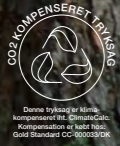


ESG REPORT 2024



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About the report

At VTI, we prioritise the three sustainable bottom lines, which form the foundation of our ESG endeavours. We do this because we believe it is essential for creating a strong foundation for a healthy and sustainable business, now and in the future. The effort with the three bottom lines is ingrained in our strategy and processes and runs parallel with our initiatives within selected Sustainable Development Goals.

Our strategic ESG efforts are also in tune with future reporting demands, currently influenced by the new EU directive, CSRD (Corporate Sustainability Reporting Directive). Presently, the directive is in force for large, publicly listed companies, and from 2026 it will also apply to small and medium-sized listed companies.

Companies not encompassed by the CSRD can meet reporting obligations through the voluntary VSME (Voluntary Small Medium Enterprises) standard. VSME addresses the same sustainability aspects that CSRD companies adhere to via the ESRS (European Sustainability Reporting Standards), but is tailored for smaller companies via the principle of proportionality.

The alignment between VSME and ESRS ensures that VSME-compliant reports often suffice as inputs for CSRD companies' ESG reporting.

At VTI, we've opted to base our ESG report on the VSME standard, even though it isn't expected to be officially adopted by the Danish Business Authority until early 2025. We do this to support our customers under the CSRD framework and assist them in fulfilling their reporting obligations. We have decided to integrate both the mandatory basic module and relevant sections of the PAT and BP modules (Policies/Action/Targets and Business Partners), necessitating a double materiality analysis. This analysis evaluates based on three parameters: 'Scale, Scope and Irremediable' using a scale from 1 to 5 for each criterion.

Our materiality analysis is grounded in VSME's Appendix B: List of sustainability matters [draft], documented on page 42.

The CO₂ calculations in the report were undertaken with Klimakompasset.dk, which is based on the Green House Gas Protocol (GHG Protocol).

The report was prepared in summer 2024 and covers the financial year from 1 May 2023 to 30 April 2024.

E
The
environmental bot-
tom line

P
The
social
bottom line

G
The business bot-
tom line

2024: VTI's Commitment to Sustainability and Responsible Conduct

Rooted in a strong commitment to fostering a greener future and behaving responsibly, VTI is proud to present our new ESG report. It details our strategic initiatives towards becoming a healthy and sustainable organisation, aimed at achieving the ambitions that the world discusses and depends on.

Sustainability encompasses various areas, and we engage across the UN's 17 Sustainable Development Goals. To direct our efforts effectively within our business and industry, we have chosen to focus particularly on the following four Sustainable Development Goals.

#3 Health and well-being: We prioritise a healthy and safe workplace where employees flourish, and one that attracts new, skilled talent for the future.

#11 Sustainable cities and communities: Our strong ties to the local community and support for it are vital to us as a company.

#12 Responsible consumption and production: With resources limited globally, our deliberate efforts to minimise waste and increase recycling help reduce our climate impact.

#15 Life on land: Wood is our primary resource, and by selecting responsible suppliers, we aim to secure sustainable forestry that conserves habitats and biodiversity.

We have set ambitious goals and achieved notable results. The report depicts how we have been focused in pursuing our objectives, even though we have not yet fully achieved all of them. Over the past year, we have implemented improved waste sorting, maintained employee satisfaction, and systematically recorded near-miss incidents to better prevent occupational accidents in the future.

This year, we have even more focus areas and objectives, as we aim for not only transparent data but also tangible improvements in scope 1, 2, and 3 emissions, which extend beyond just VTI. We can achieve a lot independently, but we accomplish even more collectively. Therefore, close collaboration with our customers and suppliers is crucial for us to attain outcomes that exceed what can be achieved solely at our factories in Denmark and Latvia.

Within VTI, we focus on streamlining data collection to provide a robust foundation for sustainable decision-making, conducting risk assessments, and launching new initiatives. Simultaneously, we can set new, realistic objectives based on data.

While it may not always be possible to obtain solid data for all our initiatives, we measure as much as we can to establish the best basis for responsible action.



It is crucial to present the complete picture of VTI, and thus, we have expanded the report to include our Latvian factory.

Throughout the past year, we have diligently worked on producing an EPD for our glulam, which has proceeded alongside our ESG efforts. This endeavour has enhanced our data management and secured greater transparency regarding our main product.

At VTI, we aspire to be the preferred and responsible partner, as well as an attractive workplace where local roots and commitment are evident. It is therefore crucial for us that our customers, employees, suppliers and the rest of society share our sustainable understanding and mindset. This year, we have adapted our reporting to VSME so our customers, subject to CSRD reporting, can utilise our data, which undoubtedly provides them with even more value.

We invite everyone to delve into the report and join us on our journey towards a more sustainable future. Thank you for reading our report!

Lars Ørskov Svendsen
CFO/COO VTI A/S

Sara Moth
CBDO VTI A/S

Halldor Halldorsson
CSO VTI A/S



Selected Results from 2024

We are proud of our ESG results at VTI. Once again, this year we have succeeded in reducing our total CO₂e emissions, while maintaining the number of students and a high level of employee satisfaction.

Total CO₂e emissions (Scope 1+2)
2024

463 tonnes

2023: 551 tonnes
Corresponding to a decrease of

88 tonnes



Index for CO₂e emissions per m³ (Scope 1+2)
(2022 is index 100)

85

2023 is 89
Corresponding to a decrease of

4% points



Waste % (in relation to raw materials purchased)
2024

30%

2023: 31%
Corresponding to a decrease of

1% points



Index for energy consumption per m³
(2022 is index 100)

89

2023: 89
Corresponding to a change of

0% points



Employee satisfaction
2024

4.2 out of 5

2023: 4.2 out of 5
Corresponding to a change of

0,0



Number of apprentices/students
2024

2

2023: 2
Corresponding to a change of

0



VTI in figures

VTI is a proud, international company with a long history. We sell our glulam products to customers across much of Europe and have production facilities in Vinderup, Denmark and Rēzekne, Latvia.

Vinderup
DENMARK

Size
22,500
m²

HF press capacity
6,500,000
m

Furniture/DIY capacity
3,200,000
m²

Finger jointing capacity
2,500,000
m

Employees
83



Rēzekne
LATVIA

Size
8,200
m²

Employees
32

Furniture/DIY capacity
1,550,000
m²

Briquette press, capacity
3,840,000
kg

Employees
32

Follow-up on Targets 2024

1

EPD on main product – completed and published

- Achieved. See more on page 21.

2

Energy data at machine level

- Partly achieved.
- We have made a good start by measuring the energy consumption of relevant machines in production. With this data, we can begin identifying the initiatives that will create the most value for VTI in the coming year.

3

Waste sorting

- Achieved.
- We have adhered to the legislation that came into effect in 2023 since autumn 2023, when we began sorting into the appropriate categories. This has given us a clear understanding of our waste management. Previously, we sorted into coloured and clear plastic, cardboard/paper, and leftovers (excluding our wood waste), but now we further refine our sorting of residual waste, thereby reducing what is sent for incineration. We recycle cardboard/paper, coloured and clear plastic, as well as 'empty packaging'.
- Furthermore, we've improved our work environment. Employees who previously handled heavy metal rubbish bins now use plastic ones, making it easier for stations with large amounts of paper waste to separate it.

