

An aerial photograph of a vast, green forested landscape. A large, dark blue lake is prominent on the left side, with several smaller, interconnected water bodies and islands scattered throughout the forest. The trees are dense and appear to be in the early stages of autumn, with some yellowing. The sky is clear and bright. The text 'TORNATOR CAPITAL MARKETS DAY' and the date '16.4.2021' are overlaid in white, sans-serif font in the center of the image.

# TORNATOR CAPITAL MARKETS DAY

16.4.2021





# AGENDA

1. Year 2020 overview
2. Business environment
3. Green financing
4. ESG matters

Presented by:  
CEO Henrik Nieminen  
CFO Antti Siirtola



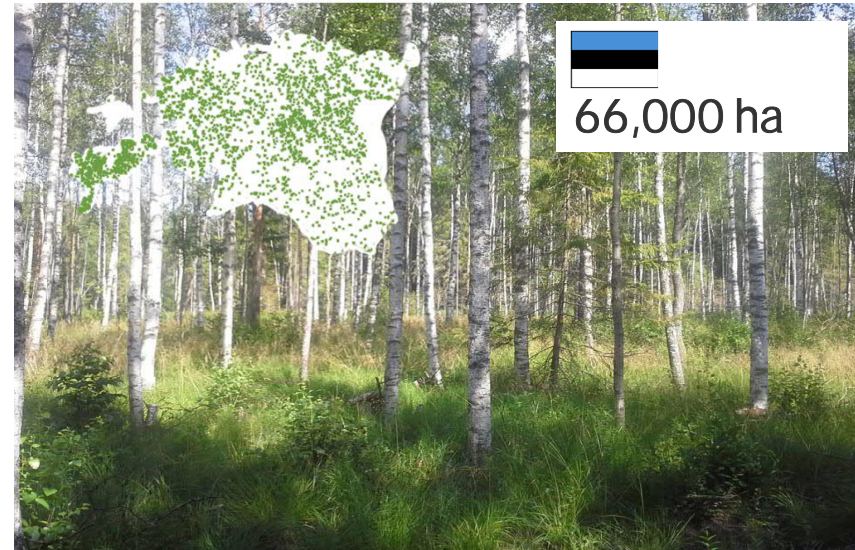




# Year 2020 overview



# FORESTLANDS





# HIGHLIGHTS OF 2020



**Issue of Tornator's first Green Bond**



**Tornator and Stora Enso expanded their cooperation in silvicultural services**

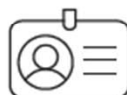


**Major wind power portfolio deal with OX2, the largest onshore wind farm builder in Europe**



**ADDITIONAL WORK FOR ENTREPRENEURS WITH THE 'TORNAMEININKI' CAMPAIGN during the COVID pandemic**

**FIRST FOREST LEASE BUSINESS AGREEMENTS IN FINLAND**



**Launch of new CODE OF CONDUCT online training for all Tornator employees**



**A RECORD 1,500 HECTARES OF NEW NATURE CONSERVATION AREA**

**PRESCRIBED BURNING OF AN 85-HECTARE AREA**



**A MAJOR CONSERVATION AREA OF ALMOST 750 HECTARES IN LUHTAPOHJA, JOENSUU, under the Helmi habitat protection programme**

Watch the video:  
[www.youtube.com/watch?v=vKkqayhPu28](https://www.youtube.com/watch?v=vKkqayhPu28)





# TORNATOR'S SHAREHOLDERS AND CORPORATE STRUCTURE

## 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
<b>Total</b>	<b>5,000,000</b>	<b>100</b>

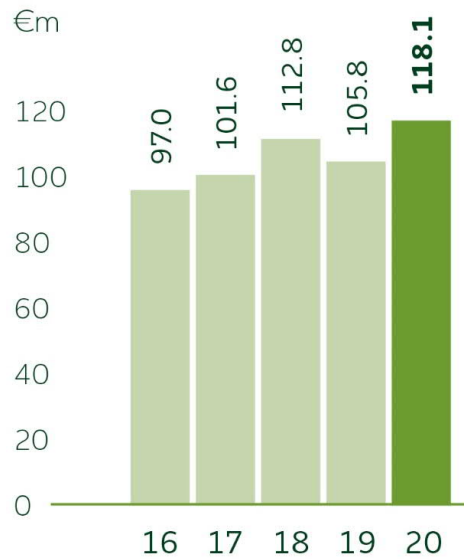
## Tornator Timberland Group

10 shareholders	
Tornator Oyj Finland 640,000 ha	
SC Tornator SRL Romania 12,000 ha	Tornator Eesti OÜ Estonia 66,000 ha



