) women. Sweden: 102 employees (151), other countries: 4 employees (10).

**Age distribution**

Age category	2024			2023			2022		
	Total	Managers	Employees	Total	Managers	Employees	Total	Managers	Employees
<b>&lt;30 years</b>	<b>15%</b>	<b>0%</b>	<b>15%</b>	<b>16%</b>	<b>0%</b>	<b>16%</b>	<b>16%</b>	<b>0%</b>	<b>16%</b>
- men	11%	0%	11%	11%	0%	11%	11%	0%	11%
- women	4%	0%	4%	5%	0%	5%	5%	0%	5%
<b>30-50 years</b>	<b>49%</b>	<b>6%</b>	<b>43%</b>	<b>47%</b>	<b>5%</b>	<b>42%</b>	<b>50%</b>	<b>6%</b>	<b>44%</b>
- men	35%	4%	31%	33%	3%	30%	37%	4%	33%
- women	14%	2%	12%	14%	2%	12%	13%	2%	11%
<b>&gt;50 years</b>	<b>36%</b>	<b>4%</b>	<b>32%</b>	<b>37%</b>	<b>5%</b>	<b>32%</b>	<b>34%</b>	<b>4%</b>	<b>30%</b>
- men	28%	3%	25%	29%	4%	25%	28%	4%	24%
- women	8%	1%	7%	8%	1%	7%	6%	0%	6%
<b>Average age, years</b>	<b>44</b>	<b>—</b>	<b>—</b>	<b>43</b>	<b>—</b>	<b>—</b>	<b>44</b>	<b>—</b>	<b>—</b>

**New employees and departures**

	2024		2023		2022	
	No.	%	No.	%	No.	%
<b>New employees</b>	<b>194</b>	<b>6%</b>	<b>304</b>	<b>9%</b>	<b>399</b>	<b>13%</b>
- men	122	5%	200	8%	275	12%
- women	72	9%	104	13%	124	18%
<b>Departures</b>	<b>233</b>	<b>7%</b>	<b>190</b>	<b>6%</b>	<b>230</b>	<b>7%</b>
- men	168	7%	144	6%	186	8%
- women	65	8%	46	6%	44	6%

Refers to the average number of employees during the year, in total and for men and women, respectively. In 2023, payroll systems were replaced. Data for 2023 is therefore calculated using the June-December follow-up.



## Competence supply

Basic industry is currently faced by several challenges and opportunities related to competence supply, and these are expected to intensify in the future. Södra therefore collaborates with industry and employer organisations, training providers, schools, municipalities and various external networks in order to help attract young people and adults to relevant training courses and the industry.

The forest industry is knowledge-intensive and we are continuously working to support members, employees, managers, contractors and customers that we work with by offering knowledge and competency development. Combined with continuous improvement, this enhances efficiency and provides opportunities for professional and personal development, while also improving well-being and the willingness to recommend Södra as a good place to work. We also want to offer our employees new and interesting challenges and everyday learning. By identifying and communicating both critical positions and strategic competencies, employees at Södra can increasingly step into leadership roles to future-proof their competence.

In 2024, 63 percent (60) of Södra's employees completed performance reviews. The aim of performance reviews is to provide

simple support for continued learning and to strengthen the link between strategy and everyday life for each employee.

Digitisation and the rapid pace of social development is also increasing the need for competency development for those employees who stay in the same role. During the year, the number of training hours per employee was 14 (21). The decrease in number of training hours was due to the fact that several major training courses were held in 2023, such as a new online course in the Södra Code of Conduct and training courses linked to a new business system solution. The Wood Business Area also implemented a major training programme around *Safety first*.

Internal mobility is important for competence sharing, but also for learning and development. The internal mobility rate was 64.3 percent (10.5). The annual result was due to a significant change in Södra, particularly in the Skog business area and Group functions, where the transition from a traditional line organisation to a process-oriented structure with new methods of working was implemented. The change reflects a strong evolution in learning and a powerful development for teams, individuals and the organisation as a whole.

### Training and performance reviews

	2024			2023			2022		
	Total	Managers	Employees	Total	Managers	Employees	Total	Managers	Employees
<b>No. of training hours per employee</b>	<b>14</b>	<b>33</b>	<b>12</b>	<b>21</b>	<b>42</b>	<b>19</b>	<b>16</b>	<b>42</b>	<b>14</b>
- men	9	31	7	13	40	10	16	41	14
- women	28	39	27	44	49	44	17	44	13
<b>Employees who completed performance reviews</b>	<b>63 %</b>	<b>69 %</b>	<b>63 %</b>	<b>60 %</b>	<b>63 %</b>	<b>60 %</b>	<b>57 %</b>	<b>55 %</b>	<b>57 %</b>
- men	66 %	72 %	65 %	62 %	64 %	62 %	60 %	58 %	60 %
- women	56 %	60 %	56 %	53 %	60 %	53 %	50 %	47 %	50 %

Training hours relate to training hours registered in Södra's Competency Toolkit. In 2024, performance reviews relate to reviews completed and registered between September 2023 and March 2024. The same applies to the reporting of completed and registered performance reviews for 2023 and 2022.

## Organisational culture and values

During the year, Södra received several external awards, such as the Employer Branding Achievement Award at Stora karriärdagen career day event. Södra was named one of Sweden's most attractive employers for the third consecutive year, a distinction where Karriärföretagen compiles an annual list of the most attractive employers in Sweden based on career and development potential for young talents. Södra was also voted seventh best employer by women engineers who have recently graduated or are currently entering the workforce.

The result of the employee survey in March show a major variation in employee experience. While Södra is generally perceived as

a highly attractive employer, we must continue to strengthen our employee proposition and ensure an equal employee experience across our entire operations. The survey shows a high level of commitment and a continued positive trend for Södra's Leadership Index. The employee Net Promoter Score (eNPS) measures how likely our employees are to recommend Södra as a good place to work. The eNPS score in the most recent survey was 15. A score above 0 is considered an acceptable employee experience. The response rate was 79 percent. In 2023, the scores for the two employee surveys were 13 and 17, respectively.

# Leading offer for our customers and consumers

The members' forestry enables Södra to conduct a sustainable business and contribute sustainable products to society. Certifications enable the traceability of wood raw material and products. Labelling contributes to our customer offer.

## Sustainable products

More and more customers and consumers are demanding traceability and raw material from responsibly managed forests. Having control over the origin of the wood raw material has therefore become increasingly important in our contact with both suppliers and customers. Södra offers products of certified forest raw material with Chain of Custody certification from PEFC or FSC®.

In 2024, the percentage of PEFC or FSC®-certified products was 63 percent (58). The percentage of certified products is dependent on the availability of certified wood raw material and customer demand for certified products. Members of Södra supply wood raw material to Södra and the percentage of certified affiliated forest area in Södra's group certification is presented on page 124.

Products and services from Södra		2024	2023	2022
<b>Products from Södra<sup>1)</sup></b>				
Seedlings	million	29	29	30
Wood raw material	million m <sup>3</sup> sub	1.9	1.9	2.1
Biofuel (from forests and mills)	GWh	3,681	3,710	3,850
Peat for material resource use <sup>2)</sup>	1,000 m <sup>3</sup> l	121	160	253
Sawn timber <sup>3)</sup>	1,000 m <sup>3</sup>	1,723	1,713	1,763
Cross-laminated timber	1,000 m <sup>3</sup>	14	19	6
Biomaterials <sup>4)</sup>	1,000 tonnes	439	402	419
Cellulose pulp	1,000 tonnes	1,842	1,893	1,897
Electricity	GWh	272	432	460
District heating	GWh	440	453	418
Tall oil	1,000 tonnes	34	36	38
Turpentine	1,000 tonnes	1.5	1.5	1.4
Biomethanol	1,000 tonnes	3.6	2.7	3.0
Lime sludge and lime	1,000 tonnes	52	47	64
<b>Forestry services from Södra</b>				
Harvesting <sup>5)</sup>	million m <sup>3</sup> sub	8.8	9.0	9.1
Forest management <sup>6)</sup>	1,000 ha	144	137	119

<sup>1)</sup> Products relate to products produced within Södra intended for external delivery.  
<sup>2)</sup> Peat for material resource use relates to peat litter, horticultural peat and block peat.  
<sup>3)</sup> Sawn timber is presented excluding subcontracting.  
<sup>4)</sup> Biomaterials refer to wood chips and sawdust for material purposes.  
<sup>5)</sup> Harvest volume refers to harvested roundwood from the field organisations in Sweden and the Baltics.  
<sup>6)</sup> Forest management relates to forestry operations, excluding regeneration harvesting.

Products with either PEFC or FSC® certification	2024	2023	2022
Products with either PEFC or FSC® certification	63%	58%	66%

The percentage of Södra's revenue from external sales of physical products derived from sales of products with either PEFC or FSC® certification. The share of certified products was higher in 2024 year-on-year due to the fact that a higher share of products was sold in US and European markets where demand for certified products is higher.

## EXTERNAL ASSESSMENTS

French company EcoVadis, which conducts Corporate Social Responsibility (CSR) assessments of companies, placed Södra in the top 1 percent of all companies that were assessed. In 2024, Södra's score was 80 (79) of a maximum of 100, and the company received a platinum medal for the fourth consecutive year.

## OTHER PRODUCT LABELLING

- » All grades of paper pulp produced by the Cell business area are approved for the production of eco-labelled paper products under the Nordic Swan and EU Ecolabels, and hold Blue Label certification (an international allergy label). All paper pulp is also approved for the production of paper and cardboard that may come into contact with food, according to German (BfR) and US (FDA) food standards. Every year, as part of its customer offer, the Cell business area communicates the origins of its wood raw material as well as environmental data, including carbon dioxide emissions and water footprint, at product level.
- » Södra is certified according to the Recycled Claim Standard (RCS) and can produce and sell certified OnceMore® dissolving pulp. The certification is used to communicate that the product contains at least 5 percent recycled material. Södra holds Control Union certification (CU 1059293).
- » There has been an Environmental Product Declaration (EPD) for Södra's CLT since 2020. In 2024, EPDs were developed for sawn, planed, coated and pressure-treated timber, and for pellets. An EPD describes the environmental performance of a product from a life cycle perspective.
- » The Wood business area has building product assessments for wood products and the products are registered in Basta and Sunda Hus – tools that promote sustainable building product choices.
- » Södra holds Sustainable Biomass Programme (SBP) certification and supplies certified solid biofuels from the forest and Södra's mills. The certification is used to show that the solid biofuel comes from legal and sustainable sources.
- » Tall oil and biomethanol from Södra's pulp mills holds International Sustainability and Carbon Certification (ISCC EU). The certification verifies that tall oil and biomethanol comply with the legal requirements for sustainability and greenhouse gas emission saving criteria for sustainable fuels under the EU Renewable Energy Directive (RED II). The certification also covers additional ecological and social requirements.

Read more and download certificates at [www.sodra.com](http://www.sodra.com)

# Optimised value chain from forest owner to customer and consumer

Södra serves as the bridge between forest estates and consumers. Our commitment to sustainability permeates every aspect of our operations, our entire value chain, and our social engagement.

## Business conduct and anti-corruption

The Södra Code of Conduct applies to everyone who works for Södra and translates our values into more concrete guidelines and behaviours. To raise awareness of the Code of Conduct, every employee must complete a compulsory online course. In 2023, a new Code of Conduct was adopted for Södra. At the end of 2024, 71 percent (65) of Södra's employees and 69 percent (67) of Södra's Group Senior Management had completed the online training course for the new Code of Conduct.

In 2024, 12 cases of potential gross misconduct in Södra's operations were reported via the whistleblowing system. Three of these reports were initially assessed as potential whistleblowing cases. Following an investigation, only one of the three reports was considered to fall within the scope of a whistleblowing case. The case was related to non-compliance with guidelines and laws. It was investigated and action was taken. Following investigations, other cases were either addressed internally or did not require any action. In 2023, 15 reports were received. One of these cases was deemed to fall within the scope of a potential whistleblowing case. The case was related to non-compliance with guidelines and laws. It was investigated and handled by the whistleblowing system. All other cases were handled internally.

In 2024, there were no health and safety-related incidents that resulted in legal sanctions (one in 2023). During the year, the penalty fee of SEK 15,000 was paid for the incident that occurred in 2023. In 2024, Kalmar District Court ordered that a corporate fine of SEK 14,000,000 be paid for the fatal accident at Södra's workplace in Orrefors in 2022. The fine was not paid during the year. In the external environment, four incidents (two in 2023) led to legal sanctions in the form of corporate fines totalling SEK 81,000 (SEK 30,000 in 2023), which were paid during the year. One of the cases was related to Södra's forestry operations, and three to Södra's industrial activities.

An assessment of risks was carried out during the year, including corruption risk. The risk assessment covered all of Södra's operations and was carried out by Group Senior Management. No significant risk of corruption was identified by the assessment.

In 2024, there were no confirmed cases of termination of contract with a business partner due to a corruption-related breach, which was unchanged compared with 2023.

In 2024, there were no ongoing legal actions against Södra in relation to anti-competitive or monopoly practices. In 2023, the European Commission closed the investigation that was launched in 2021 into the pulp pricing practices of a number of pulp producers in several European countries, including Södra. The inquiry ended without any measures.

## Responsible value chain

We place high demands on our suppliers and the Södra Supplier Code contains guidelines for how they should act in order for our partnership to work. The Supplier Code must be included in all supplier agreements and during the year, the Code was translated into Estonian and Latvian to make implementation easier in these countries. Previously the Supplier Code was only available in Swedish and English. Most of our suppliers and contractors are based in Sweden or the EU, which makes evaluation and control easier. Purchasing managers undergo regular training in the Supplier Code and during the year, an online course was developed in both Swedish and English.

The percentage of suppliers who had signed the Södra Supplier Code was 89 percent (93), corresponding to 95 percent (99) of the purchasing value. 100 percent (100) of the suppliers were risk-assessed. 96 percent (99) of the suppliers assessed as high-risk were reviewed by performing a self-assessment or being monitored on-site.

Purchasing and suppliers – purchasing category	No. of suppliers	Purchasing costs per geographic location for contracting party
Wood raw material <sup>1)</sup> (sawlogs, pulpwood and sawn timber)	21,926 <sup>2)</sup>	89% Sweden, 3% other Nordic countries and 8% rest of Europe.
Forestry contracting services <sup>3)</sup> (independent contractors)	516	84% Sweden, and 16% rest of Europe.
Transport services <sup>4)</sup> (transportation of wood raw material and products)	140	72% Sweden, 5% other Nordic countries and 23% rest of Europe.
Input products <sup>4)</sup> (process chemicals, fuels, energy and packaging materials)	58	62% Sweden, 11% other Nordic countries and 27% rest of Europe.
Indirect material and services <sup>4)</sup> (investments, operating materials, vehicles, IT, travel, office supplies and services)	259	97% Sweden, 1% other Nordic countries and 2% rest of Europe.

<sup>1)</sup> Comprises suppliers with annual sales to Södra of more than SEK 100,000.

<sup>2)</sup> Of which 12,028 harvesting assignment, 9,743 wood deliveries and 155 external suppliers. Harvesting assignments and wood deliveries are not covered by the Södra Supplier Code.

<sup>3)</sup> Comprises suppliers with annual sales to Södra of more than SEK 100,000, for forestry contractors more than SEK 50,000.

<sup>4)</sup> Comprises suppliers with annual sales to Södra of more than SEK 1,000,000.

## Comments

- » Södra's largest purchasing categories are wood raw material, contracting and transport services, input products and indirect material and services.
- » As of 2024, Södra's operations in the UK, Ireland, Estonia and Latvia and Building Systems have been included in the follow-up of suppliers and the Supplier Code. Efforts are also ongoing to enable their inclusion in the key indicators for supplier review, risk assessment and supplier assessments.
- » Södra's contracted suppliers are predominantly based in Sweden and the EU. In 2024, there was a shift towards a higher share of wood raw material from countries outside of Sweden. The reason was partly because Södra's operations in the UK and Ireland are included in the key indicator for 2024, but also due to a greater need for imported wood raw material for the mills. There was also a shift to a higher share from countries outside Sweden for forestry contracting services due to the fact that Södra's operations in Estonia and Latvia are now being included in the key indicator to a greater extent.

## Review of suppliers in terms of environmental and social impact

	2024	2023	2022
No. of reviewed suppliers in terms of environmental and social impact	194	214	255
No. of non-compliant suppliers	2	2	4
– suppliers with agreement to address the cause of non-compliance	100%	100%	100%
– suppliers where the review led to termination of their contract	0%	0%	0%

## Comments

- » The year's review process was focused on the Posted Workers Directive, the Alcohol and Drugs Policy and health and safety.
- » In total, slightly fewer suppliers were reviewed in 2024 compared with 2023 and two cases of supplier non-compliance were identified. The non-compliances were related to lack of personal protective equipment, and to navigation and mooring in shipping.
- » As of 2024, supplier assessment through self-assessments of low-risk suppliers are included in the reviews. Business development appraisals are no longer included.

## Supplier Code, risk assessment and supplier assessments based on risk

	2024	2023	2022
Suppliers that have signed the Södra Supplier Code	89%	93%	92%
Södra's purchasing value for which suppliers had signed the Supplier Code	95%	99%	99%
Södra's purchasing value for which a risk assessment of suppliers was performed	100%	100%	100%
No. of suppliers assessed as high risk	73	69	64
– percentage evaluated with a supplier self-assessment	55%	64%	64%
– percentage monitored on site (sustainability audit)	41%	35%	36%

## Comments

- » Suppliers who have signed the Södra Supplier Code account for a major share of Södra's purchases.
- » In 2024, the number of suppliers assessed as high risk refers to a risk assessment carried out at the end of 2023. The same applies to 2023 (end of 2022) and 2022 (end of 2021).
- » The table shows the percentage of suppliers assessed as high risk who completed a self-assessment or underwent a sustainability audit. Assessments performed in the past three years are included.

# Sustainable use of the forest and earth's resources

A common denominator for members of Södra is the desire to hand over something with even greater value to the next generation – not only financial value, but also natural, cultural and social value. While our bio-based products are part of the solution to enabling the global climate transition, we will also need to continuously adapt our forestry and industrial operations to the changing climate. Lower GHG emissions and efficient use of resources are high on the agenda.

## Biodiversity

Many forest values in Götaland have arisen from how forests have been managed historically. To preserve and promote these values, we need to continue managing our forests responsibly. By adopting a holistic approach, where we are always trying to balance production with environmental and social values as far as possible, we can create a win-win situation for forests, forest owners and society. Examples include conservation set-asides or conservation stands that require active management where spruce must be controlled in order to preserve and develop nature conservation and social values. The area on which these types of measures are carried out needs to increase and Södra's target is to perform nature conservation measures on 3,000 hectares every year until 2025. The target for 2024 was 2,650 hectares and the outcome was 2,310 hectares (2,010). The target was not achieved due to poor soil bearing capacity and re-prioritised harvesting resources, due to factors such as storm-felled trees and spruce bark beetle outbreaks. To increase the focus on, and quality of, nature conservation measures, about 85 people from Södra's own field organisation and contractors underwent training during the year.

Increasing the percentage of pine and mixed coniferous forests in Götaland is important. It involves production, nature

conservation and increasing the social values of forests, while we are also creating forest stands that can adapt to the changing climate. This also includes increasing the proportion of rowan, aspen, sallow and oak in young forests and allowing them to develop into fully grown trees. The measures must go hand in hand with a wildlife population adapted to the amount of forage available.

Every year, Södra compiles a *Green Balance Sheet* where forest management auditors review and determine how well regeneration harvests, thinning, nature conservation measures and regeneration operations have met the requirements for sustainable forestry. In 2024, a total of 443 sites (422) were audited in the *Green Balance Sheet*, corresponding to 2,685 hectares (3,412). The aim is that all regeneration harvests will achieve an acceptable result (100 percent) for sensitive habitats, wasteland, buffer zones and protection zones, impacts on soil and water, and cultural environments. For other main functions, the aim is a satisfactory result for 95 percent. The results are presented in the table on the right. In 2024, procedures were developed and tested in order to prepare a *Green Balance Sheet* for young stand thinning as well, starting in 2025.

The *Green Balance Sheet* report is available at [sodra.com](https://www.sodra.com).

