



Sustainability Report 2021





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Welcome to Kebony's First Sustainability Report



Letter from the CEO



In the last few years, we were faced with many changes and challenges, especially given the unprecedented impact of the COVID-19 pandemic, which required all of us to think and act differently. I am very proud of our committed employees, who adapted to difficult circumstances, whilst continuing to focus on our customers and other stakeholders.

We are witnessing key disruptive trends in the construction industry, resulting in a need for more, safer and greener products. This trend further solidifies the position of Kebony as a leader in sustainable wood modification technology. It is our strong belief that a timber construction revolution is on the rise. Innovative wood products and increasing recognition of wood's cost effectiveness, versatility and light carbon footprint are driving its expanded use in residential and non-residential buildings.

Despite the COVID-19 outbreak, 2021 was a strong year for us. We made significant progress on our profitable growth strategy by executing our winning formula, based upon the four key levers (I) commercial excellence, (II) sourcing optimization, (III) operational excellence and (IV) innovation. At the same time we managed to keep operations stable under strict government covid restrictions. This was due to the hard work of our staff both in our production facilities and those working from home.

We continued to develop our sales and distribution capacity, in our European as well as US markets. We

matured our go-to-market approach in our current markets, which now will serve as a scalable blueprint for entering new markets. In addition, we continue to de-risk our business by addressing innovation as well as our product mix and applications.

For many years, we have been recognized for our green credentials, by a lot of organizations around the world as demonstrated by the numerous awards and certificates. There is worldwide recognition for Kebony as a company that could change the world, which was literally quoted by the World Economic Forum.

2021 was also an important year for Kebony on our long-term sustainability journey. We are proud to publish our first sustainability report, detailing our non-financial impact as well as our improvement initiatives. The report is based on a materiality assessment, inspired by the GRI standards reporting framework. As this is the first time we are disclosing our sustainability performance, we acknowledge that this is just the start of our journey. In 2022, we aim to develop targets for our material topics ensuring we continually improve upon our performance.

Thank you for joining us on our sustainability vision and roadmap.

Norman Willemsen
Chief Executive Officer

Kebony at a Glance

Kebony is a producer of modified wood products, primarily using renewable organic materials. Our products can be used in a variety of applications.

Applications of Kebony Wood

Kebony is the only sustainable alternative to tropical hardwood when beauty and performance are essential. Suitable for interior and exterior applications, Kebony is available in Clear and Character grades. After exposure to sun and rain the wood develops a natural silver-grey patina. Performance is maintained while beauty is enhanced.





Kebony products are proven in the following applications:

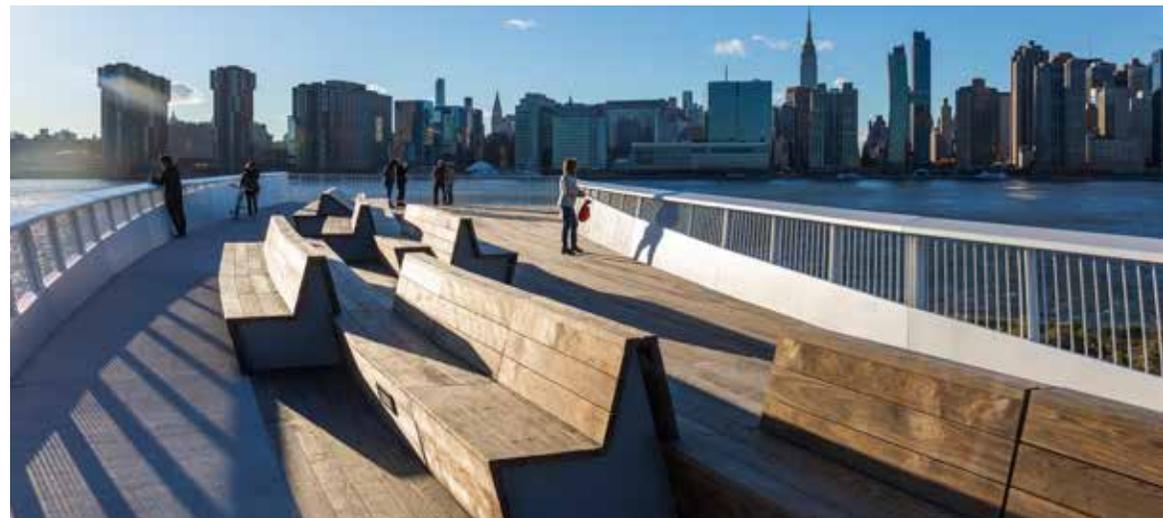
Decking: Kebony's real-wood terrace decking is an eco-alternative to tropical hardwood with increased durability and a beautiful look.

Cladding & facade: The Kebony technology improves dimensional stability and aesthetics crucial for timber facades.

Pier & harbour: Kebony wooden pier decks have been proven in harsh waterfront environments.

Promenade: Kebony is the logical choice for promenades, boardwalks and beach walks due to its outstanding durability and hardness.

Roof: Kebony's improved stability and durability make it the best choice for long-lasting timber roofing.





Why Kebony?

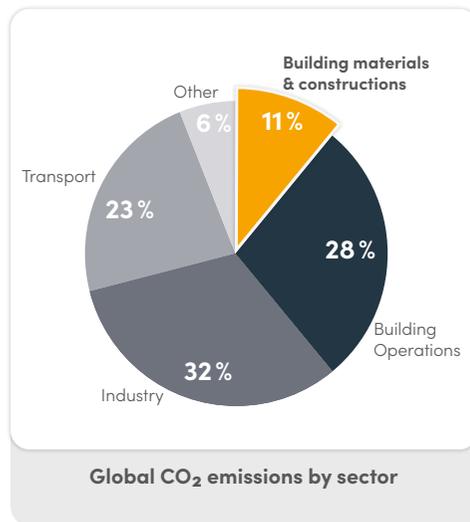
We are passionate about our product at Kebony and believe this to be superior to the majority of other wood products available on the market.

The diagram below shows how our customers see our products compared to other wood products.

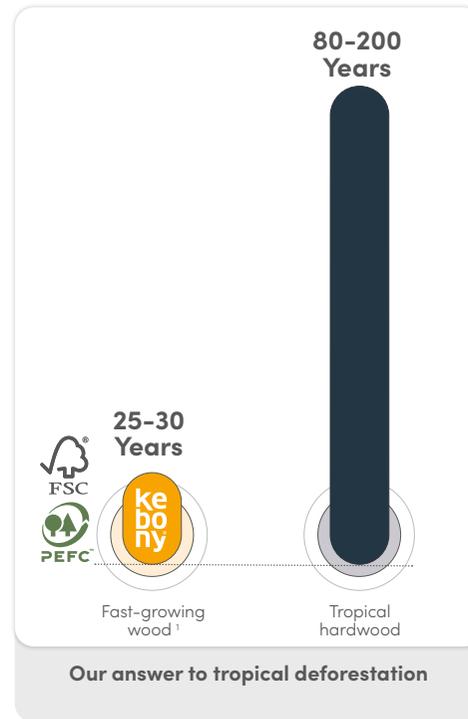
	Kebony Clear	Untreated softwood	Thermally modified	Chemically modified	Wood-Plastics Composites	Untreated hardwood
Durability	4 yellow dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots
Strength	4 yellow dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots
Hardness	4 yellow dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots
Aesthetics	4 yellow dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots
Sustainable	4 yellow dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots	2 grey dots

Source: Company assessment based on customer feedback

Why Wood?



Why Modified Wood?

