



VERSOWOOD

Tomorrow is renewable.

Responsibility at Versowood.

7/2023

Table of Contents

Greetings from the CEO

Versowood company presentation

Versowood and the UN Sustainable Development Goals

Responsibility themes

Our key responsibility objectives

We value wood – and make the most of it for valuable and diverse uses

We actively develop our operations to become more future-proof

Through the Versowood entrepreneurial partnership, we support local entrepreneurship

We create life around us and care about our employees and our community

Contact details





Valuing wood, wholeheartedly.

At Versowood, responsibility is first and foremost about caring and taking responsibility for our entire value chain - our employees and our own operations, but also for all our partners who make the journey of wood from the forest to the end customer possible. The whole chain, from contractors to motorists, must be able to cope so that together we can develop our operations in all the places where we operate.

The forest has always been, and will certainly continue to be, an important source of prosperity for the whole of Finland. Versowood's mission is to process the world's highest-quality wood efficiently, safely and sustainably, layer by layer. For us, it is a matter of course to use wood in the most valuable and value-adding way possible and to use wood to make products that are as highly refined as possible. At Versowood, wood is always fully utilised, nothing is wasted. Wood is always an individual and unique product. In addition to the various valuable wood products, there are also many new opportunities for the use of by-products, and we are constantly looking for new high-value-added uses for them.

We are genuinely concerned about climate change and global sustainability challenges. At the moment, the big picture of sustainability highlights the important role of our forests for the Finnish economy, their sustainable use, and their vital role as a carbon sink and in biodiversity conservation. In our industry, the forestry and sawmilling sectors are already working together to address these big issues. As well as participating in this cooperation, we also want to play our part in driving forward new good practices - for example, through the Versowood entrepreneur partnership scheme.

Responsibility has always been part of Versowood's everyday life. Our production processes have evolved a lot, and we have continuously invested in new, more energy-efficient equipment and, for example, in optimising logistics within our sites. It is in our core values to appreciate our employees, take care of safety at work and offer a meaningful workplace where people can learn and develop, and therefore enjoy a long working life with us.

However, we feel that we are only at the beginning of an important task in the systematic development of sustainability. Our next step is to take over a more detailed assessment of our environmental impact across the Versowood Group and our main product groups. On this basis, we can further develop our activities, and in the future support the achievement of the sustainable development goals, which are important to all of us, in an even more ambitious way.

Ville Kopra, Chief Executive Officer, Versowood Oy
Sustainability report 2023



Versowood key figures



Founded in 1946



Operating in 14 units: 13 in Finland and 1 in Estonia



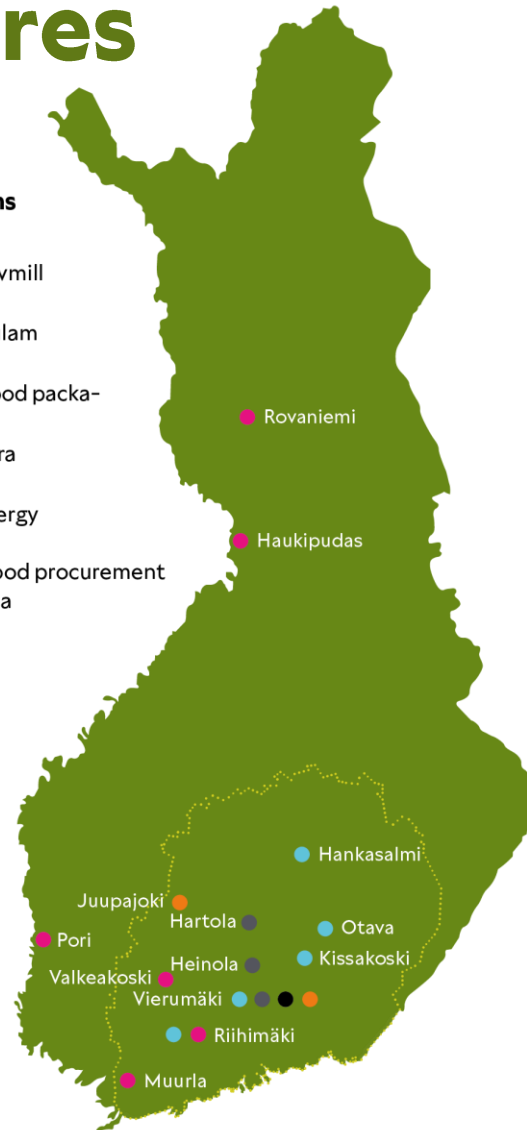
Around 900 employees



Turnover 650 M€

Operations

- Sawmill
- Glulam
- Wood packa-
- Infra
- Energy
- Wood procurement area



Domestic 39%



EU countries 28%



China, Japan, Asia 14%



Other countries 11%



CREATING THE FUTURE OF FINNISH WOOD

VISION

We release the full potential of wood as a building block of a sustainable future.

