

# A N N U A L R E P O R T 2 0 2 4



## TORNATOR'S ANNUAL REPORT 2024

The annual report consists of the following sections: Tornator in the year 2024, Tornator's strategic direction, responsibility, governance and financial statements. This report has been prepared with reference to the Global Reporting Initiative's GRI Universal Standards.

The report includes the consolidated income statement and balance sheet, which comply with the International Financial Reporting Standards (IFRS) accounting standard.

### Images:

Tornator, Pekka Kiirala and Marianne Ahonen Photography

### 3 TORNATOR IN THE YEAR 2024

- 4 Tornator in brief
- 5 Year 2024 in figures
- 6 Highlights of 2024
- 7 Chairman's review
- 9 CEO's review
- 11 Business environment

### 14 TORNATOR'S FUTURE DIRECTION

- 15 Strategic priorities
- 16 Sustainability
- 19 Partnership
- 22 Growth
- 24 Value creation

### 26 WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS

- 27 Sustainability at Tornator
- 28 Sustainability management
- 32 Environment and climate
- 37 People and society
- 43 Good governance

### 45 GOVERNANCE

- 46 Corporate governance
- 52 Board of Directors
- 53 Management Group

### 54 FINANCIAL STATEMENTS

- 55 Finance
- 58 Summary of consolidated financial statements
- 60 Consolidated income statement
- 61 Consolidated balance sheet
- 62 Statement of changes in Group shareholders' equity
- 63 Consolidated cash flow statement
- 64 Summary of financial statements
- 65 Calculation of key figures

### 66 REPORTING PRINCIPLES AND GRI INDEX

- 67 Reporting principles
- 67 GRI content index

### MORE STRATEGIC PROTECTION OF WATERS

*Read more p. 18*

### QUALITY AND TRANSPARENCY IN CONTRACTING CHAINS

*Read more p. 21*

### GAME MANAGEMENT AS PART OF FOREST ECOSYSTEM SERVICES

*Read more p. 23*

### INTELLIGENT FOREST ROAD MANAGEMENT

*Read more p. 25*



4 Tornator in brief  
5 Year 2024 in figures

6 Highlights of 2024  
7 Chairman's review

9 CEO's review  
11 Business environment

# TORNATOR IN THE YEAR 2024

## DEAR, DIVERSE FOREST

**Forests come in many shapes and sizes.** There is no one right way to care for a forest, and there is no one right relationship with the forest. However, one thing is certain – we all love forests. Tornator's mission is to generate sustainable well-being from forests with its forest business. This means continuously improving our operations in terms of silviculture, stakeholder dialogue and sustainability.

For us, sustainable forestry means understanding the wealth of people's unique relationships with the forest and the will to reconcile their needs and wishes related to forests. Tornator recognises the diversity of the forest and always strives to create well-being for both people and the environment. Innovation and sustainability are always at the heart of our decision-making – without forgetting growth. **In this work, we are never finished. Instead, we are on a journey.**

The Tornator family is united by a commitment to sustainable yet profitable silviculture. Innovation, community spirit and continuous improvement help us preserve **our dear, diverse forests for future generations.**



# TORNATOR IN BRIEF

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

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

## BUSINESS AREAS



### TIMBER SALES

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



### REAL ESTATE

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



### SERVICES

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

# YEAR 2024 IN FIGURES

## KEY FIGURES

Without effects of fair value changes unless stated otherwise

	2020	2021	2022	2023	2024
Net sales, € million	118.1	128.6	164.6	194.9	213.0
Operating profit, € million	91.9	90.0	130.2	141.8	154.1
Operating profit, % of net sales	77.8	70.0	79.1	72.8	72.4
Profit for the period, € million	56.8	61.1	94.8	96.7	103.2
Profit for the period, % of net sales	48.1	47.5	57.6	49.6	48.5
Return on equity including fair value changes, %	13.8	34.6	33.8	16.5	6.0
Average number of employees	186	189	188	189	188
Return on capital employed, %	6.0	5.0	5.5	5.0	5.2
Return on equity, %	6.5	5.6	5.9	4.7	4.7
Equity ratio, %	45.3	52.6	60.4	60.1	59.8



### BALANCE SHEET VALUE

€3.8 billion

### NET SALES record-breaking

€213 million



### TORNATOR HAS

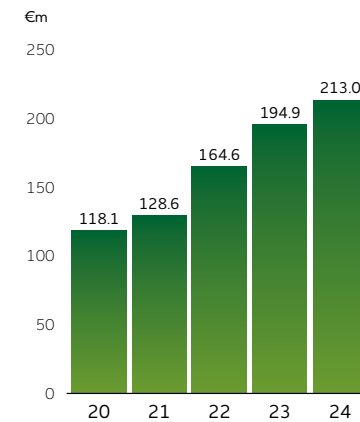
188 forestry professionals



### TORNATOR'S TOTAL FORESTLAND

783,000 ha

## NET SALES

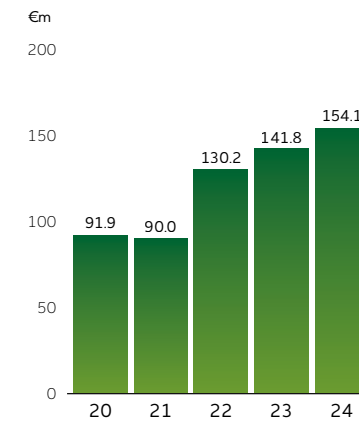


## CASH FLOW FROM OPERATIONS

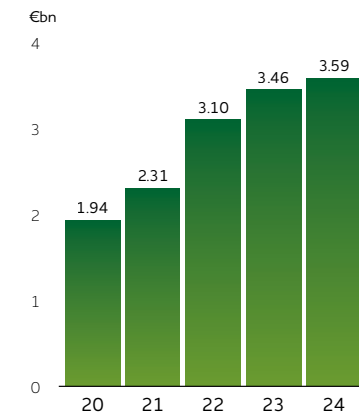


## OPERATING PROFIT

Without effects of fair value changes

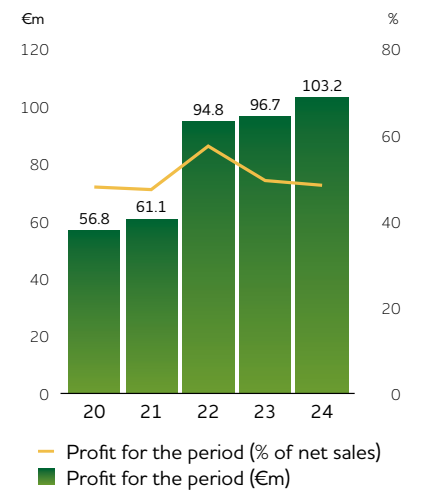


## VALUATION OF FORESTS (Fair value)

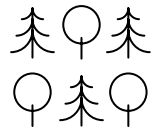


## PROFIT FOR THE PERIOD

Without effects of fair value changes



# HIGHLIGHTS OF 2024



THE COMPANY'S FOREST AREA IN FINLAND EXCEEDED

**700,000**

HECTARES

[Read more p. 22](#)

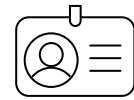


SUCCESSFUL TIMBER DELIVERIES LEAD TO NEW TURNOVER RECORD OF

**€213**

MILLION

[Read more p. 10](#)



THE EXPERT STAFF IN FINLAND INCREASED TO

**100**

EMPLOYEES

[Read more p. 38](#)



## REAL ESTATE DEAL WITH GOOGLE

In November, Tornator sold two parcels of land to Tuike Finland Oy. The parcels are located in Otanmäki, Kajaani, and cover a total area of 340 hectares. Google plans to expand its cloud and data infrastructure in Finland. However, no decision has yet been made on the construction of a data centre.



TORNATOR'S FORESTS SEQUESTERED AN AMOUNT OF CARBON DIOXIDE EQUIVALENT TO

**75%**

OF THE PASSENGER CAR EMISSIONS IN FINLAND.

## STAFF INCLUDED IN THE PLANNING OF THE NEW STRATEGY PERIOD

Tornator's new strategy period starts in 2025. The entire Tornator family is passionate about working for forests, and the strategy is based on this shared passion. For this reason, the company's staff was extensively involved in the planning of the new strategy period.



## EDUCATION ON SUSTAINABILITY

The sustainability skills of salaried employees were boosted by organising sustainability training together with Aalto University Executive Education and Professional Development (Aalto EE). The training covered environmental, economic and social responsibility and sustainability of the organisation, as well as sustainability management from a strategic perspective.



“Tornator’s long-term approach is reflected not only in our results, but also in the way we combine economic productivity and sustainability.”

CHAIRMAN'S REVIEW

# TOWARDS A NEW STRATEGY PERIOD

In 2025, Tornator will enter a new strategy period, with quality, nature and added value at its core. These themes reflect the long-term vision of forestry while responding to the demands of today. The strategy continues our tradition of responsible action, where multigenerationality, sustainability and innovation go hand in hand.

In 2024, Tornator experienced strong growth. The company’s result was markedly positive, with turnover exceeding EUR 200 million for the first time. I would like to thank the entire organisation; this success is based on each person’s contribution and work towards a common goal. Tornator’s long-term approach is reflected not only in our results, but also in the way we combine economic productivity and sustainability. Thanks to these principles, we are not only the largest private forest owner in Finland, but also a forerunner in our industry.

The role of the Chair of the Board is to ensure that the strategic vision is clear and that decision-making is guided by the principles of sustainability and long-term thinking. The aim is to create the conditions for operational management to develop the operations in a systematic and profitable way while providing the necessary support and exchange of ideas to support their work.

### Quality and sustainability provide a focal point at work

Tornator's strength lies not only in its people but also in its scale: with almost 800,000 hectares of forest assets, it has the opportunity to experiment and develop new approaches with relatively light investment and to scale up successes across the organisation. This is particularly important in an industry where the introduction of new ideas and innovations takes a long time but brings significant results when successful.

Sustainability is at the heart of everything we do. The PEFC™ and FSC® forest certificates are examples of the commitments we have made to demonstrate that sustainability is taken into account in all our activities. We also work actively with NGOs, clients and other stakeholders to ensure biodiversity, protection of water bodies and the sustainability of contracting chains at all levels.

Technology is also at the heart of forestry development. We have made use of digitalisation and automation tools that enable more accurate and fine-grained silviculture. This allows us to better combine healthy forest growth, economic objectives and support for biodiversity.

### Working together for our forests

I look to the future of Tornator with confidence. Our goals for the new strategy period are clear: to grow forests responsibly, create added value for Finnish society and support the green transition. Our forests serve not only as an economic cornerstone but also as a platform for renewable energy projects such as wind and solar power.

Forests are not only an economic resource but also a source of spiritual strength and resilience. For Finns, forests are part of our national heritage that we have a duty to preserve. In the future, we want to ensure that forests remain a shared source of inspiration that bring together sustainability, inclusion and respect for nature.

I would like to warmly thank all Tornator employees, partners and stakeholders. This year and the coming strategy period are proof of what we can achieve together. Let's continue our passionate work for our forests!

**Esko Torsti**

Chairman of the Board

**“I look to the future of Tornator with confidence. Our goals for the new strategy period are clear: to grow forests responsibly, create added value for Finnish society and support the green transition.”**







“I am proud of the way our strategy, expertise and innovation have strengthened our position in the industry.”

## CEO'S REVIEW

# PERSISTENT WORK CREATES SUCCESS

Records were broken again this year; a favourable wood market propelled Tornator to unprecedented results. Our persistent work on silviculture bore fruit, and together we made significant progress. The preparation and implementation of our new strategy, the commitment of our staff and the support of our partners will provide a solid foundation for future success, as well.

The year 2024 proved once again that decades of professional silviculture based on solid experience provide a strong foundation for Tornator's activities. I am proud of the way our strategy, expertise and innovation have strengthened our position in the industry. Success would not be possible without a systematic investment in collaboration between our staff, our customers and our partners.

I consider our greatest success to be the fact that we were able to conclude our strategy period with a record-breaking result while also preparing a new strategy with people at its heart and quality, nature and added value as its cornerstones. Healthy forests and people provide a solid foundation for the future. Our forests will continue to play an important role as a source of recreation and renewable raw materials, as well as supporting Finland's security of supply.

## Record-breaking result and strong growth

In the past year, we achieved a record-breaking result under exceptional circumstances. Strongly increased wood market prices and our skilled staff enabled us to continue our profitable growth. Cooperation with our main customer, Stora Enso, continued to develop, which was reflected in, among other things, a steady flow of wood deliveries and an increase in silviculture service work. Wood sales served as the main driver of the increase in turnover, but alongside this, our silviculture services business has continued to grow strongly, showing that our customers are increasingly relying on our professionalism. We also developed a new, evidence-based felling plan that will ensure sustainable growth for our company in the coming years.

We acquired nearly 24,000 hectares of new forests in Finland, which will improve our ability to meet the increased demand for wood. It seems that our consistent approach to forest acquisition has proven to be a winning strategy; we have continued to buy steadily even in the face of market changes. In addition, obtaining a credit rating for our secured debt increased interest from international investors and opened up new financing channels to support growth.

Wind and solar power are key value-adding drivers in forestry. We signed dozens of new land leases with companies developing renewable energy. We also produced added value through real estate development; the company's cash flows were boosted by the sale of productive forestland, subject to regulatory approvals, for Google's planned data centre in Kajaani.

## The changing environment offers both a challenge and an opportunity

Biodiversity and climate work were an integral part of the implementation of our strategy also in 2024. We continued our Climate and Biodiversity Programmes, and we prepared to launch a strategic water conservation project in cooperation with WWF Finland. This is a unique initiative in Finland, focusing on improving the impact of forestry on water bodies, especially at the catchment level.

We also prepared for the EU's new corporate sustainability reporting requirements. Reporting under the CSRD reform will start next year, but the groundwork for reporting was already done during 2024. By investing in sustainability reporting, we want to ensure that we are able to communicate Tornator's activities to stakeholders in line with requirements.

The importance of digital solutions will continue to grow in our industry. Digital development not only supports our business, but also plays a key role in improving our environmental sustainability. Digitalisation allows us to identify and protect valuable natural sites more effectively, which contributes to strengthening the sustainability of our operations.

## Quality throughout the value chain

The focus of our strategy is now more strongly on Tornator's staff and their well-being at work. It is important to stress that the strategy does not implement itself – it is implemented by people. For the strategy to succeed, we need a healthy and motivated workforce, ready to take strategic projects forward.

Quality is also at the heart of the new strategy, in particular improving the quality of the contracting chain. Contractors are our key stakeholders, and we want to strengthen their sustainability, which also supports customer satisfaction. Moving forward, we will pay more attention to issues such as the use of foreign labour. Our aim is to achieve rapid improvements, but we also recognise that long-term work is the key to lasting results. We see this investment giving us a significant competitive advantage in the future.

The main challenges for 2025 are geopolitical uncertainty and its economic impact on Europe; issues over which we have very limited influence. I believe that the best way forward is to focus on things we can control. Tornator's strategy starts with the basics: staff commitment and internalisation of objectives. This means going through the strategy and the personal objectives associated with it with each employee. This ensures that the whole organisation has a clear understanding of what we want to achieve.

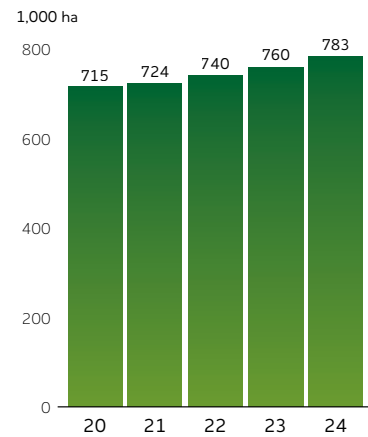
I would like to extend my warmest thanks to all our Tornator employees, our customers and our partners for this year. Together, we will write the next chapter in our company's story.

**Henrik Nieminen**  
CEO

## BUSINESS ENVIRONMENT

# STRONG DEVELOPMENT IN THE WOOD MARKET

## DEVELOPMENT OF TORNATOR'S FORESTLANDS



While 2024 was a strong year for Tornator in economic terms, it was also a year marked by heightened public debate on sustainability in the forestry sector, global tensions and economic uncertainty. Wood prices remained historically high throughout the year. Russia's war of aggression and subsequent sanctions have changed the dynamics of the wood market in the Baltic Sea region, resulting in continued growth in demand for domestic wood. The turmoil surrounding the EU Timber Regulation and the US presidential election contributed to uncertainty in the forestry sector, including future investment decisions.

### Increased debate on the sustainability of the forestry sector

Sustainable business extends to a broader consideration of the impacts of operations, and the forestry sector has had to respond to high expectations from society, both in the media and among stakeholders. In Kainuu, forest machinery crossing a river at a felling site destroyed a part of the habitat of endangered freshwater pearl mussels. This sparked extensive debate on the sustainability of the forest industry's felling activities. In addition, forestry sector operators are expected to be increasingly transparent and proactive, not only in terms of environmental impact but also in terms of social responsibility.

The share of foreign labour has considerably increased, particularly in the silviculture services business, which introduces a new set of challenges. These developments require greater transparency from forestry companies, especially in terms of contracting and remuneration, in order to prevent possible misconduct.

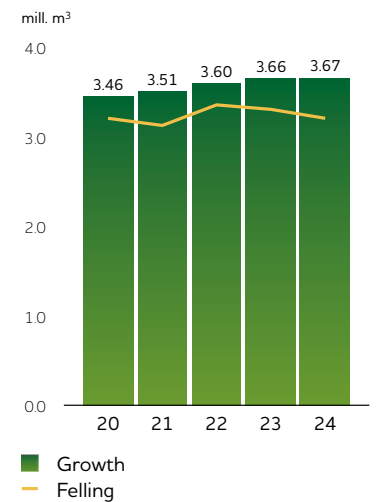
### Domestic pulpwood in demand

Demand for wood has remained strong, partly due to capacity increases in the forest industry in recent years and the renewal of old capacity in Finland. The stagnation of Russian wood imports has led to a growing importance of domestic wood raw material. The downturn in the construction sector has affected demand for sawn timber, especially in Finland, where construction has virtually come to a standstill. However, softwood pulpwood prices have remained at a good level and international demand for softwood pulp has remained stable. Tornator has continued its strategic forestland acquisitions, a key part of the company's growth objectives.

### Growth from renewable raw materials

Tornator's vision is based on the responsible use of renewable raw materials, and with population growth, the demand for sustainable consumer goods is expected to grow even more.

