

## SUSTAINABILITY PRINCIPLES

Responsibility is one of Pölkky Oy's key values. That is why we are constantly striving to improve our operations. Profitable sustainable business will secure the continuity of our operations also to future generations. This document outlines Pölkky Oy's sustainability principles which create the basis for our business. We also expect our partners to commit to Pölkky's principles in all stages of the products life cycle.

Pölkky Oy's sustainability principles consists of four main corner stones.

1. Social responsibility: Attractive, healthy, and safe place to work.
2. Environmental responsibility: Sustainable wood procurement and timber production.
3. Quality: High quality renewable building solutions from strong northern wood.
4. Governance: Transparent, diverse, and equal business management.

### Attractive, healthy, and safe place to work.



- We have zero tolerance towards any form modern slavery, child labour or forced labour.
- We believe in multicultural and diverse work community and have zero tolerance for any forms of racism or gender discrimination. We support employees' rights in our work contracts and company values.
- We are committed to respect UN's human rights and children's rights agreements, and to ensure that the employee's rights and obligations are in line with Finnish legislation.
- Pölkky Oy is a drug-free workplace. We want to reduce and prevent abuse of any harmful substances and alcohol.
- We invest in wellbeing and training of our personnel and pay attention to the needs of our employees in different stages of their careers.
- We train and orientate our personnel to create a work culture which promotes healthiness and prevents accidents through knowledge and commitment. We believe that by ensuring health and safe work culture we will achieve zero occupational accident goal.
- We encourage and strive to involve our personnel in operations and decision-making.
- We ensure that the wood procurement in the Sámi homeland area doesn't violate the Sámi communities' rights to practise their culture or do business.
- We strongly believe in teamwork and companionship. Corporate responsibility is required also from whole supply chain. We are part of Reliable partner network by Vastuu group association and recommend all our partners in the supply chain to join the network as well.

Finnish labour legislation respects particularly strictly the rights of the workers. Finland is listed in the highest category in the Global rights -index. Finnish legislation determines for example minimum level for wages, working conditions, holidays, sick pays and

occupational health and safety practises. Governmental authorities perform regular inspections to make sure that the actions are in line with the regulations.

The equality principles have been reviewed in more detail in the Pölkky Oy personnel, education, and equality plan 2020. Pölkky Oy also maintains FSC®-labour policy and self-assessment, which are annually audited by a third party.

Vastuu group inspects all the companies in the Reliable partner network that they full fill the requirements of the *Act on the contractor's obligations and liability when the work is contracted out*. The act aims at preventing grey economy and to promote equal competition and compliance with terms of employment. We want to be sure that every part of the supply chain is working for a common goal. We will be working more systematically in the future with our network to reach our goals in every part of the supply chain.

## Sustainable procurement and timber production.



- We are committed minimizing the carbon footprint in our round wood procurement and timber production. \* We help the construction industry globally to reduce its climate impact by offering climate positive building solutions.
- We are committed to minimize the impacts of forestry on water bodies at our logging sites and sawmills.
- We utilize everything from the acquired raw materials and make sure that nothing goes to waste. We are actively studying more efficient utilization of side streams and circular business models.
- At Pölkky we believe in reuse and recycling of the waste materials. We are committed to minimize the amount and harmfulness of waste and to recycle the waste residues that are produced.
- We take into consideration best available technologies in our investments to increase energy efficiency and we strive to increase the share of renewable energy sources in our heat production.
- We are committed into sustainable forestry preventing deforestation and biodiversity loss. We maintain updated Due Diligence System for raw material acquisitions and require that all raw materials procured by Pölkky Oy fulfils at the minimum the requirements of the FSC Controlled Wood Standard (FSC CW).
- We are searching alternative options for plastic wrappings to reduce consumption of plastics in the production.

\* Carbon footprint is modelled by GHG principles with an extend of scope 1, 2 and parts of scope 3.

