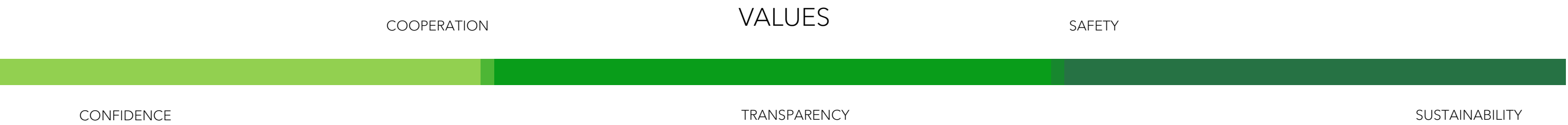
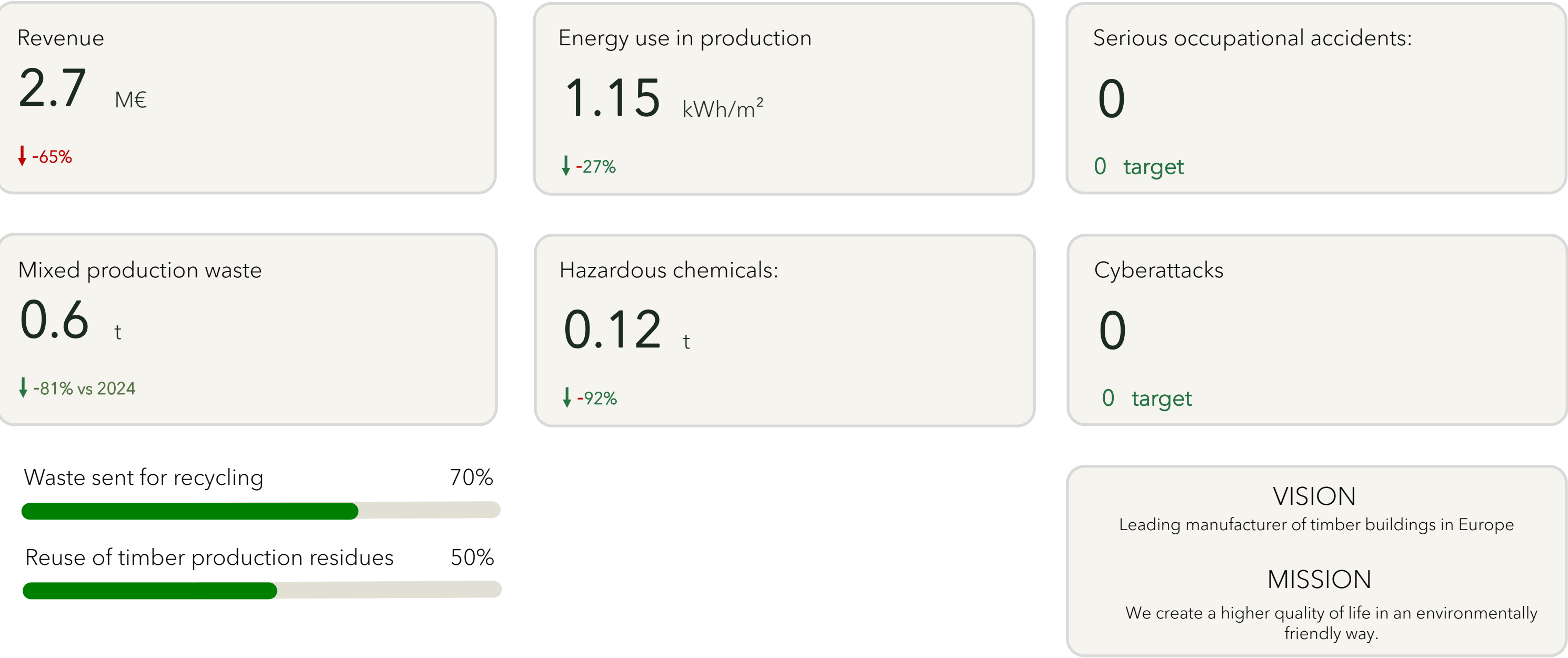


SUSTAINABILITY
REPORT

Timbeco publishes its ESG report voluntarily for the fifth consecutive year. We wish to highlight the company's commitment to transparency, climate targets, and the well-being of partners, employees and the local community.

2025 AT A GLANCE

Timbeco has more than three decades of experience in developing sustainable timber buildings and energy-efficient solutions. 2025 was the most difficult year in the company's history: the termination of a major contract, on which factory production had



33 YEARS OF DEDICATION TO TIMBER BUILDINGS

Thirty-three years ago, Timbeco was founded on the conviction that wood is the best way to build sustainably and with people in mind. That belief has carried us through three decades - and 2025 put it seriously to the test.

The past year was the most difficult in the company's history. The termination of a large, long-term contract on which factory production had largely been built caused a significant decline in revenue. We had to make difficult decisions and say goodbye to several valued professionals whose contribution helped bring us to where we are today. We will not sugar-coat it: 2025 was a difficult year.

At the same time, the year showed what truly matters at Timbeco. We maintained many key targets - zero serious occupational accidents and zero successful cyberattacks - and did not abandon our efforts to reduce environmental impact. Energy use in production and waste generation continued to fall, because sustainability is not a luxury reserved for good times; it is a way of working that must also withstand difficult periods.

