



SVEZA



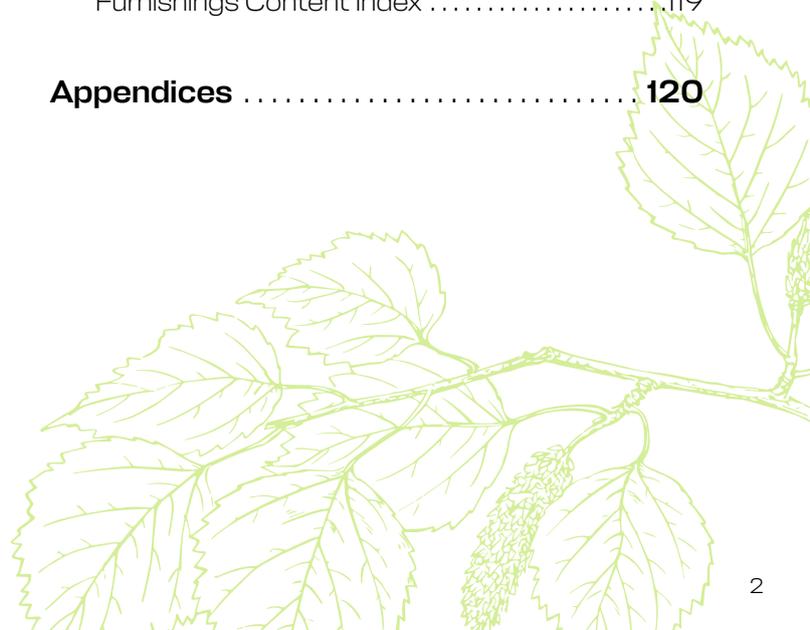
The Nature of Progress

Sustainability Report

2023

Contents

CEO message	3	Occupational health.....	65
About Sveza	5	Improvement of working conditions	66
Sveza in 2023.....	6	Contractor safety.....	67
Mission	8	Human resources	68
Structure.....	8	Human resources policy and workforce	
Geography	9	composition.....	69
Products	10	Talent security.....	72
Sales	13	Employee motivation and development	75
Corporate governance		Employee engagement	
and sustainability management	14	and company culture.....	80
Corporate governance system	15	Development	
Development strategy 2019-2030	17	of local communities	83
Sustainability management.....	18	Social investment	85
Risk management	22	Community development, corporate	
Quality management.....	24	philanthropy and volunteer programs.....	97
Innovations	26	About the Report	102
Responsible supply chains	29	GRI disclosures	
Business ethics and human rights	32	covered in the Report	106
Stakeholder engagement	35	GRI Content Index.....	107
Environment	38	SASB Forestry Management	
Environmental management.....	39	Content Index	118
Efficient use of resources.....	41	SASB Building Products &	
Sustainable forest management	50	Furnishings Content Index	119
Climate agenda.....	55	Appendices	120
Occupational health and safety	57		
Occupational health			
and safety management system	58		
OHSMS progress achieved in 2023.....	59		
Work-related injuries	61		
Occupational health and safety training	63		
Fire safety.....	64		



CEO message



ANATOLY FRISHMAN
Sveza CEO

Dear colleagues and partners!

I am pleased to present you Sveza's fifth Sustainability Report 2023.

The previous year marked an important milestone for our company and the Russian forest industry, as we were able to demonstrate a new degree of adaptability to change. Our teams put all their knowledge and expertise into driving the company forward, and gained new experience and skills, all the while keeping focus on sustainability.

Sveza continued to grow in the domestic market, which has always been a key market for the company, and attracted many new customers in the foreign markets. We worked hard to stabilize production, and successfully participated in many trade fairs and events. We developed in new directions and continued to deliver the highest quality of the products and excellent customer service, while sustaining the leadership position in the industry.

Going through a major transformation to adjust our distribution strategy to encompass new markets, we kept focusing on the modernization of our production operations and creating in-house technology and solutions for minimizing Sveza and the industry's dependency on foreign equipment, parts, and materials.

We continued to make investments in the development of our communities, new logistics chains, and the operational efficiency of our production sites. Our modernization projects at the plywood mills focused on reducing the specific consumption of raw materials and increasing the production of biomass fuels, which brings us closer to our goal of implementing a waste-free model.

Innovations are indispensable to achieving sustainable development goals. As such, we implement innovative solutions to reduce rejects and improve our environmental footprint saving up to 18 carloads of plywood logs through a more efficient use of resources.



Speaking of innovations, in 2023 we began diversifying our business to include Svezza SmartLine, a subsidiary company specializing in the promotion of Svezza's proprietary technology and industrial expertise in the market. Svezza has developed many unparalleled solutions that can find application in many industries apart from wood processing.

Sustainable development has historically been one of Svezza's strategic pillars, and we have always invested significant effort into maintaining the right balance of the economic, environmental, and social aspects. Despite the unprecedented challenges facing the Russian forestry in the last few years, Svezza remains committed to ESG principles: promoting environmental stewardship, providing meaningful employment, and being a trusted partner for customers, business partners, and government authorities.

Our strategic sustainability priorities remain unchanged: health and safety of our employees, improvement of our environmental impact, including through the efficient use of resources, sustainable forestry and reforestation, investing in our communities, and information security. These goals are meant for the benefit of our employees, our customers, and most importantly, for future generations who will inherit from us Russia's vast and abundant forests.

We have been steadily improving our environmental impact through implementing new technology, improving our SCRM and energy efficiency performance, and increasing the timber utilization rate. Environmentally friendly and waste-free production processes are our ultimate goal.

