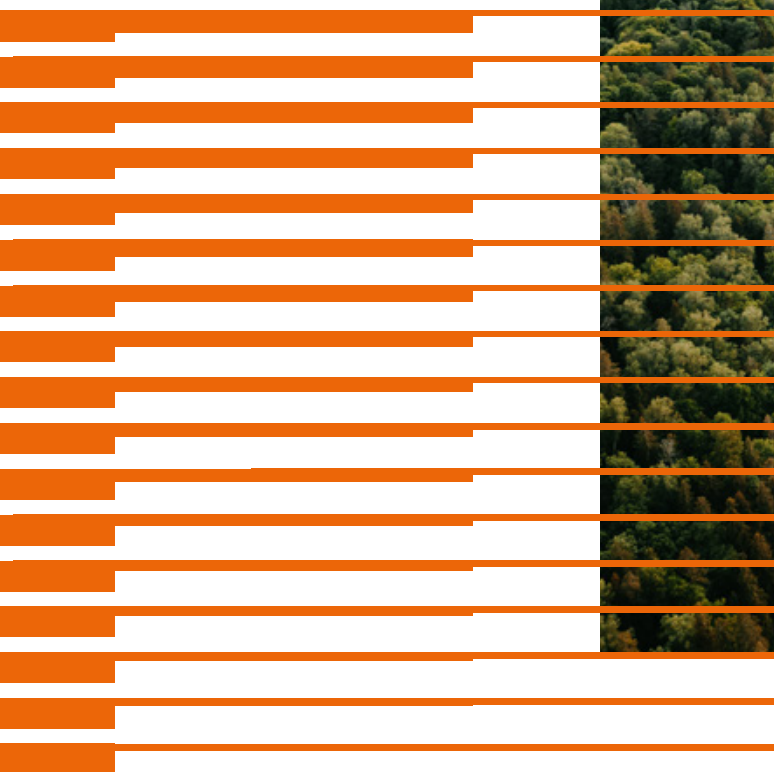


Sustainability Report 2022



Sustainability — Our Natural Promise



For our extensive and international team, the meaning of the concept of "sustainability" has been a natural measure of our daily work since day one. Throughout the value chain, we have always strived to balance economic benefits, responsible behaviour towards employees and society in general, as well as care for the environment and its diversity. It's only natural. Geographically, we are a part of the Nordic region, so we work closely with our forest industry colleagues in Scandinavian countries – pioneers of sustainability practices worldwide – to develop technology, knowledge and values. The business of Latvijas Finieris Group is inseparable from the forestry lifecycle, so thinking in terms of many years and generations is naturally encoded in our company's DNA.

The decision to start systematically formalising the reporting of our

non-financial results was made simultaneously with the work on the Group's strategy for the 2020–2027 period, especially in light of increasing changes in the external environment, which are well marked by the set of policy initiatives contained in the European Green Deal.

Looking back at 2022, the Group's development has been in line with the plan set out in the strategy. The team has achieved excellent operating results, which allow it to make decisions on essential investments in the near term, increasing production capacity, replacing fossil-based raw materials with renewable resources, improving management of the company, as well as improving working and everyday conditions for employees. But 2022 also marks a frightening turn in world history. It is characterised by the destruction and suffering that the brutal war launched by Russia has brought to the Ukrainian people.



Jānis Ciems at AS Latvijas
Finieris Zābaki tree nursery

A war not just against one country, but against democracy, freedom, the Western model of society and everything human. Our responsibility is to defend it – both by supporting Ukrainians in their heroic fight and by taking a firm stand in many internal and external decisions. Thereby, 2022 was a time of significant change in the Group's supply chains – we have completely phased out the use of resources made in Russia. It has not been easy, but we are now confident in stability based on sustainable relationship.

With this being our first official sustainability report in the *GRI (Global Reporting Initiative)* standard format, we are still learning how to gather key data in many areas. For example, we have started to develop a common system for measuring and accounting for greenhouse gas emissions created in our processes.

We recognize the importance of being able to proactively assess the

impacts of our decisions on business as well as on nature, climate and people.

Based on the findings of the 2021 Group Sustainability Audit, the key areas we have covered in this report are forestry, positive experience of employees, environmental impact and managing CO₂ emissions, as well as the development of the use of side streams. They are evaluated considering the specificities of the sector we represent, as well as socio-economic factors in the Baltic and Nordic regions. We hope that this and future annual sustainability reports will help our employees, customers and business partners to get the best possible picture of Latvijas Finieris and the focus of the Group's future development.

Jānis Ciems,
Chairman of the Executive
Board of AS Latvijas Finieris

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Latvijas Finieris Group in short

Plywood furniture produced by SIA Troja, an affiliate of Latvijas Finieris, at the Carrefour International Du Bois exhibition in Nantes, France, 2022

Our mission: to be the world leader in high-performance solutions based on birch plywood products.

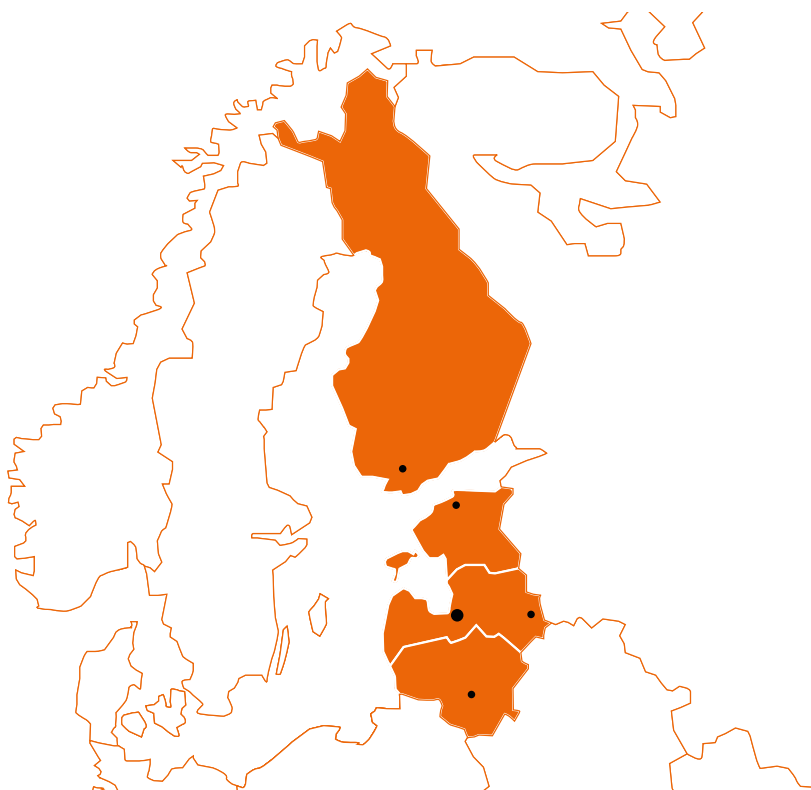
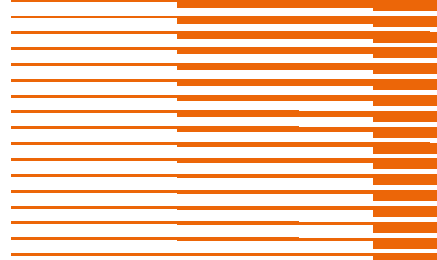
Latvijas Finieris is an international group with headquarters in Riga. Our core business is the production, research, development and sale of customised birch plywood products under the Riga Wood brand. Our production facilities are located in Latvia, Lithuania, Estonia and Finland, and we supply birch plywood solutions to customers in 70 countries around the world in various industrial sectors. Personal service is provided by our 12 Riga Wood product development and sales offices in Europe and beyond. The Group's other main activities are forestry and logging, production of chemicals, as well as mechanical engineering and metalworking.

In 2022, the turnover of Latvijas Finieris

reached 350 million euro, which is 36% more than a year earlier, while EBITDA increased by 54% to 55.5 million euro. In 2022, the companies of Latvijas Finieris Group in Europe and elsewhere in the world employed an average of 2,362 people per month, 2,066 of whom worked in the Group's Latvian companies, where on average 10,344 euro per employee per year were paid in labour taxes (mandatory state social insurance contributions and personal income tax). Last year, the Group paid a total of 35.3 million euro in taxes, of which 24 million euro were paid in Latvia.

The oldest division of our company dates back to 1873. Since then, history has taken many twists and turns, the most significant being the establishment of the joint stock company Latvijas Finieris on 2 October 1992. We are proud that today our company is based on sustainably sourced wood resources from the Baltic Sea region, and here generations of expertise in birch plywood production are combined. We are confident about sustainable development because we base our future on the principles of the circular economy, modern technology and an enterprising team.

Our values



Safety

We create a safe environment and act in a sustainable manner.

Respect

We respect each other and promote honesty, loyalty and mutual trust.

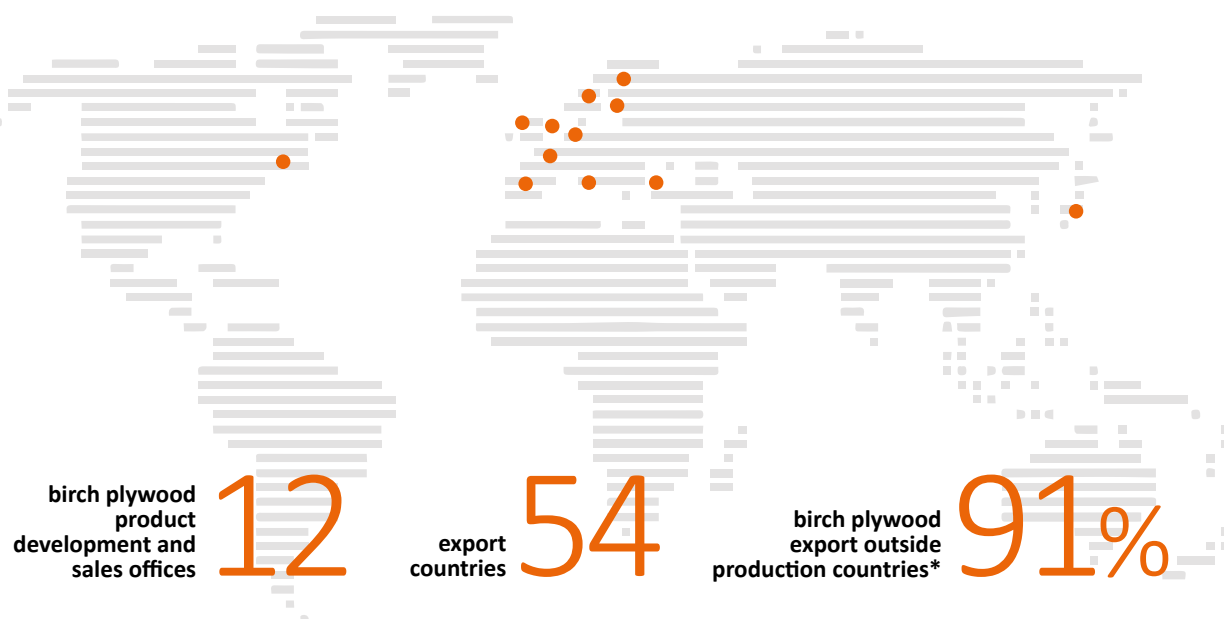
Leadership

We are the owners of our work, we take initiative to get job done.

Development

We strive for self-improvement and encourage the growth of others.

Locations of Latvijas
Finieris mills



*2022 turnover (EUR) from birch plywood trade outside production countries (Latvia and Estonia)



350 tonnes of CO₂

On 18 August 2022, the new warehouse building of the Furniers mill opened its doors, reflecting our belief and historical experience in using wood, a renewable resource, in the construction. In total, almost 400 m³ of wood was used in the 3750 m² building in the form of glued laminated timber beams, CLT panels and other wooden structures. This means that carbon in the equivalent of more than 350 tonnes of CO₂ has been sequestered and stored in the structures from the atmosphere for many years.



1200 children

Openness, knowledge transfer and educating the younger generation about the environment and the economy are one of the keys to a sustainable future. Green Class of Latvijas Finieris is our regular educational adventure for schoolchildren. On 8 September 2022 in SarkanĶalns of the Vērēmu Rural Territory of Rēzekne Municipality, it brought together more than 1200 primary school-age children from 35 Latgale region schools. Throughout the day, classes had the opportunity to take part in educational activities and learn about the forest, its trees and animals, as well as the sustainable management of these natural assets.



First in the Baltics, one of the few in Europe

First in the Baltics, one of the few in Europe – on 5 May 2022, Betulin Lab, the first birch plywood extraction factory of the Latvian Finieris Group was officially opened. This project symbolically characterises the European Green Deal, the development of the bio-economy and the potential of the forest sector. The project is a good example of successful cooperation between science and business. Pharmaceuticals, cosmetics and the food industry are just some of the areas where the excellent qualities of birch extracts are used.



39 million for sustainable development

At the end of 2022, an agreement was signed with the European Investment Bank (EIB) for a loan of 39 million euro to be used to finance development projects as well as investments in research. To be noted, this is the first EIB loan to a Latvian commercial company. This will help Latvijas Finieris to create new knowledge-intensive jobs, improve the efficient use of natural resources and reduce its environmental impact.

Corporate governance

The parent company of the Group AS Latvijas Finieris is a joint stock company owned by 549 non-controlling shareholders (as of 30 December 2022), the majority of whom are current or former employees of the company. Since the 1990s, we have regularly involved new managers and specialists in the ownership structure. We are currently doing this through a stock option plan. We are convinced that this helps to ensure long-term professional decisions based on multiple competences for sustainable development.

The foundations of the Group's activities are values based on the sustainability principles, a set of policies that give guidelines to various aspects of our corporate agenda, as well as the mission, vision and beliefs of the Group. It is updated, formalised and approved by the Group's management team at different stages of its development.

The **General Meeting of Shareholders** is the supreme decision-making body of the parent company. AS Latvijas Finieris operates within a two-tier corporate governance structure consisting of the Supervisory Board and the Executive Board. This system is also commonly used in all subsidiaries.

The **Supervisory Board** is directly elected by the shareholders and it is responsible for setting the long-term strategic direction of the Group as a whole. The Supervisory Board currently has three members and it appoints the Executive Board, which is responsible

for the day-to-day management of the business operations.

The **Executive Board** currently has seven members, each responsible for a specific sector of operation. The Executive Board meets weekly and receives monthly financial reports from the business units. The Executive Board reports to the Supervisory Board on a quarterly basis on all key aspects of the Group's operations. Shareholders also have direct access to the quarterly summary information through a restricted access section on the Latvijas Finieris website.

