

BYGGMA
group

**SUSTAINABILITY
REPORT
2020**

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Introduction from the CEO, Geir Drangslund

Byggma's goal is to develop and deliver sustainable solutions based on renewable raw materials and our unique expertise. Sustainability is a key element of our business model and a natural part of Byggma's overall goals. Byggma's management and the board want sustainability to be a natural part of operations and innovation within the Byggma Group.

Byggma has prioritised 7 of the 17 sustainability goals set out in the UN's 2030 Sustainable Development Agenda. These priorities were set based on the global challenges the world is facing as well as the solutions that Byggma can provide.

The 7 prioritised sustainability goals are: Responsible consumption and production (12), stopping climate change (13), life on land (15), good education (4), sustainable cities and communities (11), decent work and economic growth (8), and industry, innovation and infrastructure (9).

Byggma has a major ongoing project, which may be of national significance for carbon capture, in connection with circular fibre flow for recycling wood. Byggma's management and the board have both given the project a high priority going forward.

The seven sustainability goals we have defined as Byggma's focus goals will be worked on separately. In relation to the sustainability goals, we will give high priority to the environmental factors with emissions to water and emissions to air and the atmosphere.

Best regards,
Geir Drangslund
Chief Executive Officer



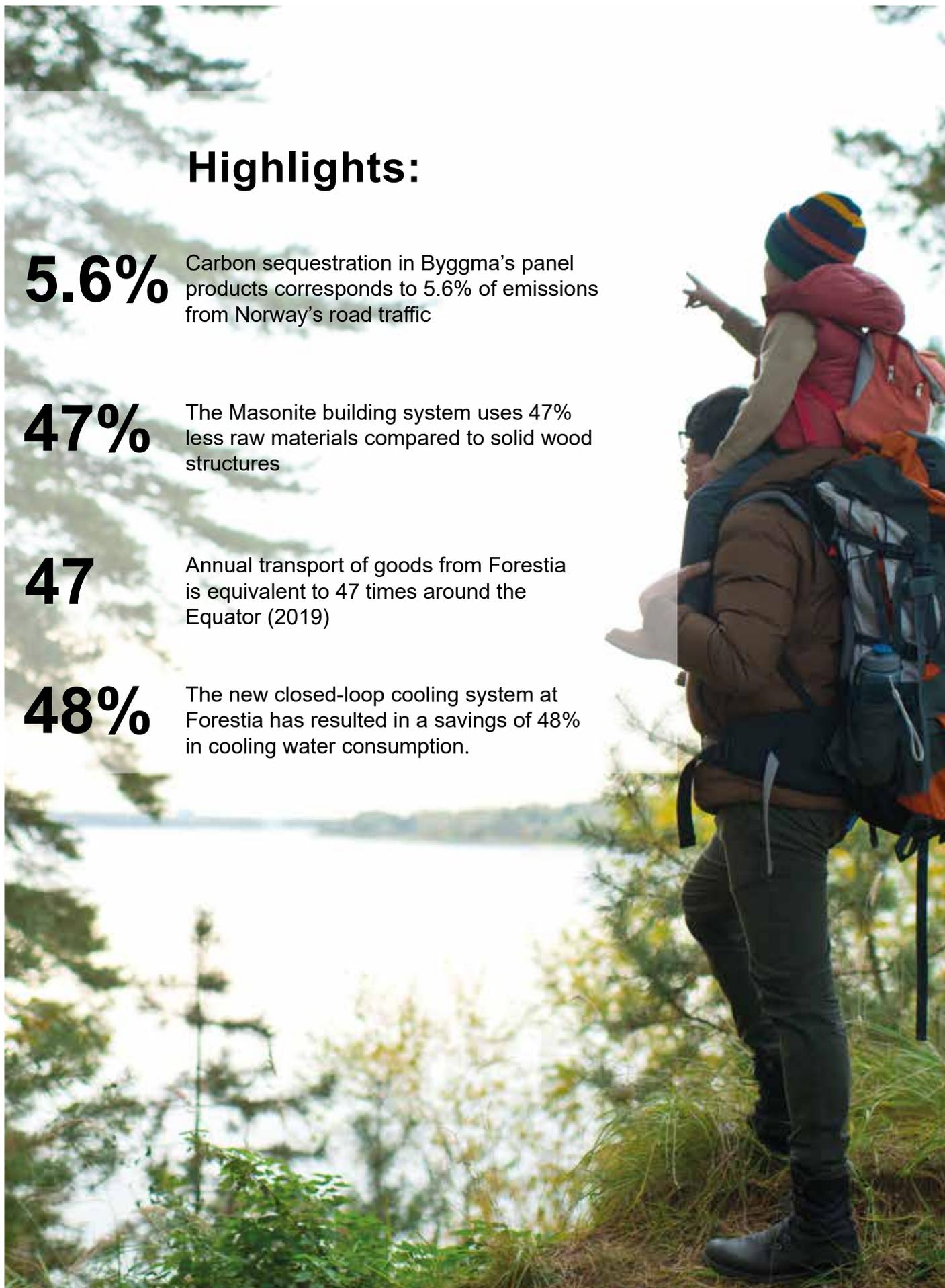
Highlights:

5.6% Carbon sequestration in Byggma's panel products corresponds to 5.6% of emissions from Norway's road traffic

47% The Masonite building system uses 47% less raw materials compared to solid wood structures

47 Annual transport of goods from Forestia is equivalent to 47 times around the Equator (2019)

48% The new closed-loop cooling system at Forestia has resulted in a savings of 48% in cooling water consumption.



Sustainability and responsible business

Byggma is an industrial group that develops and delivers building material solutions in the Scandinavian and Northern European markets. Operations are organised through multiple industrial companies with a shared market-organisation for all brands.

Our business is based largely on using renewable forest materials to create durable products while growing new forests in the harvested areas as a way of contributing to increasing carbon sequestration in products.

