

Policy of Sustainability

At the Latvijas Finieris Group, we understand and assess the impact of our activities on the environment, employees, society, and economic processes in the whole value chain, continuously balancing them. We also identify and evaluate external factors and how they affect, or could potentially affect, our own operations.

This Sustainability Policy expresses our attitude towards our suppliers, customers, other cooperation partners, employees, owners, and society at large: to work, to earn, and to use resources responsibly. Sustainability is an integral part of our business processes, employees' daily actions, and development, and it is integrated into the business strategy. Achieving strategic sustainability goals enhances competitiveness and ensures compliance with external requirements for sustainability information disclosure.

The purpose of the Policy is to establish a common approach and sustainability governance framework within the Latvijas Finieris Group, integrating sustainability topics and approach across all companies within the Group and in every business process and decision making, as well as ensuring meaningful and transparent sustainability information disclosure.

This Policy applies to the Latvijas Finieris Group and shall be implemented in all parts of the Group, taking local rules into account where relevant.

Latvijas Finieris Group principles of sustainability

Corporate Governance

- Comply and promote ethical principles of operations at the level of the Group's companies and each employee. The principles are set out in the Latvijas Finieris Group's Code of Conduct.
- Respect and promote the principles of fair competition, prevent conflicts of interest and/ or the occurrence of corruption risks.
- Implement competitive business activities and increase the value of shareholders' capital.
- Create a balanced capital structure and adequate profit level.
- Develop an annual sustainability report in accordance with European Union requirements, ensuring transparency regarding the Group's key sustainability topics and priorities, targets and objectives, reflecting sustainability performance in the particular reporting period.

Impact Materiality

- Identify and evaluate impacts, risks and opportunities across the value chain. Define sustainability material topics and priorities, record and analyse the necessary data, set targets and tasks (within the priorities) and ensure a regular process of monitoring and achieving the targets.

Environment and Climate

- Identify the impacts of our operations on the environment within the value chain and act to reduce and minimise them. Contribute to the development of the circular economy and bioeconomy, thereby promoting understanding of the impact of wood products on the environment and climate, and their advantages compared to other products.
- Identify and assess the impact of climate change risks on our operations, both in the short and long term.
- The principles of environmental management are described in the Group's Environmental Policy.

Land Use

- Responsibly manage the land and forests we own, as well as use only legally sourced timber obtained from sustainably managed forests in production, thereby helping to achieve Europe's climate goals.
- Ensure the flow of wood as a renewable resource and balance the environmental, economic and societal interests.
- Explain and promote a balanced, rational and as productive as possible policy for the use of fertile land, which must not jeopardise the overall long-term opportunities to adapt to climate change in the name of short-term benefits – 10-20-70 principle:
 - Up to 10% of the country's territory is a strict protection zones with complete restrictions on economic activities to ensure the maximum preservation of natural values.
 - Up to 20% of the country's territory – multifunctional zones where natural values are preserved, public access is ensured and economic activities for the production of wood and agricultural products (agriculture + forestry) are also carried out.
 - In the remaining territory (at least 70% of the country's territory), modern and productive economic activities can be carried out, using scientific achievements and adhering to contemporary standards in servicing processes and providing a high quality of living space (in line with circular and bioeconomy principles).
- Involve scientists in both the research on improving birch cultivation practices and the application of the best forest management solutions and methods, thereby creating and sharing best practices and research results.

Promises delivered. Naturally.

- The principles of responsible forest management are described in the Latvijas Finieris Forest management plan for 2024-2028.
- The principles of timber procurement are described in the Timber Procurement Policy.

Products

- Ensure the products and the provision of services are safe for people and the environment, develop new products and processes.
- Promote the wider use of wood as a renewable resource in various industries, develop new products beyond plywood, enhance customer competitiveness, and extend the product lifecycle.
- Strengthen expertise in circular economy principles and develop solutions for the reuse of our wood products at the end of their life cycle.

Employees

- Build a corporate culture based on the values defined by the company's employees: safety, respect, leadership, and development.
- By promoting employee engagement and developing personnel management practices (leadership), together create a work environment where employees take initiative, actively participate in improving the work environment and efficiency, and freely express their opinions, including concerns and appreciation.
- Base the created work environment on principles of:
 - respect for human rights;
 - equal and inclusive treatment;
 - income stability;
 - continuous development of knowledge and skills;
 - mental and physical wellbeing, including knowledge and adherence to occupational safety requirements.
- The principles of personnel management are described in the Personnel Policy.
- The principles of safety culture are described in the Occupational Safety and Health Policy.

Stakeholders

- Build and maintain long-term relationships with partners, including customers and suppliers, engaging in dialogue, respecting the needs of stakeholders, and ensuring a responsible approach in obtaining, creating, and disseminating information.
- Work within the sustainability due diligence process.
- The principles of cooperation are outlined in the Supplier Code of Conduct of the Latvijas Finieris Group.

Society

- Educate and engage the society about our Group and the forestry industry of the Baltic Sea region countries.
- The principles of community support are published on the Latvijas Finieris website.

*Approved by AS Latvijas Finieris
Executive Board on 24.01.2025.
Supervisory Board on 29.01.2025.*