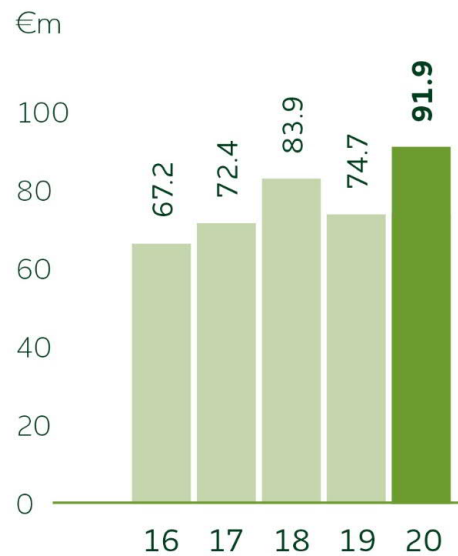
# THE BEST YEAR IN TORNATOR'S HISTORY

## Net sales



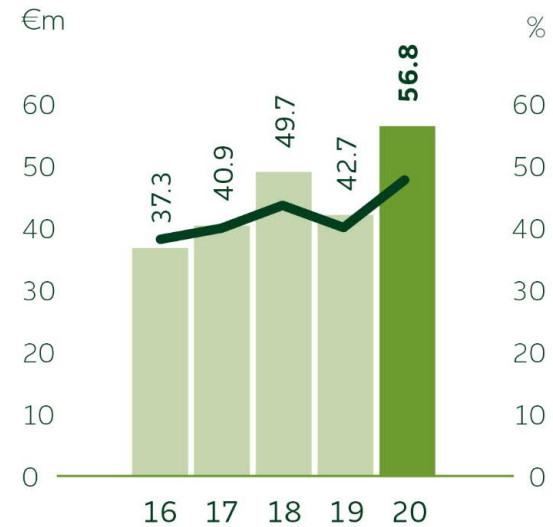
## Operating profit

(Without effects of fair value changes)



## Profit for the period

(Without effects of fair value changes)



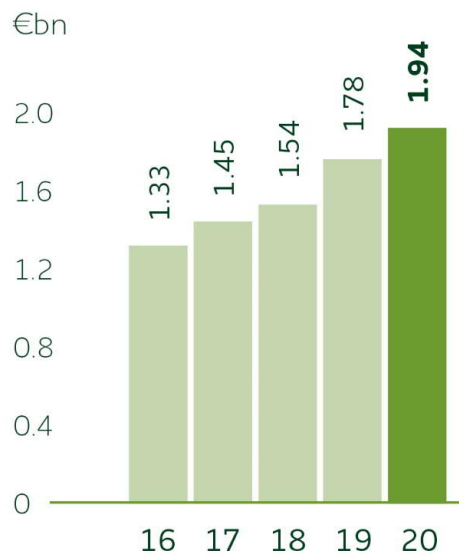
■ Profit for the period (€m)

■ Profit for the period (% of net sales)

