



Sustainability Report 2024





■ WRP, France

Architect: Brengues Le Pavec architectes.

Photo: Florence Alzonda.

Table of contents

Foreword by the CEO	4
Lunawood in brief	5
Highlights 2024	6
Our mission and values	8
Creating shared value	9
Sustainability at Lunawood	10
Sustainability governance	11
Carbon neutrality	12
Circularity	14
Sustainability programme	16
Sustainable sourcing	18
Responsible production	20
World-class sustainable company	26
High-quality products with a long life cycle	32
Table of figures	36

Cover image:

■ Comporta 107

Architect: dEMM(R) arquitectura.

Photo: FG+SG architectural photography.

Foreword by the CEO

The year 2024 was an exciting one for Lunawood as we announced our plan to establish production in the US. With regard to climate action, we are proud to see a clear reduction in our emissions.

The demand for Lunawood's sustainable ThermoWood® products continued on a good level during 2024, despite the downturn in the European construction market. Lunawood's revenue grew 19 per cent from previous year and the share of export was over 92 per cent.

In 2024, we prepared for expansion in North America. Under a joint venture, Lunawood LLC will build a production facility in Georgia. The mill will be dedicated to producing thermally modified wood products from locally sourced hardwood, especially for the North American market. Effective from 1 January 2025, all North American Lunawood sales, including products manufactured at Lunawood's Finnish facilities, are managed through Lunawood LLC.

Reducing climate impact is a central sustainability goal for Lunawood. The Science Based Targets initiative (SBTi) validated Lunawood's near-term science-based emissions reduction target in April 2024. As a proof point and marking a significant milestone on our low-carbon roadmap, we managed to reduce our emissions significantly in 2024. By reducing our emissions, we can lower the carbon footprint of Lunawood products further.

With our extensive sustainability programme, we want to be a sustainable partner for our customers. One of the highlights in 2024 was our international partner day, organised in Iisalmi. The goal was to embrace the Lunawood experience, to strengthen collaboration and to discuss sustainability. We continue moving forward with our sustainability efforts as a company and through our product offering.

One of the essential elements in our sustainability work is the fruitful cooperation with our raw material suppliers. We look forward to strengthening this collaboration and to finding out what can be reached together in the value chain. In addition to suppliers and customers, I would like to thank all our stakeholders for their collaboration with Lunawood in 2024. I'm excited about the opportunities and cooperation ahead.



Arto Halonen
CEO
Oy Lunawood Ltd

Lunawood in brief

2001

Founded

140

Employees

59.1 M€

Revenue 2024

92%

Share of export

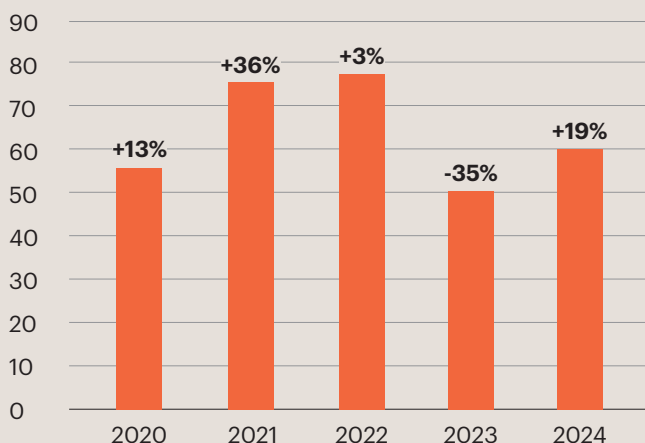
60

Exporting to over 60 countries

160 000 m³

Production capacity

Revenue development M€



Our production sites and headquarters



Highlights 2024

In 2024, we took several important steps in our sustainability work. Here are some of the highlights.



10% less emissions

We succeeded in reducing the emissions of our own operations (total scope 1 and 2) by 10% from the 2021 baseline year. This was a result of shifting to green electricity and energy efficiency improvements.

FSC certificate

Lunawood's FSC certification complements our approach to sustainable sourcing. Lunawood now has both PEFC and FSC certified ThermoWood® products available.

2024 CDP Climate SME score B – highest in SME scoring

Lunawood received a notable CDP score of SME B for climate disclosure. Score B was in the highest SME scoring class for 2024. Our score also improved from previous years, demonstrating the continuous efforts to measure, manage and reduce our carbon footprint in alignment with global climate goals.

Success in tar reduction

Tar is one of the side streams resulting from Lunawood ThermoWood® production. Thanks to a committed and active project team working on the topic during the past two years, we have managed to reduce the amount of tar by 40% at Iisalmi Mill.

Logistics partners to sign Lunawood's Third Party Code of Conduct

In 2024, we extended our Third Party Code of Conduct to our logistics partners. Now, in addition to our customer partners and suppliers, our logistics partners are also committed to our ethical principles.



Our mission and values

Lunawood's mission is to reconnect people with nature by bringing the natural benefits of sustainable forests into daily life.

We want to be a global leader and a reliable business partner in sustainable wood innovations that positively impact architecture, well-being and emission reduction worldwide.

Our values

Lunawood's values are at the core of what we do. Our values guide our way of working with each other and with our stakeholders.



Results together

We act together as a team and trust each other. We take care of good working spirit and safety at work.



