

SUSTAINABLE GOALS





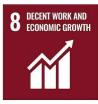


































To Readers Of The Report

Enterprises and the public sector have a great impact on people, society, the environment, climate, and animals and can both contribute positively to development, or negatively by causing harm. Enterprises therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs) and the Paris Agreement's 1,5-degree target.

This report can be used as an account for the Transparency Act, but it has a broader scope with climate and the environment, circular economy, and anti-corruption indicators also being included. Our members are obligated to carry out due diligence and report annually on their work. Base level1 members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

Ethical Trade Norway's concept of responsible business conduct equals OECD's terminology and due diligence methodology. This is the systematic effort that enterprises do to identify, prevent, or mitigate adverse impacts and explain how they manage their risks of negative impact, as well as provide remediation to people, animals, society, and the environment where this is required - is called due diligence. Norwegian authorities expect all enterprises, regardless of their size, to carry out due diligence on society, the environment, and animals in accordance with the UN's Guiding Principles for Business and Human Rights (UNGP) and OECD's Guidelines for Multinational Enterprises. This applies to enterprises, the public sector, and organisations.

Ethical Trade Norway's Declaration of Principles (our Code of Conduct) for Responsible Business Conduct covers the areas of decent work, human rights, environment/climate, anti-corruption, and animal welfare. This report is done in full transparency and in line with UNGP and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

Heidi Furustøl Executive Director

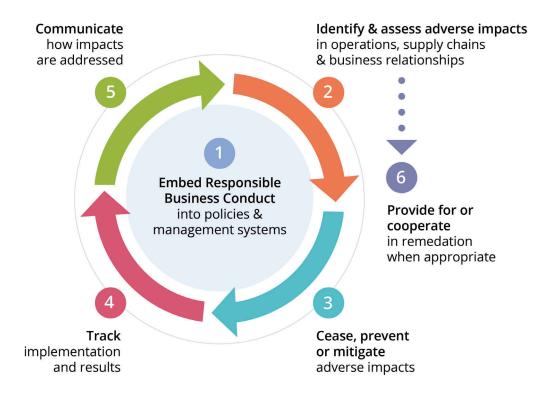
Ethical Trade Norway

() | Vestre AS | 2

Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



Preface From CEO

2024 marks a year of consolidation for Vestre as we solidify our operations in the United States and Europe, maintaining an export share over 80%. Our own operations have developed further with grinding of galvanised goods moving into a new location right next to the steel factory. We remain committed to creating and operating locally robust, globally integrated value-chains that prioritise sustainability.

Our core goal in 2024 has been to develop operations further, anchoring sustainability in our sourcing activities. We have also detailed Vestre's Circular Roadmap towards 2030, recognising that it will take a major shift in how we operate. Suppliers are still kept close to our core, with Climate Action Day being held for the third consequtive year in May 2024.

We remain steadfast in our commitment to transparency and continuous improvement. This year, we have enhanced our due diligence framework and developed a more systematic approach. These efforts aim to deepen our stakeholder dialogue and foster a collaborative environment where all voices in the social and environmental spheres are heard and valued. We took this a step further in Q4, and will in the year of 2025 have a completely overhauled sourcing platform, which clarifies and holds accountable all involved parties.

As we embark on another year of growth and innovation, we are reminded of our ethos at Vestre: 'No one can do everything, but everyone can do something.' We are thrilled to have you join us on this transformative journey towards a more sustainable and transparent future.

"Vestre aims to be the world's most sustainable furniture company by 2030"

Bjørn Fjellstad *CEO*

Enterprise information and enterprise context

Key enterprise information

Enterprise name

Vestre AS

Head office address

Drammensveien 44A, 0271 Oslo

Main brands, products and services offered by the enterprise

Furniture

Description of enterprise structure

Vestre AS is a Norwegian furniture company, manufacturing almost entirely in Scandinavia. This report covers the entire group.

Vestre is a group of 8 companies in total:

Vestre AS

Vestre Produksjon AS

The Plus AS

Vestre Sverige AB

Vestre Production AB

Vestre Inc

Vestre GmbH

Vestre Ltd

Our own locations are as follows:

Norway: HQ, sales and operations at The Plus (powder coating, woodworking and assembly)

Sweden: Sales and operations at the Steel Factory (metalworks, grinding)

UK: Sales operation Germany: Sales operation **USA:** Sales operation

The organisation is governed through a board of directors, a management team and a fantastic team of employees.

Sustainability is anchored at the top-level with strategy, backed up by the owners, and penetrates down through the entire organisation.

Decision-making on operational affairs is left to the management team, whereas decisions on a significant investment-scale is presented to and decided by the board of directors.

Vestre is working to insource critical operations while utilising external partners where that makes sense. Parts of the sustainability, graphic design and communications work is performed by external agencies, but internal anchoring and insourcing is currently a high priority. Vestre has a fairly shallow value-chain with regards to direct materials, and the suppliers in tiers 1-3 are by and large located in the Nordics. The close proximity and high transparency in the top tiers of the value chain makes us dive deeper for risks. Material risks are thus found in the extractive aluminium industry which represents a very minute share of Vestre's overall business.

Revenue in reporting year (NOK)
426 000 000
Number of employees
150
Is the enterprise covered by the Transparency Act?
Yes
Major changes to the enterprise since last and current reporting period
Vestre is currently structuring and preparing the organisation for further scaling globally. We have strenghtene many important positions in the organisation, setting up a functional team that will enable us to scale. The operations at Torsby and Magnor have become increasingly efficient. Vestre maintains commitment to long-term partnerships in the value-chain, and were assured by the partners' commitment to sustainability at the third annual Climate Action Day in April of 2024. This gathering of about 20 of our closest suppliers was a continuation of last years' successes, and a testament to the closeness and transparency cultivated in our value-chain. Scope 3 is 98-99% of Vestre's emissions, so we have to dig into the value chain to have any tangible effect towards decarbonisation.
Vestre has executed our first year of the 2030 strategy, following an execution framework that allows us to track progress towards the long-term goals on a daily basis. More of the team has been included in this, as the extended management group steps in to deploy a lot of the various initiatives across strategic priorities.
Contact person for the report (name and title)
Øyvind Bjørnstad, Head of Sustainability
Email for contact person for the report
ob@vestre.com

Supply chain information

General description of the enterprise's sourcing model and supply chain

Vestre's sourcing practice is based on categories and trust in employees. For instance, sourcing of steel happens in the Steel factory, sourcing of wood in the Wood factory and so on. Each responsible is the direct communication link to the supplier, and follows up on initiatives. Vestre is in the process of establishing a standard contract, and standard procedures with regards to follow-up of the various aspects of the relation, including ethical and environmental considerations.

Vestre's tier 1 suppliers in manufacturing are not many, and we consider them long-term partners. It's easy to divide and categorise them based on which component part of the furniture they are a part of. Most of the value chains are entirely located in the Nordics. This is true for almost all of our steel and wood.