### Considerations in regeneration harvesting

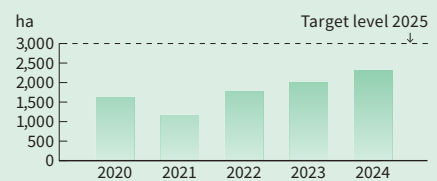
Main function	Percentage of acceptable main functions				
	2024	2023	2022	2021	2020
Sensitive habitats	79%	87%	100%	100%	91%
Wasteland	86%	90%	100%	95%	100%
Buffer zones and protection zones	81%	95%	98%	97%	92%
Impacts on soil and water	86%	95%	98%	91%	92%
Cultural environments	67%	78%	96%	94%	84%
Undergrowth during pre-commercial thinning	82%	88%	97%	93%	92%
Groups of trees and development areas	100%	100%	100%	99%	99%
High-conservation-value (HCV) trees	88%	88%	91%	88%	93%
Development trees	97%	96%	96%	88%	93%
Dry trees and windthrow	97%	98%	95%	93%	98%
New high stumps	94%	95%	96%	91%	90%
Experience	97%	93%	94%	91%	96%
Concentration of conservation considerations	100%	98%	99%	98%	99%
Branches and treetops	69%	72%	67%	37%	30%
Cultural heritage stumps	50%	58%	67%	61%	65%

Percentage of acceptable sites in the *Green Balance Sheet*, where the main function was assessed, for each main function. Over the past two years, efforts have been taking place to calibrate forest management auditors' assessments in the *Green Balance Sheet*. This has led to tougher assessments and, therefore, a lower percentage of acceptable sites. During the year, wet soil conditions in some parts of southern Sweden also contributed to the weaker outcome compared with earlier years. A root cause analysis will be implemented and an action plan created to remedy shortcomings.

### PROMOTION OF BIODIVERSITY – TARGET AND OUTCOME

Södra works to preserve and promote biodiversity – a process under continuous development. The aim is that Södra will pursue a richer biodiversity for future generations. In Götaland, nature conservation measures are important for the preservation and promotion of biodiversity. Södra's target for nature conservation measures is an area corresponding to 3,000 hectares per year until 2025. The outcome for 2024 was 2,310 hectares (2,010). More key indicators for measuring the effects of measures to preserve and promote biodiversity are under development.

### Nature conservation



Nature conservation measures area.

**Certified affiliated forest area in Södra's group certification**

	2024		2023		2022	
	Area (mil. ha)	%	Area (mil. ha)	%	Area (mil. ha)	%
PEFC	1.8	63%	1.8	66%	1.8	65%
FSC <sup>®</sup>	1.7	61%	1.7	62%	1.7	63%

The certified affiliated forest area has remained stable. Private forest owners appreciate the added value provided by forest certification. Certified wood raw material means that it is possible to deliver certified products to customers who request certified products. The percentage of certified products is presented on page 120. In 2024, the percentage of certified member estates was lower year-on-year. During the year, Södra performed an analysis in which several member estates with overestimated hectares were identified. The area had been overestimated due to errors in property data from Lantmäteriet (the Swedish mapping, cadastral and land registration authority). The areas for 2022 and 2023 are not systematically correctable.

Forest certification is an important tool for ensuring that members' forests are managed responsibly. Forest owners can become certified under Södra's group certification and then sign an agreement to comply with the certification requirements. These include preparing a green forest management plan. Monitoring takes the form of annual audits.



Södra holds PEFC and FSC<sup>®</sup> certification with license numbers:

- PEFC/05-22-11
- PEFC/05-35-48
- PEFC/05-32-20
- PEFC/05-35-306
- FSC<sup>®</sup>-C014930
- FSC<sup>®</sup>-C006947
- FSC<sup>®</sup>-C015771
- FSC<sup>®</sup>-C197323

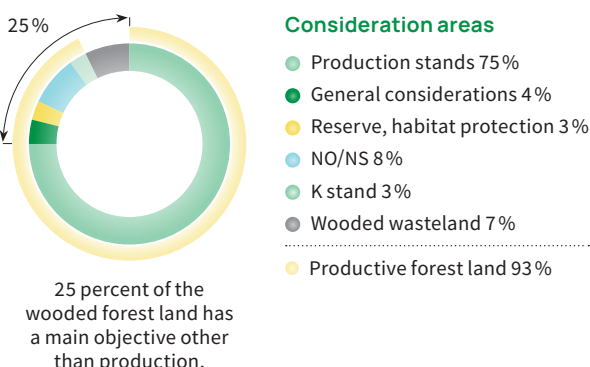
**Consideration areas – areas in Götaland on estates owned by members of Södra**

	2024	2023	2022
<b>Wooded wasteland<sup>1)</sup></b>			
area <sup>2)</sup> , ha	188,000	178,000	178,000
share of wooded forest land	6.6%	6.4%	6.4%
<b>Formal site protection (reserve, habitat protection)</b>			
area, ha	93,000	91,000	89,000
share of productive forest land	3.3%	3.2%	3.2%
<b>Voluntary set-asides (NO/NS)<sup>3)</sup></b>			
area, ha	145,000	148,000	141,000
share of regeneration harvest-ready forest	90%	88%	86%
share of productive forest land	8.1%	8.0%	7.8%
- of which NO	3.7%	3.7%	3.6%
- of which NS	4.4%	4.3%	4.2%
<b>Management target K (combined production and environmental objectives in addition to general considerations)<sup>4)</sup></b>			
area, ha	64,000	59,000	54,000
share of productive forest land	3.6%	3.2%	3.0%
<b>General considerations in regeneration harvests</b>			
share of production stands	4.6%	4.8%	4.6%

<sup>1)</sup> Wooded wasteland is low-productive land with some degree of high conservation value.  
<sup>2)</sup> The same percentage of wooded wasteland as in Götaland in its entirety has been used.  
<sup>3)</sup> The voluntary set-aside area relates to members with forest certification. NO refers to 'nature conservation, to be left untouched,' and NS refers to 'nature conservation, requiring management.' Approximately 3,000 hectares of voluntary set-asides are protected by temporary nature conservation agreements.  
<sup>4)</sup> The area with management target K relates to members with forest certification. Under management target K, a production target applies for 61 percent of the area, and a nature conservation target for 39 percent.

**More about consideration areas**

Wooded forest land consists of productive forest land and wooded wasteland. The productive forest land grows by at least one m<sup>3</sup> per hectare and year, while wooded wasteland is low-productive woodland and not used for wood production. Productive forest land consists of production stands – areas in which wood production is the primary objective, combined with general considerations in forestry measures – and various types of nature conservation areas. Formal types of site protection are nature reserves, habitat protection and nature conservation agreements. Nature reserves are formed by county administrative boards or municipalities to protect a connected area. Habitat protection and nature conservation agreements on forest land are formed by the Swedish Forest Agency or a county administrative board to protect small areas. Nature reserves, habitat protection areas or nature conservation agreements on members' estates are covered by agreements between individual members and the Swedish Forest Agency or county administrative board. There are regulations for formally protected areas describing why the site is protected and any forestry measures. General considerations apply to all forestry operations. These may include buffer zones, sensitive habitats and groups of trees. In addition to general considerations, forest owners set aside stands voluntarily to preserve and promote nature conservation values. These stands should amount to at least 5 percent of the estate, according to the forest certification requirements. NO (nature conservation, to be left untouched) designates areas where nature conservation values are best preserved and promoted if the forest is left untouched. NS (nature conservation, requiring management) designates the areas where special management methods are required to preserve and promote the nature conservation values. There are also K stands (combined targets) with targets for both wood production and nature conservation, and where nature conservation values apply to a higher percentage of the stand than in production stands. In combination, formal protection, voluntary set-aside stands and general considerations all contribute to the national environmental objective of vibrant forests. The green forest management plan for each member estate contains descriptions with objectives and measures for preserving and promoting nature conservation values.



**VALUE OF FOREST LAND, VOLUNTARY SET-ASIDES 2024**

The area of voluntary set-asides for nature conservation (NO/NS) on members' estates (PEFC-certified) amounted to 145,000 hectare. The total value of this forest area was SEK 29 billion, with a variation ranging from SEK 18–39 billion. The price range is based on average prices for forest land according to price statistics from Ludvig & Co and the average price for redeemed land (habitat protection) from the Swedish Forest Agency.

## The social values of forests

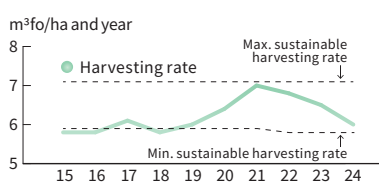
Forests are an important place for relaxation, recovery and recreation. We work continuously to promote the social values of forests and support the sector-wide objectives for good environmental considerations. This means that we work to maintain accessibility and preserve the experience values of forests, based on the unique conditions of each area. Good communication with the people who use the area is key to these efforts.

There are traces of past human activity in forests, such as clearance cairns, house foundations, tar pits and charcoal kilns. To avoid damaging these remains in connection with forestry operations, 1.3-metre high cultural heritage stumps are used as markers. We monitor considerations for cultural and ancient remains in the *Green Balance Sheet*. Considerations are hampered by the fact that many remains are not registered in cartographic material, but new technologies may provide opportunities for improvement in the future. In 2024, a training course in consideration for cultural remains in connection with biofuel management was completed by around 65 people, both Södra's employees and contractors.

## Sustainable harvest rate

Forests are a resource that should be used, but not overused. Maintaining the harvest rate within the long-term production capacity of the forest is essential. The sustainable harvest rate for members of Södra is 5.8–7.1 m<sup>3</sup>fo per hectare and year, corresponding to a total of 14–17 million m<sup>3</sup>sub per year, based on the current affiliated forest area. Södra's harvest rate for 2024 was 6.0 m<sup>3</sup>fo per hectare and year (6.5), which was within the sustainable harvest rate.

### Sustainable harvest rate



2024 refers to the mean for 2020–2022, in the same way as for other years. As of 2022, the sustainable harvest rate is based on the forestry impact assessment carried out by the Swedish Forest Agency and Swedish University of Agricultural Sciences in 2022 (SKA22). The harvest rate is based on the National Forest Inventory's data for Götaland.

## Forest growth

Södra's target is that the annual rate of forest growth on members' estates shall be 20 percent higher in 2050 compared with the base year of 2015. We have introduced many initiatives to increase forest growth responsibly:

- » Tree breeding projects to adapt seedlings to changing climate conditions, promote higher forest growth and improve pest resistance.
- » Development of a concept for nutrient recycling with bio-ash.
- » Development of tomorrow's system for effective and gentle forest regeneration.
- » Support for research into forestry and forest technology for higher efficiency and lower intensity.
- » Advisory services for members, where effective forest management methods for wildlife damage and control are key elements.
- » Active wildlife control measures.
- » Adaptation of tree species to climate change, which is leading to a higher proportion of pine, spruce on suitable sites and well-managed forests with the aim of being better equipped for a warmer climate and longer dry periods.

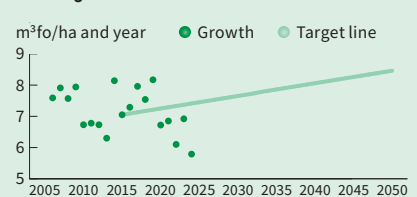
### Important activities during the year:

- » Continuation of projects related to vegetative propagation, aimed at faster exploitation of the latest knowledge in plant breeding. Research to identify resistance to disease and damage is a key enabler of this technology and an industrial PhD student has been recruited to work in this area.
- » Continued investment in indoor seed orchards for birch and spruce. The aim is to increase genetic variation and exploit traits such as disease and pest resistance and faster growth. Another indoor seed orchard for birch is under construction and an initiative was taken for spruce seed cultivation to ensure the production of spruce cuttings by constructing a new cultivation bed with irrigation.
- » Continued focus on a new forest regeneration method (soil scarification and planting) under Södra's management with a focus on technological advancement and the development of a partnership (*BraSatt*).
- » Participation in the joint Autoplant project together with ten other players in the forest industry with the aim of developing autonomous soil scarification and planting.
- » Launch of a new app to make it easier to follow up the quality of the plantings.
- » Investment in the startup company, Nordluft Automation, through Södra Ädla to enable nutrient recycling of bio-ash with an efficient and fossil-fuel free method.
- » Development of a new technology with terrestrial laser scanning for higher precision in thinning, in a collaboration between Södra Ädla and Nordic Forestry Automation (NFA). This technology may also lead to high-quality thinning operations, and continuous cover methods are ensured for the remaining forest.
- » New collaborations were initiated with the Mistra Digital Forest research programme in the field of automation, with links to low-intensity harvesting and forest regeneration.
- » Start of a PhD project in collaboration with the Swedish University of Agricultural Sciences (SLU) and Sveaskog focused on forest management of Douglas fir – an interesting tree species for a warmer climate.

### FOREST GROWTH – TARGET AND OUTCOME

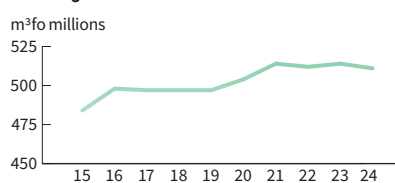
Södra's target is that the annual rate of forest growth on its members' estates shall be 20 percent higher in 2050 compared with the base year of 2015. Growth is highly dependent on the amount of precipitation during the vegetation period. The trend should therefore be followed over a longer period of time. There can be major variations from year to year and extreme weather conditions, such as the hot and dry summer of 2018 and subsequent spruce bark beetle damage, can also affect the outcome.

### Forest growth



In 2024, the average growth rate refers to 2018–2022, the most recent value available. Forest growth is based on information from the National Forest Inventory for members' estates.

### Growing stock on members' estates



The growing stock on forest land on members' estates is based on statistics from the National Forest Inventory. The growing stock has increased over a long period of time. Research and development, and the high ambitions of forest owners when it comes to forest management have contributed to this high rate of growth. The growth rate has been lower in recent years, which the National Forest Inventory also shows for the whole of Götaland, while the harvest rate has been high, but has now fallen slightly. One explanation for the lower growth could be the severe drought in 2018 and its subsequent effects. The margin between growth and harvesting will not be as great in the future, which will lead to less growing stock and subsequently net CO<sub>2</sub> emissions for individual years. Over time, however, there will still be a positive net change in forest carbon stock.

### Climate effect

Södra's total climate impact is illustrated in a model with three input parameters: net change in forest carbon stock, fossil GHG emissions in the value chain and potential for avoided fossil emissions through substitution.

Growing forests absorb carbon dioxide from the atmosphere, especially when they are managed sustainably and responsibly. The long-term trend in Sweden is that forest growth is increasing and we now have more growing stock than ever before, despite the fact that the growth rate has started to level off somewhat. Site adaptation (planting the right tree in the right place), being proactive and taking the right measures are all important for meeting

the challenges of climate change, while also promoting biodiversity.

Our industrial operations convert forest raw material into biofuels, biochemicals, biomaterials, building systems, dissolving pulp, electricity, wood products, paper pulp, seedlings and heat. These products generate very small net carbon dioxide emissions, and when products based on renewable forest raw material replace fossil raw materials or products manufactured with energy from fossil sources, they are contributing to a lower climate impact through substitution. Through innovation and by processing our products, we are meeting the growing demand for sustainable and renewable products in the evolving circular bioeconomy.

#### CLIMATE EFFECT – TARGET AND OUTCOME

Södra's target is to increase the positive climate effect to 13.5 million tonnes of CO<sub>2</sub>e by 2032. In 2024, the positive climate effect was 10.4 million tonnes of CO<sub>2</sub>e (11.4). This result was due to a lower positive net change in forest carbon stock and lower harvest rates year-on-year, while some of the fossil emissions in the value chain were higher.

#### Climate effect

CO <sub>2</sub> e, Mtonnes	2024	2023	2022
<b>Positive climate effect</b>	<b>10.4</b>	<b>11.4</b>	<b>12.1</b>
Net change in forest carbon stock	4.5	5.1	5.2
Fossil emissions in the value chain	2.5	2.5	2.1
Substitution	8.4	8.8	9.0

Net change in forest carbon stock minus our fossil emissions in the value chain, plus the use of our forest-based products to replace products with a higher climate impact, gives us Södra's total climate effect.

#### NET CHANGE IN FOREST CARBON STOCK

Due to ambitious forest management, the rate of forest growth on members' estates has increased since the beginning of the 1900s and also, therefore, carbon sequestration. In recent years, however, growth has slowed while the harvest rate has remained high.

The long-term trend is an average CO<sub>2</sub> uptake of 4.0 million tonnes of CO<sub>2</sub>e per year (4.7) (linear trend for ten years, five-year averages). For 2024, calculated as the difference between the two latest

available five-year averages for growing stock, the growing stock decreased, which led to net emissions of 3.9 million tonnes of CO<sub>2</sub>e per year (the CO<sub>2</sub> uptake in 2023 was 2.8). For more information about the growing stock trend, refer to the diagram on page 125.

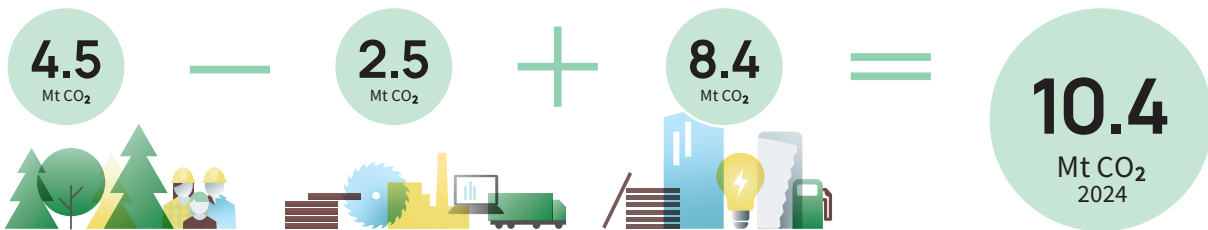
The net change in forest carbon stock in the Group's forests was 0.5 million tonnes of CO<sub>2</sub>e (0.4).

#### FOSSIL EMISSIONS IN THE VALUE CHAIN

Fossil emissions in the value chain are presented on pages 127–128. The climate effect also includes fossil GHG emissions from forestry operations linked to the forest raw material that members use themselves, or that they sell to other forest industries. In 2024, emissions were higher compared with earlier years due to higher emissions from transportation.

#### SUBSTITUTION

Substitution creates climate benefits when products based on renewable forest raw material are used to replace products with a higher climate impact, such as steel, concrete, plastic and energy from fossil sources. The potential for avoided fossil emissions through substitution was 8.4 million tonnes of CO<sub>2</sub>e (8.8). The outcome is due to a lower harvest rate year-on-year.



#### Forest carbon sink

The trees in members' forests absorb and store carbon dioxide from the atmosphere.

#### Value chain emissions

The remaining fossil emissions in our value chain.

#### Substitution

A potential substitution effect is created and fossil emissions are avoided when our renewable products are used to replace products with a higher climate impact.

#### Södra's total climate effect

Net change in forest carbon stock minus our fossil emissions plus the use of our forest-based products to replace products with a higher climate impact, gives us a positive total climate effect.

The model for climate effect shows the total climate impact of forests and forest-based products, signalling the importance of active forest management. The substitution effect should be considered a potential for emissions avoided, with the reduction taking place in other sectors. The substitution factors are conservative and based on scientific publications. There is a major variation between different publications and the factors will be adjusted as new research findings are presented. An international standard for the calculation model is currently under development. Read more about the calculation method used in the report at [www.sodra.com/climateeffect](http://www.sodra.com/climateeffect).

Forest-based product	Substitution factor, tonne of fossil carbon replaced per tonne of biogenic carbon in the forest-based product
Wood raw material	0.5
Biomaterials (wood chip and sawdust for material purposes)	0.9
Sawn timber	1.5
Paper pulp	0.7
Dissolving pulp	1.0
Energy and biochemicals	0.7



## GHG emissions

Södra's emissions-reduction target was validated by the Science Based Targets initiative (SBTi). The aim of the targets is to reduce GHG emissions by 50 percent by 2030, compared with the base year of 2020. For emissions from the processing of sold products, we have an engagement target whereby customers corresponding to 70 percent of the emissions will have set their own science-based targets by 2027. The next step is to set targets for net zero emissions and SBTi FLAG (Forest, Land and Agriculture). The aim was to set these targets in 2024, but SBTi has temporarily paused FLAG target validations for timber and wood fibres. The pause is expected to be lifted in 2025.