Brave innovator

We boldly develop our operations and dare to innovate. We encourage each other, our partners and stakeholders to succeed.



Forerunner in sustainability

Sustainability and high-quality guide our work and decision-making. We require sustainability from all our stakeholders throughout the value chain.

Creating shared value

Our key resources



People

- An experienced and engaged team of professionals



Production

- Two production sites in Finland



Natural resources

- High-quality wood
- Energy and water



Partnerships

- Close relationships with a global network of partners
- Supplier collaboration



Brand and innovation

- Lunawood brand and product development



The financials

- Debt capacity and a good balance sheet
- A good track record in profitability
- Solid cash flow

Our business

As a pioneer in chemical-free ThermoWood®, we offer sustainable and long-lasting wood products for architecture, building and design.

Our mission

Lunawood's mission is to reconnect people with nature by bringing the natural benefits of sustainable forests into daily life.

Our values

Results together

Brave innovator

Forerunner in sustainability

Creating value for our stakeholders

Customers

- We put customer first and offer solutions for our customers success

Shareholders

- We build enterprise value and equity value

Society

- We design long-lasting carbon storing wood products for sustainable construction

Suppliers

- We emphasize close, long-term partnerships

Employees

- We create a safe workplace and encouraging team spirit
- We offer opportunities for development

Sustainability at Lunawood

Sustainability is integrated in Lunawood's strategy.



Sustainability governance

Lunawood's sustainability governance model enables an ambitious and systematic approach to sustainability.

Board of Directors: Sustainability is included on the agenda of Lunawood's Board of Directors. The Board is responsible for setting the overall strategic direction, including the direction of the sustainability work. The board reviews and approves Lunawood's ambition level regarding sustainability and the company's Code of Conduct. The board follows up on progress towards meeting Lunawood's sustainability goals and targets.

Management team: Responsibility for the company's sustainability-related activities rests with the management team. The management team makes strategic decisions related to sustainability, reviews and approves sustainability policies, commitments, roadmaps and targets, as well as monitors progress regularly. The sustainability manager is a member of the management team and is responsible for driving the sustainability agenda.

The operations and mill directors are in charge of site-level or operations area-level actions and targets. They are also responsible for the implementation of the sustainability approach as well as instructions, practices and operating models.

The marketing and sales teams have an essential role as Lunawood's sustainability ambassadors globally. Through these teams, we also receive valuable input on customer expectations.

Cross-functional project teams are established as needed to advance specific projects on sustainability-related focus areas and to share knowledge and ensure effective use of resources. Lunawood currently has two sustainability-related cross-functional project teams; one focusing on side streams and the other on environment and energy.

All employees: Sustainability is part of the daily work of all Lunawood employees.

Board of Directors

Management team

Operations and mill directors

Marketing and sales teams

Cross-functional project teams

All employees

Lunawood is a signatory to the UN Global Compact and has committed to complying with its ten principles for meeting fundamental responsibilities in the areas of human rights, labour, the environment and anti-corruption.

Lunawood's sustainability programme is guided by the UN's Sustainable Development Goals (SDGs). We report on our progress in Lunawood's annual sustainability report.

WE SUPPORT



Carbon neutrality



Urgent action is needed in the building sector to combat climate change and its impacts. Lunawood offers long-lasting carbon storing products and has set ambitious climate goals.

Our climate goals in own operations (Scope 1 and 2 emissions):

- 42% less emissions by 2030 (SBTi validated target)
- Carbon neutrality by 2035

Approach

The building and construction sector has a vital role to play in taking climate action. Today, buildings are responsible for 39% of global energy-related carbon emissions, of which 11% are caused by materials and construction.

Lunawood ThermoWood® products can store carbon up to five times more than emissions caused in the production. For us, this is not enough as we have raised our ambition level higher. We have set ourselves two climate goals: reduction of greenhouse gas emissions by 42% by 2030 from 2021 levels, and by 2035, we want to be carbon neutral in our own operations (Scope 1 and 2).

Our 2030 greenhouse gas emission reduction target was validated by the Science Based Targets initiative in 2024. This means our target is in line with climate science and with limiting global warming to 1.5°C. Our major scope 1 and 2 emissions are related to heat production and electricity we purchase.

In addition to decreasing emissions from our own operations, we are measuring our emissions in the value chain (Scope 3).

How we reduce our emissions

- We strive for continuous improvement in energy efficiency
- We transition to fossil-free energy sources

How we did in 2024

During 2024 we followed the path set in our low carbon roadmap with tangible actions. Our roadmap defines our main climate actions and key milestones required to reach our climate goals.

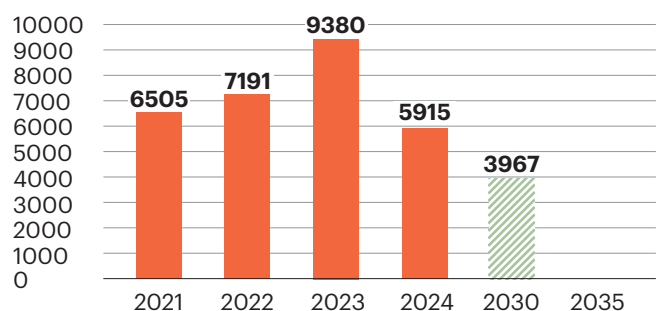
In 2024, our use of renewable energy increased to 67%. This consists of renewable biomass energy and electricity from renewable sources. We started the purchasing of green electricity, and the share of green electricity of Lunawood electricity use was 69%.