For instance, most of the steel we purchase goes through a process from iron-ore mines in Northern Sweden, through SSAB's processing before it arrives at Vestre's Torsby facility. There it is worked over, bent, and welded before going to DOT AB for a dip in the liquid zinc, back to Torsby for grinding, before finally going to The Plus for powder coating and assembly. All of this happens in the Nordics, and we have solid control over it. Our main partner on metals is Tibnor AB, through which we purchase the steel and some other parts. Some aluminium and steel parts are not from SSAB, but other suppliers in Tibnor's system. Through our work with the Nordic Swan Ecolabel (ISO14024), we are tracing these materials back to their origin source.

For wood the biggest share comes from Nordic Pine which is impregnated with linseed oil. Vestre has a Chain of Custody FSC® certification (SAI-COC-010942) to ensure that our wood is certified. This goes for all Nordic Pine and Kebony, whereas for Oak and Ash it's still on a request basis.

The wood is processed either at partner Påskallaviks Snickeri AB or at our own state of the art woodworking process at The Plus. The Nordic Pine is then sent to our impregnation partner Bergs Timber BITUS AB for a socalled "Linax" treatment which is a two-component treatment pressurized and heated impregnation. It is then sent back to The Plus for final assembly before being shipped out to the customer.

Vestre has a strong relationship with our Tier 1 suppliers, and ensured traceability of Tier 2 and 3 through our certifications on raw material level (FSC®) and product level (Nordic Swan Ecolabel). FSC® trademark license code (FSC-C153905)

Number of suppliers with which the enterprise has had commercial relations in the reporting year 800

Comments

Number of financial relations is around 800. This includes every transaction, i.e. a lot of these are not material for this report.

Type of purchasing/ suppliers relationships



Raw material is still being sourced externally, but around 90% of production operations are now controlled directly.

List of first tier suppliers (producers) by country

Norway:	8
Sweden:	15
USA:	1

The suppliers mentioned here are the suppliers deemed material. These are providers of materials in the value chain, as well as processing and transport of finished products. What's not included here are suppliers of digital services sourced locally, as well as one-off purchases of smaller magnitude.

Vestre's value chain is by and large situated in the Nordics, from raw material until the completed product leaves the Vestre factory. Steel is sourced with 20% lower emissions than the average from SSAB, and most of the wood from FSC®-certified Swedish forestry. The metals are being prepared in the Steel Factory and the wood is sent to The Plus. The Plus is the world's most environmentally friendly furniture factory, with a BREEAM Outstanding certificate. The factory is a major step in Vestre's work to insource a bigger share of the vertical value chain. The Plus came online in 2022, and Vestre operates woodworking, powder coating and assembly at the site. Now over 90% of the value chain is in-house, making production a core part of operational strategy. Vestre powder-coats and assembles the products at The Plus, before sending them out to customers globally. The company mentioned in the US is a transport operator, handling the last-mile services after shipment by sea.

Vestre sources some aluminium from Hydro, which has extraction in Brazil. As the aluminium we source is 75% post-consumer recycled it is not a big share of the total, but still significant. This is classified as a high risk in our risk assessment.

Tier 1 suppliers here are typically who Vestre buys the materials from, either processed or raw. These are suppliers like Tibnor, Påskallavik and DOT. Tier 2 suppliers would be the ones whom these suppliers purchase from, in the case of Tibnor that would be SSAB, in the case of DOT that would be Boliden Zinc and in the case of Påskallavik that could for instance be Rundvirke. Tier 3 suppliers would then be the supplier that the tier 2 level purchases from. In the case of SSAB that would be LKAB, in the case of Rundvirke that would be local forest owners in Sweden.

State the number of workers at first tier producers

Number of workers

1500

Comments to number of workers

Approximately based on key suppliers Tibnor, PSAB, Jotun, Hydro Extrusions and DOT. There are more employees in the value-chain.

Key inputs/raw materials for products or services and associated geographies

Steel	Finland Sweden
Aluminium	Brazil Norway
Wood	Sweden
Concrete	Norway
Powder Coating	Norway
Zink	Norway

Steel main: SSAB --> Tibnor --> Vestre

Steel sub: X --> Vestre

Aluminium: Hydro --> Vestre Aluminium sub: X --> Vestre

Wood (Nordic Pine, FSC® CoC): Local Swedish wood owner --> Lamtech (glulam) / Rundvirke --> The Plus/ PSAB -

-> Vestre

Wood (Kebony, FSC® CoC): New Zealand plantation --> Kebony AS --> PSAB --> Vestre Wood (Oak / Ash - FSC® optional): North American wood supplier --> PSAB --> Vestre

Powder coating: Jotun AS --> Vestre

Hot Dip Galvanising: Boliden AS --> DOT --> Vestre

Is the enterprise a supplier to the public sector?

Yes

Goals and progress

Process goals and progress for the reporting year



Develop standardised supplier contract where code of conduct and minimum criteria are part of Goal:

the package, as well as follow-up meetings annually where responsible business is a formalised

agenda item at every meeting.

Work in sourcing has started in Q4, with concrete deliverable in form of a sourcing, purchasing Status:

and follow-up process which Vestre will use from 2025. The project will incorporate sustainability

metrics formally in the supplier dialogue and contract.



Train staff on responsible business conduct, levels of training reflecting the position of staff. Log Goal:

hours and follow-up survey.

Information on several site and all hands meetings. Next step is to train sourcing team Status:

specifically and sales team in those aspects which drive sales.



Goal: Reduce carbon emissions from transport versus 2023.

Carbon emissions likely steady or slightly lower than 2023. Intensity expected to be slightly lower Status:

on the back of some VCI's implemented.

Goal: Increase share of Swan-certified revenue to >80%.

Swan certification achieved for several new products. Share of product revenue from Swan Status:

products will be published in the impact report in May.

5

Goal: Follow up Hydro's action to reduce risks regarding high risk materials from Brazil.

Status: Dialogue with Hydro and several iterations on high risk materials followed up.

6

Goal: Monitor overall carbon emissions and guide towards 2030 decarbonisation plan.

Status: Overall decarbonisation plan still looks viable.