The **Group's strategy** sets objectives for a seven-year period, which are regularly discussed and, where necessary, updated. Broad staff involvement in the design and implementation of the strategy ensures effective delivery of the goals, promotes cross-functional collaboration and ensures that all work is done by a coherent team.

Risk management is an integral part of the corporate governance of Latvijas Finieris and it is integrated into the strategic management process through regular monitoring of the external environment. Awareness of risks not only limits losses in the event of unfavourable changes, but also increases business potential if the trend is positive.

The **internal audit** institution oversees the risk management process and carries out regular assessments of the internal control. The work agenda is based on the annual audit plan approved by the Supervisory Board.

Fair and open business practice

Our corporate governance model, internal culture and high ethical standards of the employees ensure transparent business practices, so we have not ranked corruption as a major risk.

The rules and principles for managing conflicts of interest are set out in the Ethical Declaration, the Conflict of Interest Regulations and the Rules of Procedure. They require employees not to use company property or information for personal gain or engage in activities that may create conflict of interest situations.

We also provide Latvijas Finieris employees with information and training on how to avoid actions that could be considered restrictive of competition, for example, negotiating prices with competitors, coordinating offers or agreements that could have a negative impact on the market. Among other aspects, we also assess the content of contracts through the prism of fair competition.

Riga Wood Seminar, 2021



Responsible tax policy

The internal laws and regulations of the Group's governing entity reflect business processes, related document flows and defined responsibilities, which also include tax calculation procedures. We base them on honesty, responsibility and precaution – we take into account the economic substance and nature of an individual transaction or set of transactions in determining the amount of tax, and we fully comply with the provisions of laws and regulations of each country, when it comes to registering, recording and paying taxes. AS Latvijas Finieris and RSEZ SIA Verems have developed, documented and implemented a tax risk management system, which is part of the Group's overall risk management system. Tax risks in 2022 are assessed as moderate (low impact and medium probability).

AS Latvijas Finieris and RSEZ SIA Verems are gold level participants of the Latvian State Revenue Service's advanced cooperation programme,

SIA Troja is a silver level participant, while AS Riga Wood Baltic, SIA Latvijas Finieris Mežs and SIA Ludzas mežrūpniecības saimniecība are bronze level participants.

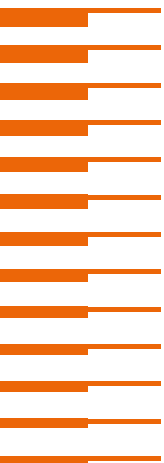
This means that these companies meet high standards in terms of tax accounting practices and tax compliance. Latvijas Finieris is also involved in various working groups with social and industry partners, for example, in the preparation of proposals for the Latvian Tax Policy Guidelines 2024–2027.

In 2022, Latvian companies of the Latvijas Finieris Group have made tax payments of 23.9 million euro, and companies outside Latvia – 11.3 million euro. Most of these are labour taxes. Based on the principles of social responsibility, we pay our employees a competitive wage appropriate to the sector and the region, with full payment of all relevant social contributions. We also ask our business partners to respect these principles.

*Birch seedlings
AS Latvijas Finieris
Zābaki tree nursery*



Corporate social responsibility



Our vision: to enable long-term relationships between buyers, forest owners, partners, employees of the company and other stakeholders – to work responsibly, to earn responsibly and to invest responsibly.

The amplitude of our activities and close interactions with partners from different industries, clients and citizens in many countries give us a good understanding of both relevant regional processes and global trends. It helps us to agree on a vision for the future and define our capacity to support different development processes. We are convinced that people's individual willingness to understand the world around them, to change their daily behaviour and consumption habits where necessary, and to learn throughout their lives, is and will continue to play a key role in achieving the big UN Sustainable Development Goals. This is what we are trying to promote by basing our communication with stakeholders on the directions defined in our Sustainability Policy, Ethical Declaration of Latvijas Finieris and Communication Policy guiding principles.

The main platform for discussion of our views on issues of importance to society is the direct participation of Latvijas Finieris in public organisations

representing employers, companies from various sectors, education, science, sustainability and other areas.

These organisations, in turn, contribute to the systematic development of various processes at a national and international level. Our senior staff in Latvia and abroad also serve as elected representatives or members of working groups in a number of public organisations.

With our participation, we promote:

- the exchange of ideas, knowledge and thoughts between different groups in society, encouraging mutual cooperation, understanding and open, continuous dialogue;
- lifelong learning and developing people's potential;
- Western culture, local traditions and unity of community;
- the principle of circular economy and the use of bio-economy products, replacing fossil-based materials;
- making rational and efficient use of land as a key resource.

Support for culture and development of ideas

Employees of Latvijas Finieris at the Parade of XXVII Nationwide Song and XVII Dance Festival, 2023



As a socially responsible company, Latvijas Finieris also interacts with society through sponsorships and donations. The aim is not only to provide substantive support to those in need, but also to promote the mutual exchange of ideas and knowledge. Support directions and possibilities for application are publicly available on the company's website, all applications for public support measures are reviewed and decisions are made by the Supervisory Board of Latvijas Finieris. Our donation principles and the terms of our donation agreements exclude the possibility of hidden corruption.

Historically, we have implemented the highest intensity of support in Latvia, both in terms of the number of activities and the financial amount, but close interaction with society takes place wherever the Group's factories are located. Many local support activities are aimed at donating our plywood products to public causes. For example, Kohila Vineer, a company in Estonia, has implemented a number of projects in neighbourhood schools and kindergartens, and Likmere also has good examples. When making investments in a new location, we go to great lengths to get to know the local government and understand the local community, its traditions, expectations and structure. With our work we not only contribute to the integration of the local economy into the global value chain, but we also participate in creating a vision of the development and future of a country that unifies the society.

After the World War II the Baltic states were under the yoke of Soviet occupation for 50 years and during this

time the historical culture and values of the society were purposely undermined.

Our philosophy of support is therefore to promote ever closer integration into the Western world. So, even when we support the legitimate and achievable goals of individual artists, we always consider how this contributes to the development of society as a whole. For example, we provide regular scholarships for students of Jāzeps Vītols Latvian Academy of Music to participate in competitions in European countries (during the pandemic, the scholarship was used to support the purchase of musical instruments).

At the same time, we aim to help preserve and protect local cultural heritage and promote the use of traditional knowledge and technologies in local communities. It is one of the tasks of the Latvijas Finieris Foundation for Sustainable Development. It manages the Sarkaņkalns – property of the company in Vērēmu Rural Territory of Rēzekne Municipality, where we regularly organise events freely available to the local community, aimed at developing the local cultural space and preserving the historical heritage of Latgale, for example, workshops on making a picket fence or pottery workshops. Alongside crafts, singing and dancing traditions are an important local cultural value. For example, we have supported the Latvian School Youth Song and Dance Festival for a long time.

Our internal events are also aimed at promoting cultural learning within the team, for example by creating a world-class concert programme for the celebration of 30 years of Latvijas Finieris, or organising a celebration of long-serving employees at the Jāzeps Vītols Latvian Academy of Music.



*Riga Wood birch plywood 3D acoustic shields at
Mežaparks Great Bandstand, XXVII Nationwide
Song and XVII Dance Festival, 2023*



Support for the fight for freedom of the Ukrainian people

The management team of Latvijas Finieris demonstrated its indeclinable position on the Ukrainian war on the morning of 24 February 2022 by raising the Ukrainian flag in front of the company's head office and making an unanimous decision to cease any further relations with the representatives of the aggressor economies – Russia and Belarus. The second immediate decision of the company's management was to provide stable funding to the Ukrainian people for a sufficiently long period of time. We are convinced that it is also an endorsement of the Western model of society within the framework of the European Union,

of freedom, democracy, human rights, education, science and culture.

When these values are brutally, ruthlessly attacked, it is our responsibility to defend them.

The amount of our support is related to the amount of plywood logs processed in Latvijas Finieris factories – 5 euro per cubic meter. It is based on a simple belief: we can help if we are strong, if we are able to work and earn money. A total of 2.2 million euro were transferred for the Ukrainian people in 2022. We believe that together we can defeat evil and we will continue to help Ukraine until the war is over.

LATVIJAS FINIERIS' SUPPORT TO UKRAINE IN 2022

Including the corporate income tax calculated in accordance with the law, which means that by supporting Ukraine,

WE ARE ALSO STRENGTHENING OUR COUNTRIES.



FOR CIVILIANS AND WAR REFUGEES



FOR THE ARMED FORCES



FOR RESCUERS AND FIREFIGHTERS



FOR UKRAINIAN AND LATVIAN MEDICS

2.2
million €*

FOR THE PRESERVATION AND RESTORATION OF CULTURAL AND HISTORICAL HERITAGE



FOR THE CIRCULATION OF INDEPENDENT AND HIGH-QUALITY INFORMATION



FOR THE OPERATION OF NON-GOVERNMENTAL ORGANISATIONS THAT MAINTAIN DEMOCRACY AND UNITY



KOHILA VINEER



Riga Wood
Finland Oy

TOGETHER WE WILL WIN!

Our unique asset – birch plywood



Our confidence: plywood products are and will continue to be one of the best and most cost-effective uses of birch wood in industry, while other birch products will also play an increasing role in the development of the bio-economy.

Riga Wood

Grown by Nature. Tailored by Us.

Because of its excellent physical and mechanical characteristics, birch plywood produced with quality and precision is a truly unique material that is very difficult, if not impossible, to replace in many industrial sectors. It has an excellent weight/strength/stability ratio, flexibility, low thermal and acoustic transmittance. As a sustainable wood material from renewable resources, birch plywood also has a number of ecological advantages.

At Latvijas Finieris, we are not just producers of birch plywood.

Many years of experience with customers from more than 30 different industries in 70 countries as well as

the work we have invested in product development and knowledge about the production technologies accumulated by generations in the Baltic Sea region allow us to say that we are the world's leading experts in the efficient use of birch plywood. We provide complete birch plywood solutions tailored to the unique needs of our customers and create added value throughout the supply chain. Our products and related services are known worldwide under the brand name Riga Wood, and its wide range of products is summarised in detail in the publicly available [Plywood Handbook](#).



Birch plywood is a wood-based panel made of three or more layers of peeled plywood glued together. Most often, the direction of the wood fibres in adjacent plies is perpendicular, so the strength of the board is the same in all directions. For specific applications, other materials such as cork or aluminium can also be inserted into the birch plywood layers. The most important added value of birch plywood is obtained when it is coated with various decorative and/or functional finishing materials, such as paint, varnish, veneers of different wood species or impregnated paper film, which provide improved mechanical and decorative properties or protection against mould, pests or fire.

Riga Wood birch plywood end-user sectors and industries



ROAD TRANSPORT

- Buses
- Passenger cars
- Heavy commercial vehicles
- Light commercial vehicles
- Heavy trailers
- Light trailers
- Reefer trailers
- Speciality trailers



SEA TRANSPORT

- Cargo ships
- Containers
- LNG tankers
- Yachts & Boats



RAIL TRANSPORT

- Passenger wagons
- Cargo wagons



LIGHT BUILDING

- Decorative wall & Ceiling linings
- High-end flooring
- Industrial wall & Ceiling linings
- Joinery, furniture & Shopfittings
- Outdoor solutions
- Panels for overlaying
- Parquet
- Stage systems & Industrial flooring



HEAVY BUILDING

- Formwork systems
- Loose shuttering
- Precasting
- Scaffolding



AIR TRANSPORT

- Specific air solutions



WHOLESALE & DISTRIBUTION

- Generalists & Builders merchants
- Wood panel specialists
- Wood product specialists



PACKAGING

- Die boards
- High-end packaging



Sustainable product development



Fully understanding the potential of birch wood and the technical possibilities of combining it with various other materials, we are constantly developing new birch plywood products with new properties to meet our customers' needs. In this way, we are creating more and more opportunities for birch plywood to become the ideal solution in sectors where other materials with a larger CO₂ footprint were previously used. Our product development processes help customers and partners make sustainable, circular economy-based choices, while regular mutual consultations ensure a long-term vision for future solutions.

The process of developing new products also helps to maintain and improve the knowledge of our employees and gives them the opportunity to broaden their horizons by engaging in activities outside their daily tasks. On the other hand, regular, targeted cooperation with a wide range of scientific institutions helps to ensure the continuity of fundamental research, maintaining and developing the competences necessary not only for the development of Latvijas Finieris, but for the development of the entire forest and wood processing industry.

In the product development process, we follow a number of key principles in a rational assessment of technical feasibility and economic rationale:

- choosing solutions that extend the life cycle of products and make better and more efficient use of production materials (such as wood resources);
- promoting an increase in the use of further recycled materials in both the product and its packaging;
- making sure that the products we produce are recyclable or recycled into other materials;
- expanding the applications of our products, thus promoting the use of wood as a renewable resource in various industries;
- favouring local solutions in the choice of resources we use, shortening supply chains;
- developing and providing our customers with service, which has a positive impact on the added value of products of both Latvijas Finieris and the customers.

The essential components of birch plywood

Wood

Plywood is made up of approximately 89–90% birch wood. We use PEFC and FSC® certified (FSC®C001599) and other controlled birch veneer logs from sustainable forestry in the Baltic Sea region, which are sourced according to the Group's [Timber Procurement policy](#). We have established a balanced network of procurement points, which results in stable long-term relationships with forest owners and enables them to receive a predictable income for the timber they supply to produce high-value export products.

The planned layout of the Group's factories in the Baltic states and Finland is established to minimise distances for timber transportation and thus the greenhouse gas emissions from the process. All timber procured is supplied according to internationally recognised controlled wood criteria, and procurement processes meet the requirements of the European Union Timber Regulation. We aim to maintain a high level of traceability to ensure that the wood used in Riga Wood plywood products comes from responsibly managed forests, minimising the environmental impact of this part of the supply chain.

Hydrothermal treatment pool for veneer logs at Lignum





Sample of synthetic resins used in plywood gluing in the testing laboratory

Synthetic resin

Synthetic resin adhesives account for 9–10% of the total weight of plywood. We have been producing it in our own factory for many decades and have developed methods to ensure consistently high quality levels and excellent compound strength. The level of formaldehyde emissions of Riga Wood birch plywood glued with our phenolic-formaldehyde (PF) and lignin-phenolic-formaldehyde (LPF) synthetic resins is significantly below EN 13986 class E1 and is certified to meet *EPA TSCA Title VI* and *CARB Phase 2* requirements. Riga Wood plywood also complies with all *REACH* requirements – it does not contain any substances of very high concern (SVHC) that are on the *REACH* Candidate List and whose concentration in the product would exceed 0.1% by weight.

