

ANNUAL REPORT 2019

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES AND GRI INDEX

This is an interactive PDF document. Navigate by clicking on items in the table of contents.



Download a PDF file suitable for printing in A4 format.

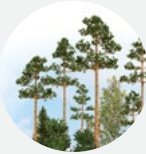


TORNATOR'S ANNUAL REPORT 2019

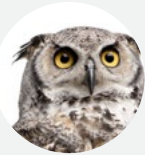
The Annual Report consists of five parts: annual review, strategy, responsibility, governance and financial statements. The company reports on its sustainability on the basis of the Global Reporting Initiative's GRI Standards for sustainability reporting. The reporting covers the key areas of Tornator's economic, social and environmental responsibility.



TORNATOR IN BRIEF	2
Business areas	3



STRATEGY	18
Strategic priorities, vision, mission, values	19
Profitably growing	20
Competitively developing	22
Responsibly influencing	24



ANNUAL REVIEW	4
The year 2019 in figures	5
Highlights of 2019	6
CEO's review	7
Finance	9
Business environment	12
Stakeholders	15
Value creation	17



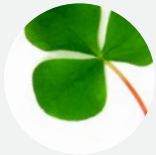
RESPONSIBILITY	26
Responsibility vision and goals	27
Responsibility management	29
Society	30
Environment	33
Personnel	36



GOVERNANCE	40
Corporate governance	41
Board of Directors	44
Management Group	45



FINANCIAL STATEMENTS	46
Summary of consolidated financial statements	47
Consolidated income statement, IFRS	48
Consolidated balance sheet, IFRS	49
Statement of changes in Group shareholders' equity	50
Consolidated cash flow statement	51
Summary of financial statements	52
Calculation of key figures	53



REPORTING PRINCIPLES AND GRI INDEX	54
Reporting principles	55
GRI content index	56

TORNATOR IN BRIEF

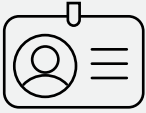
Tornator is a leading European company, which specialises in sustainable forestry and owns forests in Finland, Estonia and Romania. Our operating model is based on responsible use of forests as well as strong environmental expertise and utilisation of digital technologies. Our core activities are sustainable 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's forests provide a versatile basis for various biomaterials, carbon sequestration and securing biodiversity.



BALANCE
SHEET VALUE
over €1.8
billion

NET SALES
over €100
million

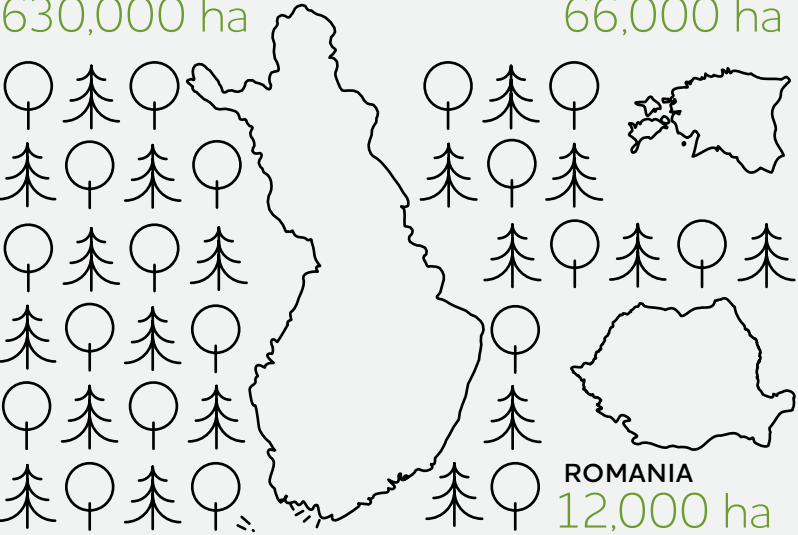


TORNATOR HAS
about 180
EMPLOYEES

TORNATOR'S TOTAL
FORESTLAND,
OVER
700,000 ha

FINLAND
630,000 ha

ESTONIA
66,000 ha



Download a PDF file suitable
for printing in A4 format.

TORNATOR IN BRIEF

• Business areas

ANNUAL REVIEW

STRATEGY

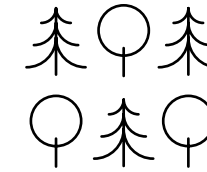
RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

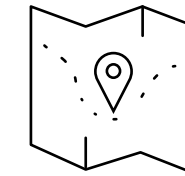
REPORTING PRINCIPLES
AND GRI INDEX

BUSINESS AREAS



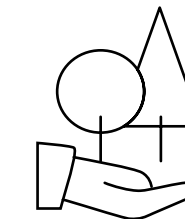
TIMBER SALES

Our main business is the production and sale of timber. We manage our forests sustainably with the aim of good and steady yield, which enables us to provide customers with responsibly produced, certified wood. We manage the forests with full respect for nature, using the right treatments at the right time. In this way, we can ensure that our forest assets remain diverse and in good condition.



REAL ESTATE

We lease land for various purposes, such as hunting, and actively engage in developing wind power projects alongside our partners. Our forests are also widely used for free-of-charge recreation. We plan and sell waterfront plots and soil resources. We actively seek to buy and lease forests for forestry purposes. We also sell selected plots of forestland that are unsuitable for our real estate structure.



SERVICES

We provide high-quality silvicultural services to our customers. For our service agreement customers, we perform silvicultural work such as forest regeneration and tending of seedling stands. The keys to our success include extensive ownership of forestland as well as the procurement of resources and materials. We want to provide the best possible working conditions for our contractors. Successful co-operation results in well-growing forests.



Download a PDF file suitable for printing in A4 format.

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

ANNUAL REVIEW



“Tornator continues to have a strong basis for its operations in both the short and the long term – thanks to its stable history, strong equity and solvent shareholders.”

Henrik Nieminen
CEO



The fair value of Tornator's forests increased significantly both in Finland and Estonia, with the company's return on equity at more than 20 percent. Despite the challenging market conditions, net sales and adjusted profit were at normal levels. The company also managed to acquire about 13,000 hectares of new forest in Finland.

During 2019, Tornator focused on increasing awareness of its brand through measures that emphasise responsibility. In addition to nature conservation measures, the company's FSC® forest certification in Finland was renewed.

Tornator introduced the Green Finance Framework, meaning that in future not only forestry operations but also loan funding will be certified, with the environmental friendliness of operations being verified by an external party. Tornator also invested in the utilisation of digital opportunities and created a digital roadmap for the future.

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

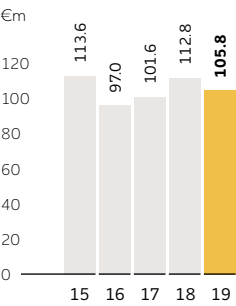
REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

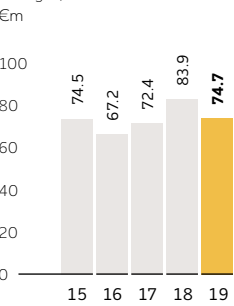
THE YEAR 2019 IN FIGURES

Net sales



Operating profit

(Without effects of fair value changes)



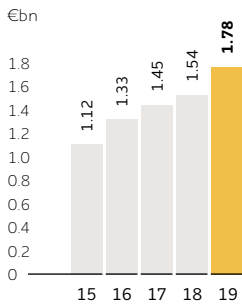
Key figures

Without effects of fair value changes

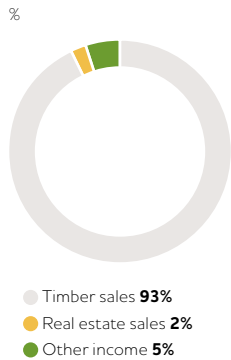
	2015	2016	2017	2018	2019
Net sales, € million	113.6	97.0	101.6	112.8	105.8
Operating profit, € million	74.5	67.2	72.4	83.9	74.7
Operating profit, % of net sales	65.6	69.3	71.2	74.4	70.6
Profit for the period, € million	44.0	37.3	40.9	49.7	42.7
Profit for the period, % of net sales	38.8	38.5	40.3	44.0	40.4
Average number of employees	213	200	189	182	183
Return on capital employed, %	7.7	6.5	6.1	6.6	5.4
Return on equity, %	10.0	7.1	6.5	7.3	5.6
Equity ratio, %	38.6	43.7	43.3	44.4	45.5

Valuation of forests

(fair value)

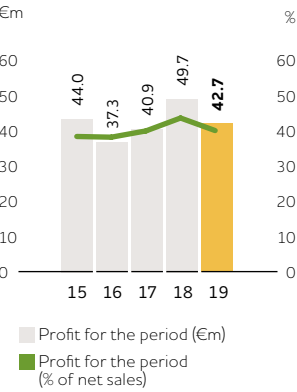


Cash flow from operations 2019



Profit for the period

(Without effects of fair value changes)



TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

HIGHLIGHTS OF 2019



ADOPTION OF THE
GREEN FINANCE
FRAMEWORK



RENEWAL OF FSC
CERTIFICATE FOR
OUR FORESTS IN
FINLAND

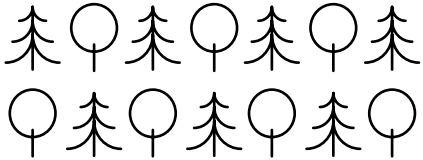


The fair value of
Tornator's forests
increased by
€232
million

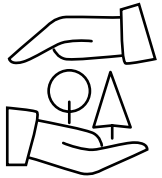
LAUNCH OF FOREST
LEASE BUSINESS



A total of some
13,000
hectares
of new forest land



Agreeing on a cooperation
project with the Vuokatti tourism
area on restoring a
55-hectare
forest back into a mire.



A conservation
area of
244
hectares
at Haukisuo, Juuka

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

- CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX

Download a PDF file suitable
for printing in A4 format.

FORESTS OFFER SOLUTIONS TO GLOBAL CHALLENGES

Climate change, population growth and urbanisation are – alongside digitalisation – the key global megatrends affecting Tornator's operations. Climate change, in particular, continued to be a hot topic in 2019.

Tornator's message is clear: responsible use of forests is part of the solution in the fight against climate change. From the viewpoint of combating climate change, the key step is to reduce the use of fossil raw materials and replace them with renewables, such as wood. Forests are also important in carbon sequestration, but we should bear in mind that, during their fastest growth stage, young and healthy forests are most effective at sequestering carbon dioxide from the atmosphere.

Tornator wants to be a forerunner in the responsible use of forests, introducing a rounded perspective to the public debate on the role played by sustainable forestry in combating climate change. By setting an example, we intend to increase awareness of the various ways in which forests can be used and of their suitability for various purposes. Promoting diversity and protecting valuable habitats form an integral part of our business.

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

Success despite a challenging market situation

The new strategy period began in a challenging market situation. Extensive forest damage in Central Europe caused havoc in the timber market around Europe, with Finland and the Baltic countries being no exception. Major snow damage during the previous year in Finland resulted in above-normal silviculture expenses. A heated forestland market caused problems with purchases in Estonia. Labour market disruptions towards the end of the year brought added difficulties to the operating environment.

Despite the challenging overall situation, Tornator's net sales and adjusted profit were at a good level, and we continued to generate a strong cash flow. We managed to acquire a significant amount, some 13,000 hectares, of new forest in Finland, which can be considered a very positive achievement in the tougher forestland market situation. The fair value of our forests also increased significantly both in Finland and Estonia, meaning that we created considerable added value for the owners. Tornator's return on equity at fair value was more than 20 percent.

According to its new strategy, Tornator will attempt to develop its role as a responsible opinion former in its operating environment. We worked towards this goal in 2019, through various actions that emphasised our responsible ways of working, such as establishing a 244-hectare mire conservation area as the first organisation to do so under the Ministry of the Environment's Helmi habitat protection

programme. Other achievements involved steps taken in digitalisation, including the creation of a roadmap for digital development. During the year, we also adopted the Green Finance Framework and renewed the company's FSC forest certification for our forests in Finland.

Success through partnerships and highly professional staff

Ensuring continued demand for wood lies at the core of the company's customer strategy. Close and strong customer relationships were again a key success factor for Tornator in 2019. The significance of customer and other stakeholder relationships will be emphasised even more in the future, as the platform economy gains ground in the forest sector. Forthcoming developments include partnerships between various actors in utilising new business opportunities and digitalisation, while traditional buyer-seller relationships will become less important. The relationship between Tornator and its main customer, Stora Enso, is a case in point: it is steadily transforming into a partnership around various research and development projects.

Tornator would not be successful without its excellent staff. An example of our staff's professionalism lies in our improved performance despite the challenging market situation. In my new role as CEO, I am becoming increasingly convinced that this is a special company, consisting of formidable capabilities of various types under the same roof. As well as fostering and developing this talent, the

"According to its new strategy, Tornator will attempt to develop its role as a responsible opinion former in its operating environment. We worked towards this goal in 2019, through various actions that emphasised our responsible ways of working."

main duties of Tornator's management include maintaining employee wellbeing and a good working atmosphere.

Tornator continues to have a strong basis for its operations in both the short and the long term – thanks to its stable history, strong equity and solvent shareholders. In the future, profitable growth will be sought not only through forestland purchasing but also by focusing on digitalisation, leveraging our brand, and by developing our forest services. We have excellent prospects of refinancing our loan portfolio: there is keen interest in credit provided by an environmentally friendly company that creates strong and steady cash flow.

I would like to give my warm thanks to Tornator's employees, contractors, customers and other stakeholders for their good cooperation and confidence.

Henrik Nieminen
Chief Executive Officer

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

• Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

FINANCE WAS ALREADY PREPARING FOR THE FUTURE

Because the year was considered a challenging one for the business, Tornator's financing was very much forward-looking. The theme for the entire year was the planning and implementation of refinancing. The first practical measures were taken in the spring by agreeing on the refinancing of a bond due to mature in December, coupled with an evaluation of credit rating options and the availability of green financing. During the final quarter, Tornator published its Green Finance Framework, within which most future financing will be obtained. The company also agreed with financial institutions on the refinancing of its entire loan portfolio in 2020.

Despite the business challenges, thanks to a good performance in the latter part of the year, the period's net sales were €105.8 million and operative operating profit €74.7 million, both being at normal level. Tornator

TARGETS
FOR 2020

- Refinancing the entire loan portfolio, mainly through green financing
- Continuing the growth investments in line with our strategy, and ensuring financing for them

KEY
ACHIEVEMENTS
2019

- Launch of the Green Finance Framework
- Refinancing of bond that matured in December 2019
- Agreeing with financial institutions on the refinancing of the entire loan portfolio in 2020
- Continued growth of forest value



TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

continued its growth strategy by purchasing new forestland. The implementation of investments was facilitated by the company's strong financial position. The fair value of forests increased to €1,78 billion, and the consolidated balance sheet was in excess of €1.8 billion.

Financing will continue to play a key role

2019 was a year of transition in terms of Tornator's financing. In the 2019 financial statements, all of Tornator's loans are short-term, but a year later the situation will be completely different. Before taking new loans, Tornator will change the security structure of its forests acting as collateral for loan, which together with the Green Finance Framework will offer the company more opportunities and flexibility in implementing financing transactions. The new security structure and refinancing of the loan portfolio has already been agreed upon with financing institutions, and the new loan transactions will be performed during 2020.

Financial strategy supports and secures the business

The objective of Tornator's financial strategy is to secure competitive funding for the company's business and investments, manage the Group's financial risks, and stabilise the balance sheet. The financial strategy is based on comprehensive balance sheet management, ready access to the capital markets, diverse financial instruments, managed hedging of interest rate risk and sufficient liquidity.