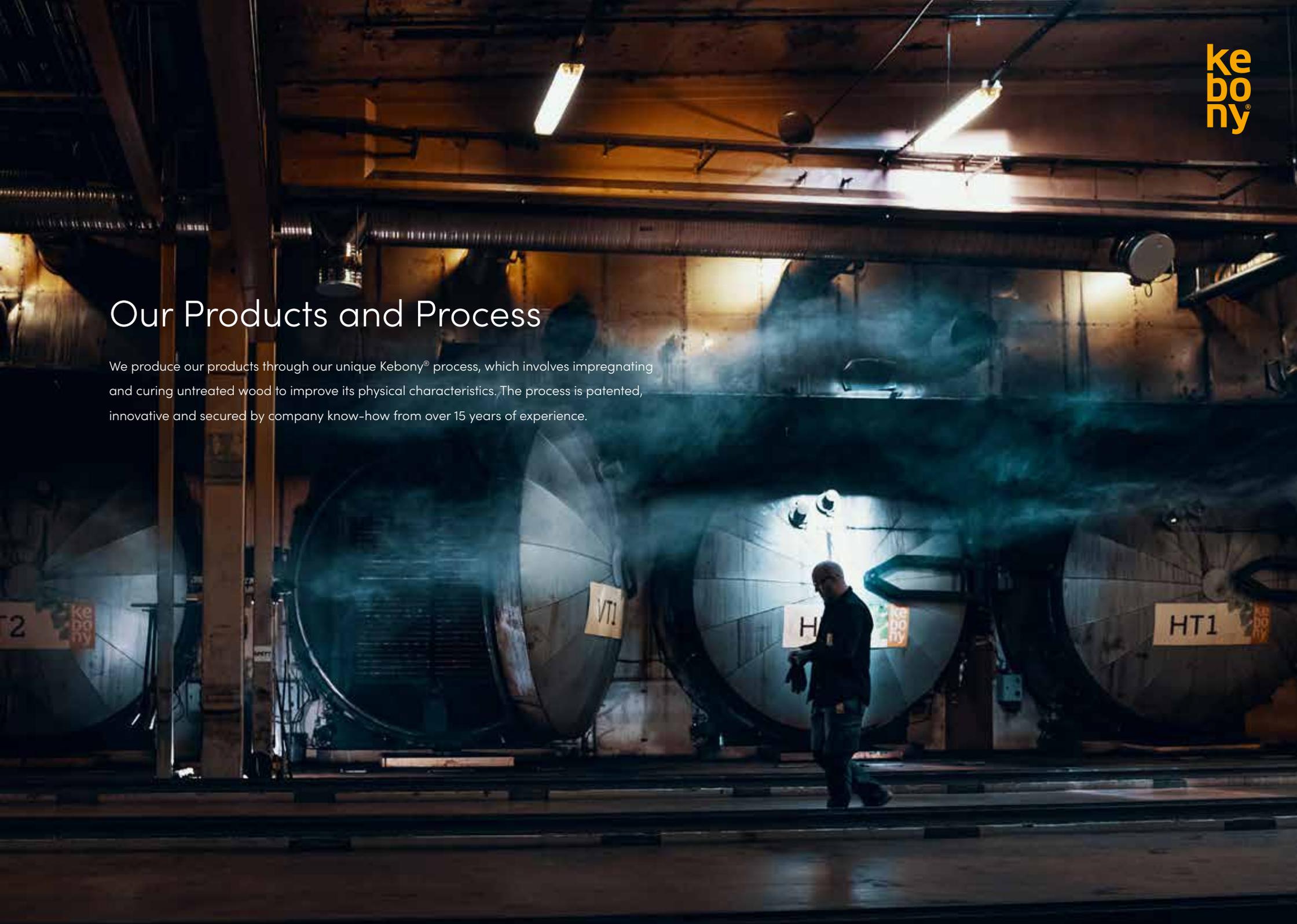


Source: Bergfeld Miljørådgivere; Global Alliance for Buildings and Construction (2018 GLOBAL STATUS REPORT)
 Note: (1) Pinus Radiata – when cut at 25-30 years and modified with Kebony technology, has comparable qualities to 80-200 year-old tropical hardwood



Our Products and Process

We produce our products through our unique Kebony® process, which involves impregnating and curing untreated wood to improve its physical characteristics. The process is patented, innovative and secured by company know-how from over 15 years of experience.





White Wood



Impregnation



Kebony Wood

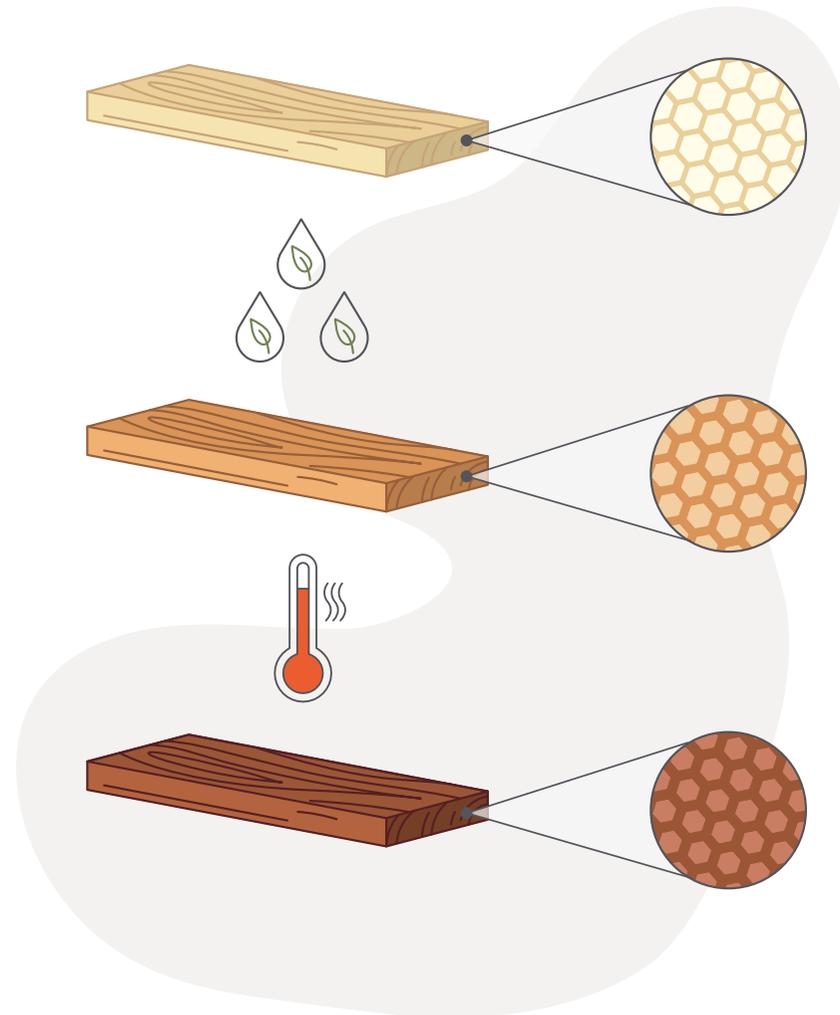


Curing & Drying

The Kebony® Process

Developed in Norway, the Kebony® technology is an environmentally friendly, patented process that enhances the properties of sustainable wood with a bio-based liquid. The process permanently modifies the wood cell walls, giving Kebony premium hardwood characteristics and a rich brown colour.

The Kebony® technology modifies wood by forming locked-in furan polymers in the wood cell walls. These increase the dimensional stability, as well as durability and hardness, of the wood. The process is based on impregnation with furfuryl alcohol, which is produced from agricultural crop waste. Kebony thus uses a plant-derived waste product to give enhanced strength and durability to another plant product – namely wood.



Kebony Character products are produced from FSC™-certified Pinus Sylvestris (Scots Pine) and contain knots and untreated heartwood.