Our production processes are almost entirely powered by biofuels. Our own operational machinery and vehicles in mills and forests run mainly on HVO fuel – a bio-based alternative to petrodiesel – and we are working to increase the electrification of, for example, forklifts. During the year, six electric internal operational machines were rolled out, plus two hybrid machines that run on both HVO and electricity. The remaining fossil GHG emissions in Södra's mills come from fossil fuel oil that is mainly used during maintenance shutdowns and operational disruptions, but also from the use of input products in the pulp mills. Biofuel combustion, like all combustion, emits methane and nitrous oxide, which contribute to global warming.

Through various partnerships, we are working actively to reduce emissions from freight transport by, for example, using rail freight instead of road haulage, and to stimulate technological advances. Investments in liquid biofuel development and production through biomethanol and SunPine are helping to increase both the volume and varieties of liquid biofuel.

Emissions from purchased goods and services are derived from production of the input products required for pulp production, but also from contractor services for forestry operations. Partnerships in the value chain, combined with evaluation and selection of goods and services with a low climate impact, are key measures for reducing these emissions.

To promote commuting with electric vehicles, there are now up to 400 charging points at our facilities and offices. In 2024, around 90 charging points were installed. Under Södra's company car regulations, employees are offered a wide range of electric vehicles and plug-in hybrids, and electric vehicles must be the first choice. About 150 electric vehicles and plug-in hybrids were purchased during the year. Of the total number of company cars, 94 percent (84) were electric or plug-in hybrids at the end of 2024.

Customers use our paper and dissolving pulp as the raw material for a wide range of products. In 2024, emissions arising from the use of fossil fuels and

electricity in customers' production processes accounted for two-thirds of Södra's total fossil GHG emissions. We strive to work more closely with our customers to support them in their ambitions to reduce their GHG emissions in our shared value chain.

Several activities were carried out during the year that will reduce GHG emissions in both Södra and our value chain in the long and the short term:

- » Participation in a research and innovation project (Transition to efficient electrified forestry transportation – TREE), which is coordinated by the Forestry Research Institute of Sweden with the aim of accelerating the electrification of forestry road transport.
- » Investment in a battery-electric long-haul truck for wood chip transportation. Scania will deliver the battery-electric wood chip truck in 2025 as part of the TREE project. At the same time, investments are being made in the construction of charging infrastructure at Södra's units in Orrefors, Långasjö, Mörrum and Mönsterås.
- » The first electric truck in a Group-wide collaboration with DFDS will transport pulp between the pulp mill at Värö and the ports in Gothenburg and Varberg.
- » A new logistics arrangement, where pulp is transported by sea from all three pulp mills to the Port of Gothenburg, is enabling more efficient transportation and reducing the climate impact of the transportation.
- » Work on *Conscious Delivery* was developed together with suppliers and customers. The aim of the initiative is to reduce the use of fossil fuels in the logistics chain to customers. Several deliveries to customers by both road and sea were carried out with biofuels using the mass balance concept.
- » Södra and Verdane Capital formed a joint venture, Njord Carbon, to explore opportunities for negative CO<sub>2</sub> emissions (bioenergy with carbon capture and storage, BECCS).
- » The RSI Green Fleet project concluded during the year. The aim was to reduce GHG emissions from shipping. The conclusion was that further work is required in relation to energy efficiency, biofuel blending and fleet renewal. A key issue for shipping is access to renewable fuels.
- » Participation in the Combient network accelerator focused on reducing Scope 3 GHG emissions.

A continued focus on strategic systems changes, efficiencies and substitution is of the utmost importance for achieving the GHG emissions reduction targets.

### FOSSIL EMISSIONS IN THE VALUE CHAIN – TARGETS AND OUTCOMES

- » Total fossil GHG emissions in Scopes 1, 2 and 3 were 2,473 ktonnes of CO<sub>2</sub>e (2,432).
- » The target is that GHG emissions in Scopes 1 and 2 shall be halved by 2030 compared with the base year of 2020\*. The outcome for 2024 was 85 ktonnes of CO<sub>2</sub>e (94), up 9 percent compared with base year 2020. In 2024, total oil consumption in the pulp mills was lower year-on-year, due to fewer and shorter disruptions. The share of fossil fuel oil was lower, which led to lower emissions.
- » The target is that customers corresponding to 70 percent of Södra's GHG emissions in Scope 3, Category 10 (Processing of Sold Products) shall have set their own science-based targets by 2027. The outcome for 2024 was that 41 percent (34) of the emissions were derived from customers who had either set their own science-based targets, or had committed to setting their own targets. The outcome reflects the fact that a higher share of paper and dissolving pulp was sold in Europe, where the proportion of customers who have set their own targets is higher.

- » The target is that other indirect (Scope 3) GHG emissions (excluding Category 2: Capital goods, and Category 10: Processing of sold products) shall be halved by 2030\*. The outcome for 2024 was 718 ktonnes of CO<sub>2</sub>e (667), up 16 percent compared with base year 2020. Emissions were higher year-on-year due to a lowering of the biofuel blending obligation in Sweden, which affected emissions from transportation by truck and forest machinery. In addition, the need for imported wood raw material was higher, which led to longer transportation distances for wood raw material. Capital goods are not included in the target since the aim of investments is, among other things, to enable reduced GHG emissions in Södra's value chain and in society at large.

\*The target covers land use-related biogenic emissions from biomass combustion and uptake from the production of biomass that is combusted. These emissions and uptake are assumed to offset each other based on the fact that we have a positive net change in forest carbon stock in Sweden's forests and that purchased solid and liquid biofuels have a certificate of sustainability.

### Fossil emissions in the value chain

CO <sub>2</sub> e, ktonnes	2024	2023	2022	2021	2020
<b>Total emissions</b>	<b>2,473</b>	<b>2,432</b>	<b>2,121</b>	<b>2,051</b>	<b>2,160</b>
Direct (Scope 1) emissions	80	92	79	83	76
Indirect (Scope 2) emissions from the generation of purchased energy	4.8	2.7	2.5	2.7	2.6
Other indirect (Scope 3) emissions	2,388	2,337	2,040	1,966	2,081

The emissions include fossil carbon dioxide, methane, nitrous oxide and refrigerants.

### Fossil carbon dioxide from production and transportation

Fossil carbon dioxide, ktonnes	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fossil carbon dioxide from production	79	81	67	68	70	70	103	81	99	87
Fossil carbon dioxide from transportation	378	336	271	270	227	207	196	191	199	193

Fossil carbon dioxide from production includes emissions from production, operational machinery (including external forestry and other contractors working on behalf of Södra) and internal transportation. Transportation includes emissions from other transportation, including Södra's own haulage operations. Production and transportation account for a limited amount of the emissions included in Scope 1, 2 and 3 GHG emissions. For more detailed information about calculation principles, refer to pages 113–115.

Carbon dioxide equivalents (CO<sub>2</sub>e) is a metrics for greenhouse gases. Each type of greenhouse gas has a different global warming effect. When emissions are reported as CO<sub>2</sub>e, all greenhouse gases are included as if they were carbon dioxide. Scope 1 refers to direct GHG emissions that occur from sources that are financially controlled by Södra. Scope 2 refers to indirect emissions associated with the purchase of energy. Scope 3 refers to other indirect emissions.

**GHG emissions**

CO <sub>2</sub> e, ktonnes	2024	2023	2022
<b>Scope 1</b>	<b>80</b>	<b>92</b>	<b>79</b>
- of which fossil carbon dioxide	55	66	53
- of which other greenhouse gases	25	26	26
<b>Scope 2</b>	<b>4.8</b>	<b>2.7</b>	<b>2.5</b>
- of which fossil carbon dioxide	—	—	—
- of which other greenhouse gases	—	—	—
<b>Scope 3</b>	<b>2,388</b>	<b>2,337</b>	<b>2,040</b>
- of which fossil carbon dioxide	—	—	—
- of which other greenhouse gases	—	—	—
<b>Biogenic carbon dioxide</b>	<b>6,352</b>	<b>6,505</b>	<b>6,530</b>
- of which Scope 1	4,899	4,997	4,980
- of which Scope 2	—	—	—
- of which Scope 3	1,453	1,508	1,550

Other greenhouse gases includes methane, nitrous oxide and refrigerants. For Scopes 2 and 3, classifying emissions as either fossil carbon dioxide or other greenhouse gases is not possible due to direct reporting of CO<sub>2</sub> equivalents for many purchased goods. Biogenic sources of carbon dioxide are not reported in Scope 2.

**Direct (Scope 1) GHG emissions**

CO <sub>2</sub> e, ktonnes	2024	2023	2022
<b>Scope 1</b>	<b>80</b>	<b>92</b>	<b>79</b>
- of which fossil carbon dioxide from fossil fuels	39	53	37
- of which fossil carbon dioxide from use of input products	16	13	16
- of which from other	25	26	26

Scope 1 refers to direct GHG emissions that occur from sources that are financially controlled by Södra, including leased vehicles.

**Indirect (Scope 2) GHG emissions from the generation of purchased energy**

CO <sub>2</sub> e, ktonnes	2024	2023	2022
<b>Scope 2</b>	<b>4.8</b>	<b>2.7</b>	<b>2.5</b>
- of which from purchased electricity in foreign companies	4.7	2.6	2.4
- of which from other	0.1	0.1	0.1

Scope 2 refers to indirect GHG emissions from the generation of purchased energy. A market-based method was used for electricity. Using a location-based method, Scope 2 emissions were 0.8 ktonnes (1.0).

**Other indirect (Scope 3) GHG emissions**

CO <sub>2</sub> e, ktonnes	2024	2023	2022
<b>Scope 3</b>	<b>2,388</b>	<b>2,337</b>	<b>2,040</b>
- 3.1 Purchased goods and services	262	251	232
- 3.2 Capital goods	70	70	70
- 3.3 Upstream emissions fuels and energy	20	22	18
- 3.4, 3.9 Upstream and downstream transportation and distribution	367	335	261
- 3.5 Waste generated in operations	0.2	0.2	0.4
- 3.6 Business travel	0.9	1.2	0.7
- 3.7 Employee commuting	12	11	10
- 3.10 Processing of sold products	1,600	1,600	1,400
- 3.11 Use of sold energy products	48	38	40
- of which from sales of fossil fuels	26	15	17
- 3.12 End-of-life treatment of sold products	7.8	7.5	7.7
- 3.15 Investments	0.2	0.4	0.3

Scope 3 refers to other indirect GHG emissions in selected categories. The selection is based on the criteria set out in the GHG Protocol. A market-based method was used for electricity in Scope 3, Category 3. Using a location-based method, Scope 3.3 emissions were 20 ktonnes (22). There was no impact on total Scope 3 emissions.

**Fossil carbon dioxide emissions from production and operational machinery**

	2024	2023	2022
Pulp, kg fossil CO <sub>2</sub> /tonnes of pulp	18	22	16

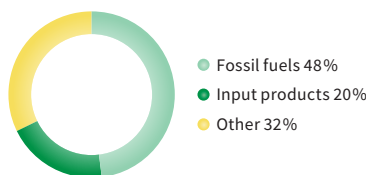
Excluding emissions from generation of sold electricity and district heating.

Solid biofuels are used as fuel for the production of sawn timber. Small amounts of petrodiesel are used in operational machinery. Fossil carbon dioxide emissions per m<sup>3</sup> sawn timber are therefore very low.

**Comments**

» Södra mainly uses biofuels in production processes, which means that biogenic carbon dioxide emissions are higher than fossil carbon dioxide emissions and other GHG in Scopes 1, 2 and 3.

**Scope 1 GHG emissions in 2024**



Scope 1 emissions are direct greenhouse gas emissions derived from the use of fossil fuels and input products in Södra's pulp mills, and the transportation of wood and pulp with vehicles owned or leased by Södra. In addition other GHG emissions arise from the combustion of biofuels.

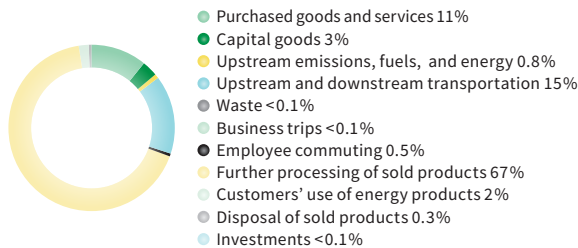
**Comments**

» In 2024, total oil consumption in the pulp mills was lower year-on-year, due to fewer and shorter disruptions. The share of fossil fuel oil was lower, which led to lower emissions.

**Comments**

» The indirect GHG emissions in Scope 2 are minor since Södra is largely energy self-sufficient. Emissions from the generation of electricity and heating are therefore included in Scope 1.  
 » Emissions were higher year-on-year due to higher emissions from electricity generation in Finland.

**Scope 3 GHG emissions in 2024**



**Comments**

» In Scope 3, Category 1, the production of input products for pulp mills and forestry contractor services is considerable. The reduced blending obligation for fuel in Sweden led to increased emissions from forest machinery.  
 » In Scope 3, Categories 4 and 9, sea transportation of products to customers accounts for most of the emissions. In 2024, emissions from transportation were impacted by several factors: reduced blending obligation, a greater need for imported wood raw material and the fact that a higher proportion of paper and dissolving pulp was sold in Europe. A greater need for imported wood raw material led to longer transport distances and therefore increased fuel consumption and increased emissions. A higher proportion of paper and dissolving pulp was sold in Europe which led to shorter transport distances and therefore lower fuel consumption and reduced emissions.

## Materials

We mainly use the following raw materials in the production processes at our mills: wood raw material, sawn timber, chemicals, packaging materials and water.

Efficient use of wood raw material and chemicals reduces environmental impacts and costs, while also strengthening profitability. This area is therefore important if we want to become more competitive and is an important part of our strategy to make more from every tree. Several research and development projects are currently taking place with the aim of creating more benefits and added value from a material and energy perspective from the increasingly limited forest raw material, in both future and existing production processes.

In addition to sawn timber and pulp, our industries generate several other products from the whole tree. They are used in building materials, as biofuels, for the production of liquid biofuels and as raw materials in the chemical industry. One example is biomethanol, which is extracted from the crude methanol produced in the pulping process. The crude methanol in the pulp mill at Mönsterås was previously used as an internal fuel but is now purified and sold to customers as biomethanol. Another example is that some of the bio-ash from the pulping process at the mills is recycled by using the nutrient-rich ashes to promote forest growth.

Another example in new materials and processes for the circular bioeconomy is OnceMore®, which enables large-scale recycling of textiles that would otherwise become waste. It is instead used

for the production of new textiles. We also participate in the BioGlue Centre, which is aimed at accelerating the development of a bio-based adhesive.

During the year, a decision was made to invest in kraft lignin production at the combined facility in Mönsterås. The lignin is currently used to generate energy. But with the refinement process that Södra is now investing in, some of the lignin in the wood raw material will be used to replace fossil materials in adhesives, batteries, rubber and composites, for example, and form the basis for new biofuels and biostimulants. The initiative will also enable new energy efficiencies at the pulp mill and provide opportunities for circular production of other chemicals from residue flows.

Another decision was made during the year to invest in a production line in the combined facility at Värö to create a vegetable tanning agent from bark – tannin – a product that can be used to process leather.

## Water

In recent years, southern Sweden has experienced periods of abnormally low precipitation, resulting in low river flows and low groundwater levels. Water is a strategic resource and will receive a greater focus moving forward. Water supply and water use are key issues for Södra. Most of the water used in our operations is taken from surface water sources, but a small amount of groundwater and municipal water is also used. All water is freshwater. Water also comes into our processes through the wood raw material, and with chemicals.

Raw material use <sup>1)</sup>		2024	2023	2022
Wood raw material <sup>2)</sup>	million m <sup>3</sup> sub	12.5	12.6	12.8
Sawn timber <sup>3)</sup>	1,000 m <sup>3</sup>	270	205	209
Chemicals <sup>4)</sup>	1,000 tonnes	302	322	320
Packaging materials	1,000 tonnes	6.2	6.6	6.8
Water withdrawal	million m <sup>3</sup>	84	85	88
Other raw materials	1,000 tonnes	1.0	1.4	1.6

<sup>1)</sup> Wood raw material and sawn timber are renewable raw materials, while chemicals, packaging materials and other raw materials are largely fossil-derived. Measurement and monitoring of the renewable percentage is not available for chemicals and packaging materials.

<sup>2)</sup> Wood raw material includes sawlogs, pulpwood, fuel wood and forest residue, which is used in Södra's industrial operations.

<sup>3)</sup> Sawn timber relates to external purchasing that is processed within Södra to varying degrees.

<sup>4)</sup> Chemicals relates to purchased chemicals. Consumption mainly takes place in the pulp mills, in digesters and bleachers. The alkaline cooking chemicals are almost completely recovered, while energy is also generated. Chemicals for bleaching are partly manufactured on site, but also purchased on an ongoing basis. The hazard categories of the chemicals vary, but are mostly corrosive, oxidising and toxic.

## Comments

- » The pulp mills use surface water from the Emån, Mörrum and Viskan rivers. Only a minor share (<1 percent) of Södra's water withdrawal comes from groundwater or municipal water. Water use has remained stable in recent years.
- » Water also enters Södra's processes via incoming raw materials, mainly with wood raw material and chemicals, totalling just under 6 million m<sup>3</sup> (6).

## Energy

We are almost self-sufficient in renewable energy for our own industrial operations. The energy is generated in our pulp mills and sawmills and mainly derived from wood raw material.

If needed, energy requirements are supplemented by purchasing biofuels and, to a limited extent, fossil fuels.

Our various industrial operations also generate large amounts of excess green energy that is delivered to external customers in the form of renewable electricity, district heating and biofuels. Electricity generation for the year exceeded electricity use, allowing us to deliver large amounts of excess electricity to the local community.

During the year, a decision was made to invest in a new condensing turbine to increase electricity generation in the pulp mill at Mörrum. The condensing turbine will optimise the energy yield from the process by generating more electricity from the same amount of raw material. The pulp mill at Mönsterås invested in a new switchgear to complement the facility's existing electrical infrastructure. The investment will enable increased electrification with high availability. The switchgear uses technical air as an insulating medium instead of sulphur hexafluoride, which is a greenhouse gas.

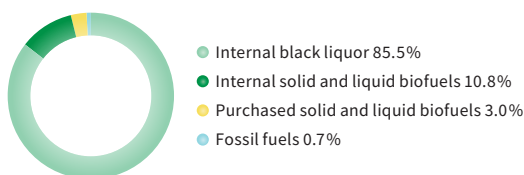
Fuel consumption, GWh	2024	2023	2022
<b>Renewable fuels, total</b>	<b>14,330</b>	<b>14,863</b>	<b>14,703</b>
Internal black liquor (within Södra)	12,239	12,527	12,321
Internal solid and liquid biofuels (within Södra)	1,537	1,493	1,552
Purchased solid and liquid biofuels	554	843	830
– for production (within Södra)	429	561	550
– for operational machinery and transportation (within Södra)	70	72	73
– for forestry and other contractors (outside Södra)	15	50	48
– for transportation, business travel and fuel sold externally from Södra’s filling stations (outside Södra)	40	160	159
<b>Fossil fuels, total</b>	<b>1,664</b>	<b>1,511</b>	<b>1,208</b>
Fuel oil (within Södra)	66	107	51
Fossil fuels	1,569	1,380	1,131
– for operational machinery and transportation (within Södra)	79	89	86
– for forestry and other contractors (outside Södra)	173	145	140
– for transportation, business travel and fuel sold externally from Södra’s filling stations (outside Södra)	1,317	1,146	905
Other fossil fuels (within Södra)	29	24	26

Fuel consumption takes place within and outside Södra. Within Södra comprises production, operational machinery and transportation (corresponding to Scope 1 GHG emissions). Outside Södra comprises forestry and other contractors (part of Category 3.1), transportation (Categories 3.4 and 3.9), transportation of waste (part of Category 3.5), business travel (Category 3.6) and fuel sold externally from Södra’s filling stations (part of Category 3.11). Refer to the calculation principles on page 115 for details.