4

Workplace Accidents and sick leave

- Not achieved. See more on page 34.

5

Employee satisfaction

- Achieved.

New Targets for 2025

1

First aid and fire fighting courses

OBJECTIVE: All employees will have completed a comprehensive course within a three-year period.

2

Sick leave

OBJECTIVE: A 20 percent reduction compared to the financial year of 2024.

3

Skills and education

- **OBJECTIVE:** We aim to develop more skills and conduct training both internally and externally. In production, our goal is for at least 15 percent of employees to undergo further training, either internally or externally, during the period.
- Additionally, office staff engage in the ongoing development of their competencies.

4

A reduction of CO₂ in scope 3

We aim to achieve CO₂-reduction through at least three distinct initiatives involving our suppliers and customers.

5

Energy consumption

A thorough mapping of the resource measurements on relevant machines in production in Vinderup has been completed. Based on this, we plan to implement three initiatives to reduce energy consumption.

6

Data collection in Rēzekne

- Energy measurements will be installed on relevant machines at the factory in Latvia.
- Measurements must be taken at the same datapoints in both Rēzekne and Vinderup.

7

At least 5%

- of the workforce should be comprised of flexi-job employees or trainees.

Risks and Actions

At VTI, we endeavour daily to enhance our performance and address the ESG-related challenges faced by a manufacturing firm like ours. Working with machinery and people entails clear risks, but fortunately, there are solutions which we actively pursue through concrete actions. Creating transparency and maintaining awareness of our risks is crucial so that we can responsibly address our challenges.

SAFETY

Risks

Despite our significant focus on safety and the implementation of clear safety protocols in production, we unfortunately sometimes witness workplace injuries. Occasionally, there are instances where safety regulations are bypassed. This undeniably elevates the risk of injury to more employees, and we must do everything possible to prevent these situations in the future.

Action

To enhance safety in our production processes, we have conducted risk assessments at both machine and floor levels and have strengthened our safety protocols based on identified risks. We have also trained three additional workplace safety representatives, and in collaboration with them, maintain an ongoing focus on reinforcing safety practices.

We are focused on ensuring that all employees take action if they observe safety regulations being bypassed or detect any workflows that compromise production safety.

THE WORKFORCE

Risks

The average age of our workforce in Vinderup is 49 years. We also face recruitment challenges, as we cannot always find the necessary qualifications locally.

Action

We have intensified our focus on upskilling our in-house staff to meet the required competencies.

We have decided to enrol two employees in the Industrial Technician programme at Mercantec Viborg, collaborating with relevant educational institutions. The programme provides employees with a journeyman's certificate, technical production skills, and enhances their personal competencies.

At VTI, we embrace diversity and have a workforce that includes many different nationalities. We provide employees with the opportunity to attend language school, fostering an egalitarian culture and enhancing unity, allowing them to collaborate seamlessly across cultures without language barriers.

SICK LEAVE

Risks

In a production environment like VTI, the workflows and processes can be physically demanding. Repeatedly performing the same actions throughout the workday can be exhausting. Unfortunately, we are still experiencing sickness absence, which has prevented us from achieving our goal of reducing it by 10 percent.

Action

Last year we introduced a robotic arm on the repair line to ease the burden of heavy lifting, and we are continuously exploring where else we can implement such solutions.

We have introduced sickness absence interviews, focusing on ways to help employees return to work, ensuring their needs are met as effectively as possible.

We have reminded employees that they can utilise our health insurance, which is available to address both physical and mental needs as required.

DIGITALISATION

Risks

As our society digitises, we must continually stay abreast of the latest digital developments. We need to protect against any form of data attack that could halt production, and we must also be prepared to meet future demands for data sharing in the value chain, particularly regarding climate impact and other ESG measurement points. Finally, we must ensure that we keep up with production technologies and keep all our digital platforms updated.

Action

We have initiated analysis work on our current systems to determine if they meet future data transfer and security requirements and have begun implementing necessary new systems.

- We are exploring opportunities to implement AI (artificial intelligence) in various areas of production.
- We need to develop an IT strategy that supports our forthcoming initiatives in the field.
- We must consolidate several Microsoft 365 tenants, and in doing so, rethink information flows and structures to best align with our business needs.



ORGANISATION

Stronger Together

Through the almost 50 years of its history, VTI has been an internationally oriented company, maintaining a sustained commitment to sustainability across all our activities, based on the triple bottom line of sustainability.

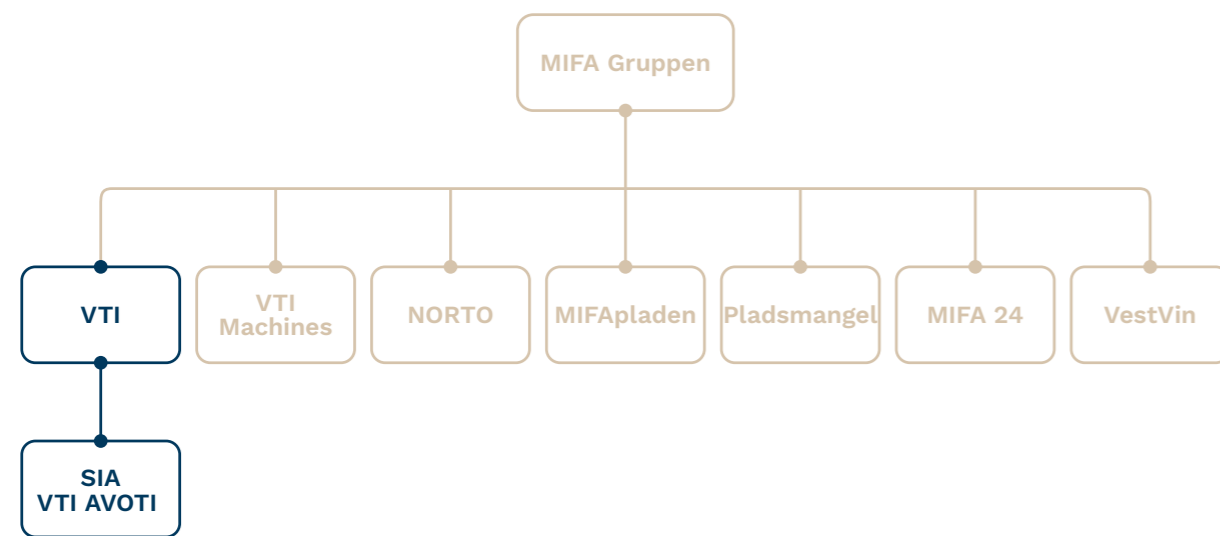
Our core expertise lies in producing glulam for furniture, windows, doors, stairs, and DIY projects. Our dedication to glulam production has made us one of the leading manufacturers in Europe in this field.

As part of the MIFA Group, VTI operates within a network of companies, most of which focus on wood-related activities as a principal area.