During the year we continued the development of energy efficiency of our operations on both sites. Part of this work was the energy production modernisation project in Iisalmi Mill, which continued from 2023.

As a result of our work, we succeeded in lowering our total scope 1+2 emissions significantly. Our scope 1 and 2 emissions in 2024 were 5,916 tonnes CO₂eq, with a reduction of 10% from the 2021 baseline year.

During the year we finalised our scope 3 GHG emissions inventory and it was reviewed by an external party. In this report, we publish our scope 3 emissions for the first time.

Lunawood Greenhouse Gas Scope 1 and 2 emissions: trend and target years



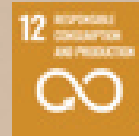
Way forward ➡➡➡

- ➔ 100% green electricity
- ➔ Energy efficiency improvements in production
- ➔ Identifying a fossil-free energy source alternative for heat production

Read more on our work related to energy and emissions on page 22.

Circularity – valuing wood throughout the value chain

The circular transition and the role of building and construction in it is widely recognised. Our ambition at Lunawood is to increase circularity in our processes and highlight the role of wood as a valuable material that should not be wasted at any stage in the value chain.



Our circularity goals

- Continuous improvement in material efficiency
- 50% of wood side streams (planing dust & C grade) recycled as material
- Further integration of circular thinking into product development



Approach

The world's population is growing, increasing the demand for products and raw materials. The circular transition and the role of building and construction in it is widely recognised. Circularity can also unlock new opportunities. Wood as a natural raw material has several good qualities from a circularity and sustainability perspective, when grown in sustainably managed forests and especially when used for durable, long-lasting products with low maintenance. However, there is still more we can do. Our ambition at Lunawood is to increase circularity in our processes. We create durable products with renewable, sustainable raw material, we operate efficiently in production, and we want to find new ways to recycle sawdust and scrap as material. In short, we see the value of wood – throughout the value chain.

How we will promote material efficiency and increase circularity

Renewable materials:

We use certified renewable raw materials.

Resource efficient production:

We improve material efficiency and waste recycling.

Side-stream utilisation and

collaboration: We seek new solutions and partners to reuse or recycle our side streams.

Product development and product offering:

Lunawood ThermoWood® products are durable, long-lasting and easy to maintain. Fixing systems used with our products enable repair and reuse. We offer training and guidance on correct installation supporting the long lifespan of products.



How we did in 2024

We can already direct 100% of wood-related side streams to utilisation, mostly for energy production. We want to find new ways to recycle sawdust and scrap as material.

In 2024, our internal side-stream working group worked to identify, analyse and test new ideas for using our side streams, together with potential external stakeholders. Several potential applications were tested, and this work will continue in 2025 with a strengthened focus.

In packaging, we use renewable materials including wood and cardboard. We also use plastic hoods, of which 79% is recycled material.

Way forward ➡➡➡

- Internal competition to increase material efficiency and drive employee engagement
- Continue to test new ways to reuse or recycle side streams through cooperation
- Circularity roadmap

Read more on resource efficiency and waste management on page 23.

Sustainability programme

Lunawood sustainability programme consists of four pillars.

Lunawood’s sustainability programme is based on the UN Sustainable Development Goals (SDGs), our values, and the materiality analysis summarising stakeholder expectations. The five prioritised Sustainable Development Goals that we support through our sustainability programme are:

- SDG 8 Decent work and economic growth
- SDG 11 Sustainable cities and communities
- SDG 12 Responsible consumption and production
- SDG 13 Climate action
- SDG 15 Life on land

In Lunawood’s sustainability programme, each of the four pillars contain the key material topics for our sustainability work. Our company-level cross-cutting sustainability goals are related to climate and circularity. We continuously monitor the development of sustainability reporting-related regulation (CSRD, EU Taxonomy) in order to comply with regulatory requirements.

Lunawood sustainability programme

Carbon neutrality				
Circularity				
				
Sustainable sourcing	Responsible production	World-class sustainable company	High quality products with a long life cycle	
<ul style="list-style-type: none"> Sustainable sourcing and origin of wood Supplier cooperation Biodiversity 	<ul style="list-style-type: none"> Emissions and energy Sidestreams and waste Water use Quality 	<ul style="list-style-type: none"> Strong employee engagement Safety at work Business ethics and human rights 	<ul style="list-style-type: none"> Product sustainability Customer experience and services 	

Stakeholder engagement highlights 2024

Cooperation with stakeholders is a must in sustainability. Lunawood participates in several initiatives. The company is a member of the International ThermoWood® Association (ITWA) and a signatory to the UN Global Compact.

Sustainability issues were proactively included in customer discussions globally and in interaction with educational institutes. Lunawood is a climate partner of the City of Lahti in Finland, where Lunawood's headquarters is located. Partner organisations develop their own plans for carbon dioxide emission reduction and climate change mitigation.

Lunawood is a member of Finnish Business & Society (FIBS), the largest corporate responsibility network in the Nordic countries. The role of FIBS is to bring companies and business stakeholders together to share best sustainability practices and solutions.

