

2024

Sustainability report

BERGS

Sustainability report – this is Bergs

Bergs owns and develops companies that process wood

Bergs consists of around ten independent subsidiaries with clear profit responsibility that develop, produce and market processed wood for various applications. With many years of experience in wood and with great expertise in processing, we contribute to building a sustainable society based on renewable wood raw materials.

We operate in Sweden, Latvia, Poland and the UK, and our products are sold to around 30 countries. The largest markets are Scandinavia, Germany, the UK, Iceland and France.

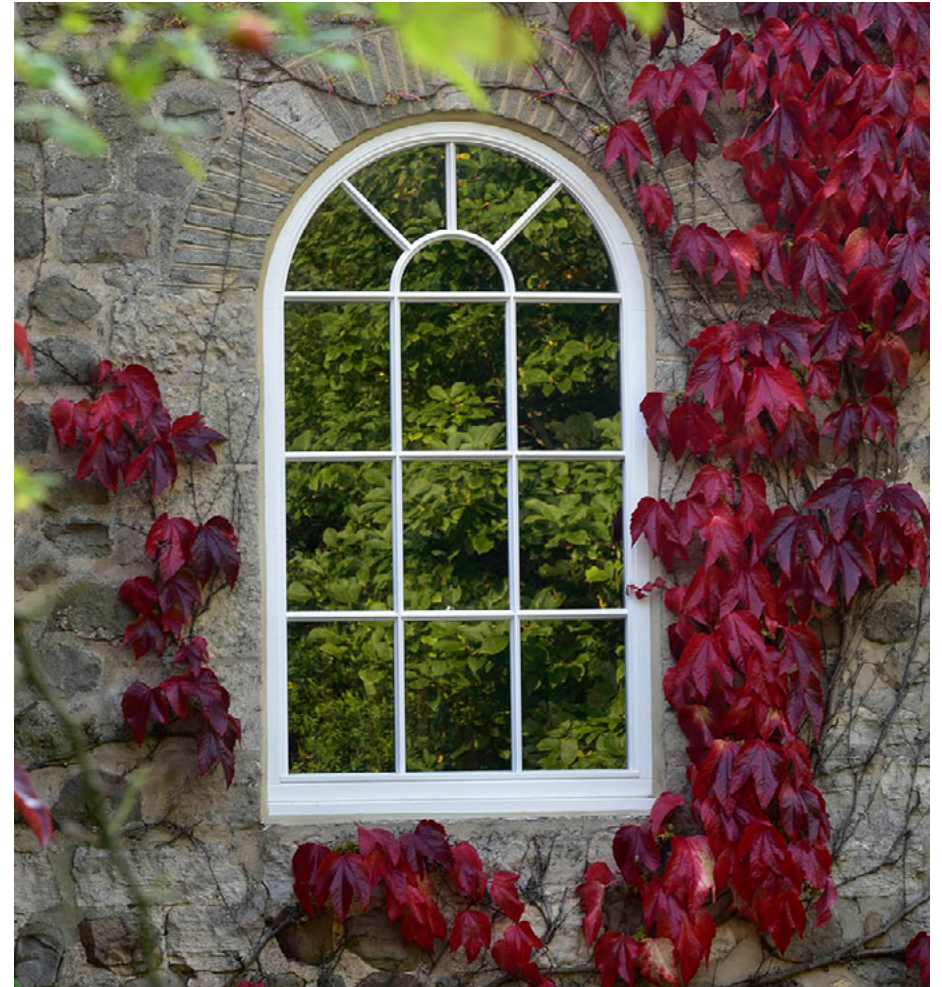
Headquarters and Group Management are based in Sweden.

Products with a clear sustainability perspective

Bergs has a clear sustainability strategy that covers the entire value chain – from forestry to finished products. With a focus on reducing its carbon footprint and promoting a circular economy, the Group is continuously working on:

- **Responsible forest management:** All wood products procured originate from certified and sustainably managed forests.
- **Energy and resource efficiency:** By optimising production processes, the Group minimises waste and maximises the use of raw materials. Residues from production are used for bioenergy.
- **Sustainable materials and chemicals:** Impregnation and surface treatment are carried out in closed processes to ensure minimal impact on people and the environment.
- **Circularity and product lifetime:** The Group's products are designed to be durable for generations and then recyclable, which means very long product lives.

The Group's long-term goal is to be a role model in the wood industry in terms of sustainability and innovation, with a focus on creating value for both customers and society at large.



Sustainability in Bergs

Bergs will be a long-term sustainable company. Berg's sustainability strategy and the active measures the company is taking to live up to the strategy can actively influence the development towards reduced CO2 emissions, contribute to more resource-efficient and clean value chains and healthy local communities.

What is sustainability for Bergs?

Berg's success depends on its ability to create value that meets stakeholders' wants and needs for sustainable products while taking into account economic, environmental and social impacts in the creation of that value. Sustainability work at Bergs must therefore be characterised by a long-term approach. We endeavour to ensure that the work we do is primarily beneficial in processes we can influence directly, but also in our role as a procurer of raw materials and services linked to our overall offering. That is why it is essential that the work we do inspires confidence among our investors, customers and other stakeholders.

Good basic conditions

Wood is the only renewable building and construction material that also binds and stores carbon throughout its lifetime, contributing to a reduced climate impact compared to other building materials. The combination of creating mainly customised products made of wood with a very long lifespan,

together with an efficient and industrialised production process with responsible value chains, is Berg's greatest contribution to sustainable social development.

Products manufactured and sold by Berg subsidiaries contribute to long-term sustainable development. Windows and doors that are made to last for generations, building components for house production that can replace other materials such as steel, aluminium, plastic and concrete are some examples where Berg's business creates alternatives that contribute to healthy and circular value chains, where resources are used optimally and where the work environment, safety and sound business principles are given great importance.

