



Five Years of Sustainable Progress (2019-2024)



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Message from the CEO

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Dear colleagues and partners,

In a period marked by external turbulence and uncertainty, our company has remained focused on its sustainable development priorities. I am pleased to present the sixth Sustainability Report of Sveza Group.

The year 2024 was both significant and successful. Sveza diversified its operations by adding paper, printing, and packaging businesses, while also expanding plywood production capacities at the mill in the Vologda Region. In September, the company acquired Kama Paper Mill in the Perm Region, and in December it signed an agreement to purchase the paperboard and printing companies MMPOF Packaging and MMPOF Rotogravure in the Leningrad Region, as well as Nevskiye Grani in Pskov. This diversification strengthens our market position and enhances operational efficiency across the value chain. It also supports the advancement of value-added wood processing, which remains a key objective for the forest-based industries.

Over its 27-year history, Sveza has accumulated extensive expertise in manufacturing, engineering, and innovation. In 2024, we launched Sveza SmartLine—a new business line focused on the development and integration of artificial intelligence-based technologies. The company now holds several patents for solutions, some of which substituted foreign technology that had been removed from the Russian market, and others are unique in the world, including a veneer defect detection method. Amid a reduction in equipment suppliers in the domestic market, our proprietary solutions have found strong demand across multiple industrial sectors.

True leaders are defined by their steadfast determination to grow and develop despite emerging barriers. In the face of significant challenges, we remained committed to implementing the company's long-term strategy adopted in 2019. We managed to maintain steady progress across our key sustainability indicators by constantly seeking a balance between continuity of purpose and necessary transformation. Our development priorities during the reporting year included conservation and responsible use of natural capital in the context of climate change; increased transparency and traceability in supply chains; facilitating the transition to a circular bioeconomy; creating favorable conditions for unlocking human potential, including improving quality of life in the communities where we operate.

Natural capital represents the stock of natural assets that enables the production of goods. Responsible forest management and biodiversity conservation efforts ensure timely and sustainable renewal of forest resources. Our wood-based products contribute to decarbonization across multiple industries, aligning with the Russian national strategy for achieving carbon neutrality.

In 2024, we continued to streamline our timber supply chains, and launched "Sveza Prime," a loyalty program for short-haul timber suppliers.

Dedicated to advancing our transition toward a circular bioeconomy, we worked to improve our resource efficiency and expand the share of renewable energy used in production. We enhanced the utilization of wood residues and increased the output of bioproducts by 32%. Production of fuel briquettes exceeded 28,000 tonnes.

Sveza serves as a talent hub for the plywood industry. We value every employee's contribution and strive to create favorable conditions for professional growth. This is reflected in an increase in employee engagement in 2024 to 79%. Continuous improvements in workplace conditions, combined with automation and robotics, have enhanced safety by reducing manual operations.

Supporting the long-term prosperity of the communities where we operate remains a core part of our mission. Recognition of Sveza as Partner in the National Projects of Russia reaffirms the relevance and importance of our contribution.

Enhancing workforce sustainability is at the core of our community development programs. Accordingly, we continued to invest in career guidance and vocational training. All of our single-industry towns are covered by socio-economic development programs which are fully integrated with federal government initiatives. We extend our appreciation to the regional and municipal authorities of the Vologda, Kostroma, and Yekaterinburg Regions for their support in achieving this integration.

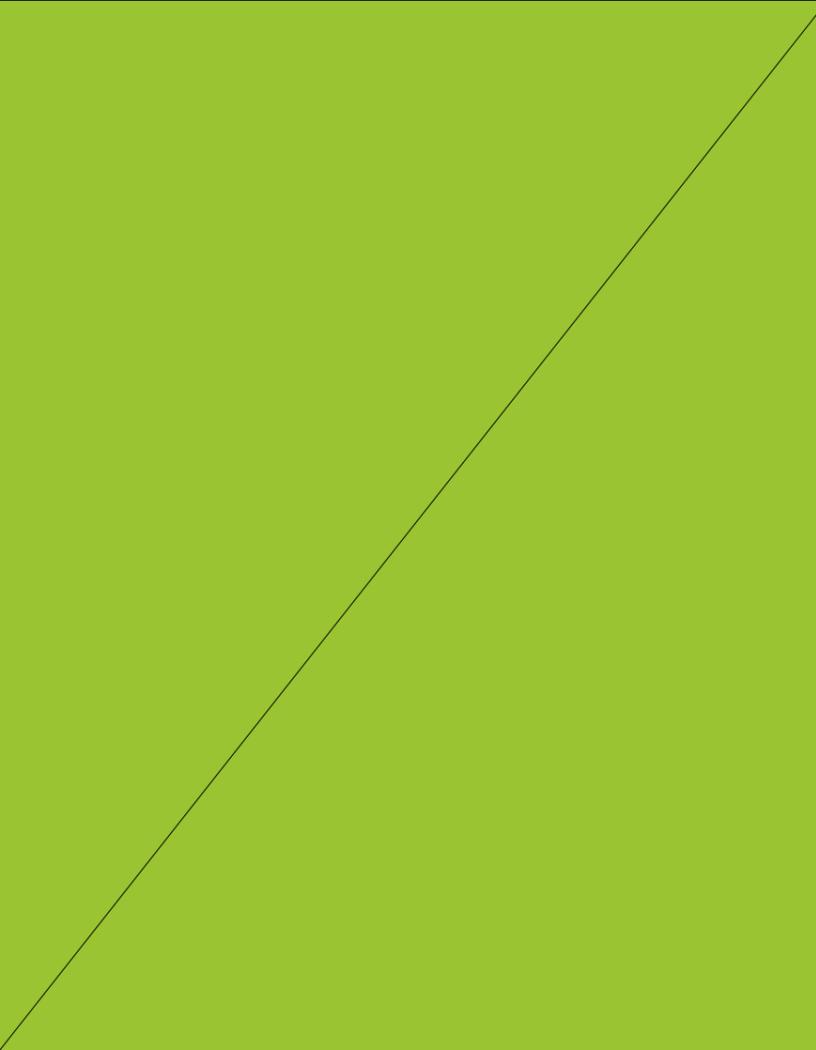
In 2024, Sveza continued to promote the development of small and medium-sized enterprises. We see significant potential in collaborative efforts to foster sustainable local growth and invite our industry peers and partners to join us in this endeavor.

We firmly believe that the key to our success and resilience lies in a growth model that places people at its center. Sveza will continue to create the conditions necessary for the growth and long-term well-being of our employees and their families.

Sincerely,
DMITRY KOLCHIN
CEO OF SVEZA-LES LLC

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About Sveza

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Unlocking the Potential of the Forest

Sveza Group is a global leader in the production of birch plywood and a major player in the Russian forestry and wood-processing sector. The company specializes in wood panels, paper, paperboard and packaging production, as well as the development and implementation of AI-based innovations. Sveza's products are recognized for their high quality and are used across multiple industries worldwide.

Our mission is to unlock the potential of the forest by creating environmentally responsible, high-tech solutions that support sustainable forest management. Sveza's products contribute to the decarbonization of multiple industrial sectors, from high-rise construction to high-speed rail transport, and eco-friendly furniture.

Our Values

Safety	Customer Focus	Teamwork	Respect for People
We take responsibility for workplace health and safety by following the rules and maintaining a safe working environment.	We design our solutions and processes around the needs and interests of our customers.	We act openly and honestly in pursuit of common goals, demonstrate engaging leadership, and offer and request help when needed.	We respect the opinions, feelings, and needs of others, and honor our commitments.
Efficiency and Promptness	Environmental Stewardship	Flexibility and Openness to Change	
We act promptly, achieve goals in the most effective way, and use resources responsibly.	We work with respect for the environment, preserving nature and protecting the well-being of our employees and future generations.	We embrace new ideas and approaches, learn from mistakes, and are ready to change.	

Our Contribution to a Sustainable Future

Green Construction	Circular Bioeconomy	Innovation for the Future
Birch plywood produced by Sveza serves as an environmentally friendly alternative to conventional building materials. Plywood production results in lower CO ₂ emissions than concrete production, and the wood it is made from stores absorbed carbon and can be recycled or naturally decompose without harming the environment.	Sveza aims for zero-waste production, converting wood residues into biofuel and particleboard. The company implements energy-efficient technologies and promotes the use of renewable energy sources. Integration of circular economy principles remains an important focus area, bringing Sveza closer to a model with minimal environmental impact.	Sveza continues to advance innovations, including the creation of new products and technologies. The innovative solutions developed by the company not only meet market needs but also set new standards in sustainable production. Particular emphasis is placed on digitalization and process automation, enhancing efficiency and safety, as well as reducing environmental impact.

Development Strategy 2030

[2-23]

In 2019, Sveza adopted a long-term development strategy through 2030, based on global best practices and internal expertise. The strategy focuses on strengthening the company's leadership both domestically and internationally, while improving product quality and creating innovative solutions. Priority is given to projects aimed at reducing greenhouse gas emissions and implementing circular bioeconomy principles.

Sveza's Development Strategy 2030 combines innovation, sustainability, and customer focus, creating long-term value for business, society, and the environment.

Increasing the use of plywood in construction and other sectors is projected to reduce atmospheric CO₂ levels by 15-20%.*

* Intergovernmental Panel on Climate Change (2019). Climate Change and Land. Food and Agriculture Organization of the United Nations (2018). The role of forests in climate change mitigation.

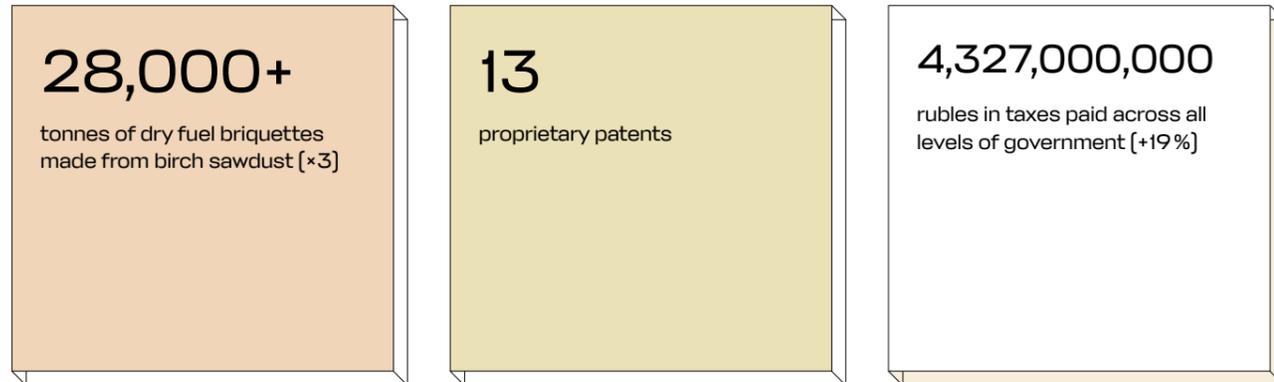
Customer Focus	Operational Efficiency	New Growth Opportunities	Sustainability
<ul style="list-style-type: none"> Building a stronger presence in existing markets and expanding into new ones Diversifying the product portfolio Enhancing customer service 	<ul style="list-style-type: none"> Consistently increasing the utilization efficiency of timber and other resources Reducing operating costs Increasing productivity 	<ul style="list-style-type: none"> Diversifying into other wood processing segments Pursuing vertical integration Advancing value-added wood processing Launching new solutions to the market 	<ul style="list-style-type: none"> Minimizing environmental footprint Enhancing workforce sustainability Reducing workplace injuries Supporting and developing local communities



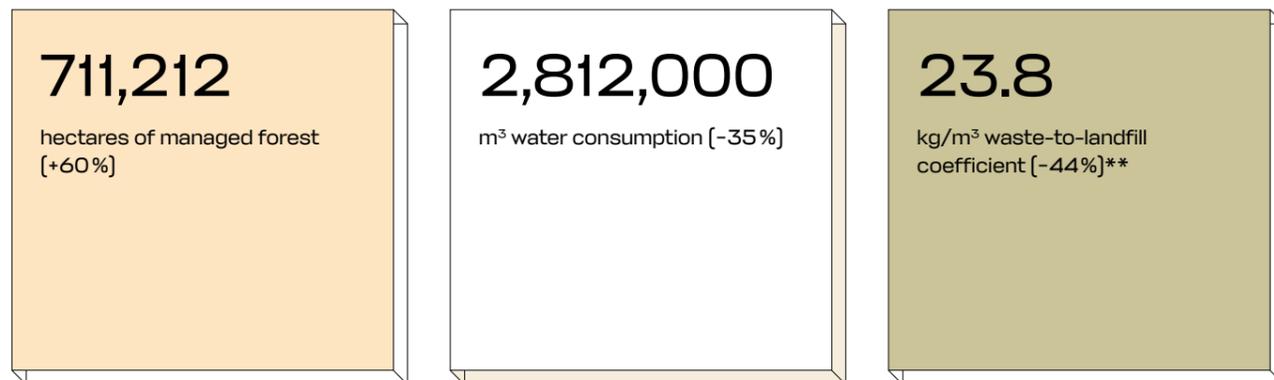
Key Results 2019-2024*

* Consolidated for all Sveza Group subsidiaries, except Kama LLC and K-Les LLC. See the "About the Report" section for details.

Economy

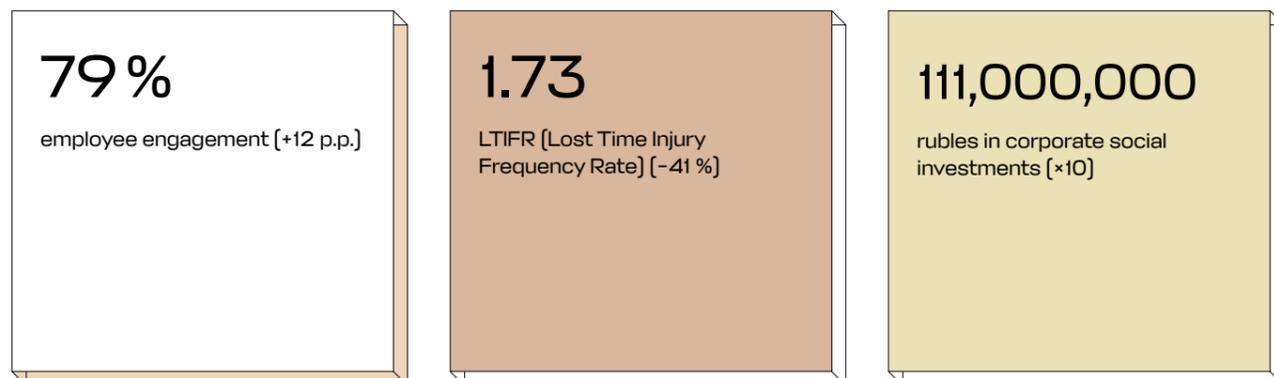


Environment



** Due to changes in the primary data collection methodology, 2021 was used as a baseline year for this indicator. The waste-to-landfill rate for 2021 was 42.4.

Social



Products

Sveza provides a diverse portfolio of products that combine proven quality with innovative, eco-friendly solutions, and serve a range of industries, balancing immediate market demands with long-term sustainability.

Plywood

- Interior and exterior plywood
- Film-faced plywood

Plywood is a natural material made from renewable wood resources. Sveza's adherence to responsible forest management ensures the full natural regeneration of the harvested timber. In 2024, the company expanded its product portfolio to include new board types specifically designed for parquet flooring.



Bioproducts

- Birch fuel briquettes, firewood, peeled-log cores

Sveza's biomass products are efficient and sustainable sources of energy made from timber processing by-products. They provide an alternative to fossil fuels for both industrial and household energy use, helping to reduce greenhouse gas emissions and maximize the value of timber resources.

Particleboard and Laminated Particleboard

Produced from renewable wood resources, particleboard offers an environmentally conscious alternative to conventional materials used in furniture and construction industries. The particleboard production process uses wood resources in a closed-loop system.

Coated FBB, LWC and Offset Paper

- Printing and publishing
- Food and consumer goods packaging

Sveza's packaging solutions combine excellent printing properties with environmentally responsible production technologies. The company offers a broad range of densities and formats for diverse applications, from pharmaceutical packaging to premium printing.

Special Solutions

Unique materials for specialized applications, including laser-cutting substrates and advanced coatings, tailored to meet specific customer requirements.

Key benefits of plywood

- Superior appearance and the natural warmth of wood
- A biocomposite with a highly competitive strength-to-weight ratio
- Customizable properties: strength, weight, fire resistance, performance in extreme temperatures
- Easy to process and combine with other materials



Advantages of birch fuel briquettes

- High calorific value [4,300 kcal/kg]
- Low moisture content
- Low ash content [less than 1%]

Structure

Sveza Group is a vertically integrated organization covering the full value chain from raw material sourcing to product delivery.



Value Chain

Timber Sourcing		
<ul style="list-style-type: none"> In-house harvesting operations Sourcing from local suppliers 		
Manufacturing		
Core products	Biomass products	Research and innovation
<ul style="list-style-type: none"> Plywood Particleboard FBB LWC and offset paper 	<ul style="list-style-type: none"> Fuel briquettes Birch firewood Birch peeled-log cores 	<ul style="list-style-type: none"> Creation of specialized products Implementation of AI- and computer-vision solutions
Distribution Across Key Sectors		
Construction	Ground transport	Furniture and interiors
<ul style="list-style-type: none"> Shuttering plywood for horizontal systems Shuttering plywood for vertical systems Flanged beams for construction projects Private housing construction 	<ul style="list-style-type: none"> Passenger vehicles Light commercial vehicles Heavy commercial vehicles River and marine vessels 	<ul style="list-style-type: none"> Case furniture Upholstery frames Wall panels Decorative finishes Toys and gifts Public, sports, and recreational spaces Flooring Other interior applications
Bioproducts (DIY)	Paper	Automation and AI
<ul style="list-style-type: none"> Heating for private households and saunas Decorative elements Industrial heating, fuel for modular boiler houses and co-generation plants 	<ul style="list-style-type: none"> Food packaging Cosmetics and perfumery packaging Stationery Tobacco products packaging Pharmaceutical products packaging Packaging for home care products Magazines and other printing products Receipt paper 	<ul style="list-style-type: none"> Turnkey solutions Service solutions

Geography

Sveza operates in regions rich in birch forests, enabling environmentally responsible production with a minimal carbon footprint. The strategic locations of the company's facilities help optimize logistics and support local communities through employment and social programs.

All production sites are equipped with modern technology and comply with international quality standards, enabling Sveza to serve global markets efficiently.

8
production sites
[+1 compared to 2023].



Plywood



Particleboard



Biomass fuel



Harvesting operations



Paper products



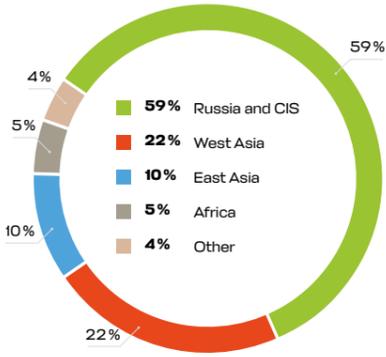
Key Developments in 2024

Acquisition of Kama Paper Mill	Strengthening in the packaging industry
A major milestone in expanding and diversifying Sveza's business was the acquisition of Kama Paper Mill, and the launch of the specialty coated FBB "KAMA Pharma" designed to meet the strictest requirements of the pharmaceutical industry.	In 2024, Sveza expanded its presence in the paper and paperboard market by acquiring businesses that produce FBB packaging and specialty paper. These acquisitions added three production facilities to the group: MMPOF Packaging and MMPOF Rotogravure in the Leningrad Region, as well as Nevskiye Grani in Pskov.
Novator +52	Innovation and AI: Sveza SmartLine
To support long-term growth and operational efficiency, Sveza completed a major expansion of its plywood mill in Novator, Vologda Region, increasing its annual capacity by 52,000 m ³ . The new production lines are equipped with modern technology, enabling higher output volumes and improved product consistency and performance.	As part of its technology and innovation strategy, Sveza created Sveza SmartLine, a dedicated unit focused on the development and integration of AI-driven solutions, aiming to optimize manufacturing processes, create new products, and improve the performance of existing products. Sveza SmartLine has already demonstrated tangible progress, and was named a finalist in the prestigious national industry award GenerationS Innovation Award.

At the St. Petersburg International Economic Forum 2024 (SPIEF 2024), Sveza signed a logistics partnership with FESCO Group to expand export routes to the Middle East and East Asia via the ports of Vladivostok, St. Petersburg, and Novorossiysk. In October 2024, the company successfully delivered 10 containers of its products to China via the Northern Sea Route, with the journey taking 21 days.



Sales in Key Target Markets



Market Position

Sveza continues to hold a leading position in both the domestic and global markets, supplying customers in dozens of countries across Asia, Africa, and Latin America. The company is a key player in the global wood processing industry.

Sveza's strategy focuses on expanding into new markets, while strengthening its presence in existing ones and continuously improving product performance, all of which ensure steady sales growth and high customer satisfaction.

Major producer
of birch plywood.

Major producer
of FBB.*

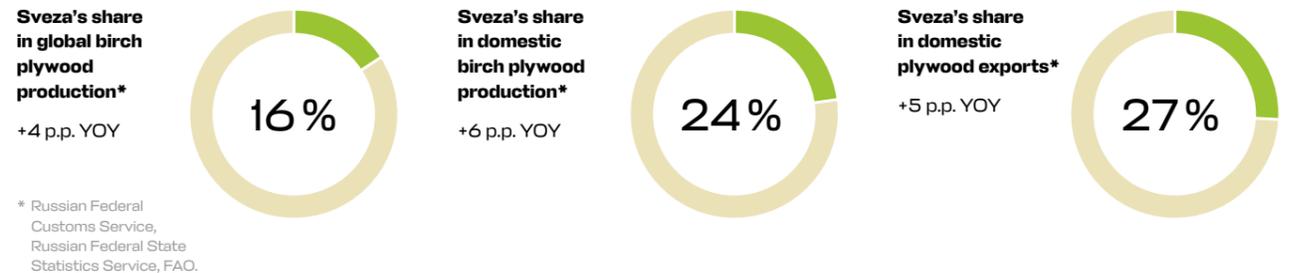
Major producer
of paper and paperboard made from aspen fiber.

* Sveza is Russia's first and only producer of coated FBB (Folding Box Board).

3
continents.

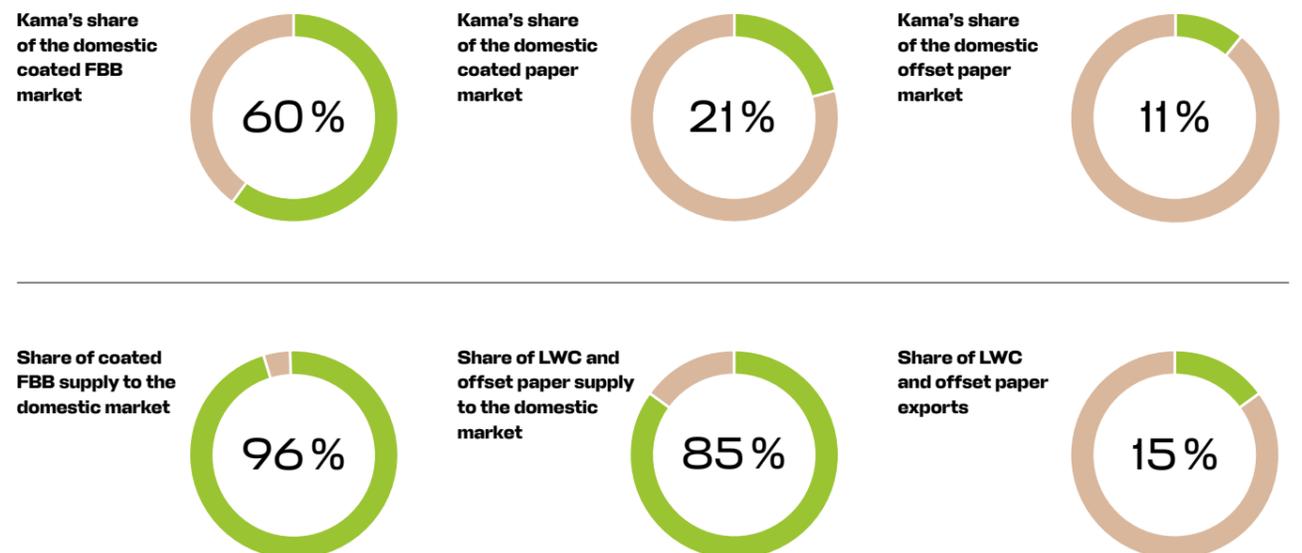
327
active customers worldwide.

Sveza in the Global Market



In 2024, Sveza further broadened its market footprint with the acquisition of Kama Paper Mill, a leading domestic producer of coated FBB and coated paper. This strategic step strengthened the company's position in the packaging industry and expanded its product portfolio to include high-quality products for the food, pharmaceutical, and printing sectors.

Kama in the Domestic Market



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Corporate Governance and Sustainability Management

[2-13]

Corporate Governance Framework

[2-9] [2-11] [2-12] [2-13]

Sveza Group comprises 25 privately owned organizations, including private joint-stock companies, limited liability companies, and a non-profit organization. SVEZA-Les LLC is the management company for eight production facilities of the Group. It oversees operations through dedicated branches located at each site.

The sole executive body of SVEZA-Les LLC is the Chief Executive Officer. The appointment of the CEO is approved by the company's stakeholders.

Steering and Personnel Committees

To drive the implementation of Sveza's development strategy, steering committees have been established across four key focus areas: customer focus, operational efficiency, new growth opportunities, and sustainability. The steering committees are composed of the company's senior management and meet regularly to review:

- Progress toward short- and long-term strategic objectives
- Effectiveness of ongoing initiatives
- Adjustments to action plans

Functional Departments

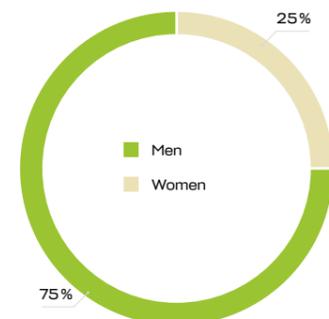
Within SVEZA-Les LLC, functional departments oversee the economic, environmental, and social dimensions of Sveza Group's operations. The CEO and functional directors collaboratively establish the strategic focus areas for the Group and its companies.

The functional directors propose and coordinate with the CEO the strategic focus areas. The functional departments develop and implement key decisions within their assigned strategic focus areas.

Goals and key performance indicators set at the functional level are cascaded down to the production facilities and other companies within the Group. The production facilities design and implement initiatives to drive the strategic goals of the company.



Gender Composition of Senior Management at Sveza



Governance Structure



Sustainability Management

Key Sustainability Achievements in 2024

<p>Forbes Best Employer Rating. Environment – Gold. Employees and Society – Silver. Corporate Governance – Platinum.</p>	<p>RAEX ESG Rating – Level A.</p>
<p>Annual Sustainability Report Competition – Recognized for very high-quality reporting.</p>	<p>Top 15 companies by social investment performance.</p>
<p>HeadHunter Best Employer Rating. Overall ranking by workforce size: 19th among the largest companies.</p>	<p>Lend a Hand to Nature Competition. Sveza Novator plywood mill was awarded first place.</p>
<p>We Are Together International Award – 2nd place in the “Better Living Environment” category (Sveza Uralsky plywood mill’s socio-economic development program).</p>	<p>GenerationS Innovation Award – Sveza’s team was recognized for significant achievements.</p>
<p>Sveza Kostroma plywood mill won the regional Social Partner of the Year award.</p>	<p>The Vologda Region’s competition Collective Bargaining Agreement as a Foundation for Social and Labor Rights. Sveza Novator plywood mill’s collective bargaining agreement was recognized with third place.</p>

Sustainability Strategy Focus Areas

[2-22]

<p>Integrated, risk-oriented asset management</p>	<p>Implementing an effective ESG-related risk management system across the entire supply chain, from responsible timber harvesting to maximizing the use of wood and byproducts.</p>	Risk management
		Responsible supply chains
		Implementation of innovations
<p>Responsible management of natural resources, and environmental stewardship</p>	<p>Creating products with minimal environmental impact through responsible management of natural resources, including forests, timber, and water; as well as advancing greener supply chains.</p>	Climate mitigation and adaptation
		Improving resource efficiency
		Minimizing environmental footprint
<p>People-centric approach and comprehensive social investment in local communities</p>	<p>Create living and working conditions that enable people to thrive and achieve their full potential, through investment in employee development, workplace safety, local infrastructure, and community improvement initiatives.</p>	Unlocking human potential
		Advancing workplace safety
		Supporting and developing local communities

Sustainability Governance

Sveza operates a structured sustainability management system with clearly defined responsibilities shared between the corporate center and production sites. At the corporate level, key decisions are made through monthly HSE Committee meetings led by the Operations Director, alongside dedicated Personnel Committee meetings. Plywood mills and the harvesting company Sveza Resource develop their internal regulations covering forest management, supply chains, and human rights.