Awareness of our own business activities is more important than ever now that we can see climate challenges beginning to take hold. It is important for us to work sustainably. Beyond our financial goals, we need to be aware of our impact on society and the environment

The UN's sustainable development goals

The UN's Agenda-2030 initiative has set 17 sustainability goals for sustainable development. In our work to develop a sustainability strategy, we have chosen to prioritise and work with the following 7 UN sustainable development goals:

<h3>Climate and the environment</h3>	<h3>Individuals and society</h3>	<h3>Business model</h3>
<ul style="list-style-type: none"> * Efficient utilisation of raw materials * Factories located near raw materials * Packaging solutions that minimise waste while still protecting products during transport * Wood-based construction products sequester significant amounts of carbon * Efficient distribution system for transporting goods to customers * The wood we use comes from certified sources or sustainable forestry * Resource-efficient construction methods contribute to good raw material utilisation 	<ul style="list-style-type: none"> * Employees are given opportunities for continued development * Collaboration with schools * Professional education * Continuing education * Factories located near raw materials * Our presence contributes to sustainable cities and communities * Our presence provides other players in the value chain with jobs and income. This helps to create a complete value chain 	<ul style="list-style-type: none"> * Good profitability provides the basis for safe workplaces and company development * We seek out new innovative solutions for a better customer experience and a more profitable and efficient building process * Focus on the triple bottom line in R&D activity * Greater efficiency through continuous improvements and industrial investments

We will also describe our business activities in three main chapters within Climate and the Environment, Society, and our Business Model.



Highlights:

- Byggma's products sequester significant amounts of carbon, which benefits the climate
- Sustainable and renewable raw materials
- We focus on utilising resources efficiently and reducing emissions
- Treatment system for returned wood – a major opportunity

For us, good climate change awareness means that we use all resources efficiently and minimise the impact of our activities on the environment.

Carbon sequestration

Growing forests absorb carbon dioxide from the atmosphere via photosynthesis. In sustainable forestry, we harvest forests as raw materials and then plant new trees to provide the basis for additional carbon binding.

The wood in our products binds with significant amounts of carbon. For this reason, we believe that to use these raw materials responsibly, we have to create products that last a long time. Using wood fibre to create durable products is an important contribution to increasing carbon sequestration in forests and wood-based products.

If we add up all of the carbon sequestered in an annual production cycle of Byggma's products, it would be equivalent to sequestering around

450,000 tonnes of CO₂. This corresponds to 5.6% of CO₂ emissions from road traffic in Norway.

Certified wood

We use large quantities of wood to produce our panels. We procure this as round timber (pulpwood) and as by-products from sawmills. We purchase from sustainable sources and most of this is certified in accordance with PEFC.

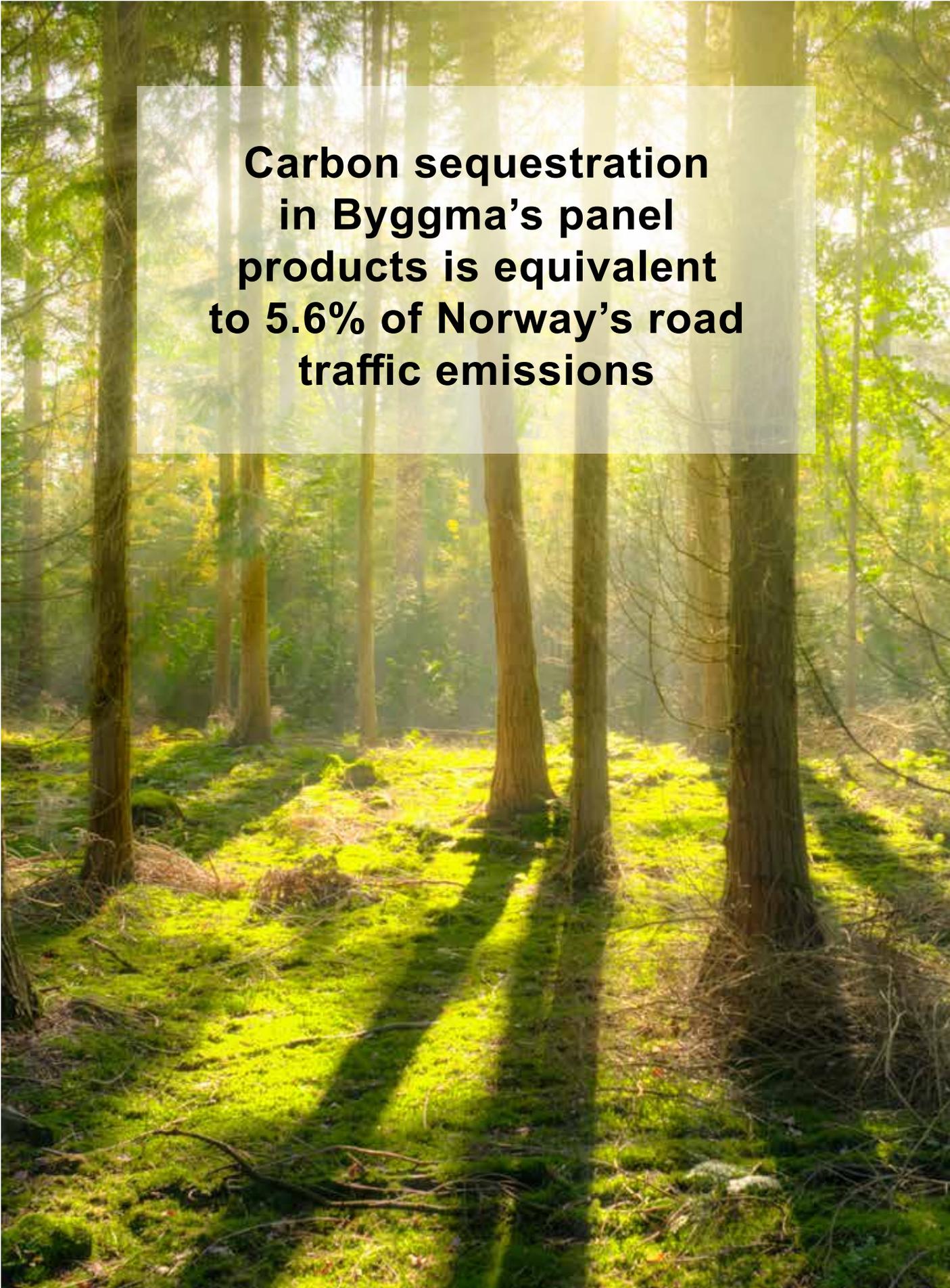
PEFC Traceability Certification provides independent third-party verification that the wood is from sustainable forests. Each stage of manufacturing and distribution must carry traceability certification. If any stage is not certified, the traceability chain is broken and the product cannot be sold as PEFC certified.

