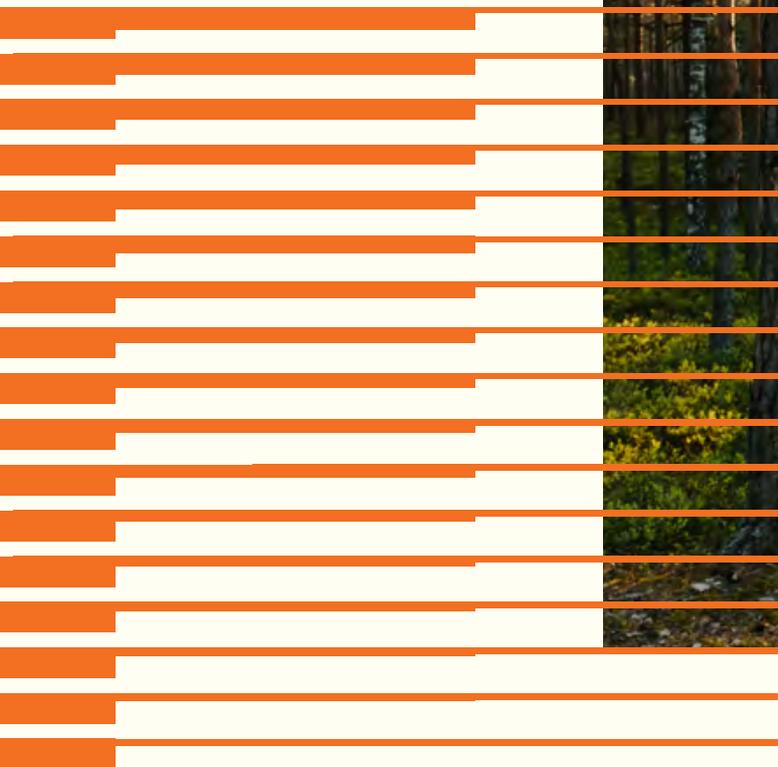
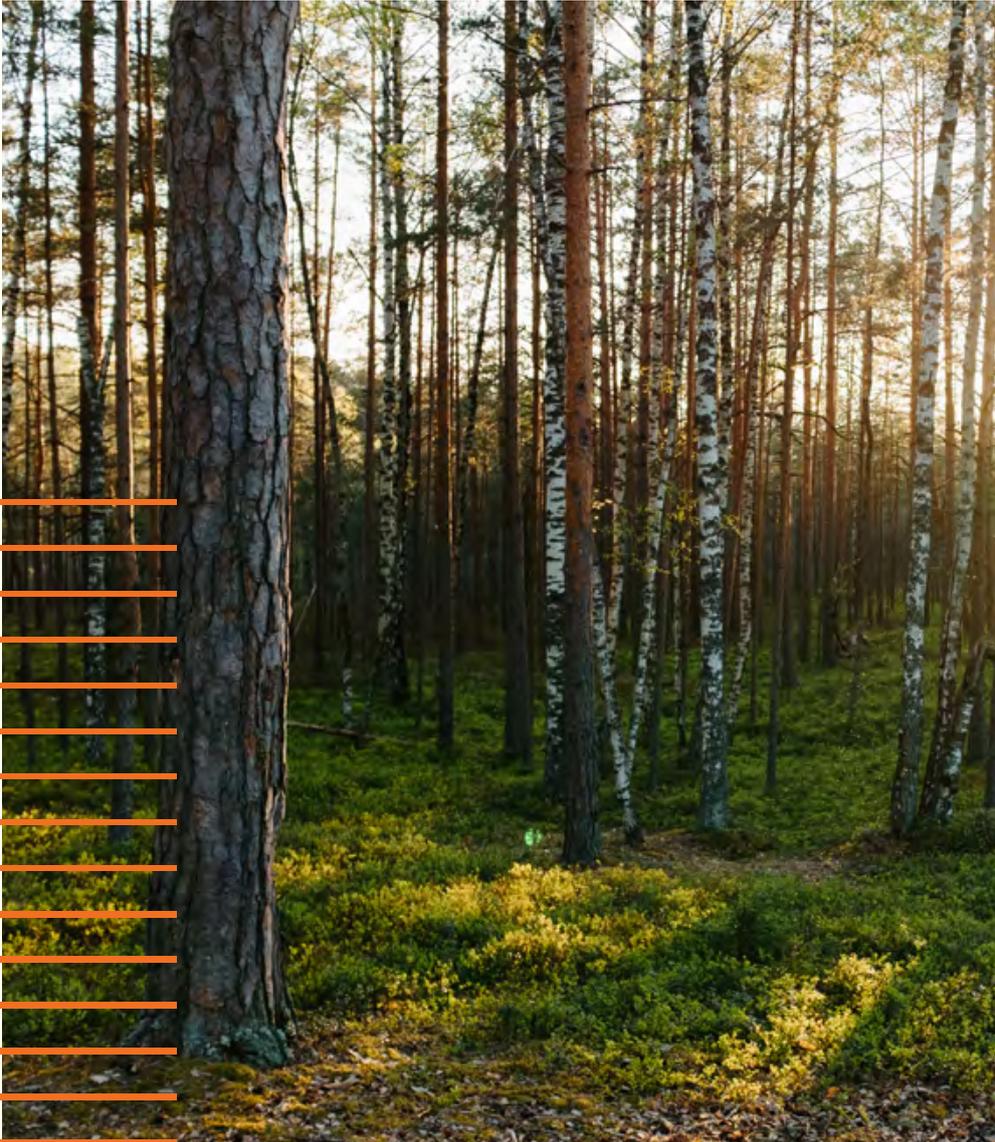


Sustainability Report 2023



About the report

The purpose of this report is to describe the material aspects of the sustainability of Latvijas Finieris, their impact and the measures the company is taking to balance the impact of its activities on people, nature and society as a whole. The Sustainability Report covers information on the Group's activities for the period from 1 January 2023 to 31 December 2023, including information on both the parent company – joint stock company Latvijas Finieris – and its subsidiaries.

The Sustainability Report will be published in May 2024 on the Group's website in Latvian and English.

Our first Sustainability Report was published for 2022, focusing on four key topics for Latvijas Finieris: forestry, positive employee experience, environmental impact and management of

CO₂ emissions, as well as the development of side streams utilisation. As before, the 2023 Sustainability Report follows the GRI (Global Reporting Initiative) standard guidelines. From 2024, we plan to apply the requirements of the European Union Corporate Sustainability Reporting Directive (CSRD) to our sustainability reporting, in line with ESRS (European Sustainability Reporting Standards) and the Group's material sustainability topics.

If you have any questions or suggestions regarding the 2023 Sustainability Report of Latvijas Finieris, please contact Inga Doveika, Group Sustainability Manager (e-mail: inga.doveika@finieris.lv).



Sustainable decisions based on reliable data

For the team of Latvijas Finieris, the year 2023 was a major milestone in sustainability. While sustainable thinking has been an integral part of the Group's business and culture for decades, we have now started to learn how to assess specific activities and processes against quantifiable criteria. It provides an important database against which to set specific goals and targets, and enables an overall assessment of our impact across all aspects of ESG.

Even more. Within the framework of the European Green Deal, the Baltic and Nordic countries have a key role to play in being at the forefront of the bio-economy. This places the responsibility on decision-makers in each country to design effective land-use policies where short-term decisions do not dominate over society's collective capacity to adapt to climate change in the long term. All national decisions must therefore be based on reliable data, including information collected by industry leaders. In 2023, we have therefore extended the scope of the calculation of indirect emissions in line with the GHG Protocol (Greenhouse Gas Protocol) guidelines, and in this report we include data on emission sources that were not previously calculated. Thinking about the next steps, at the end of 2023 we have reviewed and assessed all sustainability topics of Latvijas Finieris and identified priority areas for which we will set targets and activities to achieve them in 2024.

In terms of overall business growth, 2023 was a rather challenging year for



the company. Russia's war in Ukraine continues, negatively affecting economic growth around the world, but especially in Europe. In our fight for fair competition, we are also involved in the European Commission's investigation into the possible circumvention of anti-dumping duties, thus strongly opposing the entry of sanctioned plywood products on the European market. We are happy that our customers appreciate our responsible attitude and operating principles with their loyalty, which is reflected in the financial results achieved by Latvijas Finieris.

Looking to the future, we have clear confidence that the professional team of Latvijas Finieris is capable of driving and sustaining the long-term growth of the company in a safe and democratic environment. We understand and we are aware that it is also our task to create such a business environment.

Jānis Ciems,
CEO of AS Latvijas Finieris

*Jānis Ciems at AS Latvijas
Finieris Zābaki tree nursery*

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Who
we are



Plywood product & solution brands

Riga Wood 



Riga ECOlogical 

| | | | |
|-----------------|------------------|----------------|---------------|
| RIGA PLY | RIGA LACQUER | RIGA SILENT | RIGA PATTERN+ |
| RIGA TEX | RIGA POLIFORM | RIGA COLOR | |
| RIGA FORM | RIGA COMPOSITE | RIGA FOOT | |
| RIGA SHIPPLY | RIGA DECOR | RIGA TRANS | |
| RIGA HEKSA | RIGA RHOMB | RIGA PAINT | |
| RIGA HEKSA PLUS | RIGA PAINT | RIGA GRIP | |
| RIGA PREPRIME | RIGA SMOOTH MESH | RIGA TIMBER | |
| RIGA MEL | RIGA DIAMOND | RIGA DOT | |
| RIGA HPL | RIGA RHOMB | RIGA SUPERWIRE | |
| RIGA PRIME | RIGA FROST | RIGA COMBI | |

Side streams & engineering

Iekārtu Rūpnīca 

Betulin Lab 

Recreation & social activities

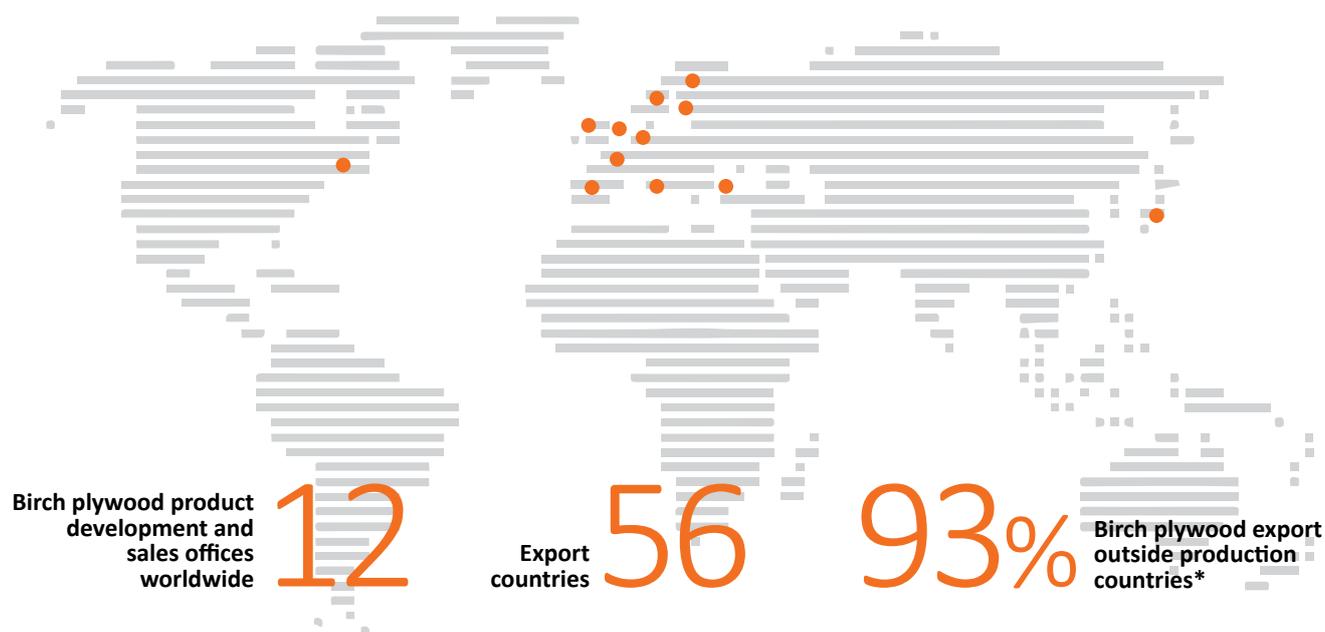


Latvijas Finieris is an international group with headquarters in Riga. Our core business is the production, research, development and sale of customised birch plywood products under the Riga Wood brand. The Group's production facilities are located in Latvia, Lithuania, Estonia and Finland. The Group's other main activities are forestry and logging, production of chemicals, as well as mechanical engineering and metalworking.

The oldest division of our company dates back to 1873. Since then, history has taken many twists and turns, the most significant being the establishment of the joint stock company Latvijas Finieris on 2 October 1992.

Today, our company is based on sustainably sourced wood resources from the Baltic Sea region, and here generations of expertise in birch plywood production is combined. We are confident about sustainable development because we base our future on the principles of the circular economy, bio-economy, modern technology and an enterprising team.

Briefly about Latvijas Finieris Group



*2023 turnover (EUR) from birch plywood trade outside production countries (Latvia and Estonia)

Turnover **EUR 404 million**

EBIDTA **EUR 78 million**

Shareholders **579**

Number of employees
(annual average) in
the Group as a whole **2398**

Number of employees
in Latvian companies **2061**

Taxes paid –
total Group tax **EUR 42.11 million**

Taxes paid
in Latvia **EUR 30.11 million**

Forest area **9839 ha**

More than **250 professions**

With a view from the outside

AS Latvijas Finieris CEO J. Ciems,
President of Latvia E. Rinkēvičs,
AS Latvijas Finieris Executive
board member M. Būmanis



Attractive employer

In the “TOP Employer 2023” survey, which annually identifies the best and most desirable workplaces in Latvia, we have been awarded 3rd place in the competition of manufacturing companies. More than 9200 respondents voted for more than 320 companies, confirming that manufacturers are an important part of employers in Latvia.

Evaluation in a construction competition

We are proud of all of our colleagues and partners involved in the construction of the new Furniers warehouse! Our work has been recognised – in the Latvian “Construction Annual Award 2022” in the category “Industrial building”, the Latvijas Finieris wooden warehouse building received an honourable third place. Second place went to Orkla cookies and waffles factory, and first place to Riga HPP.

Employer of the Year in Rēzekne Municipality

The best companies in Rēzekne region are congratulated every year on the traditional Entrepreneurs' Day. The winners of the 2023 awards included the Rēzekne SEZ commercial company VEREMS RSEZ SIA, which won the title of “Employer of the Year”. This award is well-deserved recognition of the company’s excellence in employee management and its ability to create a positive and supportive working environment.

