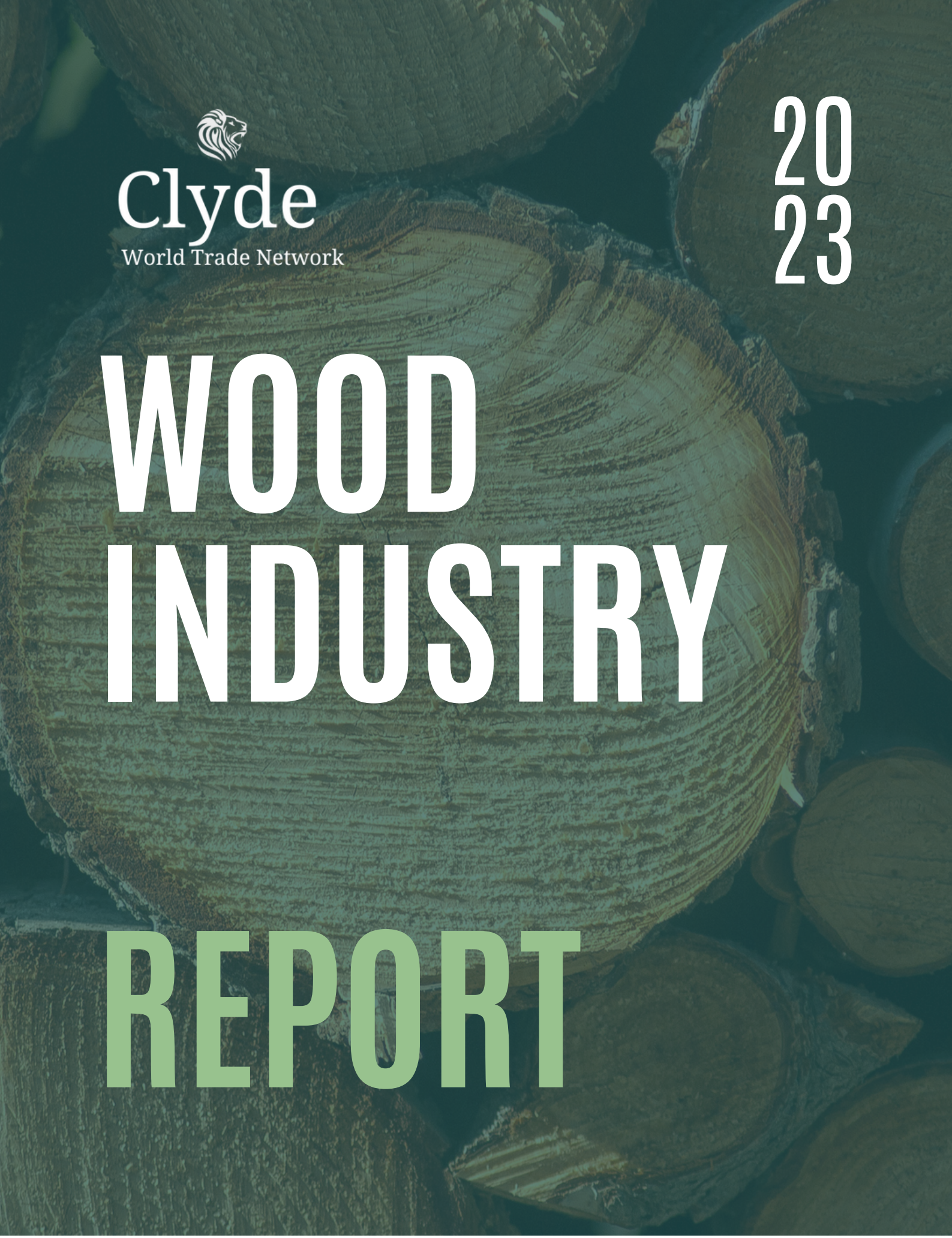

Clyde
World Trade Network

2023

WOOD INDUSTRY REPORT

part of ACTINOID GROUP of Companies

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Insight to industry

In today's competitive market, it is essential for companies to constantly look for ways to improve their manufacturing process efficiency and increase value recovery. Doing so not only helps to render production more cost-effective but also gives adaptable industry players a competitive edge.

