



Sustainability Report
2020





Sustainability Report

Vida is one of Sweden's largest players in the forest and wood products industry with approximately 1,250 employees at 18 production plants, including 12 sawmills, in southern Sweden. The company mainly specialises in the production of structural timber for a variety of markets. Some 75% of Vida's sawn wood products are exported to Europe, USA, Australia, Africa and Asia. Operations also include housing construction, packaging production, animal bedding and pellet production and biofuel operations.

Vida Forest is the Group's purchasing company with some 45 local timber purchasers. Approximately 4.9 million m³u.b. (measured under bark) of round wood is acquired annually, 3.9 million of which is for our sawn wood product range. 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 wood products that have been processed at the Group's twelve sawmills in Borgstena, Hjaltevad, Hestra, Hästveda, Alvesta, Vislanda, Urshult, Nössemark Orrefors, Mörlunda, Vimmerby and Tranemo. 75% of the production is exported to five continents.

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

Vida Energy is one of Sweden's major biofuel players and leads the Group's investments in the bio-energy

market. By making use of all the wood and wood waste produced both during felling and downstream processing in the sawmills, we can convert these 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 the Nordic region's leading and most advanced manufacturer of wood packaging including pallets, pallet collars, cable drums and more. Through a network of production facilities and a wide product range, we offer our customers a complete logistics solution. Our facilities are geographically dispersed across Sweden, providing proximity to the customer, economies of scale and 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 entire process -- from forest, production and sales, 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 the world's 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 still achieve a negative footprint as 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 the Group'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 irrigation of timber, 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.



The mark of responsible forestry

Employees

Vida has many challenging and stimulating jobs and a wide range of professions. Some of the staff have their roots in the field of forestry, but many have completely different educational backgrounds and experiences. We employ approximately 1,250 employees.

A strong company with sound values

The people who work at Vida are part of a strong company with sound values such as a long-term mindset, quality and a keen 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. Vida's top priority is the motivation and commitment of our people.

Vida's essential asset

Vida's employees are the most important asset

the company has. As a responsible and attractive employer, Vida focuses on ensuring that employees are dedicated, enjoy their work and can develop in the workplace. We are particularly focused on creating a safe and healthy workplace, on employee development opportunities and well-being, and on our shared common values.

Vida is a responsible company when it comes to staff-related issues and constantly strives to be an attractive, responsible employer. Accidents and incidents are 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 of 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 business entertainment in excess of normal business operations.

Vida deems that there is little risk of employees being exposed to corruption or corruption-like situations. Vida's core value efforts and having a

continuous dialogue with particularly exposed groups further reduces this 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 describe the purpose of the SDG below in accordance with the UN Association of Sweden, followed by a description of how Vida contributes to achieving the SDG. In some areas, the company has also formulated its own goals

The six global goals are:

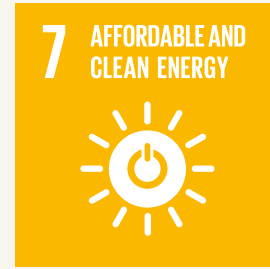


Affordable and clean energy

“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 adheres to government recommendations in its efforts 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 wood chips 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 by-products was approximately 2.8 TWh in 2020.

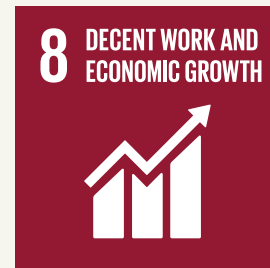


Decent work and economic growth

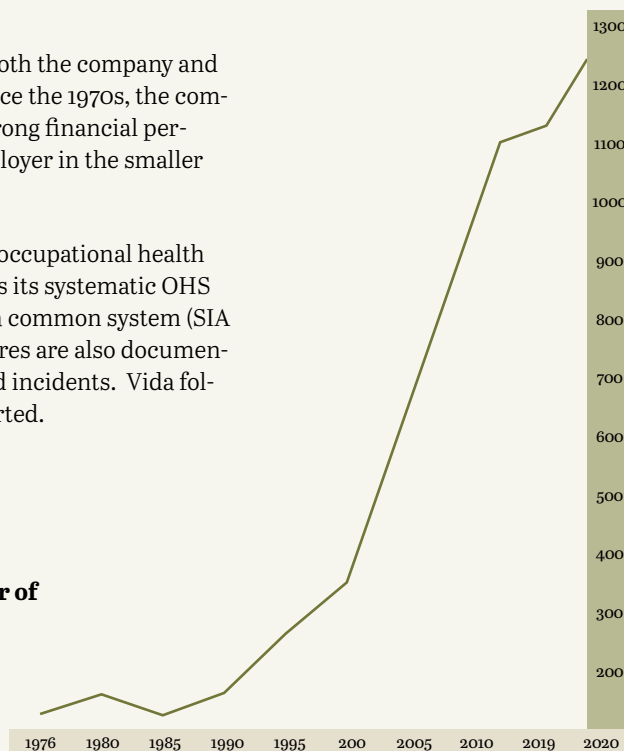
“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”

Vida’s vision is to grow, and our intention is for both the company and its 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 the 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. Vida follows up all accidents and incidents that are reported.



Vida’s expansion from 1976 to 2020 in number of employees





Sustainable cities and communities

“Make cities and human settlements inclusive, safe, resilient and sustainable.”