Sveza Group’s core sustainability documents are adopted at the corporate level; some are published on the official website, while others are for internal use only.



Sustainability Governance Structure

Economics and Finance Department

- Economic development and growth

Operations Department

- Environmental impact
- Occupational health and safety

Organizational Development and Human Resources Department

- Human resources management
- Social aspects of employment

Corporate Communications and Sustainable Development Department

- Internal and external communications for stakeholders
- Corporate social responsibility
- Community engagement and corporate volunteering

Government Relations Department

- Engagement with the authorities at all levels, including regulatory agencies

Procurement Department

- Forest management and reforestation
- Support for small and medium enterprises

At Sveza, sustainability is based on standardized management systems, strategic documents, and structural integration, with clear responsibilities allocated across functional departments to ensure effective coordination throughout the Group. Each system is underpinned by internal policies, standards, and measurable KPIs.

Core Sustainability Documents

- Sveza Group Development Strategy 2030
- Risk Management Policy
- Environmental Protection Policy
- Corporate Environmental Management Standard
- Anti-Corruption Policy
- Employee Code of Conduct
- Ethics Committee Regulations
- Occupational Health and Safety Policy
- Contractor Safety Management Standard
- Social Investment Policy

Occupational Health, Safety, and Environmental Management

Occupational Health and Safety Management System

[403-3]

Sveza's occupational health and safety management system (OHSMS) is based on ISO 45001 and the Russian occupational health and safety legislation. It is a risk-based system integrated into all business processes.

Overall occupational health and safety management at Sveza is overseen by the Occupational Health, Safety, and Environmental Group within the Operations Department, with the Head of the Group reporting to the Operations Director. Each facility has dedicated teams and units responsible for ensuring safe working conditions, with line managers accountable for local implementation of occupational health and safety rules.

Environmental Management System

At Sveza Group, the Operations Department provides centralized oversight of the environmental policy, while environmental specialists ensure its implementation at the local level. Internal environmental monitoring supports timely management decisions. The effectiveness of environmental initiatives as well as the environmental management development goals and focus areas are reviewed regularly at steering committee meetings.

Social Investment

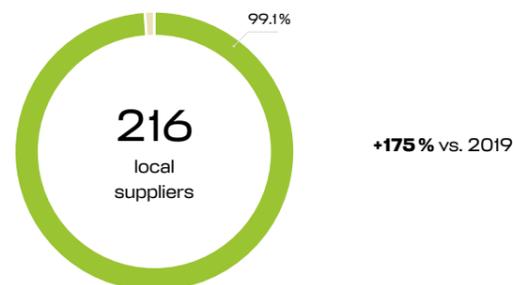
Sveza works with key stakeholders to implement dozens of projects each year aimed at improving quality of life in the regions where it operates. The company's management defines and approves annual social investment plans, priorities, and budgets at the corporate level. The Corporate Communications and Sustainable Development Department oversees the implementation of the social investment strategy, developing annual action plans and ensuring effective KPI monitoring.



Share of Local Suppliers in Procurement Categories, 2024



Share of Local Suppliers Providing Maintenance and Repair Services, 2024



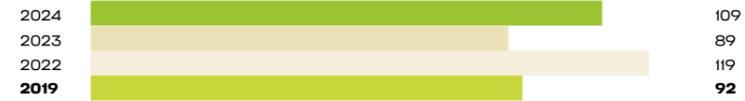
Responsible Supply Chains

[2-6] [204-1]

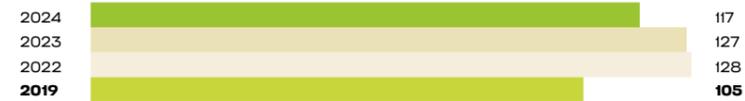
Sveza applies sustainability principles across the entire value chain, with particular attention to managing ESG risks within its supply chains. In 2024, the Group worked with 1,325 suppliers, including 418 suppliers of timber and 907 suppliers of goods and services. The majority of core procurement categories were sourced from local suppliers.

Average Number of Timber Suppliers

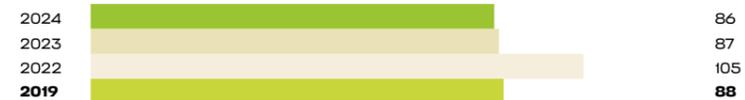
St. Petersburg



Uralsky



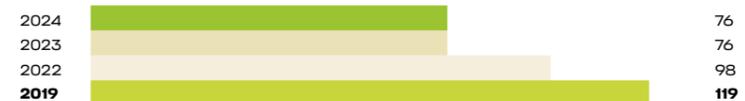
Kostroma



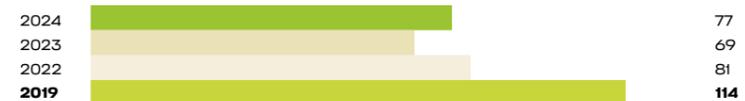
Manturovo



Verkhnyaya Sinyachikha



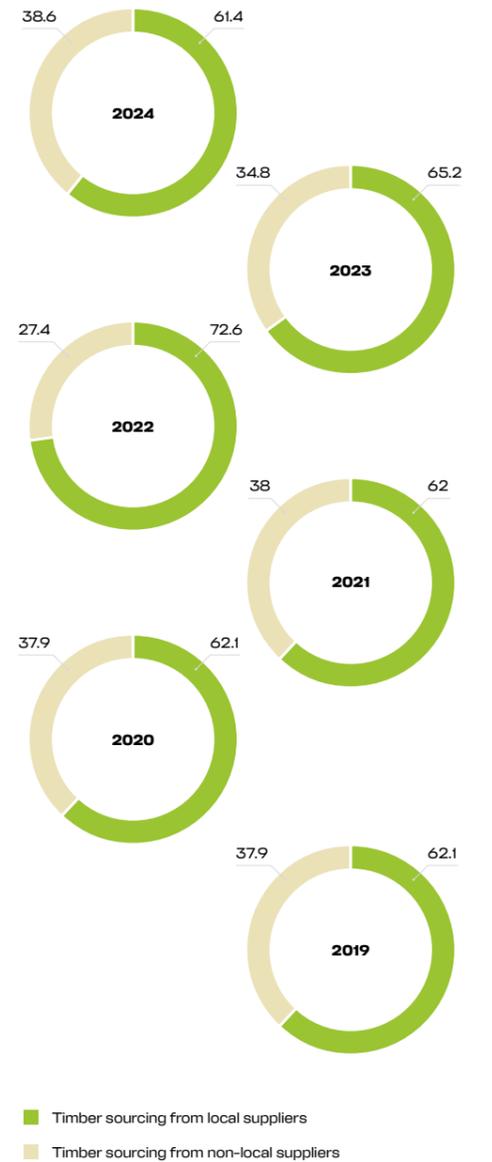
Novator



Tyumen



Timber Sourcing by Supplier Category, %



In 2024, Sveza continued to strengthen its supply chain management system, achieving full compliance with the legal requirements for electronic transaction tracking in the national information system "LesEGAIS" and preparing for the transition to the federal forest management information system "FGIS LK."

Sveza manages its timber supply chains through a four-tier control model:

- 1 Communication of requirements
- 2 Initial assessment and ongoing monitoring
- 3 Corrective action and continuous improvement
- 4 Strategic partnership

For suppliers of non-timber goods and services, only the first two stages apply: embedding ESG requirements in contractual documentation and conducting initial assessments. A full description of the model is available in Sveza's [2023 Sustainability Report](#).

All Sveza's suppliers are subject to evaluation and must comply with the policies and regulations published on the company's [official website](#).

Non-Compliance and Corrective Action

Sveza regularly assesses the integrity and compliance of its timber suppliers. During 2024 audits, several cases of non-compliance were identified. **Key issues included:**

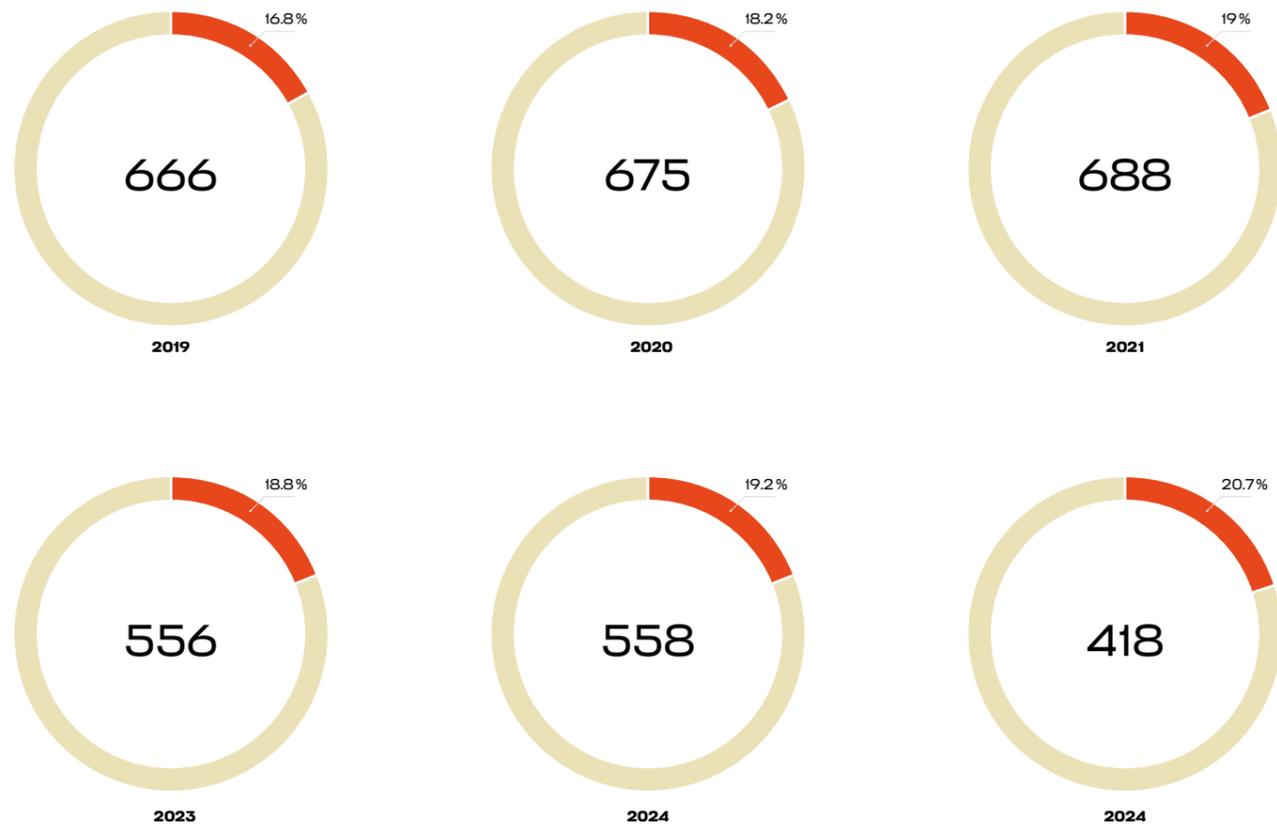
- Timber sourced from areas classified as high conservation value forests; risk mitigation measures proved insufficient.
- Negative feedback from stakeholders (forestry authorities and local administrations), including complaints about damage to rural roads (especially during spring and fall), delayed lease payments, incomplete implementation of forestry activities (including thinning), failure to remove hardwood timber from logging sites, failure to collect all felled timber, inadequate firefighting and spill prevention equipment, and unauthorized timber storage.
- Field inspection findings (where inspections were carried out during the reporting year).

The most common issues revealed during field inspections included joint storage of industrial and household waste at logging sites, unprotected fuel storage, and absence of sorbents to deal with potential fuel spills.

Most suppliers demonstrated a commitment to corrective action; however, 28 suppliers failed to address the identified issues, resulting in suspension.

In 2024, Sveza maintained stringent controls over the origin of timber and harvesting practices while enhancing supplier engagement. The company held regular meetings with suppliers to address all aspects of timber procurement, including legal compliance and quality specifications. Sveza remains committed to fostering transparent and mutually beneficial partnerships across its supply chain, integrating ESG criteria, and implementing best practices in supply chain management.

Number of Suppliers Assessed for Environmental and Social Risks, and the Percentage of Suppliers with Negative Findings from Audits



Contribution to the UN SDGs and National Development Goals

Sveza is an active participant in the United Nations Global Compact, a global initiative promoting sustainability and corporate responsibility. The company has integrated the principles of the Global Compact into its corporate strategy, with a particular focus on human rights, labor, environment, and anti-corruption.

Sveza contributes to the UN Sustainable Development Goals (SDGs) and Russia's national development goals through structured social, environmental, and economic initiatives [\[see Appendix 1 for details\]](#).

Environmental Contribution

Reducing environmental impact and health risks for local communities



Social and Economic Contribution

Ensuring decent work conditions and well-being of all employees, as well as improving quality of life in the local communities



In 2024, Sveza was a finalist for the national award "Our Contribution" for the second consecutive year, reaffirming its status as Partner in the National Projects of Russia. The company submitted seven social and environmental initiatives for the award, including:

- "Career Explorers" (St. Petersburg) – vocational guidance for school students
- "Made by Hand, Stronger Than Steel" (Tyumen) – promoting industrial tourism
- "Business Next Door" (Kostroma) – a grant competition supporting local entrepreneurship
- Gas infrastructure development in Manturovo (Kostroma Region)
- "Treasures of the Morkinsky Forest" (Vologda Region) – environmental education
- Revitalization of the "Steelworker" park (Yekaterinburg Region)
- Youth support programs (Perm Region) – educational and social initiatives

Under the national project "Ecology," Sveza launched the "Anti-Fire" program. In addition, the company ran the "Science: Territory of Heroes" and "Science Nearby" initiatives under the national project "Education," in partnership with universities. In Uralsky, Sveza set up mobile health centers under a program of the same name [national project "Healthcare"].



"We recognize our role in regional development and strive to create long-term positive change. Our status "Partner in the National Projects of Russia" demonstrates that our initiatives matter to society. We will continue to invest in education, environmental stewardship, and community well-being," – **VALENTINA LIKHACHEVA, Director for Corporate Communications and Sustainable Development at Sveza.**

Risk Management

Sveza Group continues to strengthen its integrated system for managing potential risks and uncertainties across its business processes. Building on the Corporate Risk Management Standard and the Risk Management Policy adopted in 2022, the system covers the identification, analysis, and evaluation of factors that may affect the company's operations.

In 2024, the company confirmed its robust ESG risk management performance, receiving an **A** rating from RAEX.

Risk Management System

A comprehensive risk register across the company's core activities is maintained and reviewed regularly. The register includes:

- Business process risks
- Decision-making risks

Each risk is assessed in terms of likelihood, potential impact, and mitigation measures. Oversight is provided through the internal audit system and regular meetings of relevant steering committees, including the Investment, Credit, Tender Committees, and others.

Key ESG Risks and Mitigation Measures

Risk Categories	Mitigation Measures
Supply chain sustainability risks <ul style="list-style-type: none"> Sanctions-related Geopolitical 	<ul style="list-style-type: none"> Diversifying sales markets Securing alternative sources for scarce materials Advancing import substitution, leveraging in-house R&D capacity Diversifying suppliers
Human capital risks <ul style="list-style-type: none"> Workforce drain from the regions Low interest in the forest industry among young professionals 	<ul style="list-style-type: none"> Talent attraction programs in partnership with educational institutions Coordinating with local authorities to recruit locally Implementing automation and robotics to optimize production Enhancing employee benefits and incentives
Occupational risks <ul style="list-style-type: none"> Work conditions Workplace injuries Work-related ill health 	<ul style="list-style-type: none"> Enhancing the occupational health and safety system Regular review of working conditions and incident causes Employee training and awareness programs Providing advanced PPEs
Reputational risks	<ul style="list-style-type: none"> Maintaining consistent and open stakeholder communication Participating in ESG ratings Ensuring transparency of disclosures
Operational risks <ul style="list-style-type: none"> Loss of product quality Timber damage in forests and storage sites 	<ul style="list-style-type: none"> Infrastructure improvements Timber quality control
Cybersecurity risks <ul style="list-style-type: none"> Data confidentiality Cybersecurity breaches 	<ul style="list-style-type: none"> Promoting cybersecurity awareness and training Strengthening information security systems and threat monitoring Screening incoming correspondence to prevent phishing attacks

In 2024, climate-related risks were added to the ESG risk register, with full integration into business processes scheduled for 2025.

Business Ethics and Human Rights

Anti-Corruption

[205-2] [205-3]

Sveza upholds strict ethical standards, prohibiting all forms of corruption. In 2024, the company enhanced its compliance framework, focusing on corruption prevention, employee training, and transparency in business operations.

0
No corruption incidents were recorded in 2024.

Key Internal Anti-Corruption Documents

- Corporate Code of Ethics and Business Conduct
- Business Hospitality Policy
- Business Gifts Policy
- Corporate Conflicts of Interest Code
- Anti-Corruption Policy
- Business Partnership Code (under development)

The anti-corruption function managed by the Business Security Group identifies and mitigates corruption risks across personnel, business processes, and third parties, ensuring compliance with corporate principles and Russian legislation. A detailed description of the key mechanisms for preventing corruption-related risks across employees, business processes, and third parties is available in Sveza's 2023 Sustainability Report.

In 2024, Sveza implemented mandatory anti-bribery training for all new hires and conducted anti-corruption training for managers.



Human Rights

[3-3] [RR-FM-210a.2]

Employee Rights

Sveza operates in full compliance with Russian labor law, ensuring the protection of employee rights and prohibiting child labor as well as any form of discrimination based on nationality, religion, or gender.

In 2024, no employee rights violations were reported. The company maintains clear and accessible procedures for employees to raise concerns, ensuring transparency and timely conflict resolution. The procedures provide for compensation in the event of work-related illness, injury, or property loss.

Harvesting company Sveza Resource has implemented a responsible forest management policy aligned with core ILO conventions to address human rights risks associated with forestry operations. An additional assessment of human rights risks for Sveza Resource’s employees was conducted as part of forest management certification under the national voluntary standard “Forest Etalon.”

Supply Chain Human Rights Management

[414-1] [414-2]

Sveza places particular emphasis on respecting the rights of workers and local people throughout its timber supply chain. Suppliers are monitored to ensure compliance with labor rights, safe working conditions, and responsible engagement with local populations. Timber suppliers are subject to assessments aligned with key ILO conventions, covering the prohibition of child and forced labor, non-discrimination, and freedom of association.

Sveza does not source timber from lands of importance to indigenous peoples or local communities.

Grievance Mechanisms

[2-25] [2-26]

Sveza Group upholds the principles of openness and transparency, maintaining accessible channels for employees, customers, partners, and community representatives to report any instances of unethical behavior, corruption, or human rights violations.

All submissions are reviewed within 10 days of receipt. Each case is carefully examined, and—where the report is not anonymous—the author receives a written response. The Ethics Committee, chaired by the CEO, makes decisions collectively and ensures the confidentiality of all whistleblowers.

Depending on their area of activity, Sveza’s business units apply tailored mechanisms for managing grievances and stakeholder feedback. At Sveza Resource, grievance handling is governed by the Procedure for Handling Employee Grievances, Requests, and Complaints, as well as the Procedure for Reviewing and Resolving Disputes and Grievances, and Providing Compensation to Local People and Communities for Adverse Impacts of Business Activities. In 2024, the company also applied the grievance procedure under the supply chain standards of the “Forest Etalon” certification system.

During the year, 26 grievances were received from local residents concerning the activities of suppliers and subcontractors. Each case was investigated, and the findings were communicated back to the affected communities.

100%
In 2024, 100% of suppliers underwent verification for compliance with social requirements in sustainable forest management.

1
In 2024, the Ethics Committee received one submission; following a thorough review, no violations were confirmed.

Key corporate documents governing grievance and complaint procedures for internal and external stakeholders include:

- Employee Code of Conduct
- Ethics Committee Regulations

Whistleblowing Channels

- Corporate hotline: 8-800-700-29-06
- 24/7 hotline of the Business Security Group: 8-931-325-70-10
- Ethics Committee’s e-mail address ask@sveza.com
- Ethics Committee’s postal address: SVEZA-Les LLC, Vant Office Building, 112 Obukhovskoy Oborony Ave, 192012 St. Petersburg



Stakeholder Engagement

[2-29]

Sveza consistently strengthens its collaborative relations with stakeholders, guided by the principles of transparency, mutual respect, and balance of interests. **Through a system of regular dialog, the company seeks to:**

- Identify and analyze the expectations of key stakeholder groups
- Respond promptly to significant requests and concerns
- Integrate stakeholder feedback into corporate strategy
- Enhance the quality and relevance of its non-financial reporting

Through regular feedback mechanisms, Sveza monitors stakeholder satisfaction across various aspects of its operations, identifies stakeholder expectations and concerns, and ensures that these are addressed in a consistent and transparent manner, including through its sustainability reporting.

Key Stakeholder Groups

- Shareholders
- Customers and consumers
- Government authorities
- Business partners
- Business associations and civil society organizations
- Local communities
- Educational institutions
- Employees

A detailed overview of stakeholder groups, their key interests, and primary channels of engagement is presented in [Appendix 2](#).

Sveza places strong emphasis on its digital communication channels, including its corporate website, media publications, and its social media platforms.

Engagement with Trade Associations

[2-28]

In 2024, Sveza further strengthened its dialog with stakeholders by expanding its participation in key public and industry initiatives. During the year, the company:

- Joined the national “Donors Forum” association, enhancing its integration into the field of corporate social investment.
- Began collaborating with the Forest and Sustainability Committee of the all-Russian public organization “Business Russia” to promote responsible practices in the wood-processing sector.
- Saw Valentina Likhacheva, Sveza’s Director for Corporate Communications and Sustainable Development, re-elected to the Council of the Russian Chamber of Commerce and Industry for Business Sustainability, Corporate Social Responsibility, and Volunteering, reaffirming the company’s contribution to advancing corporate social responsibility and volunteerism.

A complete list of expert and advisory bodies as well as trade associations in which Sveza participates is provided in [Appendix 3](#).

Quality Management

[CG-BF-250a.1]

Sveza's Technology and Quality Group

The Technology and Quality Group ensures consistent, best-in-class product quality across all of Sveza's plywood mills through the development and implementation of automated process control systems.

In 2024, Sveza continued to improve product quality throughout the production cycle. Obtaining a single multi-site ISO 9001:2015 certificate confirmed the high level of process maturity across the company, and marked the integration of seven production sites into a unified quality management system.

Innovation in Quality Control

To minimize the human factor and reduce production losses, Sveza implements advanced automation technologies. The integration of artificial intelligence and computer vision into quality management allows the company to ensure consistent quality control at every production stage.

In 2025, Sveza plans to install computer-vision cameras on peeling and splicing lines at its plywood mill in Novator. These systems will enable the early detection and correction of defects, help reduce production costs, and produce higher quality veneer.

Product Safety Assurance

[416-1]

Sveza follows a comprehensive approach to product safety, ensuring compliance at every stage of production. The production of particleboard strictly follows standard process requirements, using high-quality resin materials and rigorously controlled resin formulations.

Quality assurance begins at the point of raw material receipt. Each component is thoroughly inspected to ensure that only compliant materials proceed into production. At every stage, quality control specialists collect samples for mechanical and emissions testing. Not a single batch of finished products leaves the mill before all test results have been reviewed and verified.

Key product safety indicators include:

- Mechanical strength
- Resistance to weather and chemicals
- Fire safety
- Durability

Sveza's quality management system combines in-house quality control and independent laboratory testing. Independent testing verifies that the products meet Russian national standards and confirms the strictest formaldehyde emissions rating, E0.5.



The certification audit conducted by an international certification body highlighted several of the company's competitive strengths, including:

- A robust supply chain management system covering logistics and internal business processes
- Well-developed contingency planning and alternative solutions system
- Successful implementation of the equipment modernization program, which expanded the product portfolio

In 2024, a project was launched at the plywood mill in the Vologda Region to automate the cold-pressing process, enabling real-time monitoring of veneer stack movement from layout tables to presses and generating alerts when deviations from time settings occur.



Product Quality Standards

[417-1]

Each customer is provided with a complete set of product documentation and a warranty confirming the product's quality and safety. Compliance and safety certificates and other quality-related information are available on the company's official website in the dedicated section.

Customer Feedback Management

Sveza views customer feedback as a key driver of continuous improvement. Each claim or inquiry is treated as an opportunity to enhance product quality and service efficiency. In 2024, the company further developed its centralized claims management system, which includes:

- A Group-wide register of customer inquiries
- Clear allocation of responsibilities among quality, sales, logistics teams
- Root cause analysis for each case
- Corrective actions

The effectiveness of claims handling is tracked through a set of KPIs.

To strengthen employee engagement and professional growth, Sveza implements a range of initiatives across all plywood mills, including:

- Daily quality briefings during shift handovers
- "Pre-Shift Testing" quick knowledge checks
- Enhanced onboarding and training for new hires
- Updated motivation and reward systems for production staff

The quality management system across all plywood mills complies with **ISO 9001:2015** standard.

The factory production control system complies with **EN 13986:2004 + A1:2015** (System 4).

SVEZA GAS plywood is certified to **GTT's** certification standards **NO96, NO96 L03, NO96 Super+, Mark III, GST**.

Sveza's products comply with international quality standards, including:

- EN 636:2012 + A1:2015 (System 4, based on DoP)
- EPA TSCA Title VI and CARB ATCM

Sveza's products are certified under the Russian GOST standards for safety (formaldehyde content and emissions) and core physical and mechanical parameters.

Innovation for Growth

[3-3]

Strategic Focus on Innovation

Sveza Group continues to invest in technology-driven solutions that optimize production processes and reduce costs. In 2018, Sveza created two in-house Technology Development Centers, and in 2021, launched a R&D center in St. Petersburg. These units consistently work on identifying, testing, and implementing advanced engineering and digital solutions for enhancing operational efficiency.

Achievements of the Technology Development Centers and the R&D Center include:

- The development of new plywood and wood-based panels along with the creation of innovative adhesive and resin formulations.
- Significant acceleration of the product development cycle, reducing the time from concept to market from two years to just nine months thanks to in-house prototyping and experimental capabilities.

Through these efforts, Sveza not only reinforces its own technological leadership but also contributes to the sustainable transformation of the broader wood-processing industry.

Import Substitution and Technical Independence

[203-2]

In response to global challenges, Sveza focuses on developing and leveraging its own technologies. The company's Maintenance and Engineering Group creates detailed designs for manufacturing components to replace imported parts, while the Re-Equipment Group works to eliminate reliance on imported equipment.

Automation and Artificial Intelligence (Sveza SmartLine)

Automation, robotics, and artificial intelligence are central to Sveza Group's sustainability strategy. These technologies help reduce environmental impact across the value chain by enhancing production efficiency and optimizing resource use.

As part of its product portfolio diversification strategy, the company has prioritized building expertise in innovation. In 2024, Sveza launched Sveza SmartLine—a dedicated subdivision focused on the development and implementation of advanced digital solutions for both internal operations and the market.

In 2025, the company plans to significantly expand Sveza SmartLine's line of business and computer-vision product portfolio by strengthening the R&D team and deepening expertise in digital modernization, robotics, and artificial intelligence.



Sveza's most notable in-house innovations include:

- Computer-vision based scanner for real-time detection of veneer peeling defects.
- The world's first patented method for splicing birch log chunks to produce full-size veneer logs, allowing to save up to 40 carloads of birch logs annually (an equivalent of about 4,200 birch trees).
- A veneer thickness laser gauge made entirely from domestic components and powered by domestic software, saving an estimated 1,500 cubic meters of timber annually.
- Additive manufacturing (3D printing) at the plywood mill in St. Petersburg: the mill produces assembly parts and ready-to-use items on site, reducing dependency on imported components.