Integrated sustainability and community engagement go hand in hand with long-term value creation. It permeates every step of the way, from investment calculations, factory set-up, raw material sourcing, production, marketing and sales.

Laws and regulations

For 2024, we report in accordance with the statutory requirements of the Annual Accounts Act, chapter 6, section 11. During the year, work was carried out with the aim of future-proofing reporting linked to CSRD (EU Corporate Sustainability Reporting Directive). A stakeholder dialogue and a materiality analysis with an emphasis on double materiality have been carried out. The aim has been to obtain relevant input from the company's various stakeholders and to ensure that the company can comply with good reporting requirements in the future.

Sustainability strategy

Sustainability strategy
and targets for Bergs

SUSTAINABLE
DEVELOPMENT
GOALS

Long-term profitability

An EBITDA margin in excess of 9%.

Responsible sourcing of raw materials

Share of certified timber 82%
Traceability on glass, aluminium, steel and ceramics.



Fossil-free world

No fossil fuel emissions of our own
Halving transport emissions



Resource-efficient and clean value chains

No waste of energy
No contamination of groundwater



Safe, equal and fair workplaces

Halving the number of accidents
Improving gender balance



Vibrant local communities

Strive for local value chains and short transport journeys

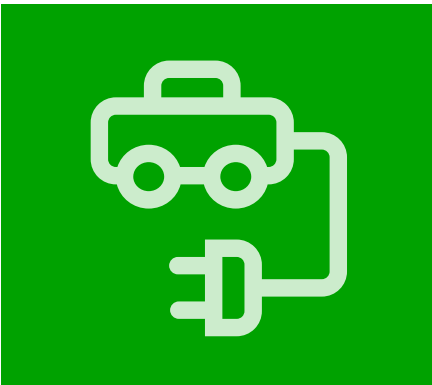


Values and ethics

All employees trained in values and sustainability
Strategic suppliers to Berg's subsidiaries must sign a commitment to comply with the Group's Code of Conduct



What has happened in 2024



Increased share of green and self-generated electricity

The term green electricity is a description of electricity that comes from sources that are 100 per cent renewable, such as solar, wind, hydro and biofuels.

For Berg, the share has increased in 2024. Out of ten production units, eight units have a 100% share of green electricity and two have a lower share, but for the group the share is about 70%, an increase of 10% from 2023. Self-produced solar electricity amounts to 595,000 kWh.

Whistleblowing

All Group companies have established procedures to follow up on potential irregularities. During the year, four incidents were reported in an established reporting system and processed according to established procedures.

Continued increase in electrification

During the year, there was a continued transition from fossil-fuelled vehicles to electric power. This applies to both passenger cars and forklifts at the various production units.



DMA (Double Materiality Analysis)

A stakeholder dialogue and a materiality analysis have therefore been carried out, which has enabled an analysis that also gives Bergs clear guidance on which areas are prioritised and which the company will report and follow up in the future. It covers topics that affect Bergs from both a sustainability and an economic perspective.

Changes in the group

On 20 December 2024, Bergs signed an agreement with the Austrian HS Timber Group to divest its wholly owned subsidiary Vika Wood in Latvia. The divestment follows Berg's strategy to concentrate on more consumer-oriented products. Following the sale of the Swedish sawmill business in 2020, Bergs has no sawmill business left in the Group. The transaction was completed on 31 January 2025 when all conditions for the deal were met.

In August 2024, Bergs divested its pellet business in Fågelfors to J. Rettenmaier & Söhne. Pellet operations were conducted in Fågelfors in Högsby municipality with about 15 employees. The background to the sale was that there were no clear synergies between Fågelfors and Berg's other activities.

In October 2024, Bergs, through its wholly owned subsidiary Bitus UK Ltd, divested its timber distribution business in the UK market to Premier Forest Products Ltd. The background to the sale was that there were no clear synergies with Berg's other businesses and a lack of profitability.

As a result of the changes in the Group, a review of the sustainability strategy will be carried out in 2025.



Berg's work on sustainability

Berg's sustainability work is based on the 2030 Agenda with the 17 overall sustainability goals set by the United Nations. These objectives integrate social, environmental and economic dimensions, which form the basis of sustainable development. On this basis, a Sustainability Strategy has been adopted, adapted to the company's activities.

Organisation

Bergs overall business strategy is based on strong decentralisation, with each subsidiary having a long delegated responsibility covering long-term development and profitability. However, sustainability issues, including the Sustainability Strategy, are centralised and binding and not negotiable. In this respect, Bergs is measured and perceived as a group and work on these issues is given high priority by the Board of Directors, Group management and a central function established for the business. The sustainability strategy is an integral part of the company's overall strategy.

The Group's sustainability work is led and coordinated by the Group Sustainability Manager. This person reports directly to the Executive Board. The sustainability strategy should be recognised and complied with in connection with investments, it should support the management of the subsidiaries to work on continuous improvements and it should be a living steering document.

Governance and management

Berg's management model involves a high degree of delegated responsibility with the authority to act in line with the market, with ongoing monitoring and reporting. Group management is responsible for monitoring the outcomes of the sustainability goals, including climate-related targets, risks and opportunities. The sustainability work is reported monthly and the outcome of the sustainability work is reported once a year.

Each subsidiary drives the sustainability work linked to the strategy. They are also responsible for driving sustainability efforts related to customer satisfaction, marketing efforts, energy use and energy optimisation, for example through stakeholder dialogues and ongoing customer surveys.

