



This is Setra

Sustainability Report 2016

 **Setra**

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Setra in one minute

Setra is one of Sweden's largest wood products companies. We process raw material from responsibly managed forests and offer climate-friendly products and solutions for building and living in a global market.

Setra Group has eight sawmills and three processing units, including one in the UK. We have approximately 850 employees and annual sales in excess of SEK 4 billion. Exports to Europe, North Africa, the Middle East and Asia account for 64% of sales.

99%

of thermal energy we use in production comes from renewable fuels.

GHG calculator

launched in 2016 makes it easy for our customers to see the emissions that occur from their wood products – from when the forest is planted until delivery.

100%

of the log is utilised. What is not turned into boards and planks becomes bioproducts.

New
**Setra
Polar decking**

and our new interior collection combine sustainable forestry with sustainable design.

88%

of our employees passed Setra's safety passport test in 2016. Together we create a safer working environment.

“We are an industry of the future and one of the answers to climate change”

“By establishing wood as a given alternative for tomorrow’s homes, Setra can be involved and help to solve the climate challenge. But to achieve this we must develop and dare to think along new lines,” says Hannele Arvonnen, Setra’s President and CEO.

“We are an industry of the future. Green building is one of the answers to the climate issue so we have fantastic potential. But we must be better at understanding the preferences and needs of our customers. This requires us to really be on our toes and to develop our products and solutions to match customer development.”

Are you satisfied with the SEK 153 million operating profit for 2016?

“We had slightly higher production and performed well so this result reflects what we have done. But we did not achieve our financial targets, so we are not entirely satisfied. On the other hand, we cannot control market prices but must focus on what we can influence ourselves such as how we work with the total value chain. I am convinced that when we do the right things right, money will come in the end. That said, I am slightly more satisfied than I was one year ago.”

How has the wood products market developed?

“Demand has been good overall. In the Middle East and North Africa there has been concern over access to currency for payments but the demand is still there. China’s growth has been in question for some time but the market has still performed well. And if we look ahead to 2017, it looks even better.”

What is the strategy behind the sale of Valbo, Plusshus and Vimmerby?

“It’s about choosing and rejecting. We cannot be everywhere. Setra has sold units that are not directly linked to or supporting our core business. But we will not continue to slim. We have a strong financial position and have created a platform from which we can develop Setra and take the next step. We want to take advantage of opportunities in the market and over time reduce our exposure to sawn wood products.”

Why does Setra now have both Sustainability and Technology Directors?

“Sustainability equals competitiveness and

must permeate everything we do. This is why it is important to lift this to group management level. Setra’s sustainability organisation consists of HR, Environment and Communications – functions that cooperate closely to integrate sustainability work throughout our operations. The Technology Director is an important driver for development work. He looks at processes, structure, digitalisation and IT from a holistic perspective. Fresh thinking and innovation will be needed to develop Setra.”

What will be the effects of Setra’s work with management by objectives?

“I believe we will see greater job satisfaction, pride and a clear value-driven organisation that helps us work towards shared goals. That there will be an understanding for what we have to do and where we are heading. This will make it easier to bring together our combined skills and strengths to develop Setra. Our employees are our most important resource, the key piece in our competitiveness. We must ensure that they have the right conditions, that we have an open culture in which people can suggest new ideas and have the courage to try new things. In the long term this also means that we will attract new, talented employees.”

How is Setra affected by the turbulent times we live in, with political twists and turns and conflicts?

“You need to build regardless of Brexit or who leads the US, so the demand is there. Although there may be some financial or political disruption, the macroeconomic situation does not affect us that much. But it is important to understand how the world evolves and how this affects growth in our area. The US, for example, affects conditions in other markets, even if we are not there today. And as far as ethical aspects and human rights are concerned, it might be that what is happening now in the world means that we must be prepared to change earlier decisions.”

Can you develop that answer?

“We must understand what is happening in the world and make informed decisions. Setra operates in a global market with global competition. Sustainability aspects and our position will become increasingly important. We believe and hope that our wood products contribute to economic growth and job creation in the markets in which we operate. That we contribute to positive development even if we do not solve democracy issues and the equality question, for example. But we must also dare to ask ourselves if this makes a difference. To me it is important that we follow this reasoning, that we know where we draw the line. Then we can make conscious decisions about where we want to go and will know what the impact and issues will be.”

How has Setra’s sustainability work progressed during the year?

“We have put a sustainability organisation in place that can drive these initiatives and we have really worked to develop our employees. We have also started energy mapping, which means we can make our energy consumption more efficient in future. We have also developed a GHG calculator on the web where our customers can see what emissions are created when they buy wood products from Setra. This makes it clear how climate-smart wood is.”

What has been difficult to implement?

“We have not succeeded in getting closer to our zero vision for workplace accidents despite investing a lot in training. The wood industry has traditionally been an accident-prone sector and now we must make even more efforts in 2017 to strengthen our safety culture. Nor have we succeeded in reducing our consumption of electricity and diesel as much as we would have liked. But through the energy mapping that is now underway and plans to switch increasingly to renewable fuels, we still hope to be able to achieve our long-term climate targets.”



We want to contribute to a more sustainable building industry where wood is the preferred choice.



What values that Setra creates would you like to highlight?

“Environmentally we do more good the more we sell since, unlike other building materials, wood is renewable. Wood also has a unique ability to climate compensate for emissions formed at production and transport since it binds large amounts of carbon. It is also important to highlight the social aspects. Setra helps to keep rural areas alive and to make use of the skills base in the communities in which we operate. We also create a number of indirect job opportunities in rural areas such as work in the forest and transport sectors.”

What challenges does Setra face with regard to sustainability?

“I only see opportunities! To sharpen our efforts in all areas, raising awareness so that everyone at Setra really feels that sustainability equals competitiveness. Perhaps the challenge is to create this feeling in our own organisation. Another challenge is to ensure that we really can offer an alternative to steel and concrete in construction. And to educate the public about the importance of the wood industry for Sweden. We are an extremely important basic industry and not an environmental threat since we work on a sustainable basis.”

What changes do you want to achieve with sustainability work?

“I want everyone who works at Setra to think about how they can contribute, in both big and small ways. So that this becomes a subject for discussion and we ask ourselves how well we are complying with our sustainability policy. In a broader perspective, we at Setra want to make an active contribution to a more sustainable building industry where wood is the preferred choice. This is why our sales targets are also our climate targets and our competitiveness is directly linked to our sustainability work.”

What are your hopes for 2017?

“That we really can take advantage of our opportunities. This year will be important for Setra. We will continue to work with our future plans and cross the finishing line with our ongoing studies so that we can make decisions. I also want us to keep the customer perspective in focus so that we understand trends in our business environment and are proactive. And I am looking forward to making even greater progress with sustainability and the internal improvement programme we call Setra Excellence. That everyone understands where we are heading and that we cannot get there one by one. We must truly work together to see the strength of this, the strength of being one Setra.”

Climate benefit with wood – works like this

When the forest grows it takes up carbon dioxide which is stored in the trees in the form of carbon. Wood binds 800 kilograms of carbon dioxide per cubic metre. This means that even though we use energy to saw planks, construct wooden buildings and send our wood products to other countries, the climate gain is considerable.

The wood products Setra sells bind **1.35 million tonnes** of carbon dioxide annually. This is as much as the emissions attributable to **126,000** Swedes in one year.



Financial targets for the Group:

Sustained return on operating capital to average approximately 13%.

Result: 10.4%. Has varied between -4.5% and +12.4% over a five-year period.

Net debt/equity ratio to not normally exceed 50%.

Result: 9%. The maximum over the past five years was 54%.

Dividend to normally amount to 50% of profit after tax, taking net debt/equity ratio into account.

Result: 97% proposed for 2016, taking into account strong financial position. In 2015 and 2014 the dividend was 50%.

Full speed ahead in a changing market

Global construction is rising steadily and it is becoming increasingly clear that wood is the sustainable alternative. But the wood products market is constantly developing and we must be flexible to keep up. The trends in our business environment present Setra with both challenges and new opportunities.

In an increasingly globalised world countries previously designated as developing have advanced to become the fastest-growing economies in the world. This development gives us access to new, huge markets but also leads to continually increasing competition. We meet competition from other wood species and from countries that have not traditionally profiled themselves in the wood industry. Our products are not only measured in quality and price but properties such as strength and durability are increasingly in demand.

Globalisation also means we are all to some extent balancing on the same tightrope. Softwood products have global trade flows where almost all markets will be affected over time,

negatively or positively depending on whether a shortage or surplus of wood products is created.

For Setra, this has led to a major change in our market portfolio. Increased focus has been placed on markets with a higher potential growth rate, outside our historical core areas in Europe.

Net sales by market 2016

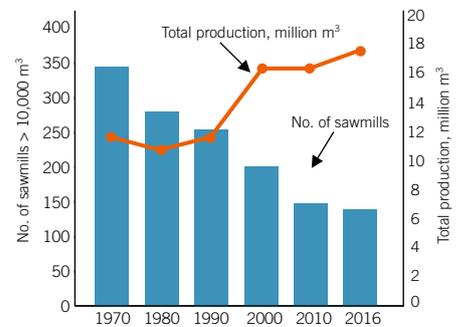


Processing level advances

Competition means that the sawmills are integrating forward in the value chain. New technology, new products and services will be important in order to be an attractive future supplier. Consolidation is underway in the sawmill industry towards fewer but larger and more efficient units. We also see consolidation among customers which is leading to increased demands for better products, more suited to the intended end use.

The changes are driving the development of more industrialised and cost-efficient product solutions at the sawmills and the plans for tra-

ditional sawmills are being redrawn. Meeting our customers' future product requirements will require increasingly integrated processing. Requirements for planing, finger jointing and strength sorting start in the timber yard in order to adapt the raw material to the finished products to as high an extent as possible. At Setra we are developing operations in this direction with a number of strategic initiatives. All so as to continue to be a competitive global supplier able to support our customers' growth.

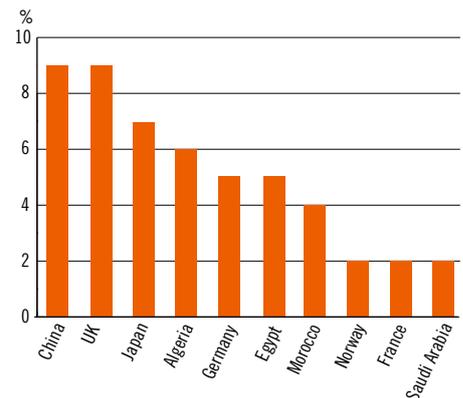


The world is growing – everyone needs somewhere to live

There are more and more of us sharing the earth's surface and the need for increased construction is substantial. Especially considering that 200,000 people move from the countryside to cities every day. The UN estimates that by 2050 the world's cities will have grown by 2.5 billion people. Demographic growth combined with strong urbanisation means that the need for new housing continues to grow.

Since Setra's business is largely driven directly or indirectly by construction, this has a major potential for our future development. The strongest growth is found in markets far from Sweden, such as Asia, the Middle East and North Africa. This places high demands on logistics and requires our organisation to see perspectives other than the Swedish.

Setra's ten largest markets outside Sweden – share of net sales 2016





Bioeconomy moves from vision to reality

We are moving towards a fossil-free society where wood will have many more applications. New innovations allow us to break dependence on oil and create products such as plastic, fuels and textiles from renewable wood.

The sawmill industry can be a significant player in this development but this will not happen without an effort. It requires us to develop new products and services. Some future investments should also be focused on forward integration of the sawmill industry in order to take advantage of opportunities for wood as a material.

Setra has already launched a number of activities in this direction in order to retain and strengthen our position as one of the leading wood products industries in Europe. Some of our future sustainability initiatives will be innovative with regard to technology, products and services which will enable us to provide growth both for ourselves and our customers – at the same time as we contribute to the green transition.

More realise that wood is the future

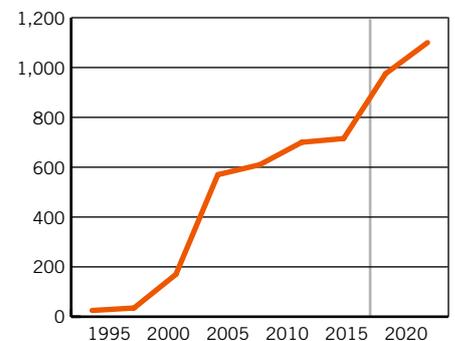
If the countries of the world are to meet their climate commitments in the Paris Agreement and the need for increased construction, a large proportion of structures need to be made of renewable materials, such as wood. We are experiencing a paradigm shift in terms of political willingness and in attitudes to wood among building companies worldwide. This transition is driven by the environmental challenges facing the world.