VEREMS was also awarded the “Youth Enterprise of the Year” nomination, demonstrating its significant contribution to the professional development and involvement of young people.

Latvian export champion

The “Export and Innovation Award 2023” is the country’s highest award for entrepreneurship. We are delighted that the main prize – Export Champion – has been awarded to Latvijas Finieris. “Many thanks to the management of Latvijas Finieris and to all the employees who work every day to promote our export performance!” said the President of Latvia, Edgars Rinkēvičs, at the ceremony.

Turnover award

Every year, the TOP500 special issue of the Dienas Bizness publishing house summarises the achievements of Latvia’s largest companies. Special awards are also presented to highlight the role of national capital companies in contributing to national prosperity and economic development. Latvijas Finieris won the award in the nomination “National Capital Company with the highest net turnover”–, which is convincing recognition of the work of our team!

Supplier of the year

Latvijas Finieris and Riga Wood have been awarded the Krone Group’s “Supplier of the Year 2022” award in the commercial transport category. “We are honoured that customers appreciate the

Head of the Council Office of Latvijas Finieris, national guard Jolanta Medne receives the Cross of Recognition



smooth and efficient communication and reliability of the agreed volumes and prices. High product quality and professional customer service are among our top priorities,” says Guillaume Boivin, Managing Director of Riga Wood GmbH.

Cross of Recognition for Jolanta Medne

On 18 November 2023, the President of Latvia presented the highest Latvian state awards to 33 outstanding personalities at Riga Castle. We are proud that among them was also the Head of the Supervisory Board Office of Latvijas Finieris, national guard Jolanta Medne, who was appointed an officer of the Cross of Recognition for her truly patriotic service to Latvia and selfless work in providing assistance to Ukraine. It should be noted that the Cross of Recognition is awarded for outstanding love of the Fatherland and for special merit in national, social, cultural,

scientific, sporting and educational work. “Honour to serve Latvia!”, Jolanta Medne concluded her speech at Riga Castle with a patriotic statement of a national guard.

Forest Industry Award of the Year

The Golden Pine Cone of the Year Award is the highest annual recognition given for significant achievements and contributions in the Latvian forest sector. In its twenty years of existence, the prize has been awarded to more than 200 laureates. We are proud that our colleague, Head of Corporate Communications Pauls Bekeris, received the “Golden Pine Cone 2023” award in the nomination “For Contribution to Public Education”. Particular attention was paid to the achievements in the creation and development of the educational event “Latvijas Finieris’ Green Class”, which brought to Latgale a high-quality story about the importance of forests in the Latvian economy.

Latvijas Finieris and Riga Wood team received the Krone Group’s award “Supplier of the Year”



Economic performance

The turnover of Latvijas Finieris in 2023 reached EUR 404.8 million, which was 15% more than in 2022. The increase in turnover was driven by both higher volumes produced and sold and a sharp rise in consumer prices.

Russia's brutal war in Ukraine has continued to have a major impact on resource prices of all kinds and, consequently, on processes in the global and, in particular, the European economy. The situation in the birch

plywood markets is therefore complex, with a very high degree of uncertainty. However, in recent years we have been able to adapt to very challenging external changes, we continue to believe in the development opportunities in a secure and united Europe, and we continue to work with confidence on the development of the Group, including the launch of an investment programme of more than 200 million euros.

KEY PERFORMANCE INDICATORS OF LATVIJAS FINIERIS

| | 2022 | 2023 |
|--------------------|---------------------|---------------------|
| Net profit | EUR 34.2 million | EUR 55.6 million |
| Net turnover | EUR 350 million | EUR 404.8 million |
| Plywood production | 310 km ³ | 323 km ³ |
| Plywood deliveries | 283 km ³ | 297 km ³ |
| EBITDA | EUR 56.5 million | EUR 78.1 million |

TAXES PAID (IN MILLIONS EUR)

| | 2022 | 2023 |
|--------------------|-------------|--------------|
| Total Group | 35.3 | 42.11 |
| Latvia | 24 | 30.11 |
| Outside Latvia | 11.3 | 12 |

TOTAL GROUP INVESTMENTS, MILLION EUR



BREAKDOWN OF INVESTMENTS IN 2023 (% OF TOTAL IN EUR)

● Product and process development

64.9%

● Land and real estate

8.6%

● Capital investments

26.5%

Business investment in research and development – 1.2% of added value (2021–2023)

Among the most important investment projects in 2023 are the third stage of the development of the VEREMS RSEZ SIA birch plywood mill in Rēzekne and the start of construction work on a new synthetic resin plant in Riga within the international consortium “VIOBOND”. The aim is to increase the use of renewable resources in the resins used to glue the plywood. The resin synthesis plant is one of the most complex projects in our experience so far, providing the opportunity to acquire new knowledge and develop unique technologies.

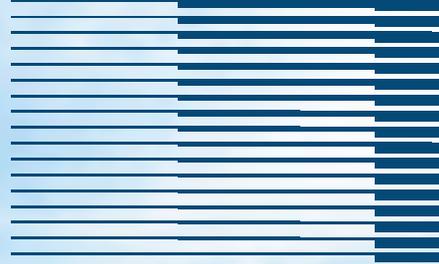
In 2023, we have made a number of smaller investments, which are important for the overall development of the Group. For example, the veneer mill in Kuldīga, which will allow the use of logs previously

used in the production of paper pulp. We are also continuing to develop technology in other Group units, installing new, smarter equipment, as well as automating and digitizing processes, thus saving both material and time resources.

A number of decisions on future investments have also been taken. For example, to improve work processes, customer service and employee well-being, the Zābaki Nursery Development Project was approved in 2023 and will include the construction of an innovative wooden-structured plant cold storage. We are considering the possibility that this will be the first building project in the Group to be certified to the BREEAM (*Building Research Establishment Environmental Assessment Method*) standard.

Governance





Furniers mill warehouse won the third place in the category "Production" in the Construction Annual Award 2022



The Group's parent company AS Latvijas Finieris is a joint stock company owned by **579 (577 natural persons, 2 legal persons)** non-controlling shareholders (data for 30 December 2023), the majority of whom are current or former employees of the company. Since the 1990s, we have regularly involved young managers and specialists in the ownership structure. We are currently doing this through a stock option plan. We are convinced that this helps to ensure long-term professional

decisions based on multiple competencies for sustainable development.

The ownership structure defines our corporate governance model, where we strive to manage horizontally, involving all employees of the Group as much as possible. We have defined clear responsibilities and authority in decision making processes at all levels of management.

Corporate governance model

The General Meeting of Shareholders

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

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

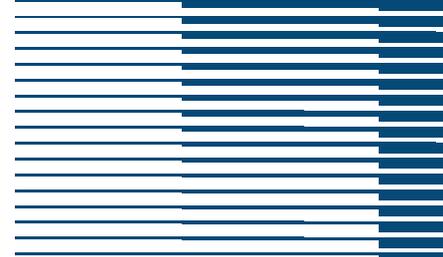
The Executive Board currently has seven members, each responsible for a specific sector of operation. The Board meets weekly and receives monthly financial reports from the business units. The Executive Board reports to the Supervisory Board on a quarterly basis on all key aspects of the Group's operations.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

The task of the **Product Development Council** is to manage the strategic directions of the products manufactured by Latvijas Finieris, making appropriate decisions, as well as to direct strategic decisions to the Group for consideration/ approval by the Executive Board and/ or the Supervisory Board. The Product Development Council is composed of one Supervisory Board member and two Executive Board members.

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

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

Legal structure of Latvijas Finieris Group



| AS Latvijas Finieris | | | | | | | | | |
|---|-------------------------------------|--|--|------------------------|----------------------------|---------------------------------------|--------------------------|--|----------------------------|
| Iekārtu rūpnīca (machinery production) | LIGNUMS (plywood mill) | | ZĀBAKI Nursery (tree sapling production) | | Liepājas MRS (forestry) | | | | |
| | FURNIERS (plywood mill) | | ABRAGCIEMS Camping (recreation) | | | | | | |
| Kīmisko produktu rūpnīca (chemical production) | HAPAKS (plywood processing mill) | | Betulin Lab | | | | | | |
| Forestry subsidiaries | Production subsidiaries | | Regional product development and sales offices | | | | | | |
| Ludzas mežrūpniecības saimniecība AS | Latvia 99,5% | VEREMS RSEZ SIA (plywood mill) | Latvia 100% | Riga Wood GmbH | Germany 100% | Riga Wood Ltd. | Great Britain 100% | Riga Wood Ibérica SL | Spain 100% |
| | | Kohila Vineer OÜ (plywood mill) | Estonia 100% | Riga Wood Sweden AB | Sweden 100% | Riga Wood Italy S.R.L | Italy 100% | Riga Wood Holland BV | The Netherlands 100% |
| Latvijas Finieris Mežs SIA | Latvia 100% | Likmere UAB (veneer mill) | Lithuania 100% | Riga Wood Japan | Japan 100% | Riga Wood North America Inc. | USA 100% | Riga Wood France SRL | France 100% |
| | | Riga Wood Finland OY (veneer mill) | Finland 100% | AS Riga Wood Baltic | Latvia 100% | OY Riga Wood Finland | Finland 100% | Riga Wood Orman Ürünleri San. Tic.Ltd.Sti | Türkiye 100% |
| Other subsidiaries | | SELF Loģistika SIA (logistics services) | | Latvia 50% | SIA Troja | | | Latvia 50% | |

Managing sustainability issues

With the development of the new Group Strategy 2027 and increasing changes in the external environment (EU Green Deal, reporting initiatives, etc.) in 2020, we decided to supplement the Group's sustainability competencies and proactively prepare for potential future challenges in order to continue to operate as a competitive Group.

We started implementing the Sustainability Project in the second half of 2021, gradually integrating sustainability aspects into the Group's existing strategy and processes, with the aim of establishing and implementing a Group-wide Sustainability Management System. Its assignment is to systemically integrate sustainability (ESG) into our daily processes in all areas of our business, including investment planning and other key decisions.

The **Sustainability Project Board** consists of the CEO of AS Latvijas Finieris and two members of the Executive Board. The main role of the Project Board is to provide overall oversight of the project, to meet regularly with the project

leaders, to listen to ideas, to review draft documents and methodologies, as well as to advise and support.

Sustainability project managers provide operational leadership and the coordination of project tasks, risk and change management. Project managers manage the process, as well as advise and support colleagues.

The task of the leaders or **"key people"** of the key and priority sustainability areas of Latvijas Finieris is to be open and participate in the creation and implementation of the sustainability system, gradually changing the company's internal culture, highlighting the impact of everyday work processes in the context of sustainability, as well as talking to colleagues and subordinates about the sustainability goals, criteria and methods.

The Executive Board of AS Latvijas Finieris makes decisions (e.g., on the company's priority sustainability areas, approves targets), and helps the project team to "maintain" the relevance of the topic at the Group level.

INTEGRATING SUSTAINABILITY INTO THE EVERYDAY PROCESSES
OF THE GROUP BY INVOLVING EVERY EMPLOYEE



We believe that by involving employees, new processes can be initiated and implemented, values can be strengthened and strategic objectives can be achieved through continuous improvement and development. Employee awareness and engagement are also key to the sustainability development process.

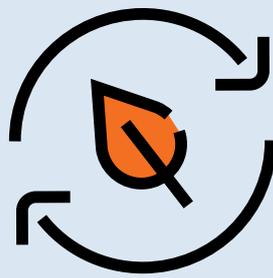
In 2023, Latvijas Finieris published its first Sustainability Report for 2022, prepared according to the GRI (Global Reporting Initiative) standard guidelines, focusing on four themes of importance to Latvijas Finieris: forestry, positive employee experience, environmental impact and management of CO₂ emissions, as well as the development of side stream utilisation.

We intend to continue reporting annually on the material aspects of sustainability, their impact and the measures the Group is taking to balance the impact of its activities on people, nature and society as a whole. We are among the companies that will be required to report on their corporate social responsibility under the European Union's Corporate Sustainability Reporting Directive (CSRD) and the Sustainability Disclosure Law of the Republic of Latvia (draft law) for 2025 according to the new European common standard (ESRS), which follows from the above-mentioned Directive. We therefore plan to prepare the 2024 Sustainability Report in line with the new sustainability reporting standards.

Group strategy



Performance



Sustainability



Security

Reasonable sustainability in secure Europe

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

We have defined two periods for the Group Strategy 2020–2027. The first ended in 2023, when we reached the profitability targets predefined for this

phase. We have launched a review of the strategy for the period up to 2027, with 2024 as a transition period. For the next strategy period, the Executive Board has identified three priority areas – Performance, Sustainability, Safety.

It should be noted that the Group has significantly increased its internal investment in 2023 (see *Economic performance* section of the report), which was made possible by the successful implementation of the strategy and the achievement of the targets.



Our mission, vision and values

Mission

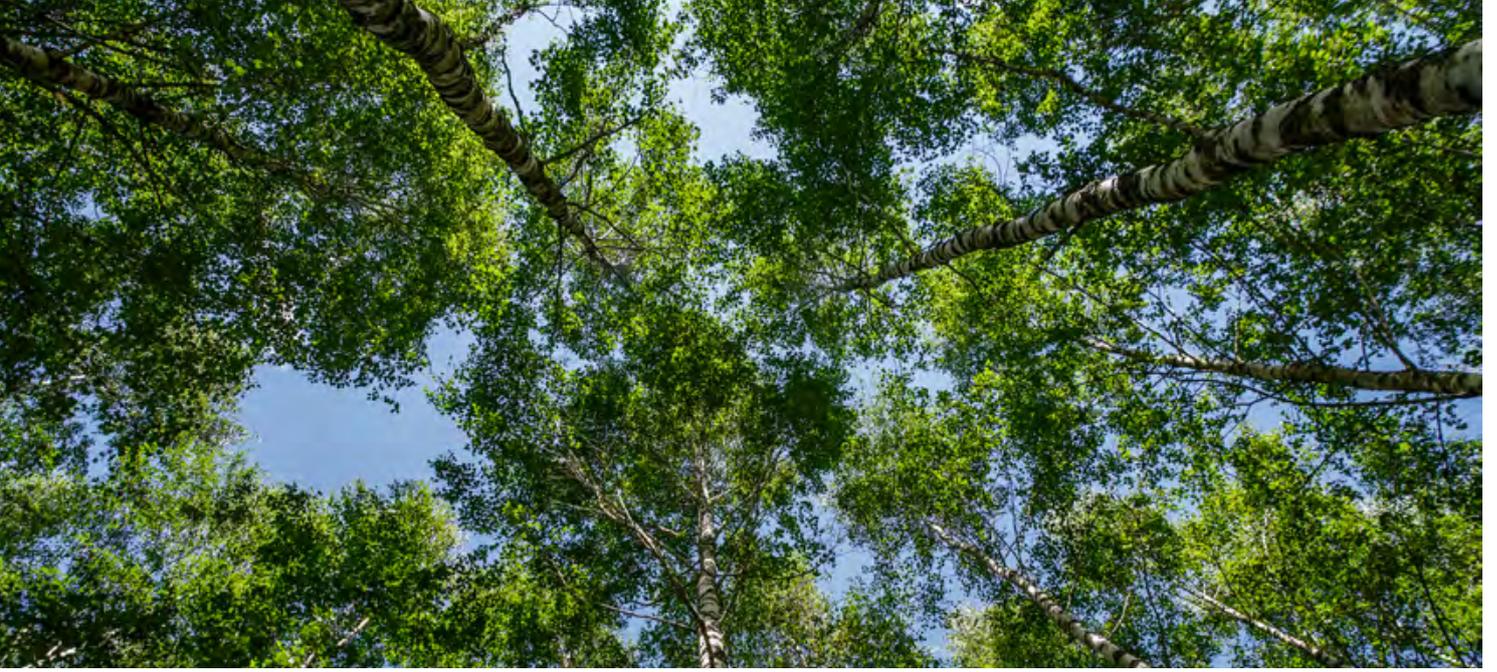
To enable customers, forest owners, cooperation partners, employees and other stakeholders of the company to develop long-term partnership: responsible work, responsible profit and responsible investments.

