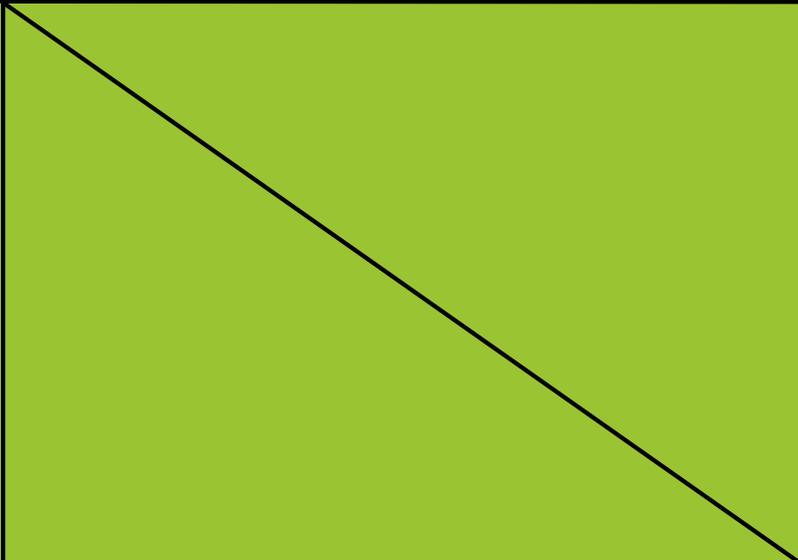
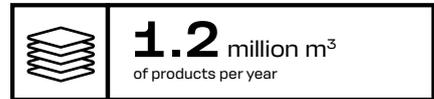
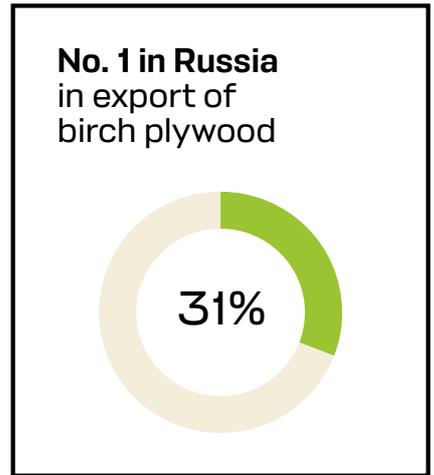
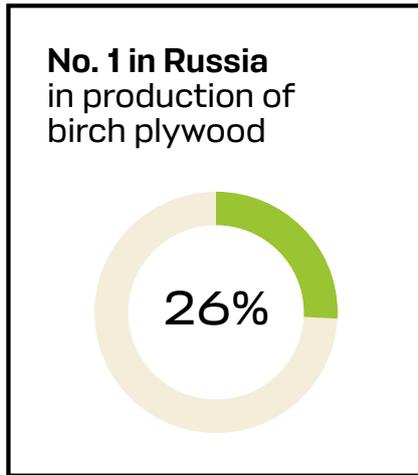
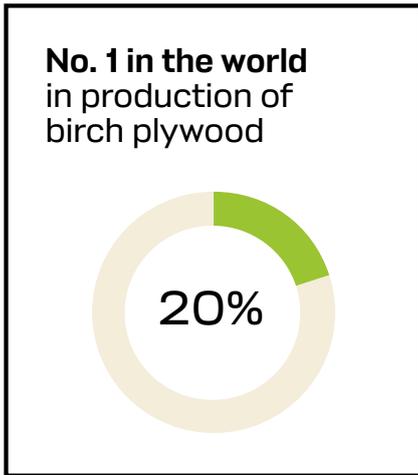

SUSTAINABILITY REPORT

2020



ABOUT THE COMPANY



ENVIRONMENT

1.4 billion
rubles

financing of environmental
activities (current costs
and investments) in 2020
(2.3 billion rubles in 2019)



Sustainable Forest Management

All products manufactured under the Sveza brand comply with the requirements of responsible forest management according to the Forest Stewardship Council® standards (FSC license code C107425).

