



VERSOWOOD

Tomorrow is
renewable.

Sustainability report 2024

Versowood is Finland's largest private producer of sawn timber and further processed goods. As a Finnish family business, we are a caring wood trader who listens to the needs of forest owners and customers.



Sustainability report 2024

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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. In order for us to develop our operations together in all the locations where we operate, the whole chain – contractors, transporters and our company’s forest and operations experts – must succeed in their work. We require absolute responsibility from them: harvester and transport machine drivers must act with care in the forest environment, transporters in traffic, and plant area drivers must follow strict safety instructions. Our forest and operations experts must manage the wood trade and harvesting in a responsible manner.

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.

Ville Kopra, Chief Executive Officer, Versowood Oy



Versowood key figures



Founded in 1946



Operating in 15 units:
14 in Finland and 1 in Estonia



Around 900 employees



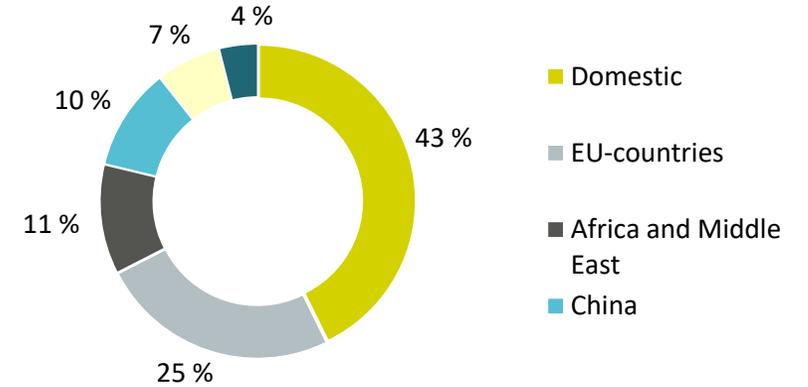
Turnover approximately
483 M€

Operations

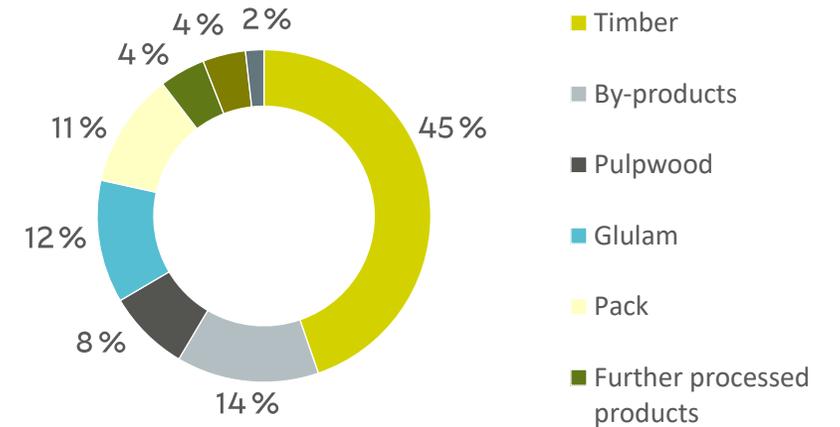
- Sawmill
- Infra
- Glulam
- Energy
- Wood packages
- Wood procurement area
- Hankasalmi
- Otava
- Kissakoski
- Juupajoki
- Hartola
- Vierumäki
- Pori
- Heinola
- Valkeakoski
- Turenki
- Riihimäki
- Muurla



Primary market areas (7/23–6/24)



Turnover by business operation (7/23–6/24)



CREATING THE FUTURE OF FINNISH WOOD

Strategy 2023–2026

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, long-lasting wood products and satisfied customers
- Professional and motivated personnel
- Efficient process management
- Committed partners (forest owners, contractors, partners)

Responsibility at Versowood

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.



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.

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 and we have taken continuous action to reduce emissions in our production and logistics operations. In the future, we will be even more goal-oriented in our climate action.

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 and ensure 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.

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.

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.