Key Technological Innovations Implemented in 2024 at Sveza

Robotic Solutions	<ul style="list-style-type: none"> ■ A pilot project titled "Plywood Sorting Robot" was successfully completed at the plywood mill in Manturovo. The introduction of an industrial robot automated the plywood sorting process, reducing handling time and manual workload. ■ At the St. Petersburg plywood mill, new scanners were installed on peeling lines to improve the specific consumption of raw materials (raw material consumption ratio, RMCR).
Computer Vision and Artificial Intelligence	<ul style="list-style-type: none"> ■ The PlyCounter system, based on computer vision, improved accuracy in sheet counting, reducing errors and the number of claims from customers. ■ Sveza's patented timber defect detection scanner achieved a 95% defect recognition accuracy rate. This technology has been applied not only in the wood-processing sector but also in other industries.
Logistics Automation	At the St. Petersburg plywood mill, automated guided vehicles (AGVs) replaced forklifts, enhancing workplace safety and operational efficiency. These vehicles are equipped with adaptive navigation and safety systems, helping optimize internal logistics.
Process Digitalization	<p>In 2024, Sveza launched a comprehensive digital transformation program, consolidating the functionality of three major information systems:</p> <ul style="list-style-type: none"> ■ Customer Relationship Management (CRM) ■ Enterprise Content Management (ECM) ■ Supplier Relationship Management (SRM)

In 2024, Sveza SmartLine became a finalist in the national GenerationS Innovation Award (GIA) in the category "Innovative Company," reaffirming Sveza's leadership in corporate innovation.

85%
In 2014, 85% of employees participated in the program, submitting 5,813 ideas with a confirmed economic benefit of 32,900,000 rubles.

250
In 2024, 250 employees completed the basic level of the "Sveza Digital" training.

Employee Involvement in Innovation

Since 2012, Sveza has been successfully implementing its "Factory of Ideas" program across all production sites, focused on collecting and implementing employee-driven improvement initiatives. The program fosters a culture of innovation and continuous improvement while promoting a safe and efficient workplace.

As part of its broader digital transformation, Sveza also invests in upskilling employees through the "Sveza Digital" training course, designed to strengthen the employees' competencies in automation and cybersecurity. The course has two levels:

- Basic level – mandatory for all employees
- Intermediate level – for managers and specialists with over one year of experience at the company

Modernization of Production Facilities

[203-1]

With more than a century of industrial heritage, Sveza Group continues to modernize its manufacturing assets to ensure competitiveness, safety, and environmental efficiency. In 2024, the company invested 2 billion rubles in upgrading equipment, implementing advanced technologies, and improving infrastructure across its production sites. These initiatives enhance operational efficiency, reduce the company's environmental footprint, and provide safer working conditions for employees.

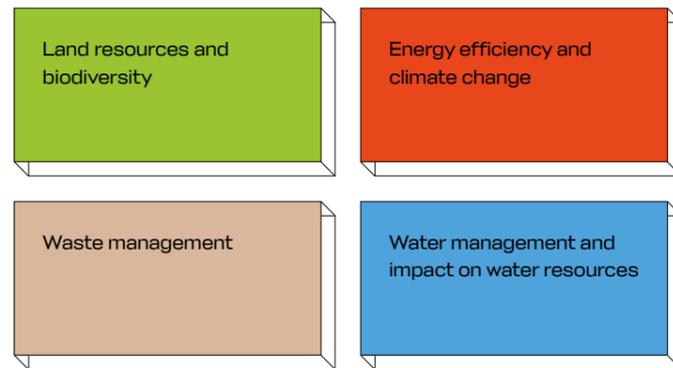


"Investing in modernization means investing in a sustainable future. We're not only improving product quality and operational reliability but also creating better workplaces for our people, reducing environmental impact, and reinforcing our market position." – **MAXIM LUKINYKH, Head of Investment at Sveza.**

Environmental Responsibility

Climate Change Mitigation and Adaptation	38
Improving Resource Efficiency	46
Minimizing Environmental Impact	54

Material Topics



UN SDGs



National Projects



Progress Achieved in 2019-2024

Parameter	2019	2024	Change
Managed forest land, hectares	445,223	711,212	↗ 60%
Scope 1 greenhouse gas emissions, thousand tonnes CO ₂ eq.	79.9	49.2	↘ 38%
Water consumption, thousand m ³	4,367	2,812	↘ 35%
Natural gas consumption, thousand m ³	63,482	26,994	↘ 57%
Production of byproducts, tonnes	378,149*	718,457	↗ 90%
Waste disposal ratio	42.4*	23.8	↘ 44%
Waste recycling**	69%*	97%	↗ 28 p.p.
Wastewater discharge, thousand m ³	3,297	1,784	↘ 43%

* Due to changes in the primary data collection methodology, 2021 was used as the baseline year for this indicator.
 ** Including wood waste reclassified as byproducts.

2024 Key Performance Indicators

1,522,825
seedlings planted as part of the reforestation program

100%
of timber suppliers passed environmental compliance audits

90%
share of renewable sources in total energy generation

28,459
tonnes of fuel briquettes produced from byproducts

21%
reduction in wastewater discharge compared to 2023

>500
million rubles allocated to climate adaptation projects

5 years ago Sveza joined the UN Global Compact, publicly committing to international standards of corporate responsibility and environmental stewardship.

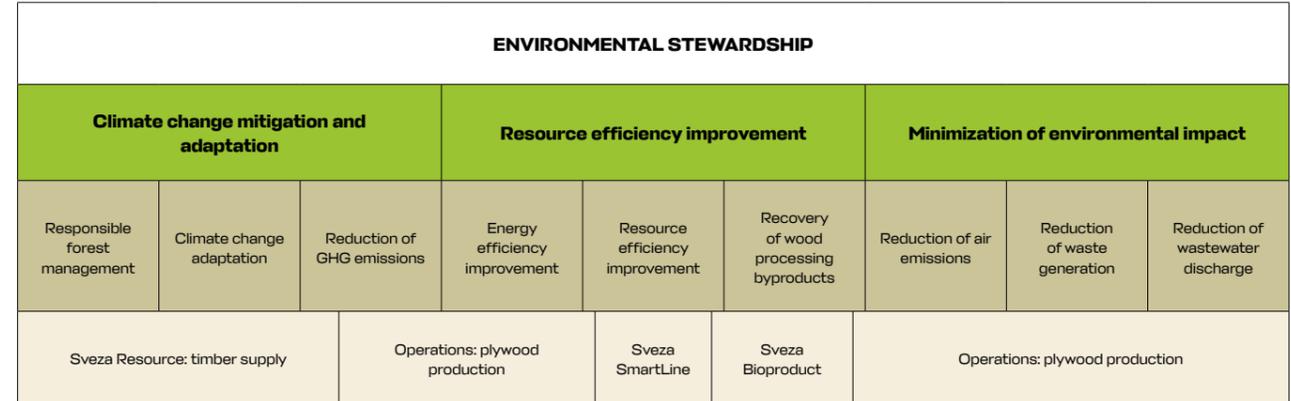
In 2019, the company identified three key goals for its comprehensive environmental risk management system, taking into account stakeholder input:

- 1 Climate change mitigation and adaptation.
- 2 Resource efficiency improvement.
- 3 Minimization of environmental impact.

Since then, progress against these objectives, including related KPIs across all stages of timber harvesting and processing, has been reported annually in the company's Sustainability Report. A breakdown of Sveza's environmental goals and sustainability priorities is shown in the diagram below.

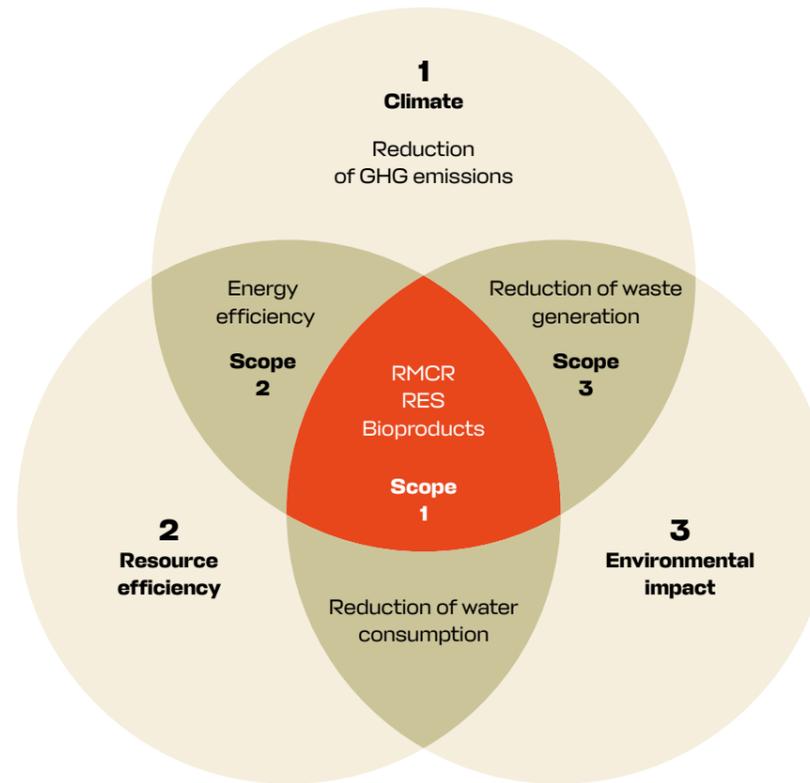
Over the past decade, green investments* in renewable energy and circular bioeconomy technologies have totaled 6.9 billion rubles, enabling up to 100% of biomass generated from wood processing to be returned into the production cycle.

* Definition of green investments in accordance with the Russian Government Resolution dated September 21, 2021.



Long-term investment projects and large-scale efficiency programs support each strategic priority, generating measurable progress and synergies toward a zero carbon and environmental footprint for Sveza's products.

Sveza's sustainability goals are inherently interlinked, creating synergies across initiatives. For instance, improving resource efficiency (Goal 2) also reduces greenhouse gas emissions (Goal 1, Scope 2) and wastewater discharge (Goal 3).



"This year, we are proud to consolidate our extensive experience and share the results and best practices that have driven the focused and consistent progress toward the sustainable production of wood-based panels and bioproducts. These achievements reflect the integration of innovation, operational efficiency, and environmental stewardship. In the 2024 report, we focus on wood processing technologies and on the approaches and solutions that enable systematic reductions in environmental impact across all stages of production, while improving key sustainability indicators of Sveza's products," – **VALENTINA LIKHACHEVA, Director for Corporate Communications and Sustainable Development at Sveza.**

At the intersection of all three goals lies a combination of indicators reflecting the efficient use of primary and secondary wood raw materials. This directly correlates with the priorities of Sveza Group as a vertically integrated forestry and wood-processing group of companies managing the full value chain from timber harvesting to the production of high added value wood products. Progress against these indicators demonstrates the successful implementation of zero-waste production principles and the gradual transition to 100% use of biofuel for in-house energy generation. Through the synergy of Sveza's environmental sustainability goals, Scope 1 greenhouse gas emissions decreased by 38% compared with the 2019 base year.

Climate Change Mitigation and Adaptation

Climate risks are material for Sveza across all production stages, from forestry operations to the management of wood processing byproducts. Accordingly, SDG 13, Climate Action, identified as a priority in 2019, continues to drive sustainability and innovation at Sveza.

Management of climate risks includes compliance with responsible forest management principles, implementation of preventive measures to mitigate economic and environmental impacts of climate change, as well as continuous reduction of the company's carbon footprint.

The next step is the development of a comprehensive Climate Strategy scheduled for 2025–2026, which will include quantitative decarbonization targets.

Responsible Forest Management

[3-3]

Forest Resource Management

[304-3] [RR-FM-160a.4] [RR-FM-000.A]

In 2019, Sveza launched its own timber harvesting operations. Since then, the company has consistently expanded the area of forest land under lease, as well as the geography of birch veneer log supplies from the managed forest areas.

In 2019–2024, the total area of forest land leased by Sveza increased by 60 %.

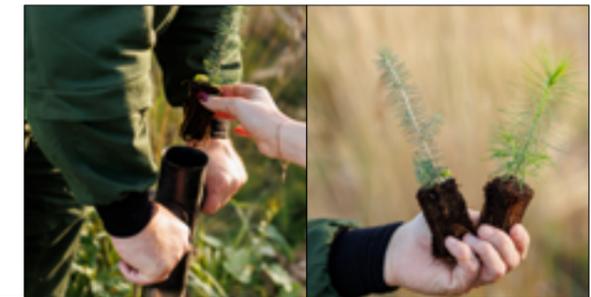
	Total area of forest land under long-term lease, ha		Harvested area, ha	
	2019	2024	2019	2024
Novator	97,080	97,080	1,230	1,793
Manturovo	–	43,782	–	446
Uralsky	41,964	331,543	468	853
Verkhnyaya Sinyachikha	130,240	62,868	1,139	376
Tyumen	175,939	175,939	980	858
Total	445,223	711,212	3,887	4,327

For Sveza, the management of its forest leases is a key element of long-term timber resource security. This approach ensures full traceability of timber origin and guarantees that harvesting is carried out in compliance with sustainable forest management standards.

[RR-FM-000.C]

	2019		2024	
In-house harvesting	585,400 m ³	18.3%	536,206 m ³	22.3%
Volume of purchased timber	2,614,457 m ³	81.7%	1,870,068 m ³	77.7%
Total	3,199,857 m³		2,406,274 m³	

Sveza converts forest resources into high-quality renewable materials and advanced wood-based products, unlocking the socio-economic potential of forests. Responsible reforestation and forest regeneration help preserve ecosystem functions and ensure the long-term renewability of forest resources.



Reforestation and forest regeneration activities	2019	2022	2023	2024
Total area, ha	2,782	2,197	1,732	3,307
Assisted natural regeneration, ha	2,309	1,550	1,144	2,317
Seedling planting, ha	240	375	472	438
Supplementary planting, ha	194	216	92	234
Natural regrowth, ha	–	–	–	269
Mixed reforestation, ha	31	55	24	50
Seed sowing, ha	8	–	–	–
Young stand tending (thinning), ha	368	509.5	418.6	465.7

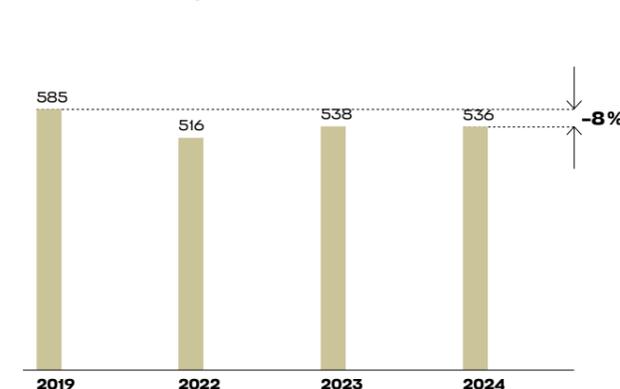
In 2024, reforestation activities in the Perm Region expanded to 195 ha, representing a 63% increase compared with 2023. A total of 550,000 bareroot seedlings and 80,000 containerized seedlings were planted.

Investment programs in reforestation and forest regeneration ensure the long-term replenishment of timber resources on leased forest land, forming a renewable resource base that supports sustainable development and product portfolio diversification at Sveza.

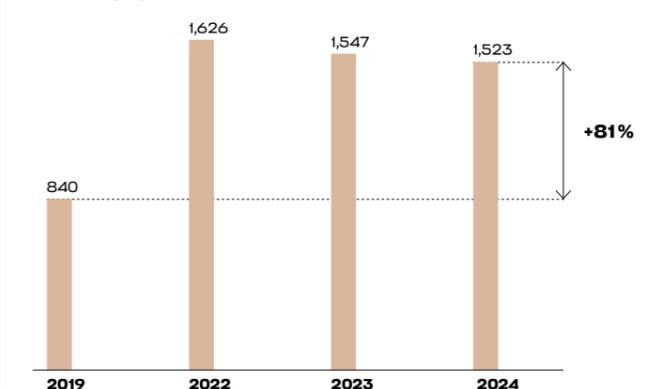
↑ 20%

Compared with the 2019 baseline, the total area covered by reforestation and forest regeneration activities increased by 20% in 2024.

Actual harvesting volumes, thousand m³



Seedlings planted, thousand units



Reforestation volumes in 2024 were intended to compensate for harvesting carried out in 2022–2023. The 2% decrease in the number of planted seedlings compared with 2023 reflects a gradual reduction in harvesting volumes in previous years.

Climate Ecosystem Services Provided by Forests

Forests absorb greenhouse gases through photosynthesis, capturing CO₂ from the atmosphere and storing it as bound carbon. At the same time, carbon dioxide is released through plant and animal respiration and the decomposition of forest litter and deadwood.

When forests are severely affected by pests or wildfires, carbon losses may exceed absorption, resulting in net CO₂ emissions. Young, fast-growing forests sequester carbon 3-6 times more efficiently than mature or aging stands.

On average, depending on age structure and species composition, annual CO₂ sinks in mixed forests may reach 3.3-3.5 tonnes per hectare.

Species	Aspen	Birch	Oak	Pine	Spruce and fir
Annual absorption capacity per ha, tonnes CO ₂	up to 3.6	up to 3.3	up to 3.2	up to 2.4	up to 2

Preliminary desk-based estimates indicate that forest areas managed by Sveza are capable of absorbing more than 2 million tonnes of CO₂ per hectare annually. A more detailed quantitative assessment of greenhouse gas emissions and removals associated with company operations is planned for 2025-2026.

Responsible Timber supply Chains

[308-1] [308-2] [CG-BF-430a.1]

Within Sveza's supply chains, timber is associated with the highest climate, environmental, and social risks. These risks are managed through long-term partnerships that promote transparency and open information exchange throughout the supply chain, down to harvesting operations.

Sveza's plywood mills source veneer logs from more than 20 regions of Russia. Sveza monitors the quality of the logs and ensures that they are sourced from suppliers that comply with the responsible forest management requirements.

In 2023, Sveza developed and implemented a comprehensive reference guide outlining environmental and social requirements that apply to all timber suppliers with respect to responsible forest management.

Sveza seeks to reduce the links in the supply chain by prioritizing direct procurement of timber, which ensures maximum transparency and traceability.

Parameter	2019	2024
Volume of purchased timber, m ³	2,614,457	1,870,068
Total number of timber suppliers	577	418 [-28%]
Share of new suppliers assessed against environmental and social criteria	N/A	100%
Share of local sourcing	62%	61.4% [-0.6%]
Share of controlled timber suppliers with identified non-compliances	16.8%	20.7% [+23.5%]
Number of suppliers whose deliveries were suspended due to unresolved non-compliances	7	28

Digitalization and Automation of Timber Origin and Movement Control

Since 2024, Sveza has been participating in a pilot project for the Russian federal forest management information system FGIS LK, which enables digital monitoring of timber circulation. By the end of 2024, the system had been fully deployed across all company-managed forest plots and supplier operations, enabling electronic transaction tracking and full transparency of timber origin. Harvesting companies, wood processing companies, and timber suppliers operate within the FGIS LK platform via personal accounts. The main function of the system is to record all stages of timber turnover, including harvesting, acceptance, processing, write-offs, transactions, transportation, and accompanying documentation. Sveza will complete mandatory transition to this unified end-to-end digital platform in early 2025.

Sveza regularly holds meetings with timber suppliers at its production sites. Topics include changes in forest legislation and taxation, veneer log supply planning, log yard operations, and timber quality requirements.

The meetings typically combine theoretical training on timber defects and practical sessions at log yards, followed by guided tours of plywood production facilities. This format helps partners better understand Sveza's standards and approach to responsible forestry.

An important initiative aimed at strengthening long-term relationships with local timber suppliers and harvesting companies is the "Sveza Prime" loyalty program. By the end of 2024, 123 partners out of 352 had joined the program, representing 35% coverage.

The program increased short-distance timber supplies by 11.5% and reduced logistics costs. In 2025, the company will continue to expand the coverage of its loyalty program.

Compared with 2019, the number of timber suppliers decreased by 28%. In 2024, 100% new suppliers underwent entry audits to confirm compliance with responsible forest management standards.



Voluntary Forest Certification

[RR-FM-160a.1]

Since 2023, Sveza has participated in the Russian voluntary forest certification system "Forest Etalon," which promotes environmentally responsible, socially sound, and economically viable forest management. The system is based on internationally recognized standards and best practices developed over more than 20 years. "Forest Etalon" certification ensures the legality of timber harvesting, compliance with social and environmental standards, integrity of supply chains, and contributes to climate change mitigation.

Sveza Resource holds a group "Forest Etalon" forest management certificate, enabling effective oversight of compliance across managed forest areas.

In December 2024, following an internal audit, a leased forest plot operated by the Manturovo mill [Kostroma Region] was added to the group certificate, replacing Sveza's facility in Verkhnyaya Sinyachikha [Yekaterinburg Region].

Certified operations comply with the following "Forest Etalon" standards: STO-42952298-001-2022 [ver. 1.2] "Forest Management Certification" and STO-42952298-006-2023 [ver. 1.2] "Forest Management Groups." In 2024, Sveza also developed and implemented Responsible Forest Management Policy based on internationally recognized forestry standards and the UN SDGs.

During the reporting year, the plywood mill in Verkhnyaya Sinyachikha successfully passed chain-of-custody and controlled timber certification audits. The audit confirmed strong risk management practices related to timber origin, mixing risks, and supplier engagement.

The facility implemented a due diligence system to ensure compliance with controlled timber requirements when sourcing from non-certified suppliers. The system provides traceability from harvesting sites to the mill, collection and analysis of supplier information, risk assessments, and mitigation measures to prevent sourcing from unacceptable sources.

Principles of Responsible Forest Stewardship

- 100% legal timber harvesting registered in FGIS LK.
- Respect for human rights, including workers, indigenous peoples, and local communities.
- Zero tolerance for timber sourced from high conservation value forests, converted forest land, non-forest land, or genetically modified tree plantations.

Biodiversity Conservation

[304-2] [304-4]

Timber harvesting can significantly alter habitat conditions and affect species composition within forest ecosystems. Biodiversity plays a critical role in maintaining climate stability by supporting natural regeneration and carbon cycle processes, while climate change itself is a major driver of biodiversity loss.

Harvesting operations on Sveza’s leased forest land avoid intact forest landscapes, wetland complexes, water bodies, and protected natural areas due to their ecosystem-level importance.

When planning harvesting operations, Sveza Resource identifies key biotopes—small areas excluded from harvesting that are essential for biodiversity conservation. These include unique landforms, wetlands, spring zones, temporary watercourses, natural regeneration gaps, deadwood accumulations, windthrow complexes, and areas with similar features.

Key ecosystem elements are preserved during harvesting operations, including old-growth trees, large deadwood, standing dead trees, high stumps, cavity-bearing trees, nesting trees, and rare tree species at the edge of their natural range.

To reduce disturbance to wildlife, Sveza avoids thinning during peak nesting and fledging periods and concentrates harvesting activities within the smallest feasible area. One of the most biodiversity-friendly harvesting methods is the “compartment-based” approach. It involves concentrating the annual volume of all types of silvicultural harvesting within a single forest compartment or several adjacent compartments.

In 2024, Sveza harvested timber across 4,327 ha, representing 0.6% of total leased forest area. Taking reforestation into account, disturbed forest ecosystems did not exceed 0.14% of leased land—almost twice as low as in 2019.

	2019	2024
Leased forest area, ha	445,223	711,212
Harvested area, ha	3,887	4,327
Reforestation area, ha	2,782	3,307
Disturbed ecosystems	0.25%	0.14%



Sveza complies with all mandatory legal requirements under Russian legislation related to minimizing the impact of harvesting operations on biodiversity. Adherence to the principles of responsible forest management is complemented by spatial limitations on harvesting activities. This significantly reduces biodiversity risks on leased forest areas.

All of Sveza’s plywood mills are committed to minimizing environmental impacts and supporting biodiversity conservation at the ecosystem level. To achieve this, all timber suppliers undergo mandatory environmental assessments.

Key biodiversity requirements include:

- No timber sourced from high conservation value forests. These are areas with high biodiversity, extensive natural landscapes, rare or threatened ecosystems, or forests that perform critical ecosystem protection functions.
- Compliance with sustainable harvesting, reforestation, and forest management practices.
- Adherence to regulations in protected natural areas and forest zones.
- Full compliance with the applicable laws when harvesting in protected forests.

Based on the results of these supplier assessments, Sveza either:

- Confirms compliance by the supplier (or sub-supplier) and continues sourcing; or
- Records non-compliance and sets deadlines for corrective action.

If identified issues are not resolved within the established timeframe, timber procurement from the supplier is suspended.

Climate Change Adaptation

[RR-FM-450a.1]

Climate change negatively impacts Sveza’s operations, introduces additional risks to existing forest management processes, and threatens the uninterrupted supply of timber to the plywood mills. Key risks include:

- Disruption of seasonal harvesting patterns and shorter winter harvesting windows.
- Changes in water regimes and increased flood events.
- Higher fire risk and more frequent droughts, posing threats to biodiversity conservation and the climate-regulating functions of forest ecosystems.

From 2025, mandatory reporting to the Russian Federal Forestry Agency on the implementation of forest adaptation plans will come into effect. The reporting will include information on the actual progress on measures aimed at preserving the ecological potential of forests, adapting to climate change, and enhancing forest resilience.

500+

In 2024, annual spending on climate adaptation initiatives exceeded 500 million rubles.

Timber Harvesting and Storage under Changing Climate Conditions

One of Sveza’s long-standing climate adaptation practices is snow storage—long-term storage of timber (including veneer logs for plywood production) under insulating layers of snow and sawdust. This method allows winter-harvested timber to be stored up to six months without loss of quality. This method has been used since 2017 and is applied across all regions of operation.

In 2024, seven snow storage sites were in operation, supplying veneer logs to all of Sveza’s plywood mills. The total volume of snow-stored timber was 227,843.11 m³, with a budget of 284 million rubles.

The effectiveness of snow storage is driven by:

- 1 Mitigation of seasonal risks.
- 2 Reduced logistics disruptions during wet fall conditions.
- 3 Preservation of timber quality under rising temperatures.

The main benefit of snow storage is the long-term preservation of timber quality. Under the snow, temperatures remain consistently low, which slows the biological activity of fungi, mold, and bacteria.

Snow storage is therefore a key climate adaptation measure and an integral component of responsible forest management in a changing climate.

Management of Physical Climate Risks

[201-2]

One of the most common physical impacts of climate change is increased water-related damage during extreme flood events caused by rapid snowmelt.

In 2024, Sveza completed a major climate adaptation investment project—reinforcement of the Sukhona River bank in the Vologda Region, with total investment of 300 million rubles. The project protects mill infrastructure and reduces spring flood risks for the residents of Novator.

101 km

In 2024, 101 km of fire roads were built or repaired—80% above the 2019 baseline.

Forest Fire Prevention and Control

Rising average temperatures and longer dry periods increase wildfire risks. Sveza implements comprehensive annual fire prevention programs on leased forest land, including the construction and maintenance of fire roads and firebreaks, clearing of compartment corridors, and creation of access roads to water sources.

Annual forest fire prevention and control activities include:

- Construction and maintenance of fire roads.
- Creation and cleaning of firebreaks.
- Clearing of compartment corridors.
- Creation of access roads to water sources.
- Providing access to fire equipment at key sites.
- Creation of rest areas.
- Installation of wildfire prevention signs and boom barriers.

117 km

In 2014, firebreaks extended 117 km.



Reduction of Greenhouse Gas Emissions

[305-1] [305-2] [305-4] [305-5]



Over the past five years, Sveza has strengthened its climate resilience by expanding leased forest areas, improving energy efficiency, and transitioning to in-house electricity and thermal energy generation using biomass fuel derived from wood processing residues. The biomass fuel qualifies as a renewable energy source (RES).

The table below presents examples of long-term investment projects that directly affect greenhouse gas (GHG) emissions across all three scopes. Positive trends in the relevant KPIs reflect Sveza's progress in the decarbonization of its operations. The largest contributions come from the following initiatives:

- Scope 1:** In-house energy generation from biofuels, including the construction and commissioning of small-scale biomass co-generation plants (CHP plants) to supply production sites and, in some cases, nearby communities.
- Scope 2:** The Energy Efficiency Investment Program, implemented as part of the strategic goal "Operational Efficiency," which focuses on identifying and deploying solutions that reduce the energy intensity of production.
- Scope 3:** A program aimed at reducing the volume of waste sent to landfill.

GHG sources	Decarbonization initiatives	KPIs	2024 (Δ2019)	GHG emissions, thousand tonnes CO ₂ eq
Scope 1: Direct GHG emissions				49.2 (-38%)
On-site fuel combustion for the generation of energy (boilers, furnaces).	On-site generation	Share of RES in electricity generation	10% (+2%)	
		Share of RES in thermal energy generation	85% (+2%)	
Production processes.	Reduction of volatile organic compound (VOC) emissions	VOC emissions, tonnes	68.4 (-71%)	
Scope 2: Indirect energy GHG emissions				89.2 (-20%)
Consumption of electricity, steam, heat, or cooling (collectively referred to as "energy") purchased from third parties.	Energy efficiency	Total consumption of electricity	250,160.361 (-11%)	
		Total consumption of thermal energy	1,258,230.318 (-9%)	
Scope 3: Other indirect GHG emissions				
Emissions from raw material transportation.	"Sveza Prime" supplier loyalty program	Short-distance timber sourcing	-*	
Emissions from waste treatment and recycling by third parties.	Initiatives to reduce waste generation	Waste disposal intensity	23.8 (-28% vs. 2022)**	

* This indicator will be calculated in 2025.
** Earlier waste management data were not used in sustainability reporting.