Efficient resource utilisation

At Byggma, we are committed to creating products by utilising all resources efficiently.

In this context, we consider raw materials such as those used in production, energy, packaging, transport, and other production input factors. In a broader context, it is also a matter of meeting the customer's needs by developing products that utilise resources efficiently. The products also contribute for increased progress on the construction site, which is of great benefit to society.





**Carbon sequestration
in Byggma's panel
products is equivalent
to 5.6% of Norway's road
traffic emissions**

Raw materials for production

We are committed to making efficient use of raw materials.

That is to say, we have optimised our production procedures to maintain the products' technical properties within the requirements while using a minimum of raw materials. This also involves focusing on reducing process waste and scrapped items in production.

Our goal is to reuse waste streams and we have achieved this on several fronts in recent years. Efficient production also results in a reduction of other inputs.

Example:

In 2019, Forestia invested in a new adhesive system with high-pressure nozzles to distribute adhesive in the wood chips. The traditional mixers that mix the wood chips and adhesive were also replaced with new ones. After an optimisation period, full savings were achieved in the spring of 2020. The new adhesive system significantly improves the distribution of the adhesive while reducing the consumption of adhesive and wood and increasing the quality of the panel products.

An adhesive mixing system for producing chipboard requires large quantities of cooling water. A closed-loop cooling system was installed in connection with the project, which has resulted in a 48% reduction in the consumption of cooling water, measured against the average consumption rate before it was installed. This means that we have reduced water consumption by more than 70,000 m³.

Energy

The factories focus on minimising energy consumption by choosing energy-saving solutions when purchasing motors, lighting, and other equipment if this is sustainable overall.

Example:

Huntonit, the largest consumer of energy in the Group, is certified in accordance with ISO 50001, energy management. Work aimed at reducing energy consumption is ongoing. Over the past five years, specific energy consumption at Huntonit has been reduced by 12%. The biggest contributing factor has been the commissioning of a new energy-efficient wood fibre pulp factory. The project had a total investment framework of NOK 65 million, with ENOVA providing financial support. Equipment will be installed over the next two years to help with heat recovery from our floor presses; it will recover an equivalent of 3 GWh. This project is also supported by ENOVA.

Huntonit also has the option of switching between LNG (natural gas) and electricity for up to 70% of its energy consumption. This could free up valuable capacity for the regional electric grid, which is currently heavily loaded as a result of increased electrification in the automotive and shipping industries.

The LNG system was installed in 2011 and is a significantly more environmentally friendly alternative than the previous system which used heavy oil as an energy carrier.



**Climate-smart:
Did you know that the
Masonite building system uses
47% less
raw materials
than solid wood construction?**



Packaging

Our products need to be packaged in such a way that they are delivered to our customers undamaged under normal handling conditions. But packaging is also a problem in terms of construction site waste and the additional weight to be transported.

In recent years, our shared focus on the environment has been directed at microplastics and the problems related to plastics ending up in nature.

With this in mind, our responsibility is always to minimise the use of packaging and find good solutions.

Some examples of the solutions we use include:

- Packing our panel pallets without using any side packing plates.
- Replacing hardboard with cardboard, which reduces transport weight and gives easier disposal at the construction site
- Using pallet runners instead of pallets
- Using plastic provides effective moisture protection for the products. In situations where we are currently unable to find good alternatives to plastic, we try to use thinner plastic film instead.

Example:

Forestia changed much of its side packaging from particle board to cardboard in the spring of 2020. This has reduced transport weight by approximately 200 tonnes annually and at the same time, it contributes a corresponding reduction in waste on construction sites.

Transport

The Group is continuously working to reduce emissions related to transport. One of the ways we do this is by picking up raw materials locally

whenever possible. We have an efficient transport network out of our factories. Consolidating deliveries to different customers in the same delivery area ensures that capacity is utilised well and results in fewer emissions from distribution. Delivery vehicles should be filled as much as possible when they leave the factory. We are constantly striving to find optimal, environmentally-friendly transport solutions and we require that our transport partners use modern equipment in relation to emissions.

Reducing emissions

The factories have emissions permits from the State Administrator in the respective counties where these issues are regulated. We are also continuously working to reduce emissions from all of our business activities. Stakeholder analyses have been carried out to determine the scope. Our factories are particularly focused on dust, noise, and emissions to the atmosphere and waterways. We work with related action plans to reduce the scope and prevent any undesirable incidents.

The stakeholders here are the employees and neighbours, as well as authorities on various levels.

Sorting and recycling waste.

Waste from production is a waste of resources and we are aiming to reduce the extent of our production waste through purchasing and our business activities. We have set up environmental stations in our factories and offices for sorting recyclable materials.

For several years, Smartpanel has looked at the possibility of turning production waste into spin-off products. When the project started in 2018, we discarded wood chips from production as residual waste. By making this into briquettes, we convert about 800 tonnes of waste into energy every year.



Future opportunities – returned wood – reusing wood waste

The Norwegian forest and timber industry provides important job opportunities in the districts. We also make construction products that sequester significant amounts of carbon and keep that carbon sequestered for the entire service life of the building.

Approximately 1 million tonnes of timber from demolitions is sent to Norwegian landfills every year. This is equivalent to about 2 million m³ of wood, which in turn is equivalent to 15% of the Norwegian felling of forest. This is a resource that can be recycled into new construction products.

We have national targets for material recycling that can only be met by setting up new circular systems in Norway that also include wood.

However, it will take a significant amount of processing to clean timber from demolitions and turn it into new, clean, industrial wood chips.

Over the past several years, Forestia has been working on a project where, by investing in new cleaning technologies, we can use wood from demolitions as an input for chipboard production.