**Comments**

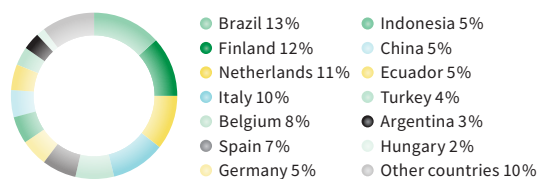
- » The Cell business area has a duty to report under the Sustainability Criteria for Biofuels, Bioliquids and Biomass Fuels Act (2010:598) and therefore reports the geographic origin of biofuels used.
- » The internal black liquor and solid biofuels (internal and purchased) consumed in Sweden are more than 99 percent Swedish and less than 1 percent Norwegian in origin. Consumption in Sweden accounts for more than 99 percent of the total amount consumed. Consumption in Finland accounts for less than 1 percent, and has 100 percent Finnish origin. The fuels belong to the forest biomass, including by-products from forestry and other by-product or waste categories.
- » Internal liquid biofuels come from Sweden and belong to the categories of crude tall oil and crude methanol.
- » Purchased liquid biofuels belongs to the categories of tall oil pitch, mixed fatty acids (MFA) and cashew nut shell liquid (CNSL). The geographic origin is shown in the diagram below.

**Fuel consumption for production 2024**



Södra consumed fuel equivalent to 14.3 TWh for industrial production. 0.7 percent of this figure was fossil fuel, mainly fuel oil. Otherwise, biofuels were used, most of which comprised the wood substances (lignin) released in the production process at the pulp mills. The pulp mills recycle the cooking chemicals used in pulp production, while simultaneously generating energy. The sawmills burn bark and other biofuels to produce heat for drying wood.

**Geographic origin of purchased liquid biofuels (bio-oils) 2024**



During the year, 392 GWh of purchased liquid biofuels (bio-oils) in total was consumed. The bio-oils were derived from geographic origins in several countries, dominated by Brazil, Finland and the Netherlands. The other countries category comprises Austria, Bulgaria, Chile, Côte d’Ivoire, Czechia, Denmark, Estonia, France, Ghana, Greece, Ireland, Malaysia, Morocco, Panama, Portugal, Romania, Slovenia, South Africa, Sweden, Taiwan, the UK, Tunisia, Ukraine and Vietnam.

Electricity and district heating, GWh	2024	2023	2022
<b>Electricity</b>			
Electricity use <sup>1)</sup>	1,437	1,479	1,482
– for production, operational machinery and transportation (within Södra)	1,411	1,454	1,453
– for transportation and business travel (outside Södra)	26	25	29
Purchased electricity <sup>1)</sup>	156	148	142
– for production, operational machinery and transportation (within Södra)	130	123	113
– for transportation and business travel (outside Södra)	26	25	29
Electricity generation	1,683	1,886	1,913
Electricity sales	402	555	573
Green electricity	99.3%	99.5%	99.5%
<b>District heating<sup>2)</sup></b>			
Purchased district heating, total (within Södra)	2	3	2
– from steam	2	3	2
– from secondary heat <sup>3)</sup>	0	0	0
District heating sold, total	440	453	418
– from steam	156	149	138
– from secondary heat	284	304	280

<sup>1)</sup> Electricity use and purchasing of electricity within and outside Södra. Within Södra comprises production, operational machinery and transportation (corresponding to Scope 1 GHG emissions). Outside Södra comprises forestry and other contractors (part of Category 3.1), transportation (Categories 3.4 and 3.9), transportation of waste (part of Category 3.5), business travel (Category 3.6) and fuel sold externally from Södra’s filling stations (part of Category 3.11). Refer to the calculation principles on page 115 for details.

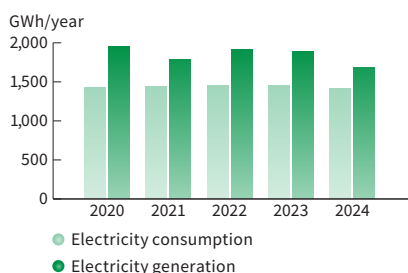
<sup>2)</sup> District heating relates to external purchasing and external sales.

<sup>3)</sup> Secondary heat is excess heat from the process. No additional fuel is required.

**Comments**

- » More than 99 percent of the electricity generated by Södra comes from renewable energy sources. Electricity is generated in the pulp mills at Mönsterås, Mörrum and Värö, in six wind turbines located at Mönsterås, and in a hydro-power plant at Karlshammar.
- » In 2024, electricity generated was lower compared with earlier years due to low availability in two of the pulp mills’ turbines. Electricity use was also lower compared with earlier years due to a longer maintenance shutdown at one of the pulp mills. In total, this led to lower external deliveries of electricity compared with earlier years.
- » District heating deliveries were lower year-on-year. The deliveries are weather-dependent.

Electricity use and electricity generation



Electricity generated continued to exceed electricity use, net electricity deliveries were 272 GWh. Net electricity deliveries are calculated as the difference between electricity generation and electricity use, or the difference between electricity sold and electricity purchased within Södra. Refer to the table on page 130.

Electricity and heating consumption – Pulp

kWh/tonnes of pulp	2024	2023	2022	2021	2020
Electricity	699	701	700	711	698
Heating	3,212	3,199	3,113	3,273	3,002

Electricity and heating consumption for pulp was in line with earlier years.

Electricity and heating consumption – Sawn timber

kWh/m <sup>3</sup> sawn timber	2024	2023	2022	2021	2020
Electricity	64	66	63	61	60
Heating	238	233	226	225	225

Electricity and heating consumption for sawn timber was in line with earlier years.

Energy consumption within and outside Södra, GWh	2024	2023	2022
<b>Renewable fuels</b>	<b>14,330</b>	<b>14,863</b>	<b>14,703</b>
– within Södra	14,275	14,653	14,496
– outside Södra	55	210	207
<b>Fossil fuels</b>	<b>1,664</b>	<b>1,511</b>	<b>1,208</b>
– within Södra	174	220	163
– outside Södra	1,490	1,291	1,045
<b>Purchased electricity</b>	<b>156</b>	<b>148</b>	<b>142</b>
– within Södra	130	123	113
– outside Södra	26	25	29
<b>Purchased district heating</b>	<b>2</b>	<b>3</b>	<b>2</b>
– within Södra	2	3	2
– outside Södra	0	0	0
<b>Total</b>	<b>16,152</b>	<b>16,525</b>	<b>16,055</b>
– within Södra	14,581	14,999	14,774
– outside Södra	1,571	1,526	1,281

Energy is consumed within and outside Södra. Within Södra comprises production, operational machinery and transportation (corresponding to Scope 1 GHG emissions). Outside Södra comprises forestry and other contractors (part of Category 3.1), transportation (Categories 3.4 and 3.9), transportation of waste (part of Category 3.5), business travel (Category 3.6) and fuel sold externally from Södra’s filling stations (part of Category 3.11). Södra also makes external deliveries of energy in the form of electricity and district heating. Refer to the calculation principles on page 115 for details.

External energy deliveries, GWh	2024	2023	2022
Electricity	272	432	460
District heating	440	453	418
Solid biofuels (forest fuel, bark, sawdust and pellets for energy purposes)	3,681	3,710	3,850
<b>Total</b>	<b>4,393</b>	<b>4,595</b>	<b>4,728</b>

In 2024, external energy deliveries totalled approximately 4,400 GWh.

Solid biofuels in 2024

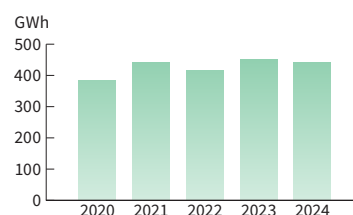


Solid biofuels are used in a variety of ways in Södra’s value chain. Forest residue (branches and treetops) is a product of harvesting and used as fuel in thermal power stations. Bark from the pulp mills is used for internal energy generation and also sold on the market as biofuel. The sawmills contribute with bark, wood chips and sawdust. The diagram shows the division between solid biofuels from forests and the mills, respectively, a total of about 3,700 GWh.

Comments

- » Renewable fuels are mainly used within Södra for pulp production.
- » Fossil fuels are mainly used outside Södra for the transportation of raw materials to industry and products to customers.
- » The total consumption of fuels was in line with the preceding year. The reduced blending obligation for fuel in Sweden led to a higher percentage of fossil fuels and fuel outside Södra.

External district heating deliveries



Södra delivers district heating from the pulp mills at Mönsterås, Mörrum and Värö, and the sawmills at Kinda and Hamina, to neighbouring communities. In 2024, external district heating deliveries were 440 GWh. Two-thirds of the external district heating deliveries comprised excess heat from industrial processes. District heating is also delivered internally within Södra. The pulp mills at Mönsterås and Värö supply the combined facilities with district heating.

## Emissions to air, land and water

Resource efficiency requires determined efforts to consistently reduce the environmental impact of emissions to air, land and water. The emissions are mainly derived from our pulp mills and transportation. The emissions to water are mainly attributable to the pulp mills and are treated in the mills' internal wastewater treatment systems. Surrounding areas may be affected by odours, dust and noise from our industrial and forestry operations.

The pulp mill at Mönsterås has a research facility for the cultivation of microalgae. The facility is part of a three-year research project in

collaboration with Linnaeus University, and is funded by Södra Cell Mönsterås. The aim of the project is to study the potential for using microalgae to purify residual streams from pulp mills. The removal of carbon dioxide and nitrogen oxides from a lime kiln's flue gases, and nitrogen and phosphorus from waste water is being studied. The uptake occurs as the algae grows and the biomass that is produced can be further processed into animal or fish feed, or biofuel.

Emissions to air, tonnes	2024	2023	2022
<b>NO<sub>x</sub> (nitrogen oxides calculated as NO<sub>2</sub>)</b>	<b>8,347</b>	<b>8,619</b>	<b>6,928</b>
– of which direct emissions	2,819	2,990	2,999
– of which indirect emissions	5,528	5,629	3,929
<b>S (gaseous sulphur calculated as SO<sub>2</sub>)</b>	<b>3,919</b>	<b>4,026</b>	<b>2,664</b>
– of which direct emissions	644	638	566
– of which indirect emissions	3,275	3,388	2,098
<b>Dust</b>	<b>932</b>	<b>960</b>	<b>595</b>
– of which direct emissions	499	510	313
– of which indirect emissions	433	450	282
<b>VOCs (volatile organic compounds)</b>	<b>2,177</b>	<b>2,306</b>	<b>2,251</b>
– of which direct emissions	2,070	2,198	2,161
– of which indirect emissions	107	108	90

Direct emissions correspond to Scope 1 GHG emissions and energy consumption within Södra. Indirect emissions correspond to parts of Scope 3 GHG emissions and energy consumption outside Södra. Refer to the calculation principles on page 115 for details.

### Comments

- » The pulp mills account for the largest share of direct emissions of nitrogen oxides, sulphur, dust and volatile organic compounds.
- » The indirect emissions of these substances are mainly derived from the transportation of products to customers.

Emissions to air from production and operational machinery	kg/tonne pulp (excluding emissions for generation of electricity sold and district heating)											
	2024				2023				2022			
	Cell total	Värö	Mönsterås	Mörårum	Cell total	Värö	Mönsterås	Mörårum	Cell total	Värö	Mönsterås	Mörårum
NO <sub>x</sub> (nitrogen oxides calculated as NO <sub>2</sub> )	1.4	1.4	1.2	1.5	1.4	1.5	1.3	1.4	1.4	1.4	1.3	1.4
S (gaseous sulphur calculated as SO <sub>2</sub> )	0.26	0.12	0.46	0.22	0.24	0.20	0.32	0.18	0.21	0.10	0.34	0.21
Dust	0.24	0.20	0.10	0.52	0.23	0.23	0.062	0.52	0.13	0.18	0.088	0.13

Emissions to water	2024	2023	2022	
Wastewater	1,000 m <sup>3</sup>	75,900	81,700	79,500
AOX (halogenated organic compounds)	tonnes	81	83	97
TOC (total organic carbon)	tonnes	6,870	7,549	8,355
COD (chemical oxygen demand)	tonnes	19,195	21,052	23,384
BOD <sub>7</sub> (biochemical oxygen demand)	tonnes	1,211	1,019	1,349
TSS (total suspended solids)	tonnes	1,151	1,402	1,969
Total-N (nitrogen)	tonnes	218	211	230
Total-P (phosphorus)	tonnes	20	21	23
Chlorate	tonnes	88	87	116

Emissions to water from pulp mills are presented. Treated wastewater maintains high quality and complies with the EU's Industrial Emissions Directive. Following treatment, the wastewater is discharged into the Kattegatt or Baltic seas and not reused. A small percentage (<1%) of the wastewater goes to municipal water treatment plants.

### Comments

- » Emissions of suspended solids and organic substances (TOC and COD) were lower year-on-year due to factors such as improved capacity in wastewater treatment at one of the pulp mills.
- » Emissions of biochemical oxygen demand (BOD) were higher year-on-year due to an imbalance in external treatment at one of the pulp mills and maintenance shutdowns at one of the pulp mills.
- » The imbalance in external treatment also had a negative impact on emissions of nitrogen, in particular.

Emissions to water	kg/tonne pulp											
	2024				2023				2022			
	Cell total	Värö	Mönsterås	Mörårum	Cell total	Värö	Mönsterås	Mörårum	Cell total	Värö	Mönsterås	Mörårum
AOX (halogenated organic compounds)	0.044	0.074	—	0.059	0.044	0.076	—	0.065	0.051	0.087	—	0.072
TOC (total organic carbon)	3.7	4.0	2.6	5.0	4.0	4.9	2.5	5.0	4.4	4.7	3.2	5.8
COD (chemical oxygen demand)	10	11	8.1	14	11	13	7.6	13	12	13	9.8	16
BOD <sub>7</sub> (biochemical oxygen demand)	0.66	0.75	0.42	0.87	0.54	0.80	0.22	0.64	0.71	0.83	0.36	1.1
TSS (total suspended solids)	0.63	0.62	0.35	1.1	0.74	0.78	0.31	1.4	1.0	0.76	0.56	2.3
Total-N (nitrogen)	0.12	0.086	0.13	0.17	0.11	0.11	0.081	0.17	0.12	0.089	0.14	0.15
Total-P (phosphorus)	0.011	0.0065	0.014	0.014	0.011	0.083	0.010	0.017	0.012	0.0078	0.015	0.014
Chlorate	0.048	0.097	—	0.033	0.046	0.087	—	0.056	0.061	0.14	—	0.026

## Waste

Resource efficiency also requires efforts to reduce waste volumes, and create new solutions for recycling and energy recovery instead. The waste that nevertheless arises is dealt with to reduce environmental impacts. These impacts can include leachate from own landfills at the pulp mills, emissions to air from the incineration of waste by external recipients and emissions to air from transporting waste. During the year, a working group was set up to reduce the amount of process waste from the pulp mills.

Waste, ktonnes	2024	2023	2022
<b>Non-hazardous waste</b>	<b>63</b>	<b>60</b>	<b>66</b>
– of which waste to materials recovery	19	17	17
– of which waste to energy recovery	4.4	3.2	3.0
– of which landfill waste, wet	39	40	45
<b>Hazardous waste</b>	<b>1.5</b>	<b>1.3</b>	<b>1.3</b>

It is assumed that energy is recovered from all waste incineration.

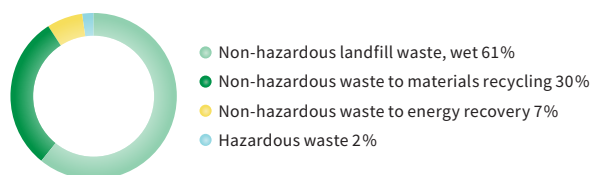
## REMEDIATION OF CONTAMINATED SOIL

Södra owns, or has owned, properties contaminated by earlier industrial production, mainly discontinued sawmills and former timber-treatment facilities. Remediation measures are prioritised on the basis of risk to human health and the environment.

During the year, remediation measures in various stages of completion continued on several estates:

- » Preparatory activities were conducted at the former timber-treatment facility in Hultsfred, aimed at making a decision about the treatment method that is required to remove the creosote found deep in the soil.
- » For the discontinued sawmills at Lidhult (Ljungby Municipality) and Hjortsberga (Alvesta Municipality), an environmental consultant and contractor were procured for the remediation of chlorophenols in soil and groundwater.
- » At the former sawmill site and adjacent bark waste yard in Fagered (Falkenberg Municipality), soil contaminated with chlorophenols and dioxins was remediated. Only final reporting to the supervisory authority remains before the remediation can be considered complete.
- » At the former paper mill site with adjacent sedimentation ponds and landfills at Emsfors (Oskarshamn Municipality), additional samples were collected to determine the extent of the contamination. In the next step, the supervisory authority will produce a liability investigation, in which Södra's liability for remediation will be determined.
- » At the former sawmill site in Korsberga (Vetlanda Municipality), activity was suspended pending a response from the supervisory authority in regard to soil contamination samples.
- » At the discontinued sawmill site in Långasjö (Emmaboda Municipality), additional soil samples were collected to test for DDT and barium contamination, and a proposal for the remediation was submitted to the supervisory authority.
- » At the discontinued nursery in Brattfors (Ockelbo Municipality), samples of soil contamination (mainly DDT) were collected and a report was submitted to the supervisory authority.
- » For the former pulp and paper mills in Strömsnäsbruk (Markaryd Municipality) and Delary (Älmhult Municipality), soil sampling plans were created and submitted to the supervisory authority.
- » For the former sawmill area in Bolmen (Ljungby Municipality), a funding application for preparatory measures was submitted to the Swedish Environmental Protection Agency.

## Waste treatment 2024



Non-hazardous landfill waste is mainly sent to Södra's own landfill sites and comprises inorganic materials, such as green liquor sludge, ash and lime sludge from the pulp mills. Hazardous waste is mainly comprised of oily wastes. In 2024, the total weight of Södra's waste was 64,134 tonnes. The year's result entails a shift towards waste to recycling and energy recovery rather than landfill.

## COMPLAINTS

- » During the year, Södra's industrial activities received 39 (34) external complaints. Most were related to noise and odours from the Cell business area's three pulp mills. The complaints were managed in accordance with the environmental management systems of the operations. The complainant receives feedback if requested. The complaints are also reported to the relevant supervisory authority.
- » During the year, Södra's forestry operations received 107 (117) external comments, mainly related to the occurrence of threatened or protected species according to the Species Protection Ordinance. Dialogue meetings with authorities and interest groups were arranged on a few occasions during the year, mainly in the eastern region where there were more external comments.

## PERMIT VIOLATIONS

Environmental permits for Södra's mill operations regulate emissions to air and water and noise, using guideline values, limit values and/or constraints. Any exceedance of the guideline values must be reported to the supervisory authority and an action plan is required to avoid future exceedances. Exceedance of limit values is subject to criminal liability. A constraint is considered a limit value from the moment it is exceeded.

During the year, 15 (16) guideline values for Södra's activities were exceeded. No constraints (1) were exceeded. Södra Wood Långasjö exceeded the guideline values for emissions of nitrogen oxides and carbon monoxide to air. Södra Wood Orrefors exceeded the guideline value for heavy transportation at night. Södra Wood Värö exceeded the guideline value for zinc in stormwater. Södra Cell Mönsterås exceeded the guideline value for emissions of sulphur to air. Södra Cell Mörrum exceeded the guideline values for emissions of sulphur and dust to air, emissions of chlorate, phosphorus, nitrogen and total organic carbon to water, as well as noise. Total exceedances amounted to six for emissions to air, seven for emissions to water, one for noise and one for heavy transportation.

In addition to these exceedances, several other environmental incidents were reported to the relevant supervisory authority in 2024, including fire, oil and chemical discharges, and operational disruptions in purification equipment.

# GRI content Index

Södra Skogsägarna ekonomisk förening has reported in accordance with the Global Reporting Initiative (GRI) Standards for the period of 1 January 2024 to 31 December 2024.

