

Barrus AS

Sustainability report

2024



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2024



GENERAL INFORMATION ON THE REPORT



Barnus as a company prides itself on taking responsibility for society, the environment, and its employees. We would like to leave well- and wisely-maintained forests and environment for future generations. We prioritise getting maximum value out of wood, avoiding generating waste, and doing all of that in a safe and legal manner.

This report details our sustainability-related activities, achievements, and plans for the future. The report was drawn up partly on the basis of the requirements of the Corporate Sustainability Reporting Directive (CSRD) of the European Union and the European Sustainability Reporting Standards (ESRS). The scope and period of this sustainability report overlap with those of the financial report, involving the entire organisation.

This sustainability report includes an in-depth analysis of our value chain, involving an assessment of double materiality. This assessment takes into consideration both upstream and downstream value chain participants and involves inputs from internal as well as external stakeholders.

Barnus AS discloses its sustainability goals, activities, and results, which are related to its products and activities in the territory, and its relations with the clients and stakeholders. The company ensures the accuracy, reliability, and transparency of all of the data disclosed.

SUSTAINABILITY STRATEGY

The vision of our company is to be a leading producer of glued laminated timber components who is actively contributing to the welfare of the environment and the community.

The purpose of the sustainability strategy of Barrus AS is to ensure the sustainable development of the company, minimising the impact on the environment and the society and increasing the positive impact. The strategy is based on the EU Corporate Sustainability Reporting Directive, the UN Sustainable Development Goals, and the double materiality analysis, assessing the impact of the activities of the company on the external environment, as well as the impacts of the external environment on the company, mapping the potential risks and prevention thereof.

Sustainable Development Goals

The sustainability strategy of Barrus AS is related to the United Nations Sustainable Development Goals. In cooperation with the sustainability agency Sustinere, we have mapped the most important goals for us which help to direct our sustainability strategy and activities.



Goal 3: GOOD HEALTH AND WELL-BEING

Barrus AS ensures safe and healthy working conditions for its employees. We invest in improving the health and well-being of our employees through providing regular health checks and health promotion programmes.



Goal 6: CLEAN WATER AND SANITATION

Clean water and sanitation. Our aim is to ensure economical and efficient water consumption in all production processes.



Goal 7: AFFORDABLE AND CLEAN ENERGY

Our company invests in renewable energy solutions and energy efficiency measures to reduce our energy consumption and greenhouse gas emissions. As of 2023, Barrus AS has adopted the principle of using 100% clean energy in its activities.



Goal 8: DECENT WORK AND ECONOMIC GROWTH

Our company supports sustainable economic growth and decent work, offering fair remuneration and investing in the development of our employees. Barrus AS is dedicated to supporting local communities and ensuring economic stability.



Goal 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Barrus AS is focusing on optimising our production processes to reduce the amount of waste generated and increase recycling. Our goal is to ensure the maximum reuse or recycling of all production waste.



Goal 13: CLIMATE ACTION

Our company is implementing measures to reduce greenhouse gas emissions and improve energy efficiency. We have set a goal to reduce our carbon footprint by 50% by 2030 compared to the base year of 2020.



Goal 15: LIFE ON LAND

Barrus AS supports sustainable forestry and the preservation of biodiversity. Our production processes strictly follow the requirements of PEFC and FSC® certificates to ensure responsible forest management.

Assessment of double materiality

Double materiality includes the assessment of the internal ESG impact as well as external impacts. The assessment process was developed on the basis of the instructions for the double materiality assessment issued by EFRAG. We also involved an external cooperation partner in the analysis process, with whom the assessment was conducted in the first six months of 2024.

The assessment of double materiality was divided into three steps:

1. Understanding the context of the company.
2. Identifying potential and actual impacts, risks, and opportunities (hereinafter referred to as the **IROs**).
3. Identifying the important **IROs** and the sustainability issues related thereto.

In order to understand and analyse the context of the company, the cooperation partner reviewed different existing ESG-related documents and discussed the current situation and future directions of the company in the course of interviews and meetings with the steering group.

Stakeholders were also involved in the assessment of double materiality. Interviews were conducted with most important stakeholders and the opinions expressed by them provided a significant input for the analysis which were used to identify and order by priority the important impacts, risks, and opportunities.

| Affected stakeholders | Users of the sustainability report | Stakeholders who may be included in each group |
|---------------------------------------|--|--|
| Natural environment (plant) | Customers | Employees |
| Employees | Suppliers | Clients |
| Suppliers and other business partners | Supervision authorities / accredited authorities | Local communities |
| End users | Organisations of the sector | |
| Clients | | |
| Local communities | | |