Our strategic direction is clear: step by step, we are moving towards carbon-neutral operations by 2035. Near-term milestones – finalising the industrial partner service and reusing at least 90% of production residues by 2028 - will take us there.

We see clear room for growth. The industrial partner model and off-site reconstruction allow us to contribute to Europe's renovation wave. The Akadeemia Tee reconstruction project in Tallinn is under way, and our first partnerships in Lithuania and Germany have been signed. Woodmill's expanded timber-processing capacity improves material efficiency; Germany's U mark opens a new market; and the building permit for expanding the Todva factory provides the foundation for the next stage of growth.

In turbulent conditions, the team matters most. We value an open, supportive culture, flexible working arrangements and long-serving colleagues, and we do everything possible to help top specialists grow at Timbeco. We also invest in the future of the sector by engaging young people through Wood For Youth and working with universities. I believe these are the foundations on which we will build a stronger Timbeco.

 Siim Leisalu
CEO



OUR PRINCIPLES

The Sustainable Development Goals connect our daily activities with a broader context. These nine principles guide decision-making at Timbeco.

MISSION

We create a higher quality of life in an environmentally friendly way.



People are the foundation



Success is directly linked to the well-being of people who create value. We provide a supportive workplace where people share a common mission and feel valued.

We build with wood



We value wood as the most sustainable construction material and continually seek innovative, environmentally responsible solutions.

Controlled working environment



Factory construction under controlled conditions ensures higher quality and better use of resources.

Digital services reduce our footprint



We develop digital solutions that reduce paper use and time, enable flexible remote work and lower our ecological footprint.

Circular-economy principles



We design durable, dignified buildings that can be relocated or extended and whose materials can be reused.

Sustainable transport and partners



We use the most environmentally responsible transport options available and select subcontractors and partners according to sustainability principles.

Use of artificial intelligence



AI is becoming an everyday tool in construction. We see it as supporting efficiency, quality and sustainability, not replacing human skills and responsibility. We use AI thoughtfully, following data-protection, transparency and human-oversight principles.

Healthy indoor climate



Together with clients, we create buildings with suitable humidity, ventilation and sound insulation.

Long-term partnerships

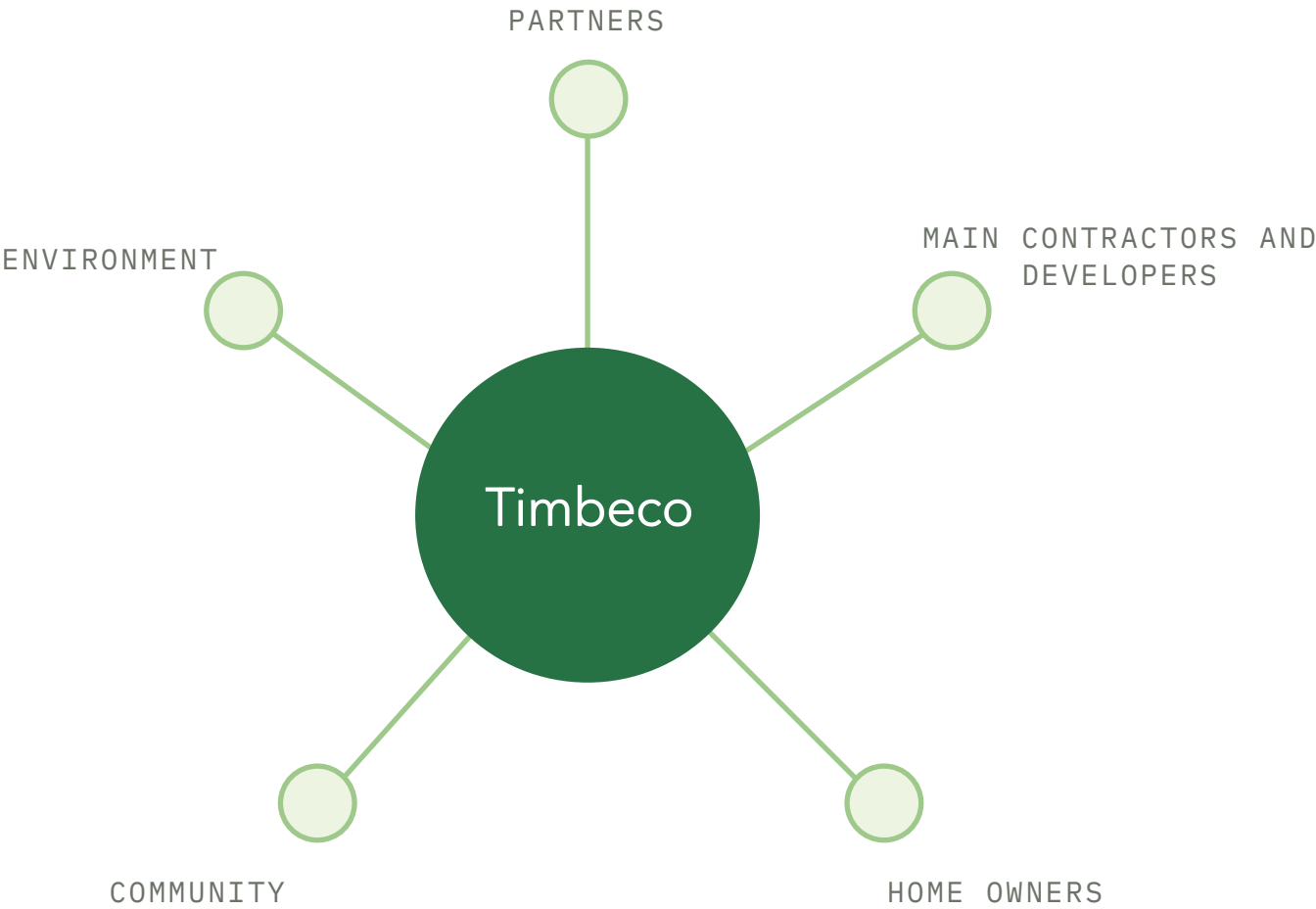


Long-term cooperation supports efficient work, smooth project management and high-quality outcomes, even on the largest projects.