Vision

To be the global leader of viable and customer-oriented birch wood solutions.

Values

- **Safety**
We create a safe environment and act in a sustainable manner.
- **Respect**
We respect each other and promote honesty, loyalty and mutual trust.
- **Development**
We strive for self-improvement and encourage the growth of others.
- **Leadership**
We are the owners of our work, we take initiative to get job done.



Participation in organisations

The main platform for discussion on issues of importance to us and society is the direct participation of Latvijas Finieris in public organisations representing employers, companies in various sectors, education, science, sustainability and other areas. These organisations, in turn, contribute to the systematic development of various processes at a national and international level.

With our participation, we promote:

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

In addition to direct participation in organisations, our senior staff in Latvia and abroad also act as elected representatives or members of working groups. In 2023, our staff participated in the following collegiate bodies:

- Tripartite sub-council on competitiveness and sustainability;
- Latvian Innovation and Research Management Council;
- Sectoral Expert Council;
- Advisory Board of the Public Utilities Regulatory Commission;
- Business Sustainability Council;
- Forest Industry Competence Centre;
- Latvian Forest Certification Board and many others.

Latvia

- [Association “Latvian Forest Industry Federation”](#)
- [Association “Latvian Wood”](#)
- [Association “Latvian Timber Producers & Exporters Association”](#)
- [Forest Owners’ Association](#)
- [Latvian Timber Sellers’ Association](#)
- [Latvian Timber Buyers’ Association](#)
- [PEFC Latvija Council – Pan European Forest Certification Council](#)
- [Association “Zaļās mājas”](#)
- [Association of the Latvian Chemical and Pharmaceutical Industry](#)
- [Employers’ Confederation of Latvia \(LDDK\)](#)
- [Latvian Chamber of Commerce and Industry \(LCCI\)](#)
- [Latvian Association of Building Material Producers](#)
- [Latvian Association for People Management](#)
- [Association of Mechanical Engineering and Metalworking Industries of Latvia](#)
- [American Chamber of Commerce in Latvia \(AmCham\)](#)

Baltics

- [Association Lithuanian Forest](#)
- [Lithuanian Forest and Land Owners Association](#)
- [Association Baltic Institute of Corporate Governance](#)

- [The Estonian Forest and Wood Industries Association](#)
- [Estonian Human Resource Management Association](#)

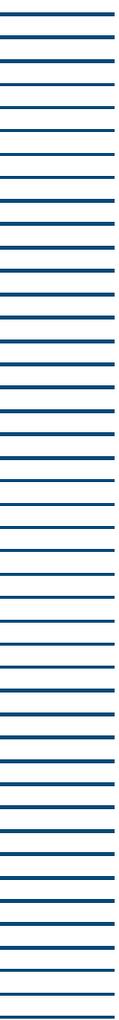
Europe

- [European Panel Federation \(EPF\)](#)
- [European Federation of the Parquet Industry \(FEP\)](#)
- [European Parket Federation](#)
- [Finnish Forest Industry Federation \(RW Finland\)](#)
- [Helsinki Region Chamber of Commerce](#)
- [French Timber Trade Federation \(RW France\)](#)
- [The European Diemakers Association e.V. \(esuinfo.org\) \(RW France\)](#)
- [Wood Sales and Industry Spanish Association \(RW Ibérica\)](#)
- [Danish Timber Trade Federation \(RW Sweden\)](#)
- [Swedish Forest Industries Federation \(RW Sweden\)](#)
- [Swedish Wood \(RW Sweden\)](#)

United States of America

- [The Latvian American Chamber of Commerce \(RW North America\)](#)

Fair competition and ethics



We base our relations with business partners on the principles of responsiveness, honesty and trust, and we do not disclose confidential or business information that has come into our possession in the course of an employee's work. We respect the traditions of other countries by working with them. The professionalism and integrity of our team is at the heart of what we do.

Fair governance, competition and the principles of mutual behaviour and treatment are reflected in our value of "Respect", which is the foundation of our internal culture. We provide Latvijas Finieris employees with information and training on how to avoid actions that could be considered restrictive of competition. For example, negotiating prices with competitors, coordinating bids, or various agreements that could potentially have a negative impact on the market are not allowed. Among other aspects, we also assess the content of contracts through the prism of fair competition.

In its professional everyday life, Latvijas Finieris actively advocates fair competition and European values. We were one of the initiators and continue to support the European Commission's investigation into the circumvention of anti-dumping restrictions by Russian birch plywood products entering the EU market. The investigation is ongoing, but it is already known that the European Commission has uncovered evidence that anti-dumping duties are being circumvented through trade routes via Kazakhstan and Turkey. It should be stressed that with the Russian invasion of Ukraine, plywood produced in the aggressor countries is sanctioned in the EU. This kind of illegal activity both harms EU producers and finances the brutal war that Russia is waging in Ukraine. Maintaining fair market competition and breaking all direct and indirect trade ties with aggressor countries is a priority for Latvijas Finieris.

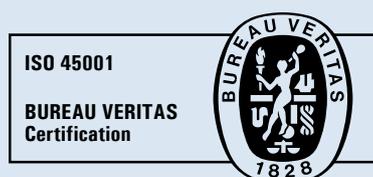
“We have confidence in the European Commission's ability to carry out a quality investigation that will be based on data and facts. We hope that all parties involved will actively cooperate with the European Commission and we also encourage consumers to be vigilant and report suspicious transactions to the European Commission or to us, Latvijas Finieris, in order to jointly ensure fair market competition conditions, and we believe that this investigation will draw the attention of other responsible authorities to possible violations of sanctions.”

Mārtiņš Lācis,

Member of the Executive Board of Latvijas Finieris, Head of Marketing, Sales and Logistics

Latvijas Finieris has implemented and certified management systems:

- ISO 14001 Environmental management system
- ISO 45001 Occupational safety and health management
- ISO 50001 Energy management system
- ISO 9001 Quality management system



Compliance with external laws and regulations

In today's ever-changing external environment, we are constantly monitoring change and trying to be as prepared as possible in good time. This also applies to changes in external legislation – national and international – requirements or the introduction of new requirements. Our products and services therefore meet the highest standards and best business practices.

Within the Group, we set quality and other compliance requirements in internal policies, procedures and rules that are available to all employees in the internal network. A number of requirements are also available on the Group's [website](#). We also have an internal set of measures to ensure that

our production processes are safe for human health and the environment.

All wood resources used in the production of birch plywood are of legal origin and comply with the EU Timber Regulation and Latvijas Finieris [Timber Purchasing Policy](#); they are *PEFC* and *FSC*[®] certified (*FSC*[®]C001599) and otherwise controlled. All valid certificates, declarations and attestations are available on the Latvijas Finieris [website](#). From 2021, the wood we use is sourced exclusively from European Union member states – Scandinavia, the Baltic states and Finland, close to Latvijas Finieris' factories in Latvia, Lithuania, Estonia and Finland.

Whistleblowing Mechanism

The company Latvijas Finieris has an internal whistleblowing system in place to ensure the safe reporting of potential violations and to provide whistleblowers with the protection required by the regulatory enactments. Whistleblowing means providing information about a possible violation or dishonest conduct that may harm the interests of the public, as well as a violation of the internal rules of AS Latvijas Finieris, if the information about the violation was obtained in connection with the performance of employment duties or the establishment of legal relations related to the performance of employment duties, and it is reasonable to consider this information to be true.

Before whistleblowing, employees of AS Latvijas Finieris can receive advice, including anonymously from the head of the Trade Union Organisation – the person responsible for whistleblowing issues.

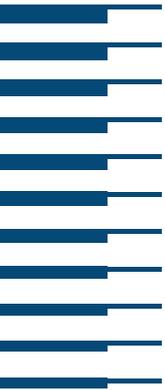
Prevention of conflict of interest and corruption

All forms of corruption, violation of competition law, bribery and money laundering are prohibited at Latvijas Finieris.

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

Latvijas Finieris has developed a conflict of interest prevention policy in order to identify in a timely manner the circumstances that may lead to a conflict of interest, assess potential conflict of interest situations, prevent the occurrence of a conflict of interest, as well as determine actions to prevent conflict of interest situations. Similarly, before working with a new business partner, the responsible employee assesses the existence of a conflict of interest and, if necessary, follows the Group's procedures.

In order to further define our values and actions both internally and in cooperation with partners, especially suppliers, we have launched an update of the Group's Ethical Code in 2023 by revising the existing Ethical Declaration.



Whistleblowing
Regulations revised
and updated in 2023.

No whistleblower
complaints were
received in 2023.



Responsible tax policy

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

AS Latvijas Finieris has retained its Gold Level status in the Advanced Cooperation Programme administered by the State

Revenue Service in 2023. From 2024 onwards, however, it will cease to operate, and taxpayers will be divided into five groups. All Group companies are in the "A" group, which demonstrates good tax compliance without significant risks to tax compliance. As a result, for 2023, the company is no longer required to provide the tax administration with confirmation of its tax risk management assessment.

In 2023, Latvian companies of Latvijas Finieris Group made tax payments of 30.11 million euros, and companies outside Latvia – 12 million euros. Most of these are labour taxes. Based on the principles of social responsibility, we pay our employees a competitive wage appropriate to the sector and the region, with the full payment of all relevant social contributions. We expect and demand the same from our partners.

Information technology

We recognise that information is the second most important resource in a company after people. Our role is not only to provide the infrastructure and information systems (IS) for successful operations but also to ensure the continuous development of our employee's computer literacy and competencies. We also keep up with the developments in production technologies, which is now unimaginable without information technology (IT).

Data-based decisions and the use of data. From the Group's accounting system and other sources, we collect a wide range of data across the entire value chain – from ERP procurement, purchasing, production planning and execution to equipment monitoring, downtime and its causes. We store and process the data for further analysis, reports and tools. They are the basis for decision-making, and for identifying potential areas for development. We are currently exploring and identifying opportunities for the greater use of artificial intelligence (AI). It should be noted that around 200 of our employees are already using the various *PowerBI Pro* tools.

Employee computer literacy. The effectiveness of the company's engineering staff is largely linked to their ability to use digital tools, so we support their development in a

variety of ways – from planning staff training in collaboration with HR, to regularly publishing tips and individually encouraging users through the direct involvement of system analysts.

Cybersecurity. Taking the geopolitical situation into account, we are aware of the potential cyber threat and are taking the necessary steps to manage it. To mitigate risks and enhance employees' cybersecurity awareness, we conduct an annual employee awareness assessment – both planned tests and an unexpected phishing simulation.

Maintaining internal IT expertise. Maintaining and sustaining a strong internal IT expertise and resource is essential to ensure sustainable IT and digital development. Our IT department is skilled in attracting, deploying and managing both internal and external resources, understanding business needs and helping to support and develop them. Successful projects are based on mutual cooperation, where business colleagues get involved and contribute to the project.

Supply chain management

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

We assess the relevance and quality of offers according to the level of importance of the specific procurement, looking at items such as the development of new products and services, technological innovation, scope of offer, flexibility and opportunities for joint growth. An important criterion for choosing suppliers is their reputation and their social responsibility, which includes paying taxes, safety at work, responsible use of resources,

professional treatment and fair trade. Geographical location is also important.

In 2023, we carried out a review of the effectiveness of the Group's outsourcing procurement system to harmonise our understanding of the principles for managing the procurement of a wide range of services and to further ensure optimal service procurement outcomes across the Group.

In the production of birch plywood, which is our core business, more than 90% of the basic materials (veneer plywood, other raw materials, including packaging) are sourced from local suppliers, defined as companies geographically located in the countries where our production facilities are located (Latvia, Finland, Estonia and Lithuania). The layout of the Group's factories in the Baltic states and Finland is established to minimise distances for the transportation of timber and other essential raw materials and thus also minimise the greenhouse gas (GHG) emissions from the process.

COUNTRIES OF SUPPLY OF BASIC MATERIALS (MATERIALS + VENEER LOGS + PACKAGING)

| Country | Share of deliveries % | |
|-----------------|-----------------------|-------------|
| | 2022 | 2023 |
| Latvia | 53.6 | 57.4 |
| Finland | 17.5 | 17.3 |
| Lithuania | 11.3 | 9.9 |
| Estonia | 10.3 | 9.9 |
| Total: | 92.7 | 94.5 |
| Other countries | 7.3 | 5.5 |

RISK ANALYSIS OF COOPERATION PARTNERS OF AS LATVIJAS FINIERIS

| | 2021 | 2022 |
|--|-------|-------|
| Number of analysed cooperation partners of AS Latvijas Finieris in Latvia with which the volume of cooperation exceeds EUR 10 000/year | 483 | 585 |
| Partners with significant social responsibility risks (number) | 9 | 16 |
| Percentage of cooperation volume (EUR) | 0.27% | 1.88% |

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

Every year, we analyse the largest and most important service providers and suppliers of goods (companies registered in Latvia). Our internal criterion for assessing how many and which companies are analysed, is the volume of cooperation. The aim of the analysis is to verify the social responsibility of our most important suppliers. We use publicly available information in our analysis, based on the following criteria:

- ratio of wages to the statistical average wage in the region;
- existence of a tax debt;
- potential for conflict of interest;
- representatives of sanctioned countries as beneficial owners, on the company's board, council or as proxies;
- absence of employees;
- SRS special cooperation programme (additional to the core criteria), etc.