## GRI 1: Foundation 2021

GRI Standard	Disclosure	Description	Reference	Omissions
<b>The organisation and its reporting practices</b>				
GRI 2: General disclosures 2021	2-1	Organisational details	2, 60, 62, 144-148, 160	
	2-2	Entities included in the organisation's sustainability reporting	92, 102	
	2-3	Reporting period, frequency and contact point	2, 102, 160	
	2-4	Restatements of information	102	
	2-5	External assurance	102, 137	
<b>Activities and workers</b>				
GRI 2: General disclosures 2021	2-6	Activities, value chain and other business relationships	1, 5, 10-11, 27, 30-35, 39, 60, 122	
	2-7	Employees	62-63, 113, 117-118	Omission of disclosures for employees who are paid on an hourly basis, no data is available.
	2-8	Workers who are not employees	113, 117	
<b>Governance</b>				
GRI 2: General disclosures 2021	2-9	Governance structure and composition	144-148, 154-157	Follows Swedish practice regarding disclosure of the Board's composition.
	2-10	Nomination and selection of the highest governance body	107-108, 145-146	
	2-11	Chair of the highest governance body	146-147, 154	
	2-12	Role of the highest governance body in overseeing the management of impacts	106, 146-147, 149	
	2-13	Delegation of responsibility for managing impacts	106, 146-147	
	2-14	Role of the highest governance body in sustainability reporting	102, 106, 146-147	
	2-15	Conflicts of interest	147-148, 152	
	2-16	Communication of critical concerns	109, 121, 149	
	2-17	Collective knowledge of the highest governance body	121, 146-147, 152	
	2-18	Evaluation of the performance of the highest governance body	145-148	
	2-19	Remuneration policies	63, 147-148	
2-20	Process to determine remuneration	147-148		
2-21	Annual total compensation ratio	63		
<b>Strategy, policies and practices</b>				
GRI 2: General disclosures 2021	2-22	Statement on sustainable development strategy	8-9	
	2-23	Policy commitments	106	
	2-24	Embedding policy commitments	106, 121	
	2-25	Processes to remediate negative impacts	106-112, 133	
	2-26	Mechanisms for seeking advice and raising concerns	109	
	2-27	Compliance with laws and regulations	121	
	2-28	Membership associations	104	
<b>Stakeholder engagement</b>				
GRI 2: General disclosures 2021	2-29	Approach to stakeholder engagement	103-104	
	2-30	Collective bargaining agreements	117	
<b>Material sustainability topics</b>				
GRI 3: Material topics 2021	3-1	Process to determine material topics	103	
	3-2	List of material topics	103	
<b>Economic performance</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	82-85, 104, 111-112, 126-127, 144-148, 150-151	
GRI 201: Economic performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	80, 82-85, 111, 125-128, 150-151	Omission of the quantification of expected future revenue and costs arising from Södra's climate-change risks and opportunities, no data is available. In the Group-wide strategy, Södra's climate-change risks and opportunities are a top priority, entailing intensified efforts to increase positive impacts and minimise negative impacts, collection and quantification of data, and presentation and reporting.



GRI Standard	Disclosure	Description	Reference	Omissions
<b>Anti-corruption</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 109, 112, 121, 150–151,	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	121	
	205-2	Communication and training about anti-corruption policies and procedures	121	Omission of number of Board members who completed web training, no data is available. Omission of division per employee category, no data is available. Omission of division per region, immaterial.
	205-3	Confirmed incidents of corruption and actions taken	121	
<b>Anti-competitive behaviour</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 109, 112, 121, 150–151	
GRI 206: Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	121	
<b>Materials</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 111–112, 129, 150–151	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	129	
<b>Energy</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 111–112, 127, 129, 150–151	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	115, 130–131	
	302-2	Energy consumption outside of the organisation	115, 130–131	
	302-3	Energy intensity	115, 131	
<b>Water and effluents</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 111–112, 129, 132, 150–151	
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	112	
	303-2	Management of water discharge-related impacts	111–112	
	303-3	Water withdrawal	115, 129	
	303-4	Water discharge	115, 132	
<b>Biodiversity</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 110–112, 123, 133, 150–151	
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	113, 124, 133	Status of protected areas is not reported for specific areas, not applicable, but for members' estates.
	Own	Promotion of biodiversity	105, 113, 123	
<b>Emissions</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 106, 111–112, 150–151	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	113–115, 127–128	
	305-2	Energy indirect (Scope 2) GHG emissions	113–115, 127–128	
	305-3	Other indirect (Scope 3) GHG emissions	113–115, 127–128	
	305-4	GHG emissions intensity	113–115, 128	
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant emissions to air	115, 132	
<b>Waste</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 111–112, 133, 151	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	111–112, 133	
	306-2	Management of significant waste-related impacts	111–112, 133	
	306-3	Waste generated	115, 133	
<b>Supplier environmental assessment</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 109–110, 112, 121, 151	
GRI 308: Supplier environmental assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	122	
<b>Employment</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 108, 112, 151	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	113, 117–118	Omission of division by age, no data is available. Omission of division by region, immaterial.

GRI Content Index, cont. &gt;

&gt; GRI Content Index, cont.

GRI Standard	Disclosure	Description	Reference	Omissions
<b>Health and safety</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 106–107, 112, 116, 151	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	106–107	
	403-2	Hazard identification, risk assessment and incident investigation	107, 116	
	403-3	Occupational health services	107	
	403-4	Worker participation, consultation, and communication on occupational health and safety	107	
	403-5	Worker training on occupational health and safety	107	
	403-6	Promotion of worker health	107, 116	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	107, 109–110, 151	Restricted to impacts linked to Södra's suppliers and from Södra's products and services. No other data is available.
	403-9	Work-related injuries	113, 116–117	Only Södra's employees are included in the presentation of work-related injuries, not subcontracted employees or contractors. Omission due to non applicability. Omission of number of work-related injuries when travelling to or from work, not applicable.
<b>Competence supply</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 108, 112, 151	
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	119	
	404-2	Programs for upgrading employee skills and transition assistance programs	119	
	404-3	Percentage of employees receiving regular performance and career development reviews	119	
<b>Diversity and equal opportunity</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 107–108, 112, 117, 151	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	62, 113, 117–118	
<b>Non-discrimination</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 107–108, 112, 117, 121, 151	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	117, 121	
	Own	Training in diversity, equity and inclusion	105, 117	
<b>Supplier social assessment</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 109–110, 112, 121, 151	
GRI 414: Supplier social assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	122	
<b>Organisational culture and values</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 108, 112, 151	
Own: Organisational culture and values	Own	Employees who would recommend Södra	105, 119	
<b>Forest certification and certified products</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 110–112, 150–151	
Own: Forest certification and certified products	Own	Certified affiliated forest area, %	105, 124	
	Own	Certified products, %	105, 120	
<b>The social values of forests</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 110–112, 125, 150	
Own: The social values of forests	Own	Promotion of the social values of forests	105, 125	
<b>Sustainable harvest rate</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 111–112, 150	
Own: Sustainable harvest rate	Own	Harvest rate on land owned by members	105, 113, 125	
<b>Forest growth</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 111–112, 150	
Own: Forest growth	Own	Annual rate of forest growth on members' estates	105, 113, 125	
<b>Climate effect</b>				
GRI 3: Material topics 2021	3-3	Management of material topics	104, 106, 109, 111–112, 126, 150	
Own: Climate effect	Own	Positive climate effect	105, 113–114, 126	

# Assurance Report

Auditor's Limited Assurance Report on Södra Skogsägarna ekonomisk förening's Sustainability Report. This is a translation of the original report in Swedish.

To Södra Skogsägarna ekonomisk förening,  
Corp. ID. No. 729500-3789

## Introduction

We have been engaged by the Board of Directors of Södra Skogsägarna ekonomisk förening to undertake a limited assurance of Södra Skogsägarna ekonomisk förening's Sustainability Report for the year 2024. The company has defined the scope of the sustainability report on page 2 in this document.

## Responsibilities of the Board and Group Management for the sustainability report

The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria is described on pages 102–103 and 105 of the Sustainability Report, and consists of the parts of the GRI (Global Reporting Initiative) Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the company's own reporting and calculation principles. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, 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 assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted limited assurance procedures 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. A limited assurance engagement has a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control 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 in relation to Södra Skogsägarna ekonomisk förening according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement do not allow us to obtain such assurance that we would become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group 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 Group Management.

Växjö, 12 February 2025



Erik Bergh  
Authorised Public Accountant

Madeleine Edberg  
Authorised Public Accountant

# Sustainability Report in accordance with the Swedish Annual Accounts Act

Södra has prepared a Sustainability Report in accordance with the Swedish Annual Accounts Act. The Sustainability Report contains relevant information about Södra's work and performance in areas including the environment, social conditions and employment, human rights and anti-corruption.

The statutory sustainability report consists of the following pages and areas:

- » Business model: pp. 10–11
- » Risks and risk management: pp. 149–151
- » Sustainability topics: pp. 106–112, 116–133
  - Policies and governance: pp. 106–112
  - Results: see the table below
- » Other sustainability disclosures (including materiality assessment): pp. 102–105, 113–115

For more information about where the various sustainability-related disclosures can be found, refer to the GRI Content Index on pages 134–136.

Sustainability topics	Reference
Environment	Leading offer for our customers and consumers: p. 120 Optimised value chain from forest owner to customer and consumer: pp. 121–122 Sustainable use of the forest and earth's resources: pp. 123–133
Social conditions and employment	People and culture at the centre: pp. 116–119 Optimised value chain from forest owner to customer and consumer: pp. 121–122
Human rights	People and culture at the centre: pp. 116–119 Optimised value chain from forest owner to customer and consumer: pp. 121–122 <i>The reporting on human rights relates to Södra's operations and value chain on the basis of work with the Code of Conduct and Supplier Code.</i>
Anti-corruption	Optimised value chain from forest owner to customer and consumer: pp. 121–122

## Auditor's opinion on the statutory sustainability report

To the general meeting of Södra Skogsägarna ekonomisk förening, Corp. ID. No. 729500-3789

### Opinion

A statutory sustainability report has been prepared.

### Engagement and responsibility

The Board of Directors is responsible for the sustainability report for the year 2024 and that it has been prepared in accordance with the Swedish Annual Accounts Act, in accordance with the previous version that applied before 1 July 2024.

Växjö, 12 February 2025

### Focus and scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12, *The auditor's opinion on the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and 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.

Erik Bergh  
Authorised Public Accountant

Madeleine Edberg  
Authorised Public Accountant

Katarina Johnsson  
Member Representative Auditor

Roger Johansson  
Member Representative Auditor

# Södra's CSRD activities

Södra believes that the Corporate Sustainability Reporting Directive (CSRD) provides good conditions for companies to strengthen and streamline their sustainability work. The CSRD has been incorporated into the Swedish Annual Accounts Act, which allows companies to prepare a sustainability report voluntarily, even if they are not subject to the reporting requirements. During the year, Södra therefore continued working to understand what a voluntary application of sustainability reporting in accordance with the updated rules in the Swedish Annual Accounts Act would entail, even though Södra, as an economic association, is not subject to the legal requirement. A sustainability report means that the company applies and reports in accordance with the European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation, in order to identify environmentally sustainable economic activities. A voluntarily sustainability report must also be reviewed by an Authorised Public Accountant appointed by the association at the Annual General Meeting.

A double materiality assessment in accordance with ESRS was conducted in three stages: assessment (current situation, benchmark and value chain), stakeholder engagement and identification of impacts, risks and opportunities. The aim was to identify the sustainability matters that are material for Södra based on their impact on the environment or people and/or their financial impact on Södra.

- » The assessment identified material parts of Södra's value chain divided into own operations and upstream and downstream players, including the sustainability matters that could be material in various parts of the value chain.
- » Stakeholder engagement took the form of a survey of customers, owners/members, employees, suppliers and banks. The aim was to gain an overall view of the sustainability challenges and opportunities facing Södra, based on how our operations affect the environment or people and the financial impact of these matters on our business. The stakeholders assessed Södra's positive and negative impacts on sustainability, and sustainability-related risks and opportunities for Södra.
- » The identification of Södra's actual and potential impact on the environment and people, as well as the financial impact of sustainability matters on Södra, was carried out in workshops with internal competencies. Assessment of impact was based on probability, scale, scope and remediability. Assessment of financial impact was based on probability and the magnitude of the impact.

The results of the double materiality assessment were compiled by the sustainability function and a number of material sustainability matters were identified. In addition, a number of informative sustainability matters were identified that are important to Södra and our stakeholders, but that are not deemed material sustainability matters. The preliminary results of the double materiality assessment confirm the results of the earlier materiality assessment.

The double materiality assessment was presented to Group Senior Management and the Board and, together with the gap analysis carried out in 2023, it provides an important basis for deciding on a possible implementation of voluntary sustainability reporting. Final determination of Södra's material sustainability matters based on the double materiality assessment, and a decision regarding voluntary sustainability reporting according to the Swedish Annual Accounts Act will be announced in early 2025.

Södra's subsidiary in Finland, Södra Wood Ab, is subject to the CSRD in accordance with Finnish law as of the 2025 financial year. Implementation of the directive for the subsidiary will take place in 2025.

Regarding the EU Taxonomy, a criteria analysis commenced in 2022 on the impact of identified taxonomy-eligible activities on the first two environmental objectives of the Taxonomy: climate change mitigation and climate change adaptation. An assessment remains of the other four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems.

# Corporate governance





# Good conditions for profitable and sustainable forestry

We refine and renew family forestry. For almost a century, we have been working together in Södra to increase the value of forests.

**52,116**

52,116 forest owners were members of Södra at year-end.

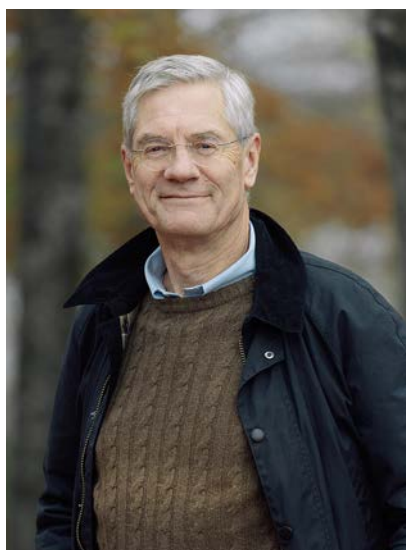
**36**

The members are organised into 36 forestry districts.

**2.8** million

Combined, the members own approximately 2.8 million hectares of forest.

# Changes that create opportunities



**2024 was not a normal year historically**, but it could be a normal year from now on.

Due to a shortage, we have a totally new market situation for forest raw material, which is affecting both forest estates and our industrial operations. Raw material from the forest has become exclusive and the price of wood has reached record levels with several price adjustments made during the year. This is good for forest estates, but not for our industrial operations with sawn timber, pulp and bioproducts. Due to these high raw material costs, we have to adapt and streamline to remain a competitive industrial player – and this year's result shows how we have done exactly that. In Götaland, the competition for forest raw material largely involves vying for a relationship with the forest owners. Södra has therefore adapted its organisation to meet this new market. Our relationship with forest owners will be our strength. The forest owner is Södra, as both a member and an owner.

## The best conditions for forest estates

We all have a common goal – that Södra and the Södra Model shall continue to deliver the best conditions for forest estates. That enables family forestry to be independent and enables us to do what we do best. But it also enables our mills to deliver the highest possible value from the forest raw material. We are more than 50,000 owners of our world-leading industrial operations. Industrial operations that we should be proud of, and that provide products that make everyday life easier. Industrial operations that contribute to climate benefits when wood raw material is used to replace fossil materials. In 2024, significant steps forward were made for our continued competitiveness when we decided to invest in the production of kraft lignin at Mönsterås and tannin at Värö – two new products that will create profitability, contribute to the green transition, and add value to our precious raw material.

## The year's profit distribution

Despite the sharp increase in raw material prices during the year, Södra delivered operating profit of SEK 2,630 million. This is a strong result and shows once again how the association stands stable even in tougher times. The Board proposes a profit distribution of SEK 1,753 million, which means we are distributing around two-thirds of our profit. To reflect the state of our market, where wood prices varied greatly during the year, the Board proposes that the dividend on wood should reward delivery volumes and be calculated in SEK per m<sup>3</sup>, in accordance with the motions received. The dividends will be equal, no matter what time of year the wood was delivered.





### We are stronger together

During the year, there were several occasions where the democratic character of the cooperative showed its strength. Cooperation between 52,000 members is unique to Södra and something we must always safeguard and nurture. I am thinking, of course, about our local annual meetings, the Annual General Meeting, autumn meetings, the member survey, the owner dialogue and all of the other meetings that our forestry districts hold. These are occasions when all members can learn new things and exert an influence, and provide management with an opportunity to listen. And we do. Listening to feedback from you as owners and members is having our feet on the ground and ears to the wind. There were several wise proposals at our local annual meetings and they were handled democratically. One example is that we have now initiated an evaluation of the Södra Model's Profit-distribution Policy. In the autumn's owner dialogue, which was carried out with new digital tools and analysed using AI, members were asked to give their views on what Södra can do to create even more value for forest estates and forest ownership going forward. The response rate for the owner dialogue was very high. That pleases me. Since we are strong together, everyone's voice is needed. We will now develop that owner dialogue in the district councils and report the aggregated results back to the 2025 AGM.

### New principles for transactions with members

The cooperative form of ownership characterises Södra's values and shall also characterise the way we do business with members. In order to strengthen family forestry in a raw material market with continued high demand and considerably greater fluctuations than ever before, various initiatives were implemented during the year to strengthen security for forest estates. During the spring, the Board adopted principles for Södra's transaction forms. The principles provide guidance for pricing, business terms and transaction forms

and promote both transparency and good relationships. With new services such as open price statistics, the Price Calculation tool and Highest Price, 60 Days, Södra is showing the way for how to conduct business with the profitability of forest estates at the centre.

### Let us continue doing what we are best at

We can see that our role as a company and a cooperative is about to change. The issues we deal with are not just about the profitability of forest estates or the results of our annual and sustainability report. They also include standing up for inclusion and equality, democratic values and being a voice for stability and sustainability.

Several inquiries were debated during the year and Södra made its voice heard and presented our knowledge about both forests and our everyday activities as members of Södra. These are important issues, and some could place us, as forest owners, in a situation where we have almost no rights. We are facing changes and we know very little about what the future holds, but you can be sure it won't be the same as in the past. We are prepared to transition and change our operations. But we are not interested in guessing games. We would like to see a much clearer legislative process and, above all, impact assessments.

It should go without saying that landowners receive compensation for a major restriction on the right to use their land. We cannot be held liable for something that the general public wants to protect. Freedom with responsibility has given Sweden a strong forest industry and prosperous family forestry. It is our job to continue managing forests and take responsibility for active nature conservation, but it is up to politicians to ensure that we remain able to do so.

Magnus Hall  
Chair of the Board

# Corporate Governance Report

Effective corporate governance and internal control are key components of a successful organisation and essential for upholding the trust of members, customers, authorities and other stakeholders. Effective corporate governance essentially ensures that systematic decision-making processes are in place, with a clear division of responsibilities between the various decision-making bodies. The Board and other corporate bodies need to work together to ensure effective governance and management of the company. Södra's governance proceeds from the association's Articles of Association, and the Swedish Economic Associations Act.

Södra applies the specific cooperative principles of Objectives and benefits for members, Democratic processes and Participation of the members in the enterprise's value creation, pursuant to the Swedish Code for the Governance of Cooperative and Mutual Enterprises. Södra also applies appropriate parts of the Swedish Corporate Governance Code, since the Code is based on the Swedish model of corporate governance and provides guidance on what is considered good corporate governance.

## The association's purpose

The purpose of Södra Skogsägarna ekonomisk förening is to promote the financial interests of its members, which includes trading in, and processing of, the forest and forest-based products, mainly from the association's members, and conducting production, industrial and/or financing activities. The association also aims to achieve a secure and appropriate market for members' forest raw material at market prices, to promote high and valuable forest production integrated with nature and cultural considerations, support and develop members' forestry with services and training, increase understanding of the cooperative form of enterprise and conduct business policy lobbying. The assignment can be summarised as We refine and renew family forestry.

## Structure and organisation

Södra Skogsägarna ekonomisk förening is the Parent Company of a forest industry group that offers forestry services and products in pulp, wood, building systems, energy and chemicals. The operations were previously grouped under four business areas – Södra Skog, Södra Wood, Södra

Cell and Södra Innovation. On 1 September 2024, two new business areas were added – Södra Bioproducts and Södra Building Systems. There are also a number of subsidiaries. Refer to the list on page 92.

## Owner and member

Södra is owned by about 52,000 forest owners in southern Sweden. The owners are members of the economic association, and contribute capital comprising at one contribution for each hectare of productive forest land, although more than 200 contributions are voluntary. One contribution is SEK 900. Every member is entitled to one vote, regardless of contributed capital or size of their forest estate. At year-end, the number of members was 52,116, an increase of 342.