CREATING VALUE AT TIMBECO

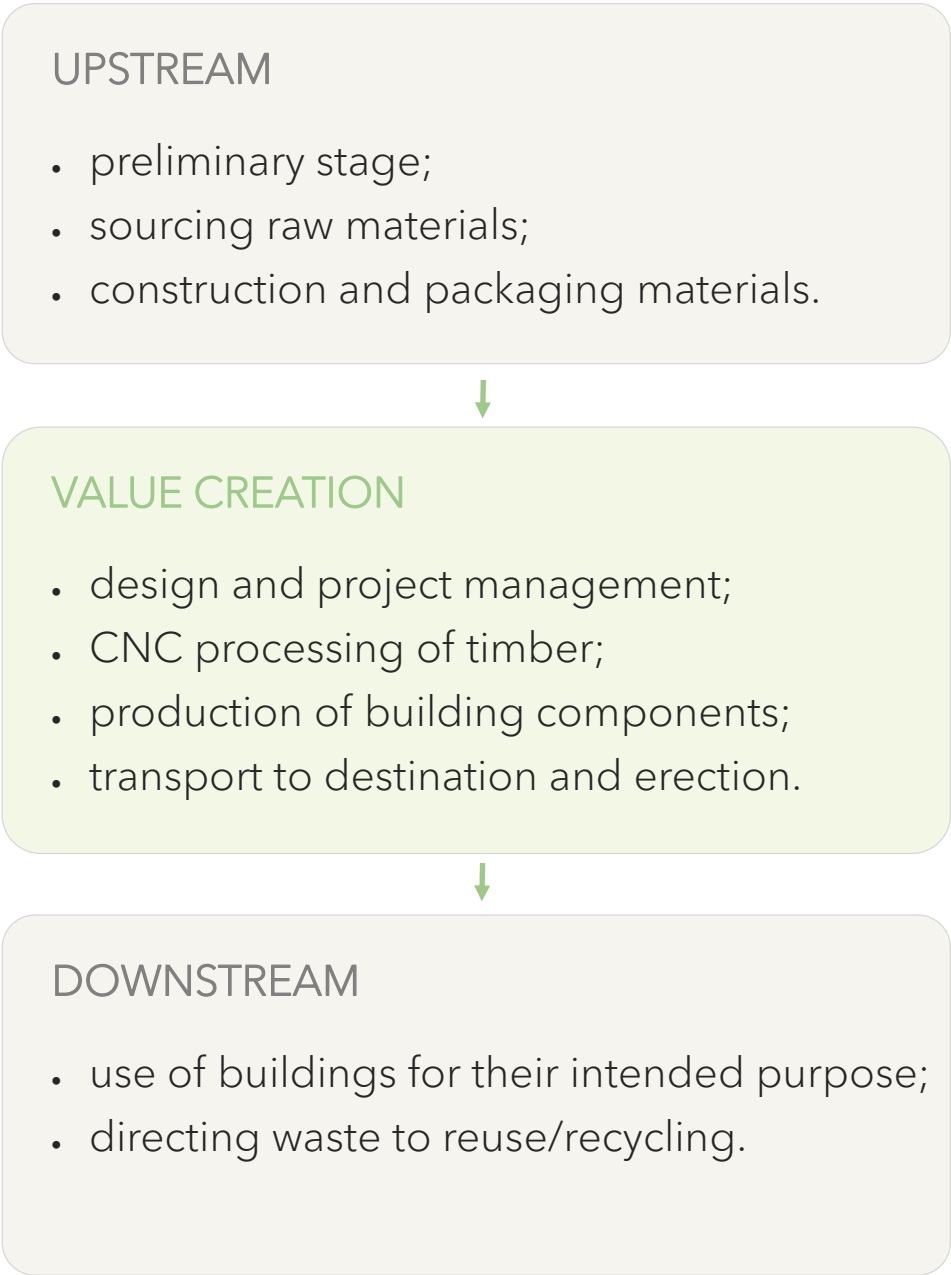
Every project is an important investment for the client and is treated as a business plan in its own right. We create value throughout the value chain for five stakeholder groups.