Improving manufacturing process efficiency and value recovery are not the only factors that companies need to consider in order to capture market share. It is also important to focus on improving the quality of wood, ensuring better forest bio-security, managing pests more effectively, and investing in product and process innovation. By doing so, companies can stay ahead of the competition and meet the evolving needs of their customers.

The global wood products market is a vital component of the paper, plastics, rubber, wood, and textile industry. In 2022, the market was valued at an impressive $696.9 billion, making it the fifth largest segment within the industry, accounting for 10.5% of the total market. This highlights the significance of wood products in the global economy.

In terms of per capita consumption, the market was $89.3, which demonstrates the widespread demand for wood products worldwide. Additionally, the market's contribution to the global GDP was 0.65%, further emphasizing its importance in the global economy.

Within the paper, plastics, rubber, wood, and textile industry, wood products held their position as the fifth largest segment, accounting for 10.5% of the total market. This was preceded by general manufactured goods at 14.4% and followed by furniture at 10.5%. These figures demonstrate the integral role of wood products in the overall industry and its contribution to the global economy.

Message from our director

The global wood products market is an incredibly influential player in various industries, including paper, plastics, rubber, wood, and textiles. This market's worth was valued at approximately $696.9 billion in 2022, which is a staggering figure. Moreover, with a per capita consumption rate of $89.3 and its contribution of 0.65% to the global GDP, the significance of this industry is beyond doubt. It is a primary driver of economic growth around the world, and its importance is only set to increase in the coming years.

In order to gain a thorough understanding of the market, we need to explore some of the key factors that are currently shaping it. One such factor is the impact of high global inflation. This has the potential to significantly affect market growth, and it is important to measure this impact in order to make informed decisions.

Another factor that is currently having a big impact on the market is the ongoing conflict between Russia and Ukraine. This conflict has had direct and indirect effects on various sectors, including agriculture, energy, and mineral commodity supply. It is important to assess these effects in order to gain a fuller understanding of how the market is evolving. Of course, one cannot discuss current market trends without acknowledging the COVID-19 pandemic and its far-reaching effects. It is important to understand how the market has been affected by the pandemic, and how it is responding as the impact of the virus abates. By doing so, we can identify new growth segments and opportunities.

It is important to take a global perspective on the development of the market. By looking beyond our own borders, we can identify important trends and opportunities that may not be immediately apparent when we focus solely on our own markets. This can help us to develop strategies that are robust and effective in a rapidly changing global landscape.

Despite the current negative economic climate, the timber industry remains robust. This industry has a competitive advantage over other industries because of its relatively low-energy production process. This advantage is especially noteworthy when compared to high-energy and carbon-intensive products such as cement or steel. As energy prices continue to rise due to the Ukraine crisis, these industries are likely to face substantial inflation.

Moreover, the demand for low-energy and low-carbon products is ever-increasing. This trend is likely to continue in the future, making the case for using timber even stronger and more compelling. In addition, the use of timber products can help reduce carbon emissions and promote sustainable practices. As a result, investing in this industry can have far-reaching benefits for both the environment and the economy.

About Us

Clyde World Trade Network Ltd is a modern and inventive company that produces consumer goods. We understand that in today's world, new methods of efficiency must be implemented to ensure the highest level of satisfaction for our customers and clients. Our company is respected for our exceptional brands, global presence, and our commitment to ethical business practices. Our services are accessible in approximately 20 countries, and we offer over 80 well-known brands manufactured primarily in Turkey and post-Soviet countries.

Clyde is an exceptional organization, a part of the renowned Actinoid Group of Companies, recognized as a top player in driving global agro-food system consolidation, with a proven track record of success. With a laser focus on commodity trade, Clyde is making significant strides in creating a vertically-integrated global agricultural supply chain that connects Europe and Central Asia, while the Actinoid Group of Companies provides a wide range of trade services to a diverse client base that includes corporations, financial institutions, governments, and individuals.