MISSION

We are a pioneer of mechanical wood-processing and, as our material, we use the highest-quality wood in the world, which we process efficiently, safely and sustainably, layer by layer. We experience relevance as a local and regional employer and operator.

VALUES

WE CARE.

We are proud of our Finnish roots and ourselves. We appreciate each other, our customers and partners. We listen and help. We cherish sustainability, safety and equality.

WE DARE.

The world is changing – so are we. We dare to innovate and renew ourselves. We take responsibility, experiment and evolve. We are heading towards our ambitious goals.

WE LEAD.

We look forward, anticipate and lead the way. We operate in accordance with our objectives and rules: efficiently and persistently. We dare to promise – to each other and our customers – and live up to our promises.

MEGATRENDS

- Globalisation, urbanisation and population growth
- Emphasis on environmental and health issues, carbon balance
- Increase in wood usage and replacing materials produced from fossil raw materials
- Digitalisation and new systems

SUCCESS FACTORS

- High-quality and durable wood products as well as the satisfied customers
- Professional and motivated personnel
- Efficient process management
- Committed partners (forest owners, contractors, partners)

Versowood and the UN Sustainable Development Goals

In our business activities, we support the UN Sustainable Development Goals (SDGs), which are particularly important to us.

INFO

Sustainable Development - Agenda 2030

The UN's 2030 Agenda for Sustainable Development aims to eradicate extreme poverty and achieve sustainable development that takes equal account of the environment, the economy and people. Its guiding principle is that no one should be left behind in development. There are a total of 17 UN Sustainable Development Goals.

13 CLIMATE ACTION



UN SDG Goal 13: Take urgent action to combat climate change and its impacts.

Versowood is committed to the Paris 1.5°C climate target. We have taken continuous action to reduce emissions in our production and logistics operations. In the future, we will be even more ambitious in our climate action.

17 PARTNERSHIPS FOR THE GOALS



UN SDG Goal 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.

At Versowood, we too need to work together with all our stakeholders to achieve the SDGs. We also want to support our partners in developing and implementing best practices.

[Sustainability report 2023](#)



UN SDG Goal 12: Ensure sustainable consumption and production patterns.

We value wood and, at Versowood, we have an important role to play in contributing to achieving sustainable and efficient use of natural resources by 2030 and to significantly reducing waste generation through prevention, recycling and reuse.

8 DECENT WORK AND ECONOMIC GROWTH



UN SDG Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all.

We want to play our part in creating sustainable economic growth in Finland that ensures jobs in smaller communities. In line with Goal 8, it is important for us to protect labour rights and ensure a safe working environment for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



UN SDG Goal 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation.

At Versowood, we are continuously investing in building a sustainable future in line with Goal 9, including through more efficient use of resources and increased adoption of clean and environmentally friendly technologies and production processes.



Versowood's responsibility themes

To achieve our vision “*We release the full potential of wood as a building block of a sustainable future*”, we have identified the following responsibility themes, on which we will focus in particular by 2025:

- We value wood – and make the most of it for valuable and diverse uses
- We actively develop our operations to become more future-proof
- Through the Versowood entrepreneurial partnership, we support local entrepreneurship
- We create life around us and care about our employees and our community





Our key responsibility objectives 2030



We value wood – and make the most of it for valuable and diverse uses

Percentage of construction products with the highest possible degree of processing of total sales volume

now
30%
objective
35%



We actively develop our operations to become more future-proof

Our goal is to have a Life Cycle Assessment (LCA) of all main product groups by 2030

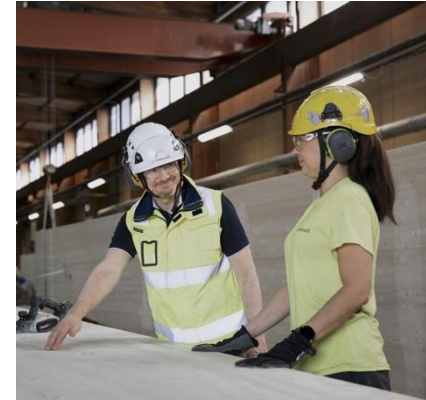
now
20%
objective
100%



Through the Versowood entrepreneurial partnership, we support local entrepreneurship

Our aim is that all our subcontracting partners are committed to our Code of Conduct or similar principles

now
60%
objective
100%



We create life around us and care about our employees and our community

"I like my job and I enjoy it" Job satisfaction on a scale of 1-5

now
4.4
objective
4.5





We value wood – and make the most of it for valuable and diverse uses

The sustainable and efficient use of natural resources is central to Versowood's strategy and the purpose of the company as a whole. We value our indigenous and sustainably grown raw material, and use it to make a variety of products for valuable uses. When used well, wood can continue to provide wealth and sequester carbon as a natural material even after it has been felled.

