

SetraNews

October 2011

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“More and more customers simply want a guarantee that the raw material comes from responsible forestry”

Setra = Swedish wood

SETRA STANDS FOR SWEDISH WOOD. SE shows where we are geographically. TRA stands for what we do (“trä” is Swedish for “wood”). We are proud of the fact that it is Swedish wood that we offer the market. And that our products are manufactured from sawlogs from Swedish forests which are managed in a responsible manner. Market confidence in Swedish wood is also clear from the article in this issue about the FSC and PEFC certification systems.

In the Swedish market we can see that demand for our FSC- and PEFC-certified whitewood and redwood products is still relatively low. This does not mean that Swedish consumers do not want certified wood products, rather that Swedes in general are so confident that our Swedish forests are managed responsibly that they do not think that certification is necessary. Consumers simply trust Swedish wood. On the other hand when buying furniture or decking made from an exotic wood, certification is far more important.

For Setra it is primarily in our export markets that customers demand certified products. The trend is also that this demand is rising. More and more customers simply want a guarantee that the raw material comes from responsible forestry. It feels good to be able to offer this in the market and contribute to a development which hopefully means that more and more people will stand up for the environment and responsible use of the earth’s resources.

Börje Bengtsson
President & CEO of Setra



NOW THE NEW INCOTERMS APPLY



Maria Jansson wants to increase knowledge of Incoterms.

TRANSPORT Incoterms are the International Chamber of Commerce (ICC) rules for international trade. They are internationally recognised rules which stipulate who is responsible for a product during transportation and for how long. By referring to these rules a seller and buyer can avoid unnecessary misunderstandings. Incoterms are updated on a regular basis so that the rules are always current and adapted to the development of international trade. The rules in Incoterms 2010 started to apply this year.

“I believe it’s important to increase knowledge of Incoterms and that both seller and buyer are aware of the

rules,” says Maria Jansson, logistics manager at Setra’s Redwood Business Area. “Road transport within Sweden is fairly simple but sea transports are more complicated since they can have several stages and involve more than one carrier.”

INCOTERMS SPECIFY:

- Who will pay for the transport, insurance and other costs.
- Where the goods will be loaded and unloaded.
- If loading and/or unloading is included.
- When the risk is transferred from seller to buyer.

➤ Read more at incoterms.com

Cucumbers keep warm

BIOPRODUCTS Roj Rosendahl at Himmerfjärden’s cucumber farm in Södertörn heats his greenhouses with dry chips from Setra. He sees both economic and environmental advantages with his choice of fuel.

“Cucumber is an energy-demanding vegetable which needs to be nice and warm both day and night in order to grow. If you calculate carbon dioxide emissions per kilo of cucumber there is of course a big difference in favour of chips as fuel.”

Himmerfjärden’s cucumber farm consumes about 4,500 cubic metres of dry chips per year and has deliveries every week. Starting in 2015 the tax reductions that Swedish growers currently receive on oil and gas will disappear. This will naturally make Roj extra pleased that he is already using an alternative fuel.

“Dry chips are a clean and homogenous product. A fantastic fuel in fact!”



TECHNOLOGY Now you can download the Wood and Furniture Companies’ (TMF) app to your iPhone or Android mobile.

In this app you can find information about Setra and TMF’s other member companies and follow what is happening in the industry.



Setra on the train!

MARKET An unusual train rolled through Sweden in September. Beijer Bygghandel organised a trade fair on rails which over a three-week period managed 13 stops in different places in Sweden. The Building Train started in Skellefteå and after turning round in Skåne the journey ended in Jönköping. On the train were Setra and some 30 Beijer suppliers all of whom were given an opportunity to present their products in an unusual environment. Visitors were Beijer's employees and VIP customers such as builders and craftsmen.



"We thought this idea was spot on," says Annica Olsson, market co-ordinator at Setra's Wood Products business area. "Beijer is an important customer and this gave us an enjoyable opportunity to reach out to their employees. Almost all the visitors were potential users of our products which is not usually the case when you exhibit at a more traditional fair."