We negotiate with partners for whom we identify significant social responsibility risks after analysing publicly available information and, if no corrective action is taken to address non-compliance, we review the terms of cooperation. We continue to develop high-quality communication with our business partners on the sustainability issues that are important to us, to better understand their concerns and to enable them to be more visible.

In 2022, there is a slight increase in the number of supplier partners identified as having significant social responsibility risks compared to 2021. This is due to both the larger number of companies analysed and Russia's aggression against Ukraine that started in 2022. This geopolitical situation has direct implications for corporate social responsibility, especially in terms of the presence of representatives of sanctioned countries in various Latvian companies, which was not the case in the past.

The assessment of suppliers for 2023 will be carried out in the second half of 2024, when the information needed for the analysis will be publicly available. We will include this in the 2024 Sustainability Report.

Product development and customers

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

Latvijas Finieris provides its customers with complete birch plywood solutions tailored to their unique needs and creates added value throughout the supply chain. Our products and related services are known worldwide under the brand name Riga Wood, and its wide range of products is summarised in detail in the publicly available [Plywood Handbook](#).

EXPORT VOLUME OF BIRCH PLYWOOD OUTSIDE THE PRODUCING COUNTRIES – LATVIA AND ESTONIA (M³)

2022 – 91%

2023 – 93.02%

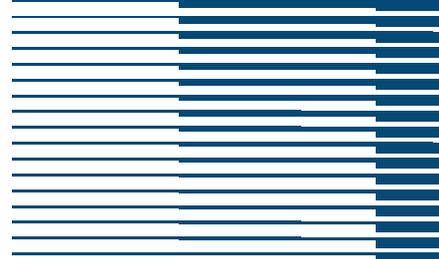


BIRCH PLYWOOD SALES BY REGION (M³)

European Economic Area – 80.5%

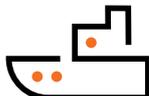
Rest of the world – 19.5%

Riga Wood birch plywood end-use sectors and industries



ROAD TRANSPORT

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



SEA TRANSPORT

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



RAIL TRANSPORT

- Passenger wagons
- Cargo wagons



LIGHT BUILDING

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



HEAVY BUILDING

- Formwork systems
- Loose shuttering
- Precasting
- Scaffolding



AIR TRANSPORT

- Specific air solutions



WHOLESALE & DISTRIBUTION

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



PACKAGING

- Die boards
- High-end packaging





In 2023, from the product assortment,
31% are registered as modifications
or new products.

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

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

- developing and providing our customers with service, which has a positive impact on the added value of products of both Latvijas Finieris and the customers.

Customers are one of our most important categories. We work together to build long-term relationships based on mutual respect and understanding of our customers' needs. We change together with the industries, helping our customers become more sustainable and competitive.

In addition to day-to-day communication and work, we engage customers through a complaints/suggestions mechanism and regular surveys. The aim is to get feedback on their experiences.



The essential components of birch plywood

Wood. We only use birch veneer logs from sustainable forestry in the Baltic Sea region of the EU, the basic principles of which are described in the Group’s [Timber Purchasing Policy](#). All timber procured is supplied according to internationally recognised controlled wood criteria, and procurement processes meet the requirements of the European Union Timber Regulation. It is important for us to maintain a high level of traceability to ensure that the wood used in Riga Wood plywood products comes from responsibly managed forests, minimising the environmental impact of this part of the supply chain.

Resin glue. For many decades, we have been producing much of the synthetic resin glue we use in our own Chemical products factory. We have developed methods to ensure consistently high quality levels and excellent compound strength. The level of formaldehyde

emissions of Riga Wood birch plywood glued with our phenolic-formaldehyde (PF) and lignin-phenolic-formaldehyde (LPF) synthetic resins is significantly below EN 13986 class E1 and is certified to meet *EPA TSCA Title VI* and *CARB Phase 2* requirements. Riga Wood plywood also complies with all *REACH* requirements – it does not contain any substances of very high concern (SVHC) that are on the *REACH* Candidate List and whose concentration in the product would exceed 0.1% by weight.

Traditionally, resins used in birch plywood gluing around the world use fossil phenol and formaldehyde as basic elements, the latter of which is increasingly restricted in Europe. Almost a decade ago, we embarked on a determined journey to develop essential resin technologies with the aim of significantly reducing the use of these fossil raw materials. In 2018, after long-lasting joint research in close cooperation with the wood chemical and mechanical processing company



Stora Enso, we developed a new resin with a unique formula, Riga ECOlogical, which uses bio-based lignin as a partial substitute for phenol and formaldehyde. Industrial test results show that when using Riga ECOlogical resin, the technical properties of the plywood remain unchanged, while the carbon footprint is significantly reduced from production to the end consumer, offering our customers significant sustainability benefits.

We aim to develop a resin formula in the future that is as fossil-free as possible. To achieve this, we face a long road of research. We are taking important steps in this direction within the international consortium project *VIOBOND*. Led by Latvijas Finieris, it brings together nine partners from five EU Member States. Within five years, the project aims to develop a formula for greener, more environmentally and people-friendly resins, which are currently used in Europe

and elsewhere in the world not only for the production of plywood but also for the production of insulation materials, sandpaper and many other everyday products. Within the framework of the project, a new resin production shop is being built at the Latvijas Finieris Chemical products factory, which will be equipped with a globally unique technology and will enable the experience gained so far in resin development to be brought to a new industrial level. In recent years, technological developments have made it possible to separate lignin from wood by chemical decomposition, which is why the *VIOBOND* project also involves wood biorefinery companies. There is every reason to believe that, together with the project's scientific partners, it will be possible to develop a resin formula in which the natural polymer lignin will replace phenol to an even greater extent than is currently achieved.

What is lignin?

Every vascular plant, including trees of all species, contains 20–30% lignin, a natural biopolymer that, together with cellulose, forms the sheaths of wood cells and ensures the tight bonds between them. It is because of this strong structure that the trees are able to grow in length, while the wood acquires its excellent mechanical characteristics.

Industrial lignin is usually produced as a powdered side stream in pulp mills, but until the early 2000s, it was mainly used as a fuel for energy production, as lignin has a similar calorific value to carbon.



AS Latvijas Finieris colleagues from Product Development and Research Department in the new Product Research Laboratory, 2023

Coatings and impregnated paper.

Coatings can be varnishes, paints, composites, but most commonly paper impregnated with synthetic resins. The impregnation process is carried out at the Group's Chemical products factory,

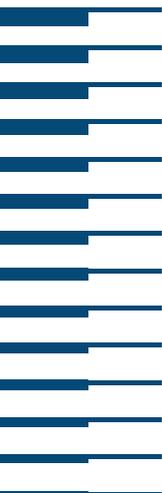
where the paper is treated with synthetic resins produced in-house. This coating significantly improves the properties of the plywood and enables the development of new tailor-made product solutions.

In the impregnation workshop we opened in 2016, we have paid a lot of attention to environmental issues. Gas emissions from the impregnation process are collected and burnt in a special unit equipped with a heat exchanger, which returns the heat to production where it is most needed – in the paper drying process.

Product Research Laboratory for product development

The development of birch plywood products has been an integral part of the Group's activities since its inception. In the past, practical plywood tests were integrated into the daily workings of factories and decentralised. In 2021, we concentrated our product development and research activities under one roof by creating a separate unit, the Product Research Laboratory (PRL), located in Bolderāja Industrial Centre. In 2023, an investment project to renovate the PRL premises and upgrade laboratory equipment was completed. PRL currently

has more than 20 different test facilities, including a fully operational laboratory-scale plywood glueing and laminating facility. This is an important step for improved testing capabilities, product research and development of plywood products at a Group level. It should be noted that factories will continue to be involved in development processes, but they have significantly reduced the need to carry out various product R&D-related tests, thus allowing them to concentrate their efforts on quality control and improvement of the products they produce.



Product development is fundamentally important in ensuring the continuous development of Latvijas Finieris and enabling it to adapt to constantly changing market requirements and new challenges. The Product Research Laboratory works in synergy with the testing service providers outside the Group, as well as with the Group's other product testing and development laboratories. For example, in collaboration with the Chemical Products Plant, PRL focuses on plywood gluing and surface finishing materials that do not contain fossil-based components. Our comprehensive approach to plywood production, as well as our unique expertise in composite gluing and surface finishing, make us a strong player in the industry.”

Māris Būmanis,

Member of the Executive Board, Head of Development and Research

Cooperation with science

We are aware that support for knowledge development and transfer is one of the prerequisites for successful business development, which is why we have made closer cooperation with scientific institutions and educational institutions a priority at the strategic level, especially in the search for more high added value applications for birch.

To achieve this, over the last 10 years, we have focused on combining Latvia's scientific potential to identify and implement research projects that improve the understanding of the properties of birch wood products and their changes due to different factors, as well as looking for ways to further processing and adding value to the side streams of production. We use various scientific forums, in which representatives of Latvijas Finieris regularly participate, as an important platform for mutual information exchange. In this respect, we have a particularly close, long-standing collaboration with the Latvian State Institute of Wood Chemistry (LSIWC): we follow the research on the chemical transformation

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

In close cooperation with Latvian, Nordic and European scientists, we have also made several important practical steps in the research and development of wood chemical processing products and technologies in recent years. One of the most prominent is the **experimental extraction factory, Betulin Lab**, which was opened in May 2022. It has two main activities – the production of birch bark extracts and research into new applications, and the preparation of birch bark for export to pharmaceutical companies in the European Union. Compliance with the requirements of the world-renowned organic certification organisation EcoCert is clear proof: we produce organic, natural and environmentally friendly products. Betulin Lab's birch-bark extracts have been exported to Germany, Belgium, Denmark, Sweden, Austria, China and South Korea. Product development processes are ongoing and the factory team is working on discovering new applications and attracting customers.

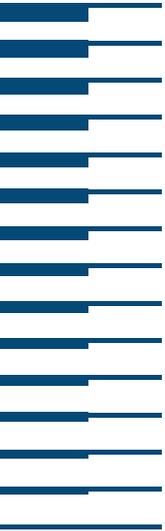
Packaging

To make waste management easier for customers, we are gradually reducing the variety of materials used in the packaging of finished birch plywood products in all our factories. Our aim is to switch to the use of recycled plastic or bioplastic film, which is a uniform, recyclable packaging material and, thanks to the automation and efficiency of the process, reduces manual labour and energy consumption per cubic metre of plywood. Kohila Vineer in Estonia was the first of the factories to switch to such packaging, and the factories in Riga – Furniers and Lignum – have also started the project. In the next few years, we plan to move to plain packaging across all our factories.

Side streams

We are confident that there is and can be no residue in the birch plywood production process – each piece of wood is a valuable side stream that we responsibly recycle both locally at the Group's facilities and at our partners' factories. It is often their products that add particularly high value to the wood resources we produce, thus making an important contribution to the bio-economy and to climate change mitigation. For example, MDF door casings made by Jeld-Wen, or composite pallet blocks produced by Baltic Block.

Latvijas Finieris' factories receive more than 900,000 m³ of birch logs per year. The technological process converts approximately 2/5 of this volume into the final product – plywood. The rest is made up of various side streams



Birch bark is a side stream of plywood production and is commonly used as a resource for thermal energy production in existing processing technologies. However, it is also possible to extract valuable extracts from it. In collaboration with the Latvian State Institute of Wood Chemistry, we have developed a method for extracting betulin from birch bark, which has potentially very wide applications in the food industry, cosmetics and pharmaceuticals. At the same time, a mixture of suberic acids and ligno-carbohydrates is produced from birch bark that can be used as a completely natural and renewable component in the plywood binding agent. As a by-product, the extraction of suberic acids produces an aqueous solution of potassium nitrate or chloride, which can potentially be used as a fertiliser or water softener.

USE OF SIDE STREAMS BY LATVIJAS FINIERIS GROUP, %

| | 2022 | 2023 |
|--|------|------|
| For pulp and paper production | 10 | 5 |
| For the manufacture of wood chips and fibreboard | 17 | 17 |
| For the production of granules and briquettes | 23 | 26 |
| For the manufacture of packaging materials | 7 | 4 |
| For boiler houses in the Baltic Sea region | 21 | 25 |
| WPC and other applications | 0 | 1 |
| Energy for self consumption | 23 | 22 |

of the production process, which are natural and CO₂-storing raw materials with a wide range of applications.

They fall into four broad categories:

- Wet wood chips and sawdust;
- Dry wood chips and sawdust;
- Bark;
- Wood side streams containing glue from plywood treatment processes.

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

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

Chemical Products Factory

The synthetic resin adhesive used in the production of plywood is produced

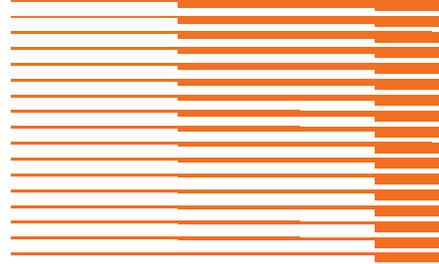
at the Group's Ķīmisko produktu rūpnīca or Chemical Products Factory in Riga for consumption by Latvijas Finieris. The plywood coating widely used in our products – paper impregnated with synthetic resins – is also produced there. By maintaining effective links with a wide range of partners, the production of chemical products enables the Group to accumulate and develop competencies for the wider development of chemical wood processing.

Mechanical Engineering and Metalworking

We established the Latvijas Finieris lekārtu rūpnīca (Machinery Production Factory) in 2000 to provide the Group with a centre of competence for high-quality and responsive technical services. Today, lekārtu Rūpnīca has developed into a large, competent mechanical engineering company that provides the servicing, repair and modernisation of production machinery at all the Group's factories, as well as designs and manufactures new non-standard equipment and fully automated production lines not only for Latvijas Finieris but also for customers in various industries around the world.

Employees and the working environment





We are convinced that the development of our company is based on the well-being of our employees and a sense of meaningful, high-quality work. It therefore seems self-evident to us that, in every field of activity, in every country represented, processes must be designed in such a way so as to prevent the possibility of human rights violations or abuses of the Group's employees and of the employees of the members of the supply chains.

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

Personnel Policy of Latvijas Finieris determines the basic principles of sustainable personnel management in the companies of the group, based on the national legal norms of the international and represented states, as well as a dialogue and constructive cooperation with trade organisations representing employees. Employee experience is one of the cornerstones of our strategy and one of our sustainability priorities.

The corporate culture of Latvijas Finieris has been built over decades and is characterised by the company values defined by the employees themselves: safety, respect, engagement and development. Through continuous investment in the improvement of the working environment, as well as fair and respectful relations with all employees of Latvijas Finieris and their representatives, we ensure:

- respect for human rights;
- equality and inclusiveness;
- safe and healthy working environment;
- income stability;
- continuous knowledge development;
- mental and physical well-being.



