



2020 SUSTAINABILITY REPORT TORNATOR SRL



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TORNATOR IN BRIEF

Tornator is a leading European company which is specialized in sustainable forestry and owns forests in Finland, Estonia and Romania. Our operating model is based on responsible use of forests as well as strong environmental expertise and utilization of digital technologies. Our core activities are sustainable forestry, forestland purchasing, and silvicultural and lease services. In addition to our key business areas, we lease land for various purposes, develop wind power projects and sell high-quality waterfront plots and soil resources.




Tornator is a public limited company and its main shareholders are Finnish pension insurance companies and Stora Enso. We are a unique forestry company in Europe due to our extensive operations, ownership and operating model. Tornator's mission is "generating sustainable well-being from the forest". The company forests provide a versatile basis for various biomaterials, carbon sequestration and securing biodiversity.

REPORTING PRINCIPLES

Tornator SRL's report is drawn up on Tornator Annual Group Report, which is based on the Global Reporting Initiative's GRI Standards for sustainability reporting, the Core option. The reporting period is the calendar year, and the report is published annually.

Responsibility targets and outcome

The selection criteria are related to the group strategic priorities: profitable growth, competitive development and responsible influencing. According to the new strategy, Tornator still wants to generate sustainable well-being from forests and be an even stronger forerunner in their responsible use.

	Material topic	Indicator	Target	Outcome 2018	Outcome 2019
AN EXPERT IN SUSTAINABLE FORESTRY 	Sustainable utilisation of natural resources	Annual cut vs. growth	Make cutting plans sustainably	Cut some 3.2 mill. m ³ /yr Growth some 3.4 mill. m ³ /yr	CUT some 2.8 mill. m³/yr GROWTH some 3.4 mill. m³/yr
	Certified products	No major non-compliances	Comply with FSC and PEFC certification criteria	No major non-compliances	NO MAJOR NON-COMPLIANCES
	Carbon capture and storage	Maintenance of carbon capture and storage capacity	Increase carbon sequestration by caring for the health and vigour of forests. Maintain carbon stores of forests with sustainable harvesting.	Forest growth 5.5 m ³ /ha/yr	FOREST GROWTH 5.5 m³/ha/yr
A PROGRESSIVE AND SAFE WORKPLACE 	Employee satisfaction, health and safety	Result of employee well-being survey, number of accidents at work	Satisfied employees, healthy and safe work environment	4/5 4	4.1/5 8
	Employee and contractor training	Days of training per person	Secure necessary expertise for the company	7.5 days	5.5 DAYS
A PRODUCTIVE PROMOTER OF WELL-BEING 	Economic responsibility and profitability	Return on equity at fair value	Steady dividends and increasing forest value for shareholders	11.6%	21.5%
	Local economic impacts	Net value retained	High net value retained	€ 29.5 million	€ 7.7 MILLION
	Responsible management of contractor and partner relationships	Completed supplier assessments	Monitor suppliers' sustainability systematically	135	90
	Open communication and stakeholder relationships	Updating of the materiality analysis (core/comprehensive) at three years' intervals in co-operation with stakeholders	Identify sustainability themes important to the company and stakeholders	We shall update the materiality analysis next time in 2020	WE SHALL UPDATE THE MATERIALITY ANALYSIS NEXT TIME IN 2020

REPORTING PRINCIPLES

Tornator Annual report 2019

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VISION

Tornator – A forerunner in the responsible use of forests.

MISSION

We generate sustainable well-being from forests.

STRATEGIC PRIORITIES

PROFITABLY GROWING

We develop new business and expand our activities in strategic core areas by seeking synergies with selected partners.

COMPETITIVELY DEVELOPING

We create new operating models, intensify and develop our operations through digitalisation, and build services related to forest property management.