This will, however, require a major investment of approximately NOK 250 million. From an economic point of view, this has not yet proved profitable for the company in isolation, but the outlook will be different with investment support from the authorities.

For this reason, we hope to get support in the form of a government investment so we can make the project a reality – for the benefit of the environment, industrial workplaces, the wood industry, and society in general.

Consumption of wood (1000 m³)

	2019	2020
Forestia	416	441
Huntonit	85	94
Smartpanel	25	26
Masonite	31	28
	557	589

Certified Raw Material (%)

	2019	2020
Byggma	83.6	90.1

Carbon sequestration (equivalent to 1000 tonnes of CO₂)

	2019	2020
Forestia	341.1	361.6
Huntonit	69.6	77.3
Smartpanel	20.3	21.2
Masonite	25.3	22.8
	456.3	482.9

Water consumption (1000 m³)

	2019	2020
Forestia	149	87.0
Huntonit	69.6	77.3

Energy consumption (Gwh)

	2019	2020
Forestia	38.2*	39.6*
Huntonit	91.7*	99.0*
Smartpanel	3.38^	3.48^
Masonite	1.8^	1.6^

* Fossil fuels and electricity. Huntonit can switch 70% of its volume between LNG and electricity

^ Electricity only



Highlights:

- Profitability leads to safe workplaces
- We want to promote equal opportunities
- Employee development
- Reduction in injuries

Employees shall have a safe workplace that is free of injuries, as well as a healthy psycho-social environment based on equality. Health/safety and environmental work is priority number 1.

Skills

Opportunities for employee development are important in order for Byggma to be able to retain its employees. Arrangements shall be made to provide good opportunities for personal development to employees who want them. This will provide motivation, a greater sense of responsibility and Byggma's companies will be attractive workplaces that appeal to talented people.

It is important to maintain good communication with educational institutions, from secondary schools to higher education.

- Apprentices in relevant disciplines.
- Trainee arrangements may be relevant

- if/when the right candidate shows up. We share our expertise with relevant educational institutions. This can be done via direct communication or through participation in various networks.

Byggma's companies are very important companies in their local communities. We have to take into account and facilitate good neighbourhoods, good cooperation with neighbours and local authorities, and contribute to an active local community.

Developing sustainable solutions is a shared responsibility. At Byggma, we strive to have open communication in areas that we can influence in the community. Everyone involved should be able to rely on Byggma's companies to continue to develop in a healthy and profitable manner over time. That is why Byggma will always be receptive to feedback. Feedback helps us to improve and to find out what expectations these groups have of us.

Communication and information

Clear communication can create awareness and engagement amongst everyone involved – both externally and internally. We use various communication channels that are adapted to our information. We must avoid greenwashing and communicating any non-essential topics. Linking Byggma's strategic goals and focus areas to important sustainability topics and the sustainability goals we have chosen will be an important part of our communications.



Integration work

One goal for the Byggma Group is to contribute to both good education and good local communities. In this context, it is important for us to also take care of some of our fellow human beings who might otherwise easily fall out of working life. We have a separate VTA department (Special workplaces for disabled) connected to Scan Lamps where we have 4 supervisors who facilitate a developing working day for 20 users. This department is, among other things, very helpful in producing marketing materials of various kind for the Byggma group and the users have also many tasks associated with Scan Lamps.

Equal opportunity

The Byggma Group aims to be a workplace with full equality between women and men. In its policy, the Group has incorporated conditions regarding discriminatory treatment that aim to ensure that there is no discrimination related to gender, ethnicity, religion or sexual orientation.

Safe workplace

One of our most important goals in our workplaces is to make sure they are safe and to prevent employees or others from work-related injuries in our organisation.

We have to work preventively to ensure this. We identify all undesirable events in our businesses in order to prevent injuries. We encourage our

employees to report anything they see that is not as it should be.

Support for local teams and associations

Byggma is engaged in the active local areas where we are represented. We provide active support for teams and associations in our local communities.

Share of women (%)

