

# ***AGREEMENT***

SCA and representatives of SCA's employees have agreed to the following principles and model of cooperation. The agreement covers all SCA employees in all EU and EEA member states. If mutually agreed it can be extended to also cover SCA employees in other countries.

## **1. Preamble**

In order to ensure long-term success in a highly competitive international environment SCA and representatives of its employees have agreed to implement a pro-active strategy of timely and appropriate communication relating to SCA's corporate vision, values and goals by establishing a forum for information and dialogue between SCA's management and its employees.

The parties further believe that such a forum will greatly contribute to the achievement of the common objective to build a single SCA corporate culture, for SCA to become a preferred employer and to differentiate SCA from its competitors.

The parties believe that a constructive and tailor made process for information and dialogue at European level is a valuable addition to the present structures at local or country levels, which are the first appropriate places for communication and cooperation. The parties further acknowledge that this agreement shall be a complement to, not a substitute for, existing functioning local/national systems.

The parties recognize that this agreement is in accordance with Article 13 of the "European Council Directive on the establishment of European Works Councils or procedures in community scale undertakings for the purposes of informing and consulting employees".

## **2. Structure**

The structure for SCA's information and dialogue with its employees will be as follows:

- a) Each business group (BG) shall establish a European Works Council (EWC). The maximum number of employee representatives comprising each EWC shall be 17. Employee representatives who serve as ordinary directors on the Boards of the Business Groups can be co-opted to their respective BG EWC.

The number and geographic coverage of employee representatives in BG EWCs should be agreed upon between Business Group managements and the respective BG EWC Executive Committee.

- b) Each BG EWC appoints/elects one of its members to act as chair and one to act as deputy chair. If it so chooses, each BG EWC may elect an executive committee with a maximum of four members. If possible the members should represent different

countries. The main task for the executive committee is to jointly with management prepare EWC meetings and be the point of contact between BG management and the EWC.

If no executive committee is elected, the chair and his/her deputy may fulfil this role.

The executive committees of the BG EWC's will comprise the SCA EWC. Employee representatives who serve as ordinary directors on the Board of the parent company will be co-opted members of the SCA EWC.

- c) A chair and a deputy chair for the SCA group EWC will be elected from among the representatives comprising the SCA Group EWC. The chair/s and the deputy should represent different BG EWC's and different countries/nationalities.

Members of the SCA EWC executive committee shall be the chair and the chairs of the BG EWC's.

If a member of the SCA EWC is not able to attend a meeting a replacement for him/her can be appointed by the relevant EWC. Thereby each business group can always be fully represented at SCA EWC meetings.

- d) If there are substantial changes in SCA's organizational structure, number of employees in the BG's and/or countries etc. either party may request a discussion on how to change the balance in employee representation. Such changes will have no other effects on this agreement.

### **3. Frequency of meetings**

BG management and the BG EWC will together determine a meeting schedule that suits the demands of the business. The standard format should be two meetings per year. In addition one BG EWC meeting per year for language training will be arranged if needed. Depending on circumstances the respective BG EWC executive committee can request that this meeting is combined with information from the BG management. Where there are exceptional circumstances affecting the employees' interest extra meetings will be held with the appropriate level of management upon the request of the respective EWC executive committee.

The SCA Group EWC will meet three times per year and its executive committee three times per year. Jointly agreed minutes will be distributed within three weeks after the meeting.

Every second year a joint meeting will be arranged with all EWC's. This meeting replaces one of the three ordinary meetings of the SCA EWC.

It is intended that the BG EWC format will allow for flexibility in combining meetings with business events or special activities. The meetings should be scheduled to allow time for internal pre and post meetings for the employee representatives. Secretarial assistance during the meetings will, if requested, be provided by SCA.

#### **4. Language at meetings**

The official language of all EWC meetings, reports and minutes will be English (SCA's business language).