Setra's products such as glulam, wall claddings and brown decking were presented in one of the coaches on the train.



Sofie Schelin, Harald Nylinder and Erik Hörnström are trainees at Setra

TRAINEES AT SETRA

TRAINING Setra started up a new trainee programme in September. This is a co-operation with the Swedish University of Agricultural Sciences, SLU, and is intended to offer young graduates an opportunity to learn about the wood products industry from the inside. Other companies partici-

pating in the programme are Bergkvist Insjön and Horndals Komponent.

Over a one-year period three selected trainees will work with different projects within production, logistics and controlling at Setra's sawmills around the country.

with dry chips



ROLFS SAWMILL ON THE SILVER SCREEN



Film director Kjell Sundvall (left) and Rolf Lassgård.

MEDIA Setra's sawmill in Rolfs outside Kalix has a role in the new film "Jägarna 2" (The Hunters 2) which was screened in cinemas around Sweden in September. The film, which is a sequel to the successful film "Jägarna" (The Hunters) from 1996, is about policeman Erik who returns to the area where he grew up in Norrland in order to solve a crime. The scenes at Rolfs sawmill were filmed in August 2010 and during the production period the sawmill received visits from celebrities including actors Rolf Lassgård and Peter Stormare.

Kvarnåsen's new owner focuses on mouldings

PRODUCTION Setra's processing unit in Kvarnåsen in northern Sweden has been sold to the newly formed company Kvarnåsen Trä AB. The company will conduct specialised production of high-quality mouldings for sale in the Scandinavian market and the plan is to continue to co-operate with Setra.



NEW MANAGER AT HEBY

PERSONNEL Setra's whitewood sawmill in Heby got a new manager in September when Charlotta Andersson took over from Olle Modin who is retiring. Charlotta was most recently with Korsnäs Rockhammar AB where she has worked as production manager at the pulp mill for the last two years.

Maria Åberg, Niklas Pettersson, Pirkko Parkkonen and Mikaela Carlsson are four of some 85 employees at Hasselfors.



Commitment & pride

CHARACTERISE OPERATIONS IN HASSELFORS

Hasselfors is Setra's largest whitewood sawmill with a history dating back more than one hundred years. It is a high-production and flexible sawmill where operations are driven by a strong commitment and a willingness to get closer to customers.



For many years the forest has been a key natural resource for the mill in Hasselfors which at first was an iron foundry.



One of Setra's 15 facilities in Sweden is located in Hasselfors, half way between Stockholm and Gothenburg.

AFTER PASSING one of Sweden's most northerly beech woods the landscape opens up and squashed between the two lakes Toften and Teen is the industrial community of Hasselfors. Here, by the falls between the lakes, judge and governor of Finland, Melker Falkenberg, was granted a charter to start a foundry back in 1671. The pig iron smelting works, peat factory and farming were to become important parts of these operations. Even back in the 18th century the forest was the mill's most important natural resource since it provided the charcoal needed for the foundry.

Construction of a considerably larger sawmill than the modest earlier facility started in 1908. Investments included two frame saws, an edger, a steam-driven resaw and strip saw, and a timber yard. All for a cost of SEK 75,000.

New conditions for increased capacity

Today, 103 years later, Hasselfors is Setra's largest whitewood sawmill. The investments now being made at the sawmill have a totally different price tag than those made in 1908. Three old

dryers from 1971 will be replaced by two new progressive kilns at a cost of SEK 37 million. Work is already fully under way and these investments will create conditions for a future increase in the sawmill's production capacity. Furthermore, the new, modern dryers will provide environmental gains in the form of more efficient use of energy.

"We will get a return on this investment because we will save energy in the form of both electricity and heat," explains Lars Fager, manager at Hasselfors. "In addition, we will reduce our transport costs since the new kilns will be better located. Internal logistics will improve and we expect truck transports to decrease by approximately 4,500 kilometres per year.



Annelie Söderberg works with packing on the trimmer.