Lunawood is a member of the U.S. Green Building Council (USGBC). The mission of the USGBC is to transform how buildings and communities are designed and built, and how they function to create thriving, healthy, equitable and resilient places that advance human and environmental wellbeing.

Lunawood is taking part in a 'Material solutions in the green

transition' project. The project is funded by Just Transition Fund (JTF). The project is implemented by University of Eastern Finland as the coordinator, and Savonia University of Applied Sciences. The aim is to mitigate the harmful effects of climate change with the means of circular economy materials solutions. This goal is supported by materials research.

Lunawood participates in a circularity initiative (KiertoKasvu Pohjois-Savo -hanke) organised by Savonia University of Applied Sciences, Navitas Kehitys Oy and the Ylä-Savo Municipal Federation of Education. The objective of the initiative is to support SMEs in green transition.



Sustainable sourcing

Certified raw materials from sustainable sources form the basis of our products. Lunawood now has both PEFC and FSC certifications.

Our objectives

- Maintain high share of certified raw material
- 100% wood suppliers to sign Lunawood's Third Party Code of Conduct
- Increase cooperation on biodiversity related topics

Our current wood raw materials are pine and spruce from Finland. Key building blocks in Lunawood raw material sourcing are to secure availability, consistent quality and long-term cooperation with suppliers. We focus on active quality steering and improving tools to support it. Our products build on the strengths of the wood species naturally grown in Finland, while balancing customer expectations and supplier capabilities.

Sustainable sourcing and origin of wood

Lunawood's sustainability approach starts with renewable, high-quality raw materials sourced from trusted suppliers. We have a PEFC-certified chain of custody (PEFC/02-31-114) and by sourcing PEFC wood, we are supporting sustainably managed forests. In 2024 we went through the FSC certification process and Lunawood received the FSC Chain of Custody certificate at the beginning of 2025 (FSC® C210428). The FSC certification complements our approach to sustainable sourcing. FSC, the Forest Stewardship Council®, is an international non-governmental organisation that promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

In 2024, all our raw material came from certified Finnish sawmills. All the wood we procured in 2024 was from certified forests or forests that

meet the requirements of controlled origin. In 2024, the share of PEFC-certified raw material was 93% of all our raw material purchases. In 2025, we will start purchases and sales of FSC-certified wood and will extend our certification to Lunawood LLC in the United States and new wood species.

Lunawood is committed to following all applicable laws and regulations. Regulation (EU) 2023/1115 on deforestation-free products (EUDR) entered into force in 2023 with the aim to reduce the EU's impact on global deforestation and forest degradation. The EUDR replaces the EU Timber Regulation. In 2024, we started to prepare for compliance with EUDR. Towards the end of the year, the application date of the regulation was postponed by one year, until December 2025. Lunawood continues to prepare for the compliance to meet the requirements on time.



Supplier cooperation and biodiversity

Lunawood wants to cooperate with trusted partners in the value chain. In addition to being certified (PEFC and/or FSC), all our raw material suppliers are committed to the principles of Lunawood's Third Party Code of Conduct. With our key suppliers, we engage in deeper dialogue on sustainability topics.

Biodiversity is a topic of rising concern globally, and the importance of biodiversity and ecosystem services is emphasised. Forest certification is one of the means to take biodiversity into consideration in forestry, but there are various other means to protect forest biodiversity. In 2024, we assessed potential cooperation partners for biodiversity and this work will continue in 2025.

100%

of our wood suppliers are certified (PEFC and/or FSC)




Way forward →→→

- Preparation for the Regulation (EU) 2023/1115 on deforestation-free products (EUDR)
- FSC certification extension to Lunawood LLC and new wood species
- All new suppliers to comply with Lunawood's Third Party Code of Conduct

Responsible production

The chemical-free thermal modification production process enhances wood's properties. Lunawood's focus areas for responsible production include energy and emissions, side streams and waste, water use and quality.





The thermal modification process enhances wood's properties. The entailed wood is treated with steam and heat only. The main environmental impacts of our production sites are related to the use of energy, materials and water. In our production sites we aim for resource-efficient production and high quality.

Our objectives

- Increase the share of fossil-free energy sources
- Improve energy efficiency
- Improve material efficiency and find new uses for our side streams
- Maintain high and stable quality of our products

Energy and emissions

Lunawood's goal is to reduce absolute GHG emissions by 42% by 2030 (from 2021 level) and reach carbon neutrality in our own operations (scope 1 and 2) by 2035. Our actions towards the climate goals are defined in the low carbon roadmap.

Lunawood's key actions related to energy and emissions are to improve energy efficiency and increase the share of renewable energy. In 2024, Lunawood started purchases of green electricity and from the start of 2025, all electricity used is green electricity from renewable sources. During the

year we also assessed renewable alternatives to LPG used in heat production and this work will continue in 2025. In 2024, Lunawood continued the energy production renewal project at Iisalmi Mill. The investment increases Lunawood's total energy production capacity and improves energy efficiency. Going forward, we will continue to seek ways to improve our energy efficiency, for example through improving our practices in steam management.