Vida Building is a supplier of pre-fabricated buildings 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 buildings with wooden frames have a lower climate footprint, and wood is a lightweight building material that requires less energy for transport.

Buildings made 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 such as steel and concrete. A wooden building produces about half as much carbon dioxide emissions as a building 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 buildings is certified to PEFC or FSC standards.

Vida Building is actively involved in research and development to increase the construction of taller buildings 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 is to obtain Nordic Swan Ecolabel certification by 2022, together with the customer, for the construction of its apartment building “Eden”.





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 carried out during 2016–2019.

The table below shows key performance indicators for energy consumption per m³ sawn wood at Vida’s nine sawmills (until 31 August 2020) and subsequently at our twelve sawmills (as of 1 September 2020).

Type of energy	Unit	2018	2019	2020
Electricity	kWh/m ³ sv	65	62	62
Heating (biofuel)	kWh/m ³ sv	267	257	254
Diesel	l/m ³ sv	1,75	1,71	1,70

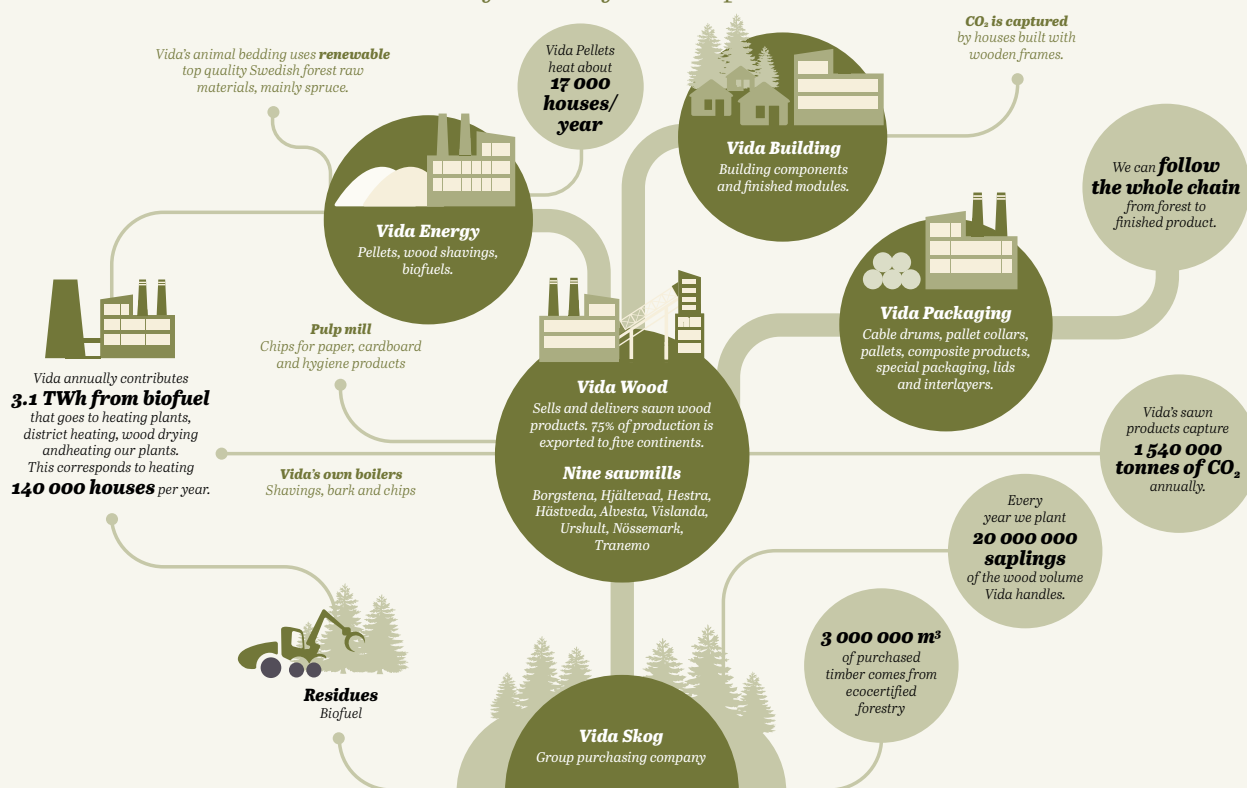


Vida’s goal is to continue to reduce its energy consumption through actions such as:

- In 2021 Vida will evaluate the potential to invest in the production of solar power.
- All new kilns Vida purchases must be equipped with heat recovery.
- Energy consumption must be taken into account when purchasing new equipment.

Vida's eco map

From forest to finished product



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 use several lighter-weight electric trucks. Vida's goals for internal transport are:

- In 2020, a heavier electric truck was ordered for the Tranemo sawmill, for delivery at the beginning of 2021. If the outcome is positive, Vida will purchase more electric trucks or other fossil-fuel-free vehicles.
- Investigate the use of palm-oil-free HVO as a fuel at Vida's sawmills during 2021–2022.
- In 2021, Vida will conduct a felling without any CO₂ emissions and evaluate the results.

Vida Forest offers forest management services to its wood suppliers, including planting, clearing, thinning and ground 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 perform 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 we 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, 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 its 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. Further, felling must 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 five 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 2020, 65 percent of our purchased timber volume was certified to FSC, PEFC standards or both.

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