## GROWTH AND FELLING IN TORNATOR GROUP'S FORESTS

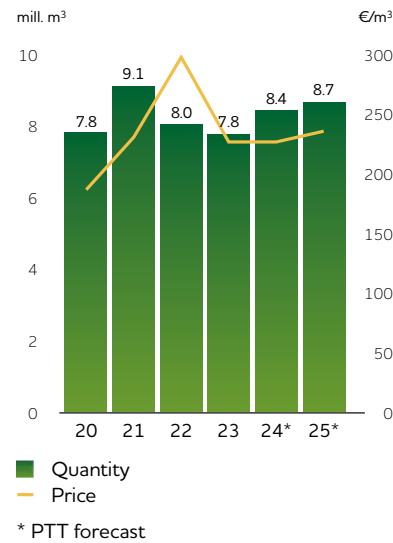


The role of wood as a renewable raw material will increase with the green transition and sustainable development. Tornator has promoted its sustainability work, particularly in the fight against climate change and the protection of biodiversity. The company has developed its sustainability programme and worked with its stakeholders to improve the transparency of its operations. Acquisitions of forestland have been part of the company's growth strategy, and the changing age structure of forest owners is likely to accelerate the transfer of forestland to professional forest owners such as Tornator. Digitalisation is central to the company's operations, enabling efficient and sustainable management of forests and conservation of valuable natural sites, reducing the need for physical labour.

### Wood plays a key role in a fossil-free society

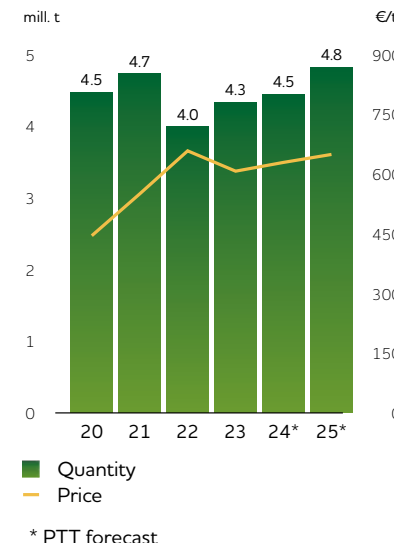
At the end of 2024, Tornator's outlook is positive. Demand for wood raw material seems set to remain strong, driven by the needs of international markets and the green transition. In particular, the improved market outlook for the forest industry supports this development. In the long term, renewable natural resources provide a strong foundation for Tornator's strategy, as population growth, increasing middle class prosperity, digitalisation and urbanisation create a growing demand for sustainable raw materials. The role of wood as a substitute for fossil materials will become even more important as it is one of the key elements on the road to a fossil-free society.

#### SAWNWOOD EXPORTS



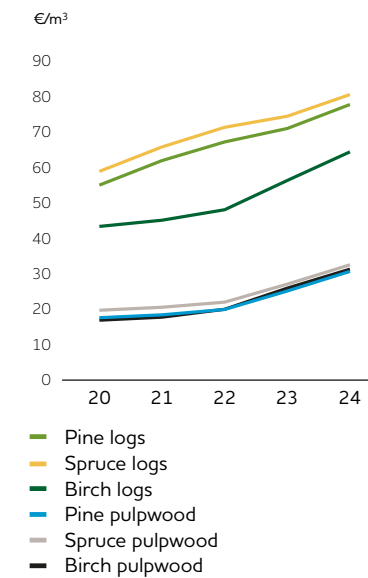
Source: Statistics by Natural Resources Institute Finland and Customs

#### PULP EXPORTS

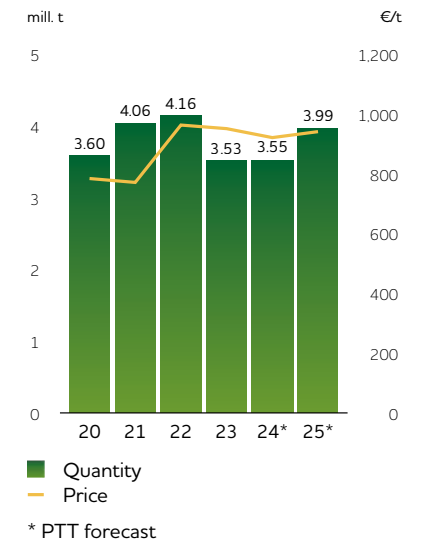


Source: Statistics by Natural Resources Institute Finland and Customs

#### LOG AND PULPWOOD STUMPAGE PRICES IN FINLAND (Four-week moving average)



#### PAPERBOARD EXPORTS



Source: Statistics by Natural Resources Institute Finland and Customs

# GLOBAL MEGATRENDS AFFECTING TORNATOR

## KEY IMPACTS FROM TORNATOR'S PERSPECTIVE

## OUR RESPONSE



### CLIMATE CHANGE AND BIODIVERSITY LOSS

- Forests are becoming increasingly important carbon sinks and carbon stocks. A sustainable carbon cycle plays a key role.
- There will also be an increasing focus on safeguarding biodiversity as part of forest use.
- Extreme weather events and the risk of forest damage will increase.
- The intensifying carbon debate will steer consumer attitudes and political decision-making. Regulation will increase.

- We make sustainable use of additional forest growth in diverse ways.
- We implement and monitor measures to support biodiversity in our forests in line with Tornator's Biodiversity Programme.
- We maintain the forests in good condition through effective forest management, ensuring their health, vitality and resilience against damage.
- We openly and actively communicate about our operations and actions for the climate and biodiversity.
- We help to influence regulation by offering support through our expertise.



### POPULATION GROWTH, URBANISATION AND GEOPOLITICS

- Material needs and consumer demand are increasing, and the use of fossil-based raw materials must be reduced.
- The importance of bioeconomy and circular economy is increasing, and the demand for renewable raw materials is on the rise.
- Due to urbanisation, people are becoming more and more estranged from forest management.
- Finding skilled labour in sparsely populated areas will become more difficult.
- The need for recreational use and other forest-related services is increasing.
- Social unrest is increasing around the world.
- Public debates and society are becoming increasingly polarised.

- We are increasing our forest assets, optimising timber production and diversifying our operations.
- We provide the market with bio-based raw materials to replace fossil-based ones.
- We communicate about sustainable forestry and offer our professional forest ownership as an alternative.
- We offer attractive jobs in sparsely populated areas as well.
- We develop the multiple use of our forests and offer them for recreation.



### DIGITALISATION, AI AND THE DATA ECONOMY

- The significance of digital systems for forest data and multisource data will increase. The use of artificial intelligence, robotics and automation will expand.
- Volumes of forest-related information will grow, and its quality and accuracy will improve.
- Information security risks and significance of data protection will increase.
- Digital revolution will change operating and working practices.

- We will actively develop multisource forest data collection and refinement. We are modernising our IT infrastructure using cloud services.
- To generate added value for our business and stakeholders, we are constantly exploring and developing new opportunities for using data in collaboration with our partner network. This also ensures the sustainability of our forest management measures.
- We use advanced security technology and provide instructions and training for information system users.
- We are agile in adopting new ways of working and we ensure future skills by training and developing our personnel.



15 Strategic priorities

16 Sustainability

19 Partnership

22 Growth

24 Value creation

# TORNATOR'S FUTURE DIRECTION

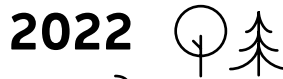
# A PASSION FOR THE FOREST – SUSTAINABLE SOLUTIONS ACROSS GENERATIONS

**VISION:** A FORERUNNER IN THE RESPONSIBLE USE OF FORESTS **MISSION:** WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS  
**VALUES:** RESPONSIBILITY, EXPERTISE AND PARTNERSHIP

## Towards a new strategy period

Tornator's new three-year strategy period starts in 2025. The new strategy builds on the strengths of the previous, widely praised strategy period, but with an eye firmly on the future. This time, the focus is on quality, nature and added value. These themes aim to strengthen Tornator's position as a sustainable and competitive player in a rapidly changing operating environment.

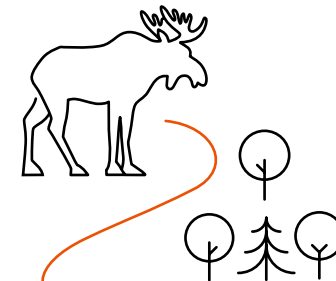
The entire company's staff was extensively involved in the strategy work, and their contribution is strongly reflected in the final result. Employee well-being has been placed at the heart of the new strategy, underlining Tornator's aim to create a sustainable and comfortable work community where everyone has the opportunity to succeed and develop their skills.

2022 



STRATEGY  
2022–2024

SUSTAINABILITY  
PARTNERSHIP  
GROWTH



STRATEGY  
2025–2027

2025



**SUSTAINABILITY****THREE PRIORITIES FOR SUSTAINABILITY**

Tornator's sustainability measures are divided into three priorities: financial, social and ecological.

For Tornator, financial sustainability means, above all, predictability and reliability in business. The company aims to ensure a steady dividend payment and to meet its debt obligations. Efficiency and quality are continuously improved, for example by promoting silviculture services, forest growth and the digitalisation of forest resources.

Tornator aims to strengthen well-being for both people and society. The company bears social responsibility by being a major contributor to corporate taxes and by creating jobs in sparsely populated areas. Tornator invests in the well-being of its forestry professionals by providing meaningful tasks, supporting rest and recovery and investing in the continuous development of employees' skills. The company also takes into account the whole value chain, offering contractors training and support to improve occupational safety, for example.

**KEY ACHIEVEMENTS OF 2024**

Training, including the Strategic Sustainability for Business training for staff facilitated by Aalto University

Launch of the Vesiviisas metsä cooperation project with WWF

200-hectare nature conservation area planned for Lieksa





In terms of ecological sustainability, Tornator has both plans and measures to promote carbon sequestration and safeguard biodiversity. Collaboration with WWF and Stora Enso to protect running waters has resulted in a number of successful projects in Eastern Finland. Tornator is a domestic forerunner in marshland restoration.

### FSC certificate re-audited

The ecological sustainability of forests across generations is a significant goal guiding Tornator's operations, and the company's Biodiversity Programme and Climate Programme provide the framework for practical measures throughout the year. In 2024, the programmes were promoted through, among other things, a recertification audit under the FSC scheme, where more than 300 claims were checked in five office days and five field days. The audit found no serious non-compliance with FSC requirements. In addition, the implementation of the Biodiversity Programme is achieving more than 150 per cent of the annual targets. Eight new nature conservation areas were created on Tornator land. Furthermore, the company's staff were trained in FSC-compliant measurement of deadwood and in the identification and management of burnt areas.

### Increasingly stringent reporting obligations

Like many other companies, Tornator is also preparing for the upcoming sustainability reporting requirements from the EU. The reporting requirements will apply to Tornator from reporting year 2025 onwards. In 2023, a double materiality analysis was carried out as a basis for future reporting, which was further updated in 2024 to better reflect the changing operating environment and regulatory requirements. The results of the analysis were used to identify processes and reporting practices to meet the new requirements.

Based on the identification exercise, key areas for improvement were identified and the company updated its sustainability dashboard and development needs concerning the monitoring processes to ensure that they are in line with the latest EU requirements. However, the preparation process is still ongoing and Tornator will now focus on defining and implementing the results of the analysis in the business areas. In addition, the company will implement its own information system for comprehensive data point management and ensure that the collection and use of sustainability data is integrated into core business operations.

**“Efficiency and quality are continuously improved, for example by promoting silviculture services, forest growth and the digitalisation of forest resources.”**





Tornator and WWF Finland  
in collaboration to improve  
water protection in forestry



## More strategic protection of waters

Tornator and WWF have embarked on a three-year cooperation to develop the protection of waters in forestry. The aim is to reduce the adverse impacts of forestry on water bodies and to create a more effective planning model for water protection as part of Tornator's forest planning. The collaboration will look at current practices in forestry, available data on the protection of waters and forest planning tools. A regional planning model will also be developed to improve the effectiveness of water protection at catchment area level.

"The impacts of the management of forests on water bodies will be addressed more thoroughly in the future. For example, ditch cleaning and supplementary ditching will only be carried out in areas critical for growing stock. On the other hand, our streamlined planning model allows us to target active water protection measures better than before," says **Henrik Nieminen**, CEO of Tornator. **Mai Suominen**, leading forest

expert at WWF Finland, adds: "Ecologically important small water buffer zones must be secured, and ditch cleaning and supplementary ditching must be minimised. The management of forests by way of continuous cover forestry solves problems in many situations, but other actions are needed as well."

The cooperation responds to the growing interest in developing water protection through a broader, catchment area based approach. However, the Finnish forestry sector needs more water protection experts and regional coordinators. The fragmented structure of land tenure makes it difficult to coordinate water protection measures, which requires interaction between several private forest owners. The measures aim to reduce the strain on the water system while supporting profitable forestry.

**PARTNERSHIP****PARTNERSHIPS AS PART OF BUSINESS**

Tornator's partnership strategy is based on close collaboration with our main customer, Stora Enso. In addition to wood trade and silviculture services business, the partnership is widely used in projects concerning forest growth and well-being, biodiversity promotion, climate change mitigation and digitalisation. In 2024, the partnership with Stora Enso developed even further. The predictability of operations improved, and extensive cooperation produced great results, for example in the planning and implementation of felling sites. The expansion of the silviculture services business was also in line with the strategy. Cooperation on wood trade expanded to include trade in energy wood, which achieved healthy growth and was seen as having good potential for the future.

**More expertise in managing partnerships**

Tornator aims to grow the silviculture services business in a partnership-driven way, with the promotion of silviculture service entrepreneurship playing a key role. The company's network of contractors covers the whole of Finland, enabling even more job opportunities for entrepreneurial partners.

**KEY ACHIEVEMENTS OF 2024**

- Updating the long-term felling plan
- Expanding wood trade cooperation to include energy wood trade
- Recruiting a contracting manager as part of developing the sustainability of contracting chains



“Tornator aims to grow the silviculture services business in a partnership-driven way, with the promotion of silviculture service entrepreneurship playing a key role.”

“Tornator’s goal is to ensure that the entire contracting chain operates efficiently and sustainably, which also supports the company’s partnership strategy and sustainable business growth.”



Tornator has recognised the need to minimise variation in the quality of contractor work. Most of the contractor partners have excellent skills and working practices, but there are also areas for improvement.

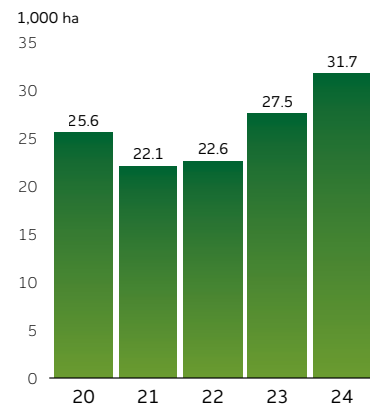
A key development project for 2025 is to improve the sustainability of the company’s contracting chain. The project aims to ensure that contractors have all the support they need in terms of quality of work and supervision, so that they can better meet industry standards. Tornator’s goal is to ensure that the entire contracting chain operates efficiently and sustainably, which also supports the company’s partnership strategy and sustainable business growth. For this development, Tornator has recruited a contracting manager to strengthen the company’s contracting expertise and bring more quality and transparency to the entire supply chain.

### Partnerships based on values

In 2025, Tornator will focus on more ambitious goals with Stora Enso, especially in the silviculture services business. The company updated its long-term felling plan, which included a number of new scenarios and made particular use of data on forest structure, condition and growth. The new felling plan will serve as a strategic tool for planning Tornator’s forestry business in the long term. Projects concerning running waters with WWF Finland will also continue. In 2025, a three-year cooperation will be launched to develop water protection in forestry. The aim is to reduce the adverse impacts of forestry on water bodies and to create a more effective planning model for water protection as part of Tornator’s forest planning.

In line with its strategy, Tornator will continue to strengthen existing partnerships while seeking new partners who share its values. The use of digitalisation and artificial intelligence will be further emphasised, and ICT partnerships will also play a key role in Tornator’s development.

**TOTAL AREA OF TORNATOR'S SILVICULTURAL WORK**





## Quality and transparency in contracting chains

Tornator is a major operator in the silviculture sector, responsible for more than 60,000 silviculture worksites every year. The worksites are mainly handled by contractors, so that the company employs around 250 contractor partners in Finland. The use of foreign labour in forestry contracting has become more common both in Finland and elsewhere in the Nordic countries, and some of Tornator's contractors also use foreign labour.

The contracting process emphasises a common understanding of quality, occupational safety and terms and conditions of work, which are agreed in the contracting agreements between Tornator and the contractors. Compliance with the contracts is monitored through operational processes and external audits. Problems have been identified in some of the audits of the company's contractors, such as shortcomings in the verification of minimum wage payment, occupational safety instructions and documentation of training. Problems are often caused by a lack of information and are not intentional. The response

to these problems has, in extreme cases, been to terminate cooperation with irresponsible actors and to improve policies and procedures.

Safety culture and proper training in forestry contracting is essential for a high-quality and transparent value chain, particularly as the workforce becomes more international. In addition, quality is one of the priorities in Tornator's new strategy. For these reasons, measures have been initiated to improve the quality and accountability of the contracting chain. The company has hired a new contracting manager, whose tasks include developing transparency and occupational safety in the contracting chain. Moreover, the company will also update its contracting agreements to include considerations of human rights and sanctions for breach of contract. Self-monitoring will also be stepped up.

**GROWTH**

# KEYS TO GROWTH – INVESTING IN ASSETS AND SKILLS

Increasing forest asset ownership is an essential part of Tornator's strategy. In 2024, the forest acquisitions were successful, and the company exceeded the 700,000 hectare forest asset threshold in Finland. A total of 24,000 hectares of new forestland was acquired. The growing forest assets provide Tornator with favourable conditions to continue supplying dual-certified renewable raw material to the forest industry.

### **Silviculture services and renewable energy strengthen business**

Tornator's business is also growing through silviculture services. The company offers silviculture services nationwide through its Stora Enso partnership, as well as forest lease services that provide forest owners with regular monthly income and convenience. In 2024, the silviculture services business grew by 16.9 per cent.

#### KEY ACHIEVEMENTS OF 2024

- Achieving 700,000 hectares of forest assets in Finland
- Turnover increased to over EUR 200 million
- 340-hectare real estate deal with Google



“Tornator's success is based on skilled staff, whose well-being and professional development are at the heart of everything we do.”

In line with its growth strategy, Tornator aims to diversify the use of its forests through wind and solar power projects. Although investment in such projects, especially wind power, was low in Finland in 2024 due to the uncertain economic situation, Tornator's land areas attracted several project developers, leading to dozens of new land leases. This demonstrates Tornator's attractiveness as a partner in renewable energy projects.

### Skills at the heart of growth

Tornator's success is based on skilled staff, whose well-being and professional development are at the heart of everything we do. In 2024, new recruitments were made, strengthening the company's growth potential and balancing its workload. Special attention will continue to be paid to workload management and staff motivation. The company strives to ensure that employees can succeed in their tasks and develop their skills over the long term.