Forest conservation and reforestation are another important component of our sustainability strategy. At Svezza, we support conservation and biodiversity through a continuous improvement of our forest management system, responsible management of natural resources, and environmental stewardship.

We recognize that our employees are our greatest asset and a driving force behind Svezza's success, and we are committed to promoting a culture of health and well-being that enables them to thrive. We provide our employees with competitive compensation and generous benefits, and develop their skills with training and advancement opportunities. We continue to work with universities and vocational schools across the country to build talent for the wood processing industry and help the recent graduates unlock their career potential with Svezza.

Investing in social and environmental projects that contribute to the sustainable development of the communities where we operate is another important facet of our business. Some of our communities are single-industry areas, making them sensitive to the financial performance of the company. Striving to be a responsible corporate citizen, Svezza implements social project management, a comprehensive approach that enables a clear definition of development priorities around the specific problems of each area, accurate setting of the goals, and finding the right tools to achieve the goals.

We continue to focus on long-term community development programs worth billions of rubles, which often involve partnering with the local authorities, and help address such important issues as gas supply to households, construction and restoration of roads, healthcare and education.

We leverage partnerships with the government, NPOs, business, and local people to implement various projects and initiatives aimed at improving the lives of the people in the communities in which we have operations.

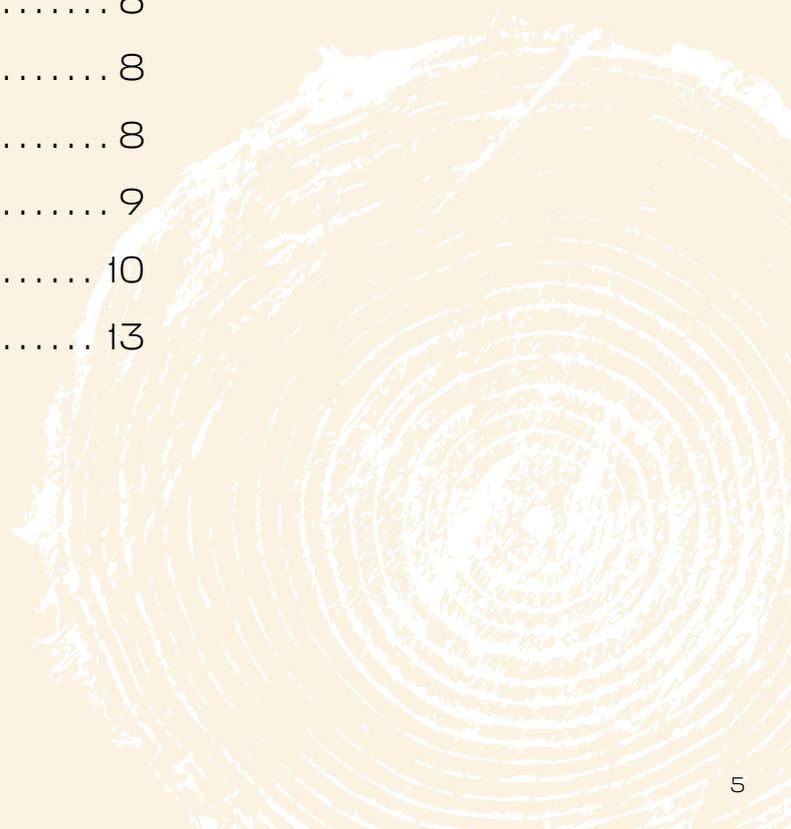
At Svezza, ESG principles are the cornerstones of each facet of the business and a reliable foundation for a sustainable future of the company, the industry, and the country.





About Sveza

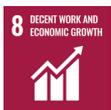
01. Sveza in 2023.....	6
02. Mission.....	8
03. Structure.....	8
04. Geography.....	9
05. Products.....	10
06. Sales.....	13





Sveza Group is a leading Russian forest industry company and the world's largest manufacturer of birch plywood.

The company is a trusted supplier to many customers all over the world. Our products are used in the construction of skyscrapers, Olympic facilities, linehaul trailers, high-speed trains, eco-friendly furniture, as well as in modern interior design.



GRI 2-1

GRI 2-6

01 | Sveza in 2023

Economy



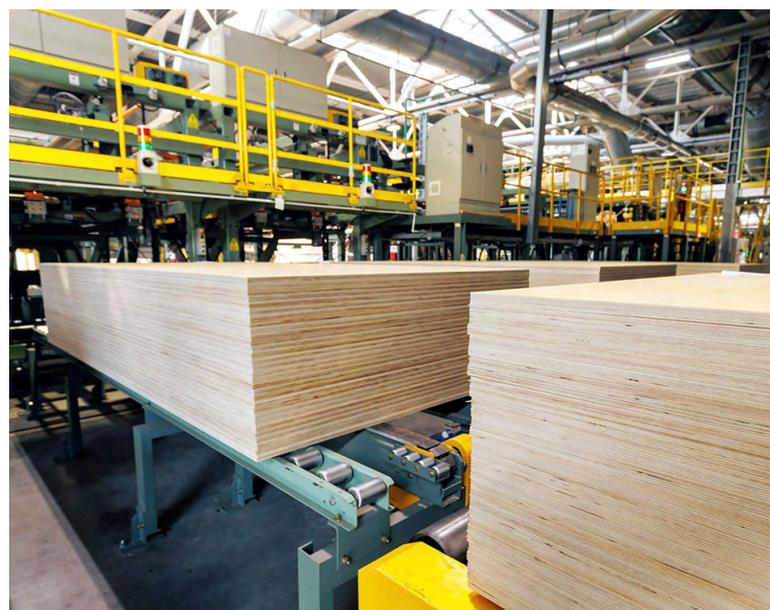
No. **1** IN RUSSIA
for birch plywood production