VTI was established by Flemming Nielsen, who, along with his wife Inga, also founded the MIFA Foundation as part of the plan for future generational transition.

The expression **"Stronger Together"** captures the essence of VTI.

Glulam products have significantly better strength properties than solid pine due to the adhesives and wood fibres. Similarly, VTI's affiliation with the MIFA Group serves to reinforce our strength - collectively.








Vision

With pride and expertise, VTI will enable partners to create robust, fundamental products that respect nature, benefiting people around the world.

Mission

Dedication and know-how to ensure the right quality every time, so that VTI fosters lasting, strong and valuable partnerships.

Values

-  **WE ACT WITH PROFESSIONALISM**
-  **WE FORGE VALUABLE RELATIONSHIPS**
-  **WE EXUDE A SENSE OF PRIDE**
-  **WE EMBRACE DIVERSITY**
-  **WE DISPLAY AGILITY**

A knowledge hub

VTI serves as a knowledge hub in all links of the value chain, encompassing suppliers, partners and customers. We contribute knowledge and advice to all parties in the value chain because we know that, through our partnerships, we are Stronger Together.

2

Supplier requirements

It's crucial for us to uphold responsibility, placing similar expectations on our suppliers, who must all sign VTI's Code of Conduct. By doing so, we collaborate for the sake of sustainability.

3

Processing the raw timber

When the wood arrives at our factory, it is scanned and optimised on the basis of knot density and the finished lengths. The panels or profiles are then grooved, glued and sanded before being shipped out to our customers.

5

Products all over the world

With professional pride and expertise, we have provided people all over the world with access to strong, fundamental products.



1

Certified quality

Our raw timber is principally supplied from the forests in the north of Sweden and Finland and is between 80 and 100 years old. Everything is FSC®- or PEFC-certified, which means that the foresters never fell more trees than they plant.



Upcycling residual wood

NORTO receives a large proportion of the wood discarded on account of high knot density. The small pieces of residual wood from the container are collected at our finger jointing facility, where they are used to create new raw material for use in new, upcycled solutions.



4

Production at our customers' sites

The finished products are manufactured at our customers' facilities, so it is essential that we always deliver the right quality on time.





SUSTAINABLE DEVELOPMENT GOALS

VTI's selected Sustainable Development Goals



CLIMATE & ENVIRONMENT

Reducing our Climate Footprint

At VTI, we recognise our responsibility to minimise environmental and climatic impacts during production. Consequently, we prioritise operating in a manner that imposes the least environmental burden, contributing towards a sustainable future for everyone.

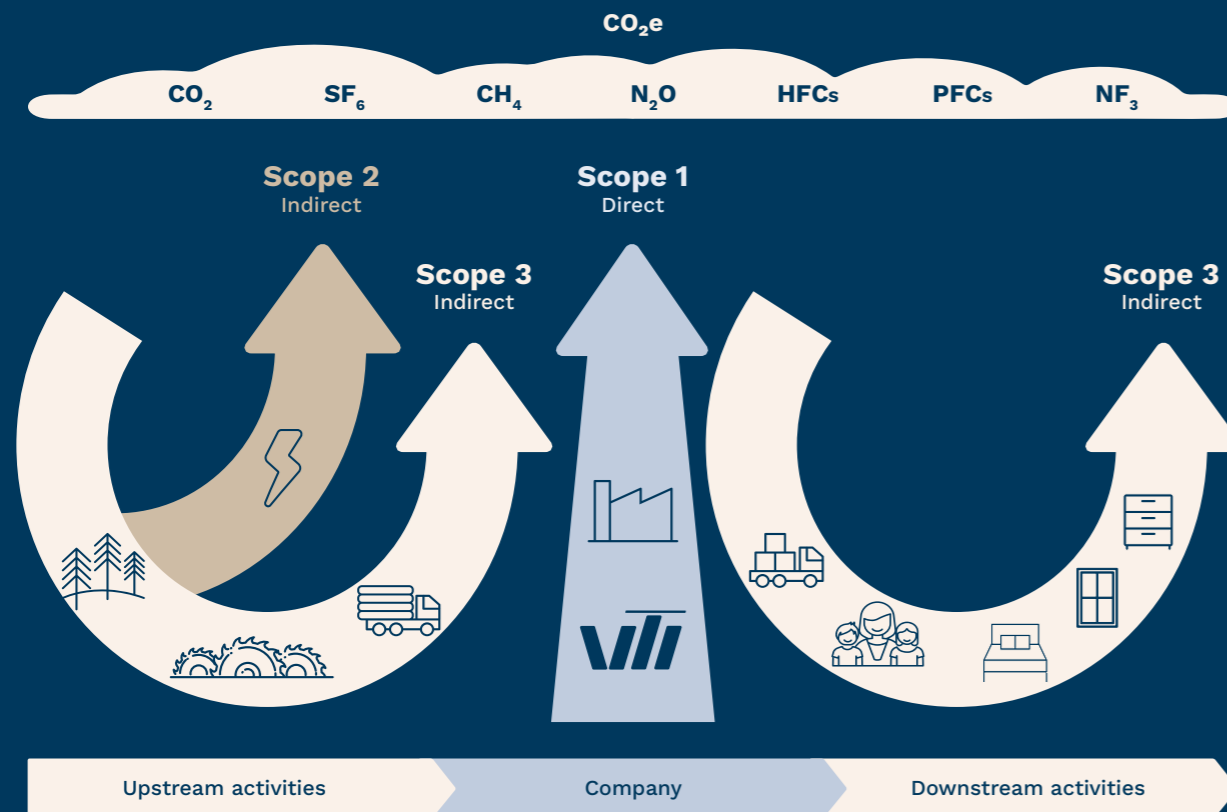
Every day, we strive to:

- Reduce our CO₂ footprint
- Minimise waste generation
- Enhance our energy efficiency

We believe that adopting a sustainable approach not only benefits the environment but also fosters long-lasting and valuable relationships with suppliers and customers.

In collaboration with our partners within the supply chain, we are committed to advancing the green transition. This entails ensuring our suppliers adhere to our Code of Conduct and seeking partners who are also committed to tangible efforts in climate and environmental initiatives.

For our own operations, we have outlined several parameters for 2024 that address emissions across the three scopes of climate accounting. Scope 1 includes our direct emissions, Scope 2 covers indirect emissions such as purchased electricity, whereas Scope 3 encompasses emissions from the value chain.



The illustration is modelled on the GHG Protocol's framework.

EPD on our Principal Product

Transparency is integral to our sustainability efforts; hence, one of our goals for 2024 was to prepare an EPD (Environmental Product Declaration) for our primary product – glulam.

An EPD outlines a product's environmental impacts.

The declaration is based on the European standard EN 15804+A2 and is verified by a third party.

At VTI, we consider ourselves more than just a supplier. We are also a partner and a knowledge hub, providing advice that is crucial in maintaining long-lasting, solid, and valuable relationships. Equipped with the EPD, we can more effectively advise and provide guidance regarding our main product with documented data, and we can satisfy the growing demand for EPDs from our customers.