Traditionally, resins used in birch plywood gluing around the world use

fossil phenol and formaldehyde as basic elements, the latter of which is increasingly restricted in Europe.

Almost a decade ago, we embarked on a determined journey to develop essential resin technologies with the aim of significantly reducing the use of these fossil raw materials. In 2018, after long-lasting joint research in close cooperation with the wood chemical and mechanical processing company Stora Enso, we developed a new resin with a unique formula, Riga ECOlogical, which uses bio-based lignin as a partial substitute for phenol and formaldehyde. Industrial test results show that when using Riga ECOlogical resin, the technical properties of the plywood remain unchanged, while the carbon footprint is significantly reduced from production to the end consumer, offering our customers significant sustainability benefits.



*Lignin used in production
of Riga ECOlogical resin*

Riga ECOlogical

Of course, this is just the beginning. We aim to develop a resin formula in the future that is as fossil-free as possible. There is still a long way to go to achieve this. Major steps are now being taken within the framework of the international consortium project VIOBOND led by Latvijas Finieris, it brings together nine partners from five EU Member States. Within five years, the project aims to develop a formula for greener, more environmentally and people-friendly resins, which are currently used in Europe and elsewhere in the world not only for production of plywood, but also for production of insulation materials, sandpaper and many other everyday products. Within the framework of the project, a new resin production shop is being built at the Latvijas Finieris chemical products factory, which will be equipped with a globally unique

technology and will enable the experience gained so far in resin development to be brought to a new industrial level.

In recent years, technological developments have made it possible to separate lignin from wood by chemical decomposition, which is why the VIOBOND project also involves wood biorefinery companies. There is every reason to believe that, together with the project's scientific partners, it will be possible to develop a resin formula in which the natural polymer lignin will replace phenol to an even greater extent than is currently achieved.



*Impregnation workshop of the
chemical products factory*

Coatings and impregnated paper

Depending on the type of product, 1–2% of the plywood mass may be coating. These can be varnishes, paints, composite materials, but most commonly paper impregnated with synthetic resins. The impregnation process is carried out at the Group's chemical products factory, where the paper is treated with synthetic resins produced in-house. This coating significantly improves the properties of the plywood and enables the development of new tailor-made product solutions.

It should be noted that we have paid a lot of attention to the environmental issues in the Impregnation workshop that we opened in 2016. Gas emissions from the impregnation process are collected and burned in a special unit equipped with a heat exchanger, which returns the heat to production where it is most needed – in the paper drying process. In addition, the workshop building itself is made of timber load-bearing structures, and wood products are used in the building's wall cladding and roof structure.

Responsible and efficient procurement system



We value long-term relationships with cooperation partners throughout the supply chain, so we strive to further develop business ties with companies that operate in accordance with internationally recognised sustainability principles for employees, the environment and society. Our general criteria are described in the Group's [Procurement Policy](#), which ensures a responsible and efficient procurement process, enabling the Group to fulfil its commitment through the so-called multiplier effect – to be a systemic part of the economy with a wide indirect impact on export, employment, taxes.

To meet the Group's business objectives and strive for excellence in our operations, we build long-term partnerships with leading suppliers in various industries wherever possible. For major procurements, we carry out detailed supplier assessments and risk diversification, as well as allocate responsibilities across the procurement phases, reducing potential corruption risks and ensuring transparency and traceability of the process.

We assess the relevance and quality of offers according to the level of importance of the specific procurement, looking

at items such as development of new products and services, technological innovation, amplitude of offer, flexibility and opportunities for joint growth.

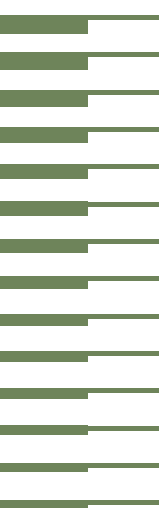
An important criterion for choosing suppliers is their reputation and their social responsibility, which includes paying taxes, safety at work, responsible use of resources, professional treatment and fair trade. When planning deliveries of finished products to the customers, we carefully assess the environmental aspects of available logistics solutions – where possible, we choose the shortest delivery routes and the most fuel-efficient transport.

Based on these and a range of other criteria, we analyse the TOP 500 service providers and suppliers every year. In 2021, significant non-compliance with a criterion was identified in 0.2% of cases. We negotiate with these partners and, if no corrective action is taken to address non-compliance, we review the terms of cooperation. Our goal for the coming years is to develop high-quality communication with our cooperation partners on sustainability issues, to better understand their concerns and to enable them to express their attitude more clearly.

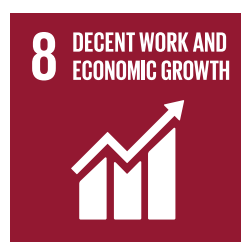
Forest — our promise for future

*Landscape from AS Latvijas Finieris
Zābaki tree nursery, 2021*





Through our work, we are creating higher quality and more productive forests that sequester carbon faster and more efficiently. It helps to meet Europe's climate targets, ensures a sustainable flow of renewable wood resources and contributes to the country's environmental goals.



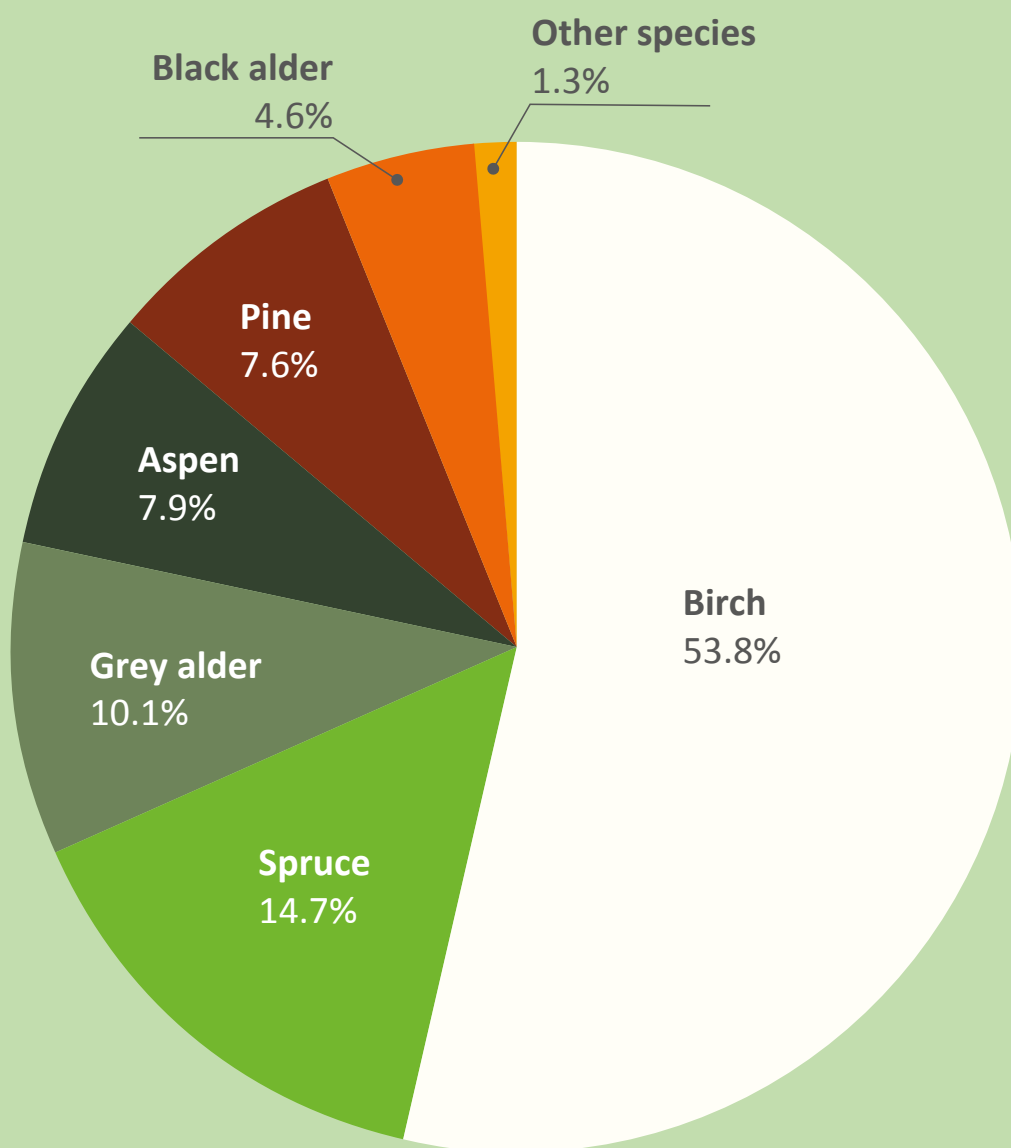
Being a part of the “seed-to-wood product” value chain enables us to be versatile forest experts, to better understand the interests of forest owners and other stakeholders, and to contribute to development and circulation of knowledge. It is a way of working together for the long-term sustainability of forests and the availability of wood as a natural, renewable resource.

The total area of forest land owned by Latvijas Finieris that has been assessed in the 2022 Sustainability Report is 8436.8 ha. Of this, 8058.9 ha are forest stands and 377.9 ha are clearings.

In managing these properties, we strike a balance between the environmental, social and economic objectives set by society. By managing responsibly, we set an example of sustainable forestry that ensures:

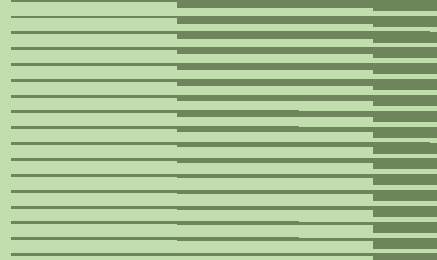
- biodiversity;
- increasing carbon sequestration;
- an accessible environment for recreation;
- generating new knowledge and exchanging experience;
- economic benefits for the owner and society as a whole.

Distribution of tree species in forest areas owned by Lavijas Finieris (%), 2022



- Average age of the forest stand: **28 years**
- Average tree diameter: **13 cm**
- Average tree height: **12 m**
- Average wood growing stock: **115 m³/ha**

Age structure of forest stands owned by Latvijas Finieris by area (ha), 2022



Young stands

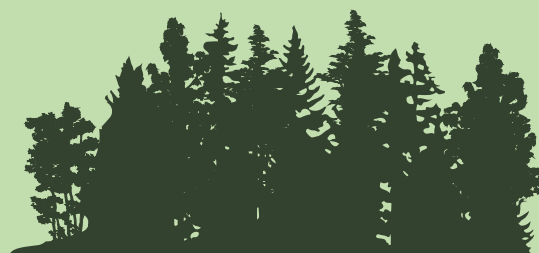
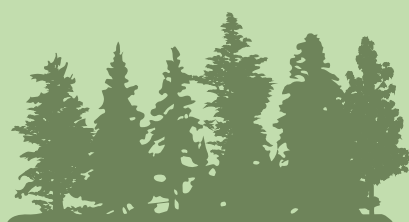
4887

Middle-aged stands

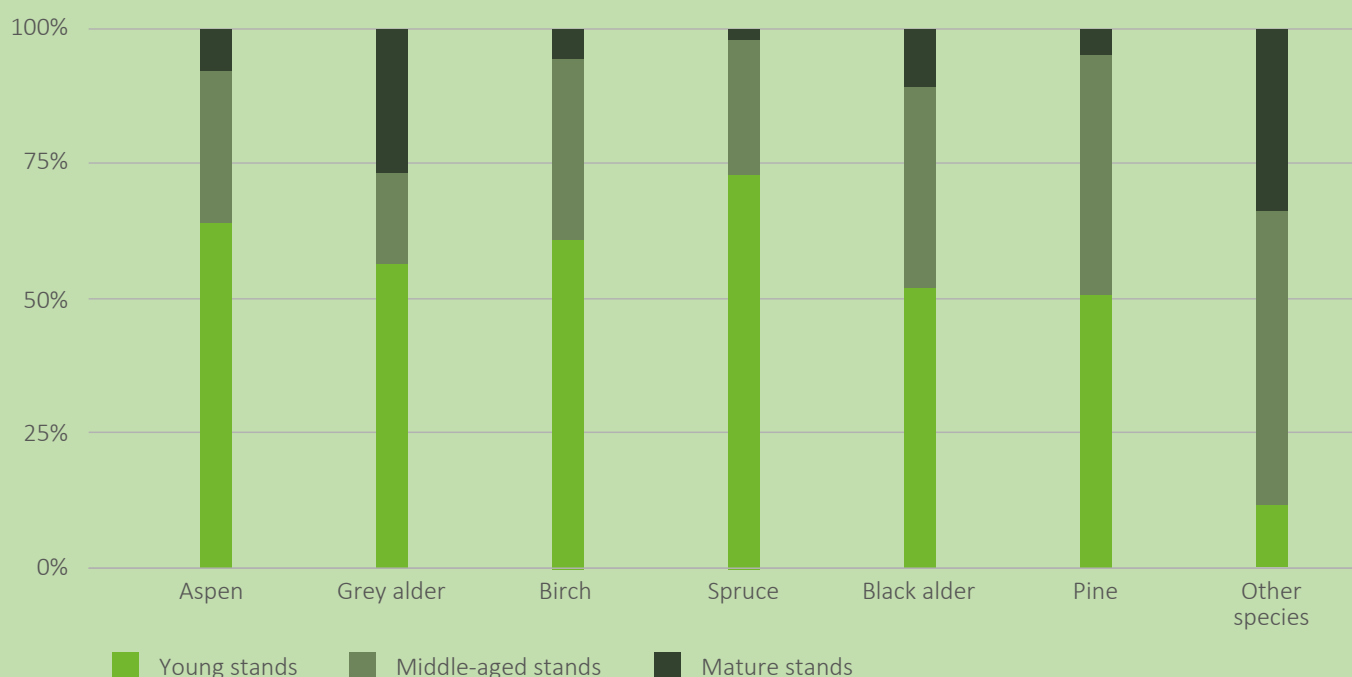
2528

Mature stands

642



Age structure of forest stands owned by Latvijas Finieris by tree species (%), 2022





The Birch Programme – the framework of our philosophy

*Birch plantation of AS Latvijas Finieris
in Ukru Rural Territory, 2022*

Latvijas Finieris was founded soon after the collapse of the Soviet Union, when the right to private property was restored in Latvia and people could once again be full owners of their land. However, the 50 years of occupation had left their mark. New landowners often lacked the full knowledge and resources to implement productive and sustainable economic activities. With no practical use, around half a million hectares of agricultural land in Latvia were uncultivated at the beginning of the 1990s.