The foundations will be ready by the end of the year when assembly of the kilns can start and they will go into operation at the end of May next year."

Hasselfors is a specialised whitewood sawmill with approximately 85 employees and production which totalled 280,000 cubic metres of sawn product in 2010. Every day 60 timber lorries deliver raw material to the sawmill from the nearby forests. And every day an equal number of vehicles leave Hasselfors with sawn timber, chips, sawdust and bark heading for places in Sweden and Europe.

Lars sees the central location of Hasselfors half way between Stockholm and Gothenburg as a competitive advantage.

"In terms of logistics, the location is excellent. We are close to Örebro which has become rather a logistics centre for Sweden where many companies have chosen to locate their distribution centres. Nearby Hallsberg is a railway hub and we are not far from Kristinehamn where we can load ships."

Another of Hasselfors' strengths is that it is a high-production and flexible sawmill. The unit is spoken of highly by customers for both quality and reliable deliveries which Lars attributes to the employees and their high level of expertise.

“Many of our people have worked in the industry for a long time and there is a commitment and pride in the sawmill. We want the operations here in Hasselfors to do well and make every effort to maintain a high quality in our work. Perhaps this has to do with the community spirit. Everyone knows that the sawmill is important both for Hasselfors and for them.

“Another strength is the two saw lines. The fact that we can buy the entire log inventory, with top measurements from 13 to 40 centimetres, makes us an attractive buyer for forest owners. Furthermore, we can have smart and effective production in the fine saw without having to use the larger saw.”

Closer to customers

Lars explains enthusiastically about the changed working practices currently being implemented by Setra’s Whitewood Business Area. This will put Hasselfors even closer to its customers.

“We have switched from a central market and customer service organisation to having our own customer service here at the unit.”

Lars thinks it feels good to have customer service close to operations so that they know what is happening.

“They can look out the window and see if a packet is left lying around or a vehicle fails to turn up. Physical proximity is positive. Also production will have a completely different understanding for customer needs. There is considerable interest among everyone who works here in knowing what customers want and what the products are used for.”

Hasselfors’ biggest customers are planing mills, glulam and packaging manufacturers both in Sweden and in the rest of Europe where Germany, the UK and France dominate.

“We are making active efforts to find new and flexible solutions for our customers. All sawmills can buy the same machines but only some of them perform well. I believe this must be due to the attitude of employees, how the machines are looked after and the approach to quality.”

Competition for sawlogs mainly comes from other sawmills in central Sweden.

“We have to realise that it’s all about creating profitability. Whoever can produce what the customer wants in the most cost-effective manner will also have access to raw material. So at the end of the day it is all about being best at doing that!”■



Hasselfors is a high-production and flexible sawmill that earns praise for both quality and delivery reliability. The picture shows the intake to the reducer bandsaw.

“We want the operations here in Hasselfors to do well and make every effort to maintain a high quality in our work”



Lars Fager, manager at Hasselfors, explains that 60 timber lorries deliver raw material to the sawmill every day.

Setra in Hasselfors

RAW MATERIAL Spruce **PRODUCTS** Sawn timber
PRODUCTION VOLUME 280,000 m³ in 2010
MAIN MARKETS Products are delivered to Setra’s own planing mills in Valbo and Skutskär and to customers in Sweden, the UK, Germany, France and Japan.
NUMBER OF EMPLOYEES Approximately 85
ESTABLISHED 1908

Photo: Hanna Telemann

FSC & PEFC

CERTIFICATION SYSTEMS FOR RESPONSIBLE WOOD PRODUCT PRODUCTION

Today there are two different systems for certification of forests and forest products, FSC and PEFC. A forest management certification applies to forestry and a traceability certification applies to production units such as sawmills and planing mills. SetraNews has taken a closer look at these systems and at how things are in the market for certified products.

THE BACKGROUND TO forestry certification was efforts to prevent the substantial deforestation in the tropics. Certification would guarantee that timber did not come from an environmentally threatened area. Today forests in the industrialised countries are also certified where FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) are the two leading systems in the world. Both audit and make demands on forest management with respect to environment, social aspects, economy and production.

