Sustainability Report

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Sustainability Report

Vida is one of Sweden's largest players in the forest and wood products industry with close to 1,100 employees at 18 production plants, including 9 sawmills, in southern Sweden. The company specialises in the production of structural timber for a variety of markets. Approximately 75 percent of Vida's sawn wood products are exported to Europe, the U.S., Australia, Africa and Asia. Our operations include housing construction, packaging production, bedding and pellet production, and biofuel operations.

Vida Forest is the Group's purchasing company with some 40 local wood purchasers. A total of approximately 3.9 million m³u.b. (measured under bark) of roundwood is acquired annually, of which 3.3 million is from our range of sawn wood. The majority of the raw material is purchased from private forest owners in southern Sweden. In addition to the purchasing function, Vida Forest offers a full range of forestry services and professional advisory services to forest owners.

Vida Wood sells and supplies sawn timber that has been processed at the Group's nine sawmills in Borgstena, Hjältevad, Hestra, Hästveda, Alvesta, Vislanda, Urshult, Nössemark and Tranemo. 75 percent of production is exported to five continents.

Vida Building is a trusted supplier of building elements and finished modules in wood. It serves customers such as building contractors, developers and architects, mainly in Sweden, Germany, England and Holland.

Vida Energy is one of the country's major biofuels players and leads the Group's investments in the bioenergy market. By making use of the wood and wood waste produced both during felling and downstream processing in the sawmills, we can convert them into value-adding, energy-efficient products based on renewable energy, such as whole-tree chips, stemwood chips and pellets. Business activities include purchasing, processing, storage and sales.

Vida Packaging is a leading advanced manufacturer of wood packaging in the Nordic region producing pallets, pallet collars, cable drums and more. Through a network of production facilities and a wide product range, customers get a complete logistics solution. Our facilities are geographically dispersed across Sweden, providing both proximity to the customer and economies of scale as well as efficient production.

Vida reports on four prioritised sustainability areas:

- Environment
- Employees
- Social conditions and human rights
- Anti-corruption

Environment

Vida aims to reduce the burden on our environment through the decisions we make each day. This means that throughout the process – from forest to production and sales through to distribution to the customer – we continuously strive to reduce our overall environmental impact in close cooperation with our employees, customers and suppliers.

Vida's operations are based on renewable, recyclable and biodegradable raw materials – trees – which also capture large amounts of carbon dioxide while they grow in the forest. Wood is an amazing material, since virtually 100 percent of it can be used. In addition to sawn timber, wood can be used to produce pellets and animal bedding from shavings, cellulose chips for the pulp industry, and fuel products for Vida's own energy production and for sales to energy companies.

Our facilities are strategically located close to the raw material, resulting in short distances and thus environmentally efficient transport. A substantial proportion of our finished goods are transported by rail and boat. For rail transport, Vida exclusively uses the company's own trains.

Vida helps to reduce carbon footprint

In Sweden, at least two trees are planted for each one felled. Even with a conservative estimate using a ratio of one tree felled to one that is planted and grows to its full age, we can achieve a negative footprint because a growing forest takes up carbon dioxide. Our harvesting, production and distribution emit less carbon dioxide than the growing forest captures. Vida is thus able to have a negative carbon footprint.

The Group's energy consumption

The majority of Vida's energy consumption is biofuel-based, with fuel generated from its own production. We have conducted energy audits for all our units and have created the appropriate action plans. We follow key performance indicators for the consumption of heat, electricity and diesel per unit of output, with the goal of continuously becoming more energy efficient.

Environmental policy

Vida's environmental policy is a governing document at a responsible company that always strives to reduce its impact on the environment. Vida participates in several projects engaged in the transition to a sustainable fossil-free world. Based on current permitting under the Environmental Code, we work continuously to reduce emissions to the atmosphere from our solid fuel boilers, minimise emissions to water from forest irrigation, reduce noise levels near our production sites, and responsibly handle chemical products and waste.

Certifications

Vida is certified to FSC[®] and PEFC[™] standards. This means that we conduct responsible forest operations and only buy raw materials that come from sustainable forestry. Vida offers forest owners certification according to both PEFC and FSC through Prosilva Skogscertifiering AB. Both Vida and its certified suppliers are audited by internal and external auditors.



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Employees

Vida offers many stimulating jobs within a wide range of professions. Some of our staff have their roots in the field of forestry, but many have completely different educational backgrounds and experiences. We employ approximately 1,100 people.

A strong company with sound values

The people who work at Vida are part of a strong company that promotes sound values, such as a long-term mindset, quality, and a sharp focus on the environment. The company has a flat organisational structure, with short decision-making paths and plenty of opportunity for each employee to influence their own tasks and professional development. At Vida, our top priority is our staff's motivation and commitment.