7 PLYWOOD MILLS



RUB **4.16** BILLION
paid in taxes to public budgets at all levels



Environment

>1.5 MILLION
trees planted as part of reforestation efforts



81%
of heat produced from renewable sources



RUB **31** MILLION
spent on environment, a 47% increase from 2022



6%
reduction in electricity consumption in 2023 versus 2022



18%
reduction in waste-to-landfill coefficient in 2023 versus 2022



People

5,000+
employees



3.14
Lost Time Injury Frequency Rate (LTIFR)



75%
employee engagement rating, an all-time high



RUB **51.4** MILLION
spent on social projects in local communities



RUB **303** MILLION
spent on safety



RUB **51** MILLION
spent on talent (recruitment and training)





02 | Mission

Unlocking the potential of the forest



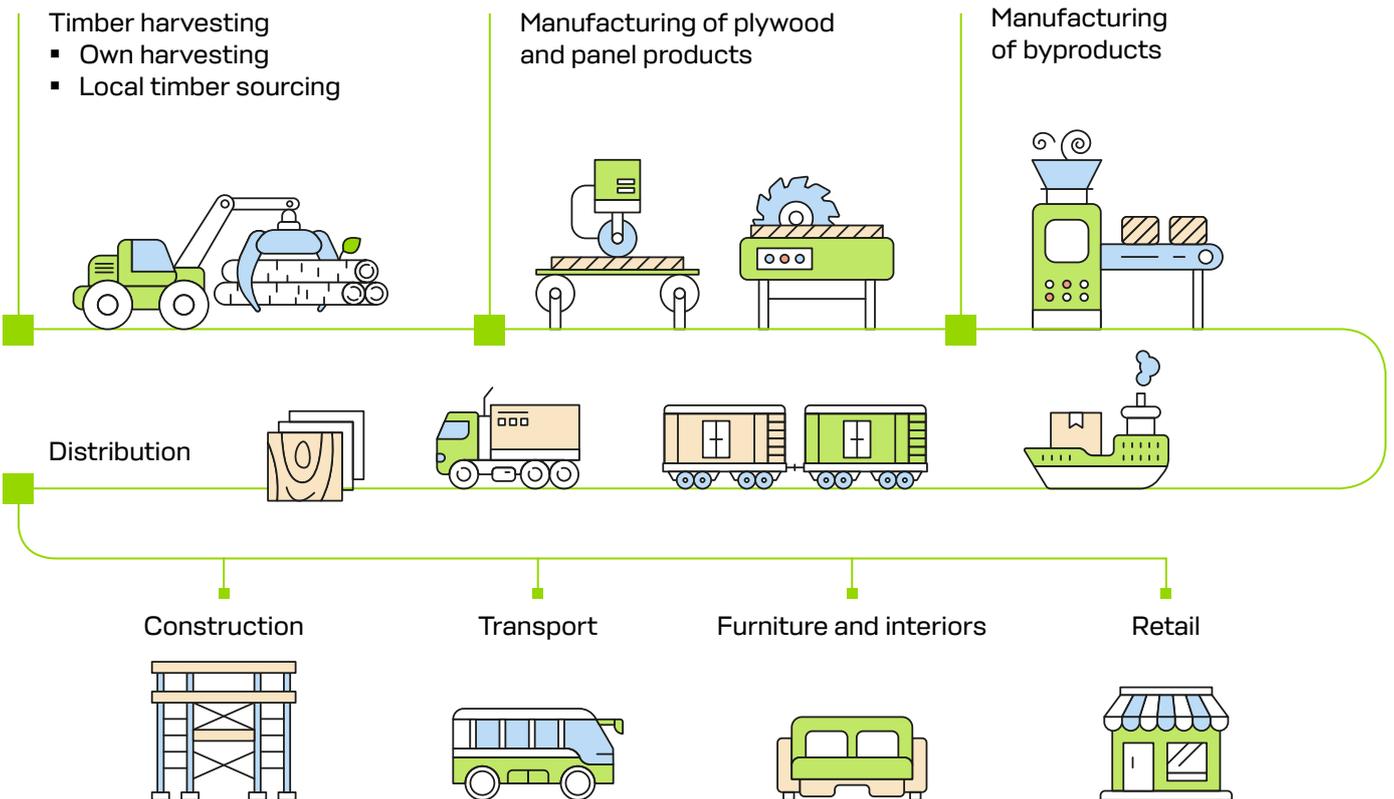
GRI 2-9

03 | Structure

Sveza Group controls the entire supply chain from the harvesting sites to the final product. The Group includes seven mills producing plywood and panel products, a wood harvesting company Sveza Resource, a trading company Sveza-Les,

and a bioproducts company Sveza Bioproduct. In 2023, the company was preparing the launch of a new company focusing on the development and implementation of AI-based solutions Sveza SmartLine.