In Sweden we have national forest management legislation which ensures both biodiversity and a good return on the timber. This means that Swedish forest owners already meet most of the standard certification requirements.

Traditionally, FSC is more usual among large forest owners while PEFC is used more in small-scale forestry. For historical and other reasons Setra has chosen to join both systems.

The industry is responsible for ensuring that a certified raw material ends up with the customer. For Setra certification means that the independent inspection company SGS Sweden performs an annual audit of operations in order to ensure that certified products are handled in accordance with current standards. For

customers who buy FSC or PEFC from Setra, both the invoice and the transport documentation specify that this is the case. Setra's certificate number for each system is quoted on the document. Each production unit must constantly check purchased certified raw material and sold finished product to avoid overselling.

The two systems have more similarities than differences but it is not possible to sell raw material from PEFC-certified forestry as FSC or vice versa.

Export markets make higher demands on certification

Today all Setra's production units are traceability certified according to both FSC and PEFC. Approximately half of the raw material purchased by Setra in 2010 was from forests certified according to one of these two certification systems.

Kjell Eriksson is environmental manager at Setra and he sees the certification system as something positive. Among other things it means that the company sends a signal to the market and society that it supports the development of responsible forestry and increased use of certified products, not just in Sweden but in the rest of the world. Furthermore, Setra operates in markets that have higher demands on certification than Sweden.

"So we must be able to offer certified products according to one of the systems in order to be attractive as a seller."

Kjell would like to emphasise that Setra's traceability certification means that all raw material the company purchases must meet certain requirements with regard to forest management. So this does not only apply to the portion of purchased raw material which is certified.

AssiDomän, which together with

Mindab formed Setra in 2003, was first in Sweden to introduce FSC. In recent years the number of companies affiliated to PEFC has risen and the systems have become increasingly similar.

"We have chosen to become certified according to both FSC and PEFC and have what is known as a multisite certificate which covers all our production units," Kjell explains. "Today we have access to large volumes of certified raw material of both types. This means that we have no difficulty in delivering certified sawn or planed wood products. Naturally, certified glulam beams are also available."

Demand for certified timber is not yet as great in Sweden as in many other countries. One reason for this is that Swedish consumers have considerable confidence in domestic forestry and therefore do not care so much if the timber they buy is certified or not.

"When we go to the DIY store to buy timber we take it for granted that it is Swedish and that the forest it comes from has been managed well. Consumers are more sceptical about exotic types of wood," says Kjell. "Then they would like it to be certified."

More building in wood raises demand

Today many companies have followed Setra's example and chosen double certification. This is so that they can meet demand and be accessible to the entire wood products market.

Furthermore, it is an advantage to be prepared now ahead of the increased demand many believe will occur even from the Swedish market in pace with increased building in wood. ■

"When we go to the DIY store to buy timber we take it for granted that it is Swedish and that the forest it comes from has been managed well," says Kjell Eriksson, environmental manager at Setra.



FSC

Forest Stewardship Council is an international forest standard that works to achieve socially beneficial, environmentally appropriate and economically viable forest management. Swedish FSC is a non-profit association and a national initiative that is responsible for ensuring that the rules for FSC-certified forestry are adapted to Swedish conditions. Half of Sweden's forest land is FSC-certified, corresponding to 11 million hectares.

PEFC

Programme for Endorsement of Forest Certification was formed shortly after FSC by small and medium-sized private forest owners in Europe. Swedish PEFC is an international system for certification primarily of family-owned forests. The aim is to develop sustainable private forestry with a good balance between forest production, environment and the interests of society. In Sweden, 8.2 million hectares of forest land have been certified according to PEFC.

What is the demand for certified wood products?



PETER THURE, ACCOUNT MANAGER WHITEWOOD BUSINESS AREA

"We have had a stable but low demand for certified whitewood products for many years. It is only recently that we have noted an increase – mainly in our export markets the UK, the Netherlands, Germany and France, but also in other markets in Europe. In southern Europe they are not as close to the forest as we are. Therefore they want certification in order to obtain a guarantee that the timber comes from well-run forests."