Decarbonization technologies, innovations, and investment projects generate positive synergies with two other strategic environmental objectives:

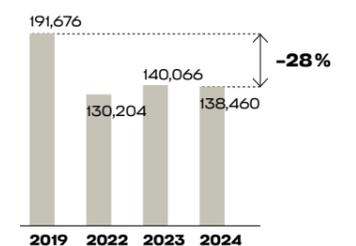
- Resource efficiency, particularly in terms of energy efficiency and the transition to renewable energy.
- Reduction of environmental impact, including lower waste generation and disposal volumes.

These topics are discussed in more detail in subsequent sections of the "Environmental Responsibility" chapter.

Plywood production is not classified as a carbon-intensive industry. At present, Sveza is not subject to mandatory climate reporting requirements. In 2024, the carbon footprint of Sveza's panel products amounted to 0.2 tonnes of CO₂ eq per tonne of output.

A quantitative assessment of Scope 1 and Scope 2 GHG emissions over the past five years demonstrates the high effectiveness of Sveza's investment projects aimed at decarbonizing the production of wood-based panels and bioproducts. In 2024, compared with the 2019 baseline, total emissions across the two scopes decreased by 28%, while direct Scope 1 emissions were reduced by 38%.

Total GHG emissions, Scope 1 and Scope 2, tonnes CO₂ eq



Improving Resource Efficiency

[3-3]

Minimizing the consumption of natural resources—primarily water, energy, and timber—addresses a wide range of sustainable development challenges. It also enhances the investment attractiveness and competitiveness of environmental initiatives. A consistent reduction of the specific consumption of raw materials results in lower volumes of byproducts generated, enabling the company to maximize value creation from harvested timber while reducing anthropogenic pressure on intact forest ecosystems.

The production of bioproducts from wood processing residues helps reduce the volume of waste sent to landfill. At the same time, it increases the share of renewable energy sources used for industrial operations and for heating nearby communities supported by Sveza’s plywood mills.

Combined with systematic improvements in energy efficiency, these measures reduce the specific consumption of non-renewable energy sources, lower production costs, improve the economic efficiency of plywood production, and reduce the company’s climate and environmental footprint.

Responsible Use of Water and Energy

[CG-BF-130a.1]

Sveza implements long-term investment projects aimed at reducing the consumption of water (including steam), heat and electricity, as part of its comprehensive Energy Efficiency Investment Program. The program covers all production sites and forms an integral part of the strategic goal “Operational Efficiency.”

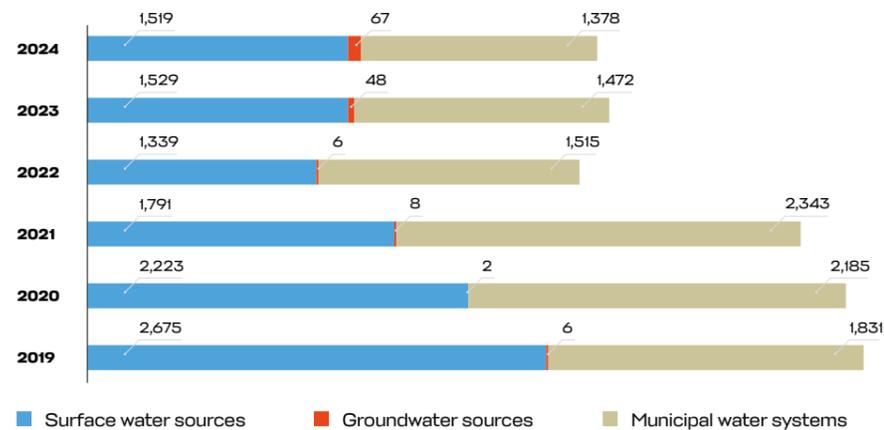
Responsible Water Use

[303-1] [303-5]

Water supply at Sveza’s facilities is primarily sourced from municipal water systems and the company’s designated surface water intake points. Groundwater abstraction accounts for approximately 2% of total water withdrawal. All plywood mills are located outside water-stressed areas.

Water withdrawal by source, 2019–2024, thousand m³

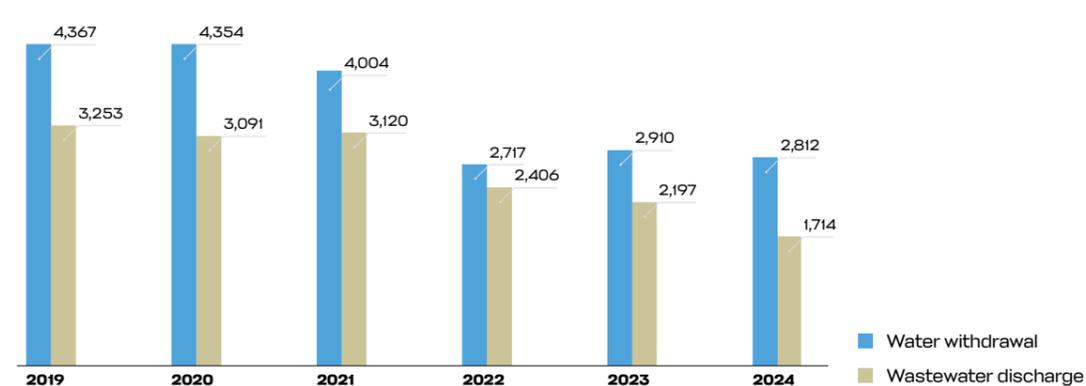
[303-3]



↙ 35%

In 2024, Sveza reduced water withdrawal for production purposes by 1.5 million m³ compared with the 2019 baseline (-35%). This progress was achieved through the phased implementation of water-saving technologies across all Group facilities. As a result, specific water consumption per cubic meter of finished plywood declined by 10% compared with the baseline.

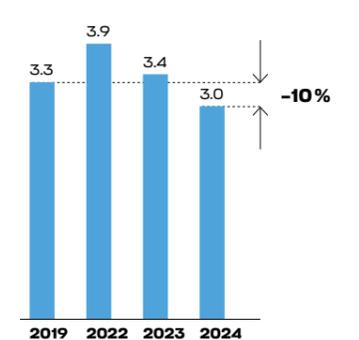
Production water balance, 2019–2024, thousand m³



Key water-saving initiatives implemented at Sveza’s facilities include:

- Installation of heat recovery systems on veneer drying lines, which collect and mix hot humid air with water from log soaking ponds and return it to the ponds.
- Collection and reuse of condensate from steam presses within the production cycle.
- Deployment of multi-stage ultrafiltration systems for river water supplied to the CHP plants, extending equipment life and eliminating the need for chemical cleaning and associated effluents.
- Modernization of water supply infrastructure, including replacement of pipelines and intake systems.
- Modernization of log soaking ponds.
- Construction and commissioning of in-house CHP plants, optimizing the use of energy, heat, water, and biofuels.

Specific water consumption, m³/m³



↙ 10%

In 2024, specific water consumption across Sveza’s plywood mills decreased by 10% compared with 2019.

In 2024, water consumption at the Manturovo plywood mill decreased by 24% year-on-year. The reduction was driven by upgrades to the ultrafiltration technology used to treat water entering the production process, which significantly reduced water use associated with system backwashing. Additional water savings were achieved through optimization of automated humidification systems.

The plywood mill in Verkhnyaya Sinyachikha completed a project to modernize the log soaking ponds, involving the installation of an automated steam supply system to reduce water consumption during hydrothermal treatment of logs. The full effect of this upgrade will be reflected in 2025 performance indicators.

Sveza’s approach to improving water efficiency is based on scaling best practices across all Group facilities and implementing closed-loop water systems. Hydrothermal log conditioning remains the most promising area for further improvements since it is the most water-intensive stage of plywood production.

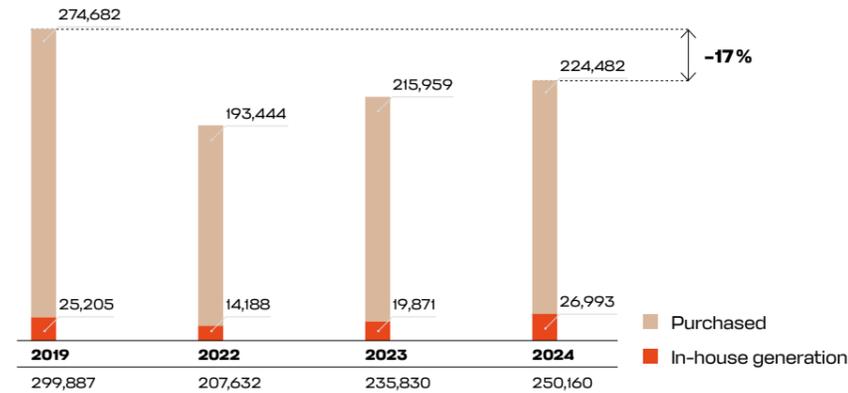
To further reduce wastewater discharge volumes, the company is assessing the feasibility of implementing chemical treatment and reuse of water from gravity lamella settling units.

Responsible Energy Use

[302-1][302-3] [302-4] [302-5] [G-BF-130a.1]

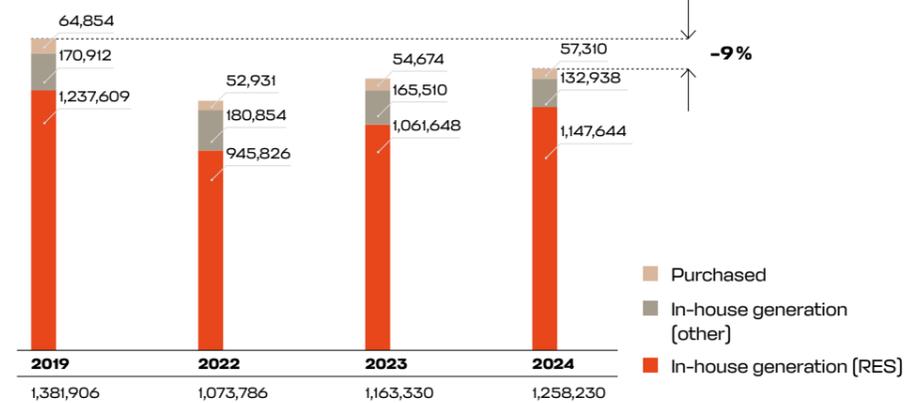
In 2024, Sveza reduced its total electricity and thermal energy consumption by 17% and 9% respectively, compared with the 2019 baseline. Over the same period, production volumes declined by more than 25%, which complicates the direct attribution of energy savings to energy-efficiency initiatives alone.

Electricity consumption, thousand kWh



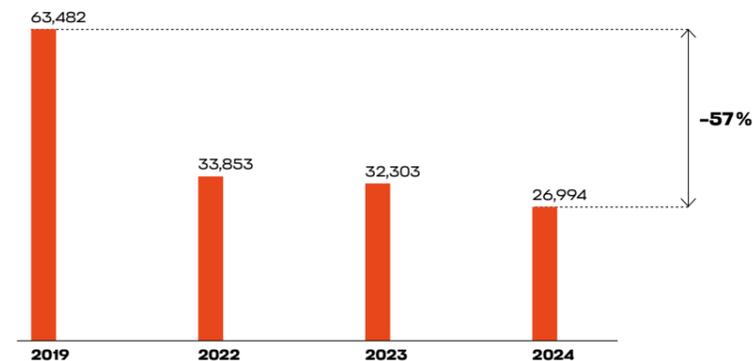
↑ 7%
In-house electricity generation increased by 36% year-on-year and by 7% compared with the baseline year.

Thermal energy consumption, Gcal



↑ 4%
In-house thermal energy generation increased by 4% compared with 2019 and remained at the 2023 level.

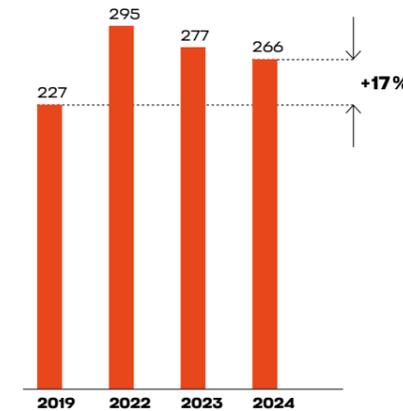
Natural gas consumption, thousand m³



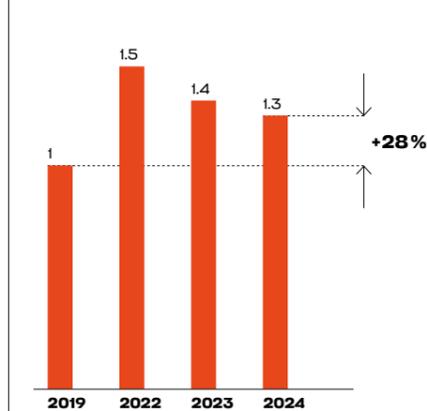
↘ 57%
In 2024, natural gas consumption declined by 16% compared with 2023 and by 57% compared with 2019. This trend reflects the company's consistent efforts to reduce the share of hydrocarbons in its energy mix, including initiatives to improve the efficiency of biomass-fired boilers.

For the third consecutive year, Sveza improved its specific energy consumption indicators. In 2024, electricity intensity declined by 4% and thermal energy intensity by 2% compared with 2023. As these indicators include fixed costs, underutilization of production capacity may have a greater impact on energy intensity KPIs than individual energy-efficiency measures.

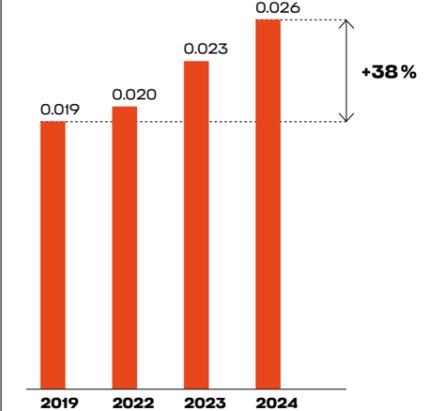
Specific electricity consumption, kWh/m³



Specific thermal energy consumption, Gcal/m³



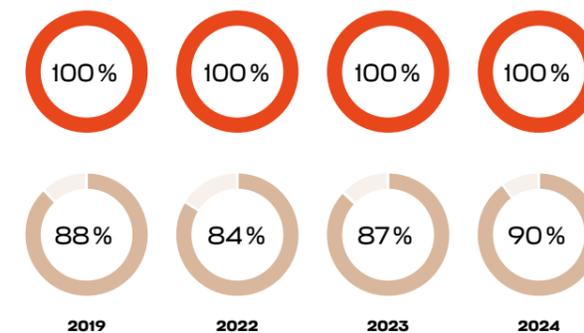
Specific renewable energy consumption, thousand kWh/tonne



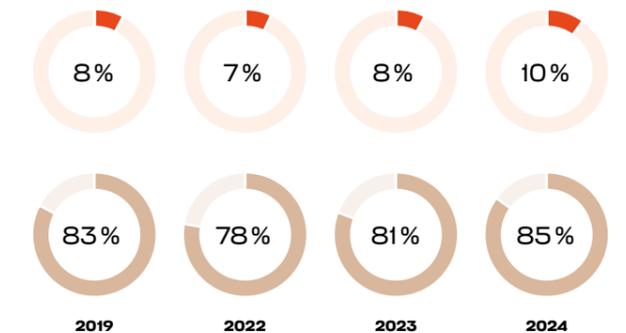
Growth in specific renewable energy consumption and the share of RES in in-house generation demonstrates Sveza's progress toward its environmental and climate objectives. These trends reflect the effectiveness of initiatives to reintegrate production byproducts into the energy cycle, as well as reductions in energy costs and Scope 1 GHG emissions resulting from the transition to renewable energy.

74%
share of renewable energy in total energy consumption.

Share of renewable energy in energy generation



Share of renewable energy in total energy consumption



■ Share of RES in electricity generation
■ Share of RES in heat generation

■ Share of RES in electricity consumption
■ Share of RES in heat consumption

Sveza's Energy Efficiency Investment Program focuses on two key areas:

- In-house electricity and thermal energy generation using small CHP plants and thermal oil systems.
- Organizational and technical measures aimed at reducing energy intensity.

In-House Energy Generation

[301-2]

Sveza's plywood mills generate electricity and thermal energy using a combination of wood processing residues and natural gas. For more than five years, the company has implemented major investment projects to construct small CHP plants at its plywood mill sites in Manturovo, St. Petersburg, and Uralsky. Their combined thermal capacity reaches 80 MW, with electrical capacity of up to 4 MW. These projects increase the share of in-house energy generation using wood processing byproducts. With the CHP plants operating at their design capacity, annual savings on externally sourced energy reach up to 60%.

Thermal energy generated from the combustion of bark and wood chips is also used in veneer drying and plywood pressing. Thermal oil systems with capacities of up to 14 MW enable drying without steam dryers and reduce electricity consumption by up to 35% annually.

Biomass-fueled CHP plants further reduce annual expenditures on externally purchased electricity and heat. Technologies applied at Sveza's plywood mills enable the conversion of up to 100% of production residues—including chips, sawdust, sanding dust, and bark—into energy.

At the St. Petersburg plywood mill, reconstruction of the water treatment system and installation of a third reverse osmosis line supported the ramp-up of CHP plant operations, delivering an annual economic benefit of 12.8 million rubles.

In 2024, initiatives under the In-House Energy Generation Program delivered the largest contribution to company-wide energy efficiency improvements, with a total economic effect of 46.4 million rubles.

Organizational and Technical Initiatives

In 2024, organizational and technical initiatives aimed at reducing energy intensity represented the second most significant driver of energy efficiency improvements across Sveza's operations, with an aggregate economic benefit of 29.6 million rubles.

The initiatives included:

- Upgrading energy metering, monitoring, and control systems.
- Installation of energy-efficient equipment and modernization of energy-intensive processes.
- Implementation of corrective actions following energy audit findings.
- Scaling and replication of proven best practices across other production sites.
- Identification, modeling, and mitigation of energy losses.
- Electricity consumption profile optimization.
- Development, tracking, and planning of target energy consumption benchmarks.

At the Tyumen plywood mill, Sveza introduced a KPI-based performance management system to enhance the engagement and motivation of frontline personnel, whose day-to-day decisions directly influence site-level energy consumption. The resulting economic effect amounted to 4.4 million rubles.

The plywood mill in St. Petersburg is implementing a three-year investment project "Anti-Winter." The project focuses on the modernization of heat systems, including measures to reduce the risk of equipment failure in the event of disruption of heat supply during winter. The scope

On 1 January 2024, the plywood mill in Manturovo launched its "Efficient Energy Generation" initiative. Adjustments to cooling tower and radiator maintenance procedures and the installation of a steam discharge pipeline to remote log soaking ponds increased renewable electricity generation by 50% year-on-year, while the share of in-house electricity generation reached 55%. Electricity generation from biomass tripled compared with the 2019 baseline.

The CHP plant in Manturovo, with a thermal capacity of 36 MW and electrical capacity of 4 MW, was commissioned in 2018. Total investment amounted to 1.2 billion rubles.

includes the construction of a new insulated building and the reconfiguration of the compressed air supply system for the biomass fuel shredding unit. These measures are designed to prevent unplanned shutdowns and operational downtime.

In 2024, Sveza continued to roll out its electricity consumption profile management program, taking into account peak grid loads and the energy intensity of production processes. The program aims to minimize electricity consumption during periods of peak demand. A successful implementation case was demonstrated at the plywood mill in Kostroma, where the introduction of an optimized particleboard production schedule resulted in savings of 1.2 million rubles.

The plywood mills in Kostroma, Tyumen, and Verkhnyaya Sinyachikha conducted energy audits followed by corrective actions focusing on organizational and technical improvements. The next energy audit is scheduled for February 2025 at the Uralsky plywood mill.

Sveza completed the development of a Group-wide energy efficiency roadmap comprising more than 100 organizational initiatives across all seven plywood mills.

Reduction of Raw Material Consumption

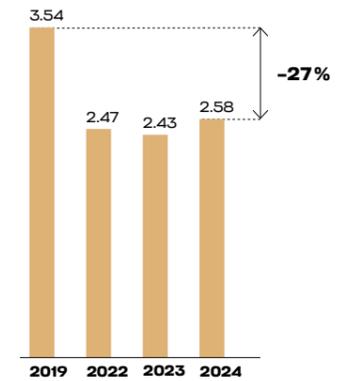
Sveza systematically reduces the raw material consumption ratio (RMCR) across all production sites through initiatives aimed at increasing the efficiency of veneer log processing.

Compared with the 2019 baseline, the RMCR across Group facilities declined by 27% in 2024, despite a reduction in production volumes. This outcome demonstrates significant progress toward Sveza's long-term strategic objective of reducing timber consumption per cubic meter of finished product and reflects a substantial improvement in operational efficiency. These efficiency gains help offset costs associated with underutilized plywood production capacity.

In 2024, the RMCR increased by 0.15 percentage points year-on-year. The deviation from the target value of 2.42 was primarily driven by changes in the product mix, resulting in higher processing losses.

A 1% reduction in the RMCR corresponds to the conservation of approximately 30,000 m³ of birch logs per year. In 2024, Sveza consumed 810,000 m³ less timber to produce the same volume of plywood compared with 2019.

Raw material consumption ratio, m³/m³



Improving wood utilization efficiency and advancing value-added wood processing results in a reduction in waste generation. Sveza applies modern technologies and process innovations to improve veneer log utilization at all key stages of the wood processing value chain. **The main focus areas include:**

- Improving raw material quality through increased in-house timber harvesting and the development of a short-distance, reliable supply chain.
- Climate adaptation measures that enable extended storage and preservation of timber and semi-finished products without quality loss.
- Reducing core diameter while increasing veneer output at the peeling stage [-2%].
- Implementation of an automated green veneer splicing process that assembles off-size veneer sheets into full-size sheets [-1%].
- A proprietary method for splicing birch log chunks from cross-cutting to produce full-size veneer logs (patented by Sveza).
- A real-time veneer defect detection system based on computer vision (patented by Sveza).
- A peeling line for small-diameter logs and peeling cores, enabling additional veneer recovery from previously underutilized material.
- Training and engagement of frontline personnel responsible for timely equipment adjustments and operational improvements [-10%].

In 2024, Sveza's RMCR exceeded 2.5 m³/m³ for the first time in recent years. To restore performance to target levels, a root cause analysis was conducted, including a quantitative assessment of contributing factors. Based on the results, priority corrective actions were defined across five core elements of the operational efficiency management system for all plywood mills.



In 2024, Sveza patented an in-house innovation entitled "Method for Detecting and Classifying Wood Material Defects" at its plywood mill in Kostroma, which is recognized as a leader in responsible raw material use. Experimental and laboratory testing confirmed defect recognition accuracy exceeding 90% using neural networks and computer vision cameras.

At the St. Petersburg plywood mill, scanners were installed on the first and third veneer peeling lines. These systems are expected to reduce raw material consumption in the next reporting period, with defect detection and classification accuracy approaching 100%. In December 2024, the Technology Development Center of the St. Petersburg plywood mill presented an upgraded laser veneer thickness gauge developed using domestic components and software. Its measurement accuracy ranging from 0.01 to 0.02 mm, is unmatched globally. Deployment of this technology across all peeling lines is expected to deliver annual savings of approximately 1,500 m³ of timber. In 2025, the gauge will be installed on the first and second lines.

The Tyumen plywood mill modernized the splicing line for standard-size veneer, resulting in improved raw material, electricity, and labor efficiency.

In 2025, a new secondary peeling machine will be commissioned in Verkhnyaya Sinyachikha, further reducing raw material consumption and strengthening operational performance.

A significant contribution to RMCR reduction comes from Sveza SmartLine's proprietary engineering solutions. In-house innovations in computer vision, automation, and digitalization enhance resource efficiency and reinforce Sveza's competitive positioning within the industry.



Transition to a Circular Bioeconomy

[301-2]

Sveza's wood value chain—from harvesting to the reuse of byproducts—is structured in alignment with sustainable development objectives, reflecting the principles of a circular bioeconomy and delivering positive EBITDA impacts.

In 2024, 718,457 tonnes (95%) of plywood production waste were certified and reclassified as byproducts. Of this volume, 503,910 tonnes (70%) were reused internally within Sveza's operations, while the remaining 198,608 tonnes were sold as secondary raw materials. The company's strategic objective is to achieve 100% utilization of wood waste by 2030.

By early 2024, all Sveza plywood mills had launched fuel briquette production using wood dust generated during processing. Compared with the 2019 baseline, briquette production in the reporting year increased nearly fourfold—from 7,598 tonnes to 28,459 tonnes. Cumulative green investments in low-carbon biofuel production infrastructure over the same period totaled 188 million rubles. A substantial increase in both investments and output is planned for 2025, strengthening Sveza's position in the renewable energy market.

The company has also found a new use for the peeler core—the central part of the birch log remaining after veneer peeling. Peeler cores are processed into polished firewood suitable for both heating and decorative applications. By the end of 2024, up to 10% of peeler cores were processed into firewood, with further expansion planned.

During the reporting period, Sveza launched the production of fumigated timber blocks at its Totma facility (Vologda Region).* The company uses these treated timber products for packaging and securing exported goods. The raw material is pulpwood, a byproduct of harvesting operations. The blocks are certified by the Russian Federal Veterinary and Phytosanitary Supervision Service in compliance with international phytosanitary standards and bear special export markings. In-house production of packaging materials delivers annual savings of up to 15 million rubles.

As part of its transition to a circular bioeconomy, Sveza's R&D function actively explores and pilots new applications for wood waste, including the production of environmentally friendly fuel briquettes, particleboard, and timber snow storage. Investments in the "Bark Processing" R&D project amounted to 3.8 million rubles between 2021 and 2024.

The production of biofuel from secondary raw materials supports Sveza's transition to renewable energy sources and contributes to the energy supply of local communities where the company provides heat and hot water. Fuel briquettes and polished birch firewood are widely used for residential heating as well as in industrial applications.

Overall, the circular bioeconomy model serves as a key driver for reducing climate risks and minimizing Sveza's environmental footprint by significantly lowering the volume of waste sent to landfill.

* A harvesting and wood processing facility of Sveza Resource, specializing in the production of materials for the Group's needs.

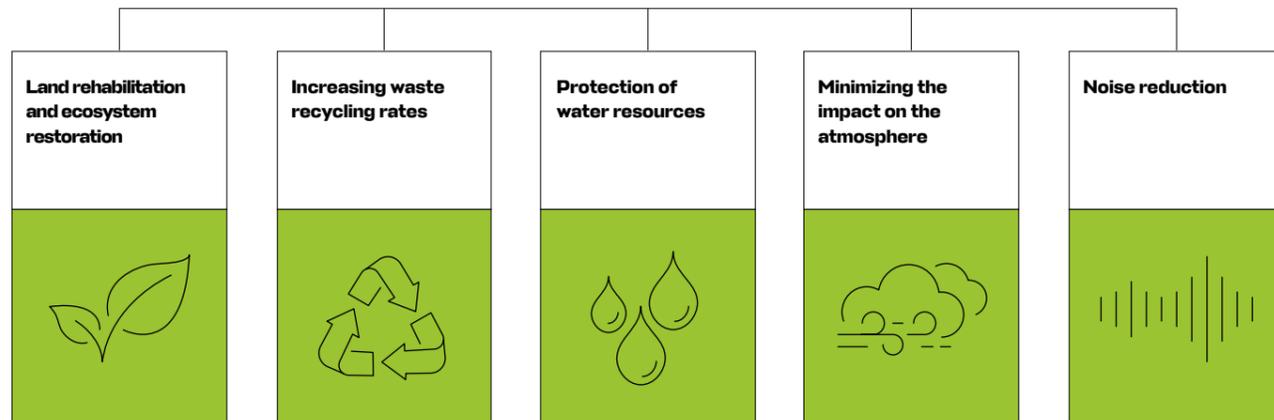
Minimizing Environmental Impact

[CG-BF-410a.1]

Sveza's production cycle inevitably affects land resources, water bodies, and the atmosphere. The company systematically assesses environmental risks associated with its operations in compliance with applicable forestry and environmental legislation. Mitigating negative environmental impacts is a core element of Sveza's Development Strategy through 2030, grounded in the corporate value "Environmental Stewardship."

In 2024, the company developed the Environmental Safety Strategy for 2025-2030. Its implementation is guided by a comprehensive Environmental Safety Program, with an investment plan exceeding 3.7 billion rubles.