Cost-effective financing is facilitated by the high collateral value of forestland and Tornator's reputation as a responsible company. Strong liquidity and availability of financing are secured by a commercial paper programme of €200 million and a committed undrawn revolving credit facility.

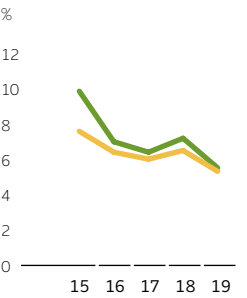
At the end of the financial year 2019, Tornator had €100 million worth of undrawn credit.



“Cost-effective financing is facilitated by the high collateral value of forestland and Tornator's reputation as a responsible company.”

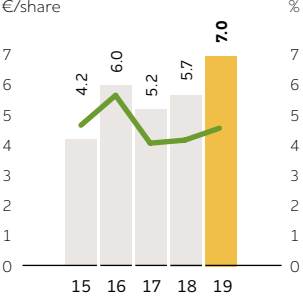
ROCE and ROE

(Without effects of fair value changes)



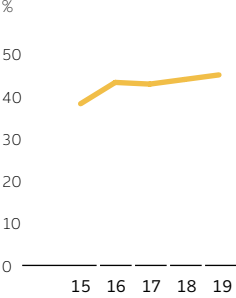
Return on capital employed
Return on equity

Dividend and dividend yield



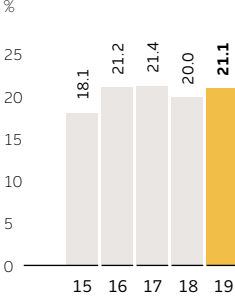
Dividend (€/share)
Dividend yield (%)

Equity ratio

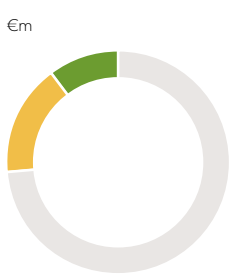


Net financial expenses

(% of net sales)

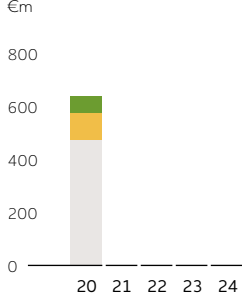


Structure of debt, nominal values at 31 Dec 2019



Bank loan (secured) 477.5
Commercial paper 105.0
Debenture loan 65.0

Maturity of debt



Bank loan
Commercial papers
Debenture loan

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

● Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

Financial risk management

The purpose of financial risk management is to minimise the negative effects of changes in the financial markets on the company's profit and cash flow. The objectives of risk management and the risk management policy are defined by Tornator's Board of Directors, which is also responsible for monitoring risk management. The company's key financial risks are related to interest rates and the availability of financing.

In the long term, the company wants to hedge its balance sheet and equity value against fluctuations in market interest rates. The key balance sheet items in terms of market rate changes are forests and financial instruments. The hedge ratio is changed as necessary to keep the net effect of market rate changes on various balance sheet items, and through them on equity value, within the range stated in the risk management policy. At the end of 2019, Tornator's hedge ratio was 52 percent.

Risks related to the availability of financing

These risks are minimised through credit agreements with different maturities, a broad base of financiers and revolving credit facilities, and by maintaining the company's reputation as a reliable debtor.

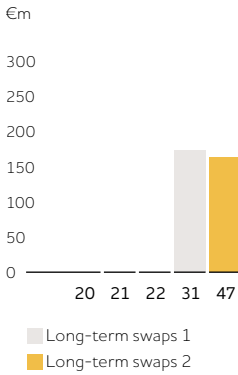
Tornator's creditors are protected by standard loan covenants included in financing agreements. The most important covenants are as follows:

- The ratio of free cash flow to loan service costs (DSCR) must be at least 1.1
- The ratio of senior loans to the fair value of forest (LTV, loan to value) may be no higher than 70 percent.
- Gearing ratio may be no higher than 150 percent.

In 2019, the company fulfilled the covenants with a safe margin.

"Tornator believes that investors should have a transparent opportunity to evaluate and compare investments considered important with regard to climate change and global challenges."

Expiry of interest rate hedges, nominal values



GREEN FINANCE
FRAMEWORK AS PART
OF RESPONSIBLE
FINANCING

Tornator also emphasises responsibility in its financing. In October 2019, Tornator published a Green Finance Framework, through which it will seek most of its credit in the future. The Framework indicates Tornator's commitment to cooperation between forestry and the financial market. For investors, the Framework describes and verifies the company's responsible forestry activities and targets. Tornator believes that investors should have a transparent opportunity to evaluate and compare investments considered important with regard to climate change and global challenges.

Alongside Tornator's own responsibility principles, we have applied the UN's principles for sustainable financing, for example. Within the Framework, the company can take out loans for the refinancing of current forest investments or for new forest investments, and the related infrastructure investments and possible R&D projects. The Framework also involves green loans for the purpose of preserving and developing forest nature.

Tornator's Green Finance Framework was given the highest possible rating, dark green, by the independent evaluator CICERO in its "Shades of Green" category.

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

● Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

MEGATRENDS SUPPORT WIDER USE OF FORESTS

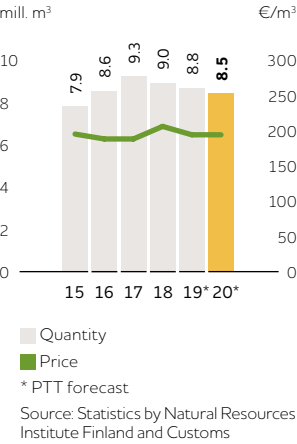
Climate change, population growth and the resulting higher rate of urbanisation and digitalisation are the key megatrends affecting Tornator's operations. Thanks to the opportunities provided by these megatrends, the forestry outlook will remain bright despite the challenging market situation.

Use of wood and forests is part of the solution in the fight against climate change. As the bioeconomy grows, demand for wood is expected to be sufficiently high, with the value of forests increasing as fossil products harmful to the environment are increasingly replaced with wood-based products and raw materials. During 2019, Tornator was leading by example to increase awareness of the various ways in which forests can be used and of their suitability for various purposes. Promoting diversity and protecting valuable habitats form an integral part of the company's responsible business practices.

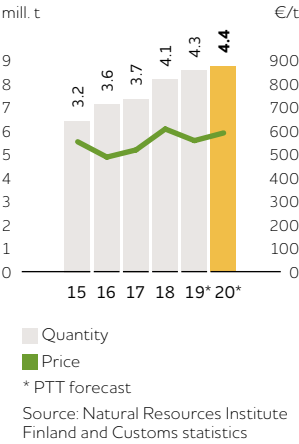
Population growth and climate change are increasing demand for wood-based materials, and higher urbanisation will also increase the need for various forest services. On the other hand, the opportunities afforded to Tornator by digitalisation are specifically related to more accurate forest resource data collection and analysis.



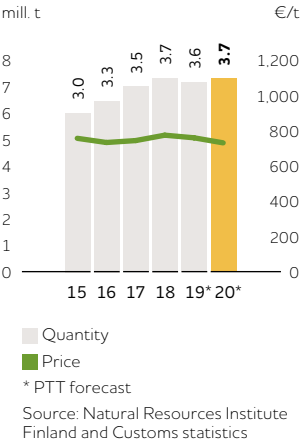
Sawnwood exports



Pulp exports



Paperboard exports



TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

● Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

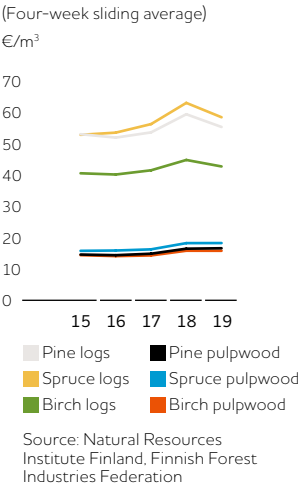
Outlook good after market hiccup

2018 was record-high in terms of demand for wood in Finland. In 2019, however, demand fell back to its normal level. A major factor in the weaker market situation was the extensive forest damage in Central Europe and the resulting overproduction of wood, affecting markets around Europe including Finland. The global economy also weakened owing to the trade war and uncertainty around Brexit; as in other sectors, this was reflected in forestry in the form of less demand for forestry products and services and lower prices.

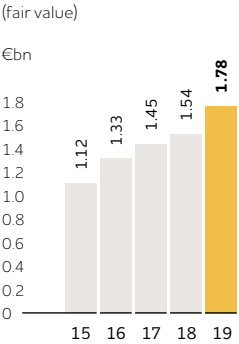
Despite the tougher forestry market, Tornator has still been able to buy forests in Finland at a good rate. However, the zero-interest environment increased forestland prices in Finland. On the other hand, in Estonia, where the markets fluctuate more and at a higher rate, the price of wood fell. As the local forestland market overheated, buying forests in Estonia became extremely challenging.

Following the global dip in markets, the medium and long-term outlook will nevertheless remain good, as strengthening megatrends will create an abundance of opportunities for forest ownership. In the medium-term, the overproduction of timber that affected the market in 2019 is expected to change into a timber shortage, meaning that Finland's temporarily weakened competitive situation will improve significantly. Good Finnish forest management that eliminates the risk of damage will be very highly valued.

Log and pulpwood stumpage prices in Finland



Valuation of forests



Global megatrends with impacts on Tornator

Global megatrends	Key impacts from Tornator's viewpoint	Our response
Climate change	<ul style="list-style-type: none">• Forests will be more important as carbon sinks and stores.• Extreme weather events and risk of forest damage will increase.• Forests will grow more rapidly.• Carbon debate will intensify and people's attitudes will increasingly steer public opinion and political decision-making.• Regulation may increase.	<ul style="list-style-type: none">• Increasingly influence opportunities to utilise forests.• Through proper management, maintain good growth and the damage resistance of forests.• Make sustainable use of additional forest growth.• Openly communicate about our operations and responsibility.• Strive to make Tornator better known.• Help to influence regulation by providing expertise.
Population growth	<ul style="list-style-type: none">• Material needs and consumer demand will increase and wood prices will rise.• Utilisation of forests will be more diverse.• Importance of bioeconomy and circular economy, and demand for renewable raw materials will increase.• Urbanisation will grow and people will become estranged from nature and forest management.• Finding skilled labour in sparsely populated areas will become more difficult.• Needs for recreational use and other forest-related services will increase.	<ul style="list-style-type: none">• Increase forestland area, intensify wood production and diversify our business.• Provide markets with high-grade bio-based products to replace fossil ones.• Communicate with the public about forestry and provide our professional forest ownership as an alternative.• Ensure attractiveness of our jobs in sparsely populated areas as well.• Develop multiple use of our forests and actively offer them for recreation.
Digitalisation	<ul style="list-style-type: none">• Significance of digital systems for forest and multisource data will increase.• Use of artificial intelligence, robotics and automation will expand.• Volumes of forest-related information will grow, and its quality and accuracy will improve.• Information security risks and significance of data protection will increase.• Digital revolution will change operating and working practices.	<ul style="list-style-type: none">• Actively develop multisource forest data collection and refinement. Use satellites, among other means, in forest management to achieve an optimal and sustainable forest management solution.• Actively seek new digitalisation opportunities to create added value for our business and stakeholders, and develop these together with our partner network.• Be agile in adopting new practices, and secure future expertise by training and developing employees.• Use advanced security technology, and provide instructions and training for information system users.

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

● Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.



Petteri Taalas, Secretary-General of the
World Meteorological Organization



POSITIVE EFFECTS
OF FOREST USE INCLUDED
IN THE CLIMATE DEBATE

Responsible forest use plays a key role in curbing climate change, but there are many misconceptions about forest use in general. Petteri Taalas, Secretary-General of the World Meteorological Organization, stresses the importance of the global frame of reference in the Finnish climate debate.

"Forests alone will not solve this global problem," he says.

According to Taalas, the key issues in terms of controlling climate change are energy production, traffic and industry. Responsible forest use can, however, contribute to beneficial effects that help to curb climate change. For example, Taalas mentions the replacement of fossil raw materials with wood-based materials, which will also increase the carbon stock.

It is important to note the high level of the Finnish forest industry. Taalas describes the

Finnish forest industry chain as a smooth process in which all raw materials, down to waste material, are used up effectively.

"Reducing the use of Finnish forest resources would probably lead to forest resources being used in countries where the forest management culture is not necessarily as developed as in Finland. The fact that Finland produces so much renewable energy is partly related to these efficient forest industry processes," says Taalas.

According to Taalas, Finns are passionate about forests, which mean more to them than just timber reserves.

"Bringing out the positives in Finnish forest production is also a communication challenge for forest businesses, because these aspects are often missing from our public debate," says Taalas.

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

● Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

EXTENSIVE STAKEHOLDER NETWORK

Tornator's stakeholder network is based on the values of responsibility, expertise and partnership. The company engages in long-term and close cooperation with its extensive stakeholder network and seeks solutions for harmonising its own targets and expectations with those of various stakeholder groups.

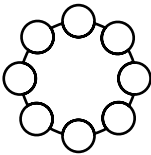
Tornator's stakeholder network is made up of a large group of entities utilising forests and working with them. The key stakeholders are: customers, shareholders and investors, contractors and other partners, employees, authorities and decision-makers, and local communities. Tornator aims to work responsibly at all levels of its stakeholder network, from European-level decision-making all the way down to discussions with local communities.

Tornator continued its active stakeholder cooperation in 2019 by organising and participating in events such as various discussion forums, and by briefing its stakeholders about its forests. During the year, the company focused on cooperation with local communities. For example, together with the travel centre Vuokatti, Tornator began a joint project to restore a large forest area in Sotkamo. The establishment of several new conservation areas serves as a concrete example of Tornator's close stakeholder cooperation.

The views of stakeholder groups about Tornator's operations are measured annually through a survey that forms part of the FSC audit. The results of both surveys showed that stakeholder satisfaction had remained at an excellent level in 2019.

Tornator is participating in several associations and advocacy organisations that are relevant to sustainable forestry. The company's key roles include board and committee memberships of the Finnish Forest Industries Federation,

and board memberships of the digital wood trade developer Suomen Puukauppa Oy, the Finnish Forest Museum Foundation and FSC Finland – Association for Responsible Forestry. Tornator is also taking part in the University of Eastern Finland's ForBio project as a member of its Steering Committee and expert panel. Tornator's memberships and roles in various organisations are presented in a table on the company's website at www.tornator.fi/en/memberships/.



“During the year, the company focused on cooperation with local communities.”



TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

Stakeholder cooperation 2019

	Expectations towards Tornator	Communication channels	How we met expectations
Wood buyers, forestland sellers and other customers	<ul style="list-style-type: none">• Wood availability (flexibility)• Predictability• Long-term business• Reliability• Expertise	<ul style="list-style-type: none">• Sales and agreement negotiations• Information systems	<ul style="list-style-type: none">• Tornator provided customers with:<ul style="list-style-type: none">- PEFC- and FSC-certified wood- High-quality felling sites and forest management and lease service- Planned holiday home plots
Shareholders and investors	<ul style="list-style-type: none">• Reliable and steady long-term returns• Risk management• Corporate responsibility	<ul style="list-style-type: none">• Cooperation with the Board and shareholders• Investor communications	<ul style="list-style-type: none">• Tornator arranged investor meetings• Close cooperation with the Board of Directors and shareholders• Adjusted profit was excellent and the value of forests increased significantly. No negative risks were realised.
Contractors and other partners	<ul style="list-style-type: none">• Predictability of work• Steady availability of work• Method development projects in cooperation with contractors	<ul style="list-style-type: none">• Annual contract negotiations• Inspection visits to sites• Cooperation meetings	<ul style="list-style-type: none">• Tornator's total employment effect is about 1,000 person-years• Organisation of various cooperation events• Participation in various development projects
Service providers	<ul style="list-style-type: none">• Compliance with agreements and responsible behaviour as a customer• Provision of clear project plans in appropriate schedule	<ul style="list-style-type: none">• Service and project meetings• Teams• Email	<ul style="list-style-type: none">• Monitoring of outcomes in terms of substance and finance• Setting up of steering groups for larger projects• Responsible implementation of jointly agreed project schedules and tasks
Employees	<ul style="list-style-type: none">• Well-being at work• Forest-workers:<ul style="list-style-type: none">- sufficiency of work, and working season as long as possible• Salaried employees:<ul style="list-style-type: none">- stable employer, interesting tasks and good management	<ul style="list-style-type: none">• Cooperation and development discussions• Cooperation with employee groups• Close first-line management	<ul style="list-style-type: none">• Supervisors stayed in close contact with employees• Individual training opportunities• Groupwide training programme for middle management• Well-being events
Authorities and decision-makers	<ul style="list-style-type: none">• Professional and collaborative practices• High-quality plans and studies• Open and fast communication on relevant topics	<ul style="list-style-type: none">• Cooperation meetings	<ul style="list-style-type: none">• Active discussion and formal negotiations• Environmental inventories for ongoing EIA procedures and establishment of conservation areas• Various stakeholder tours and active influence on the business environment
Universities and educational institutions	<ul style="list-style-type: none">• Participation in development project and studies• Promotion of forest awareness among children and youth	<ul style="list-style-type: none">• Cooperation projects• Meetings	<ul style="list-style-type: none">• Visits to schools in the Forest of Opportunities campaign• Forest trips for schoolchildren• Regional sponsorship: forestry students, forest culture, physical activity for children and youths
Local communities	<ul style="list-style-type: none">• Consideration of the environment in forestry operations and various land-use projects• Regional employment effects• Listening to neighbours and other residents• Promotion of forest awareness among children and youths• Participation in local projects and provision of recreational opportunities	<ul style="list-style-type: none">• Discussions and participatory meetings• Website• Collection and handling of feedback	<ul style="list-style-type: none">• All feedback was handled• Establishment of nature reserve in Haukisuo, Juuka• Provision of forests for recreational use• Maintenance of forest roads• Number of hunting leases: approx. 1,000
Associations	<ul style="list-style-type: none">• Responsible and sustainable operations• Consideration of biodiversity and effective forest certification• Provision of hunting opportunities and consideration of game animals	<ul style="list-style-type: none">• Meetings, messages	<ul style="list-style-type: none">• PEFC- and FSC-certified wood• Meetings with associations and FSC International• In Finland, participation in the LUMO, FORBIO, Light & Fire LIFE and Freshabit LIFE IP projects• In Estonia, participation in development groups for forest certification and private forestry• Various stakeholder tours
Media	<ul style="list-style-type: none">• Open, proactive and fast communication on relevant topics	<ul style="list-style-type: none">• Press releases• Website• Personal contacts	<ul style="list-style-type: none">• Press releases on website• Articles in the press

TORNATOR IN BRIEF

ANNUAL REVIEW

The year 2019 in figures

Highlights of 2019

CEO's review

Finance

Business environment

Stakeholders

Value creation

STRATEGY

RESPONSIBILITY

GOVERNANCE

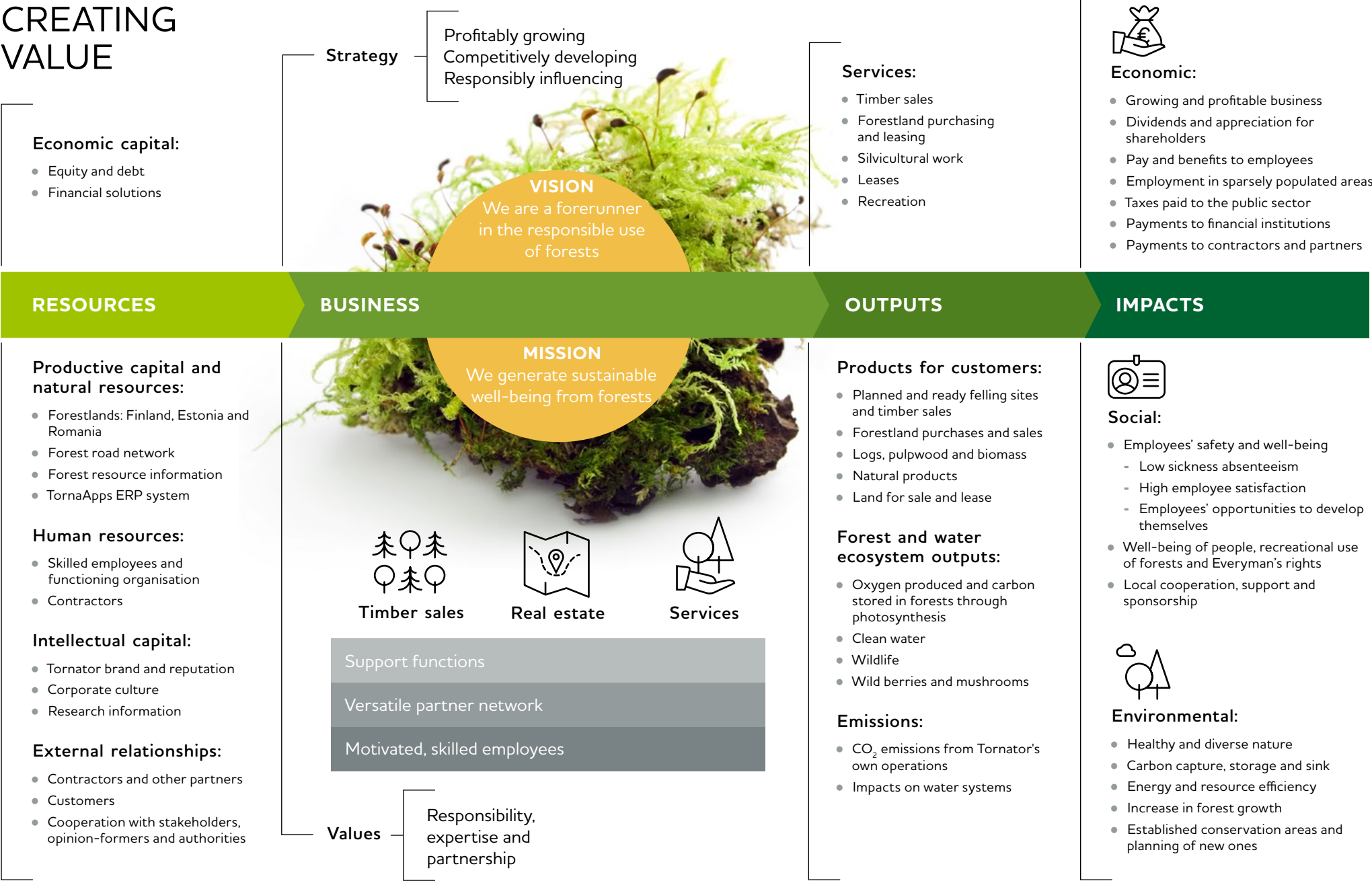
FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

CREATING
VALUE



TORNATOR IN BRIEF

ANNUAL REVIEW

• STRATEGY

Strategic priorities, vision,
mission, values

Profitably growing

Competitively developing

Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

STRATEGY



Tornator's operating model is based on responsible forest use, strong environmental expertise and the use of digitalisation. The company creates and develops its business by buying forest property, increasing its staff's expertise and seeking new opportunities to create added value from forests.

Tornator sharpened its strategic plans for the new strategy period 2019–2021. On the basis of an analysis of changes in the operating environment, the company's three focus areas are: 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.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

- Strategic priorities, vision, mission, values

Profitably growing

Competitively developing

Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

VISION

Tornator – A forerunner in the
responsible use of 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

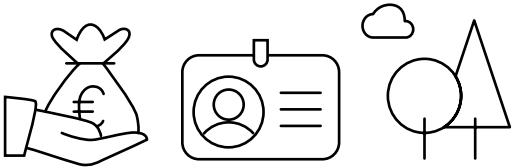
RESPONSIBILITY – for quality of work, the environment and relationships with stakeholders.

EXPERTISE – willingness to develop and improve.

PARTNERSHIP – ability and the will to work together.

MISSION

We generate sustainable
well-being from forests.



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.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

Strategic priorities, vision, mission, values

● Profitably growing

Competitively developing

Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

GROWTH FROM VERSATILE USE OF FORESTS

Tornator seeks growth by expanding its forest property, developing its existing business operations, and creating new business models. Growth is enabled by business based on sustainable and versatile forest use, and a strong and well-known brand.

In terms of growth, the focus in 2019 was clearly on the acquisition of new forests. Investments in forest purchasing amounted to €49 million. We acquired a total of 13,000 hectares of new forestland in Finland. Very little new forest was bought in Estonia and Romania. Tornator strengthened its organisation during the year to better support forestland purchasing.

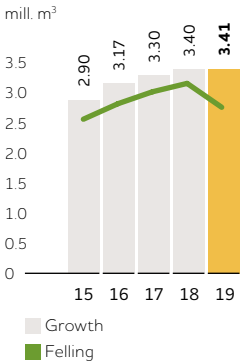
Actions related to the fertilisation programme and the improvement of seedlings were also continued in 2019. These will help Tornator to promote the growth and health of its forests, which is positive for both carbon sequestration and the profitability of forest management.



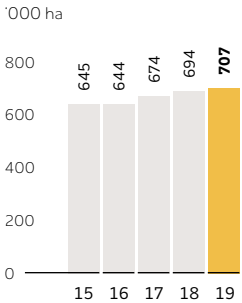
TARGETS FOR 2020

- Further increase in forest property
- Development of service business
- More versatile use of forests' potential
- Utilising the potential of digitalisation

Growth and felling in Tornator Group's forests



Development of Tornator's forestlands



KEY ACHIEVEMENTS 2019

- Investments of €49 million in 13,000 hectares of forestland purchases
- Increase in forestland sales contacts
- Launch of forest lease business
- Higher forest growth and carbon sequestration by fertilising approx. 8,000 ha

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

Strategic priorities, vision, mission, values

- Profitably growing

Competitively developing

Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

Stronger Tornator brand boosts purchases

The low-interest environment has increased interest in forests, and the competitive situation in the forest purchase market is becoming tighter. Greater interest was particularly evident in the Baltic countries, in the form of major forest transactions by Nordic companies. Tornator was successful in its purchases despite heavy competition, with a clear increase in direct contacts by major forest owners. This is partly due to our strategy of focusing on the company's new brand and raising its public profile. Tornator is increasingly renowned as an easy and reliable sales partner.

Megatrends and the susceptibility of the timber trade to economic cycles are increasing the importance of forest-related services. Tornator offers its customers silvicultural services related to forest regeneration and the tending of seedling stands. During the period, the company also launched a forest lease service, primarily designed for urban forest owners who do not have the time or skills to manage their own forests. As forests will be used in a variety of ways in the future, the greatest growth potential lies in the development of the service business.

“Tornator is increasingly renowned as an easy and reliable sales partner.”



FOREST LEASING BRINGS NEW SUSTAINABLE BUSINESS

In June 2019, Tornator launched a new forestland lease service. This service concept, which is the first of its kind in Finland, is particularly directed at forest owners who lack the time, or feel that they lack the know-how, to look after their forest property sufficiently well. With each service agreement, the forest owner leases its forest to Tornator for a long period, usually 20 years. The amount of lease payment depends on factors such as the location and structure of the forest, the growth and felling options of the stock, and the forest owner's targets.

By extending its service offering to forest leasing, Tornator aims to activate forest owners into making full use of their forest resources and thereby increase the sustainable use of forests in Finland. In the absence of active forest management, forest owners lose out on millions of euros of logging income each year.

Through the forest lease service, Tornator aims to have a larger proportion of Finnish forests sustainably managed and utilised, leading to more effective carbon storage and additional positive climate effects.

We are now creating new forest lease markets in Finland. Leasing of arable land has a long history and Tornator believes that the same can be done with forestland, as long as the contract terms and conditions, and the related procedures, can be made satisfactory for all parties. As an experienced major forest owner, through its lease service Tornator can offer its extensive professionalism for other forest owners. This creates a win-win situation, in which forest owners gain a regular and predictable monthly income, while Tornator grows its profitable and sustainable business.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

Strategic priorities, vision, mission, values

Profitably growing

Competitively developing

Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

PROFESSIONALISM AND EFFICIENCY LIE BEHIND SUCCESS

Tornator's competitiveness is based on its highly skilled staff and efficient processes, and tools that support its operations. It is using digitalisation-based solutions to make its operations more efficient and sustainable.

The extensive expertise of Tornator's staff is one of the cornerstones of its success. They have decades of experience in forestry; the company employs people experienced in forest management, properties, environment and financing. Other key factors in the company's success include competitive financing and a solid and strong ownership base, enabling long-term strategic planning and operations.

Tornator's success is based on highly developed, efficient operating processes. Cost-efficiency is guaranteed by an advanced enterprise resource system tailored for the needs of major forest owners. Another competitive advantage is Tornator's relatively small organisation, with a structure that supports efficient decision making.



KEY ACHIEVEMENTS 2019

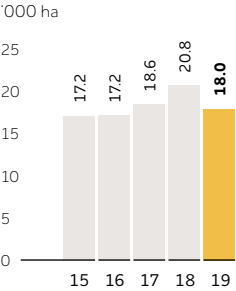
- Drawing up a digital roadmap and recruiting a new Director of Development
- Adoption of the Green Finance Framework and ensuring competitive financing

TARGETS FOR 2020

- Further development of digital solutions
- Closer cooperation with the main customer
- Ensuring competitive financing



Total area of Tornator's silvicultural work



TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

Strategic priorities, vision, mission, values

Profitably growing

- Competitively developing

Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

The future is digital within forestry too

Digitalisation offers new solutions for the management of forest property. Utilising digitalisation has been placed at the core of Tornator's new strategy, with an expert being hired from outside the company to lead digital development work. During the year, we also drew up the company's digital roadmap, which focuses on the digitalisation of forest resource data. Through data in digital format, we are seeking a better understanding of forest property and the improvement of our internal processes.

Tornator is driven by a strong customer focus, with the goal of being the best timber sale and cooperation partner on the market. As networked operations gain ground in the sector, Tornator is also investing more in customer contacts based on partnerships. The closer partnership between Tornator and its main customer, Stora Enso, is a case in point. The parties share best practices in terms of digitalisation and forestry services, for example.

“As networked operations gain ground in the sector, Tornator is also investing more in customer contacts based on partnerships.”



Heikki Penttinen

DIGITAL TWIN BOOSTS FORESTLAND MANAGEMENT

Making use of digitalisation is increasingly important to Tornator's competitiveness. In 2019, the company recruited Heikki Penttinen as its Director of Development in charge of digitalisation. He began his work at Tornator by initiating a project for the development of a digital twin. This is a data-based model of the company's forests and their growing stock, soil, roads and other information. The idea is to create the most accurate copy possible of Tornator's actual forest ownership.

"More accurate forest data and its management will be essential in the future. This will enable us to make better decisions and ensure that our forests are managed productively and sustainably. The digital twin will also result in more accurate carbon calculations and forecasts, based on having more data on our growing stock and soil," says Penttinen.

Penttinen says that the efficiency created by the digital twin is based on the concept that the work of forestry experts can be channelled in more productive directions, while artificial intelligence takes care of routine work. The goal is for processes related

to timber sales and stands marked for cutting to become data-based. In future, such data will be optimised for fertilising, forest growth analytics and the overall management of forest roads.