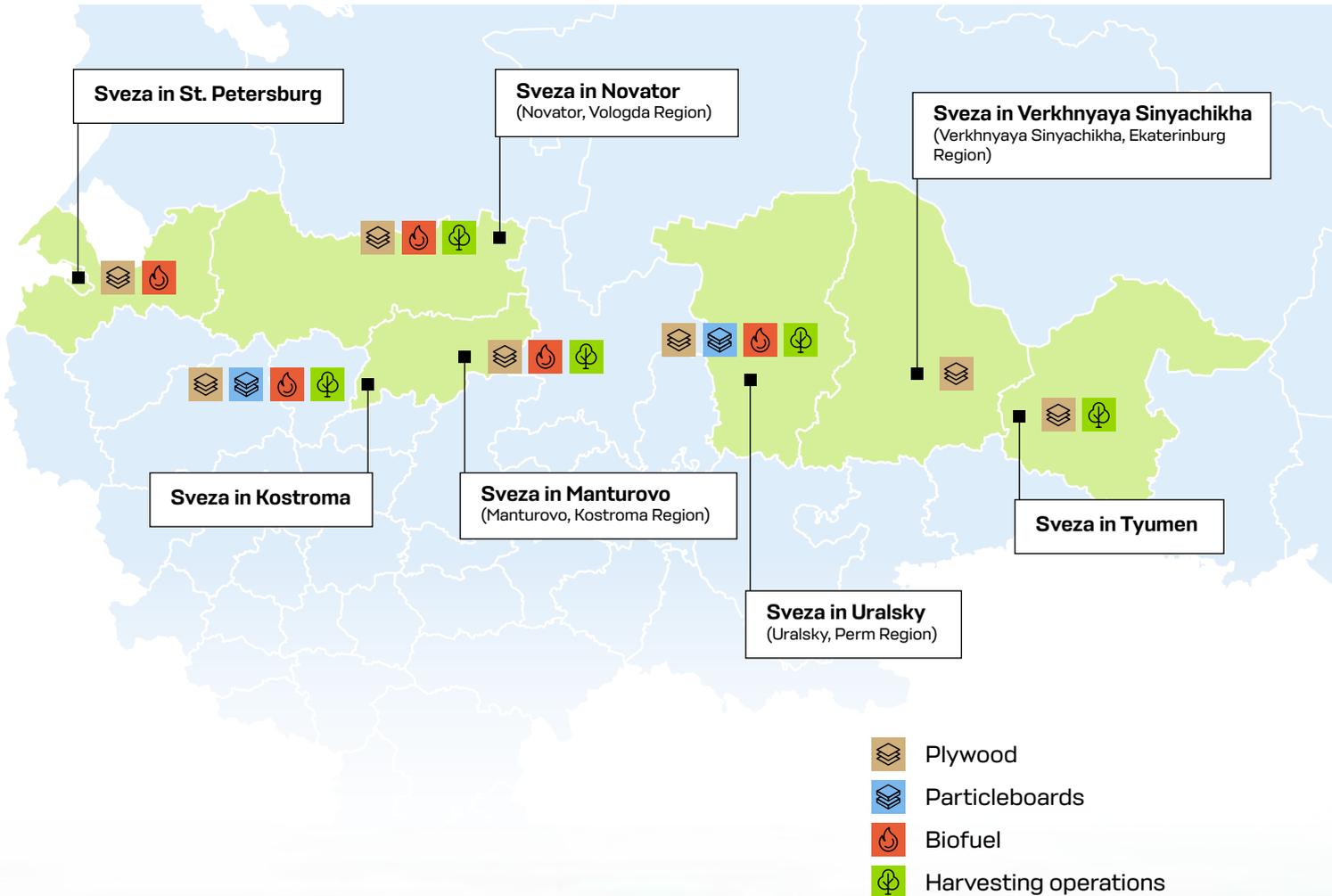
Value chain





04 | Geography

Sveza's plywood mills are located in the places traditionally rich in birch timber. The convenient geography provides excellent logistics opportunities.





05 | Products

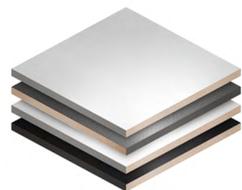
Sveza specializes in the production of plywood and panel products of different sizes and thicknesses.

Sveza today

1.4 MILLION CU. M OF PANEL PRODUCTS IS THE ANNUAL CAPACITY OF ENTERPRISES	100% BIRCH VENEERS	200+ SIZES, AND THICKNESSES RANGING FROM 3 MM TO 92 MM
-------------------------------------------------------------------------------------	------------------------------	------------------------------------------------------------------

Main products

Plywood



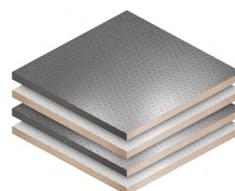
Film-faced plywood
Plywood faced with special wear-resistant material



Exterior plywood
High-quality plywood for indoor and outdoor applications: strong, durable and water-resistant



Interior plywood
High-quality plywood for internal applications featuring excellent strength properties and attractive appearance



Special solutions
Fifteen brands of plywood featuring special properties tailored to the specific needs of customers from various industries

Key benefits of plywood

-  Excellent appearance and warmth of the natural material
-  Biocomposite with a highly competitive strength-to-weight ratio
-  Customizable properties: strength, weight, non-combustibility, behavior at ultralow temperatures, etc.

-  Easy to process and combine with other materials
-  Renewable resource

Particleboard



Particleboard

Engineered wood product made from birch chips and a binder in a hot press. High material density allows to assemble and disassemble the finished item up to seven times.