In 2024, Lunawood's scope 1 and 2 fossil carbon dioxide emissions were

5,916 tonnes, meaning a reduction of 10% from the baseline year 2021. In 2024, 67% of energy used was from renewable sources and we are committed to increasing the share.

In 2024, we completed our scope 3 GHG inventory and it was reviewed by an external agency. In this report, we publish our scope 3 emissions for the first time. Lunawood's three main sources of scope 3 emissions are purchased goods and services, downstream transportation and distribution and upstream transportation and distribution.

3,692 tCO₂e

Scope 1 emissions 2024

2,224 tCO₂e

Scope 2 emissions 2024

18,304 tCO₂e

Scope 3 emissions 2024



Side streams and waste

We aim for continuous improvement in resource efficiency in production. Our main side streams include planing dust and chips, wood waste, ash and tar. In addition to resource efficiency and waste reduction, we seek to find new ways to utilise our by-products.

2024 was the first full year with the updated waste management process at Iisalmi Mill and we saw improvements in recycling. In 2024, we started the waste management

process renewal at Kaskinen Mill and this will be finalised in 2025.

To promote resource efficiency in production, we are launching an internal initiative competition to find new ideas in 2025.

In 2024 we tested several options for wood-based side stream use. This work will continue in 2025 with strengthened focus, in cooperation with external partners.

EcoCompass environmental management system

The EcoCompass environmental management system has been in use at Lunawood since 2016 and covers all sites. The EcoCompass certificate demonstrates commitment to continuously improving and complying with the ten principles of Ecocompass, including areas such as waste management, chemical use and environmental programme.

Process residuals utilisation rate	2021 99.90%	2022 99.90%	2023 99.98%	2024 100%
------------------------------------	----------------	----------------	----------------	--------------

Water use

Water is needed in the thermal modification process for two reasons: steam prevents the wood from burning during the thermal modification process, and water is used to cool wood after thermal modification and also to ensure the high quality of the final products. At the end of the process, moisture is added to the chamber to prevent cracking and ensures a long life for the final product. When the process is complete, the moisture percentage of the wood is around 4-7%, which makes Lunawood ThermoWood® products extremely stable and durable.

Water use is one of the indicators followed at both Lunawood mills. Our mills are located in Finland, meaning that we do not withdraw water from areas with high or extremely high overall water risk (WRI Aqueduct Water Risk Atlas). Our aim is to use water efficiently and seek ways to optimise its use in our production process. In 2024, our water use per produced m³ was reduced from the previous year.

Our aim is to use water efficiently and seek ways to optimize it's use in our production process.



Case

Tar reduction

Tar is one of the side streams generated in our ThermoWood® process. As a result of several years of development work, we managed to significantly reduce the amount of tar waste in 2024 at Iisalmi Mill. We have improved our practices in tar management and due to the new energy investment, our capacity to burn process gases has developed.



Quality

The quality control of our products takes place in three different stages. The first quality inspection is performed on incoming sawn timber to ensure that the quality of the raw material meets our needs. Lunawood has a quality document that defines the quality requirements for raw materials for sawmills.

Lunawood produces trademarked ThermoWood® products through a patented and annually audited process. After the thermal modification, we take samples from each thermally modified batch. We check in our own laboratories at our mills that after the thermal modification the product meets the quality requirements set by the International ThermoWood Association and we can be sure of the product's technical quality. Our production process is audited three times a year by an external auditor. The test results of our own quality control are also audited twice a year by an external auditor. The final stage of quality control is carried out on the planed product, which is subject to weekly checks to ensure the uniformity of the sorting of the planing products.

In 2024 we continued the systematic quality work at Lunawood focusing on continuous improvement. One of the key projects was related to product packaging development. Read more on page 34.

Way forward ➡➡➡

- 100% green electricity
- Energy efficiency improvements through production process optimisation
- Waste management renewal at Kaskinen Mill
- Continue to identify and test new ways to recycle side streams through cooperation
- Monitor development and share best practices and challenges through our internal Environment and Energy Group

World-class sustainable company

Lunawood is committed to operating responsibly. Lunawood has long and wide-ranging experience in ThermoWood®, and the skills and engagement of our personnel are the key factors in our success.

Our objectives

- Building long-term commitment and engagement with our personnel
- Zero work-related accidents, focus on risk prevention





Strong employee engagement and international growth

Lunawood's values guide the way of working with each other at Lunawood and the company's long-term people strategy rests especially on one of the three values: Results together. We act as a team and trust each other. We want to foster a vibrant working spirit and safety at work. Our strategy has three focus areas: learning and development, leadership development, and company growth with new people and new ways of working. In 2024 the team structures were strengthened in our customer experience organisation, and all new area teams have a named director and a strong teamwork model. The change was supported with a leadership programme.

One of the ways to measure Lunawood's efforts regarding personnel is the personnel survey, conducted annually. Lunawood's goals are a high Employee Net Promoter Score (eNPS) and good results in overall work satisfaction and leadership. In the 2024

personnel survey, the employee NPS was 18 and overall satisfaction rate for work was 79/100. According to the personnel survey conducted in 2024, Lunawood's strengths include clear company vision, strong autonomy at work and commitment to sustainability. According to the survey, the Lunawood team culture is considered to be good and working conditions as well as safety are on a high level. One of the areas for further development was related to change management.

Lunawood has a company-specific collective agreement that was renewed at the end of 2024 for the next two years.