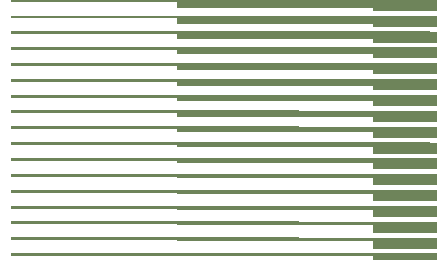
In order to reduce the risks to the long-term availability of plywood logs and to raise public awareness and knowledge about rational land management, in 1995 Latvijas Finieris took the initiative to develop a national Birch Programme to bring together forest education and science institutions, forest owners, wood processors and government authorities responsible for land resource management. The main directions of the birch programme were and still are the development of birch breeding and the production of quality birch seedlings,

as well as increasing the knowledge of private landowners, improving legislation and supporting science that researches all the above issues.

Today, the Birch Programme in Latvia has established a solid base to make birch growing economically viable and easy to implement for anyone interested. Because of the intensive breeding work, the growth of birch stand growing stock can be increased by 20–30%. A number of tree nurseries have been set up and work in the country to meet the demand for birch container plants and seedlings with improved root systems, and information is widely available on how to grow birch properly on both forest and unused farmland. For landowners, it gives them the opportunity to add value to their property, while for producers it gives them stable long-term access to wood resources. In addition, more intensive farming offers more opportunities to balance the interests of society and the environment, ensuring the sustainability of the country and the well-being of its citizens.



With more than 20 years of experience, we can say: quality plants and good care for the forest stand pay off many times over! In the plantations owned by Latvijas Finieris, we have already obtained birch logs in the commercial thinning, 22 years after the birch trees were planted.



Forestry companies

The decision to start acquiring land with the aim of creating productive forest stands was taken by the management of Latvijas Finieris in 1998. Then, the Zābaki tree nursery of Latvijas Finieris was established, which provides seedlings for our nurseries and works closely with the Latvian State Institute of Forest Science "Silava" in research to improve birch growing practices.

In order to develop a better understanding of the full-cycle forestry processes and to ensure a reserve of wood resources for times when it is necessary to build up stocks of veneer logs, in 2000 we acquired the forestry companies SIA Liepājas MRS Ltd. and SIA Ludzas MRS. Since 2007, the forest and land properties owned by Latvijas Finieris have been managed by a group company created for this purpose, SIA Latvijas Finieris mežs.

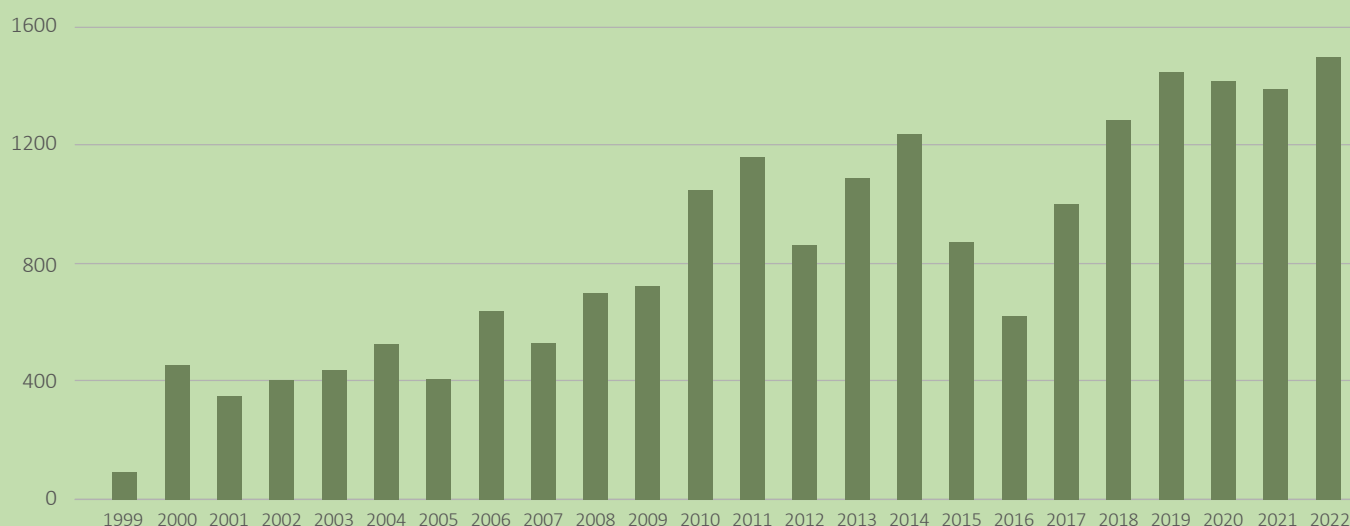




Zābaki tree nursery has produced 18.7 million tree seedlings over 25 years, which could theoretically grow into 12,000 ha of forest, which in the future could yield 4.2 million m³ wood. All seedlings are grown from selected seed material, which results in a 20–30% increase in the growing stock and a higher quality range of wood.

Birch seedlings at AS Latvijas Finieris Zābaki tree nursery

Birch seedlings produced at the Zābaki tree nursery 1999–2022 (thousand units)



*Planting of birch trees in Gardene,
Dobele Municipality, during the
Latvijas Finieris Forest Days, 2022*



Acquisition and management of land property

At present, the area of land owned by Latvijas Finieris exceeds 10,000 ha, of which 8436.8 ha is forest land. New property acquisitions continue every year. Looking to the future, we prefer to create new, high-quality forests; we mostly buy unused farmland, clearings and young and middle-aged stands. All forest areas of Latvijas Finieris are managed in accordance with the standard of the world's leading forest certification organisation PEFC, which certifies the sustainability of our operations.

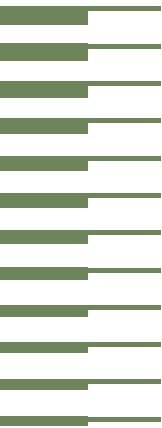
When restoring clearings on forest land, we balance natural and artificial reforestation methods, encouraging the maintenance of as natural a forest ecosystem as possible. Wherever possible, we restore and maintain drainage systems on our properties that were neglected for decades. Vital and healthy forest stands are more resilient to potential natural disturbances (storms and pests), which also reduce natural CO₂ emissions.

When planting a new forest in a place where it did not exist before, we carefully assess the relevant growing conditions and choose the most appropriate tree species when forming grouped stands. We mainly use selected birch, spruce, pine and black alder seedlings, which are more resistant to the negative effects of external factors.

As a result, the new forest grows faster, sequesters more CO₂ and produces a higher yield of high-quality round timber assortments that can be used to produce long-lived wood materials that continue to act as carbon storage throughout their life cycle.

Given the large number of wild animals – moose, red deer, roe deer and wild boars – in Latvia, we have concluded hunting rent agreements with 150 hunting clubs on 8508 ha of our properties. The contracted areas cover 84% of all properties. Hunting ensures stable and vital populations of wild animals and reduces the risk of damage to agricultural and forestry plantations. In areas where the risk of animal damage is the highest, we protect young stands with a variety of repellents made from natural materials.

Although our main focus is on forestry, the company's properties often include plots with other functional use. In such cases, we always consider the most rational way to manage the land, and we pay close attention to the interests of local people. For example, there have been cases where we have abandoned the initial idea of afforesting the land and instead entered into a rent agreement with the operators of small gardens, allowing us to continue growing the produce they need for their own needs.



Since 1998, we have afforested a total of more than 2106 ha – mostly farmland that is not being put to rational use for various reasons. Our plantations of birch and other tree species allow wood to be harvested in a relatively shorter timeframe (40–50 years), thus reducing the economic pressure on natural woodlands. It should be noted that there are still around 200,000 ha of unused agricultural land in Latvia.

Every spring, the employees of Latvijas Finieris join in a common tradition to plant a new forest. For example, on 22 April 2022, we afforested the former Soviet army tank polygon in Dobeles Municipality, returning the degraded military territory to nature and economic circulation.



Planting birch trees in Stende area during the Forest Days of Latvijas Finieris, 2023

We are aware that not only creating forest land but also farmland takes the work of generations, so when we buy properties that include farmland, we rent them to local farmers.

Currently, the company has lease agreements in force for a total of 384 ha, or 87%, of the quality agricultural land owned by Latvijas Finieris.



Carbon sequestration in forests and wood products

AS Latvijas Finieris
Zābaki tree nursery

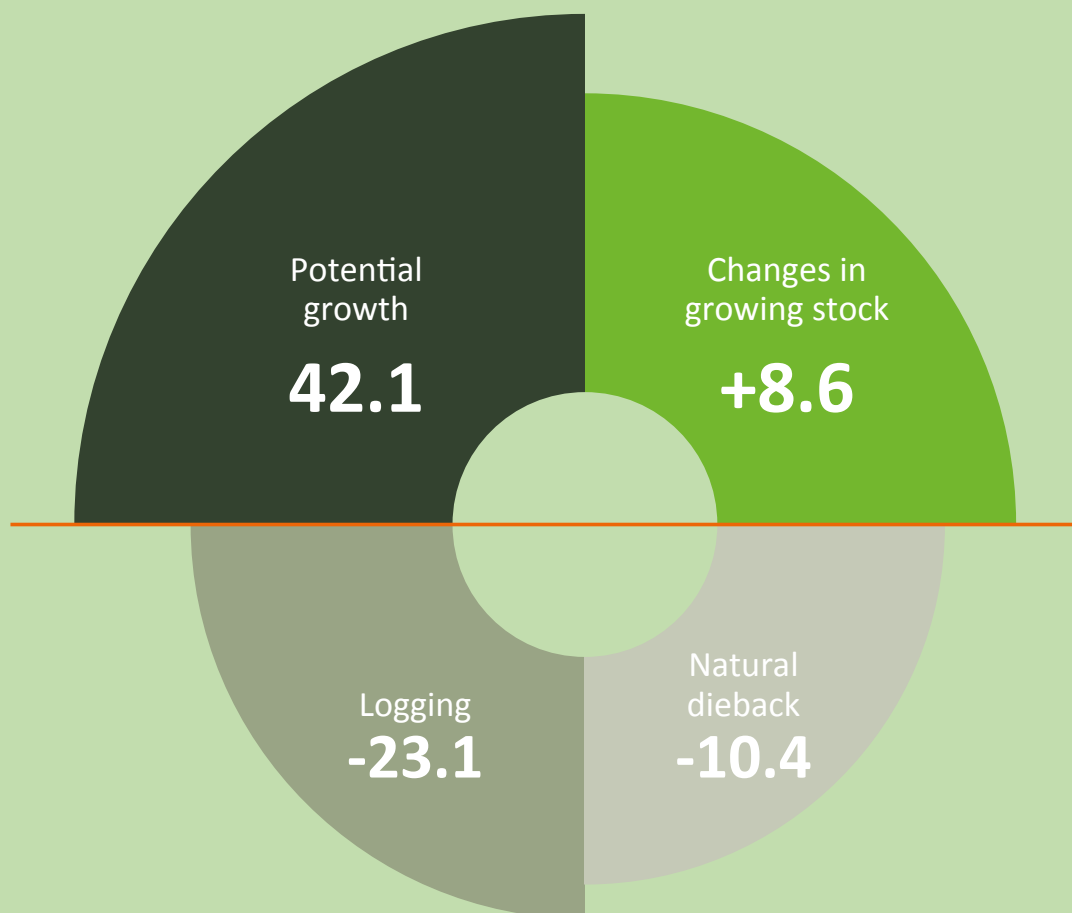
Calculations of greenhouse gas (GHG) emissions and carbon dioxide (CO₂) sequestration according to the methodology used in the national GHG inventory for forest properties managed by Latvijas Finieris in 2022 were carried out by leading researchers of the Silava Latvian State Forest Research Institute. The total area of forest land owned by Latvijas Finieris assessed in the Sustainability Report is 8437 ha. Of this, 8059 ha are forest stands and 378 ha are clearings. The calculations are based on Forest State Register data from 8027 plots, considering the following data: forest type, dominant species, plot area, number of trees, stand age, average tree diameter, average tree height, cross-sectional area and growing stock.

In forests, CO₂ sequestration comes from growth in living biomass, while losses come from natural dieback and logging. Natural dieback is categorised as dead wood and gradually decomposes,

while the sawn volume is transmitted into wood products or becomes forest biofuels straight away. Calculation by Silava includes carbon storage in wood products but does not take into account the substitution effect of forest biofuels.

Most of the forests owned by Latvijas Finieris are young or middle-aged stands, where CO₂ sequestration in woody biomass is the most active. The total potential growing stock increase in 2022 was 42 thousand m³ (average 5.0 m³/ha/year), natural dieback was 10.5 thousand m³ and 23.1 thousand m³ of wood from harvesting. This means that the wood growing stock in our forests increased by 8.6 thousand m³ and this is 1% of the growing stock at the beginning of the year. It should be noted that the average change in the growing stock in Latvian forests in 2022 was significantly lower – only 0.02% of the growing stock at the beginning of the year.

Changes in the wood growing stock in forests owned by Latvijas Finieris (Km³), 2022



Because of the positive balance of the growing stock increase, the living biomass in the forests of Latvijas Finieris creates CO₂ sequestration, which in 2022 corresponds to 11.4 thousand tonnes of CO₂. The main sources of GHG emissions from forests were dead wood (8.6 tonnes of CO₂) and organic soils (5.7 tonnes of CO₂) – peatland and swamp forest types, which cover a total area of 974.5 ha on the company's properties. The calculation of emissions from soil includes direct emissions of CO₂, CH₄ and N₂O and

indirect emissions of carbon leaching from soil. In the case of Latvijas Finieris, this is compensated by the relatively much larger source of attraction – the production of timber from forests, which in 2022 will store 13.4 thousand tonnes of CO₂. As a result, the total GHG emissions from the forests of Latvijas Finieris in 2022 were negative – 10.5 thousand tonnes of CO₂ equivalent, or an average of 1.2 tonnes of CO₂ equivalent per hectare (see CO₂ balance on page 58).