STAKEHOLDERS



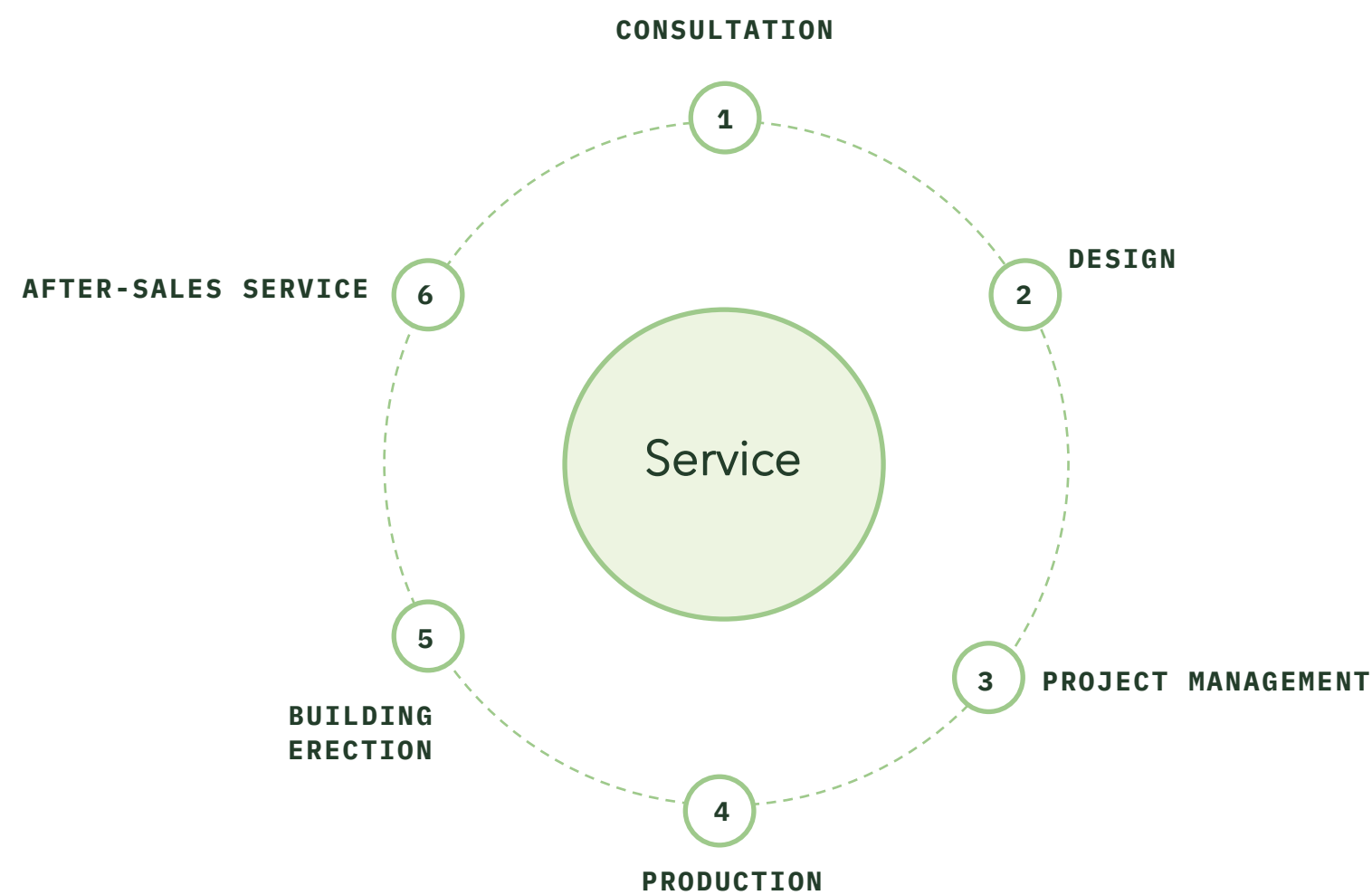
We create value for five stakeholder groups.

VALUE CHAIN



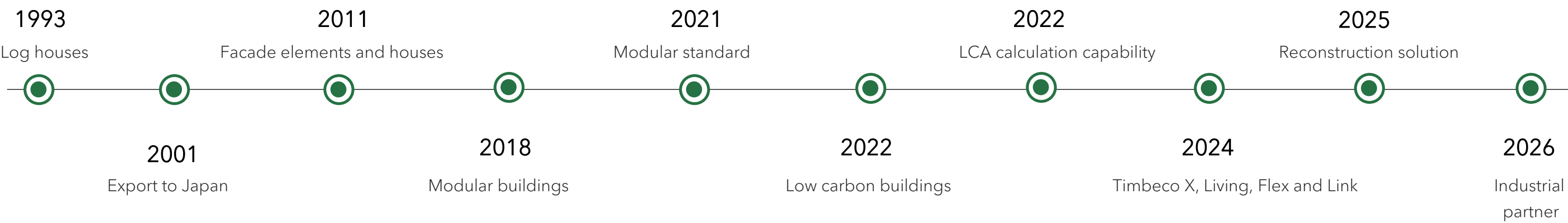
TIMBECO'S PRODUCT IS A SERVICE

We take responsibility for the entire process, from consultation to after–sales service. The client receives a complete solution without having to hire separate specialists for every discipline.



- 01 Consultation**
Advice, choice of construction method, costing and financing.
- 02 Design**
Architecture, structural and building-services design, interior design.
- 03 Project management**
Time and resource schedules, logistics planning, approvals.
- 04 Production**
CNC processing; construction of elements and modules; packaging and transport.
- 05 Building erection**
Efficient erection with less disturbance to neighbours.
- 06 AFTER SALES SERVICE**
Quality control, warranty work, feedback and new projects.

DEVELOPMENT OF PRODUCTS AND SERVICES - FROM LOG HOUSES TO LOW-CARBON OFF-SITE CONSTRUCTION



AN INDUSTRIAL PARTNER FOR HIGHER-IMPACT PROJECTS

The industrial partner model enables property developers, reconstruction companies and main contractors to move to off-site construction. Timbeco designs, manufactures and erects buildings using a low-carbon method, bringing sustainable construction into partner projects and enabling a more efficient business model.