Industrial-scale building in wood will make house building both faster and more cost-effective than before. A strong development has

taken place in good building solutions and established standards which makes it possible to construct high-rise buildings in wood. The methods that have been developed, such as cross-laminated timber, allow competitive construction in wood with major advantages in construction times, working environment and climate impact. Advantages that could not be offered before.

Setra is playing an active role in this development and our aim is to supply both material and expertise in this area.

Global development of cross-laminated timber, 1,000 m³



Hi Olle Berg, Market Director at Setra. What will 2017 be like?

An exciting year for the wood products trade. Interest in the American market will return seriously for the first time since the financial crisis. Asia, with China leading the way, will continue to show strong development and in Europe both Germany and the UK have good growth. Our home

market Sweden is seeing a construction boom which is driving sales. Turbulence is increasing, however, in the Middle East and North Africa where conflicts, the low oil price and a shortage of US dollars continue to hold back these markets.

We are more optimistic than last year. Global consumption of wood products looks as if it will rise compared with 2016 and exceed the forecast for wood production worldwide. At the same time we have less in stock than we had one year ago.

Swedish wood for a sustainable future

Here at Setra we love wood. We process raw material from responsibly managed Swedish forests into climate-friendly products for a global market. Our vision is a sustainable world – in which the use of wood will increase and contribute to a sustainable development which benefits everyone.

Wood is a fantastic material with a wide range of applications. Products from Setra are used for everything from paper to multi-storey buildings. But our core business is sawn and processed redwood and whitewood products. The wood products are mainly used for building and living and account for approximately 85% of our sales. Exports to Europe, North Africa, the Middle East and Asia account for a large share of sales. Our customers include the wood processing industry, the building materials trade, modular building factories, furniture manufacturers and importers.

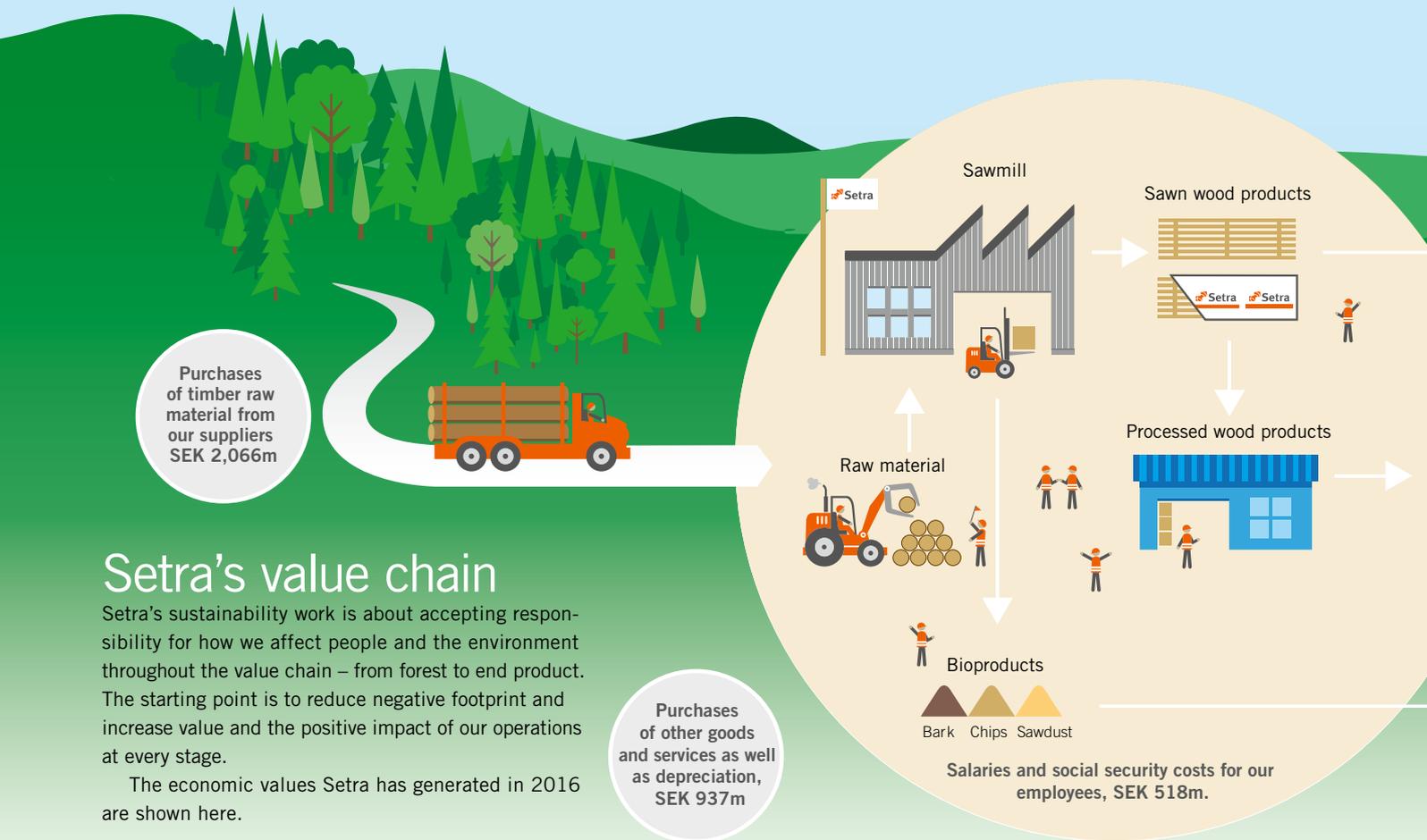
The processed product range includes

building products such as glulam, exterior claddings, interior claddings, floors and decking. Bioproducts such as chips, sawdust and bark are left over from manufacture and are used in the pulp and paper industry as well as the energy sector. These products account for 15% of Setra's sales and are an especially important business in terms of resource efficiency. Thanks to our bioproducts we can say that no part of the log goes to waste.

Doing the planet a service

Compared with many other building materials wood has the future on its side. Besides

being affordable and energy efficient in production, wood has the major advantage of being a renewable resource. Anyone who chooses wood is also doing the planet a service because trees bind far more carbon dioxide when they grow than they emit when they are converted into boards, furniture and buildings. Wood therefore has a given place in the transition to a sustainable society. Increasing our sales of wood products is not only the foundation of Setra's business – but also our most important contribution to the climate.



Setra's value chain

Setra's sustainability work is about accepting responsibility for how we affect people and the environment throughout the value chain – from forest to end product. The starting point is to reduce negative footprint and increase value and the positive impact of our operations at every stage.

The economic values Setra has generated in 2016 are shown here.



RAW MATERIAL

PROCESSING

Responsibility for the raw material

Pine and spruce are the raw material in Setra's production. All timber comes from responsibly managed forests and is controlled raw material. This means that its origins are known and forest management meets basic requirements according to the forest certification systems FSC® and PEFC. Setra has a total of eight sawmills and three processing units. Two of the sawmills, Malå and Rolfs, have integrated sawing and planing.

The countryside must live

Setra has some 850 employees most of whom work in the production units around the country. The sawmills are located close to the forest, for obvious reasons, and we are often a significant employer in the small communities in which we operate. In 2016, Setra invested almost SEK 140 million and created 20 new job opportunities at our production locations. A countryside where we live on and with the forests is part of our vision.

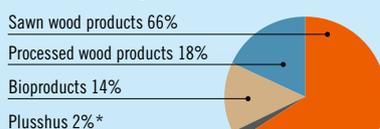
Setra stands for Swedish wood

Setra was formed when Mellanskog Industri AB and AssiDomän Timber Holding AB merged in 2003. The aim was to create a driving force in the development of a modern wood products industry. We are a young company but with deep roots in Swedish industry. The oldest sawmill in the Group is over 100 years old.

The first part of our name, "SE", reflects the company's Swedish roots. The second part of the name "TRA" is the Swedish word for wood (trä) and indicates the focus of the company's operations.

Setra is owned to 50% by Sveaskog, Sweden's largest forest owner, and to 49.5% by the forest owner association Mellanskog. The remaining 0.5% is owned by approximately 1,500 small shareholders.

Net sales by business 2016



*Plusshus was sold in May 2016 and is included with five months.

Setra's production units 2016



Redwood mills Production, Number of employees

Redwood mills	Production, m ³	Number of employees
Kastet	231,000	70
Skinnskatteberg	221,000	70
Nyby	188,000	65
Malå*	174,000	80
Vimmerby**	141,000	55
Rolfs*	73,000	60

*Integrated sawing and processing.
**Sold in January 2017.

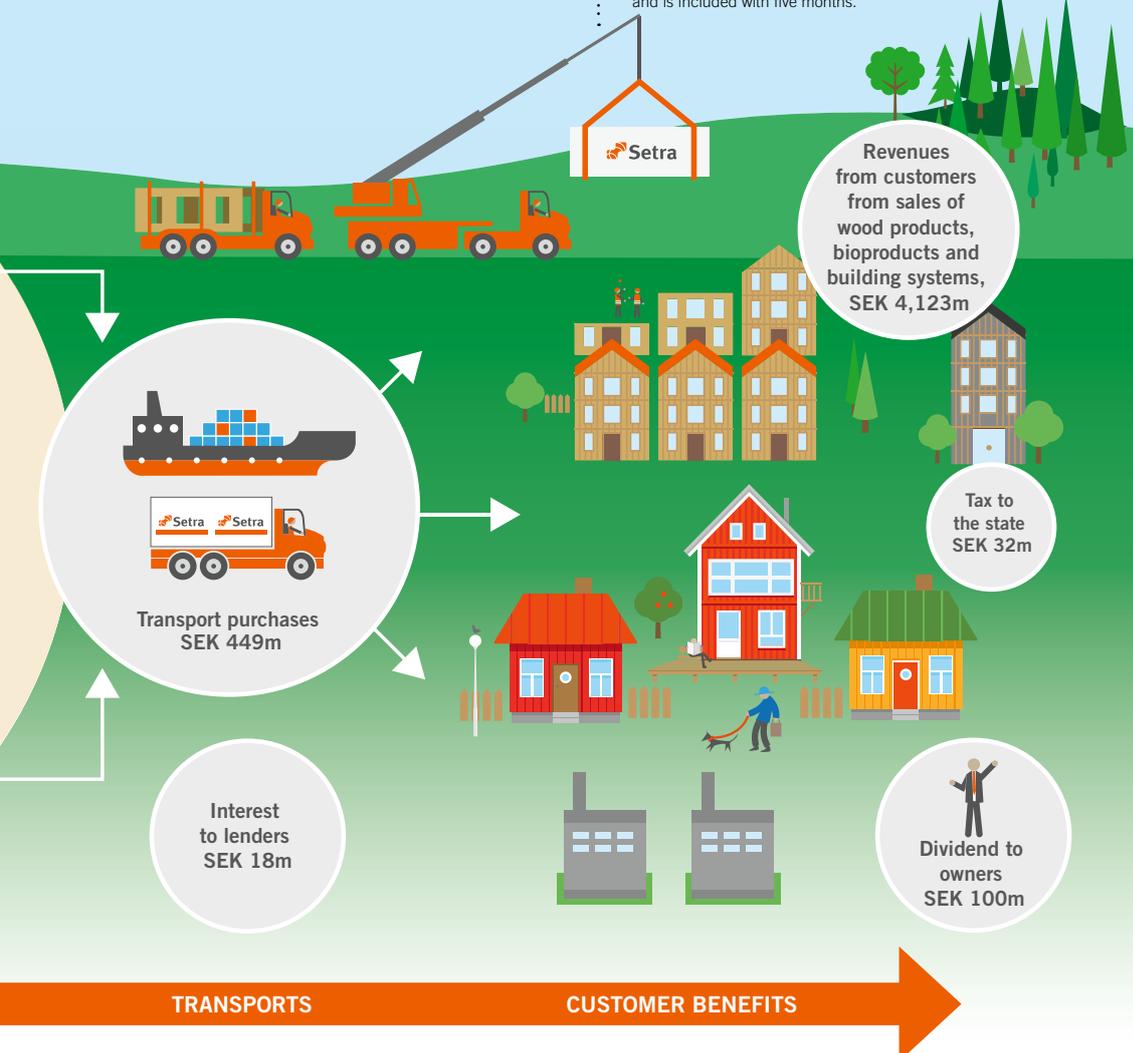
Whitewood mills

Hasselfors	305,000	90
Heby	200,000	65
Färila	153,000	50

Processing units

Skutskär	97,000	35
Långshyttan	45,000	50
M&S Softwood (UK)	25,000	40

Plusshus and the processing unit in Valbo were sold in 2016. Setra has approximately 50 employees outside Sweden and its own sales offices in the UK, Germany, Poland, France, Spain, Japan and China.



