

Our 2023 Climate report

Each year, Setra produces a Climate report for our business operations in Sweden. This report, 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 want our employees, customers and the world around us to understand the effect we have on the environment and people, and that we are working on continuous improvements to reduce 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 report is produced according to the guidelines of the GHG Protocol. It includes the following principles.

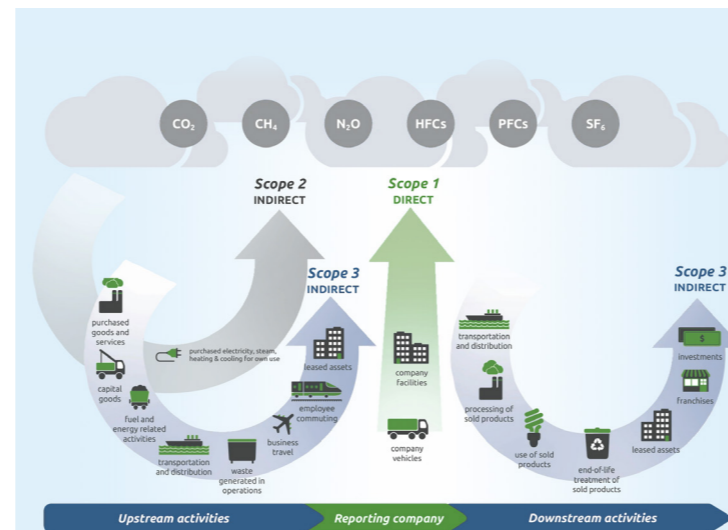
Relevance: Ensure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.

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.

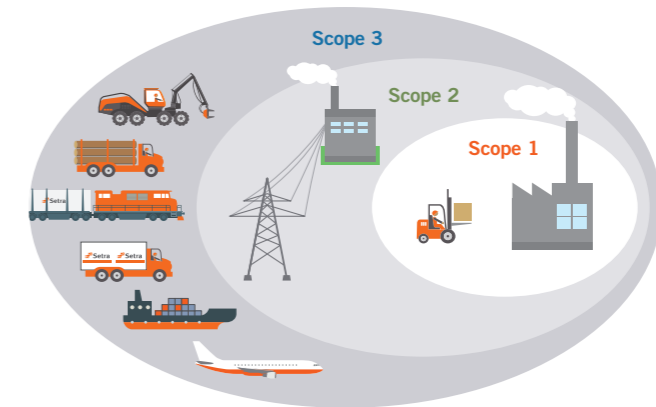
Transparency: Disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used.

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.

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.

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.

Greenhouse gas emissions in 2023

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.

Setra compiles its Climate report transparently and as accurately as possible. We follow climate calculation standards and are preparing for upcoming new regulation on sustainability reporting. Scope 3 is of course a big challenge and ongoing area of development. In the 2023 Climate report we now include direct emissions from Setra's operations in the UK and direct emissions from the Pyrocell factory, in which Setra has a 50% stake. A new item has also been added to Scope 3 this year, capital goods. In addition, we have worked on improving the underlying data for transport and further quality assured this data. This has had a positive impact on the figures in this year's Climate report, posting a reduction in emissions.

In 2023, Setra's total greenhouse gas emissions under Scopes 1–3 were 177,112 tonnes of CO₂e (carbon dioxide equivalents), including all transport.

Setra's total climate footprint (including all transports) has decreased by 12 percent compared to the previous year (2022), and by 15 percent over the last 3 years (2021–2023). The decrease between 2022 and 2023 is due to lower emissions from drying and heating in our own operations, lower emissions in the production of fuel for energy-related activities in our operations, lower emissions from forestry, and better data processing for the transport item (specifically international distribution to customers).

We are pleased to see that both internal work on fossil-free production and our cooperation with timber suppliers, carriers and other partners have resulted in a lower climate footprint this year as well.

Activities/items with the largest emissions are: outbound distribution to customers, inbound timber deliveries, purchased capital goods, purchases of other materials and inputs, plus the emissions associated with the timber we purchase, i.e. forestry emissions.

Within our own business, we are working on surveying energy use and improving energy efficiency, as well as finding green solutions for both heating and transport. In 2023, we reduced emissions from drying and heating by 9 percent 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, since we use 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 approximately 63 percent of our total emissions, with international distribution to customers alone accounting for approximately 49 percent of our total emissions. The majority of the total emissions, 95 percent, fall within Scope 3. Examples include inbound transport of timber, outbound distribution to the customer, and purchased capital goods. We have the least control over emission items in Scope 3. 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 activities to reduce Setra's climate impact in our [Sustainability Report 2023](#).

Setra's emissions ton CO ₂ e	2023	Percentage of total, 2023	2022	2021
SCOPE 1				
Drying and heating	3,430	2%	3,781	5,005
Machines	4,964	3%	4,978	4,134
Business travel	185	0%	64	32
Total, Scope 1	8,579	5%	8,822	9,171
SCOPE 2				
Purchased electricity, heating and cooling	153	0%	61	61
Total, Scope 2	153	0%	61	61
SCOPE 3				
Fuel and energy-related activities	1,799	1%	2,905	2,780
- of which fuel for drying, heating and purchased energy	490	0%	1,353	1,454
- of which fuel for machinery	1,261	1%	1,299	1,277
- of which fuel for business travel (under Scope 1)	48	0%	254	49
Raw material and inputs	33,202	19%	36,642	44,472
Other materials	7,474	4%	7,463	7,331
Purchased capital goods	14,023	8%	-	-
Waste in own operations	24	0%	23	19
Business travel (not included in Scope 1)	117	0%	121	40
Employee commuting	764	0%	730	477
Investments	28	0%	-	-
Total, Scope 3, excl. transport	57,431	32%	47,885	55,120
Inbound timber deliveries	14,546	8%	15,909	16,811
Transport to customers	96,404	54%	129,446	127,430
Total, Scope 3, incl. transport	168,380	95%	193,240	199,361
TOTAL SCOPE 1, 2, 3				
Sum total, excl. transport	66,162	37%	56,768	64,351
Sum total, incl. transport	177,112	100%	202,123	208,593

Setra's emissions divided between Scopes 1–3 and total. The table shows emissions figures for the period 2021–2023. Emissions are stated in tonnes of CO₂e (carbon dioxide equivalents) per year.