FULL SERVICE FOR PARTNERS

Consultation

Advice on off-site production, construction methods, materials and scalability.

Design

Architecture, structures and LCA calculations from the initial stage.

Production and project management

Elements and modules produced in the factory - up to 95% of construction work.

Erection and quality control

Rapid on-site assembly and consistent quality.

ESG IMPACT



Scalable impact:

Low-carbon off-site construction reaches partner projects, expanding the impact of sustainable construction.



LCA and material efficiency:

Partner projects automatically benefit from LCA-based design and efficient material use.



Lower-footprint construction:

Up to 95% of work in the factory means less on-site disruption, lower CO₂ and shorter construction time for every partner project.



DOUBLE-MATERIALITY ASSESSMENT

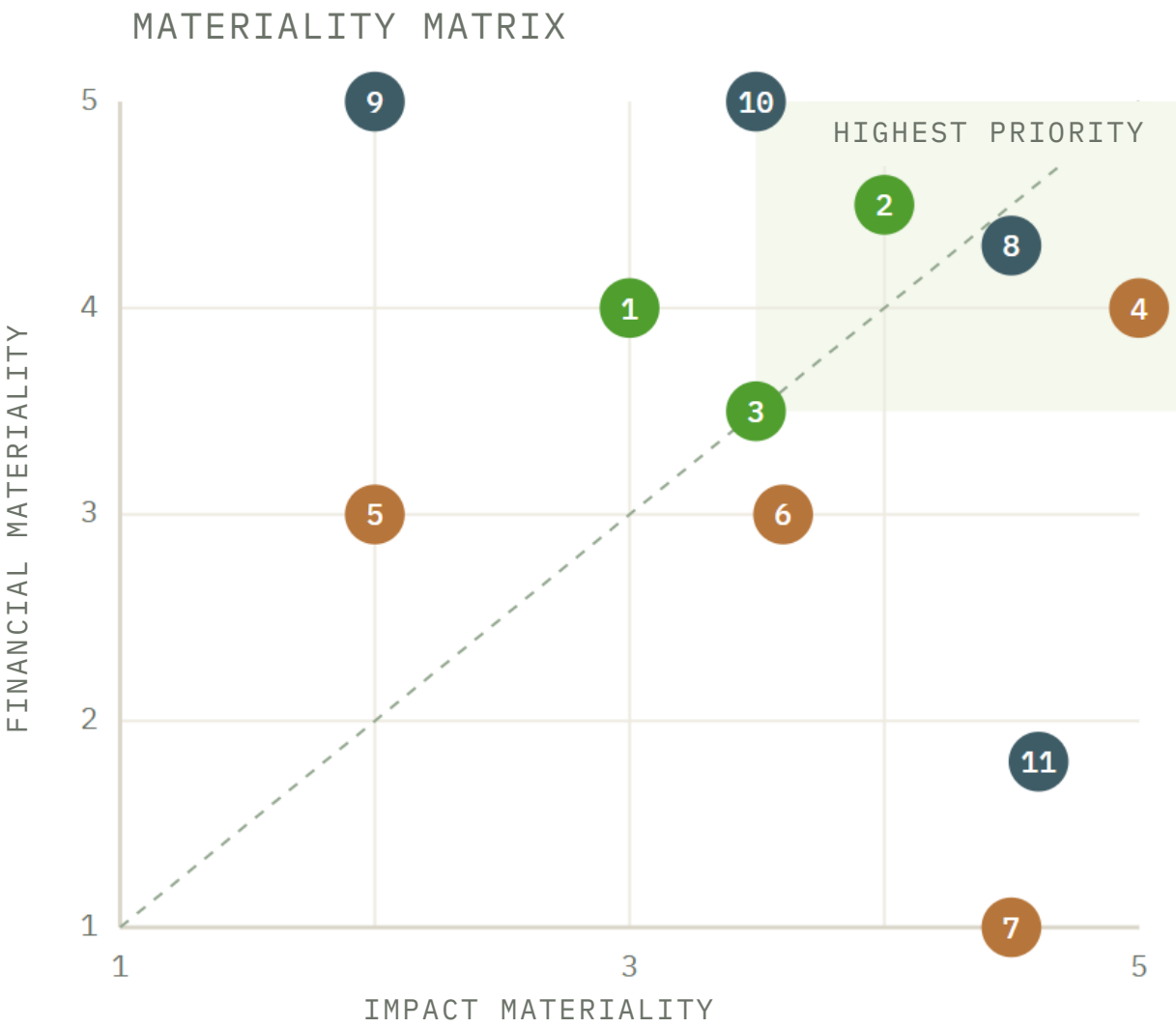
In the first half of 2026, we mapped the company's most important sustainability topics from both internal and external impact perspectives. Each topic number in the matrix corresponds to a row in the table.

ASSESSMENT IN THREE STAGES

- 01 Understand the context: ESG document analysis and steering-group interviews.
- 02 Identify IROs: assess impacts, risks and opportunities.
- 03 Determine materiality: identify the most important topics.

TWO PERSPECTIVES

- Impact materiality - how significant the company's impact is on people and the environment.
- Financial materiality - how much the topic affects the company's financial position.