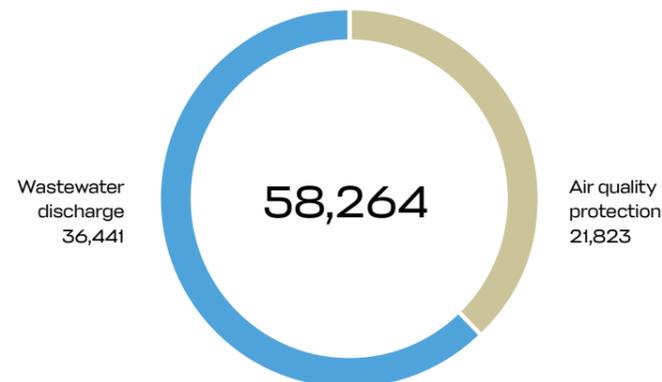
Key focus areas of the Program include:



Sveza steadily reduces its environmental footprint across all production activities. Since 2020, a systematic approach to environmental management has been implemented across all sites, including a unified environmental accounting and reporting framework covering all material environmental aspects. Sveza's Environmental Management System (EMS) serves as the primary tool for achieving the objectives of the Environmental Safety Strategy. In 2024, Sveza continued integrating the EMS into business processes. ISO 14001 certification of the system is scheduled for 2026.

In 2024, the company allocated 58 million rubles to environmental protection initiatives—an 87% increase from the previous year.

Environmental protection expenditures in 2024, thousand rubles



63% allocated to water protection.
37% allocated to the replacement of dust collection and gas treatment equipment.

Waste Management

[3-3] [306-1] [306-2] [306-3] [306-4]

The waste disposal intensity is the volume of waste generated per cubic meter of finished product. In 2024, this indicator decreased by 44% compared with the 2021 baseline.

Wood-based panel production generates two main types of waste: wood-based (chips, sawdust, peeler cores, etc.) and non-wood. Low- and non-hazardous waste accounts for the largest share of the total waste – 99.9%.

Sveza treats production byproducts as valuable secondary resources, suitable for producing a range of bioproducts, from eco-friendly fuel briquettes to biofuels for in-house energy generation [see the "Transition to a Circular Bioeconomy" section]. This approach enabled a 97% reuse rate of secondary raw materials across the Group in 2024 (up from 69% in 2021).

Since 2020, Sveza has implemented the "Zero Waste to Landfill" program, aiming to achieve 100% waste utilization by 2030 through continuous improvement of waste management practices.

In 2024, the company introduced the corporate standard on waste management, which establishes the following priority principles:

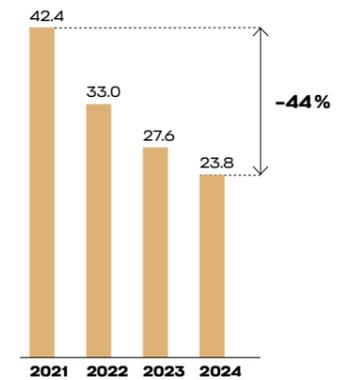
- Waste prevention:**
 - Optimization of production processes
 - Improved procurement and handling of materials and chemicals
- Maximum reuse:**
 - Conversion of waste into byproducts used for thermal energy generation at company facilities
 - Transfer of waste as secondary raw materials for further use

The standard applies to contractors as well, with full implementation across all Group sites planned for 2025.

Sveza also introduced a segregated collection and tracking system for non-wood waste, including dedicated collection zones equipped with specialized containers and tools for different waste streams. This approach improves the management of lamps, batteries, used oils, and other materials requiring special handling. In 2024, an updated inventory of priority waste streams was completed, and an automated tracking system was implemented at waste generation points. A total of 37 training sessions on waste management were delivered to operational staff and managers.

Waste disposal intensity, kg of waste per m³ of product

[306-5]



14% In 2024, waste disposal intensity at Sveza declined by 14% year-on-year.

53% In 2024, hazardous waste of Classes I, II and III accounted for 0.12% of total waste, a 53% reduction compared with 2023.

Waste generation and recovery, tonnes	2021		2024	
	Generation	Recovery	Generation	Recovery
Wood processing byproducts	378,149	378,149	718,457	718,457
Hazardous waste (Classes I-V)	266,948	66,154	34,527	8,246
Total	645,097	444,303 (69%)	752,984	726,703 (97%)
Ratio of byproducts to waste	1.4		20.8	

Wastewater Management

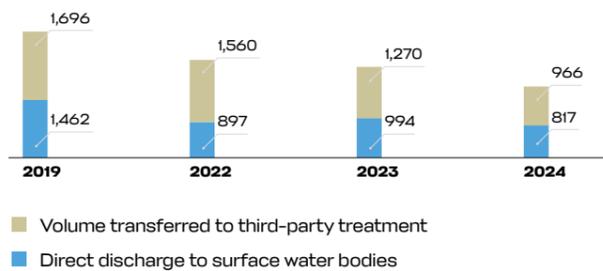
[3-3] [303-2]

Water is a critical resource at all production stages, from harvesting to finished products. Responsible water management involves monitoring the quality of intake and discharge water and preventing the release of untreated effluent into natural water bodies. Sveza's wastewater treatment facilities at the plywood mills in Novator, Uralsky, and St. Petersburg manage both industrial effluents and municipal wastewater from nearby communities.



Breakdown of total wastewater discharge, including wastewater received from third parties, thousand m³

[303-4]



In 2024, Sveza reduced total wastewater discharge by 43% compared with 2019. This was achieved through a combination of water use optimization, reduced water withdrawal for production needs, and modernization of effluent treatment facilities. As a result, the volume of effluent discharged directly into surface water bodies declined by 58%. Over the five-year period, wastewater discharge reductions were achieved at individual sites as follows: Manturovo – 75%, St. Petersburg – 56%, Novator – 27%.

In 2024, wastewater discharge decreased by 21% year-on-year, despite only a modest reduction in water withdrawal (-3%), due to:

- Improved quality of source water supplied to the CHP plant in Manturovo, where optimization of the ultrafiltration system reduced backwashing frequency and lowered wastewater volumes by 15%.

- Reorganization of the reactor cooling system at the resin department in Uralsky. Transitioning to purchased resin eliminated water intake and discharge associated with in-house resin production.
- Installation of steam condensate recovery and reuse systems at the St. Petersburg plywood mill, returning condensate to the process cycle instead of discharging it.
- Modernization of log soaking ponds in Verkhnyaya Sinyachikha, including automated steam supply systems that reduced water consumption and, consequently, wastewater generation.

To further reduce its impact on water resources, Sveza develops and conducts in-house industrial testing of wastewater quality improvement technologies. For example, the Novator plywood mill applies localized pre-treatment methods that significantly reduce pollutant concentrations before effluents reach treatment facilities. Since 2022, the plywood mill in Tyumen has been implementing a program to develop and implement pre-treatment systems for wastewater from log soaking ponds, including laboratory testing, pilot trials, and engineering design.

In 2024, the plywood mill in Manturovo installed additional proprietary cellular filters, reducing suspended solids concentrations in effluents by 12%. Since 2020, the mill's CHP plant has operated a multi-stage source water ultrafiltration system, extending equipment service life and eliminating the need for chemical cleaning.

At the St. Petersburg plywood mill, wastewater reductions were achieved as part of a comprehensive modernization program, with a budget of 80 million rubles in 2024.

Modernization of Wastewater Treatment Facilities

Sveza continues to implement its investment program for the reconstruction and modernization of wastewater treatment infrastructure across its production sites. In 2024, the plywood mill in Verkhnyaya Sinyachikha completed designs for the construction of treatment facilities covering all wastewater streams. The mill in Uralsky replaced six submersible horizontal mixers in the equalization tank of secondary clarifiers at the biological treatment stage.

Total investments in wastewater treatment modernization at Sveza facilities in 2019–2024 amounted to 32 million rubles.



Air Quality Protection

[3-3] [305-7]

Wood-based manufacturing processes are associated with emissions of wood dust and other air pollutants. Sveza ensures regulatory compliance by closely monitoring pollutants concentrations at the boundaries of sanitary protection zones.

In 2024, a comprehensive inventory of sampling points at stationary emission sources was conducted at the plywood mills in Uralsky, Verkhnyaya Sinyachikha, Kostroma, Manturovo, and St. Petersburg. The inventory was carried out in accordance with the methodological guidance of the Russian Federal Service for Supervision of Natural Resources, improving the accuracy and reliability of primary environmental data.

Total air emissions in 2024 amounted to 16,310 tonnes, a 12% reduction from the 2019 baseline. The largest reduction was in volatile organic compounds (-71%), driven by the transition to renewable energy sources and the phase-out of natural gas.

Air emission reductions result from the gradual transition to in-house energy generation using biofuels. Emissions from CHP plants account for up to 85.5% of Sveza's total annual emissions.

During the reporting year, targeted measures resulted in reductions of specific pollutants. For example, the plywood mill in Verkhnyaya Sinyachikha reduced phenol and formaldehyde concentrations (hazard class II) by 72% through reducing resin content in the glue formulation. The plywood mill in Uralsky reduced emissions of hazard classes I and II by 19% following the closure of the resin department.

Cyclone Replacement

Gas-cleaning systems play a critical role in capturing fine wood particles. At the Uralsky plywood mill, five cyclone separators were replaced as part of an equipment modernization program. As a result, pollutant concentrations were reduced as follows:

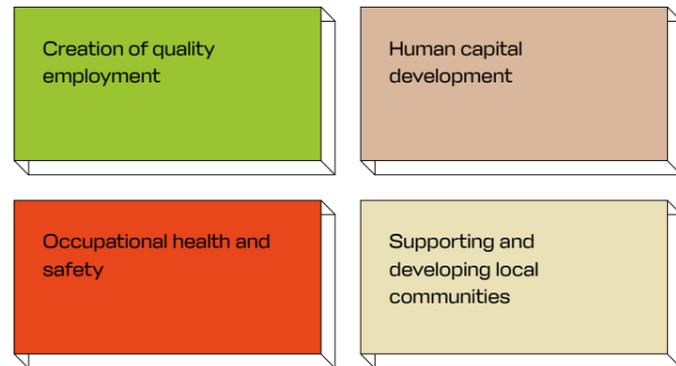
- Nitrogen dioxide: -78%.
- Nitric oxide: -69%.
- Carbon monoxide: -37%.

Equipment upgrades will continue in 2025.

Economic and Social Value Creation

Human Capital Development	62
Occupational Health and Safety	73
Regional Development	80

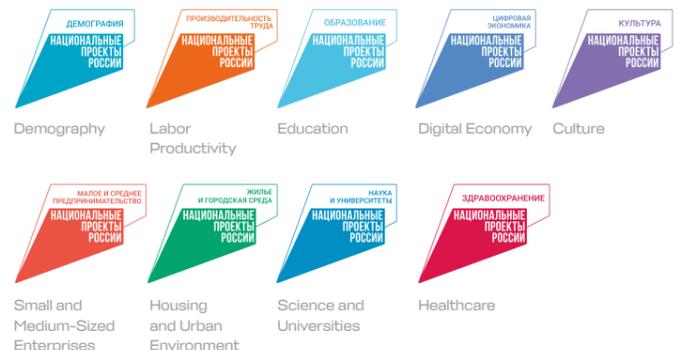
Material Topics



UN SDGs



National Projects



Progress Achieved in 2019–2024

Parameter	2019	2024	Change
Employee engagement rate	67%	79%	↗ 12 p.p.
Employee satisfaction with career opportunities	69%	83%	↗ 14 p.p.
Overall workforce stability index	44%	83%	↗ 39 p.p.
LTIFR	2.31	1.73	↘ 25%
Number of fire incidents at production sites	51	13	↘ 75%
Taxes paid, million rubles	3,632	4,327	↗ 19%
Corporate social investments, million rubles	10	111	↗ × 10
Over 5 billion rubles in social investments mobilized and invested in community development			

2024 Key Performance Indicators

<p>0</p> <p>severe injuries and major industrial incidents.</p>	<p>No. 1</p> <p>employer among forestry and wood-processing companies [HeadHunter].</p>	<p>85%</p> <p>employee satisfaction score from the “Voice of Sveza” survey.</p>
<p>44%</p> <p>share of women in leadership positions.</p>	<p>151</p> <p>million rubles – total amount of employee benefits and allowances.</p>	<p>3,493</p> <p>employees trained through in-person corporate and professional programs.</p>
<p>27%</p> <p>increase in talent development spending.</p>	<p>1</p> <p>billion rubles – investments under socio-economic development programs and “Sveza Near” local community initiatives.</p> 	

Sveza implements a comprehensive social policy focused on creating a supportive and safe working environment that enables employees to realize their full potential. At the same time, the company contributes to improving living standards in its regions of operation. A balanced socio-economic contribution strengthens workforce retention and aligns with national demographic objectives.

Sveza’s integrated approach to managing social and economic risks is designed to enhance workforce stability and strengthen the company’s social capital. The key objectives of this system are:

- 1 Human capital development
- 2 Advancing workplace safety
- 3 Supporting and developing local communities

A breakdown of Sveza’s socio-economic goals and sustainability priorities is shown in the table below.

Economic and Social Value Creation

Human capital development			Advancing workplace safety			Supporting and developing local communities		
Decent work and fair remuneration	Professional growth and career development	Effective communication and feedback	Managed zero-injury performance	Proactive safety leadership culture	Workplace health and well-being	Socio-economic development programs	“Sveza Near”: Local community development	Corporate philanthropy and volunteering
HR, Organizational Development, Internal Communications			Occupational Health and Safety Management			Social Investments Management		

Employee surveys show that in 2024 the engagement level increased by 12 p.p. [to 79%] compared with the 2019 baseline. Satisfaction with career opportunities grew by 14 p.p. [to 83%] over the same period. The overall workforce stability index reached 83%, representing a 39 p.p. increase versus 2019. The consistent improvement across these indicators confirms the effectiveness of Sveza’s motivation, communication, retention, and talent pipeline development practices.

Sveza’s social investments focus on the long-term development of utilities, healthcare, sports, education, and residential development, supporting workforce stability and reducing migration to large urban centers.

Sveza Group is one of the leaders in the Russian forestry industry. In 2024, the company was ranked among the top 15 socially responsible Russian companies according to the RAEX ESG ranking.

In 2019–2024, total investments exceeding 5 billion rubles were directed to the development of social infrastructure in local communities, including funds mobilized through socio-economic development agreements with local governments as well as Sveza’s own investments in vocational education, the non-profit sector, and social and small business development. Combined with employee engagement programs, these efforts helped maintain workforce coverage at 95%.



Human Capital Development

[3-3]

Sveza creates quality jobs and an environment that supports professional fulfillment. This approach helps unlock human potential and improve well-being in the company's regions of operation. In the context of a skilled labor shortage, enhancing employee engagement and continuously strengthening learning and development systems are critical to ensuring the long-term sustainability of the business.

Sveza's HR policy is based on people-centric principles, recognizing employees as a key stakeholder group.

Human capital development is achieved through:

- 1 Decent work and fair remuneration.
- 2 Opportunities for professional growth and career development
- 3 Effective two-way communication and feedback mechanisms



Decent Work and Fair Remuneration

[3-3]

2024 Key Indicators

98%
ratio of average female to male remuneration in comparable roles.

41%
share of women in the workforce.

42.8 years
average employee age.

32
employees with disabilities.

1,122
employees covered by extended medical examinations under the enhanced voluntary health insurance program.



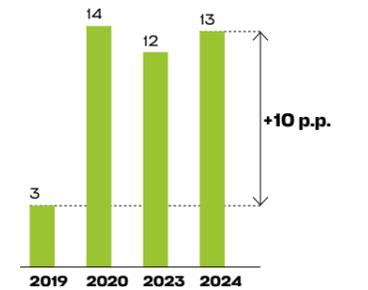
Sveza aims to be a reliable and competitive employer. The company applies a transparent and structured approach to remuneration, ensuring fair compensation. Pay and benefit systems are regularly reviewed to remain competitive in the regions of operation and to uphold the company's commitments.

Remuneration

One of Sveza's key remuneration objectives is to attract and retain highly qualified employees. In 2024, average salaries at the company's plywood mills exceeded regional averages by 21%, compared with 11% in the 2019 baseline year.

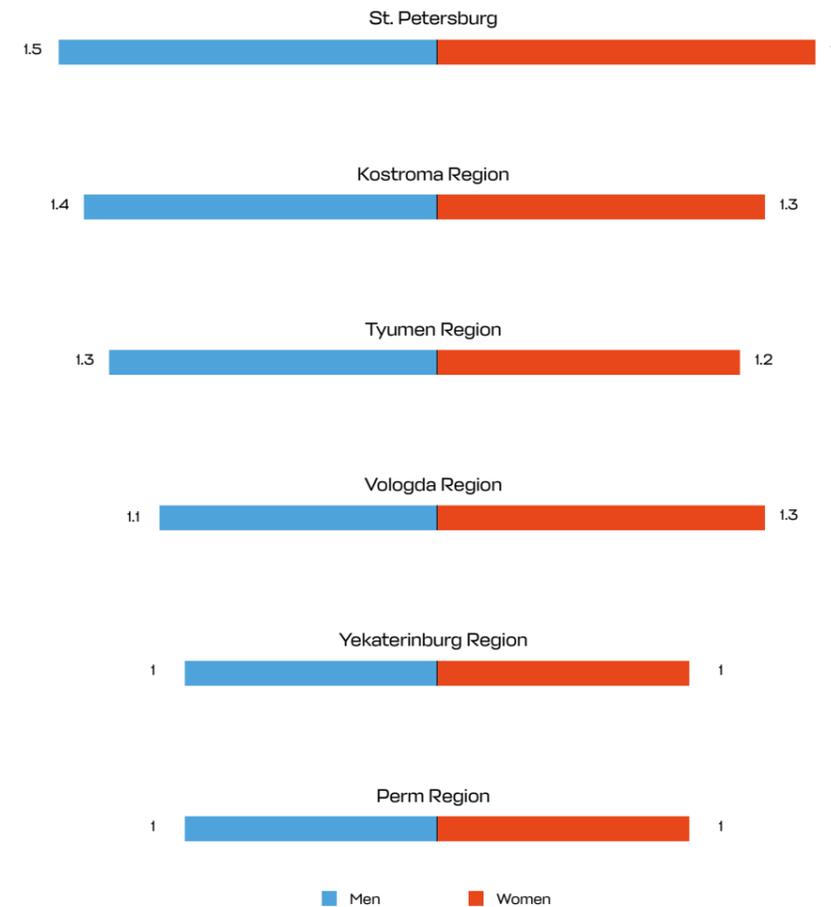
In accordance with the company's Employee Remuneration Policy and Employee Bonus Policy, salaries are adjusted annually reflecting regional labor market trends and inflation forecasts. In the 2019 baseline year, average salary increases across Sveza Group were 3%, while in 2024 they reached 13% [+10 p.p.].

Salary growth dynamics, %



Ratios of standard entry-level salaries for skilled trade jobs to the statutory minimum pay in Sveza's regions of operation

[202-1] [405-2]



↑ 13%
Sveza increases salaries annually. In 2024, the average salary level was raised by 13% year-on-year. Adjusted for inflation of 9.5%,* real salary growth amounted to 3%.

* Source: Russian Federal State Statistics Service.

× 2,6
In 2024, entry-level pay for skilled trade roles at Sveza exceeded the statutory minimum pay by an average factor of 2.6. The female-to-male pay ratio in comparable positions was 0.98.

Salary growth is supported by annual reviews of both base pay and performance-based bonuses. All Sveza facilities operate a two-tier bonus system named "Base-Ambition" that rewards productivity, quality, and efficiency improvements, and enables bonus growth of 7-15% based on performance. In spring 2024, employees received annual bonuses reflecting individual performance and total compensation levels.

In Q1 2025, Sveza plans to pay annual bonuses, followed by a 9% salary increase from April. Additional funding will be allocated to align pay levels across selected roles. Overall employee income is expected to grow by an average of 11%.

↑ 21%
In 2024, average salaries at Sveza's production facilities exceeded regional averages by 21%.

Diversity, Equity and Non-Discrimination

[405-1]

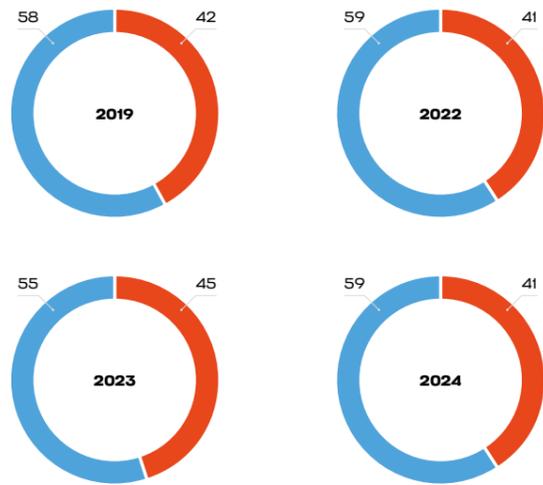
Sveza maintains a zero-tolerance approach to discrimination and human rights violations. These principles are embedded in the Hiring and Onboarding Policy and the Code of Ethics and Business Conduct.

Hiring decisions are based on experience, professional competence, and leadership potential. Sveza does not discriminate based on nationality, religion, age, or gender in

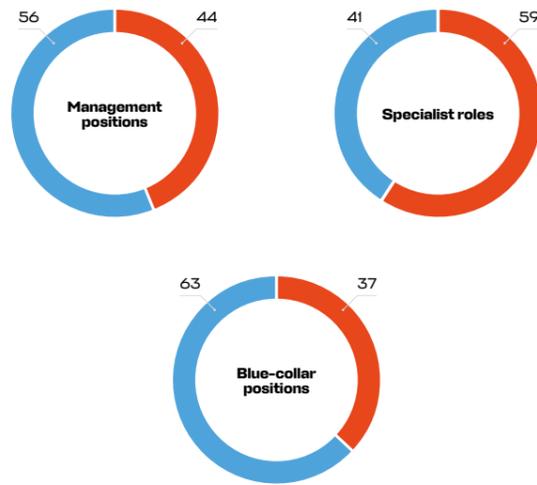
recruitment or career progression and expects its timber suppliers to uphold the same standards.

The company promotes equal opportunities, expands roles available to women (including traditionally male-dominated roles), and employs people with disabilities (32 employees in 2024).

Gender distribution, %



Gender composition by employee category in 2024, %



■ Men ■ Women

Women accounted for 41% of the workforce, consistent with the Russian industrial average. Gender balance remained stable over the 2019-2024 period, with a slight increase in the share of women in 2023 driven by external labor market conditions.

Women accounted for 44% of management positions, 59% of specialist roles, and 37% of blue-collar positions.

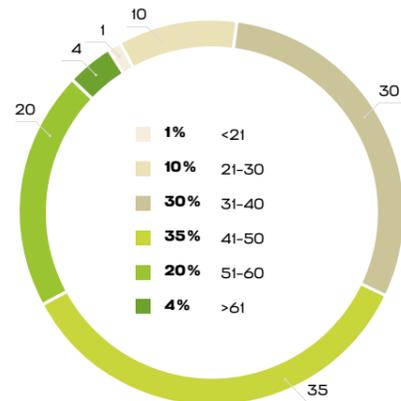
The proportion of women among managers and blue-collar employees changed only marginally compared with 2019 levels (43% and 40%, respectively), while the share of women in blue-collar roles declined. By contrast, the share of women in specialist positions increased by 6 p.p. These trends indicate positive progress in women's professional development within Sveza Group.

In 2024, the average employee age was 42.8 years.

Employees aged 31-50 accounted for 65% of the workforce.

The number of employees under 21 doubled due to long-term cooperation with educational institutions and expanded career pathways for young professionals.

Employee age structure in 2024, %



Sveza ensures safe, supportive, and inclusive working conditions and equal access to professional development regardless of gender, nationality, or religion.

A balanced age structure supports knowledge transfer and generational continuity.

Standard Benefits and Allowances

[401-2]

Employee benefits at Sveza are governed by the Regulations on Social Guarantees and Benefits, as well as collective bargaining agreements. The benefits package includes voluntary health insurance from the first day of employment.

The company provides financial assistance during significant life events and supports specific employee groups, including war veterans, large families, and single parents. In addition, Sveza's facilities allocate funds for employee gifts on the national men's and women's days, and provide gifts for employees' children for New Year as well as gifts for children starting school at the beginning of the academic year.

Enhanced Benefits and Allowances

[403-6]

Sveza operates under the Regulations on Social Guarantees and Benefits, pursuant to which employees are entitled to enhanced benefits and guarantees, including:

	Extended voluntary health insurance starting from day one		Transportation to and from work
	Meal compensation		Financial assistance for retirees and war veterans
	One-off allowances		Children's summer camp vouchers
	Health resort vouchers		Family and child benefits

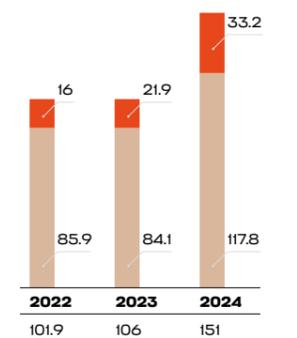
Employee dynasties

Employee dynasties, or multi-generational employee families represent continuity and deep expertise. Families with long-term employment histories at Sveza preserve institutional knowledge and corporate culture.

Employee dynasties at Uralsky span four generations with over 97 years of combined service. One of the oldest dynasties has worked at the plywood mill in St. Petersburg since 1947, while another began its history in 1964 at the Manturovo facility.

Sveza views family values as a core element of its social policy and annually implements cultural, sports, and volunteer initiatives for employees and their families.

Spending on employee benefits programs in 2022-2024, million rubles



■ Outpatient care ■ Benefits and one-off allowances

In 2024, spending on employee benefits programs totaled 151 million rubles. Total spending on employee benefits and one-off allowances increased by nearly 40%, outpatient medical services by 52% year-on-year.

Employee Well-Being Promotion

At Sveza, employees have access to an anonymous social and psychological support program. In 2024, 372 employees received consultations in the following areas: legal issues – 60 %, psychological support – 26 %, healthy lifestyle – 11 %, and financial literacy – 2 %.

The Novator plywood mill was recognized as the winner in the category "Best Collective Bargaining Agreement in Non-Budgetary Organizations with Up to 700 Employees."

Collective Bargaining Agreements

[2-30] [402-1]

In accordance with the Russian Labor Code, Sveza's collective agreements govern all key aspects of labor relations, including provisions on employee notification periods for significant operational changes, such as potential workforce reductions. In 2024, the agreements in effect were approved for the 2021–2024 period and standardized across all company facilities.

Collective agreements fully cover employees at plywood mills in the Vologda, Kostroma, and Perm Regions, representing 46 % of the company's total workforce.

In 2024, 32 % of employees were members of trade unions or other employee associations, a decrease of 8 p.p. compared with the previous year.

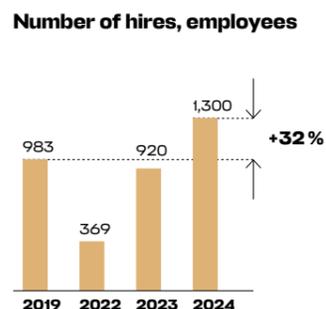
Training, Skills Development, and Career Management

[404-1] [404-2]

<p>100 %</p> <p>employees assessed for performance and career development.</p>	<p>3,493</p> <p>employees trained through in-person corporate and professional programs.</p>	<p>27 %</p> <p>increase in talent development spending.</p>
<p>85 hours</p> <p>average training hours per employee.</p>	<p>83 %</p> <p>satisfaction with career development opportunities.</p>	

Recruitment and Onboarding

In 2024, Sveza successfully staffed over 90% of its vacancies. More than 40 recruitment channels were used, ranging from inter-university case competitions to targeted advertising. Work arrangements were also diversified, with rotational employees introduced for the first time in production workshops.



In 2024, Sveza hired 1,300 new employees, 1.5 times more than in 2023 and 32 % more than in the 2019 baseline year.

91 % of vacancies were filled on schedule.

In 2029, the number of new hires was 983 employees.

New Recruitment Programs in 2024

"Refer a Friend"	"Hire Within 24 Hours"
<p>30 % of hires came through employee referrals. Referring employees received a bonus of 15,000 rubles.</p>	<ul style="list-style-type: none"> Rapid candidate screening. Expanding the pool of interviewers. Accelerated medical examinations. Welcome bonus for joining within three days. Assignment of dedicated recruitment coordinators at production sites.

Digital Onboarding

In 2024, Sveza launched a digital platform for onboarding and professional training of production employees. The mobile application streamlined the integration of new hires into their roles. Employees use the platform to access learning materials, take tests, and interact with mentors, supervisors, and HR. Managers have online visibility of onboarding process.



Key outcomes of the program:

- 100 % of new employees complete onboarding via the platform.
- 4 onboarding tracks launched.
- 23 training plans developed.
- More than 20 training sessions conducted for managers.