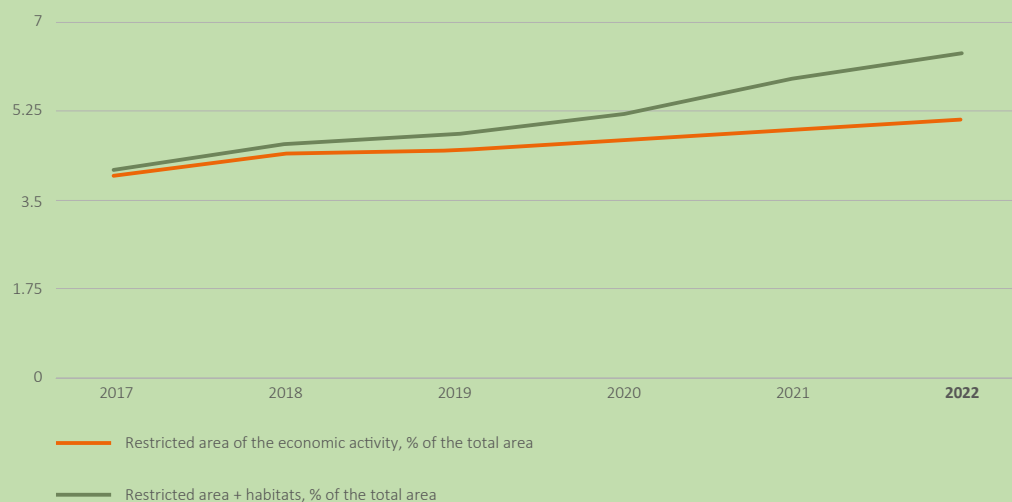
Taking care of the nature

Ringling of Northern swans, supported annually by Latvijas Finieris, in which the employees of the company also volunteer, 2022

Of course, we are convinced that an important task of a responsible forest owner is not only to ensure the carbon sequestration important for the mitigation of climate change, but also to identify and preserve natural values and promote biodiversity. Latvian legislation in this area is one of the strictest in Europe. Our properties contain state-designated micro-reserves and buffer zones for specially protected bird species: the white-backed woodpecker, the lesser spotted eagle and the black stork. In these areas, economic activities

are carried out in accordance with a species-specific conservation plan.

And we have voluntarily committed to do more than what the law requires. For example, we do not log in habitats of European importance recorded in the Latvian Nature Data Management System Ozols, and we control invasive species such as *Heracleum sosnowskyi* as far as possible. Since 2022, we have created a new layer of land category "voluntary nature conservation" in our forests. Work is ongoing to identify and demarcate the areas.





Forest and landscape for everyone

*Landscape from the Latvijas
Finieris recreation and
culture site Sarkaņkalns*

Just as everyone needs fresh air and clean water, we naturally need a break from the daily rush. Latvia's nature is uniquely beautiful and we recognise our duty to enhance landscape values and ensure that the public has unrestricted access to ecosystem services and non-wood resources on our properties.

The *Zābaki* tree nursery of Latvijas Finieris is a 64 ha farm in the picturesque Gauja Valley, in the territory of Gauja National Park. Not only do we produce seedlings for reforestation there, but we have also created a ski slope, walking trails and recreation areas where local residents and visitors can enjoy nature at their leisure or engage in active recreation.

While in Latgale, near Rēzekne, we have created a recreational and cultural

site, Sarkaņkalns, and a foundation, Latvijas Finieris Foundation for Sustainable Development, is created for the management of the site. In winter, the area's only ski slope is open there, while in summer, the area attracts visitors because of its stunning views and our regular cultural events. In 2022, with the co-financing of the Rural Support Service, a project for the development of informative nature trails was launched in Sarkaņkalns.

Where possible, we also set up rest areas on other company properties, which can be used by anyone – locals and travellers. As a part of our commitment to the countryside, we are dismantling dangerous and visually unattractive slums and revitalising degraded areas on our newly acquired properties. Six sites have been so arranged in the last 10 years.



Contribution to promoting knowledge

Birch seeds

To facilitate the exchange of forestry knowledge and experience accumulated in Latvia and the Nordic countries, and to promote the long-term availability of birch logs, we regularly organise seminars on birch cultivation and care for private forest owners and employees of the forestry companies. We involve leading researchers from LVMI Silava and the Forest Faculty of the Latvia University of Life Sciences and Technologies, as well as specialists from the state institutions. We also invest a lot of effort in producing various information materials. For example, we have supported the production and publication of the book *The Birch* by the writer Ēriks Hānbergs, and translated into Latvian the Finnish scholar's book *Growing and using birch trees*, which is available electronically free of charge to everyone.

In cooperation with other companies and organisations in the forest and related industries, we invest significant informational work and financial support in educating the public about the

principles of the circular economy and the sustainable use of bio-based products.

For example, there is substantial cooperation with the union Green Houses and associations of [the Latvian Wood Industry Federation](#), including support of the exhibition "[Nice to meet you, tree!](#)", which is visited by several thousand schoolchildren a year on organised excursions. We also participate in a number of youth education events organised by JSC Latvia's State Forests, such as "[Latvian Forest Days](#)", "[LVM Bioeconomy School](#)" and "[Forest expedition](#)", which is attended by several thousand 6th grade students from all over the country every year. We supported major exhibitions with plywood products and funding in 2021 "[Airis, Mozus un radio. A tree in the history of Latvia](#)" at the Latvian National Museum of History, and to help promote cross-industry interaction, dialogue and exchange of ideas, we are a co-sponsor of the largest conversation festival in the Baltics, [Lampa](#).



Latvijas Finieris Green Class
in SarkanĶalns, Vērēmu
Rural Territory, 2022

Once a year, at the company's property, SarkanĶalns, in Vērēmu Rural Territory, Rēzekne Municipality, an educational adventure for schoolchildren about forests, nature and the wide use of wood products is held, which is called Latvijas Finieris Green Class.


In 2022, the event brought together more than 1,200 primary school children from 35 schools, while educational activities were attended by representatives from more than 20 companies, organisations, scientific and educational institutions.



Respectful well-being —
our promise to
employees

Latvijas Finieris

Log yard of the AS Latvijas
Finieris Lignums mill



We are a responsible employer of professional, leader-minded and engaged employees, delivering on our mutual promise of long-term relationships, growth and security. Moreover, a large proportion of our shareholders are our employees. So we can clearly say with confidence, this is OUR company.



HR policy documents of Latvijas Finieris are based on fundamental human rights enshrined in national legislation and international treaties, while the corporate culture built over decades is characterised by the company's values defined by the employees themselves: safety, respect, leadership and development. Through continuous investment in the improvement of the working environment, as well as fair and respectful relations with all employees of Latvijas Finieris and their representatives, we ensure:

- equality and inclusiveness;
- safe, healthy and inclusive working environment;
- income stability;
- continuous knowledge development;
- mental and physical well-being.

Key facts for 2022

- Average number of employees in the Group: 2362
- 70% male, 30% female
- TRI*M index: 68
- 11.4 training hours per employee per year (average in AS Latvijas Finieris)
- Voluntary employee turnover rate: 7.0%



Latvijas Finieris Group — this is us!

Employees of Latvijas Finieris Group at Forest Days in the Stende area, 2023

We are convinced that the development of a company is based on the well-being of its employees and a sense of meaningful, high-quality work. It therefore seems to us self-evident that, in every field of activity, in every country represented, processes must be designed in a way to prevent the possibility of human rights violations or abuses of the Group's employees and, as far as we can influence them, of the employees of subcontractors. It is also only natural that we ensure the rights and appropriate working conditions of pregnant and post-natal women, as laid down in the law, and respect the

right to parental leave of both sexes.

Moreover, we believe that compliance with the law is not enough. That is why we go the extra mile every day, giving every colleague at Latvijas Finieris equal opportunities to gain positive experience and create added value for themselves, the company and society as a whole.

We are a company with decades of internal corporate culture, so along with professionalism, we pay significant attention to the integrity of our work and the values of Latvijas Finieris. This applies both to existing staff and to attracting new professionals.



AS Latvijas Finieris
Lignums mill, 2019

Young, well-educated professionals with a desire to be involved, active and engaging are very welcome in our broad team of more than 250 professions. To encourage the best recruits, we regularly provide internships for vocational school and university students in our business units.

Our guiding principles are freely available to all current and potential employees on our website in the form of [Personnel Policy](#), [Code of Ethics](#), [Privacy Policy](#), [Communication Policy](#) and the [Sustainability Policy](#). And the ability to report potential human rights violations is ensured in Latvijas Finieris

by the internal whistleblowing system. It should be noted that in 2022, the Group has not recorded any incidents of human rights violations or abuses and has not identified any cases that have posed a high risk to human rights and freedoms, with the exception of isolated accidents at work.

Measurement-based feedback

To assess employees' experience at Latvijas Finieris, we use the internationally benchmarked TRI*M index*, which is one of the key performance indicators in the Group's strategy. Once a year, in collaboration with external partners, we measure this through an employee engagement survey. Of the 2,346 employees of Latvijas Finieris who were invited to participate in the engagement survey in autumn 2022, 66% completed the questionnaire – seven percentage points more than a year earlier.

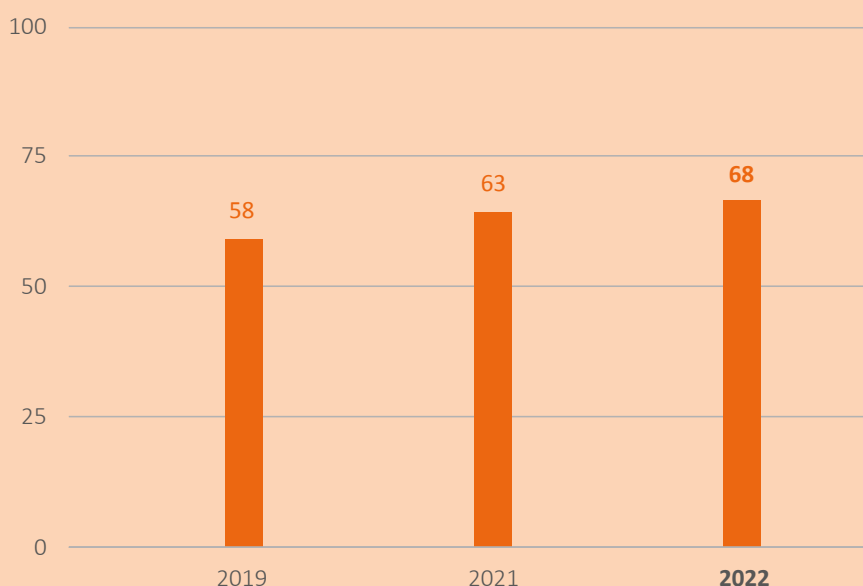
The Group's overall TRI*M index increased from 63 to 68 in 2022, significantly exceeding

our strategy target of a consistent increase of 1 point per year.

The score is in line with the average for paid employees in Latvia (67 points) and significantly above the average for all sectors in the Baltics and Europe (57 and 60 points respectively). The answers show that employees highly value the company's competitiveness but point to motivation as an area for improvement.

We have adopted the voluntary employee turnover rate as the second most important indicator of employee well-being, which was 7.0% at the Group level in 2022. Our aim is to stabilise the average at <7% by 2023.

DYNAMICS OF THE TRI*M INDEX IN THE GROUP



*The increase in overall engagement and the TRI*M index is a good indicator of the sense of stability and support that the successful crisis management approach of Latvijas Finieris provides to employees in the uncertainty caused by the Covid-19 pandemic and the war launched by Russia.*

*TRI*M index – a single-number summary indicator that reflects a stakeholder's assessment of their relationship with the company (e.g. employee satisfaction index, customer satisfaction index or corporate reputation index).

Recognition relevant to the labour market and performance

The Group's reward system, which consists of the remuneration and various additional benefits, is based on four simple principles:

- **justice** – equal pay for work of equal value;
- **competitiveness** – when determining the level of remuneration, the tendencies of the labour market of the relevant country are taken into account in accordance with the financial capabilities of the company;
- **performance alignment** – there is a link between an employee's or team's performance and remuneration;
- **transparency** – the procedures and criteria for granting and its elements are laid down in the internal regulatory documents of the company concerned, in accordance with the relevant legislation governing the employment relations.

We also try to ensure as far as possible the stability of workers' income. The example for this is the fixed monthly

support payments paid to employees in the Group's Baltic companies from Q3 2022 until the end of the heating season in 2023.

This decision was made in light of the geopolitical and economic factors caused by the Russian-led war, which resulted in soaring prices for energy, fuel, food and other daily necessities.

Recognising that employee engagement and motivation has been one of the cornerstones of the growth of Latvijas Finieris, we are gradually bringing managers and senior specialists into the company's ownership structure. Since the 2017 changes in the legislation of the Republic of Latvia allowing the issuance of share options, 292 managers and senior executives of the Group's business units have received them in several tranches, 95 of whom were not previously shareholders of the company (data as of 30 December 2022). Staff options are granted free of charge and convert into company shares after three years, provided there is no termination of employment.

RATIO OF BASIC SALARY FOR WOMEN TO BASIC SALARY FOR MEN IN LATVIJAS FINIERIS BUSINESS UNITS

One indicator of a fair pay system is the ratio of women's basic pay to men's basic pay. Data for Latvijas Finieris in 2022.

Latvia	Estonia	Lithuania	Finland
0.9	0.9	1.0	1.1

Trade union — basis for the social dialogue

Latvijas Finieris has always been open to the social dialogue and close cooperation with the trade unions that unite the employees in the countries represented by the Group. In the case of Latvian units, the Collective Agreement has a history going back several decades and includes a comprehensive package of additional benefits, many of which are also available to employees who are not members of a trade union.

The collective agreement is concluded for three years with the trade union organisation of Latvijas Finieris, which is a part of the Latvian Forest and Wood Workers Trade Union and represents 97% of employees in the Group's Latvian units.

Additional benefits included in the collective agreement include, for example, paid additional holidays, health insurance, supplementary retirement savings and a basic monthly minimum salary above the national minimum salary. In 2022, the monthly minimum basic salary of Latvijas Finieris was 750 euro, while the basic salary in the Republic of Latvia was 500 euro. From 1 January 2023, the Group's minimum basic salary will increase to 800 euro. Even after retirement, the Latvijas Finieris trade union provides seniors with a package of benefits and support throughout their lives.

*Employee event of Latvijas Finieris
group "150 Summers", 2023*





Knowledge management for higher performance

Study of different types of birch plywood coatings in outdoor conditions in the Gaigalava retail store, 2021

We, the team of Latvijas Finieris, are the world leaders in high-performance solutions based on birch plywood products, which means constantly staying one step ahead of others in product development, the latest technologies and customer service excellence, as well as knowledge. That is why every employee today must continue to develop themselves throughout their lives, and we widely support this initiative in our Group companies. For example, tuition fees can be covered for employees who are studying at a higher education institution alongside their job. We are also continuously investing in internal learning processes, with the aim of increasingly using the company's e-learning system as a tool for professional development, which is regularly updated with new training courses, giving the opportunity to upgrade qualifications or improve digital skills. As a result, the average employee of a leading Group company in 2022 spent 11.4 hours on training.