Allocation of responsibilities

Board of Directors

- responsible for the Sustainability Strategy

CEO and Group Management

- The CEO and Group Management report to the Board on matters related to the sustainability strategy
- The CEO and Group Management are responsible for implementation and compliance with the Code of Conduct

Subsidiary managers

- Fixed points regarding sustainability issues for subsidiary management that are reported and followed up and reported to the CEO

Sustainability Officer

Responsible for collecting data and ensuring legal compliance and adherence to decisions related to environmental aspects, safety, responsible value chains and sound business principles.

- Ensures regular reporting from subsidiaries
- Monthly reporting on developments, deviations or other matters of importance to the Executive Board
- Accident and incident reporting
- GDPR issues
- Ensures compliance with certifications
- Responsible for the Whistleblowing function

The Berg Group's sustainability framework consists of the following elements:

Common guidelines in the form of a vision, Code of Conduct and policies for how Berg's subsidiaries should act in a responsible, socially and environmentally sustainable manner.

Strategic focus areas covering all Berg's subsidiaries, describing targets and KPIs in prioritised areas.

The materiality and risk analysis is based on the subsidiaries' business model and its value chain as well as the impact on sustainability in general.

Monitoring and reporting takes place in each subsidiary, which is responsible for monitoring targets and areas for improvement as well as compliance with guidelines and policies.

Coordination and support is provided at Group level, which also provides inspiration, training, networking and exchange of experience.

Sustainability strategy

Berg's operations, which include the processing of wood in selected niches, aim at long-term value creation where environmental, economic and social considerations are combined. The aim is for the products and services produced to be sustainable in the long term and to be perceived as such by the market and other stakeholders. The activities of each subsidiary within the group must not generate negative impacts on or cause damage to EU environmental objectives.

The strategic focus areas of the strategy are measured and evaluated and these are: (see further page 45)

- Long-term profitability
- Responsible sourcing of raw materials
- Resource-efficient and clean value chains
- A fossil-free world
- Safe, equal and fair workplaces
- Vibrant local communities
- Values and ethics

Centralised and decentralised

Bergs has the greatest impact on sustainability by being an active and responsible owner where the various subsidiaries conduct their own sustainability work, while complying with the Group's overall strategy, goals and KPIs.

At group level, there are fewer than five people and the various subsidiaries employ around 1 250 people and also carry out all industrial activities. The head office thus has a limited direct impact in the area of sustainability compared to the subsidiaries, but through active board work, Bergs is a driving force in and has high demands on the subsidiaries' development and compliance in this regard.

By developing sustainable businesses that consist mainly of wood raw material from responsibly managed forests in the Baltic Sea region, where quality, long-lasting products are manufactured for demanding customers, at a good remuneration, long-term value is created. Bergs is convinced that a shared concern for the environment and fellow human beings is a prerequisite for positive development for the Group and our various stakeholders.

The various subsidiaries face different challenges and offer internationally leading products in areas that contribute to sustainable construction, aesthetic and cultural-historical values, energy efficiency, safety and a good working environment.

Compliance and monitoring Code of behaviour

The Code of Conduct is the Group's policy for sustainable business and it is an important part of the sustainability work. The guidelines and principles are the minimum requirements that all subsidiaries and their suppliers must fulfil. For the companies

included in Bergs, this is ensured through active board work, to ensure that the companies fulfil Bergs requirements in this area.

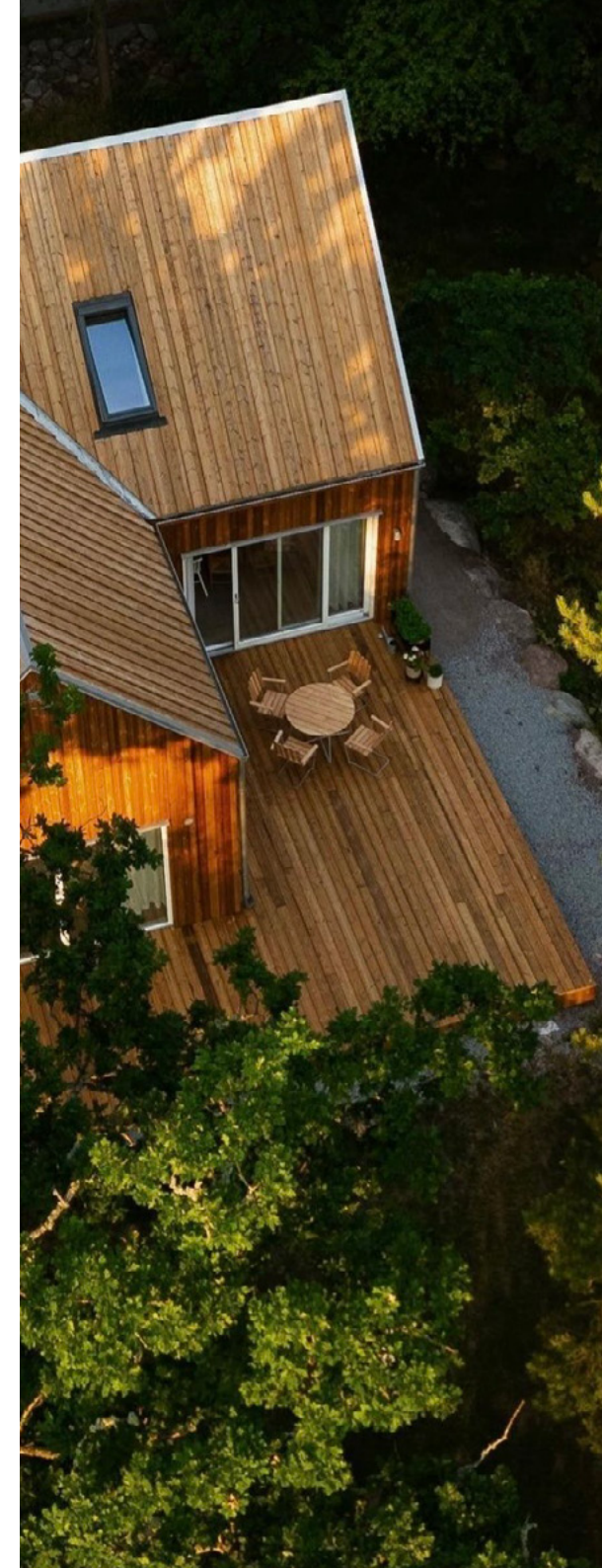
In the wholly owned subsidiaries, Bergs works as an active owner, making demands and guiding the respective company management. Sustainability issues are of great importance in the companies and activities are continuously carried out that advance the companies' positions so that new and more challenging goals can be adopted.