Our wood procurement is based on the principle of sustainable forest management. All the timber we use in our production is procured by Pölkky Oy. This is how we can ensure that we know the origin of the raw material. We only use wood procured from Finland. Our raw material acquisition is in line with finish forestry legislation and is ISO 9001 and 14001 certified. We also maintain PEFC- and FSC-certificates.

In the purchasing process, Pölkky Oy's forestry department personnel investigate the origin of the wood to ensure that the raw material fulfils at minimum the FSC CW standard's requirements. We perform audits to the companies in our wood procurement supply chain to make sure that their actions are in line with Pölkky Oy's wood acquisition requirements.

We have calculated our carbon footprint according to the GHG Protocol and we will set a science-based target to reduce it so that the global warming would stop on the 1,5 °C level. We want to do our part fighting against the climate change.

## High quality renewable building solutions from strong northern wood.

- All our operations are based on customer orientation. We want to ensure that the customers are satisfied to our products. We measure customer satisfaction and develop our operations through the feedback received.
- We deliver only best quality timber from the heart of Finland's number one raw timber region. All the raw material is harvested from Finland.
- We use newest technologies to measure and improve our product quality. All our sawmills are equipped with the newest X-ray log scanners. We monitor and measure the quality of our product.
- We maintain our ISO 9001\*\* quality management system and ISO 14001\*\* environmental management system as well as FSC - and PEFC -certificates.

\*\* ISO Certification covers wood procurement, round wood sales and deliveries to the sites.

By using the X-ray log scanners, we can see the inside quality of the whole log and acquire even more detailed measurements under the bark. The scanners help us not only to increase the quality of the products, but also to save natural resources and increase efficiency.

Pölkky Oy has a certified ISO 9001 quality management system and ISO 14001 environmental management system for round wood procurement, round wood sales and deliveries. The certificates are audited by a third party annually. Pölkky Oy also has FSC CoC, FSC CW and PEFC CoC certificates and we are part of PEFC FM Group certification.

## Transparent, diverse, and equal business management.



- Pölkky Oy's governance is organized responsibly in accordance with good manners and Finnish legislation.
- At Pölkky Oy we ensure everyone's participation and equal opportunities for leadership at all levels of decision-making.
- The company management in Pölkky Oy is committed in continuous development of our operations and has the main responsibility for implementing the legal requirements and preventing grey economy in the supply chain.
- Corruption or other criminal activities are strictly prohibited at any level in the company operations.
- The company management has good understanding of sustainable development and is committed to work towards more sustainable operations.

## Commitment

Pölkky Oy is committed to investigate any suspected violation towards our sustainability principles in its own operations or in the supply chain. Every announcement or finding is taken seriously. Pölkky Oy wants to develop its actions to eradicate any sort of sustainability violations.

We understand that continuous training is required to deepen the understanding of all aspects of sustainability and to keep up with constantly developing legislation concerning sustainable development.

## Our Business and supply chains

*Pölkky Oy is owned by a Pfeifer Holding GmbH. Pfeifer holding GmbH successfully completed the acquisition of the Pölkky Oy on 31<sup>st</sup> of January 2023.*

*Pölkky Oy is the largest private wood processing company in Northern Finland. Pölkky Oy owns the entire process from wood procurement to sawmill operations and the manufacturing of processed products. Our main products include high quality spruce and pine sawn timber, planed spruce and pine S4S, profile boards, ceilings, and floorings, impregnated S4S and decking, glulam, log houses and components for wooden frame houses. Our range of timber products has been developed to correspond to the special needs of the end users.*

*In addition to our timber products, Pölkky Oy also offers a variety of by-products such as wood chips and sawdust. The by-products can be used for example in the pulp industry, heat production, gardening, or animal shelters. Utilizing the by-products underlines our principle that nothing goes to waste from the raw materials.*

*The annual turnover of Pölkky Oy is around 200 M€ and the annual production is 700 000 m<sup>3</sup> of sawn timber products. Pölkky Oy employs more than 400 professionals in total. The headquarters of Pölkky Oy is in Kuusamo.*