When assessing the environmental impacts of products, you can use:

- Generic data
- Industry EPDs
- Product-Specific EPDs

Naturally, the product-specific EPDs provide the most accurate data for a specific product.

Our EPD is exclusively based on our own production in Røzekne and Vinderup, thus making it a product-specific EPD created for 1 m³ of glued pine and spruce.

With the release of our EPD, our aim is to foster transparency regarding the environmental impacts of our products, while also contributing to an increased focus on reducing negative impacts.

Simultaneously, we strive to provide essential information to customers and other stakeholders.

Our EPD is available at www.epddanmark.dk and can also be requested upon inquiry.

The complete EPD can also be accessed at www.vti.dk



NORTO

NORTO was established in 2018 and emerged from VTI. The aspiration for a sustainable interior line using residual wood began after years of witnessing waste in VTI's production. Currently, NORTO crafts exclusive products from upcycled natural materials.

MIFApIaden

MIFApIaden was founded by Flemming Nielsen in 2003, based on the belief that both private individuals and professionals should access top-quality solid wood panels for their homes. Today, MIFApIaden primarily supplies kitchen worktops to the private sector, as well as other home products like kitchen islands and stair treads.



New Wooden Administrative Building currently under Construction

Wood is central to VTI, and thus plays a significant role in our new administration building, which is under construction next to our existing headquarters and production facilities in Vinderup.

We commenced construction on the new administration building in February 2024, designed to address our space shortage issues. Additionally, the new building will consolidate all activities within the group. Besides serving as VTI's administration, it will also unite employees from the other woodworking companies in the group – NORTO and MIFApIaden.

Wood as a building material

Being a company dedicated to working with wood, it was a natural choice to construct the new administration building from wood. By using a natural and renewable material, we have the opportunity to incorporate our own NORTO products into the construction.

The extension is constructed using CLT elements. CLT (Cross Laminated Timber) consists of solid wood elements which, through cross-laminated glued layers, achieve strength and stability, making them ideal for wall and decking elements.

The building's design

Externally, the building will be clad with thermally treated sideboards, which have been sorted out from our window profile production. Internally, the elements will be left as is, allowing the wood's natural structure to become visible and tell a unique story.

Opting for a CLT solution has not been straightforward in terms of obtaining building permits and fire approvals, which has delayed the process by several months and complicated matters.

Undoubtedly, it would have been simpler to build conventionally, yet we aspire to be a pioneering company. We hope to inspire future constructions to challenge standard norms, so that together we can conserve the planet's resources.

We eagerly anticipate inaugurating the new administration building in autumn 2024.



Less Waste, Greater Efficiency, and Improved Working Conditions in Latvia

Our focus on the three sustainable bottom lines reaches beyond Denmark's borders. Alongside our efforts in Vinderup, we are also working to introduce sustainable initiatives in our production facilities in Rēzekne, Latvia, that benefit both the environment and people.

Over the past year, a new high-frequency press has been installed at the factory in Latvia, enabling the use of environmentally friendly glue while also reducing waste in the process. Moreover, the new press is significantly more energy-efficient, allowing a reduction in power consumption.

With the new production line, several processes have been automated, meaning robots have taken over some of the manual tasks, thus alleviating some of the physical strain on the factory employees.

Such initiatives have been implemented in several areas of the factory, which continuously focuses on easing the physical workflow and enhancing working conditions for the staff.

Our factory in Latvia has also seen an expansion with an additional 3,000 m² of storage space. This expansion has allowed raw materials to be moved out of the production hall, creating more space and making the production area more convenient and safer to work in.

At our Latvian factory, efforts are constantly underway to reduce the physical demands of work, and to support employee health, regular health checks are offered.



VTI's Code of Conduct for Suppliers – Consensus on Propriety

For VTI, being a responsible and ethical company is paramount, and we expect the same from our suppliers. As a new policy, we have decided that all suppliers must sign our Code of Conduct (CoC). VTI's CoC is based on the UN Global Compact's ten principles and also draws from the ILO and the principles of Ethical Trade.

All new suppliers are also given the opportunity to sign and thereby endorse our code of correct business conduct. As of today, all our current main suppliers have signed.

By insisting on good and correct behaviour from each other throughout the value chain, we can establish closer cooperation and, with a united approach, contribute to improving climate, working conditions, and social conditions.

It is crucial for us that all suppliers adhere to our CoC, and we therefore urge suppliers to address any shortcomings. If the supplier is unable to meet our Code of Conduct, we will ultimately be compelled to terminate the collaboration.

Key points of our CoC

Climate & Environment

- Biodiversity and clean water

Social responsibility

- Discrimination
- Workers' rights
- Child labour

Leadership responsibility

- Corruption and bribery
- Financial crime

See our CoC at:
www.vti.dk





Initiatives

As a responsible manufacturing enterprise, it is crucial for us to continually develop initiatives aimed at reducing our climate footprint. This applies particularly to our timber transportation, which significantly contributes to our climate footprint, as well as to making it easier for our customers to engage in climate-conscious and environmentally friendly practices.

Top plastic

Waste sorting is important to us, and we aim to make it simple for our customers to sort and dispose of the packaging from us. We have, therefore, switched the plastic film used to cover our shipments from black to transparent. This facilitates sorting and recycling for the customer, thereby ensuring a reduced environmental impact.

Plastic for product packaging

Our DIY boards are wrapped in transparent plastic to protect the product all the way to the customers. Previously, this plastic was made of 100% PELD, but it has now been replaced with PELD/rLD, comprising at least 30% PCR (post-consumer recycling). This results in a reduction of 28 tonnes of CO₂ in our Scope 3 emissions.

Rail transport – Stenvalls

Wood transportation constitutes a substantial share of our total climate footprint. Consequently, in collaboration with one of our suppliers, Stenvalls Trä, we conducted a trial project where timber was transported partially by rail. This solution reduces CO₂ emissions by 80-90% compared with truck transport.



Industry Focus Areas

Wood is an invaluable resource. This is true for us at VTI, and it holds true within the context of climate change. Forests are the earth's lungs and capture the carbon dioxide we aim to reduce in the atmosphere. In fact, our thoughtful use of wood contributes to enhancing the earth's lung capacity.

By purchasing certified wood from responsible suppliers, we ensure the planting of new trees. Moreover, these new, growing forests absorb more carbon dioxide than the old untouched forests.

Thus, our responsible wood consumption helps to create a better world. However, this only occurs if we consistently focus on responsible forestry throughout the value chain, habitat conservation, and promoting biodiversity. This commitment is upheld through stringent requirements and certifications, as well as our choice of partners, fostering a mutual understanding of the importance of acting responsibly.

Materials

At VTI, our processes are straightforward, encompassing only two primary materials: wood and glue. We have ensured that the glue is free from harmful chemicals, ensuring safety for both employees and the environment.