Young Professionals

In 2024, the number of new hires under 25 increased 1.5 times. The company attracts young talent through internships, mentoring, and development programs. In 2025, Sveza plans to expand onboarding programs and create additional career development opportunities.

Sveza created a role for minors as sorters at its plywood mills.

Youth Engagement Programs in 2024

Summer internship "Intern Path"	Case competition "Yes, Progress"
A record number of students participated, over 80 in total.	An inter-university contest solving production challenges. Winners received cash prizes and job offers.
Practical training "Progression"	
A program for students and recent graduates: 87 interns were hired into production and corporate functions, with opportunities for targeted contracts and an additional stipend of 5,000-7,000 rubles.	



NIKITA BOGDANOV, electronics engineer at Sveza Kostroma plywood mill:

"What I enjoy most about this company is that I can implement any project I want. Work has almost become my second hobby. It's fascinating that I can write a few lines of code and make the machine move in unusual patterns."

The company has 35 ongoing cooperation agreements with educational institutions in the regions of operation (see the "Supporting and Developing Local Communities" section for details).

Learning and Development System

Sveza operates a comprehensive learning and development system covering all employee categories and divisions. Key internal documents include:

- Training Regulations for Workers
- Training Regulations for Managers, Supervisors and Specialists

In 2024, Sveza revised its corporate values to foster a supportive corporate environment and unlock employee potential.



IRINA KAZANTSEVA,
Organizational
Development and Human
Resources Director at
Sveza:

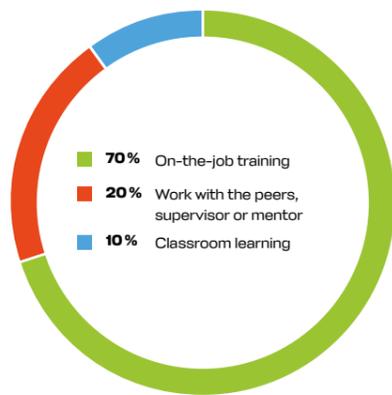
“We aim to create not just jobs but an environment where people can realize their potential and build long-term careers.”

Investments in workforce development increased by 27% in 2024.

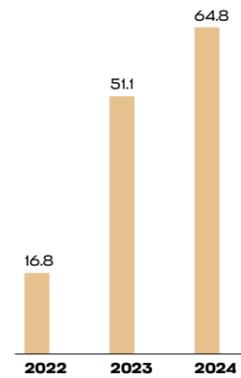
3,493 employees completed in-person training programs in 2024, 11% more than in 2023.

85 hours – average training time per trained employee [54 hours per total workforce].

Blended learning approach



Investment in recruitment and training, million rubles



Over 4,000 learning materials are available on Sveza’s corporate Learning Portal. Employees completed 50,000 online courses covering over 1,000 unique training programs.

In 2024, seven new professional development programs were introduced, training 2,876 employees. New digital learning tools were implemented for 13 production roles.

The sustained positive trends in indicators related to the enhancement of the learning and development system explain the growth in key performance metrics. These reflect employee engagement and the workforce sustainability of the business:

Parameter	2019	2022	2023	2024	Growth compared with the 2019 baseline
Average annual training hours per employee (by gender and role)	13.5	27	58	54	×3
Number of employees who completed in-person corporate training or professional development programs, people	1,750	2,413	3,149	3,493	×2
Number of employees who completed in-person corporate training or professional development programs, %	25%	38.5%	60.7%	64.0%	+156%

Sveza provides opportunities for employees to learn new trades. In 2024, a pilot acceleration program for talent reserves, “Foreman in a Month,” was launched.

In 2024, internal mentors at Sveza trained nearly 1,500 new hires and existing employees pursuing professional development. Mentor qualifications and selection criteria are defined in the company’s Mentorship Policy.

Mini-Internships at St. Petersburg Plywood Mill

Objective:

Enable rapid onboarding of foremen and improve their effectiveness by embedding the training on Sveza’s business processes and business system tools into daily work.

Challenges:

- Staff shortages, which prevent foremen from dedicating sufficient time to full training in the Business Systems Department.
- Gaps in foremen’s skills and knowledge of key business system tools, affecting their ability to organize work efficiently.
- Challenges in balancing training with daily operational responsibilities.

Solution:

Short 1.5-2 hour “mini-internships” at the plywood mill’s Business Systems Department, including:

- Classroom component: key business system tools (Goal Setting, 8 Wastes of Lean, Kaizen, Autonomous Maintenance, Reporting System, Project Management, 5S).
- Practical component: exercises and case studies with expert guidance.
- Monitoring: follow-up to ensure application of learned skills.

Results:

- Faster onboarding for new foremen.
- Flexible training format that does not disrupt daily work.
- Increased foremen engagement in addressing production challenges and contributing to process improvements.
- Improved collaborations between the Business Systems Department and foremen.

Mini-internships will be further scaled across production roles.

Employee development programs

“Sveza Leader”

Modular programs for managers and talent reserves

Competency and business effectiveness trainings

“Sveza Digital”

Mentoring and coaching

In 2024, specialized project management training adapted to business processes and employee needs was delivered to over 70 participants.

Women in traditionally male roles

From 2024, female employees can train in non-traditional roles, including timber stacker, crane operator, dryer operator, veneer composing machine operator, and forklift driver.



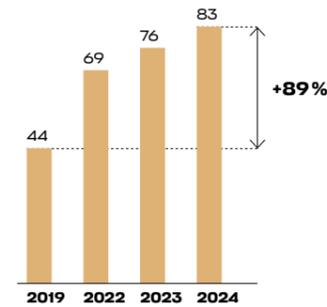
Employee Performance Evaluation

[404-3]

Sveza conducts regular assessments for all employee categories. Results inform individual development plans and training programs.

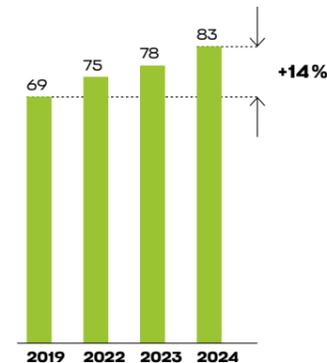
Criteria	Methods
<ul style="list-style-type: none"> Professional skills Career potential Adherence to company values 	<ul style="list-style-type: none"> Comprehensive evaluation of foremen, process personnel, and functional personnel Personnel committee meetings 360° feedback Goal-setting dialogs

Overall workforce stability index, %



Through systematic identification and development of talent reserves, overall workforce stability index increased from 76% to 83% [+9 p.p.]. Compared with the 2019 baseline year, it grew by 39 p.p.

Employee satisfaction with career opportunities in 2019-2024



Satisfaction steadily increased over five years, reaching 83% in 2024 [+5 p.p.]. High-performing employees have opportunities for career growth.

Workforce Stability

[401-1]

2024 Key Indicators

91%
vacancies filled on schedule.

14.7%
overall turnover.

6.3%
voluntary turnover.

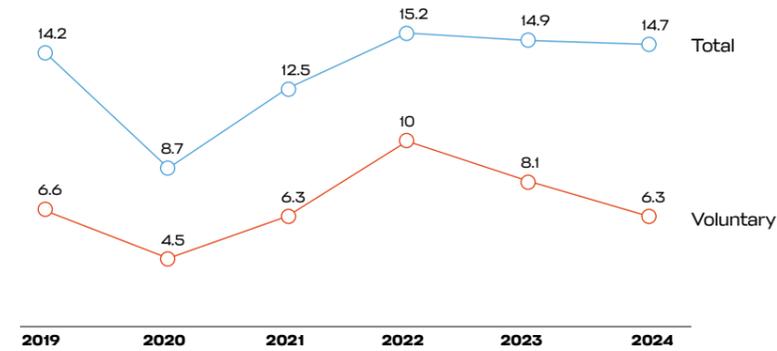
83%
workforce stability index.

1,300
new employees.

×1.5
increase in new hires under 25 years old.

In 2025, Sveza will refine its learning architecture and add programs for developing agile competencies, as well as continue expanding its production training digital platform and creating new learning content for manufacturing roles.

Employee turnover in 2019-2024, %



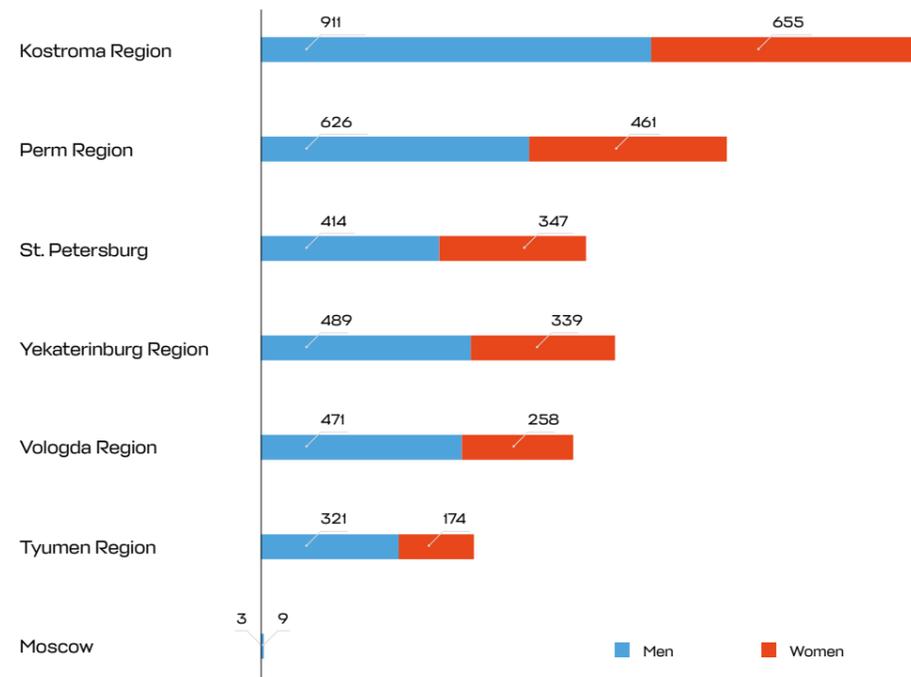
In 2024, overall turnover remained at 14.7%, unchanged from 2023. Voluntary turnover decreased to 6.3% [-2 p.p.] due to:

- Predictive analytics for resignation forecasting
- 16 annual employee surveys
- Youth programs

Workforce Composition and Employment

[2-7] [2-8]

Headcount by region and gender in 2024, employees



The largest share of employees [29%] was in the Kostroma Region, home to two Sveza plywood mills. The plywood mill in Uralsky, Perm Region was the largest by headcount.

Of 5,485 staff employees, 99.8% were full-time; 97.9% were permanent employees.

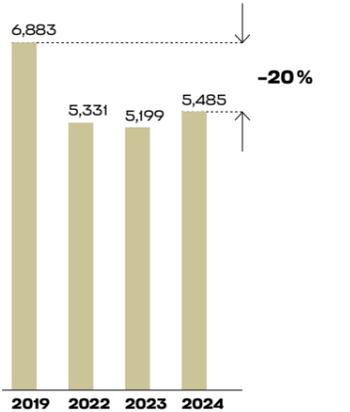
The implementation of the "Novator +52" project to increase plywood production at the Novator plywood mill, Vologda Region in 2024 resulted in the creation of 200 new jobs.

Sveza will hire former employees of the mothballed pulp and paper mill

The Verkhnyaya Sinyachikha plywood mill held a meeting with 50 former employees of Novaya Lyalya Pulp and Paper Mill who were left without work after the mill was mothballed in December 2024. The company offered relocation and rotational work arrangements. As a result, 20 people signed employment contracts.

[404-2]

Average headcount, employees



In 2024, Sveza focused on maintaining staff levels; average headcount increased slightly from 2023 [+3%]. In 2022, production cuts due to sanctions required workforce optimization.

Communication and Feedback

2024 Key Indicators

Top 30
companies with the most loyal employees [HeadHunter ranking].

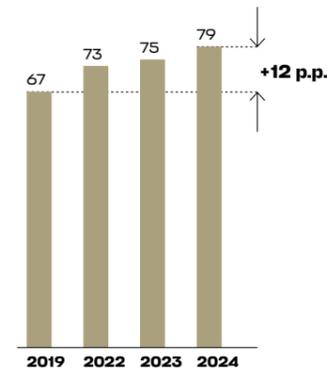
79%
employee engagement rate.

85%
employee satisfaction rate.

Sveza uses multi-channel communication combining digital platforms, corporate resources, and in-person interaction.

Corporate hotline	"Voice of Sveza" survey
All inquiries are logged in a centralized database, with a responsible person assigned and deadlines set for resolution.	An annual anonymous survey to assess employee engagement and satisfaction across various aspects of work.
Cascade briefings	Annual corporate conference
Cascade briefings are quarterly online meetings with the CEO, followed by sessions where facility and production area managers meet with their teams.	A meeting of key company leaders to review the year's results and set development priorities for the next year.
Live sessions with top managers	Ethics Committee
Live online sessions with management to promptly communicate important information to employees.	The Ethics Committee chaired by the CEO handles employee grievances related to violations of corporate conduct policies if the issue could not be resolved with the employee's supervisor.

Employee engagement rate, %



"Employee Experience"

A new initiative aimed at consistently improving working conditions, which includes:

- Regular surveys covering 16 key areas
- Focus groups and in-depth interviews

Based on the collected insights, an improvement plan was developed and fully implemented in 2024.

According to the "Voice of Sveza" survey, employee engagement in 2024 reached 79%, +12 p.p. from the 2019 baseline, with survey participation rising to 99% [from 94% in 2019]. The year-on-year increase in employee engagement reflects targeted follow-up on feedback, implementation of corrective actions, and structured internal communications. Sveza's people-centered approach is confirmed by key survey metrics: the employee happiness score and engaging leadership index both reached 85%.

Occupational Health and Safety

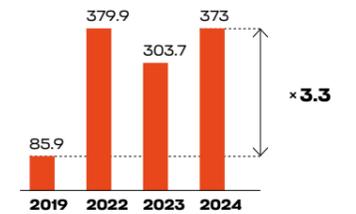
[3-3] [403-1] [403-3] [403-8]

Ensuring safe working conditions is one of the fundamental requirements for the sustainable long-term development of operations. Sveza is guided by the principle that all workplace accidents are preventable. The company uses a proactive approach to risk management to minimize potential impacts on employee health and the environment, while also safeguarding its assets.

Sveza has identified the following strategic priorities in occupational health and safety:

- Managed zero-injury performance
- Proactive safety leadership culture
- Workplace health and well-being

Occupational health and safety expenditure, million rubles



Following a reduction in OHS spending in 2023 driven by workforce optimization that began in 2022, Sveza increased investments in occupational health and safety by 23% in 2024. The increase reflects higher fire protection service costs, extended medical examinations at occupational health stations, and workforce growth.

Compared with the 2019 baseline, OHS investments increased 3.3 times, driven by an expanded scope of safety measures and rising service costs.

Managed Zero-Injury Performance

[403-2]

Safety is Sveza's number one value. The company prioritizes employee life and health over production results and assumes full responsibility for compliance with OHS requirements and ensuring safe working conditions.

Workplace Safety Performance

[403-9]

In 2024, Sveza achieved its annual strategic safety targets focused on reducing injuries and preventing accidents. No fatal or severe injuries and no industrial accidents were recorded across the company's operations. The LTIFR [Lost Time Injury Frequency Rate] decreased to 1.73, while the number of fire incidents fell to 13.

OHS Initiatives Implemented in 2024

Parameter	Achieved / Target
Workplace risk assessment Risk assessments were conducted for all new and modified workplaces, with risk levels calculated and appropriate controls defined for each process. As a result, 2,175 risks were eliminated.	98% / 100%
Development of the industrial safety management system <ul style="list-style-type: none"> A pilot transformation of the safety management system was implemented using the ADKAR* methodology, during which employees volunteered to act as safety ambassadors. Unified PPE distribution standards were introduced, supported by dedicated software. 	37% / 45%
LOTO (Lockout/Tagout) system implementation The company continued equipping its production facilities with LOTO systems that prevent the supply of energy during equipment maintenance and repair, reducing the risk of electric shock and eliminating fatal accidents.	84% / 100%

* A – Awareness – understanding the need for change.
 D – Desire – building internal motivation to support the change.
 K – Knowledge – learning new information and behaviors.
 A – Ability – implementing new skills and behaviors.
 R – Reinforcement – sustaining the change and embedding it as a habit.

In 2024, 17 minor injuries were recorded across the Group, down 41% compared with the 2019 baseline. All incidents were investigated, and key findings were communicated across all sites. Overall work-related injury rates declined by 45% year-on-year and by 25% compared with 2019. Improvements were driven by actions taken following the 2023 risk assessment, rollout of safety barriers, and regular safety briefings.

Mandatory mechanical skills training and recommended hand-tool workshops helped eliminate the “Hand Tools” hazard in 2024 [this factor accounted for every tenth incident in 2023]. Injuries related to unsafe workplace conditions fell by half. At the same time, 40% of injuries were linked to unsafe actions, prompting increased employee involvement in continuous safety improvement initiatives.

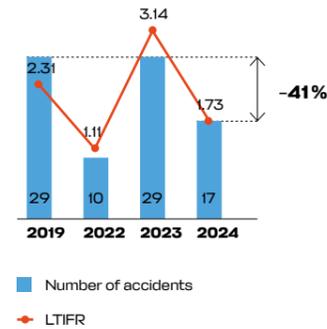
As in 2023, falls remained the key hazard in 2024, accounting for 35% of injuries. To address this, stairs, flooring, and elevated service areas were inspected at all production facilities, and improvements implemented where necessary. For example, at the Tyumen plywood mill, six elevated service points were fitted with protective barriers, reducing high-risk areas by 35%. Further improvements are planned for 2025.

Since 2020, risks related to moving and rotating equipment parts are addressed through the “Pinch Points” program. Risk mitigation measures include both physical and time-based controls. Physical controls include interlocked guards, while time-based controls involve programmed start-up delays. By the end of 2024, 30% of company process equipment had been fitted with LOTO safety systems. Training stands were installed to practice using the new safety tools.

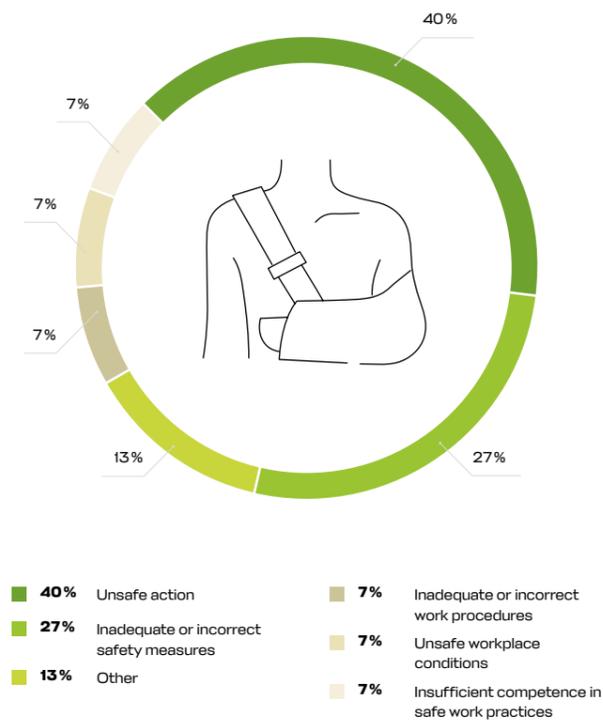
The majority of load-handling risks were identified at the Novator plywood mill and were associated with the commissioning and fine-tuning of transport systems under the “Novator +52” capacity expansion project.

2025 operational targets include completing workplace risk assessments, eliminating critical risks, and maintaining high employee involvement in near-miss identification. Sveza also plans to continue transforming the industrial safety management system using ADKAR and further expand LOTO implementation across production lines.

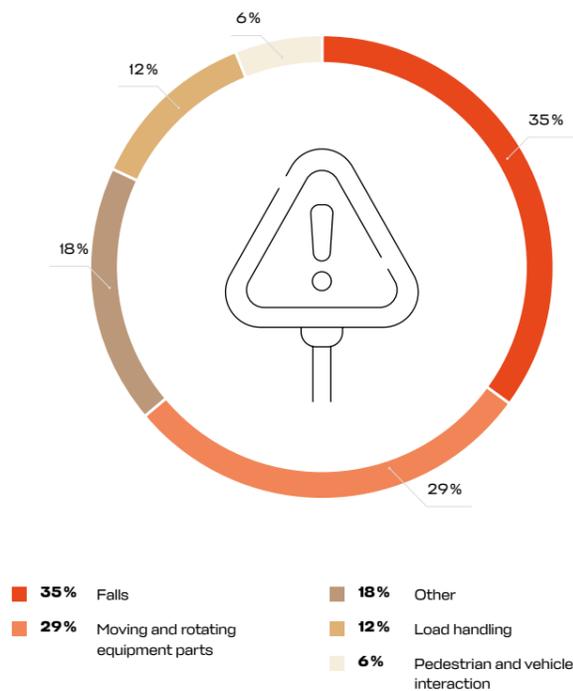
Number of accidents and LTIFR



Main causes of injuries in 2024, %



Main hazards in 2024, % of injuries



A second group of risks involved forklift transportation of veneer and plywood. In 2024, improvements focused on:

- Improving the external environment across all plywood mills: Dedicated pedestrian and vehicle routes, updated markings, including gobo-projected floor markings, convex mirrors, safety signage; revised veneer and plywood transport regulations, including mandatory bundling at certain production stages; optimized routes to eliminate narrow forklift passages.
- Smart technologies for safer load handling:
 - Collision avoidance system at the St. Petersburg plywood mill's woodyard: Workers carry handheld trackers that trigger alerts when entering equipment operating zones, while forklift drivers receive real-time proximity notifications.
 - Light-based risk zone demarcation at the Tyumen plywood mill: Forklifts are fitted with marker lights projecting red lines to visually define operational zones and improve the visibility for pedestrians.
- Driving skills development: The driver training program was extended, additional training grounds were established, and practical driving skill assessments will be introduced across all sites from 2025.
- Equipment and machinery: Measures to limit forklift speed, lifting height, and load capacity were assessed and implemented.

Safety meetings are held monthly at all facilities.

In 2024, an internal review identified direct conversations with supervisors and Telegram channels as most effective communication tools.

Work on hazard elimination will continue in 2025. The plans include installation of protective flooring at the large-size plywood area at the plywood mill in Kostroma.

Digitalization of Occupational Health and Safety Management

Since 2020, Sveza has prioritized digital tools to enhance safety and operational efficiency. The company is developing a centralized monitoring platform integrated with ERP* modules. Training initiatives include VR simulations and digital simulators, while production sites deploy computer vision, sensors, and alert systems.

In 2025, Sveza plans to introduce an electronic workplace safety control system that involves digitizing audits, incident investigations, workplace assessments, and medical examinations. Production employees will access the system via tablets and use it to promptly enter and analyze data. Twelve online OHS training courses and knowledge assessments are also planned.

* Enterprise Resource Planning (ERP) is an integrated digital system that enables real-time management of an organization's core business processes using a single, shared data platform.

3D printing for workplace safety

The St. Petersburg plywood mill became the first in the Group to adopt additive manufacturing. Since 2024, the mill has produced parts and fully functional standalone items, including control panels, safety barriers, sensor housings, equipment locks, safety tags, and more, enabling prompt elimination of production bottlenecks and cost-effective equipment upgrades.

[403-4]

Incident information is communicated through:

- Vkontakte page
- Telegram channel
- Notice boards in shift meeting rooms
- Smart boards and TV screens

Fire Safety

Wood-based manufacturing is inherently fire-hazardous. Sveza implements a comprehensive fire safety program that includes the following fire prevention and mitigation measures:

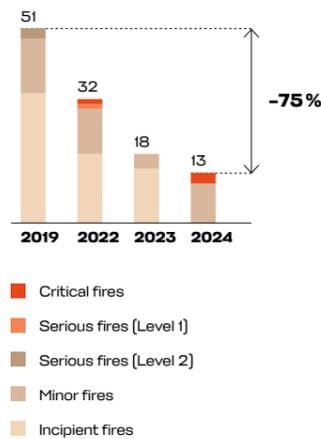
Regular fire safety training for all employees	Fire drills	Strict hot-work controls	Installation and modernization of automatic fire suppression and alarm systems	Compliance monitoring of facilities, equipment, and workplaces

↑ 31%
Fire safety investments increased by 31%.
 In 2024, Sveza invested 94.3 million rubles, primarily in upgrading fire suppression and alarm systems, as well as evacuation management systems.

Monthly fire response drills are conducted at the plywood mills in cooperation with regional emergency services.

The number of recorded fires decreased by 28% year-on-year and by 75% compared with 2019. Equipment malfunctions were the primary cause in 2024. Sustained improvement reflects effective root-cause analysis and targeted mitigation measures. For example, in 2024 the Tyumen plywood mill installed new automatic fire detection, alarm, and evacuation management systems. The plywood mill in Uralsky upgraded the internal fire water supply system at the particleboard production area and installed 22 fire cabinets to enable rapid emergency response.

Recorded fires at Sveza facilities



Contractor Safety Management

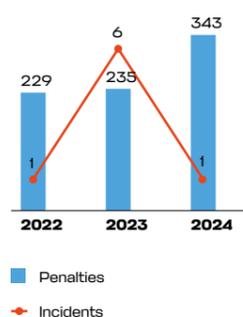
[403-1] [403-7] [403-8]

Sveza monitors contractor compliance with internal safety standards and Russian OHS legislation. Sveza's internal [Contractor Safety Management Standard](#) is incorporated in all contractor agreements. Engagement with contractors on occupational health and safety is structured into five stages:

Pre-contract assessment	Verification of OHS and industrial safety competencies	Review of technical and design documentation	Mandatory induction training	Ongoing monitoring and enforcement

Stricter safety requirements in 2024 resulted in a 74% increase in penalties, totaling 6,633,000 rubles, while contractor-related accidents declined to one case [-5 p.p.].

Contractor safety incidents and penalties



Proactive Safety Leadership Culture

[403-4]

Sveza fosters proactive safety leadership through behavioral safety training and employee involvement in risk assessments. The focus is on instilling personal responsibility for adhering to safety rules and maintaining awareness of colleagues' actions. No decision may compromise safety.

In 2024, as part of the refinement of the company's OHS management system audit, the KPIs for production area managers and plywood mill managers were expanded to include targets related to leadership, risk assessment, deviation management, continuous improvement, and performance.

The rise in reported hazards demonstrates the growing impact of employees taking personal initiative on safety. By the end of 2024, approximately 91% of identified hazards [13,924 out of 15,308] had been addressed.

Under the "Hunting down Hazards" initiative, employees identified 15,308 hazards in 2024 [2.5 times more than in 2023]. Employee participation reached 77.5%, exceeding the 70% target.

Occupational Health and Safety Training

[403-5]

Competency development and motivation programs are key to strengthening safety culture.

Top 5 corporate OHS training courses in 2024	Number of employees trained
Safe work practices for high-risk operations	2,046
Safe methods and practices for work involving exposure to hazardous and/or harmful factors	1,410
Environmental impact of operations and the role of employees in mitigating it	1,340
First aid	1,210
PPE use	1,138

"Know and comply" is Sveza's key principle of workplace safety.