Process goals for coming year



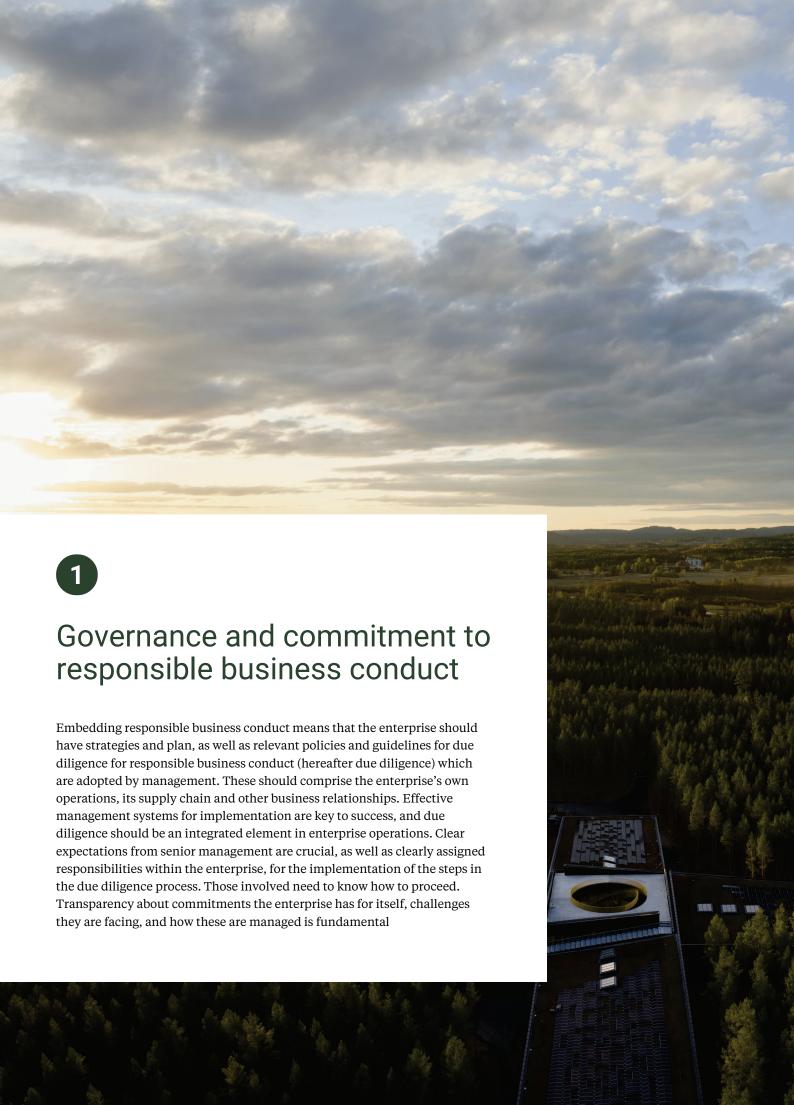
Finalise standard The Vestre Way (TVW) of working with suppliers (sourcing, purchasing, development).



Reduce carbon according to decarbonisation plan towards 2030.



Deploy circular models to the market.



1.A Policy for own enterprise

1.A.1 Link to publicly accessible policy for own enterprise

Resources can be found here: https://vestre.com/download-certificates-iso-approvals-and-others? __geom=%E2%9C%AA

1.A.2 What does the enterprise say publicly about its commitments to respect people, animals, society and the environment?

Recognising that the social aspect of sustainability is both overlooked and undercommunicated. We acknowledge that to achieve a sustainable future we need to have a society where all people have their basic needs met and opportunities to grow. This may sound like a daunting task, but at Vestre we maintain that no one can do everything, but everyone can do something. Vestre offers all its employees a decent living, and the opportunity to contribute creatively to the company on a running basis, executing on improvement proposals across the value-chain. Vestre has an internal policy document for how we conduct business responsibly, and a guideline for suppliers including a code of conduct. It's not a good solution if Vestre's own employees are welloff, but those in the value-chain are hurting. A tight wage gap between highest and lowest earners is maintained, to ensure that everyone is pulling in the same direction. We recognise that working closely with the value-chain is a core part of becoming known as the world's most sustainable furniture company.

The strategy has clear directions on how to address climate, with approved Science Based Targets and a decarbonisation plan towards 2030 aiming at both transitioning to low carbon materials and increasing the circularity of our business. The toughest goal for us going forward however is to truly understand what happens at the social meeting places we deploy, how it benefits society. Both the upstream conditions in the value chain and the downstream understanding of social meeting places are being tackled in our 2030 strategy.

1.A.3 How has the policy/commitment been developed and how is it embedded in the enterprise?

Vestre strives towards responsible business conduct that respects people, society, and the environment. This policy document, including our Code of Conduct, forms one of the foundations of our sustainability work. It is based on minimum standards from UN- and ILO-conventions for sustainable business practice. Internalised and owned by Head of Sustainability at Vestre. It is anchored at the top management level and with the Board of Directors.

1.B Organisation and internal communication

1.B.1 How is the due diligence work organized within the enterprise, embedded in internal guidelines and routines?

Due diligence work is formally anchored in the organisation, all the way up to the board of directors and owners. At the executive level, the responsibility lies with the Head of Sustainability to oversee, structure and develop the due diligence efforts. These efforts are coordinated according to the OECD guidelines for due diligence work. Internally the work is focused around the areas where sourcing of materials is happening, based on likelihood and severity. In the management team, both the financial, the marketing, the product development and the sourcing aspects of the company are directly responsible. Sourcing of key resources also have the responsibility tied directly to them.

Some details on the key roles in due diligence assessments:

Head of Sustainability: Coordinating the overall efforts on transparency and responsible business conduct. Quality Systems and Project Manager: Coordinating certifications and quality management systems, streamlining the various systems.

Sourcing Manager: Establish and maintain processes and procedures for qualification of suppliers and continuous supplier development.

Management team: Understand and set aside time for employees in each team to execute and develop due diligence work as planned.

Head of Marketing: Clear communication and brand storytelling around transparency and responsible business conduct upstream and downstream.

HR (CEO): Ensure that we are succeeding with what we do. Follow-up of employees and ensuring the right KPIs. Director of Operations: Ensure direct communication with suppliers and pulling on concrete resources accordingly.

Quality Engineer: Participates in qualification of suppliers and continuous supplier development.

The due diligence work is taken on by a team consisting of the direct purchasing unit and indirectly through management. Vestre is currently establishing a standardised contract which will take into account key areas of materiality for new suppliers. This contract will also be implemented for current suppliers. The purchasing unit and immediate management will do an assessment of the supplier, and involve the Head of Sustainability to make the final assessment.

1.B.2 How is the significance of the enterprise's due diligence work defined and clarified for the employees through their job description (or the like), work tasks and incentive structures?

All employees at Vestre have responsibility, transparency and accountability as core tenets of their work. Vestre has updated job descriptions with specific details on and clarifications to ensure due diligence work is carried out according to plan. Management in particular is mandated with ensuring Vestre conducts business responsibly.

1.B.3 How does the enterprise make sure employees have adequate competence to work on due diligence for responsible business conduct?

Vestre encourages development and allows for employees to take time training for instance with Ethical Trade Norway to stay up to date on due diligence efforts. All employees should be aware of the internal policy and the supplier code of conduct, have read and understood it. Personnel with sourcing responsibility should be trained to adhere internal guidelines on responsible sourcing.

1.C. Plans and resources

1.C.1 How are the enterprise's commitments to respect people, animals, society and the environment embedded in strategies and action plans?

Vestre's mission is creating sustainable social meeting places of high quality where people can meet regardless of background; economic, social or cultural. The social aspects of sustainability are paramount to our ethos, and we strive to find the best KPIs to drive that further. In short, there's no sustainability until everyone has their basic needs met. In the reporting year of 2024 Vestre has started executing on our 2030 strategy, whose ultimate vision is to become the world's most sustainable furniture company.