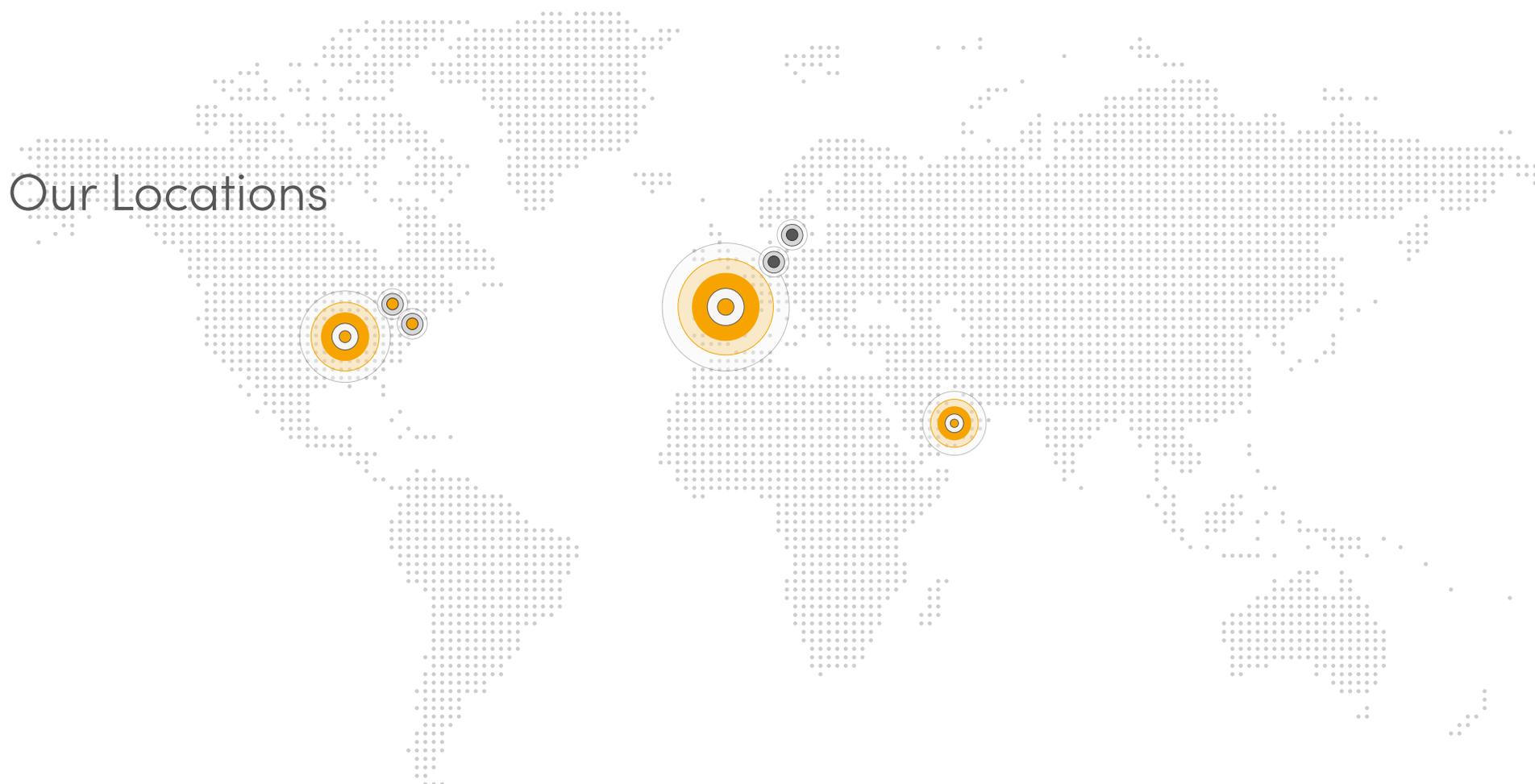
Kebony Wood has a deep brown color that will turn to a silver-grey patina over time, just like tropical wood.



Kebony Clear products are produced from FSC™-certified Pinus Radiata, they have a clear surface and are fully treated.



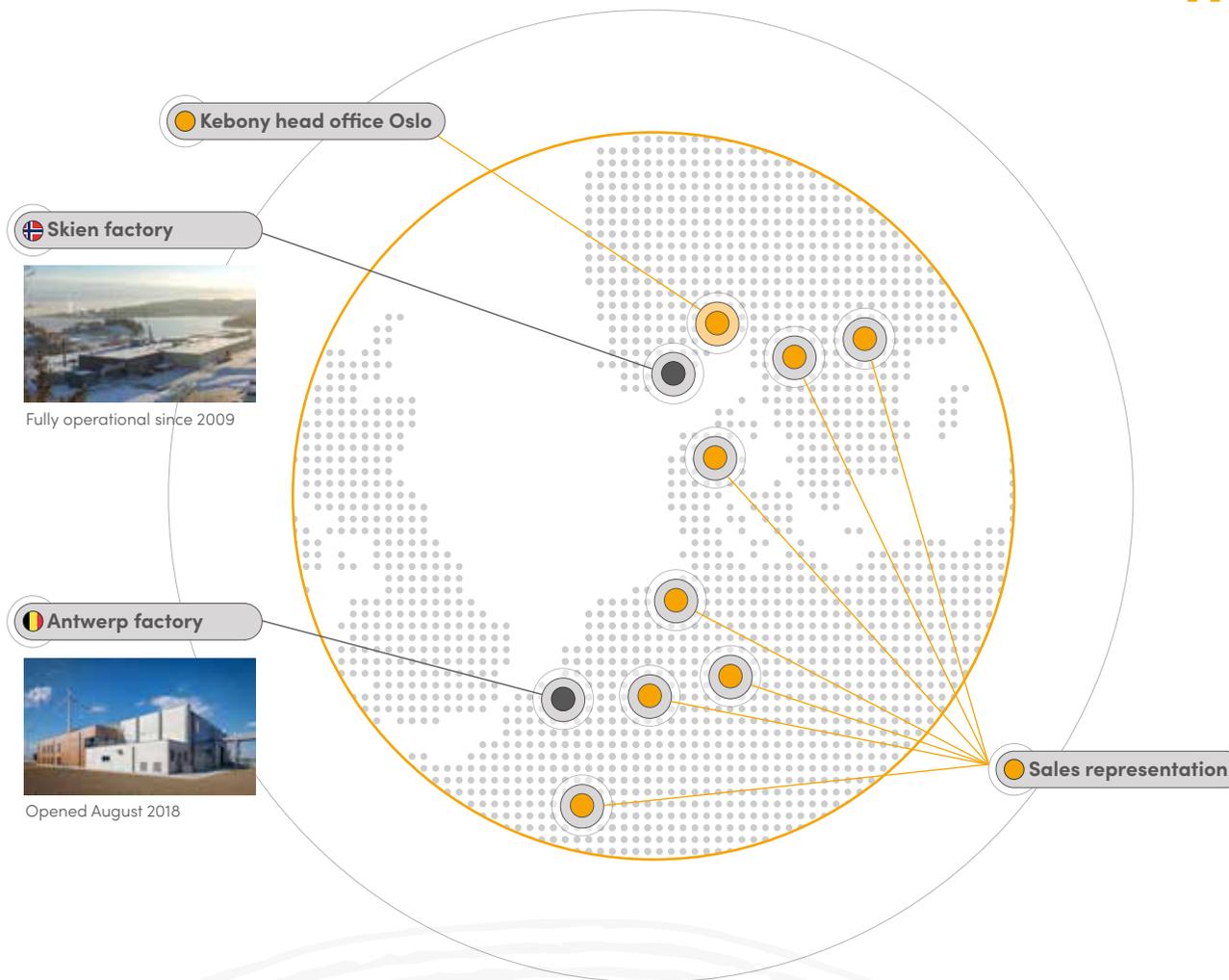
Our Locations



Our Locations in Europe

The head office of Kebony is in Oslo; our production, research and development, and other administrative functions are in Skien municipality, south of Oslo. In addition, the group has a production facility in Antwerp, Belgium. Kebony employs sales teams in the Nordics (Norway, Sweden & Denmark), Central Europe (Germany & France) and the United States.