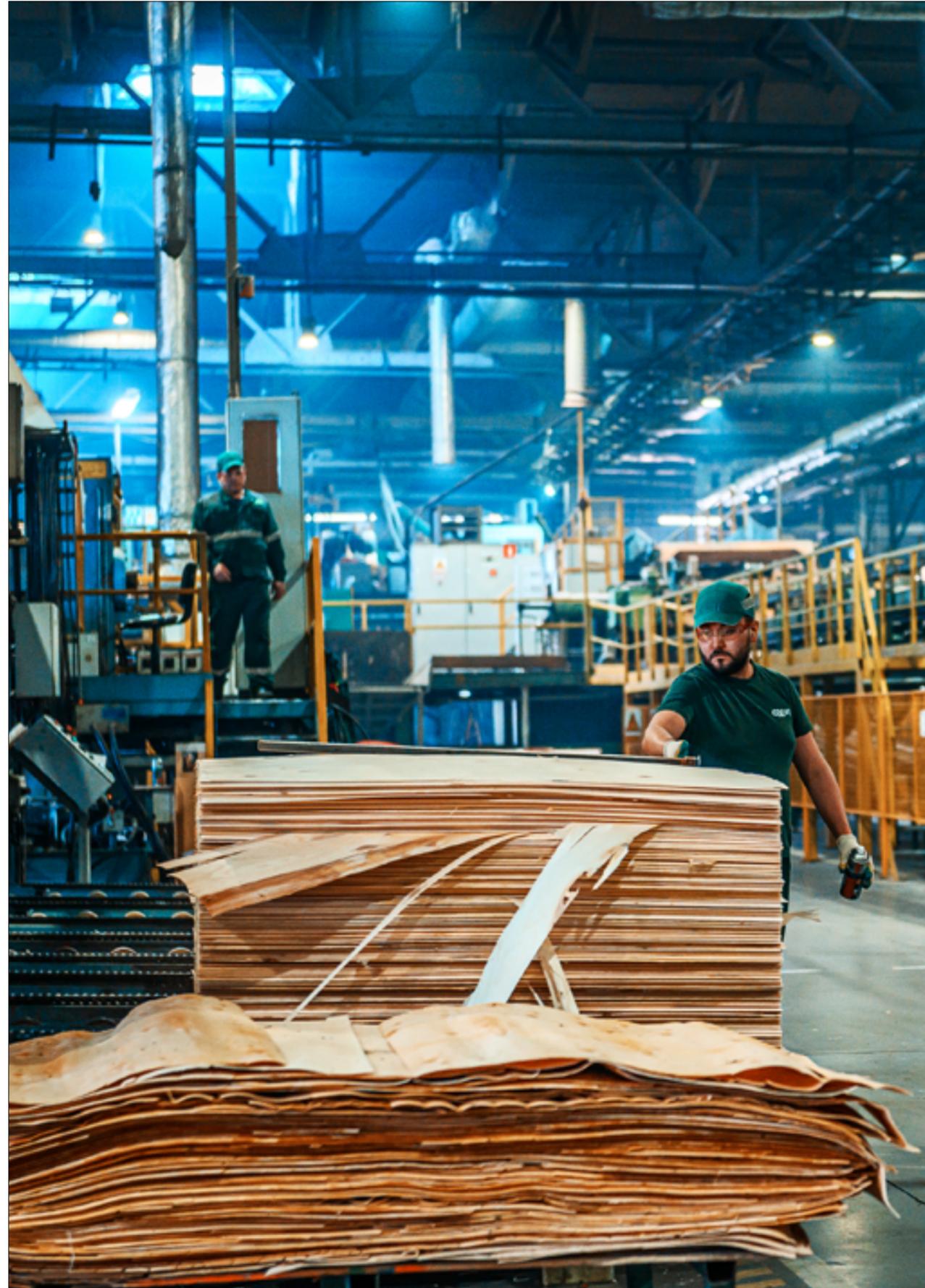


In 2024, Sveza developed and implemented mandatory training programs in line with updated legislation:

"Safe Work Practices"	"PPE Use"	"First Aid"	"High-Risk Operations"

The company implemented a competency model covering hard, soft, and digital skills for all OHS specialists. Based on the results of evaluations, individual development plans were established for each specialist and will be reviewed annually.

VR training
 At the Novator plywood mill, a VR simulator for forklift operators was launched. It accurately replicates real workspaces, equipment, and surroundings, while also simulating emergency situations. Employees can practice fire response procedures: the user must shut off the power supply, extinguish the fire using a virtual extinguisher, and notify virtual characters of the emergency.



Workplace Health and Well-Being

[403-10]

Sveza improves working conditions and promotes occupational health, supported by significant investments in employee safety and workplace well-being. In 2024, approximately 400 million rubles was allocated to workplace modernization and comfort. The initiatives included roof renovations at the plywood mills in Kostroma and Uralsky, replacement of flooring in Kostroma, continued modernization of ventilation systems in Tyumen, as well as numerous targeted improvements across other sites.

According to the 2024 Special Assessment of Working Conditions, 45% of workplaces are within permissible limits (Class 2), while 55% of workplaces present harmful conditions (Classes 3.1, 3.2, 3.3):

Main workplace hazards	Share of workplaces	Number of illnesses in 2024	Number of illnesses in 2023
Noise	61%	2 (-1)	3
Physical workload	56%	- (-2)	2
Chemical exposure	29%	-	-
Predominantly fibrogenic dust	14%	-	-
Vibration	4%	-	-
Heat stress	2%	-	-



Noise remains the primary health risk, affecting 61% of employees. Physical workload is the second most significant factor affecting 56% of workstations. In 2024, two cases of occupational illness were recorded due to noise exposure, and none were linked to physical workload.

In 2024, Sveza conducted a noise assessment to effectively minimize the impact of noise on employees' health. Based on the results, soundproof cabins were installed for operators of automated and semi-automated lines, along with noise-reducing doors and acoustic panels. In 2025, four additional soundproof cabins will be installed in Novator.

Physical workload risks are addressed through automation and robotics (see the ["Innovation for Growth"](#) section for details). In 2024, six new forklifts were purchased for the plywood mill in Verkhnyaya Sinyachikha. In Kostroma, plywood layup stations were equipped with robotic systems, and in Manturovo, lifting mechanisms were installed to handle knives in the sharpening section.

To improve productivity and working conditions, additional production processes are planned for automation in the coming years. For example, the St. Petersburg plywood mill plans to automate veneer feeding into glue application rollers in 2025. Sveza also plans to test and implement automated guided vehicle (AGV) systems to replace forklifts. At the Kostroma plywood mill, veneer feeding to the drying lines is expected to be fully automated by 2028.

Additional workplace improvements scheduled for 2025:

- Installation of climate control systems for process line operators at Novator.
- Installation of fiberglass-framed windows at the St. Petersburg plywood mill.
- Roof renovation above the plywood gluing and machining department in Kostroma.
- Reconstruction of buildings at Uralsky.

VYACHESLAV ILYINSKY, Head of OHS and Industrial Safety at Sveza

"Today, nearly every investment project at Sveza contributes to workplace safety. Automation and robotics, for example, allow us to operate processes remotely, which directly improves employee safety. Our ongoing initiatives include intelligent video monitoring of gantry crane operators, using computer vision to oversee employee actions, and applying artificial intelligence in incident investigations. Over the past few years, we have invested more than 20 million rubles in various health and safety projects, and over 50 million rubles in creating safer working conditions across our sites."

Regional Development

[3-3] [203-1] [413-2]

Sveza assumes extended social responsibility in the regions where it operates. The company is a reliable employer and taxpayer and actively contributes to the economic resilience of local communities facing demographic decline and limited opportunities. Half of Sveza's plywood mills are anchor enterprises, serving as main employers in four single-industry towns: Manturovo, Verkhnyaya Sinyachikha, Uralsky, and Novator.

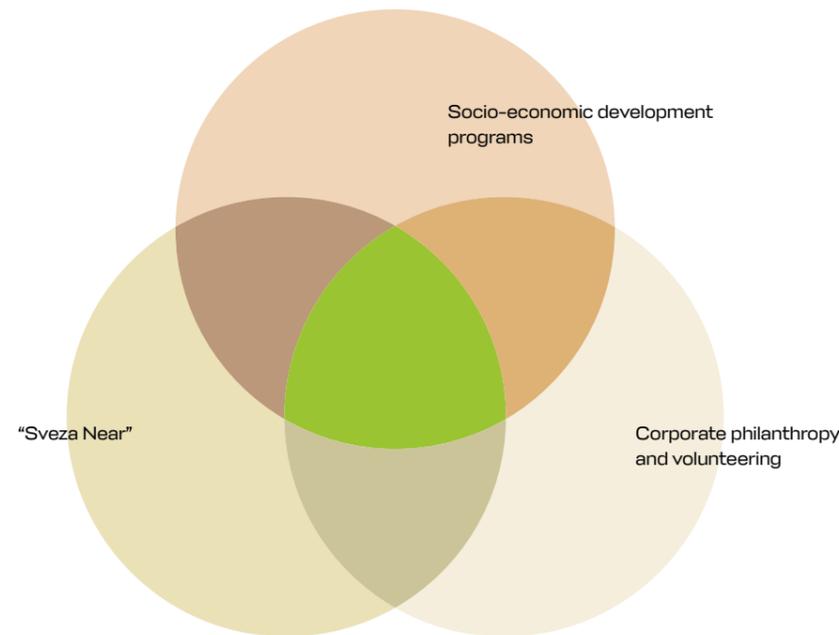
The company's strategic priority in regional development is to retain the working-age population in its regions of operation. Targeted social investment is the main instrument to achieve this.

Joining the UN Global Compact in 2020 marked the start of Sveza's regional development work. Over the past five years, the company has been establishing and refining mechanisms for meaningful engagement with stakeholders. In 2024, the main priority was to ensure that regional investments were well-planned and well-structured. The company expanded its socio-economic development programs, strengthened partnerships with local governments and the non-profit sector, introduced new tools to support small and medium-sized enterprises (SMEs), and continued to grow employee and community volunteering. A major achievement during the reporting period was the full alignment of corporate projects with national programs and priorities.

Sveza is an official partner in the Russian national projects "Ecology" and "Science and Universities."



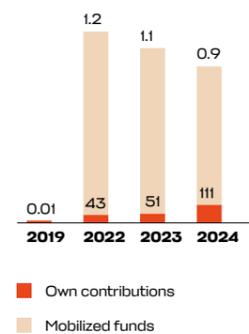
Sveza's core social policy initiatives in 2024



In 2024, Sveza completed the transition from ad hoc support to a targeted social investment model, launching a dedicated social initiatives program "Sveza Near." By the end of 2024, the company had completed the following regional development initiatives:

- Livable urban environment:** Gas infrastructure and road construction in Manturovo and Uralsky, and public space improvements across all regions of operation.
- Healthcare and sports:** Financing the purchase of equipment for the Uralsky hospital, bonus payments for medical staff in Manturovo and Uralsky, and opening of community spaces in Verkhnyaya Sinyachikha and Kostroma.
- Education and career guidance:** Creation of a "Forest Classroom" in Novator, construction of a learning and resource center in Verkhnyaya Sinyachikha, financing the purchase of new equipment for educational institutions in Manturovo and Uralsky, and launching of a new discipline "Wood Processing Technology" at the Manturovo Vocational School.
- Environment:** Reinforcement of river banks, environmental education initiatives, and the launch of the first session of the school environmental camp in Novator.

Spending on social programs in Sveza's regions of operation, billion rubles



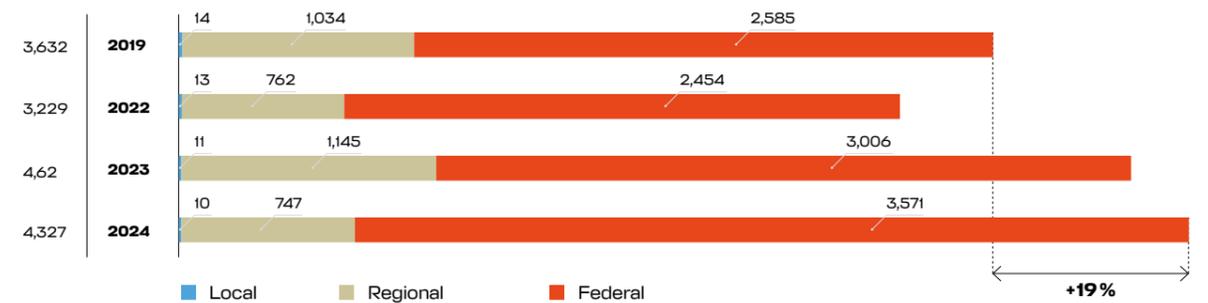
In 2024, Sveza allocated 111 million rubles to its regions of operation, twice as much as in 2023 and eleven times more than in 2019. Key investment areas included:

- Infrastructure projects – 33 million rubles
- Education and workforce development – 11.1 million rubles
- SME support – 10.1 million rubles
- Grant programs – 5.6 million rubles
- Healthcare – 4.5 million rubles

A key indicator of the effectiveness of Sveza's social investments is the ratio of leveraged funding to the company's own contributions. In 2024, this ratio stood at 8:1, compared with 21:1 in 2023, reflecting the growing role of Sveza as a significant contributor to investment flows in its regions of operation.

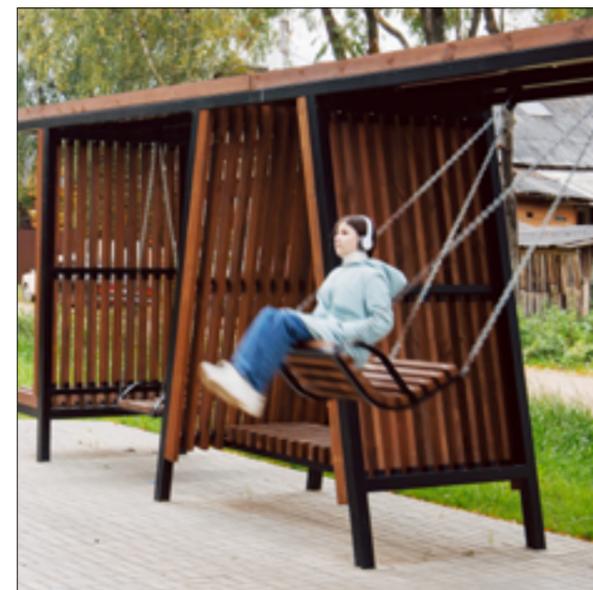
In 2024, Sveza paid 4.3 billion rubles in taxes, representing a 4% increase year-on-year and a 19% increase compared with 2019.

Taxes paid to public budgets at all levels, million rubles



Social Investment Strategy for 2025

In 2025, Sveza aims to move beyond a program-based approach toward a fully integrated, structured model for managing the social and economic development of its regions of operation. Key objectives include the development of long-term strategies for small towns and the strengthening of partnerships with the local governments, non-profit organizations, and business stakeholders.



Strategic priorities:

- Master planning for territorial development.** Development of long-term growth plans for anchor towns.
- Scaling of best practices.** Rollout of a standardized social investment framework across the regions of operation.
- Economic diversification.** Enhancing the investment attractiveness of single-industry towns, attracting investors, and promoting social contracting and social entrepreneurship.

Sveza aims to strengthen the economic resilience of single-industry towns by supporting SMEs, developing social infrastructure, and mobilizing external resources. The company will also expand its involvement in expert and advisory bodies as well as public advisory councils, and further align its initiatives with the Russian national development projects.

Particular attention will be given to strengthening the non-profit sector, including creation of resource centers to support master planning for territorial development and community development project work, as well as the capacity building of local self-governance bodies and community-based NGOs. The initiatives will take into account the findings of an in-depth assessment of the effectiveness of social investments conducted as part of the 2024 reputational audit.

In 2025, Sveza expects to extend the scope of its activities to include Krasnokamsk, Perm Region.

Socio-Economic Development Programs

[203-2] [413-1]

Since 2021, Sveza has participated in regional socio-economic development programs – trilateral agreements concluded between the government of the region, municipal authorities, and the company. The agreements pool resources and expertise to address the priority needs of the local communities, ranging from infrastructure modernization to entrepreneurship, education, and social services development.

In 2024, socio-economic development programs for Manturovo [2021-2024] and Uralsky [2022-2024] reached their final stages, with new initiatives already under development for the next periods. During 2024, the program footprint expanded to include Novator [2024-2027] and Verkhnyaya Sinyachikha [2024-2030]. As a result, three socio-economic development programs were actively underway in 2024: two (including Novator) in the Vologda Region and one in the Yekaterinburg Region (Verkhnyaya Sinyachikha). Total planned investments amount to approximately 1.2 billion rubles for the Novator program and around 2 billion rubles for Verkhnyaya Sinyachikha.

The socio-economic development program of Uralsky was recognized as the best municipal practice in the Perm Region, taking 2nd place in the “Better Living Environment” category of the regional stage of the “We Are Together” award.

Key Projects and Initiatives

“Ready for Winter” initiative

Modernization of heating systems through 2027 (over 30 million rubles in 2024).

Park and stadium

Built in Verkhnyaya Sinyachikha (over 6 million rubles).

Water intake facilities

Construction of main water intake facilities in Manturovo (253.5 million rubles in 2024).*

Roller skiing track

Built in Veliky Ustyug (Vologda Region, 7.5 million rubles).

* Funded under the Russian federal “Clean Water” project.



Project selection criteria

- 1 Addresses the needs and priorities of key stakeholders.
- 2 Resolves significant local issues.
- 3 Includes co-financing from public budgets.
- 4 Encourages active participation of stakeholders.
- 5 Supports compliance with federal and regional regulatory requirements.
- 6 Positively influences external sustainability ratings and evaluations.



Under the “Local Social Impact Initiatives” program, Sveza participated in 53 participatory budgeting projects: the company contributed 5-10% of the funding, with the total value of projects exceeding 80 million rubles.

Youth Development and Education

Sveza partners with educational institutions, engaging young people in learning about the industry. Key results in 2024 include:

- 1,300 school students participated in career guidance and educational events.
- A “Forest Classroom” was launched at the Novator public school.
- A new discipline “Wood Processing Technology” was launched at the Manturovo Vocational School.
- Industrial tours of the company’s facilities began.

Sveza runs a program of targeted scholarships for future teachers and municipal employees, aimed at encouraging them to return to the local community and contribute to the development of local education.

Plans for Novator for 2025-2027 include equipping medical facilities with new equipment, renovating a kindergarten, developing sports infrastructure, and providing financial incentives for medical staff relocating to the area. Plans for Manturovo include the construction of a modular fitness and wellness complex, while in Uralsky, another recreational water site will be created.

The “Forest Classroom” is a dedicated educational course launched by Sveza in Novator with support from the regional and local authorities. Forty-five school students began training in two tracks: technical and natural sciences. The company invested 2 million rubles in renovating and equipping classrooms to create a comfortable and modern learning environment. The Forest Classroom is part of Sveza’s initiative to prepare a new generation of skilled specialists in the Vologda Region who will drive sustainable forest management over the next 20-30 years.

For the first time, Sveza sponsored the regional gathering of school forestry clubs in the Kostroma Region. The event brought together 50 school students interested in careers as digital forest rangers, forest surveyors, and tree pathologists. In 2025, the company will continue enhancing involvement in youth-focused STEM and educational initiatives to conduct joint forest-climate research.

“Novator +52” project

In 2024, Sveza Novator plywood mill [joined the nationwide initiative to develop industrial tourism](#). Mill employees completed government-supported training as tour guides and developed the route “Birch Promenade: From Log to Plywood.”

The project showcases new facilities that demonstrate the full production cycle of plywood – from logs to finished panels. Visitors receive safety instructions, personal protective equipment, and audio guides. Tours for local students are provided free of charge.

“Sveza Near”

Sveza’s corporate program “Sveza Near” brings together infrastructure, education, entrepreneurship, and cultural initiatives. It serves as an entry point for engaging employees, active community members, and the non-profit sector in addressing priorities that matter to local communities. Key tools include establishing competence centers for project development, holding grant competitions for social and local business initiatives, and supporting resident-driven grassroots projects.

Attracting External Resources

Sveza is strengthening the infrastructure to support community projects by creating partnership resource centers and fostering local networks. In 2024, 37 applications were submitted to grant competitions, with a total value of 102 million rubles. Five projects were selected as winners, with a total value of 10.7 million rubles.

The first partnership resource center was established in Veliky Ustyug. It provides methodological and organizational support for community initiatives. An interregional NGO based in Perm coordinates the work with grant-making foundations. It also assists in establishing resource centers in Manturovo, Uralsky, and Verkhnyaya Sinyachikha.

Grant Competitions

Through the “Sveza Near” program, entrepreneurs who won grant competitions received around 8 million rubles. The winning projects included a children’s play center, an early learning center, and a sports and fitness hall in Manturovo, as well as a project to expand the podiatry office at the Uralsky hospital.

Corporate Philanthropy and Volunteering

Sveza’s engagement with local communities is a key part of its approach to building trust-based, long-term relationships between business and society. In 2024, the company implemented a series of corporate philanthropy initiatives, many involving employee volunteers, and organized numerous local events. Sveza’s efforts were recognized with awards, including an A+ rating in the “Leaders in Corporate Philanthropy” ranking, the title of “Social Partner of the Year” in Kostroma, and participation in the finals of the national award “Our Contribution.”

Special attention is given to the “Steps Towards Success” project implemented in partnership with the “Road to Home” foundation since 2011. The project supports disadvantaged families and helps establish and maintain parent-child relationships. In 2024, [more than 600 people received assistance](#). A key achievement was the creation of a family club for parents of children with developmental differences, offering a space to share experiences, receive consultations, and participate in workshops.

With support from the independent nonprofit organization “National Priorities,” local authorities, and healthcare professionals, Sveza held a Health Day in Uralsky, providing over 60 residents with free medical check-ups.

In 2024, Sveza also supported cultural and sports events for families across its regions of operation: street arts festivals in Uralsky and Manturovo, a family sports festival in Novator, a festival and competition for brass and pop-jazz orchestras in Verkhnyaya Sinyachikha.

In 2025, Sveza plans to hold the first youth forum “Manturovo: Energy of New Ideas,” featuring brainstorming and idea generation sessions for local development.



MAXIM ODINTSOV,
Head of Regional Development Programs at Sveza:

“Our goal is not just to support local initiatives, but to build a sustainable system for regional development in which residents themselves play an active role. We see how our grant programs help people bring their ideas to life – from opening children’s centers and sports studios to creating modern business spaces in small towns. This is a tangible contribution to developing a comfortable environment where people want to live and grow, and where opportunities for personal fulfillment expand.”



The Novator plywood mill’s volunteer team won the regional competition “Lend a Hand to Nature” for the second time, in recognition of their active participation in environmental campaigns and educational work with schoolchildren.

“Active Sveza”

Sveza provides financial and organizational support to philanthropy and volunteer initiatives. Key priority areas of the company’s corporate social responsibility activities include:

- Families and children
- Urban greening and community improvement
- Healthy lifestyles and sports
- Development of local communities

Sveza’s employee volunteering program “Active Sveza” brings together employees, their families, and local residents through shared community projects, fostering teamwork, engagement, and loyalty. Over the year, volunteers carried out more than 70 events.

In 2024, Sveza provided volunteers with training in communication and inclusive engagement methods.

In 2025, “Active Sveza” will expand across all facilities of Sveza Group. The main goal of the program is to give every employee, regardless of location, the opportunity to personally contribute to sustainable development goals and take part in social and environmental initiatives. Regular volunteer activities, both local and company-wide, will be scheduled at each plywood mill to facilitate this.





About the Report

Report Preparation Methodology

[2-1] [2-3]

This Sustainability Report presents the key performance results of Sveza Group for 2024. The terms “company,” “Group,” and “facility” used in this Report refer to Sveza LLC and its subsidiaries. The Report also discloses information on the company’s compliance with ESG principles, selected aspects of corporate governance, and engagement with stakeholders.

This Report is based on the Global Reporting Initiative (GRI) Standards (2021 edition), SASB Standards (Forestry Management and Building Products & Furnishings), and the principles of the United Nations Global Compact.

In addition, the Report outlines Sveza’s contribution to the UN Sustainable Development Goals (SDGs) through 2030 and its participation in the implementation of Russia’s National Projects for the period 2019-2024.

Reporting Boundary

[2-2]

The Report covers the period from January 1, 2024 to December 31, 2024, corresponding to the company’s financial reporting period. To ensure comparability, key performance indicators are presented in dynamics over 3-5 years. 2019 is used as the baseline year for most ESG indicators. The Report also includes information on Sveza Group’s plans for 2025 and the short-term outlook.

The Report contains qualitative and quantitative data and information on the operations of production facilities and subsidiaries within Sveza Group:

- SVEZA-Les LLC
- NAO Sveza Ust-Izhora
- NAO Sveza Manturovo
- NAO Sveza Kostroma
- NAO Sveza Novator
- Sveza Resource LLC
- Sveza Tyumen LLC
- NAO Sveza Verkhnyaya Sinyachikha
- Sveza Uralsky LLC
- Sveza Bioproduct LLC
- Sveza SmartLine LLC

As of September 1, 2024, Kama LLC and K-Les LLC joined the Group. From January 2025, MMPOF Packaging LLC, MMPOF Rotogravure LLC, and Nevskiy Grani LLC were also consolidated. Environmental, social, and economic performance indicators for these newly acquired assets will be disclosed in the 2025 Sustainability Report.

Interpretation and Use of Information

Unless otherwise indicated, all product names, trade names, trademarks, service marks, and logos used in this Report are the intellectual property of the company and are protected by applicable law.

The Report may also contain trade names of other commercial and non-profit organizations. The use or display of such names does not imply endorsement or sponsorship.

Data Accuracy and Assurance

All information contained in this Report, including data on products, competitive positioning, and market trends, was prepared by the company within its internal corporate reporting system. The data was verified internally for completeness and accuracy. External assurance was not conducted. The Report includes certain industry and market data obtained from publicly available sources, as well as the results of studies conducted by third parties.

Identification of Material Topics

[3-1]

In 2024, the principle of double materiality, as recommended by GRI Standards 2021, was applied for the first time in identifying material topics. This approach enables a comprehensive assessment: it helps identify interdependencies between the company’s environmental and social impacts and the associated risks and opportunities.

The double materiality assessment was conducted in two stages:

- 1 Assessment of stakeholder views on the company’s actual and potential impacts on people and the environment.
- 2 Expert evaluation of ESG factors’ impact on the business, including risks and opportunities that may affect operational performance, business development, and cash flows.

A total of 205 respondents participated in the stakeholder survey, including 156 company employees and 49 external stakeholders. The questionnaire included an expanded list of sustainability topics based on previous assessments and supplemented by industry benchmarking in the forest products sector. Respondents were also able to propose additional topics.

For each of the 16 sustainability topics, between three and six specific impacts were identified. In total, the survey covered 28 impact aspects, including 11 environmental, 16 social, and 1 governance aspect. Participants assessed the importance of managing each impact using a three-point scale: 1 – not important, 2 – important, 3 – very important. Based on the survey results, average importance scores were calculated

for each impact, reflecting stakeholder perspectives. A similar internal expert assessment was conducted to evaluate the significance of impacts in terms of their influence on the company’s sustainability and business performance. The resulting scores were aggregated by topic, and a double materiality matrix was developed, forming the basis for the selection of topics disclosed in this Report.