"This is known as multi-source data acquisition, meaning that data is collected by forestry experts and by means of drones and satellites, for example. Of course, we already had basic data about our forests, but we now want to convert that data into a virtual form that is as accurate as possible," explains Penttinen.

The digital twin is due for completion by 2023, but the initial results should become available in 2020. In relation to this project, during 2019 Tornator focused on piloting drone technology and the use of satellite data as data acquisition methods.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

Strategic priorities, vision, mission, values

Profitably growing

Competitively developing

- Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

A CHAMPION OF SUSTAINABLE FORESTRY

As a forerunner in sustainable forestry, Tornator has identified the need to influence its operating environment as a key focus of its new strategy. We are trying to improve our basis for doing so by strengthening the Tornator brand, playing an active part in public debates and highlighting the principles of sustainable forestry.

The debate on the role of forests in curbing climate change has expanded and polarised in recent years. Tornator will try to bring its expertise and broad perspective to the public debate on forest use, while emphasising the role of sustainable forestry in the fight against climate change. We also consider it important to increase awareness of the various ways in which forests can be used.

Working to strengthen the brand

One of Tornator's main goals for 2019 was to strengthen and gain a higher public profile for its brand. Much was done during the year to enhance the brand and step up external communication. As a result, Tornator was more visible at various forestry events, such as the Finnish Forest Museum's forest conference and the Silva fair. The company was also active in the media on the question of mire restoration, for example.



KEY ACHIEVEMENTS 2019

- Clarifying our brand and improving media visibility
- Definition of strategic capabilities
- Continuing the management training programme

TARGETS FOR 2020

- Continuing the brand and communication work
- Continuing the management training programme

The results of our brand work and communication could already be seen during the reporting year, with forestland owners becoming better aware of Tornator. The number of direct contacts by forest owners compared to earlier years was a particularly positive development. In addition, the forest lease concept introduced by the company attracted a great deal of interest and positive feedback. We will continue with our efforts to increase our influence and enhance awareness of Tornator in the coming years.

“The results of our brand work and communication could already be seen during the reporting year, with forestland owners becoming better aware of Tornator.”

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

Strategic priorities, vision, mission, values

Profitably growing

Competitively developing

● Responsibly influencing

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.



JOINT PROJECT BY TORNATOR AND VUOKATTI TO RESTORE MIRES

Tornator's objective is to boost its brand and public profile through concrete action, such as the mire restoration partnership begun with the Vuokatti tourism area in 2019. This is a project targeting climate change prevention and diversity improvement, with the restoration into a mire of a 55-hectare forest area in Sotkamo.

Nature is one of the Finnish tourism industry's biggest assets, so we must cherish its diversity. With this project, Tornator will be working in partnership with the tourism sector for the first time, thereby challenging other tourism areas in Finland to perform similar climate acts. The area of Sotkamo

chosen for restoration stores 180,000 kilogrammes of carbon dioxide a year, equivalent to the annual carbon dioxide emissions of 80 passenger cars.

Through the project, Tornator is seeking to highlight restoration as one of many sustainable forestry methods, thereby promoting a wider-ranging debate on forest use. The project is visible not only in the media, but also in the study material of local schools. Schoolchildren in Sotkamo can follow the project's progress from beginning to end. This will nurture their thinking about nature and the environment from a young age.

STUDY OF GROWING STOCK IN ROMANIA – GREATER GROWTH THAN EXPECTED

A feasibility study of stumpage and growth was conducted in partnership with Forest Design Srl on Tornator's 9,000-hectare forestland in Oituz, Romania. This was part of the next 10-year regeneration plan for the area for 2021–2030.

The feasibility study used traditional and modern methods to measure 50 one-hectare test areas comprehensively, examining trees in all age categories. One of the goals was to use an organic matter sensor to create a 3D model of selected areas, so that tree lengths and diameters can be measured and then verified on a computer afterwards. After the feasibility study, Forest Design Srl carried out field measurements on more than 2,500 sample plots, which were placed systematically into a grid.

Based on the measurement data, it was concluded that felling could be increased by about a third from the current level, without endangering the forest's sustainability and growth. The results indicate that the stock has grown better than expected. The measurement results are similar to those provided by the Romanian Forest Research Institute.

- TORNATOR IN BRIEF
- ANNUAL REVIEW
- STRATEGY

RESPONSIBILITY

- Responsibility vision and goals
- Responsibility management
- Society
- Environment
- Personnel

GOVERNANCE

- FINANCIAL STATEMENTS
- REPORTING PRINCIPLES AND GRI INDEX

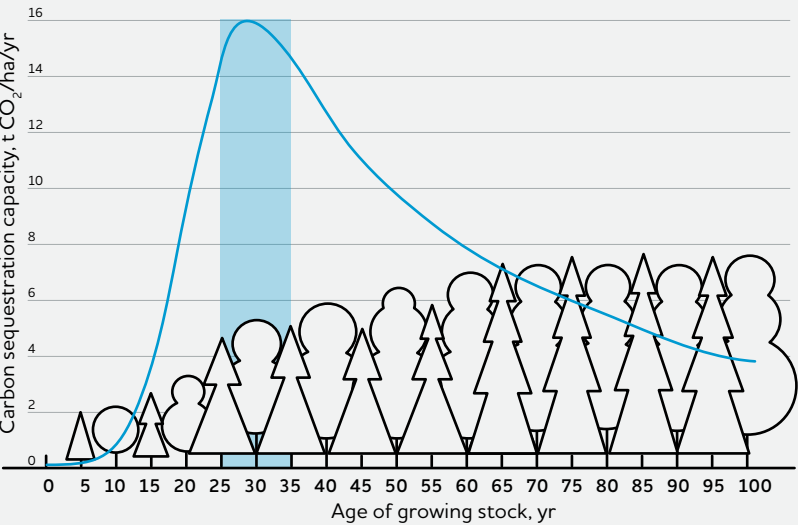


Download a PDF file suitable for printing in A4 format.

RESPONSIBILITY



Annual carbon sequestration capacity of growing stock*



— Carbon sequestration capacity of forest

* Average situation in southern Finland hen forest is managed according to the Best Practices for Sustainable Forest Management, using improved seedlings and periodic cover silviculture.

 Forest sequesters carbon best at about 30 years of age

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

- Responsibility vision and goals

Responsibility management

Society

Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

Tornator's responsibility vision is to be an expert in sustainable forestry, a progressive and safe workplace, and a productive promoter of well-being. The three responsibility themes are based on a materiality analysis conducted in 2017, in which we interviewed internal and external stakeholder representatives about their views of the company's key areas of responsibility.

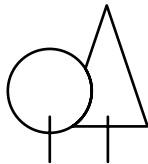
Based on the materiality analysis, Tornator's key responsibility themes are sustainable utilisation of natural resources, economic responsibility and profitability, employee satisfaction, health and safety as well as open communication and stakeholder relationships.

Tornator supports the United Nations Sustainable Development Goals (SDGs) and has identified six key goals regarding its own business and stakeholders. Key sustainable development goals, in terms of the impacts of Tornator's and its stakeholders' operations, are:

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

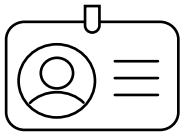
RESPONSIBILITY VISION AND GOALS

TORNATOR – THE FORERUNNER IN RESPONSIBLE USE OF FORESTS



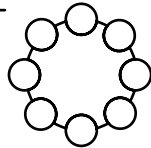
AN EXPERT IN SUSTAINABLE FORESTRY

- 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.



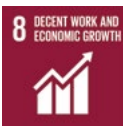
A PROGRESSIVE AND SAFE WORKPLACE

- 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

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

- Responsibility vision and goals

Responsibility management

Society

Environment

Personnel

GOVERNANCE



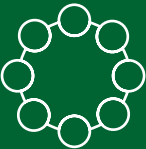
FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

Responsibility targets and outcome

	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. m³/yr Growth some 3.4 mill. m³/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 m³/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

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

RESPONSIBILITY MANAGEMENT

Alongside expertise and partnership, responsibility is one of the key values that guide Tornator’s operations. Financial, social and environmental responsibility has been made an integral part of the company's business, translating into concrete action in our daily work.

For Tornator, responsibility means aligning the goals and expectations of the company with those of its stakeholders. Responsibility issues have grown in importance among various stakeholders; our owners, for example, expect us to take account of sustainability, even in our financing strategy. To meet these expectations, in 2019 Tornator launched the Green Finance Framework, within which the company will primarily obtain its funding.

Responsibility issues will play a major part in Tornator's leadership practices and their planning. The company is committed to responsible business through both internal and external principles. Tornator's operations are guided by the legislation of its countries of operation, its Code of Conduct, its environmental principles and external PEFC and FSC certification system criteria. The company successfully renewed its FSC certificate for its forests in Finland in 2019: the goal in 2020 is to update the Code of Conduct and materiality analysis.

At Group level, the coordination and guidance of Tornator's corporate responsibility is the job of the CEO, assisted by the Management Group and the Corporate Responsibility Manager. The implementation of responsible and sustainable practices is the responsibility of the persons in charge of various functions. Implementation is assessed through internal control and both external and internal auditing. Furthermore, Tornator uses a Group-wide whistleblower system maintained by a third party and based on an anonymous online form, through which employees can report any unethical behaviour or violations.



TORNATOR HOSTING INTERNATIONAL MEETING OF FORESTRY STUDENTS IN ESTONIA

In 2019, Tornator's Estonian subsidiary was the main sponsor of the annual International Forestry Students Symposium. This was held in Estonia between 28 June and 11 August, and was attended by forestry students from 40 countries. As part of the symposium, Tornator organised a field trip to Saarenmaa, where the results of local cooperation and thinning were presented to the students.

Following the forest visits, a workshop in the Sõrve visitor centre discussed the state of forestry in Estonia, which of the forest management methods presented by Tornator had impressed them, and what might be improved upon. The high points were the great strides made by Estonia in forestry digitalisation. The discussions also stressed how the forest industry, and Estonia on the whole, should address the challenges created by climate change.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

ACTIVE LOCAL INFLUENCE

Tornator’s mission is to generate sustainable well-being from forests. The company's professionally managed forests are major sources of employment and providers of recreational opportunities around Finland, Estonia and Romania.

Tornator's corporate responsibility is based on active dialogue with various stakeholders. In 2019, the company intensified cooperation with various local communities. For example, together with the travel centre Vuokatti, Tornator began a joint project to restore a large forest area in Sotkamo. Tornator is also in continuous cooperation with various hunting clubs and recreational associations.

Responsibility throughout the delivery chain

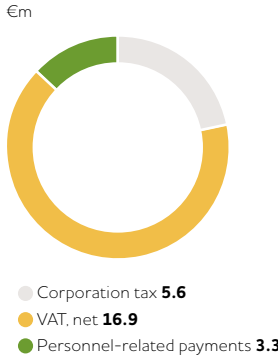
Tornator operates at the beginning of the forestry supply chain, with a business that focuses on forest management and timber sales. In addition, silvicultural services account for a growing share of Tornator's product and service range. Tornator acquires resources from manual forest work and forest machine contractors, as well as suppliers of tree seedlings and equipment. The company's internal supply chain consists of forest regeneration and silvicultural work, which are mainly focused on the management of the company’s own forests.

A key part of Tornator's corporate policy involves evaluating all subcontractors to ensure a responsible supply chain. Supplier requirements are based on the same criteria to which Tornator adheres, that is, price, quality, delivery reliability and responsibility.

TARGETS FOR 2020

- Development of stakeholder networks
- Finding long-term partnerships that increase reliability and predictability

Tornator’s tax footprint: Annual taxes and other payments to government, average 2015–2019



KEY ACHIEVEMENTS 2019

- Closer cooperation with local communities
- Intensified responsible influencing based on research and development

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

• Society

Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

Forest use has extensive impacts

Tornator's business creates a broad spectrum of well-being for society. The added value created by the company consists of taxes paid and its employment effect. In 2019, Tornator's tax footprint totalled €30.4 million. Tornator's forests employed not only the company's own employees, but also contractors to an equivalent of 1,000 person-years.

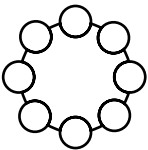
Tornator's forests also create wellbeing for local communities in the form of recreational opportunities, for example. The company plays a major role in the development of its operating environments through numerous forest road projects, enabling locals to use forests for recreation and hunting.

We try to minimise any negative social impacts by adhering to international agreements and national laws and regulations. Any impacts are monitored and assessed actively, and the company has electronic feedback systems in place for reporting any deviations.

In addition, any negative impacts are minimised through active dialogue with various stakeholder groups. In terms of forestry measures, this may mean that when felling commercial forests near holiday cottages, Tornator offers to sell its adjacent land to the cottage owners in order to preserve the landscape, although forest sales are not a fundamental part of the company's business.

Direct economic value generated and distributed

€'000		2015	2016	2017	2018	2019
Direct economic value generated						
Customers	Revenues	117,147	100,120	106,483	119,393	111,541
Direct economic value generated, total		117,147	100,120	106,483	119,393	111,541
Economic value distributed						
Contractors and other suppliers	Purchases of products and services	33,842	24,211	25,607	26,774	27,483
Shareholders	Dividends paid during the period	21,000	30,000	26,000	28,500	35,000
Financial institutions	Interest and financial expenses, net	20,599	20,591	21,713	22,546	22,360
Society	Taxes	10,061	9,556	9,976	3,605	9,978
Employees	Salaries and wages, remuneration and employer's contributions	8,604	8,439	8,271	8,447	9,064
Economic value distributed, total		94,105	92,797	91,567	89,872	103,886
Economic value retained		23,042	7,323	14,916	29,521	7,655
Taxes by country						
Finland		9,746	9,155	9,483	3,063	9,432
Estonia		180	225	255	272	305
Romania		135	176	239	270	241
Total		10,061	9,556	9,976	3,605	9,978



"In 2019, Tornator's tax footprint totalled €30.4 million. Tornator's forests employed not only the company's own employees, but also contractors to an equivalent of 1,000 person-years."

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.



Piia Ivakko and Jussi Vauhkonen

EXPERIENCES OF CONTINUOUS COVER FORESTRY ON PEATLANDS

In 2018, Tornator began a study on the extent to which the peatland forests it owned could be managed under continuous cover forestry, or measures that would not require changes to water resource management through drainage work. The study proceeded to felling on the test locations in 2019, with the goal of obtaining practical experience of the most suitable method for each location.

The first felling in the test locations occurred in Eastern Finland in Juuka, Koli and Lieksa, with Piia Ivakko and Jussi Vauhkonen serving as experts. Both said they gained positive experiences from their test felling projects. Success in felling particularly depended on the time of year, which happened to be late winter.

"The timing couldn't have been better. There was still snow on the ground, protecting the soft surface of the soil. Temperatures above freezing contributed to small- and medium-height spruce growth remaining intact as much as possible after felling," says Ivakko.

Ivakko and Vauhkonen also stress that, during felling under continuous cover forestry, communication between the planner and harvester user is vital to ensuring that the correct trees are felled and that younger trees do not suffer too much damage.

"It was important that the harvester user understood what I was trying to achieve and was able to fell as I directed. Felling of this kind is more demanding for harvester users than regular felling," says Vauhkonen.

Despite the good experiences of these test locations, continuous cover forestry is by no means suitable for all forest types. A key reason for this is the uncertainty of forest regeneration on mineral soil in particular, the fact that the refinement value of seedlings is unknown, and the major uncertainty of forecasts provided by growth calculation models. However, Tornator will attempt to use different methods in locations where favourable conditions for forest regeneration are apparent and water protection benefits can be achieved.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

• Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

SUSTAINABLE USE OF FORESTS MITIGATES CLIMATE CHANGE

Tornator is an advocate of sustainable use of forests. Nurturing the vitality and diversity of forests are the company's key environmental responsibility goals. Protection of valuable habitats also belongs to Tornator's sustainable forestry principles.