We know our supply chain well, and we know where the wood we use comes from. We work actively with forest owners and encourage our suppliers to, among other things, certify, increase decaying wood, respect water bodies and practise mixed forestry. In total, 88% of the wood we buy is PEFC or FSC certified.

It is important to us that forests are used as sustainably as possible, taking into account climate objectives and biodiversity conservation - we promote these issues in cooperation with our entire industry. We actively participate in the climate and biodiversity roadmaps of the Finnish Forestry Industries Federation and the Finnish Sawmills Association, among others. The Diversity Map project models the development of forest biodiversity in 2035, 2055 and 2100. Based on future modelling and current assessments, the wood processing industry will build a biodiversity map, which will be published in summer 2023.



This is how we will succeed

- Increase the share of construction products with the highest possible degree of processing in total sales to 35% - currently around 30%
- Keep our moisture content utilisation ratio above the industry average – currently 1.98 (raw material / timber m³) at Versowood





The full potential of wood

We are actively developing wood construction. For example, we are involved in a low-carbon hybrid construction project funded by HAMK Tech, which develops jointing solutions for glulam and CLT structures. We are also developing information modelling tools for glulam structures, bringing cost efficiency and automation to the whole production and design process, and standardising solutions.

Going forward, we want to be more distinctive as a responsible wood user and processor, and create more value from our raw material and by-products. That's why our goal is to continuously increase the share of construction products with the highest possible degree of processing in our total sales volume - currently around 30%.

In addition, at Versowood we want to keep our moisture content utilisation ratio, i.e. the amount of raw wood used to produce one cubic metre of product, above the industry average - currently 1.98. On average, the sawmill industry needs about 2.2 cubic metres of sawlogs per cubic metre of saw timber. For plywood, the ratio varies more, but a rough figure of 3 cubic metres of logs per cubic metre of plywood can be used.

We use modern sawmill technology to get as much sawn timber from the raw wood as possible. The log raw material that comes to us is carefully used. In addition to sawn timber and downstream products, we produce pellets and forest energy for the energy industry from the by-products of our own sawmills, and screened pine and spruce wood chips for use as Hirnu sawdust littering in animal shelters. We also utilise wood chips and bark from side streams in our own units' heating plants. In addition, we are actively exploring alternatives for higher processing of side streams and we are involved in various research and development projects (e.g. bio-processed products).

[Sustainability report 2023](#)



Versowood involved in a hybrid construction project funded by HAMK Tech

Hämeen ammattikorkeakoulu HAMK received significant funding for a research project promoting low-carbon hybrid construction, the formation of a hybrid construction ecosystem and the international export of companies in the field. The project, led by HAMK, involves several Finnish companies at the forefront of hybrid construction and the University of Coimbra in Portugal. The research is funded by Business Finland and a consortium of companies.

Hybrid construction combines the main raw materials used in construction; wood, steel and also concrete to achieve the best results. The use of wood plays a key role due to its low carbon content. As hybrid construction is new, the development, standardisation and deployment of new solutions will require significant research efforts.

The research project will involve companies at the heart of the value chain, as well as those innovating it, representing the different actors in the construction industry, from design, material and component manufacturing to implementation.

Read more at hamk.fi: <https://www.hamk.fi/2023/hamk-techille-ennatysrahoitus-tutkimusaiheena-suosiotaan-lisaava-hybridirakentaminen/>



Domestic raw material from certified forests

As Versowood Group is an innovative and responsible business, therefore, we source raw materials only from Finnish forests. The PEFC and FSC chain-of-custody certificates we use, ensure the protection of forest biodiversity, health and growth, as well as reliable monitoring of the origin of the wood raw material.

When purchasing Versowood products, you can be sure that the raw material comes from well-managed forests, using sustainable principles. The chain of custody of wood is ensured according to PEFC and FSC standards for the majority of our products. We actively participate in the biodiversity roadmap work of the Finnish Forestry Industries Federation and the Finnish Sawmills Association. among others.

Our packaging products are certified

Versowood's loading pallets, cable drums, wood and plywood packaging are produced in compliance with the ISPM 15 standard. Pallet production, sales and service functions in Riihimäki, Muurla, Valkeakoski and Haukiputaa are certified with the ISO 14001 standard.

More information on our website:

<https://www.versowood.com/group/responsibility/certifications>



We actively develop our operations to become more future-proof

It is important to us to look far into the future, not just tomorrow but the day after tomorrow, and from one generation to the next. That is why we are committed to the Paris 1.5°C climate target.