Diversity of Employees

NUMBER OF EMPLOYEES IN 2023 (ANNUAL AVERAGE)

- All Group – **2398**
- Latvian companies – **2061**
- AS Latvijas Finieris – **1455**
- Employee turnover – **12%**

EMPLOYEES OF LABOUR SERVICE PROVIDERS IN 2023 (ANNUAL AVERAGE)

- All Group – **77**
- Latvian companies – **62**
- Estonia – **15**

VOLUNTARY EMPLOYEE TURNOVER RATE

- **2022 – 7.0%**
- **2023 – 6.6%**

SENIOR MANAGEMENT AND MANAGERS* BY AGE AND GENDER, %

| | Group | Latvia | Lithuania | Estonia | Finland |
|--------------------|-----------|--------|-----------|---------|---------|
| Women, % | 26 | 25 | 20 | 14 | 50 |
| Men, % | 74 | 75 | 80 | 86 | 50 |
| Up to 30 years old | 0 | 0 | 0 | 0 | 0 |
| 30 to 50 years old | 54 | 48 | 60 | 100 | 67 |
| Over 50 years old | 46 | 52 | 40 | 0 | 33 |

AGE AND GENDER BREAKDOWN OF ALL GROUP EMPLOYEES, %

| | Group | Latvia | Lithuania | Estonia | Finland |
|--------------------|-----------|--------|-----------|---------|---------|
| Women, % | 30 | 29 | 23 | 34 | 17 |
| Men, % | 70 | 71 | 77 | 66 | 83 |
| Up to 30 years old | 12 | 12 | 8 | 20 | 11 |
| 30 to 50 years old | 49 | 48 | 56 | 55 | 56 |
| Over 50 years old | 39 | 41 | 35 | 24 | 33 |

*Division of employees:

1) Top management (Supervisory Board, Executive Board)

2) Managers (A and B level employees)

3) Other employees

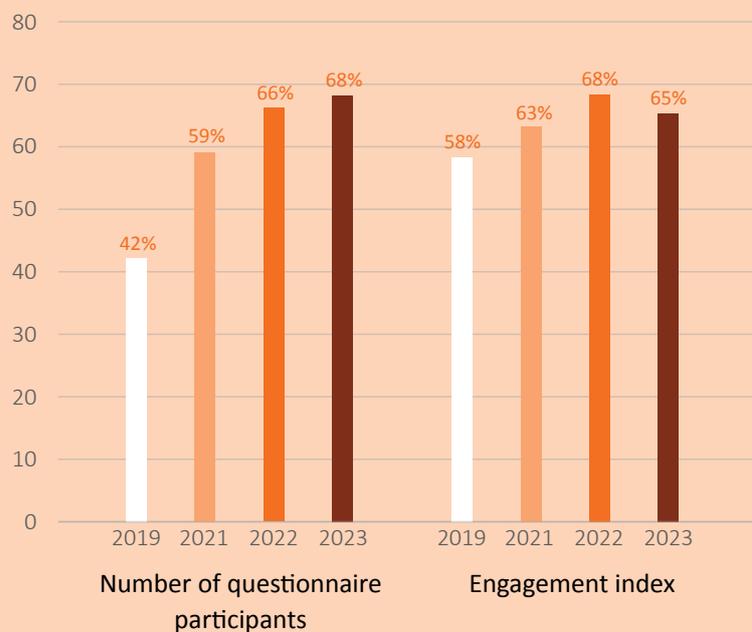
Employee engagement

RESULTS OF THE 2023 EMPLOYEE ENGAGEMENT SURVEY LATVIJAS FINIERIS GROUP

The responsiveness index continues to improve!

Out of 2371 Latvijas Finieris Group employees, 1602 completed the questionnaire –

68%



To assess employees' experience at Latvijas Finieris, we use the internationally comparable TRI*M index*, which is one of the key performance indicators in the Group's strategy. Once a year, in collaboration with external partners, we measure this through an employee engagement survey.

In autumn 2023, the **overall response rate reached 68%**, which shows not only the overall representativeness of the results but also the high level of employee engagement.

Latvijas Finieris Group's overall employee engagement index decreased slightly from 68 to 65 index points over the year, but is still rated as moderately high. Compared to the results of a survey of wage-earners in Latvia in 2023, it is slightly higher than the Latvian average

(63 points), but significantly higher than the average for manufacturing (54 points), as well as the average for all sectors in the Baltics (59 points) and Europe (60 points). The decline in the Engagement Index can be attributed to a combination of factors related to global geopolitical and economic shocks and their impact on both employers and employees.

It should be noted that the majority of respondents, or 70%, are employed in workers' professions.

We have adopted the voluntary turnover rate as the second most important indicator of employee well-being. This indicator shows how the level of employee engagement influences employees' loyalty decisions.

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



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

Work Efficiency Programme

We value the views of our employees and their direct involvement in the development and well-being of the working environment. An integral part of the Latvian Finisher's Work Efficiency Programme based on the *LEAN* philosophy is *KAIZEN* – a continuous improvement tool that we have systematised, enabling employees not only to increase the efficiency of their work processes but also to improve the physical working environment and safety, in addition to stimulating the development of improvement proposals through public recognition and cash prizes.

Working environment

Given the fact that much of the Group's real estate was built in the USSR or even at the turn of the 19th/20th centuries, investments in the development of production and administration buildings have a long-term nature. In this area, one of our priorities is to improve the living and recreational spaces and facilities for the factory workers in general, including the availability of coffee machines and the location of recreation furniture. And in our new industrial facilities, we incorporate employee well-being aspects into the design process, in line with today's best practice standards.

- In 2023, the administration building on Bauskas Street, Riga, was renovated to create modern, comfortable and up-to-date office premises, with an investment of more than EUR 400 thousand.
- A car park is arranged at 60 Bauskas Street in Riga. The entry and exit is now automated, eliminating the need for a previously outsourced security guard.

In 2023, 1498 *KAIZEN* projects were implemented, 491 employee involved



Remuneration

Our purpose is to provide every employee of Latvijas Finieris with an assessment and remuneration appropriate to the labour market and performance as an essential part of a fair relationship. We base the Group's remuneration system, which consists of pay for work and various fringe benefits, on four simple principles:

- justice – equal pay for work of equal value;
- competitiveness – when determining the level of remuneration, the tendencies of the labour market of the relevant country are taken into account in accordance with the financial capabilities of the company;
- compliance with performance – there is a link between an employee's or team's performance and remuneration;
- transparency – the procedures and criteria for awarding remuneration

and its elements are laid down in the internal regulatory documents of the company concerned, in accordance with the relevant legislation governing employment relations.

Additional benefits

The additional benefits package is set out in the Collective Agreement of Latvijas Finieris Group. These include:

- additional paid leave,
- health insurance,
- accident insurance,
- saving of capital of additional pension for old age,
- benefits for various life situations,
- support for the purchase of spectacles (vision correctors).

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

One of the indicators of a fair remuneration system is the ratio of women's basic pay to men's basic pay in the units of Latvijas Finieris. Data for Latvijas Finieris in 2022/2023.

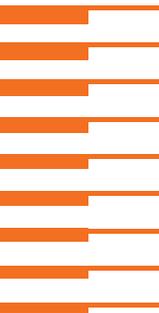


The collective agreement also provides for additional holidays:

- 2 working days on the occasion of the wedding of an employee
- 1 working day on the occasion of an employee's silver or golden wedding
- first day of school (for children starting 1st and 2nd grade) – 1 working day
- for non-smokers – 2 working days
- for service in the Latvian National Guard or as a reserve soldier – up to 2 weeks
- on the occasion of anniversaries or the award of a master's or doctoral degree – paid holiday to attend a celebratory event organised by the employer
- 1 working day to attend a child's pre-primary, primary or secondary school graduation
- 1 working day in relation to the acquisition of a higher education degree

From autumn 2023, all employees of AS Latvijas Finieris, AS Riga Wood Baltics and SIA Latvijas Finieris Mežs will be provided with employer-paid lunch soup and fruit every day. VEREMS RSEZ SIA is temporarily provided with lunch soup. We plan to gradually introduce this practice throughout the Group.

Every summer, the parent company of Latvijas Finieris organises an opportunity for the children of its employees to gain their first work experience and reward. We have been implementing this programme for more than 10 years, complying with the requirements of the Labour Law of the Republic of Latvia regarding the employment of children and adolescents and ensuring safe and healthy working conditions. These principles are also applied in the organisation of trainees' work, in accordance with traineeship agreements and traineeship programmes.



“Until now, we provided employer-paid meals to night shift workers in production areas, but now we have warm soup every day to provide comfort for the working day for both production and administration staff. It's a small but significant step for the company to improve employees' daily lives and well-being at work.”

Evija Pētersone,
Director of HR

Employee development



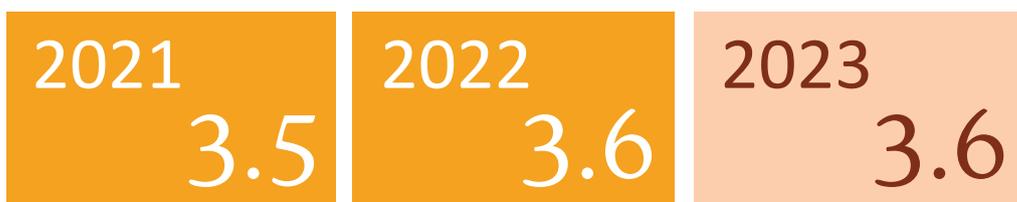
The vision of Latvijas Finieris is **to be the global leader of viable and customer-oriented birch wood solutions.** Recognising the fact that knowledge is the prerequisite for product development, implementation of the latest technologies and excellent service, we are developing the knowledge management and sharing culture necessary for a superior performance at Latvijas Finieris, thus strengthening the everyday manifestations of our value Development in action.

Programme “Be a leader!”

Most of the current managers of Latvijas Finieris started their careers in lower-level positions. This is a good example of the Group’s systematic talent management over the years, which provides opportunities for the development of existing employees. Given the key role of managers in the business processes, team performance and commitment of

every employee, each step on the career ladder brings new responsibilities and the need to acquire additional competencies. This is why we regularly develop and refine a range of training programmes that enhance the leadership skills of existing and potential managers. For example, the e-learning platform “Be a Leader!” offers webinars and practical sessions to improve both effective communication and team-building skills. Our aim is to increase the proportion of managers who actively participate in such training every year. We use the Engagement Index, which we measure twice a year in an employee survey, as a measure of the leadership capacity of managers.

LATVIJAS FINIERIS LEADERSHIP INDEX



Similarly to before, this year employees of Latvijas Finieris Group highly rate all questions of the Entrepreneurship Index. The average score for all questions has remained consistently high at 3.6 on a five-point scale.

TRAINING HOURS PER EMPLOYEE (DATA FROM AS LATVIJAS FINIERIS)



- 2022 – 11.4 h
- 2023 – 10.2 h

NUMBER OF EMPLOYEES WHO PARTICIPATED IN TRAINING ACTIVITIES IN 2023 (DATA FROM AS LATVIJAS FINIERIS)



- Managers and professionals, including administration – 57%
- Workers' professions – 43%

Knowledge afternoons

At the beginning of the autumn season of 2023, we started a new tradition – the Latvijas Finieris Knowledge Afternoon. The aim is to promote individual learning by spending at least one and a half hours a month on targeted learning activities. Knowledge Afternoon is a voluntary time for independent learning, wherever possible. Also those that broaden horizons beyond the job description. Each employee has a free choice on how to use this time, – to finally read some material, watch a conference or listen to a valuable recording. The afternoon can also be used as a time to share experiences with colleagues.

Lifelong learning

We, the team of Latvijas Finieris, are world leaders in modern and tailor-made solutions based on birch plywood products, which means constantly staying one step ahead of others in product development, the latest technologies

and customer service excellence, as well as knowledge. This is why every employee must continue to develop themselves throughout their lives, and we widely support this initiative in our Group companies. For example, tuition fees can be covered for employees who are studying at a higher education institution alongside their job. We are also continuously investing in internal learning processes, with the aim of increasingly using the company's e-learning environment as a tool for professional development, which is regularly updated with new training courses, giving the opportunity to upgrade qualifications or improve digital skills.

Training hours per employee at the Group's leading company AS Latvijas Finieris in 2023 have remained at a similar level to in 2022. In future reporting periods, we will expand the scope of training accounting across the Group.



Team of Latvijas Finieris participating in RTU Career Day, 2023

We also learn internally, for example through peer-to-peer exchanges and inter-departmental knowledge transfer trips. As a part of the Work Efficiency Programme, the *TWI&JI (Training Within Industry & Job Instruction)* work-based learning method has been implemented in several Group companies, ensuring the effective transfer and inheritance of specific knowledge. We also see the great importance of a common understanding among employees regarding the Group's overall processes, ensuring a regular flow of information, for example through internal internet, employee self-service portal, information screens, bulletin boards, leaflets and webinars accessible to all employees.

Being well aware of the importance of quality education and knowledge transfer not only for the development

of a company or an industry but for the development of society as a whole, we have defined one of our goals at Latvijas Finieris Group as being to support education at all levels. Over the years, close cooperation has developed with educational institutions at different levels, in curriculum development, research projects, thesis development and other areas. In addition, leading specialists from Latvijas Finieris regularly give guest lectures at universities such as Latvia University of Life Sciences and Technologies, while our factories host tours of students and lecturers.

We also see potential for close cooperation with Latvian scientific institutions and university research teams to improve employee welfare and workplace safety.

Attracting young professionals



When we think about the long-term security of our workforce, we understand that ensuring and promoting employee well-being is not only a prerequisite for a successful business but also a key aspect of being an attractive employer in the labour market.

In autumn 2023, an image assessment study of Latvijas Finieris was carried out by an outsourced service provider on our behalf. According to the results, as an employer, we are associated with secure and stable jobs as well as meaningful work, and our services, products and solutions are valuable to society and a sustainable future. We are also pleased that one of the reasons for considering a job at Latvijas Finieris is the company's image of development, modernisation and new technologies. Overall, the results show that we are one

of the best known and most attractive employers in the manufacturing sector.

We give young professionals the opportunity to practice by providing internships, and we take part in activities organised by educational institutions, such as career days and similar initiatives, promoting both the need for engineering knowledge and, of course, us as a socially responsible company where young professionals are always welcome.

In March 2023, the team of Latvijas Finieris participated in RTU Career Day, where more than 110 Latvian and international companies from various industries gathered to introduce engineering, natural and social sciences students to the best and strongest companies, internships and job opportunities.