The issues important to the stakeholders identified in the course of the interviews listed in the order of importance:

| Issues important to the stakeholders | Clarification |
|--------------------------------------|--|
| Climate change | Suppliers are expected to reduce the carbon footprint and implement sustainable procedures. |
| Communities | Several stakeholders, including funders, clients, suppliers, and owners stressed the importance of communities. |
| Monitoring of resources | Focus was placed on monitoring the use of resources, especially wood resources. |
| Regulations | Compliance with the current and future regulations, especially environmental regulations. |
| Cybersecurity | Several stakeholders mentioned this as a critical area which requires attention. |
| Sustainable funding | This includes the integration of the ESG criteria into financial products and services, which was stressed by the funders. |
| Other environmental matters | Matters such as biodiversity, similar to energy, energy efficiency through renewable resources. |
| Health and safety | The importance of occupational health and safety to the employees, which was stressed by the owners. |
| Innovation | Limited innovation in the sector, while there are opportunities in the field of wood chemistry, for example. |
| Working time and balance | The need for addressing wage gaps, diversity, and the work-life balance. |
| Training and development | The importance of training and development to remain aligned with the changing educational and labour market trends. |
| Chemicals | Potential cooperation opportunities for developing bio-based adhesives. |
| Durability of products | Ensuring the longevity and sustainability of wood products. |
| Change management | Efficient management of changes in the organisation and industry. |

The natural environment as a silent stakeholder was involved within the framework of mapping the IROs related to the activity and value chain of the company on the basis of publicly available studies and summaries on the impacts of Barmus AG and its value chain.

We gathered the potential and actual impacts, risks, and opportunities (IROs) into one table for assessment and the list was validated by the steering group of Barmus AG.

The impacts were divided into negative and positive and actual and potential impacts. In the case of the actual negative impact, the importance was based on the severity of the impact, while in the case of the potential negative impact, it was based on severity and probability.

The severity depended on the following factors:



Level of the Impact



Extent



Irreversibility

In the case of positive impact, the importance was based on the following:



The level and extent of the actual impact



The level, extent, and probability of the potential impact

For each impact (incl. in the assessment of financial importance), Barmus AG also defined the period which the impact assessment was based on:

Short-term
(<1 year)

Medium-term
(2-5 years)

Long-term
(>5 years with the upper limit defined on the basis of the IRO)

5p

All factors were assessed on a 5-point scale to facilitate providing the overall assessment later:

| Level of the impact | Extent of the impact | Irreversibility of the impact |
|---------------------|---|---|
| 0 None | 0 None | 0 Very easily remediable |
| 1 Minimal | 1 Company and/or people in the area | 1 Relatively easy to improve in the short-term perspective |
| 2 Low | 2 People in the vicinity/community etc. and/or the area | 2 Remediable by making an effort in 1 year |
| 3 Medium | 3 People in the vicinity etc. and/or the area | 3 Difficult to remove or takes 1-3 years to remove |
| 4 High | 4 Region or similar and/or the people of the area | 4 Very difficult to remove or takes very long (more than 3 years) |
| 5 Absolute | 5 Global | 5 Irremediable, the damage cannot be remedied |

5p

Assessment of the potential extent of the financial impact was also based on a 5-point scale, with clarifications:

| Clarification in the case of an opportunity | Clarifications in the case of a risk |
|---|--|
| 0 None | 0 None |
| 1 Very low: small cost savings, little increase in efficiency | 1 Very low: small fine, non-additional costs, almost no resources required |
| 2 Low | 2 Low |
| 3 Medium | 3 Medium: an extensive media sensation which will interest many people |
| 4 High: a new business area | 4 High |
| 5 Very high | 5 Very high: puts at risk the sustainability of the entire company |

The overall assessment of the actual impacts and financial impacts was derived on the basis of the average score of the severity factors. The overall assessment of the potential impacts was based on the average value of severity, which was multiplied by the percentage of probability.

Then, Barrus AS set a threshold of importance, with the impacts equalling or exceeding the threshold being deemed important. In 2024, the threshold was 3; the same threshold was also used in the assessment of financial materiality.

In total, 48 IROs were deemed important issues, which were divided into sub-topics as follows:

ESG

Environmental impact (E)

- Climate change
- Use of resources
- Sustainable forestry and waste

People and the community (S)

- Employees and affected communities
- Employees in the value chain
- Indigenous

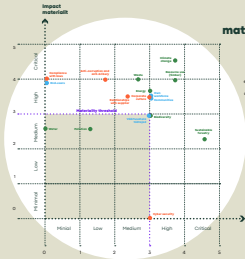
Business conduct (G)

- Corporate culture
- Relations with suppliers
- Anti-corruption and anti-bribery

Double materiality matrix

Figure 1

The main topics with the highest environmental and social impact and/or the biggest financial risks and opportunities for our company are highlighted below.