1 Minimal 2 low 3 medium 4 high 5 critical

TOPIC	IMPACT	FINANCIAL	STAKEHOLDER COMMENT
1 Climate change and CO ₂ emissions	4	4	Partners and clients expect CO ₂ reductions
2 Resource use	4	4	Efficient use of raw materials and energy savings
3 Waste management and circularity	3	3	Recycling driven by sustainability principles
4 Employee well-being and rights	5	4	Important for retaining talent and avoiding labour shortages.
5 Occupational safety	2	3	Zero serious accidents is a permanent target.
6 Supplier sustainability	4	3	Supplier stability and financial resilience.
7 Community development	4	1	Local contribution and cooperation.
8 Business ethics and corruption	4	4	Transparency and keeping promises.
9 Cybersecurity	2	5	Protecting data and production.
10 Financial stability	4	5	Impact of market conditions on operations.
11 Corporate culture	4	2	Open and supportive work culture.

IMPACTS, RISKS AND OPPORTUNITIES

Each material topic is assessed from two perspectives: the scale of the company's impact on the environment and people (impact materiality), and how much it affects the company's financial position (financial materiality).

I

Impact

how the company's activities affect people, the environment and society, both positively and negatively.

R

Risk

how environmental and social topics - regulation, supply chains and climate - may harm the company.

O

Opportunity

how addressing sustainability creates added value and competitive advantage.

IDENTIFIED IROS

MATERIALITY 1 . . . 5

#	SUBJECT	MATERIALITY	DESCRIPTION
IMPACTS			
I 1	Product carbon footprint (Scopes 1, 2, 3)		Direct and indirect effect on CO ₂ emissions throughout the value chain.
I 2	Origin of wood and sustainable forestry		Sustainable certifications (FSC, PEFC) are critical.
I 3	Construction waste generation and reuse		Reduce and circulate waste from production and construction.
I 4	Energy-efficient production		Optimise production energy use and use renewable energy.
I 5	Transport and logistics impact		Optimise logistics and reduce transport emissions.
RISKS			
R1	Transition risks (EU regulation, carbon pricing)		Stricter regulation may increase costs.
R2	Supply-chain risks (raw-material availability)		Rising timber prices or reduced availability.
R3	Physical climate risks (storms, floods)		Extreme weather may disrupt production and deliveries.
R4	Reputational risks (certificates and market expectations)		Market demand for certification and transparency.
OPPORTUNITIES			
O1	Low-carbon products (CLT, natural materials)		Sustainable timber elements provide a competitive advantage.
O2	Innovation in energy-efficient building design		New technical solutions improve energy efficiency.
O3	Circular economy (reuse of construction materials)		Reuse reduces costs and environmental impact.
O4	New markets and green subsidies		Leverage green investment and EU support.

SUSTAINABLE DEVELOPMENT GOALS • METRICS

We monitor our impact in the three UN Sustainable Development Goals where we can make the greatest difference. The direction column shows the latest annual trend from the perspective of environmental benefit.

8

Decent work and economic growth:
higher productivity and more efficient resource use.

12

Responsible consumption and production:
less waste and greater awareness.

13

Climate action:
capacity to mitigate climate impact.

METRICS 2021 – 2025

	2021	2022	2023	2024	2025	DIRECTION
Revenue, €m	12.5	16.2	10.1	7.8	2.7	●
ENVIRONMENT						
Energy use, production, kWh/m2/year	2.76	2.0	1.77	1.58	1.15	●
Energy use, office, kWh/m2/year	4.96	3.44	4.94	3.45	3.01	●
Water/sewerage, m3	3.92	6.1	3.65	3.0	1.65	●
Municipal waste, office, m3	3.74	3.0	1.56	0.4	0.42	●
Paper/cardboard, office, m3	0.89	1.02	1.0	0.39	0.07	●
Municipal waste, production, m3	2.37	2.1	3.0	0.42	0.6	●
Plastic film sent for recycling, t	0.87	0.7	0.86	1.6	0.62	●
Cardboard sent for recycling, t	0.54	0.28	0.65	0.43	0.4	●
Mixed production waste, t	7.38	3.72	3.62	3.2	0.6	●
Gypsum waste sent for recycling, t	8.4	6.4	1.52	3.43	7.2	●
Wood waste sent for reuse, t	1.0	7.0	9.2	6.9	9.1	●
Scrap metal, t	0.1	0.26	0.08	0.048	0.18	●
Hazardous chemicals, t	0.11	0.4	0.4	1.48	0.12	●
Product LCA capability	0	1	1	1	1	●
IT equipment sent for reuse	0%	100%	100%	0%	80%	●
SOCIAL						
Employees who completed development programmes	1	5	0	0	0	●
Serious accidents, target 0	1	1	0	0	0	●
GOVERNANCE						
External IT attacks, target 0	0	0	0	0	0	●

SUSTAINABLE PRODUCTION TARGETS

The Timbeco 2.0 roadmap shows milestones achieved and targets set on the way towards carbon-neutral operations.

2022

ACHIEVED

ESG reports:

began preparing and regularly publishing ESG reports.

Green Tiger programme:

completed the Green Tiger programme.

2023

ACHIEVED

LCA calculation capability:

capability created and assessments completed for the first projects.

FLEX, LIVING, LINK and X modular solutions:

complete solutions based on standard modules for different types of buildings.

2028

PLANNED

Reuse 90% of production residues:

direct at least 90% of production residues to reuse.

2030

PLANNED

Electric forklifts and infrastructure:

replace the forklift fleet with electric forklifts.

Electric-vehicle charging:

charging points in the factory and office car parks.