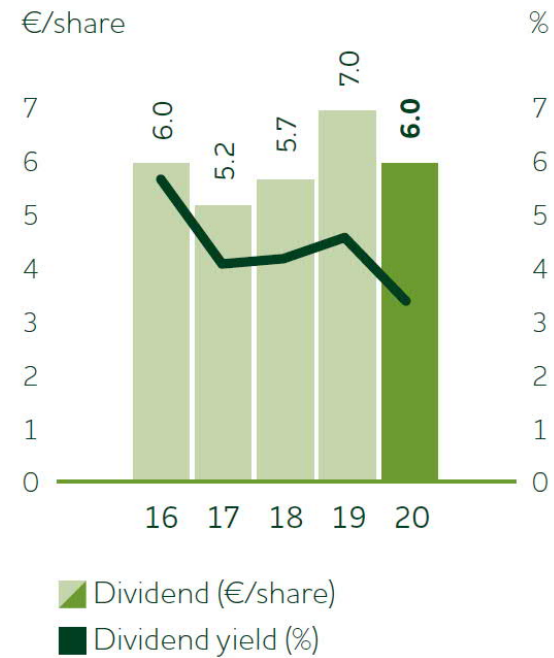


# VALUE OF THE FORESTS INCREASED

**Valuation of forests**  
(fair value)



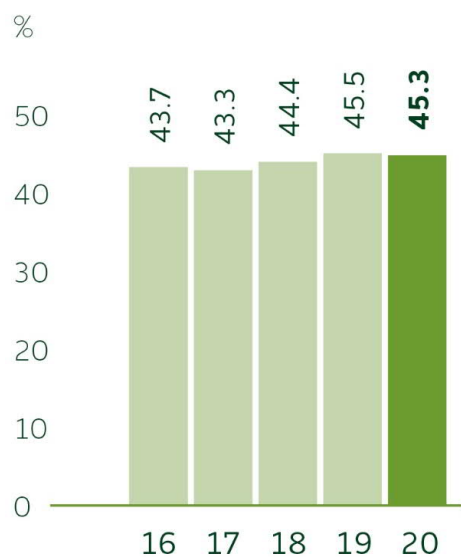
**Dividend and dividend yield**





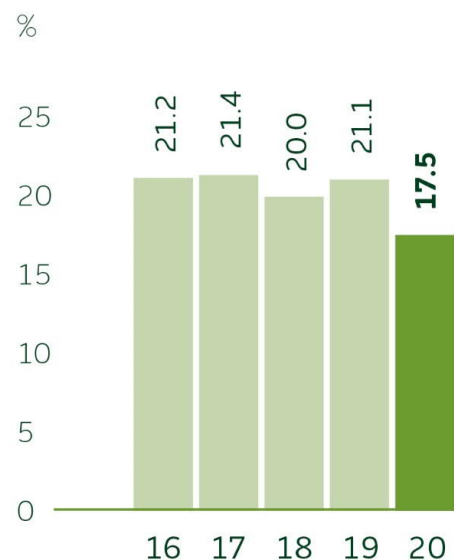
# EQUITY RATIO REMAINED STRONG

## Equity ratio



## Net financial expenses

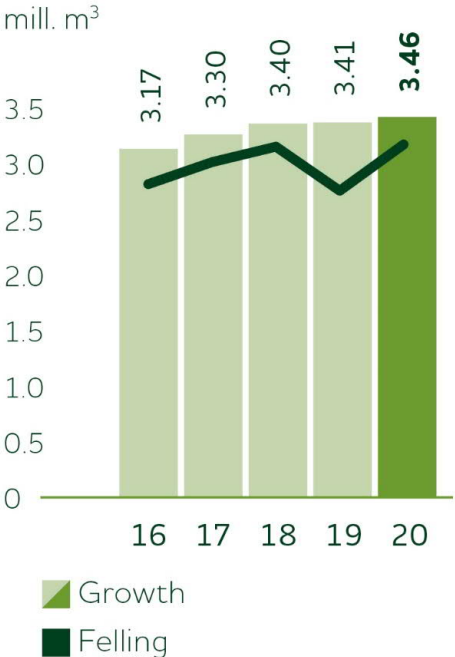
(% of net sales)



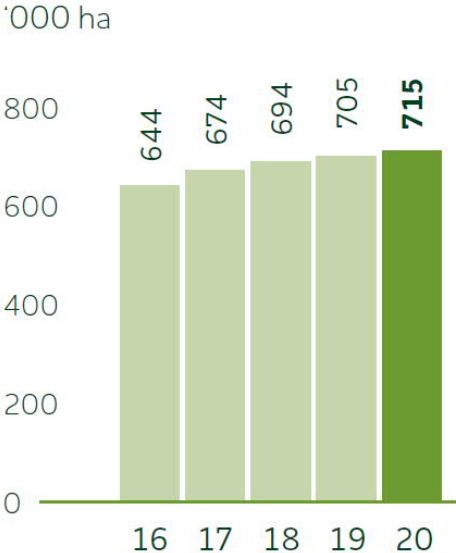


# FOREST GROWTH AND FORESTLAND INCREASED

### Growth and felling in Tornator Group's forests



### Development of Tornator's forestlands



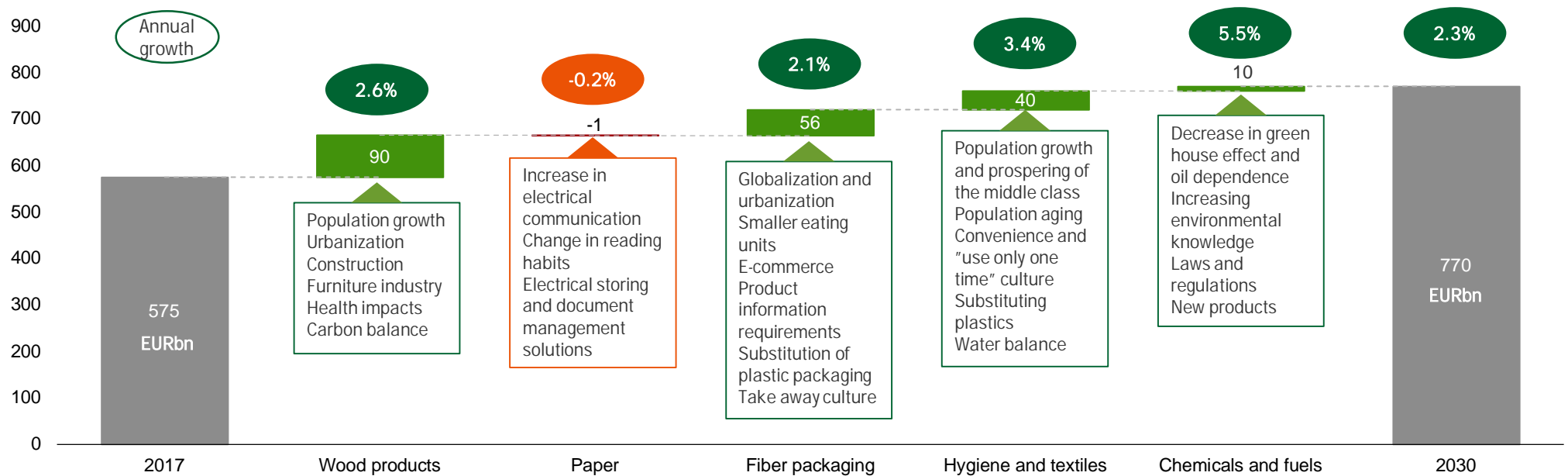




# Business environment

# MEGATRENDS DRIVING GROWTH IN FOREST PRODUCT MARKETS

Forest product market is estimated to grow by EUR 200bn in 2017-2030



Source: Pöyry Consulting report

Copyright: Tornator Oyj 15 April 2021

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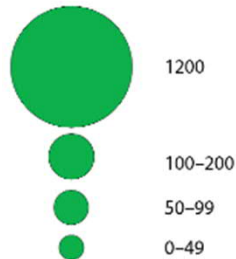




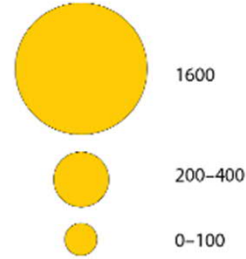
# Forest industry investments since 2015