The parties agree that, in order to enhance the communication process, it is an advantage if all participants are able to communicate in one language. SCA has therefore agreed to provide and pay for training in the English language for EWC members. Language training should normally be carried out during working hours and with no negative economic consequences for the individual. However, it is recognized by the parties that language training must be a conscious undertaking and based on an individual commitment, therefore it is not unreasonable that depending on the circumstances part of the training can be arranged outside normal working hours. Any member of an EWC who requires it now or in the future will be granted English tuition.

The objective is, that each representative after a two-year period should have such an ability to communicate in English that EWC meetings can be convened in English. However, SCA will provide interpretation/translation at EWC meetings as long as deemed necessary.

As a consequence of the above the parties agree that each candidate to any SCA EWC should, if not proficient, be prepared to learn English.

#### **5. Nomination of candidates and election procedures to Business Group EWC's**

All candidates to business Group EWC's must be SCA employees. It is also recommended that candidates nominated for Business Group EWC's in addition have at least three years of service with SCA or an acquired company. The reason for this recommendation is that persons with longer experience are likely to have a wider internal network which will enhance the communication process between the company and its employees.

Election of employee representatives and their deputies shall be carried out in accordance with legislation or practice in the respective country.

If the above procedure is not applicable the respective EWC executive committee and local management shall meet and agree on the principles for election of representatives.

#### **6. Duration of the mandate**

Election periods for members of each EWC will be determined in accordance with established procedures in each country. It is, however, recommended that representatives are elected for as long a period as possible. Re-election of a member is possible.

## 7. **Joint ventures**

SCA supports the involvement of joint venture employees in the communication process. Therefore SCA and its respective partner/s can after mutual agreement with the relevant BG EWC invite employee representatives to join a BG EWC or to send observer/s to its meetings.

In joint ventures where SCA's ownership is fifty (50) per cent or less the decision whether to use this option or not rests with SCA's partner/s.

## 8. **Experts**

Experts including trade union full time officials internal as well as external, can be invited by the respective executive committee to participate at internal EWC meetings.

Experts can participate in the joint meeting with management on specific topics. This participation will be discussed between the respective executive committee and management in advance.

SCA believes in open dialogue and two-way communication with as many of its employees as possible. This makes it also natural to invite employee representatives from units that are effected by structural change, closure etc, to participate in meetings with the relevant European Works Council. This is provided that the issue is transnational or trans-business group in character.

## 9. **Management representation**

At Business Group EWC meetings the Business Group will be represented by its senior management.

At SCA Group EWC meetings SCA will be represented by its senior management.

## 10. **Topics**

### *SCA Group EWC*

The issues to be addressed shall be transnational and affect more than one business group. With the above definition, the following subject matters normally shall be included:

1. Health and Safety
2. Financial performance
3. Strategic direction of SCA
4. Major restructuring programs
5. Investment plans, budgets and projects
6. SCA Group personnel policies
7. Competitor activity and market development
8. Business development

9. Social issues which impact SCA
10. Employee development and training

### ***BG EWC***

Comparable subjects should be addressed at the business group EWC meetings provided that they are transnational in character.

### ***Other***

Remuneration and compensation issues are local in nature and will therefore not be addressed at EWC meetings.

## **11. Costs**

For SCA employees, costs for travel, lodging, meeting venues, meetings and compensation for lost working time will be paid by each EWC member's employer. Other personal costs (like telephone, postage, telefax etc) for SCA employees will likewise be reimbursed by the respective employer in accordance with his policy.

Reasonable costs for experts will be paid by SCA or the relevant SCA business group if it has been mutually agreed before an invitation has been made.

## **12. Confidentiality**

The purpose of the SCA EWC structure/s is to develop an open and better two way communication process with the widest range of employees as is possible. To this end it is expected that EWC members will make information available to fellow SCA employees.

However, it is recognized, that on occasions, specific issues of exceptional sensitivity or with legal implications or effects on the share price will be discussed. Whenever such an issue is identified either by agenda, or during the meeting, all participants are bound to keep silent and confidential all such information and may neither use such information for personal gain nor communicate it with any employee or third party contact unless expressly authorized to do so by SCA.