	2019	2020
Byggma total	14.3	13.6

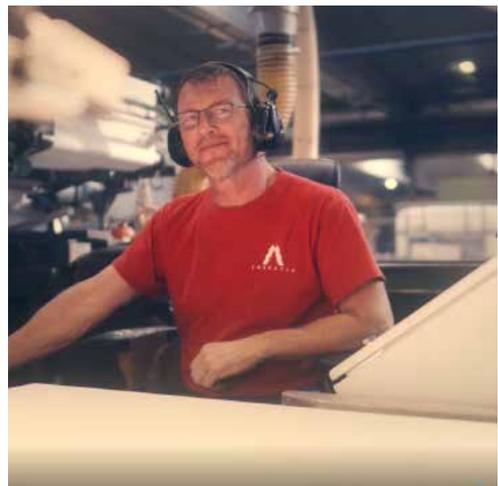
F-value

	2019	2020
Byggma	560.7	441.3

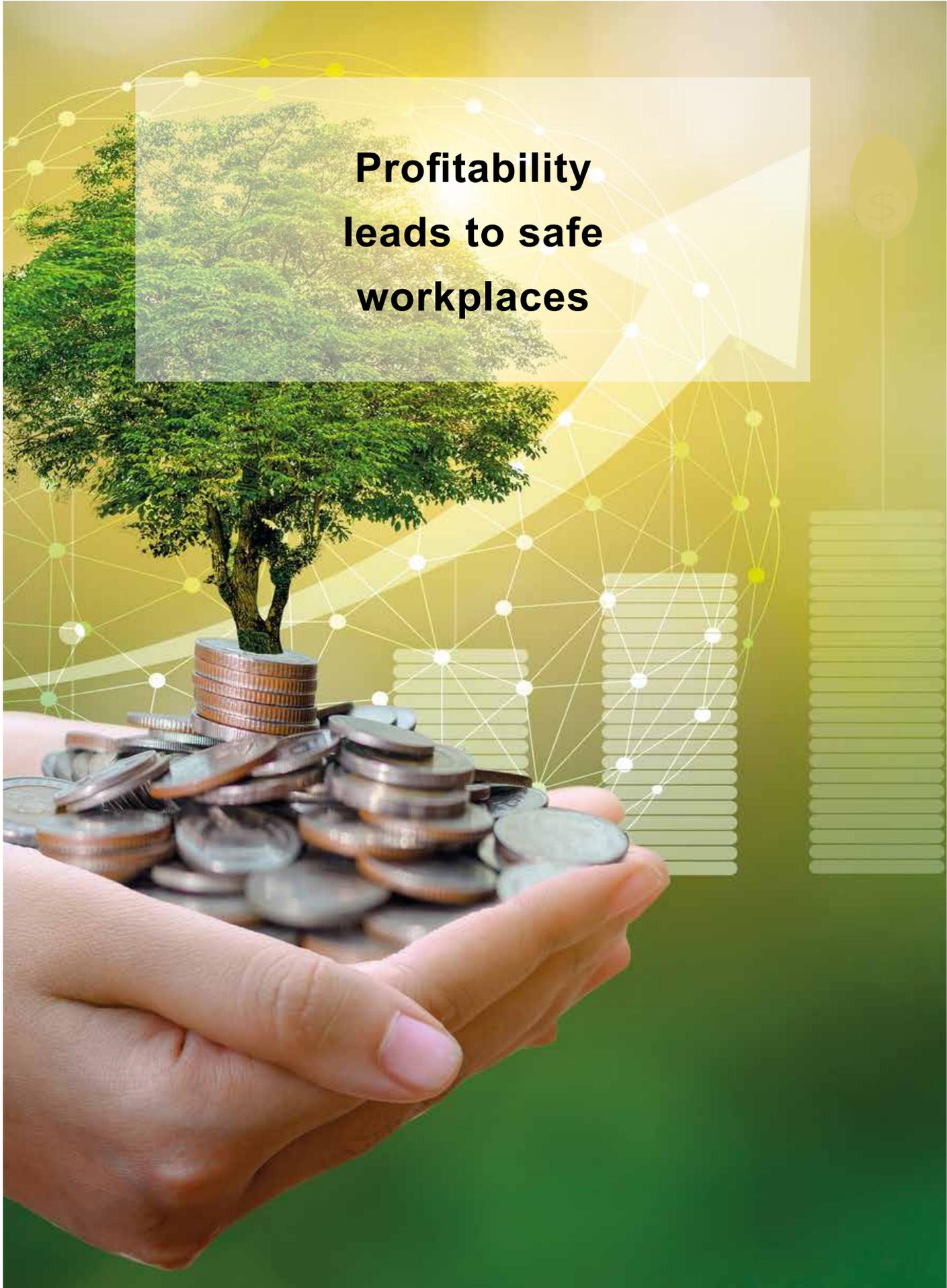
H-value

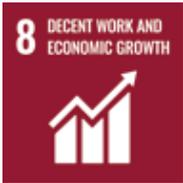
	2019	2020
Byggma	19.6	17.2

HSE	FORESTIA		HUNTONIT		SMARTPANEL		MASONITE		ULDAL		SCAN LAMPS AS		SCAN LAMPS VTA AS		ANETA		BYGGFORM		BYGGMA TOTAL		Change
	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	
Absence [%]	5.26	6.0	5.4	4.8	12.8	3.26	3.06	4.32	7.76	8.3	9.36	5.2	2.2	0.3	1.0	2.0	4.0	0.2	5.86	5.34	-0.5
Number of employees [number]	211	218	181	178	45	43	75	75	123	119	17	16	24	24	16	17	9	7	701	697	-4.0
Proportion of women [%]	9.0	9.0	7.2	6.7	22.2	18.6	24.0	28.0	13.0	10.9	47.1	43.8	29.2	29.2	37.5	35.3	33.3	42.9	14.3	13.6	-0.7
Injuries resulting absence [number]	12	7	5	6	0	1	0	1	5	4	0	0	0	0	0	0	0	0	22	19	-3.0
Days of absence due to injury [number]	384	182	205	164	212	102	0	37	11	7	0	0	0	0	0	0	0	0	812	492	-320.0



**Profitability
leads to safe
workplaces**





Highlights:

- We develop our companies through efficient use of resources and we create innovative products and solutions that provide added value to our customers.

The continuous improvement mindset is incorporated into our companies by applying the lean philosophy. Our sustainability work is a continuation of this and forms part of our daily work on continuous improvement.

Future prospects

The forest is a climate-friendly raw material for making construction products. Byggma uses sustainable raw materials from the forest to create quality solutions for our customers. Our mindset is that the efforts and knowledge of the employees involved help us to create safe workplaces that contribute to a sustainable environment. We must continuously develop the company to provide our customers with the right climate-friendly products while also taking advantage of new technologies.

Product development and innovation

Product development and innovation are important activities in our quest to offer contemporary and environmentally friendly products and building materials to our customers. We strive to create products that provide a better experience for our customers, with high quality and functionality that keeps their construction projects moving forward.

We have to be the absolute best in this area so customers see Byggma as their preferred partner. Being the best in product development and innovation creates a good reputation. This gives satisfied customers who provides further opportunities for future-oriented and sustainable investments.

Some examples of our innovation projects

- Forestia launched **Walls2Paint** in 2014, and this has become one of the company's most important products as well as a mainstay in terms of financial sustainability for the company and the Group.
- Forestia launched the **Premium Ceiling** product in the autumn of 2020, which is similar to the Walls2Paint product but designed for ceiling. This product has been very well received in the market and we are hoping it becomes another success story. The product is patent pending.