E

ESG

ENVIRONMENTAL IMPACT

Important IROs for the environment

E1 Climate change

| Topic | Sub-topic | Sub-sub-topic | Type of IRO | Description of the impact, risk, or opportunity (IRO) from the perspective of Barnes |
|-------------------------|------------------------------------|--|------------------------------|---|
| E1 Climate change | Adapting to climate change | Physical risks arising from climate change | Financial possibility | The European Union is clearing its Harbour Gates towards using more wood in construction, which means that an increase in the volumes can be seen in this sector in the future perspective. In Southern Europe, people will buy more windows, made of alternative materials today, as they are cheaper. In the future, there will presumably be a trend towards wood as well. |
| | | | Financial risk | Hotter summers and longer drought periods damage wood. It may dry to the point of cracking and its colour may turn blue. Customers do not wish to buy blue wood today. |
| | | | Financial possibility | Hotter weather dries wood and may turn its colour blue. If the customer would buy blue wood, the loss of raw material would be lower. |
| | | Transition risks arising from climate change | Financial risk | Increases in regulatory requirements and toughening of the requirements in labelling wood. Forests are seen as carbon sinks, which may reduce falling volumes. Regulatory requirements have already reduced the availability of raw material in Eastern Europe. |
| | Adaptation of climate change | GHG emissions | Negative carbon impact | The activity of the company generates GHG emissions. We are planning to reduce our GHG emissions. Fuel and transport will be focused on next. |
| | | | Financial possibility | Cooperation with our partners (clients/suppliers) to achieve our sustainability goals increases the competitiveness of both parties. |
| | | | Financial risk | Our clients demand us to reduce our emissions, but do not wish to pay the higher prices due to the accompanying costs. At this point, it seems that the requirements must be complied with their intention to the clients, if this would come with an adjustment of prices. |
| | | | Financial possibility | The timber industry is the only sector that is a carbon sink. An alternative to concrete and metal (building) measures of this more and clearing the consumers towards using wooden windows and doors will presumably increase the volumes in the future. The service life of one window is 50 years and the required amount of wood used will grow less in this time. |
| | | | Positive carbon impact | Wood is mainly used as raw material. Wood binds CO ₂ and generates O ₂ - the company is contributing to clean air by using wood. |
| | Energy | Electricity | Negative carbon impact | The production operations of Barnes are highly energy intensive. The main energy is not purchased, but is generated on site from biomass wood. The company transferred to using nuclear energy in 2023. Fossil energy was used before. Projects have been undertaken to reduce energy consumption. For example, one factory was equipped with a solar roof in 2024. |
| | | | Financial risk | The general trend of energy prices is increasing. Due to the high energy intensity of our activity and the dependence of the value chain on fossil fuels, it takes a lot of time and resources to change this. |

E4 Biodiversity and ecosystems

| Topic | Sub-topic | Sub-sub-topic | Type of ESG | Description of the impact, risk, or opportunity (M-Q) from the perspective of Barrus |
|---|--|---|---------------------------|---|
| E4 Biodiversity and ecosystems | Factors which have an impact on biodiversity | Impact on ecosystem services and dependence on these services | Positive potential impact | Sustainable forest management has a positive impact on biodiversity. Those wood processing companies which are involved in or support sustainable forestry help to preserve and increase biodiversity. Thinning, preserving buffer zones around water bodies, and protecting forests with a high nature conservation value are practices that support the preservation of ecosystems. |
| | Impact on ecosystem services | Impact on ecosystem services and dependence on these services | Financial risk | Changes in the regulation of forest management may limit the availability of wood, increase the costs of raw material, and supply pressure on delivery chains. |
| | Impact on ecosystem services | Impact on ecosystem services and dependence on these services | Financial possibility | The products of Barrus have FPC, FSC, and ACS certificates. Having the certificates may facilitate our access to the market and the value of the brand, as the consumers and companies increasingly prefer products from sustainably managed forests. |
| | Factors which have an impact on biodiversity | Factors which have an impact on biodiversity | Financial possibility | Those companies which actively contribute to the preservation of biodiversity and restoring of ecosystems may benefit from the emerging market of ecosystem services. This may offer an additional income flow and improve the image of the company. |

E5 Resource use and circular economy

| Topic | Sub-topic | Sub-sub-topic | Type of ESG | Description of the impact, risk, or opportunity (M-Q) from the perspective of Barrus |
|---|---------------------------------|----------------------------|------------------------|--|
| E5 Resource use and circular economy | Inflow of resources | Resources and raw material | Positive actual impact | Wood and woody products are replacing the materials produced of non-renewable resources. This, in turn, means that non-renewable materials are generally used less. |
| | Product-related resource output | Outgoing resources | Financial risk | If Barrus fails to meet the expectations of the stakeholders for the use of materials in products and services, the company may lose clients, resulting in a decrease in its income, which poses a significant financial risk for the company. |
| | Waste | Waste | Negative actual impact | The activities of Barrus generate wood waste (the property of the waste generator). It is partly used for heating, with the remaining part stored. In the case of other waste, the goal is to increase the volume of the waste treated year by year. |
| | | | Positive actual impact | Circular use of wood waste: the activity of Barrus generates wood waste which is reused (e.g., granules and paper industry, pallets, wood chips for filling (mulch)). |

Footprint of the company

In order to preserve natural resources for future generations, we must minimise our environmental impact. We have assessed the carbon footprint of our company in cooperation with the sustainability agency Sustinere on the Greenspect platform created by them. The Greenhouse Gas (GHG) Protocol standard ([LINK](#)) and ISO 14040 and 14044 guidelines, relevant databases (Ecoinvent, national inventory analyses, etc.), and academic literature were used for the analysis. The impact factors were based on the sector and the geographical position of the organisation, i.e. location-based factors that are as accurate as possible were found, which help to ensure a realistic and representative result.