2035

PLANNED

Carbon-neutral company:

materials, production, transport and building erection.



ADDED VALUE OF FACTORY-MADE BUILDINGS



LCA

LCA at the initial design stage

We perform a building life-cycle assessment early in the project.



Lower carbon footprint

LCA enables materials and construction methods with lower environmental impact to be selected.



Standardised modular solutions

Reduce costs and increase construction capacity.



Controlled working environment

Produced from materials under controlled conditions, with occupational safety as a priority.



Up to 95% completed in the factory

Most work on modular buildings is completed in the factory, enabling rapid erection on site.



Circular-economy principles

Buildings are designed with circularity in mind, including relocation and reuse.

CERTIFICATES

Certificates confirm our quality, environmental and safety management and product compliance with target-market requirements.



ISO 9001

QUALITY MANAGEMENT

Continuous process improvement and confidence that commitments are fulfilled.

Valid since 2012



ISO 14001

ENVIRONMENTAL MANAGEMENT

Managing environmental impact through sustainable raw materials, energy and logistics.

Valid since 2015



ISO 45001

OCCUPATIONAL HEALTH AND SAFETY

Reducing risks and injuries through a transparent framework that involves

Valid since 2018



ETA

EU TECHNICAL ASSESSMENT

Confirms construction-product performance and enables CE marking on the EU

Valid since 2021



SINTEF

TG 20710 · NORWAY

Approval of the element and modular building system for buildings of up to four storeys.

Valid since 2022



FSC®

CHAIN OF CUSTODY

Confirms traceability of wood from responsibly managed forests.

Valid



Ü-mark (Ü-Zeichen)

GERMAN MARKET

German national conformity mark required for placing certain construction products on the German market.

Valid since 2026



ETA FOR RENOVATION PRODUCTS

EU TECHNICAL ASSESSMENT

Confirms the performance of the renovation product on the EU single market.

Valid since 2025

INCREASED TIMBER -PROCESSING CAPACITY



Expanded processing capacity also improves material efficiency: we add value to short offcuts, use certified raw materials and enable wood to replace materials with higher carbon footprints. Production is based on ISO 9001.

Accoya glulam facade material for the Park Central retail and office building in Gothenburg.

PRODUCTS AND THEIR SUSTAINABLE VALUE

Glulam beams (GLULAM)

GL24H • CE • UP TO 24M

A strong, durable building material for long spans.

Carbon: wood replaces concrete and steel, increasing carbon storage.

Duo/trio/quatro beams

ENGINEERED TIMBER

High structural performance in roof and load-bearing structures.

Efficiency: high load capacity using less raw material.

Finger-jointed timber

MOISTURE-RESISTANT PUR ADHESIVE

Short pieces are joined into longer structural material, creating a long product.

Less waste: residues become structural material.

ESG IMPACT

Carbon storage

Wood stores carbon throughout its service life.

Certified raw material

FSCR / PEFC, C24 and GL24h strength classes, CE conformity.

Local value chain

More in-house production means less purchasing and fewer transport emissions.

EFFICIENCY OF TIMBER USE

Efficiency begins before production, with precise planning and the valorisation of residues.
Our measured result: final waste from CNC processing has been halved.

12% ➤ ➤ ➤ 6%

MEASURED RESULT

Final timber waste from CNC processing has fallen from 12% to 6% - half the material loss.

HOW WE SAVE MATERIAL



Finger-jointed material

increase production to reduce waste and use it in permitted project zones.



Project-specific ordering system

timber lengths selected precisely for each project, resulting in less waste and controlled costs.



Standard dimensions and disassembly

timber and board materials chosen in exact lengths to minimise processing; modular buildings designed for disassembly.



Faster use of inventory residues

selling non-standard stock frees useful storage space and reduces costs.

TARGETS

Reduce waste generation

target 2028: -15%



Reduce mixed construction waste

target 2028: -90%



Waste sent for recycling

2025: 70% -> 2028: 100%



ESG IMPACT

Less waste

final waste 12% -> 6%; supports the target of reducing waste generation 15% by 2028.

Certified raw material

precise ordering and valorisation of residues conserve raw material.

Local value chain

wood residues go to finger jointing and sawdust to heating briquettes, reducing landfill.

SORTING AND CIRCULATION OF WASTE

We have carried out various waste-reduction activities and expanded the list of separately collected waste. Most residues are returned to circulation or reuse; only some require safe waste treatment.

● Recycled/reused	● Safe treatment
● Sawdust	-> wood briquettes
● Packing film	-> new packing film
● Wood cuts over 600 mm	-> finger-jointed material
● Insulation-wood residues	-> blown insulation
● Metal	-> scrap metal collection
● Plastic strapping	-> plastics recycling
● Gypsum waste	-> waste handler
● Biodegradable waste	-> waste handler
● Paper and cardboard	-> waste handler
● Treated wood	-> waste handler
● Hazardous waste and packaging	-> hazardous-waste handler
● Battaries	-> hazardous-waste handler



EUROPEAN RENOVATION WAVE

TIMBECO'S CONTRIBUTION
TO APARTMENT-BUILDING
RECONSTRUCTION



The renovation wave aims to improve the energy efficiency of existing buildings and reduce their environmental footprint. With factory-made facade elements, we have made a major leap: real projects are under way in Estonia and we are expanding into neighbouring mar-

Reconstruction of Akadeemia Road 4, 6, 14 and 22.