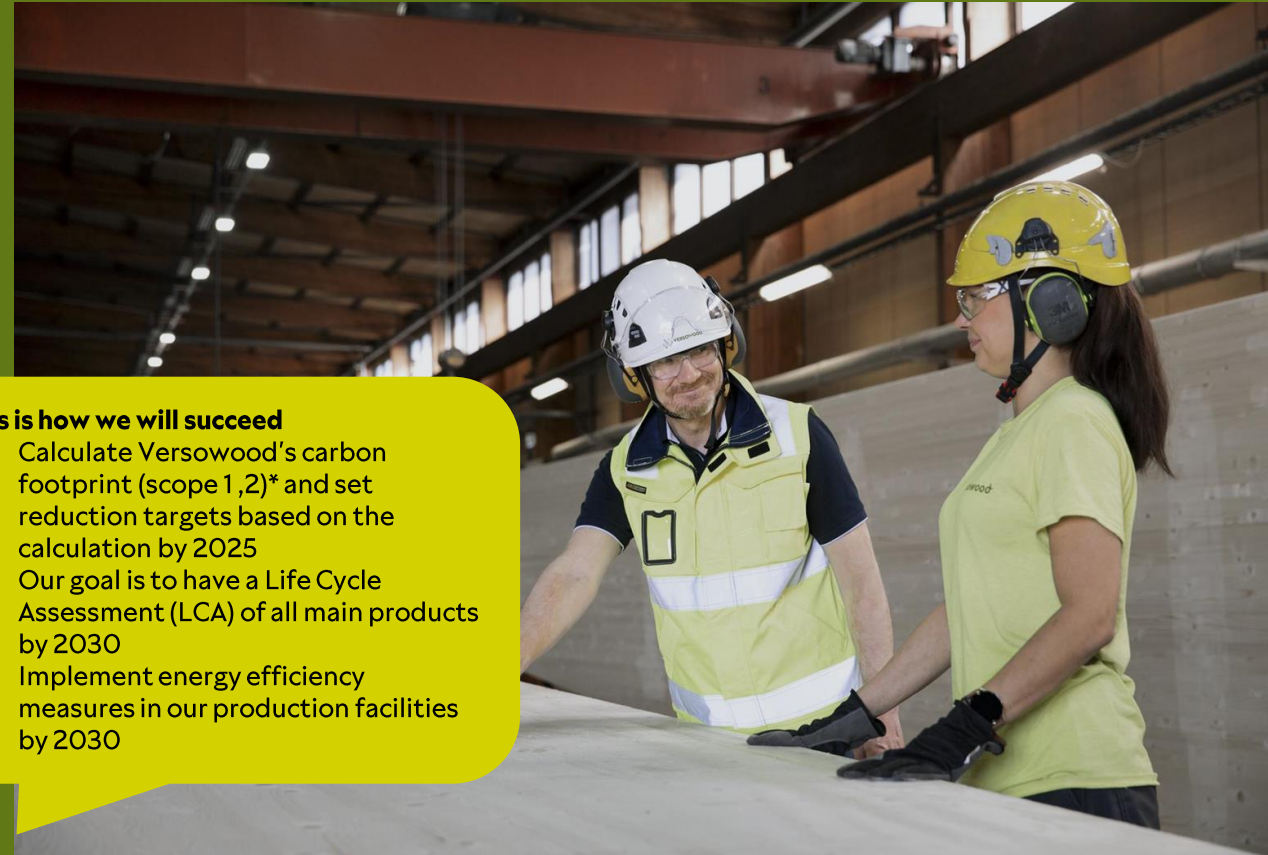
At Versowood, we have been taking various measures to reduce our emissions for several years now. We are also a member of the energy efficiency agreement of the Finnish Forestry Industries Federation. At our production sites, we have implemented energy efficiency measures such as heat recovery, building door curtains, increasing LED lighting and replacing filters in heating plants. We promote the sustainability of purchased energy through the use of consumption flexibility, and we use our own by-products for heat production.

We participated in the Forest Industry and Sawmilling Carbon Roadmap project, which described how the industry can reduce its emissions and improve its carbon footprint. Next, we will calculate our own carbon footprint and set concrete reduction targets by 2025. We aim to implement energy efficiency and emission reduction measures at our production sites by 2030.

We will also continue to carry out product-specific Life Cycle Assessments (LCAs) - our aim is that all our main products will also have LCAs by 2030.

Read more about the carbon roadmap of the Finnish Sawmills Association:
<https://sahateollisuus.com/ilmastoviisas-sahateollisuus/>

Sustainability report 2023



This is how we will succeed

- Calculate Versowood's carbon footprint (scope 1,2)* and set reduction targets based on the calculation by 2025
- Our goal is to have a Life Cycle Assessment (LCA) of all main products by 2030
- Implement energy efficiency measures in our production facilities by 2030

*The Greenhouse Gas Protocol standard for greenhouse gas emission accounting classifies emissions into Scope 1, 2 and 3 categories. Scope 1 includes direct emissions from the organisation's own energy production, owned and managed buildings and vehicles. Scope 2 emissions include purchased energy such as electricity and heat. Scope 3 covers the remaining indirect emissions.