Tornator also invests in the biological growth of forests through timely silviculture measures, fertilisation and the use of genetically improved seedlings and seeds.

In 2025, Tornator will continue its profitable growth with an emphasis on the acquisition of forest assets in line with its investment criteria. Growing the silviculture services business remains a key objective, and the company is also working to promote wind and solar power projects. Investment decisions focus on profitability, in line with the principle of sustainable growth.



## Game management as part of forest ecosystem services

Tornator has been operating in Romania since 2008, managing its 12,000 hectares of forest assets. In addition to timber trading and silviculture services, the business also includes regional game management. Fertile soils and biodiversity naturally make forests an ideal environment for game animals. "Our forests are favourable habitats for wildlife thanks to trees of various ages and the diversity of species, providing excellent conditions for breeding, wintering and feeding," says **Zoltan A. Kosy**, Country Manager for Tornator Romania.

Since 2010, Tornator has been responsible for game management and game husbandry on 15,000 hectares of land in the Bacau-Oituz region. Vitality is the priority in hunting: "We favour selective hunting and one example of that is that we have, in practical terms, stopped chases completely," Kosy

explains. Prevention of poaching is a key element in game management, and cooperation with local authorities has significantly reduced poaching. "In the early years, we found a lot of traps in the terrain. Since then, the game populations have grown and we detect less and less traps."

Game management also contributes to regional vitality: game meat is sold to locals, and hunting parties provide work for catering, accommodation and transport services. "It's important to us that hunting in our game management area does not become an elitist pastime, but instead, as in Finland, hunting is accessible to foreign and local enthusiasts alike. Active interaction is also key to getting rid of poaching completely."

# VALUE CREATION

## RESOURCES

Economic capital  
 Natural capital  
 Human capital

## BUSINESS

**PASSION FOR THE FOREST  
 – SUSTAINABLE SOLUTIONS  
 ACROSS GENERATIONS**

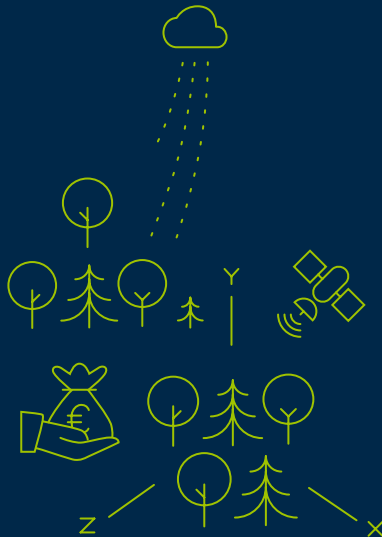
### TIMBER SALES



### REAL ESTATE



### SILVICULTURE SERVICES



## YEAR 2024 (FINLAND)

### BIODIVERSITY



New conservation areas  
**207 ha**

Restored marshland  
**558 ha**

Nature management projects  
**35**

Share of covered forest in forest regeneration  
**9%**

### CLIMATE CHANGE MITIGATION/ADAPTATION



Carbon sink of growing stock  
**4.5 MtCO<sub>2</sub>**

Carbon stock  
**92.6 MtCO<sub>2</sub>**

Carbon footprint  
**0,3 MtCO<sub>2</sub>**

New wind turbines  
**14**

### LAND USE OPPORTUNITIES BY LOCALS



Hunting leases  
**1,578**

Hiking trail agreements  
**231**

Forest road network  
**17,000 km**

Number of waterfront plots for sale  
**495**

### WORKING CONDITIONS OF TORNATOR STAFF



Satisfaction with occupational well-being  
**3.6/5**

Training days  
**4.5 days/pp**

Occupational accidents  
**15**

Sickness absenteeism  
**2.1%**

### EMPLOYMENT AND TAX FOOTPRINT



We recruited  
**7 people**

Forests provide  
**1,600**  
 person-years of employment

Corporation tax paid  
**21.1 €M**





## Intelligent forest road management

Tornaroads, part of Tornator Oy's ERP system, is an essential tool in the management, maintenance and development of forest roads. Information on around 17,000 kilometres of forest roads, managed by Tornator, has been compiled in the system. With the help of Tornaroads, road network information that was previously scattered across the organisation is now stored digitally. Not only has this made road management planning more efficient, it has also created considerable time savings. The condition of forest roads has a direct impact on the costs of silviculture and on timber delivery schedules.

"Recording and adding measures manually into the assignment system used to be laborious and time-consuming. Tornaroads has played an instrumental role in the transition to systematic data management," says **Heikki Tuomikoski**, Application Development Manager at Tornator.

One of the system's key advantages is its ability to take long-term needs into account. Proactive management of road loads enables optimisation of the use of the road network, reducing maintenance backlog and costs. By maintaining forest roads, Tornator also contributes to the vitality of sparsely populated rural areas, supporting both local entrepreneurship and diverse use for recreational purposes.

"It is vital for Tornator that smooth delivery of timber can take place in all circumstances. That is why we need a good and functional road network that is strongly linked to silviculture," says **Taisto Saarelainen**, expert on roads at Tornator.

Tornaroads is a prime example of how Tornator uses knowledge in the management of work. Its development combines expertise in silviculture and road management, facilitating anticipated and intelligent solutions to meet the needs of silviculture.



27 Sustainability at Tornator

28 Sustainability management at Tornator

32 Environment and climate

37 People and society

43 Good governance



# WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS



## WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS

# SUSTAINABILITY AT TORNATOR

Tornator is committed to sustainable business through its values (responsibility, expertise, partnership). The company's operations are based on overall sustainability – forests play an important role in both mitigating climate change and protecting biodiversity, and Tornator cares for its forests in a sustainable way, over generations. Tornator also operates sustainably in terms of people and society at large by taking care of the well-being and development of its staff, and by promoting the sustainability of the entire value chain. Tornator is committed to promoting the UN Sustainable Development Goals.

The company is committed to sustainable operations through both its internal and external principles. Our Code of Conduct is vital in determining how we operate. It includes, among other things, a commitment to fight corruption and bribery, and respect and promotion of universal human rights. We also require our partners to operate ethically. The Code of Conduct is complemented by Tornator's various operating policies and guidelines concerning governance, the environment, and data security and data protection.

Tornator complies with laws and regulations in all its operations. In terms of the company's operations, a key role is played by acts concerning the status of employees, equality, privacy protection, forestry, financial management, occupational safety and environmental protection, and more. External requirements of the PEFC and FSC certification system also place requirements on Tornator.

WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS

# SUSTAINABILITY MANAGEMENT AT TORNATOR



Topic	Target	Indicator	Outcome 2024 (2023)
<b>Openness and transparency of operations</b>	Identify sustainability themes important to the company and stakeholders	Updating the materiality analysis (core/comprehensive) at three-year intervals in cooperation with stakeholders	The materiality analysis was updated in autumn 2023 and assessment continued in 2024. <a href="#">See p. 29.</a>

As the largest private forest owner in Finland, Tornator continues to pursue its strategy of sustainable silviculture and active land ownership management. The company focuses on sustainable use of forests, promoting biodiversity and combating climate change. The company uses the latest technology to improve the efficiency of silviculture and environmental impact management. At the same time, it strives to create value for its owners, customers and society in line with the principles of sustainable development.

Tornator's new three-year strategy period starts in 2025. The new strategy clarifies the priorities for activities, but no major changes are expected. In terms of corporate responsibility, Tornator focuses on developing dialogue between stakeholders on the importance of silviculture and forest use for the climate. The aim is to raise public awareness of the climate impact of responsible silviculture and forest use.

**“The aim is to raise public awareness of the climate impact of responsible silviculture and forest use.”**

### Strengthening executive commitment

At group level, the CEO, assisted by the Management Group and the Corporate Responsibility Manager, is responsible for the coordination and guidance of Tornator's corporate responsibility. The implementation of sustainable and otherwise ethical practices is the responsibility of the persons in charge of various functions. Follow-up on the implementation of ethical initiatives is carried out by the management group through internal auditing, external audits and a financial audit at least once a year. The results are also reported annually to the Board of Directors. In the criteria of the long-term performance reward programme for Tornator's management group, biodiversity goals have been given a weighting of 30 per cent. In addition, the staff's job satisfaction survey (eNPS) was added in 2024 as a new criterion measuring social responsibility.

### Assessment of key sustainability themes continues

In 2023, Tornator carried out a materiality assessment under the double materiality requirement of the EU Corporate Sustainability Reporting Directive. The analysis was based on a review of all sustainability themes (ESRS E1-E5, S1-S4, G1). The selection was guided by EFRAG's instructions, Tornator's previous materiality assessments and the reporting practices of other forestry sector actors.

The assessment examined the materiality of various sustainability topics from the perspectives of both impact materiality and financial materiality. In terms of impacts, the

effects on communities, people and the environment were assessed, and the risks and opportunities associated with them were examined from an economic perspective. Impacts were rated on a scale of 1 to 5, based on their scale, impact, irreversibility and likelihood. Economic impacts were considered in terms of magnitude and likelihood, taking into account the value chain and the temporal dimension.

A questionnaire and interviews were used in the materiality assessment reporting to collect stakeholder views on Tornator's material sustainability impact, risks and opportunities. A total of 80 responses were received for the survey, and 18 interviews were conducted. The weighting of the results took into account the views of different stakeholders, such as management, customers and investors, with different weighting factors. Tornator's management group continued the process of identifying and assessing the economic impact by evaluating the risks and opportunities of sustainability topics on business in various timeframes.

According to the analysis, Tornator's key areas of responsibility were biodiversity, climate change, waterways and opportunities of local people for land use. The results of the analysis were validated in a management workshop, where the views of stakeholders and the strategic assessment of management were emphasised. As a company that utilises natural sources directly, Tornator has a major and immediate impact on biodiversity. Its operations also affect the mitigation of and adaptation to

climate change. A new topic that emerged from the materiality assessment was the land use opportunities of local communities. As a major landowner, Tornator has a considerable impact on people and their opportunities to use forest for recreation and landscape rights. Management also decided to add “Employment and tax footprint” as a financially relevant topic, as it was identified as key to the business environment and policy influence.

The prioritised sustainability topics resulting from the analysis will form the basis of Tornator’s 2025 report, that will be published in 2026, in line with the Corporate Sustainability Reporting Directive. The matrix of the impact and economic materiality of sustainability issues was compiled on the basis of the results of the double materiality analysis. In 2024, the review of the materiality analysis did not identify any new issues or indicators. The assessment of the results will continue, and the

indicators will be reviewed as necessary to ensure that they are up to date and meet stakeholder expectations.

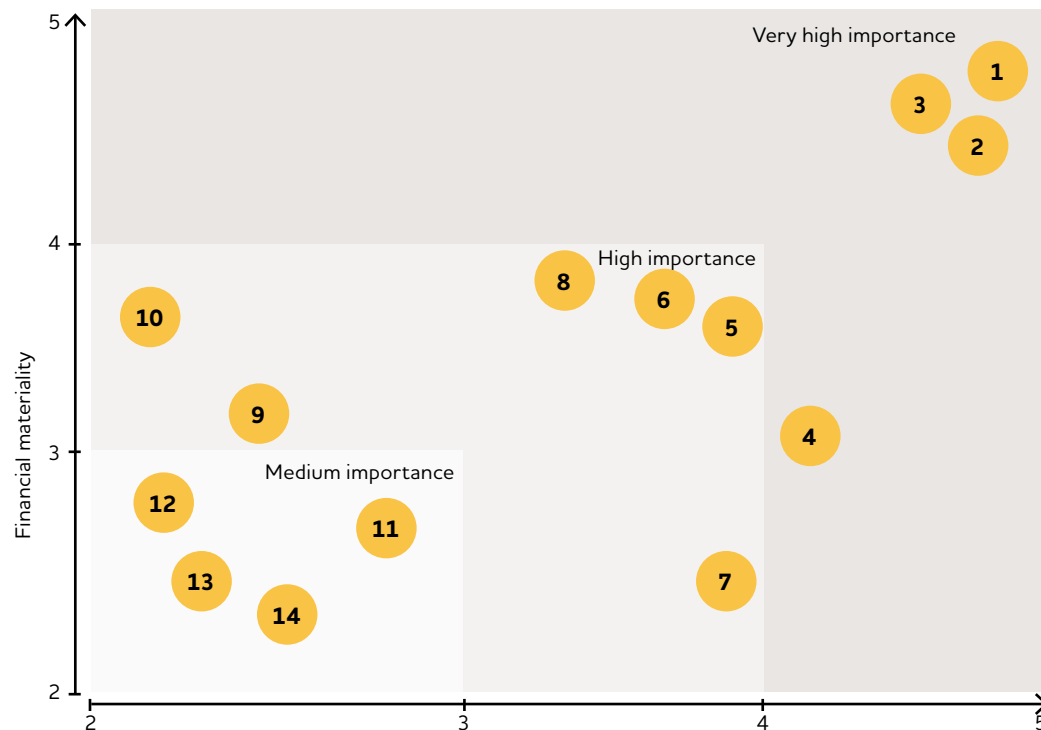
**Cooperation and interaction with stakeholders**

Tornator’s stakeholder network is extensive, made up of a large group of diverse parties that make use of forests in various ways, and others related to them. Key stakeholders include customers, shareholders and investors, contractors and other partners, employees, authorities and decision-makers, nature organisations and local communities. Tornator engages in open dialogue at all levels of its stakeholder network, from EU-level decision-making all the way to discussions with local communities.

Tornator is part of several organisations and advocacy groups promoting sustainable forestry. The most important roles include board and committee memberships in the Finnish Forest Industry Federation and board membership in FSC Finland – the Association for Responsible forestry. Tornator is also a member of the Climate Leadership Coalition (CLC). Additionally, Tornator is active in forestry sector organisations in its other countries of operation. In Romania, Tornator chairs the PROFOREST Association of Romanian private forest owners, and in Estonia it is a member of key associations in the forestry sector.

All Tornator’s memberships and roles in various organisations are presented on the company’s website at [www.tornator.fi/en/memberships-in-associations-and-working-groups](http://www.tornator.fi/en/memberships-in-associations-and-working-groups).

**MATERIALITY MATRIX**



**Materiality topic**

1. Biodiversity, E4
2. Climate change mitigation, E1
3. Climate change adaptation, E1
4. Land use opportunities by locals, S3
5. Working conditions of Tornator staff: health and safety, work-life balance, sufficient pay, equality and equal pay, S1
6. Employment, S2 and tax footprint, S3
7. Cleanliness of waterways, E4
8. Working conditions of employees in value chains: health and safety, education and skills development, S2
9. Renewable energy, E1
10. Regulatory changes, G1
11. Business relations, G1
12. Accuracy of marketing and communication, S4
13. Corporate culture / political influence, G1
14. Other ecosystem services, E4

Threshold 2: if the score is below this, the topic is not important.



## STAKEHOLDER COOPERATION 2024

	Expectations towards Tornator	Communication channels	How we met expectations	
<b>Wood buyers, forestland sellers and other customers</b>	<ul style="list-style-type: none"> <li>• Wood availability (flexibility)</li> <li>• Predictability</li> <li>• Long-term business</li> <li>• Reliability</li> <li>• Expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Sales and agreement negotiations</li> <li>• Information systems</li> <li>• Meeting practices according to our organisational model</li> <li>• Cooperation meetings</li> </ul>	<ul style="list-style-type: none"> <li>• We offered our customers: <ul style="list-style-type: none"> <li>- PEFC- and FSC-certified wood</li> <li>- High-quality felling sites and forest management and lease service</li> <li>- Planned holiday home plots</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• We made hundreds of smooth forestland deals with private forest owners</li> </ul>
<b>Owners and loan providers</b>	<ul style="list-style-type: none"> <li>• Reliable and steady long-term returns</li> <li>• Risk management</li> <li>• Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation with the Board and shareholders</li> <li>• Investor communications</li> </ul>	<ul style="list-style-type: none"> <li>• Close cooperation with the Board of Directors and shareholders</li> <li>• Excellent operating performance and positive change in value. No negative risks realised.</li> </ul>	<ul style="list-style-type: none"> <li>• Investment grade credit rating for secured debt</li> <li>• New €300 million Green Bond and several investor meetings</li> </ul>
<b>Contractors and other partners</b>	<ul style="list-style-type: none"> <li>• Predictability of work</li> <li>• Steady availability of work</li> <li>• Method development projects in cooperation with contractors</li> <li>• Enabling wind power construction</li> </ul>	<ul style="list-style-type: none"> <li>• Annual contract negotiations</li> <li>• Inspection visits to sites</li> <li>• Cooperation projects and meetings</li> <li>• Online learning platform</li> </ul>	<ul style="list-style-type: none"> <li>• Our employment impact is approx. 1,600 person-years</li> <li>• Participation in various development projects and audits</li> </ul>	<ul style="list-style-type: none"> <li>• We offered online courses to supplement the induction</li> <li>• We enabled renewable energy production on our lands through numerous wind and solar power agreements</li> </ul>
<b>Service providers</b>	<ul style="list-style-type: none"> <li>• Compliance with agreements and responsible behaviour as a customer</li> <li>• Provision of clear project plans in appropriate schedule</li> </ul>	<ul style="list-style-type: none"> <li>• Service and project meetings</li> <li>• Teams</li> <li>• Email</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of outcomes in terms of substance and finance</li> <li>• Setting up steering groups for larger projects</li> </ul>	<ul style="list-style-type: none"> <li>• Responsible implementation of jointly agreed project schedules and tasks</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Well-being at work</li> <li>• Forest workers: sufficiency of work, and a working season that is as long as possible</li> <li>• Office employees: stable employer, interesting tasks and good management</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation and development discussions</li> <li>• Cooperation with employee groups</li> <li>• Close first-line management</li> </ul>	<ul style="list-style-type: none"> <li>• More supervisor resources and training for all</li> <li>• Supervisors stayed in close contact with employees</li> <li>• Individual training opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Work of the staff committee</li> <li>• Local agreements and pay solutions with companies</li> </ul>
<b>Authorities and decision-makers</b>	<ul style="list-style-type: none"> <li>• Professional and collaborative practices</li> <li>• High-quality plans and studies</li> <li>• Open and fast communication on relevant topics</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Active discussion and formal negotiations</li> <li>• Environmental inventories for ongoing EIA procedures and establishment of conservation areas</li> </ul>	<ul style="list-style-type: none"> <li>• Contributing to updating national silviculture recommendations</li> <li>• Stakeholder consultations related to FSC auditing</li> </ul>
<b>Schools, universities and research institutes</b>	<ul style="list-style-type: none"> <li>• Participation in development project and studies</li> <li>• Promotion of forest awareness among children and youth</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation projects</li> <li>• Meetings and visits</li> </ul>	<ul style="list-style-type: none"> <li>• Participating in projects such as LUMO, SPRUCERISK, TURVAHILLI and SEKAVA</li> </ul>	<ul style="list-style-type: none"> <li>• Visits to schools in the Forest of Opportunities campaign</li> <li>• Cooperation on product development with Aalto University</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Consideration of the environment in forestry operations and various land-use projects</li> <li>• Regional employment effects</li> <li>• Listening to neighbours and other residents</li> <li>• Promotion of forest awareness among children and youths</li> <li>• Participation in local projects and provision of recreational opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions and participatory meetings</li> <li>• Websites, social media channels</li> <li>• Collection and handling of feedback</li> </ul>	<ul style="list-style-type: none"> <li>• Regional sponsorship: forestry students, forest culture, physical activity for children and young people</li> <li>• All feedback was handled</li> <li>• Establishment of several conservation areas</li> <li>• Local community interviews related to the FSC audit</li> </ul>	<ul style="list-style-type: none"> <li>• Providing forests for recreational use</li> <li>• Maintenance of forest roads</li> <li>• Number of hunting leases is approx. 1,500</li> </ul>
<b>Associations</b>	<ul style="list-style-type: none"> <li>• Responsible and sustainable operations</li> <li>• Consideration of biodiversity and effective forest certification</li> <li>• Provision of hunting opportunities and consideration of game animals</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings and messages</li> </ul>	<ul style="list-style-type: none"> <li>• PEFC- and FSC-certified wood</li> <li>• Meetings with nature organisations</li> <li>• Participation in the work of PEFC certification committees</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in the work of Finnish Forest Industry Federation's organs</li> <li>• Participation in the European membership meeting of FSC</li> <li>• Project collaboration with WWF Finland</li> <li>• Stakeholder consultations related to FSC auditing</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Open, proactive and fast communication on relevant topics</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Websites, social media channels</li> <li>• Personal contacts</li> <li>• Events</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases on website</li> <li>• Social media communications</li> <li>• Media events on prescribed burning, marsh restoration and stream rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Award from local newspapers as one of the organisers of the journalists' forest trips in North Karelia</li> </ul>

WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS

# ENVIRONMENT AND CLIMATE



Topic	Target	Indicator	Outcome 2024 (2023)
<b>Biodiversity</b>	Increase biodiversity through new practices, conservation and restoration	Implementation of the Biodiversity Programme	<a href="#">See p. 36</a>
<b>Climate change mitigation and adaptation</b>	Increase carbon sequestration by caring for the health and vigour of forests. Maintain carbon stores of forests with sustainable harvesting.	Maintenance of carbon capture and storage capacity	Forest growth 5.3 m <sup>3</sup> /ha/yr (5.4)



The well-being of forests is a key part of Tornator's business. The company continues its commitment to measures that will contribute to maintaining healthy and diverse forests for future generations.