TRANSPORTS

CUSTOMER BENEFITS

Focus on the right issues

Setra's sustainability work focuses on issues where we have a significant impact, a clear responsibility and the ability to contribute. We also focus on issues that are particularly high on our stakeholders' agenda.

Our long-term perspective and responsibility towards people and the environment must permeate our entire value chain, from responsible forest management to customer benefit in the form of renewable and climate-smart wood products.

In order to develop sustainable businesses and contribute to the positive development of society we need to collaborate with our stakeholders: customers and suppliers as well as local authorities, industry colleagues and others affected by our operations. Through good relationships and active stakeholder engagement we keep ourselves updated about the demands and expectations of our business environment, build consensus about key issues and ensure we develop in the right direction.

Prioritised areas

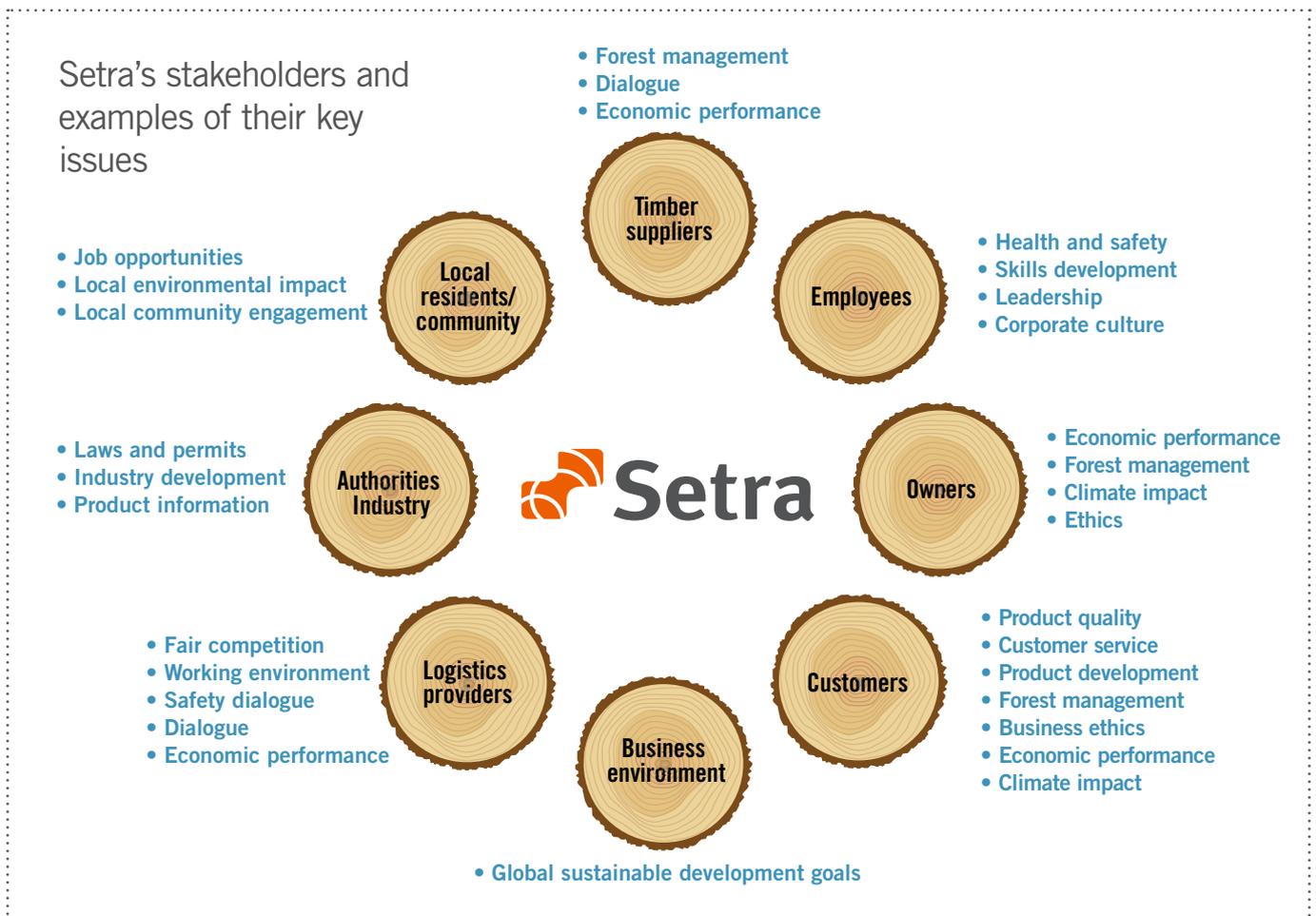
Our work with responsibility and sustainable business development covers a broad spectrum of issues. Our greatest focus is on the areas that are most significant for the impact of our operations and our stakeholders.

In order to ensure relevant and transparent reporting of our sustainability work, we apply GRI's guidelines and, underpinned by a special stakeholder dialogue, we have prioritised the sustainability issues that are most important for Setra to work with and communicate. Responsible forest management, Setra's offering/Economic performance and Working environment are top of the list. Other key areas are our role and

influence as a local industry and employer and responsibility in the supply chain.

Stakeholder dialogues identify improvement potential

Our dialogues with stakeholders have also shown areas where there is a demand for development of our work. Among other things we need to report our targets more clearly, increase the proportion of certified raw material and make sustainability demands in the supply chain. Many customers also make sustainability demands on us and monitor us through audits.



The sustainability policy is our guiding star

Setra's aim is that sustainability will permeate everything we do. And our values – commitment, innovation and responsibility – will govern how we behave in a sustainable and ethical manner in our day-to-day work. Our aim is that all our stakeholders – employees, customers, suppliers, owners and the communities in which we operate – will have confidence in us and our activities.

The sustainability policy focuses on the issues and areas where we as a company have significant influence, a clear responsibility and the ability to contribute. The policy also highlights areas that are high on our stakeholders' agenda. The four areas that we have identified as most important are business ethics, employees, working environment, and climate and environment.

Sustainable Climate-smart products



Setra's sustainability policy

Setra processes raw material from responsibly managed forests and offers climate-friendly products and solutions for building and living in a global market. Our vision is a sustainable world.

Sustainability means that throughout our entire value chain we encourage responsible business that promotes human rights, good working conditions, the environment and anti-corruption.

Our values – commitment, innovation and responsibility – guide how we behave in a sustainable and ethical manner in our day-to-day work. We comply with laws and regulations that apply to our operations. We work with continual improvements and with clear targets that are followed up and reported.

Our stakeholders – employees, customers, suppliers, owners and the communities in which we operate – must have confidence in Setra and our operations. Setra is transparent about decisions and activities that have an economic, environmental or social impact. Our communication is open, clear and accurate.

Our four key sustainability areas:

Business ethics

We maintain high ethical standards in all our business relationships. We treat our customers, suppliers and partners with responsibility and integrity. We compete on a fair basis and we have zero tolerance for money laundering, bribery and other forms of anti-competitive practices. All financial information and sustainability performance are reported correctly.

Employees

Employees are the company's most important resource. We make sure that we have the right skills and provide everyone with opportunities to develop. All employees are responsible for ensuring that their everyday behaviour and actions comply with Setra's values. Our managers and leaders are key role models in this work. Setra encourages increased equal opportunity and diversity. We recruit and engage with all employees without discrimination or special treatment.

Working environment

Our working environment is safe, stimulating and enjoyable. For us the working environment includes both the physical and psychosocial conditions at the workplace. We make systematic efforts to prevent ill health and accidents and to increase wellness presence. Employees, safety representatives and employers work together to promote health and safety. Setra has zero tolerance for industrial accidents.

Environment and climate

We take our impact on people and the environment into account throughout the value chain. We apply the precautionary principle when changing operations and work to prevent pollution. Our sawlogs come from responsibly managed forests and our processing is carried out in a resource-efficient manner. Other key environmental aspects in our operations include energy consumption and climate impact.

Fair deals

Confidence

Skilled employees who develop

Safe and pleasant working environment

Reduced environmental impact



With our new organisation we are able to drive development and inspire a more sustainable Setra.

Charlotte Thedéen, Sustainability Director

New organisation with focus on sustainability

A reorganisation was carried out in 2016 designed to achieve more cohesive and integrated work with sustainability issues within Setra. A new sustainability function was formed where the HR, communications and environmental departments are now merged and the former Environmental Manager has been appointed Sustainability Director. The role of this central sustainability function is to develop this work, provide expertise and support the operations. The practical work of managing environmental and working environment issues as well as business ethics mainly takes place out in the production units, as well as within marketing, purchasing and logistics.

During the year a person was also appointed to be responsible for Setra's overall risk management (ERM, enterprise risk management). This function will develop group-wide working methods and guidelines for how Setra works with strategic, operational and financial risks, including sustainability risks.

Systematic work to achieve goals

Achieving change in Setra's key sustainability issues requires systematic, targeted efforts. We need to cooperate throughout the value chain to achieve our goals and develop sustainable operations.

One precondition for achieving results with quality is systematic and target driven working methods. Our integrated management system is a tool to lead, plan, control, monitor and evaluate operations. Setra has environmental certification according to ISO 14001. The management system also includes control of working environment and fire safety measures, although these systems are externally audited. In 2017 the environmental management system will be complemented with a simplified management system for energy so that Setra can meet requirements in accordance with the Act on Energy Audits of Large Companies.

Certification according to FSC and PEFC

Setra's sawmills and processing units are certified according to FSC's and PEFC's chain of custody standards and FSC's standard for controlled wood. Certification shows that the company has a system for tracing wood raw material and ensuring that it comes from responsible forestry. Documentation for this is also linked to the central management system.

In autumn 2016 a decision was made on a code of conduct for suppliers based on the Global Compact's principles. In the

coming year, new purchasing routines will be designed in order to develop requirement specifications for suppliers.

Group-wide and local targets

In addition to financial operating targets there are group-wide targets for energy efficiency, climate performance, occupational safety and sickness absence adopted by Group Management. Local sustainability targets are decided at unit level.

WOOD FOR LIFE

is the core of the Setra brand and summarises our vision, our values and our brand promise.

Our vision – a sustainable world

We want to contribute to sustainable development. With our renewable wood products we want to help build a sustainable world – for future generations as well.

Our values – commitment, innovation and responsibility

Our shared values guide our decisions and behaviour in day-to-day work so that we achieve our vision. With commitment, innovation and responsibility we will create a high-performing corporate culture and ensure sustainable, profitable operations over time.

Our brand promise – natural simplicity

It must be simple to do business with Setra. We know about wood and understand the needs of our customers and our customers' customers. We simply give our customers more natural comfort every day. Natural simplicity is also about our product offering. Wood is an attractive, warm and living material. It is functional, simple to use and comfortable to live with.





THE GLOBAL GOALS

For Sustainable Development

Setra's contribution to the global goals

World leaders have agreed to 17 global goals for sustainable development by 2030. If these goals are met, it would mean an end to extreme poverty, inequality and unfairness in the world and solve the climate crisis. Now we need to move from plans to action. Setra supports Agenda 2030 and the global goals and makes an active contribution towards several of them becoming reality.



One key issue for us is that sustainable energy is available to everyone. A full 99% of the thermal energy we use in production is renewable and we supply neighbouring heating plants with bio-products.



Building sustainable cities and communities, transferring to sustainable consumption and production, and fighting climate change are obvious objectives for Setra. Our production is electricity-intensive and we work continuously to improve energy efficiency. If we succeed in increasing the use of wood this will help to reduce the carbon footprint from the building sector, which today accounts for 30% of carbon dioxide emissions worldwide. With wood we can create climate-smart homes which are recyclable and bind many times more carbon dioxide than they release during their life cycle.



Our raw material comes from the forest and we want to help ensure the functioning of ecosystems and biodiversity. Setra uses only controlled raw material from responsibly managed forests. Just over one-third of our timber also comes from certified forests where the owner accepts considerable responsibility, among other things through set-asides of key habitats, conservation-value trees and edge zones.



Sponsor for SOS Children's Villages

A sustainable world is not only about sustainable living, it is also about sustainable families and a secure upbringing. Setra has cooperated with SOS Children's Villages since 2013 in order to encourage commitment among employees and contribute to a better future for children and young people.