More specifically, the goal of becoming known as the world's most sustainable furniture company is anchored at the top as one of five key strategic priorities. However, the priorities are interlinked as this goal cannot be fulfilled if not all priorities equally work towards it. The goal entails being transparent about our progress on sustainability encompassing both social and environmental goals.

The management team has a regular update on sustainability every month, and the supply-chain organisation holds regular contact with tier 1 suppliers, including the identified risk areas where extra care is taken to ensure adherence to responsible business conduct.

In the 2030 strategy Vestre is committed to aligning with the OECD action plan, anchoring the company's plans broadly and deeply into the overall strategy.

1.C.2 How are the strategies and action plans for sustainable business conduct followed up by senior management and the board?

Head of Sustainability has the overarching responsibility, reports directly to the CEO and regularly to the Board of Directors. The action plans going forward will be followed up at regular intervals, through supplier dialogue and questionnaires, as well as through the management meetings covering operations. BoD will be informed at reasonable intervals.

1.D Partnerships and collaboration with business relationships

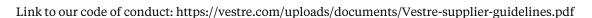
1.D.1 How does the enterprise communicate the importance of responsible business conduct in its business relationships?

Vestre has a close connection with our Tier 1 suppliers, regular contact, and suppliers carbon reporting frequently and directly in the carbon accounting tool. A close connection means that these suppliers are not merely transactional counterparts, but partners on Vestre's journey towards creating social meeting places globally, and decarbonisation. This means close dialogue and continual improvement on a steady basis according to the Plan Do Check Act (PDCA) principle. Vestre's sustainability ambitions are well known by all suppliers, and a regular part of these meetings. This includes our views on responsible business and ethics. With almost every tier 1 supplier located in the Nordics, they are all subject to high standards in workers' rights and conditions. Nevertheless, Vestre aims to improve on that further, and implement systematic assessments and KPIs to develop standards even further going forward.

Going deeper than that is ensured by our commitment to traceability and transparency, particularly showcased by the Nordic Swan Ecolabel and our pilots with showcasing digital product passports, which build into our cricular roadmap. The Vestre Circular Roadmap not only gives us the short term actions we can implement already in 2025, but also gives direction for how we can transition to circularity for the business as a whole.

In 2024 we held our third annual Climate Action Day in collaboration with key suppliers, so now it's a tradition. Here both Vestre and suppliers detailed the plans going forward in terms of sustainability. The focus of the day was competing as a system, not an isolated company. We also highlighted social aspects of sustainability and the importance of transparency and whistleblower mechanisms throughout the entire value-chain.

We are also working on making a standardised contract and implementing the minimum criteria and code of conduct into that. We currently assess each supplier on the minimum criteria by dialogue, questionnaires and site visits to ensure adherence. Vestre highly values the social aspect of sustainability, and follows up throughout not only our own employees, but also in the value-chain and down to the people both in local environments where we produce and end users at our sites. There can be no sustainability without decent living conditions for everyone, worldwide.



1.E Experiences and changes

1.E.1 What experiences have the enterprise encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?

Vestre has continued our efforts to anchor responsible conduct all along the line. Our people are acutely aware that acting responsibly and in accordance with our internal policy is paramount. This extends to suppliers, who now are in the process of being enrolled into a much more standardised way of development. Vestre has also learned that our current sourcing and purchasing mechanisms are in need of professionalising, just like many other areas. The company has grown tremendously over the past ten years, so this is a natural part of the process. In 2025 Vestre will continue this work, including training of key personnel and fine-tuning the policies to ensure maximum effect.

Vestre has seen that there is a great appetite for improvements and sharing of information across the valuechain. Whenever an inquiry is made the suppliers are happy to disclose and contribute with information. This shows that applying a methodical and coherent approach to responsible business conduct holds great promise for the future.



2.A Mapping and prioritising

PRIORITISED ACTUAL OR POTENTIAL NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 List prioritized significant risks and/or actual negative impacts on people, animals, society and the environment.

Salient issue	Related topic	Geography
Mining in Brazil of aluminium bauxite, potentially risky extraction of raw materials	Wages	Brazil
Powder coating production in Czech Republic. Potentially harmful substances in manufacturing.	Occupational Health and safety	Czech Republic
Deforestation and loss of biodiversity, potential risk.	Use of materials	Sweden

JUSTIFICATION FOR THE PRIORITISATION OF RISKS OF NEGATIVE IMPACT ON PEOPLE. ANIMALS, SOCIETY, AND THE ENVIRONMENT

- 2.A.2 Describe: a) the enterprise's routines for mapping and identifying risk and show how the negative impact was identified and prioritized b) activities or sections of the enterprise not covered in this report, if any (product groups, own products, departments etc.), and why c) how the information was gathered, what sources were used, and which stakeholders have been involved d) whether you have identified areas where information is lacking, and how you are planning to proceed to collect more information about this.
- a) Vestre has since 2007 been a member in Ethical Trade Norway, as well as setting ambitious goals on sustainability in general. This work entails initiatives across every aspect of the business, from raw material, through the entire value chain, to the customer and finally back to raw material again. Due diligence work is conducted according to the OECD guidelines, and assessed on a regular basis. Vestre is experiencing significant growth also in terms of personnel, so we view it as very important to maintain communication of our internal policy for responsible business at least once a year at all-hands meetings. All wholly owned subsidiaries of Vestre AS are included in this report. Vestre has over the past years consolidated our control of the value-chain. Currently, Vestre controls over 90% of the supply-chain, with raw materials the biggest part that's outside the chain.
- b) Some suppliers are not prioritized in the risk assessment due to low scale in spend value (<100 kNOK). This coupled with a dedication to key suppliers as long-term partners gives a solid foundation to carry out risk identification and mitigation. The value-chain is relatively shallow, with few tiers down to the raw material. Almost all of the tier 1 suppliers are situated in the Nordics. This makes it easier, but no less important to keep track and follow up on eventual warnings. Stakeholders addressed include customers, suppliers and local communities which are kept in dialogue on a running basis.

We have chosen not to prioritise raw material sourcing of very low magnitude, as well as services based out of the Nordics, hereunder design and PR services, where there is a strong regulation in place to cover workers' rights.