Tornator's environmental objectives focus on the sustainable management of felling volumes, the preservation of biodiversity and the promotion of climate benefits as part of the company's Biodiversity Programme. The company complies with the legislation of the countries where it operates, as well as the PEFC and FSC forest certification criteria. Tornator also strengthens the positive climate impact of its forests by ensuring they are healthy and have the prerequisites for growth. Tornator monitors the effects and quality of silviculture both through its own actions and by means of external audits. The company develops its operations through research cooperation, continuous evaluation and best practices in the sector.

### Promoting the carbon sequestration of forests

Forests play an important role in mitigating climate change. The goal of carbon sequestration is to maintain the vitality and health of forests to ensure that their ability to sequester carbon remains strong. Forests owned by Tornator sequester more than four million tonnes of CO<sub>2</sub> each year. Forest regeneration, increasing tree species mixing and combating forest damage are key to adapting to climate change. The vitality of forests and their carbon sequestration capacity are strengthened through active silvicultural measures, such as forest regeneration, cultivation and thinning. In addition, the biological growth of forests is promoted through fertilisation and the use of

improved seedlings and seeds, which further enhances their ability to sequester carbon.

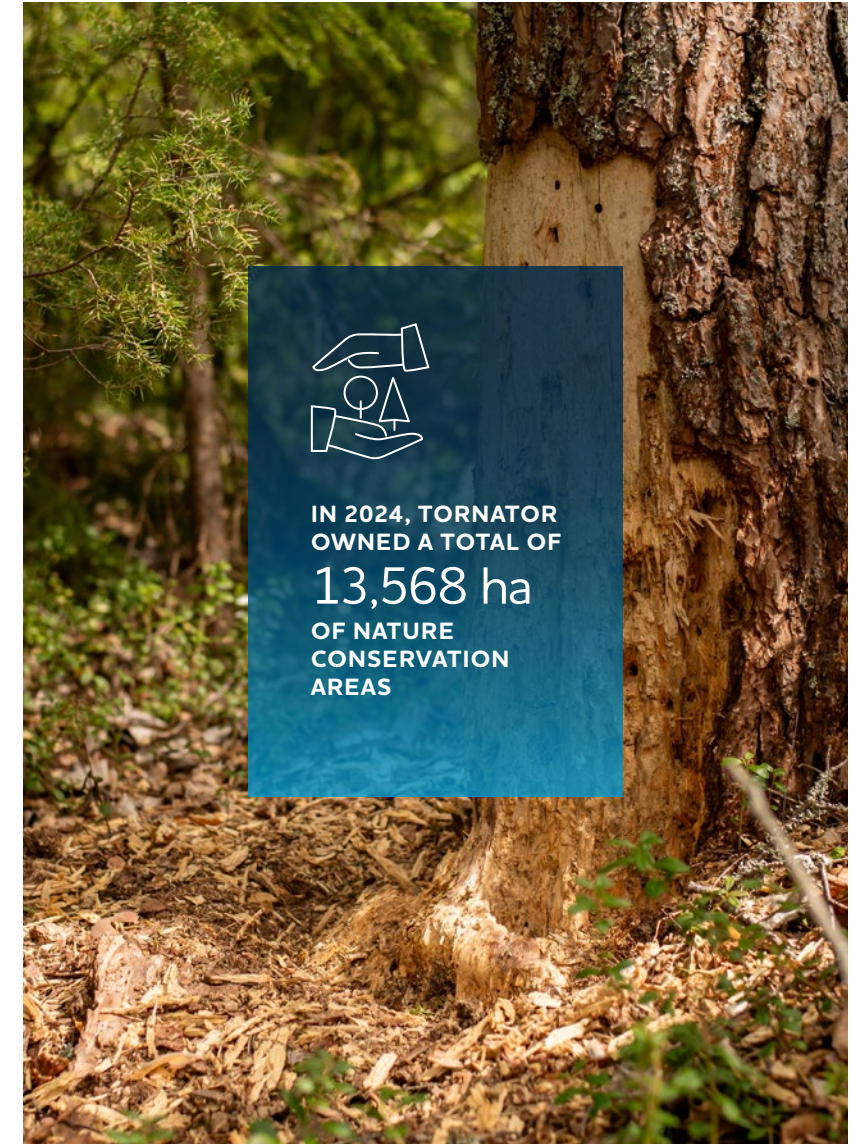
Tornator's forests provide well-being in the form of various ecosystem services, such as mushrooms, berries and drinking water. Tornator's forests are also widely used for hunting and recreation. A wide range of nature management activities, such as marshland restoration and water body restoration projects, will ensure the preservation and future availability of ecosystem services.

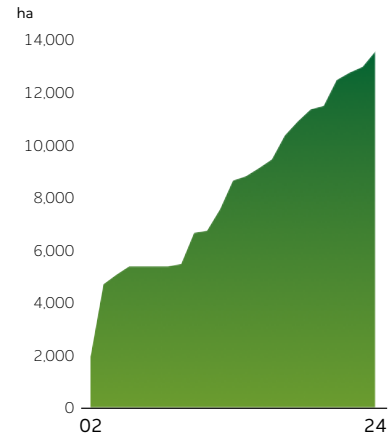
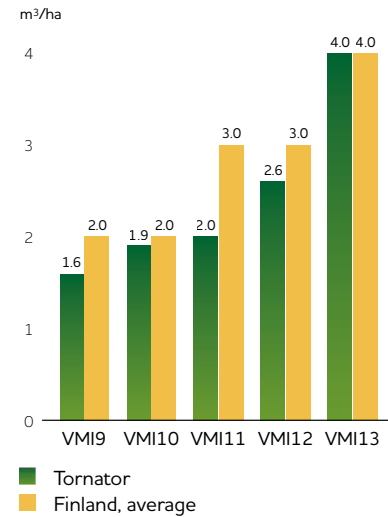
### Water bodies and biodiversity essential for environmental action

Felling has an impact on forest structure, and it may degrade habitats for local forest species and the condition of water bodies. Tornator minimises the environmental impact of its operations by implementing extensive water protection measures together with its partners. In addition, the company safeguards biodiversity by protecting valuable habitats and taking care of its forests to maintain the greatest possible diversity of trees.

The Natural Resources Institute Finland (Luke) studied the development of biodiversity in Tornator's forests on the basis of the test area materials included in the National Forest Inventory (NFI9–NFI13). Tornator's forests included 1,544 test areas for productive forestland in the NFI13 materials.

The inventory provided information on the amount of tree species mixing and dead wood in Tornator's forests. Above all,



**PROTECTION UNDER THE NATURE CONSERVATION ACT BY TORNATOR****VOLUME OF HARD DEADWOOD IN PRODUCTIVE FORESTLAND IN FINLAND**

“Blueberry and lingonberry density has increased significantly in Tornator’s forests. Blueberry coverage has increased by 140 per cent and lingonberry coverage by 46 per cent in 1995–2023.”

tree species mixing, or in other words, growing multiple species of trees side by side, improves forest biodiversity by increasing the number of species and specimens in the forest. Deciduous trees, in particular, increase the number of species of fungi, polypores, lichens and mosses growing on trees.

Deadwood, in turn, is the most significant resource increasing the biodiversity of forests, as deadwood is the precondition of life for one quarter of all our forest species. Nature management of commercial forests can affect the amount of deadwood by not harvesting it. In addition to the volume of deadwood, the quality and continuous availability of deadwood are key factors for the species dependent on deadwood.

According to calculations by the Natural Resources Institute Finland, the total volume of the forests owned by Tornator has increased by 18 per cent and the volume of deciduous trees by 24 per cent compared to the situation in NFI9 (1996–2003). The share of mixed forests in productive forestland has increased by 3 percentage points compared to 2009–2013.

In addition, the number of deciduous trees with a large diameter has increased significantly: the number of deciduous trees over 30 cm in diameter has doubled, and the number of deciduous trees over 40 cm in diameter has increased six-fold since 1996–2003.

According to the results of the National Forest Inventory, the total amount of deadwood in the forests owned by Tornator has also increased by almost 70 per cent. In particular, the volume of

hard deadwood has more than doubled, which is partly explained by changes over the last 10 years, such as the avoidance of deadwood harvesting due to certification requirements. The amount of deadwood in stumps was also estimated for the first time, amounting to 4.5 m³/ha on Tornator’s lands. Blueberry and lingonberry density has increased significantly in Tornator’s forests. Blueberry coverage has increased by 140 per cent and lingonberry coverage by 46 per cent in 1995–2023.

**Effectiveness through water protection**

In 2023, Tornator updated its double materiality analysis concerning sustainability. According to the analysis, Tornator’s key areas of sustainability were biodiversity, climate change and water bodies. The analysis also underlines the importance of adequately resourcing the Biodiversity Programme for the rest of the programming period. In response to the findings of the materiality analysis, Tornator, in cooperation with WWF Finland, is launching the Vesiviisas Metsä project for 2025–2027 to increase the effectiveness of Tornator’s water protection work and develop water protection at catchment level. During the three-year cooperation period, the project will actively participate in the social debate on water protection and share operating models to facilitate the integration of water protection into forest planning. The measures will be targeted in such a way as to reduce water pollution while allowing profitable forestry.

### Tornator's Climate Programme

Forests play a key role in mitigating climate change, not only by storing carbon, but also by actively sequestering it and providing renewable raw materials to replace fossil fuels. Sustainable silviculture ensures that forests contribute to well-being and climate benefits.

By 2030, Tornator's Climate Programme aims to increase carbon sequestration in forests owned and managed by the company by 20 per cent. To achieve this, the forests are cared for in a carbon-wise way, for example by fertilising, using improved seedling materials, and optimising the timing and targeting of felling and silvicultural activities.

Another key goal of the programme is to increase the substitution effects of forests by 50 per cent. This translates to improving the usage potential of wood raw material and increasing the production capacity of wind and solar power. This will be achieved by making full use of the increased felling potential offered by forest growth and by promoting wind and solar power generation on Tornator-owned land.

In 2024, Tornator was able to increase wind power capacity on its land slightly more than planned. The company commissioned 14 power plants against a target of 10 power plants per year over the programming period. At the end of 2024, there were 29 more power plants in production than at the beginning of the programming period.



## SITUATION IN 2024 / GOAL FOR 2030

**0.14 / 0.6 Mt CO<sub>2</sub>/year**  
SUBSTITUTION EFFECTS ENABLED BY WIND  
AND SOLAR POWER PRODUCTION

**4.5 / 5.1 Mt CO<sub>2</sub>/year**  
CARBON SEQUESTRATION IN THE  
COMPANY'S FORESTS

**0.01 / 0.2 Mt CO<sub>2</sub>/year**  
SUBSTITUTION EFFECTS CORRESPONDING  
TO FELLING VOLUMES

**5,700 / 8,000 ha/year**  
FERTILISATION IN COMPANY FORESTS

Learn more about the annual report of the Climate Programme on our website at [www.tornator.fi/en/climate-programme](http://www.tornator.fi/en/climate-programme).  
Learn more about Tornator's climate risks and opportunities on page 50.

### Tornator's Biodiversity Programme

The purpose of Tornator's Biodiversity Programme is to promote the well-being of endangered species and habitats, to develop ecosystem services, improve water body protection, develop game management and take part in the mitigation of climate change. The measures are based on preserving areas with a high conservation value and increasing active nature management on land owned and managed by the company.

Under the programme, Tornator is committed to protecting at least 5,000 hectares of valuable natural sites. Moreover, more than 200 projects to improve forest and aquatic habitats will be implemented and 3,000 hectares of marshes restored within the framework of the programme. The Biodiversity Programme also includes preserving protective thickets, which are important for many game species, and safeguarding the amount of deadwood, which significantly enriches forest biodiversity. In the case of peatlands, the goals of the programme include the promotion of continuous-cover silviculture, in other words, forest cultivation without regeneration felling. In 2024, the amount of regeneration-type continuous-cover felling increased from 8 per cent (2023) to 9 per cent.

To improve biodiversity, Tornator is developing its silviculture guidelines to increase tree species mixing. This supports forests' resilience to destruction and climate change, as well as goals related to biodiversity and game management.



## SITUATION IN 2024\* / GOAL FOR 2030

**99 / 200**  
COMPLETED FOREST AND AQUATIC  
HABITAT MANAGEMENT SITES

**3,617 / 5,000 ha**  
NEW PRIVATE NATURE RESERVES AND  
FORESTRY AREAS SOLD TO THE STATE  
AS NATURE CONSERVATION AREAS

**1,782 / 3,000 ha**  
RESTORED MARSHLAND

\* Cumulative figures by the end of the year.

Read more about the annual report of the Biodiversity Programme on our website at [www.tornator.fi/en/biodiversity-programme](http://www.tornator.fi/en/biodiversity-programme)

## WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS

## PEOPLE AND SOCIETY



Topic	Target	Indicator	Outcome 2024 (2023)
<b>Working conditions of own staff</b>	Satisfied employees, healthy and safe work environment	Result of the new employee well-being survey, number of accidents at work	3.6/5 (3.7/5) 15 (11)
<b>Developing the skills of staff and contractors</b>	Secure necessary expertise for the company	Number of training days per person	4.5 days (3.5)
<b>Financial responsibility and profitability</b>	Steady dividends and increasing forest value for shareholders	Return on equity at fair value	6.0% (16.5)
<b>Local economic, employment and environmental impacts</b>	High net value retained	Net value retained	€33.2 mill. (36.7)



**“At Tornator, the goal of human resources management is to have a healthy and committed workforce that delivers excellent financial results with high quality.”**

At the heart of Tornator’s operations is a responsibility for the well-being of people and society, which underpins the company’s long-term success. The company actively seeks to create healthy, safe and fair working conditions for its staff and contractors. In addition, Tornator invests in the vitality of local communities by providing job opportunities, developing land use opportunities and supporting infrastructure projects. In 2024, Tornator introduced new operating models that reinforce the company’s commitment to sustainability.

### Personnel

At Tornator, the goal of human resources management is to have a healthy and committed workforce that delivers excellent financial results with high quality. The management principles that support this include clear definition of targets, as well as genuine, ongoing dialogue and feedback. Everyone can affect the company’s performance, and everyone is also responsible for their own input.

At the end of the year, Tornator employed 182 people, of whom 131 worked in Finland, 15 in Estonia and 36 in Romania. The number of employees has remained almost unchanged, although the personnel structure has changed significantly with the retirement of forest workers and the growth of the company. In 2024, the number of staff was on average 188 people, of whom 158 were office workers and 30 were forest workers. Since the COVID years, Tornator’s number of salaried employees has increased by around 40 per cent, while the number of forest workers has decreased proportionally. The recruitment needs continued in 2024, when a total of 14 new employees were hired in the group.

Due to the seasonal nature of the work, Tornator employs forest workers increasingly as contractors. Contractors are often employed in other jobs during the winter. The use of contractors in silviculture projects also involves risks in terms of understanding, following and monitoring contractual obligations, which is important to take into account when planning work and drafting contracts.

### Investing in sustainability skills and well-being at work

Tornator’s rapidly grown staff numbers and the increase in remote working have brought new challenges to maintaining a sense of community and supporting well-being at work. In 2024, the company implemented an internal well-being project to strengthen the sense of community. As part of the project, experts not included in the processes were also included in the training to broaden their knowledge. The company has invested in the training and development of its staff in other ways, as well. In 2024, the sustainability skills of salaried employees were strengthened by organising sustainability training for those who were interested, together with Aalto University Executive Education and Professional Development (Aalto EE). The training covered the environmental, economic and social responsibility and sustainability of organisations, as well as sustainability management from a strategic perspective. In addition, the company explored the potential of AI to improve work efficiency by organising a training session on the basics of generative AI for all salaried employees. Tornator uses Microsoft Copilot, an AI assistant.