Setra chose to support the construction and operation of the Thai Binh Children's Village in North Vietnam with SEK 100,000 per year. Vietnam is one of the fastest growing economies in Asia and an increasingly important market for Setra, but the country is still battling with poverty. Thai Binh was completed at the beginning of 2015 and is now home to almost 100 children and young people. Setra supported SOS Children's Villages with an additional SEK 100,000 in 2016.

Cooperation with tomorrow's architects

The next generation of architects is a key stakeholder group and source of inspiration for Setra. They will be decisive for how building develops in the future and it is interesting for us as a wood products industry to understand how they think. This is why Setra cooperates with the architect programme at the Royal Institute of Technology (KTH) in Stockholm. There is considerable interest in wood and sustainable building among the students.

"I cannot be involved in contributing to emissions in the building industry. As an architect, I will be responsible for trying to make changes," says student architect Hanna Skog.

For some years now, fourth-year students on the Full Scale Studio building course have visited Setra's sawmill in Heby. In 2016 glulam manufacture in Långshyttan was also included and a group of students used bark from Setra to experiment with new building material. We will continue to develop this cooperation in 2017.



Wood for your life

Setra's wood products are manufactured from pine and spruce which grow close to our sawmills and processing centres in northern and central Sweden. Thanks to its fine texture and structure the wood is both strong and attractive and suitable for everything from furniture to durable flooring and load-bearing structures.



The Setra house

Wood products from Setra are delivered in many different configurations. We process a large proportion ourselves such as structural timber, claddings, glulam, wooden flooring and decking. The products are sold to the Swedish building materials trade and various industrial customers. Our customers in the wood industry further process other wood products from Setra into windows and doors, furniture, boards, cross-laminated wood, joinery and mouldings. Bioproducts such as chips, bark and sawdust are used as fuel in CHP plants and raw material in the paper industry.

Redwood is primarily used for visible products such as floors and furniture as well as pressure-treated timber for outdoor use. Whitewood meets high stress requirements and is often used as structural timber but also for visible products such as claddings and glulam. The Setra house shows how our wood can be used.

More support on the web

At www.setragroup.com there is more information about our products and their applications. There are also contact details for salespersons and experts in each area.



Durable decking from the Arctic Circle

Setra Polar Decking, which is made from slow-growing pine from the area around the Arctic Circle, was launched in 2016. The wood has tight annual rings, a high proportion of heartwood and a fine-knotted structure. Since it is more fine-grained than regular decking timber it gets fewer cracks and lasts longer. Polar Decking is manufactured at Rolfs in Kalix and is also available in finger-jointed boards up to six metres long.

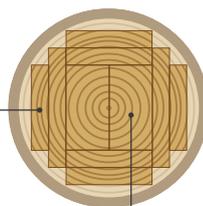


Sustainable design in new interiors collection

Setra's new collection of solid wooden floors and interior claddings is the result of craftsmanship where we combine traditional and new technology. All the boards are sorted manually and become carefully selected floors and claddings which make an impression in the home.

The timber comes from the pine forests of northern Sweden and is further processed in Malå. The surface is treated with hard wax oil from the plant kingdom. A non-toxic, durable and environmentally friendly way of preserving that genuine wood feeling.

Planks or boards?



Boards are sawn from the outer part of the log and have a thickness of less than 32 mm.

Planks are sawn from the central part of the log and have a thickness of at least 32 mm.

Record-fast glulam deliveries

Setra's glulam factory in Långshyttan has a 100% delivery reliability and answers customer inquiries just a few hours after they come in.

One person who appreciates this fast feedback is Håkan Mettävainio, salesman and wood products manager at Beijer Byggmaterial in Luleå.

"When I joined Beijer Byggmaterial 24 years ago, I could have several weeks in which get information back to my customers. Today I can need a price the same afternoon as I receive the inquiry. In this context, Setra Långshyttan is absolutely unbeatable. They handle all inquiries directly and even though we have worked with them for a couple of years, we are still surprised at the speed and efficiency of their feedback," he says.

Shortening lead times is something Setra Långshyttan has worked hard with over the past five years. The glulam factory is highly flexible and can treat every single order as special. The glulam is adapted directly for the end user and the well-developed logistics system means fast and reliable product deliveries. As a result of efficiency improvement programmes delivery times are now down to eight days, which is the fastest in Sweden. But at Setra Långshyttan they are not satisfied with this. The next challenge is to shorten lead times still further.



Wood for the whole world

Wood from Setra is found in homes and buildings throughout the world. Our timber becomes high-performance decking that can cope with both the Nordic climate and tropical dampness.

You will find it in safe, modern and affordable homes, in interiors and fittings that provide comfort and fulfil a function. Regardless of where in the world it ends up.



Quality and reliable deliveries make a difference

Just as our products are simple and comfortable to live with, it should be easy and secure to do business with Setra. We know how to produce the right length and quality based on customer needs, whether they are in Sweden or on the other side of the world.

By sorting the right timber already in the forest and producing dimensions to fit the customer's product range, we can optimise the use of timber in a manner that benefits the customer, Setra and the environment. Together with our customers we constantly develop new products and find smarter ways to produce them.

Our most recent customer survey, which was carried out in 2015, showed that 78% have a positive or very positive impression of Setra. Our customers describe us as a reliable supplier and most of them mention quality, delivery reliability and product range as reasons for choosing Setra. Compared with other suppliers, we are perceived as taking more responsibility, but when it comes to innovation and commitment Setra does not stand out. Nor does our marketing distinguish itself, according to customers. Starting in 2017, we will step up a notch and conduct two customer surveys per year.

Trendy and environmentally friendly in China

Exclusive, modern and reliable are words that summarise how Swedish softwood is regarded in China. Setra's customer Sampo Furniture manufactures children's furniture where the raw material can be highly visible and make a statement.

In Sampo's factories whitewood from the sawmills in Färila, Heby and Hasselfors becomes imaginative furniture with round shapes and a clear wood character. The target group is middle-class Chinese families with children. Trend conscious parents with a fondness for light woods as well as an awareness of environmental problems.

"Our customers often choose wooden furniture because they want to surround their children with natural materials. It is therefore important that the wood raw material comes from responsibly managed forests," says Sampo's Purchasing Manager, Peter Song.

Setra's delivery reliability is another reason why Sampo appreciates this cooperation. The company is growing fast and relies on stable shipments of wood of a high and consistent quality. The fine-textured Swedish whitewood with its fine-knotted structure is highly suitable for furniture manufacture and is finding its place in a growing number of Chinese homes.





Certified sawdust gives extra added value

Sawdust from Setra is an important raw material for pellet manufacturer Scandbio, Scandinavia's largest company within solid processed woodfuels.

Scandbio's pellet factory in Främlingshem, just south of Gävle in central Sweden, is supplied with raw material from our nearby sawmills in Heby and Kastet. Setra delivers 130,000 MWh of sawdust per year, which corresponds to about 1,500 fully-loaded lorries.

"We don't see the sawdust as a residual product. It is our raw material over which we want to have full control. This is why we only do business with suppliers who promote responsible and sustainable forest management," says Scandbio's Purchasing Manager, Magnus Kuhlberg.

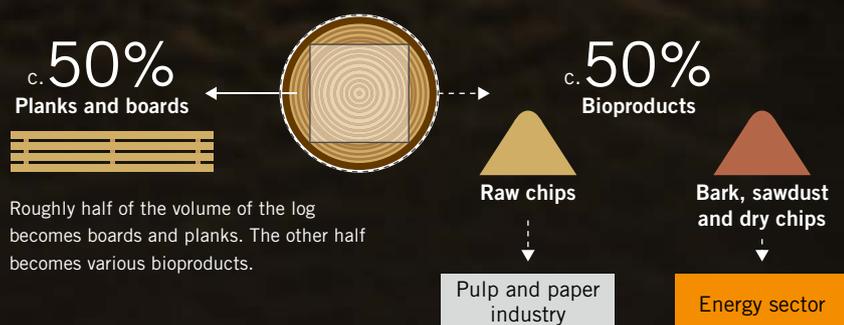
Scandbio's operations cover Sweden, Latvia and Denmark. Customers range

from private households to small and large industries as well as municipal and state-owned facilities. Customers are increasingly demanding certified pellets where the wood raw material in the product can be traced back to its origins in a responsibly managed and certified forest. Scandbio therefore increased its proportion of certified raw material from Setra in 2016.

"Certified raw material gives extra added value and becomes a key link in the chain for energy companies which want to sell certified heating," says Scandbio's Factory Manager, Andreas Björkman.

Bioproducts with many applications

Chips, sawdust and bark are by-products from our sawmills and planing mills but they become valuable raw material for others. Raw chips, cellulose chips which have the highest value, come from the outer parts of the log and are an important raw material for the pulp and paper industry. Dry chips, bark and sawdust are used as fuel mixes in CHP plants. Sawdust and wood shavings also go to the pellet industry. Our sawdust is also found in chipboard and shavings are popular as animal litter.



Security in a stamp

Setra's Royal shipping mark has been used as a trademark for sawn wood products since 1943. The stamp indicates which company the raw material comes from as well as which grade it has. The name Royal was chosen because the timber came from the Kingdom of Sweden's forests.

Despite the fact that we have been using barcodes and packaging with printed order information for some time, the shipping mark lives on. It is particularly important in Africa and the Middle East where Royal is synonymous with high timber quality and customer service. When the packaging is removed, the red stamp is the only sure way of knowing the timber comes from Setra.

Shipping marks

Grades

	U/S
	V
	VI
	U/S+V
	U/S+V+VI

Planks and boards are sorted in different grades where U/S (unsorted I-IV) is the highest grade. V (fifths) is the second highest and VI (sixths) is the lowest grade. Grade depends among other things on size, volume and placement of knots.

Export

A large part of our production is exported to Europe, North Africa, the Middle East and Asia. Setra's largest markets outside Sweden are China and the UK.

Sawn wood products

76%

Processed products

34%

Everyone contributes to moving forward

Without motivated employees, we will not get anywhere. Their knowledge, drive and commitment are what moves Setra forward. Building a culture in which we take advantage of individual strengths and ideas is crucial for increasing our competitiveness and this work must never stand still.

Commitment, innovation and responsibility must permeate how we work together at Setra. When these values become part of our everyday lives, at work and in our relationships, they become more than mere words. They help us to think and act in the right way as a company and as individuals. They play a decisive role for our success and for creating a sustainable and attractive workplace.

During 2016, Setra introduced a joint working model for management by objectives. This ensures that we work in a standardised, resource-efficient manner and in the same direction. The model is based on managers and leaders communicating their expectations, after which employees set the targets. This format appeals to the employee's personal commitment and allows everyone to see their contribution to Setra's development.

Management by objectives is part of Setra Excellence, a focus area in our strategy where we place activities that improve our performance. What these activities have in common is that they relate to areas we as a

company can influence ourselves. Employee-ship, working environment, corporate culture, efficient processes, leadership and a learning organisation are other key issues that are highlighted within Setra Excellence.

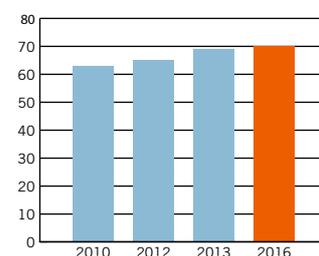
Motivation increasing

The SetraRingen employee survey shows that motivation is growing within the company. In the 2016 survey the Motivated Employee Index (MEI) has increased from 69 to 70 since 2013. MEI is a measure of how motivated employees are in their daily work, how satisfied they are with their work situation and with Setra as an employer.

Through SetraRingen we can monitor employee development, feelings and attitudes. We can see when efforts have an effect and if a special focus is needed in a particular area. The 2016 survey also shows that there is higher confidence in managers and leaders. Opportunities for further development and continual efforts to improve the working environment are areas where employees indicate that the company can improve.

Starting in 2017 the employee survey will be carried out annually in order to monitor ongoing development work within key areas such as leadership, values and working environment.

Motivated employee index, MEI



Machinery and gadgets are no use to us without motivated employees.

*Hannele Arvonen,
President & CEO of Setra*

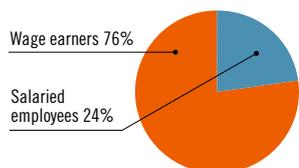


Many ways to highlight values

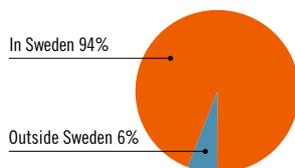
Developing a value-driven organisation is a long-term and strategic undertaking that must never be allowed to stand still. Setra has chosen to include a dialogue with feedback on values in annual performance reviews. This will provide an opportunity for every employee to reflect over how the values are transformed into action and behaviour in their everyday lives. The review also provides an important foundation for the individual's ongoing skills development.