Investment phase and value, M€

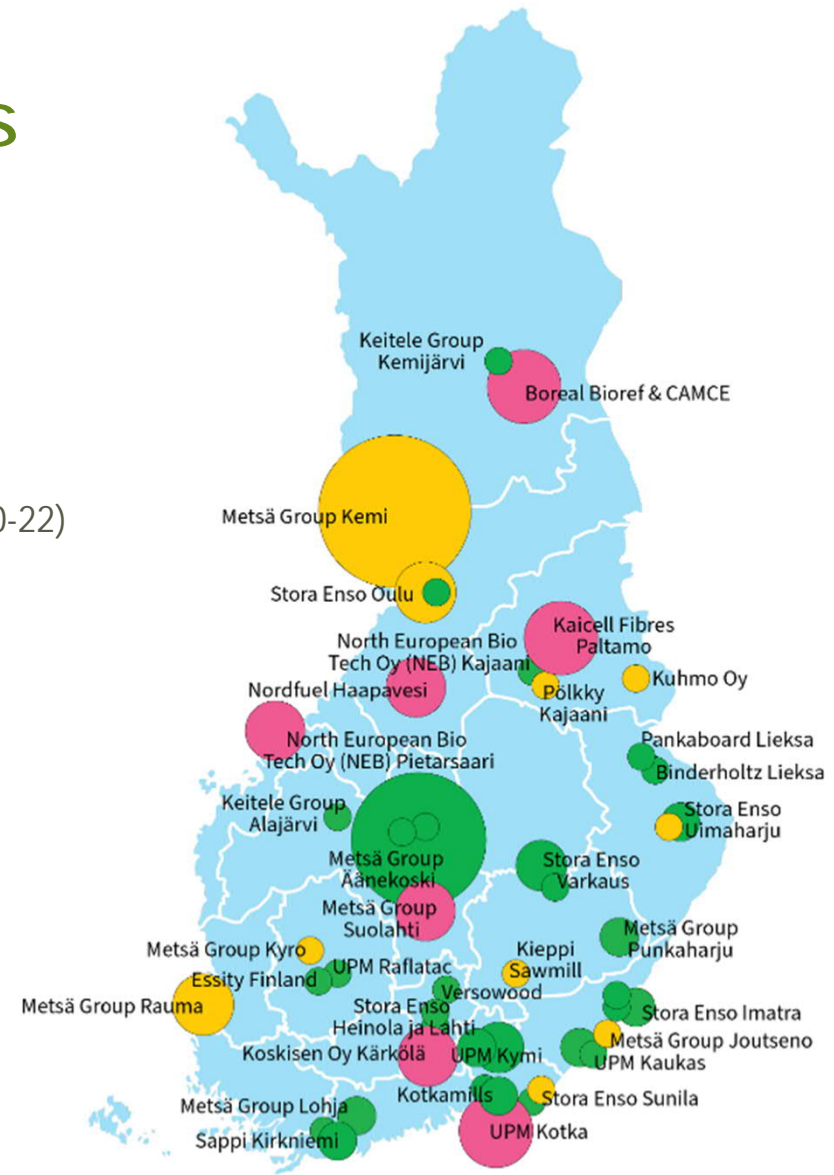
Finalized (2015-19)



To be finalized (2020-22)