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 have focused in particular:

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





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
32%
objective
35%



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
4.8
objective
4.5



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 entrepreneurs

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

now
40%
objective
100%





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

The condition of Finnish forests has improved

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 efficiently, wood can continue to provide wealth and well-being and sequester carbon 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. Most of the wood we buy is PEFC or FSC certified.

It is important to us that forests are used sustainably, taking into account climate targets and biodiversity conservation. We promote these goals in cooperation with our entire industry and participate actively in the projects of the Finnish Forestry Industries Federation and the Finnish Sawmills Association. The biodiversity roadmap completed in 2023 is the wood processing industry’s strategy. Its aims include protecting and strengthening Finnish forest nature, promoting nature positivity and encouraging extensive cooperation with research organisations, forest owners and other stakeholders.

We will increase the share of construction products with the highest possible degree of processing in total sales and keep our moisture content utilisation ratio above the industry average.

Indicators	In 2022	In 2023	Objective
Percentage of certified wood	88%	91%	100%
Share of construction products with the highest possible degree of processing	30%	32%	35%
Moisture content utilisation ratio	1.98	1.95	Below 2.0





A well-managed forest gives the best yield

Finland has the world's most advanced forest legislation, and certifications also secure the principles of sustainable forestry. The economical use of forests is a combination of forest owners' decisions and sustainable forestry, with the aim of ensuring the future yield and long-term viability of the forests. When all management measures in the various phases of the forest cycle, from regeneration to final felling, are carried out well and on time, a good yield of commercial log and a healthy forest can be ensured. Well-timed forestry measures and the methods listed in Finnish Sawmills Association's forest environment programme are recommended to ensure the well-being, biodiversity and economic profitability of the forest.

However, the forest should not be managed excessively and not too early. Thinning makes the forest more robust, but excessive thinning can increase the risk of damage. A forest in poor condition is also prone to damage. A diverse forest with all the species that nature needs is more resistant to insect and wind damage and other impacts of climate change.

Once a forest has been felled, regeneration is essential and should not be delayed. When healthy stocking is planted in a high-quality, rapid growth can be expected. Investments in forestry at various stages of its cycle ensure its sustainability and forest utilisation opportunities also for future generations. These measures do not reduce the forest's yield. Instead, they help the forest owner secure their property and future yield.

A forest plan assists the forest owner in the implementation and scheduling of measures, and Versowood's forest experts and local forestry societies also offer advice.



Sustainable wood procurement

At Versowood, responsible wood procurement means complying with the requirements of Finnish forest legislation, EU regulations and certifications, but also that the company monitors its own operations comprehensively. When necessary, the company also provides various services to its forest owner partners to help them fulfil their obligations.

About 90% of Versowood's wood raw material is sourced from PEFC or FSC certified forests. Certification proves that forests are used responsibly and managed in an environmentally, economically and socially sustainable manner. This ensures that the livelihood of future generations will not be impaired.

For years, the company has already complied with the EU Timber Regulation (EUTR) and ensured that wood procured by Versowood has not been illegally felled. The systems have been prepared well in advance to comply with the entry into force of the EU Deforestation Regulation (EUDR).

Our packaging products are certified

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

More information on our website:

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



Continuous self-monitoring and development efforts

Versowood uses a comprehensive self-monitoring system that assesses, measures, verifies and documents the organisation's operations and the state of forest nature after felling. Each year, approximately one hundred sites where the company has carried out forest handling measures, are inspected by means of random sampling. The inspection covers all stages from the forest use report to the quality of harvesting work. Any deviations are addressed immediately.

In its operations, the company is committed to complying both with the Finnish Sawmills Association's forest environment programme and the biodiversity roadmap programme of the Finnish Forestry Industries Federation. The aim of these programmes is to improve the vitality of forests and increase the spectrum of species.

Wood procurement personnel and also forest owners and entrepreneurs are trained within the framework of these programmes. Measures aimed at managing forest nature and improving its state include a project focusing on small water bodies, a retention tree training project and an online course on the forest environment programme.