In addition to formalising the contract with suppliers as part of our 2024 efforts, we will continue hosting the annual Climate Action Day which includes all tier 1 suppliers and an agenda of how the supply chain together will work towards our sustainability ambitions. Climate footprint is a prioritized risk in this report. Through the work with ISO 14001 and 9001 there is a quality and environmental management system that requires a high level of control on resources. The transparency and traceability aspect is also touched upon by raw material certifications like FSC® (SAI-COC-010942) and product certifications like the Nordic Swan Ecolabel. Vestre is required to follow up with suppliers down to the raw material on both environmental and social aspects. This has given the company a thorough tracking on material, and the possibility of making decisions based on sustainability criteria, e.g. switching to a lower carbon zinc. For our key partners dialogue is the number one tool for uncovering and mitigating risks. For suppliers in tiers 2, 3 and below in our value chain we ensure compliance through acknowledgement of Vestre's guidelines for suppliers. Vestre follows up with each supplier and in 2024 will implement a standardised contract that includes targets on climate, responsible business and transparency. To Vestre's knowledge, all aspects of the company have been covered by this report.

c) Examples of data collecting, information and referanses as follows:

We examined powder coating of our products in Czech Republic. Czech Republic has a fairly good rating with regards to violation of workers' rights according to the ITUC Global Rights Index, but some risks around corruption and labour rights according to CSR risk checker. The manufacturing of powder coating itself requires factory conditions to be satisfactory to health and regulation requirements. Jotun is after The Plus became operational a tier 1 supplier, meaning Vestre can interact directly with the manufacturer. According to CSR risk checker, the US and UK transport industries holds some risks with regard to freedom of association, contracts and working hours. This is true for logistics generally, not only in the mentioned countries, but a special emphasis is put on these, as for instance the Nordics have stronger regulation. Transport providers are tier 1 for Vestre, but they might use sub-suppliers. Vestre needs to ensure that if sub-suppliers or contract drivers are used, they need to receive the same standard as employees working for the tier 1 supplier. These risks are prioritised according to likelihood and severity, based on a judgment on scale, scope and remedy. The risks have been checked against the following indices: Global Slavery Index, ITUC Global Rights Index, Freedom House Index, World Bank, UNICEF, HUman Development Index, Gender Equality Index, Global Gender Gap Index, Wage indicator, Environment Performance Index, Corruption Perception Index, The sources used in Ethical Trade Norway's risk tool are among the following: Animal Protection Index, US Dept. of Labour, CSR Risk Checker, DFØ Product Risk

d)One exeption detected in the risk assessment is the raw material aluminium originated in mines in Brazil from our supplier Hydro. Wages, working hours, freedom of association and other rights are risks in mining operations. In addition, there is a significant risk of environmental damage with extractive industries. Mining operations are several tiers down in Vestre's value chain, but Vestre's tier 1 supplier Hydro has a very extensive report and transparency on the issue. Still, it remains important to follow up for Vestre as well, pushing for transparency down the value-chain. Actions taken to minimize the risk is uses of Hydro CIRCAL, which is >75% post-consumer recycled material, so the amount of virgin material is very small. Aluminium contains less than 3 prosent of the total metal purchased by Vestre, still this is a priority due to potential high risk of negative impact.

Since Vestre works with key suppliers over years of partnerships, a key part of our improvement meetings has been to align them with the sustainability agenda. In 2024 we also held our third annual Climate Action Day with all key suppliers, where the OECD guidelines for due diligence work and worker's rights in the value chain were a key topic. It was also made abundantly clear that Vestre will scan, identify and mitigate any risk found in our value chain.

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe other risks of negative impacts on people, animals, society and the environment that were identified but not prioritized, and how these have been handled.

Vestre has developed a thorough understanding of its material subjects through a materiality analysis done in accordance with the GRI framework in 2020. The material subjects of Climate footprint, Quality and Inclusive societies cover all aspects of Vestre's sustainability approach. Long-time membership in Ethical Trade Norway and a value-chain largely based in the Nordics allowed for a higher degree of trust with regards to social aspects in those years. As Vestre has matured and now has a much more thorough understanding of climate, and keeps developing the follow-up on social aspects, the next step will also be to more thoroughly understand impacts on nature in the shape of biodiversity, land use and so forth. The materiality assessments previously conducted has indicated clearly the need for supplier dialogue in terms of quality, responsibility and environmental aspects. The salient risks mapped and listed in this report are aligned with the material analysis, highlighting the importance of inclusive societies as a prerequisite for sustainability. Since materials represent ~90% of Vestre's emissions, and transport the final ~10% the risks associated with these material streams are critical both from environmental and social perspectives. The next step for Vestre will be to do a double materiality assessment, which is likely to happen in 2025 or 2026.



3. A Cease, prevent or mitigate

3.A.1 Describe goals and progress status for the measures you have implemented to reduce the enterprise's prioritized negative impact

	Mining in Brazil of aluminium bauxite, potentially risky extraction of raw materials	
Goal:	Minimize risk of worker harm in extractive industries.	
Status :	We are in dialogue with Hydro regarding the results of these mitigating actions: Conducting human rights training for management in Brazil. Social dialogue with traditional communities sorrounding the bauxite mining.	
Goals in reporting year :	Use our impact to follow Hydro up on their mitigations for injury and potential death in mining operations. Vestre will take action and ensure that mitigations for any deviation is followed up, and mitigated accordingly.	

Describe already implemented or planned measures :

Screening of annual report, dialogue to ensure that Hydro is mitigating or reducing negative impacts sufficiently. Vestre is planning to launch a standardised contract which will set concrete requirements on responsible business conduct for all suppliers.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year:

If any deviation is found, Hydro and Vestre will together work to find a long-term solutions, and if not sufficiently mitigated, Vestre will take the consequences.

	Powder coating production in Czech Republic. Potentially harmful substances in manufacturing.	
Goal:	Minimize risk of worker harm in potentially dangerous work environments.	
Status :	Currently no indication of issues at the Jotun plants in the Czech Republic.	
Goals in reporting year :	Notify and file complaint if any issues are found, ensure that the necessary HSE protocols are in place to protect workers. Vestre will go into dialogue with the supplier to ensure that this is handled and followed up on a running basis.	

Describe already implemented or planned measures :

Screening of annual report, dialogue and using our influence to minimise negative impacts. If any deviation is uncovered, Vestre will go into direct dialogue and make sure Jotun follows through on their mitigation efforts.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year:

If any negative impacts are uncovered, Vestre and Jotun will together work to find long-term solutions. If no satisfactory long-term solution can be found, Vestre will take the consequences.

	Deforestation and loss of biodiversity, potential risk.	
Goal:	Reduce the risk of deforestation and loss of biodiversity	
Status :	Vestre aims for full traceability in our timber sourcing. Scandinavian pine is the standard in most furniture. There is still an impact on nature and deforestation is a potential risk to adress. The share of product revenue from Nordic Swan labelled products was 77% in 2024.	
Goals in reporting year :	Swan ecolabel on a product level. Increase share of certified revenue to >80% in 2024.	

Describe already implemented or planned measures :

Utilizing the certification, Swan ecolabel, requires that the wood derives from sustainably managed forests, i.e., requirements for traceability and a minimum of 70% certified wood raw materials

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year:

The increasement of certified products is how Vestre guides through the same lens as the overall sustainability work; maximise positive contribution, and minimise negative impact. The main approach here in line with the overall sustainability approach is to strive for transparency and traceability.

Indicator

Increase share of Swan-certified revenue to >80%

2024: 80

2023: 77

3.B Other actions related to management of negative impact

3.B.1 Reduction of nature- and environmental impact

All Vestre employees have responsibility as part of their job description. Through onboarding and the actual work the mantra that "Everyone can save the world. A little." shines through. This culture of going the extra mile has been ingrained in the company since its founding, and remains there. However, after years of double-digit growth there is a need to establish the culture in policy as well, to avoid any dilution of that mantra.