Tornator's business is based on the sustainable use of forests. The company's goal is to increase its forest ownership in the long term and with respect to environmental values. The company's operations are guided by its own environmental principles, the legislation of its respective countries of operation, and PEFC and FSC forest certification criteria. Tornator successfully updated its FSC certificate for its Finnish forests in 2019.

Vibrant forests store carbon

Owing to its extensive forest ownership, Tornator plays a major role in fighting climate change. The forests owned by the company capture about four million tonnes of CO₂ from the atmosphere each year. Tornator regards the sustainable use of forests as a clear element in the fight against climate change. By sustainability we mean that felling volumes do not exceed growth, so that forests remain carbon sinks. Sustainable felling in Tornator's forests is already partly ensured through certification.



KEY ACHIEVEMENTS 2019

- Investments in fertilising to boost forest growth and carbon sequestration approx. 8,000 ha
- Establishment of conservation areas, approx. 700 ha
- Mire restoration through Tornator's own projects and joint projects, total 180 ha
- Prescribed burning 85 ha
- Renewal of the FSC certificate

TARGETS FOR 2020

- Establishment of new conservation areas
- Expanding forest management methods/assessing the potential for continuous cover forestry
- Voluntary mire restoration 180 ha
- Prescribed burning 70 ha

In terms of carbon sequestration, the most efficient forests are those that are in good health and sustainable. The vitality of forests is ensured through regular forest management, consisting of regeneration, the tending of seedling stands and thinning. Attention is also paid to maintaining mixed forests. Forest management also reduces damage caused by insects and fires.

In addition, Tornator uses fertilisers and improved seedlings to improve the carbon sequestration capacity of its forests. Fertilisation gives a quick boost to growth, whereas the benefits of tree improvement appear somewhat later. Tornator fertilised an area of around 8,000 hectares of its forests in 2019. Mire restoration was performed on a total of 180 hectares of forest owned by the company.

Forests play an important role in combating climate change and replacing fossil fuels. Sustainably produced wood is already a suitable replacement for many raw materials used by industry, thereby helping to mitigate climate change.

Protection and nature management measures ensure diversity

Tornator not only improves the carbon sequestration capacity of growing stock through forest management: the positive impacts of its operations on the environment and communities involve the ecosystem services created by forests. These include all of Tornator's services based

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

• Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

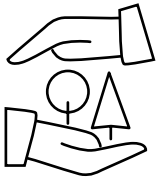
on the forest wilderness, which are freely available to the public.

The negative impacts of Tornator's operations include changes in forest structures due to felling; these may affect the habitats of forest species. Felling also affects the forest scenery. Unless properly implemented, soil preparation and ditch maintenance, which are necessary for forest regeneration, can have negative impacts on water systems.

In 2019, Tornator continued to invest in water protection by introducing an erosion risk map that displays information on various water features, and by training its staff to use the map. The related map data facilitates the planning of sites by means of factors such as soil and rainfall data, identifying any areas that should not be tampered with owing to the risk of high volumes of run-off water.

Tornator aims to control its negative environmental impacts through continuous assessment, best practices and the improvement of operating practices. The quality of the related impacts and operations is assessed annually, by means of external auditors and the authorities.

Protection of valuable habitats is a key element of Tornator's sustainable forestry principles. We aim to promote biodiversity by establishing conservation areas. During 2019, Tornator established a total of 663 hectares of new conservation areas. Management of commercial forests also has a positive effect on biodiversity. Active nature management measures include prescribed burning, mire restoration and water restoration projects. In terms of all the above, Tornator managed to improve the previous year's hectare figures.



“Tornator established close to 700 hectares of new conservation areas.”



TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

• Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

PRESCRIBED BURNING – FOREST NATURE MANAGEMENT WITH FIRE

Tornator engages in prescribed burning more than any other party in Finland. Despite unstable weather conditions, we carried out prescribed burning on 84 hectares in 2019. The annual total in Finland is about 300 hectares. The company's prescribed burning targets are determined by its forest certificates. In FSC certified forests, some three percent of the regeneration felling area should undergo prescribed burning.

Prescribed burning is done for forest management and nature management purposes. When done as part of forest management, stock is harvested apart from retention trees, and the area is burned before stand establishment. Tornator carries out prescribed burning for nature management reasons in particular. Forest fires have reduced significantly in Finland thanks to fire protection measures, which means that conditions are much less favourable for species that depend on fires, such as beetles, lichen and fungi. When prescribed burning is carried out for nature management purposes, the forest is burned without harvesting trees and left as a habitat for certain species.

Both methods promote the diversity of forest wildlife. However, prescribed burning has reduced in significance owing to soil preparation; nowadays soil improvement is carried out with excavators instead. The challenges related to prescribed burning involve finding suitable forest areas that can be burned safely. The future of prescribed burning is hanging in the balance, as professionals in the activity become scarce. That is why Tornator has organised training in prescribed burning for its design experts and operational supervisors, and is actively seeking partnerships to keep this area of expertise alive.



TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

Environment

• Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

HAPPY AND HEALTHY STAFF

As a responsible employer, it is Tornator's duty to maintain its staff's expertise, motivation and well-being. The results of the 2019 employee satisfaction survey show that the company's investments in better information flows and supervisor performance have been successful, as rising levels of employee satisfaction demonstrate.

Tornator's staff consists of 55 forest workers and 69 salaried employees in Finland. Its staff in Estonia numbered 15 and in Romania 35. The total number of staff is 174. Tornator is employing increasing numbers of forest workers through contractor arrangements, as the company's own forest workers retire. This model is used because forest work is seasonal, and forest workers can find other work during the winter season.

Tornator carries out an annual employee satisfaction survey, and the overall result is very good at 4.1 out of 5. This was slightly higher than a year ago. Staff were particularly pleased with the improvement in the organisation's communication culture and better supervisor performance. To maintain and improve its high level of employee satisfaction, Tornator also decided to run a new type of Net Promoter Score (NPS) based survey during 2019, with the actual development steps to be taken in 2020.

TARGETS
FOR 2020

- Maintenance and development of preparation for change and strategic capabilities
- Renewal of management training programme
- Raising employee satisfaction to a new level



KEY
ACHIEVEMENTS
2019

- Better employee satisfaction results
- Creation of a new kind of communication and information sharing culture
- Introduction of new means of communication
- Definition of critical strategic capabilities
- Implementation of management training programme

“Tornator carries out an annual employee satisfaction survey, and the overall result is very good at 4.1 out of 5.”

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

Digital solutions in support of personnel management

One of the goals for 2019 concerning staff was better communication and information sharing. As in the previous year, digital aspects were prominent on the agenda in the form of new communication channels. The introduction of the Microsoft Teams application and the launch of both an intranet and extranet improved information flows within the company, which was clearly reflected in the employee satisfaction survey results.

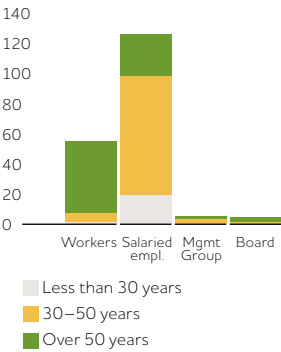
Tornator invests in staff well-being in a number of ways. In addition to high-quality occupational health care, staff have access to an electronic pass for sports, cultural and well-being services. Tornator also regularly monitors the general well-being of its staff. According to the latest report, staff health is at a good level considering the relatively high average age of employees.

We try to promote occupational safety by identifying and eliminating any risks. Occupational safety can be improved further thanks to new digital tools. An example of such tools is Tornator's digital channel for reporting on occupational safety issues. The introduction of virtual workspaces has also reduced the need for experts to travel, thereby reducing the risk of travelrelated accidents.

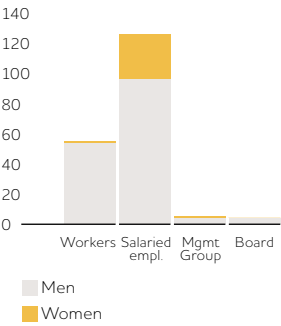
“According to the latest report, staff health is at a good level considering the relatively high average age of employees.”



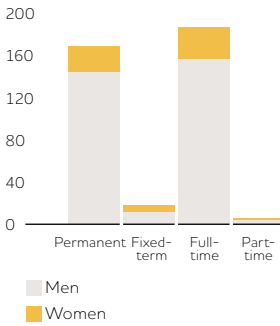
Age structure of employees



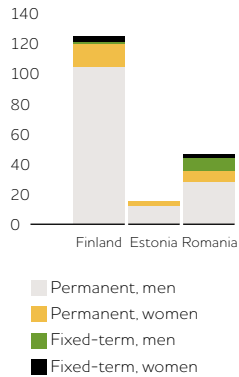
Gender distribution of employees



Employment types of employees



Employment types of employees by country



Total number and rates of new employee hires and employee turnover

	Finland	Estonia	Romania
Number of employment contracts signed	23	8	15
of which, fixed-term	18	0	11
Number of employment contracts terminated	19	1	13
of which, retired	4	0	0
Employment contracts terminated by employer, %	0	0	0
Total employee turnover*, %	6.8	60	18.5
Average number of employees in 2019	132	15	38
Total number of employees at 31 Dec 2019	126	15	38

* The total rate of employee turnover is obtained by adding up the numbers of signed and terminated employment contracts, and dividing the sum by the average number of permanent employees during the year.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

Environment

Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX

Investments in supervisor
performance bearing fruit

One of the key strengths of an expert organisation like Tornator is the expertise of its staff, and maintaining and developing such expertise. As the world and practices change, it is important that the company and its expertise keep up with the times. At the beginning of the new strategy period, the company defined its key operational capabilities, and made a plan for their development at individual level.

In 2019, we also continued the management training programme and developing supervisor skills. In this programme, which has already been running for three years, Tornator has redefined its management principles, which are based on clear goals, continuous open dialogue and feedback. Thanks to management training, cooperation and trust have clearly improved in the company, with supervisors' work being highly rated in the staff satisfaction survey.

Average hours of training per employee

	Finland	Estonia	Romania
All employees	31	36	37
Men	45	37	25
Women	47	34	46
Salaried employees	46	36	37
Group Management	59	-	-
Forest workers	13.5	-	-

Occupational accidents and sickness absenteeism

	2018			2019		
	Finland	Estonia	Romania	Finland	Estonia	Romania
Sickness absenteeism						
Men, %	3.6	0	1.0	2.2	0	3.6
Women, %	2.0	0	2.0	2.1	0	1.2
Accidents, own employees						
Number of accidents resulting in lost days, men	4	0	0	7	0	0
Number of accidents resulting in lost days, women	2	0	0	1	0	0
Number of days lost due to accidents, men	30	0	0	41	0	0
Number of days lost due to accidents, women	5	0	0	2	0	0
Number of fatalities	0	0	0	0	0	0



Download a PDF file suitable for printing in A4 format.



TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

Responsibility vision and goals

Responsibility management

Society

Environment

● Personnel

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.



DRAINAGE WORK REQUIRES SPECIAL EXPERTISE

Tornator employs a group of forestry professionals, many of whom have special expertise in specific areas. One of them is Kauko Rautanen from Ilomantsi, who specialises in drainage work in forests. Rautanen has been working for Tornator since 2002. So far he is the only forest worker in the company who designs drainage work.

Drainage work is done in drained peatlands in swamp forest, by clearing vegetation along ditches and, if necessary, digging new ditches. No further new ditches have been dug in forests owned by Tornator. According to Rautanen, the special expertise required for drainage work involves knowledge of nature values and water protection methods in particular.

"For example, special expertise is required when ensuring that sludge sedimentation basins, ground sills and the like are the right size and in their proper places in terms of water protection. You have to be able to read the forest, so that you only dig blocked ditches as required, without making them too deep," says Rautanen.

Rautanen's work not only includes forest-based activities, but also planning at the office, submitting

applications to the authorities, and reporting on any drainage work done. Although the tools, such as various map applications, have developed a great deal over the years, Rautanen points out that moving around in the forest is still a key part of drainage work.

Rautanen, 63, plans to retire in 2020, but someone must continue his work for Tornator. As Tornator's forest ownership expands, there are more and more areas that require his kind of expertise. In the future, more of such work will probably be done by the experts who are planning felling.

Rautanen, who has worked for many years at Tornator, says that he is happy with his employer. Things go smoothly and there is mutual trust between employer and employee.

"In my experience, Tornator never stops developing, and has never rested on its laurels. New methods are tested in an open-minded way. On the whole, I view Tornator as a forward-looking company," says Rautanen.

- TORNATOR IN BRIEF
- ANNUAL REVIEW
- STRATEGY
- RESPONSIBILITY

GOVERNANCE

- Corporate governance
- Board of Directors
- Management Group

FINANCIAL STATEMENTS

- REPORTING PRINCIPLES AND GRI INDEX

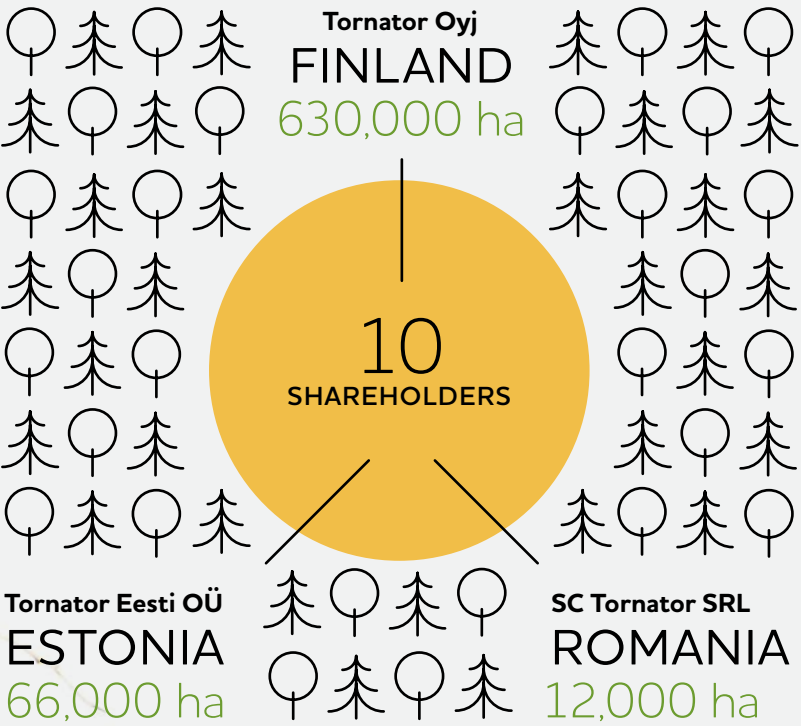


Download a PDF file suitable for printing in A4 format.

GOVERNANCE



TORNATOR Timberland Group



TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

• Corporate governance

Board of Directors

Management Group

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

CORPORATE GOVERNANCE

Ownership and corporate structure

In 2019, besides the parent company Tornator Oyj in Finland, the Tornator Timberland Group included Tornator Eesti OÜ in Estonia and SC Tornator SRL in Romania. All three companies own forestlands and practise sustainable, operational forestry. In addition, Tornator Oyj is the sole owner of five wind power development companies in Finland.

The owners of Tornator Oyj are Finnish investors, mostly institutions. There are ten shareholders.

Governance principles

The governance of Tornator Oyj is based on the Finnish Companies Act and Tornator Oyj's articles of association. The company's shares are not listed for public trading. Tornator complies with the Securities Markets Act, as well as the Financial Supervisory Authority's regulations which are publicly available at www.finanssivalvonta.fi.

