

Our 2022 climate disclosure



Each year, Setra produces a climate disclosure for our business operations in Sweden. This disclosure, contained in a climate report, provides us with a good insight into the emissions from our value chain, progress over time and, in particular, what we need to do in future to further reduce our emissions and what targets we need to set to achieve this. We report our climate performance honestly and transparently, as we want our employees and the communities in which we operate to understand the impact our business has and that we are working on continuous improvements to reduce our emissions and achieve our goals.

Methodology in line with GHG Protocol

The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international reporting standard and calculation method adopted by nations and companies as a tool to understand, quantify and manage greenhouse gas emissions.

The GHG Protocol has been working with the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) for 10 years, and is also partnering with companies, nations and environmental groups worldwide to build a new generation of credible and effective programmes to manage climate change. Setra's climate disclosure is produced according to the guidelines of the GHG Protocol. It includes the following principles.

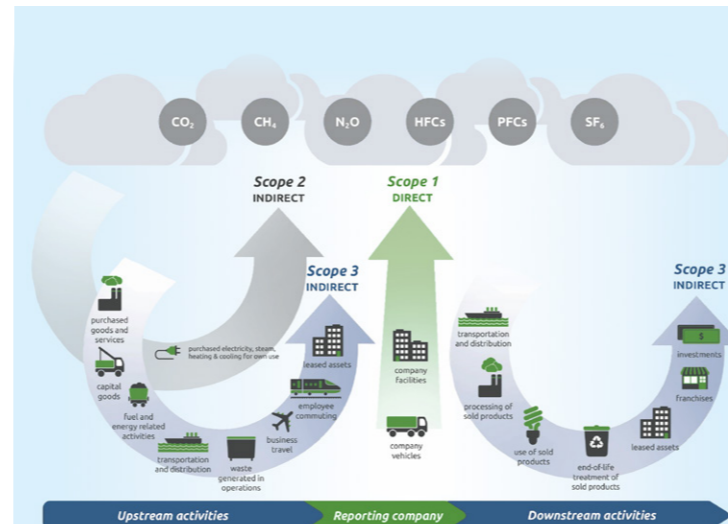
Relevance: Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.

Completeness: Account for and report on all GHG emission sources and activities within the chosen inventory boundary. Disclose and justify any specific exclusions.

Consistency: Use consistent methodologies to allow for meaningful comparisons of emissions over time. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.

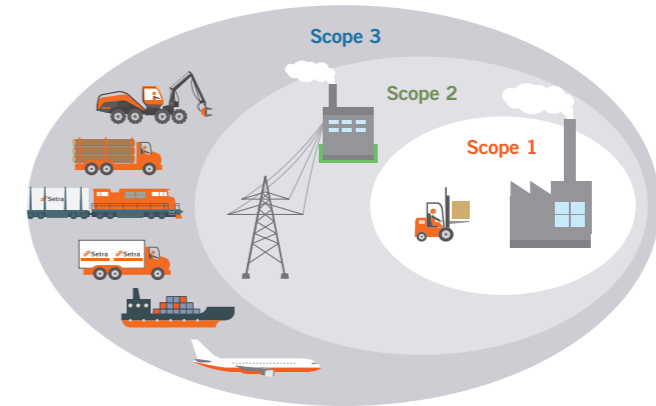
Transparency: Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.

Accuracy: Ensure that the quantification of GHG emissions is as close as possible to actual emissions.



The GHG protocol is used by thousands of companies and organisations worldwide. Applying a standard approach makes it easier to compare emissions calculations with others. The GHG Protocol also divides emissions into different 'scopes', which further aids comparison (see image on the right). Two standards are used to calculate the climate impact of companies and organisations: the corporate standard for Scope 1 and Scope 2; and the corporate value chain for the 'expanded' Scope 3.

Source: Greenhouse Gas Protocol



Methodology: Scopes 1–3

The Scopes provide a clear view of which emissions are direct (Scope 1) and which are indirect (Scopes 2 and 3). Broadly speaking, the different scopes include the following:

Scope 1

Direct greenhouse gas emissions over which the organisation has direct control.

Scope 2

Indirect greenhouse gas emissions from purchased energy, e.g. consumption of electricity, and district heating and cooling. When Setra purchases electricity, heating and district cooling, the emissions occur where the energy is produced and not within Setra.

Scope 3

All other indirect greenhouse gas emissions, both upstream and downstream, i.e. all emissions produced outside the boundaries of the organisation, other than energy purchased. E.g. purchased transport, leased machinery and the carbon footprint of purchased products. For Setra's wood raw material, emissions are generated from the machinery and transport associated with forest management and harvesting.