Over the years Vestre has always maintained an approach to business that aims to maximise positive contribution to society and the environment, minimising negative impacts while maintaining a healthy profit. Through growth over the past years Vestre has taken strategic action to gain control over more of the value-chain. Through a series of developments the decision to construct The Plus and insource key production processes woodworking and powder coating gaining a 90% control level of the value-chain was taken. With increased control of the vertical, Vestre has increased transparency on all operations within those processes.

Vestre has in 2023 approved a new strategy going all the way to 2030. This strategy states that Vestre aims to become known as the world's most sustainable furniture company. That entails taking ownership of all aspects of sustainability, including the social sphere and responsible business conduct.

Vestre has thus far taken concrete measures in the form of building the world's most environmentally friendly furniture factory, The Plus, taking control of more than 90% of the production value chain and achieving a BREEAM Outstanding certificate. Vestre has a goal of reaching 120% production of green energy consumed by 2030. Thus far, Vestre has deployed about 8% of consumption in solar panels, around 400 MWh annually, but in 2023 we signed our very first PPA for another 420 MWh annually from 2025. This will take us closer to our first annual GWh of energy. The park was inaugurated online in October 2024. Vestre has also initiated measures to reduce absolute emissions in the value-chain; in 2024 we have retired our last fossil company cars. We have explored biofuel options across all modes of transport, as well as zero emission for some routes. On steel we made significant headway, with the launch of Fossil Free Steel (FFS) as a commercial option.

We are currently developing a standardised contract with all our key suppliers, as well as maintaining strong dialogues to effect change. All key suppliers were part of our third annual supplier day, the Climate Action Day (CAD) at The Plus. Here, we discussed our ambitions on climate and responsible business. Our suppliers are also getting hands on experience with the monthly carbon accounting that has been implemented for more than a year. This has led to suppliers themselves setting targets, and propagates throughout the value-chain, as intended by the Science Based Targets initiative. Vestre also held a training session during the CAD where we talked about the OECD framework for due diligence, and the importance of transparency in the value-chain with regard to responsible business conduct. In terms of sub-suppliers and traceability we are working hard to map all our input materials down to their original source.

3.B.2 Reduction of greenhouse gas emissions

Vestre has measured its carbon emissions for over ten years, but its become a lot more sophisticated over the last few years. With a detail level down to KNOK 100 per supplier in 2021, even scope 3 is measured to a fairly granulated degree. The team developed a detailed decarbonisation plan in line with Science Based Targets. published in our 2022 impact report.

Vestre has developed a roadmap towards decarbonisation. Although some of it is dependent on technology, there is now a clear path towards net-zero visible. The largest part of Vestre's carbon footprint comes from steel (65-70%). Here a partnership with SSAB has been established, to replace the regular steel with fossil-free steel on the path towards 2030. Whilst absolute emissions have grown from a 2019 base year, absolute reductions are possible in the years to come. The key tenets of reduction will be in materials (steel, aluminium, zinc, ...) and transport (electrification).

In the 2024 impact report, Vestre returns to our decarbonisation plan, detailing out what was larger chunks before, as well as our transition to circularity. How can we turn into a circular business in the future?

In 2024 Vestre has completed the following Value-Chain Interventions (VCIs):

- Switched to electric cars on company transport
- Purchased our first batch of fossil free steel, way ahead of commercialisation
- Explored electric options on some road transport stages
- Explored a transition to biofuel on all modes of transport

3.B.3 Improvements in own purchasing practices

Through years of work with long-term partners Vestre has established a process which instilled a continuous improvement mindset throughout the value-chain. Maintaining a small team at the Steel Factory in Torsby and The Plus in Magnor as the key sourcing offices, suppliers within each category were supervised in the same manner. Quarterly improvement meetings going through KPIs and addressing any deviations as they came. Supplier guidelines has been sent out to all contract partners for approval. We are also working on a standardised contract in which both our supplier guidelines and the minimum requirements. Vestre aims to have all sourcing responsibles knowledgeable and up to date when it comes to the potential risks associated with that particular sourcing category. This will be achieved through internal and external training, which also will include our suppliers' sourcing functions.

Vestre has also joined an international working group on responsible business practice, which will help pinpoint any further improvements possible to make in our value-chain. Vestre aims to utilise best practices learned in this working group to develop our own practice further.

3.B.4 Choice of products and certifications

Vestre works with products and materials that have longevity as a prerequisite. In accordance with work on SDG 11 and 12, we aim to stop the reliance on throwaway products that cannot be repaired.

Vestre has, like other SMEs, a limited amount of resources to spend on certifications. The fact that so many certification bodies appear to compete for territory does not make it easier. Thus, Vestre has opted for an approach that prioritises certifications which can be standardised across markets. Many certifications are highly localised, making it difficult for geographically spread companies to make use of them. Vestre guides the work with certifications through the same lens as the overall sustainability work; maximise positive contribution, and minimise negative impact. The main approach here in line with the overall sustainability approach is to strive for transparency and traceability.

Today Vestre works with the Nordic Swan to certify products, a cradle-to-cradle certification under the ISO 14020 type 1 ecolabel standard, similar to the EU Ecolabel and Blaue Engel. This allows for utilising the brand globally. On materials Vestre has the FSC[®] certification on most of the wood sold. As a company, we are certified with ISO 14001 and ISO 9001.

Vestre has already taken several steps towards reducing emissions and negative impact with purchasing power. In the absolute, making things that do not break easily is the most important thing, sustainability is achieved through longevity. Meanwhile, opting for materials which have a lower footprint whilst maintaining the same quality is a good way to use that purchasing power.

3.B.5 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation

Vestre supports the right to unionisation, worker representation and collective bargaining. The Plus is a good example of this, as it was built with the Oslo model, setting strict workers rights requirements to the contractors working on the project. This sentiment is true for the company as a whole, and proliferated through the valuechain as well. Vestre pays the union fee for our employees.

3.B.6 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

Vestre supports development, training and continuous improvement internally and throughout the value chain. With the onboarding at The Plus there is a considerable amount of learning to achieve excellence in the new processes there. Together with suppliers Vestre conducted our third annual Climate Action Day in 2024, with the explicit aim of educating and onboarding key suppliers to Vestre's sustainability agenda. Internally relevant education and improvement is encouraged and increasingly facilitated. Management and sourcing responsibles are trained particularly on responsible sourcing practices. Vestre is currently developing this programme.

3.B.7 Combatting corruption and bribery in own enterprise and supply chain.

A firm stance is taken against corruption and bribes in Vestre, and throughout the value chain, Vestre's transparency commitment is probably the best example of this, showcasing how transparency can be used as a competitive advantage by being open about both strengths and weaknesses. Vestre operates in a sphere that is largely dominated by public end-clients in the Nordics, making the regulatory and procurement processes highly standardised. The internal policy is communicated at all-hands meetings and site meetings throughout.