In November 2024, Lunawood established a new company, Lunawood LLC. The joint venture of Oy Lunawood Ltd and Atlanta Hardwood Corporation will oversee the procurement, production and sales of ThermoWood® and other thermally modified products across North America. The Lunawood

LLC organisation started to formulate at the end of the year and recruitments started for the new company.

As Lunawood goes forward and grows internationally, we strive to maintain the essentials of the Nordic Lunawood working culture and develop together as a diverse team. We want to put a focus on learning and provide opportunities for personal development.

**We act as a team
and trust each
other.**

Safety at work

Safety at work is a top priority for Lunawood. Our goal is to be the safest company in our industry in Finland. Lunawood is committed to the goal of zero work-related accidents and preventive safety.

Lunawood has focused on safety measures for several years, and this has yielded positive results. The emphasis on safety work has been on improving fire safety, preventive actions and implementing joint and standard ways of working.

Lunawood has a safety management system in place.

All employees are encouraged to report shortcomings and suspected shortcomings in safety. Some 62% of Lunawood personnel reported at least one safety notice in 2024. Throughout the year, the corrective actions were completed for over 90% of the notices.

The main focus in 2024 was risk prevention and the amount of work-related risk assessments grew by 30%. In 2024, Lunawood also carried out a broad chemical risk assessment in production and implemented a tag

out-log out system in both mills.

Lunawood made several safety investments in 2024, including an anti-collision system at Iisalmi Mill. The goal is to improve pedestrian safety with warnings about unforeseen collisions between machines and staff.

Regular management reviews lay the foundation for a safe Lunawood and encourage staff to continuously improve safety.

Two work-related accidents occurred in 2024. All near-misses and work-related accidents are investigated within seven days.

Safety at work is a top priority for Lunawood. Our goal is to be the safest company in our industry in Finland.



Safety goals 2025

We have annual goals for improving safety at work. Zero accidents remains our goal, and we measure preventive actions on a monthly basis.



- 1 Work-related accidents: 0
- 2 Fires: 0
- 3 Tidiness and order: above 90%
- 4 Safety observations: above 500
- 5 Personal assessment of work hazards: above 500
- 6 Regular safety training for all personnel: 1 hour per quarter per person

Business ethics and human rights

Lunawood's operations are guided by our Code of Conduct. The code is based on the ten principles of the UN Global Compact, the world's largest global corporate sustainability initiative. The ten principles include human rights, labour, the environment and anti-corruption. Lunawood is a signatory of the Global Compact. In 2025, Lunawood will implement the Code of Conduct to the new Lunawood LLC operations.

Based on our Code of Conduct, we have also drawn up a Third Party Code

of Conduct. This is motivated by our intention to work with partners that adhere to the same principles. Our raw material suppliers and key customer partners have committed to the principles of our Code of Conduct. In 2024, we extended our Third Party Code of Conduct to our logistics partners, and all active partners have now signed.

The responsibility to respect human rights is a global standard for all companies. According to the UN's Guid-

ing Principles on Business and Human Rights, the responsibility to respect human rights requires that companies avoid causing or contributing to adverse human rights impacts through their own activities, and that they tackle such impacts if they occur. Companies must also seek to prevent or mitigate adverse human rights impacts. In 2024, Lunawood started to develop a human rights due diligence process, but the majority of the work will be conducted during 2025.





Case

Employee event in Tahko

In late August, following the summer holidays, all Lunawood employees gathered in Tahko for an active day of collaboration, learning and networking. It was a unique opportunity for everyone – from our mills, our offices and people abroad – to meet face-to-face and discuss how we can achieve results together.

In the day's Customer Promise workshop, the discussion on how each of us contributes to delivering on our customer promise was lively and each team member wrote down their individual pledge, demonstrating a shared commitment to all three aspects of our promise. During the day, Lunawood's team spirit truly shone, fostering an environment where everyone could freely exchange ideas and insights.



Whistleblowing channel to report misconduct

Lunawood has a whistleblowing channel for reporting misconduct. It is available to both employees and external parties. The whistleblowing channel provides a confidential means of reporting suspicions of possible misconduct or policy violation. Whistleblowing can be done anonymously. Lunawood's whistleblowing committee is guided by Lunawood's whistleblowing policy and instructions. Lunawood encourages its employees to first raise their concerns or suspicions with their supervisor or management. If this does not seem a good option or does not work, it is always possible to use the whistleblowing channel to report the matter. The channel is provided by Juuriharja Consulting Group Oy.

No cases that qualified as a whistleblowing case were reported in 2024.

Way forward ➡➡➡

- ➔ Continuous efforts in work safety, with a focus on risk management, active employee participation and systematic development of the safety management system
- ➔ A focus on learning and offering opportunities for personal development
- ➔ Equality and a work-life balance: support from external experts
- ➔ Code of Conduct and work safety management system implementation to Lunawood LLC
- ➔ Development of the human rights due diligence process

High-quality products with a long life cycle

Lunawood manufactures easy-to-maintain and long-lasting wood products for all climates. With well over 20 years of experience, we are dedicated to providing unmatched customer service.

Stay Skyview, Arizona
Architect: Trent Hancock and Joel Contreras.
Photo: Jason Roehner.