Laminated particleboard

Particleboard faced with high-quality decorative film

Bioproducts



Fuel briquettes

RUF fuel briquettes made by pressing dry birch sawdust without binders

Key benefits of birch wood briquettes

-  High calorific value (4,300 kcal/kg)
-  Very low moisture
-  Very low ash content (less than 1%)

Industries that use Sveza's products



TRANSPORT

- Heavy commercial vehicles (dry and refrigerated vans, tautliners and flatbed semi-trailers)
- Light commercial vehicles (lightweight trailers, panel vans, superstructures)
- Watercrafts (boats and yachts)
- Passenger transport (trains, trams, buses)



FURNITURE AND INTERIORS

- Cabinetry
- Drawers
- Upholstery frames
- Wall panels
- Engineered wood flooring
- Packaging
- Decorative finish
- Toys and gifts
- Speaker boxes
- Children's playgrounds



CONSTRUCTION

- Slab shuttering plywood for horizontal systems
- Flanged beams
- Private housing construction
- Shuttering plywood for vertical systems
- Farm buildings and structures; household applications
- Industrial flooring
- Scaffolding
- Infrastructure and stage components



RETAIL

- Construction
- Furniture and interior
- DIY
- Biofuels





06 | Sales

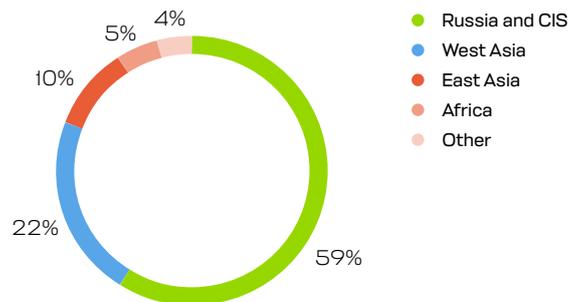
Sveza exports its products to 27 countries in 4 continents.

55% SHARE OF EXPORTS IN SVEZA'S TOTAL SALES

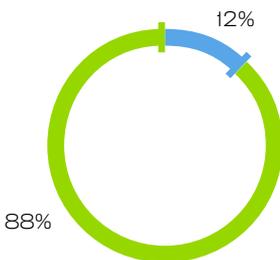
235 ACTIVE CUSTOMERS

No. 1 IN THE WORLD FOR BIRCH PLYWOOD PRODUCTION

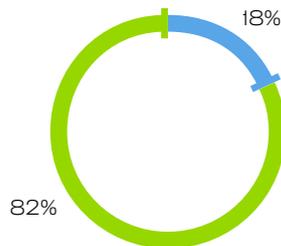
Sales in key target markets



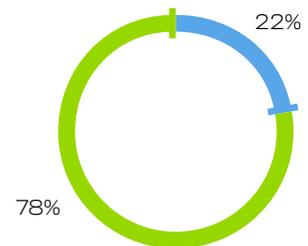
Sveza's share of the global production of birch plywood