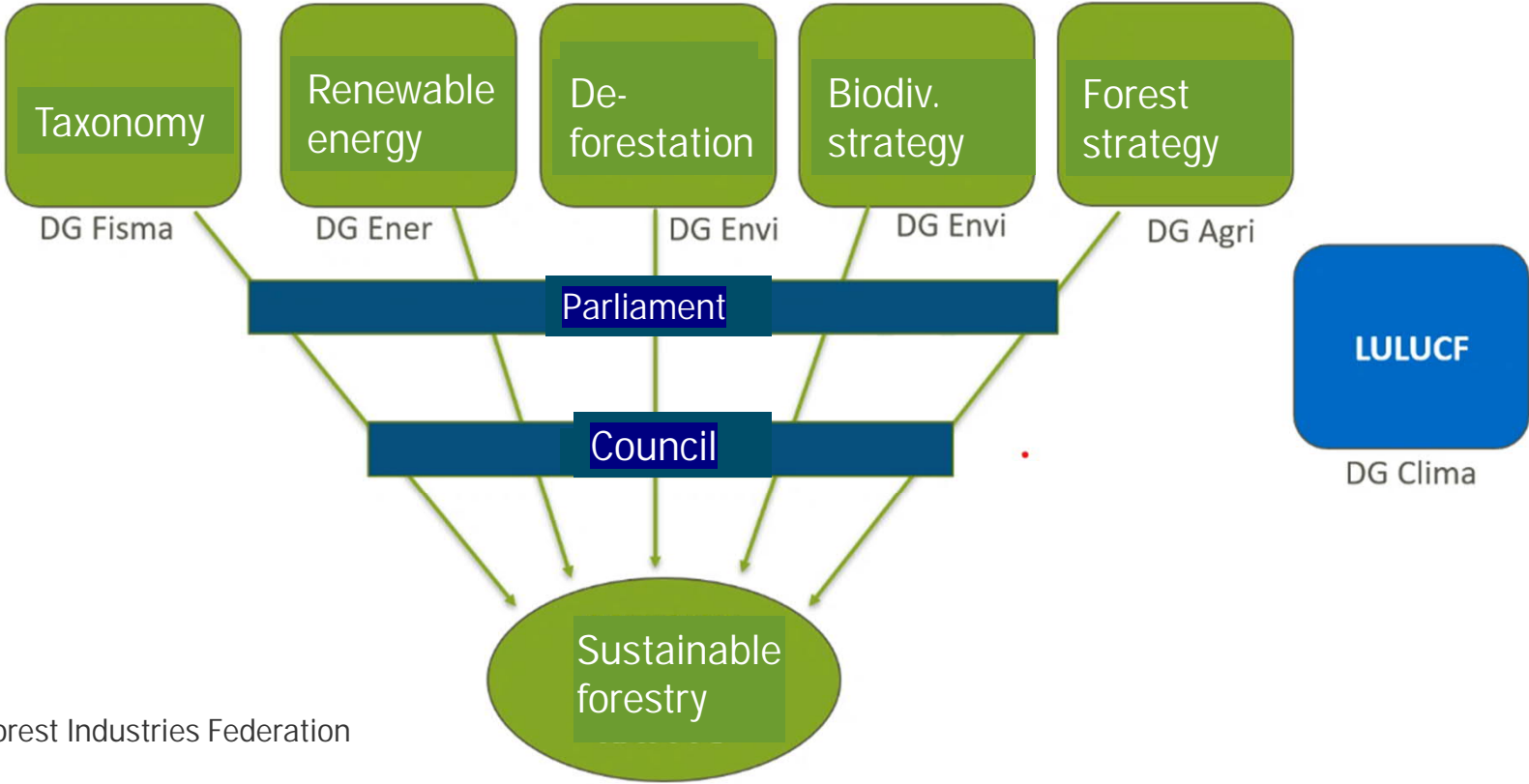
Planned investments



Source: Finnish Forest Industries Federation

# EU'S INFLUENCE ON FORESTRY

Complex, and sometimes contradictory proposals from different departments (DG) of EU Commission -  
How to get a workable solution for a sustainable forestry?



Source: Finnish Forest Industries Federation

9.3.2021



A close-up photograph of a person's hand holding a small cluster of bright red berries. The hand is positioned on the left side of the frame. The background is a lush, green forest floor with various plants, including moss and small green leaves. The text "Green financing" is overlaid in the center of the image.

# Green financing



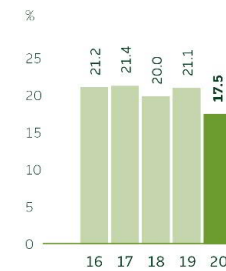
# REFINANCING IN 2020

- Refinancing of the whole debt portfolio in 2020, mainly using Green Financing

- ↳ € 350 million Green bank loan agreement in March 2020
  - ↳ Of which € 250 million is withdrawn
- ↳ € 350 million Green Bond in October 2020
- ↳ € 100 million bank loan agreement in April 2020
- ↳ In addition € 15 million in issued Commercial paper



Net financial expenses  
(% of net sales)



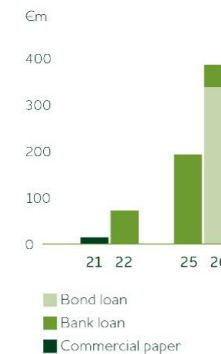
- Debt structure as of 31 December 2020

- ↳ Total debt € 690 million
  - ↳ Maturities mainly in 2025 and 2026
- ↳ Green bond has a fixed coupon, bank loan and commercial paper have been swapped to fixed interest payments by using interest rate swaps
  - ↳ As a result, the hedge ratio (portion of fixed interest) is close to 100 %
- ↳ Average interest rate has been decreasing steadily and was below 3,0 % in 2020

Structure of debt, nominal values at 31 Dec 2020



Maturity of debt





# GREEN FINANCING



- After refinancing, Tornator's debt is now mostly green
  - ↳ Total amount of Green Financing is € 600 million, 87 % of total debt
  - ↳ Green funds have been allocated to eligible assets as described in our Green Finance Framework
    - ↳ Green funds withdrawn in 2020 were allocated to acquisitions of double certified forests in Finland
    - ↳ Green Finance Framework includes also other eligible asset categories
- Green Finance Governance and other important information is discussed in our annual Green Finance Investor Letter which published earlier this week with the following content

- ↳ Governance process:



- ↳ Highlights of the 2020 Investor Letter on the following slides

# GREEN FINANCE INVESTOR LETTER

- Complete report can be found on our website: [www.tornator.fi/en/investors](http://www.tornator.fi/en/investors)
- Content
  - ↳ Executive Summary
  - ↳ Tornator in Brief
  - ↳ Green Financing
  - ↳ Use of proceeds
  - ↳ Other responsible forestry measures
  - ↳ Auditor's Assurance report
- Highlights
  - ↳ EUR 600 million in issued Green Financing in 2020
    - ↳ CICERO "Dark Green" label for all eligible asset categories
    - ↳ Used for investments in sustainable forestry
      - ↳ Nordic, pine dominated forests which provide renewable raw material for different purposes
    - ↳ Green Bond very well received, strong performance also after the transaction





# POSITIVE CLIMATE IMPACT

- Allocation of Green funds and the Positive climate impact:

Climate Impact allocated to transactions	Green Bond	Green Bank loans	No Green allocation	Finland, total
Portion of Finnish forests	45 %	32 %	23 %	100 %
Total amount, € million	350	250	170	770
Hectares	288 000	204 800	147 200	640 000
Annual forest growth, m3	1 350 000	960 000	690 000	3 000 000
Annual cut, m3	1 215 000	864 000	621 000	2 700 000
Annual carbon Sequestration, tons of CO2	1 665 000	1 184 000	851 000	3 700 000