The Annual General Meeting is the highest decision-making body in Tornator Oyj, deciding on matters laid down in the Finnish Companies Act. The AGM is held in May at the latest, on a date determined by the company's Board of Directors. According to Tornator Oyj's articles of association, the votes of a shareholder at the Shareholders' General Meeting may not exceed twenty (20) percent of the total number of votes carried by all shares in the company, including the voting rights of all companies and their pension funds and foundations belonging to the same group as the shareholder.

The Board of Directors of Tornator Oyj consists of 4–7 ordinary members, elected by the AGM for one year at a time. The AGM also elects a personal deputy for each member. The Board of Directors supervises Tornator's operations and management, deciding on significant matters concerning the company's strategy, investments, organisation and finance. The Board of Directors convenes at least four times a year. In 2019, the Board of Directors held 10 meetings.

Committees

Tornator has two committees. The Oversight Committee's job is to oversee significant agreements between the company and shareholders. It reports to the Board of Directors, which elects three of its members to the Oversight Committee for one year at a time. The Oversight Committee convenes and reports to the Board at least twice a year. A Remuneration Committee also reports to the Board of Directors, to which the Board elects three of its members for one year at a time, and which convenes and reports to the Board as necessary. The Board has decided not to establish a separate audit committee, but instead to perform these duties as part of normal Board work.

Chief Executive Officer and Management Group

Tornator's Board of Directors appoints the Chief Executive Officer. The CEO is responsible for the company's financial performance and for organising its business operations and administration according to legislation and the instructions and orders issued by the Board. The CEO's task is to provide

information to the Board on matters such as the company's financial situation and changes in the business environment. The CEO is also responsible for key customer relationships.

The CEO is assisted by the Management Group. In 2019, the Management Group included five members. The CEO acts as the Chairman of the Management Group. The Management Group is responsible for the practical implementation of the strategy determined by the Board of Directors. The Management Group meets at intervals of around one month and whenever necessary. In 2019, the Management Group had 11 meetings. In addition to the Management Group, the company has an operational management level made up of experts of various functions, with the task of assisting the Management Group in deploying the strategy. The operational management level consists of some ten persons who are invited to the Management Group's meetings when necessary.

Operational activities

Operational activities are arranged as a process organisation. The core processes are: planning, timber sales, real estate, silviculture and environment. These are supported by internal service processes such as HR, ICT, finance, communications, etc. The processes perform tasks set with the company management in order to meet strategic goals. Abroad, Country Managers are responsible for organising operational activities and reporting on them to the parent company. The subsidiaries also receive assistance from the parent company's support functions.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

- Corporate governance

Board of Directors

Management Group

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

Related party transactions

Tornator and Stora Enso Oyj have a significant, volume-based long-term timber sales agreement. The market conformity of this agreement is supervised by the Oversight Committee, which reports to the Board of Directors (see Committees). The Oversight Committee has no representatives from Stora Enso.

Remuneration

The Annual General Meeting decides on the remuneration for the Board of Directors. The Chairman and members of the Board are paid an annual fee. The Board of Directors decides on the remuneration for the Chief Executive Officer and the members of the Management Group, consisting of a fixed monthly salary and an incentive bonus based on individual performance. The Management Group is also covered by a long-term monetary incentive scheme.

Auditors

The Annual General Meeting elects the authorised public accountants for one year at a time. Tornator’s auditors are Deloitte Oy with Marika Nevalainen, APA, acting as principal auditor since 2019.

The parent company’s auditors are responsible for planning, coordinating and supervising the audit of the entire Group. An audit plan is prepared annually in cooperation with corporate management. The auditors report to the parent company’s Board of Directors at least twice a year.

Risk management

Tornator’s risk management is aimed at securing profitable business in the long term and creating opportunities for well-managed risk-taking using the selected strategy. It is based on the systematic identification and analysis of all significant risks to the company. Tornator’s risks are divided

into three main categories: strategic risks, operational risks and financial risks. Examples of each category are described below:

Strategic risks

Naturally, fluctuations in wood demand pose a risk for a forestry company. Demand risk has decreased as the use of wood has increased and diversified, and many new innovations have yet to see the light of day. The company has also secured high demand for wood by certifying all of its forests. With new investments by the forest industry, wood demand has increased in all countries in which Tornator operates. The volatility of wood prices is a significant risk factor in terms of Tornator’s results.

If prices fall, Tornator can temporarily increase the volume of cutting right sales or plot and forestland sales or both. However, the goal is to follow a sustainable felling plan in order to optimise annual cash flows in the long run.

Risks concerning the quantity and quality of round wood are controlled through long-term forest resource management planning and focusing operations according to the structure and age-class distribution of forests. To support planning, Tornator regularly commissions an independent study on the structure of company forests, using this to prepare a long-term cutting plan (more than 30 years). The latest forest inventory by the Natural Resources Institute Finland and the related cutting budget are from 2016.

Changes in current certification criteria may affect opportunities for forest utilisation and cause a loss of income for Tornator, unless there is an agreement on full compensation. FSC Finland is redefining its national criteria and Tornator is closely involved in the process.

Forestland purchasing involves risks, and the success of investment is often discovered after a long time. The forest resources and structure of the estate to be purchased are

Tornator Oyj's shareholders

	Shares, qty	Shares, %
Stora Enso Oyj	2,050,000	41.00
Ilmarinen Mutual Pension Insurance Company	1,156,500	23.13
Varma Mutual Pension Insurance Company	766,250	15.32
OP Life Assurance Company	260,500	5.21
OP Forest Owner Fund	250,000	5.00
OP Pension Fund	208,000	4.16
Veritas Pension Insurance	125,000	2.50
Finnair Pension Fund	108,750	2.17
Riffu Oy	37,500	0.75
Danilostock Oy	37,500	0.75
Total	5,000,000	100

Tornator Timberland Group

10 shareholders	
Tornator Oyj Finland 630,000 ha	
SC Tornator SRL Romania 12,000 ha	Tornator Eesti OÜ Estonia 66,000 ha

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

- Corporate governance

Board of Directors

Management Group

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

determined using highly advanced technology, but some decisions must still be based on estimates. The pricing of estates is based on clear criteria, but pricing and the underlying appraisals may have an effect on the success of purchases in terms of returns.

Tornator monitors the current economic trend when planning plot sales. A downturn may decrease demand for holiday home plots and temporarily reduce profits. In fact, this has already happened, and investments in land development have been adapted to the volume of plot sales.

The risk involved in investments made in wind power project development is managed by preparing accurate feasibility studies before launching such projects, by selecting partners among significant players in the sector, by dispersing the projects around Finland, and by planning them carefully. Tornator does not participate in wind power construction or ownership of production, but sells its shares in projects before construction and remains the lessor of land.

When utilising forest resources Tornator manages risks to the environment by complying with environmental legislation and certification criteria. Risks are discussed in employee training and induction, and minimised through the careful planning of operations and a high standard of implementation.

Significant new statutes or other factors impeding operations can be regarded as political risks. An example of this is the debate in Finland on the acceptability of forest use, or EU-level discussions on regulation that would restrict forestry. Acquiring forest assets as a foreign company may also subject the company to political risks in the target countries in question. In managing risks, it is important to cooperate with authorities, educational institutions and various NGOs as well as actively participating in societal debate. Proactive risk management also involves participation in research in the field and the preparation of various carbon calculations.

Tornator pursues open communication with an emphasis on responsibility and other corporate values.

Tornator also aims to continue expanding its operations outside Finland, in countries where the related growth potential is considered profitable. Geographic expansion is both a way to manage risks and a risk in itself. With regard to Tornator's operations, Romania and Estonia score relatively poorly in corruption statistics. Tornator makes economic, social and environmental responsibility an integral part of its business, guided by a Code of Conduct that is common to all its countries of operation. Furthermore, the risks associated with expansion are managed by selecting competent partners and reliable customers, and by balancing out long and short-term timber sales agreements. The company performs internal control in all countries, and the Group has a whistleblower system in place.

As in other sectors, attracting and retaining skilled employees is a risk in forestry. Tornator has prepared for rising numbers of retirements among forest workers by signing on new contractors and increasing mechanised work. With regard to salaried employees, the company collaborates with educational institutions and recruits proactively. This risk is also managed through active HR management and development.

Operational risks

In order to manage its internal business risks, Tornator has operational processes that are approved by the Board of Directors and senior management. Operational work is increasingly carried out with entrepreneur resources, which poses challenges in terms of control over issues such as environmental damage. We are trying to improve this control by means of both education and information technology.

Greater frequency of natural disasters due to climate change pose an ever-greater risk to forest assets. For Tornator, the size and geographic extent of its holdings, the good health

and growth of its forests, and the measures required by the Act on Prevention of Forest Damage form an intrinsic risk management tool. In addition, Tornator has a Finnish forest insurance policy that covers damage in the case of a major disaster. However, the company regards the insurance of its forest holdings abroad as unprofitable, because the target countries lack an operational forest insurance market. The threat of a cyber attack on corporate information systems may also be considered a risk. Tornator is prepared for this by utilising advanced security technology and providing instructions and training for users.

Financial risks

A substantial proportion of loan capital on the company's balance sheet constitutes a risk which Tornator manages with special care. Ready access to the capital markets will enable the successful refinancing of loans. The company adjusts its loan portfolio depending on the financial market situation, so that loans mature over several years and as far into the future as possible. The company has prepared for market rate changes with derivative contracts. Hedging is applied to mitigate the interest rate risk on loans and to reduce the volatility of the discount rate used in calculating the fair value of forests, making it easier to predict the long-term development of the company's value. Liquidity management is based on advance payments and up-to-date cash management. The company also has a commercial paper programme to optimise the need for cash. Cash reserves are invested in bank deposits and short-term, liquid and highly rated funds.

Tornator manages customer risks by advance payments based on sales agreements.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

Corporate governance

• Board of Directors

Management Group

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

BOARD OF DIRECTORS

Tornator's Board of Directors convened in November to review the events of 2019, and to discuss the coming year in a positive atmosphere.



Mikko Koivusalo 1

Born 1961, MSc (Econ)
Chairman 2016–
Deputy Chairman 2010–2015
Member 2006–2010
Varma, Director, Unlisted investments 1997–
Background:
Postipankki Oy (Danske Bank), Business
Analyst, Portfolio Manager 1991–1997
Salmi, Virkkunen & Helenius Oy (PWC),
Auditor 1988–1991
Membership on other boards of directors:
The Finnish Literature Society,
member of the Board

Mikko Mursula 2

Born 1966, MSc (Econ)
Deputy Chairman 2017–
Ilmarinen, Deputy CEO, Investments, 2018–
Background:
Ilmarinen, Chief Investment Officer,
2015–2018
FIM Oyj, Chief Executive Officer, 2013–2015
S-Bank, Head of Asset Management and
Securities Broking Business, 2013–2015
FIM Asset Management, Managing Director,
2010–2015
Ilmarinen, managerial and investment
positions, 2000–2010
Membership on other boards of directors:
Kojamo Oyj, member of the Board
Jane and Aatos Erkko Foundation, member of
the Board

Erkko Ryyänen 3

Born 1971, MSc (Econ)
Member 2010–
OP Asset Management, Director,
Investment Solutions 2019–
Background:
OP Bank Group, investment and portfolio
management positions 1999–
Membership on other boards of directors:
OP Real Estate Asset Management Ltd,
member of the Board

Jari Suominen 4

Born 1969, MSc (Econ)
Member 2015–
Stora Enso Oyj, Head of Forest division
2020–
Background:
Enso Oy/Stora Enso Oyj, several managerial
positions 1995–
Membership on other boards of directors:
Varma, member of the Supervisory Board
The Federation of the Finnish Woodworking
Industries, Chairman of the Board
CEI-Bois, member of the Board

DEPUTY MEMBERS:

Markus Aho, Varma
Ilja Ripatti, Ilmarinen
Jari Suvanto, Stora Enso

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

Corporate governance

Board of Directors

• Management Group

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

MANAGEMENT GROUP

The Management Group development day was held in September in Majvik, Kirkkonummi, where participants were also able to enjoy the beautiful forest scenery.



Henrik Nieminen 1

Born 1970, MSc (Econ), EMBA
CEO 2019–
Background:
Tornator Oyj, Chief Financial Officer
2002–2019
Stora Enso Ab, Project Director,
2001–2002
Stora Enso Financial Services SA, Director,
Finance 2000–2001
Enso Oyj, Treasury Manager 1998–2000
Enso Oyj, Accounting Analyst 1997–1998

Ari Karhapää 2

Born 1967, BSc (For)
Deputy CEO 2014–
Director, Forestry 2012–
Background:
Forest Owners' Union of North Karelia,
Executive Director 2009–2011
Forest Management Association of North
Karelia, Executive Director 2009–2011
Karjalan Metsätilat Oy LKV, Managing
Director 2004–2009
Forest Management Association of Border
Karelia, Executive Director 2004–2008
Forest Management Association of Upper
Karelia, Executive Director 2002–2004

Outi Nevalainen 3

Born 1968, MSc (Econ), MBA
Head of HR, Communications and
Responsibility 2017–
Background:
Microsoft Oy, HR Director, Finland Sales
Subsidiary 2015–2017
Microsoft Mobile Oy, Head of HR,
Corporate Functions 2014–2015
Nokia Oyj, Several HR managerial
positions 1998–2014
United Parcel Service Finland Oy,
HR Manager 1994–1998

Heikki Penttinen 4

Born 1977, MS (Eng)
Director of Development 2019–
Background:
CGI, Director Consulting Service
2018–2019
CGI, Senior Consultant 2017–2018
Olapcon, CEO 2009–2017
Olapcon, Management Consultant
2008–2009
Hay Group, Consultant 2004–2008

Antti Siirtola 5

Born 1982, MSc (Econ)
CFO 2019–
Background:
Tornator Oyj, Financial Controller
2013–2019
Ernst & Young Oy, Auditor
2008–2013
Fortum Oyj, Treasury Manager
2006–2008

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

Summary of consolidated financial statements

Consolidated income statement, IFRS

Consolidated balance sheet, IFRS

Statement of changes in Group shareholders' equity

Consolidated cash flow statement

Summary of financial statements

Calculation of key figures

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

FINANCIAL STATEMENTS

The Tornator Timberland Group reports its financial statements according to the International Financial Reporting Standards (IFRS). Key figures have been calculated without the effects of changes in the fair value of biological assets (i.e. forest) and financial instruments on the results. The same applies to the figures for the previous year.



- TORNATOR IN BRIEF
- ANNUAL REVIEW
- STRATEGY
- RESPONSIBILITY
- GOVERNANCE

FINANCIAL STATEMENTS

- Summary of consolidated financial statements

Consolidated income statement, IFRS

Consolidated balance sheet, IFRS

Statement of changes in Group shareholders' equity

Consolidated cash flow statement

Summary of financial statements

Calculation of key figures

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

The Tornator Timberland Group reports its financial statements according to the International Financial Reporting Standards (IFRS). Key figures have been calculated without the effects of changes in the fair value of biological assets (i.e. forest) and financial instruments on the results. The same applies to the figures for the previous year.

Net sales and results

The Group's net sales were €105.8 million (112.8), down by 6.2%. Net sales fell from the record year of 2018, because the volume of felling was lower than the exceptional felling that occurred in the previous year because of snow damage. Most net sales, €101.0 million and 95.4%, consisted of timber sales income (€107.1 million, or 94.9%). Net sales include proceeds from land and plot sales worth €2.7 million (3.5) and forest service sales for €2.1 million (2.2). Other operating income, €5.7 million (6.6), includes land access and lease revenues, compensation for conservation areas and soil resource sales.