The continuous self-development and well-being of salaried employees, as well as the leadership skills of supervisors, have also been developed by making available to all salaried employees

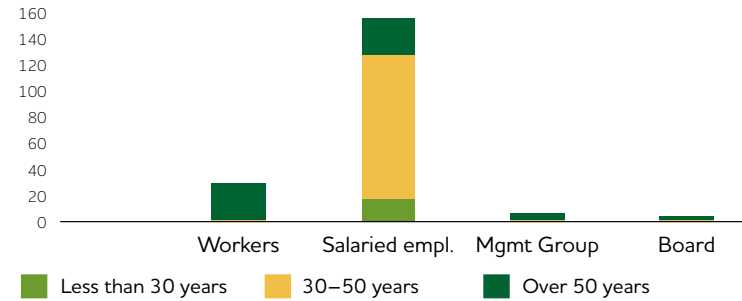
the Chamber of Commerce's training portal, Koulutusonline, which allows everyone to expand their skills, regardless of time and place, according to their interests, for example in the areas of supervisory work, understanding the legal requirements and obligations of financial and human resources management, and IT skills and applications. At the end of the year, the company launched again the 360 or 270 assessments of supervisors and managers, with the aim of developing everyone's personal skills in supervisory work and/or functional management.

Quality is one of the priorities identified for the new strategy period. As part of the strategy period starting in 2025, a workshop will be held to examine the company's values and culture and their relevance and importance for Tornator. The workshop will also reflect on the kind of leadership Tornator wants to promote in the future.

### Occupational health and safety

The entire Tornator staff is covered by occupational health care. The occupational health and safety manager and the related committee are responsible for developing occupational safety together with the company's management. The company has an electronic channel to collect observations and incidents related to occupational safety. Action plans for occupational health and safety and occupational health care are drawn up annually on the basis of joint meetings and observations. Tornator's occupational safety organisation includes representatives of both office workers and forest workers, the occupational health and safety manager, and a representative of the company's management.

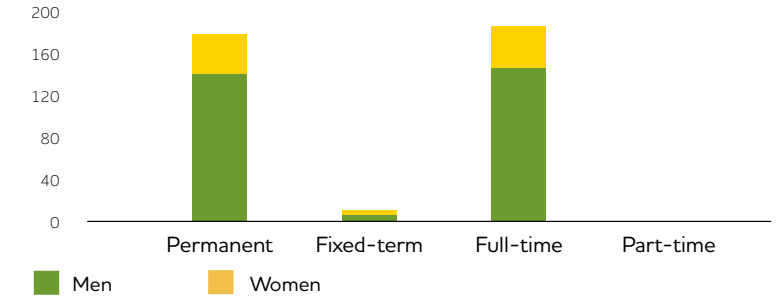
#### AGE STRUCTURE OF EMPLOYEES



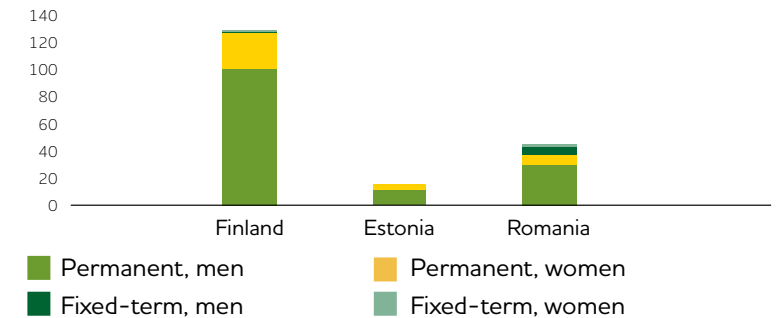
#### GENDER DISTRIBUTION OF EMPLOYEES



#### EMPLOYMENT TYPES OF EMPLOYEES



#### EMPLOYMENT TYPES OF EMPLOYEES BY COUNTRY



Tornator trains its staff regularly in topics related to occupational health, such as good ergonomics and occupational safety. Occupational safety card training is provided every five years for those working in the field, in addition to which first aid training and refresher training is provided every three or five years depending on the employee's job. Occupational safety organisation members are also offered regular supplementary training. Occupational safety matters are taken into account when planning field work, and the necessary instructions are handed over to the person doing the work.

Continually improving occupational safety plays a key role at Tornator. In particular, the company's personnel working in forests need to be adequately prepared to work safely, as there are safety risks associated with the tasks of forest workers

operating in varying terrain. Such risks are observed and reported on, after which every effort is made to remove them or at least be properly prepared against them. On the whole, the number of accidents has fallen in recent years, and there were no serious accidents in 2024.

### Signs of stress in occupational well-being

The maintenance and development of occupational well-being is part of Tornator's strategy, and these are promoted in a number of ways. In addition to high-quality occupational health care, staff have access to an electronic pass for sports, cultural and wellness services. Tornator conducts an annual occupational well-being survey for the entire group. The 2024 survey showed some decline in staff well-being. The workload, especially the cognitive and mental strain, was perceived as heavy in some

### AVERAGE HOURS OF TRAINING PER EMPLOYEE

	Finland	Estonia	Romania
All employees	28.6	37.2	15.7
Men	28.5	32.7	18.0
Women	28.8	49.5	14.0
Salaried employees	28.6	37.2	15.7
Group Management	32.0	-	-
Forest workers	21.0	-	-

### OCCUPATIONAL ACCIDENTS AND SICKNESS ABSENTEEISM

	2023			2024		
	Finland	Estonia	Romania	Finland	Estonia	Romania
<b>Sickness absenteeism</b>						
Men, %	2.6	0.5	0.7	1.6	2.1	1.0
Women, %	1.4	0.0	4.6	0.4	0.0	0.6
<b>Accidents, own employees</b>						
Number of accidents resulting in lost days, men	3	0	0	1	0	0
Number of accidents resulting in lost days, women	0	0	0	1	0	0
Number of days lost due to accidents, men	17	0	0	5	0	0
Number of days lost due to accidents, women	0	0	0	3	0	0
Number of fatalities	0	0	0	0	0	0

### TOTAL NUMBER AND RATES OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

	Finland	Estonia	Romania
Number of employment contracts signed	26	2	13
of which, fixed-term	17	0	8
Number of employment contracts terminated	20	0	11
of which, retired	2	0	0
Employment contracts terminated by employer, %	0	0	1
Total employee turnover*, %	6.1	13.3	21.2
Average number of employees in 2024	136	15	38
Total number of employees at 31 Dec 2024	131	15	36

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



tasks. Furthermore, some people found that fair and equal treatment does not always materialise in the company.

### Value chain workers

Tornator's business is based on both forest resources and human resources to engage in timber trade, manage its forests, and provide services related to silviculture and forest use. Ensuring forest health and biodiversity at every stage of the value chain is the basis for sustainable forestry. Tornator's customers include Stora Enso, companies and communities that buy silviculture and lease services, and buyers of lakeside or seafront plots. Tornator also sells and leases out various use rights concerning its land to companies such as wind and solar power companies.

### Occupational safety and sustainability in the value chain

As it operates mainly in sparsely populated areas, Tornator employs about 250 local contractor partners in Finland alone. Most of them are micro enterprises (less than 10 people), but there are also medium-sized enterprises that employ a large number of foreign workers. Other Nordic countries have long relied on foreign labour, and Finland is following this trend.

Qualitative criteria are applied in the selection of partners, and they are expected to comply not only with legislation but also with Tornator's Code of Conduct. Any risks associated with partners are identified through supplier assessments, which focus on sustainability, quality and the willingness to improve. When working with contractors at different levels, it is important that the operators have a common understanding of silviculture and its quality, as well as occupational safety issues and the terms and conditions of work. These topics are agreed in a contracting agreement, for which compliance is monitored

as part of the operational process. In addition, the company has outsourced audits of silviculture service companies that use foreign labour. The supervising authority (Regional State Administrative Agency) also carries out site inspections.

### Developing contracting chains as part of value creation

Tornator aims to ensure safe conditions for anyone working in their forests. Contractors organise their own occupational health care, which is a requirement for them to work for us. The company has utilised external assessments to see whether contractors using brush saws and planting seedlings have followed their obligations, in addition to providing training and helping to ensure occupational safety. The assessment shows that compliance with the obligations is generally good, but shortcomings have been identified in areas such as pay and occupational safety instructions. In March 2024, the company received media attention for a situation in which a subcontractor of a company contracting for Tornator was caught in several acts of negligence during an inspection by the Regional State Administrative Agency in autumn 2022. The situation was carefully reviewed, and the necessary corrective measures were taken.

In the future, Tornator will work on having its occupational safety culture more widely adopted in its partners' operating practices. This is done by offering the partners occupational safety training and digital induction material, among other things. In 2024, Tornator created a new post of contracting manager, whose tasks include developing transparency and occupational safety in the contracting chain. In addition, the company has updated the content of the contracting agreements, adding clauses on the obligations to respect human



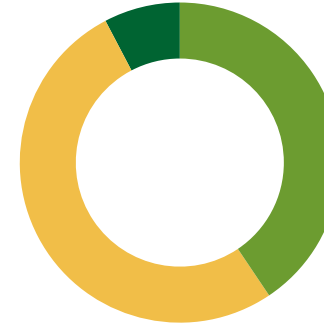
**“Ensuring forest health and biodiversity at every stage of the value chain is the basis for sustainable forestry.”**



### TORNATOR'S TAX FOOTPRINT:

Annual taxes and other payments to government, average 2020–2024

€m



- Corporation tax **21.1**
- VAT, net **26.9**
- Personnel-related payments **4.0**

rights and ensure that human rights violations do not occur, as well as on sanctions for non-compliance.

### Society

Tornator's operations promote the well-being of society as a whole, not only through the taxes paid but also by providing employment. In 2024, the total tax footprint of the company was EUR 52 million, and the employment effect was about 1,600 person-years. Wind and solar power projects on land owned by Tornator contribute to the vitality of the local communities.

Tornator's forests are also important in promoting intangible well-being by offering extensive recreational opportunities to local communities. The company plays a key role in the development of the infrastructure of its forest properties, and the forest road network it maintains helps locals using the forests for recreation move about more easily.

Forest use may cause some adverse effects locally, such as landscape changes. We seek to minimise the impacts of silvicultural activities through active dialogue with local and national stakeholders. Any adverse effects are followed up and also assessed regularly. In 2024, a total of 14 entries of stakeholder feedback were recorded across various channels. The issues discussed in the feedback included the reconciliation of different uses of forests. Stakeholders can also report any wrongdoing they have identified via the online whistleblowing channel. In 2024, we received 0 reports on wrongdoings.



WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS

# GOOD GOVERNANCE



Topic	Target	Indicator	Outcome 2024 (2023)
<b>Business relations</b>	Monitor suppliers' sustainability systematically	Completed supplier assessments	250 (215)

Tornator's environmental and sustainability issues are an integral part of the company's strategy. The company has targeted green financing especially for the acquisition of new forests, which increases carbon sinks and supports biodiversity. Dual certification (FSC and PEFC) confirms and verifies the biodiversity impact of the activities. Restoration activities are mainly reflected in annual costs instead of investments, but they are an essential part of environmental sustainability.

In line with its Code of Conduct, Tornator has a zero tolerance policy on corruption and bribery. To promote ethical practices, Tornator uses the training platform Tornator Academy to train its staff. No cases of corruption or bribery emerged during 2024.

### **Growth increases the need to develop supplier networks**

Tornator's supplier network has been and will continue to be one of our strategic priorities. The company invests in long-term cooperation with its contractors and aims to enable the development of contractors. Steady and sufficiently high contracting volumes provide contractors with stability and the possibility for investments. Tornator carries out regular monitoring and audits to ensure that suppliers meet their obligations under the Act on the Contractor's Obligations and Liability when Work is Contracted Out. Any deviations detected are handled in cooperation with the contractors, with the priority being to correct the activity so that it meets the mutually agreed principles.

The growth of Tornator's business, such as forest acquisition and the silviculture services business, has increased the need to develop contract management and contracting practices. To this end, the company has created the role of contracting manager and has paid particular attention to the continuous improvement of practices.

### **Revising sustainability reporting**

Tornator is preparing a CSRD-compliant sustainability report and plans to publish it in early 2026 as part of its 2025 financial reporting. The report will be based on updating the double materiality analysis, through which the company has identified key sustainability issues. In the next phase, the company will identify and supplement data and documentation related to these key issues, to determine what information and material already exists. The process includes updating existing documents, developing new operating models and continuing and finalising the GAP analysis already started, to ensure that all the necessary numerical data are identified and any deficiencies are corrected.

To support reporting, the company will implement an information system that enables the management of data points and ensures that business areas are actively involved in the process. The aim is to define and assign responsibility for business processes for collecting and reporting sustainability data, including the identification of the necessary descriptive and numerical data.

At the same time, the alignment analysis related to the EU taxonomy will be completed in the implementation phase. In this context, the substantial contribution section is already largely complete, but still needs some updates. In addition, the do no significant harm documentation is still being finalised. Finally, the minimum safety requirements section will be finalised to ensure that the sustainability report meets all regulatory requirements.

### **Political influence and sustainability processes**

Tornator's political lobbying is mainly done through the Finnish Forest Industry Federation, which is the main lobbying channel for the forest industry. The company has no direct political influence, but it actively participates in various events and expresses its views with different actors.

Tornator uses an anonymous whistleblowing system, maintained by a third party, for the reporting of unethical activities or other violations. The reports are handled by the CEO and the Corporate Responsibility Manager, and all cases are registered and corrective measures are taken without delay, if necessary. The effectiveness of corrective measures is followed up. The online form is available at <https://report.whistleb.com/en/Tornator>.



46 Corporate governance

52 Board of Directors

53 Management Group

# GOVERNANCE



# CORPORATE GOVERNANCE

## SHAREHOLDERS ON 31 DECEMBER 2024

	Shares, qty	Shares, %
Stora Enso Oyj	2,050,000	41.00
Ilmarinen Mutual Pension Insurance Company	1,156,500	23.13
Varma Mutual Pension Insurance Company	820,625	16.41
OP Life Assurance Company Ltd	312,500	6.25
OP-Forest Owner Fund	250,000	5.00
Veritas Pension Insurance	125,000	2.50
OP-Eläkesäätiö	104,000	2.08
Pohjola Insurance Ltd	52,000	1.04
Finnair Pension Foundation	49,375	0.99
Riffu Oy	37,500	0.75
Danilostock Oy	37,500	0.75
Finnair Plc	5,000	0.10
<b>Total</b>	<b>5,000,000</b>	<b>100.00</b>

## Ownership and corporate structure

In 2024, besides the parent company Tornator Oyj in Finland, Tornator Group included Tornator Eesti OÜ in Estonia and SC Tornator SRL in Romania. All three companies own forestlands and practise sustainable, operational forestry.

The owners of Tornator Oyj are Finnish investors, mostly institutions. There are 12 shareholders.

## Governance principles

The governance of Tornator Oyj is based on the Limited Liability Companies Act of Finland and Tornator Oyj's articles of association. The company's shares are not listed for public trading. Tornator Oyj has issued two secured bonds that are listed by NASDAQ OMX Helsinki Oy, and the company complies with its rules and regulations for listed bonds, the Securities Markets Act as well as the Financial Supervisory Authority's regulations, which are publicly available at [www.finanssivalvonta.fi](http://www.finanssivalvonta.fi).

## TORNATOR GROUP

12 shareholders

Tornator Oyj Finland  
706,000 ha

SC Tornator SRL Romania  
12,000 ha

Tornator Eesti OÜ Estonia  
65,000 ha

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

### Board of Directors

The Board of Directors of Tornator Oyj consists of four to seven ordinary members, elected by the Annual General Meeting for one year at a time. The Annual General Meeting also elects a personal deputy for each member. According to the Limited Liability Companies Act, the Board of Directors sees to the administration of the company and the appropriate organisation of its operations and for the appropriate arrangement of the control of the company accounts and finances. The Board of Directors supervises Tornator's operations and management, deciding on significant matters concerning the company's strategy, investments, organisation and finance. The Board of Directors also appoints the CEO, approves budgets and financial statements and is responsible for convening the Annual General Meeting.

The Board of Directors convenes at least four times a year. In 2024, the Board of Directors held seven meetings.

The personal details of the Board members are presented on the company's website.

### Committees

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

### CEO and management group

The CEO is responsible for the company's financial performance and for organising its business operations and administration according to legislation and the instructions and orders issued by the board. The CEO's task is to provide information to the board on matters such as the company's financial situation and changes in the business environment. The CEO is also responsible for key customer relationships.

The CEO is assisted by the management group. In 2024, the management group had six members. The CEO also chairs the management group. The management group is responsible for the practical implementation of the strategy determined by the Board of Directors. The management group meets at intervals of around one month and whenever necessary. In

2024, the management group held nine meetings. In addition to the management group, the company has an operational management level made up of experts of various functions, with the task of assisting the management group in deploying the strategy. The operational management level consists of approximately ten persons who are invited to the management group's meetings when necessary.

The personal details of the management group members are presented on the company's website.

### Operational activities

Operational activities are arranged as a process organisation. The core processes are forest asset management, planning, timber trade, real estate, operations (silviculture) and the environment. These are supported by traditional internal service processes, such as HR, development, ICT, finance and communications. The processes involve the performance of tasks, set jointly with the company management, to meet strategic goals. Abroad, country managers are responsible for organising operational activities and reporting on them to the parent company. The subsidiaries also receive support from the parent company's business and support functions.

### Related party transactions

Tornator and Stora Enso have a significant, volume-based, long-term timber sales agreement. The companies have also signed a new forest service agreement covering the whole of Finland. The market compliance of these agreements is supervised by the Oversight Committee, which reports to Tornator's Board of Directors (see Committees). The oversight committee has no representatives from Stora Enso.

## Remuneration

The Annual General Meeting decides on the remuneration for the Board of Directors. The chairperson and members of the board are paid an annual fee. Remuneration of the CEO and members of the management group is decided by the Board of Directors. The CEO and members of the management group will receive a fixed monthly salary and an incentive bonus based on individual performance. The management group is also covered by a long-term monetary incentive scheme.

## Financial reporting

The objective of financial reporting at Tornator is to produce annual financial statements that offer a true and fair view in accordance with IFRS accounting standards. Financial reporting is based on company-level processes in different countries and on business area (business process) specific budgeting and budget monitoring. Centralised performance monitoring and analysis is carried out on a monthly basis by the group's financial management. The interpretation and application of accounting standards is also ultimately centralised in the group's financial management.

## Taxes

The payment of taxes and tax-equivalent charges is one of the elements of Tornator's financial responsibility and a means of generating well-being. Key guidelines on compliance with laws and other provisions are set out in Tornator's Code of Conduct. Tornator expects its partners to follow the same principles. The group CFO bears the responsibility for tax-related matters. In each of its operating countries, Tornator pays the taxes and other tax-equivalent charges determined by local legislation in a transparent manner. The profit is not transferred from one

country to another within the group. The tax risk is managed through collaboration and open discussion with both the tax authorities and the advisors. Typically, tax risks are related to a single or new transaction, in which case Tornator will first discuss the matter with an advisor and, if necessary, with the tax authorities. As there were no business transactions in 2024 involving specific tax risks, engaging stakeholders in discussions related to tax payments was not deemed necessary.