- └ Green funds were allocated to Finnish forests based on the total acquisition cost of Finnish forests at 31 December 2020
  - └ Green Bond covers thus 45 % of the total acquisition cost and, respectively, the same portion of annual growth, annual harvesting and annual carbon sequestration

# OTHER RESPONSIBLE FORESTRY MEASURES

- In addition to maintaining and increasing carbon sinks and storage, Tornator is engaged in different types of activities aiming at enhancing ecological sustainability.
  - ↳ These activities include e.g. nature management of commercial forests, restoration and conservation:
    - ↳ 1500 hectares of new conservation areas were established in 2020
    - ↳ 113 hectares of mires were restored in 2020
    - ↳ Prescribed burning was conducted on 85 hectares
- Future development:
  - ↳ Tornator is committed to launch a separate biodiversity program during 2021.
    - ↳ The program brings together the measures and targets we use to promote biodiversity, and metrics to gauge the effectiveness of such measures
    - ↳ Measures and targets will be reported in 2021 Green Finance Investor Letter



Photo: Taru Nissinen





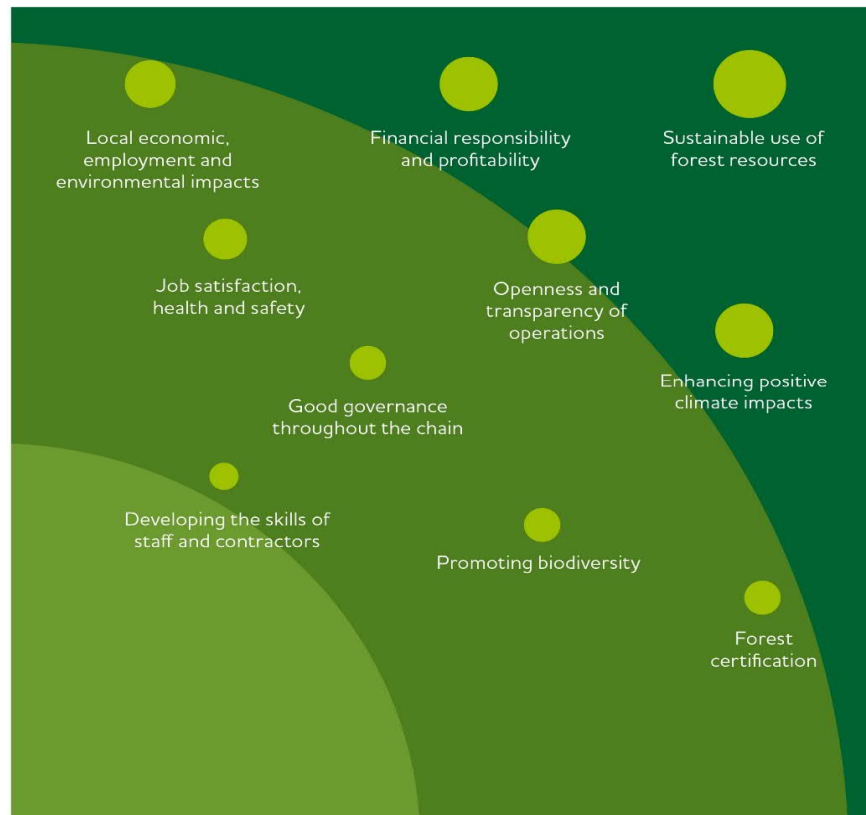
# ESG matters



# MATERIALITY ANALYSIS WAS UPDATED IN 2020







Importance for business vs. significance for stakeholders

Materiality matrix



# RESPONSIBILITY IS FOLLOWED AND MEASURED

We are a forerunner in the responsible use of forests

Theme	Topic	Target	Indicator	Outcome 2020 (2019)	Status of the target
 <b>An expert in sustainable forestry</b>	<b>Sustainable utilisation of natural resources</b>	Make cutting plans sustainably	Annual cut vs. growth	Cut some 3.2 mill. m <sup>3</sup> /yr (2.8), Growth some 3.5 mill. m <sup>3</sup> /yr (3.4)	↗
	<b>Certified products</b>	Comply with FSC and PEFC certification criteria	No major non-compliances	No major non-compliances (0)	↗
	<b>Carbon capture and storage</b>	Increase carbon sequestration by caring for the health and vigour of forests. Maintain carbon stores of forests with sustainable harvesting.	Maintenance of carbon capture and storage capacity	Forest growth 5.5 m <sup>3</sup> /ha/yr (5.5)	→
 <b>An attractive employer</b>	<b>Employee satisfaction, health and safety</b>	Satisfied employees, healthy and safe work environment	Result of the new employee well-being survey, number of accidents at work	A new kind of employee well-being survey in 2020, 3.9/5 8 (8)	→
		<b>Employee and contractor training</b>	Secure necessary expertise for the company	Days of training per person	3 days (5.5)
 <b>A responsible partner</b>	<b>Economic responsibility and profitability</b>	Steady dividends and increasing forest value for shareholders	Return on equity at fair value	13.8% (21.5)	↘
	<b>Local economic impacts</b>	High net value retained	Net value retained	€ 26.8 mill. (7.7)	↗
	<b>Responsible management of contractor and partner relationships</b>	Monitor suppliers' sustainability systematically	Completed supplier assessments	107 (90)	↗
	<b>Open communication and stakeholder relationships</b>	Identify sustainability themes important to the company and stakeholders	Updating of the materiality analysis (core/comprehensive) at three years' intervals in co-operation with stakeholders	The materiality analysis was updated in Autumn 2020. The previous one was conducted in 2017.	↗