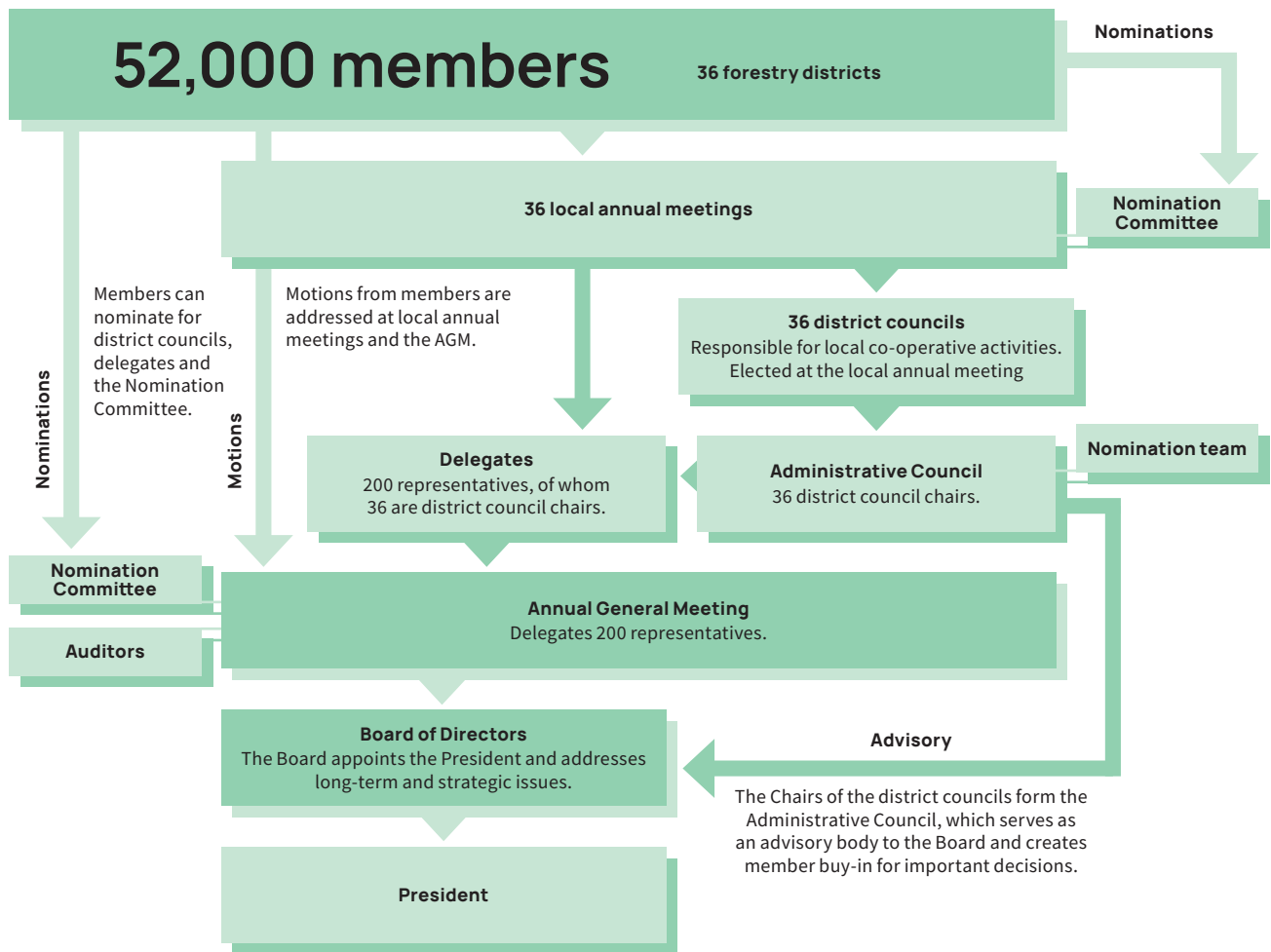
## Forestry districts and local annual meetings

Members of Södra are organised into 36 forestry districts, and a member's opportunities for direct influence are greatest in their forestry district. The views of members are otherwise represented by elected representatives. Each forestry district appoints a district council and a nomination committee at its local annual meeting. The local annual meetings also appoint delegates to the Annual General Meeting (AGM). Members are entitled to submit motions to the local annual meeting, which may decide to submit the motion to the AGM. Members may submit motions directly to the AGM. In addition, all members are entitled to submit proposals directly to the district council or the Board. At the local annual meeting, the district council reviews the activities of the past year and presents a new business plan for the current year.

The local annual meeting of the forestry district is held not later than three months after the end of the financial year. Notice of the ordinary local annual meeting or an extraordinary local annual meeting is to be in writing, and issued not later than one week prior to the meeting, and each district council is responsible for giving notice. Between 11–31 March in 2024, Södra's 36 forestry districts held their local annual meetings.

## The forestry districts' nomination committees

The forestry districts' nomination committees play an important role in Södra's democratic organisation and governance. The local annual meeting's election of members to the forestry district's district council and delegates to the AGM must be prepared via a structured process that enables well-informed decision-making. The main purpose of the local nomination committees is to make recommendations for these elections. Members of the nomination committee must have good insight into Södra, the foundations and values of the cooperative, and a broad network of contacts in the forestry district. At the 2022 AGM, Terms of Reference were adopted for the nomination committees in the forestry districts. According to the Terms of Reference, which were revised at the 2024 AGM, the nomination committees must work actively to increase the diversity of the elected representatives in order to future-proof Södra and adapt to changes in the association's membership and business environment. District councils, nomination committees and delegates should strive for an even gender balance. In their recommendations for elections, the nomination committees should take particular account of the Södra cooperative's Code of Ethics. The



nomination committees' assignment and work are also deepened through nomination committee forums and complementary guidance for the nomination committees.

### District councils

At the local annual meeting, each forestry district elects a district council that is responsible for the cooperative activities of the forestry district. This includes member activities, training courses and monitoring local business policy. The district council also appoints special representatives to deal with critical issues, such as a health and safety representative, nature conservation representative and wildlife representative. The members of the district council play an important role in member dialogue and the development of Södra.

The district council must have at least five and not more than twelve members. More members may be elected in larger forestry districts, but no more than 15.

### Administrative Council

The 36 Chairs of the district councils form the Administrative Council, which is an advisory

body to the Board and the AGM in strategic issues. The Administrative Council shall also work to ensure that Södra's strategic direction and decisions are well supported by members, and issue an opinion on the Board's profit-distribution policy. As part of this process, the Administrative Council meets Södra's Board and management for in-depth information and open dialogue, including through work in various groups and forums.

The Administrative Council appoints the members of the Administrative Council's nomination team from amongst its own ranks. One of the tasks of the nomination team is to prepare the AGM's election of members of the AGM Election Committee. In 2024, the Administrative Council held four physical meetings and seven brief online meetings.

### Annual General Meeting

The Annual General Meeting (AGM) is Södra's supreme decision-making body. The meeting consists of the 200 delegates elected at the local annual meetings, who each have one vote. Members of the

Administrative Council are always included in the delegates. The AGM adopts the financial statements and appropriation of profits, and appoints Board members, auditors and the Nominations Committee. Board members, the President and auditors are entitled to participate in the Meeting's discussions and present proposals.

The AGM is held not later than six months after the end of the financial year. Written notice shall be sent to each delegate not less than four weeks, and not later than two weeks, before an Ordinary General Meeting, and not later than one week before an Extraordinary Meeting.

The 2024 Annual General Meeting was held in Kalmar. The AGM proceedings were sent via Södra's website. In connection with the AGM, an excursion to the combined plant at Mönsterås was arranged with the theme A single tree produces a thousand opportunities.

The AGM resolved on the appropriation of profits and addressed 20 motions that had been discussed by the representatives at digital motion meetings beforehand. The motions were related to matters including



The 2024 Annual General Meeting was held in Kalmar.



differentiated settlement proceeds, trade in contributed capital and the Dividend Policy. In addition, changes to the Articles of Association and new Terms of Reference for the AGM's Nomination Committee were adopted.

In 2024, the Nomination Committee proposed that nine members be elected to the Board.

### The Annual General Meeting Nomination Committee

The AGM's Nomination Committee presents recommendations for Board members, Chair of the Board and auditors. In addition, the Nomination Committee proposes fees for members of the Board and the Administrative Council, AGM delegates, elected representatives and auditors. Members of the AGM's Nomination Committee are recommended by the Administrative Council's nomination team and shall comprise five to seven members. The AGM's Nomination Committee must be composed so that it can evaluate the Board's composition, skills and performance, as well as the personal contribution of Board members to the Board's work.

The Nomination Committee's work continues throughout the year and includes

gathering knowledge about the association's development and future, and the performance of the Board as well as assessing the need for any changes. The Nomination Committee also reviews the evaluation of the performance of the Board, which is carried out regularly with the help of an external party. This provides a basis for the identification of suitable candidates. Members and elected representatives may submit regular proposals to the Nomination Committee regarding candidate candidates, both external and members.

At the 2024 AGM, Magnus Johansson, Ann Marke and Christer Andersson and Maria Åkesson were re-elected and Gunnar A Johansson and Sonny Schön were elected as new members. At the first meeting of the Nomination Committee, Magnus Johansson was elected to chair the Committee.

### The Board's composition and work

The Board shall consist of ten to 13 ordinary members, of whom seven to ten members are elected by the AGM and three are appointed by employees. Of the elected Board members, at least two-thirds must

be members of the association, and the combined competencies of the Board members must serve the association's needs. The composition of the Board shall ensure its ability to manage the association's affairs with integrity and efficiency. The Board shall have an appropriate composition, with respect to the cooperative form of ownership and the association's activities, industrial structure, stage of development and other circumstances, that is characterised by diversity and breadth in terms of the skills, experience and background of the members elected by the AGM. An even gender distribution shall be sought. The Board members' skills are continuously developed through, for example, training courses and field trips. The President is not a member of the Board.

The Board manages Södra's affairs in the Group based on the interests of the owners and is responsible for ensuring that appropriate targets, plans, strategies and policies are in place to meet the demands and expectations of the owners. The Board shall continuously monitor and evaluate the company's performance and assess the Group's financial situation. The Board shall ensure that fund management, internal

#### Board members as of the AGM in June 2024

Board members	Function	Elected	Attendance	Fees paid (SEK 000s)	Member	Contributed capital at 31 Dec 2024	Committees
Magnus Hall	Chair	2020	17/17	1,257	Yes	SEK 1,005,776	Fees and Benefits
Paul Christensson	Vice Chair	2010	17/17	661	Yes	SEK 1,069,811	Cooperative
Kristina Alsér	Board member	2020	15/17	422	Yes	SEK 91,485	Cooperative
Hannele Arvonen	Board member	2022	12/17	423	No	0	Audit
Hans Berggren	Board member	2015	15/17	390	Yes	SEK 286,624	Audit
Pål Börjesson	Board member	2017	16/17	443	Yes	SEK 1,528,539	Audit
Mikaela Johnsson	Board member	2022	17/17	390	Yes	SEK 61,660	Fees and Benefits
Håkan Larsson	Board member	2024	9/10	246	Yes	SEK 1,412,740	Cooperative
Carina Olson	Board member	2022	17/17	430	No	0	Fees and Benefits
<b>Employee representatives</b>							
Teddy Hedlund	Employee representative (PTK)	2015	17/17		No	—	—
Pontus Johansson	Employee representative (LO)	2015	14/17		No	—	—
Ann-Sofi Petersson	Employee representative (LO)	2023	11/17		No	—	—

control and risk management are adequate, and is responsible for ensuring that the organisation of the company is appropriate.

In addition to the statutory meeting, the Board is to hold at least six meetings during the year. In 2024, the Board held 17 meetings, including one statutory meeting. New business, strategy, business plans and investment decisions were some of the key Board matters in 2024. The Vice Chair of the Board is appointed at the statutory meeting after the AGM.

The Board has detailed Terms of Reference setting out the Board's duties and meetings, and the ordinary agenda items that must be included. These are described in a one-year pie chart, see further down on this page. The Board also appointed three committees to prepare matters.

## Committees

The Board appointed three committees from within its ranks and established a Terms of Reference for each committee:

- » the Audit Committee
- » the Fees and Benefits Committee
- » the Cooperative Committee

**The Audit Committee** monitors and reviews the financial reporting, internal control, risk management, sustainability reporting, regulatory compliance, information security and the company's ERP system. In 2024, the Committee consisted of Hans Berggren, Pål Börjesson and Hannele Arvonen.

**The Fees and Benefits Committee** prepares matters related to remuneration principles and guidelines, and other terms of employment for management. The Committee has also been assigned to monitor and evaluate the application of the remuneration principles and guidelines and other terms of employment determined by the Board, and the company's remuneration structures and levels. In 2024, the Committee consisted of Magnus Hall, Carina Olson and Mikaela Johnsson.

**The Cooperative Committee** prepares cooperative development issues and decisions for further handling by the Board. These included evaluation of the company's cooperative interaction and the Södra Model, the need to amend the Articles of Association, development of the Board's work with the Administrative Council, and

recommendations regarding the Corporate Governance Report and the handling of motions to the AGM. In 2024, the Committee consisted of Paul Christensson, Kristina Alsér and Håkan Larsson.

## Independence

According to the Swedish Corporate Governance Code, a majority of the members of the Board, its Audit Committee and Nomination Committee must be independent of the company. The members of the Fees and Benefits Committee shall be independent, except for the Chair of the Board, should they be a member of the Committee. Significant business relationships or other significant financial dealings with the company are one of the factors that are considered when assessing a member's independence. Two thirds of the Board must consist of members, whereas the Audit Committee and Fees and Benefits Committee may solely consist of members. The Nomination Committee generally consist of members of the Administrative Council, who are all therefore members. Members play an active role in the operations through their business relationship with the company

### December

- » Business plan 2025–2027
- » CSRD
- » Succession planning Group Senior Management
- » Dividend proposal
- » Adoption of investment plan with investment frameworks, Investment Policy
- » Adoption of Code of Conduct and Supplier Code
- » Adoption of Financial Policy

### November

- » Forecast 2024 and dividend
- » Current situation and future plan for Södra Building Systems
- » Owner dialogue

### October

- » Strategy Days
- » THEME: Business policy & AI
- » Q3 report

### September

- » Policies
- » Organisation Södra Skog
- » Cooperative development journey
- » Site visit, Södra Wood Kinda

### July

- » Q2 report

### January

- » Profit distribution proposal
- » Information lignin

### February

- » Q4-report/annual accounts
- » Decision on profit distribution proposal
- » Raw material supply strategy
- » Investment decision – turbine at Mörrum

### April

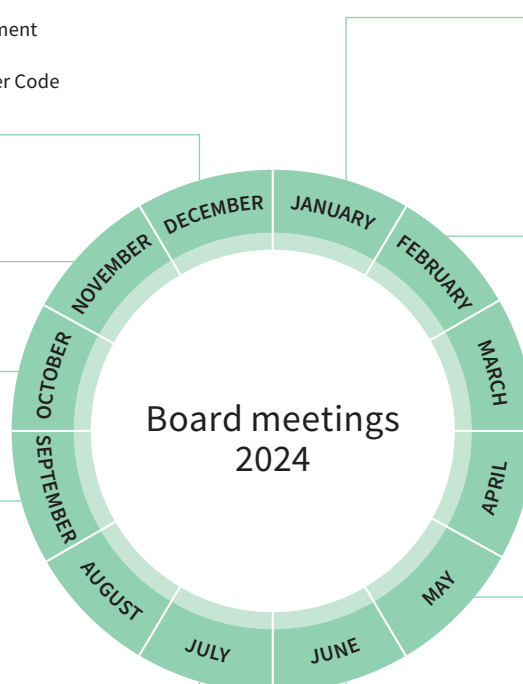
- » Review of motions
- » THEME: Infrastructure Södra Wood
- » Q1 report
- » Raw material supply strategy – Business terms members, decision
- » Nomination Committee's report

### May

- » AGM & excursion
- » Statutory meeting (after the AGM)

### June

- » THEME: Södra Cell & Bioproducts
- » AGM follow-up
- » Risk management in the Group
- » Investment decision, tannin
- » Investment decision, lignin



and both Board and Nomination Committee members have had significant financial dealings with the company from time to time. The independence requirement cannot therefore be met in this respect. The Terms of Reference for the Board contains clear rules regarding conflicts of interest. Agreements are concluded between Södra and members of the Board, and Södra and members of the Administrative Council, in a special arrangement.

### Evaluation, fees and remuneration

The performance of the Board and the President was evaluated in the fourth quarter with the help of an external party. The remuneration guidelines for Senior Management were adopted by the AGM.

### Group Senior Management

Group Senior Management usually meets once a month and consists of the President, Business Area Presidents and function heads. Recurring agenda items are health and safety, strategy, economy and cooperative issues. Plans and follow-ups for each business area and function are also prepared at quarterly meetings. The President is responsible for the ongoing management in accordance with the Board’s guidelines and instructions. The Board has established a Terms of Reference for the President.

### Control functions

**Risk control** – Södra’s risk control function is responsible for the structure and coor-

dination of the company’s strategic risk reporting. Södra’s Finance Centre is responsible for the management of financial risk based on, for example, Södra’s Financial Policy.

**Internal control** – The Finance Centre serves as Södra’s internal control function and reports to Group Senior Management and the Audit Committee.

The function works to develop, improve and ensure the Group’s internal control over financial reporting, both pro-actively by focusing on the internal control environment, and by examining the effectiveness of internal control.

**Compliance** – Södra runs a business ethics programme that includes structured management and monitoring of the area with a particular focus on issues related to competition, anti-corruption and sanctions.

### Internal control and risk management system

The responsibility of the Board and the President for internal control is regulated by the Swedish Economic Associations Act. The internal control process provides the Board, management and other employees with reasonable assurance regarding achievement of the company’s objectives in relation to effectiveness, the reliability of financial reporting, and compliance with applicable laws and regulations.

Södra’s internal control is linked to the financial reporting system. Internal control

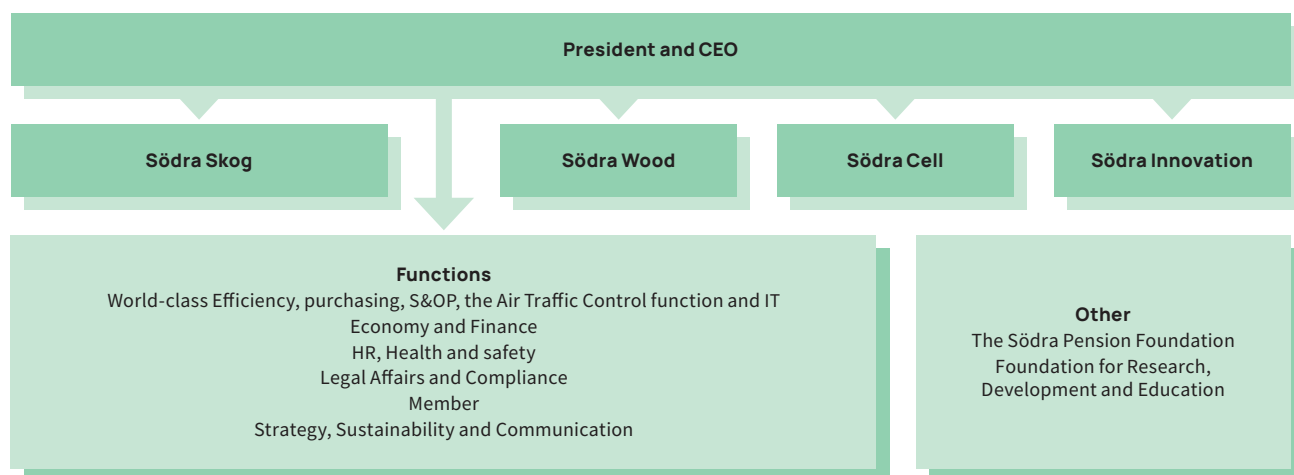
over financial reporting is designed to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports, year-end reports and annual reports, and that the external financial reporting is prepared in accordance with the law, applicable accounting standards and other requirements on economic associations.

The aim of Södra’s risk assessment is to identify and assess the most significant risks, including the risk of fraud and the risk of significant changes, which affect internal control over financial reporting in the Group’s companies, business areas and processes. The risk assessment is updated annually and the results are reported to the Audit Committee, the Board and Group Senior Management.

### Auditors

Auditors are appointed by the AGM. The Auditors’ overall responsibility is to examine the Annual and Sustainability Report, the consolidated financial statements and accounting, and the management of the Board and the President. Two of the four ordinary auditors are member representative auditors.