## Auditor

The Annual General Meeting elects the audit firm for one year at a time. Tornator's auditor changed in 2022, when PricewaterhouseCoopers took over as Tornator's audit firm. PricewaterhouseCoopers continued as the auditor for Tornator in 2024. Authorised public accountant Panu Vänskä is the auditor in charge.

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

## Risk management

Tornator's risk management is aimed at securing profitable business in the long term and to create opportunities for well-managed risk taking using the selected strategy. It is based on systematic identification and analysis of all significant risks to the company, enabling the company to select the optimum tools to manage them. The Board of Directors is responsible for monitoring the risk management results and activities as well as for evaluating the functionality of risk management

processes annually. The management group is responsible for the implementation of the risk management strategy, the monitoring of actual risks and the performance of the necessary risk management activities.

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

## Strategic risks

Fluctuation in timber demand is naturally a risk for a forestry company. Demand risk has decreased as the use of wood has increased and diversified, and many new innovations are still to be discovered. With new investments by the forest industry and as the importation of timber from Russia came to a halt, wood demand has increased in all countries in which Tornator operates. The company has also secured high demand for wood by certifying all of its forests.

The volatility of wood prices is a significant risk factor in terms of Tornator's results. If prices fall, Tornator can temporarily increase the volume of cutting right sales or plot and forestland sales, or both. However, the goal is to follow a sustainable felling plan in order to optimise annual cash flows in the long run.

Risks concerning the quantity and quality of wood raw material are controlled through long-term forest resource management planning and focusing operations according to the structure and age-class distribution of the forests. In 2021, for the verification of growing stock growth, the company adopted the MOTTI Finnish forest growth model, developed by the Natural Resources Institute Finland (Luke), based on the latest research



results. These models are used in the preparation of the long-term felling plan (longer than 30 years).

The change in the forest valuation method in Finland may result in greater volatility in the recognised fair value of forests entered in the income statement. In the transaction-based method, fluctuations in the forestland market may be larger than in the previous model based on future cash flows.

Changes in current certification criteria may affect opportunities for forest use and cause a loss of income for Tornator, unless there is an agreement on full compensation. The Finnish Forest Stewardship Council (FSC) has now redefined its national criteria. Tornator was closely involved in this process, and does not foresee that the changes will cause any significant loss of revenue.

Forestland purchasing entails risks, and the success of investment often becomes apparent only later. The forest resources and structure of the estate to be purchased are determined using highly advanced technology, but some decisions must still be based on estimates. The pricing of estates is based on clear criteria, but pricing and the underlying appraisals may have an effect on the success of purchases in terms of returns.

Tornator monitors the current economic trend when planning plot sales. A downturn may decrease demand for plots for holiday homes and temporarily reduce profits. The risk involved in investments made in wind power project development is managed by preparing accurate feasibility studies before launching such projects, by selecting partners among

well-known operators in the sector, by dispersing the projects throughout Finland, and by planning them carefully. Tornator does not participate in wind power construction or ownership of production, but sells its shares in projects before construction and remains the lessor of land.

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

Significant new statutes or other factors impeding operations can be regarded as political risks. An example of this is the debate in Finland on the acceptability of forest use, or discussions on regulation at EU level that would restrict forestry. The role of forests in halting biodiversity loss, among other things, has been in the headlines. Acquiring forest assets as a foreign company may also subject the company to political risks in the target countries in question. In managing risks, it is important to cooperate with authorities, educational institutions and various NGOs as well as participate in societal debate. Proactive risk management also involves participation in research in the field and the preparation of various carbon calculations. Tornator pursues open communication with an emphasis on the positive overall responsibility of the company's forestry activities and corporate values.

Tornator also aims to continue expanding its operations outside Finland, in countries where the related growth potential is considered profitable. Geographic expansion is both a way to manage risks and a risk in itself. With regard to Tornator's

operations, Romania and Estonia score relatively poorly in corruption statistics. Tornator makes economic, social and environmental responsibility an integral part of its business, guided by a Code of Conduct that is common to all its countries of operation. Furthermore, the risks associated with expansion are managed by selecting competent partners and reliable customers, and by balancing out long and short-term timber sales agreements. The company performs internal control in all its countries of operation, and the group has a whistleblowing channel in place.

Attracting and retaining skilled employees is a risk in forestry as well. Tornator has prepared for rising numbers of retirements among forest workers by signing on new contractors and increasing machine work. With regard to salaried employees, the company collaborates with educational institutions and recruits proactively. The risk is also managed with active HR management and development. Because of the war, workers from Ukraine have not been available for silviculture work. Future reconstruction could cause a shortage of forestry workers in Tornator's countries of operation, should forestry labour move from these countries to Ukraine.

### Operational risks

To manage internal business risks, Tornator has operational processes that are approved by the Board of Directors and senior management. Operational work is increasingly carried out with entrepreneurs' resources, which poses challenges in terms of control of environmental damage and occupational safety, among other things. The expansion of the forest services business throughout Finland has increased the risks posed to Tornator through factors such as an increase in the number of

contractors used. This control is being improved by means of training and the use of information technology.

Greater frequency of natural disasters due to climate change pose an ever-greater risk to forest assets. For Tornator, the size and geographic extent of its holdings, the good health and growth of its forests, and the measures required by the Forest Damages Prevention Act (1087/2013) form an intrinsic risk management tool. In addition, Tornator has a Finnish forest insurance policy that covers damage in the case of a major disaster. However, the company regards the insurance of its forest holdings abroad as unprofitable, because the target countries lack an operational forest insurance market. The threat of a cyberattack on corporate information systems may also be considered a risk. Tornator is prepared for this by utilising advanced security technology and by providing instructions and training to users

### Financial risks

A substantial proportion of loan capital in the company's balance sheet constitutes a risk which Tornator manages with special attention. Ready access to the capital markets will enable the successful refinancing of loans. The company adjusts its loan portfolio depending on the financial market situation, so that loans mature over several years and as far into the future as possible. The company has diversified the risks related to acquisition of funds by issuing bank loans and bonds with various maturity dates in different years. The company has prepared for market interest rate changes through derivative contracts. Interest rate hedging reduces the interest rate risk on loans. Liquidity management is based on advance payments and up-to-date cash management. The company also has a

commercial paper programme to optimise the need for cash. Cash reserves are invested in bank deposits and short-term, liquid and fixed income funds.

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

### Climate risks and opportunities for Tornator

Sustainable forestry plays a key role in mitigating climate change. Our mission is to ensure the carbon sequestration capacity and ecosystem services of the company's forests in changing conditions by keeping them diverse, healthy and in good growing condition. Tornator remains committed to sustainable forestry, increasing biodiversity and certification of forests.

In 2021, Tornator launched its own Climate Programme for the 2021–2030 period. The programme includes goals for increasing the carbon sequestration of forests and the substitution effects of forest use. The growth and carbon sequestration capacity of forests is ensured through the correct allocation of forest regeneration methods, fertilisation and the use of genetically improved nursery stock. Tornator is working to identify potential wind farm sites in an effort to enable wind farms to be built on the company's land.

Tornator's Board of Directors has approved the objectives and measures included in the Climate Programme, and is provided with annual progress reports. The Management Group will monitor and coordinate the implementation of the programme in the company's business processes. Climate-related matters are also discussed in the annual Green Finance Investor Letter.

The company's Head of HR, Communications and Responsibility is in overall charge of reporting related to Task Force on Climate-related Financial Disclosures (TCFD).

### The year 2024 in the Climate Programme

In 2024, the measures in the Climate Programme were carried out largely as planned. About 6,570 hectares (target 8,000 hectares) of the company's forests were fertilised with fertiliser. In contrast, about 600 hectares of forest were remedially fertilised with boron. In line with the objectives, forest planting was carried out with genetically improved seedlings, which have about 20 per cent better growth than unmodified seedlings. The forests continued to grow rich and diverse, and healthy. Forest health was ensured by controlling root rot and quickly repairing storm, snow and insect damage. The company also managed to exceed its land acquisition targets. Overall, the carbon sequestration capacity of the growing stock remained good at over 4.5 Mt CO<sub>2</sub> per year. In terms of substitution effects, we are well on track. The substitution effects in line with the amount of felled timber were cumulatively about 0.13 Mt CO<sub>2</sub> per year, and the figure for enabling wind power generation was approximately 0.14 Mt CO<sub>2</sub> per year more than at the beginning of the programme period.

### Identifying, assessing and managing climate-related risks

Identifying climate-related risks and opportunities is made possible by existing knowledge, but new research is also required. Information on the risks and opportunities related to climate change will be obtained through research, by collecting the observations of the company's field organisation and by analysing the changes in the operating environment. Tornator is involved in several climate-related research projects, such as the

multidisciplinary Hiilestä kiinni – Catch the carbon research and innovation programme funded by the Ministry of Agriculture and Forestry. We determine the expectations and views of our stakeholders through materiality studies.

The company monitors systematically the quality of silviculture and other measurable indicators related to carbon sequestration. The carbon footprint of Tornator's forests is included in the forest resource calculations.

Tornator produced its first carbon footprint calculations and scenario analyses in 2018. The calculations have been refined since then, and further studies have been carried out on the possibilities for crediting carbon sequestration. Through these calculations, we have identified the major sources of greenhouse gas emissions from Tornator's operations, and we have calculated the carbon sequestration capacity of our forests. The company's operations do not produce significant greenhouse gas emissions: carbon sequestration in forests exceeds the emissions of our own operations by over a thousandfold. Tornator has minimised its emissions by favouring remote working to reduce energy consumption in offices and by developing digital applications to improve productivity and reduce commuting. Tornator is truly a carbon-negative company.

The table on the right summarises the climate-related risks and opportunities that Tornator has identified in the short, medium and long term.

<p><b>PHYSICAL RISK</b></p> <p><b>SHORT TERM</b> <b>LONG TERM</b></p> <p>Various natural hazards and extreme weather events can cause damage to a forest asset, reducing its value and creating a need for additional work. Long-term changes in the climate, such as warming, droughts, floods or mild winters, as well as other needs related to land use, may make forestry in Finland more difficult.</p>	<p><b>OPPORTUNITY</b></p> <p>Tornator uses proven silvicultural methods that help the company effectively adapt to climate change. We are able to apply our know-how and the silvicultural methods we have developed more widely and offer them to other forest owners, as well.</p>
<p><b>TRANSITION RISK</b></p> <p><b>LONG TERM</b></p> <p>The progress of climate change could lead to new, more stringent regulations, laws and increased costs. Requirements concerning protected areas become stricter, and obligations related to forest certification increase.</p>	<p><b>OPPORTUNITY</b></p> <p>Research, development and innovation help create new wood-based products, ensuring continued demand for wood raw material.</p>
<p><b>TRANSITION RISK</b></p> <p><b>LONG TERM</b></p> <p>Wood is considered more valuable in the form of trees than in sustainable use. This reduces the timber market and increases the nature value market.</p>	<p><b>OPPORTUNITY</b></p> <p>Opportunities for additional profit through renewable energy (wind power, solar power and bioenergy) The use of renewable energy reduces the need for fossil fuels.</p>
<p><b>TRANSITION RISK</b></p> <p><b>MEDIUM TERM</b></p> <p>Stakeholders' negative perceptions of the forest sector and reluctance to participate in combating climate change. Social acceptance of the forest sector declines.</p>	<p><b>OPPORTUNITY</b></p> <p>Positive effects on forest growth, tree species selection and carbon sequestration. Earning opportunities through voluntary, global carbon emission trading.</p>
<p><b>TRANSITION RISK</b></p> <p><b>LONG TERM</b></p> <p>New technologies and the transition to a low-carbon economy change business models and customer demand. Technological solutions such as carbon capture and storage (CCS) and carbon capture and utilisation (CCU) are undermining the importance of biological solutions in combating climate change. Tornator's opportunities to profit from carbon sequestration lessen.</p>	<p><b>OPPORTUNITY</b></p> <p>Innovating new, low-carbon business models and services.</p>

**Definition of timescales:** ■ short term 0 to 5 years ■ medium term 5 to 10 years ■ long term 10 to 50 years

Tornator's climate-related risk assessments take into account the following types of risk:

**TRANSITION RISKS:** Policy and regulation, technology, markets, reputation

**PHYSICAL RISKS:** Acute, long-term



# BOARD OF DIRECTORS



## Esko Torsti

Born 1964, Licentiate of Social Sciences (Economics)

### Chairman of the Board 2024–

Chairman of the Board 2010–2015  
Member of the Board 2003–2009  
Ilmarinen, Director 2006–

### Background:

Pohjola, Chief Investment Officer 2001–2003 and 2005–2006  
Pohjola Asset Management, CEO 2003–2005  
Ilmarinen, Head of Fixed Income 1998–2001  
Skandinaviska Enskilda Banken, Chief Economist (Finland) 1996–1998

### Membership on other boards of directors:

William ja Ester Otsakorpi Foundation, Chairman of the Board

## Hanna Kaskela

Born 1979, M.Sc (Econ)

### Deputy Chairman 2024–

Varma, SVPresident, Sustainability and Communications 2024–

### Background:

Varma, Director, Responsible Investment and Sustainability 2022–2023  
Varma, Director, Responsible Investment 2017–2022  
Varma, Sustainable Development Portfolio Manager 2016–2017  
Varma, Equity Portfolio Manager 2006–2016  
Varma, Equity Analyst 2003–2006

### Membership on other boards of directors:

–

## Tuomas Virtala

Born 1974, MSc (Econ)

### Member 2021–

OP Asset Management, CEO 2019–

### Background:

B10 Asset Management, Investment director 2017–2019  
Danske Capital Finland, Country manager 2011–2017  
Mandatum/Danske Capital, Portfolio manager, Investment director 1999–2011

### Membership on other boards of directors:

OP Real Estate Asset Management Ltd, Chairman of the Board  
Access Capital Partners S.A., Member of the Board

## Seppo Toikka

Born 1964, MSc (Econ)

### Member 2023–

Stora Enso Oyj, SVP, Strategy, Control and IT Wood Products 2023–

### Background:

Enso Oy / Stora Enso Oyj, several positions 1989–2023

### Membership on other boards of directors:

–

**Deputy members:** Sampsa Ratia, Varma; Ilja Ripatti, Ilmarinen; Erkkö Ryyänen, OP; Jari Suvanto, Stora Enso

# MANAGEMENT GROUP



## Henrik Nieminen

Born 1970, MSc (Econ), EMBA  
**CEO 2019–**

**Background:**

Tornator Oyj, Chief Financial Officer 2002–2019  
 Stora Enso Ab, Project Director 2001–2002  
 Stora Enso Financial Services SA, Director, Finance 2000–2001  
 Enso Oy, Treasury Manager 1998–2000  
 Enso Oy, Accounting Analyst 1997–1998



## Ari Karhapää

Born 1967, BSc (For)  
**Deputy CEO 2014–**  
**EVP, Forestry 2012–**

**Background:**

Forest Owners' Union of North Karelia, Executive Manager 2009–2011  
 Forest Management Association of North Karelia, Executive Manager 2009–2011  
 Karjalan Metsätilat Oy LKV, Managing Director 2004–2009  
 Forest Management Association of Border Karelia, Executive Manager 2004–2008  
 Forest Management Association of Upper Karelia, Executive Manager 2002–2004



## Juha Mäki

Born 1971, MSc (Agriculture and Forestry)  
**EVP, Real Estate 2023–**

**Background:**

Westas Group Oy, Forest Director 2013–2022  
 Rauhion Saha Oy, Forest Manager 2008–2013  
 Family Timber Finland Oy, Development Manager 2004–2008  
 Southern Finland Association of Forest owners, Development Manager 2002–2003  
 Union of North Finland Forest management associations, Project Manager 1999–2002



## Outi Nevalainen

Born 1968, MSc (Econ), MBA  
**EVP, People, Communications and Sustainability 2017–**

**Background:**

Microsoft Oy, HR Director, Finland Sales Subsidiary 2015–2017  
 Microsoft Mobile Oy, Head of HR 2014–2015  
 Nokia Oyj, several HR managerial positions 1998–2014  
 United Parcel Service Finland Oy, HR manager 1994–1998



## Heikki Penttinen

Born 1977, MS (Eng)  
**Director of Development 2019–**

**Background:**

CGI, Director Consulting Service 2018–2019  
 CGI, Senior Consultant 2017–2018  
 Olapcon, CEO 2009–2017  
 Olapcon, Management Consultant 2008–2009  
 Hay Group, Consultant 2004–2008



## Antti Siirtola

Born 1982, MSc (Econ)  
**CFO 2019–**

**Background:**

Tornator Oyj, Financial Controller 2013–2019  
 Ernst & Young Oy, Auditor 2008–2013  
 Fortum Oyj, Treasury Manager 2006–2008



55 Finance

58 Summary of consolidated financial statements

60 Consolidated income statement

61 Consolidated balance sheet

62 Statement of changes in Group shareholders' equity

63 Consolidated cash flow statement

64 Summary of financial statements

65 Calculation of key figures

# FINANCIAL STATEMENTS

**FINANCE**

# INVESTMENT GRADE CREDIT RATING AND NEW GREEN BOND AS HIGHLIGHTS FOR 2024

In terms of financing, Tornator's year 2024 continued where 2023 ended. Because of forest investments, the need for additional financing continued, while loans maturing in 2025 and 2026 were awaiting a refinancing plan. The growing amount of debt increases the importance of ensuring access to financing, and this was also taken into account in Tornator's financial strategy. We decided to diversify the refinancing risk and to manage the 2025–2026 loan needs in two phases, the first of which was implemented in autumn 2024.

Tornator utilised the bond market, which has performed very well, and issued a new seven-year bond of EUR 300 million in October 2024. This was not just any issue; it was Tornator's first investment grade Green Bond. The long-term work on sustainable forestry was also reflected on the financial front in the form of an investment grade credit rating (Baa3) from

**KEY ACHIEVEMENTS OF 2024**

- Obtaining an investment grade credit rating for secured debt
- Issue of a new EUR 300 million Green Bond

**TARGETS FOR 2025**

- Completion of the refinancing round
- Preparing a sustainability report



Moody's. The credit rating applies to Tornator's secured debt, which will contribute to strengthening the company's long-standing positive reputation and creditworthiness, as well as facilitating the management of the debt portfolio that has grown to over EUR 1 billion.

**The refinancing round continues**

The proceeds from the new bond were used to repay a EUR 200 million bank loan maturing in spring 2025. The remainder of the new loan money was used to repay maturing commercial paper and to strengthen investment capacity. With the repayment of the bank loan, Tornator had no long-term debt maturing in 2025 at the balance sheet date.