Sveza Group of companies has 780 thousand hectares of forested area in long-term lease (457 thousand hectares in 2019)

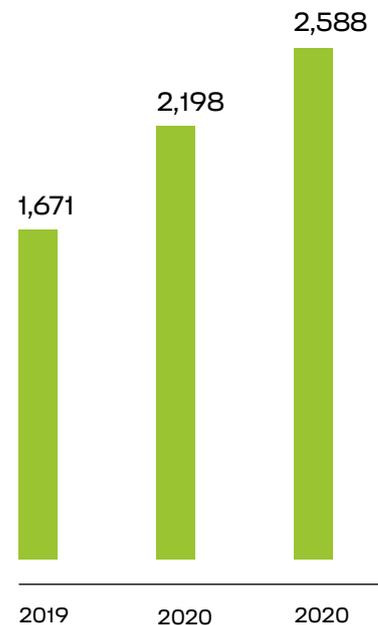
The total annual harvesting volume is 1,416 thousand m³ of timber

More than one million trees were planted as part of reforestation

The area of the restored plots is 1,481 hectares.

100% of suppliers are subject to environmental and social impact assessment

The Volume of Reforestation Activity, hectares



Emissions and Carbon Footprint Reduction

The total emissions in 2020 decreased by 14% compared to the previous period (15,875 tons versus 18,443 tons in 2019) due to the multistage combustion of fuel in boiler houses and the installation of modern gas cleaning equipment.

Our contribution to climate change mitigation:

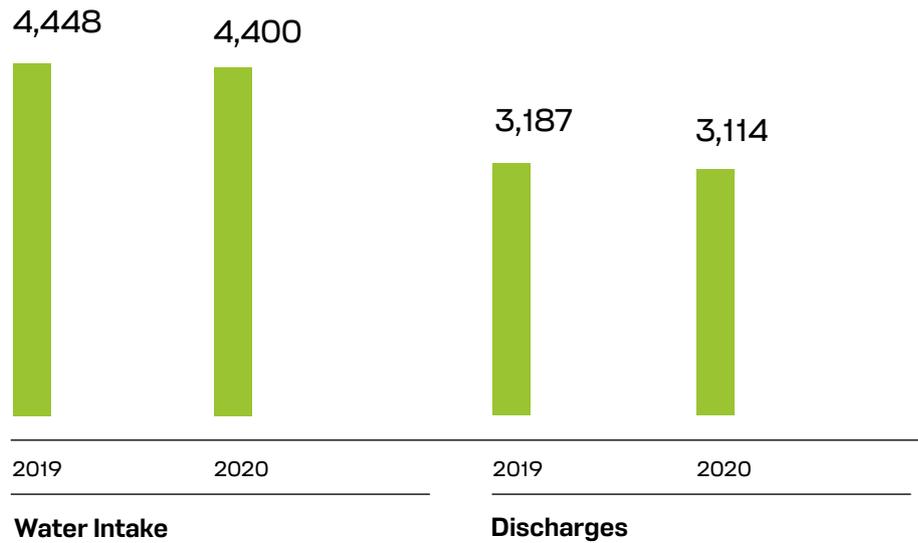
- development of bioproducts production from by-products of production;
- introduction of innovative products;
- introduction of sustainable forest management practices;
- reducing the use of fossil fuels and using carbon neutral biofuels as an alternative.

Rational Water Consumption

- All mills of the Group are located outside the water-scarce regions.

- Water consumption at the Group enterprises and the volume of discharges in 2020 decreased compared to the previous period.

Water Consumption and Wastewater Disposal at the Group Enterprises, thousand m³

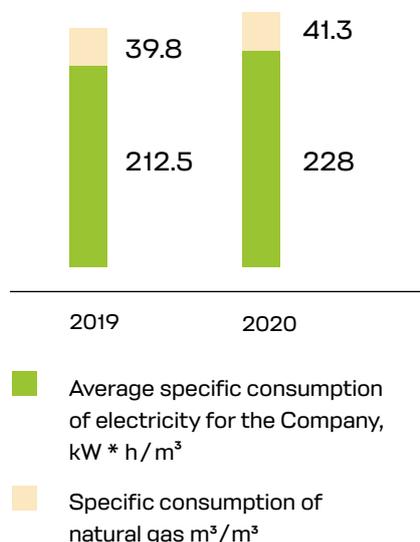


Rational Energy Consumption

The production of own heat and electricity at the enterprises of the Company is carried out by burning mixed fuels (by-products and natural gas).

In 2020, the specific consumption of electricity across the Company was increased by 2.5% on average, and that of natural gas – by 3%. The growth in consumption was primarily caused by the parallel operation of old and new energy equipment at some enterprises, as well as additional electricity consumption at the construction site of the “+52 thousand m³” project.