A clear instruction is that sustainability is a recurring item at board meetings and anchors Berg's central KPIs and adds its own relevant key figures with associated goals. The common central KPIs are reported to Bergs for compilation and analysis on an annual basis and presented to the Executive Board.

All other Group-wide policies and governance documents are communicated to the respective subsidiary management. Bergs participation in boards of subsidiaries ensures compliance with agreed policies and guidelines.

Review in 2025

The formerly extensive sawmill business has now been sold off. A natural consequence of this shift in the Group's focus compared to five years ago is that a review of Berg's sustainability strategy will take place in 2025. With this change, some of the previous objectives become less relevant and may need to be replaced with something more customised.



Sustainability objectives

Sustainability component	Group objectives	Time frame	Action plan	Outcome 2024	Outcome 2023	Outcome 2022
● Long-term profitability	Bergs aims to have an EBITDA margin in excess of 9%.	Targets set in 2021	Ongoing monthly follow-up with each subsidiary	6.2%	Neg.	10.1%
● Responsible sourcing of raw materials	At least 82% of procured timber must be certified Each subsidiary must ensure the traceability of raw materials and inputs such as glass, aluminium, steel and ceramics. Environmental performance requirements for glass, where as high a proportion of recycled glass as possible shall be sought.	2025 Sub-targets: 2022: 68% 2023: 70% 2024: 80% 2025: 82%	Procure as much certified timber as possible. Securing the supply chain. As high a proportion of recycled glass as possible and dialogue with suppliers on quality, performance, etc. The sale of windows with a U-value of 1.0 or lower and the sale of doors with a U-value of 1.2 or lower shall be favoured.	76% (99% including Controlled Wood)	75% (98% including Controlled Wood)	70% (94% including Controlled Wood)
● Fossil-free world	Zero fossil emissions from scope 1+2	2030 Interim target (tonnes CO ₂ e): 2022: 1+2 = 9,000 2023: 1+2 = 8,000 2024: 1+2 = 7,000 2025: 1+2 = 5,000	Increase the share of self-sufficient energy use with, for example, solar panels on the units. Energy efficiency, sealing leaks, switching off machines. etc. Update company car policies in the units that promote electric options. When purchasing machinery, focus on electric options. Climate-efficient solutions should be prioritised in new construction.	5,800 tonnes CO ₂ e	6,600 tonnes CO ₂ e	7,000 tonnes CO ₂ e
	Halve 2021 fossil fuel emissions from scope 3.	2030 Interim target (tonnes CO ₂ e): 2022: 3 = 29,000 2023: 3 = 28,000 2024: 3 = 27,000 2025: 3 = 26,000	Demand for more sustainable transport options. Requiring transport providers to give priority to fossil-free alternatives	24,593 tonnes CO ₂ e	24,740 tonnes CO ₂ e*	20,700 tonnes CO ₂ e

* After audit, the outcomes for 2023 have been corrected.

Sustainability objectives, *cont.*

Sustainability component	Group objectives	Time frame	Action plan	Outcome 2024	Outcome 2023	Outcome 2022
● Resource-efficient and clean value chains	Reduce waste by 10% from reference 2021	2022	Reduce the amount of own waste and purchased inputs. Sort more consciously and follow up.	1,791 tonnes of discarded waste	1,267 tonnes of discarded waste	854 tonnes of discarded waste
	Zero pollution of groundwater	Ongoing	Continue to measure and control.	No new known contaminants during 2024	No new known contaminants in 2023	No new known contaminants in 2022
● Safe, equal and fair workplaces	Improve gender balance among employees and ensure safe and fair workplaces.	2025	Work according to the annual agenda with regular sustainability/safety committee meetings, risk analyses and safety rounds. Conduct employee surveys in all units. All units must connect to the group-wide digital reporting system.	73% men	73% men	77% men
	Reduce accidents with sick leave of 24 hours or more LTA (Lost Time Accidents) to 8 accidents per 1 million hours worked by 2025 (0 is the vision)	2025 Sub-targets: 2022: 13 2023: 12 2024: 10 2025: 8	Work according to the annual agenda with regular sustainability/safety committee meetings, risk analyses and safety rounds.	10 accidents with sickness absence of 24 h or more per 1 million hours worked reported in 2024	6 accidents with sickness absence of 24 h or more per 1 million hours worked reported in 2023	6 accidents with sickness absence of 24 h or more per 1 million hours worked reported in 2022
● Vibrant local communities	Strive for local value chains and short transport journeys	Ongoing	No quantifiable targets set			
● Values and ethics	All employees trained in the company's values and sustainability work Strategic suppliers to Berg's subsidiaries must sign an undertaking to comply with the Group's Code of Conduct	2023	Review of the Code of Conduct for all employees via lectures and E-Learning Establish/create a procedure/structure for supplier control.	Over 1,600 approved courses completed	Training was ongoing in 2023 and continues in 2024	Training was ongoing in 2022 and will continue in 2023

Sustainability components

Long-term profitability



Strengthened financial position

Economic growth creates the financial conditions to achieve all the SDGs. This is expressed in SDG 8 (Decent work and economic growth) and SDG 9 (Sustainable industry, innovation and infrastructure). This sustainability component is covered in detail in the section on the company's business strategy.