“After a two-year break, RTU Career Day saw a big inflow of students. It was good to see that, unlike other stands, we didn't bother with waffles or sweets, but young people sometimes even queued up because we attracted them with the stories of our own employees and sparkling eyes. About 80% of the visitors were future mechatronics and electronics professionals. These Career Days are an opportunity to put yourself on the employer's market for students who are looking for an internship today and will be looking for their first job in a year or two.”

Liāna Kutkēviča,
Learning Project Manager

Occupational health and safety

Our occupational health and safety system is centralised, efficient and comprehensive, involving all Group employees in their respective roles and responsibilities, as well as external service providers and cooperation partners. Involvement, mutual cooperation and exchange of information between stakeholders play an important role in all occupational health and safety procedures. Managers at all levels are aware of their role as ambassadors of internal culture and demonstrate their responsible attitude to safety issues through example. We understand that a safety culture is our shared responsibility.

Continuous development of safety culture

In 2023, we continued to develop a culture where employees are not afraid to report risks, dangerous situations and near misses (GNNG). This approach provides an opportunity to learn and clean up the working environment before an accident or injury occurs. To support employee engagement, we have launched a mobile app and QR codes are available in production sites for the easy recording of messages. These activities have helped to increase safety reporting from 69 reports per million hours worked in 2022 to 132 reports per million hours worked in 2023.

NUMBER OF RECORDED NEAR MISSES PER MILLION HOURS WORKED (NMFR – NEAR MISS FREQUENCY RATE)



ACCIDENT FREQUENCY RATE (NUMBER OF ACCIDENTS*1 000 000/TOTAL HOURS WORKED, LTIFR RATE)



By increasing prevention activities and employee involvement, the Group has succeeded in reducing the accident frequency rate in 2023 by around a third compared to 2022, from 15.2 accidents per million hours worked to 10.5 accidents per million hours worked.

Promoting employee health

Caring for mental well-being is also a mutual responsibility, where the outcome depends crucially on individual will and commitment. In recognition of this, we regularly organise information and training campaigns for employees in various health promotion areas, encourage them to take part in sports activities or organise campaigns ourselves; for example, for several years now, in the spring we have initiated sports activity challenges through a mobile app, in which any Group employee can participate, regardless of the country and city in which they live and work.

In the structural units that have signed a collective agreement with

the trade union of Latvijas Finieris, we grant two additional paid holidays per year to employees who do not smoke. Meanwhile, the Group's Lignums and Furniers mills have health desks where primary outpatient services (vaccinations, bandages, etc.) and advice on health complaints are available from a medical assistant on specific days. The medical assistant also organises compulsory health checks.

In 2023, we have invited colleagues to take part in a therapeutic exercise programme (*on the YouTube* platform) developed in collaboration with a specialist physiotherapist to promote active lifestyles and support employees in their physical well-being.

During virus and sickness seasons, we regularly remind employees of the basic principles to follow if they experience symptoms of illness, and provide recommendations on preventive measures to avoid illness as much as possible.

Positive employee experience activities

To promote a positive employee experience within the Group, we organise and support employee involvement events, both at the departmental level and as part of the overall effort. We also encourage employees to participate in events organised by third parties. We make sure that the external events we organise and support are in line with our values and with added value – promoting

healthy and active lifestyles, team-building and educational activities, or learning new knowledge and skills.

In general, the Group's events and support activities for employees can be divided into three blocks: active lifestyle (sports) events, general employee events, including major anniversaries of historic events, and employee recognition events.

Employees of Latvijas Finieris Group participating in the Elektrum Unity Ride, 2023





*The start of the annual
Sarkaņkalns Lakes Run, 2023*

Active lifestyle events

Rimi Riga Marathon

To promote an active lifestyle and unite colleagues for common goals, Latvijas Finieris invited employees to take part in the Rimi Riga Marathon in 2023 as part of the Group's team.

54 employees of Latvijas Finieris participated in the Riga Rimi Marathon 2023.

Elektrum Unity Ride

Positive emotions, the joy of being together and satisfaction with the distance completed – this is how the participation of Latvijas Finieris in the 33rd Elektrum Unity Ride could be described, which brought together a large crowd of cycling enthusiasts in Sigulda!

Cycling is a favourite sport for many employees of Latvijas Finieris, so we were happy that our team was represented in the retro, national and mountain bike races.

Fishing championship

In autumn 2023, 57 angling enthusiasts of Latvijas Finieris and their relatives tested their skills in the 21st Fishing Championship of the company at the boat base Vecupenieki on Lake Babīte.

Sarkaņkalns Lakes Run 2023

In July 2023, the annual Run of the Lakes took place in Sarkaņkalns. The race courses are divided into several difficulty levels, the most popular in 2023 being the Birch (14 km) course. The run attracted more than 100 participants.

*The best of the Latvijas Finieris
Fishing Championship 2023*





Annual Forest Days of Latvijas Finieris Group, 2023

Common team activities

Forest Days

A record number of the Group's employees and their family members – more than 300 people – gathered at the 2023 annual Forest Days of Latvijas Finieris. Together, 10 000 birch seedlings were planted, which will grow and expand in 6 hectares in the Stende area. Riga Wood colleagues from the UK and Japan also attended the event.

Latvijas Finieris CEO speech at the employees event of the year "150 summers", 2023

Team event in Abragciems "150 summers"

In June 2023, more than 700 people gathered at the Abragciems campsite for the most anticipated and ambitious staff event of the year, 150 SUMMERS. During the celebration, we looked back 150 years, reflecting the most important processes at Latvijas Finieris – sustainable forestry, birch plywood production, diverse product applications and the value-added chain of side streams.





“Golden Hour” of Lāčplēšis Day at the main office building of AS Latvijas Finieris, Bauskas street, Riga, 2023

Furniers 100 – a celebration for mill workers

On 25 June 1923, Furniers was founded, and on 22 June Furniers celebrated its centenary with a large gathering of its staff. Through various activities and bonding games, the employees of the mill recalled the important historical events of Furniers. The highlight of the Furniers celebration was the premiere of the film “Our Furniers 100”, a compilation of interviews conducted with the mill's employees and managers over various periods of time.

Watch the film “Astra”

Throughout Patriotism Week, from 10 to 18 November, Latvijas Finieris gave every employee the opportunity to watch the documentary Astra (2023), which

was screened in cinemas at the time. It is a biographical story about a unique personality with an indomitable spirit and a strong backbone – Gunārs Astra (1931–1988), who, during the Soviet regime, managed to think, speak and act according to his own heart, believing that Latvia would one day be free.

“Golden Hour” in November

Every year in November, the Golden Hour of Latvijas Finieris kicks off Patriotism Week, when the members of each unit light candles together, commemorate Lāčplēšis Day and honour the soldiers who died for the independence of Latvia, especially celebrating the victory of the Latvian Army over the Bermont troops in 1919.



Employees of the Furniers mill participate in the game at the “Furnieram 100” event, 2023



With a festive concert at the Jazeps Vītols Academy of Music of Latvia were honored Latvijas Finieris long term employees who have worked for the company for 10 to even 45 years, 2023

Employee recognition events

Best employees

At the beginning of 2024, the 2023 Best Employees were celebrated, honouring those who, through their work, personality and attitude, have developed themselves, as well as helped their colleagues and the company to grow as a whole. Traditionally, the best employees in the factories were congratulated and colleagues were awarded in the nominations “Debut of the Year”, “Success in Support Functions and Production of the Year”, “Leader of the Year”, “Value Ambassador of the Year” and “Collaboration Team of the Year”. The Group Award was also presented.

Last year, a new tradition was started in the mills – nominating

employees for individual quarterly awards. The nominees were nominated for the “Production Employees of the Year” and “Technical Employees of the Year” by a vote of the factory departments at the end of the year.

Long-term employees and employees with Master’s/PhD degree

We value professional experience and loyalty to the company by annually honouring long-term employees of Latvijas Finieris who have worked for 10 to 45 years. We also value our employees’ willingness to learn, which is why we highlight and honour our Master’s and PhD holders.

Social dialogue

Latvijas Finieris does not restrict the right and will of employees to form and/or join trade unions in any way and has always been open to social dialogue and close cooperation with trade unions in the countries represented by the Group.

In the case of Latvian units, the collective agreement has a history of several decades and includes a comprehensive package of fringe benefits, most of which are also available to employees who are not members of a trade union. The collective agreement is concluded for three years with the trade union organisation of Latvijas Finieris, which is a part of the Latvian Forest Industry Trade Union and represents **94%** of employees in the Group's Latvian units. Even after retirement, the Latvijas Finieris trade union provides

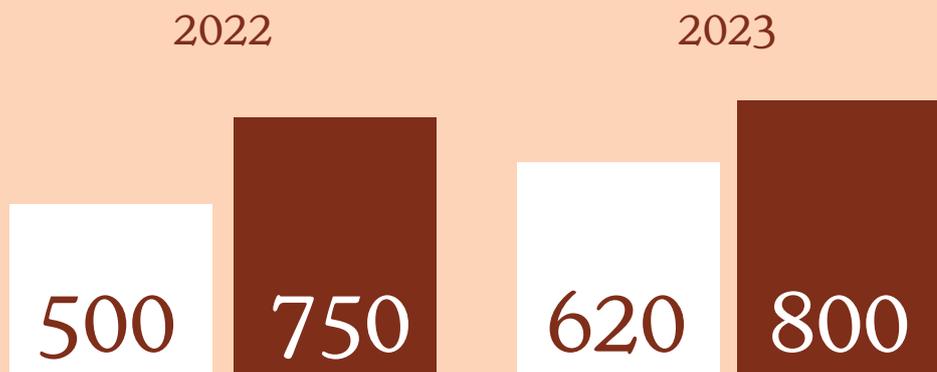
seniors with a package of benefits and support throughout their lives.

Before each collective agreement enters into force, opportunities to improve aspects of the implementation of the collective agreement, including the benefits package, are sought and explored in close cooperation with the trade union.

In Latvia, the minimum wage determined by the collective labour agreement is higher than the national minimum wage and applies to all workers. Disciples and trainees may be paid less than the Group's minimum wage, but not less than the national minimum wage.



MINIMUM MONTHLY WAGE

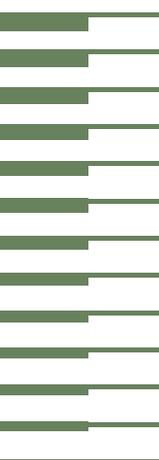


■ Set by Latvijas Finieris, EUR

■ In the Republic of Latvia, EUR

Environmental impact



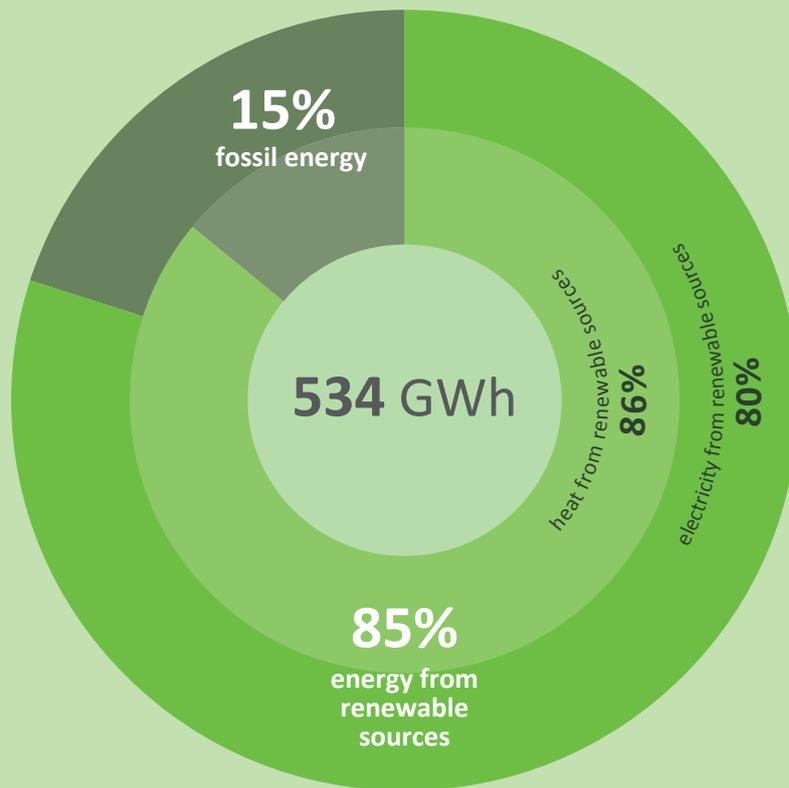


Protecting the environment is an integral part of our corporate strategy, and we believe in the principle of less being more. Whether in terms of GHG emissions and waste, or resource and energy consumption, we are continuously improving the efficiency of our production processes to reduce our impact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

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

All factories of Latvijas Finieris have received the relevant national environmental permits, the conditions of which are followed closely with

regard to the control and reduction of pollution. We also follow the guiding principles of the continuous development environmental management standards at all Group factories that ensure a progressive reduction of environmental impacts. Employee involvement is essential for maintaining the internal environmental management system, e.g., through the integrated recording and assessment of near-misses in the working environment, which also makes it possible to prevent incidents involving undesirable environmental impacts. Employees actively report opportunities for minor improvements, including through the *KAIZEN* programme. In recent years, we have started to look beyond our factories and analyse the environmental impact of our products in their life cycle and supply chains.



Effectiveness

On a day-to-day basis, we achieve efficiency gains through a combination of process automation and mechanisation, energy efficiency, and measures to reduce downtime and improve work efficiency. By regularly assessing the company's key performance indicators, we aim to improve our results every year. To ensure this, we have implemented a comprehensive Work Efficiency Programme (WEP), which focuses not only on employee engagement (see section [Employees and the work environment](#)) but also on optimising processes, time consumption and resource efficiency. We use and develop six internationally recognised methods (*5S, KAIZEN, SMED, TPM, TWI, PDCA*) on a daily basis, each of which is designed to achieve specific objectives.

Energy efficiency and energy saving measures have always been a priority at Latvijas Finieris Group, which go hand

in hand with the requirements set out in the ISO 50001 standard. Therefore, [the Energy Policy](#) of the company focuses on the efficient use of energy resources and increasing the share of energy from renewable sources. In development, we aim for smart investments that are often innovative in our sector and even in our region.

Birch plywood production is an energy-intensive process, consuming heat energy for hydrothermal treatment of logs and drying of plywood, electricity to run processing equipment, and fuel for industrial machinery and road transport. Other Group processes also require a much smaller share of energy. To better assess our environmental impact, we measure GHG emissions from energy consumption along the entire value chain.