Vida's key asset

Vida's employees are the most important asset the company has. As a responsible and attractive em-

ployer, Vida focuses on dedicated employees who can thrive and develop in the workplace. We place an extra focus on a safe and healthy workplace, employee development opportunities and wellbeing, and we share common values.

Vida is also a responsible company when it comes to staff-related issues and constantly strives to be an attractive, responsible employer. Accidents and incidents must be reported, remedied and followed up on an ongoing basis.

Social conditions and human rights

Vida respects people's rights and complies with international labour standards as set out in the UN Declaration on Human Rights and in the Core Conventions of the International Labour Organization (ILO).

Vida does not accept child labour in any form, nor forced labour or other involuntary work. Discrimination on the grounds of race, religion, political opinion, gender, age, nationality, sexual orientation or disability is not tolerated.

Employees have the full right to organise, join or refrain from joining trade unions.

Vida works on improving social conditions and human rights in our areas of operation by raising awareness of our core values and providing training to our staff.

Anti-corruption

Vida's employees may not receive or give personal gifts or other benefits from or to third parties that the company has a business relationship with, and they may not participate in representation beyond the regular business activities.

Vida assesses that there is little risk of employees being exposed to corruption or corruption-like situations. Vida's core value efforts and training for particularly exposed groups further reduces the risk.



The 2030 Agenda and Vida's goals

In September 2015, the world's heads of state and government officials adopted an ambitious, universal development agenda. The 2030 Agenda consists of 17 sustainable development goals (SDGs) aimed at eradicating poverty, combatting climate change, and creating peaceful and safe communities. These SDGs are to be reached by 2030.

Vida has identified six of the 17 SDGs that are of particular concern to the business and which we are able to impact for the better. We first describe the purpose of the SDG below in accordance with the UN Association of Sweden, and we then describe how Vida contributes to achieving the SDG. In some areas, the company has also formulated its own goals.

The six SDGs are:



Affordable and clean energy

"Ensure access to affordable, reliable, sustainable and modern energy."

Vida is a major producer of biofuels. Through Vida Energy, forest biomass is purchased and delivered to most of the local heating plants in southern Sweden. The company follows government recommendations in the effort to make use of the potential fuel products that can be produced from felling.

All by-products obtained at the sawmills are utilised. Bark, shavings and woodchips are combusted in the Group's biofuel boilers, and the resulting heat is used for wood drying, as heat for our factories and to supply district heating to the surrounding communities. Our biofuel surplus is resold to heat producers. Vida Energy manufactures pellets from wood shavings in-house. In total, the energy output from byproducts was approximately 2.2 TWh in 2019.

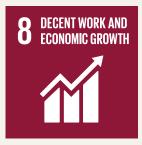
Decent work and economic growth

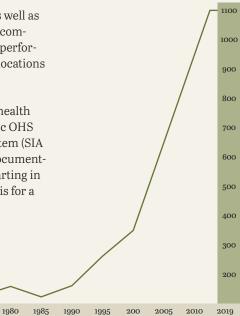
"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."

Vida's vision is to grow, and our intention is for the company as well as employees to develop and grow over time. Since the 1970s, the company has experienced continuous growth and strong financial performance. Today, Vida is a secure long-term employer in smaller locations where we run our operations.

Vida's workplaces must be safe. Each company's occupational health and safety (OHS) portal describes and documents its systematic OHS efforts. Accidents and incidents are reported in a common system (SIA and WIA), in which actions and follow-up measures are also documented – all with the goal of preventing accidents and incidents. Starting in 2020, lost-workday injuries will be monitored, forming the basis for a more specifically defined target in 2021.







Vida's expansion during 1976–2019 in number of employees

1976



Sustainable cities and communities

"Make cities and human settlements inclusive, safe, resilient and sustainable."

Vida Building is a supplier of pre-fabricated houses with wooden frames that use wood from Vida's sawmills. The proximity to our sawmills, which saw locally sourced raw materials, means short transport distances. Many studies show that houses with wooden frames provide a lower carbon footprint, and wood is a lightweight building material that requires less energy for transport.

Homes built by Vida Building have a low energy consumption thanks to their superior build quality, tight sealing and high insulation levels. Each and every construction project aims to exceed the applicable energy standards by a wide margin.

Construction in wood reduces direct greenhouse gas emissions in relation to the more climate-intensive material production of materials like steel and concrete. A wooden house produces about half as much carbon dioxide emissions as a house made in concrete. In addition, indirect emissions can be reduced by up to 50 percent through more efficient construction processes, less waste and circular flows. Wood is a renewable resource that stores carbon dioxide, and the forest used is replaced by new forests that grow and capture more carbon dioxide. The majority of all the wood Vida Building uses for its houses is certified to PEFC or FSC.

Vida Building is actively involved in research and development to increase the construction of taller houses with wooden frames. Examples are our involvement in CBBT, a Swedish research centre for construction and building in wood, and various projects including Bioinnovation, KK projects, and collaboration with universities and colleges.