Work during the year

The acquisition of Bergs by the main shareholder and its delisting from Nasdaq also meant a change in economic conditions. Today, Bergs is owned by one owner and previous loans have been repaid to lenders. An adapted capital structure has been adopted that gives Bergs good conditions to run the business, fulfil decided targets and carry out add-on acquisitions when it is industrially correct.

Responsible sourcing of raw materials



Clear targets for raw material

Bergs is a major player in the European wood products market and takes responsibility for ensuring that its timber comes from sustainably managed forests. The company's goal is that by 2025 at least 82% of the wood raw material will be certified under one of the two established programmes, ^{FSC®} C106624 (Forest Stewardship Council®) or PEFC (Programme for the Endorsement of Forest Certification). These systems verify the forest owner's responsibility for social and environmental values. Responsible forestry links to most of the 17 Sustainable Development Goals (SDGs), as shown in the 2017 United Nations Forest Strategy. Well-implemented forest management and harvesting is particularly relevant to SDG 15 (Ecosystems and biodiversity) and, more indirectly, to SDG 14 (Oceans and water resources).

Work during the year

Bergs' strategy is to gradually increase the share of processing. It also means that the subsidiaries also become dependent on raw materials other than wood. Glass, aluminium, ceramics are increasingly part of the value chain, so these products and suppliers are mapped against the requirements of the Group's sustainability strategy. For example, priority is given to the purchase of window glass produced from recycled glass, where the Group's suppliers currently have a recycling rate of between 25–40%.

This year, Bergs also reports Controlled Wood as it provides a more accurate outcome related to the production that is conducted.

Fossil-free world



Towards the fulfilment of the objectives

One of the biggest challenges for our society is to drastically reduce the human impact on the global climate. The forest industry, among others, has an important role in climate work by enabling a circular bioeconomy, which can reduce our dependence on fossil fuels. Well-managed forests absorb and store a lot of carbon from the atmosphere. In addition, renewable forest products replace materials and energy based on fossil fuels. Wood construction is particularly effective in the transition to a more fossil-free society and Bergs thus delivers significant climate benefits. Climate-smart wood and bioenergy products are directly related to SDG 13 (Combat climate change) and SDG 7 (Sustainable energy for all). At the same time, the forest industry must also reduce its own fossil emissions, both as a climate measure as such, but also to be a consistent and credible supplier of climate-positive products. Bergs has adopted two targets - firstly, to completely eliminate its own fossil fuel emissions in its operations by 2030, and secondly, to halve 2020 emissions from procured transport by 2030.

Work during the year

Monitoring shows clear improvements and that many organisations have a closed system that gradually reduces dependence on fossil fuels. Investing in photovoltaics also helps.

Resource-efficient and clean value chains



Safe, equal and fair workplaces



Vibrant local communities



Values and ethics



Challenges of new materials

A high yield of valuable raw materials and minimised impact on the surrounding environment is an important factor in sustainability. A high yield is desirable both from a societal perspective, as we need to review how our consumption patterns affect the climate and the natural environment, but also for the company's financial returns. Relevant SDGs are SDG 12 (Sustainable Consumption and Production) and SDG 6 (Clean Water and Sanitation). The company has set a sustainability target of zero wood waste by 2022. Leakage of potentially harmful chemicals to groundwater will be eliminated by 2025.

Work during the year

Target fulfilment has been achieved for Zero wood waste and Zero groundwater pollution. The predominant input for Bergs is certified wood raw material from sustainably managed forests. As processing within the Group increases, this means that the share of glass, steel, fittings and paint and insulation is gradually increasing.

Continued focus on security work

Safe and equal workplaces are an important component of corporate sustainability. Legislation lays the foundation for ensuring good working conditions for all employees. In addition, happiness, productivity and innovation can be stimulated when the work situation is inspiring and engaging. SDG 3 (Health and well-being) and SDG 5 (Gender equality) are central here. Workplace accidents are always a failure for the company and its management. Unfortunately, even with high ambitions and rigorous safety regulations, accidents still happen. Monitoring workplace accidents is important and motivates its own sustainability target - to halve the number of Lost Time Accidents (LTAs) from 2020 to 2025.

Work during the year

At least two safety/sustainability committee meetings in each unit.

- 558 reported events in 2024
- Annual review of OSA and SAM for all Swedish units once a year
- External environmental rounds with risk analysis for all Swedish units once a year
- 734 risk analyses and health and safety audits carried out and documented

Local value chains

Berg's production units in Sweden, Poland, the UK and Latvia are mostly located in rural areas. These regions are negatively affected in various ways by depopulation, low investment in public services and declining private sector jobs. Local companies like Bergs fulfil an important role in the local community, not only as employers but also through local procurement of products and services. In addition, purchases from local subcontractors provide a capital inflow to the local economy. Conversely, a vibrant local community is a prerequisite for the recruitment and retention of skills by the company. There are thus mutual benefits between the company and the local community, which relates to SDG 11 (Sustainable Cities and Communities). In addition, SDG 10 (Reducing inequalities) is captured with regard to reducing urban-rural gaps. No quantified sustainability target has been defined for this component.

Work during the year

As far as possible, inputs should be procured in geographical proximity to minimise transport. Quality and price must work together.

Requirements increase with growing group

Berg's sustainability strategy covers different perspectives that both we and our stakeholders influence and can influence. This strategy for the company is fully in line with the ambition to work towards sustainable development, defined by the 2030 Agenda with its 17 Sustainable Development Goals. This also includes aspects related to poverty, human rights, food security, education, peace and inclusive societies, and partnerships in the company's sustainability strategy. A sustainability target has been set for all employees to undergo training on values and ethics and the company's sustainability work by 2023.