The results of the carbon footprint calculations of Greenspect have been proven pursuant to the ISO 14064-1 standard, which ensures the transparency and reliability thereof. The calculation model has been validated by Bureau Veritas.

Assessment and reporting of the footprint were based on the principle of operational control. This means counting all emissions originating from the sources/activities which are under the control of the organisation. The overall results of the footprint of the organisation in 2024 are specified in the figure below.

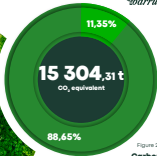


Figure 3.

Carbon footprint results of Barrus AS in 2024.



Due to the availability of data and the restrictions established during the COVID-19 pandemic, Barrus AS uses 2022 as the base year for comparing the activities related to climate impact. The table below includes annual comparison by scopes.

| Category | Year | | |
|--|------------------|------------------|------------------|
| | 2022 | 2023 | 2024 |
| | 1000kg | 1000kg | 1000kg |
| Scope 1 – direct emissions | 942,12 | 972,41 | 1737,42 |
| Passenger cars | 124,97 | 121,09 | 92,38 |
| Other vehicles | | 857,3 | 1632,96 |
| Stationary combustion sources | 12,98 | 11,96 | 12,21 |
| Fugitive emissions | 2,17 | 1,76 | 2,83 |
| Scope 2 – indirect emissions | 10 802,70 | 0 | 0 |
| Purchased electricity and thermal energy | 10 802,70 | 0 | 0 |
| Scope 3 – emissions from the value chain | 12 149,60 | 11 449,73 | 13 244,49 |
| Production materials | 6299,6 | 5261,02 | 5760,22 |
| Production additvies | 332,6 | 1236,41 | 1247,83 |
| Packing materials | 332,6 | 214,34 | 312,91 |
| Transport | 3927,7 | 3322,38 | 4300,41 |
| Waste | 8,3 | 4,73 | 8,62 |
| Water consumption | 0 | 0 | 0 |
| Indirect impacts of scopes 1–2 (fuel and energy) | 1300,1 | 1330,09 | 1441,71 |
| Equipment | 20,4 | 18,9 | 20,2 |
| Office supplies | | 1,3 | 1,04 |
| Commuting of the employees | 296 | 371,89 | 327,79 |
| Other work trips | 34,3 | 37,02 | 37,93 |
| Flights | | 89,46 | 17,03 |
| Home office | 0 | 0 | 0 |
| Total | 23 914,82 | 12 442,14 | 13 204,31 |

The biggest positive impact on reducing the footprint came from the transfer to clean electricity in 2023. Last year, we started testing biodiesel in the loaders of our company. Even though the specific emission factor of biodiesel is significantly lower, the switch reduced the amount of diesel used by 40%, and thus the effect was not as big as it would have been in the case of switching to biodiesel in the extent of 100%. The amount of LPG, however, increased by 387% due to the change in the specific emission factor, which also caused the higher impact of this category in 2024. This is also the reason why the indirect impacts of scopes 1–2 are higher in 2024.

Increased production volume also came with a higher amount of production materials. The footprint also increased in transport due to the longer raw material distances and increased export volumes of the component production.

The target of our company is to reduce our carbon footprint by 50% compared to 2022. We are also aiming to become carbon neutral by 2050. In the case of new projects, we have kept in mind that the technology chosen should support achieving the goals. We monitor our environmental indicators and have been contributing to the development directions specified in our Green Roadmap to improve our environmental efficiency. This year, we are planning to approve our climate neutrality plan, which will be drawn up in the second half of 2025.

Resource use and circular economy

Barrus is dedicated to the sustainable use of resources and implementing the principles of circular economy. Our aim is to reduce the use of non-renewable resources and promote the reuse of materials.

Wood and products made of wood have an important role in the replacement of materials produced from non-renewable resources. Wood is a renewable resource which enables us to offer environmentally friendly solutions to our clients.

The activities of Barrus generate wood waste, however, which forms the majority of our waste. We use and direct to reuse 100% of our wood waste. Our production residuals are turned into valuable products for all homes, such as wood pellets, packaging, books, and hygiene products with the help of the granule and paper industry.

We also sort other waste at the company. When it comes to waste, our aim is to reduce the amount of waste disposed of by incineration or deposited and increase the amount of reused waste. In 2024, a total of 294 tonnes of other waste was generated at the company, of which 41% was wood ash from the boiler plant, which is used as fertiliser in organic farming.

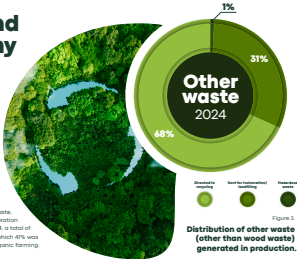


Figure 3.

Distribution of other waste (other than wood waste) generated in production.