At Lunawood, it is in our core to offer products that are long-lasting, durable and enhanced with heat and steam only. Lunawood's offering includes ThermoWood® cladding, battens, decking and interior products. Our products can be used for facades, interiors, landscaping, mobile homes, bathrooms, saunas and furniture.

Our objectives

- High customer satisfaction
- Continuous improvement in product sustainability



Product sustainability

We believe that renewable, recyclable, carbon-storing wood products have a great deal to offer when it comes to advancing sustainable development goals in the built environment. Of course, this is only the case if the wood is sourced from sustainably managed forests. From reducing our carbon footprint to improving circularity – that is, improving the practices that lead to sustainability – our aim is to further raise the bar when it comes to the sustainability of our products.

The sustainability, quality and safety of Lunawood products is a result of careful consideration at every step of the process, from raw material sourcing to production and all the way to the customer. Lunawood ThermoWood® products provide long-lasting carbon storage, and our products carry the Nordic Swan Ecolabel as a sign of compliance with environmental requirements.

One of the advantages of Lunawood ThermoWood® products is that they are low maintenance. To answer the customer needs of those who look for surface treatments, we continuously assess potential solutions in key markets.

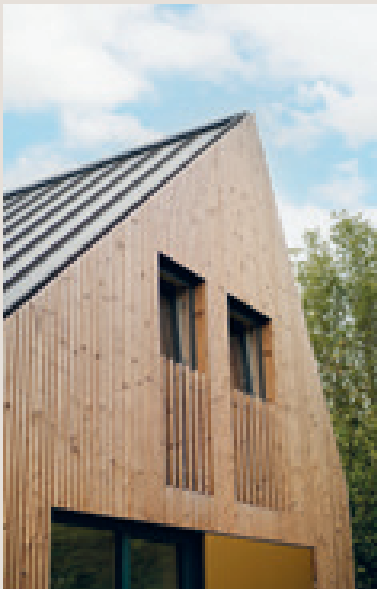
To prepare for the amended requirements of the EU regulation on fire safety for wood products, we tested all our tongue and groove product groups in 2024 to ensure compliance. This work will continue in 2025 with testing of remaining specific product groups.

As we strive for quality throughout the production process, we want to ensure that the products remain of good quality when arriving to our customer. To reduce the risk of product damage in package handling and transport, we set up a packaging development project in 2023, which continued in 2024. As a result, investment in improved packaging will be implemented at Iisalmi Mill during the first half of 2025. This investment is expected to reduce damage in package handling and transport phases and therefore contribute to quality, customer satisfaction and material efficiency.

In 2024 we simplified and renewed Lunawood fixing system packages that accompany our products. Packages now include all installation materials and guidelines to make the installation phase easier for end-users. This helps to ensure the correct installation of Lunawood products and contribute to avoiding product waste in the installation phase.

Strengthening the position in the United States

In late 2024, Lunawood announced the news it was establishing production in the US through a joint venture with Atlanta Hardwood Corporation, addressing growing demand for sustainable building materials. Lunawood is the first Finnish company in the mechanical wood industry to establish production in the US. Production at the Georgia facility is expected to begin by mid-summer 2025. The plant will be dedicated to producing thermally modified wood products from locally sourced hardwood. With new wood species and a production site in the pipeline, in the 2025 focus will be on ensuring that the Lunawood principles of quality and sustainability will be implemented in the new operations and products.



Case

Energy-positive VB56 house

The VB56 house is VANBOOM's first energy-positive, prefabricated home. The house consists of 80% wood: the structure of the house, insulation, cladding, stairs and window frames are all made entirely of wood. The exterior of the home features sustainable Luna Duo 32x140 3D cladding on its facade. The extensive use of wood reduces the home's carbon footprint and stores carbon.

Case

A class in Sundahus assessment

Lunawood ThermoWood® products were assessed by Sundahus and classified as the best A class in 2024. Swedish Sundahus provides structured material information management within the construction industry. The A class means that Lunawood products have minimal health or environmental impacts. Products are not classified as hazardous to health or the environment during the construction phase and do not affect the indoor environment negatively through high emissions of volatile organic compounds.



Lunawood International Partner Day

Customer experience and services

For Lunawood, commitment to the customer is number one. We want to build long-term partnerships and provide support to our customers at different levels of our organisation.

Lunawood's customer promise summarises our core strengths towards

our customers: sustainability, reliability and experience.

Commitment to the earth and you:

We promise to provide sustainable branded and well commercialised Lunawood solutions for your success, delivering reliability and transparency every step of the way.

We are committed to taking action to improving sustainability in the built environment. We ensure accurate deliveries, availability, consistent quality and business stability for our customers' success. With over 20 years

of experience, we are dedicated to serving our customers.

In 2024, we organised a Lunawood Partner Day, attended by customer representatives from all our key markets. The purpose of the event was to launch our customer promise and deepen our customers' commitment to the Lunawood brand and people. The event was a great opportunity to showcase our sustainability programme and how it is reflected in everything we do, every day.

Second year of record-high results in customer survey

In the 2024 customer survey, we received a record-high net promoter score (NPS) of 73, exceeding previous results. The open responses highlighted the quality of customer service, the quality of our products and our attitude. The NPS metric is used internationally to measure customer loyalty.