At Setra we have used our own board game to provide training in the values and find successful behaviours. The next step is videos in which our employees will reflect on questions such as: How can we contribute to a sustainable world? What does wood mean for you? Why do you work at Setra? The films will be used in future work on values.

Proportion of salaried employees and wage earners 2016



Proportion of employees within and outside Sweden 2016



Challenges spur us on

Setra wants to develop its employees, attract new, sharp brains – and retain them. To find the right skills for the future we participate among other things in university career days as well as offering internships and thesis work.

About 15% of Setra's employees have higher education. The skills requirement rises in pace with technical development, new market demands and working methods. One future challenge for Setra will be meeting these changes by raising its level of expertise.

Another key issue when it comes to our employees is attracting more women to the company. This is long-term work where we regard every recruitment as an opportunity. Out of all the leader positions filled during the year, 19% went to women. Six managers were recruited externally, one of whom is a woman.

Key figures employees

Year	Average number of employees	Proportion of women, %
2016	855	14
2015	938	14
2014	931	13
2013	909	13
2012	966	14



With safety on the agenda

The wood products industry is a physically demanding and accident-prone sector. Health and safety are therefore constantly in focus at Setra. A good safety culture does not grow by itself, it is something we must constantly nurture by exchanging experiences and investing in training and wellness.

No one at Setra should sustain an injury. We have zero tolerance for industrial accidents and believe that a good safety culture based on knowledge is a prerequisite for achieving this. In recent years we have had less than three accidents that resulted in sickness absence per one hundred FTEs and 2016 continued at the same level. An interim target towards zero is that this figure should be less than 1.0 by 2020.

Slipping, getting stuck, crush and cut incidents, as well as being hit by falling objects, are the most common causes of workplace accidents that result in sickness absence.

Inner and outer protection

To reduce the risk of accidents in production, Setra has made major investments in enclosure guards. This work has been underway for several years and since 2014 all units' saw lines and trimmers have been equipped with gates and safety covers, which cut off the power if anyone gets too close to the machines. But these outer protections are only some of the measures. Systematic working environment work where we report and learn from incidents

and risk observations are also decisive for safety. Setra had a major focus on working environment training programmes in 2016. Almost 90% of employees have now completed our safety training which consists of SSG's Safety Passport and a specific training module adapted for the risks in Setra's industry (read more on the next page).

In order to strengthen working environment initiatives we have also worked with the BAM, Better Working Environment, training programme. Managers, supervisors and safety officers at the units attend this training together and it too is adapted for our workplaces. The idea is to create a common foundation for how we will work to improve the working environment and handle physical and psychosocial working environment issues.



Safety passport reminds us of risks

Setra's safety passport is one step in a long-term process to raise awareness of the risks at work. The training is now digital and completed by every employee personally with a final test. It includes practical safety routines, psychosocial issues and handling of accidents and incidents.

"This training has given a good update of what applies. A lot is things that we are expected to know already," says Malena Forslund, site assistant at Malå.

"It's all about common sense and is really things that we know. But at the same time this raises awareness about important working environment issues. You start to think about things you might not have considered otherwise. This has probably already had an effect,

even if we cannot see it," says Mattias Sunesson, Quality Manager at Setra Långshyttan.

Everyone who works in Setra's sawmills, processing units and offices must pass the test for the safety passport. Commitment has been strong out in the units and the flexible format has functioned well in our operations where it can otherwise be difficult to organise training activities while keeping production going.

The passport is valid for five years and is included in the introduction for all new employees. So that everyone should feel safe in our areas, Setra also has training requirements for its contractors. Everyone who carries out work at our units must have completed the SSG Entré safety training course.

Safety rounds eye-openers

It is easy to miss things when going on a safety round at the same workplace year after year. But safety round rotation breaks this pattern. At Setra, management and safety officers are encouraged to go on a safety round at another unit at least once a year. In this way we help each other to detect hidden working environment risks and find opportunities for improvements.

The processing unit in Skutskär has had visits from Kastet, Långshyttan and Nyby.

"It takes two to tango. The people who came here on safety rounds have helped us tre-

mendously. They have seen things that we did not discover ourselves and have asked a lot of good questions that have led to interesting discussions. It results in a fine-tuning of safety awareness," says Peter Wejbro, Manager at Setra Skutskär.

In 2016 Skutskär themselves did two rounds at other units.

"It gives us a very good insight into and understanding of other people's circumstances. But the most important thing is the personal contacts, the relationships we form with other units. We become a little more like one Setra."

Training for a healthy working climate

What can I do to reduce stress in the working group? How should I handle conflicts, suspected victimisation and employees who are in danger of burnout? These are some of the questions that Setra's managers and supervisors want to help find answers to from our training in organisational and social working environment. This course made a strong impression on Mattias Forslund, Manager at Färila.

"It made me realise how difficult these questions are. If there is a case of victimisation, it is important to get help from others who have attended the training course and sometimes perhaps get external help in order to conduct an impartial inquiry. You shouldn't be too quick to suggest solutions, but think it over carefully. It can easily go very wrong even if something is well meant."

By giving Setra's managers and leaders knowledge of how they can work preventively and tools for managing situations that arise, we lay the foundation for a healthy working climate.

"It feels secure to know that we at Setra have guidelines and routines to follow. Now we are raising this issue at workplace meetings as well and talking about behaviour that is not okay," says Mattias Forslund.

Combined with policies, guidelines and Setra's other routines and tools, this training course meets the demands of the new provisions on organisational and social work environment which came into effect during 2016. So far eight of Setra's units have completed this training. The rest of the organisation's managers and leaders will attend training in 2017.

How will Setra reduce accidents?

We have enclosure guards in place and have focused on training to raise risk awareness. Now we must work more with behaviour to strengthen our safety culture within Setra. This goes hand-in-hand with work on our values where commitment, innovation and responsibility are our keywords.

Charlotte Thedéen,
Sustainability Director

Industrial accidents - number per 100 FTEs

2016	2.9
2015	2.7
2014	2.8
2013	2.9
2012	2.8

Total sickness absence

2016	5.3%
2015	5.7%
2014	5.1%
2013	4.0%
2012	4.1%



Sustainable forest management – the Swedish model

More than half of Sweden's surface is covered by forest. It is one of our most important natural resources, but its management is also a major responsibility. Sustainable forest management is about developing the economic, ecological and social values in balance.

In Sweden, we were early to set goals for preserving biodiversity and values other than timber in our forests. Forest management is regulated by the Swedish Forestry Act which was the first in the world when it was introduced in 1903.

For every tree that is felled in Sweden, at least two new ones are planted which means that the forest volumes increase every year. Today there is twice as much timber in our forests as there was 100 years ago.

Approximately 60% of Swedish forest is certified according to FSC® and/or PEFC. This makes higher environmental demands than Swedish forestry legislation. At a global level the corresponding figure is 10%.

Source: Swedish Forest Agency, Swedish Forest Industries Federation

Traceability certification

Setra's sawmills and processing units are certified according to PEFC and FSC chain of custody standards and according to FSC's standard for Controlled Wood. This means that we can prove that the wood raw material comes from responsible forest management and is sourced from controlled origins.

The timber that is not certified is controlled and meets the requirements for FSC Controlled Wood and PEFC Controlled Sources. It also meets the requirements in the European Timber Regulation. The minimum requirement for all Setra's timber is that its origins are traceable and meet five basic criteria.

We do not accept:

- Illegally harvested wood
- Wood harvested in violation of traditional and civil rights
- Wood harvested in forests in which high conservation values (HCVs) are threatened
- Wood harvested from areas being converted to plantations or non-forest use
- Wood from forests in which genetically modified trees are planted

Setra's raw material coordinators check that the timber meets these requirements for example via visits to suppliers and follow-up of felling. If the timber comes from a supplier who is certified, the supplier conducts these checks.

Responsibility for the timber raw material

The raw material used in Setra's production is spruce and pine which is further processed into various wood products at our sawmills and processing units. All sawlogs come from responsibly managed forests and meet requirements for controlled raw material.

The forest is significant

One of Setra's most important sustainability aspects is that raw material comes from responsibly managed forests. The world's forests have considerable significance for the climate, water supply and access to fresh air. The forest is also a source of experiences and provides many benefits: food, medicines, paper fibres and sawlogs. At felling, responsible forest management means consideration for nature and setting aside forests and natural areas with high conservation values. It is important that what is worth protecting is preserved in the forest and not delivered as timber to Setra's sawmills.

Purchases of timber raw material

Setra does not own any forests. All the company's sawlogs are purchased. The total volume of purchases in 2016 was 3.4 million cubic metres, of which 60% was pine and 40% spruce. The timber Setra purchases is either controlled or certified according to FSC® and PEFC, the world's largest forest certification systems with standards for forest management and traceability (chain of custody).

Purchases are made almost exclusively from Swedish suppliers, but small volumes come from Finland and Norway. In 2016, imports accounted for approximately 2% of the total purchased volume. The timber is often local or regional in origin. The catchment area is normally within a radius of about 100 kilometres from the sawmill. Most of the purchased timber is delivered to the sawmills by road. Facilities with their own railway tracks – Hasselfors, Kastet and Skinnskatteberg – can also receive deliveries by train which allows longer and more efficient transports. During 2016 about 160,000 cubic metres, corresponding to 5%, were delivered by rail.

Organisation for timber procurement and bioproducts

Six people at Setra work with timber procurement and sales of bioproducts. Setra has a total of some 15 raw material suppliers of which the largest are Setra's owners Sveaskog and Mellanskog. It is important to have long-term relationships with suppliers in order to ensure quality and deliveries. The aim is to supply the right sawlogs to the right sawmill at the right time. Back in the forest cutting is adapted to match customer requirements. Unforeseen fluctuations in production and timber deliveries present a major challenge. Other challenges exist for bioproducts. Demand for cellulose chips is even throughout the year while demand for biofuel products varies with the seasons. This means that Setra must optimise storage and transports to be able to offer its energy customers deliveries at the right time.

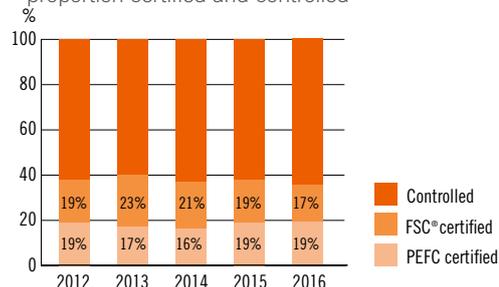
Customer driven

In 2016, 36% of Setra's sold wood products were certified according to FSC or PEFC. How much purchased timber is certified according to FSC or PEFC is mainly determined by customer demand. Setra has to pay a premium for certified raw material. Many export markets demand certified products and the UK is one market where interest is considerable.

There is also demand from the pulp and paper industry for certified cellulose chips. In 2016, 31% of cellulose chips were sold as FSC certified compared with 22% in 2015. Setra also sells certified biofuel products, bark, sawdust and chips, and here too there is increased demand.

Sales sawn wood products

- proportion certified and controlled



What are Setra's owners doing to promote responsible forest management?

SVEASKOG

State-owned Sveaskog is Sweden's largest forest owner. The company's entire forest land is certified according to FSC. Sveaskog uses 20% of its productive forest land below the montane forest region for nature conservation. A total of more than 600,000 hectares – or 840,000 football pitches.

The nature conservation area consists of large contiguous and valuable forest landscapes, known as ecoparks, nature conservation forests with high conservation values and zones where special consideration is exercised at felling. In the montane forests more than 50% of the area is set aside for nature conservation as part of the work with forest certification according to FSC.

Sveaskog also works with the development of selected felling on some of its land. Using different forestry methods that do not clear-fell the land, it is possible to harvest the forest and at the same time preserve the forest feeling.

MELLANSKOG

The association is owned by 26,000 private forest owners, often small-scale family forestry where the land has been passed down through the generations. Mellanskog buys its members' timber and sells it on to industries such as Setra. More than one-third of the area is certified according to PEFC and 44,000 hectares are set aside for nature conservation. This corresponds to 7.5% of productive forest land belonging to members who are certified or have a silviculture plan.

Approximately 60% of Mellanskog's purchased volumes in 2016 were certified. The association is working with training and new technology to increase the proportion of dead wood and conservation-value trees in the forests and reduce damage to the ground and ancient monuments during felling. These efforts include field visits to logging contractors and using soil moisture maps that indicate where driving will do the least damage. Conservation-value trees are trees that differ from the rest of the forest and together with dead wood help to preserve biodiversity.