Energy consumption

The majority of the electricity used is required for our principal activity. As of 2023, we are purchasing electricity with a nuclear energy certificate to cover our electricity demand with the aim of contributing to clean energy.

The production operations of Bormus are highly energy-intensive, thus, we have set the target of efficient and reduced use of energy. In 2024, a total of 17,816 MWh of electricity was purchased.

Last year, we installed a solar roof on one of our production buildings (700 m²), with integrated solar panels with the capacity of 156 kWp used as roofing. Such a solar park is estimated to generate ~128 MWh of electricity per year. The solar panels started working in the second half of August 2024. The solar park produced 26.65 MWh of electricity in 2024.

Even though the solar park only covers 1% of the entire electricity consumption of Bormus, this project is a strategic investment, as it was necessary to renovate the roof.

The company requires thermal energy for heating our premises and operating the dryers. Thermal energy is not purchased, but is generated on site from leftover wood. The majority of the thermal energy is consumed by the wood dryers. In connection with reducing our energy consumption, heat exchangers have been installed on the dryers over the years, which help to save up to 25% of electricity, according to estimations. The company has 27 dryers, of which eight are equipped with heat exchangers. Our aim is to install heat exchangers on eight further dryers to reduce our energy consumption.

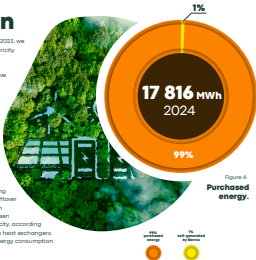


Figure 4.
Purchased energy.

Environmental permits and certificates

Our environmental activity is regulated by the requirements arising from the national legislation of Estonia.

We operate on the basis of the environmental protection permits issued to us, observing the requirements and conditions of the permits. We have received the following permits from the Environmental Board:

| Type of the permit | Number | Related sites | Validity |
|------------------------------|---------------|------------------------|------------------|
| Radiation protection license | ATL-000022/00 | Use of X-ray equipment | 02.01.2020 - ... |
| Integrated permit | S_Oxy10aas10 | S_Oxy10aas10 | 24.08.2018 - ... |

The activities of Borus AS are regulated by valid environmental protection permits which are reported on via the **KOTIKAS** information system of the Environmental Board.

The reporting is conducted on the basis of the requirements specified in the permit and a pollution tax is paid by the company for all pollutants emitted to the environment.

The activity of Borus complies with environmental and sustainability standards, which is confirmed by our PEFC, FSC®, and NCS certificates.



Certificate shows that our wooden products come from responsibly managed forests where strict environmental, social, and economic standards are observed.



Certificate confirms that our wood comes from forests which are managed in a manner that is environmentally friendly, socially beneficial, and economically sustainable.



Certificate confirms that our activity is compliant with strict environmental and sustainability standards, including the requirements of FSC® and PEFC for certification of the delivery chain.

These certificates help us ensure that our products come from sustainable sources and that our activity supports environmental protection and responsible forestry.



(LINK)

Our EPDs are available in the EPD Hub and are valid until 03/06/2027.

The products of Borus also hold EPDs (environmental product declarations). The EPDs provide a quantitative assessment to the environmental impacts of our products over the entire life cycle thereof. We have verified EPDs for the following products:



Laminated product



Finger-jointed product



Sawn timber

Use of chemicals

The activity of Borus is compliant with the REACH regulation, which ensures the safety of our products and production processes. The company has a register of chemicals and product safety cards, which enable us to ensure that no hazardous substances specified in the regulation are used in the production.

From the perspective of the health and well-being of our employees, safe handling of chemicals at work is extremely important to us. Residues of adhesives and other chemicals are sent to our partner for disposal.

In 2024, we used a total of 441.8 tonnes of adhesives and hardeners in the production of glued laminated products.