Kebony products are sold through qualified distributors in more than 30 countries globally. Organizationally, the group operates as one single entity. The sustainability report covers the whole group unless otherwise stated.



Our Values and Sustainability Approach

At Kebony we have a clear purpose to help the world reduce CO₂ emissions by offering beautiful and ecological exterior wood products. However, we do recognize that we still have some way to go to improve our impact on the environment and society, and that we need to work further on those to reach complete sustainability as a company.

Thus, we have identified the strategic UN Sustainability Development goals we aim at to connect our actions to the global efforts to improve quality of life and protect our shared environment. In 2021 we have taken this work further by identifying other sustainability goals that we influence and carrying out a materiality analysis to understand what specific topics we need to focus on to maximize our positive impact.

We have developed a Greenhouse Gas (GHG) inventory as a first step in our ambition to be Net Zero by 2035, and will commit to the Science Based Targets initiative (SBTi)¹⁾ throughout 2022, thus setting a pathway for Kebony to further reduce greenhouse gas emissions towards carbon neutrality.

Over the next few years, we will work further on improving our environmental impact by

- **sourcing wood closer to our markets**
- **exploring ways of further reducing our carbon footprint, following the Science Based Targets initiative**

Further details are given in the Sustainability Overview, page 21.

¹⁾ <https://sciencebasedtargets.org/about-us>

Purpose

To help the world to reduce CO₂ by using the most beautiful and ecological exterior Wood.

Goal

Kebobny technology used all over the world in 2030.

Core value

Positive impact everyday.

Mission

Be the global no. 1 wood modification technology company.



Kebony's Materiality Analysis

Last year we conducted our first materiality analysis, in collaboration with our consultants EY, to identify and prioritize the most important and relevant sustainability risks and opportunities throughout Kebony's value chain. The material sustainability topics for Kebony were identified based on an assessment of key stakeholder relevance and importance as well as the significance and size of our social, economic and environmental impacts. The analysis was conducted following the Global Reporting Initiative (GRI) guidelines. GRI is a globally comparable sustainability standard, widely recognized as being a best practice approach for non-financial reporting. This process was the foundation for the sustainability report and will guide Kebony's priority and long-term sustainability ambitions.

Kebony defines stakeholders as groups that are affected by Kebony's operations, products or services as well as groups invested in Kebony's future development. The stakeholders considered in our materiality process are:

- Customers
- Employees
- Suppliers
- Financial markets
- Investors
- Regulators
- Local communities
- NGOs

As a result of the materiality analysis, we prioritized five focus areas that are material and aligned with Kebony's overall strategy:

- 1 Help the world reduce CO₂ emissions
- 2 Sustainable handling of resources and waste
- 3 Make beautiful, stable, eco-friendly and maintenance free products
- 4 Lead by example in governance and safety
- 5 Positive impact every day



ESG Area & SDG	Our impact upon the SDGs	What we are doing today	Measuring our progress (related disclosures)	Reported values 2021	Activities planned in 2022
Help the world to reduce CO₂ 	<p>CO₂ is taken up by trees during growth and locked within Kebony's long lasting products. This contributes to sub-goal 13.2 by mitigating climate change. Our CO₂ emissions however have a negative impact on the same sub-goal which we will minimise.</p>	<p>Analysing our footprint through lifecycle analysis</p> <p>Purchasing renewable electricity in Norway and Belgium</p> <p>Ensuring highest quality for selected applications for longer lifetime and carbon lock-in</p>	<p>GRI 305 (1,2,3,4) – Greenhouse gas emissions</p> <p>GRI 302 (1) – Energy consumption</p> <p>GRI 307 – Non-compliance with environmental laws and regulations</p> <p>Own disclosure – CO₂ captured in products</p>	<p>Emissions intensity = 57 kg CO₂eq/m³ product (location based), corresponding to kg 99 CO₂eq/m³ market based</p> <p>Total energy consumption in the organisation: 17,751 MWh</p> <p>The organization has not identified any non-compliance with environmental laws and/or regulations</p> <p>36,000 tons CO₂ contained in products produced in 2021</p>	<p>Explore more climate friendly solutions for necessary organic chemicals together with our key suppliers</p> <p>Analyse how to improve energy consumption and renewable heat sources to replace natural gas</p> <p>Explore ways of sourcing wood closer to the market</p>
Sustainable handling of resources and waste 	<p>Kebony contributes to SDG 12 by being efficient with resources and sourcing renewable resources where possible. We are committed to responsible waste management and seek to maximise reuse and recycling of materials and other inputs such as water.</p> <p>Kebony has a potential negative impact on SDG 15, as we consume timber from plantations that can have biodiversity impacts. To minimise this risk we only buy certified wood, and by offering a substitution to tropical wood reduce demand for wood from the most biodiverse regions.</p>	<p>Offering an alternative to tropical wood for exterior applications</p> <p>Certified wood FSC Mix 70 % or higher</p> <p>Reusing water in our production process</p> <p>Measure and seek to reduce our waste</p>	<p>GRI 301 (1) – Materials</p> <p>GRI 306 (1,2,3) – Waste and waste management</p> <p>GRI 303 (1,2,3) – Water & effluents</p>	<p>31,289 m³ timber</p> <p>6,533 tons furfuryl alcohol</p> <p>The main waste streams for 2021: Wooden waste: 836 tons Wastewater (process condensate) 4,090 tons</p>	<p>Explore additional solutions to limit transport of wastewater.</p> <p>Develop a responsible resource use policy focusing on wood management, packaging and waste.</p> <p>Also, in 2022 we will decide on measurable targets on waste reduction and keep looking for circular solutions compatible with our high-quality product.</p>
Make beautiful, stable, eco-friendly and maintenance-free products 	<p>We believe we offer more sustainable, beautiful and innovative solutions than traditional building materials. Through this Kebony contributes positively to SDG 9 through sub-goal 9.4 by making more carbon efficient buildings.</p>	<p>Maintenance free product that avoids need for harmful treatments</p>	<p>GRI 416 (1,2) – Customer health & safety</p> <p>Own disclosures – quality & product lifetime</p> <p>Product innovation – SASB "Construction materials"-standard</p>	<p>No health and safety incidents are reported from customers, contractors or end users during 2021</p>	<p>Kebony aims at keeping customer satisfaction high, with zero tolerance for putting customers or end users at any health or safety risks</p> <p>In 2022 and going forward, the spending on R&D will increase, including the hiring of a new CTO, to accelerate innovation.</p>
Lead by example in governance and health & safety 	<p>SDG 8 "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" is affected positively through Kebony's focus of leading by example in governance and health and safety.</p>	<p>Ethical guidelines, code of conduct</p>	<p>GRI 205 (3) – Corruption incidents</p> <p>GRI 403 (1-7, 9) – Occupational health and safety</p> <p>GRI 405 (1) – Diversity and equal opportunity</p> <p>GRI 414 (1,2) – Supplier social assessment</p>	<p>No incidents of corruption have been discovered in 2021</p> <p>1 occupational health and safety incident was reported through 2021 internally in Kebony</p> <p>Board: 1 women, 6 men Management: 10 % women, 90 % men Employees: 31 women (26 %), 90 men (74 %)</p> <p>No suppliers assessed (0 %), system to be established in 2022</p>	<p>A new group Human Resources leader is recruited to drive:</p> <p>Diversity in gender, age and culture will be considered thoroughly in recruitment processes, to ensure that Kebony's future employees have the desired competence. We will keep track of our workforce diversity by reporting and KPIs.</p> <p>Further development of group HSE policy, with designated group leader.</p> <p>Group HSE policies will be published on Kebony website.</p>
Positive impact every day 	<p>Ensure employee wellbeing by providing a safe and healthy work environment with equal opportunities.</p> <p>By offering a more sustainable alternative to traditional materials, Kebony positively contributes to SDG 11 "sustainable cities and communities" by improving urban spaces and through more sustainable materials.</p>	<p>Partnerships with designers/architects to promote wood as a sustainable urban building material</p>	<p>GRI 201 (1) – Economic performance</p> <p>Own disclosures – architecture awards</p>	<p>2021 revenue and growth:</p> <ul style="list-style-type: none"> 2021 revenue: NOK 528.5 m 2020 revenue: NOK 402 m 	<p>Continue to contribute to productive activities, decent job creation, entrepreneurship, creativity and innovation.</p> <p>Support the creation of vibrant natural spaces in urban communities and drive positive change.</p> <p>Explore partnering possibilities with communities, organisations, municipalities and other stakeholders in this realm in the future.</p>