Lower energy consumption and higher resource efficiency

Setra's sawmills and processing units are certified according to the environmental management standard ISO 14001. Efficient energy utilisation and noise are the environmental issues we give highest priority in our production. Utilising the entire timber log goes without saying and means that our resource efficiency is high.

Setra's operations are electricity intensive. Many steps in the sawmill process consume a lot of energy. The largest single consumption of heat and electricity takes place during timber drying. The thermal energy is produced in the boiler which is fired with bark and sawdust from our own production. Setra's thermal energy is produced to 99% using renewable fuel.

Of total energy consumption, which amounted to 668 GWh (616) in 2016, thermal energy accounted for 76%, electricity for just over 18% and vehicle fuel consumption for 4%.

How we will reduce electricity consumption

Total electricity consumption amounted to 123 GWh (122) and increased slightly from the previous year. Production of sawn and processed products also increased. Production volumes and outside temperatures affect both the total and specific electricity consumption.

Setra's objective is to reduce electricity consumption by 20% by 2020 with 2010 as the base year. This is an ambitious target and involves the entire production chain. Electricity consumption, which is calculated per produced cubic metre of sawn product, has decreased by 6.4% in the period 2010-2016. However, we can see a small increase compared with 2015. The reason is that the relationship between sawn and processed products has changed. The volume of processed products has fallen as a result of the sale of the planing mill in Valbo.

Our units in Kastet and Skutskär were the first to install electricity metering points to continuously monitor electricity consumption per sub process. This is a condition for carrying out a qualitative energy mapping. Training in energy mapping was also carried out in 2016. The results from these measurements will guide us as to what actions and investments are most profitable from an



energy saving perspective.

Group Management has also earmarked funds for investment in energy saving measures. During the year we invested in two heat recovery projects and one compressor project which led to reduced electricity consumption.

More renewables in the tank

Fossil fuels are mainly used in trucks and machines. But during the year several of our units have switched to biodiesel or diesel with a renewable mix designed to reduce GHG emissions. Increased knowledge and more efficient driving will lead to lower fuel consumption and reduced emissions at the same time as noise levels can be reduced. By 2020 the target is that fuel consumption in trucks and machines will be reduced by 15% per cubic metre of sawn product. The reduction between 2010 and 2016 was 10%, but was unchanged compared with the previous year.

Noise reduction

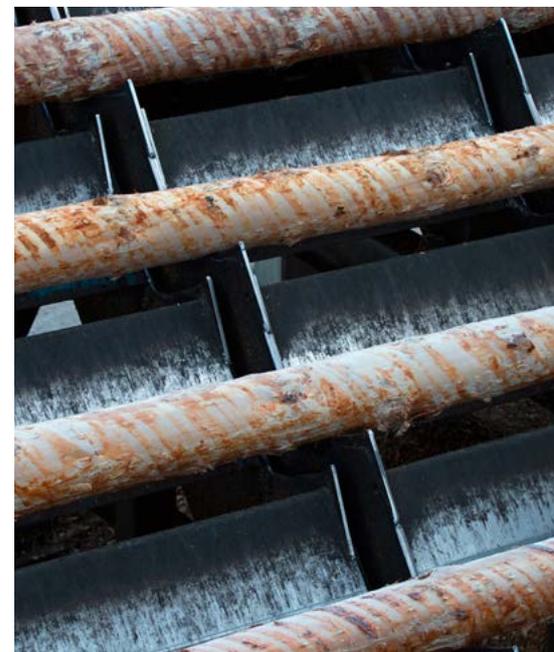
Sawmills and planing mills are often close to local communities and as these grow, new homes are built increasingly close to the units. A large part of operations at a sawmill takes place outdoors which increases the risk of noise disturbance. At our units in Malå and Heby we are

working actively with noise suppression.

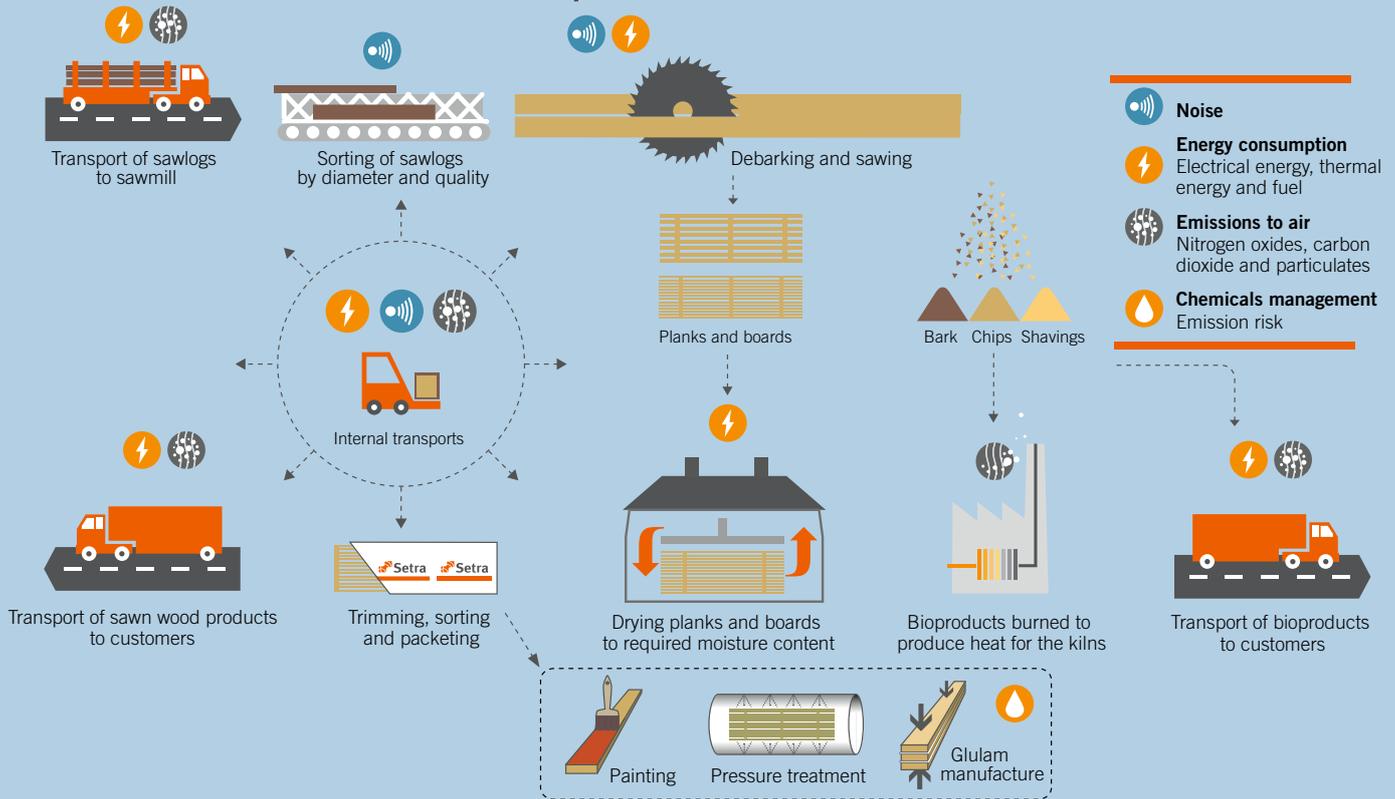
During the summer Malå carried out a twelve point programme to reduce noise from the facility. Measures included sound proofing the power intake, the drying kiln outlets and the sorting conveyor in the timber yard. In Heby a noise barrier will be built in 2017 to protect the closest neighbours.

Resource efficiency

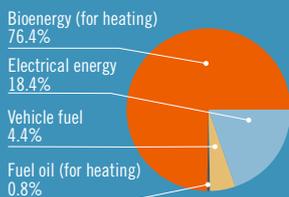
Optimal use of the wood raw material is a key issue for Setra, from both profit and sustainability perspectives. Purchase of sawlogs accounts for about 50% of Setra's total costs. The value of each log is optimised and we try to get a high saw yield, that is a high volume of sawn product in relation to the volume of incoming timber raw material. The material in the sawmill that does not become boards and planks in the saw line becomes cellulose chips or bioenergy. The whole log is used, nothing goes to waste. The saw yield is affected not only by the dimensions of the log but also by the sawing technology and the choice of sawing the log to planks or boards depending on the economic value of the end products. The average saw yield for Setra's nine sawmills in 2016 was 50.2% (49.6).



Main environmental impact from a sawmill

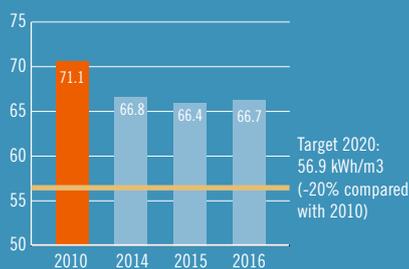


Energy consumption in production - proportion by energy type 2016



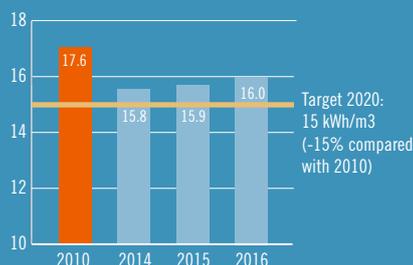
Electricity consumption

- kWh/m³ sawn/processed wood



Diesel consumption

- kWh/m³ sawn/processed wood



Painting, gluing and pressure treatment

Sawn wood products are further processed at several of Setra's units. This includes painting, pressure treatment and production of glulam beams. Painting is done with water-based paint where excess paint is recirculated. Pre-painted claddings have a higher resistance than claddings painted after assembly. Painting indoors under controlled conditions is an advantage for both the environment and quality.

Wood for outdoor use must be protected against rot and insects. Pressure treatment takes place in closed systems where the impregnants are recirculated. Setra uses the copper-based wood preservative Wolmanit, which a well-proven product much used

in the market. In 2016 consumption could be reduced (measured in litres per cubic metre) with retained wood protection. The pressure treatment operations are subject to regular third-party checks.

At production of glulam beams a two-component melamine adhesive is used. The glue is applied using an automated sprinkler system and surplus glue is recirculated. The glue has documented high strength and resistance during prolonged load bearing. Glulam from Långshyttan is manufactured in accordance with the European standard EN14080:2013 and therefore meets the E1 requirement for formaldehyde emissions.

Important environmental issue that requires many answers

Logistics are a central part of Setra's business since our customers are located worldwide. At the same time, transports account for more than half our greenhouse gas (GHG) emissions. Here we must work on several fronts to reduce our environmental impact.

Sustainable transports involve both efficient logistics solutions and decent conditions for the people who transport our goods. As global competition increases, transports are becoming increasingly important. How fast and securely Setra can deliver is part of our offering.

From forest to customer

Our transport flows are large and complex. The raw material is collected by timber lorries within a radius of approximately 100 km from the sawmills. Where possible the timber is reloaded onto the railway network. Approximately 3% of our sawlog transports go by rail.

When the wood products leave the sawmills and processing units, their journey continues by road. Either to a port of loading or a railway terminal or further down the continent by road. Most transports within Europe go by road, while we reach North Africa, the Middle East and Asia by sea. Deliveries to the UK and Southern Europe also mainly go by sea.

In 2016 about 76% of our produced volume was exported. 54% of the total volume was transported by sea and 46% by road, compared with 48% by sea and 52% by road in 2015. This change is due to the strong development in Asia. From a climate perspective, rail is the best mode of transport, while sea transport causes lower

emissions than road transport. However, sea transports are often longer.

Setra's production units have limited access to the railway network but where possible we use intermodal transports. This means the wood products are collected by lorry but the container or trailer is then loaded onto a train for onward transport to the customer or the port of loading.

Bioproducts such as cellulose chips, bark and sawdust are often sold in a regional market, where road transport is the only option. Products are delivered within a radius of approximately 200 kilometres.

Reducing emissions from transports is one of Setra's greatest sustainability challenges.

Maria Jansson, Logistics Manager.



We increase demands on logistics providers

Road transports by lorry are an important part of Setra's transport flow and comprise the link between sawmills and the next mode of transport, such as by sea or by rail. Road safety and conditions for the drivers who work on the roads are prioritised issues within sustainability work.