Sveza's share of the Russian production of birch plywood



Sveza's share of birch plywood exports from Russia

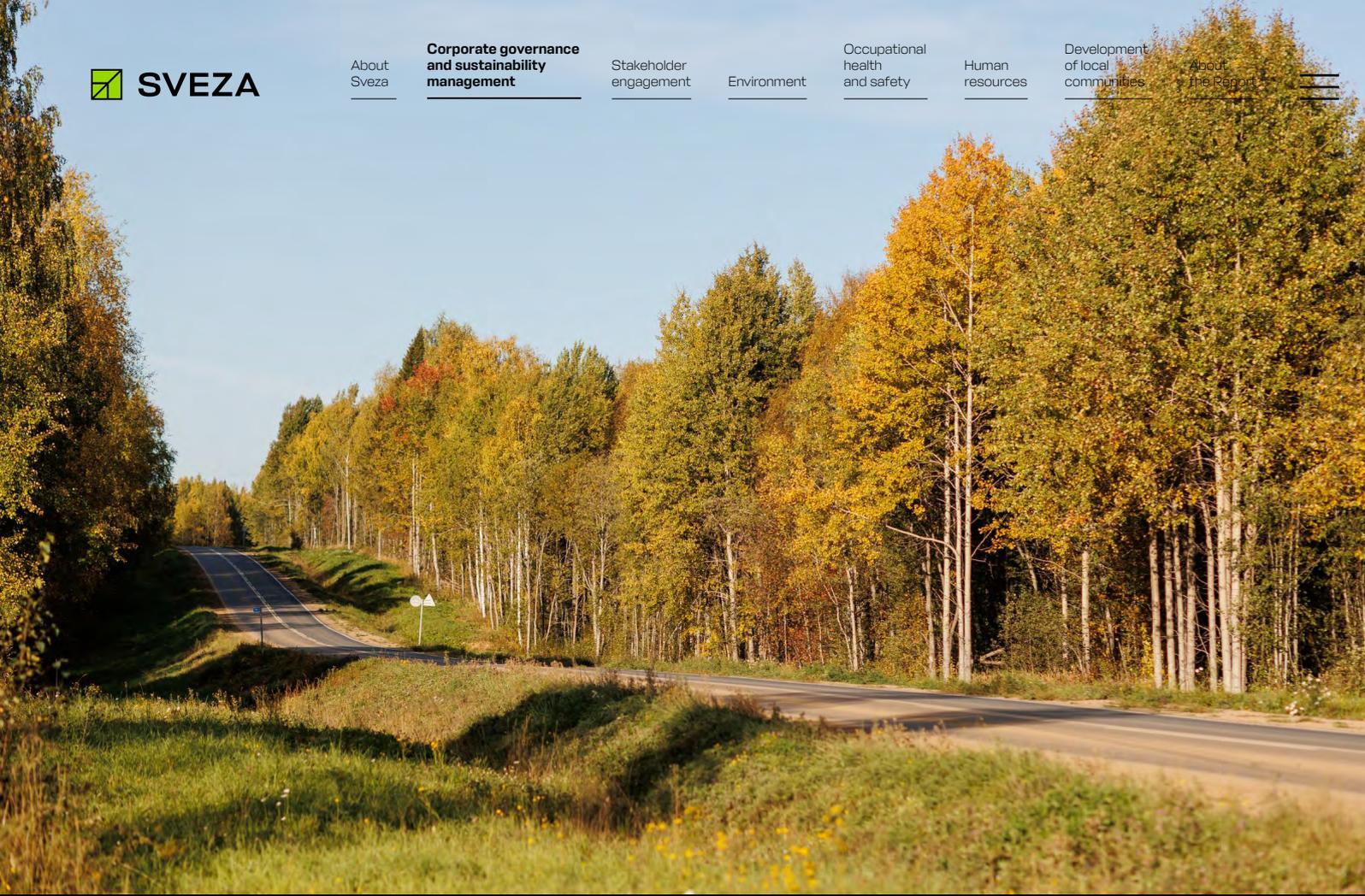


In 2022, Sveza adjusted its development strategy and shifted focus to better accessible markets such as CIS, Asia, Africa, and Latin America. Some of these markets have been known to the Russian forest companies for a long time, but the sales volumes have been traditionally low. Even though Sveza did not significantly expand its sales geography in 2023, it achieved a substantial increase in shipments to Russia-friendly countries. For example, the company recorded all-time high sales to the domestic and East Asian markets.

Over the years, Sveza has been consistently working to diversify its customer portfolio. The company has

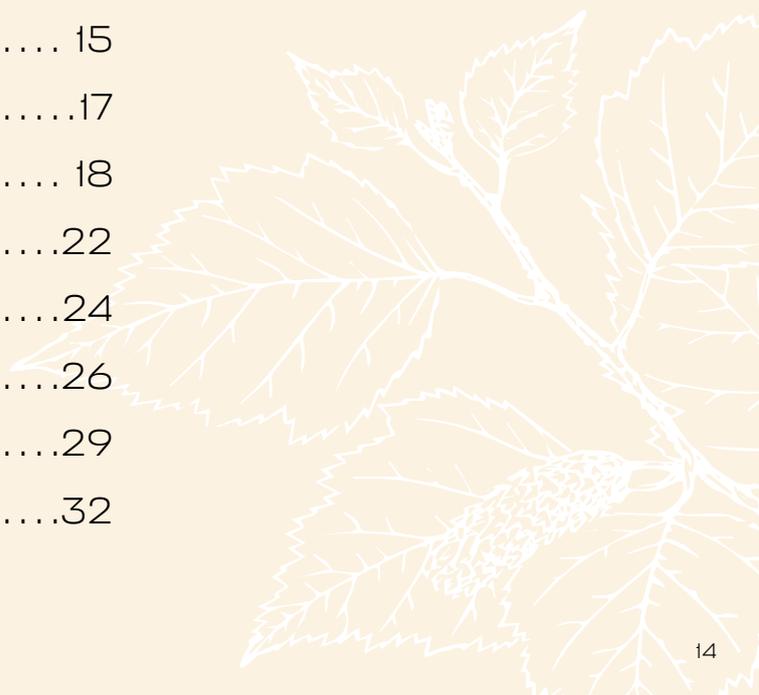
been present for a long time in some of the most promising markets, such as East Asia, and has been steadily expanding there over the past few years. In addition, the company started tapping into previously unexplored markets. In 2023, Sveza's shipments to Africa reached record-high levels—an increase of 240% over 2022.

One of the most useful tools for boosting sales is participation at large international trade shows. Since the beginning of 2023, Sveza presented its products to many potential customers in China, India, South Africa, Turkey, and Uzbekistan.



Corporate governance and sustainability management

01. Corporate governance system.....	15
02. Development strategy 2019-2030	17
03. Sustainability management	18
04. Risk management	22
05. Quality management	24
06. Innovations.....	26
07. Responsible supply chains	29
08. Business ethics and human rights.....	32





GRI 2-9

GRI 2-10

GRI 2-11

GRI 2-12

01 | Corporate governance system

Sveza Group includes 18 privately owned organizations: private joint-stock companies, limited liability companies, and a non-profit organization.

Sveza-Les LLC is the management company of seven plywood manufacturing companies representing seven business units (branches) of the company. Chief executive officer is the sole executive body of Sveza-Les LLC. Candidates for CEO roles in Sveza LLC and Sveza-Les LLC are nominated and selected by the shareholders of the companies.

Anatoly Frishman is the CEO of Sveza LLC and Sveza-Les LLC since December 2016.

The organizational structure of Sveza-Les LLC includes functional departments whose responsibilities include managing of the economic, environmental, and social aspects of Sveza Group’s business activity. The CEO and the functional

managers together define the strategic focus areas of Sveza-Les LLC and its entities.