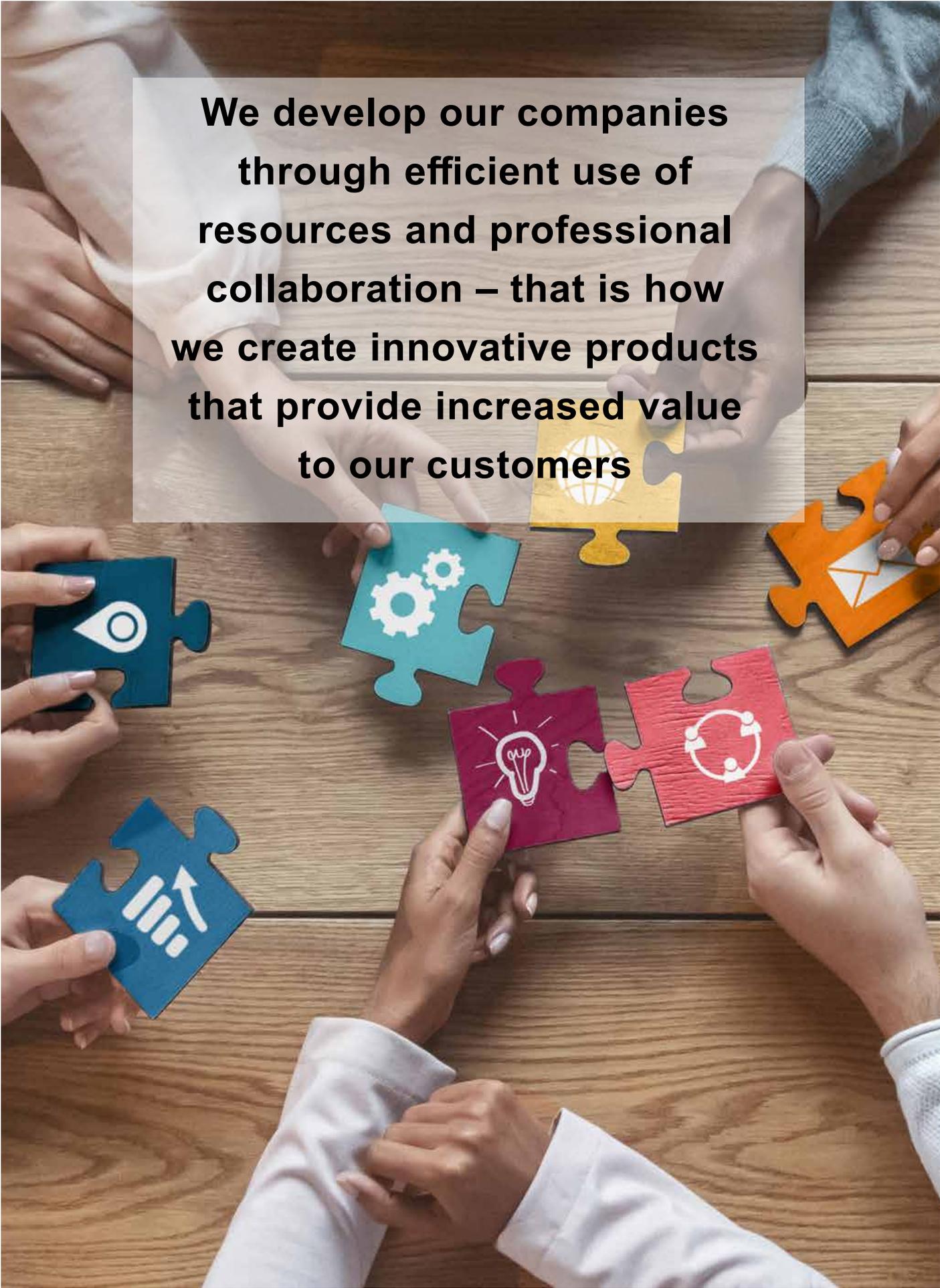
- Masonite Beams heads up various development projects within the framework of the **MFB Academy**. A life cycle analysis was initiated based on increased environmental requirements and the increased demand for multi-family houses made of wood. Masonite Flexibla Byggsystem was compared with 6 other well-known systems. The report was released on 4 November 2020 and shows that, of the building systems analysed in Sweden so far, Masonite Flexibla Byggsystem achieved the lowest carbon footprint for multi-family houses. The LCA report shows that the total emissions (A1-A5) amount to 176 kg CO₂e/m² ATEMP.
- Moisture resistant core: In 2020, Huntonit developed its own core based on wood fibre with moisture-resistant properties. This core has proved to be exceptionally well suited for use in humid environments and will give us an advantage when we launch our Smartpanel bathroom panels soon. **Huntonit Pro Wall** was launched in the autumn of 2020 and will benefit from a similar core. This product has also been approved by the Norwegian Asthma and Allergy Association, just as many other Huntonit products are.

Product components

We must strive for the most environmentally friendly production procedures possible. We have to stay on track with environmental requirements and also stay ahead of the game. Some customers set high standards, but the EU is also working continuously on this front. We keep a close eye on this via our European industry organisation (EPF – European Panel Federation) so that we can be prepared and stay ahead of future regulatory changes.

Forestia laboratory equipment for gas analysis

Forestia is required to control and monitor the formaldehyde content in the panels it produces. Forestia has until 2020 checked this according to the perforator method, but that method can at low values be somewhat unstable. Increasingly stringent requirements from regulatory authorities and customers resulted in Forestia investing in laboratory equipment in spring 2020, which tests the formaldehyde content using the gas analysis method in ISO 12460-3. A decision from the EU Commission on lower formaldehyde limits is expected sometime in 2021 and it will be important to have modern and accurate laboratory equipment to be able to meet this requirement.



**We develop our companies
through efficient use of
resources and professional
collaboration – that is how
we create innovative products
that provide increased value
to our customers**

Certificates	Companies
ISO 9001	Forestia, Huntonit, Masonite
ISO 14001	Forestia, Huntonit, Masonite
ISO 50001	Huntonit
EPD	Forestia, Huntonit, Masonite
PEFC CoC	Forestia, Huntonit, Smartpanel, Masonite
FSC® CoC	Forestia, Masonite
ECOproduct	Forestia, Huntonit
Swan ecolabel	Forestia
M1	Forestia, Huntonit
CARB Phase II / US EPA	Forestia
Asthma and Allergy Association approval	Huntonit
Danish Indoor Climate Labelling	Huntonit
BASTA	Forestia, Huntonit, Smartpanel, Masonite
Construction product assessment	Forestia, Huntonit, Masonite
Nordic Ecolabel House Product Portal	Forestia, Huntonit, Masonite
Sundahus Environmental Database	Forestia, Huntonit, Masonite