Resources

Resource utilisation must be undertaken with careful consideration and respect for the natural world. At VTI, we have ascertained that over 20 years ago, we made the right decision by ensuring that all products sourced for production are FSC® or PEFC certified. An FSC® or PEFC certification guarantees that our forestry activities are conducted responsibly and professionally, ensuring that forests are replanted rather than cleared, and that more pinewood is grown than cut down in the countries from which we source. Furthermore, it ensures that logging does not occur in areas where, for instance, minority communities reside.

Our production naturally generates residual materials. We view these not as waste, but as valuable resources. We channel some of these residual products into our own brand, NORTO, where the scraps are transformed into new products such as flooring, panels, or tabletops. Other residual products are collected by a local company, which converts them into biofuel, thus ensuring that our production waste is utilised for energy.

Biodiversity

This is a growing focus area for many, particularly for large companies. It's an area that VTI finds to be complex and extensive. We leave areas on our own site untouched, but this barely covers the efforts that can and should be undertaken in this category. Biodiversity is extensive and significantly influences VTI's value chain. Through responsible forestry with FSC® and PEFC-certified forests, it's imperative that biodiversity and vulnerable species are protected. The forest owner must ensure the forest is both maintained and preserved, and that ecosystems and environmental values are restored. In addition, they must avoid negative environmental impacts.

Among our suppliers with a particular focus on biodiversity is SCA. The company has identified over 200 species and 11 different habitats in the areas where they cultivate forests. Identifying species and habitats has provided them with even better opportunities to help protect and consider the species that inhabit the forests.



Innovative and Sustainable Interior Solutions

At NORTO, we utilise the leftover materials from VTI's production to create new, innovative, and sustainable interior solutions that are extremely exclusive in both appearance and function.

NORTO is a significant part of VTI's ESG strategy. It is here that we can test new technologies, experiment with sustainable processes and develop new products that align with NORTO's vision of creating a more sustainable future for upcoming generations.

This is how NORTO contributed to the development of Trifork's Smart Building concept

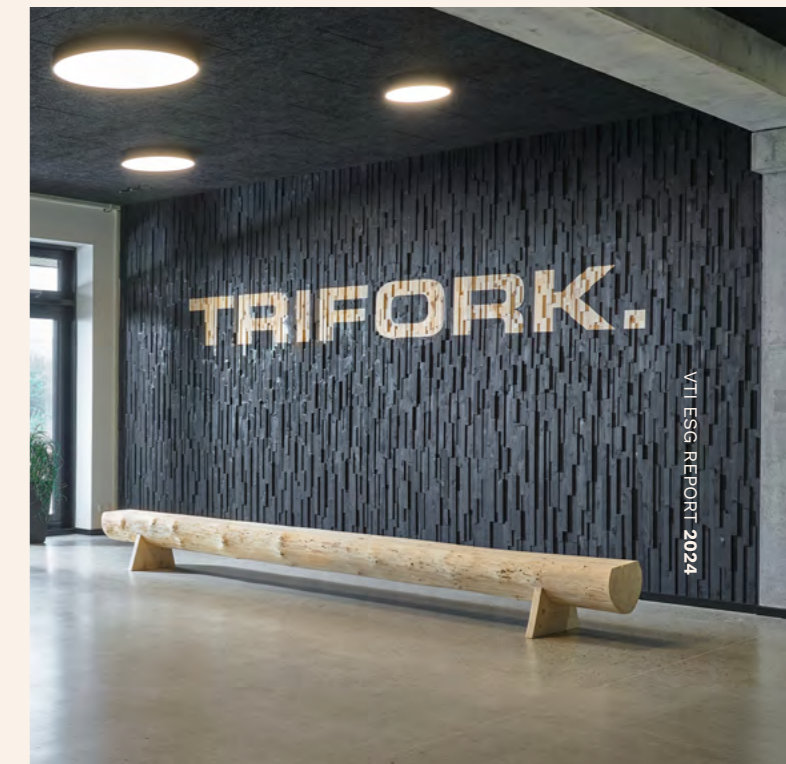
At NORTO, we aim to contribute to a greener and more sustainable future through our upcycling of residual wood.

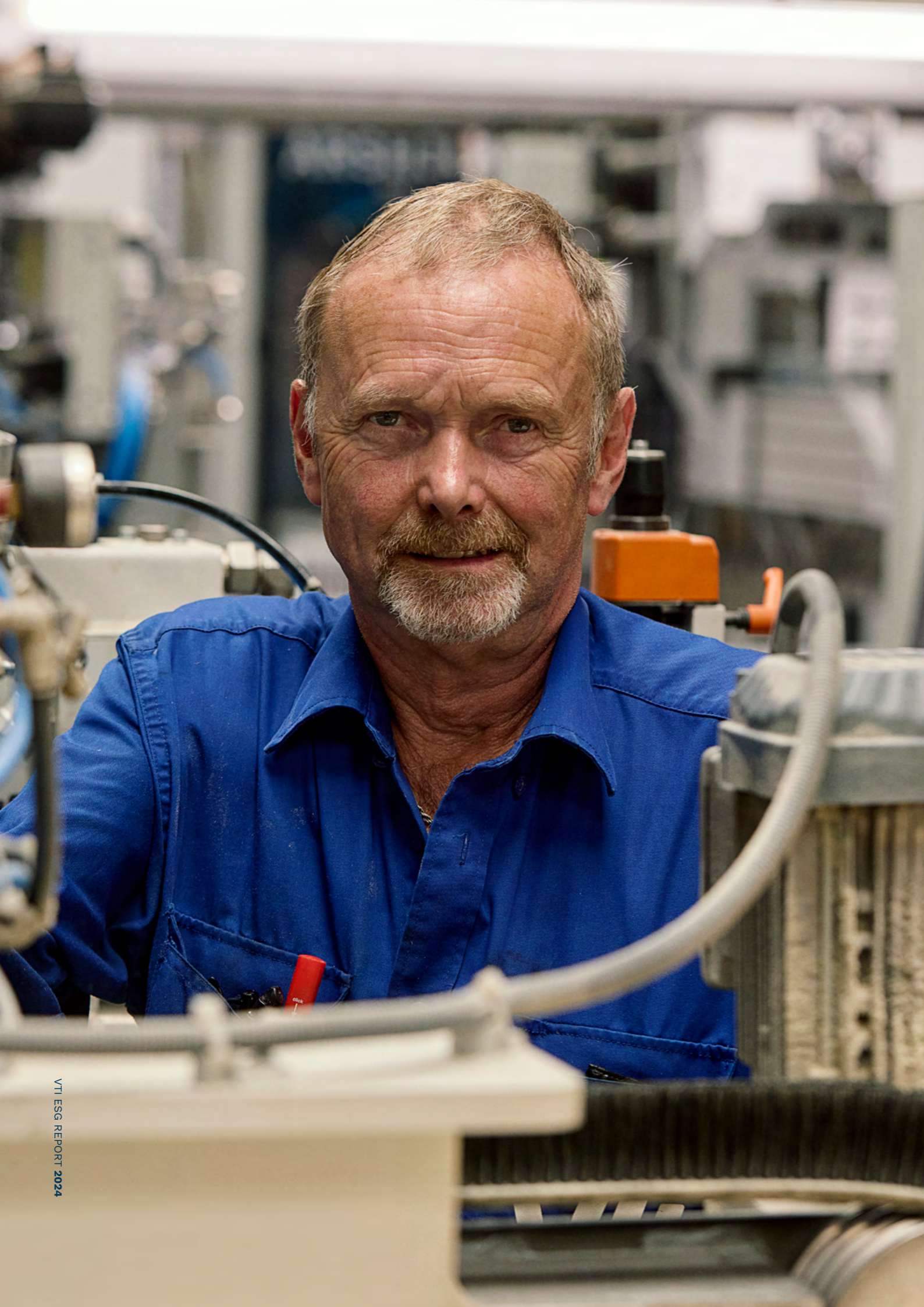
Trifork's ambitious Smart Building concept is a prime example of this, and we take pride in having crafted the numerous interior solutions that now feature in the company's division.