Work during the year

The Group-wide Code of Conduct has been translated into six languages and information campaigns will be organised at all workplaces. A whistle-blowing service has been established to detect improper or illegal behaviour.

E-learning plays an important role in the internal knowledge of the Code of Conduct. We have more than 1,600 approved courses completed in the tool provided for this purpose.

Value creation in Bergs

What do Bergs do?

Berg's business concept is to own and develop companies that produce and sell processed wood products to demanding customers in selected markets.

The total number of staff is approximately 1,250.

Customer offer

Berg's various subsidiaries provide high-quality wood products to demanding customers mainly in Europe. Customers include builders' merchants, industrial companies, furniture companies and private individuals building, developing or

renovating properties or other wooden structures. A large part of the production consists of customised windows and doors.

Long life span

Most of the Group's products are designed and manufactured to last for a very long time.

Favourable substitution

Products from the Group's companies often have properties that allow them to replace alternative products made of steel or concrete. This means that CO2 is stored in the wood for as long as the structure remains.

Sustainability in the supply chain

Berg's various suppliers play an important role in the value chain. As a major purchaser of input goods for its own production and various services, Bergs has both a responsibility and an opportunity to set requirements related to sustainability. For example, suppliers are encouraged to comply with the company's code of conduct. The Group and its subsidiaries seek close and long-term cooperation with business partners to jointly promote sustainability throughout the value chain.

Over time, Bergs will develop its work with the various supply chains with the aim of obtaining written commitments from strategic suppliers regarding the Group's Code of Conduct.

Bergs' subcontractors are a combination of private and state forest owners and raw material agents who supply the Group's sawmills, wood preservation plants, pellet factories and other raw materials for the manufacture of windows, doors, houses and garden products.

From these various suppliers, Berg's subsidiaries purchase goods and services totalling SEK 1,400 million. It breaks down in volume as follows:

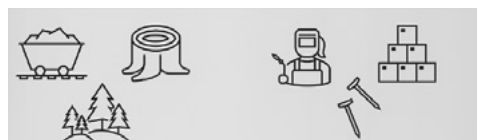
Turnover volumes in 2024 (previous year in brackets)

- Wood: 517,985 m³fub (493,192m³fub) (roundwood)
- Wood: 408,944 m³sw (384,061 m³sw) (sawn/planed)
- Sawdust: 83,764 MWh (168,225 MWh)
- Cutter shavings: 23,900 m³s (31,518 m³s)
- Chemicals: 1,037,458 litres (1,050,370 litres)
- Diesel: 1,076,000 litres. 151,000 litres of these are purchased as fossil free (1,105,000 litres, 156,000 litres of these are purchased as fossil free)
- Electricity consumption: 43,285,000 kWh. 29,939,000 kWh are purchased as fossil free. (41,891,000 kWh, 24,405,000 kWh is purchased as fossil free)
- Water consumption: 19,248 m³
- Self-produced electricity: 595,000 kWh

Resources	Strategy	Value created
Customer relations (about 400 customers) A decentralised and efficient organisation More than 1,250 employees Significant expertise in wood processing, furniture production, window and door manufacturing Efficient and well-invested production facilities	Sustainable value growth through	For customers New business opportunities. More efficient and sustainable operations
	Organic growth Active investments where potential is recognised Decentralised responsibilities and powers	For employees Attractive workplace with development opportunities
	Acquisitions Complementary activity or market	For society Functioning local communities. Employment opportunities. Tax revenue. For shareholders Value growth and dividends

The Berg value chain

Berg's overall activities can be divided into three main areas depending on where in the value chain the different activities take place: upstream, in-house and downstream.



Upstream

In the wood processing industry, upstream activities include the procurement and delivery of raw materials and inputs used in own production. This includes:

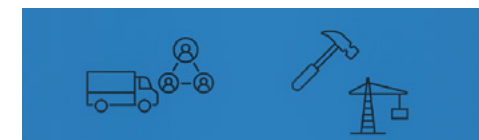
- **Raw material suppliers:** The company buys wood from forest owners, forestry companies or certified suppliers working with sustainable forestry, for example according to FSC or PEFC certifications. Transport of raw materials from forest areas is often by lorry or rail.
- **Logistics and transport:** Efficient transport solutions are needed to minimise environmental impacts and optimise costs, especially as wood is often transported long distances from remote forest areas.
- **Complementary materials and energy:** The company may need other inputs such as glass, aluminium, chemicals, glue, energy and spare parts for machinery.



Own activities

In-house operations include processes and activities that transform raw materials into finished products:

- **Production and processing:** Wood raw material is sawn, dried, planed or moulded into specific products such as building materials, house components or furniture components. Efficient machines and automation are key to ensuring high productivity and consistent quality.
- **Assembly of windows** where wood and other materials are assembled into finished products.
- **Manufacturing of furniture and components**, which is a key part of the company's product range.
- **Packaging and storage of finished products**, which is crucial to ensure that goods are protected and ready for distribution.
- **Quality control:** Each stage of production is monitored to meet customer requirements and industry standards.
- **Energy and resource management:** The company often strives to minimise resource consumption and waste through circular solutions, such as using residual products (e.g. sawdust and bark) for bioenergy.
- **Sustainability and innovation:** The focus is on developing products and processes that reduce environmental impact, for example by creating carbon sequestering products or using renewable energy.
- **Operation of retail stores and showrooms** where products are displayed and sold to customers.