With the end of the restrictions imposed by the Covid-19 pandemic, in 2022 we also resumed the Group's cross-departmental exchanges and knowledge transfer trips.

As a part of the Work Efficiency Programme, the *TWI&JI (Training Within Industry & Job Instruction)* work-based training method has been implemented in several Group companies, ensuring an effective transfer and acquisition of specific knowledge. We also see great importance of the common understanding among employees regarding the Group's overall processes, ensuring a regular flow of information, for example through intranet, information screens, whiteboards, leaflets and webinars accessible to all employees.

Being well aware of the importance of quality education and knowledge transfer not only for the development of a company or an industry, but for the development of society as a whole, we have defined one of our goals at Latvijas Finieris to support education at all levels. Over the years, close cooperation has developed with educational institutions at different levels, in curriculum development, research projects, thesis development and other areas. In addition, leading specialists from Latvijas Finieris regularly give guest lectures at universities such as the Latvia University of Life Sciences and Technologies, while our mills host tours of students and lecturers.

Effective leadership

*Mārtiņš Lācis and Māris Būmanis,
members of the Executive Board
of AS Latvijas Finieris, at the
Zābaki tree nursery, 2021*



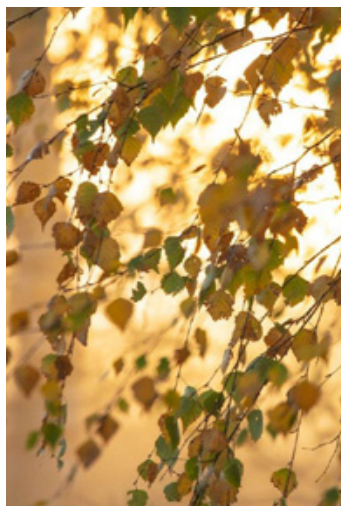
Most of the current managers of Latvijas Finieris started their careers in lower-level positions. This is a good example of the Group's systematic talent management over the years, which provides opportunities for the development of existing employees. Given the key role of managers in the business processes and team performance, every step on the career ladder brings new responsibilities and the need to acquire additional competences. That is why we regularly develop and refine a range of training programmes that enhance the leadership skills of existing and potential managers. For example, the e-learning platform "Be a Leader!" offers webinars and practical sessions to improve both effective

communication and team-building skills.

Our aim is to increase the proportion of managers, who actively participate in such training every year. We use the Leadership Index, which we measure twice a year in an employee survey, as a measure of the leadership capacity of managers.

It is important for everyone to receive feedback on their performance. At Latvijas Finieris, we develop regular, constructive and development-oriented manager-employee discussion. Also for production workers, feedback-based performance assessment is gradually replacing the examination approach used in the past. Our aim is to increase the annual assessment of managers' feedback by employees in the Leadership Index.

DYNAMICS OF LATVIJAS FINIERIS LEADERSHIP INDEX

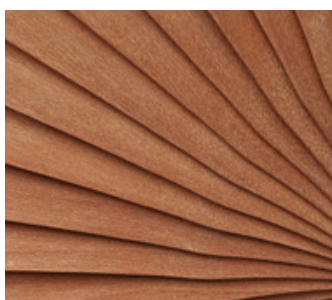


2021

3.5

2022

3.6



Already in 2022, the Leadership Index score has reached the Group's 2023 target of 3.6 that was previously set in the strategy. This means that employees value the support they receive on a daily basis and the regular discussions they have with their manager about their performance and objectives.



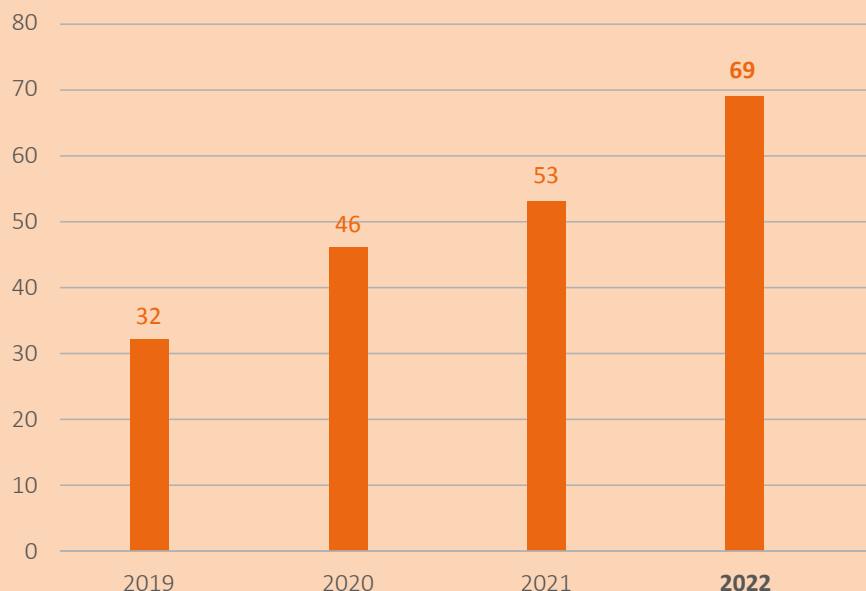
Safety culture — our collective responsibility

Our occupational health and safety system is centralised, efficient and comprehensive, involving all Group employees in their respective roles and responsibilities, as well as external service providers and cooperation partners. Involvement, mutual cooperation and exchange of

information between stakeholders play an important role in all occupational health and safety procedures.

Managers at all levels are aware of their role as ambassadors of internal culture and demonstrate by example their responsible attitude to safety issues.

NUMBER OF NEAR-MISSES PER 1 MILLION HOURS WORKED



The increase in the number of recorded dangerous situations and near-misses is a positive indicator of involvement, which shows that our employees are well aware of the importance of the Group's value "Safety" in their daily work.

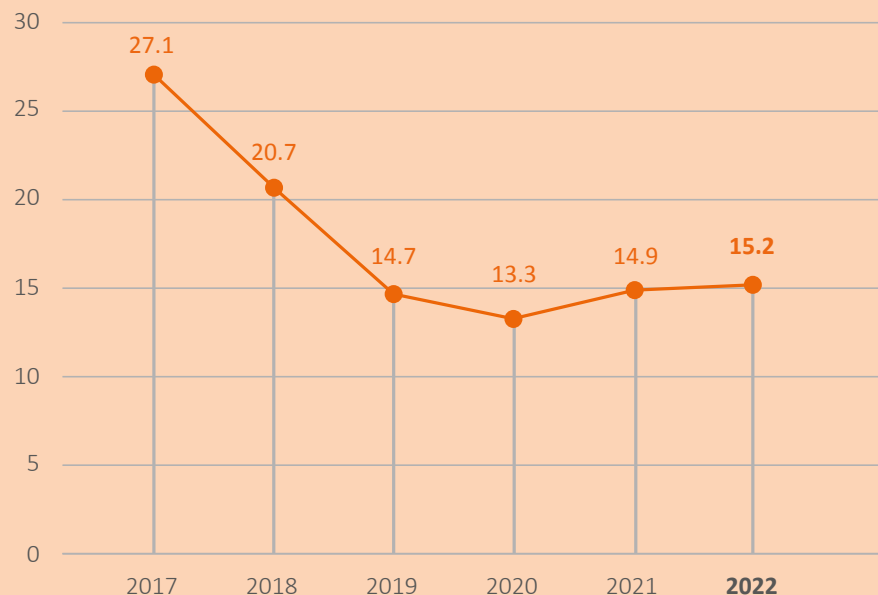


RSEZ SIA Verems, Mill of
Latvijas Finieris Group, 2021

The internal monitoring of the working environment in the same high quality in all Group entities is guaranteed, for example, through regular safety monitoring surveys, more than 160 of which were carried out and documented in 2022. In recent years, we have also placed great emphasis on recording and investigating hazardous situations and near misses, with the aim of preventing potential accidents in the future. Our target for 2022 was to increase the number of investigations of near-misses and hazardous situations to at least 60 near-misses per 1 million hours worked, which we did.

In 2022, the Group recorded a total of 264 near-misses and dangerous situations, following which we took a series of preventive measures to improve the working environment. Despite a significant increase in routine surveillance (rounds and investigation of hazardous situations), a slight increase in the accident frequency rate of 0.03 accidents per 1 million hours worked is observed in 2022 compared to 2021 and it has not yet reached the pre-pandemic level. The long-term target is not to exceed 10 accidents per 1 million hours worked.

ACCIDENT FREQUENCY RATIO (NUMBER*1,000,000/TOTAL HOURS WORKED BY EMPLOYEES)



Caring for mental well-being is a mutual responsibility, where the outcome depends crucially on individual will and commitment.





Physical and mental well-being

Employees of Latvijas Finieris Group participating in the Rimi Riga Marathon, 2023

Safety, which is one of the core values of Latvijas Finieris, is also closely linked to the health of employees. At the Group, we create and maintain a working environment that is as healthy and attractive as possible, which is an important basis for responsible employee attitude and long-term relationships.

Our readiness to respond to employee health emergencies is well demonstrated by our professional crisis management during the Covid-19 pandemic. To support our employees, in April 2020 we launched the "We are in balance!" initiative, which included a range of activities and information materials on physical and mental well-being. This included video briefings on home exercise specifically for our employees and remote sports challenges for all Group employees. It should be noted that for this initiative, Latvijas Finieris received the Balance Award 2021 from the Employers' Confederation of Latvia.

When we realised that the situation with Covid-19 in Latvia had become very serious and that we needed the support of employers to start the vaccination process, we decided in early 2021 to reach out to employees and the wider community through the social campaign "Trust in Science" for the first time in the history of the company. The low incidence of Covid-19 and the high vaccination coverage in the Group were the effects of the initiative, which enabled us to successfully overcome the last wave of the pandemic in the first half of 2022.

Not only has the learning from the pandemic provided essential experience and confidence in preparedness for large-scale crisis, Covid-19 has also contributed to faster implementation of digitalisation processes within the Group, as well as developing the ability to work remotely. We continue to support hybrid or semi-remote working (recommended up to 30% of working time) in positions that do not require a permanent presence.

*Sergejs Andreičuks, mechanic
at Latvijas Finieris Lignums mill
receives KAIZEN award, 2022*



Given that a lot of the Group's facilities was built in the USSR or even before World War II, investments in the development of production and administration buildings have a long-term nature. In this area, one of our priorities is to improve the living and recreational spaces and facilities for the mill workers in general, including the availability of coffee machines and the location of recreation furniture. We are also gradually expanding the functionality of the existing office space and adapting it to the needs of hybrid working (IT infrastructure). And in our new industrial facilities, we incorporate employee welfare aspects into the design process, in line with today's best practice standards.

Taking into account that the opinion and direct involvement of employees is important to us in all matters, the following tools are also included in the Work Efficiency Programme of Latvijas Finieris based on the LEAN philosophy: KAIZEN and 5S, and staff involvement is increasing year after year. They give everyone the opportunity to show initiative, increase the efficiency of work processes, improve the physical working environment and safety, and, in the case of KAIZEN, provide an additional incentive in the form of public recognition and a monetary award.

Caring for mental well-being is also a mutual responsibility, where the outcome depends crucially on individual will and commitment.

In 2022, a total of 888 KAIZEN applications were submitted by the Group employees.

In 2022, 925 workplaces according to the 5S work environment methodology were newly created in the Group.

Knowing this, we regularly organise information and training campaigns for our employees in various health promotion areas and encourage them to take part in sporting activities. In the structural units that have signed a collective agreement with the trade union of Latvijas Finieris, we grant two additional paid holidays per year to employees who do not smoke. Meanwhile, the Group's Lignums and Furniers mills have health desks where primary outpatient services (vaccinations, bandages, etc.) and advice on health complaints are available from a medical assistant on specific days. The medical assistant also organises compulsory health checks.



Caring for the
environment —
our promise to
the planet

*Photo by Agris Meilerts, Executive
Director – Chairman of the Board
of SIA Latvijas Finieris Mežs*

Protecting the environment is an integral part of our corporate strategy, and we believe in the principle of less being more. Whether in terms of GHG emissions and waste, or resource and energy consumption, we are continuously improving the efficiency of our production processes to reduce our impact on the environment.

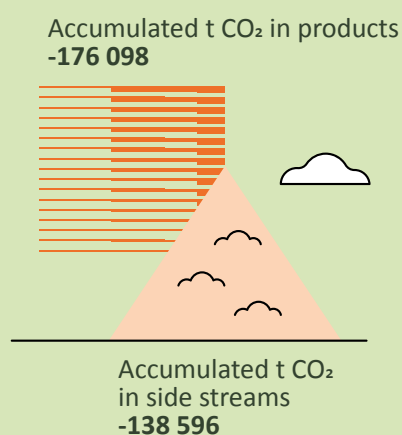
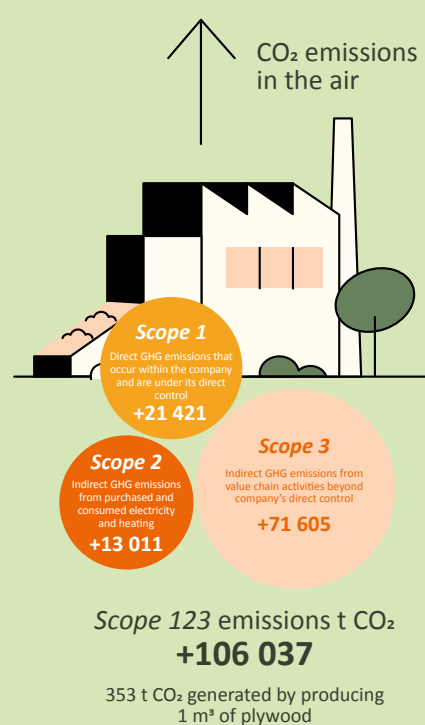
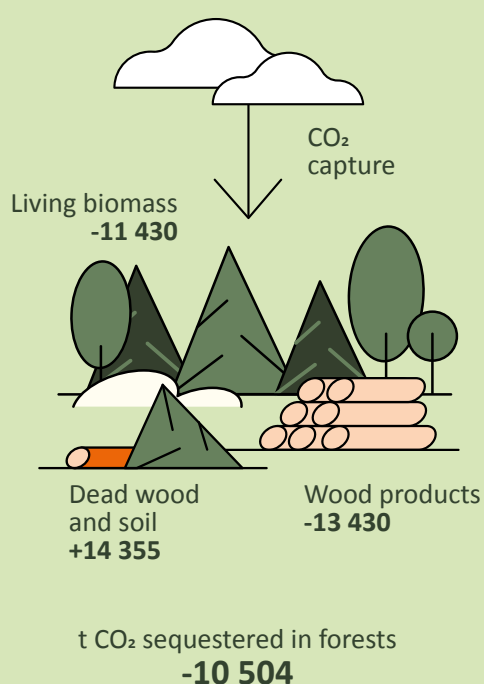


Today, climate change is one of the most significant global sustainability risks. The effects, for example in the form of increasingly extreme weather events, are being seen around the world. At Latvijas Finieris, we are convinced that in order to preserve the quality of the environment for future generations, everyone needs to get involved, change their mindset and act responsibly towards our common home – planet Earth. We are pleased to represent a region that is a world leader in this field. Europe has set ambitious targets for solving climate change problems and developed a roadmap to achieve them, known as the Green Deal package of policy initiatives. We have identified and analysed many of the solutions in the Green Deal for a very long time, and we have acted for many years with the conviction that by continuously improving resource and energy efficiency, we can contribute to balanced socio-economic development and preserve environmental quality.