Climate and environmental actions at Versowood's production sites

Optimising logistics for lower emissions

Our sawmills are located at an optimal distance from each other, allowing each saw to receive its log raw material as close as possible. In addition, our 13 production sites are geographically close to each other, keeping internal transport distances short. In the future, we want to further improve the efficiency of our external and internal logistics and make greater use of environmentally friendly technologies.

Clean processes and sustainable refurbishment

We prevent soil contamination, we implement a sustainable remediation strategy, → every project we carry out is investigated and the necessary measures are taken.

We treat the adhesive wash water from our glulam production in our own biological treatment plant and the paint wash water in our chemical treatment plant, which significantly limits the amount of hazardous waste we generate.



Step by step towards LED lighting technology

Versowood Riihimäki first piloted LED lighting back in 2012, when the whole LED technology was still new. After gaining positive experience with the new lighting in the planing mill, Versowood started to renew the lighting in the different areas step by step. Greenled has been a trusted partner as a supplier of lighting solutions from the first pilot to the present day.

Energy savings, efficiency and safety at work

In the latest upgrade of the loading pallet factory, energy savings of 63% have been achieved in lighting. In addition to the savings, lighting also has a significant impact on the daily lives of workers. The range of work tasks is wide and the right lighting is an important factor for safety and well-being at work.

In the latest project, Versowood has also introduced a lighting control system. Automatic on/off lighting has brought added value in terms of both electricity savings and improved safety at work.

Similar projects have also been carried out in Otava and Vierumäki, among others.

Read more at Greenled.fi:

<https://greenled.fi/referenssit/versowood/>



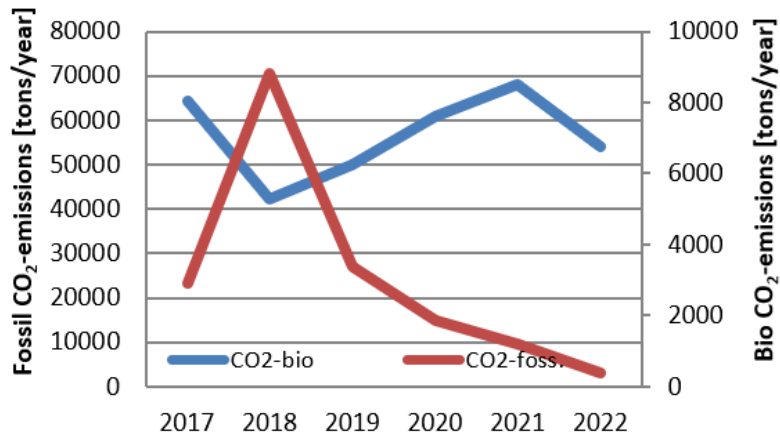
Log X-ray measurements to improve efficiency

All Versowood's sawmills have Finnos X-ray equipment in the log sorters. The advantage of modern X-ray equipment over traditional log measurement is that the log can be measured more accurately and the accuracy of the volume measurement is not affected by variations in bark thickness, for example, or snow in winter. The X-ray always measures the log correctly, regardless of the season - leading to improved utilisation rates. Before the X-ray investments, the operation had to use different bark coefficients in winter due to measurement error caused by snow and ice, and in summer due to partial bark shedding.

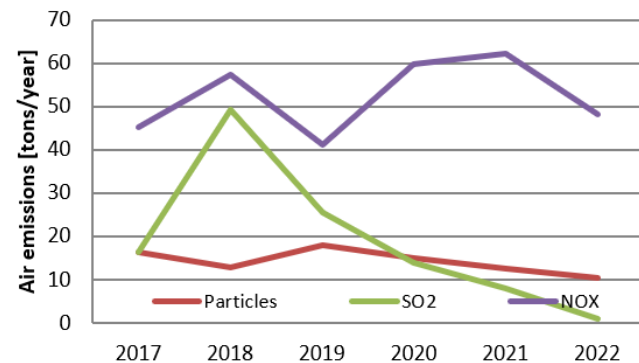
This means that fewer log cubes need to be used for each cube of sawn timber produced. In addition, with the accurate measurement of logs and real-time information on log stock levels, planning is made easier. Even the control of forest operations is improved when the stock situation is real-time and can be relied upon to be accurate.