We actively develop our operations to become more future-proof

It is important for us to look far into the future, not just tomorrow but the day after tomorrow, and from one generation to the next.

At Versowood, we have been implementing various measures to reduce our emissions for several years now, and we are a member of the Finnish Forest Industries Federation's energy efficiency agreement.

We have calculated the total carbon footprint of our operations (Scope 1–3 categories) in accordance with the GHG protocol. Versowood's carbon footprint increased slightly from 2022 to 2023. There was no significant change in the emissions of our own operations (Scope 1–2), but the emissions of the value chain (Scope 3) increased. The biggest change in the value chain's emissions was caused by higher transport volumes and increased emissions. Value chain emissions also accounted for most of the total emissions. However, the fuel consumption of Versowood's own vehicles and machinery and the emissions of contractors' machinery decreased.

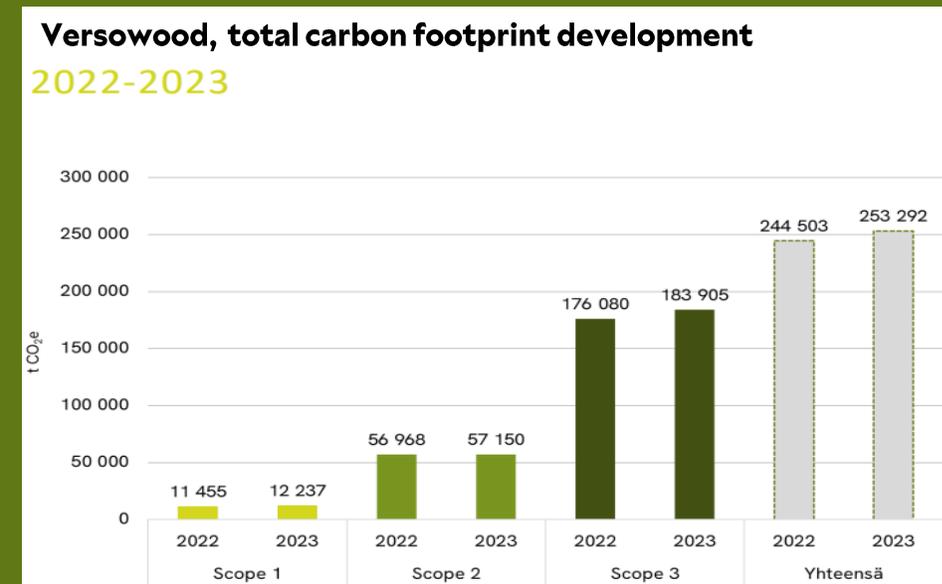
We invest in responsibility and product development. We have improved material efficiency in our processes and we will start using biofuels in work machines at the Otava sawmill. We are also developing new joining techniques and glulam modular construction. Wood construction plays a key role in combating climate change, and we are determined to be strongly involved in this green transition.

More recycling and a smaller carbon footprint

Sawn timber is very often protected with a plastic hood or wrapping for storage and transport. The hoods and wrappers of Myrskylä-based Art-Pak are made from recycled material that Versowood has been using for years. The share of recycled material of the total weight hood has increased from 52% to 77%, which means a 30% reduction in the carbon footprint.

Sustainability report 2024 | Our operations

Our goal is to implement measures to increase energy efficiency and reduce emissions at our production facilities by 2030. We will also continue to carry out product-specific Life Cycle Assessments (LCAs) and our aim is to complete the LCAs of all our main products by 2030.



* 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.

Read more about Versowood's carbon footprint calculation:

https://www.versowood.fi/application/files/4817/1886/7890/Versowood_GHG_2022-2023_FIN.pdf



Investments in renewable energy

In late 2023, Versowood acquired the business operations of Vapo Terra Oy's Turenki pellet plant. The pellet factory in Turenki is a modern plant, built in the 1990s, with an annual production volume of approximately 35,000 tonnes of pellets. The plant has been using raw material from the Riihimäki sawmill for twenty years and will continue to do so in the future. The drill dryer located in Turenki enables the use of wet spruce sawdust.