S



ESG
ENVIRONMENTAL
SOCIAL
GOVERNANCE

PEOPLE AND THE COMMUNITY

Socially important IROs



S1
Own staff

| Topic | Sub topic | Sub sub topic | Type of IRO | Description of the impact, risk, or opportunity (IRO) from the perspective of Barrios |
|-----------------|---|---------------------------------|------------------------|---|
| S1 Own staff | Working conditions | Security of employment | Positive actual impact | Barrios is offering us good places of work and working conditions to its employees. The average length of employment of the employees of Barrios is relatively long (7 years) and the employee turnover is low. |
| | | | | Barrios can stabilize employees. We only use temporary contracts for the employees, replacing these are potential losses. Direct contracts instead of agency workers, provides more security and stability to our employees, which, in turn, supports a positive working environment. |
| | | Working time | Negative actual impact | Little flexibility in the production units. Fixed working times and breaks of the production workers, as well as limited possibilities for curbing their personal needs, which may have an impact on the satisfaction and well-being of the employees. This is especially the case for line workers whose work schedules are extremely rigid. |
| | | Adequate remuneration | Positive actual impact | The wages of the employees depend on the complexity of their duties and their personal contributions. Wages are determined in a non-discriminatory manner. |
| | | | | Barrios makes sure that the wages are sufficient and aims to pay remuneration above the average in / above. (The annual wage surveys of Fortis are monitored) |
| | | Work-life balance | Positive actual impact | Sufficient wages and a transparent wage system increase the satisfaction of the employees and help with employee retention. |
| | | | | The working hours of the office employees are more flexible, which enables them to maintain a better work-life balance. |
| | Equal treatment and equal opportunities for all | Health and safety | Positive actual impact | The employees and their family members get to use a swimming pool through the package of incentives, which shows that Barrios cares about the physical health of its employees, as well as their opportunities for spending their leisure time. |
| | | | | Safe work and working environment are the prerequisites for achieving the targets and results of the company and the basis of the well-being of the employees. Promoting safety at the company is based on prevention. |
| | | Training and skills development | Positive actual impact | There are safety programmes for factory workers, mentoring for new employees, trainings, and ergonomic tools are provided. There are also changing rooms, showers, lockers, and personal protection equipment. There is a health care with a massage chair and training equipment. |
| | | | | The training target (fixed target) for production workers and development of diverse skills increase their flexibility and capability at work. |
| | Gender equality and equal pay | Positive actual impact | Positive actual impact | The training target (fixed target) for production workers and development of diverse skills increase their flexibility and capability at work. |
| | | | | Internal promotion and offering consistent opportunities for learning and development to the employees demonstrate our strong commitment to the development and internal movement of our workforce. |
| | Diversity, equity and inclusion | Positive actual impact | Positive actual impact | Employees are selected and promoted based on their skill, irrespective of their gender. The proportion of women has increased, including among shift operators and on the position of the head of the production department, and their representation in the management and on positions of responsibility reflects the commitment of the company to diversity and equal opportunities. |
| | | | | The code of conduct and promotional values initiated at the level of the supervisory board help to create a safe working environment. |

| Topic | Sub topic | Sub sub topic | Type of IBC | Description of the impact, risk, or opportunity (IBC) from the perspective of Barva |
|---|---|--|------------------------|--|
| S2 Employees in the value chain | Working conditions | Health and safety | Negative actual impact | Due to the nature of the work, Barva is one of the most dangerous sectors, involving handling of heavy machinery, working at heights, and dealing with falling trees. Irrespective of the progress made in the field of safety, our employees are still faced with a risk of accidents. If our suppliers fail to observe safety requirements, this may result in potential damage to the reputation of Barva, as well as delivery disruptions. |
| | Equal treatment and equal opportunities for all | Training and skills development | Financial possibility | Well-trained employees are better off their work (better quality and potential cost savings) and there are also fewer accidents at work. |
| | | Measures against violence and harassment | | A respectful and safe working environment can improve the morale and job satisfaction of the employees, which already leads to higher productivity and therefore also better financial results. |

| Topic | Sub topic | Sub sub topic | IBC type | Description of the impact, risk, or opportunity (IBC) from the perspective of Barva |
|-----------------------------------|----------------------|---------------------------------------|------------------------|---|
| S3 Municipal government | Affected communities | Contribution to local communities | Positive actual impact | The positive impact of Barva as a large, stable employer on employment and employment security. |
| | | Cooperation with the local government | | Barva supports local life and sports. There is the Barva Arena football field in the city center, Barva has a volleyball team and also supports individual athletes and events. |
| | | | Financial possibility | Promoting the activity of Barva on different events, such as the open doors day of Barva, which was named the grand event of the year in the rural municipality. |

| Topic | Sub topic | Sub sub topic | IBC type | Description of the impact, risk, or opportunity (IBC) from the perspective of Barva |
|---------------------------------------|-----------|---------------|------------------------|---|
| S4 Turbidiz ja Nyaqhaq'ajed | End users | End users | Positive actual impact | More energy-efficient windows. A house with wooden windows is also more fire-safe, maintaining the tradition for longer. Barva contributes to this by ensuring the quality of the wood. |

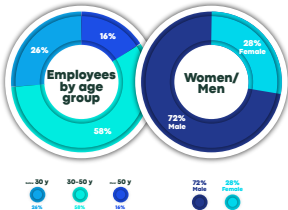
Own employees

Our people

Barrus AS is committed to respecting human rights, ensuring the health and safety of the employees, and promoting equality and diversity in a supportive working environment which is free of discrimination. We respect internationally recognised principles of human rights which are established by international treaties. Our organisational culture does not tolerate unsuitable conduct – harassment, humiliation, or bullying.

The staff of Barrus AS is diverse, including people of different backgrounds, nationalities, and cultural spaces. In the end of 2024, we had 281 employees; the average length of employment was seven years. The average age of an employee of Barrus is 40 years and the age and gender distributions are as indicated below:

Figure 5.
The age and gender
distributions of the
employees of Barrus.



Satisfaction

We regularly organise satisfaction surveys at the company to receive direct feedback from the employees. Employee satisfaction is one of the priorities for us and we make constant improvements to ensure a high level of satisfaction. The latest satisfaction survey was conducted in 2024 with the help of the Heval Consulting survey company. A total of 84% of the employees responded, the results achieved in the thematic blocks were better than before, and the overall satisfaction increased to 77, while the net promoter score (NPS) was 49 (42 in 2022).