We base our electricity procurement on the principle of economic benefit, giving preference to long-term procurement contracts wherever possible.

In Latvia, where the Group's electricity consumption is the highest, the sustainable origin of electricity is confirmed by the *Powered by Green* certificates. We are also gradually taking steps in the self-generation of electricity – solar panel parks have been installed at the Likmere mill and the associated company SIA Troja.

Use of Water

In plywood production, the most important water-consuming processes are the hydrothermal treatment of plywood, the production of synthetic resins, and the cooling and maintenance of equipment. For these purposes, we get water from water reservoirs near the factories, artesian boreholes or public water supply systems. To use this precious resource as efficiently as possible, over the years we have developed technical solutions to reuse most of the water, which significantly reduces first-time consumption.

The Group's total water consumption in **2023 was 517 408 m³**.

Waste management

Our primary objective is to use raw materials efficiently and to minimise the amount of waste generated by our production processes that cannot be used in our own production processes or be beneficially used in the circular economy and that has to be redirected to our partners for further disposal.

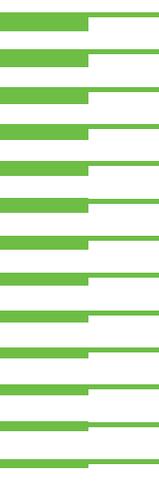
Waste that does arise is carefully sorted at the Group's factories, wherever possible for reuse or recycling to obtain valuable raw materials. The exchange of positive experiences between factories and the knowledge of employees is essential here, and this is something we regularly supplement by integrating environmental issues into various training processes.

In 2023, the Group disposed of **2,469 tonnes of unsorted municipal waste and 379 tonnes of hazardous waste**.

To make waste management easier for customers, we are gradually reducing the variety of materials used in the packaging of finished birch plywood products in all our factories. Our aim is to switch to recycled plastic or bioplastic film, which is a uniform, recyclable packaging material and, thanks to process automation and efficiency, reduces manual labour and energy consumption per cubic metre of plywood (see section [Product development and customers](#)).

Climate
change





Today, climate change is one of the most significant global sustainability risks. The effects, for example in the form of increasingly extreme weather events, are being seen around the world. At Latvijas Finieris, we are convinced that in order to preserve the quality of the environment for future generations, everyone needs to get involved, change their mindset and act responsibly towards our common home – planet Earth.

We are pleased to represent a region that is a world leader in this field. Europe has set ambitious targets for solving climate change problems and developed a roadmap to achieve them, known as the Green Deal package of policy initiatives. We have identified and analysed many of the solutions in the Green Deal for a very long time, and we have acted for many years with the conviction that by continuously improving resource and energy efficiency, we can contribute to balanced socio-economic development and preserve the environment.

Guiding principles that we strive to take into account and apply in our work:

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

GHG emissions and carbon sequestration

For several years, we have been inventorying and calculating GHG emissions according to the *Greenhouse Gas Protocol (GHGP)*, a joint initiative of the *World Resources Institute (WRI)* and the *World Business Council for Sustainable Development (WBCSD)*. By aggregating Scope 1, Scope 2 and Scope 3 emissions, we have a comprehensive picture of the Group's atmospheric emissions, enabling us to identify the most significant sources of environmental impacts throughout the supply chain and production phases. In 2023, we expanded

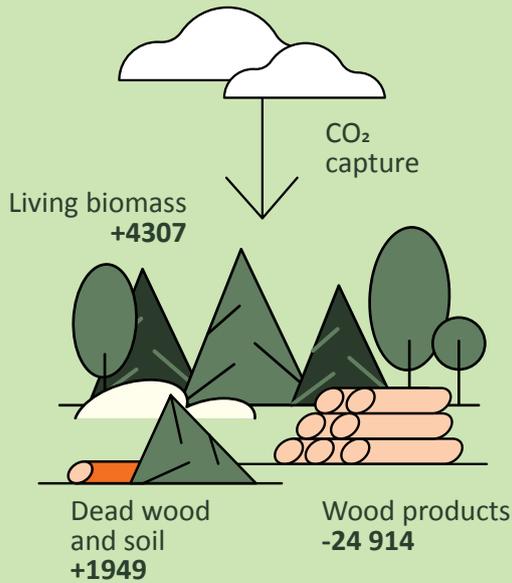
the calculation of the Group's Scope 3 GHG emissions to include sections such as waste generated, deliveries to customers and all materials used in production (basic and auxiliary materials).

The climate benefits come not only from reducing GHG emissions but also from sequestering carbon from the atmosphere. Proper forest management and the use of selected tree seedlings in reforestation can significantly increase the wood growing stock in forest stands and thus contribute to natural carbon storage.

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



Latvijas Finieris Group's CO₂ balance, 2023



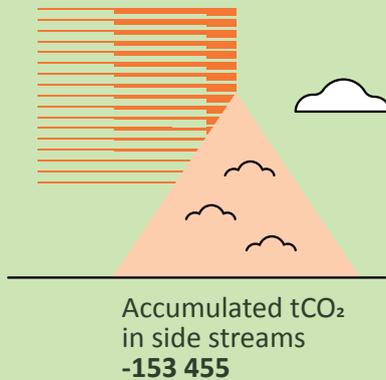
tCO₂ sequestered in forests
-18 658



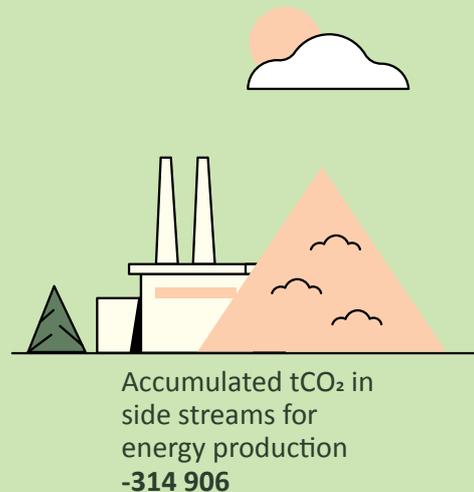
Scope 123 emissions tCO₂
+155 119

365 tCO₂ generated by producing
1 m³ of plywood

Accumulated tCO₂ in products
-173 172



Accumulated tCO₂ in marketed production and side streams
-326 628



Carbon sequestration in forests and wood products

Calculations of greenhouse gas (GHG) emissions and carbon dioxide (CO₂) sequestration according to the methodology used in the national GHG inventory for forest properties managed by Latvijas Finieris in 2022 and 2023 were carried out by leading researchers of the Silava Latvian State Forest Research Institute. The calculations are based on data from the State Forest Register, taking into account the following data: forest type, dominant species, plot area, number of trees, stand age, average tree diameter, average tree height, cross-sectional area and growing stock.

In forests, CO₂ sequestration comes from growth in living biomass, while losses come from natural dieback and logging. The natural deadwood is categorised as dead wood and gradually decomposes, while the harvested volume is converted into wood products or becomes forest biofuel immediately. The calculation by Silava includes carbon storage in wood products, but does not take into account the substitution effect of forest biofuels.

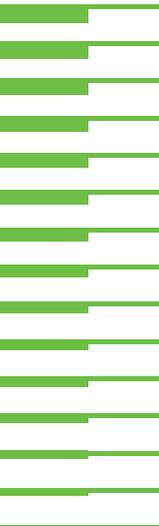
The total potential increase of the growing stock in 2023 in the forests managed by Latvijas Finieris is 50 thousand m³ (average 5.1 m³-ha-1 per

year or the same as in 2022), natural mortality in 2023 is 12 thousand m³ (1.4 m³-ha-1) per year or the same as in 2022 and harvesting volume – 43.9 thousand m³ (90% more than in 2022). **The change in growing stock is -5.2 thousand m³ (a decrease of 0.5% from the stock at the beginning of the year)**, i.e., the stock of living trees in the forests managed by AS Latvijas Finieris has decreased in 2023, but the stock in the forests managed by AS Latvijas Finieris continues to increase when the changes that have occurred in 2022 and 2023 are added together.

Despite the negative stock growth, total GHG emissions are negative (-18.7 thousand tonnes CO₂ eq. per year). Due to the increase in logging, the largest CO₂ emissions in 2023 are wood products (24.9 thousand tonnes CO₂). Other carbon sinks are sources of emissions; living tree biomass has declined by 4.3 thousand tonnes CO₂, and in non-living wood by 0.4 thousand tonnes of tonnes CO₂. This means that despite a temporary increase in carbon stocks in living biomass and dead wood, forest management provides a permanent increase in carbon stocks of 4.4 thousand tonnes C in 2022 and 5.5 thousand tonnes C in 2023 (see CO₂ equivalent balance of Latvijas Finieris Group, 2023, p. 67).



Riga Wood acoustic panels in the sports hall of the newly built Ogre State Gymnasium, 2023



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

Responsible forest management

*Latvijas Finieris Group
Forest Days, 2023*



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

The role of the forest sector in meeting Latvia's climate goals

As a member of the UN Climate Convention and the EU, Latvia is bound by Europe's common commitment to achieve climate neutrality by mid-century, which includes national greenhouse gas (GHG) reduction targets. The land use, land use change and forestry (LULUCF) sector plays a key role in achieving this, and Latvian forest scientists are working on an optimal set of forest management solutions that contribute to mitigating climate change, ensure the adaptation of forest stands to climate change and at the same time do not reduce the availability of resources in the bioeconomy value chain.

Leading scientists at the Latvian State Forest Research Institute Silava conclude that targeted forest management can ensure the achievement of Latvia's climate policy objectives in the LULUCF

sector in 2030 and in the second half of the 21st century, provided that the area of commercial forests is not reduced and additional measures are implemented to reduce GHG emissions and increase CO₂ sequestration. For example, afforestation of organic soils, maintaining existing drainage systems, improving the hydrological regime, establishing tree plantations, fertilising the forest and using wood ash 10–15 years before the regeneration harvest. Scientists point out that the development of wood products also has a significant positive short-term impact on GHG emissions and that investment in the development of chemical wood processing should be encouraged to contribute to climate and energy policy objectives, producing wood products, electricity and liquid or gaseous biofuels.

Given the fact that the Baltic and Nordic countries as a whole are among the world leaders in bio-economy development, the responsibility of local decision-makers for a balanced, rational and as productive as possible use of fertile land is crucial, which must not jeopardise the overall long-term ability to adapt to climate change in the short term.



CHARACTERISTICS AND MANAGEMENT OF LATVIJAS FINIERIS' LAND HOLDINGS

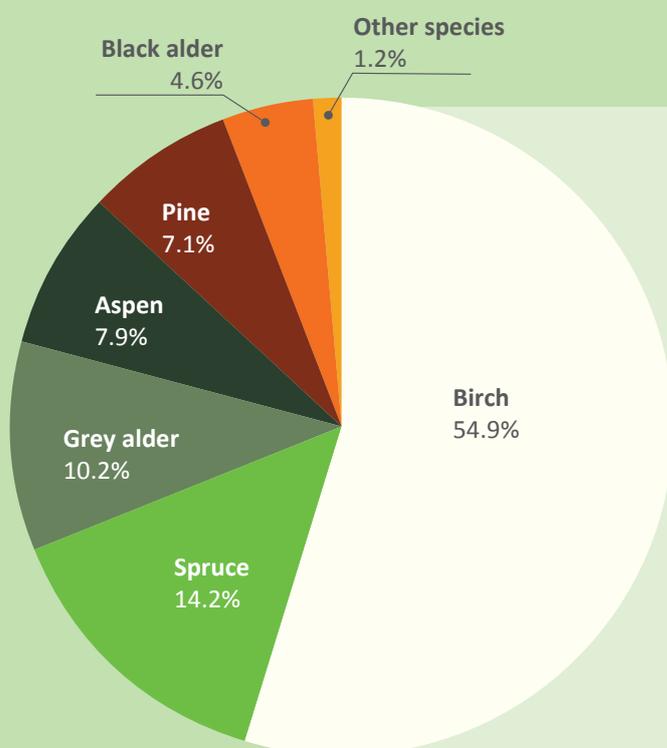
| | |
|--|--|
| Total area of land owned by Latvijas Finieris | 11 506 ha |
| Lease agreements concluded with local farmers | 411 ha or 87% of the quality agricultural land owned by Latvijas Finieris |
| Total area of forest land owned by Latvijas Finieris | 9839.05 ha |
| Forest stands | 9411.37 ha |
| Clearings | 427.68 ha |
| Hunting leases | 185 hunting clubs covering 9677 ha (84% of all properties) |
| Wood obtained as a result of logging | 41.7 thousand m ³ |



DISTRIBUTION OF LAND OWNED BY LATVIJAS FINIERIS

| | | |
|---|------------------|-------------|
| Agricultural land | 995.32 ha | 9% |
| Forest | 9839.05 ha | 84% |
| Other land (marshes, roads, bushes, etc.) | 854.03 ha | 7% |
| Total land | 11 506 ha | 100% |

DISTRIBUTION OF TREE SPECIES IN FOREST AREAS OWNED BY LATVIJAS FINIERIS (%), 2023



- Average stand age – 31 years
- Average tree diameter – 13 cm
- Average tree height – 12 m
- Average wood stock – 113 m³ ha

AGE STRUCTURE OF FOREST STANDS OWNED BY LATVIJAS FINIERIS BY AREA, 2023

Young stands
5401 ha
57 %

Middle-aged stands
3337 ha
36 %

Mature stands
670 ha
7 %





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

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

All forest areas of Latvijas Finieris are managed in accordance with the standard of the world's leading forest certification organisation *PEFC*, which certifies the sustainability of our operations.

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

When planting a new forest in a place where it did not exist before, we carefully assess the relevant growing conditions and choose the most appropriate tree

species when forming grouped stands. We mainly use selected birch, spruce, pine and alder seedlings, which are more resistant to the negative effects of external factors. As a result, the new forest grows faster, sequesters more CO₂ and produces a higher yield of high-quality round timber assortments that can be used to produce long-lived wood materials that continue to act as carbon storage throughout their life cycle.

A key role of a responsible forest owner is not only to ensure the carbon sequestration important for climate change mitigation but also to identify and conserve natural values. Latvian legislation in this area is some of the strictest in Europe. Our properties contain state-designated micro-reserves and buffer zones for specially protected bird species: the white-backed woodpecker, the lesser spotted eagle and the black stork. In these areas, economic activities are carried out in accordance with a species-specific conservation plan. And we have voluntarily committed to do more than what the law requires. For example, we do not log in habitats of European importance recorded in the Latvian Nature Data Management System Ozols, and we control invasive species such as *Heracleum sosnowskyi* as far as possible. Since 2022, we have created a new layer of land category “voluntary nature conservation” in our forests. Work is ongoing to identify and demarcate the areas.