Case Forestia

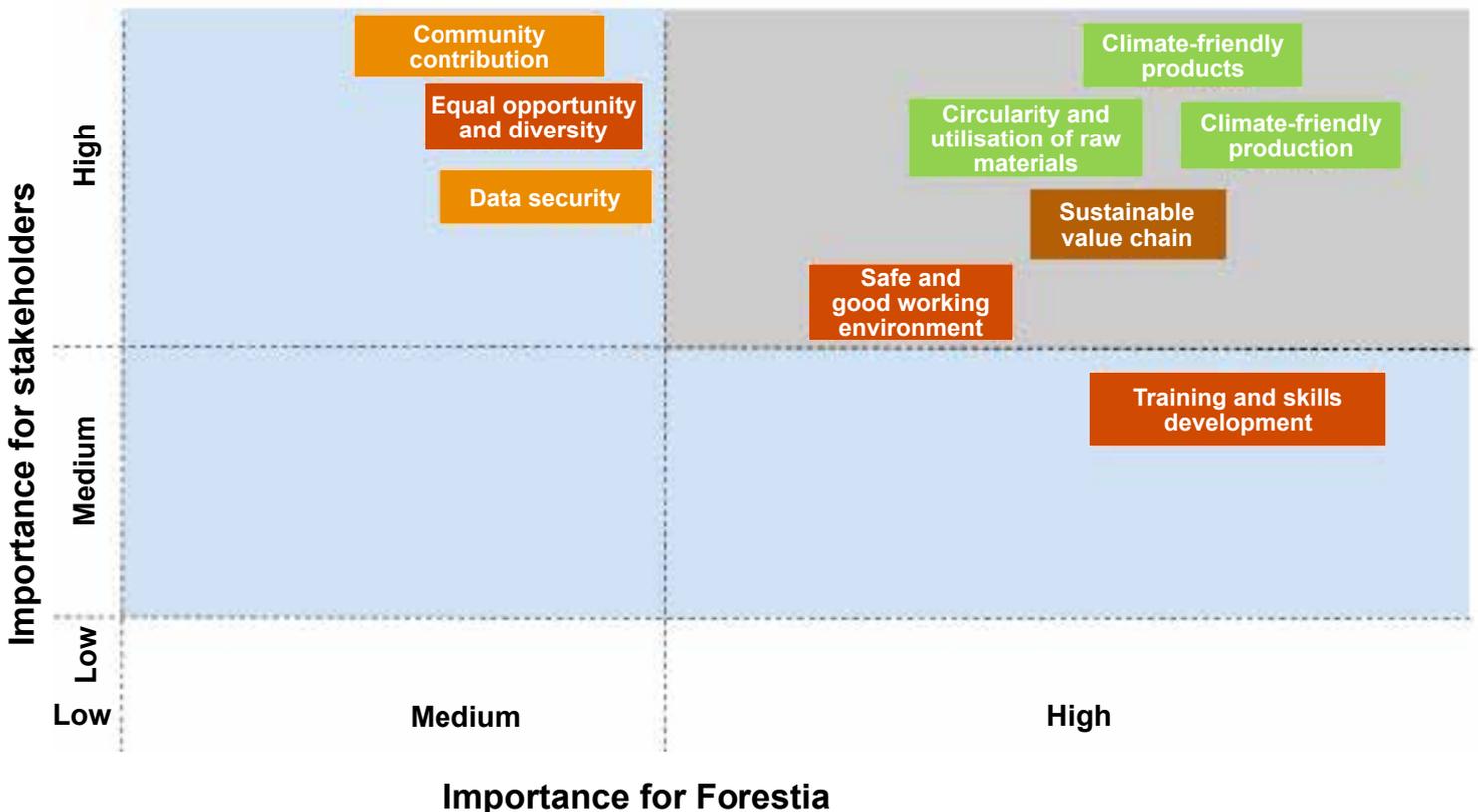
Byggma would like to highlight the work related to sustainability in each individual company. When we started on this job, we decided to implement this process in Forestia first. A start-up meeting was held on 24 November 2020 to sort out the details and a progress plan with activities scheduled well into 2021 was drawn up. The PwC group within sustainability provided four employees to support this work. Forestia participants included the management group, union representative, product manager, and marketing coordinator.

Stakeholder interviews were conducted, and SWOT and materiality analyses were prepared at the end of 2020. Below are five areas that were selected, based on the work above, as areas to continue focusing our attention on after the initial project was completed.