3.B.8 Other relevant information concerning the enterprise's work to reduce, prevent, and manage negative impact

Vestre has three guiding principles when it comes to sustainability work;

- 1. Maximise positive contribution to society and the environment
- 2. Minimise negative impacts
- 3. Maintain a healthy profit

With these guiding principles Vestre aims to prioritise its limited resources accordingly. To achieve the goal of becoming known as the world's most sustainable furniture company there is a need to strive for improvement on the environmental, climate and social spheres. A clear climate leadership ambition along with Science Based Target addresses one of them. On the environmental sphere, circular economy and longevity of products will play a major part. On the social sphere, the whole reason for Vestre's being comes into play, with the deployment of social meeting places. Improving the lives and public health of people all over the world is the goal. Workers' rights and transparency throughout the value-chain is an inherent part of that.



4

Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the enterprise conducts sound due diligence work. The enterprise needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the enterprise's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the enterprise alone or carried out in collaboration with others. The enterprise's experiences from working on due diligence should be used to improve procedures and routines in the future.

4.A. Track and assess

4.A.1 Describe a) assignment of responsibility for tracking the effect and result of implemented measures, as well as how the tracking is carried out in practice, b) who is responsible for evaluating the enterprise's implementation and work with due diligence, and how the evaluation is carried out in practice.

Vestre has a flat organisation, and everyone is expected to act responsibly in their role. The mantra that "Everyone can save the world. A little." runs through the organisation, from CEO to the maintenance team servicing older products to give them another decade of life. This is well known throughout the value chain, with suppliers being involved directly in the strategic thinking behind having long-lasting materials which are responsibly made to create social meeting places. Suppliers are engaged with on a regular basis, with a various degree of formalisation as to improvement targets. The overarching responsibility for material risks lies with the management team, and the methodology to follow up systematically has been established, with a standardised contract under way in 2024.

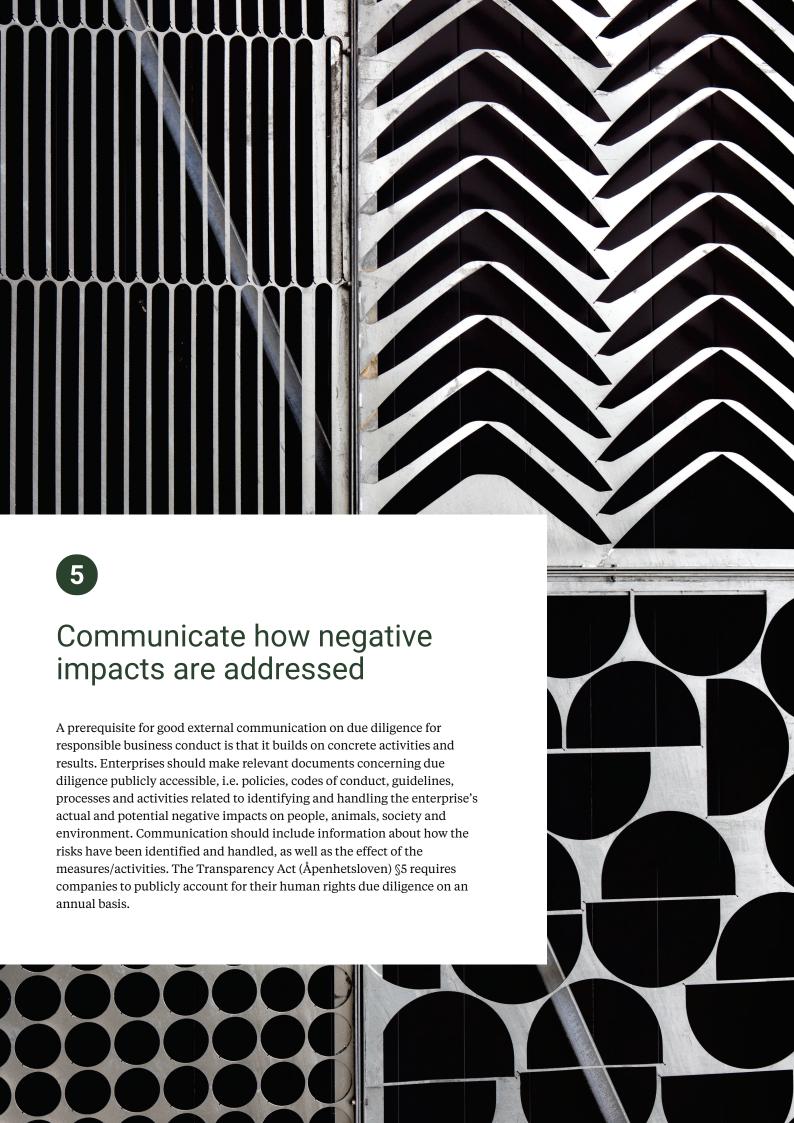
Vestre continually monitors and discovers risks in the value-chain. Through tight relationships and supplier improvement meetings including physical meetings at the various sites as well as systematic follow-up Vestre will increase the likelihood of identifying and mitigating negative impacts. The most important aspect of this is dialogue and transparent relationships with suppliers. Responsible business conduct and monitoring of events is a fixed part of the agenda on supplier meetings. Upon discovery of an event, Vestre will reach out to the responsible party and ensure mitigation is conducted.

Monitoring risks with various suppliers sits with the sourcing responsibles in collaboration with their immediate management and the Heads of Quality and Sustainability. Evaluation and understanding of whether various initiatives have had the intended effect, or figuring out if more mitigation efforts are needed sits with the Heads of Quality and Sustainability. This evaluation and continued mitigation is part of the quarterly follow-up with suppliers, while any immediately needed mitigation efforts will be handled ad-hoc. Effect of each initiative will be measured with SMART goals, and monitored as an indicator in the quarterly follow-ups.

Vestre utilises an array of methods to ensure that our measures to identify, prevent and reduce negative impacts actually work. The most important of these methods is the continuity and frequency of supplier dialogue. The Climate Action Day is where we set the agenda on ESG measures together with suppliers, and then individual follow-ups with all key suppliers. By tracking our measures over time we can ensure that we are identifying, preventing and reducing negative impacts as our intensity in persuasion is geared up or down based on efficacy.

4.A.2 Describe how you track the effect, and/or demonstrate the probability of effect, of measures taken to reduce negative impact.

Vestre makes our initiatives to identify, prevent and reduce negative impact probable by keeping an open and transparent dialogue around it, both internally and externally. The work with building The Plus showcases exactly that. Every part of the building process and the project was minutely covered online, and any difficulty in the process was discussed openly both internally and externally. Our commitment to transparency forces us to be open about what we do well, but also where we are lacking. If we suddenly stop disclosing things that would be seen as strange by our stakeholders. This commitment to transparency propagates through the value chain. To be certain that what we are claiming to customers and other stakeholders downstream, we need to have a detailed account of what happens upstream. This means a very high level of dialogue and openness with suppliers to prevent and identify anything that might be considered a risk.