The partnership between NORTO and Trifork is logical as we share the same approach towards sustainable construction. This collaboration is meaningful since the solutions we've co-developed can be reimaged in Trifork's future Smart Building projects.

This brings value not just to us and Trifork, but also to the environment.

Learn more about the case at [NORTO.dk](https://www.norto.dk)





PEOPLE AND COMMUNITIES

Guarantee of Top-tier Responsibility

At VTI, our focus isn't solely on delivering the best product. We are a company committed to the climate and environment, society, and our employees. Through our dedication to being a responsible company, we have earned numerous certifications over the years. Our efforts have been demonstrated through FSC®/PEFC and IWAY certifications, among others. We have once again been certified to meet high standards concerning the health and safety of our employees, the environment, and business ethics.

VTI is now a member of Sedex (Supplier Ethical Data Exchange), through which we have been SMETA-audited. This serves as our customers' assurance that we meet Sedex's high standards for responsible business practices.

As a member of Sedex, we are committed to being a socially responsible business. Utilising supportive data, we continuously strive to enhance our ESG initiatives, mitigate risks within our supply chain, and thereby enhance our working environment to boost and optimise our performance.

SMETA also addresses various other elements throughout the supply chain, including waste management, energy usage, sustainability commitment, and responsible forestry.

SMETA is an internationally recognised standard that is increasingly requested by our customers. We are, therefore, proud to fulfil this demand.

Well-being, Health and Wellness

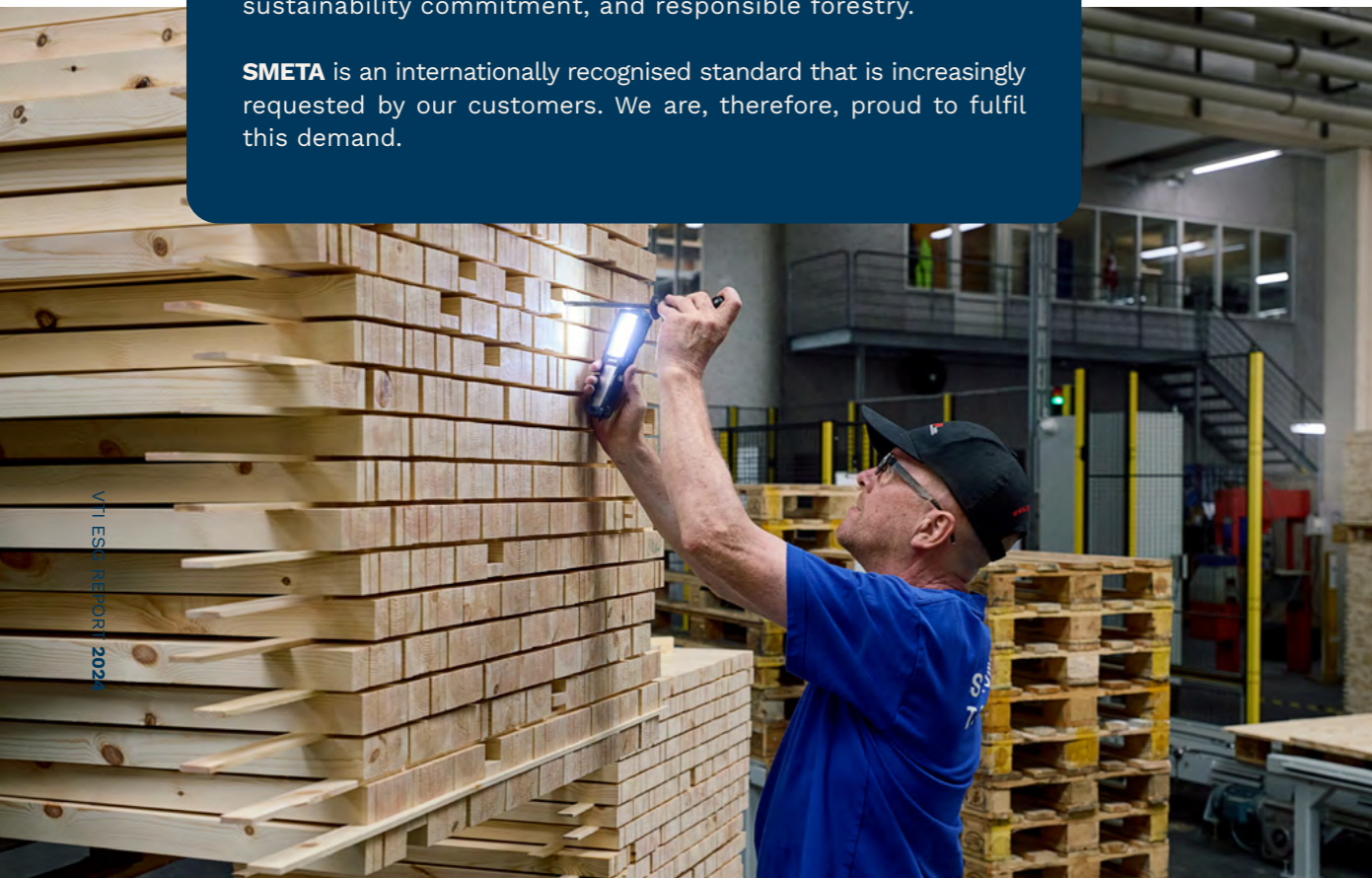
At VTI, we are committed to prioritising the social bottom line. That's why the health, well-being, and wellness of our employees are highly valued. Without our employees, production halts, which does not support the effective running of a business.

Our stated goal is to minimise sickness absence as much as possible. Regrettably, we have not been entirely successful in reducing sickness absence from 2023 to 2024.

Seasonal illnesses are challenging to combat. However, as an employer, we can do much to reduce lifestyle-related diseases and enhance both the health and well-being of each employee.

Being a production company means a significant number of our employees have physically demanding jobs. We strive to ensure that this does not lead to illness by continuously focusing on updating our machinery, alleviating the physical demands as much as possible, and guiding our employees towards ergonomic work practices.

Our employees are covered by health insurance, allowing them to receive prompt and effective assistance in the event of illness or injury. We also patiently wait for employees on sick leave to fully recuperate before they return to work.





Workplace Accidents

One workplace accident is one too many, and therefore, at VTI, we have set a clear goal to prevent any workplace accidents from occurring.