In connection with the transaction, the acquisition of the Vilppula pellet factory was also negotiated. This equipment acquisition will also enable the use of wet sawdust at the Vierumäki plant. A wire dryer that uses heat and flue gases to dry the sawdust and three presses will be installed in Vierumäki. With the Turenki unit and the expansion of the pellet factory in Vierumäki, the Group's pellet production will increase from 65,000 tonnes to approximately 150,000 tonnes by 2026.

These acquisitions are a step towards the strategic goal of increasing the production of renewable fuel, that is, pellets. Pellets are an excellent addition to, for example, an electric boiler, and new plants utilising pellets are being planned.

Read more in our Versio magazine (1/2024):

<https://789c0735.flowpaper.com/Versio12024fiweb2/>



Turenki pellet plant



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 sawmill to receive log raw material from as close as possible. In addition, since our 14 production sites are geographically close to each other, internal transport distances are short. Our future aim is 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 and implement a sustainable refurbishment strategy, which means that in connection with every project we carry out, we investigate and take the necessary measures.

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.



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 investment in X-ray equipment, we had to use various bark coefficients. In winter, the measurement error caused by snow and ice and in summer, the partial bark shedding caused errors in the measurement.

This means that fewer cubic metres of logs need to be used per each cubic metre of sawn timber produced. In addition, the accurate measurement of logs and real-time information on log stock levels makes planning easier. Even the control of forest operations is improved when the stock situation is real-time and its accuracy can be relied on.



Investments in Otava heating plant

The 14 MWh biomass boiler built in Otava in 2023 replaced the former 6 MW boiler and remained alongside the current 10 MW boiler to secure the unit's energy security and help prepare for increasing production volumes and the sale of district heat.

The heating plant dries the wood produced at the sawmill and provides heating for industrial properties in the area. In addition, the new capacity will enable the production of district heating for nearby areas. The plant is fuelled with spruce bark, a by-product generated by the sawmill.

The plant is equipped with a Unicon Bag Filter flue gas cleaning system and a PlantSys digital service platform. The cleaning system significantly reduces fine particle emissions, which also improves air quality around the sawmill. The service platform, in turn, ensures the efficient and reliable operation of the energy system.

The modernisation of Otava sawmill ensures uninterrupted heat production at the plant and serves as the basis for increasing the sawmill's production volumes. KPA Unicon was responsible for the delivery of a complete set of smart and environmentally friendly energy solutions.





Vierumäki, Riihimäki, Otava and Hankasalmi heating plants

We make use of every part of the wood raw material – right down to the smallest mound of sawdust. For example, since we use and sell by-product streams and forestry residues for heat production, we act as a Finnish energy provider.

Heat produced with forestry residues and bark can be used to replace district heating produced with coal and oil. In addition to their own production, Versowood's heating plants also produce heating for other properties close by in Vierumäki and Riihimäki.

Heating plant	In 2022 (MWh)	In 2023 (MWh)
Vierumäki biomass boilers	173,985	183,616
Bark	112,531	117,523
Sawdust	18,048	240
Other wood-based	43,406	65,853
Riihimäki biomass boiler	70,452	71,340
Bark	38,165	40,743
Sawdust	11,476	13,025
Other wood-based	20,811	17,572

Heating plant	In 2022 (MWh)	In 2023 (MWh)
Otava biomass boiler	83,239	75,873
Bark	38,954	35,939
Sawdust	11,029	9,653
Other wood-based	33,256	30,281
Hankasalmi biomass boiler	95,911	93,233
Bark	68,648	66,731
Sawdust	-	-
Other wood-based	27,263	26,502





Emissions from heating plants

We continuously develop and invest in better technology at our heating plants. This enables us to reduce the amount of emissions generated to the environment as production increases.