4

APARTMENT
BUILDINGS

LARGEST PROJECT IN PROGRESS

Akadeemia Road 4, 6, 14 and 22 in Tallinn - neighbourhood-based off-site reconstruction of four apartment buildings in cooperation with TalTech and Soft Academy, following New European Bauhaus principles.

EE Estonia

Akadeemia Road and several other projects in Tallinn and elsewhere in Estonia.

LT Lithuania

Partner selected and agreement signed for a three-apartment-building reconstruction project.

DE Germany

Partner selected, agreement signed and the first off-site reconstruction demonstration project under way.

ESG IMPACT

Energy efficiency

Major reduction in heating demand and energy consumption in old apartment buildings.

Reduced CO₂ emissions:

Supports Estonia's climate targets and decarbonisation of the building sector.

Extending building life

Renovation instead of demolition - a circular-economy principle.

CHARACTERISTICS OF OFF-SITE RECONSTRUCTION AND COOPERATION

Unlike the traditional method, off-site reconstruction is based on thorough preparation and precise engineering planning; much of the work is completed before construction begins.

BENEFITS

- Precision planning:**

Detailed 3D surveys and analyses ensure solutions fit the specific building.
- Occupational safety and consistent quality:**

A controlled production environment ensures high, consistent quality.
- Faster construction:**

Factory-made facade elements enable rapid on-site installation without scaffolding or covering the building.
- Lower environmental impact:**

Less on-site disruption and a lower CO₂ footprint.

MEASURED RESULT

-65%

Kuuma 4, Saue. apartment building with 24 apartments: heating costs -65%; energy rating D -> A.

EU PROJECTS AND COOPERATION

TalTech

Research and development partner.

taltech.ee



Drive0

2019–2024

Reconstruction of Kuuma 4.

drive0.eu

DRIVE



Drastic

2024–2028

Reconstruction solutions.

drasticproject.eu



Renomize

2024–2028

Sustainable renovation.

renomize.eu



Soft Academy

2025–2027

Akadeemia tee reconstruction project.

softacademy.ee





With TalTech, we conducted a three-month industrial renovation training programme. We participate in reconstruction seminars and training days to share experience with specialists and students.

ESG IMPACT

Contribution to education and

Training and cooperation with universities develop factory reconstruction skills.

Support for national objectives

Support for national energy-efficiency and CO₂-reduction targets.

Innovation and collaboration

Innovation and cooperation through EU-funded projects.

CONTRIBUTION TO EDUCATION AND SECTOR DEVELOPMENT

We contribute to training future timber-sector specialists and spreading knowledge of sustainable construction, from young learners to the national industrial roadmap.

ENGAGING YOUNG PEOPLE • WOOD FOR YOUTH

Wood For Youth and the Timber Construction Academy

An international programme that created a free interactive e-learning course, the Timber Construction Academy, to attract young people to the timber-house sector. It combines practical videos, 3D models and real experience in house factories. The programme was led by the Estonian Woodhouse Association / Woodhouse

Timbeco's contribution: learning materials on production, purchasing and sales-management processes, plus photo and video materials on production and construction solutions.

WOOD FOR YOUTH

800+

registered

264

certificate recipients

132

Participants aged 25 or younger

3

Countries • Estonia, Latvia and Finland

COOPERATION WITH THE STATE, UNIVERSITIES AND THIRD



Green Tiger industrial roadmap:

- contributing to Estonia's sustainable-industry roadmap;
- mapping sustainable solutions, barriers
- and opportunities; preparing for ESG and CSRD reporting requirements;
- cooperation between companies and the state in policymaking.



Universities and construction stakeholders:

- TalTech - R&D; partner and industrial-renovation training;
- University of Tartu - ESG reporting experience shared with master's students, with a thesis graded A;
- Tallinn University of Applied Sciences - contribution to timber-construction learning materials;
- participation in a seminar of the Estonian Union of Co-operative Housing Associations.

VISIBILITY AND RECOGNITION

Eero Nigumann - Young Construction Engineer of the Year

Television and radio appearances on the timber-house sector

Articles in public media on energy efficiency

EHITUS 2025+ conference

EMPLOYEE WELL-BEING AND SAFETY

OCCUPATIONAL SAFETY IN THE FACTORY AND ON CONSTRUCTION SITES



Employee safety and well-being are top priorities at Timbeco. Our permanent target is zero serious occupational accidents in both the factory and on construction sites, supported by a systematic programme of training, protective equipment and regular

Fire drill at the Timbeco factory, 2025.

SAFETY IN NUMBERS • 2025

0

serious occupational accidents -

100%

of new employees complete safety instruction

90%

safety-walk score - minimum 85%

1X

fire drill per year - 95% participants

SAFETY ACTIVITIES

Instruction for new employees:

comprehensive induction whenever a new employee joins, including materials, videos, rules and requirements.

Specialist training:

training for forklift drivers, first-aid providers and the whole workforce on fire safety.

Fire-safety training:

annual practical training. In 2025, Kahjuennetuse OU led exercises in evacuation, fire reporting and compliance with safety rules.

Workwear and protective equipment:

work clothes, helmets, hearing protection, harnesses and safety footwear.

Safety walks:

regular occupational and environmental safety inspections in production; minimum compliance level 85%.

Training videos:

occupational and fire-safety videos for employees and subcontractors, providing a clear visual overview of essential rules.



We have a building permit to expand the factory in Todva - the next step in increasing production capacity and sustainable construction.