CO2 emissions from heating plants in the Vierumäki unit (including biomass carbon)



Air emissions from the heating plants of the Vierumäki unit

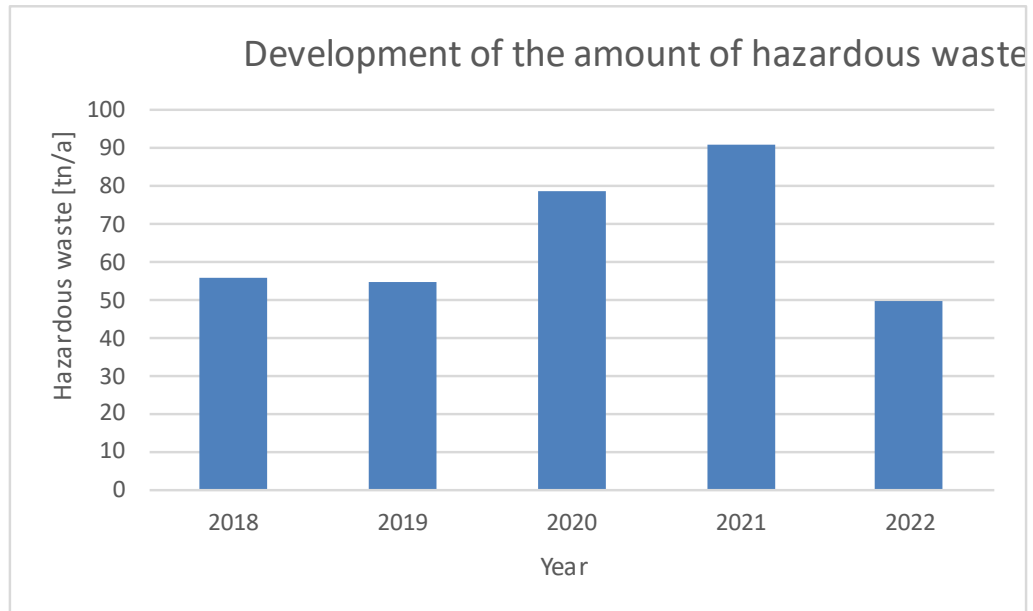


Heating plants at Vierumäki and Riihimäki

In 2022, the Vierumäki unit's bioenergy boilers produced a total of 138 GWh of heat. The fuel used in the heating plants was bark as a by-product of production 112,532 MWh, sawdust 18,048 MWh, other industrial wood waste 7,833 MWh and hardwood chips 35,617 MWh.

In 2022, the Riihimäki unit's bioenergy boiler produced 70 GWh of heat. The main fuel used was spruce bark mixed with drier fractions to obtain a suitable moisture content. In 2022, the Riihimäki heating plant emitted 27,518 tn of CO₂, 7.23 tn of particulate matter and 40.1 tn of NO_X. The ashes from the Riihimäki heating plant have been delivered to Metsäsairila Oy in Mikkeli and GRK Infra Oy in Punkalaidun.

Volume of hazardous waste in the Vierumäki unit



Hazardous waste

Most of the hazardous waste is sawdust from impregnated wood. In 2021, the amount of hazardous waste increased due to the emptying of the safety ponds of the impregnation plant planned for demolition in Vierumäki. In 2022, no emptying took place and the amount of hazardous waste in Vierumäki was 50 tonnes.



Through the Versowood entrepreneurial partnership, we support local entrepreneurship

We take a long-term approach with our entrepreneur-partners and commit to common goals. We value our partners' expertise and want our partners to develop their activities as well. Together we find the best solutions to challenges.

Going forward, we want to grow our partnership programme and engage our subcontractors more strongly in a common approach. We have therefore launched a development effort to identify success factors and to conceptualise and communicate a training model to all our entrepreneurial partners. We want to bring best practices into a common way of working for all - ensuring that we continue to be the first choice for forest owners. The concept will be developed by 2025, and over the next few years it will be rolled out to all Versowood entrepreneur partners.

We will also require that subcontractors' staff are taken care of in terms of safety at work and skills, for example. In the Code of Conduct, we define the responsibility requirements for suppliers, as we want to work with responsible partners. By 2025, all our subcontractors must be committed to our sustainability standards or equivalent principles.



This is how we will succeed

- Our aim is that all our subcontracting partners are committed to our Code of Conduct or similar principles.
- We conceptualise and communicate to Versowood contractor partners a common approach by 2025
- We measure and develop the duration of partnerships



Metsä-Multia to pilot a new operating model

The first Versowood entrepreneurial agreement was signed with Metsä-Multia, a company based in Multia, Central Finland. Metsä-Multia, which has been harvesting wood for more than forty years in central Finland, is a family business run by brothers Aki and Kai Laaja since the change of generation in 2002. Over the years, the company has grown from a business of two harvesters and forwarders into a major service organisation, employing 106 forestry professionals.

The aim is to move to a model in which responsibility for operations lies not with individual harvesting chains but with a larger company in the sector. In connection with this, an agreement was concluded at the beginning of October, whereby Metsä-Multia will be responsible for the harvests in sourcing district 11.

“We are working towards a model in which entrepreneurs can plan their own resources more cost-effectively and freely, and operate their equipment in an appropriate and flexible way,” explains Pauli Otava, Procurement Director at Versowood.