Plant	In 2022 (t)	In 2023 (t)
Vierumäki unit		
Carbon dioxide (CO ₂)	55,604.2	54,926.5
Fine particles	15.5	9.5
Nitrogen oxides (NO _x /NO ₂)	42.7	42.2
Sulphur oxides (SO _x /SO ₂)	3.7	3.5
Riihimäki unit		
Carbon dioxide (CO ₂)	28,360.7	28,725.3
Fine particles	7.8	3.4
Nitrogen oxides (NO _x /NO ₂)	42.3	40.0
Sulphur oxides (SO _x /SO ₂)	-	1.0

Plant	In 2022 (t)	In 2023 (t)
Otava unit		
Carbon dioxide (CO ₂)	32,512.0	29,636.3
Fine particles	33.0	30.0
Nitrogen oxides (NO _x /NO ₂)	30.6	27.9
Sulphur oxides (SO _x /SO ₂)	-	1.4
Hankasalmi unit		
Carbon dioxide (CO ₂)	38,412.6	36,412.6
Fine particles	2.0	1.9
Nitrogen oxides (NO _x /NO ₂)	33.4	31.9
Sulphur oxides (SO _x /SO ₂)	0.5	0.5

Hazardous waste

Most of the hazardous waste generated in production plants is sawdust from impregnated wood.

In Vierumäki, the volume of hazardous waste has decreased considerably since 2022. The volume has been greatly influenced by various kinds of waste treatment measures and, for example, the reuse of creosote in the process, which has meant that there has been no need to send it elsewhere to be treated as waste.

In Riihimäki, the volume of hazardous waste has increased from 2022 due to old impregnated railway sleepers being sent elsewhere to be treated as waste.

Development of the amount of hazardous waste in the unit	In 2022 (t)	In 2023 (t)
Vierumäki unit	50.0	8.4
Riihimäki unit	4.5	14.0

Waste management at units is continuously developed by directing an increasing amount of waste for recovery and by providing training for the personnel in waste matters. Waste collection points have been arranged to make the sorting of waste as easy as possible at the source.

The total amount of waste varies somewhat depending on the utilisation rate of operations. Most by-products generated in operations are utilised as energy either in our own heating plant or in other heating plants, or as raw material.

The ashes from the Riihimäki and Vierumäki heating plants are delivered to Metsäsairila Oy in Mikkeli and partly also to GRK Infra Oy in Punkalaidun.



Key figures of Versowood personnel management

At present, the percentage of men in our work community is 89.1% and that of women, 10.9%. We focus on promoting equality and non-discrimination in our personnel management.

According to our job satisfaction survey, the majority of staff members are very satisfied or fairly satisfied with their workplace at Versowood. Absences due to illness and the frequency of accidents have declined in recent years.

Personnel in figures	Fiscal year 07/23–06/24
Total number of employees (persons)	897
Average age (years)	41.5
Average length of employment (years)	11.9
Job satisfaction (%)	86
Absences due to illness (%)	4.11
Accident frequency (ratio of accidents to hours worked, calculated per million hours worked)	6.0



The figures tell of success in occupational safety

At Versowood, the number of lost time incidents has seen a downward trend for the past seven years. The frequency of lost time incidents has decreased from 42 in 2016 to 8.7 in the last fiscal year (07/23–06/24).

The most important reason for this is the change in the most important occupational safety factor – attitudes.

Occupational safety is something we do over again, every day

Training has been provided to improve occupational safety and attention has been paid to protective equipment. In addition to starting safety sessions, we have implemented safety rounds, risk assessments and incident investigations, and introduced electronic reporting procedures for recording safety observations. We have also invested in training for work supervisors and inducting new employees. Order and high quality go hand in hand with safety. The group has created a strong and coherent safety culture, which is a core element of a safe workplace.

Replacing old habits with new ones does not happen overnight, but it has started to bear fruit. Ensuring safety at work is one of the key issues in ensuring the well-being of our employees.



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 good workplace. 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 invests heavily 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.

Versowood's goal is to maintain its position as the first choice among forest owners when they are looking for a partner to sell wood. To achieve this goal, we monitor customer satisfaction and Net Promoter Score (NPS) on a continuous basis. In addition, we actively strive to strengthen our employer image and maintain a high employee Net Promoter Score (eNPS). This requires investing in employee experience and working conditions that support employee engagement and employee satisfaction.