Borus is offering a good place of work and working conditions to its employees. Construction of the new canteen and meeting room was completed in 2024 and a new health room was also added where employees can relax in a massage chair and use different training equipment to maintain their good physical health.

Figure 7. The results of the satisfaction survey by thematic blocks.



Safety

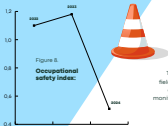
Borus AS is dedicated to ensuring the safety of its employees. Our company has in-depth policies, procedures, and safety trainings which help the employees to observe the law and regulations. We respect the rights of our employees and promote fair working conditions.

We prioritise cooperation with our employees and constantly work on creating safe working conditions at the factory. We monitor safety indicators and use them to conduct analyses and draw up action plans.

The entire company is involved in creating a safe working environment – occupational safety tours, SS audits, daily information meetings, using a communication platform, trainings, etc.

| Category | Year | | |
|--|------|------|------|
| | 2022 | 2023 | 2024 |
| Number of accidents at work with a sick leave | 0 | 0 | 0 |
| Number of working days lost due to occupational work | 333 | 22 | 129 |
| Occupational safety index: Number of working days lost per employee | 1.50 | 1.08 | 0.53 |

Safe work and working environment are the prerequisites for achieving the targets and results of the company and the basis of the well-being of the employees. A respectful and safe working environment can improve the morale and job satisfaction of the employees, thus we have set a goal to lower our occupational safety index every year.



Development of skills

We have an annual training plan to support the constant development of our staff. Our onboarding programme helps new Borus employees to adjust to our organisation, guaranteeing the availability of essential information for starting work to the employees. We also have mentors who support the employees in achieving their professional and personal goals. We encourage internal movement on the career ladder; promotion is based on skills, irrespective of gender or age.

The employees of Borus are experienced and know their field well. Our goal is to have employees who are specialists of their fields and, to achieve this, we will be consistently monitoring the number of training hours per employee at the company.

Value proposition

We want to offer the team of Barnus personal fulfilment and well-being so that working for our company would be motivating and our cooperation would last for a long time. All production workers of Barnus can travel to work by a bus organised by the company for free. The employees can have free hot meals at the canteen of Barnus. We offer sports and healthcare benefits, the Stebby benefit, and an opportunity to visit a health centre with the family.

Barnus contributes to the education and development of the children of our employees, covering the monthly fee of one hobby activity per child. The children of our employees attend music school and take part in different sports, but there are also those interested in robotics for example.

Through a package of incentives, we offer our employees and their family members various different opportunities for physical activities or leisure time activities with the aim of supporting the physical and mental health of our employees and maintain a good work-life balance.



Affected communities

Local community

We listen, contribute, care, and involve to develop the lives and environment of the people of Võru County. We love sports, are avid supporters, practice sports ourselves, and are just above-average active, in general. As one of the largest employers in the region, we believe it is our duty to support local athletes. We support individual athletes, as well as the Barbus Võru volleyball club.

Our Facebook, Instagram, and LinkedIn pages are active platforms where we share fresh news and report about important events and celebrations. We use social media platforms to keep the community up to date about our achievements and activities, while also offering an opportunity to take part in different quizzes and games. This helps to create a strong connection with the environment and allows the people to take part in our success story.

Our aim is to be one of the most important and biggest employers in Võru County who takes care of its people and contributes to the community.





End-user and cooperation partners

Barrus AS cooperates with the partners who share our values. Our cooperation partners and clients are companies and organisations who value energy efficiency, green thinking, and durable products. Together, we create solutions which help to achieve a sustainable future and offer our clients the best value possible.

Our aim is to make sure that all of our products comply with the highest quality standards. A high-quality product is durable and long-lasting, offering to the clients value and satisfaction for a long time.

The wooden windows produced by us are an excellent choice to ensure energy efficiency, as they help to reduce heat losses and improve the energy efficiency of buildings. Wooden windows are naturally insulating, which means that they help to maintain heat in indoor spaces in winter and keep them cool in summer, thereby reducing heating costs and energy consumption.



ESG
Environmental, Social & Governance

BUSINES CONDUCT

Important IROs for governance

G1

Business conduct

| Topic | Sub-topic | Sub-sub-topic | Type of IRO | Description of the IROs, risk, an opportunity (IRO) from the perspective of Barrus |
|------------------------|--|--|------------------------|--|
| G1 Business conduct | Corporate culture | Corporate culture | Positive actual impact | Responsible business conduct has a positive impact on the society and the employees and sets an example to others. The management principles have been established, violations are responded to. |
| | Relations with the suppliers, incl. payment habits | | Financial risk | Any incidents or activities which are not compliant with responsible business conduct or the principles declared by the company may cause damage to our reputation. |
| | Relations with the suppliers, incl. payment habits | Management of relations with suppliers | Positive actual impact | Barrus pays to its suppliers within a shorter term than the market average. Prepayments are preferred in the procurement of input materials. |
| | Relations with the suppliers, incl. payment habits | Prevention and detection | Positive actual impact | The company has not encountered any incidents of corruption or bribery. |
| | Compliance with the law | Compliance with the law | Positive actual impact | Barrus conducts business in compliance with the applicable legislation. |
| | | | | Barrus does not cooperate with any companies which have seriously breached the law. |
| | Corporate culture | Cybersecurity | Financial risk | Cyber attacks may cause production stoppages, reduction of income, data theft, regulatory fines, damage to reputation, and increased costs. |

Operating principles

Our company has established operating principles which we expect our partners to observe as well. We set an example in observing the principles.