Downstream

This part of the value chain involves the distribution, sale and use of the company's products and includes:

- **Distribution and logistics:** Products are delivered to retailers, construction companies or other end-users via logistics networks that aim to minimise environmental impact.
- **Customers and markets:** The company's products are aimed at the construction and interior design industry, furniture manufacturers or consumer markets depending on the product range.
- **Product use and life cycle:** Wood-based products are often used for their durability and ability to store carbon throughout their lifetime. The company can also support customers by providing advice on sustainable use and recycling.
- **Recycling and waste management:** When products reach the end of their life cycle, the wood can be recycled or used as bioenergy, contributing to circular flows and reducing emissions.

Stakeholder analysis

Berg's activities have an impact on the world around it. They can be other companies, employees, society at large and environmental interests. Our primary stakeholders are our customers, consumers, employees, shareholders, suppliers and local communities. These groups are a direct precondition for our long-term viability. In addition, there are a number of other stakeholders.

Success depends on the ability to create value that meets the needs of the various stakeholders while taking into account economic environmental and social impacts.

During the year, a general stakeholder analysis was carried out, but the aim is to create a structure for continuous dialogue with the various stakeholders in order to be able to report on external wishes and developments over time with the aim of reporting annually in the future. The ambition is, among other things, to coordinate data from customer surveys, employee surveys, questionnaires, supplier evaluations and customer meetings in order to create a more structured process that can be followed over time.

Stakeholder	Requirements and expectations	Value created	Communication channel
Customers and end consumers	• High quality products • Low climate impact throughout the value chain • Human rights considerations in the supply chain • Responsible transport and logistics • Part of a circular economy • Aesthetic values • High level of service	Customers' commitment to sustainable development is increasing. Bergs is focused on delivering high quality products and services that contribute to our customers' productivity and long-term sustainability. Processes and products are mainly certified. Customers gain access to a circular economy.	Showrooms, Builders' Merchants, Code of Conduct, Whistleblowing function, site visits and dialogue in procurement. Annual report/sustainability report, Subsidiaries' websites
Staff and Board	• Healthy and safe working environment, well-being of employees • Equality and diversity in the workplace • High business ethics • Controlling climate impacts throughout the value chain • Long-term sustainable value creation • Attracting, retaining and developing staff	Salaries and benefits. Performance appraisals, skills development, wellness and preventive work environment measures. In 2024, the Group paid out SEK 540 million in salaries and other staff costs	Employee surveys, performance appraisals, Code of Conduct.
Owner	• Long-term sustainable value creation • Transparency and risk management • Ethics and anti-corruption • Low climate impact throughout the value chain • Human rights considerations in the value chain	• Dividends • Growth in value • Participation	Website, annual general meeting, annual report/sustainability report
Authorities	• Legal and regulatory compliance	In 2024, there were no significant breaches of applicable legal, environmental or health and safety legislation.	Financial statements, internal and external audits.
Society and the public	• Transparency • Local community engagement • Low climate impact throughout the value chain • Human rights considerations in the value chain	Bergs strives to be a strong corporate citizen that complies with laws and regulations and contributes to sustainable development.	website, study visits, annual report and sustainability report
Suppliers	• Low climate impact throughout the value chain • Respect for human rights • Impact of key raw materials on biodiversity • Ethics and anti-corruption • Circular and renewable packaging • Transport and logistics	Long and mutually profitable relationships based on trust	Code of Conduct Annual and Sustainability Report

Risk factors

Exposure to risk is a natural part of doing business. The purpose of risk management is to identify risks and prevent them from occurring, and to limit any damage from these risks.

Bergs categorises its risks as financial risks, economic, market and external risks, operational risks and sustainability risks. The risks identified by Bergs and how they can be mitigated are set out below. The section also provides a quantification of the risk for some key parameters.

Risk area	Description	Counteracting factors
Financial risks		
Currency risk	Bergs operates internationally and is exposed to currency risks from various currency exposures, mainly EUR and GBP.	Operational management to try to match revenues and costs in currencies other than SEK. Income and expenses in foreign currencies can be hedged in accordance with the Group's financial policy.
Financing risk	The risk that the group does not have the right capital structure or cannot obtain financing for its operations.	The Board of Directors and management constantly monitor the capital structure and the need to refinance operations.
Liquidity risk	The risk that the Group is unable to meet its payments due to insufficient liquidity or difficulty in obtaining credit from external lenders.	The Board of Directors and management continuously monitor the Group's liquidity reserve, which consists of cash and cash equivalents and unutilised credit facilities. The Group's policy is to have at least 5% of net sales immediately available.
Interest rate risk	The Group's interest rate risk arises from short and long-term borrowings where a sharp increase in interest rates could affect the Group's results and position.	In accordance with the Group's financial policy, the average fixed interest period should be short.
Credit risk	Credit risk arises from cash and cash equivalents and balances with banks and credit institutions, as well as credit exposures including outstanding receivables and contracted transactions.	The Group's trade receivables are spread over a large number of customers and historically credit losses have been low. Trade receivables are secured by credit insurance or other types of secure payment terms. Cash and cash equivalents are only placed with highly rated credit institutions.