At the 2024 AGM, auditor Madeleine Edberg was re-elected and auditor Erik Bergh from PricewaterhouseCoopers AB was newly elected, and Katarina Johnsson and Roger Johansson were re-elected as member representative auditors. The Meeting established Terms of Reference for the member representative auditors.



On 1 September 2024, two new business areas were initiated – Södra Bioproducts and Södra Building Systems. A new organisation for the functions from 2025 and Södra Innovation was also reorganised into a function.

# Risks and risk management

Södra operates in a global market and is affected by geopolitics, climate change, economic trends and currency fluctuations, as well as industry and company-specific factors. Södra applies a systematic approach to risk management with the aim of protecting the Group from damage, uncertainty and lost opportunities. The risk management process follows a one-year cycle in conjunction with strategic and business planning processes. The risk assessment framework comprises a risk universe, a common assessment model and an action monitoring structure.

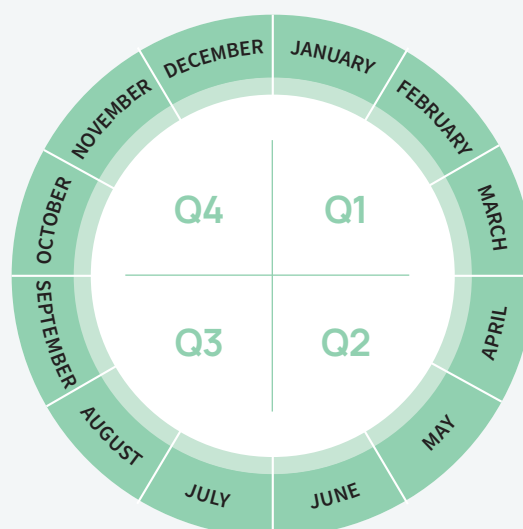
The process of identifying, assessing and managing risks is an integral and important part of Södra's business management. Strategic risks are assessed and managed by the Board, Group Senior Management, the Strategy function and the business planning process. Södra Finance Centre manages financial risk in accordance with a Financial Policy established by the Board. Operational risks are managed by the President, Group Senior Management and employees, in accordance with the Group's policies, directives and guidelines.



## One-year pie chart ordinary risk management process

» Risk section in Annual and Sustainability Report

» Risk input to the business planning  
» Follow-up of risk reduction measures



» Follow-up of risk reduction measures

» Risk inventory business area/function  
» Group Senior Management calibrates the Group's risk map  
» Risk report to the Board

## Strategic risks

Strategic risks are related to business development, long-term planning and Södra's competitiveness. The Board of Directors and Group Senior Management conduct an assessment of the strategic risks within the framework of strategy activities and in conjunction with important business decisions.

**Climate and nature.** Climate change affects Södra's operations due to more extreme weather situations, reduced water availability, more pests, increased fire risk and changed growing conditions. Biological risks such as wildlife damage and fungal disease affect forest owners and, ultimately, Södra. Forest management measures such as planting the right tree in the right place, thinning at the right time and stump treatment against root rot reduce the impacts and are communicated to forest owners. The Södra School offers large-scale training initiatives.

Södra has a crisis organisation and flexible logistics for handling storm-damaged trees and other extraordinary events. Forest owners insure their standing timber against fire damage. The mills conduct climate risk assessments for investment projects and ensure local sources of fresh water for the pulp mills. Gradual changes are addressed with adaptations in forest seed orchards and advisory services for forest owners. Efforts to limit spruce bark beetle damage and national initiatives to combat wildlife damage are also included. Södra is working to reduce its own climate impact by establishing targets for a higher rate of forest growth and reduced greenhouse gas emissions.

**Economy.** Södra's earnings are strongly affected by the economic climate, which is reflected in changed prices and sales volumes. Negative economic growth can affect Södra's sales and result in the same direction. A more globalised market approach with sales to many countries reduces vulnerability. In addition to investments in core markets, ranges are developed to be attractive in new markets. Innovation in energy, chemicals and building systems are scaled up through new business areas.

**Competition.** The pulp and sawn timber industries are highly competitive. Price pressure increases when production capacity increases or the economy is weak. In some segments, this is further reinforced by changing consumption patterns, such as increasing

digitisation and demand for packaging materials. The construction sector is affected by competition from non-timber materials. The social transition to combat climate change is also setting new rules. The strategy, from one family to another, is guiding Södra's progress towards increased competitiveness. The focus on increased efficiency in the core business is strengthening Södra's market position. The focus on innovation and new business is securing future competitiveness. Further development of strategic customer relationships through longer agreements is reducing vulnerability and improving long-term planning.

**Political risks.** Södra operates in an industry with a high level of regulation, where political decisions on taxes, environmental laws and forest policy, for example, can have a direct impact on the operations. There is also a risk of negative public opinion. Södra works actively with business policy initiatives to ensure good conditions for family forestry and the cooperative form of enterprise, in collaboration with the Swedish Forest Industries Federation, the Federation of Swedish Farmers (LRF) and the Confederation of Forest Owners (CEPF). In 2024, the focus was on forestry and forest products as enablers of the green transition, as well as the importance of increased competitiveness for Sweden and Europe. During the spring, Södra played an active role in the EU election campaign and hosted several high-level meetings with policy makers at national and EU level. At national level, business policy lobbying was focused on input to the 2024 Forest Policy Inquiry, the Species Protection Inquiry and the All Party Committee on Environmental Objectives.

**Information security and IT.** Society's and Södra's dependence on IT and digital tools in production and communication expose the Group to IT/cybersecurity risks. Threats such as malware, system outages, data quality deficiencies and information leaks can lead to major costs, higher workloads and loss of trust. Administrative and technical controls are updated to maintain digital security. Redundant environments and a modern backup-system have been implemented, and cybersecurity training is offered to all employees. Crisis management capabilities are maintained through methodology development and practical exercises. There are also strategic plans in place for digital development.

## Operational risks

In the day-to-day operations, there are risks that are managed in operating activities. These operational risks are often controllable and their management is regulated by policies and guidelines. Operational risk areas include physical assets, organisation, employees and IT, and the risks are often insurable.

**Raw material supply risks.** Södra's industrial capacity requirements and market competition require efficient forest management and high delivery loyalty from members. The wood raw material is complemented with some imported wood and is dependent on a functioning logistics chain. The competitiveness of Södra's core products – pulp and sawn timber – is dependent on PEFC and FSC®

certification of the forest raw material. Södra holds forest management and Chain of Custody certification for PEFC (PEFC/05-22-11) and FSC® (FSC®-C014930). Input prices are market driven and have a strong impact on competitiveness. Forestry advisory services, active member dialogue and training services support members' forestry. Södra works to secure transportation capacity and robust logistics chains. Forest management certification and traceability requirements are verified through follow-ups. Input prices are continually monitored and purchasing takes place centrally using index-based contracts.

**Facilities.** Unforeseen events can damage facilities, cause production losses and damage goods in transit. The production facilities have



adequate perimeter protection. Preventive maintenance is carried out systematically. Property and business interruption insurance protects production facilities at their replacement cost. Business interruption insurance provides financial protection for production losses, and goods in transit are insured at current value. The value of forest seed orchards is hedged through geographic distribution and cross-ownership.

**Health and safety.** Södra's operations have facilities where the physical and psychosocial work environment could pose a health risk. The Group applies a systematic approach to OHS management, Safety first, with a focus on continuous improvement and increased safety. The pulp mills are certified according to the ISO 45001 occupational health and safety standard. Södra's Occupational Health Services and wellness initiatives help to create a healthy workplace, and employee surveys are implemented on a regular basis. The Code of Conduct and Supplier Code contain health and safety guidelines, and both managers and employees undergo BAM (Better health and safety) training.

**Environmental risks.** Environmental impact is caused by the consumption of water, energy and raw materials, and emissions from transportation. Emissions to air, water and soil affect the environment and local communities. Södra complies with environmental legislation and works continuously to improve energy efficiency. The Supplier Code (which is included in supplier

agreements) and the Code of Conduct contain environmental guidelines and requirements. The focus lies on preventive measures, the precautionary approach is applied, responsibility is taken for the remediation of contaminated soil, and financial resources are set aside for this purpose. Many initiatives are reducing Södra's environmental impact, such as fossil-free operation of the pulping process and electrification of the vehicle fleet. In 2024, electric vehicles were introduced for wood chip and pulp transportation.

**Product safety.** Södra's products for the food and construction industries comply with strict safety and liability regulations. Any product defects could affect customers and consumers. All business areas work with quality issues in their respective business management systems. Södra Cell holds ISO 9001 certification. The products have been approved for the food industry (FDA, BfR) and the construction industry (CE marking). There are procedures in place for information and recall in case of defects. Global liability insurance covers product liability.

**Competence supply.** Södra is dependent on recruiting, developing and retaining skilled employees. A shortage of the right skills could have a negative impact on the business. Södra's strategy puts people and culture at the centre, which increases the company's attractiveness. Resources are invested in recruitment, learning, HR communication, diversity, equity and inclusion programmes, and a trainee programme for future leaders.

## Compliance and regulatory risks

Södra is subject to strict environmental and regulatory requirements. The introduction of new laws, rules and regulations, or new or tougher regulatory requirements could affect the Group's operating profit and the quality of its financial reporting. Compliance and regulatory risk covers both internal compliance with governance documents and external compliance with laws, rules and regulations. During the year, a new structure for governance documents was adopted and implemented.

**Business ethics.** Södra operates in a national and international market through several different buying and selling channels.

Corruption risks vary but are always present. The Södra Code of Conduct, Supplier Code and Business Ethics Policy place clear demands on business ethics. Purchasing is managed by the Group's purchasing departments and all suppliers, except for members of Södra, are covered by the Supplier Code. A supplier monitoring process is linked to the Supplier Code. Sales agents are also required to follow the Code of Conduct. Internal control and whistleblowing systems are in place. Södra's business ethics programme, which was launched in 2023, includes management of business ethics, import and export control, competition and anti-corruption.

## Information and communication risks

Information and communication risks refer to the risks associated with Södra's reporting (both financial and non-financial). External communication risks are related to financial information, such as annual and interim reports, while non-financial information refers to sustainability information and other external communication. Internal information and communication risks include systems

and processes that help to ensure that information is identified, distributed and documented in a way that enables employees to perform their work effectively. External and internal communication is supported by the Brand Policy. A more detailed description of Södra's work with internal control over financial reporting can be found in the Corporate Governance Report.

*For information about financial risk and a sensitivity analysis, refer to Note 24 on page 82.*

# Development of the cooperative

Södra applies the specific cooperative principles of the Swedish Code for the Governance of Cooperative and Mutual Enterprises – Objectives and benefits for members, Democratic processes and Participation of the members in the enterprise's value creation.

- » **Objectives and benefits for members** The Board shall ensure that the company's objectives, set of values and strategy are based on the members' best interests and that the company delivers long-term benefits for members. The Board shall ensure that the company maintains open communication with members, employees and other stakeholders, established guidelines for the company's conduct and specifies the regulatory frameworks and principles that apply to the company.
- » **Democratic processes** Cooperative companies have democratic processes where every member's voice matters. The processes shall promote the participation of members in various forums in an open and transparent manner and provide opportunities for influence and transparency in the business. The members also appoint representatives to the highest decision-making body. The Board shall continuously evaluate the company's democratic organisation and initiate changes if necessary.
- » **Participation of the members in the enterprise's value creation** The cooperative business model is based on participation of the members in the enterprise's value creation via two roles, a business relationship and an owner relationship. The Board shall ensure that these relationships are designed to promote the economy, engagement and loyalty of the members.

The activities undertaken during the year with a specific connection to the cooperative principles are presented below.

## Updated Articles of Association and owner dialogue

A review of the Articles of Association commenced in spring 2023 led by an Articles of Association Committee with representatives from the Administrative Council, the Board and Group Senior Management. A draft of the revised Articles of Association was circulated to all district councils and addressed by the Administrative Council, the Cooperative Committee and the Board. The draft was submitted to the AGM in 2024, which decided on some changes to the Articles. The changes were related to issues such as members of the AGM's Nomination Committee, the Administrative Council's nomination team and an amendment to the provisions on value transfers.

During the autumn, an owner dialogue was carried out in a new way using new digital tools. The aim was to enable more voices to be heard and allow for more perspectives than traditional meetings can provide. Nearly 6,000 responses were received, both digitally and by mail, to the open question about what Södra could do to create even more value for forest estates and for forest owners going forward. The results were compiled and analysed using AI tools and presented to the Board and the Administrative Council at the end of the year. In 2025, the owner dialogue will continue in the district councils but also as part of the cooperative development journey initiative (see below), and the compiled results will be reported back to members in various ways during the spring. The operational

issues are addressed to Södra Skog, which will incorporate the input from the owner dialogue into the organisational development.

## Cooperative development journey

The Cooperative Code of Ethics for elected representatives was adopted by the Board at the beginning of the year and reported back to the AGM. Thereafter, implementation has been ongoing through various means, such as dialogue in district councils, nomination committees and the Administrative Council, and the introduction of a Cooperative Ethics Council. The aim of Södra's Cooperative Ethics Council is to provide support in particularly difficult situations, and recommendations and guidance on matters of principle.

The Administrative Council has an advisory role and a shift is currently taking place to enable the Council to play a greater role in strategic issues. The basis for this is more participation and as part of the shift, several working groups were active during the year. Examples of the issues discussed in working groups are the development of transaction forms and business terms, the principle of equal treatment, organisational change in the Södra Skog business area, and work with the district councils' assignments and working methods.

A focus on the nomination committees continued in 2024. A nomination committee forum was held in September and updated Terms of Reference for both the AGM's Nomination Committee and the forestry districts' nomination committees were adopted at the AGM. A particular focus was placed on issues related to diversity, equity and inclusion.

## Development of transaction forms and business terms

The cooperative form of ownership characterises Södra's values and way we do business with members. During the spring, the Board adopted seven principles for Södra's transaction forms. The principles were developed to clarify the cooperative values and how they are expressed in dealings with members. The principles provide guidance for pricing, business terms and transaction forms and create a solid ground for dialogue and development.

In order to strengthen family forestry in a raw material market with continued high demand and significantly greater fluctuations than before, various initiatives to strengthen the profitability and conditions of forest estates continued during the year. During the spring, open price statistics was launched on Södra's website where the average prices for signed wood agreements can be followed on a monthly basis. At the same time, new pages were added to My Forest Estate in relation to Södra's pricing, where all premiums are available for members.

In mid-autumn, more news was announced regarding two new pricing terms and the Price Calculation tool. The pricing terms, Highest Price, 60 Days and Price Compensation for Delayed Harvesting were introduced to increase security when signing an agreement. The Price Calculation tool in My Forest Estate helps members form their own idea about wood prices for a certain harvesting operation by setting various parameters.

## Important regulatory frameworks

### External:

- » Swedish Economic Associations Act
- » Companies Act
- » Annual Accounts Act
- » Swedish Corporate Governance Code
- » Swedish Code for the Governance of Cooperative and Mutual Enterprises



### Internal

- » The association's Articles of Association
- » AGM resolutions
- » Terms of Reference for the Board
- » Instructions regarding the division of tasks and responsibilities between the Board and the President
- » Instructions regarding financial reporting to the Board
- » Directives, policies and guidelines
- » Code of Conduct

## Auditor's statement on the Corporate Governance Report

To the general meeting of Södra Skogsägarna ekonomisk förening, Corp. ID. No. 729500-3789

### Engagement and responsibility

The Board is responsible for the 2024 Corporate Governance Report on pages 144–153.

### Focus and scope of the audit

Our audit was 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 Report has another focus and is substantially less in

scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination has provided a sufficient basis for our opinions.

### Opinion

A Corporate Governance Report has been prepared. We believe that the information in the Corporate Governance Report is consistent with the annual accounts and consolidated financial statements for 2024.

Växjö, 12 February 2025



Erik Bergh  
Authorised Public Accountant

Madeleine Edberg  
Authorised Public Accountant

# Board of Directors



## Magnus Hall

Chair. Born 1959.

Board member 2020 and Chair 2022. Term of office expires in 2025. Former CEO of Vattenfall. Chair of Höganäs AB, NTM media group and Göta Kanalbolaget. Board member of Byggpartnergruppen.

**Forest holding:** 66 hectares of productive forest land. Total contributed capital in Södra: SEK 1,005,776.



## Kristina Alsér

Born 1956.

Board member since 2020. Term of office expires in 2025. Partner and Board member of Mercatus Engineering. Chair of Arkitektbolaget AB. Board member of the Kamprad Family Foundation for Entrepreneurship, Research & Charity, and Fellow of the Royal Academy of Engineering Science. Honorary doctorate from Linnaeus University.

**Forest holding:**<sup>1)</sup> 31 hectares of productive forest land. Total contributed capital in Södra: SEK 91,485.



## Hannele Arvonen

Born 1966.

Board member since 2022. Term of office expires in 2025 MSc in Forestry. Fellow of the Royal Academy of Engineering Science, and the Royal Swedish Academy of Agriculture and Forestry and member of Finska Akademien. Senior positions at Holmen and Metsä Board, and CEO of Sveaskog and Setra Group.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



## Hans Berggren

Born 1956.

Board member since 2015. Term of office expires in 2025. Agronomist. Former CEO and President of Sveriges Stärkelseproducenter economic association. Chair of SolEdits AB, Board member of SLU Holding.

**Forest holding:**<sup>1)</sup> 397 hectares of productive forest land. Total contributed capital in Södra: SEK 286,624.



## Pål Börjesson

Born 1962.

Board member since 2017. Term of office expires in 2025. Agronomist and professor of environmental and energy systems at the Faculty of Engineering at Lund University. Fellow of the Royal Swedish Academy of Agriculture and Forestry.

**Forest holding:** 122 hectares of productive forest land. Total contributed capital in Södra: SEK 1,528,539.



## Paul Christensson

Vice Chair. Born 1959.

Board member since 2010. Term of office expires in 2025. Vice Chair of LRF's Executive Committee and Swedish Cooperative, Chair of the Federation of Swedish Farmers (LRF).

**Forest holding:**<sup>1)</sup> 203 hectares of productive forest land. Total contributed capital in Södra: SEK 1,069,811.

Holding of total contributed capital pertains to conditions on 31 December 2024.

<sup>1)</sup> Jointly owned.

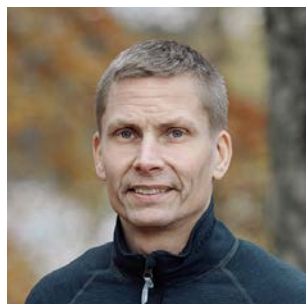


### Teddy Hedlund

Born 1968.

Alternate 2015, Board member since 2024. Employee representative for the Swedish Federation of Salaried Employees in Industry and Services (PTK). Chair of Unionen trade union at Södra's Head Office. Member of Södra's Group Council. Member of Unionen's delegation to the Swedish Association of Industrial Employers.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Pontus Johansson

Born 1980.

Alternate 2015, Board member since 2017. Employee representative of the Swedish Trade Union Confederation (LO). Chair of the GS club at Södra Wood in Mönsterås. Member of Södra's Group Council.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Mikaela Johnsson

Born 1982.

Board member since 2022. Term of office expires in 2025. Agricultural technologist. Board member of LRF's National Board of Directors. Owns and operates a farm and forest estate.

**Forest holding:**<sup>1)</sup> 478 hectares of productive forest land. Total contributed capital in Södra: SEK 61,660.



### Håkan Larsson

Born 1967.

Board member since 2024. Term of office expires in 2025. Strategy and management team development consultant. Former forest inspector and Director of Forestry in Södra Skog.

**Forest holding:** 162 hectares of productive forest land. Total contributed capital in Södra: SEK 1,412,740.



### Carina Olson

Born 1965.

Board member since 2022. Term of office expires in 2025. President and CEO of Praktikertjänst. Former CFO of Södra.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Ann-Sofi Petersson

Born 1974.

Board member since 2023. Employee representative of the Swedish Trade Union Confederation (LO). Chair of Paper department 34.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.

## ALTERNATES – EMPLOYEE REPRESENTATIVES



### Robert Andersson

Born 1968.

Alternate since 2023. Employee representative for the Swedish Federation of Salaried Employees in Industry and Services (PTK). Chair of SSF-Ledarna Södra Skog. Member of Södra's Group Council.



### Patrik Birgersson

Born 1970.