Unfortunately, we did not meet that goal this year, having recorded three accidents. Two of these resulted in just a single day of absence each. The safety and well-being of our employees are our top priorities, and thus, we must ensure that workplace accidents are entirely eradicated.

As a manufacturing company dealing with heavy machinery, vehicles, lifting operations and other risk factors, it's imperative that we constantly ensure our safety rules are updated and adhered to. We need to organise work-flows and procedures to ensure employees can consistently keep an eye on potential risk factors, and continue improving the workplace to prevent potentially hazardous situations.

Since September 2023, as part of this initiative, we have started digitally recording so-called near-miss incidents. That is, incidents which might have led to an accident.

By documenting these incidents, we develop an overview of key areas for action, enabling us to implement preventative measures to completely avoid workplace accidents.

Each registration, whether related to workplace accidents or near misses, is followed by an action plan and a responsible person is designated to ensure the plan is carried out and communicated to our staff.

Additionally, our health and safety representatives participate in a working group that regularly monitors the physical work environment, allowing us to identify potential risks before they escalate into near misses or accidents.



Initiatives

VTI's status as one of Europe's leading glulam manufacturers is largely due to our dedicated employees. Diversity, equal opportunities for all, and our apprentices are, therefore, vitally important to strengthening all three bottom lines at VTI. This is also made possible by our robust local roots, which we have nurtured since our inception.

VTI inspires school pupils

At VTI, we take our societal responsibilities seriously, which is why we prioritise inviting local school pupils to visit. For instance, we've hosted visits from local 9th grade classes to showcase our company and production processes, and to discuss the numerous career opportunities available at VTI. This way, we aim to inspire and provide them with a foundation for future career decisions.

VTI develops and provides opportunities

Our two former students, office apprentice Majbrit and industrial operator apprentice Kenneth, have decided to continue their careers with us after completing their education. As a result, they can further develop in new roles with increased responsibility, Majbrit as an office assistant and Kenneth as a production worker and blacksmith.

As an additional benefit, VTI also gains from investing in our students because we're able to retain skilled labour within our company.

Room for everyone at VTI

At VTI, we embrace diversity and provide a fulfilling daily life for people facing challenges. As such, several of our employees are engaged in flexible job roles. This ensures that regardless of whether an employee works a few hours or a full week, they can add value both commercially and socially.

We maintain a close partnership with Holstebro Municipality, which plays a role in ensuring that we are the right fit for the talented employees we hire in flexible positions.

***"Those who have the opportunity,
also have the obligation!"***

Flemming Nielsen, MIFA Foundation



MIFA Foundation's Local Roots

One of the foundation's primary objectives is to give something back to the local area with significant human value. Consequently, the foundation has acquired the historic Rydhave Castle, situated in Denmark's westernmost beech forest close to the Limfjord at the outskirts of Vinderup.

The castle, constructed in the heyday of the Middle Ages at the start of the 14th century, has been functioning as a secondary school since 1956. When Flemming Nielsen was declared unsuitable for a lower secondary school leaving examination, he was admitted to a continuation school – an experience that had a significant impact on his approach to life.

This stay helped shape Flemming Nielsen both as an individual and as an entrepreneur.

In recent years, however, Rydhave Slots Efterskole has faced a decrease in student numbers, leading to financial difficulties. The school came close to closing, but with the mission to save the local continuation school, several private entities extended loans to support the school.

To relieve the school of the burden of repaying these loans, the MIFA Foundation, together with the local savings bank, decided to settle the debts, ensuring that Rydhave Slots Efterskole is now debt-free.

At the end of 2023, a formal acquisition of the buildings by a subsidiary of the MIFA Foundation was completed, and now the school rents the premises. This arrangement ensures that the school, as an institution, can focus on its primary mission: Running a continuation school where attention is given to student welfare and academic proficiency.

Through MIFA Foundation's acquisition of the historic castle and its associated buildings, Flemming Nielsen is giving something back to the continuation school that shaped him and his life.

As he puts it: "Those with the opportunity also bear the responsibility!"

By supporting the local continuation school and its role in positively influencing young people, the MIFA Foundation emphasises its commitment to backing local causes that create human value – much like the continuation school experience did for the VTI founder.

In the long term, there are plans for Rydhave Castle to serve as a venue for activities for the local community and associations. In this way, the MIFA Foundation aims to enrich the Vinderup region by creating liveliness, activities, and value for its residents, whom Inga and Flemming Nielsen cherish deeply.

ABOUT MIFA Foundation

- Founded in 2019 by Inga and Flemming Nielsen
- Supports local non-profit and charitable projects
- The foundation is guided by the Sustainable Development Goals focusing on social sustainability



DATA

ESG Key Figures Vinderup, Denmark

ENVIRONMENTAL KPIS	Unit	2024	2023	2022
CO ₂ e emissions within scope 1	Tons of CO ₂ e	162	188	282
CO ₂ e emissions within scope 2	Tons of CO ₂ e	301	363	434
Index for CO ₂ e emissions within scope 1 + 2 per produced m ³ *		85	89	100
CO ₂ e emissions within scope 3**	Tons of CO ₂ e	6,332 ¹⁾	52,243	-
Total CO ₂ e emissions (Scope 1, 2 and 3)	Tons of CO ₂ e	6,795 ¹⁾	52,794	-
Waste % (everything other than the main product - boards)		30.5	31.5	34.0
Total energy consumption	GJ	12,377	14,052	18,198
Index for energy consumption per produced m ³		89	89	100
Share of renewable energy***	Percentage (%)	72.7	0	0
Water consumption	m ³	2,678	3,171	3,785

* Vinderup 2021/2022 is index 100 ** See accounting practices on page 42 *** In addition to a share in Danish electricity production

SOCIAL KPIS	Unit	2024	2023	2022
Employee satisfaction	Scale 0 - 5	4.2	4.2	4.1
Sick leave	%	7.4	4.4	7.8
No. industrial injuries		3	3	6
Proportion of female full-time staff	%	50	29	32
Proportion of women in senior management positions	%	43	33	33
No. nationalities employed		7	7	-
Gender pay gap		1.00	1.03	1.03
Flex-job, work aptitude testing, etc.		10	4	-

CORPORATE MANAGEMENT	2024	2023	2022
No. women on the company Board of Directors	0	0	0
No. men on the company Board of Directors	4	4	4
Attendance at board meetings	100	100	100

Scope 3 Difference ¹⁾
In 2024, the detail and validation of Scope 3 data have improved. At the same time, irregularities, insufficient input options, and specific errors were found in 2023's Scope 3.

In the 2023 report, raw wood purchases were recorded as "Other/Wood (new)" due to a lack of other options at the time. In the 2024 report, purchased raw wood is categorised under the new group "Building materials/Construction wood". This change alone has led to a reduction in Scope 3 emissions by approximately 23,000 tonnes of CO₂e.

A comparison of Scope 3 emissions for 2023 and 2024 does not make sense, however, the work on Scope 3 establishes a basis for genuine focus and subsequent reductions.