Copyright: T

**INATOR**

# RESPONSIBILITY IN PRACTICE

## The 'Tornameininki' campaign provided work for entrepreneurs during the COVID pandemic

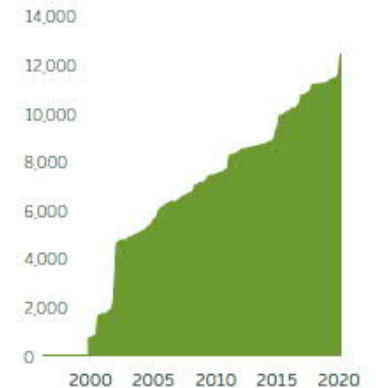
### Forests for the well-being of society as a whole

Tornator generates well-being for society through employment, as well as tax contributions. In 2020, Tornator's tax footprint totalled €29.1 million. Tornator's forests employed not only the company's own employees, but also provided contractors with a total of 1,000 person-years of work.



**NATURE CONSERVATION AREAS INCREASED MORE THAN 6-FOLD since the year of Tornator's establishment**

Protection under the Nature Conservation Act by Tornator (ha)



### Themes and measures of biodiversity work in 2020

Theme	Theme in a nutshell	Measures in 2020
<b>NATURE MANAGEMENT OF COMMERCIAL FORESTS</b>	- Nature management of commercial forests refers, for example, to the identification and protection of valuable habitats, and various measures such as creating buffer zones for water courses and leaving retention trees in place.	- Tornator engaged in the prescribed burning of <b>85 hectares in 2020, exceeding its target for the year. Prescribed burning creates a habitat for many endangered species.</b>
<b>RESTORATION</b>	- In particular, Tornator is working to restore mires with poor or disrupted nutrient cycles to their natural state, so that they function as carbon sinks in the future.	- Tornator restored <b>113 hectares of mires.</b> - Last year's restoration target of <b>180 hectares was not achieved due to poor winter weather during harvesting.</b>
<b>CONSERVATION</b>	- Tornator has 200 private conservation areas, covering 13,000 hectares. It also participates in voluntary conservation programmes: 1,500 hectares were protected through the Helmi habitat protection programme and 1,900 hectares through the Metso programme.	- Tornator agreed on a major conservation area of almost <b>750 hectares in Luhtapohja, Joensuu, under the Helmi habitat protection programme.</b> - Tornator established a record <b>1,500 hectares of new nature reserves in total.</b>



**A NEW UNIFIED CODE OF CONDUCT WAS LAUNCHED IN AUTUMN 2020, I.E. INSTRUCTIONS AND TRAINING IN HONEST WORK PRACTICES IN ALL OPERATING COUNTRIES.**







# Climate change



# CLIMATE CHANGE AND GLOBAL INTEREST TOWARDS NATURE/FORESTS

- A lot of “weak signals” during past year; as an example:
  - ↳ HSBC Global Asset Management and Pollination have partnered with the ambition to create the **world’s largest dedicated natural capital asset management company**.
  - ↳ HSBC Pollination Climate Asset Management intends to establish a series of natural capital funds, investing in a diverse range of activities that preserve, protect and enhance nature over the long-term, and address climate change.
  - ↳ Investment themes will include:
    - ↳ Regenerative and sustainable agriculture
    - ↳ **Sustainable forestry**
    - ↳ Oceans, including sustainable fisheries, coastal restoration and blue carbon
    - ↳ Biodiversity and wildlife protection and restoration
    - ↳ Natural capital and real assets that generate carbon credits



## Bloomberg Green

markets. **Enable Notifications.**

Finance

# London Hedge Funds Are Betting a \$100 Carbon Price Is Almost Here

By [Will Mathis](#)

2. helmikuuta 2021 klo 7.00 UTC+2 Updated on 2. helmikuuta 2021 klo 14.30 UTC+2

“We’re very confident the price path forward is up,” said Casey Dwyer, an analyst at the energy and oil-focused hedge fund run by Pierre Andurand. “We have an aggressive target for where we think prices need to go.”

Dwyer expects it will hit 100 euros (\$121) per metric ton of carbon emissions, possibly as soon as later this year, from about 33 euros now. Andurand, one of the best-performing hedge funds in 2020, is joined by Lansdowne Partners LP and Northlander Commodity Advisors in predicting a surge this year. Some of Europe’s biggest banks are also signaling demand for credits will grow in coming years.