Clyde World Trade Network is a key player in the agricultural industry, with unparalleled expertise in the world's largest agricultural markets. With its extensive experience in the industry, Clyde is perfectly positioned to strengthen worldwide origination, logistics, and trading capabilities. The company has made a name for itself in the industry by providing exceptional services and consistently delivering top-quality products to its clients.

As part of its vision to drive global agro-food consolidation, Clyde is absolutely committed to growing its business globally. The company's long-standing market presence has enabled it to build unbreakable relationships with key players in the industry, making it easier to form strategic partnerships that drive the company's growth. Clyde has a proven track record of success in forging strategic partnerships that enable it to expand its business while keeping the interests of its clients at the forefront.

In summary, Clyde is an undisputed leader in the global agro-food industry, with an unwavering focus on commodity trade. The company's vision is to create a vertically-integrated global agricultural supply chain, strengthen worldwide origination, logistics, and trading capabilities, and expand the business globally. With its long-standing market presence and unparalleled expertise in the world's largest agricultural markets, Clyde is perfectly poised to achieve its goals and drive the consolidation of the global agro-food system. Clyde's unwavering commitment to excellence and its proven track record of success makes it a reliable and trustworthy partner for businesses looking to expand their operations in the global agro-food industry.

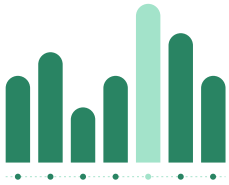
Wood Industry in the UK

UK Imports 2023

- 6.0 million cubic meters of sawnwood (-27%)
- 3.0 million cubic meters of wood-based panels (-20%)
- 7.5 million tonnes of wood pellets (-18%)
- 5.7 million tonnes of pulp and paper (+4%)
- The total value of wood product imports was £11.5 billion (+34%)

Apparent consumption of wood products in the UK 2023

- 9.1 million cubic metres of sawnwood (-21%)
- 6.2 million cubic metres of wood-based panels (-12%)
- 7.8 million tonnes of wood pellets (-17%)
- 7.2 million tonnes of paper (-3%)

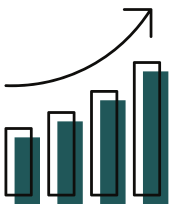


WOOD IMPORTS -SANWOOD

In 2020, wood imports to the UK saw a 3% increase for sawnwood, with a total of 7.2 million cubic meters. However, wood-based panels experienced a 10% decrease with a total of 3.3 million cubic meters imported. Wood pellets saw a 2% increase with 9.1 million tonnes imported. Finally, pulp and paper imports experienced a 12% decrease from the previous year, with a total of 5.4 million tonnes imported.

IMPORT VALUE

In 2020, the total value of imported wood products was £7.5 billion, which is a 10% decrease from the previous year . Sawnwood imports were valued at £1.6 billion, while the value of wood-based panels and wood pellets were £1.0 billion and £1.3 billion, respectively.



TRADE STATS

After a year of record timber imports into the UK, there was a more subdued trend in Q1 2022. During the first quarter of 2022, 2.5 million m3 of timber was imported, which is almost 0.5 million m3 less than the record imports of Q1 2021. Nevertheless, it is worth noting that this volume is still higher than that of either 2018 or 2019.

DEMAND

In Q1 2022, construction output reached a new high, surpassing the previous record set in Q1 2019. The ONS has published data indicating that output increased by 3.8% when comparing Q1 2021 with Q1 2022, and by 7.4% year on year. Infrastructure and other commercial activity were the main drivers of this growth.

Sustainability in the Industry

Future of Timber Industry giving the Global War

The UK's built environment is responsible for a significant portion of the country's carbon emissions. In fact, nearly half of the emissions can be attributed to the construction industry. This is quite alarming and presents a serious challenge to reaching Net Zero. However, it also presents a great opportunity for reduction. As we strive towards a more sustainable future, it is important to consider the impact of initial embodied carbon, which can account for up to 30% of a building's carbon emissions. This is especially important as buildings become more energy efficient over time.

There is a growing recognition that using renewable timber instead of mineral-based materials such as steel and concrete can have a significant impact on reducing greenhouse gas emissions.