Read more from our Versio magazine (2/2022):
<https://789c0735.flowpaper.com/Version22022/#page=22>



We create life around us and care about our employees and our community

People stay with us a long time

We value our employees and want to offer them a place where it's good to work. Versowood's strengths include a low hierarchy and management that is involved in the day-to-day operations. Family ownership allows for quick decision-making, and our owner is heavily invested in the company and its development.

At Versowood, we offer our staff a wide range of opportunities to learn and develop at work. We are a group of Finnish, highly competent professionals, visionaries, engineers and experts doing what we love and believe in. Our mission is to create wood solutions that will change the world. As a Finnish family business, our work comes from the heart, without compromise and with expert care.

Ensuring safety at work is one of the key issues in ensuring the well-being of our employees. We have successfully reduced the frequency of absenteeism due to accidents among our own staff from 42 in 2016 to 18.5 in 2022.

Versowood has zero tolerance for all forms of workplace harassment, and any allegation of harassment is always addressed with a very low threshold. In our latest anti-harassment campaign, we focused on respectful behaviour for all.

In occupational health, we focus on preventive action, which also accounts for around 70% of our occupational health care costs.



This is how we will succeed

- We ensure that Versowood remains the first choice of forest owners to sell timber to - we measure our Net Promoter Score (NPS)
- We strengthen our employer image and strive to keep our employer rating high (eNPS)





Continuous development of wood expertise

Management training

Every autumn, Versowood starts an apprenticeship in the specialist vocational qualification in First-Level Management in Production, which is intended for people who manage work as a supervisor or in a specialist role. Every year, between 15 and 20 people start the training. In addition, annual management days provide training and refresher courses in areas such as work performance management, safety management, employment contract law and safety law. We also organise targeted training for smaller groups where necessary.

Apprenticeship training

Versowood Oy supports the development of skills in the sector, for example, through apprenticeship training leading to a degree. The training lasts about two years and during this time the trainee can specialise in electrical/automation or mechanical maintenance of a production line in the mechanical forest industry. The apprenticeship can be completed at the Riihimäki, Hankasalmi or Otava sites. Versowood's partner in the training courses is Gradia Education Services.

During the training programme, the trainee will work as part of the production and maintenance staff in an agreed Versowood unit. In addition to on-the-job training, the training includes theoretical instruction according to an individual study plan. In addition, we start an annual group for a professional qualification in sawmilling, and through this qualification you can apply for a degree in engineering.

We also offer recruitment training and Finnish language training for immigrants - we organise language training for different nationalities as needed, in cooperation with the High School of Itä-Häme College.

Sustainability report 2023





Important Numbers for Versowood personnel management (2022)

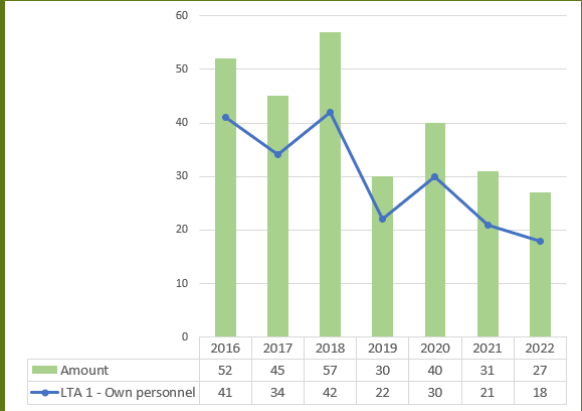
Personnel: 875

Men 777 (88.8%) Women 98 (11.2%)

Job satisfaction: 87% of the staff are very satisfied or fairly satisfied with their workplace at Versowood

Absences due to illness: 5.34 %

Accident frequency: 18.4 occupational accidents leading to absenteeism per million working hours. The figure shows the development of accident frequency 2016-2022





Versowood operates in 13 locations in Finland

Life around us - lively local communities

Local well-being is important to us, and we want to bear our responsibility as a significant employer. We currently employ around 900 people in 13 locations in Finland.

We especially support local sports clubs and organisations, and we also organise local events, such as the annual Open House event. It is important to us that regions are vibrant and developing. We need workers and people need a livelihood and a community that can offer not only basic services, but also stimulation. We believe in happy employees and satisfied customers.

Supporting good forest use together with forest owners

It is also important for us to offer a valuable use that respects the raw material for the wood sold to us by the forest owners. Versowood's 50 top experts in the forestry sector help forest owners in matters related to both wood sales and forest management. In responsible forest management, both the profit expectations of the forest owner and nature values and natural diversity are taken into account.