# CALL ON CARBON – INITIATIVE BY CLC

calloncarbon.com/signatories/

CALL ON CARBON

For ramping up climate investments and carbon pricing

JOIN SIGNATORIES PARTNERS WHY NOW EVENTS NEWS ABOUT US

## Signatories

### Hannu Keinänen

CEO  
Ensto

### Antti Vasara

CEO  
VTT

### Marcus Wallenberg

Chair of the Board of Directors  
SEB

### Antti Herlin

chairman of the Board of Directors  
KONE Corporation

### Jyrki Katainen

President  
The Finnish Innovation Fund Sitra

### Henrik Nieminen

CEO  
Tornator

### Jaakko Hirvola

CEO  
Technology Industries of Finland

### Markus Rauramo

President and CEO  
Fortum

### Eero Hautaniemi

CEO  
Lassila & Tikanoja

### Jouko Niinimäki

Rector  
University of Oulu

### Kai Öistämö

President and CEO  
Vaisala

### Jouko Pölönen

CEO  
Ilmarinen

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## Main objectives:

- The key objective is to get a large volume of visible support for carbon pricing before the UNFCCC COP in Glasgow November 2021.
- Based on the wide support, we call countries to back their net zero targets with Paris Agreement consistent effective carbon pricing instruments, to align carbon pricing instruments where appropriate between countries, to create a stable and predictable investment environment and to finalize the rules for international market mechanism under Article 6 of the Paris Agreement.



# CLIMATE IMPACTS OF TORNATOR'S FORESTS

**ONE HECTARE OF FOREST CAPTURES AS MUCH CO<sub>2</sub> FROM THE ATMOSPHERE AS A SINGLE EU CITIZEN CAUSES IN EMISSIONS INTO THE ATMOSPHERE IN A YEAR.**

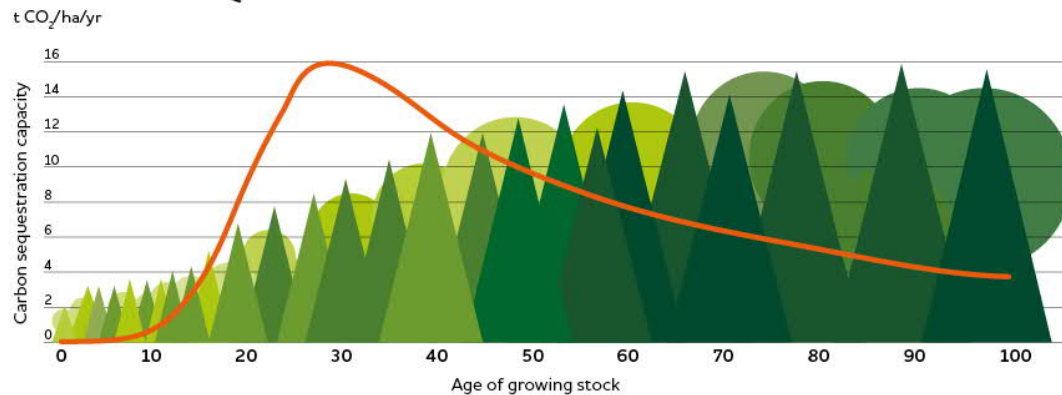
**SUSTAINABLY PRODUCED WOOD IS USED TO REPLACE FOSSIL MATERIALS AND TO REDUCE CO<sub>2</sub> EMISSIONS INTO THE AIR.**



# VIGOROUS YOUNG FORESTS ARE CARBON SINKS AND WOODED MATURE FORESTS ARE CARBON STOCKS

- Young forests capture more carbon than old forests and seedling stands.
- In old forests, carbon emissions are close to carbon sequestration. These forests are mainly carbon stocks.

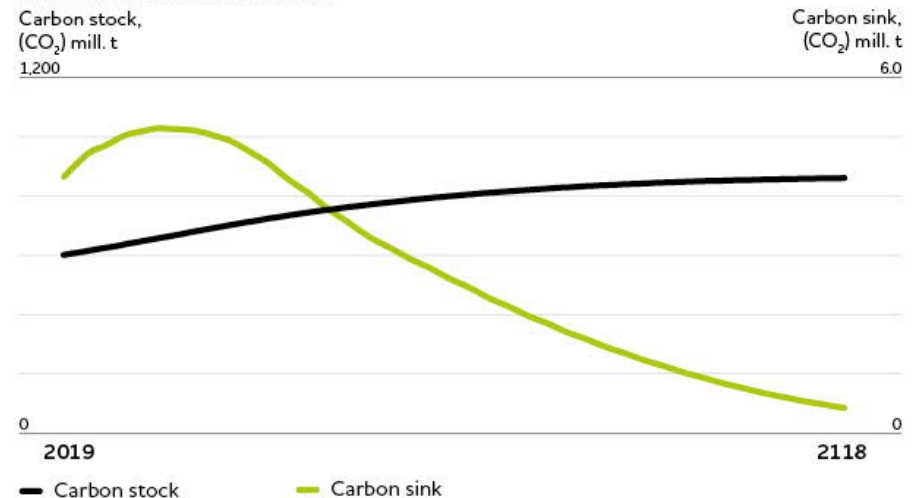
ANNUAL CARBON SEQUESTRATION CAPACITY OF GROWING STOCK\*



— Carbon sequestration capacity of forest

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

SIMULATION OF CARBON BALANCE IN TORNATOR'S FORESTS WITH NO LOGGING AT ALL





# IMPACT ON TORNATOR'S STRATEGY GOING FORWARD

- Clearly a high priority on our agenda: threats and opportunities to be identified and analyzed  
=>different strategy scenarios will be made
- Both CO2 and biodiversity will have it's own long-term program with clear targets

=> a new strategy period starts in 2022

# VIDEO

[HTTPS://WWW.YOUTUBE.COM/WATCH?V=UXGTNREEHF4](https://www.youtube.com/watch?v=UXGTNREEHF4)



# THANK YOU!

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[tornator.fi](http://tornator.fi)