The EU Taxonomy

The EU taxonomy is a key EU instrument to direct funding to sustainable activities and help the EU achieve its climate and environmental goals. The objective is to provide a uniform EU-wide classification system, to increase sustainability transparency and to counteract greenwashing.

The taxonomy has not yet been implemented but relevant sectors and activities for climate change mitigation and adaptation have already been identified.

Kebony does not fall under the requirements of the EU rules on non-financial reporting (NFRD), therefore the taxonomy will likely not be a reporting requirement for Kebony.

We are however considering the EU taxonomy in our ESG efforts, such that we meet the closest relevant Do No Significant Harm (DNSH) environmental requirements in line with good practice. At the same time, we are paying attention to the newly suggested Corporate Sustainability Reporting Directive (CSRD), as this covers SMEs and is likely to affect Kebony in the future.







Help the World Reduce CO₂ Emissions

Kebony provides large environmental benefits as an alternative to building materials that have a much higher carbon footprint. Increased use of wood in the built environment in general will reduce the need for materials with high CO₂ emission intensity like concrete, metals and tropical hardwoods. By extending the lifetimes of fast-growing and well-managed softwoods from temperate forestry, used in Kebony production, carbon sequestration can be achieved with the re-growth of the forests and Kebony's extended product lifetimes.

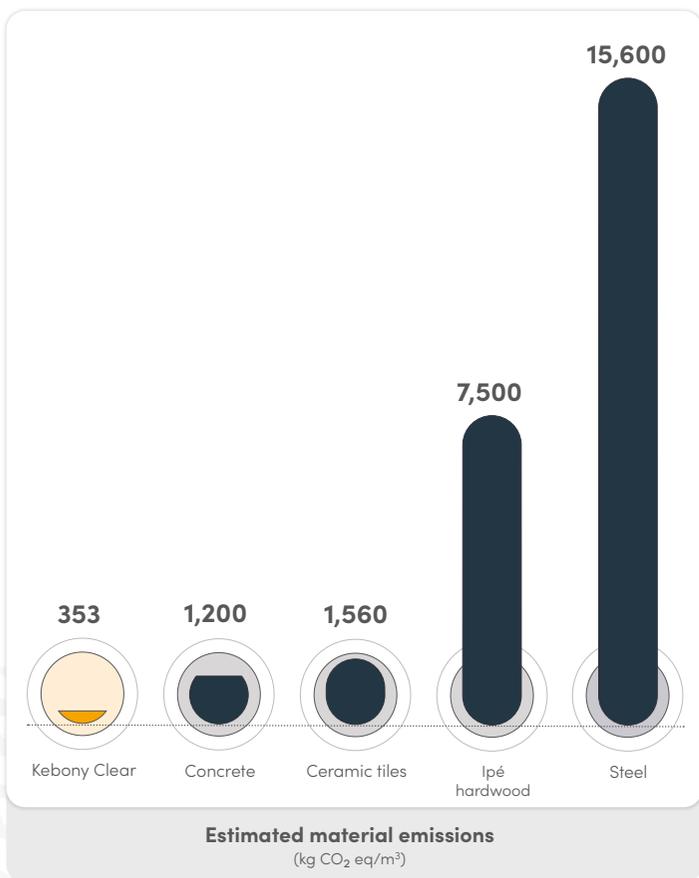


Figure: Embodied carbon from various building materials (kg CO₂ eq/m³)
 (Source: Bergfald Miljørådgivere, April 2020)

Kebony's Greenhouse Gases Inventory

As can be seen from the figure on the left, replacing ceramic tiles or tropical hardwood ipe with Kebony Clear has potential carbon emission savings of more than 1,000 and 7,000 kg CO₂ eq per cubic meter product, respectively.

There are however some greenhouse gas (GHG) emissions associated with the production, transport and sourcing of raw materials for our products. We have therefore carried out lifecycle assessments of our products to map emissions throughout our value chain, and we have identified emissions from the production of organic additives as a significant contributor to our carbon footprint. According to a third-party study, as much as three quarters of our indirect GHG emissions may come from the production of these additives.

Furfuryl alcohol (FA), a key input in the Kebony process, requires hydrogen that comes from natural gas. Switching to FA produced from biogas or green hydrogen would cut emissions in the FA value chain significantly and reduce our carbon footprint by approximately 25%. We will seek to work with suppliers to ensure that these measures are implemented within 2030. Furthermore, the adjuvant citric acid is a contributor to our carbon footprint as industrial production is currently based on fossil feedstocks. Switching to biobased sources derived from renewable raw materials could eliminate these emissions, and we therefore plan to work with our suppliers to develop such a solution.

In 2021 we have also calculated our first GHG inventory which can be seen in the table on the right. The numbers are reported following the Global Reporting Initiative (GRI) guidelines.



Our Management Approach

Disclosure	Disclosure identifier	2021 value
Scope 1 GHG emissions ¹⁾	305-1	1,055 tCO ₂
Scope 2 GHG emissions (location based) ²⁾	305-2	695 tCO ₂
Scope 2 GHG emissions (market based) ²⁾	305-2	1,927 tCO ₂
Scope 3 GHG emissions ^{3) 4)}	305-3	13,535 tCO ₂
GHG emissions intensity ⁵⁾	305-4	0.058 tCO ₂ /m ³ (location based) 0.099 tCO ₂ /m ³ (market based)

1) Emission factors from DEFRA 2021

2) Electricity emissions factors 2019 European location and residual mix factors from AIB, district heating estimated based on Natural gas from DEFRA 2021

3) Material and transport emission factors from Bergfeld LCA analysis carried out in 2019

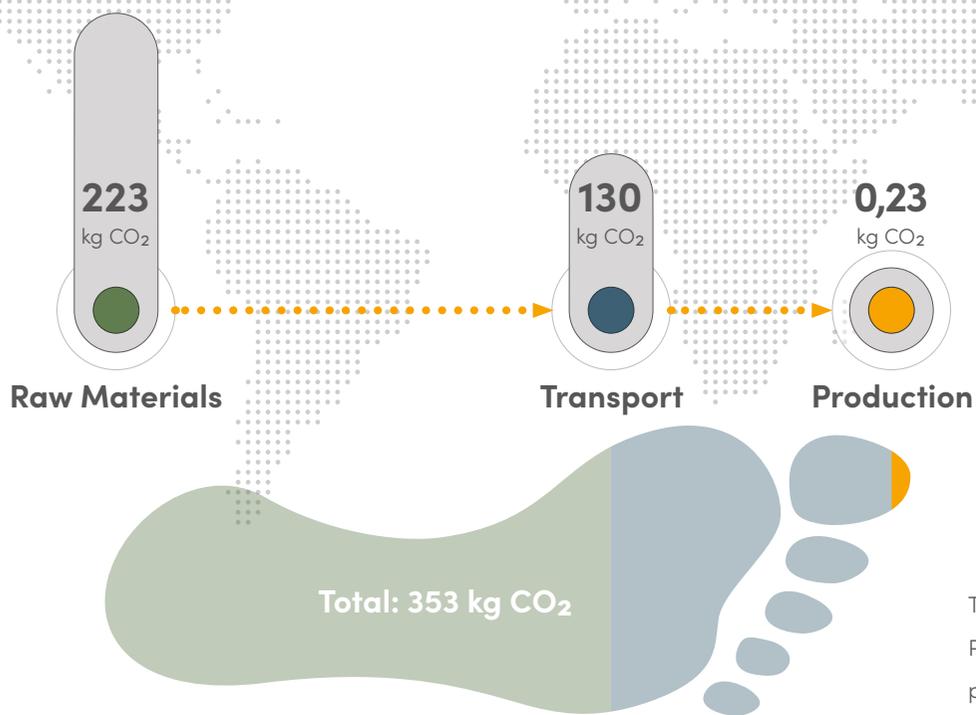
4) Emissions from wood is based on WPMA EPD 00997 Sawm dried radiata pine – not planed