Operating profit at fair value amounted to €264.6 million (116.5) and profit for the period was €164.8 million (78.9). The fair value of biological assets increased significantly in Finland and Estonia, which explains the major increase in operating profit. The change in the fair value of biological assets increased operating profit by €189.9 million (32.6), and a negative change in the fair value of financial instruments decreased profit by -€47.0 million (-1.6) before deferred taxes. Adjusted operating profit decreased in Finland and Romania. Because timber prices rose sharply during the previous year in Estonia, the company's operating profit improved again in 2019.

Notable events during the period

Tornator's year was fairly neatly divided into two halves: after a challenging first half, the company's adjusted profit improved sharply, and significant forest value increases were recorded in the second half of the year.

Tornator continued to purchase new forestland. The company bought some 13,000 hectares of forest in Finland. Contrary to previous years, only 1,000 hectares were bought in Estonia, due to overheating in the country's forestland market. In Romania, Tornator continued to manage its forests responsibly, and to develop its sustainable business.

Tornator's forests in Finland and Estonia are double-certified (PEFC, FSC®), and its forests in Romania hold the FSC® certificate. With regard to Tornator's forests in Finland, the company renewed its FSC certificate successfully; this has to be done every five years.

In its core business, that is, timber sales and delivery, Tornator had a normal year, following the record-high previous year. Timber demand and prices fell somewhat from the year before. Most of the timber resulting from felling caused by the 2018 snow damage was sold to our main customer, Stora Enso, and the timber delivery volumes were exceptionally high the year before. Timber deliveries in 2019 to the main customer totalled some €66.6 million (79.5), or some 66.0% (74.2%) of the Group's net timber sales. Timber sales to the main customer are based on a long-term framework agreement conforming with the market. Tornator also has other long-term timber sales agreements in Finland and Estonia.

During the previous year in Finland, Tornator's forests were affected by major snow damage, which are reflected in the 2019 financial statements. The timber delivery net sales includes €1.3 million in insurance compensation, in addition to the €2.5 million recorded in the previous year. So in total the damage exceeded the forest insurance deductible limit (€5 million).

An update of the fair value of Tornator's forest assets (growing stock) recorded significant positive effects in Finland and Estonia. An increase in sustainable harvesting opportunities, a decreasing discount rate and a new price estimate for timber increased the fair value of forests on the balance sheet by a total of €231.7 million. An annual fair value update, consisting of a number of valuation factors, improved operating profit by €189.9 million. In Finland, the fair value was calculated by an external evaluator, Indufor Oy, on the basis of future cash flows, i.e. considering sustainable forest management and the growth potential of forests.

The total value of the Group's forests in the financial statements was some €1,776 million (1,539), including growing stock and land. These figures include the effects of harvesting, as well as purchases and sales of forestland. Tornator owns a total of more than 700,000 hectares of forest in Finland, Estonia and Romania.

On the other side of the balance sheet, the fair values of the company's long-term interest rate hedges decreased due to the fall in market interest rates. This created a negative entry of

€47.0 million in financial items in the income statement (-1.6). The above fair value changes had no effects on cash flow.

For forestland investments, Tornator utilised competitive bank loan funding. In December 2019, Tornator took out a bank loan to pay back a €250-million secured bond-loan. In addition to the bank and commercial paper funding, totalling some €582 million, Tornator has an unsecured debenture loan of €65 million. All company loans will mature in late 2020, so they will be recorded in the financial statements under short-term debt. Loan refinancing will be secured sufficiently early before the due date; a more detailed description of this will be found in the notes to the financial statements. Achievements during the period under review also include the creation and implementation of the Green Finance Framework. An independent auditor, the Norwegian Centre for International Climate and Environmental Research (CICERO), gave Tornator the highest responsibility rating, 'dark green' on the climate-friendliness of the company's operations. The potential for green financing and a solid, steady operating history provide the company with a strong basis for refinancing the loan portfolio in 2020.

Tornator's equity ratio was 45% (44%) and liquidity remained strong throughout the year. The company met its loan covenants within safe margins.

As a new business activity, Tornator offers forest owners the opportunity to rent out forest to Tornator on the basis of long-term lease contracts. This is a new way of maintaining contact with inherited assets without needing to engage in forest management, while gaining an easy and reliable source of steady rental income.

In line with our responsibility programme, we engaged in mire restoration, prescribed burning and the establishment of conservation areas on more than 800 hectares of our land.

Tornator Oyj's Annual General Meeting of 7 March 2019 decided to pay dividend, as proposed by the Board of Directors, for a total of €35 million.

Henrik Nieminen, the Deputy CEO of Tornator Oyj, was appointed as the new CEO as of 17 June 2019. The previous CEO, Sixten Sunabacka, acted as a Senior Advisor until the end of 2019.

[TORNATOR IN BRIEF](#)
[ANNUAL REVIEW](#)
[STRATEGY](#)
[RESPONSIBILITY](#)
[GOVERNANCE](#)

FINANCIAL STATEMENTS

[Summary of consolidated financial statements](#)

- [Consolidated income statement, IFRS](#)

[Consolidated balance sheet, IFRS](#)
[Statement of changes in Group shareholders' equity](#)
[Consolidated cash flow statement](#)
[Summary of financial statements](#)
[Calculation of key figures](#)

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

CONSOLIDATED INCOME STATEMENT, IFRS

€m	2015	2016	2017	2018	2019
Net sales	113.6	97.0	101.6	112.8	105.8
Other operating income	3.6	3.1	4.9	6.6	5.7
Change in inventories of finished goods and work in progress	-13.8	-3.4	-2.9	-1.0	-1.4
Materials and services	-11.6	-12.4	-14.4	-17.0	-17.2
Personnel expenses	-8.6	-8.4	-8.3	-8.4	-9.1
Depreciation and amortisation	-2.8	-3.1	-3.3	-3.1	-3.2
Other operating expenses	-5.2	-5.1	-5.1	-6.0	-6.0
Share of profit/loss of associates	-0.6	-0.4	-0.1	0.0	0.0
Change in fair value of biological assets and harvesting	-18.1	202.6	20.0	32.6	189.9
Operating profit	56.4	269.8	92.4	116.5	264.6
Financial income	0.1	0.2	0.2	0.2	0.2
Financial expenses	-20.7	-20.7	-21.9	-22.7	-22.6
Change in fair value of financial instruments	12.4	-32.5	26.3	-1.6	-47.0
Financial items (net)	-8.2	-53.1	4.6	-24.2	-69.4
Profit/loss before taxes	48.2	216.7	96.9	92.3	195.2
Income taxes	-9.9	-9.3	7.1	-3.1	0.4
Change in deferred taxes	0.8	-34.5	-26.2	-10.4	-30.8
Profit/loss for the period	39.1	172.9	77.9	78.9	164.8

[TORNATOR IN BRIEF](#)
[ANNUAL REVIEW](#)
[STRATEGY](#)
[RESPONSIBILITY](#)
[GOVERNANCE](#)

FINANCIAL STATEMENTS

[Summary of consolidated financial statements](#)
[Consolidated income statement, IFRS](#)

- [Consolidated balance sheet, IFRS](#)

[Statement of changes in Group shareholders' equity](#)
[Consolidated cash flow statement](#)
[Summary of financial statements](#)
[Calculation of key figures](#)

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

CONSOLIDATED BALANCE SHEET, IFRS

€m	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019
ASSETS					
Non-current assets					
Intangible assets	3.3	2.6	2.4	1.9	1.8
Fixed assets	85.9	86.9	98.5	103.7	109.4
Right-of-use assets					2.3
Biological assets	1,045.4	1,256.9	1,371.2	1,451.0	1,682.6
Derivatives	8.9	8.9	6.2	0.0	0.0
Other investments	0.2	0.2	0.1	0.1	0.1
	1,143.7	1,355.5	1,478.4	1,556.7	1,796.2
Current assets					
Inventory	3.3	2.3	0.6	0.4	0.1
Trade and other receivables	4.9	5.6	15.3	15.5	21.9
Derivatives				3.3	0.0
Other financial assets	8.1	7.6	1.9	1.0	2.2
Cash and cash equivalents	20.9	10.2	13.9	14.0	18.7
	37.1	25.6	31.7	34.3	42.8
Total assets	1,180.8	1,381.1	1,510.1	1,591.0	1,839.0

€m	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019
EQUITY AND LIABILITIES					
Equity attributable to parent company shareholders					
Share capital	50.0	50.0	50.0	50.0	50.0
Other equity	403.3	551.1	602.1	652.5	781.3
Total equity	453.3	601.1	652.1	702.5	831.3
Non-current liabilities					
Deferred tax liabilities	96.4	132.1	150.8	161.2	192.0
Financial liabilities	466.8	462.7	494.4	258.1	1.0
Derivatives	86.2	116.4	91.4	93.0	141.1
Leasing liability					2.0
Pension obligations	0.3	0.3	0.3	0.2	0.2
	649.6	711.6	736.9	512.6	336.3
Current liabilities					
Financial liabilities	51.5	51.5	104.4	352.9	647.2
Derivatives	4.0	0.0	0.0	1.1	0.0
Leasing liability					0.3
Trade and other payables	22.3	16.9	16.6	22.0	23.9
	77.8	68.3	121.1	376.0	671.5
Total liabilities	727.4	779.9	858.0	888.5	1,007.7
Total equity and liabilities	1,180.8	1,381.1	1,510.1	1,591.0	1,839.0

[TORNATOR IN BRIEF](#)
[ANNUAL REVIEW](#)
[STRATEGY](#)
[RESPONSIBILITY](#)
[GOVERNANCE](#)

FINANCIAL STATEMENTS

[Summary of consolidated financial statements](#)
[Consolidated income statement, IFRS](#)
[Consolidated balance sheet, IFRS](#)

- [Statement of changes in Group shareholders' equity](#)

[Consolidated cash flow statement](#)
[Summary of financial statements](#)
[Calculation of key figures](#)

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

STATEMENT OF CHANGES IN GROUP SHAREHOLDERS' EQUITY

€'000	Share capital	Share premium	Translation differences	Fair value reserve	Retained earnings	Shareholders' equity total
Equity on 1 Jan 2018	50,000.0	29,995.2	-8,547.2	-156.8	580,830.3	652,121.4
Comprehensive income						
Profit/loss for the financial period					78,881.1	78,881.1
Transfers between items				156.2	-156.2	0.0
Other items of comprehensive income (after taxes)						
Items derived from the re-definition of net defined benefit costs (or asset items)					20.8	20.8
Translation difference			-49.3			-49.3
Investments in unlisted securities				0.6		0.6
Comprehensive income for the period	0.0	0.0	-49.3	156.8	78,745.7	78,853.2
Transactions with shareholders						
Dividends paid					-28,500.0	-28,500.0
Total transactions with shareholders					-28,500.0	-28,500.0
Equity on 31 Dec 2018	50,000.0	29,995.2	-8,596.5	0.0	631,075.9	702,474.6
Equity on 1 Jan 2019	50,000.0	29,995.2	-8,596.5	0.0	631,075.9	702,474.6
Comprehensive income						
Profit/loss for the period					164,772.0	164,772.0
Other items of comprehensive income (after taxes)						
Items derived from the re-definition of net defined benefit costs (or asset items)					28.8	28.8
Translation differences			-979.8			-979.8
Comprehensive income for the period	0.0	0.0	-979.8	0.0	164,800.8	163,821.0
Transactions with shareholders						
Dividends paid					-35,000.0	-35,000.0
Total transactions with shareholders					-35,000.0	-35,000.0
Equity on 31 Dec 2019	50,000.0	29,995.2	-9,576.3	0.0	760,876.8	831,295.6

[TORNATOR IN BRIEF](#)
[ANNUAL REVIEW](#)
[STRATEGY](#)
[RESPONSIBILITY](#)
[GOVERNANCE](#)
[FINANCIAL STATEMENTS](#)
[Summary of consolidated financial statements](#)
[Consolidated income statement, IFRS](#)
[Consolidated balance sheet, IFRS](#)
[Statement of changes in Group shareholders' equity](#)

- [Consolidated cash flow statement](#)

[Summary of financial statements](#)
[Calculation of key figures](#)
[REPORTING PRINCIPLES AND GRI INDEX](#)


Download a PDF file suitable for printing in A4 format.

CONSOLIDATED CASH FLOW STATEMENT

€m	2015	2016	2017	2018	2019
Cash flow from operating activities					
Cash receipts from customers	81.1	82.8	95.4	102.7	107.7
Proceeds from sale of tangible assets	30.8	8.3	5.6	3.5	2.7
Cash receipts from other operating income	3.5	3.4	3.6	6.8	5.7
Cash paid to suppliers and employees	-25.6	-25.4	-27.2	-30.6	-31.8
Cash flow from operating activities before financial items and taxes	89.8	69.2	77.4	82.3	84.4
Interest paid and other financial expenses	-20.8	-20.1	-21.4	-21.9	-22.7
Interest received	0.1	0.2	0.2	0.2	0.2
Income taxes paid	-6.8	-10.5	-10.1	7.5	-9.0
Net cash flow from operating activities	62.3	38.7	46.0	68.1	52.9
Cash flow from investing activities					
Investments in biological assets	-28.3	-11.2	-96.2	-47.9	-43.6
Investments in tangible assets, forestland	-3.5	-1.4	-11.9	-5.9	-5.4
Investments in other tangible and intangible assets	-3.4	-2.3	-2.6	-2.1	-3.2
Proceeds from sale of intangible assets			0.3		
Investments in associates and other investments	-0.8	-0.4	-0.1		
Net cash flow from acquisition of subsidiaries			0.2		
Investments in other financial assets					-1.1
Proceeds from sale of other financial assets	1.6	0.5	5.6	0.9	
Net cash flow from investing activities	-34.5	-14.8	-104.7	-55.0	-53.3

€m	2015	2016	2017	2018	2019
Cash flow from financing activities					
Withdrawal of long-term loans	0.0	0.0	40.0	25.0	0.0
Repayment of long-term loans	-4.7	-4.6	-4.6	-4.6	-0.1
Withdrawal of short-term loans	57.0	0.0	53.0	0.0	295.0
Repayment of short-term loans	-67.1	0.0	0.0	-5.0	-254.5
Repayment of leasing liabilities					-0.3
Dividends paid	-21.0	-30.0	-26.0	-28.5	-35.0
Net cash flow from financing activities	-35.8	-34.6	62.4	-13.1	5.1
Net increase/decrease in cash and cash equivalents	-8.0	-10.7	3.8	0.1	4.7
Cash and cash equivalents at beginning of period	28.9	20.9	10.2	13.9	14.0
Cash and cash equivalents at end of period	20.9	10.2	13.9	14.0	18.7

[TORNATOR IN BRIEF](#)
[ANNUAL REVIEW](#)
[STRATEGY](#)
[RESPONSIBILITY](#)
[GOVERNANCE](#)
[FINANCIAL STATEMENTS](#)
[Summary of consolidated financial statements](#)
[Consolidated income statement, IFRS](#)
[Consolidated balance sheet, IFRS](#)
[Statement of changes in Group shareholders' equity](#)
[Consolidated cash flow statement](#)

- [Summary of financial statements](#)

[Calculation of key figures](#)
[REPORTING PRINCIPLES AND GRI INDEX](#)

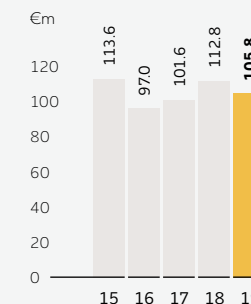

Download a PDF file suitable for printing in A4 format.

SUMMARY OF FINANCIAL STATEMENTS

The Tornator Timberland Group reports according to the International Financial Reporting Standards (IFRS).