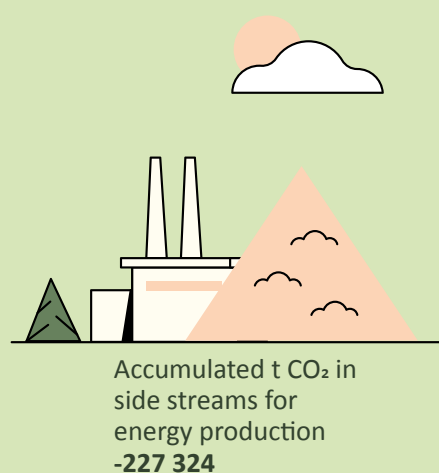
However, we are well aware that the growing global challenges require us to do more. That's why we have launched a GHG emissions inventory to understand what more ambitious steps we can take to mitigate climate change in the future. Simultaneously we also improve processes of other companies and ensure:

- environmentally friendly, socially beneficial and economically sound forestry;
- efficient use of raw materials and energy;
- increasing the share of renewable raw materials and energy sources in production;
- continuous improvement of production processes, technological equipment and the working environment;
- compliance of all processes with the European and national environmental requirements.

Latvijas Finieris Group's CO₂ balance, 2022



Accumulated t CO₂ in marketed production and side streams
-314 694



By replacing other EU-produced plywood, we reduce CO₂ emissions by 26%, which is t CO₂
-35 122



Integrated environmental management system

Growing birch seedlings at the Zābaki tree nursery, 2021

Latvijas Finieris with its activities has an impact on the environment and climate, mainly in the form of greenhouse gas (GHG) emissions from its mills, consumption of natural resources and waste from its production process. Environmental impacts are also generated indirectly, at different stages of the supply chain. Recognising this, environmental issues are closely integrated into Latvijas Finieris' business strategy and daily work planning. Our environmental principles are described in the Group's Environmental Policy and cover areas such as our manufactured and newly developed products, their raw materials and inputs, energy and natural resources, technological processes, equipment, working environment and services provided.

All mills of Latvijas Finieris have received the relevant national environmental permits, the conditions of which we follow closely with regard to the

control and reduction of pollution.

We also follow the guiding principles of the continuous development environmental management standards at all Group factories that ensure a progressive reduction of environmental impacts.

Employee involvement is essential for maintaining the internal environmental management system, e.g. through the integrated recording and assessment of near-misses in the working environment, which also makes it possible to prevent incidents involving undesirable environmental impacts. Staff actively report opportunities for minor improvements, including through the *KAIZEN* programme.

In recent years, we have started to pay more attention to the processes outside our mills, analysing the environmental impact also in the life cycle and supply chains of our products.



Accounting of GHG emissions

Photo by Antons Gucalo, programmer,
AS Latvijas Finieris

It is scientifically proven that the planet's climate is affected by greenhouse gases emitted into the atmosphere by human activities, one of the most important of which is carbon dioxide, or CO₂. They are generated by the use of fossil hydrocarbon fuels, e.g. direct emissions from the production of heat or electricity, indirect emissions from the consumption of different types of goods. Accounting for other GHG emissions is also standardised worldwide in terms of tonnes of CO₂ equivalent. At Latvijas Finieris, we measure and calculate GHG emissions from our mills on a regular basis, and the data is freely available to the public in national statistical reports.

In recent years, we have started to inventory GHG emissions more extensively according to the most widely used calculation framework for measuring GHG emissions worldwide – the *Greenhouse*

Gas Protocol (GHGP) or GHG Protocol, a standard developed as a joint initiative of the *World Resources Institute (WRI)* and the *World Business Council for Sustainable Development (WBCSD)*.

In cooperation with KPMG Baltics, we have compiled *Scope 1*, *Scope 2* and *Scope 3* emissions to provide a comprehensive picture of the Group's air emissions, enabling us to identify the most significant sources of environmental impacts throughout the supply chain and production phases.

It should be stressed that not only reducing GHG emissions but also sequestering carbon from the atmosphere has a significant positive impact on the climate. Proper forest management and the use of selected tree seedlings in reforestation can significantly increase the wood growing stock in forest stands and thus contribute to natural carbon storage.



Wood products — carbon storage

Riga Wood plywood in the children's reading room of the National Library of Latvia, 2019

Increasing carbon sequestration in forestry has its limits, determined by plant physiology and the amount of land available for afforestation. In the long term, a forest, like any natural system, tends to move towards a state of equilibrium, including in terms of carbon balance. Therefore, one of the most effective ways to contribute to reducing CO₂ levels in the atmosphere through our actions and choices is the use of long-lasting wood products. The longer a wooden product is used, the longer the CO₂ produced by forestry is not released back into the atmosphere.

In this respect, our contribution is significant – the birch plywood products manufactured by Latvijas Finieris are mostly long-lasting and reusable, thus creating long-term carbon storage. The lignin used in our resin production process, which is a product of wood origin and also stores CO₂, also has a significant positive effect. In addition, a large proportion of the wood side streams created in our production process become raw materials for the creation of other, long-lasting products and materials, storing CO₂ throughout their use.



An inspiring example

*RSEZ SIA Verems, AS Latvijas
Finieris mill, 2021*

Considering the leading position of Latvijas Finieris in the European birch plywood market and its importance for the economy of our home country of Latvia, we are aware of our duty to set an example in climate change mitigation. Having weighed up the ecological, economic and social benefits, Latvijas Finieris made a strategic decision more than 15 years ago to use wood products as much as possible in the construction of new industrial buildings. Since then, two development phases of RSEZ SIA Verems have been implemented with large-scale glued laminated timber construction solutions: a plywood production workshop at Kohila Vineer in Estonia and an impregnation workshop at the Chemical products factory in Bolderāja,

as well as a number of smaller-scale construction and renovation projects.

The most recent example is the warehouse building of Furniers mill, which was opened in summer 2022.

Also Latvijas Finieris campsite Abragciems is a good example of the versatility of wood use and serves as a unique laboratory for the real environment of birch plywood products. It should be noted that many of the Group's corporate social responsibility activities are aimed at donating its products to public causes, particularly in Latvia, Estonia and Lithuania. For example, in Latvia in 2022 we have supported the "Inspiration Library", which provided birch plywood furniture for libraries in rural areas.



Priority — Efficiency

AS Latvijas Finieris
Lignums mill, 2021

On a day-to-day basis, we achieve efficiency gains through a combination of process automation and mechanisation, energy efficiency, and measures to reduce downtime and improve work efficiency. By regularly assessing the company's key performance indicators, we aim to improve our results every year. To ensure this, we have implemented a comprehensive Work Efficiency Programme, aimed at optimising processes, time consumption and resource efficiency. We use and develop six internationally recognised methods (5S, KAIZEN, SMED, TPM, TWI, PDCA) on a daily basis, each of which is designed to achieve specific objectives. At a Group level, the relative benefit of the measures introduced by the Work Efficiency Programme is estimated at 1.6 million euro in 2022 and 5 million euro cumulatively from 2019.

Energy efficiency and energy saving measures have always been a priority at Latvijas Finieris, which go hand in hand with the requirements set out in the ISO 50001 standard.

Once more our belief should be underlined – unused energy is the

cheapest and at the same time the most environmentally friendly energy. Therefore the Energy Policy focuses on the efficient use of energy resources and increasing the share of energy from renewable sources. In development, we aim for smart investments that often are innovative in our sector and even in our region, for example, the flue gas recovery plant installed at Lignums, which returns heat to the heating system of the hydrothermal treatment pools. Mills also have systems in place to monitor the energy consumption of equipment.

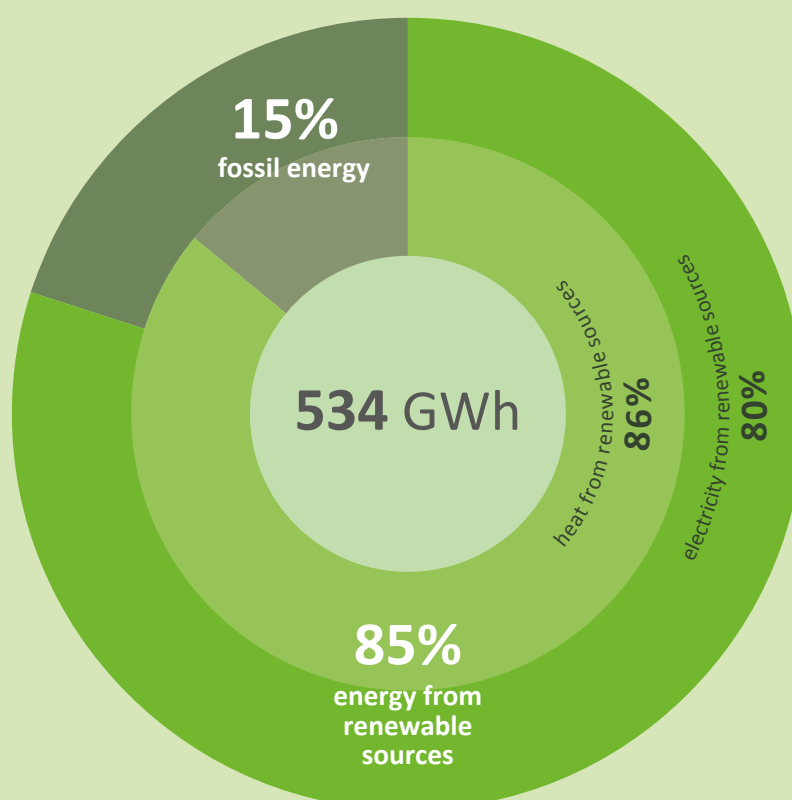
Birch plywood production is an energy-intensive process, consuming heat energy for hydrothermal treatment of logs and drying of veneer, electricity to run processing equipment, and fuel for industrial machinery and road transport. Other Group processes also require a much smaller share of energy. To better measure our environmental impact, we are committed to assessing GHG emissions from energy consumption everywhere, including in our supply chains.

Dynamics of energy consumption in the Lignums mill per unit of output (MWh/m³)

Targeted efforts to improve the energy efficiency have delivered results. Fossil natural gas consumption has fallen by 63% in seven years, electricity consumption by 14% and heat consumption from renewable wood sources by 26%. Biomass consumption for heat production can vary from year to year depending on the outside air temperature and the operating modes of the different equipment. As a part of our energy management system, we assess these fluctuations in consumption per volume of plywood produced on a monthly basis; the influencing factors are known and controlled.



Total heat and electricity consumption of the Group, 2022





Installation of solar panels at SIA Troja, 2023

Thermal energy consumption in our mills is the main local source of Scope 1 GHG emissions. For economic reasons, we made the decision more than 20 years ago to phase out natural gas and switch to renewable wood fuels in our mills where it is rational to do so. We installed the first industrial woodchip boiler in Lignums in 2000 – at a time when this was not yet common practice in the Baltic states. Today, Lignums, Hapaks, Furniers, Troja, Verems, Kohila Vineer and Likmere mills produce heat using sustainably sourced wood fuels, including side stream from the plywood production process. Some mills still use natural gas and petroleum gas to produce heat, either fully or in parallel, but we aim to reduce the consumption of fossil fuels when planning investments and energy efficiency measures.

It should be noted that in 2022 in strong condemnation of the war launched by Russia and Belarus in Ukraine, the Group decided to no longer cooperate with representatives of the economies of these aggressor countries. This includes taking all necessary steps to ensure energy independence from Russian natural gas.

We base our **electricity** procurement on the principle of economic benefit, giving preference to long-term procurement contracts wherever possible. In Latvia, where the Group's electricity consumption is the highest, the sustainable origin of electricity is confirmed by the "Powered by Green" certificates. We are also gradually taking steps in self-generation of electricity – solar panel parks have been installed at the Likmere mill and the associated company SIA Troja.



Reuse of water

Hydrothermal treatment pool for veneer logs at Lignums mill

Freshwater is one of the most essential natural resources for the functioning of any ecosystem, and human existence is unthinkable without it. Climate change has significantly reduced the availability of freshwater in many parts of the world, and nearly half of the planet's population has limited access to drinking water at certain times of the year. We are aware of this as a global problem, but the geographical location of mills of Latvijas Finieris in the freshwater-rich Baltic Sea region has so far prevented it from being one of the Group's environmental priorities.

In accordance with the applicable laws and regulations, we carefully and systematically record water consumption in the production of birch plywood – mainly in the hydrothermal treatment of veneer logs, the production of synthetic resins, and the cooling and maintenance of equipment.

For these purposes, we get water from water reservoirs near the mills, artesian boreholes or public water supply systems.

To use this precious resource as efficiently as possible, over the years we have developed technical solutions to reuse most of the water, which significantly reduces first-time consumption. For example, we reuse the water used to wash glue spreaders to make glue. Significant regular recharge is only needed in the hydrothermal treatment pools for veneer logs, but we are looking for, and in the case of Verems already implementing, solutions that reduce this problem and allow the water to be used longer. Before discharging used water to public treatment plants, we pre-treat it in flotation plants to ensure compliance with the environmental quality requirements.