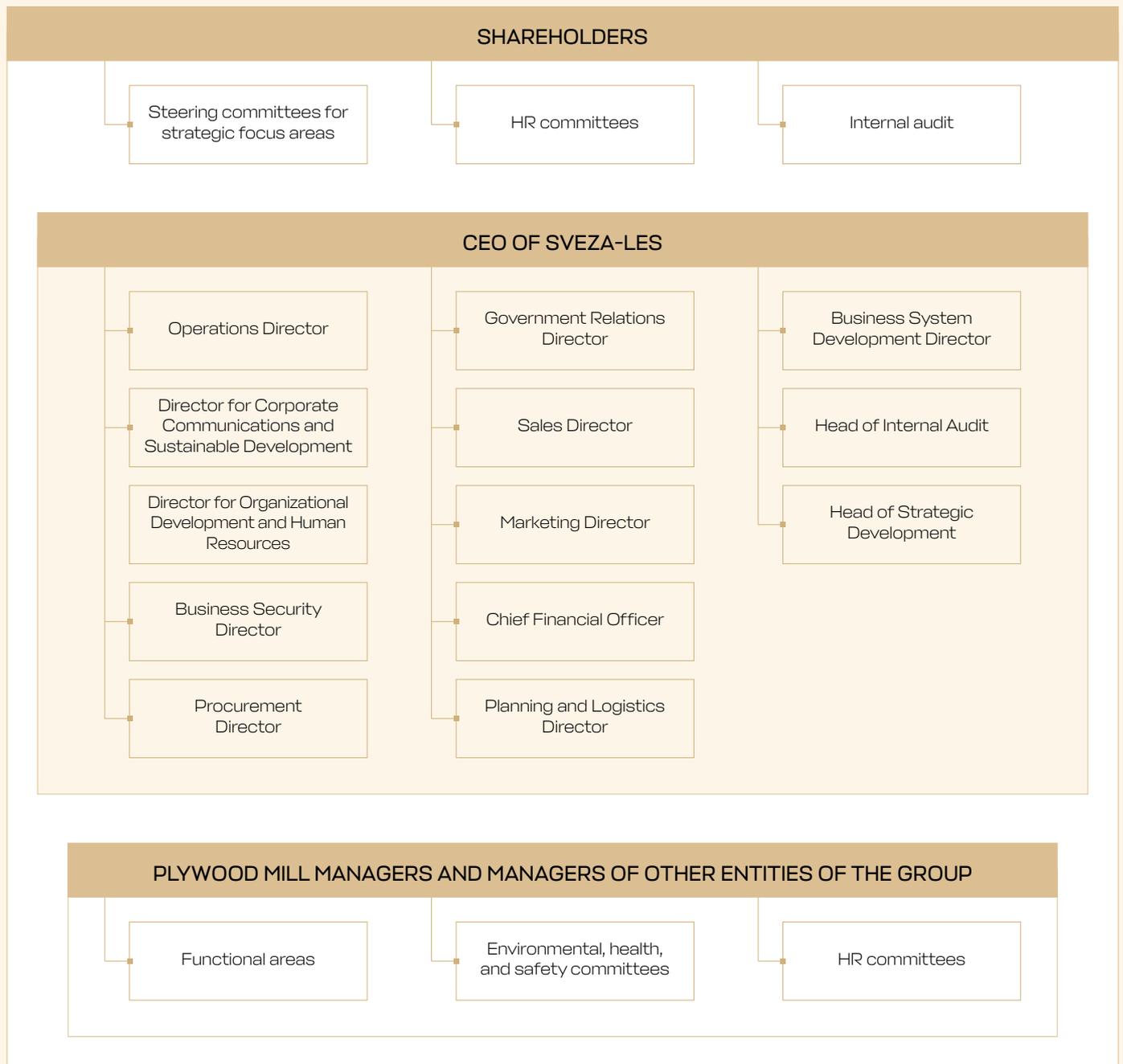
The functional managers propose and the CEO approves the company’s strategic development areas. The functional departments develop and implement key goals within their assigned strategic development areas. The goals and key performance indicators are cascaded down to the plywood mills and other companies within the Group. The plywood mills design and implement initiatives to drive the strategic goals of the company.

The amount of compensation paid to the functional managers is tied to their performance on the KPIs in their areas of responsibility. In addition to general business performance, the KPIs of the branch managers at the plywood mills and in other companies within the Group include economic, social, and environmental indicators.

Sveza’s top management team by age and gender



Governance structure and composition





GRI 2-16

02 | Development strategy 2019–2030

Sveza Group has a long-term development strategy building on four pillars: customer-centricity, operational efficiency, new points of growth, and sustainable development.

Sveza Group’s long-term strategic focus areas



CUSTOMER-CENTRICITY

- Increase sales in the current markets and market segments
- Enhance logistics
- Grow sales in new markets
- Reduce the distance to customers



OPERATIONAL EFFICIENCY

- Reduce consumption of raw materials and minimize rejects
- Reduce operating costs
- Raw material security



NEW POINTS OF GROWTH

- Grow the product portfolio
- Promote bioeconomy
- Enhance vertical integration of the company
- Increase utilization of timber resources



SUSTAINABLE DEVELOPMENT

- Minimize environmental impact and manage risks
- Reduce injury rates
- Minimize social risks and improve the lives of people in our communities
- Improve talent security

Sveza’s strategy aims to improve the business overall and optimize the utilization of timber resources through integrated timber processing. The strategy was recently revised to emphasize the role of innovation in the areas such as the manufacturing processes, development of new products, and continuous improvement of business processes. Sveza successfully set up in-house harvesting operations, and was one of the first companies in Russia to adopt the principles of bioeconomy. The company focuses on using renewable resources to promote sustainability while producing products people rely on.

Progress in each strategic focus area is reviewed regularly at the steering committee meetings. The committees are mostly composed of the company’s top managers. Discussions at the meetings are focused on the progress and performance on the short-term and long-term goals within the strategic area, and adjustments to the action plans where necessary.

The shareholder steering committee meetings take place every six months, and the CEO steering committee meetings every three months.





GRI 2-22

03 | Sustainability management

Striving to become the leading company in the forest industry, we place great emphasis on sustainability and the social and economic well-being of the people in our communities.

Sustainability lies at the heart of our efforts to bring into balance Sveza's economic, environmental, and social impact, and underpins all focus areas of Sveza's development strategy.



Sveza's sustainability strategy focus areas

Environment

- Reduce the negative impact of the company's manufacturing facilities on the environment and local communities
 - Zero waste to landfill
 - Development of new bioproducts
 - 100% utilization of forest resources by 2030
 - Increase the use of renewable energy year over year
 - Modernization of the effluent treatment systems and increasing water recycling

Social and economic

- Develop local communities and improve the living conditions and quality of life of the people
- Improve safety at workplaces
- Improve talent security

The functional departments of the management company are the key decision-makers on sustainability in their areas of responsibility.