URBAN ANDRÉ, PRODUCT MANAGER WOOD PRODUCTS BUSINESS AREA

"If we look outside Sweden's borders we have three main export markets for wood products. If we look at Japan, almost everything we sell there is certified, normally PEFC. In the UK the requirement is usually that the goods must be certified according to FSC, but they will accept PEFC if necessary. In Germany, there is some interest but we do not sell any certified products there. In the Swedish market certified wood products have not yet made a real breakthrough. This may be because Swedes generally are more confident that our forests are well run."



GUNNAR STRAND, PRODUCT MANAGER REDWOOD BUSINESS AREA

"Certification is important for the future but has not really made a breakthrough in the market for redwood products. Not in Sweden at any rate. For us it is only the UK that demands certified timber, both FSC and PEFC. They started early when the major purchasing chains required certification at the end of the 1990s. Of course it would be simpler just to handle one certification programme but since we have customers which require both, we need them."

➤ **READ MORE** about forest and traceability certification at www.fsc-sverige.org and www.pefc.se



FINALLY

Bengt Thorgren
Age: 64
Lives: Kvarnåsen
Family: Wife, two children who have left home, one grandchild
Interests: Reading, travel and carpentry

Marlene Bergström
Age: 35
Lives: Malå
Family: Husband, two children
Interests: Rides, paints, spends time with family

Generation shift in Malå

AFTER 50 YEARS in the wood products industry it is time for Setra salesman Bengt Thorgren to hand over the baton to the next generation. Ready to take over is Marlene Bergström who has shadowed Bengt for the past two months and tried to learn as much as possible from the wood veteran.

Started at an early age

Bengt, who started working at the sawmill in Kvarnåsen when he was only 14, has accumulated broad knowledge and a deep understanding of the industry and for wood as a material. For Marlene, who previously worked as a salesperson in the electronics industry, the wood products business presents a new and exciting challenge.

"I just knew that Setra was a big employer in Malå. But with Bengt's help I got right down to practicalities and now it feels as if I am starting to get used to my new role," says Marlene.

Never stop learning

Bengt himself feels ready for retirement after what he describes as a long process learning about wood. He has a humble attitude to the industry and would not claim to know it all.

"I had the advantage of starting from scratch and I have worked with the entire wood process. But new things are constantly happening in this industry and there are many aspects that are important for a good wood salesman. You really must know your raw material, at the same time as you need broad social skills and the ability to listen to customers," says Bengt.

Challenge to see the full potential of the raw material

What Marlene sees as the greatest challenge is obtaining an overall picture and an understanding of, the opportunities for, and limitations of wood raw material. She knows that solutions to customers' wishes

are seldom standardised and that each deal needs its own solution. It is always about making use of the entire log in the best possible way.

"I have learnt a lot during this introduction period, above all about the attitude you should have to the raw material. It feels very exciting to work with a process and products which need to be approached from so many angles," says Marlene.

Bengt can now look back on a professional career that gave him a lot of freedom and personal responsibility. What he will miss most are his colleagues but he looks forward to all the time he can now spend with his grandchild and in his summer cottage. He feels he has done his bit and secure in handing over to Marlene. And Marlene is looking forward to an exciting autumn. ■

Please tell us what you think

Would you like your personal copy of SetraNews or do you wish to unsubscribe? Do you have any special requests about subject matter or opinions on the content? You are most welcome to contact us via e-mail at setranews@setragroup.com. Responsible for this publication: Lotta Löwhagen Lundberg, editor: Karolina Grundin.

Setra is one of Sweden's largest wood products companies and a leading player in Europe. We offer eco-certified wood products for interiors and construction to customers in the building materials trade and industry. The Group has approximately 1,100 employees and annual sales of around SEK 4,6 billion. Exports to Europe, North Africa, the Middle East and Japan account for almost 60% of sales.

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