During the year, we adopted a new customer relationship management (CRM) system. The CRM system helps manage customer-related information and contributes to further streamlining the customer service Lunawood offers.

Way forward ➡➡➡

- ➔ Investing in packaging development
- ➔ Following the development of local and international sustainability, product and quality standards
- ➔ Preparing an Environmental and Health Declaration Sheet FDES (France)

Table of figures

ESG initiative	Target	Key metrics	Unit	2020	2021	2022	2023	2024
Environment and climate	1. Increasing the share of renewable energy	Production carbon intensity	kg CO ₂ / m ³	49,65 *	51,91	52,73	86,69	49,61
		Scope 1: Direct emissions from operations			4837	3935	3524	3692
		Scope 2: Emissions from purchased energy consumed in operations (market-based)			2003	3468	5815**	2224**
	2. Committing to source certified raw material from the Nordics	Total emissions scope 1+2			6605	7191	9380	5916
		Energy intensity (heat & electricity)	MWh/m ³	0,44	0,41	0,47	0,55	0,43
		Waste and residuals generated	ton	4865	5609	4057	4296	4837
	3. Searching for circular economy solutions: considering new uses for by-products	Of which utilised	%	91,5	99,9	99,9	99,98	99,99
		Of which landfilled	%	8,5	0,12	0,06	0,02	0,001
		Hazardous waste	ton	77	62	94	7	19
		Water usage	l/m ³	295 *	256	263	311	273
		Share of certified raw material	%	88,7	89,8	91,04	91,7	
		Energy from renewable sources	%	53,7	48,2	54,9	52,5	67

* Low precision data ** Electricity emission factor 2023

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024
Non-discrimination and Equality	1. Equality in the workplace 2. Create an including work environment 3. Zero discrimination or harassment	1. Split of gender in the management team	absolute	annual	men 4 women 2	men 4 women 2	men 4 women 2	men 3 women 3	men 3 women 3
		2. Split of gender on the board	absolute	annual	men 4 women 1	men 4 women 1	men 3 women 2	men 3 women 2	men 3 women 2
		3. Split of gender in Lunaholder group, white collars	%	annual	men 65 women 35	men 67 women 33	men 67 women 33	men 67 women 33	men 66 women 34
		4. Split of gender in Lunaholder group, blue collars	%	annual	men 97 women 3	men 96 women 4	men 97 women 3	men 93 women 7	men 94 women 6
		5. Incidents of discrimination and corrective actions taken	absolute	annual	0	0	0	0	0
		6. Use of family leave *	persons / year	annual	men 1 women 2	men 4 women 1	men 10 women 0	men 11 women 1	men 9 women 1
		7. Salary development, blue collars **	%	annual	2.3	3.1	2.2	2.0	2.1
		8. Salary development, men, white collars	%	annual	4.3	3.2	4.0	2.4	3.8
		9. Salary development, women, white collars	%	annual	6.4	2.8	4.1	2.5	2.3

Salary development: employees at the end of the year, incl .position changes, excl . seasonal workers.

* During the year. No earlier data available. ** Women less than 3 pers.

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024
Safe and sustainable work place	1. No accidents: monitoring the safety of working areas	1. LTA	accidents/ million working hours	monthly	40.0	27.0	18.0	14.0	8.7
	2. Needed actions done without delay								
	3. Improved fire safety	2. Number of workplace accidents with at least one day of absence	%	monthly	7	6	4	3	2
	4. Good working ability in the long run, from work to home healthy and safe								
		3. Safety hazard reports	psc	monthly	57	238	469	613	584
		4. Near-miss reports	psc	monthly	5	33	38	18	18
		5. Absence rate	%	monthly	3.7	3.7	4.1	3.3	3.3
		6. Sick leaves of over 30 days	No. of people	annual	6	6	6	9	7
		7. Employee satisfaction	NPS	annual	22	32	34	34	18
		8. Employee turnover ****	%	annual	8	7	5	9	5
		9 . Change in the number of personnel ***	absolute	annual	+12	+16	+4	-5	-7

* No information available ** Employee satisfaction 2018 , scale 1–5 *** Year average **** Net turnover (excl. short-term employees)

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024
Anti-corruption & conflicts of interest	1. Code of Conduct in use (internal & 3rd party) 2. External audits successfully passed and corrective actions done on time	1. Policies in place	whistle-blowing in use	annual	yes	yes	yes	yes	yes
		2. Basic training and commitment to Code of Conduct (%)	%	monthly	–	100	100	100	100
		3. Confirmed incidents of corruption	yes/no	annual	no	no	no	no	no
		4. Occupational health and safety audits have been conducted	done in time	annual	yes	yes	yes	yes	yes

ESG initiative	Target	Key metrics	Unit	Measuring frequency	2020	2021	2022	2023	2024
Sustainable and responsible growth	1. Committing to sustainable and responsible growth 2. Committing to the promises to our customers	1. Profit development, EBITDA €M	M€	monthly	7.2	16.8	12.8	4.3	3.4
		2. Successful financial audit	clean audit report	annual	yes	yes	yes	yes	yes
		3. Governance policies in place	yes/no	annual	yes	yes	yes	yes	yes
		4. Client satisfaction	NPS	annual	58	22	48	71	73