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 addition, we focus on preventive activities in occupational health care.



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 takes 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, every year, a group for a professional qualification in sawmilling starts with us, and through this qualification you can apply for a degree in engineering, for example.

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





Versowood operates in 14 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 14 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.

We support good forest use in cooperation 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 forestry. In responsible forestry, both the forest owner's profit expectations and nature values and biodiversity 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 2020–2023, we have done this together with, for example, schoolchildren from Riihimäki, Heinola and Hämeenlinna. In addition to this, we plant 1,000,000 trees every year.





Through the Versowood entrepreneurial partnership, we support local entrepreneurs

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. We can find the best solutions to challenges together. We measure and develop the duration of partnerships.

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 make best practices the common way of working for all. The concept-based training for Versowood entrepreneurial partners will begin in the first half of 2025 and be completed by the end of 2026.

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. During 2025, all our subcontractors must be committed to our sustainability standards or equivalent principles.





Supporting the local community

A new bridge to outdoor activities

Actively used outdoor and recreational area Ohrsaaari got a new bridge at the beginning of April 2024 when a 4-metre-wide and almost 17-metre-long wooden bridge, made by Versowood, was installed in one piece. The new bridge is a tile bridge for vehicle traffic, where the glulam beams on the bridge deck have been fastened against each other with tendon bars.



Accelerating young people's working life skills

For several years now, Versowood has been supporting JA's Yrityskylä activities that aim to develop children and young people's financial and working-life skills through role play and to strengthen their interaction skills and attitudes. Role play experience has been found to have a positive impact on students' working life skills and attitudes towards them, and Versowood wants to inspire young people to participate in social activities, working life, entrepreneurship and managing their own finances. As part of its sustainability work, Versowood signed a new cooperation agreement with the Yrityskylä concept for the period 2024–2027.

Sponsorships

Versowood is involved in team sports, both at the national top level in Finland and at the amateur level, and contributes actively to supporting junior activities and individual sports.

In 2024, we are involved in the junior teams' activities of Tappara, Pelicans, Heinolan Peliitat, Oriveden Ponnistus, Joensuun Maila, Jyväskylän Kirittäret and Mikkelin Jukurit, among others. In addition, we support individual athletes, including heptathlete Vilma Itälinna, competitive sailor Nooa Laukka and biathlete Heikki Laitinen.





Financial review

Versowood Group's fiscal year ended profitably, with an operating margin of 5.2 per cent. Versowood's sawmills and plants have recently been operating normally, and demand has increased after the challenges in autumn 2023. The company's management believes that the toughest times are now over.

Global trends and signs in many markets indicate that there is both an acute need and long-term demand for sawn timber and processed products. However, a shift in the economy would be necessary to accelerate trade. As domestic demand is declining, Versowood has increasingly turned attention to exports and new markets.

In recent years, Versowood's annual investment rate has averaged around EUR 30 million. The plans for the coming fiscal year include the construction of a new head office, projects for a new pallet line in Haukipudas and a coil line in Riihimäki as well as the construction of a planing and cutting line in Vierumäki. Our goal is to gradually increase the volume of sawmilling, which requires investments and determined work.

The goal of investments is to improve the efficiency of operations, keep the production undisturbed and improve the working conditions. Another factor is to reducing the environmental impact.