The main objective for 2025 is to ensure the implementation of the second phase of the refinancing plan, i.e. the refinancing of the debt maturing in 2026. The total amount of maturing debt is EUR 400 million, of which the old Green Bond accounts for EUR 350 million. In spring 2025, everything looks great in terms of this objective: Tornator has a proven track record of using all financing options, from commercial paper to bank loans and longer-term bonds. The investment grade credit rating provides a good backing for new financial transactions, while at the same time setting new requirements for planning and maintaining a good financial balance. Further forest purchases and a moderate increase in debt are still possible, as long as we ensure that new forest acquisitions are profitable and efficiently absorbed to generate cash flow from the outset.

**Interest rate hedging**

Tornator made no changes to its interest rate hedges during 2024, which means that we still have interest-rate cap options maturing in 2033 with a nominal value of EUR 170 million and an average cap of around 0.2 per cent. The replacement of the floating-rate bank loan with a fixed-rate bond increased Tornator's hedge ratio to over 90 per cent. In other words, changes in market interest rates have little impact on the amount of Tornator's interest expenses in the current situation.

**A record financial year**

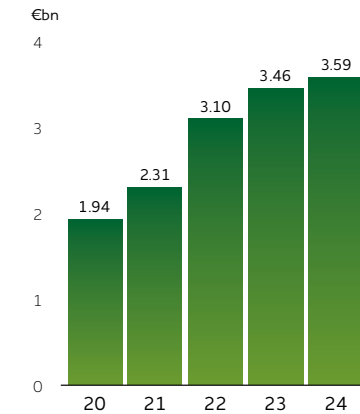
In addition to success in financing, Tornator had a financially successful year otherwise also. A new record was set for the third consecutive year both in turnover (EUR 213 million) and in adjusted operating profit (EUR 154 million). The fair value of the forest assets increased by close to EUR 140 million, reaching nearly EUR 3.6 billion, and the total balance sheet amounted to EUR 3.8 billion.

**Financial strategy and financial risk management**

The objective of Tornator's financial strategy is to secure competitive funding for the company's business and investments, manage the group's financial risks and ensure business continuity. The financial strategy is based on ready access to the capital markets, diverse financial instruments, managed hedging of interest rate risk and sufficient liquidity. Cost-effective financing is facilitated by the high collateral value of forest assets, the investment grade credit rating and Tornator's reputation as a responsible company.

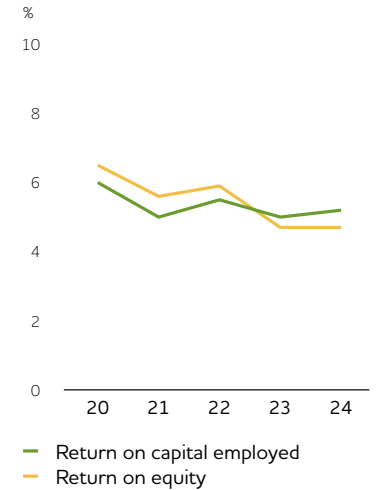
**VALUATION OF FORESTS**

(Fair value)

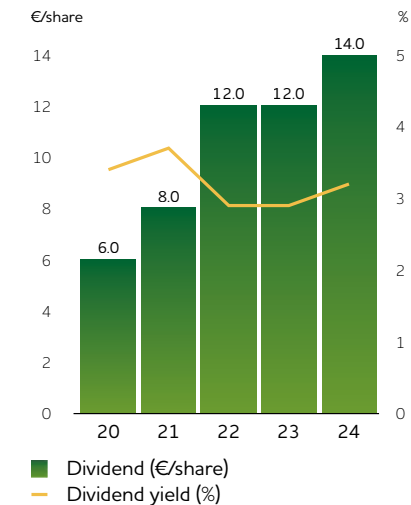


**ROCE AND ROE**

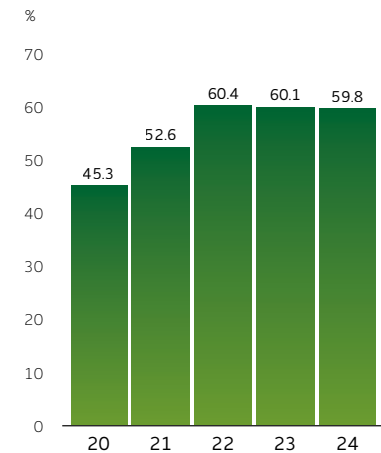
(Without effects of fair value changes)



**DIVIDEND AND DIVIDEND YIELD**



**EQUITY RATIO**





The purpose of financial risk management is to minimise the negative effects of changes in the financial markets on the company's profit and cash flow. The objectives of risk management and the risk management policy are defined by Tornator's Board of Directors, which is also responsible for monitoring risk management. The company's key financial risks are related to interest rates and the availability of financing. At the end of 2024, Tornator's interest rate hedging ratio (fixed interest rate as a proportion of the total debt portfolio, including hedges) was 91 per cent, which ensures that the increase in interest expenditure resulting from a rise in market interest rates will remain moderate and manageable for Tornator.

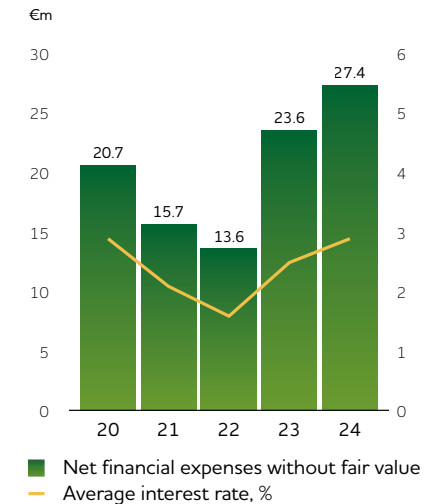
### Availability of financing

These risks are minimised through credit agreements with different maturities, a broad base of financiers and committed credit facilities, and by maintaining the company's reputation as a reliable debtor and ensuring the preservation of high collateral value of forest assets. The only covenant requirement for secured debts is the loan to value (LTV) ratio of senior loans to the fair value of the forests, which may not exceed 70 per cent. In 2024, Tornator fulfilled this covenant by a good margin. In addition, Tornator is committed to maintaining its investment grade credit rating and meeting the required metrics set by the rating agency.

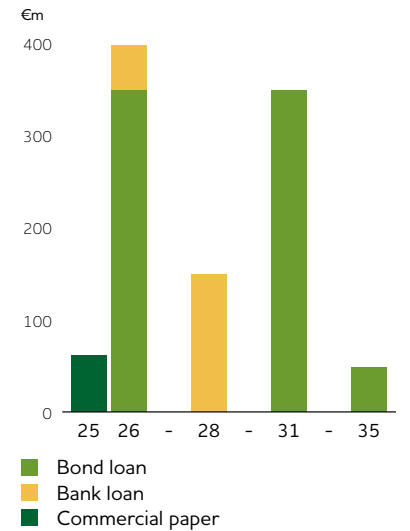
### Sustainability reporting

Tornator is part of the group that is due to prepare a CSRD-compliant sustainability report for the 2025 financial period. Tornator has started preparing for the future reporting requirements well in advance and the work to draw up the report will continue throughout the 2025 financial period. The sustainability report will be published as part of the annual report for the 2025 financial period, in accordance with the regulations.

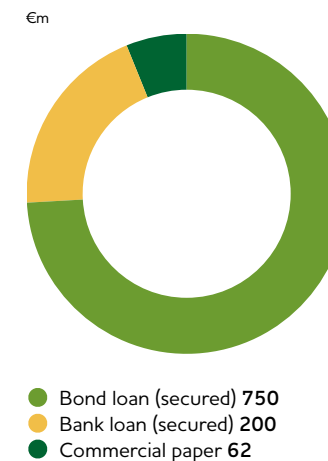
#### NET FINANCIAL EXPENSES



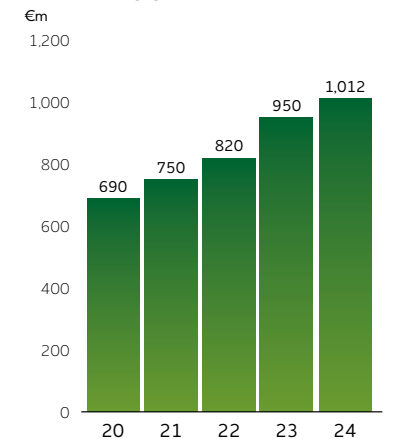
#### MATURITY OF DEBT



#### STRUCTURE OF DEBT, NOMINAL VALUES AT 31 DEC 2024



#### DEVELOPMENT OF TOTAL DEBT AMOUNT



# SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Tornator Group reports its financial statements according to the International Financial Reporting Standards (IFRS). Operational key figures have been calculated without the effects of changes in the fair value of forest assets, provisions, wind power purchase price receivables and interest rate derivatives. The same applies to the figures for the previous year.

## Turnover and results

The group's turnover was EUR 213.0 million (EUR 194.9 million), a change of +9.3%. The volume of timber deliveries was at the level of the comparison period, but the stronger price level increased the turnover. Neither changes in market interest rates or inflation, nor Russia's war of aggression in Ukraine, had a significant negative impact on the company's business. A total of 90.5% of turnover, worth EUR 192.8 million, consisted of timber sales income (EUR 178.5 million, or 91.6%). The turnover of silviculture services increased by 16.9%, reaching EUR 17.0 million (EUR 14.5 million). In addition, the proceeds from land and plot sales amounted to EUR 3.2 million (EUR 1.8 million). Other operating income, EUR 7.6 million (EUR 4.9

million), includes income from land access and lease revenues, compensation for conservation areas and sales of soil-resources as well as income from actual and estimated future earn-outs related to sold wind power projects. The change in value of the earn-outs was negative in the comparison period, which is why the amount for the comparison period is presented in other operating expenses.

Operating profit at fair value amounted to EUR 189.9 million (EUR 442.9 million), and profit for the financial period was EUR 132.5 million (EUR 340.6 million). The fair value of the forest assets increased significantly more in the comparison period than in the reporting period, explaining the decrease in operating profit. The change in the fair value of biological assets increased operating profit by +EUR 35.2 million (+EUR 295.7 million), and the negative fair value change of financial instruments decreased profit by -EUR 6.0 million (-EUR 5.5 million) before taxes. In addition to the change in the fair value of biological assets, the change in the value of land areas within the forest assets was recorded through comprehensive income

in the equity revaluation reserve, amounting to +EUR 12.1 million (-EUR 57.1 million).

## Notable events during the period under review

Tornator had an excellent year, both in terms of operational activities and the implementation of strategic projects.

In the core business, namely timber sales and deliveries, the results were better than planned. Good demand pushed up the market price of wood. Timber deliveries to Tornator's main customer, Stora Enso, totalled some EUR 169.0 million (EUR 153.0 million), which was around 88% (86%) of the group's timber delivery turnover. Timber sales to the main customer are based on a long-term market-based framework agreement, which was renewed in 2021.

Work in the silviculture services business was carried out as planned.

The total value of Tornator's forest assets increased by approximately EUR 139 million (EUR 354 million) during the financial period, of which the parent company's share was approximately EUR 97 million (EUR 312 million) and the impact of net acquisitions approximately EUR 92 million (EUR 119 million). The balance sheet value of biological assets also increased in Estonia and Romania, and the annual fair value update of biological assets for all the operating countries improved the group's operating profit by EUR 35 million (EUR 296 million). The total impact of changes in the fair value of land areas was +EUR 12 million (-EUR 61 million). A more detailed description of Tornator's forest valuation model is given in the notes to the financial statements.

The total value of the group's forest assets recorded in the financial statements, including growing stock and land areas, was around EUR 3,595 million (EUR 3,456 million). The figures include the effects of felling, as well as the purchases and sales of productive forestland. Tornator owns a total of approximately 783,000 hectares of forest in Finland, Estonia and Romania (760,000 hectares).

Tornator's equity ratio remained high at 59.8% (60.1%), and liquidity remained good throughout the year. The company fulfilled the terms of its loan to value (LTV) covenant by a safe margin.

The company continued to purchase new productive forestland. Tornator bought almost 24,000 hectares of forest in Finland.

In Estonia and Romania, the company continued to manage its forests sustainably, and to further develop its sustainable business operations. All the group's forests are dual-certified, by the Programme for the Endorsement of Forest Certification (PEFC™) as well as the Forest Stewardship Council (FSC®).

Tornator continued to implement its Climate Programme and Biodiversity Programme. The content and objectives of the programmes are presented on our website.

In line with our sustainability programme, Tornator engaged in marshland restoration, prescribed burning, and the establishment of nature conservation areas on approximately 800 hectares of our land. Tornator continued with major conservation projects within the framework of initiatives such as the Metso and Helmi habitat protection programmes.

At the Annual General Meeting of Tornator Oyj on 8 March 2024, as proposed by the Board of Directors, it was decided to distribute a dividend of EUR 35 million and to authorise the Board of Directors to decide on an additional dividend of up to EUR 35 million. At its meeting on 29 November 2024, the Board of Directors decided to pay an additional dividend of EUR 35 million. A total of EUR 70 million in dividends were distributed during the 2024 financial period.

## CONSOLIDATED INCOME STATEMENT

€m	2020	2021	2022	2023	2024
<b>Net sales</b>	<b>118.1</b>	<b>128.6</b>	<b>164.6</b>	<b>194.9</b>	<b>213.0</b>
Other operating income	22.7	26.8	11.7	4.9	7.6
Change in fair value of biological assets and harvesting	121.1	329.1	462.2	295.7	35.2
Change in inventories of finished goods and work in progress	-2.4	-2.5	-2.5	-0.5	-1.1
Materials and services	-27.9	-24.2	-30.1	-35.4	-41.1
Personnel expenses	-9.2	-9.6	-10.3	-11.0	-11.3
Depreciation	-3.1	-3.2	-3.3	-3.3	-3.4
Amortisation and reversal of amortisation			-11.7	11.7	
Other operating expenses	-6.9	-5.7	-8.6	-14.2	-9.0
<b>Operating profit</b>	<b>212.4</b>	<b>439.2</b>	<b>572.0</b>	<b>442.9</b>	<b>189.9</b>
Financial income	0.2	0.3	0.5	6.4	12.1
Financial expenses	-20.9	-16.0	-14.1	-30.0	-39.5
Change in fair value of financial instruments	-33.3	41.9	110.9	-5.5	-6.0
<b>Financial items (net)</b>	<b>-54.0</b>	<b>26.3</b>	<b>97.3</b>	<b>-29.2</b>	<b>-33.4</b>
<b>Profit/loss before taxes</b>	<b>158.4</b>	<b>465.5</b>	<b>669.3</b>	<b>413.7</b>	<b>156.5</b>
Income taxes	-9.1	-25.7	-42.9	-19.2	-23.9
Change in deferred taxes	-28.3	-62.3	-84.5	-53.9	-0.1
<b>Profit/loss for the period</b>	<b>121.1</b>	<b>377.5</b>	<b>541.9</b>	<b>340.6</b>	<b>132.5</b>



## CONSOLIDATED BALANCE SHEET

€m	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
<b>ASSETS</b>					
<b>Non-current assets</b>					
Forest assets	1,939.5	2,313.5	3,101.0	3,445.5	3,594.9
Biological assets	1,841.2	2,210.2	2,737.3	3,139.2	3,256.7
Land areas	98.3	103.3	363.8	316.4	338.2
Fixed assets	16.3	16.2	16.0	16.3	18.0
Intangible assets	0.8	1.4	2.0	2.3	2.6
Right-of-use assets	2.3	2.2	1.9	1.8	1.6
Derivatives			42.4	35.5	29.5
Other investments	0.1	0.1	0.1	0.1	0.1
Non-current receivables	8.2	18.7	7.5	17.4	19.0
	<b>1,967.1</b>	<b>2,352.1</b>	<b>3,170.9</b>	<b>3,529.0</b>	<b>3,665.6</b>
<b>Current assets</b>					
Inventory	0.0	0.0	0.1	0.1	0.1
Trade receivables	14.5	18.3	36.3	30.0	43.5
Other receivables	0.5	10.8	16.7	0.6	1.9
Other financial assets	7.1	7.1	0.4	30.6	
Cash and cash equivalents	56.7	16.8	19.2	40.5	86.6
	<b>78.9</b>	<b>53.1</b>	<b>72.8</b>	<b>101.7</b>	<b>132.0</b>
<b>Total assets</b>	<b>2,046.0</b>	<b>2,405.2</b>	<b>3,243.7</b>	<b>3,630.7</b>	<b>3,797.6</b>

€m	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to parent company shareholders</b>					
Share capital	50.0	50.0	50.0	50.0	50.0
Other equity	871.7	1,208.5	1,901.8	2,125.3	2,199.9
<b>Total equity</b>	<b>921.7</b>	<b>1,258.5</b>	<b>1,951.8</b>	<b>2,175.3</b>	<b>2,249.9</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	220.3	282.6	419.8	458.5	458.2
Financial liabilities	673.5	748.6	749.1	849.0	946.8
Derivatives	174.4	70.3	1.6	0.0	
Leasing liability	2.0	2.0	1.6	1.6	1.4
Pension obligations	0.1	0.2	0.2	0.1	0.1
	<b>1,070.3</b>	<b>1,103.8</b>	<b>1,172.3</b>	<b>1,309.2</b>	<b>1,406.4</b>
<b>Current liabilities</b>					
Financial liabilities	15.0	0.0	69.0	98.8	61.6
Trade and other payables	25.9	22.9	23.6	33.5	61.4
Income tax liabilities	4.0	11.2	15.2	1.8	5.1
Leasing liability	0.3	0.3	0.4	0.4	0.3
Provisions	8.8	8.5	11.3	11.8	12.9
	<b>54.0</b>	<b>42.9</b>	<b>119.5</b>	<b>146.2</b>	<b>141.3</b>
<b>Total liabilities</b>	<b>1,124.3</b>	<b>1,146.7</b>	<b>1,291.8</b>	<b>1,455.4</b>	<b>1,547.7</b>
<b>Total equity and liabilities</b>	<b>2,046.0</b>	<b>2,405.2</b>	<b>3,243.7</b>	<b>3,630.7</b>	<b>3,797.6</b>