5.A External communication

5.A.1 Describe how the enteprise communicates with affected stakeholders about managing negative impact

Vestre maintains an open communication line with stakeholders across the value-chain. If any negative impact is discovered it will be addressed with high priority, and examined to find the best way of mitigation. Vestre will involve the necessary stakeholders and act with transparency to show the company's commitment to handle and solve any negative impacts.

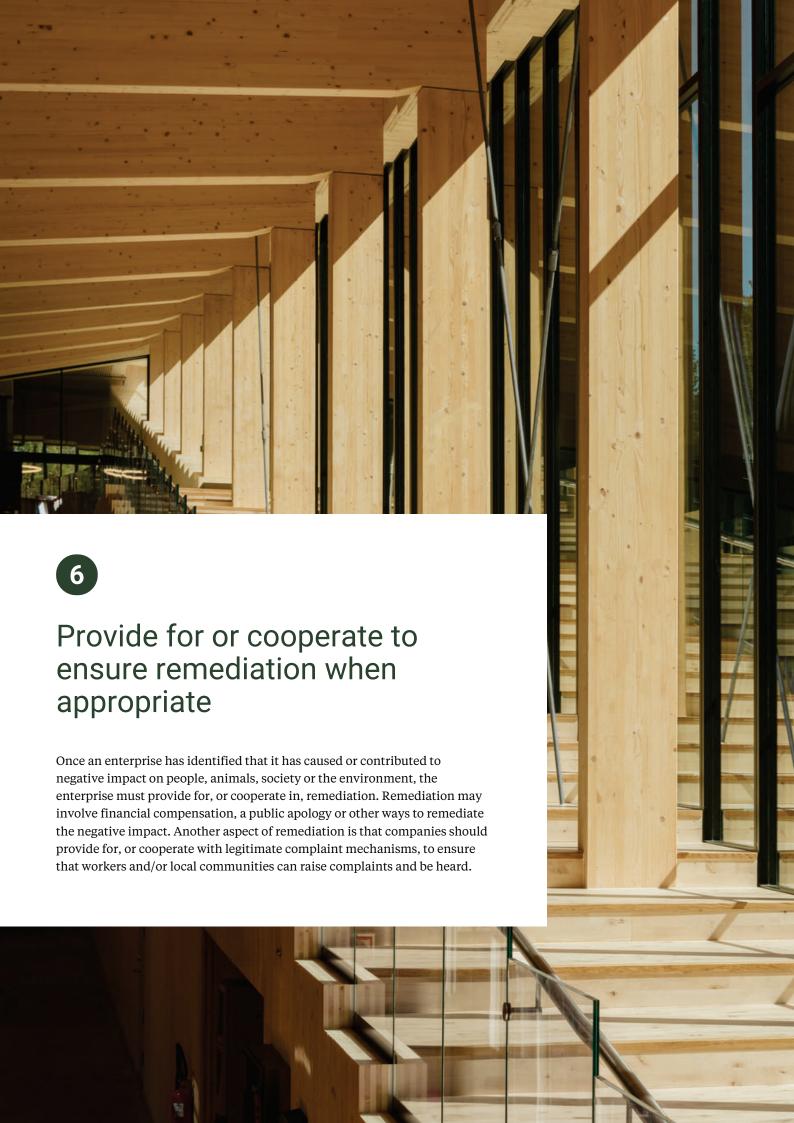
Find our impact reports here: https://vestre.com/no/impact-reports

5.A.2 Describe how the enterprise publicly communicates its own work on identifying and managing negative impact/harm

Vestre communicates through its annual impact reports and the Ethical Trade report the due diligences conducted and handling of negative impacts. This is however a summary, and the most important communication around this is the ongoing dialogue with key stakeholders to locate and mitigate any such impacts. Vestre will also make changes to our sustainability section on the website in 2024, emphasising further the need for responsible business conduct, and clear channels for whistleblowing.

5.A.3 Describe the enterprise's routines for answering external inquiries related to the information requirement imposed by the Transparency Act

Vestre has established a routine for receiving and answering external requests with regards to the Transparency Act. The email transparency@vestre.com is publicly available under contacts at Vestre's website. Any requests around Vestre's work with responsibility and impact can be addressed here.



6.A Remediation

6.A.1 Describe the enteprise's policy for remediation of negative impact

Vestre aims to minimise negative impacts on people, society and the environment. If any incident does occur, Vestre supports the absolute value of complaint mechanisms and view it as critically important to have them established. The complaint mechanisms need to be communicated through mediums that reach even the ones who don't have access to email. There is a necessity of lowering the threshold for complaints, to allow for maximum transparency. Established mechanisms like the OECD contact point are perhaps well-known, but might be difficult to actually utilise. Questions and complaints need to be anchored all the way down to the sourcing level. As described under the risk analysis, this is also where one of the prioritised risks are found. If Vestre discovers any negative impact, restoration efforts will be conducted in-line with policy for restoration.

If there should be a case where Vestre needs to do recovery action, that is something the company is committed to. The recovery commitment is anchored in the policy document which is publicly available.

6.A.2 If relevant, describe cases of remediation in the reporting year

Vestre surveys stakeholders at a regular basis, takes seriously and mitigates any complaints that might show up. Stakeholder dialogue is currently maintained by the various relational contact points in the organisation. There is a need for standardising the process, to allow complaints and concerns to be addressed in the same manner group-wide. In 2022 an employee survey uncovered a few cases of dissatisfaction among employees. This was remedied with the creation of an independent complaint mechanism and communication around how to utilise it as well as a recommitment to the 100% Vestre culture currently being deployed. Currently a group-wide programme of information through all-hands, site and team meetings is deployed, ensuring that all employees have the information they need.

6.B. Ensure access to grievance mechanisms

6.B.1 Describe what the enterprise does to ensure that employees and other stakeholders, especially impacted workers and local communities have access to whistleblowin systems and grievance mechanisms

Vestre understands the difference between an internal complaint and the indirect complaint on a sub-supplier, and the importance of both instances. Although external complaint mechanisms like the OECD contact point are available to anyone, it might be hard for a local worker to access them. Vestre aims to mitigate some of the barriers to complaints by establishing a firm channel through which workers and local communities can contact the company directly, regardless of how deep in the value-chain the complaint is lodged. This work is part of the continuous effort towards systematising and streamlining materiality assessments, stakeholder relations and complaint mechanisms towards increased transparency.



List of Signatures Page 1/1



Sak 22-25 Signering av etisk handel rapport 2024.pdf

Name	Method	Signed at
Høie, Karl	BANKID	2025-03-20 17:19 GMT+01
Jacobsen, Marianne Preus	BANKID	2025-03-20 17:18 GMT+01
Brustad, Sylvia Kristin	BANKID	2025-03-20 17:18 GMT+01
Vestre, Kristoffer Strand	BANKID	2025-03-20 17:17 GMT+01
Vodal, Roger Folkenborg	BANKID	2025-03-20 17:17 GMT+01
Vestre, Elisabeth Preus	BANKID	2025-03-26 16:19 GMT+01