5) Based on total scope 1 and 2 emissions and total sales volume

Other environmental figures		
Energy use	302-1	<ul style="list-style-type: none"> Total fuel consumption from non-renewable sources: 5,038 MWh Electricity consumption: 4,537 MWh Steam consumption: 8,304 MWh Heating sold: 128 MWh Total energy consumption in the organisation: 17,751 MWh
Environmental compliance	307-1 b	No significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations in 2021

Within 2022 we plan to set emission reduction targets that support the Paris Agreement and commit to the Science Based Targets initiative ¹⁾, with the purpose of improving our performance over time and reduce our negative climate effects. As our reporting evolves over the coming years, we will keep track of our progress and adjust our operations in line with the global challenge of limiting global warming to 1.5 degrees.

Climate Footprint – Cradle to Gate



The figure shows the cradle-to-gate Global Warming Potential (Total = 353 kg CO₂ eq/m³) of Kebony Clear produced at Kebony's factory in Antwerp.

Sustainable Handling of Resources and Waste

Kebony is committed to minimizing its environmental footprint. Our main focus is on how and where the timber we consume is produced, and how efficiently we use other inputs. We also want to ensure that unavoidable waste products from our production are appropriately disposed of.



Sustainable Sourcing of Wood

Kebony's main input is wood, and thus Kebony has a potential biodiversity impact in areas from where timber is sourced. In parallel to the climate crisis an even bigger global crisis is happening, namely that of unprecedented biodiversity loss. The first-ever global forest biodiversity assessment, "Below the canopy", from WWF comes with a shocking discovery: between 1970 and 2014, forest wildlife was halved across the planet (source: <https://www.sustainability-times.com>). The reasons for this are numerous, including agriculture, grazing, illegal harvesting of wood and replacement of old forests with cattle ranches.

At Kebony we care about this crisis, and as a wood-sourcing company we are well aware of our responsibility, which is why Kebony has a strict policy on wood sourcing, focused on FSC²⁾ or PEFC³⁾ certification.

2) Forest Stewardship Council
3) Programme for the Endorsement of Forest Certification





Efficient Use of Water and Wastewater

Kebony aims to reuse as much of its water as possible. Last year (2021) approximately 10,000 tons of water was reused in the Kebony production in preparing the impregnation solutions. Another 221,100 tons of freshwater was passed through Kebony's cooling systems in the Norway plant. The released freshwater from the facility in Norway is free from contaminants and is discharged to sea without significant environmental effects.

Currently we cannot reuse all our wastewater with today's technology. The fraction from Norway (about 2,126 tons) that cannot be reused is however used as an input factor in a Leca factory, though this way of disposal requires transport to Denmark.

This is in line with a circular approach to resource management; Kebony's waste is the input of another company's production. However, indirect emissions from transport of wastewater is a potentially significant source of GHG emissions, so we will be exploring possible ways to reduce this within 2022.

The excess condensate that is not reused in the Belgian production facility is treated in the microbial wastewater plant operated by Lanxess at the Kallo site. After treatment the resulting pure water is released to sea in the Scheldt estuary.





Other Resources

Other ways in which Kebony uses resources is in wood management, packaging and waste management. As of the end of the 2021 reporting period there is no current policy on this, but Kebony is working on forming an overall company policy to be in place by 2022. Kebony has already identified the use of plastics in transport of raw materials as an area of improvement for the coming year. We will also be looking into where fossil fuels are used in our raw materials to try to see if renewable or recycled alternatives are available.

Kebony disposed of 4131 tons of hazardous waste in 2021 of a total of 5,057 tons waste. The hazardous waste is mainly contaminated water and condensate from Kebony's production processes, which is disposed of by biological wastewater treatment, energy recovery or recycling. None of the waste is released to the environment without proper purification.

Disclosure	Disclosure identifier	2021 value
Waste generating activities	GRI 306-1	<ul style="list-style-type: none"> Sourcing of timber and chemical raw materials Excess condensate from production process
Waste management	GRI 306-2	<ul style="list-style-type: none"> Belgium: Excess condensate sent to Lanxess wastewater treatment, where organic residues are micro-biologically digested Norway: Excess condensate sent to a Leca production plant for their oven combustion modification, where all organic residues are incinerated (energy recovery). Wood waste is used in energy recovery both in Belgium and Norway
Waste generated	GRI 306-3	<ul style="list-style-type: none"> Wood: 836 tons Sorted plastic, metal and paper: 12 tons Residual and other waste: 102 tons Liquid waste: 4,106 tons
Materials used by weight/volume	GRI 301-1	<p>Renewable material:</p> <ul style="list-style-type: none"> 31,289 m³ timber 6,533 t furfuryl alcohol Other organic additives: 308 tons Wood for stacking etc.: 170 tons <p>Non-renewable:</p> <ul style="list-style-type: none"> Other organic additives from fossil sources (Citric acid, Maleic anhydride) 147 + 161 tons (308 tons total) Wrapping plastic: 69 tons in total Sodium carbonate: 95 tons