This is why Setra is a member of Q3, a forum for sustainable transport, and uses the procurement tool developed by the association for all road transport purchases. The tool is based on a list with requirements for environment, working environment and road safety that the hauliers must meet. During 2016 this list was complemented with a question about how the hauliers work to increase the proportion of women drivers. This is not yet a requirement

but a way for Setra to get a picture of equal opportunity work among the hauliers.

Setra has also included the Swedish Forest Industries Federation's sustainability criteria for procurements. Requirements include that the vehicles must as a minimum meet the emission requirements for Euroclass 4. Hauliers must be able to demonstrate how they work to reduce fuel consumption, with eco-driving for example, and increase the proportion of fossil-based fuels. Clear guidelines for driving and resting hours are also required.

To check that these requirements are really met, Setra conducts interviews with drivers chosen at random. The first driver checks were carried out in 2015 and the next ones are planned for autumn 2017.

Major climate benefit despite long transports

The climate gains from using wood exceed emissions from production and transport by a wide margin even if we send goods to the other side of the world.

Using Setra's web-based GHG calculator, our customers' can now get the full picture of how the wood products

they order affect the climate during their life cycle. From when the forest is planted until the packet is delivered.

These calculations show how climate-smart wood is and where there is more to be done to reduce emissions. These figures can be used in customers' own sustainability work and to compare wood with other materials from a climate perspective.

Cooperation reduces emissions on roads

Through long-term cooperation with logistics providers we can find various ways to reduce our climate impact. Good planning allows hauliers to plan the logistics flow and make smart arrangements. These include optimising load factor and running rate, which means utilising as much of the load space as possible and minimising empty runs.

Many of our logistics providers and suppliers also work with climate issues themselves and have adopted the Swedish Forest Industries Federation's target to reduce emissions of fossil carbon dioxide from transports by 20% between 2010 and 2020. Setra's largest domestic transport provider, Unite Logistics, has its own target of 5% per year during the period 2016 to 2018. They lobby the fuel companies in order to increase the admixture of fossil-free without raising prices and have partly switched to 100% biodiesel. Between 2015 and 2016, Unite therefore increased the proportion of fossil-free in the tank from 16% to 22%.

Another way to reduce emissions is to load more on every vehicle. Now that the maximum gross weight for lorries with trailers has been raised from 60 to 64 tonnes, Setra has been able to load larger volumes of bioproducts with each transport and reduce emissions per cubic metre. The upcoming increase to 74 tonnes on parts of the road network is expected to have a positive effect on our timber transports.



Our climate impact

Setra's total emissions of greenhouse gases (GHG) were approximately 206,000 tonnes in 2016, including emissions from transports to customers. But wood is climate smart. Wood binds carbon and the total uptake from our sales corresponded to 1.35 million tonnes of carbon dioxide. The benefits of using wood considerably outweigh the products' emissions from a life cycle perspective.

Setra wants to contribute to increased use of wood in society. By replacing building materials such as steel and concrete with wood, carbon storage is achieved instead of carbon dioxide emissions. Setra also works to reduce its own GHG emissions from its operations. One key area is more efficient energy consumption in the company's own operations. Another is to optimise the company's transport activities and switch to renewable fuels.

Climate targets

Setra's GHG emissions from sources owned by the company (Scope 1) accounted for 6% of total GHG emissions in 2016. Electricity consumption (Scope 2) accounted for 20%. Setra's target is to reduce electricity consumption by 20% and diesel consumption by 15% measured per cubic metre of sawn product by 2020 with 2010 as the base year. This represents a reduction of approximately 6 kg of carbon dioxide per cubic metre of sawn product. Up until year-end 2016, the specific emissions had decreased by more than 2 kg. Emissions from transport-related activities (Scope 3) accounted for 73% of

total emissions. Emissions can be reduced by increasing rail transport of timber to the sawmills, making demands in the transport procurement process and choosing smart logistics solutions.

Wood is climate smart

Calculations show that wood binds the equivalent of 800 kg of carbon dioxide per cubic metre of sawn product. Carbon dioxide emissions in a life cycle perspective, i.e. from planting spruce and pine seedlings to transport of finished products to an average customer in Sweden, are at the same time 59 kg. Using wood for building and living binds 741 kg of carbon dioxide per cubic metre of sawn product. The volume of wood products Setra produced and sold in 2016 (1,686 thousand cubic metres) binds 1,350 thousand tonnes of carbon dioxide. This corresponds to the GHG emissions attributable to approximately 126,000 Swedes. Marketing and increasing sales of wood products are Setra's key tasks for reducing GHG emissions. Our sales targets are in themselves climate targets.

How will the targets be reached?

Examples of activities underway to reduce Setra's GHG emissions are listed below:

- Energy mapping of all sawmills and processing units. Installation of measuring points will allow consumption to be monitored in a timely manner. More information about electricity use will lead to better decisions on what action to take. Metering equipment was installed at two of our units in 2016 and the energy mapping is underway.
- Replacement of control systems for more energy-efficient control of the drying process.
- Improved logistics in the timber yard and finished products stocks through the warehouse management system.
- Increased cooperation with transport providers for more efficient logistics and to increase the use of renewable fuels.
- Using diesel mixed with renewable fuels, such as HVO, in our machines. In 2016 the renewable proportion amounted to 16% of total vehicle fuel consumption. This led to a reduction of approximately one kilogram per cubic metre of sawn products. More units will switch to fuels with renewable admixtures in 2017.



Setra's GHG report, total carbon dioxide emissions, tonnes

Emission activity ¹	2016	Share of total 2016	2015	2014	2013
Scope 1					
Drying and heating	6,008		4,783	5,863	5,693
Machines	6,267		7,727	7,987	7,754
Business travel	164		157	165	147
Total, Scope 1	12,439	6%	12,667	14,015	13,594
Scope 2					
Purchased electricity, heating and cooling ²	41,309		41,069	43,912	60,723
Total, Scope 2	41,309	20%	41,069	43,912	60,723
Scope 3					
Fuel and energy-related activities	1,780		1,470	1,562	1,517
- of which fuel for drying, heating and purchased energy	107		48	91	92
- of which fuel for machines	1,641		1,392	1,439	1,397
- of which fuel for business travel (in scope 1)	31		30	31	28
Raw material and materials	21,368		22,205	23,008	22,379
Waste in own operations	20		23	20	25
Business travel (not included in scope 1)	331		323	303	236
Employee commuting	571		578	672	686
Total, Scope 3 excl. transport	24,071		24,597	25,564	24,843
Inbound timber deliveries	23,806		22,718	27,609	
Outbound deliveries	103,973		101,261	124,945	
Total, Scope 3 incl. transport	151,850	73%	148,577	178,118	
Total Scope 1, 2, 3					
Total amount excl. transport	77,819		78,334	83,491	99,160
Total amount incl. transport	205,598		202,313	236,045	

¹ 27% measured and 73% estimated.

² Based on the emission factor for Nordic residual mix.

Climate calculations for Setra

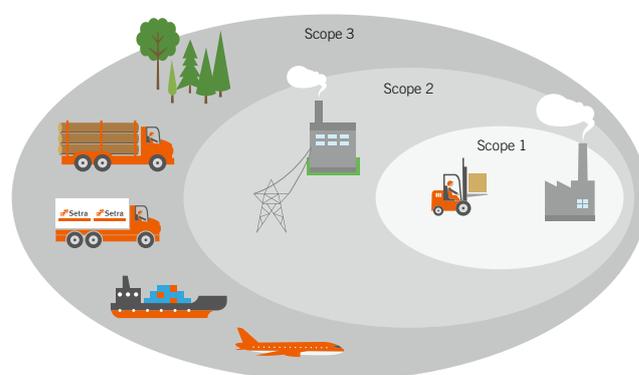
Setra's climate calculations are reported according to the Greenhouse Gas Protocol's guidelines (GHG Protocol). The GHG Protocol is an international calculation standard used by companies and countries as a tool for understanding and quantifying their GHG emissions.

Emissions are divided into three scopes where:

- Scope 1 is direct GHG emissions from operations.
- Scope 2 is indirect emissions from purchased energy. When Setra buys in electricity, district heating and district cooling the emissions do not occur inside the gates but at energy production.
- Scope 3 is indirect emissions from purchased transport-related activities, employee commuting, leased machines and the climate impact of purchased products – in Setra's case primarily timber. Operations in the subsidiaries Setra Plusshus and M&S Softwood are not included in GHG calculations for 2016.

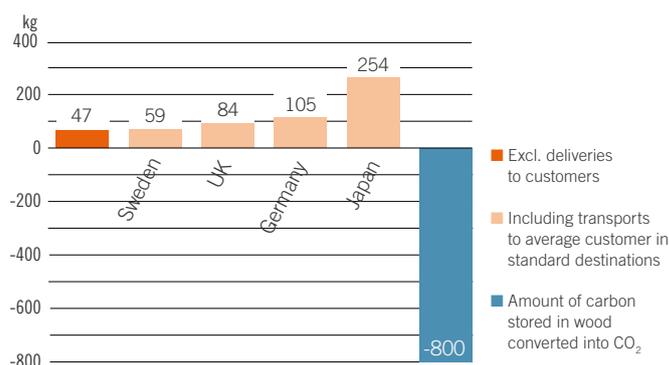
For calculation of emissions per cubic metre of sawn product, the allocation between wood products and bioproducts is made on the basis of economic value. Sawn products refer to both sawn and processed products. Processed products have slightly higher specific emissions than sawn products. Four standard destinations have been selected for transports to customers.

Setra previously reported that wood binds 900 kg of carbon dioxide per cubic metre of sawn product, a figure identified by the industry. We have now performed our own calculations, based on our mix of whitewood and redwood, which shows that the climate gain is 800 kg. This figure has been verified by the Swedish Environmental Research Institute, IVL.



Wood in a climate perspective

– emissions and lock-in kg carbon dioxide per cubic metre of sawn product.



Board of Directors



Michael Bertorp

Chairman of the Board since 2012.
Member of the Audit Committee.
Main occupation:
Consultant and directorships.



Börje Bengtsson

Member of the Board since 2014.
Member of the Audit Committee.
Main occupation:
Various directorships including
Board member of Mellanskog
and C-rad AB.



Sture Karlsson

Member of the Board since 2011.
Main occupation:
CEO Mellanskog.



Per Matses

Member of the Board since 2012.
Chairman of the Audit Committee.
Main occupation:
CFO Sveaskog.



Per-Olof Wedin

Member of the Board since 2012.
Main occupation:
President & CEO Sveaskog.



Ellinor Berglund

Employee representative.
Member of the Board since 2009.
Main occupation:
Customer service employee.
Employed since 1989.



Tomas Larsson

Employee representative
Member of the Board since 2016.
Deputy since 2015–2016.
Main occupation: Shift foreman
Employed since 1989.



Göran Sundqvist

Employee representative.
Member of the Board since 2015,
deputy 2009–2015.
Main occupation:
Plane operator.
Employed since 2007.



Pontus Bohlin

Employee representative.
Member of the Board since 2009,
deputy 2007–2009.
Main occupation:
Sawmill worker.
Employed since 1984.

Auditor

Martin Johansson

Öhrlings PricewaterhouseCoopers AB
Senior Auditor since 2009.
Authorised Public Accountant since 1997.

Group Management



Hannele Arvonen
 President and CEO
 Employed 2013
 Education: M.Sc. Forestry
 Science, BA International Relations

Key sustainability issues: That we think about all aspects – economic, social and environmental – in everything we do. Both what I as an individual can do to live sustainably and how Setra the company can contribute.



Andreas Hörnfeldt
 Andreas Hörnfeldt
 CTO
 Employed: 2016
 Education: M.Sc. Eng.

Key sustainability issues: To offer products and services that promote construction in wood. Setra must broaden its product offering, develop industrial-scale processes for building in wood and communicate the advantages of wood in construction.



Olle Berg
 Market Director
 Employed 2013
 Education: M.Sc. Econ.

Key sustainability issues: How we take care of all our employees. I believe that a precondition for achieving our other sustainability targets is an involved and motivated workforce, which we can only achieve if they enjoy job satisfaction.



Anders Marklund
 CFO
 Employed 2005
 Education: M.Sc. Econ.

Key sustainability issues: That we can offer products and solutions to customers that meet their demands and at the same time contribute to a better climate and a financially strong Setra.



Klas Flygare
 Raw Material & Bioproducts Director
 Employed 2012
 Education: M.Sc. Forestry

Key sustainability issues: That we process timber from responsibly managed forests.



Charlotte Thedéen
 Sustainability Director
 Employed: 2013
 Education: M.Sc. Eng.

Key sustainability issues: That no one suffers injury at one of our workplaces. At the same time our business mission, to process wood into climate-smart products, makes us a company of the future that offers a solution to the climate issue.