## STATEMENT OF CHANGES IN GROUP SHAREHOLDERS' EQUITY

€1,000	Share capital	Share premium	Translation difference	Revaluation reserve	Retained earnings	Shareholders' equity total
<b>Equity on 1 Jan 2023</b>	<b>50,000.0</b>	<b>29,995.2</b>	<b>-10,876.8</b>	<b>211,424.2</b>	<b>1,671,304.4</b>	<b>1,951,846.9</b>
<b>Comprehensive income</b>						
Profit/loss for the financial period					340,644.2	340,644.2
<b>Other items of comprehensive income (after taxes)</b>						
Land revaluation				-57,087.8		-57,087.8
Items derived from the re-definition of net defined benefit costs (or asset items)					-2.4	-2.4
Translation difference			-135.4			-135.4
<b>Comprehensive income for the period</b>			<b>-135.4</b>	<b>-57,087.8</b>	<b>340,641.8</b>	<b>283,418.6</b>
<b>Transactions with shareholders</b>						
Dividends paid					-60,000.0	-60,000.0
<b>Total transactions with shareholders</b>						
<b>Equity on 31 Dec 2023</b>	<b>50,000.0</b>	<b>29,995.2</b>	<b>-11,012.2</b>	<b>154,336.4</b>	<b>1,951,946.2</b>	<b>2,175,265.5</b>
<b>Equity on 1 Jan 2024</b>	<b>50,000.0</b>	<b>29,995.2</b>	<b>-11,012.2</b>	<b>154,336.4</b>	<b>1,951,946.2</b>	<b>2,175,265.5</b>
<b>Comprehensive income</b>						
Profit/loss for the financial period					132,490.0	132,490.0
<b>Other items of comprehensive income (after taxes)</b>						
Land revaluation				12,110.5		12,110.5
Items derived from the re-definition of net defined benefit costs (or asset items)					36.8	36.8
Translation difference			9.6			9.6
<b>Comprehensive income for the period</b>			<b>9.6</b>	<b>12,110.5</b>	<b>132,526.8</b>	<b>144,646.9</b>
<b>Transactions with shareholders</b>						
Dividends paid					-70,000.0	-70,000.0
<b>Total transactions with shareholders</b>						
<b>Equity on 31 Dec 2024</b>	<b>50,000.0</b>	<b>29,995.2</b>	<b>-11,002.7</b>	<b>166,447.0</b>	<b>2,014,472.9</b>	<b>2,249,912.4</b>



## CONSOLIDATED CASH FLOW STATEMENT

€m	2020	2021	2022	2023	2024
<b>Cash flow from operating activities</b>					
Cash receipts from transactions in forestry	110.5	116.6	140.1	199.8	210.6
Cash receipts from transactions in land sales	6.9	6.7	5.2	1.8	11.7
Cash receipts from other operating income	15.5	5.8	24.3	6.1	6.5
Cash paid to suppliers and employees	-34.5	-38.8	-49.4	-49.8	-58.5
<b>Cash flow from operating activities before financial items and taxes</b>	<b>98.4</b>	<b>90.2</b>	<b>120.2</b>	<b>157.9</b>	<b>170.3</b>
Interest paid, interest bearing debt	-8.8	-7.5	-9.2	-25.0	-32.6
Interest paid, derivatives	-10.3	-69.4	-4.4	-0.3	
Other financial expenses paid	-4.5	-0.9	-0.8	-2.9	-7.1
Interest received, other financial income	0.2	0.3	0.4	2.7	5.3
Interest received, derivatives				3.2	6.3
Income taxes	4.1	-20.9	-41.3	-30.1	-20.6
<b>Net cash flow from operating activities</b>	<b>79.2</b>	<b>-8.2</b>	<b>65.0</b>	<b>105.6</b>	<b>121.6</b>
<b>Cash flow from investing activities</b>					
Investments in forest assets, biological assets	-40.2	-42.6	-67.1	-106.8	-83.3
Investments in forest assets, land area	-5.0	-5.3	-8.3	-13.2	-10.3
Investments in other tangible and intangible assets	-3.2	-3.4	-3.5	-3.5	-5.0
Investments in money market investments	-4.9			-30.2	
Proceeds from sale of other financial assets	0.0	0.1	6.7		30.6
<b>Net cash flow from investing activities</b>	<b>-53.3</b>	<b>-51.3</b>	<b>-72.2</b>	<b>-153.7</b>	<b>-68.1</b>

€m	2020	2021	2022	2023	2024
<b>Cash flow from financing activities</b>					
Withdrawal of long-term loans	700.0	150.0		100.0	300.0
Repayment of long-term loans	-25.1	-75.0	0.0	0.0	-200.0
Withdrawal of short-term loans			70.0	29.8	
Repayment of short-term loans	-632.5	-15.0			-37.2
Repayment of leasing liabilities	-0.3	-0.3	-0.3	-0.4	-0.4
Dividends paid	-30.0	-40.0	-60.0	-60.0	-70.0
<b>Net cash flow from financing activities</b>	<b>12.1</b>	<b>19.6</b>	<b>9.7</b>	<b>69.4</b>	<b>-7.5</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>38.0</b>	<b>-39.9</b>	<b>2.4</b>	<b>21.3</b>	<b>46.1</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18.7</b>	<b>56.7</b>	<b>16.8</b>	<b>19.2</b>	<b>40.5</b>
<b>Cash and cash equivalents at end of period</b>	<b>56.7</b>	<b>16.8</b>	<b>19.2</b>	<b>40.5</b>	<b>86.6</b>

## SUMMARY OF FINANCIAL STATEMENTS

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

	2020	2021	2022	2023	2024
Net sales, € million	118.1	128.6	164.6	194.9	213.0
Operating profit, € million	212.4	439.2	572.0	442.9	189.9
Operating profit without change in fair value of biological assets, € million	91.9	90.0	130.2	141.8	154.1
Operating profit without change in fair value of biological assets, % of net sales	77.8	70.0	79.1	72.8	72.4
Profit/loss for the period, € million	121.1	377.5	541.9	340.6	132.5
Profit/loss for the period without fair value changes, € million	56.8	61.1	94.8	96.7	103.2
Profit/loss for the period without fair value changes, % of net sales	48.1	47.5	57.6	49.6	48.5
Shareholders' equity, € million	921.7	1,258.5	1,951.8	2,175.3	2,249.9
Interest-bearing net liabilities, € million	624.7	724.8	798.5	876.6	874.8
Balance sheet total, € million	2,046.0	2,405.2	3,243.7	3,630.7	3,797.6
Return on capital employed without change in fair value of biological assets, %	6.0	5.0	5.5	5.0	5.2
Return on equity without fair value changes, %	6.5	5.6	5.9	4.7	4.7
Equity ratio, %	45.3	52.6	60.4	60.1	59.8
Dividends paid, €/share	6.0	8.0	12.0	12.0	14.0
Dividend yield, %	3.4	3.7	3.7	2.9	3.2

	2020	2021	2022	2023	2024
Average number of personnel	186	189	188	189	188
Personnel expenses, % of net sales	7,8	7,4	6,3	5,7	5,4
Investments in forest assets, € million	45,1	47,9	75,4	120,0	93,6
Investments in other assets, € million	3,2	3,4	3,5	3,5	5,0
Annual cut, million cubic metres	3,2	3,1	3,4	3,4	3,3
Fair value of forests, € million	1,939.5	2,313.5	3,101.0	3,455.5	3,594.9
Gross proceeds from land sales, € million	6,9	6,7	5,2	1,8	3,2



### Financial ratios

	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024	Max./Min.
Equity ratio, %	45.3	52.6	60.4	60.1	59.8	
Average interest rate, %	2.9	2.1	1.6	2.5	2.9	
Hedge ratio, %	100	69	63	65	91	
Average loan maturity, years	4.7	4.7	3.4	3.2	4.1	
Average fixing time, years	3.1	2.5	1.9	2.3	3.6	
Loan to Value (LTV), %	48.2	43.8	43.0	42.5	47.9	70

Long-term target for equity ratio is 50%. The only financial covenant for bonds and loans is Loan-to-Value ratio (LTV), which can be max. 70%.

### Financing, nominal values

€m	2020	2021	2022	2023	2024
Long-term bonds	350.0	350.0	350.0	450.0	750.0
Long-term bank loans	325.0	400.0	400.0	400.0	200.0
Short-term bank loans and commercial papers	15.0		70.0	100.0	62.0
<b>Total debt</b>	<b>690.0</b>	<b>750.0</b>	<b>820.0</b>	<b>950.0</b>	<b>1,012.0</b>
Net financial items	-54.0	26.3	97.3	-29.2	-33.4
Net financial expenses without fair value changes	20.7	15.7	13.6	23.6	27.4
Net financial expenses without fair value changes, % of net sales	17.5	12.2	8.3	12.1	12.9
Average interest rate, %	2.9	2.1	1.6	2.5	2.9

### Sensitivity of interest rate risk

Effects of one percentage point changes in yield curve have a following impact on Tornator's Income statement and Equity

€m	+1%	-1%
Income Statement		
Financial and interest expenses	-920	920
Change in fair value of derivatives	10,211	-10,208
Equity, net of taxes	7,433	-7,430

### Calculation of key figures

Return on equity, %	=	$\frac{\text{Profit for the period}}{\text{Equity}} \times 100$
Return on capital employed, %	=	$\frac{\text{Operating profit} + \text{interest income}}{\text{Balance sheet total} - \text{interest-free liabilities}} \times 100$
Dividend yield, %	=	$\frac{\text{Dividends paid}}{\text{Equity}} \times 100$
Equity ratio, %	=	$\frac{\text{Equity}}{\text{Balance sheet total} - \text{advances received}} \times 100$



67 Reporting principles

67 GRI content index



# REPORTING PRINCIPLES AND GRI INDEX

# REPORTING PRINCIPLES

This report has been prepared with reference to the Global Reporting Initiative's GRI Universal Standards. The reporting period is the calendar year, 1 January – 31 December 2024, and the report is published annually.

The report is published online in Finnish and English. The sustainability information has not been verified by an external party. The company's previous Annual Report was published on 8 March 2024.

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

**For further information, please contact:**

Tuija Luukkanen  
Corporate Responsibility Manager  
[tuija.luukkanen@tornator.fi](mailto:tuija.luukkanen@tornator.fi)

Outi Nevalainen  
EVP, People, Communications and Sustainability  
[outi.nevalainen@tornator.fi](mailto:outi.nevalainen@tornator.fi)

Tornator Oyj's head office is located at Einonkatu 6, Imatra, Finland.

# GRI CONTENT INDEX

Code	Content	Location in the 2024 report	Comments
<b>GRI 2: GENERAL DISCLOSURES (2021)</b>			
<b>The organisation and its reporting practices</b>			
2-1	Organisational details	Tornator in brief p. 4; Corporate governance p. 46; Reporting principles p. 67	
2-2	Entities included in the organisation's sustainability reporting	Reporting principles p. 67	
2-3	Reporting period, frequency and contact point	Reporting principles p. 67	Date of publication of the report: 6 March 2025.
2-4	Restatements of information	GRI content index	No restatements of previously reported information.
2-5	External assurance	Reporting principles p. 67	
<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	Tornator in brief p. 4; Partnership pp. 19–21; Sustainability management pp. 30–31; People and society p. 41;	
2-7	Employees	People and society pp. 38–40	Tornator does not use zero-hours contracts.
2-8	Workers who are not employees	Sustainability management p. 31; People and society p. 38, 41	Partly reported. Tornator does not provide temporary work services nor use agency-hired labour. The number of contractors has increased by around 10% compared to the previous year.
<b>Governance</b>			
2-9	Governance structure and composition	Corporate governance pp. 46–47; Board of Directors p. 52; Management group p. 53	Partly reported.
2-10	Nomination and selection of the highest governance body	Corporate governance p. 47	Partly reported.
2-11	Chair of the highest governance body	Board of Directors p. 52	
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability management p. 29; Corporate governance p. 50	Partly reported.
2-13	Delegation of responsibility for managing impacts	Sustainability management p. 29; Corporate governance p. 50	



Code	Content	Location in the 2024 report	Comments
2-14	Role of the highest governance body in sustainability reporting	Sustainability management p. 29	
2-16	Communication of critical concerns	People and society p. 42; Good governance p. 44	Reports received through the whistleblowing channel in 2024: 0.
2-19	Remuneration policies	Sustainability management p. 29; Corporate governance pp. 47–48	Partly reported.
2-20	Process to determine remuneration	Corporate governance pp. 47–48	Partly reported.
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	CEO's review pp. 9–10	
2-23	Policy commitments	Sustainability at Tornator p. 27; Corporate governance p. 50	Tornator's Code of Conduct can be found on the company's website at <a href="https://www.tornator.fi/wp-content/uploads/2021/11/Tornator_CoC_EN_final_021120.pdf">https://www.tornator.fi/wp-content/uploads/2021/11/Tornator_CoC_EN_final_021120.pdf</a> . The Code of Conduct has been approved by the Board of Directors.
2-24	Embedding policy commitments	Sustainability management p. 30; Environment and climate pp. 33–34; People and society pp. 38–42	
2-25	Processes to remediate negative impacts	Partnership p. 21; People and society p. 41; Good governance p. 44	Partly reported.
2-26	Mechanisms for seeking advice and raising concerns	Good governance p. 44	
2-27	Compliance with laws and regulations	GRI content index	In 2024, one suspected violation of the Forest Act came to our attention, concerning logging road depressions in a stand marked for harvesting felled in 2023.
2-28	Membership associations	Sustainability management p. 30	
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Sustainability management pp. 30–31	
2-30	Collective bargaining agreements	GRI content index	In Finland, 100% of Tornator's employees are covered by universally applicable collective bargaining agreements. In Estonia and Romania, terms of employment are agreed upon in employment contracts.
<b>GRI 3: MATERIAL TOPICS (2021)</b>			
3-1	Process to determine material topics	Sustainability management pp. 29–30	
3-2	List of material topics	Sustainability management p. 30	
3-3	Management of material topics	Sustainability at Tornator p. 27; Environment and climate pp. 33–36; People and society pp. 38–42; Good governance p. 44	

Code	Content	Location in the 2024 report	Comments
<b>ECONOMIC STANDARDS</b>			
<b>GRI 201: ECONOMIC PERFORMANCE (2016)</b>			
201-1	Direct economic value generated and distributed	Value creation p. 24; People and society p. 42; Consolidated income statement p. 58	
201-2	Financial implications and other risks and opportunities due to climate change	Corporate governance pp. 50–51	Partly reported.
<b>GRI 205: ANTI-CORRUPTION (2016)</b>			
205-2	Communication and training about anti-corruption policies and procedures	Sustainability at Tornator p. 27	Obligatory for all Tornator employees and senior management as part of Tornator's Code of Conduct training. The principles are also reviewed as part of all new supplier relationships and other partnerships.
205-3	Confirmed incidents of corruption and actions taken	Good governance p. 44	
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOUR (2016)</b>			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	GRI content index	No legal action.
<b>GRI 207: TAX (2019)</b>			
207-1	Approach to tax	Corporate governance p. 48	Tornator does not have a separate tax strategy.
207-2	Tax governance, control, and risk management	Corporate governance p. 48	
207-3	Stakeholder engagement and management of concerns related to tax	Corporate governance p. 48	The tax risk is managed through collaboration and open discussion with both the tax authorities and the advisors. Typically, tax risks are related to a single or new transaction, in which case Tornator will first discuss the matter with an advisor and, if necessary, with the tax authorities. As there were no business transactions in 2023 involving specific tax risks, engaging stakeholders in discussions related to tax payments was not deemed necessary.
207-4	Country-by-country reporting	Tornator in brief p. 4; Year 2024 in figures p. 5; People and society pp. 42; Corporate governance p. 48	



Code	Content	Location in the 2024 report	Comments
<b>ENVIRONMENTAL STANDARDS</b>			
<b>GRI 303: WATER AND EFFLUENT (2018)</b>			
Tornator's specific indicator	Impact on water courses by Tornator's silviculture, and its control	Environment and climate pp. 33–36; GRI content index	Water courses are affected as a result of ditch cleaning and supplementary ditching, soil preparation and fertilisation, among others. This is controlled by various water protection measures, such as buffer zones, sedimentation basins and through overland flow. Marshland restoration (558 hectares) and restoration work on aquatic habitats (35 projects) also had a positive impact on the condition of waters.
<b>GRI 304: BIODIVERSITY (2016)</b>			
304-2	Significant impacts of activities, products and services on biodiversity	Environment and climate pp. 33–36	
304-3	Habitats protected or restored	Environment and climate pp. 33–36	Total number of conservation areas reported. The goals and monitoring of the Biodiversity Programme can be found on Tornator's website at <a href="https://www.tornator.fi/en/biodiversity-programme">https://www.tornator.fi/en/biodiversity-programme</a> .
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	GRI content index	According to Tornator's geographic information system, there are 1,320 known occurrences of IUCN Red List species in its forests in Finland. No listing by level of extinction risk is available.
<b>GRI 305: EMISSIONS (2016)</b>			
Tornator's specific indicator	Tornator's CO <sub>2</sub> emissions	GRI content index	The CO <sub>2</sub> emissions of Tornator's own forestry supply chains amount to some 0.002 million tonnes per year. Emissions from our own operations include silvicultural work, staff travel, office electricity and heating. Tornator's own forests sequester around 4.5 million tonnes of CO <sub>2</sub> each year.
<b>SOCIAL STANDARDS</b>			
<b>GRI 401: EMPLOYMENT (2016)</b>			
401-1	New employee hires and employee turnover	People and society p. 40; GRI content index	There were 7 new permanent employees in the Finnish organisation, of whom 6 are men and 1 is a woman. One of them belongs to the age group under 30 years and 6 to the age group 30–50 years.
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY (2018)</b>			
403-1	Occupational health and safety management system	People and society pp. 39–41	
403-2	Hazard identification, risk assessment, and incident investigation	People and society pp. 39–41	In line with the Code of Conduct, there are no negative consequences for reporting.

Code	Content	Location in the 2024 report	Comments
403-3	Occupational health services	People and society pp. 39–41	
403-4	Worker participation, consultation, and communication on occupational health and safety	People and society pp. 39–41	
403-5	Worker training on occupational health and safety	People and society pp. 39–41	
403-6	Promotion of worker health	People and society pp. 39–41	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability p. 16; People and society p. 41; GRI content index	The existence of occupational health contracts is monitored as part of the management of contracting agreements. Occupational safety aspects are included in the planning of worksites, and the instructions are passed on to the person carrying out the work.
403-9	Work-related injuries	People and society p. 40; GRI content index	A total of 15 work-related injuries were recorded in 2024, of which 4 were among contractors. There were 0 fatalities. The most common causes of injuries were slipping or falling. The information is compiled using a questionnaire sent to staff and contractors. The injury rate was 52.8 occupational accidents per million hours worked.
<b>GRI 404: TRAINING AND EDUCATION (2016)</b>			
404-1	Average hours of training per year per employee	People and society p. 40	
404-2	Programmes for upgrading employee skills and transition assistance programmes	People and society pp. 38–40	The company has no programmes regarding termination of employment.
404-3	Percentage of employees receiving regular performance and career development reviews	GRI content index	The participation rate is 100% in all countries in which Tornator Group operates.
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES (2016)</b>			
405-1	Diversity of governance bodies and employees	People and society p. 39; Board of Directors p. 52; Management group p. 53	
<b>GRI 406: NON-DISCRIMINATION (2016)</b>			
406-1	Incidents of discrimination and corrective actions taken	GRI content index	No incidents of discrimination.

**Tornator Oyj**  
Einonkatu 6  
55100 Imatra, Finland

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