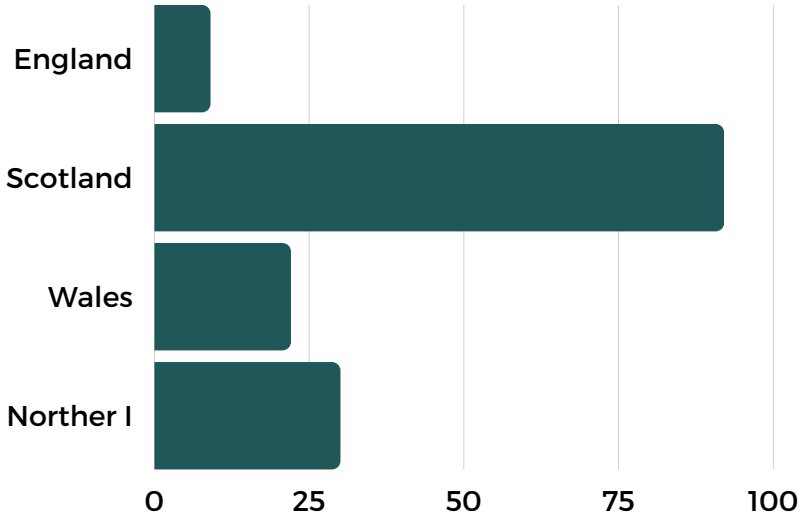
For example, according to a paper titled 'Carbon, fossil fuel and biodiversity mitigation with wood and forests' (Oliver et al, 2014), the substitution of wood for concrete and steel in building and bridge construction could potentially reduce global CO2 emissions by up to 31%. Another study published in Science Direct (Himes & Busby, Nov 2020) suggests that substituting wood for conventional building materials could reduce emissions by a staggering 69%. It's clear that this approach could play a key role in reducing carbon emissions in the construction industry and help us move towards a more sustainable future.

Unless there are significant reductions in CO2 and other greenhouse gas emissions in the coming decades, global warming of 1.5°C and 2°C will be exceeded during the 21st century.

The price of timber stabilised across Q1 2022. With the supply of timber products expected to tighten over Q3 2022, this will likely keep the price level

- The implementation of UKCA marking for numerous wood products has been made possible due to the UK's change in position regarding the acceptance of test results from European laboratories.
- Timber will be affected by high energy prices, but it is less energy intensive than other construction materials. High energy prices are heavily impacting concrete and steel due to the large energy inputs required for manufacture

% Timber Frame Used in the UK



2.8% increase in Construction business in the UK IN 2022

2.5 million cube timber imported by the UK in 2022

The measures in turn will comply with HM Govt. Net Zero Strategy October 2021 to

- Increasing public demand for sustainably sourced timber through procurement policies; and
- Encouraging research into barriers to the uptake of timber, including looking at timber strength grades and the fire resistance of engineered timber structures

As well as delivering a significant reduction in carbon emissions vs steel and concrete, the use of wood in construction delivers other benefits, particularly in relation to offsite timber frame construction:

- Quieter to assemble.
- Fewer deliveries/road miles.
- Fast build times, reducing costs.
- Fewer defects and Reduced waste.

The UK aims to lead the fight against climate change by legislating a Net Zero target by 2050, with an interim target of 78% reduction by 2035. This requires decarbonization across all UK industries.

The adoption of modern methods of construction (MMC) is a promising development that is gaining momentum in the construction industry. By embracing MMC, builders can potentially reduce costs by up to 30% as a result of shorter construction times and improved build quality. Notably, timber is poised to play a central role in this new wave of construction innovation. In addition to its traditional use in standard timber frames, timber is being utilized in a variety of new ways, including:

- Cross-laminated timber (CLT), is proving to be a versatile and robust material for use in tall timber constructions. CLT can be used for walls, floor slabs, and roofs, and is gaining popularity as a sustainable alternative to traditional building materials.

- Glued laminated timber (glulam), is a high load-bearing material that is being used for a range of applications such as roof and floor beams, columns, and bracing. As a renewable and environmentally friendly material, glulam is rapidly becoming a popular choice among builders and architects.