We also updated our management principles in 2024, which consist of **three blocks**:



Success

The success of our company depends on me



Well-being

The well-being of our employees depends on me



Future

The future of our community depends on me

Relations with suppliers, clients, cooperation partners

Cooperation with partners, suppliers, and clients is extremely important to us. Our clients are our partners, our mutual cooperation is based on the same values, and we work every day to increase their satisfaction.

Our goal is to cooperate with suppliers and partners to find new technologies and methods which help to improve our production processes and the quality of our products. Together, we can develop solutions which meet the expectations of the clients and support a sustainable future.



Whistle- blowing

Barrus has a whistleblowing system – a procedure for reporting work-related breaches to ensure transparency and ethical conduct. This enables the employees and cooperation partners to report anonymously any potential breaches, improper conduct, or other issues which may have an impact on the activity and image of our company.

The instructions for use and procedures of the whistleblowing system are available on the website of the company and it is easy and convenient to use. Any potential breaches or issues can be reported via an online platform ([LINK](#))

Environment

| Environmental KPIs | | 2022 | 2023 | 2024 | Unit |
|---------------------------------------|---|---------|---------|---------|--------------------------------|
| Climate change | Scope 2-SMCO emissions | 942 | 972.6 | 972.6 | tCO ₂ eq |
| | Scope 2-SMCO emissions | 10804 | 0 | 0 | tCO ₂ eq |
| | Scope 2-SMCO emissions | 1244 | 1244.75 | 1334.7 | tCO ₂ eq |
| | Total footprint | 12948 | 10644.3 | 11307.3 | tCO ₂ eq |
| | Footprint per m ² produced | 0.047 | 0.038 | 0.042 | tCO ₂ eq |
| Waste | Sent to deepsealing/incineration | 75.44 | 46.38 | 40.37 | t |
| | Hazardous waste | 38.84 | 1.24 | 1.49 | t |
| | Residual waste | 103.04 | 54.84 | 220.19 | t |
| | Total waste | 216.92 | 102.46 | 261.99 | t |
| | Percentage of recycling | 60.3% | 58.4% | 68.3% | % |
| | Waste per m ² produced | 0.0009 | 0.0001 | 0.0009 | ton |
| Energy consumption | Purchased electricity (fixed) | 14971.8 | 0 | 0 | MWh |
| | Purchased electricity (plant) | 0 | 16446.3 | 1764.1 | MWh |
| | Energy consumption per m ² produced | 0.0449 | 0.072 | 0.072 | kWh/m ² |
| Water consumption | Water consumption (m ³) | 26274 | 18040 | 22220 | m ³ |
| | Water consumption per m ² produced | 0.0467 | 0.049 | 0.049 | m ³ /m ² |
| | We are compliant with the requirements of the integrated permits (right to the special use of water and water pollution tax). | Cs | Cs | Cs | |
| Air pollution | We are compliant with the requirements of the integrated permits (ambient air pollution tax). | Cs | Cs | Cs | |
| Sustainable forestry and biodiversity | We are compliant with the FSC requirements. | Cs | Cs | Cs | |

Social indicators

| Social KPIs | | 2022 | 2023 | 2024 | Unit |
|---------------------|---|--------|--------|--------|---------------|
| Health and safety | Employee satisfaction | 74 | | 77 | of 100 |
| | Employee satisfaction | 42 | | 49 | of 100 |
| | Sick leaves per employee | 19.04 | 0.47 | 4.27 | Days/employee |
| | Accidents at work with loss of working time | 0 | 0 | 0 | No. |
| | Days lost per employee | 11 | 1.91 | 0.33 | Days/employee |
| Diversity, equality | Number of health checks | 160 | 160 | 160 | No. |
| | Female employees | 29% | 30% | 28% | % |
| | Male employees | 70% | 70% | 72% | % |
| | Employee turnover rate | 24.40% | 17.33% | 14.40% | % |
| | Number of employees below 30 | 47 | 48 | 48 | No. |
| | Number of employees aged 30-50 | 18 | 144 | 143 | No. |
| | Number of employees over 50 | 49 | 36 | 70 | No. |

Governance

| Governance KPIs | 2022 | 2023 | 2024 | Unit |
|-----------------------|------|------|------|------|
| Whistleblowing issues | | | | 0 |
| Corruption issues | No. | No. | No. | No. |

ESG INDICATORS