RESPONSIBLY INFLUENCING

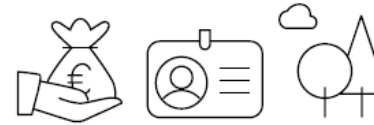
We make our company better known, build the Tornator brand, influence our operating environment through active measures, and develop our strategic skills and competences.

VALUES

RESPONSIBILITY – for quality of work, the environment and relationships with stakeholders.

EXPERTISE – willingness to develop and improve.

PARTNERSHIP – ability and the will to work together.



RESPONSIBILITY AT THE CORE OF OUR BUSINESS

Tornator makes economic, social and environmental responsibility an integral part of its business, guided by a Code of Conduct that is common to all countries of operation. By combining effective forestry with nature management in commercial forests, protecting valuable habitats and providing employment, the company ensures that environmental values, biodiversity and people's well-being are promoted throughout its sphere of influence, according to legislation and stakeholders' expectations. For Tornator, responsible use of forests means securing well-being for future generations.

DESCRIPTION OF THE CURRENT STATE OF THE FOREST

The main business of the company is assuring management services and wood sales.

Tornator's objective is to have a solid profitable business in a responsible way, considering the environmental, social and economic impact. Our forest management principles are sustainability, a low environmental impact, and the protection of biodiversity.

Tornator S.R.L. manages forests of Tornator S.R.L., SRN Silvirom Nawaro GMBH S.C.S., and SRT Silvirom Timber GMBH S.C.S.

List of municipalities for Tornator estates:

Bacau - Oituz;

Buzau - Siriu and Gura Teghii;

Prahova - Valea Doftanei;

Dambovita - comuna Moroieni;

Arges - Nucsoara.

Tornator has developed TornaApps – an ERP system which includes all forest data, wood sales, the management of silvicultural and other works, biodiversity, etc. Also, we use Microsoft PowerBI as a reporting tool from TornaApps database for daily and monthly reporting.

Details related to forest data can be found on Tornator website, www.tornator.ro .

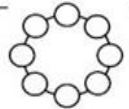
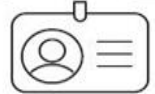

SUSTAINABLE FOREST MANAGEMENT

Responsibility vision and goals

Tornator supports the United Nations Sustainable Development Goals (SDGs) and identified six key goals regarding its own business and stakeholders. These are:




- Clean water and sanitation
- Decent work and economic growth
- Climate action
- Life on land
- Peace, justice and strong institutions
- Partnerships and cooperation

TORNATOR – THE FORERUNNER IN RESPONSIBLE USE OF FORESTS





AN EXPERT IN SUSTAINABLE FORESTRY

- We work sustainably, considering the ecological values of commercial forests.
- We protect valuable habitats and promote biodiversity, minimising the environmental impacts of our operations.
- We improve water quality by ensuring water protection and by restoring small waters.
- We demonstrate sustainability through independently verified forest certification.
- We maintain the carbon sequestration capacity of forests with good forest management and sustainable harvest planning.






A PROGRESSIVE AND SAFE WORKPLACE

- We care for the safety and well-being of employees and contractors.
- We keep employee satisfaction high.
- We strive for good leadership and transparent decision making.
- We invest in the training and development of employees and contractors.



A PRODUCTIVE PROMOTER OF WELL-BEING

- We grow profitably, improve our efficiency and ensure excellent governance.
- We generate well-being through taxes and jobs all over our operating area.
- We are a responsible and long-term partner and help our partners to develop their business.
- We collaborate locally, nationally and internationally with an extensive group of stakeholders.



Ethical principles, good governance, open communication and dialogue with stakeholders

SUSTAINABLE FOREST MANAGEMENT

TORNATOR SRL GOALS

The report is built upon the "criteria and indicators for sustainable forestry management" for the individual level – certification scheme PEFC-RO DST 8001:2017. We decided to improve the sustainability by following 12 indicators with high priority.

The indicators and goals are included in Tornator Group responsibility targets such as sustainable utilization of natural resources, carbon capture and storage, economic responsibility and profitability, open communication, and stakeholder relationships.