- Laminated veneer lumber (LVL) is another timber-based material that has gained popularity in the construction industry. LVL is a strong and durable material that is used for structural elements in both residential and commercial buildings.

- Oriented strand boards (OSB) are a type of engineered wood product that is finding increasing use as sheathing in walls, flooring, and roof decking. OSB is a cost-effective and environmentally friendly alternative to traditional plywood and has become a popular choice among builders and homeowners alike.

- Engineered wood flooring is a versatile and aesthetically pleasing option for flooring that is gaining popularity in both residential and commercial applications. By using timber in innovative ways, builders can not only reduce costs but also create beautiful and sustainable buildings that will stand the test of time.

To support the government's net-zero strategy, the Clyde World Trade Network has been working towards increasing Timber trade between Turkey and UK. Its mission is to determine actions aimed at increasing the use of timber in construction. The group aims to foster collaboration across the sector, develop trade options, and create a clear implementation plan for timber use in construction.

Our Products

We work towards sustainable trading of forestry products while ensuring the highest quality.

At our company, we pride ourselves on offering a wide range of high-quality timber types to our clients. The following list includes the basics of what we provide, but we are always open to fulfilling specific requests for forestry products. Our team understands that every project is unique, and we are committed to providing our clients with the products they need to succeed. So, whether you're looking for a standard timber type or require something more specific, we are dedicated to meeting your needs. Please don't hesitate to reach out to us with any questions or requests you may have.

01

Hardwood

We provide rough-sawn timber, calibrated timber, and hardwoods planed to size. Our expertise lies in the supply of oak timber, and we also offer other prime-grade hardwoods such as ash, beech, maple, cherry, and walnut. Our hobby packs and thin wood packs are popular among wood hobbyists who prefer to work with a selection of smaller wood pieces.

02

Softwood

We offer a variety of softwood timber products, including European Redwood, Whitewood, Ukrainian Redwood, and Glulam. Our team of timber specialists can help you find the right product for your indoor or outdoor project, whether it's cladding, decking, or flooring. Softwoods are versatile and lightweight, making them ideal for interior moldings, construction framing, window manufacture, and sheet goods like fibreboard and plywood. Softwood timber comes from gymnosperm trees like pine, spruce, and cedar. It is fast-growing, easy to manipulate, and less dense than hardwood. To increase durability for outdoor projects, softwood timber is often infused with biocides.

03

Treated Timber

Untreated timber (also known as sawn) is in its natural state and therefore does not offer any protection against environmental conditions. Treated timber, on the other hand, is pressure impregnated to guard against environmental conditions. Our treated timber is pre-treated which ensures its long life by specifying timber that is treated with the appropriate end use. Our treated timber products meet a variety of British and European standards, as well as the standards set by the Highways Agency and NHBC. The treatment preserves the timber, making it suitable for external, moist, and wet conditions, and guards against attacks from various sources. Our treated timber is available in a wide range of sizes, making it ideal for both smaller and larger projects. Each timber size is regularly price-checked to ensure that all of our customers are getting the best, competitive rate, which helps builders in London and Hertfordshire save money whenever we can.

04 Sheet Materials

Sheet Materials are engineered woods that are made by binding the timber material together with adhesives. The timber is typically formed into tiny strips and bound to create layers, with wooden veneers sometimes used if appearances are important.

We offer a range of sheet materials suitable for various tasks. Thickness and construction determine a sheet's suitability. Some sheets are for general use, while others are moisture-resistant and/or load-bearing. Ensure that the board purchased is right for the intended application.
We have high-quality sheet materials such as:

- Plywood sheets for furniture, shelving, paneling, walls, and flooring.
- Chipboard in P1-grade for standard joinery and P5-grade for structural use like flooring.
- OSB Board in OSB2-grade for general use, such as shelving and pallets, and OSB3-grade in humid environments.
- MDF Board or Medium Density Fibreboard, popular for furniture construction, with a smooth surface that accepts paint. Some MDF sheets have a timber veneer for a wood grain appearance.