AREAS WITH RESTRICTIONS ON ECONOMIC ACTIVITY (% OF TOTAL AREA)



*EU habitats + voluntary nature conservation areas of Latvijas Finieris Mežs

Birch Programme

In 2023, we continued our cooperation with the forest industry, which started in 1995, in maintaining and supporting the national-level Birch Programme. The main directions of the birch programme have been and continue to be the development of birch breeding and the production of quality birch seedlings, increasing the knowledge of private landowners, improving legislation and supporting science that explores all of the above.

Today, the Birch Programme in Latvia has established a solid base to make birch growing economically viable and easy to implement for anyone interested. Because of the intensive breeding work, the growth of birch stand growing stock can be increased by 20–30%. A number of tree nurseries have been set up and work in the country to meet the demand for birch container plants and seedlings with improved root systems, and information is widely available on how to grow birch properly on both forest and unused farmland. For landowners, it gives them the opportunity

to add value to their property, while for producers it gives them stable long-term access to wood resources. In addition, more intensive farming offers more opportunities to balance the interests of society and the environment, ensuring the sustainability of the country and the well-being of its citizens.

Forest and landscape for everyone

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

Latvijas Finieris' nursery Zābaki provides seedlings for our nurseries and is closely involved in research to improve birch growing practices at the Latvian State Forest Research Institute Silava. The Zābaki Nursery of Latvijas Finieris is a 64 ha farm in the picturesque Gauja Valley, in the territory of Gauja National Park. Not only do we produce seedlings for reforestation there but we have also



Landscape from AS
Latvijas Finieris Zābaki
tree nursery, 2021

created a ski slope, walking trails and recreation areas where local residents and visitors can enjoy nature at their leisure or engage in active recreation.

In addition to birch seedlings, we also grow other species such as oak and spruce.

While in Latgale, near Rēzekne, we have created a recreational and cultural site, SarkanĶalns, and a foundation, Latvijas Finieris Foundation for Sustainable Development, is created for the management of the site. In winter, the area's only ski slope is open there, while in summer, the area attracts visitors because of its stunning views and our regular cultural events.

In 2023, the project "Improvement of the public place SarkanĶalns was implemented within the framework of the open call for projects of the Latvian

Rural Development Programme, for which the necessary co-financing was provided by the Latvijas Finieris Foundation for Sustainable Development. The aim of the project is to promote sustainable development in Adamova Lake Park by expanding the infrastructure of SarkanĶalns and providing visitors with free access to the wide range of facilities in Adamova Lake Nature Park. The project develops opportunities for quality and educational leisure time in nature.

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

NUMBER OF SEEDLINGS SOLD BY ZĀBAKI NURSERY (THOUS. UNITS)



Corporate social responsibility





Latvijas Finieris Green Class in Rēzekne Municipality, 2023

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

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

Support for Ukraine

“It is in our hands to support the Ukrainian freedom fighters by donating our capital. Europe must take the strongest possible stance on sanctions, provide maximum support to civilians and take decisive decisions on arms supplies to the front line. This is Europe’s duty and responsibility in this common fight against Russian imperialism. A fight that must continue until this aggressive, criminal ideology is defeated. At Latvijas Finieris, we are committed to delivering on our promises. We will continue to support Ukraine until the war is won!”

Uldis Biķis,

Chairman of the Supervisory Board of Latvijas Finieris

In 2023, Latvijas Finieris continued to demonstrate its unity with the Ukrainian people in the fight for our common freedom in Europe – from the first day of the war, in cooperation with partners in Latvia, Lithuania, Estonia and Finland, we have provided continuous

support of various kinds to the Ukrainian people, with the value of donations reaching EUR 5.7 million by the end of 2023. We believe that together we can defeat evil and we will continue to help Ukraine until the war is over.

Latvijas Finieris support to Ukraine 2022–2024 Q1



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

WE ARE ALSO STRENGTHENING OUR COUNTRIES.



FOR CIVILIANS AND WAR REFUGEES



FOR THE ARMED FORCES



FOR RESCUERS AND FIREFIGHTERS



FOR UKRAINIAN AND LATVIAN MEDICS

5.7
million €*

FOR THE PRESERVATION AND RESTORATION OF CULTURAL AND HISTORICAL HERITAGE



FOR THE CIRCULATION OF INDEPENDENT AND HIGH-QUALITY INFORMATION



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



KOHILA VINEER



Riga Wood
Latvijas Finieris Group

TOGETHER WE WILL WIN!

Community development and education

Latvijas Finieris Green Class in Rēzekne Municipality, 2023



Latvijas Finieris Green Class

Innovative, responsible and values-based action starts at school, which is why in 2023 we continued our targeted dialogue with schoolchildren and young people on sustainable forest management. For example, our educational event [Latvijas Finieris Green Class](#) on 7 September, 172 classes from 33 schools – 2000 primary school pupils and teachers – gathered in Sarkaņkalns in Vērēmu Rural Territory, Rēzekne Municipality.

Forest Days

In cooperation with other companies and organisations in the forest and related industries, we invest significant informational work and financial support in educating the public about the principles of the circular economy and the sustainable use of bio-based products. In 2023, for example, we contributed with our information to events organised by our forest partners: [Forest comes in Jelgava](#), [Forest ABC](#), [Latvian Forest Days in Tērvete](#). Visitors and participants have the opportunity to meet professionals from companies and organisations involved in

the forest sector, education and national defence in one place, thus gaining theoretical and practical knowledge on various processes related to Latvian land management. We are also actively involved in the Joint Stock Company Latvia's State Forests (LVM) competition for secondary school students [LVM Bioeconomy School](#) and many similar activities.

For many years, we have been organising our own Forest Days, inviting representatives from government, public authorities, non-governmental organisations, educational and scientific institutions, and forestry companies to meet and talk together. This year, almost 150 guests gathered at our tree nursery Zābaki. The agenda included a joint birch tree planting, continuing the "Birch tree clock" started in 2017, and the opportunity to hear stories related to the economy and land use in an hour-long seminar.

LAMPA Conversation Festival

To help promote cross-sectoral interaction, dialogue and exchange of ideas, we are a co-sponsor of [Lampa](#), the largest conversation festival in the Baltics.

Cooperation with higher education institutions

In order to ensure the development of Latvijas Finieris, one of the strategically important directions is the increasingly close cooperation with scientific institutions and educational institutions.

- **Riga Technical University (RTU)**

In 2023, a cooperation agreement was signed with Riga Technical University to improve cooperation between the two parties and together strengthen society's and the economy's preparedness for global change – by promoting science-intensive solutions, including innovations from wood as a renewable material in line with bio-economy principles, as well as new methods for the responsible use of traditional materials and various types of resources in the circular economy. The aim is to achieve effective knowledge transfer in a modern education and work environment, targeted interaction between science and business, and synergies in digitisation processes.

- **Latvia University of Life Sciences and Technologies (LBTU)**

Latvia University of Life Sciences and Technologies (LBTU) is one of the universities with which the company and its employees have a long history.

In November we supported the student business hackathon “EnerForest” dedicated to the forest sector, providing knowledge to future professionals and ensuring the transfer of experience.

Similarly to in previous years, also this autumn the 4th year students of the LBTU Faculty of Forestry and Environmental Sciences programme “Woodworking Engineer” visited Latvijas Finieris’ Bolderāja factories to listen to a series of eight guest lectures within the study course “Commercial Activities in Wood Industry”.

“RTU’s activities are focused on proactive engagement with the needs of the national economy. Cooperation with Latvijas Finieris, an important manufacturing company with a high reputation and global influence, is very important for RTU. Strengthening the existing cooperation, we see an opportunity to collaborate on student internships and graduate employment, as well as research and innovation, where a strong partnership with industry is very important. In addition, by working together, we can develop research not only in the wood industry, but also in energy, digitalisation, IT, medicine and other areas that are in line with the company’s growth philosophy.”

Support for the society



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

Support for the Song and Dance Festival

The year 2023 was a special one. We celebrated the 150th anniversary of the nation's greatest, jointly created cultural masterpiece – the Nationwide Latvian Song and Dance Festival. For 10 days in early July, Riga was swept up in a magical whirl of choral songs and dances, national costumes fluttered, and the city was filled with concerts by brass bands, lutes, folk music, vocal ensembles, and various folklore groups. We at Latvijas Finieris were doubly proud to take part in this celebratory event – that year, our company also looked back on a century and a half of history.

Riga Wood plywood in the festive scenography

In that important anniversary year, Latvijas Finieris was one of the major supporters of the XXVII Latvian Song and XVII Dance Festival. Thousands of singers, dancers, musicians, and festival visitors were delighted by the birch bouquets harvested by SIA Latvijas Finieris Mežs, while the birch plywood

products produced by Riga Wood and donated to the event were used in nine scenography projects across the city – from information signs and decorations to stage floors and acoustic constructions.

Over the past year, we also provided significant support to the feature film “The Land That Sings” by director Māris Martinsons, which tells the story of the power of song, unique personalities, and the origins of the Song Festival tradition. It was released on the big screens at the end of the year, and in some scenes, you could recognize colleagues from Latvijas Finieris.

In total, the support of Latvijas Finieris for the immortalization of the history of the Song and Dance Celebration and the events of that year reached EUR 100,000. It should also be noted that Latvijas Finieris, along with other supporters, was given free tickets to various concerts; 68 in total. We gave them to the Latvian SOS Children's Villages Association, providing at least some of the children left without parental care with the opportunity to experience Latvia's most important cultural event in person.



With the support of Latvijas Finieris birch plywood stools were provided for the performers of the wooden music concert, 2023

Support for other cultural events in 2023

The feature-length puppet animation film “Lielais Indriķis”, produced by the film studio Animācijas Brigāde, was created with the support of Latvijas Finieris and premiered in February 2023. One of the main aims of the film is to raise children’s awareness of the events of Latvian history, its creation and the importance of an independent state. The film took two years to make and involved the creation of around 150 puppets, brought to life by the voices of well-known and loved actors.

In May 2023, as one of the most important Latvian industrial companies, Latvijas Finieris added birch plywood samples, employee uniforms, various souvenirs and information materials to the collections of the Latvian National History Museum (LNHM), which is travelling around the world together with our partners. The donation will continue to tell the story of our company’s culture, success and contribution to Latvia’s development. It should be noted that the

collection of articles from the conference “Wood and Man in Northern Europe from Ancient History to the Present”, organised by the LNHM, have also been published with the company’s support.

To mark the anniversary of the National Library of Latvia’s digital collection “Industrial Heritage”, a broadcast recording has been made dedicated to the history of Latvijas Finieris. The former Chairman of the Executive Board and Supervisory Board, Juris Biķis, and the current CEO, Jānis Ciems, went through valuable pages of the company’s history.

Specially designed letterboxes are being created with the support of Latvijas Finieris

Participants and organisers of the music and art festival “BILDES” – musicians and artists – travelled to Latgale to present individually made and designed plywood mailboxes to businesses, cultural venues and tourist attractions as part of the festival. They were made from *Riga Ply* and *Riga Preprime* birch plywood by Latvijas Finieris.



The birch plywood used in the folk art exhibition “We were made with the support of Latvijas Finierisy, 2023

The letterbox project has been running for several years, encouraging people in Latvia to paint their letterboxes and tidy up their surroundings. Last year, the festival participants travelled to Zemgale and Sēlija with painted plywood letterboxes, in 2021 the roads led to Vidzeme, and the very first creative journey in 2020 was to Kurzeme.

Charity campaign “Warm the paws”

For three weeks, the staff of Latvijas Finieris head office, together with colleagues from Furniers mill, actively participated in the charity campaign “Warm the Paws”, collecting donations for the animals that spend their days in the shelter. Together we managed to donate 88 kg of dog and cat food, several large bags of textiles – blankets, towels and bed linen. The company also donated birch plywood for the shelter.

Charity campaign “Help a friend with paws”

In April 2023, employees of VEREMS RSEZ SIA went to Rēzekne Animal Shelter to deliver animal food and blankets donated by the company in the charity

campaign “Help a friend with paws”. The staff organised the charity event throughout the month of March.

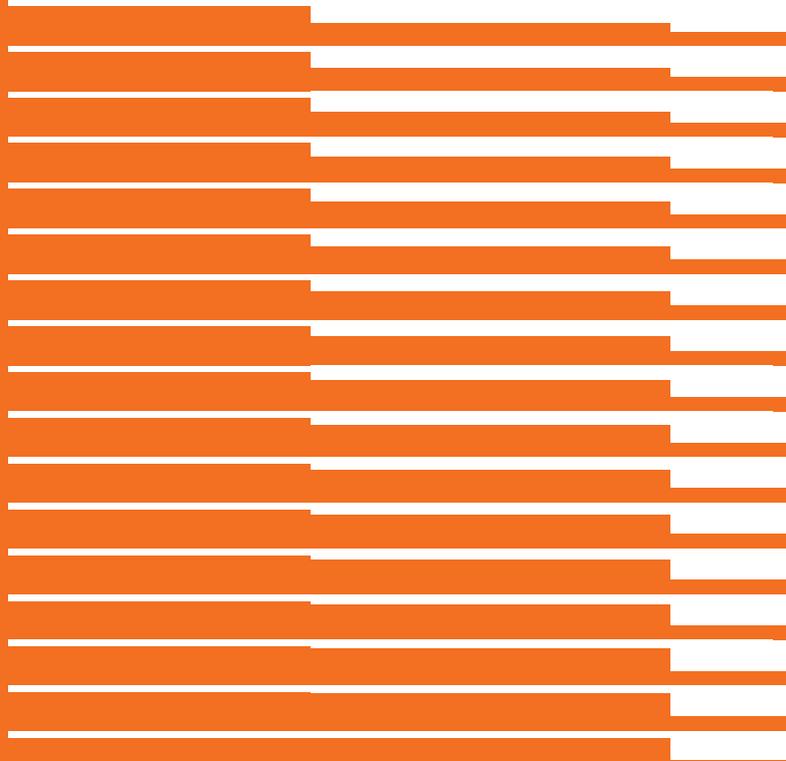
Support for the Latvian Luge Federation

Latvijas Finieris and Riga Wood support the Latvian Luge Federation and actively participate in the research process. To ensure that the sleds glide quickly and stably, together with specialists from Latvijas Finieris, blanks for the sled horns are made from a specially glued wooden composite. Research and experiments are also being carried out to find solutions to improve the sled’s horns.

Support for the rowing competition Nordic Cup 2023

In June 2023, the 3rd and 4th rounds of the Nordic Cup took place at the rowing track “Krāces” in Valmiera, bringing together the strongest rowing slalom athletes in Northern Europe.

Latvijas Finieris donated birch plywood products used in the construction of the starting platforms for the success of the race.



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