## **13. Duration and review**

This agreement is intended to be long term and permanent and is therefore concluded for an indefinite period. Either party can with a minimum notice period of six months in writing terminate the agreement or ask for a review or renegotiation of the agreement. If not terminated, the agreement remains in force until the review or renegotiation process has ended.

However, notwithstanding the formal renewal process to ensure the efficient functioning of this agreement, it may be reviewed and altered by mutual agreement between the parties at any time.

#### 14. Grievance procedure

Disputes regarding the interpretation of this agreement should be brought to a joint body consisting of SCA Group Management and the executive committee of the SCA Group EWC for decision.

#### 15. Employees' representatives

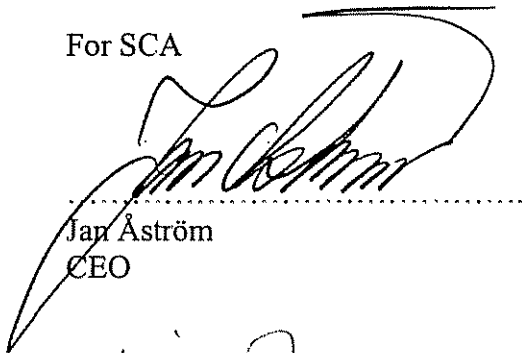
Members of SCA Group EWC or BG EWC, or their deputies, shall in the exercise of their functions enjoy the same protection and guarantees as provided for employee representatives by the national legislation and/or practice in force in their country of employment.

#### 16. Applicable law

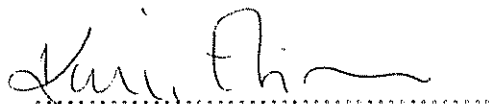
The legislation to be applied to this agreement is that applicable for the Head Office of Svenska Cellulosa Aktiebolaget SCA. Reference text should be the Swedish version of this agreement.

Stockholm, November 12, 2003

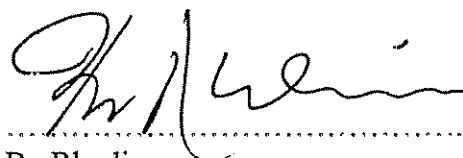
For SCA



Jan Åström  
CEO

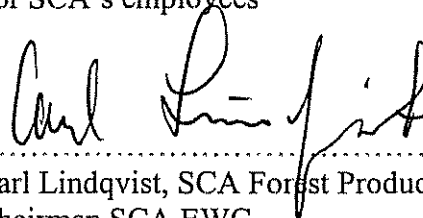


Karin Eliasson  
Senior Vice President  
Human Resources



Bo Rhodiner  
Vice President Industrial Relations  
Human Resources

For SCA's employees



Carl Lindqvist, SCA Forest Products  
Chairman SCA EWC



Cay Näslund, SCA Forest Products





Ernst Kronberger, SCA Forest Products

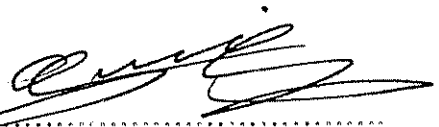
Cont. For SCA's employees

  
.....  
Rolf Gatugård, SCA Forest Products

  
.....  
Clive Bell, SCA Hygiene Products

  
.....  
Arne Kristoffersson, SCA Hygiene Products


  
.....  
Eddy Luiken, SCA Hygiene Products

  
.....  
Ali Guerroumi, SCA Hygiene Products

  
.....  
Frank Gottselig, SCA Hygiene Products

  
.....  
Lars-Erik Lundin, SCA Packaging

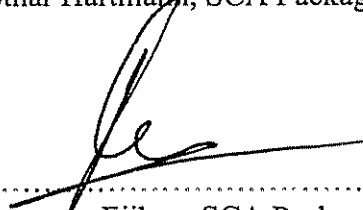
Cont. For SCA's employees



.....  
Keith Richards, SCA Packaging



.....  
Lothar Hartmann, SCA Packaging



.....  
Frans van Eijken, SCA Packaging