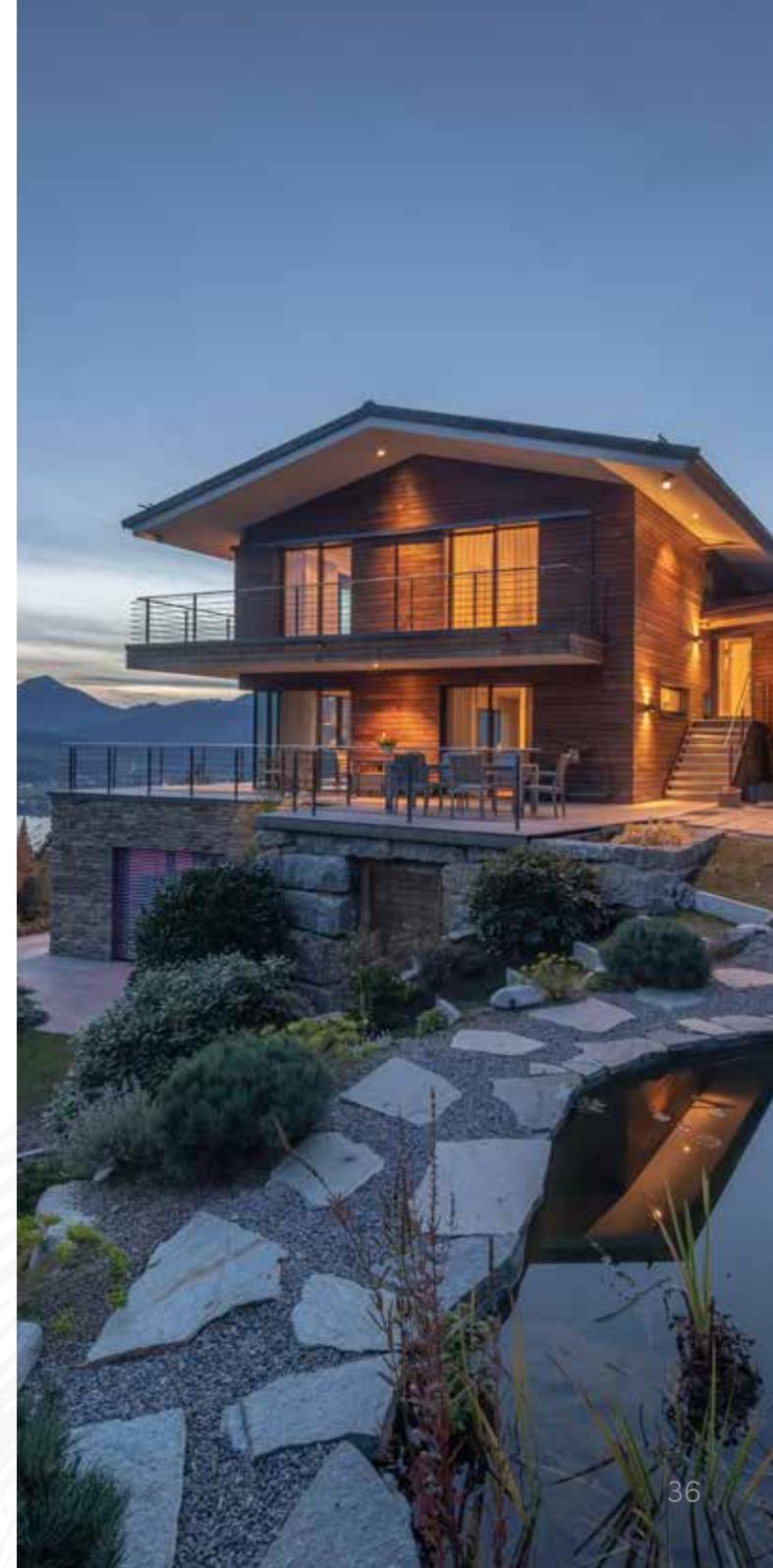
Our Management Approach

All our wood raw materials are FSC certified as FSC Mix 70% or higher. Kebony also holds a PEFC certificate, which is currently not in active use. Kebony will continue to only source raw materials from certified sources and contribute to the awareness of responsible sourcing by promoting certified products.

Kebony can still improve its methods for handling waste streams. Our major waste fractions are wood and liquid waste. Wood is the essence of our product, and we will continue to seek solutions to further optimise wood utilisation. Our liquid waste is mainly light condensate

from our production process, this waste mostly contains water and is very low in contaminants. As of now, our waste streams are at least handled in accordance with local regulations in the areas where we operate.

Also, in 2022 we will decide on measurable targets on waste reduction and keep looking for circular solutions compatible with our high-quality product.



Make Beautiful, Stable, Eco-friendly and Maintenance Free Products

The customers and its mission to be the global no. 1 wood modification technology company are key to Kebony. We work hard to produce the best beautiful, stable, eco-friendly and maintenance free products for our customers satisfaction. Kebony products are maintenance free and long lived, providing our customers with great value, in terms of both time and money.

Kebony's award winning, sustainable & safe products

Over time, Kebony has received multiple awards in innovation, environment and marketing, such as the Global Cleantech 100, Surface Design Awards, Build-It Awards, European Product Design Award, Timber Trade Journal Award, Architizer A+ Award, Wood Design and Building Awards.

In 2021 Kebony won the BLT Built Design Awards and the Paris DNA Design Awards and was a finalist in the 2021 WAN awards.

Kebony was also nominated to the following awards:

- Wood Design & Building Awards
- Dezeen Awards – Sustainable Building
- Dezeen Awards – Sustainable Design
- World Architecture News Awards
- Surface Design Awards
- IGT Awards – pending result
- Built Design Awards

Through our quality assurance we make sure that our products are safe – both for indoor and outdoor use. We have a chemical risk assessment in place as well as guidance on safe handling of machining waste. Zero customer incidents were reported in 2021.

Disclosure	Disclosure identifier	2021 value
Customer incidents	416-2b	No incidents of non-compliance with regulations or voluntary codes
Percentage of products that qualify for credits in sustainable building design and construction certifications	SASB construction materials – product innovation	Kebony contributes positively to BREEAM-advantages



Alternatively, treating the cladding yourself is cheaper, but also entails an expected ≈ 250 hours of painting throughout a 30-year period
Source: Kebony management estimates – cost of professional paint job is considered conservative – i.e., likely even higher yielding additional upside für Kebony product



Our Management Approach

Kebony spent 15.8 MNOK on research and development (R&D) in order to continue delivering and developing world-class quality sustainable products to our customers.

We also regularly engage with our customers, installers and end users of our products to better understand their needs and requirements. We value their opinion, as this is important for continuous improvement of our products.

In 2022 and going forward, the spending on R&D will be doubled, including the hiring of a new CTO (start 1 April 2022) and several new full time engineering positions.

Lead by Example in Governance and Safety

By the end of 2021 Kebony employed a total of 121 people, 73 employees in Norway, 31 in Belgium and 17 across the world.

Many of Kebony's employees want to work in a purpose-led organization, and the company's contributions to tackling climate change is a key motivator for many of our employees. In addition, they expect a safe and ethical working environment and expect Kebony to lead by example in health, safety and governance internally, as well as in the management of our supply chain.

Governance

Kebony's Board of Directors is responsible for ensuring satisfactory corporate governance. The company has implemented a corporate governance regime in accordance with the Norwegian Code of Practice for Corporate Governance.

Kebony's ethical guidelines are an important tool contributing to a safe, loyal and responsible conduct throughout the company. Kebony values an honest and open dialogue about questions and issues covered by the ethical guidelines. The guidelines cover governance; conflicts of interest; bribes, gifts and benefits; competition; sanctions in case of violations; and reviews and updates.

If employees or other representatives of Kebony become aware of conduct in conflict with laws, regulations or guidelines, notably the ethical guidelines, the person must inform his or her superior manager, the executive management in Kebony or any board member of Kebony. Kebony has also documented its whistleblowing procedures and policy, in accordance with Norwegian law.





Diversity, Equity, Inclusion (DEI)

Kebony is a truly global company and strives to employ people from all over the world in all parts of the organisation. Currently, we employ people with nationalities from 14 countries.

Regarding gender equality, our board is made up of 1 woman and 6 men and Kebony had 121 permanent employees as of 31.12.2021, comprising 31 women and 90 men. Kebony is making efforts to further diversify its employee base, as described under Management Approach.

Health and Safety

Working at the production sites for Kebony implies working with large, sharp and heavy objects as well as rotating machinery. These factors pose obvious risks and are one reason why health and safety is at the top of Kebony's priorities.

Kebony's ambition is for our operations to run with zero injuries. That requires high safety standards and a strong safety culture for both employees and contractors. Our approach involves "safety first" as an overarching principle, safe job analyses, and safety barriers.

Kebony's production processes use organic chemicals that can pose health risks in high concentrations. The chemicals are necessary to produce high quality products,

thus we take health and safety seriously. We ensure that the occupational environment contaminants measured in Kebony's factories are kept well below the strict official work standard requirements through good ventilation and management of volatile compounds.

In 2021, Kebony had no incidents resulting in absence of employees, although we had one incidents – which did not cause absence – at our plant in Belgium. We have a goal to operate with zero injuries, and safety is therefore taken very seriously at our facilities. All our employees received safety training in 2020 and 2021, building a foundation for safe operations going forward.