ESG Key Figures Rēzekne, Latvia

ENVIRONMENTAL KPIS	Unit	2024
CO ₂ e emissions within Scope 1	Tons of CO ₂ e	9
CO ₂ e emissions within scope 2	Tons of CO ₂ e	144
Index for CO ₂ e emissions within scope 1 + 2 per m ³ produced*		-
CO ₂ e emissions within Scope 3	Tons of CO ₂ e	1,895
Total CO ₂ e emissions (Scope 1, 2 and 3)	Tons of CO ₂ e	2,048
Waste % (everything other than the main product - boards)		-
Total energy consumption	GJ	5,027
Index for energy consumption per produced m ³		100
Share of renewable energy**	Percentage (%)	-
Water consumption	m ³	693

* Vinderup 2021/2022 is index 100 ** In addition to the share in Latvian electricity production

SOCIAL KPIS	Unit	2024
Employee satisfaction	Scale 0 - 5	-
Sick leave	%	4.5
No. industrial injuries		0
Proportion of female full-time staff	%	31
Proportion of women in senior management positions	%	0
No. nationalities employed		3
Gender pay gap		1.13
Flex-job, work aptitude testing, etc.		0

CORPORATE MANAGEMENT	Unit	2024
No. women on the company Board of Directors		0
No. men on the company Board of Directors		2
Attendance at board meetings		100

Reporting practice

Key figures for Rēzekne are calculated using Klimakompasset.dk/Letland.

Data collection for environmental and social conditions has been principally conducted in the same manner as for Vinderup, but it has not been possible to achieve the same volume, level of detail, and control of data for Rēzekne as for Vinderup.

The uncertainty of the reporting from Rēzekne is therefore assessed to be greater than for Vinderup, but still at a level considered to generally provide a fair representation.

Reporting Practice

Environmental key performance indicators

The environmental key figures are calculated using Klimakompasset.dk and associated emission factors.

For activities under Scope 1 and 2, these are calculated based on overviews from utility companies and our own data concerning vehicle operations in owned or leased transport.

Included under **Scope 1** are gas consumption, woodchip fuel, diesel for a generator, and transport in owned and leased vehicles.

Included under **Scope 2** is electricity consumption.

Under **Scope 3**, these are reported based on gathering relevant data. The database is restricted to the following categories:

Upstream

- Category 1: Procurement of goods and services
- Category 2: Capital goods
- Category 4: Upstream transport and distribution
- Category 5: Waste
- Category 6: Business travel
- Category 7: Employee commuting

Downstream

- Category 9: Downstream transport and distribution
- Category 12: Treatment of sold products after end of life

The delineation has been made because emissions in these categories are considered the most significant for overall emissions.

Social KPIs

The social key figures are predominantly determined based on reports in internal IT systems, complemented by targeted data collection in relevant areas.

- Sick leave is recorded in terms of hours absent.
- Industrial accidents are defined as incidents that have been reported and resulted in absence from work.
- The gender pay gap is assessed as the average hourly pay excluding allowances, specifically for employees paid by the hour.

Corporate management

The key indicators for corporate governance are derived from a review of board meeting minutes.

VSME - Sustainability matters covered in [draft] topical ESRS			EVALUATION	EMBEDDING AND REPORTING
TOPIC	SUB-TOPIC	SUB-SUB TOPIC		
Climate change	Climate change adaptation		Low or no significance in relation to VTI	-
	Climate change mitigation		Significant in relation to VTI	CO ₂ accounting (GHG Protocol)
	Energy		Significant in relation to VTI	
Pollution	Pollution of air		Low or no significance in relation to VTI	-
	Pollution of water			
	Pollution of soil			
	Pollution of living organisms and food resources			
	Substances of concern			
	Substances of very high concern			
Water and marine resources	Water	Water consumption Water withdrawals Water discharges Water discharges in the oceans Extraction and use of marine resources	Low or no significance in relation to VTI	
	Marine resources	Water consumption Water withdrawals Water discharges Water discharges in the oceans Extraction and use of marine resources	Low or no significance in relation to VTI	
Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate Change Land-use change, fresh water-use change and sea-use change Direct exploitation Invasive alien species Pollution	Significant in relation to VTI	FSC and PEFC Standards
	Impacts on the state of species	Examples: Species population size Species global extinction risk	Significant in relation to VTI	FSC and PEFC Standards
	Impacts on the extent and condition of ecosystems	Examples: Land degradation Desertification Soil sealing	Significant in relation to VTI	FSC and PEFC Standards
	Impacts and dependencies on ecosystem services		Significant in relation to VTI	FSC and PEFC Standards
Circular economy	Resources inflows, including resource use		Significant in relation to VTI	KPI and ESG reporting
	Resource outflows related to products and services		Significant in relation to VTI	KPI and ESG reporting
	Waste		Significant in relation to VTI	KPI and ESG reporting
Own workforce	Working conditions	Secure employment Working time Adequate wages Social dialogue Freedom of association, the existence of works councils and the information, consultation and participation rights of workers Collective bargaining, including rate of workers covered by collective agreements Work-life balance Health and safety	Significant in relation to VTI	Collective agreements and personnel policies
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value Training and skills development Employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity	Significant in relation to VTI	Collective agreements and personnel policies
	Other work-related rights	Child labour Forced labour Adequate housing Privacy*	Significant in relation to VTI	Collective agreements, personnel policies and certifications
Workers in the value chain	Working conditions	Secure employment Working time Adequate wages Social dialogue Freedom of association, including the existence of work councils Collective bargaining Work-life balance Health and safety	Significant in relation to VTI	CoC
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value Training and skills development The employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity	Significant in relation to VTI	CoC
	Other work-related rights	Child labour Forced labour Adequate housing Water and sanitation Privacy	Low or no significance in relation to VTI	
Affected communities	Communities' economic, social and cultural rights	Adequate housing Adequate food Water and sanitation Land-related impacts Security-related impacts	Low or no significance in relation to VTI	
	Communities' civil and political rights	Freedom of expression Freedom of assembly Impacts on human rights defenders	Low or no significance in relation to VTI	
	Rights of indigenous communities	Free, prior and informed consent Self-determination Cultural rights	Low or no significance in relation to VTI	
Consumers and endusers	Information-related impacts for consumers and/or end-users	Privacy Freedom of expression Access to (quality) information	Low or no significance in relation to VTI	
	Personal safety of consumers and/or end-users	Health and safety Security of a person Protection of children	Low or no significance in relation to VTI	
	Social inclusion of consumers and/or end-users	Non-discrimination Access to products and services Responsible marketing practices	Low or no significance in relation to VTI	
Business conduct	Corporate culture		Significant in relation to VTI	Workplace mantras Policies
	Protection of whistle-blowers		Significant in relation to VTI	Whistle-blower portal
	Animal welfare		Low or no significance in relation to VTI	
	Political engagement		Low or no significance in relation to VTI	
	Management of relationships with suppliers including payment practices		Significant in relation to VTI	
	Corruption and bribery	Prevention and detection including training incidents	Significant in relation to VTI	Policies