The indicators will be followed annually to implement measures for continuous improvement. follow up period is 5 years, after which Tornator SRL will make a complete evaluation and update. We will follow also the need to include other group responsibility targets that might arise with the new Tornator Group strategy (2022-2024)

TORNATOR SRL GOALS

No.	Sustainability report indicator	Subcriteria	PEFC indicator	M. U.	Target 5 years	Measures
1	Current growth index	1.2. Growing stock - The growing stock must be maintained or increased, both in qualitative and quantitative terms.	1.2.b. - Data on the ratio between forest growth and harvest at management plan level	m3/year/ha	Increase at least 5%	Planning, intensity of thinnings, silvicultural works
2	Total harvesting index	1.2. Growing stock - The growing stock must be maintained or increased, both in qualitative and quantitative terms.	1.2.b. - Data on the ratio between forest growth and harvest at management plan level	m3/year/ha	Maintain < 95% of growth index	Planning
3	Total Carbon stock	1.2. Growing stock - The growing stock must be maintained or increased, both in qualitative and quantitative terms.	1.2.b. - Data on the ratio between forest growth and harvest at management plan level	t	> 500t CO ₂ /ha	Planning, intensity of thinnings, silvicultural works
4	Ratio between the area of cleanings and the management plan provisions	2.2. Silvicultural pest control - Silvicultural control of harmful abiotic, biotic and anthropogenic factors	2.2.b. - Evidence of integrated measures for the protection and restoration of stands, in the certification included area	%	Management plan implementation - 100% +/- 5%	Planning, resourcing

TORNATOR SRL GOALS

No.	Sustainability report indicator	Subcriteria	PEFC indicator	M. U.	Target 5 years	Measures
5	Ratio of the average annual volume harvested since the management plan entered into force for the principal and accidental I cuttings and annual allowable cut	3.1. Allowable cut and timber harvesting	3.1.a - Balance between the allowable cut and the volume harvested during the implementation period of management plan, in the certified area.	%	Management plan implementation > 95%	Planning
6	Total harvesting ratio	3.1. Allowable cut and timber harvesting	3.1.a - Balance between the allowable cut and the volume harvested during the implementation period of management plan, in the certified area.	%	Increase > 10%	Accurate inventory, planning, intensity of thinnings
7	Existence of measures, part of the design and construction of the infrastructure, aiming to minimize the impact on the ecosystem	3.5. Management methods - Treatments, tending operations and management of stands are applied in such a way that the productive potential of the forest site is not reduced over time.	3.5.d - Infrastructure will be designed and built in such a way that the impact on the ecosystem is minimized.	Yes/no	Maintain Yes	Planning of new forest roads

TORNATOR SRL GOALS

No.	Sustainability report indicator	Subcriteria	PEFC indicator	M. U.	Target 5 years	Measures
8	Number of threatened species (wild animals and plants) identified in the surveyed area	4.2 Threatened species - Threatened species and biotope types	4.2.c - Number and list of threatened species (wild animals and plants)	Pcs.	Maintain the current number	Monitoring, specific procedures
9	Length of the tourist routes in the certified area	6.5 Recreational services	6.5.a - Assigned recreational functions	km	Maintain at least the current 14,4 km	Maintenance works
10	Number of information panels / places for recreation.	6.5 Recreational services	6.5.a - Assigned recreational functions	Pcs.	Maintain the existing ones	Maintenance works
11	Independent research projects carried out within the administrative reach of the certified area administrator	6.4 Education and research	6.4.c Scientific research	No.	Maintain at least 2 from the current 3 types: internship, master thesis, partnership	Collaboration contracts, working contracts for students
12	Updated public summary of the fundamentals of management plan, used for the certified area, is available	6.7 Public relations	6.7.a Informing the public	Yes/no	Annual update / Maintain Yes	Website update