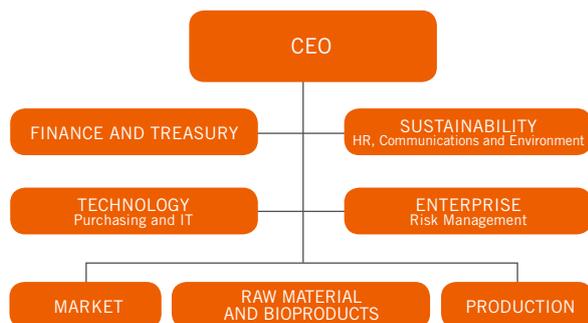


Pontus Friberg
 ERM Director
 Employed 1993
 Education: M.Sc. Forestry

Key sustainability issues: One prerequisite for sustainable business is an organisation-wide risk management where threats and opportunities are evaluated.

Recruitment of a new Production Director is underway in spring 2017. Visit www.setragroup.com for the latest information.

Organisation



GRI Index

In order to ensure relevant and credible reporting, Setra has chosen to apply the Global Reporting Initiative's (GRI) sustainability reporting guidelines.

The table below lists the GRI aspects and indicators we have chosen to report and where in the report information on each indicator can be found. We work with and report the sustainability aspects where we have a significant influence, a clear responsibility and the possibility to contribute to sustainable development, as well as issues

that are especially high on our stakeholders' agenda. Reporting of facts and key figures relate to the 2016 financial year unless otherwise indicated. We have chosen to apply GRI G4 at Core level. No independent review of the report against GRI's criteria has been performed. On the other hand, Setra is subject to other external reviews, such as our certified management system and our forest management certification systems.

General standard disclosures

GRI indicator	Description	Page	Comments
Strategy and analysis			
G4-1	Statement from the CEO	4-5	
Organisational profile			
G4-3	Name of the organisation	35	Setra Group AB, reg. no. 556034-8483
G4-4	Brands, products and services	8-9, 12, 14-17, 22-23, 26-27	
G4-5	Location of company headquarters	35	
G4-6	Countries where the organisation operates	9, 19, 32, 35	
G4-7	Ownership structure and legal form	9, 35	
G4-8	Markets served	6-9, 14-17, 35	
G4-9	Scale of the organisation	3, 9	
G4-10	Workforce	9, 19	Setra's operations are mainly conducted by the company's own employees, where the majority are full-time and permanent employees.
G4-11	Percentage of total employees covered by collective bargaining agreements	See comment	100% of Setra's employees in Sweden are covered by collective bargaining agreements. The average number of employees at Setra in 2016 amounted to 856, of whom 55 outside Sweden (UK 43, Poland 2, Germany 1, France 2, Spain 2, China 3 and Japan 2.)
G4-12	Organisation's supply chain	8-9, 22-23, 26-27	The organisation's suppliers can be divided into three main groups. Suppliers of timber raw material, suppliers of logistics services and other suppliers. Procurement of timber raw material and transport services includes sustainability requirements. Work is underway to develop requirements for other purchases.
G4-13	Significant organisational changes during the reporting period	See comment	A decision has been made to sell the sawmill in Vimmerby in 2017. Plusshus and the processing unit in Valbo were sold in 2016.
G4-14	Precautionary principle	10-11, 24-25	The precautionary principle is applied when changing operations, for example installation of new machines or choice of chemicals.
G4-15	Externally developed initiatives and principles to which the organisation subscribes or endorses	12, 22-24, 28-29	
G4-16	Membership of industry associations/advocacy organisations	See comment	Setra is a member of the Swedish Forest Industries Federation.
Identified material aspects and boundaries			
G4-17	Entities included in the report	See comment	Facts and key figures in the report relate to all the Group's units (parent company and subsidiaries). M & S Softwood's operations are not included in the working environment, production, transports and GHG report sections.
G4-18	Process for defining the report content	10-13, 32	
G4-19	Identified material aspects	10-13, 33	
G4-20	Aspect boundary for each material aspect within the organisation	10-13	The aspects "responsible forest management" and "climate impact" are located partly outside the organisation.
G4-21	Aspect boundary for each material aspect outside the organisation	10-11	See above, G4-20.
G4-22	Effect of any restatements of information provided in previous reports	29	New information on how much carbon dioxide one cubic metre of sawn product binds.
G4-23	Significant changes from previous reporting periods in scope and aspect boundaries	See comment	No significant changes in scope or aspect boundaries.
Stakeholder engagement			
G4-24	Stakeholders	10-13	
G4-25	Basis for identification and selection of stakeholders	10-13	
G4-26	Stakeholder dialogue	10-13	
G4-27	Key topics for each stakeholder group	10	
Report profile			
G4-28	Reporting period	32	Report relates to the year 2016.
G4-29	Date of most recent previous report	32	Most recent report was published in March 2016.
G4-30	Reporting cycle	32	Calendar year.
G4-31	Contact point for questions regarding report	35	
G4-32	GRI Index	32-33	
G4-33	External assurance	32	
Governance			
G4-34	Governance structure	30-31	Setra Group AB is a limited company registered in Sweden with its registered office in Stockholm.
Ethics and integrity			
G4-56	Values and ethical principles	4-5, 12, 18-19	

Responsibility in the supply chain

In 2015, the UK adopted the Modern Slavery Act. This act requires all companies with operations in the UK to report risks and risk management relating to slavery and human trafficking in the supply chain.

Setra has not identified any significant risks linked to human rights. Our most important purchasing category, sawlogs, is covered by FSC third-party certification which includes protection

of human rights at production level. Most of the timber comes from our Swedish owner companies and is therefore covered by Swedish labour legislation.

As part of efforts to improve risk management and acceptance of responsibility in the supplier chain, in 2017 Setra will clarify its supplier code of conduct and develop working methods for evaluation and monitoring requirements.

Specific standard disclosures

GRI indicator	Description	Page	Comments
Economic			
G4-DMA	Management	5	Aspect managed: economic performance
Economic performance			
G4-EC1	Direct economic value generated and distributed	8-9, 34	
G4-EC4	Financial assistance received from government	See comment	In the 2016 financial year, Setra received SEK 14.1 million transport subsidy.
Environment			
G4-DMA	Management	22-24, 28-29	Aspects managed: materials/responsible forest management, energy, emissions, products and services, and legislative compliance. Environmental work managed on basis of ISO 14001. Responsibility delegated from CEO to Mill Managers. Environmental Manager responsible for management system, etc., and is an expert function. Legislative compliance is sometimes monitored at internal and external environmental audits.
Materials – responsible forest management and resource efficiency			
G4-EN1	Materials used	17, 22-24	
Energy			
G4-EN3	Energy consumption within the organisation	24-25	The electricity mix Setra purchases is called Nordic residual mix. Compared with actively electing to purchase renewable electricity, the proportion of renewable energy in the Nordic residual mix is lower and the proportion of nuclear power and fossil fuels is higher.
G4-EN6	Reduction of energy consumption	24-25	
Emissions – climate impact			
G4-EN15	Direct GHG emissions, scope 1	28-29	
G4-EN16	Indirect GHG emissions, scope 2	28-29	
G4-EN17	Other indirect GHG emissions, scope 3	28-29	
G4-EN18	GHG emissions intensity	28-29	
Products and Services – Setra's offering			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	22-29	
Compliance – local environmental impact			
G4-EN29	Significant fines and other sanctions for non-compliance with environmental laws and regulations	See comment	In 2016 Setra Malå received a corporate fine of SEK 50,000 for failure to report to the supervisory authority in time regarding a fire incident.
Social			
G4-DMA	Management employee aspects	18-19, 24-25	Following aspects are governed: health and safety, training and skills development.
Occupational health and safety			
G4-LA5	Workforce represented in committees for occupational health and safety programmes	See comment	100% of employees in Sweden are represented by a safety officer and occupational health and safety committees. Systematic working environment work at Setra is carried out locally at our units. A group-wide Working Environment Council headed by Setra's Sustainability Director supports overall work with communications, training and exchange of experiences. The council includes safety officers, managers and HR. Through SIA, the sawmill industry's common system for reporting industrial injury, we register, manage and follow up industrial accidents and incidents.
G4-LA6	Industrial injuries, absentee rate and work-related fatalities	20-21	No work-related fatalities occurred in 2016.
Training and education			
G4-LA11	Annual individual performance review	19	
Anti-corruption – Ethics and values			
G4-DMA	Management anti-corruption	11	Work with anti-corruption promotes sound and well-grounded business decisions and is part of being a responsible and ethical company. Setra's Board decided on a sustainability policy for Setra in 2015 where business ethics are a key aspect. There are special guidelines for compliance with competition legislation, as well as for gifts, benefits and external entertainment. Implementation of governing documents is underway and takes place through training.
G4-S04	Communication and training on anti-corruption policies and procedures	See comment	Training on anti-corruption policies and procedures took place in 2013-2014. No training took place in 2016.
G4-S05	Confirmed incidents of corruption and actions taken	See comment	No incidents of corruption were reported during the year
G4-S08	Significant fines and other sanctions for non-compliance with laws and regulations	See comment	No fines or sanctions for work environment non-compliance were imposed in 2016.
Product labelling – Setra's offering			
G4-DMA	Management product labelling	See comment	Management of customer satisfaction includes systematic follow-up of claims that for example related to volumes, grades, moisture content or packaging.
G4-PR5	Result of surveys measuring customer satisfaction	16	

Setra in figures

SEKm	2016	2015	2014	2013	2012
Income statement					
Net sales	4,043	4,218	4,194	4,068	4,069
Other operating income	85	6	41	25	27
Total income	4,123	4,224	4,235	4,093	4,096
Operating expenses	-3,913	-4,049	-3,919	-3,864	-4,027
Depreciation according to plan	-100	-109	-115	-122	-129
Items affecting comparability	38	-19	-	-20	-
Operating profit/loss	153	47	201	107	-80
Net financial items	-18	-21	-31	-37	-44
Profit/loss after financial items	135	26	170	70	-124
Tax	-32	-6	-37	-10	8
Profit/loss for the year	103	20	133	60	-116
Balance sheet					
Intangible assets	126	144	144	144	144
Property, plant and equipment	668	662	702	754	824
Financial assets	1	1	1	2	2
Deferred tax assets	46	83	97	126	135
Financial liabilities and interest-bearing provisions	1,285	1,264	1,305	1,150	1,236
Operating liabilities	310	324	363	383	280
Total assets	2,436	2,487	2,612	2,559	2,621
Equity	1,347	1,264	1,274	1,162	1,137
Deferred tax assets	1	2	-	-	9
Financial liabilities and interest-bearing provisions	459	571	739	772	894
Operating liabilities	629	650	599	625	581
Total equity and liabilities	2,436	2,487	2,612	2,559	2,621
Key figures					
Sales growth, %	-4.1	0.6	3.1	0.0	-9.1
Operating margin, %	3.8	1.1	4.8	2.6	-2.0
Net margin, %	2.5	0.5	3.2	1.5	-2.8
Operating capital, SEKm	1,471	1,467	1,669	1,561	1,708
Return on operating capital, %	10.4	3.0	12.4	6.5	-4.5
Return on equity, %	7.6	1.6	10.9	5.2	-9.7
Equity ratio, %	55.3	50.8	48.8	45.4	43.6
Financial net debt, SEKm	115	213	344	388	607
Net debt/equity ratio, %	9	17	26	33	53
Interest cover, multiple	11.9	8.3	6.0	2.7	neg
Earnings per share, SEK	2.0	0.39	2.59	1.17	-2.25
Cash flow and investments					
Cash flow from operating activities	185	269	113	262	100
Investments in property, plant and equipment	108	78	63	51	96

Sales growth

Change in net sales compared with previous year expressed as a percentage.

Operating margin

Operating profit expressed as a percentage of net sales.

Net margin

Profit for the year expressed as a percentage of net sales.

Operating capital

Total assets minus cash and cash equivalents, financial assets and non-interest bearing liabilities and provisions.

Return on operating capital

Operating profit expressed as a percentage of average operating capital (based on the opening and closing balance for the period).

Return on equity

Profit for the year expressed as a percentage of average equity (based on the opening and closing balance for the period).

Equity ratio

Equity expressed as a percentage of total assets.

Financial net debt

Interest-bearing liabilities and provisions minus cash and cash equivalents and short-term investments.

Interest cover

Operating profit plus financial income divided by financial expenses.

Net debt/equity ratio

Financial net debt divided by equity.

Earnings per share

Profit for the year divided by the average number of shares during the year

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