• Vida Building's goal for 2021 is to obtain Nordic Swan Ecolabel certification for its prefabricated apartment building "Eden".

11 SUSTAINABLE CITIES AND COMMUNITIES





Responsible consumption and production

"Ensure sustainable consumption and production patterns."

Vida's membership and active participation in the Swedish Forest Industries federation promotes research and development in forestry and wood.

Vida steadfastly pursues energy-efficiency improvements based on the action plans developed as a result of the energy audits implemented during 2016–2019.

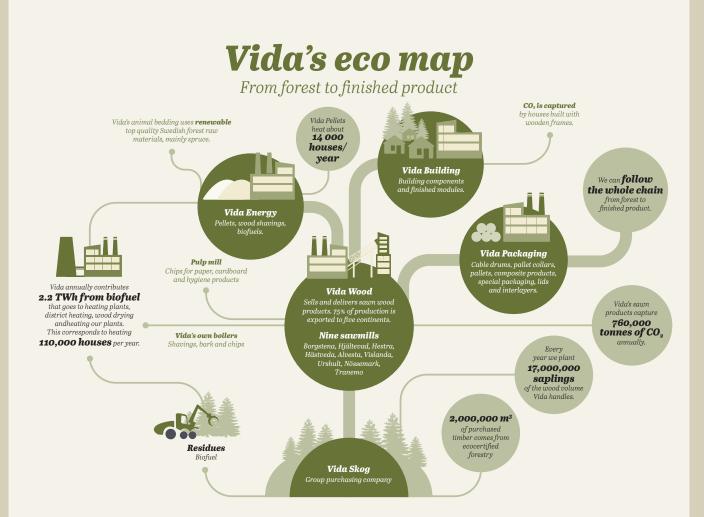
In 2019, electricity consumption at Vida's nine sawmills averaged 62 kWh/m³ sawn goods and heat consumption averaged 260 kWh/m³ sawn timber, a decrease from 2018 levels when electricity consumption was 65 kWh/m³ sawn goods and heat consumption 267 kWh/m³ sawn wood.

Vida has ambitious goals to continue reducing its energy consumption. The actions we will take include:

• Wherever possible, install a heat recovery system for the progressive kilns that currently lack them. All new kilns Vida purchases must be equipped with heat recovery.

Take energy consumption into account when purchasing new equipment.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Climate action

"Take urgent action to combat climate change and its impacts."

Vida will reduce its use of fossil fuels for internal and external transport. At the production facility for pellets and stable bedding, two electric trucks weighing six tonnes each have been used for several years now. Vida Packaging and Vida Building also utilise several lighter-weight electric trucks. Vida's goals for internal transport are:

- In 2020, test a heavier electric truck at the Alvesta sawmill. If the outcome is positive, Vida will be able to purchase more electric trucks or other alternative-fuel vehicles starting in 2021.
- Test palm-oil-free HVO as a fuel at one of our sawmills during 2020–2021 and then evaluate the results.

Vida Forest offers forest management services to to its wood suppliers, including planting, clearing, thinning and soil preparation. Buyers at Vida Forest act as advisors on issues concerning finances, forest management



and forest machinery selection. All in all, the company has a major impact on forestry in our area of operation. Vida Forest strives to have well-trained buyers and contractors who do their work according to established routines. In addition, Vida actively pursues shorter rotation periods while maintaining forest quality, since it is mainly in the growing forest that carbon dioxide is captured. This is done by providing selectively bred plants as well as alternative tree species that possess a higher growth potential. Vida Forest strives to adapt forestry practices as far as possible to the harvest site, meaning adapt the tree species to soil conditions in order to provide the best growth. Shorter rotation periods also provide more forest-based fuel that can replace fossil fuels.



Life on land

"Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss."

The raw materials used in Vida's sawmills are supplied through Vida Forest. Vida Forest buys, fells and transports forest products. The suppliers are both smaller private forest owners and large organisations or forestry companies. Vida Forest buys both the harvesting rights for trees felled under own management and delivery timber that forest owners fell themselves. To ensure that the raw material comes from sustainably managed forests, Vida Forest is certified to FSC and PEFC standards. Simply put, this means that great demands are placed on forest owners who supply timber, pulpwood and fuelwood. The wood must be legally harvested and must not come from key habitats or other protected areas. Felling may also not take place in violation of the rights of indigenous peoples. A major portion of the raw materials purchased come from PEFC- or FSC-certified forests. This entails additional demands for intact ecosystems and biodiversity conservation, including the requirement for forest owners to set aside at least 5 percent of productive land for conservation purposes.

Vida Forest actively strives to increase the number of certified suppliers and it certifies forest owners as agents for Prosilva Forest Certification. In 2019, 64 percent of our purchased timber volume was certified to FSC, PEFC or both.

Alvesta, 10 March 2020