Alternate since 2023. Employee representative of the Swedish Trade Union Confederation (LO). Chair of the GS club at Södra Wood/SBS Värö. Member of Södra's Group Council.



### Jan-Åke Friskvik

Born 1964.

Alternate since 2024. Employee representative of the Swedish Trade Union Confederation (LO). Chair of division 9 of the Swedish Pulp and Paper Workers' Union at Södra Cell Värö. Member of Södra's Group Council.

<sup>1)</sup> Jointly owned.

# Group Senior Management



## Lotta Lyrå

President and CEO. Born 1975.

MBA, Stockholm School of Economics. Employed 2020. Member of Group Senior Management since 2020.

**Previous experience:** McKinsey, senior positions at Södra and IKEA Group. Most recently President and CEO of Clas Ohlson.

**Other assignments:** Chair of the Swedish Forest Industries Federation, Board member of Kivra and Spendrups.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



## Henrik Andersson

Director of Members. Born 1969.

MSc in Forestry, Swedish University of Agricultural Sciences, Umeå and Ludwig Maximilian University of Munich. Employed 2021. Member of Group Senior Management since 2021.

**Previous experience:** Sawmill Manager and Site Manager, Kährs in Nybro. Head of business area for sawmills, components and furniture facilities, and most recently head of Solid Wood division, at IKEA Industry.

**Forest holding:** 212 hectares of productive forest land. Total contributed capital in Södra: SEK 216,569.



## Andreas Berge

Business Area President, Södra Building Systems. Born 1975.

MSc, Faculty of Engineering at Lund University. Employed 2022. Member of Group Senior Management since 2024.

**Previous experience:** Accenture and various positions in Kährs Group, most recently as CCO for the commercial segment.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



## Johannes Bogren

Business Area President, Södra Bioproducts. Born 1979.

Doctor of Technology in Forest Products Chemical Engineering, Chalmers University of Technology. MSc in Chemical Engineering, Chalmers University of Technology. Employed 2008. Member of Group Senior Management since 2024.

**Previous experience:** Various positions in Södra Cell and Södra Innovation.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



## Henric Brage

Interim President of Södra Innovation business area. Born 1980.

MSc, Chalmers University of Technology. Employed 2005. Member of Group Senior Management since 2024.

**Previous experience:** Various senior positions in Södra. Board member of the Södra Foundation for Research, Development and Education, Board member of IVL Swedish Environmental Research Institute.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



## Catrin Gustavsson

President of Södra Cell business area. Born 1970.

Doctor of Technology in Pulp Engineering, Royal Institute of Technology, Stockholm, MSc in Chemical Engineering, Chalmers University of Technology. Employed 2014. Member of Group Senior Management since 2017.

**Previous experience:** President of Södra Innovation business area, process engineering manager at Södra Cell Värö, Head of Production BillerudKorsnäs Gruvöns mill, laboratory manager at Kvaerner Pulp and research engineer at Stora Enso.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.

Holding of total contributed capital pertains to conditions on 31 December 2024.



### Mattias Johansson

Chief Legal Officer and Director of Administration. Born 1972.

Master of Laws, MBA, Master of Laws, London School of Economics and Political Science. Employed 2007. Member of Group Senior Management since 2007.

**Previous experience:** Includes company lawyer at Saab AB and ABB Financial Services AB.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Peter Karlsson

President of Södra Skog business area. Born 1976.

MBA. Employed 2016. Member of Group Senior Management since 2019.

**Previous experience:** Various positions within Södra, including CFO, President of Södra Interiör, CFO of Elajo Invest and senior finance positions in the manufacturing industry.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Caroline Leifson

Secretary and Executive Assistant. Born 1972.

Employed 2021. Member of Group Senior Management since 2021.

**Previous experience:** Long-standing experience as administrator and team manager at PwC. Formerly employed in the hotel industry, Nordic Choice Hotels.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Stewen Nilsson

Operational manager. Born 1966.

MBA from Stockholm School of Economics. Employed 2019. Member of Group Senior Management since 2021.

**Previous experience:** Senior positions at Stora Enso, Baxter, Södra and in the IKEA Group. Most recently Production Director at Södra Wood.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Isabella Wärvik

HR Director. Born 1982.

Human resources specialist, HR degree with a focus on organisational psychology. Employed 2022. Member of Group Senior Management since 2022.

**Previous experience:** HR roles, mainly involving leadership and organisational development, with companies including HK Scan and Ballingslöv AB.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Marcus Åsgärde

President of Södra Wood business area. Born 1977.

MSc from Chalmers University of Technology in Gothenburg and MBA from Stockholm School of Economics. Employed 2005. Member of Group Senior Management since 2023.

**Previous experience:** Various roles in several business areas at Södra, including Mill Manager for Södra Cell Värö and Södra Wood Värö.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.



### Magnus Örnberg

CFO. Born 1965.

Stockholm School of Economics. Employed 2023. Member of Group Senior Management since 2023.

**Previous experience:** CFO of SAS and Saab AB, as well as CFO and other financial roles at ABB.

**Forest holding:** 0 ha. Total contributed capital in Södra: 0.

## Changes during the year

Magnus Björkman and Malin Nordin stepped down from their positions.

Catrin Gustavsson, new Business Area President of Cell.

Johannes Bogren and Andreas Berge, new Business Area Presidents of Bioproducts and Building Systems, respectively, and Henric Brage, Interim Business Area President of Innovation.

Kajsa Nilsson, Interim Director of Strategy.

Isabella Wärvik, on parental leave from October

Due to the new organisation from 2025, Mattias Johansson and Henric Brage left Group Senior Management.

# Södra's ABC – words and expressions

## Biodiversity

Biodiversity is a collective term for the variability within and between species and ecosystems on the earth. High biodiversity means that we have a landscape with many different types of habitats and species, and high genetic diversity within species. For more information, refer to the UN Convention on Biological Diversity (CBD).

## Bioeconomy

Bioeconomy refers to all economic activity derived from knowledge of biological processes and biotechnology, with the aim of achieving a sustainable way of living without depleting the earth's finite resources.

## Biofuel

Biofuels can be solid, liquid and gaseous. Solid biofuels include firewood, wood chips, pellets and briquettes. Liquid biofuels include ethanol, methanol, biodiesel and bio-oil. Gaseous biofuels include biogas, dimethyl ether and biomethane.

## Biogenic carbon dioxide

Biogenic carbon dioxide contains carbon included in the biological ecosystem. Fossil carbon dioxide, however, contains carbon from fossil stocks.

## Biomass

According to the EU Renewable Energy Directive (2009/28/EC), biomass means the biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste.

## Bioproducts

Södra's bioproducts in the Bioproducts business area include biofuel, biomaterials, biochemicals, electricity, dissolving pulp and heat.

## Blue management targets

Blue management targets mean that the value of watercourses is assessed, and that the consideration ambition for aquatic environments is indicated with management targets in the green forest management plan.

## Carbon dioxide equivalents

A standard unit for measuring greenhouse gas (GHG) emissions. Each type of greenhouse gas has a different global warming effect. When emissions are reported as carbon dioxide equivalents, all greenhouse gases are included as if they were carbon dioxide.

## Carbon sink

Uptake of carbon dioxide – in a growing forest, for example.

## Chemicals

A general term for the chemical products used in Södra's operations.

## Contributed capital

Capital contributed by the association's members.

## Cooking chemicals

Chemicals used in the digester at pulp mills to dissolve the lignin in the wood.

## Cross-laminated timber (CLT)

A strong and rigid structural component with good dimensional stability. Södra's CLT consists of PEFC and/or FSC®-certified raw material and is qualified for the Swedish market.

## Dissolving pulp

Dissolving pulp is mainly produced from birch wood and used for textile applications such as the production of viscose and lyocell. During the production of textile fibres, the cellulose is dissolved in the pulp.

## Environmental Product Declaration (EPD)

Information about the environmental performance of a product over its lifetime. EPDs are published by an EPD programme and verified by an independent third party.

## Electricity certificates

The electricity certificate system is a market-based support scheme for the cost-effective expansion of electricity generation from renewable sources.

## Energy units

1 Terawatt hour (TWh) = 1,000 Gigawatt hours (GWh) = 1,000,000 Megawatt hours (MWh) = 1,000,000,000 kilowatt hours (kWh).

## eNPS

Employee Net Promoter Score. Measures the likelihood that a company's employees would be willing to recommend their employer to a friend. The result divides the employees into three groups: promoters, passively satisfied and detractors, where the eNPS is calculated by subtracting the percentage of detractors from the percentage of promoters.

## Forest residues

Branches and treetops – harvesting residues that can be used. Used as biofuel for power plants, for example.

## Forestry impact assessment

In collaboration with the Swedish University of Agricultural Sciences, the Swedish Forest Agency conducts regular forestry impact assessments. Based on a range of different scenarios, in which Swedish forests are utilised and managed in various ways, the subsequent impacts of these scenarios in 100 years from now are assessed. The assessments provide detailed information about the state of the forest. The information can then be used for decisions related to the long-term use of forests. The most recent forestry impact assessment (SKA 22) was conducted in 2022.

## Fossil fuels

Unlike renewable fuels, fossil fuels – such as coal, oil and natural gas – are formed slowly.

## FSC®

The Forest Stewardship Council® is an independent, international membership organisation that promotes an environmentally appropriate, socially beneficial and economically viable management of the world's forests and has developed principles for forest management certification.

## Green Balance Sheet

Södra compiles a Green Balance Sheet on an annual basis. Södra Skog's auditors assess whether regeneration harvesting, thinning operations, nature conservation measures and regeneration stands comply with PEFC and FSC® requirements for general considerations, and whether Södra has complied with its own policies and procedures for environmental considerations.

## Green electricity

In everyday language, electricity produced from renewable sources such as biofuels, wind and hydro.

## Green forest management plan

The green forest management plan is an important tool, and provides support for economical and environmentally appropriate forestry that integrates environmental considerations with production. The green forest management plan also contains blue management targets for aquatic environments. Also used for forest estate certification.

## Greenhouse gas (GHG)

Gases that are the cause of global warming, such as carbon dioxide, methane and nitrous oxide.



**GRI – Global Reporting Initiative**

GRI is an international organisation that develops Sustainability Reporting Standards (GRI Standards) to help organisations increase their transparency and communicate their economic, environmental and social impacts.

**Guarantee of Origin certificates**

Guarantee of Origin certificates are issued by the Swedish government and show the energy source of the electricity generation. Guarantee of Origin certificates can then be sold by electricity generators on the open market.

**Ha**

Hectares. An area equivalent to 10,000 m<sup>2</sup>.

**ISO 14001**

An international standard for environmental management systems.

**ISO 45001**

An international standard for occupational health and safety management systems.

**ISO 50001**

An international standard for energy management systems.

**Lignin**

Lignin is the substance that acts as a binding agent, and binds the cellulose fibres in wood. Valuable product from pulp production that can replace fossil materials in adhesives, batteries, rubber, composites, and form the basis for new biofuels and biostimulants.

**Liquid biofuels**

Vehicle fuels produced from renewable biomass, such as biodiesel and HVO diesel.

**LTA**

Lost time accident.  
Occupational injury with absence.

**LTAR**

Lost time accident rate. Number of occupational injuries with absence per million hours worked.

**m<sup>3</sup>fo**

Forest cubic meters. Refers to the volume of the entire trunk above the stump, including tops and bark, but excluding branches. Generally used as a measure of standing timber.

**m<sup>3</sup>l**

Cubic metres of loose volume. Refers to the outer dimensions of the material and is used for wood chips, for example.

**m<sup>3</sup>sub**

Cubic metres solid volume under bark. Refers to volume of a tree trunk, excluding bark and treetops. Generally used as a measure in harvesting and the timber trade.

**m<sup>3</sup>sw**

Cubic metres of sawn wood.

**OnceMore®**

The dissolving pulp produced in the OnceMore® process consists of cellulose from two separate sources – textile waste, and wood from sustainable forests.

**PEFC**

The Programme for the Endorsement of Forest Certification is an international organisation dedicated to promoting sustainable forest management through independent third-party certification.

**Process chemicals**

Chemicals used in the production processes of Södra's mills.

**Profit distribution**

Under Södra's profit distribution model, members receive returns on the wood they have delivered, and the capital they have contributed. The concept therefore includes dividends on wood deliveries and contributed capital, but also a bonus issue. The bonus issue increases the members' contributed capital and is a special form of value transfer that converts collectively owned equity into individually owned capital.

**Pulp**

Södra produces paper pulp – both softwood and hardwood sulphate pulp – as well as dissolving pulp, which are sold on the pulp market to customers worldwide.

**RASE**

Swedish abbreviation for 'rowan, aspen, willow and oak.'

**Recycled Claim Standard (RCS)**

The aim of RCS is to increase the use of recycled materials. RCS certification of the products that are sold to consumers requires certification and traceability across the entire value chain. Through RCS certification, Södra can produce and manufacture RCS-certified OnceMore® dissolving pulp.

**Regeneration harvesting**

A system of harvesting where nearly all old-growth trees in a forest stand are removed to make room for the next generation. Also called final harvesting.

**Right tree, right place principle**

Forest management is adapted to the conditions of each site, such as selecting the right tree species.

**Scope (1, 2, 3)**

The GHG Protocol defines three 'scopes' for classifying and reporting a company's GHG emissions: Scope 1 – direct GHG emissions that occur from sources that are owned or controlled by the company, Scope 2 – indirect emissions from the generation of purchased electricity, and Scope 3 – other indirect emissions.

**Sensitive habitat**

A physical environment that, due to its distinctive features, provides a habitat for plant or animal species that are sensitive to external factors.

**Site**

An area of forest designated for a particular type of management.

**Site directive**

Written instructions for harvesting operations stipulating, for example, the maximum amount of wood to be harvested and the nature conservation considerations required.

**Substitution**

Substitution refers to replacing one thing with another. Substitution creates climate benefits when products based on renewable forest raw material drive back products with a higher climate impact, such as steel, concrete, plastic and energy from fossil sources.

**Substitution factor**

The substitution factor varies for each type of material. What we measure is the amount of the fossil carbon emissions that are replaced per unit of biogenic carbon in forest-based products.

**Tall oil**

Product from the pulp mills that can be used to replace fossil raw materials. Uses include the production of crude tall diesel and chemicals.

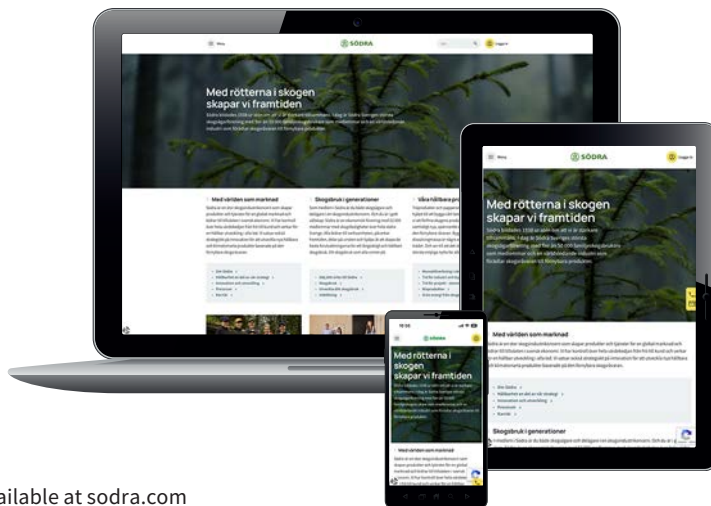
# Financial information

## Reporting calendar

Quarterly reports will be published on the following dates:

Q1	24 April 2025
Q2	18 July 2025
Q3	23 October 2025
Q4/ Year-end report	February 2026

The Annual General Meeting for the 2024 financial year will be held on 3 June 2025 in Växjö, Sweden.



The reports, as well as other information about Södra, are available at [sodra.com](https://sodra.com)

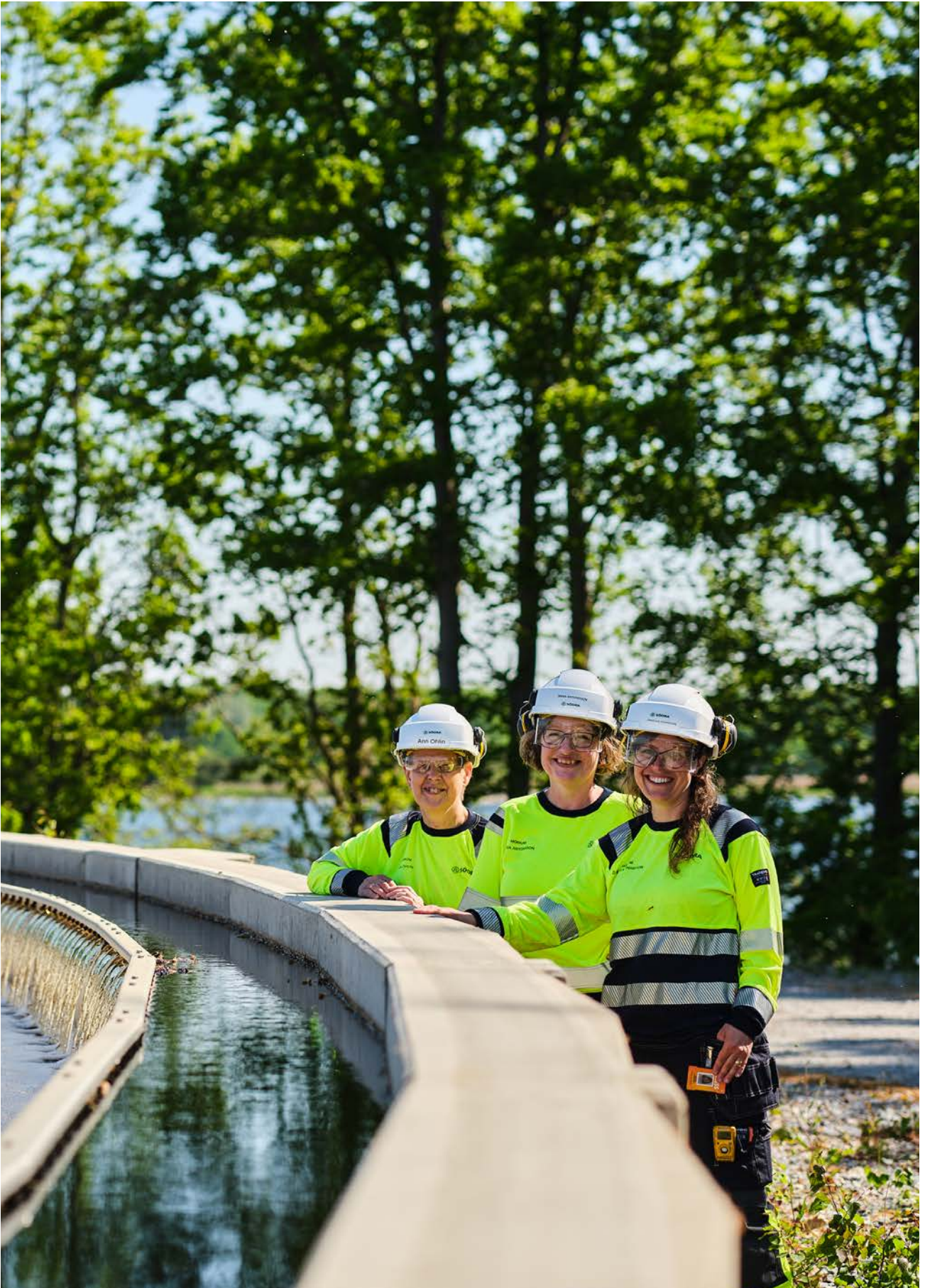
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## This is Södra

**Rooted in the forest, we grow the future.** Södra was founded in 1938 on the idea that we are stronger together. Södra is now the largest forest-owner association in Sweden, with more than 50,000 family forest owners as members. Together, the members of Södra own a world-leading industrial operation that processes forest raw material into renewable products such as pulp, timber, building systems, energy and biochemicals.

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**Production:** Södra in partnership with Ny Studio.

**Printed by:** Taberg Media Group, insert Amber Graphic 130 g, cover Amber Graphic 300 g. Paper from Södra's customer Arctic Paper.

**Photos:** Malin Arnesson, Sofia Ernerot, Kennet Johansson, Fredrik Syrén, Johan Claesson, Daniel Wengel, Joel Dittmer, Martin Olofsson, Alexander Hall.