Disclosure	Disclosure identifier	2021 value
Anti-competitive behaviour	206-1	No confirmed cases of anti-competitive behaviour
Corruption incidents	205-3	No confirmed cases of corruption
Occupational health and safety	403-9 Work related injuries	Fatalities: 0 Lost time incidents (employees): 0 Lost time incident frequency: 0 Total recordable injuries (employees): 1 Total recordable injury frequency: 4.4 Total hours worked: 226,788
Diversity and equal opportunity	405-1	Gender equality: Board: 1 woman, 6 men Management: 10 % women, 90 % men Employees: 31 women (26%), 90 men (74%)
New suppliers social assessment	414-1	
Negative social impacts in supply chain	414-2	No suppliers screened using social criteria (0%), system to be established in 2022

Our Management Approach

The company's employees and other representatives shall comply with laws and regulations, and also pursue their work in accordance with fair business conduct, the company's values and its ethical guidelines.

From Kebony's ethical guidelines

Governance

Kebony is satisfied that zero cases of corruption have been reported in 2021. This topic is something that will always be of high priority. However, in 2022, we wish to take the work with our suppliers further. By developing social and environmental screening criteria, we wish to draw an even clearer picture of the impacts we have in our value chain.

Seeing that much of the handling of resources coming in to Kebony materials are sourced from third-party suppliers, it is Kebony's goal to lead with responsibility in our supply chain governance. All major suppliers are required to sign our General Purchasing Conditions, and Kebony will not work with anyone who refuses to sign the conditions.

Diversity is a key to a well-functioning workplace, and we are aware of the unbalanced gender distribution in our

workforce. Going forward, we seek to even out these differences by recruiting qualified female employees. Also, diversity in gender, age and culture will be considered thoroughly in recruitment processes, to ensure that Kebony's future employees have the desired competence. We will keep track of our workforce diversity by reporting and KPIs.

Health and Safety

Currently there is no companywide HSE policy, but this is in the making and will be finalized in 2022. Kebony will thus continue worker training and the development of policies and systems on and health and safety. In the future, we also aim to offer regular medical examinations, which means another layer of safety for employees working in the higher-risk areas of our production facilities.



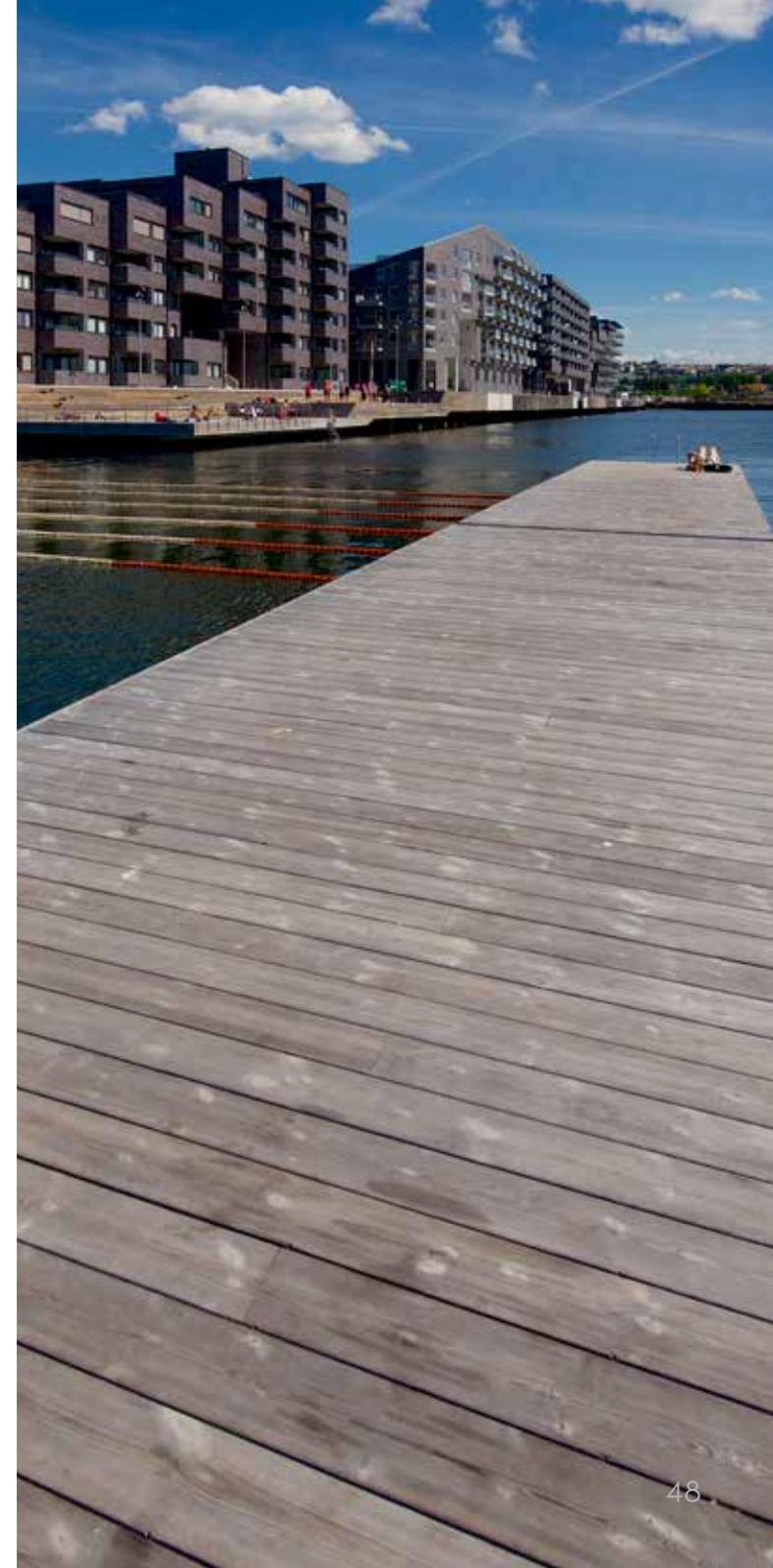
Positive Impact Every Day



Contribution to Vibrant Cities

Intuitively one knows that nature is good for us, but it is proven over and over again that there is a positive relationship between natural surroundings and happiness. In the choosing of Kebony wood over concrete, cement etc, nature comes closer to the people, contributing positively to people's mental health. In other words, Kebony brings people closer to nature. This is true both in urban societies, where Kebony wood is chosen over other materials, contributing to vibrant cities, and in nature and rural areas. Carbis bay Hotel in Cornwall (G7 host 2021), Torvbråten School in Norway (Eco Swan Label), the McDonalds in Orlando (first net zero fast food restaurant) are just some examples where Kebony helped bringing nature closer to the urban population.

In the offering of durable and weather-resistant wood, Kebony also allow people to come closer to nature, such as the Etosoto Houses in Portugal, the maintenance free summer house-dream in Jylland, The Hammerfest Cabin, the Arctic Hideaway in Fleinvær and the emergency cabin by Prekestolen in Norway.





Local Employment and Education

Kebony employed 121 persons as regular employees by the end of 2021, after an increase in employment during 2021 of 24 employees, thus contributing significantly to value creation in the society. During 2021 the financial contribution through personnel related expenses was 12 MEUR for the Company.

Kebony regularly trains employees. In addition to training own employees, Kebony also contributes to education in the society by training craftsmen and contractors in good building practices, for example through our PRO-Team initiative. Finally, Kebony adds knowledge and competitiveness to society through its strong emphasis on research and development.



Our Management Approach

Kebony will continue to contribute to productive activities, decent job creation, entrepreneurship, creativity and innovation. We have a goal to enhance job and vocational training for people who have difficulty entering the job market and will be looking at ways of doing this going forward.

Vibrant natural spaces in urban communities is an area where Kebony sees a lot of potential for our products to contribute to positive change. We will look at possibilities for partnering with communities, organisations and municipalities in this realm in the future.







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