Average Consumption of Electricity and Natural Gas for the Company



It is expected that by 2025, as a result of the energy conservation policy, the Company will receive savings in the amount of

230 million rubles



Saving Raw Materials and Reducing Waste



100%

the use of forest resource is provided for by the Company's development strategy

2.44 m³/m³

the coefficient of raw materials consumption on average for the Company in 2020; there was a decrease of 1.1% compared to the previous period

70%

share of by-products in the total amount of utilized wood. Sveza expands its product line not only through the development of new types of plywood, but also through the release of various types of products made from by-products of production. They are used for the production of electricity, the conservation of wood raw materials, the production of fuel briquettes and charcoal

MANAGEMENT

Sustainable Development Management

Sustainable business development is among the key priorities of Sveza's long-term development strategy along with customer centricity, operational efficiency and new points of growth.

Responsibility for making key decisions in the field of sustainable development is assigned to functional divisions (directorates) in the structure of LLC Sveza-Les management company.

The list of Sustainable Development Goals priorities of the Group was determined during a strategic session with the participation of Company executives.

The following policies and codes are applied to all companies of the Group:

- Occupational health and safety policy;
- Policy in the field of environmental protection;
- Quality policy;
- Code of Business Partnership;
- Code of conduct for employees.

Economic Efficiency

The Sveza business system is being implemented at all Group enterprises. It is a set of principles, tools and practices for running and improving business, operating at all levels and based on a culture of continuous improvement.

> 90

countries where Sveza's products are exported

80%

is the share of exports in the total revenue of Sveza

50% NPS* level in 2020 (+4 p.p. per year)

In 2020, the Sveza sales management system was changed from a regional to a regional industrial one.

The share of direct and managed sales in 2020 was 15% (+3 p.p. per year)

Approximately 16% of the total volume of purchases, mainly in the provision of services, is carried out in the regions of presence.

* Net Promoter Score

> 36 billion rubles

increase in the consolidated revenue of the Company against 35 billion rubles in 2019

> 400

distributors and traders are among Sveza's clients

Risk Management

The list of top risks in 2020 consisted of 11 positions. These included primarily financial, market and regulatory risks. Environmental, social and socio-economic risks in the field of sustainable development are also subject to analysis and accounting.

The identification, tracking and control of all risks associated with the activities of the Group is carried out on a systematic basis. The leading role in this process belongs to the Internal Audit Department.

Taxes

The Company fully complies with all legal requirements for the calculation and payment of taxes and social contributions.

> 3.5 billion rubles

tax payments of Sveza Group companies to the budgets of all levels in 2020 (3.6 billion rubles in 2019)

996 million rubles

payments to regional and local budgets (1,048 million rubles in 2019)

Quality

5 mills have successfully passed an inspection audit of compliance with GOST R ISO 9001-2015 "Quality Management Systems"

In order to improve the quality in 2020, the process of unification of technology was started at all enterprises of Sveza Group.

37% ▼

decrease in defect rate was achieved in 2020 compared to 2019

1.1 billion rubles

Sveza invested in projects aimed at improving technology and product quality in 2020

Anti-Corruption

The Company has an Anti-Corruption Policy of Sveza-Les LLC and related legal entities. In 2020, work was also carried out on other documents that reduce the opportunities and risks of corruption interaction: the "Standard on Organization of Procurement Activities" was revised, the "Unified Standard of Transactions" was updated, a new "Pricing Policy" was developed, etc.

In 2020, the business support service identified five offenses of corruption, including four against counterparty companies.

45 employees attended the Anti-Corruption Policy distance course in 2020

SOCIAL ISSUES

Health and Safety

The Occupational Health and Safety Management System (OSHMS) operating at the Group enterprises is based on the basic principles of the international standard ISO 45001.

- By 2025, from the current “basic” level, the OSHMS should move to the “advanced”, and then to the “developed” level.
- All enterprises have a social standard that defines working conditions.
- There were no new cases of occupational diseases in 2020.

In 2020, in total, employees of Sveza Group took part in more than 13.5 thousand educational events and certifications in the field of labor protection.

Over the past five years, the level of industrial injuries at the Company’s enterprises (LTIFR) has decreased more than three times, and in 2020 – more than twice.

There were no fatal injuries in 2020.

The plan is to gradually reduce the Lost Time Injury Frequency Rate (LTIFR) to 0.45, with a zero fatal injury rate set.