Planting seedlings in wastelands

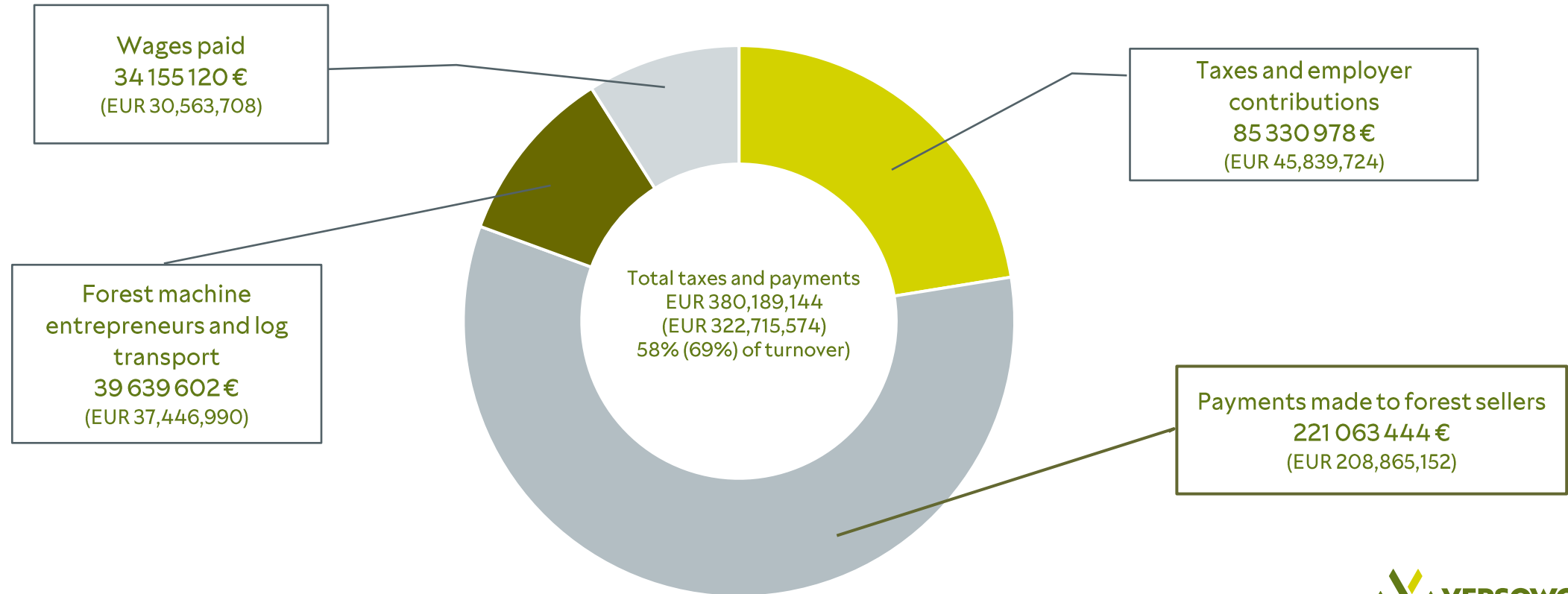
The goal of our seedling campaign is to plant at least 10,000 saplings on wasteland every year. In the years 2020-2022, we have done this together, e.g. with schoolchildren from Riihimäki, Heinola and Hämeenlinna. In addition to this, we plant 850,000 trees every year.





Versowood Oy's financial importance in different regions in the fiscal year 30.6.22

Versowood Oy's financial importance in different regions in the fiscal year 30.6.22



An outdoor living room for one and all under construction in Hartola

Known by its working name of Hartolan Olohuone, the joint project of the Mannerheim League for Child Welfare and the Hartola club of the Martha Association has its beginnings in the municipality's wish that the two associations would landscape the plots of two torn-down blocks of flats. As a collective effort by volunteers, a pump track, cherry tree park and three fire pits under sizeable gazebos are all located right at the centre of the town of Hartola, next to a daycare centre. In addition, a cherry orchard will be planted.

“The idea is to increase our community spirit. And to have a place in which every resident, from children to the elderly, feels comfortable, right in the middle of various activities and peaceful spots,” says Raija Ritomaa-Järvinen, one of the project's organisers.

The park's ornamental cherry trees and North Japanese hill cherries will be planted by volunteers, while the gazebos, benches and tables will be built at the town's activity centre. The glulam beams to be used for the gazebos were donated by Versowood.

“We are so happy to get Versowood on board. The donation is big and important, because the project has only modest funding. We hope that, once finished, Olohuone will be seen as a service that increases Hartola's attractiveness and also serves as a positive factor for the employer image of companies operating in the area.”

Read more from our Versio magazine (1/2022):
<https://789c0735.flowpaper.com/Versio12022/#page=28>

Sustainability report 2023





**We are happy to tell you more
about our responsibility work!**



Contact details:

Ville Kopra, Chief Executive Officer
ville.kopra@versowood.fi

Matti Iso-Kuusela, Sales Director
+358 50 358 7160
matti.iso-kuusela@versowood.fi

Pauli Otava, Procurement Director, Forestry Department
+358 40 025 2870
pauli.otava@versowood.fi

Riikka Yli-Leskijärvi, HR Director
riikka.yli-leskijarvi@versowood.fi



Thank you!