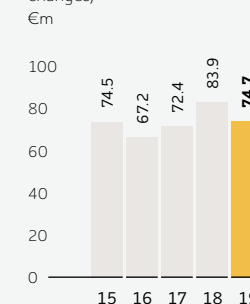
	2015	2016	2017	2018	2019
Net sales, € million	113.6	97.0	101.6	112.8	105.8
Operating profit, € million	56.4	269.8	92.4	116.5	264.6
Operating profit without change in fair value of biological assets, € million	74.5	67.2	72.4	83.9	74.7
Operating profit without change in fair value of biological assets, % of net sales	65.6	69.3	71.2	74.4	70.6
Profit/loss for the period, € million	39.1	172.9	77.9	78.9	164.8
Profit/loss for the period, € million	44.0	37.3	40.9	49.7	42.7
Profit/loss for the period without fair value changes, % of net sales	38.8	38.5	40.3	44.0	40.4
Shareholders' equity, € million	453.3	601.1	652.1	702.5	831.3
Interest-bearing net liabilities, € million	489.3	496.5	583.0	596.0	627.4
Balance sheet total, € million	1,180.8	1,381.1	1,510.1	1,591.0	1,839.0
Return on capital employed without change in fair value of biological assets, %	7.7%	6.5%	6.1%	6.6%	5.4%
Return on equity without fair value changes, %	10.0%	7.1%	6.5%	7.3%	5.6%
Equity ratio, %	38.6%	43.7%	43.3%	44.4%	45.5%
Dividends paid, €/share	4.2	6.0	5.2	5.7	7.0
Dividend yield, %	4.7%	5.7%	4.1%	4.2%	4.6%
Average number of personnel	213	200	189	182	183
Personnel expenses, % of net sales	7.6%	8.7%	8.1%	7.5%	8.6%
Investments in forestland, € million	31.8	12.6	108.1	53.8	48.9
Investments in other fixed assets, € million	4.3	2.7	2.6	2.1	3.2
Annual cut, million cubic metres	2.7	3.0	3.0	3.2	2.8
Fair value of forests, € million	1,115.4	1,328.0	1,454.0	1,539.5	1,776.3
Gross proceeds from land sales, € million	30.8	8.3	5.6	3.5	2.7

Net sales



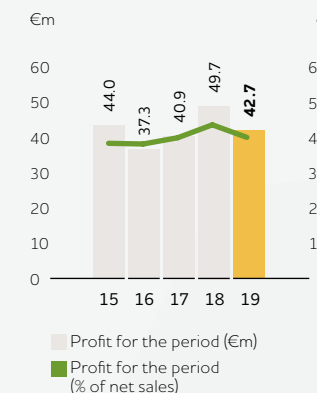
Operating profit

(Without effects of fair value changes)



Profit for the period

(Without effects of fair value changes)



TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

Summary of consolidated financial statements

Consolidated income statement, IFRS

Consolidated balance sheet, IFRS

Statement of changes in Group shareholders' equity

Consolidated cash flow statement

- Summary of financial statements
- Calculation of key figures

REPORTING PRINCIPLES
AND GRI INDEX



Download a PDF file suitable for printing in A4 format.

Financial ratios

	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	Max./Min.
Equity ratio, %	44%	43.3%	44.4%	45.5%	
Average interest rate, %	3.9%	3.8%	3.6%	3.3%	
Hedge ratio, %	80%	68%	67%	52%	
Average loan maturity, years	2.7	2.0	1.2	0.7	
Average fixing time, years	1.6	1.0	0.6	0.5	
Gearing ratio, %	64.7%	72.2%	69.2%	62.7%	150%
Debt service coverage ratio (DSCR)	2.3	2.5	3.4	2.9	1.1
Loan-to-value (LTV) ratio, %	39.4%	43.6%	43.9%	36.6%	70%

Long-term target for equity ratio is 35%. Loan covenants are tied to gearing ratio (max. 150%), DSCR (min. 1.1 x) and LTV ratio (max. 70%).

Financing, nominal values

€m	2015	2016	2017	2018	2019
Long-term bonds	250.0	250.0	250.0	0.0	0.0
Long-term bank loans	141.0	136.5	172.0	192.5	0.0
Long-term debenture loan	65.0	65.0	65.0	65.0	0.0
Short-term bonds				250.0	
Short-term debenture loan					65.0
Current portion of long-term loans	4.5	4.5	4.5	4.5	0.0
Short-term bank loans and commercial papers	47.0	47.0	100.0	95.0	582.5
All loans	507.5	503.0	591.5	607.0	647.5
Net financial expenses	8.2	53.1	-4.6	24.2	69.4
Net financial expenses without fair value changes	20.6	20.6	21.7	22.5	22.4
Net financial expenses without fair value changes, % of net sales	18.1%	21.2%	21.4%	20.0%	21.1%
Average interest rate, %	3.9%	3.9%	3.8%	3.6%	3.3%

Sensitivity of interest rate risk

Effects of one percentage point changes in yield curve on the company's income statement

€m	31 Dec 2019 Income statement
One percentage point increase in market interest rates	+49
One percentage point decrease in market interest rates	-64

Calculation of key figures

Return on equity, %

=

Profit for the period

Equity

x 100

Return on capital employed, %

=

Operating profit
+ Interest income

Balance sheet total
- Interest-free liabilities

x 100

Dividend yield, %

=

Dividends paid

Equity

x 100

Equity ratio, %

=

Equity

Balance sheet total
- Advances received

x 100

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX

Reporting principles

GRI content index

REPORTING PRINCIPLES AND GRI INDEX



Download a PDF file suitable
for printing in A4 format.

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX

- Reporting principles
- GRI content index



Download a PDF file suitable for printing in A4 format.

REPORTING PRINCIPLES

This report is based on the Global Reporting Initiative’s GRI Standards for sustainability reporting, the Core option. The reporting period is the calendar year, 1 January – 31 December 2019, and the report is published annually.

References to the report’s contents regarding the GRI Standards are found in the GRI content index. The report is published in Finnish and English, both in print and online. The sustainability information has not been verified by an external party. The company’s previous Annual Report was published on 7 March 2019.

The sustainability information given in this Annual Report covers the Tornator Group, except for the biodiversity disclosure 304-4 which only applies to Finland.

For further information, please contact:

Tuija Luukkanen
Corporate Responsibility Manager
tuija.luukkanen@tornator.fi

Outi Nevalainen
Head of HR, Communications and Responsibility
outi.nevalainen@tornator.fi

Tornator Oyj’s head office is located at Napinkuja 3, Imatra, Finland.

Material topic	GRI Standard	Topic boundary
Sustainable utilisation of natural resources	<ul style="list-style-type: none">Water and effluentsBiodiversityNon-compliance with environmental laws and regulations	Tornator Group, except for the biodiversity disclosure 304-4 which only applies to Finland
Economic responsibility and profitability	<ul style="list-style-type: none">Direct economic value generated and distributed	Tornator Group
Employee satisfaction, health and safety	<ul style="list-style-type: none">Occupational health and safetyEmploymentDiversity of governance bodies and employeesNon-discrimination	Tornator Group
Open communication and stakeholder relationships	<ul style="list-style-type: none">Key topics and concerns raised	Tornator Group
Local economic impacts	<ul style="list-style-type: none">Indirect economic impacts	Tornator Group
Responsible management of contractor and partner relationships	<ul style="list-style-type: none">Confirmed incidents of corruption and actions takenLegal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Tornator Group
Certified products	<ul style="list-style-type: none">Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses	Tornator Group
Carbon sequestration	<ul style="list-style-type: none">Own indicator: Tornator’s carbon dioxide emissions	Tornator Group
Employee and contractor training	<ul style="list-style-type: none">Training and education	Tornator Group

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX

Reporting principles

- GRI content index



Download a PDF file suitable for printing in A4 format.

GRI CONTENT INDEX

Code		Location	Comments
GRI 102: GENERAL DISCLOSURES			
Organisational profile			
102-1	Name of the organisation	Back cover	
102-2	Activities, brands, products, and services	Tornator in brief, pp. 2–3; Value creation, p. 17	
102-3	Location of headquarters	Reporting principles, p. 55	
102-4	Location of operations	Tornator in brief, p. 2	
102-5	Ownership and legal form	Governance, p. 41	
102-6	Markets served	Tornator in brief, p. 2; Business environment, pp. 12–13	Main customer Stora Enso and SME sawmills.
102-7	Scale of the organisation	The year 2019, pp.5–6; Profitable growth, p. 20; Personnel, p. 36; Summary of consolidated financial statements, p. 47	14 waterfront plots sold.
102-8	Information on employees and other workers	Personnel, pp. 36–38	Forest workers’ employment is seasonal. The number of contractors is 98. The employment relationships of contractors’ employees are indefinite or fixed-term, the number of employees is unknown. Subsidiaries report these figures through the reporting system, and they are consolidated at Group level. The contractors’ data is collected when their contracts are signed.
102-9	Supply chain	Society, p. 30	
102-10	Significant changes to the organisation and its supply chain	GRI content index	New CEO appointed.
102-11	Precautionary Principle or approach	Governance, pp. 42–43	
102-12	External initiatives	Responsibility vision and goals, p. 27; Responsibility management, p. 29	
102-13	Membership of associations	Stakeholders, p. 15	
Strategy			
102-14	Statement from senior decision-maker	CEO’s review, pp. 7–8	
102-15	Key impacts, risks, and opportunities	Stakeholders, pp. 15–16; Business environment, pp. 12–13; Value creation, p. 17; Society, p. 31; Governance, pp. 42–43	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	Strategic priorities, vision, mission and values, s. 18–19; Responsibility management, p. 29	Strategic priorities, vision, mission and values, pp. 18–19
102-17	Mechanisms for advice and concerns about ethics	Responsibility management, p. 29	Tornator uses a Group-wide whistle-blower system, through which employees can report any unethical behaviour or violations. There is also an electronic feedback system for reporting by external stakeholders.

Code		Location	Comments
Governance			
102-18	Governance structure	Responsibility management, p. 29; Governance, p. 41	
Stakeholder engagement			
102-40	List of stakeholder groups	Stakeholders, pp. 15–16	
102-41	Collective bargaining agreements	GRI content index	In Finland, 77.6% of Tornator's employees are covered by universally applicable collective bargaining agreements. In Estonia and Romania, there are no similar practices in the sector.
102-42	Identifying and selecting stakeholders	Stakeholders, p. 15	
102-43	Approach to stakeholder engagement	Stakeholders, pp. 15–16	
102-44	Key topics and concerns raised	Stakeholders, p. 16	
Reporting practice			
102-45	Entities included in the consolidated financial statements	Financial statements, p. 47	
102-46	Defining report content	Responsibility vision and goals, p. 27; Reporting principles, p. 55	
102-47	List of material topics	Responsibility vision and goals, p. 27; Reporting principles, p. 55	
102-48	Restatements of information	GRI content index	No changes.
102-49	Changes in reporting	GRI content index	No significant changes.
102-50	Reporting period	Reporting principles, p. 55	
102-51	Date of most recent report	Reporting principles, p. 55	
102-52	Reporting cycle	Reporting principles, p. 55	
102-53	Contact point for questions regarding the report	Reporting principles, p. 55	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting principles, p. 55	
102-55	GRI content index	GRI content index	
102-56	External assurance	Reporting principles, p. 55	
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	Society, p. 31; Environment, pp. 33–34; Personnel, pp. 36–37; Reporting principles, p. 55	
103-2	The management approach and its components	Responsibility vision and goals, p. 27; Responsibility management, p. 29; Society, pp. 30–31; Environment, pp. 33–34; Personnel, pp. 36–37;	
103-3	Evaluation of the management approach	Responsibility vision and goals, p. 28; Responsibility management, p. 29; Society, pp. 30–31; Environment, pp. 33–34; Personnel, pp. 36–37	

TORNATOR IN BRIEF

ANNUAL REVIEW

STRATEGY

RESPONSIBILITY

GOVERNANCE

FINANCIAL STATEMENTS

REPORTING PRINCIPLES
AND GRI INDEX

Reporting principles

- GRI content index



Download a PDF file suitable for printing in A4 format.

Code	Location	Comments
ECONOMIC STANDARDS		
GRI 201: ECONOMIC PERFORMANCE		
201-1	Direct economic value generated and distributed	Society, p. 31
GRI 203: INDIRECT ECONOMIC IMPACTS		
203-2	Significant indirect economic impacts	Society, pp. 30–31 Partly reported.
GRI 205: ANTI-CORRUPTION		
205-2	Communication and training about anticorruption policies and procedures	GRI content index Part of the Code of Conduct training. Tornator employees received Code of Conduct training in 2016. The principles are explained to new employees at the beginning of their employment. The company's senior management was trained in 2016. Tornator's Code of Conduct will be updated during 2020. The principles are also reviewed as part of all new supplier relationships and other partnerships.
205-3	Confirmed incidents of corruption and actions taken	GRI content index No cases of corruption.
GRI 206: ANTI-COMPETITIVE BEHAVIOUR		
206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	GRI content index No cases of corruption.
ENVIRONMENTAL STANDARDS		
GRI 303: WATER AND EFFLUENTS		
303-1	Interactions with water as a shared resource	Environment, p. 33 Partly reported.
GRI 304: BIODIVERSITY		
304-2	Significant impacts of activities, products, and services on biodiversity	Environment, p. 33 Partly reported.
304-3	Habitats protected or restored	Environment, pp. 33–34 Total number of conservation areas reported. Additional information: www.tornator.fi/en/business/responsible+forestry/responsible+for+the+environment/ www.tornator.fi/en/business/responsible+forestry/
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	GRI content index According to Tornator's geographic information system, there are 775 known occurrences of IUCN Red List species in its forests in Finland. No listing by level of extinction risk is available.

Code	Location	Comments
GRI 305: EMISSIONS		
Own indicator	Tornator's carbon dioxide emissions	GRI content index The CO ₂ emissions of Tornator's own forestry supply chains amount to some 0.002 million tonnes of per year. Emissions from our own operations include forest management, staff travel, office electricity and heating.
GRI 307: ENVIRONMENTAL COMPLIANCE		
307-1	Non-compliance with environmental laws and regulations	GRI content index No violations.
SOCIAL STANDARDS		
GRI 401: EMPLOYMENT		
401-1	New employee hires and employee turnover	Personnel, p. 37 Partly reported. No information by age group and gender.
GRI 403: OCCUPATIONAL HEALTH AND SAFETY		
403-2 (2016)	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Personnel, p. 38 Questionnaire sent to contractors in Finland and Estonia. The response rate was 63% in Finland and 100% in Estonia. Results: In Finland, contractors had 4 injuries resulting in a total of 7 lost days. In Estonia, contractors had no injuries.
GRI 404: TRAINING AND EDUCATION		
404-1	Average hours of training per year per employee	Personnel, p. 38 Tornator's Group Management operates in Finland.
404-2	Programmes for upgrading employee skills and transition assistance programmes	Personnel, p. 38 Tornator has no programmes regarding termination of employment.
404-3	Percentage of employees receiving regular performance and career development reviews	GRI content index The participation rate in Finland and Estonia was 100%, and in Romania 80%.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY		
405-1	Diversity of governance bodies and employees	Personnel, p. 37
GRI 406: NON-DISCRIMINATION		
406-1	Incidents of discrimination and corrective actions taken	GRI content index No cases of discrimination during the reporting period.
GRI 419: SOCIOECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	GRI content index No violations.



Tornator Oyj
Napinkuja 3 C
FI-55100 Imatra, Finland

www.tornator.fi/en



**RESPONSIBLE EXPERTISE
IN FORESTRY**