Minimised waste

Riga Wood plywood in film packaging at Kohila Vineer OÜ mill

Waste is another growing environmental problem of our time, and one that we are paying increasing attention to. Here again, our primary objective is to use raw materials efficiently and to minimise the amount of waste generated by our production processes that cannot be used in our own production processes or be beneficially used in the circular economy and that has to be redirected to our partners for further disposal. It should be noted that this chapter does not deal with wood side streams, which are described in more detail in the next chapter of the Sustainability Report.

Of course, it is impossible to avoid waste completely, which is why we are well integrated into the circular economy value chain and carefully sort waste at all our mills, wherever possible diverting it for reuse or recycling to obtain valuable raw materials. The exchange of positive experiences between mills and the

knowledge of employees is essential here, and this is something we regularly supplement by integrating environmental issues into various training processes.

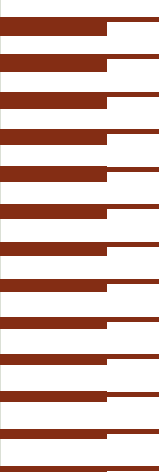
In 2022, 1192 tonnes of unsorted municipal waste will be disposed for storage in the units of the Group's parent company AS Latvijas Finieris, and 220 tonnes of hazardous waste will be disposed for utilisation.

To make waste management easier for our customers, we are gradually reducing the variety of materials used in the packaging of finished birch plywood products in all our mills. Our aim is to switch as much as possible to recycled plastic or bioplastic film, which is a uniform, recyclable packaging material and, thanks to the automation and efficiency of the process, reduces manual labour and energy consumption per cubic metre of plywood.

Developing the use of wood
side streams from plywood
production — our promise
for the future economy



*Production of high purity betulin at
AS Latvijas Finieris Betulin Lab*



We are confident that there is and can be no residue in the birch plywood production process – each piece of wood is a valuable side stream that we responsibly recycle both locally at the Group's facilities and at our partners' factories.



For many years, our production processes and product development have been driven by the realisation that the linear "take, make, throw" model of economic growth is outdated, fails to ensure the sustainability of the planet and does not help adapt to the climate change. That's why, in both plywood production and wood side streams recycling, we focus on long-life products that help move away from fossil resources and maximise CO₂ sequestration.

We are pleased that the path we are now on is in line with the objectives of the European Green Deal, based as far as possible on the principles of the circular economy:

- developing re-use of resources;
- phasing out the use of fossil fuels;
- reducing the amount of waste sent to landfill;
- making the life cycle of each material as long as possible.



Creating value for ourselves and others

Riga Poliform birch plywood coated with highly durable, high-performance wood fibre-plastic composite (WPC)

Latvijas Finieris' mills receive more than 900,000 m³ of birch logs per year. The technological process converts approximately 2/5 of this volume into the final product – plywood. The rest is made up of various side streams of the production process, which are natural and CO₂-storing raw materials with a wide range of applications. They fall into four broad categories:

- 1. wet wood chips and sawdust;**
- 2. dry wood chips and sawdust;**
- 3. bark;**
- 4. wood side streams containing glue from plywood processing processes.**

Traditionally, the latter two categories have had the lowest value in terms of potential use and market demand, so these side streams are still primarily used in some plants to generate the heat needed for our production in specially adapted high-temperature oil heaters. Wet and dry wood side streams have historically had much greater potential, which is why we have consistently worked closely with industry

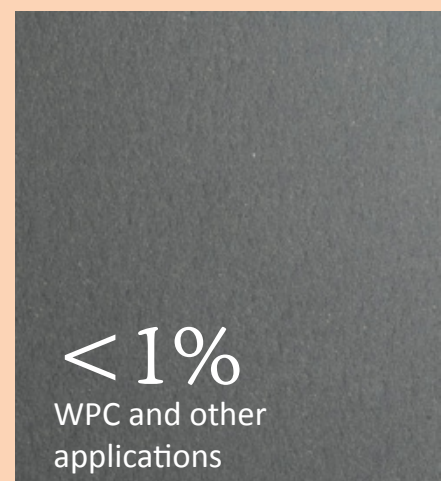
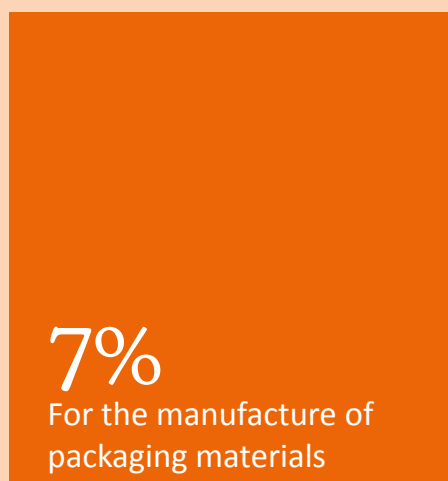
partners to develop opportunities for further processing and value addition.

Currently, we mainly sell category one and two side streams to customers producing pulp and paper, fibreboard, WPC boards, pallet composite blocks, pellets, briquettes. A small amount goes to cogeneration plants in the Baltic Sea region.

An example of product development implemented by Latvijas Finieris is the birch sanding dust and polypropylene composite (WPC) developed in cooperation with the Latvian State Institute of Wood Chemistry and Riga Technical University, which is used as a particularly durable plywood coating in the *premium* plywood product Riga Poliform.

Taking into account the wide and specific directions of application of wood side streams special attention is paid to their proper preparation at Latvijas Finieris mills, ensuring that quality requirements are met for each type of side streams or the production of further products.

Use of side streams by Latvijas Finieris Group (%), 2022



Keeping pace with global change

The future potential of our wood side streams lies in understanding global trends that will have a major impact on future resource use decisions. One of the most important challenges society is facing today is the ability to mitigate the impacts of global climate change and adapt to its foreseeable consequences. In the European Union, the roadmap to achieving collective climate neutrality by 2050 is set out in a set of policy initiatives known as the Green Deal. In order to achieve the significant reductions in greenhouse gas (GHG) emissions it sets out, a targeted but also economically sound shift away from fossil hydrocarbons (oil, gas, coal) is needed.

This means fundamental changes in both the fundamentals of the world economy and in people's everyday choices. The bioeconomy provides alternatives that create opportunities and at the same time impose responsibilities towards humanity in regions with strong agricultural and forestry sectors.

We are well aware that the process of building a global, economically viable biomass cascade as an alternative to fossil fuels will not be quick. Latvijas Finieris aims to be present and participate in the development of this system by participating in international scientific research and investing in the development of new products.

*Birch bark, a side stream
of plywood production
used by Betulin Lab*



Engaging with science and identifying new technologies

In order to implement it, over the last 10 years we have broadened the scope of issues covered by the Birch Programme, focusing on combining Latvia's scientific potential in identifying research directions and implementing projects that improve understanding of the properties of birch wood products and their changes due to various factors, as well as looking for opportunities for further processing and adding value to the side streams of production.

We use various scientific forums, in which representatives of Latvijas Finieris regularly participate, as an important platform for mutual information exchange. In this respect, we have a particularly close, long-standing collaboration with the Latvian State Institute of Wood Chemistry (LSIWC): we follow the research on the chemical transformation of

woody biomass particularly closely, with a focus on biorefining topics.

In order to get an overview of future trends in material development and to develop a common vision on how to increase the added value of complex birch applications, we have also undertaken to organise a scientific forum, "Birch – its potential today and in the future" in autumn 2021. Among the participants were representatives from the Latvian State Institute of Wood Chemistry (LSIWC), Riga Technical University, University of Latvia, Institute of Organic Synthesis, Latvian State Forest Research Institute Silava, Forest and Wood Products Research and Development Institute (MeKA), as well as representatives from JSC Latvia's State Forests. This forum is certainly a milestone in a further, ever closer cooperation with many of the forum participants and the organisations they represent.

*Automatic patching
line at AS Latvijas
Finieris Lignums mill*





Betulin Lab — a major step in practical research

AS Latvijas Finieris Betulin Lab, 2022

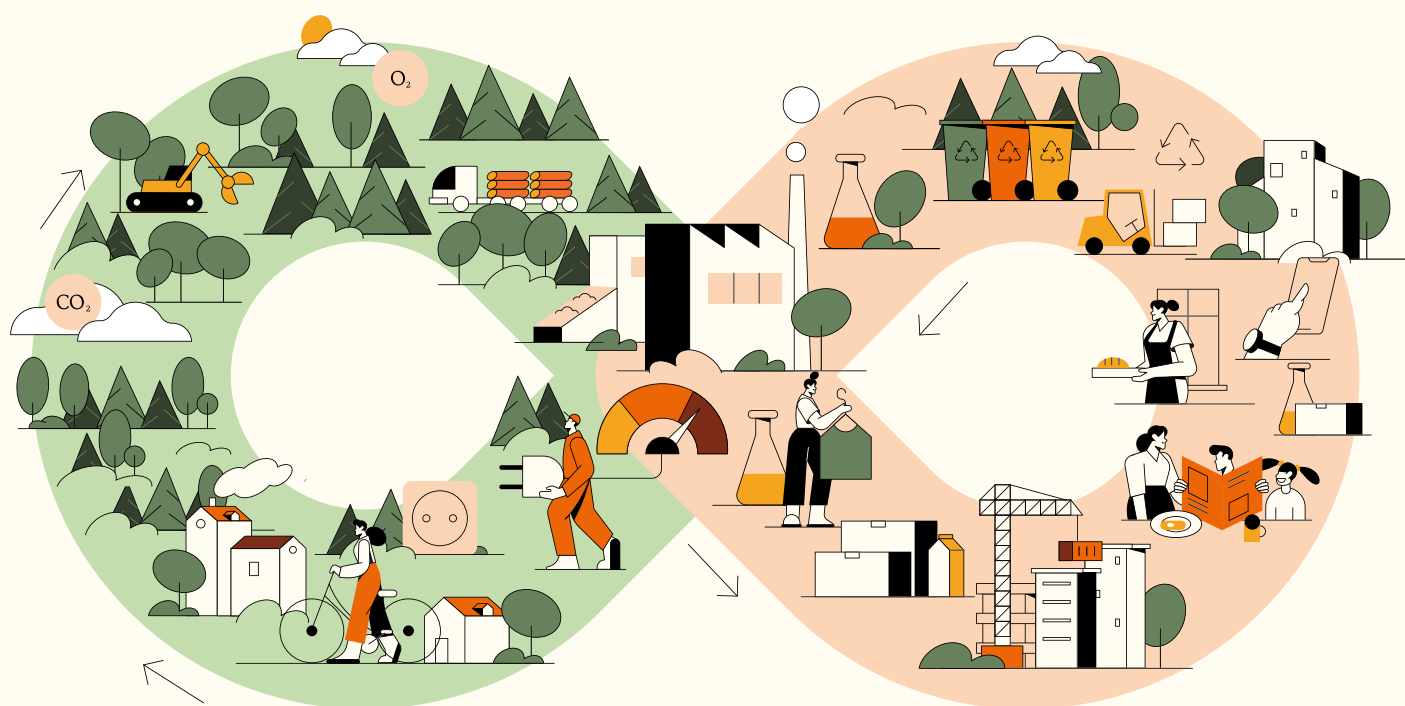
In close cooperation with Latvian, Nordic and European scientists, we have also made several important practical steps in the research and development of wood chemical processing products and technologies in recent years. One of the most prominent is the experimental extraction factory, Betulin Lab, which was opened in May 2022. It has two main activities – the production of birch bark extracts and research into new applications, and the preparation of birch bark for export to pharmaceutical companies in the European Union. Compliance with the requirements of the world-renowned organic certification organisation EcoCert is a clear proof:

we produce organic, natural and environmentally friendly products.

Within a year, Betulin Lab's birch-bark extracts have been exported to Germany, Belgium, Denmark, Sweden, Austria, China and South Korea. Product development processes are ongoing and the factory team is working on discovering new applications and attracting customers. For example, research is being carried out with scientists from the LSIWC on the possibilities of extracting suberin from birch wood and its potential use in the plywood gluing process. With IOS partners, we are about to start an in-depth study on the chemical applications of betulin.



Roadmap for the future use of side streams



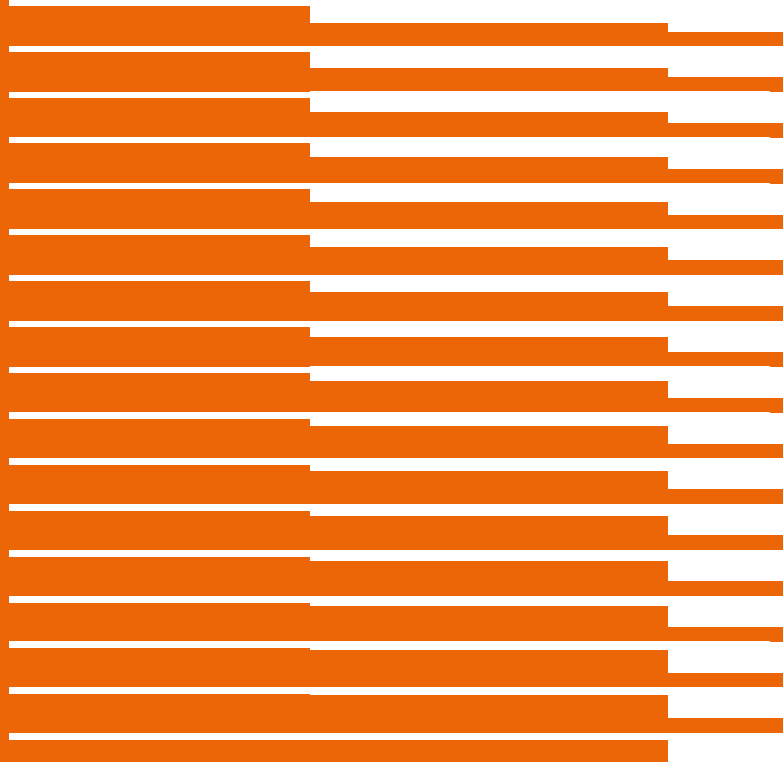
In order to make informed decisions on economically viable and sustainable directions for Latvijas Finieris to develop the expanded use of wood side streams from plywood production in the coming years, we have engaged external consultants in 2022 and have carried out an in-depth assessment of international experience, technology development and prospective business niches.

Participation in the *Renewable Material Conference 2022* in Munich and the *Lignofuels 2022* Forum in Helsinki is of particular importance in raising awareness.

As a result, at the end of 2022, a roadmap for the company's future activities in the further use of wood side streams was developed and approved at the level of the Supervisory Board and the Executive Board of Latvijas Finieris, which you will learn more about in the 2023 Sustainability Report of Latvijas Finieris.



*Photograph by
Juris Sturmovičs, Production
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