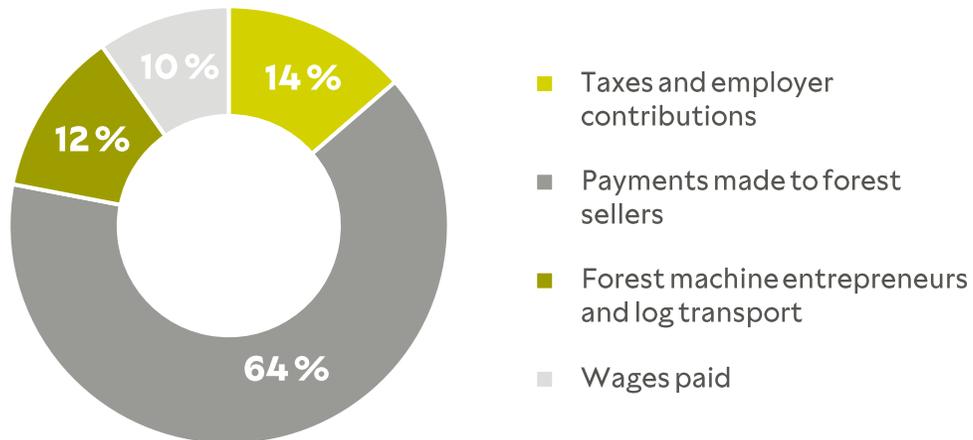




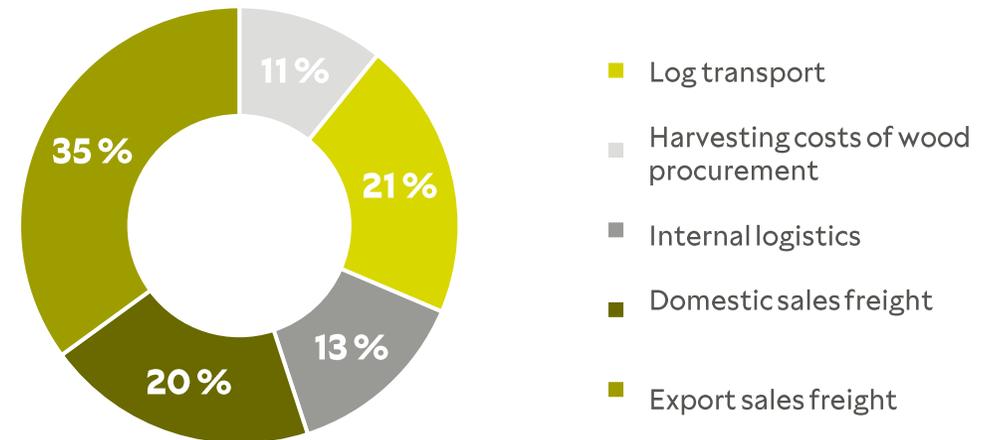
Financial review

Forestry is a significant source of income and an asset for hundreds of thousands of people in Finland. The financial use of forests is a combination of forest owners' decisions and sustainable forestry, with the aim of ensuring the future yield and long-term viability of forests. Taxes and fees paid by Versowood totalled €369,151,035, representing approximately 77% of turnover. Logistics expenses totalled €107,103,800, accounting for approximately 22% of turnover.

Versowood Oy's financial importance in different regions in the fiscal year 07/23–06/24



Versowood Oy's logistics expenses in the fiscal year 07/23–06/24





Towards a new future

New head office

A new head office will be built on the western side of the Vierumäki plant area. The new two-storey, approximately 3,000-square metre head office now under construction is scheduled to be completed by the end of 2025.

The planned head office will be a wooden pavilion located in the forest, which will merge into the forest. The dominant wooden column-beam frame of the building creates an abstract forest atmosphere both inside and outside the building. The building will be a new landmark and a gate that serves both visitors and Versowood employees.

Planetary Architecture, specialising in sustainable, environmentally friendly architecture, is responsible for the design, and Varte Lahti Oy is responsible for the overall contract of the building. The office also serves as a test site for new types of glulam-structured joints and Versowood's customisable wood office concept. The building will not have sprinklers and is to be Leed Platinum certified (highest class).

Sustainability is making progress in wood construction

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 implement a more detailed assessment of our environmental impact across the Versowood Group and our main product groups. On this basis, we can develop our activities further in the field of wood construction and, in the future, support the achievement of the sustainable development goals, important to all of us, in an even more ambitious way.

Sustainability Report 2024 | Towards a new future





Tomorrow is renewable.

Versowood Group Oy

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