The GHG Protocol is currently being updated to include Land Sector and Removals Guidance, a supplement for land-intensive activities, which covers forestry. This addition clarifies how emissions from land use and carbon storage should be included in climate reports. The new guidance specifies how companies should calculate and report carbon emissions and sequestration related to land use and to carbon storage in biogenic products, such as wood products. The inclusion of carbon sequestration, for example, marks a major departure from the past. This new guidance will influence the content of Setra's future climate reports.

Greenhouse gas emissions in 2022

The annual Climate report is a driving factor and an important part of our work towards climate neutrality by 2030. We are working with our entire value chain to reduce our overall carbon footprint. This is affected by, among other things, production volumes, the export balance between different markets, and our own and our suppliers' climate calculations and ambitions.

An important note in this year's Climate report is that there has been a major change in the emissions item 'Raw material and inputs' in Scope 3 for 2022. This item includes emissions from the production of purchased raw timber and externally sawn products. It has more than doubled due to updated emission values and a more extended scope at one of our timber suppliers. Along with this, the emission factor for timber transport has also increased significantly due to the updating of the factor for the reduction obligation. In this year's Climate report, we have therefore chosen to recalculate the 2020–2021 values using updated emission factors for this item, to make them comparable with the 2022 values.

In 2022, Setra's total greenhouse gas emissions under Scopes 1–3 were approx. 202,100 tonnes of CO₂e (carbon dioxide equivalents), including all transport.

Emissions have decreased by about 3 percent compared to the previous year (2021), and by about 6 percent over the last 3 years (2020–2022), including all transport. The decrease between 2021 and 2022 is mainly due to a drop in the amount of raw material purchased.

Despite the recalculation of emission factors that resulted in higher total emissions compared to previous years, we are still pleased to see that our overall climate footprint has decreased slightly on average each year.

This is the result of internal work in our own production and close dialogue with our partners for a greener transition.

Activities/items with the greatest emissions are: transport to customers, inbound transport of timber, purchase of raw material and inputs, purchase of other materials and our own production machinery.

Within our own business, we are working actively to improve energy efficiency and find green solutions for both heating and transport. In 2022, we reduced emissions from drying and heating as a direct result of using less fuel oil in our operations.

Setra buys 100 percent renewable electricity, and 96 percent of the total energy we consume is renewable. 99 percent of our heat is generated from renewable fuels by burning our own bark and shavings in bio-boilers. Fossil oil is only used when the regular boilers are being maintained or repaired.

Setra's biggest challenge in terms of overall emissions is its inbound and outbound transport. This accounts for approx. 72 percent of our total emissions, with international transport to customers alone accounting for approx. 60 percent of our total emissions. The largest share of emissions is in Scope 2, including the transport of timber to us and to customers, a factor over which we have the least control. We believe the way forward here is more cooperation and closer dialogue with our suppliers, carriers and other partners.

Future efforts

Setra's overarching climate goal is for our business to be climate-neutral by 2030, excluding international transport. To achieve this target, we are also considering fossil-free options for our sawmills and processing plants. We are taking a proactive, focused approach towards cutting our business' emissions along the whole value chain. Read more about our efforts to reduce Setra's climate impact in our sustainability report, 'Year of Grönsamhet 2022'.

Setra's emissions	2022	Percentage of total, 2022	2021	2020
SCOPE 1				
Drying and heating	3,781		5,005	3,106
Machines	4,978		4,134	4,550
Business travel	64		32	63
Total, Scope 1	8,822	4%	9,171	7,718
SCOPE 2				
Purchased electricity, heating and cooling	61		61	219
Total, Scope 2	61	0%	61	219
SCOPE 3				
Fuel and energy-related activities	2,905		2,780	2,067
- of which fuel for drying, heating and purchased energy	1,353		1,454	869
- of which fuel for machinery	1,299		1,277	1,182
- of which fuel for business travel (under Scope 1)	254		49	16
Raw material and inputs	36,642		44,472	45,370
Other materials	7,463		7,331	*
Waste in own operations	23		19	15
Business travel (not included in Scope 1)	121		40	48
Employee commuting	730		477	478
Total, Scope 3, excl. transport	47,885		55,120	47,979
Inbound timber deliveries	15,909		16,811	17,589
Transport to customers	129,446		127,430	141,533
Total, Scope 3, incl. transport	193,240	96%	199,361	207,101
TOTAL SCOPE 1, 2, 3				
Sum total, excl. transport	56,768		64,351	55,916
Sum total, incl. transport	202,123		208,593	215,039

Setra's emissions divided between Scopes 1–3 and total. The table shows emissions figures for the period 2020–2022. Emissions are stated in tonnes of CO₂e (carbon dioxide equivalents) per year. Figures for 2020 include emissions from divested and sold units, and from new investments relating to operations for all or parts of the year.