Double Materiality Matrix



[3-2]

List of material topics disclosed in the Report:

Core topics:		Additional topics:
1 Waste management	7 Decent work and employment	13 Air quality
2 Economic performance	8 Water use and impacts on water resources	14 Climate change and energy efficiency
3 Anti-corruption and integrity	9 Product quality and safety	15 Human capital development
4 Land use and biodiversity	10 Information security	16 Human rights and equal opportunities
5 Innovation and digitalization	11 Sustainable supply chains	
6 Occupational health and safety	12 Regional development in areas of operation	

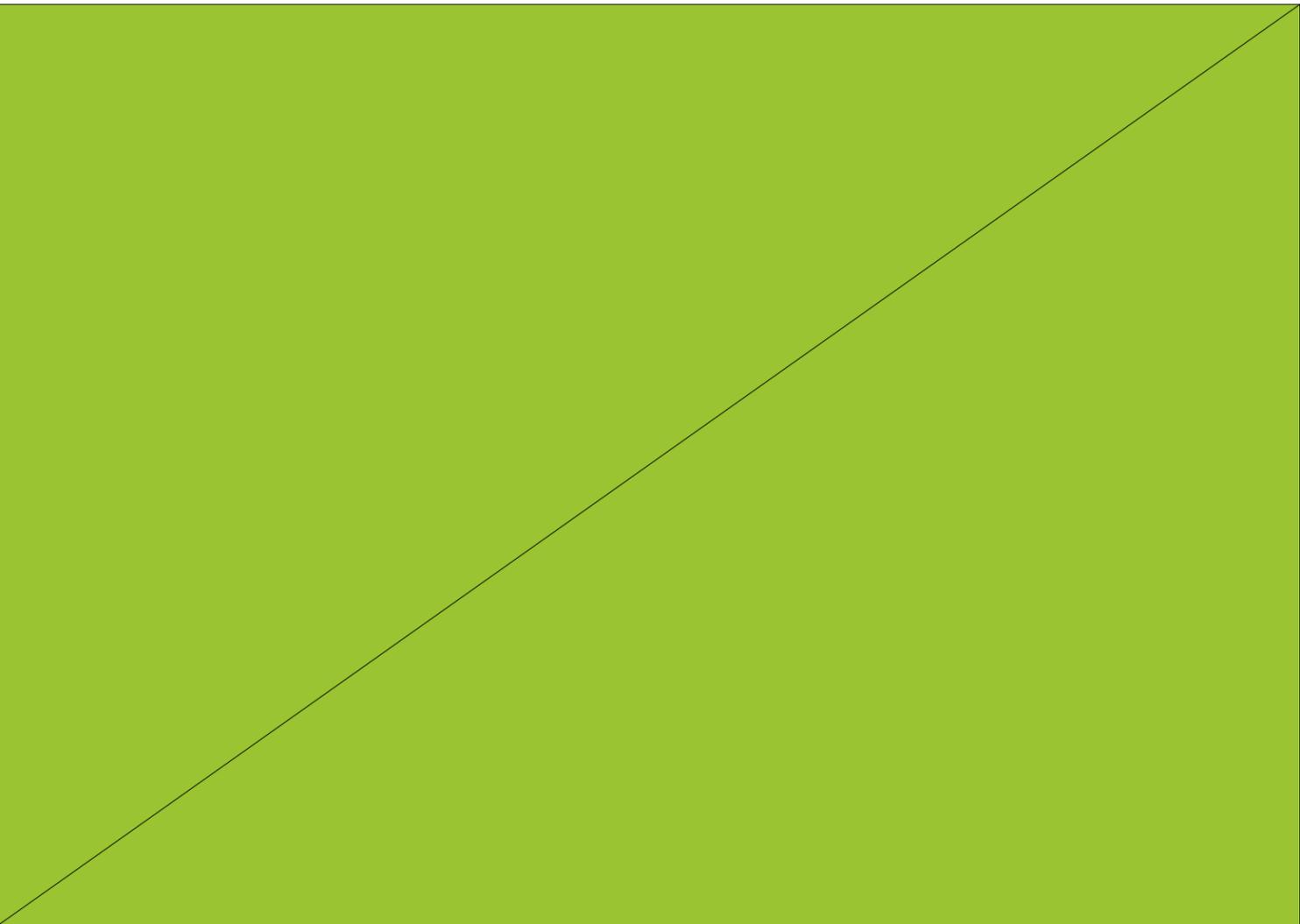


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GRI Content Index

GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments	
GRI 1: Foundation 2021				
The organization and its reporting practices				
GRI 2 (2021) General Disclosures	2-1	Organizational details	About the Report, p. 86 About Sveza, p. 6 Registered address: 5 Fanernaya St., Pontonny, 196643 St. Petersburg	
	2-2	Entities included in the organization's sustainability reporting	About Sveza, p. 6 Data for new subsidiaries will be included in the 2025 Sustainability Report. <small>Environmental and social data for two entities that joined Sveza Group in September 2024 – Kama LLC and K-Les LLC – are excluded due to the complexity of collecting and consolidating reliable data from newly acquires assets.</small>	
	2-3	Reporting period, frequency and contact point	The Report is prepared annually for the calendar year. Contact point: valentina.likhacheva@sveza.com	
	2-4	Restatements of information	No restatements of previously disclosed information were made.	
	2-5	External assurance	External assurance was not conducted.	
	Activities and workers			
	2-6	Activities, value chain and other business relationships	About Sveza, p. 6 Responsible Supply Chains, p. 22	
	2-7	Employees	Workforce Composition and Employment, p. 71	
	2-8	Workers who are not employees		
	Governance			
	2-9	Governance structure and composition	Corporate Governance Framework, p. 18	
	2-10	Nomination and selection of the highest governance body	Information is not disclosed in accordance with the internal policy on sensitive and confidential information.	
2-11	Chair of the highest governance body	Corporate Governance Framework, p. 18		
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Framework, p. 18 <small>Details of regular steering committee meetings are not disclosed in accordance with the internal policy on sensitive and confidential information.</small>		



GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments	
GRI 2 (2021) General Disclosures	2-13	Delegation of responsibility for managing impacts	Corporate Governance Framework, p. 18	
	2-14	Role of the highest governance body in sustainability reporting	Functional directors approve the content of the Report. The Chief Executive Officer approves the Report.	
	2-15	Conflicts of interest	Information is not disclosed in accordance with the internal policy on sensitive and confidential information.	
	2-16	Communication of critical concerns	The steering committees for strategic focus areas prepare for company management sustainability-related briefing materials addressing the economic, environmental, and social aspects.	
	2-17	Collective knowledge of the highest governance body		
	2-18	Evaluation of the performance of the highest governance body	Remuneration of the functional directors and plywood mill managers is linked to the achievement of KPIs within their areas of responsibility. For plywood mill managers, KPIs cover all key business areas, including economic, environmental, and social performance indicators.	
	2-19	Remuneration policies	Information is not disclosed in accordance with the internal policy on sensitive and confidential information.	
	2-20	Process to determine remuneration		
	2-21	Annual total compensation ratio	Information is not disclosed in accordance with the internal personal data protection policy.	
	Strategy, policies and practices			
	2-22	Statement on sustainable development strategy	Sustainability Strategy Focus Areas, p. 20	
	2-23	Policy commitments	Development Strategy 2030, p. 9	
	2-24	Embedding policy commitments	Corporate Governance and Sustainability Management, p. 16	
2-25	Processes to remediate negative impacts	Grievance Mechanisms, p. 28		
2-26	Mechanisms for seeking advice and raising concerns			
2-27	Compliance with laws and regulations	In 2024, no significant cases of non-compliance were identified.		
2-28	Membership associations	Stakeholder Engagement, p.29 Appendix 2		

GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments
GRI 2 (2021) General Disclosures	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, p. 29 Appendix 2
	2-30	Collective bargaining agreements	Collective Bargaining Agreements, p. 66
Disclosures on material topics			
GRI 3 (2021) Material Topics	3-1	Process to determine material topics	About the Report, p. 86
	3-2	List of material topics	
Waste management			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Waste Management, p. 55
GRI 301 (2016) Materials	301-2	Recycled input materials used	In-House Energy Generation, p. 50 Transition to a Circular Bioeconomy, p. 53
GRI 306 (2020) Waste	306-1	Waste generation and significant waste-related impacts	Waste Management, p. 55
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
Anti-corruption and integrity			
GRI 205 (2016) Anti-Corruption	205-1	Total number and percentage of operations assessed for risks related to corruption, and significant risks related to corruption identified through the risk assessment	<p>The Business Security Group coordinates all activities related to the economic, information, and personnel security, as well as oversees compliance with the anti-corruption policy.</p> <p>The Business Security Group analyzes the company's business processes to identify systemic issues, risks, losses, violations and fraud, and develops corrective actions to prevent recurrence. Internal investigations are initiated when reasonable grounds exist or relevant information is received. Investigation results are reported to company management and, where necessary, referred to law enforcement authorities.</p>



GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments
GRI 205 (2016) Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption, p. 27
	205-3	Confirmed incidents of corruption and actions taken	
GRI 205 (2016) Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such legal proceedings occurred during the reporting period.
Land use and biodiversity			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Responsible Forest Management, p. 38
GRI 304 (2016) Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sveza does not use timber sourced from forests where high conservation value is threatened by economic activities. Sveza has no operational sites located within protected areas or in areas of high biodiversity value.
	304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity Conservation, p. 42
	304-3	Habitats protected or restored	Forest Resource Management, p. 38
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Conservation, p. 42
Innovation and digitalization			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Innovation for Growth, p. 32
GRI 203 (2016) Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Modernization of Production Facilities, p. 33
	203-2	Significant indirect economic impacts	Import Substitution and Technical Independence, p. 32
GRI 301 (2016) Materials	301-2	Recycled input materials used	Transition to a Circular Bioeconomy, p. 53

GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments	
Occupational health and safety				
GRI 3 (2021) Material Topics	3-3	Management of material topics	Occupational Health, Safety, and Environmental Management, p. 22	
GRI 403 (2018) Occupational Health and Safety	403-1	Occupational health and safety management system		
	403-2	Hazard identification, risk assessment, and incident investigation	Managed Zero-Injury Performance, p. 73	
	403-3	Occupational health services	Occupational Health, Safety, and Environmental Management, p. 22	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Proactive Safety Leadership Culture, p. 77	
	403-5	Worker training on occupational health and safety	Occupational Health and Safety Training, p. 77	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Contractor Safety Management, p. 76	
	403-8	Workers covered by an occupational health and safety management system	Occupational Health, Safety, and Environmental Management, p. 22 Contractor Safety Management, p. 76	
	403-9	Work-related injuries	Workplace Safety Performance, p. 73	
	403-10	Work-related ill health	Workplace Health and Well-Being, p. 79	
	Decent work and employment			
	GRI 3 (2021) Material Topics	3-3	Management of material topics	Decent Work and Fair Remuneration, p. 62
GRI 202 (2016) Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Remuneration, p. 63	
	202-2	Proportion of senior management at significant locations of operation that are hired from the local community	Senior management includes the Chief Executive Officer, directors of the management company, as well as managers of production facilities. Local communities are defined as citizens of the Russian Federation. 100% of senior management are citizens of the Russian Federation.	



GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments
GRI 401 (2016) Employment	401-1	Total number and rate of new employee hires and employee turnover by age group, gender and region	Workforce Stability, p. 70
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	Enhanced Benefits and Allowances, p. 65
	401-3	Parental leave	
GRI 402 (2016) Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	In accordance with the Russian legislation, employees are notified at least two months prior to operational changes.
GRI 403 (2018) Occupational Health and Safety	403-6	Promotion of worker health	Enhanced Benefits and Allowances, p. 65
GRI 404 (2016) Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and employee category	Employee Performance Evaluation, p. 70
GRI 405 (2016) Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Diversity, Equity and Non-Discrimination, p. 64
	405-2	Ratio of basic salary and remuneration of women to men	Remuneration, p. 63
Water use and impacts on water resources			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Wastewater Management, p. 56
GRI 303 (2018) Water and Effluents	303-1	Interactions with water as a shared resource	Responsible Water Use, p. 46
	303-2	Management of water discharge-related impacts	Discharges to water bodies are carried out based on permits and in accordance with water body categories and background concentrations of chemical substances. Wastewater Management, p. 56
	303-3	Water withdrawal	Responsible Water Use, p. 46
	303-4	Water discharge	Wastewater Management, p. 56
	303-5	Water consumption	Responsible Water Use, p. 46

GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments
Product quality and safety			
GRI 416 (2016) Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Product Safety Assurance, p. 30
	416-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services, by types of implications	No incidents of non-compliance were identified.
GRI 417 (2016) Marketing and Labeling	417-1	Requirements for product and service information and labeling	Product Quality Standards, p. 31
	417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling	No incidents of non-compliance were identified.
	417-3	Incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	
Information security			
GRI 3 (2021) Material Topics	3-3	Management of material topics	In 2025, the company will develop and implement a personal data processing policy.
GRI 418 (2016) Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2024, no confirmed complaints regarding data leaks or unauthorized use of customer personal data were recorded.
Responsible supply chains			
GRI 308 (2020) Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Responsible Timber Supply Chains, p. 40
	308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 414 (2016) Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Supply Chain Human Rights Management, p. 28
	414-2	Negative social impacts in the supply chain and actions taken	



GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments
Regional Development			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Regional Development, p. 80
GRI 203 (2016) Indirect Economic Impacts	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	Socio-Economic Development Programs, p. 82
GRI 204 (2016) Procurement Practices	204-1	Proportion of spending on local suppliers	Responsible Supply Chains, p. 22
GRI 207 (2019) Tax	207-1	Approach to tax	Sveza's approach to tax is based on strict compliance with the tax legislation of the Russian Federation. The company is a responsible taxpayer and fully meets its tax obligations. Responsibility for tax compliance, accounting, and control rests with the Economics and Finance Department.
	207-3	Stakeholder engagement and management of concerns related to tax	Currently, stakeholders other than shareholders are not involved in discussions related to taxation; however, they may contact the company through feedback mechanisms if interested.
GRI 411 (2016) Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	None.
GRI 413 (2016) Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	All operational entities [44% of the total number of legal entities within Sveza Group] implement local community engagement and development programs. Socio-Economic Development Programs, p. 82
	413-2	Operations with significant actual and potential negative impacts on local communities	None. Regional Development, p. 80

GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments
Additional disclosures			
Air quality			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Air Quality Protection, p. 57
GRI 305 (2016) Emissions	305-1	Direct (Scope 1) GHG emissions	Reduction of Greenhouse Gas Emissions, p. 44
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	Not disclosed due to the absence of a measurement system.
	305-4	GHG emissions intensity	Reduction of Greenhouse Gas Emissions, p. 44
	305-5	Reduction of GHG emissions	
	305-6	Emissions of ozone-depleting substances (ODS)	Not applicable.
	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Air Quality Protection, p. 57 Appendix 4
Energy efficiency and climate change			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Improving Resource Efficiency, p. 46
GRI 201 (2016) Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	Management of Physical Climate Risks, p. 43
GRI 302 (2016) Energy	302-1	Energy consumption within the organization	Responsible Energy Use, p. 48
	302-2	Energy consumption outside of the organization	Not disclosed due to the absence of a measurement system.
	302-3	Energy intensity	Responsible Energy Use, p. 48
	302-4	Reduction of energy consumption	
	302-5	Reductions in energy requirements of products and services	

GRI Standard	Disclosure Ref.	Disclosure Title	Report Section / Comments
Human capital development			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Human Capital Development, p. 62
GRI 404 (2016) Training and Education	404-1	Average hours of training per year per employee, by gender and employee category	Training, Skills Development, and Career Management, p. 66
	404-2	Programs for upgrading employee skills and transition assistance programs provided to facilitate continued employability and the management of career endings	
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Performance Evaluation, p. 70
Human rights and equal opportunities			
GRI 3 (2021) Material Topics	3-3	Management of material topics	Human Rights, p 28
GRI 405 (2016) Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Diversity, Equity and Non-Discrimination, p. 64
	405-2	Ratio of basic salary and remuneration of women to men	Remuneration, p 63
GRI 406 (2016) Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	Zero incidents of discrimination were recorded during the reporting period.
GRI 409 (2016) Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	When establishing the timber supply chain, the timber procurement group verifies the registration documents of suppliers and sub-suppliers prior to entering into contracts to ensure they are not affiliated with correctional facilities involving compulsory labor. If any such affiliation is identified, contracting is refused.

Content Index SASB Forestry Management

Topic	Accounting Metric	Category	Code	Report section
Ecosystem Services & Impacts	Area of forestland certified to a third-party forest management standard, percentage certified to each standard	Quantitative	RR-FM-160a.1	Voluntary Forest Certification, p. 41

Topic	Accounting Metric	Category	Code	Report section
Ecosystem Services & Impacts	Description of approach to optimizing opportunities from ecosystem services provided by forestlands	Discussion and Analysis	RR-FM-160a.4	Forest Resource Management, p. 38
	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community		RR-FM-210a.2	Human Rights, p. 28
Climate Change Adaptation	Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change		RR-FM-450a.1	Climate Change Mitigation and Adaptation, p. 38
Activity Metric	Area of forestland owned, leased, or managed by the entity	Quantitative	RR-FM-000.A	Forest Resource Management, p. 38
	Timber harvest volume		RR-FM-000.C	

Content Index SASB Building Products & Furnishings

Topic	Accounting Metric	Category	Code	Report section
Energy Management in Manufacturing	{1} Total energy consumed, {2} percentage of grid electricity, {3} percentage of renewable energy	Quantitative	CG-BF-130a.1	Responsible Use of Water and Energy, p. 46
Management of Chemicals in Products	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Discussion and Analysis	CG-BF-250a.1	Quality Management, p. 30
Product Lifecycle Environmental Impacts	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products		CG-BF-410a.1	Minimizing Environmental Impact, p. 54
Wood Supply Chain Management	{1} Total weight of wood fiber materials purchased, {2} percentage from third party certified forestlands, {3} percentage by standard, and {4} percentage certified to other wood fiber standards, {5} percentage by standard	Quantitative	CG-BF-430a.1	Responsible Timber Supply Chains, p. 40

Appendices

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Appendix 1. Sveza's contribution to the UN Sustainable Development Goals and Russia's National Projects.

UN SDGs and Targets	Russia's National/Federal Projects	Activities	Report Section
Environmental Responsibility			
 15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	National Project "Ecology" Federal Project "Forest Conservation"	<ul style="list-style-type: none"> Sustainable forest management and forestry practices in accordance with responsible forest management standards. Conservation of high conservation value forests. 	Biodiversity Conservation, p. 42 Forest Resource Management, p. 38
		15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species	<ul style="list-style-type: none"> Reforestation, forest restoration, and fire prevention actions. Prevention of illegal logging.
 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters		Climate change adaptation actions.	Management of Physical Climate Risks, p. 43
 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 Double the global rate of improvement in energy efficiency		<ul style="list-style-type: none"> Supply of energy to communities in the regions of operation, including the energy produced with carbon-neutral fuel. Production of fuel briquettes. Supply of firewood to local residents and essential community facilities. 	Transition to a Circular Bioeconomy, p. 53 Responsible Energy Use, p. 48
		 12.2 By 2030, achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> Production of bioproducts and biofuels from secondary wood raw materials. Reduction of waste disposed of at landfills. Reduction of specific consumption of raw materials.
12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment			
12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse			Transition to a Circular Bioeconomy, p. 53 Waste Management, p. 55

UN SDGs and Targets	Russia's National/Federal Projects	Activities	Report Section
 <p>6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p>	National Project "Ecology"	Modernization and construction of wastewater treatment facilities	Responsible Water Use, p. 46 Wastewater Management, p. 56 Waste Management, p. 55
Economic and Social Value Creation			
 <p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors</p>	National Project "Labor Productivity"	<ul style="list-style-type: none"> Corporate Initiative "Factory of Ideas." Registration of new patents. Implementation of additive manufacturing technologies. 	Innovation for Growth, p. 32
<p>8.4 Progressively improve global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead</p>		<ul style="list-style-type: none"> Production of bioproducts and biofuels from secondary wood raw materials. Reduction of specific consumption of raw materials. 	Transition to a Circular Bioeconomy, p. 53 Responsible Energy Use, p. 48
<p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>		<ul style="list-style-type: none"> Annual salary increases. Performance-based bonuses. Expansion of job opportunities for women 	Decent Work and Fair Remuneration, p. 62
<p>8.6 Substantially reduce the proportion of youth not in employment, education or training</p>		<ul style="list-style-type: none"> Expansion of career opportunities for young professionals. 	Training, Skills Development, and Career Management, p. 66
 <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>	National Project "Education"	<ul style="list-style-type: none"> Partnerships with the local educational institutions for workforce development. Classroom-based and hands-on training delivered on-site and at local educational institutions. Student internships at the company's production facilities. Employee training programs. 	Regional Development, p. 80 Training, Skills Development, and Career Management, p. 66

UN SDGs and Targets	Russia's National/Federal Projects	Activities	Report Section
 <p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</p>	National Project "Healthcare" Federal Project "Public Health Promotion" Federal Project "Sports as a Way of Life"	<ul style="list-style-type: none"> Voluntary health insurance for employees. Annual medical examinations. Health resort vouchers for employees. Initiatives promoting sports and healthy lifestyles for all. 	Socio-Economic Development Programs, p. 82 Extended Benefits and Allowances, p. 65
<p>3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>	National Project "Demography"	<ul style="list-style-type: none"> Timely modernization of gas cleaning equipment. Reduction of waste disposed of at landfills. Modernization of ventilation systems. Noise pollution assessments. 	Air Quality Protection, p. 57 Waste Management, p. 55 Workplace Health and Well-Being, p. 79
 <p>11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities</p>	National project "Housing and Urban Environment" Federal Project "Public Services and Amenities"	<ul style="list-style-type: none"> Creation of the "Steelworker" park in Verkhnyaya Sinyachikha, Yekaterinburg Region. 	Regional Development, p. 80
 <p>17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>		<ul style="list-style-type: none"> Participation in projects addressing priority regional challenges. 	
 <p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all</p>		<ul style="list-style-type: none"> Participation in regional socio-economic development programs. 	
<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>		<ul style="list-style-type: none"> Corporate Initiative "Factory of Ideas." Registration of new patents. Implementation of new resource-efficient technologies. 	Innovation for Growth, p. 32
<p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending</p>			

Appendix 2. Key stakeholders, their interests, and engagement channels.

Stakeholder Group	Key Interests and Engagement Topics	Engagement Channels
Shareholders	<ul style="list-style-type: none"> Financial stability Strategic development Corporate governance ESG transformation 	<ul style="list-style-type: none"> Semi-annual steering committee meetings Quarterly reporting
Customers and consumers	<ul style="list-style-type: none"> Product quality and range Competitive pricing Reliable supply Compliance with responsible forest management principles Feedback and effective complaint handling 	<ul style="list-style-type: none"> Participation in industry conferences and trade events Customer engagement events (site visits) Corporate website Handling of inquiries and complaints Development of new products
Government authorities	<ul style="list-style-type: none"> Consistent tax compliance Regulatory compliance Responsible forest management Participation in regional socio-economic development Priority project support 	<ul style="list-style-type: none"> Participation in government advisory and expert councils Investment agreements Negotiations on including the company's initiatives in national priority investment project lists
Local communities	<ul style="list-style-type: none"> Participation in regional socio-economic development Compliance with responsible forest management principles Infrastructure development Promotion of local employment Minimization of environmental impacts 	<ul style="list-style-type: none"> Socio-economic partnership agreements Press conferences Public hearings Community surveys Social impact initiative competitions Handling of grievances and complaints Engagement with local communities in forest management Engagement with local authorities on employment, water supply, and energy supply

Stakeholder Group	Key Interests and Engagement Topics	Engagement Channels
Business partners	<ul style="list-style-type: none"> Transparency and accessibility of procurement procedures Sustainable production Environmental impact Compliance with labor and environmental legislation Long-term partnerships Raw material security 	<ul style="list-style-type: none"> Joint projects and supplier development programs Supplier audits Information events Industry conferences and trade events
Educational institutions	<ul style="list-style-type: none"> Workforce development for the forest industry Career opportunities Research and development 	<ul style="list-style-type: none"> Career events, lectures, and plywood mill tours Cooperation with educational institutions on workforce training programs for the wood processing sector Press tours of production facilities Career days Internships at production facilities
Business associations, civil society organizations	<ul style="list-style-type: none"> Reduction of environmental impact Responsible forest management Biodiversity conservation Responsible reforestation Forest fire prevention Resource efficiency 	<ul style="list-style-type: none"> Public hearings Joint working groups Roundtable meetings and conferences
Employees	<ul style="list-style-type: none"> Competitive compensation and benefits Safe working conditions Training and development Career opportunities Discrimination and ethics violations by colleagues or management 	<ul style="list-style-type: none"> Collective bargaining Corporate hotline Ethics Committee Management communication meetings: cascade briefings and the corporate annual conference "Voice of Sveza" survey Goal-setting dialogs Corporate web portal Training sessions and workshops

Appendix 3. Membership of expert and advisory bodies and trade associations.

Name of Body / Association	Participation
 Government Commission for the Development of the Forestry Sector	Development of public policy mechanisms for the forestry sector and related industries. Improvement of the legal framework and government support mechanisms for the forestry sector.
 Forest Industry Development Board of the Federation Council of the Russian Federation	<ul style="list-style-type: none"> Monitoring of best practices and challenges in the Russian forestry sector. Development of proposals to improve forest governance and regulatory framework.
 Forestry Sector Expert and Advisory Council under the Federation Council Committee on Agrarian and Food Policy and Environmental Management	<ul style="list-style-type: none"> Industry analysis, practical engagement. Discussion of workforce development, zero-waste production, and environmental and supervisory legislation.
 Expert Council for Sustainable Development under the Russian Ministry of Economic Development	Participation in surveys addressing sustainable development challenges in the national economy and forestry sector.
 Forest, Woodworking, and Pulp and Paper Industry Board under the Russian State Duma Committee on Industry and Trade	Discussion and expert review of draft legislation, enforcement analysis of the effective forestry and related legislation.
 Forestry and Forest Industry Commission of the Russian Union of Industrialists and Entrepreneurs	Development and implementation of actions to address key industry challenges, improvement of the regulatory and financial frameworks for business, encouragement of investment in the forestry sector, and strengthening of the industrial and R&D potential of the forestry sector.
 Council for Business Sustainability, Corporate Social Responsibility, and Volunteering, Russian Chamber of Commerce and Industry	<ul style="list-style-type: none"> Corporate social responsibility and sustainability methodology development and practical aspects. Exchange of knowledge and experience.
 Russian National Council for Corporate Volunteering	Exchange of best practices in corporate volunteering, promotion of employee volunteering in the company.

Name of Body / Association	Participation
 Union of Timber Industrialists and Timber Exporters of Russia	<ul style="list-style-type: none"> Development and implementation of actions to address critical industry challenges. Participation in improving regulatory and financial frameworks for the business. Development and efficiency of the timber export trade. Encouragement of investment in the national forestry sector. Strengthening of the industrial and R&D potential of the national forestry sector.
 Association of Furniture and Woodworking Enterprises of Russia	<ul style="list-style-type: none"> Platform for consolidating efforts to address the challenges facing the industry. Regulatory initiatives to improve the business environment.
 Industrial Innovations Association	Monitoring and development of innovative systems and processes for the company's production facilities, and solutions to replace foreign technologies.
 Russian Managers Association (business association)	<ul style="list-style-type: none"> Seminars, forums, training sessions. Annual "Top 1,000 Russian managers" ranking.
 St. Petersburg International Business Association (SPIBA)	<ul style="list-style-type: none"> Training events. Exchange of information and business reviews of new management practices.
 Board of Trustees of the St. Petersburg State Forest Engineering University	Participation in the development and implementation of forest industry education and training programs, facilitation of practical training and vocational guidance, as well as development of volunteering.

Appendix 4. GRI Indicators.

[GRI 305-7]

Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions, tonnes

Pollutant type	2020	2021	2022	2023	2024
NO _x (nitrogen oxides)	1,303	1,408	813	984	808
SO _x (sulfur oxides)	180	399.8	598.7	565.5	600
CO (carbon monoxide)	10,551	14,772.6	12,208.6	11,519.3	12,031
Persistent organic pollutants (POPs)	0	0	0	0	0
Volatile organic compounds (VOCs)	288	155.2	149.7	114.4	68.4
Hazardous air pollutants	N/A	82.4	93.5	69.9	31.0
Particulate matter (PM)	3,499	3,649.0	2,847.2	2,864.4	2,573
Other	54	0	0	0	0
Total	15,875	20,399.8	16,658.2	16,058.7	16,310

[GRI 401-1]

New employee hires by region, gender, and age group, persons

Number of new employees	2020	2021	2022	2023	2024
Regions / Business units					
Head office	61	112	69	56	115
St. Petersburg	82	111	43	87	116
Novator	68	98	32	64	70
Kostroma	49	156	44	135	214
Manturovo	65	60	14	84	94
Verkhnyaya Sinyachikha	58	152	30	116	159
Uralsky	133	249	54	187	230
Tyumen	107	138	32	140	225
Sveza Resource	66	97	48	50	75
Sveza Bioproduct	2	2	3	1	2
TOTAL	691	1175	369	920	1300

[GRI 401-1]

Employee turnover by region, gender, and age group

Employee turnover	2020	2021	2022	2023	2024
Total turnover	8.7%	12.5%	15.2%	14.9%	14.7%
Voluntary turnover*	4.5%	6.3%	10.0%	8.1%	6.3%

* Voluntary resignation

[GRI 404-1]

Training and education

	2022	2023	2024
Average annual training hours per employee, by gender and role, man-hours	63	95.9	85

[GRI 405-1]

Headcount by employee group and gender, persons

	2022		2023		2024	
	Women	Men	Women	Men	Women	Men
Production employees	1585	2527	1630	2340	1538	2611
Specialists	372	320	466	221	459	325
Managers and supervisors	232	295	240	291	242	309

[GRI 403-10]

Cases of recordable work-related ill health in 2024

	Gender	Total cases of work-related ill health (incl. fatalities)	Fatalities as a result of work-related ill health	Type of work-related ill health
Managers and supervisors	Men	0	0	
	Women	0	0	
Specialists	Men	0	0	
	Women	0	0	
Production employees	Men	2	0	Bilateral moderate sensorineural hearing loss (H83.3)
	Women	0	0	

[GRI 403-10]

Work-related hazards that pose a risk of ill health

Hazards	Number of cases of work-related ill health caused by the hazard	Actions taken
Noise	2	<ul style="list-style-type: none"> Installation of operator cabins for automated and semi-automated lines. Installation of soundproof doors. Installation of acoustic panels.
Physical workload	0	-
Chemical exposure	0	-
Predominantly fibrogenic dust	0	-
Vibration	0	-
Heat stress	0	-

[GRI 203-1]

Expenditure on social programs in Sveza's regions of operation, million rubles

	2022	2023	2024
Total social investment, million rubles	43.25	51.4	110.78
Expenditure on social programs not related to employees and their families, including:			
philanthropy	27.62	24.54	74.62
housing	0.75	15.55	16.41
healthcare	4.5	1.16	4.49
education	7.56	8.06	11.1
socially vulnerable groups	2.82	2.09	4.16



Appendix 5. List of abbreviations.

AI	artificial intelligence
KPIs	key performance indicators
ILO	International Labor Organization
SMEs	small and medium enterprises
R&D	research and development
UN SDGs	United Nations Sustainable Development Goals
OHS	occupational health and safety
ISO	International Organization for Standardization
RMCR	raw materials consumption ratio
RES	renewable energy sources