Risk area	Description	Counteracting factors
Economic, market and external risks		
Global market and macroeconomic risks	Bergs operates in a cyclical and global market driven by macroeconomic factors.	Bergs operates in many markets and has a varied product range including furniture, furniture components, planed and preservative-treated products, garden products and windows and doors.
Wood industry trends and drivers	Bergs operates in a competitive and cyclical market. Prices for sawn timber are largely dependent on the balance between supply and demand at the global level with large variations over time. The cost of raw materials represents a large proportion of the value of the product and makes Bergs sensitive to fluctuations in price.	Bergs is constantly striving to be a competitive producer of wood products and focuses on efficiency in production, quality, logistics and constantly reviews production structure and investment allocation. By broadening the product range towards more processed wood products that have more stable profitability over time. By developing long-term customer relationships where customers will choose Bergs in challenging market conditions. Bergs currently sources raw materials from a variety of suppliers and regions and endeavours to maintain long-term relationships.
Legal and political risks	Bergs operates in different jurisdictions and is subject to local rules and laws. Changes in regulations and laws may affect the Group's operations. Any trade conflicts may have a negative impact on the group.	Bergs addresses these risks by working on risk assessments and, where necessary, by obtaining external expertise. By partnering with locally based companies, political risk can be reduced.
Legal risks and compliance	The risk of Bergs violating anti-corruption, anti-money laundering, trade compliance, competition law compliance and data privacy laws may result in fines, damages and other financial harm and damage to Bergs' reputation.	Group support and advice on laws and regulations to subsidiaries. Publication of governing documents, such as policies and guidelines Mandatory training in the Berg Code of Conduct for all employees and continuous training for certain categories of employees. Relevant training at local level. Implementation of tools to monitor compliance at group level. Providing the whistleblowing system – both internal and external. Follow-ups, self-assessment surveys and audits in co-operation with external auditor Ensure that strategic suppliers acknowledge the content of the Berg Code of Conduct

Risk area	Description	Counteracting factors
Operational risks		
Business interruption and property damage	Damage to production equipment can have a negative impact, both in terms of direct property damage and in terms of business interruption.	Bergs carries out regular maintenance on its production equipment and has good internal procedures at each production unit. The Group also has insurance cover against business interruption and property damage.
Environmental risks	The Group conducts licensable and notifiable activities in several jurisdictions. The Group's activities give rise to air and water emissions and noise. Historic activities, in particular impregnation, may give rise to costs for measures.	Bergs meets risks by ensuring that the companies have all the required licences and agreements and meet the given security, reporting and control requirements. In the case of new acquisitions, a review of environmental risks is carried out and costs for these are handled contractually and should not be charged to Bergs.
Customer dependence	There is a risk that a few customers account for a large share of turnover.	No single customer accounts for a large share of the group's turnover. The risk is managed by having multiple customers in multiple markets.
IT-related risks	Bergs relies on IT systems and hardware to run its business. Interruptions to these systems or hardware pose a risk of disruption to production and the ability to complete deliveries to customers on time. Risk of unauthorised access to the systems.	Bergs constantly reviews its IT environment and strives for an IT environment that can quickly handle disruptions. The Group has established procedures for information security and processes for monitoring and control.

Risk area	Description of the programme	Counteracting factors
Sustainability risks		
Emissions/Fossil fuel emissions	Berg's operations involve the use of fossil fuels, mainly for internal transport and logistics to and from facilities.	Increase the blending of biofuels in existing vehicles and machinery and gradually shift to electric vehicles. Setting emission requirements when procuring transport and logistics services and rewarding suppliers with a clear sustainability profile.
Energy use	Industrial production leads to the utilisation of energy. The risk is that Bergs will not have access to renewable energy.	Bergs continuously measures its energy consumption in order to reduce the consumption of non-renewable energy. Energy efficiency is a parameter for investments. Increased investment and use of self-generated electricity in the form of solar cells on own facilities.
Organisation and skills supply	Bergs depends on being able to attract, recruit and retain the right people. The risk of not being perceived as an attractive employer. A lack of employee engagement can have a direct negative impact on the company's brand, position and performance.	Communicating the group's activities and core values can facilitate recruitment. Being a larger group provides opportunities for development in different parts of the organisation. A common set of values (Code of Conduct) clarifies what is right and wrong. Gender equality targets are set.
Health and safety shortcomings	Occupational health and safety is strategically important to Bergs. Failure to work in these areas can increase the risk of ill health.	Bergs works systematically to ensure and improve the working environment. Bergs measures and monitors key health and safety indicators. Improvement activities are identified and implemented. Bergs promotes wellness activities for employees.
Corruption and competition law	There is a risk of corruption and irregularities. Bergs risk becoming involved in unethical business.	Bergs has adopted an anti-corruption policy and guidelines for compliance with competition law. A Code of Conduct applicable to all employees describes this topic. All employees are trained in the Code of Conduct and sensitised to the risks. A 'whistleblowing' function is in place where reports of irregularities can be made by both employees and external stakeholders.
Gender inequality, diversity and discrimination	Bergs operates in a traditionally male-dominated industry.	Bergs has a stated ambition to improve staff balance and is an issue that is highlighted before each reorganisation.
Climate change and the environment	Climate change, regulatory changes, production constraints, carbon taxes and other transition measures can affect the availability of raw materials and the company's ability to operate.	Group management and subsidiaries continuously monitor environmental and climate risks that may affect operations and access to inputs and energy. Developing improved environmental performance, such as better insulation for windows and doors, can make an important contribution. To also help make the case for wood as a sustainable material choice in favour of plastics and other more fossil-fuel dependent building materials.

Risk and sensitivity analysis

	Value/volume per year	Change	Provides approximate effect
Price developments			
Purchase price of sawn wood	215,000 m3	+/-5%	+/-32 million
Exchange rates			
Net inflow, EUR	14 million	+/-5%	+/-1 million
Net inflow, GBP	SEK 130 million	+/-5%	+/-7 million
Processing costs			
Salaries and fees	537 million	+/-5%	+/-27 million
Electricity*.	26 million	+/-10%	+/-2 million
Interest rates on loans (change in the interest rate)	352 million	+/-1%	+/-4 million

* Taking into account electricity price hedges and physical fixed price contracts in 2024.

Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in Bergs Timber AB, corporate identity number 556052-2798

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2024 on pages 40-56 and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm 17 March 2025

KPMG AB

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