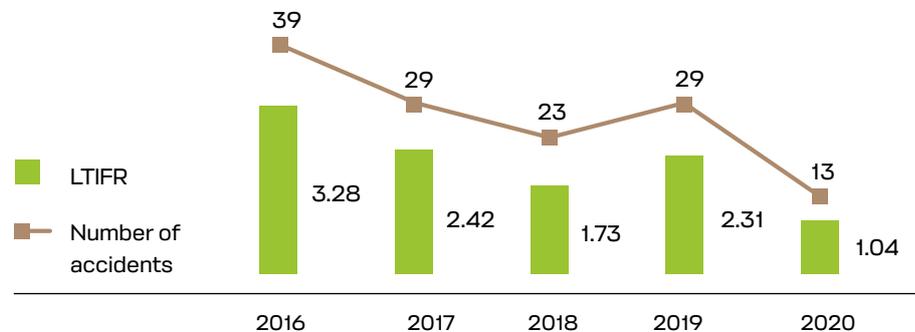
In accordance with the corporate standard “Ensuring the Safe Conduct of Contract Works”, all contractors must comply with the basic rules of health protection, labor safety, fire, industrial and environmental safety.

In 2020, 217 fines were issued to contractors for various violations in the field of labor protection and industrial safety.

67 million rubles

Sveza spent on measures to prevent and combat coronavirus infection COVID-19 in 2020

Level of Industrial Injuries at Sveza Enterprises

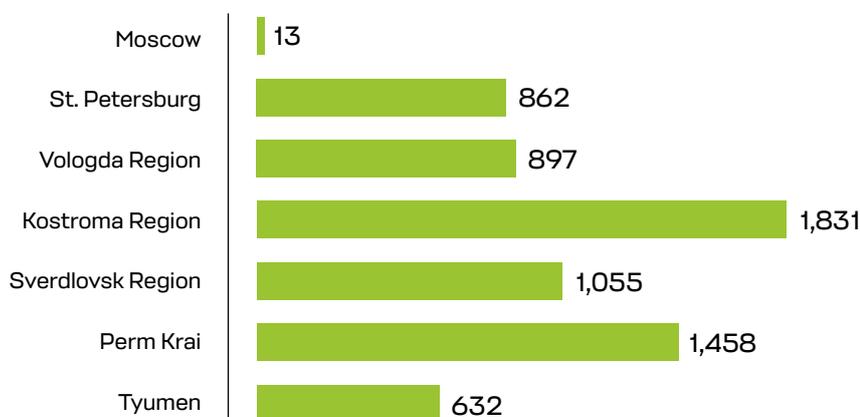


Reliable Employer

The total number of employees in 2020 at seven plants in six regions of Russia remained at the level of the previous period and amounted to 6,748 people.

- The average age of employees in 2020 was 40.9 years
- The share of women among Company managers in 2020 was 43%, women also predominate in the “specialists” category (52%)
- Overall real staff turnover (everything except transfers) was 8.74% (14.29% in 2019). Undesirable turnover (voluntary dismissal) has decreased by almost a third.
- At the end of 2020, the salary at the Company’s mills was 21% higher than the average salary in the corresponding region.
- The Company invested more than 12 million rubles in personnel training in 2020.
- In 2020, 26.7% of employees completed full-time training in corporate or professional programs. Excluding distance learning, the average number of training hours was 25.3 hours per employee, or 6.7 hours per headcount.
- 100% of employees from 2020 undergo periodic performance and career development assessments
- The level of satisfaction increased up to 75%, which is 5 p.p. higher than the indicator of the previous period.

Average Number of Employees by Regions of Presence



Local Communities

> 2.5 billion rubles

of taxes were transferred to the federal budget and almost 1 billion rubles to regional budgets.

5.75 million rubles

Sveza Charitable Investments in 2020

1.8 million rubles

was allocated in 2020 to support the “Way Home” program, aimed at solving the problem of orphanhood and preventing juvenile delinquency

- In the reporting year, charitable assistance programs were implemented as planned in all regions of presence. More than 100 applications were considered and 90 projects were supported in the social sphere, in the field of ecology, health care, improvement and development of infrastructure, culture and sports.
- In the regions of its presence, Sveza provides assistance to healthcare organizations, children’s and educational institutions, cultural institutions, veterans and the elderly. The Company conducts environmental lessons in schools and thematic conferences, supports school forestry, organizes environmental camps and subbotniks.
- About 200 of the most active and involved employees of the Company are united by the Sveza Active volunteer program. Despite the pandemic and related restrictions, about 100 events with the participation of Sveza activists took place in the regions of presence.