Stakeholder analysis

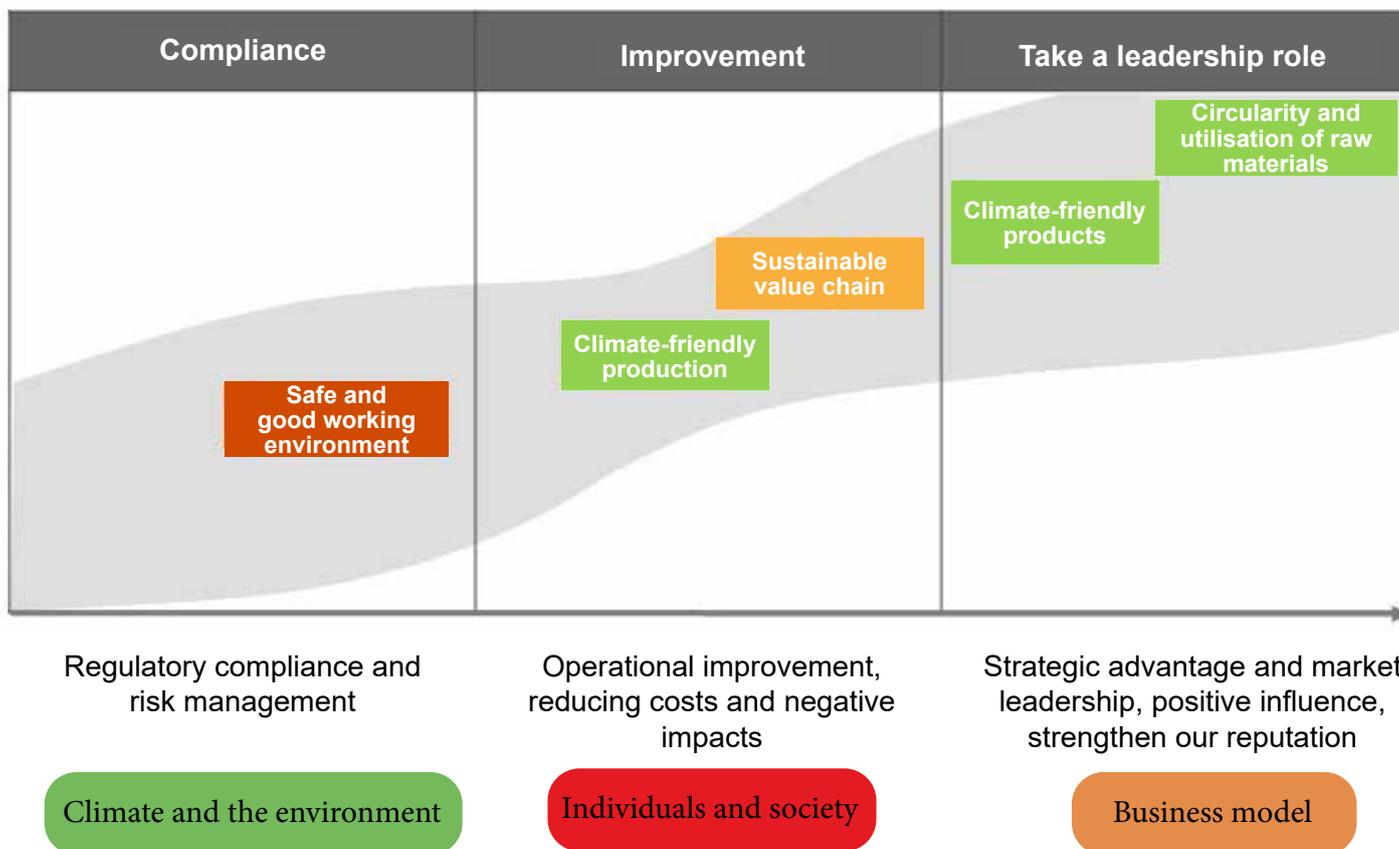
The work began with interviewing 25-30 of Forestia's stakeholders. Based on the results of these interviews, we drew up a SWOT analysis which then ended up with the materiality analysis below.

Materiality analysis:



Based on this materiality analysis, the five topics that were rated as having 'high' importance for both the stakeholders and Forestia were entered into a priority matrix.

Priority matrix:



Further work:

Further work in Forestia will include drawing up action plans with measurable and good KPIs, and going forward, reporting in accordance with the principles of the GRI standards. At the same time, we will draw up a communication plan related to sustainability.

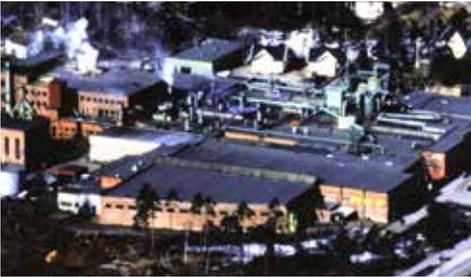
Implementation of the ESG work will continue in Forestia and this work will also be started in the remaining Byggma companies.

BUILDINGS AND PROPERTIES owned by Byggma ASA

Byggma ASA currently owns approximately 120,000 sqm of building stock. A significant portion of Byggma's assets consists of buildings and factories. Ownership entails accountability. We place strict demands on ourselves when it comes to managing buildings – both to maintain the values

the buildings represent and to keep them in the best possible condition.

The Byggma Group will take good care of all of its properties and their surroundings – now and in the future.



HUNTONIT AS
 PRODUCTION FACILITIES: 19,664 sqm
 STORAGE CAPACITY: 8,100 sqm
 OFFICES: 1,430 sqm
 SITE AREA – OWNED: 78,112 sqm
 FLOOR AREA: 30,171 sqm
 YEAR OF CONSTRUCTION: 1948–1988
 MUNICIPALITY: Vennesla, Norway



MASONITE FASTIGHET AB
 PRODUCTION FACILITIES: 15,107 sqm
 OFFICES: 1,600 sqm
 SITE AREA – OWNED: 199,235 sqm
 FLOOR AREA: 50,256 sqm
 YEAR OF CONSTRUCTION: 1921–2017
 MUNICIPALITY: Nordmaling, Sweden



FORESTIA AS BRASKEREIDFOSS
 PRODUCTION FACILITIES: 21,079 sqm
 STORAGE CAPACITY: 18,355 sqm
 OFFICES: 3,961 sqm
 SITE AREA – OWNED: 327,912 sqm
 FLOOR AREA: 43,395 sqm
 YEAR OF CONSTRUCTION: 1969–1987 and 1997
 MUNICIPALITY: Våler, Norway



FORESTIA AS KVAM
 PRODUCTION FACILITIES: 7,205 sqm
 STORAGE CAPACITY: 1,714 sqm
 OFFICES: 207 sqm
 SITE AREA – OWNED: 32,728 sqm
 FLOOR AREA: 9,126 sqm
 YEAR OF CONSTRUCTION: 1967
 MUNICIPALITY: Nord-Fron, Norway



ULDAL EIENDOM AS
 PRODUCTION FACILITIES: 4,930 sqm
 STORAGE CAPACITY: 2,662 sqm
 OFFICES: 460 sqm
 SITE AREA – OWNED: 15,100 sqm
 FLOOR AREA: 8,052 sqm
 YEAR OF CONSTRUCTION: 1967–1991
 MUNICIPALITY: Birkenes, Norway



BYGGMA EIENDOM AS
 PRODUCTION AND WAREHOUSE SITE: 14,751 sqm
 OFFICES: 1,600 sqm
 SITE AREA – OWNED: 37,377 sqm
 FLOOR AREA: 16,351 sqm
 YEAR OF CONSTRUCTION: 2007 and 2017
 MUNICIPALITY: Lyngdal, Norway



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