05 CLS Timber

When it comes to stud walls and partitions, CLS timber is a strong and durable solution. Made from top-quality kiln-dried wood, it is easy to handle due to its smooth sides and edges. We offer 3x2 or 4x2 CLS timber sizes, both C16 strength graded and commonly used in internal construction. Whether you're constructing timber framing or partitioning walls, Selco has the materials you need for an excellent finished product.

06 MDF

MDF board is a versatile and cost-effective sheet material used in various construction projects. We offer a wide range of MDF sheets in different sizes, including standard 18mm MDF board suitable for shelving, oak-faced MDF veneer board, smooth MDF sheets perfect for painting, laminating, or veneering, and flexible MDF in long and short grain for decorative or curved applications. All of our MDF boards are easy to cut and offer both strength and durability. We also have a variety of sizes available, ranging from 6mm and 9mm board to 18mm MDF and even 25mm.

07 CLT

CLT, or cross-laminated timber, is made by bonding several layers of solid wood panels at alternating right angles with a structural adhesive. It is ideal for large floor, roof, and wall elements, and can significantly reduce CO2 emissions compared to concrete and steel. CLT is well known for its strong load-bearing qualities. It is a sustainable alternative to concrete and steel, offering excellent acoustic, fire, seismic, and thermal performance. Our CLT by Stora Enso is available in PEFC or FSC-certified softwood. Additionally, we provide CLT home technologies. For more information, please refer to our CLT Portfolio.

Conclusion

Timber is commonly used in construction in many parts of the world, such as North America, Scandinavia, Central Europe, and Australia. It's a popular choice because it's a renewable resource that can be engineered to have greater strength and durability than traditional building materials. Due to the widespread use of timber in construction, the insurance sector in these regions has developed expertise in insuring buildings that use structural timber and engineered wood solutions. This expertise is vital because timber buildings can be more prone to fire damage compared to those made from other materials.

As the market for timber construction grows and investors demand ESG compliance, insurers and brokers in the UK should develop similar expertise. This would enable the UK to benefit from the advantages of timber construction while mitigating its associated risks. Moreover, it would allow insurers and brokers in the UK to specialize in a fast-growing area of the construction industry and provide better services to clients.

The UK government has long been committed to reducing carbon emissions from home construction and promoting the use of more sustainable building materials. In line with this commitment, the government has set a legally binding target to increase tree canopy and woodland cover to 16.5% of the total land area in England by 2050. Additionally, the government plans to publish a roadmap for increasing the use of timber in construction by the summer of 2023. This roadmap will detail the government's approach towards promoting the use of sustainable materials such as wood in the construction industry.

The government's emphasis on sustainable materials such as wood is driven by the need to address the challenges of climate change and promote environmental sustainability. Wood is a renewable resource that is widely available and can be sustainably harvested. Furthermore, wood is a versatile and durable material that can be used in a wide range of construction projects, from residential homes to commercial buildings.

Given the government's commitment to increasing the use of sustainable materials such as wood in construction, we believe that investing in the trade of wood and increasing the use of wood materials in construction is a feasible and potentially lucrative opportunity. By doing so, we can contribute to the government's efforts to promote environmental sustainability while also meeting the growing demand for sustainable building materials.

Acknowledgements

The purpose of this document is to confirm that our company is aware of the European Union Timber Regulation (EUTR) and is prepared to meet compliance obligations.

The validity, construction, and performance of this agreement shall be governed by English law and shall be subject to the exclusive jurisdiction of the English court to which the Buyer and the Company submit.

At our company, we have a great deal of expertise in working with wood and we understand its unique characteristics. Our team is dedicated to providing exceptional service.

Our company excels in developing innovative and cost-effective timber engineering solutions. Our team of experts is committed to providing our clients with the best possible services. We use cutting-edge technology and the latest techniques to ensure that our solutions are not only efficient but also sustainable. We take into account the unique needs of each project and work closely with our clients to deliver tailor-made solutions. By leveraging our extensive experience and knowledge, we can help you achieve your goals and exceed your expectations. Our services include everything from design and planning to construction and project management. Trust us to take your project to the next level.

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