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

- Communication with internal and external stakeholders
- Corporate social responsibility
- Engagement with the local communities and employee volunteerism



Government Relations Department

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



Procurement Department

- Forest management and reforestation
- Small and midsize business support



Sveza Group ranked the first in the “Forest, Woodworking, and Pulp and Paper Industry” category in the annual consolidated ESG ranking INFRAGREEN 2023 by the expert-analytical platform “Infrastructure and Finance for Sustainable Development.”

The operations director of the management company holds monthly steering committee meetings with the plywood mill managers and the EHS managers. The HR policy is discussed at the HR steering committee meetings.

Sveza Group’s basic documents on sustainable development are adopted and enforced by the management company. Some of the documents are published on Sveza Group’s website, others are meant for internal circulation only.

In addition, each mill and Sveza Resource have their own sustainable forestry and responsible supply chain policies addressing human rights.

Sveza Group’s basic documents on sustainable development

- [Development Strategy 2030](#)
- [Anti-Corruption Policy](#)
- Risk Management Policy
- Code of Conduct
- Rules of Procedure of the Ethics Committee
- [Company standard “Contractor Safety Management”](#)
- [Occupational Health and Safety Policy](#)
- [Environmental Policy](#)

Participation in global initiatives and Russian national projects

As a participant of the UN Global Compact, a global initiative promoting sustainability and corporate responsibility, Sveza consistently works to implement its key principles in the areas of human rights, labor, environment, and corruption, and contribute to the UN's Sustainable Development Goals (SDGs) 2030, as well as Russia's National Development Goals 2030. The company is an active participant in the national projects of Russia (for more information on Sveza's contribution to SDGs and Russia's national goals, see [Appendix 1](#)).



Together with the independent nonprofit organization "National Priorities," Sveza successfully participated in two initiatives under the national projects "Environment" and "Science," and was officially named Partner of the National Projects of Russia. The company is a verified candidate for the "Our Contribution" award that will be awarded in 2024.

Sveza's contribution
Creates decent work conditions, promotes the well-being of its employees, and improves the lives of people in the local communities

National projects

- Demography
- Education
- Housing and Urban Environment
- Healthcare
- Labor Productivity
- International Cooperation and Exports

UN's Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Sveza's contribution
Reduces the negative impact of its manufacturing facilities on the environment and local communities

National projects

- Environment
- Circular Economy

UN's Sustainable Development Goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

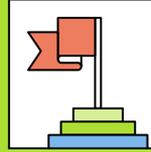
15 LIFE ON LAND



Sveza's sustainable development highlights 2023



Level II in the ESG Index ranking of Russian companies compiled by the National Credit Ratings Agency and Russia's business news portal RBC, with improved performance in all three aspects: environmental, social, and governance.



A high ranking in the "Best Practice" category of the "Leaders in Corporate Philanthropy" rating by the association of grantmaking organizations "Russian Donors Forum," one position up from the 2022 ranking.



The 4th position on the RAEX Top-50 Supply Chains rating that evaluates the companies with a strong emphasis on sustainable development.



Sveza's operational efficiency performance was recognized in the contest of IN'HUB's innovation forum held for industry professionals in the "Innopolis" special economic zone in Tatarstan.



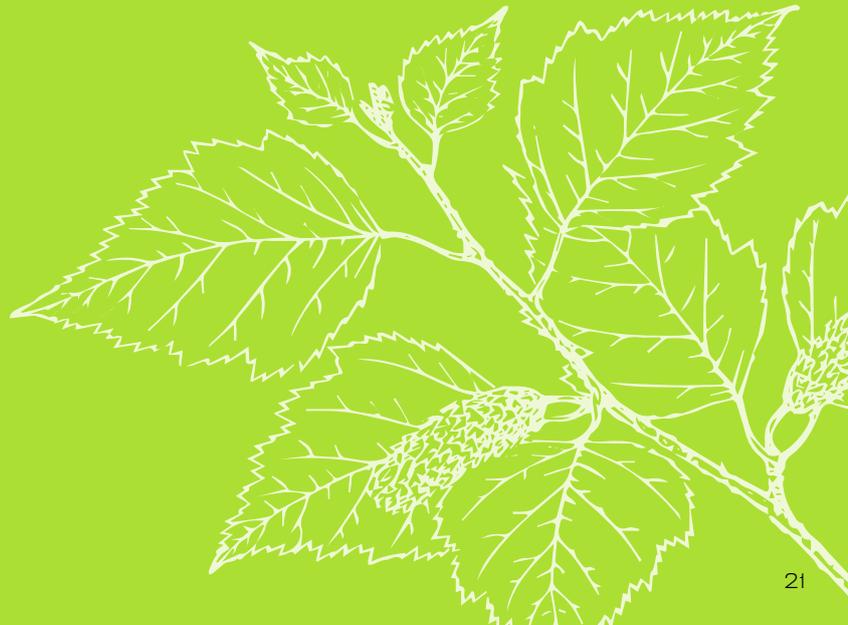
Number 2 among the largest non-food companies in Russia's Employers Rating 2023 by the online recruitment platform "HeadHunter." Sveza rose to number 23 among 129 Russia's largest industrial companies, from number 37 in 2021.



Sveza's plywood mill in Verkhnyaya Sinyachikha, Ekaterinburg Region was included on the list of Russia's best enterprises in the category "Production of Plywood, Lamwood Panels, Engineered Wood Boards, and Other Wood-Based Panels" of the Russian national business rating "Leaders of Russia 2023."



Winner in the IX Russian national competition of corporate volunteering projects "Champions for Good Causes." The company's "Dear Streets and Good, Warm Hearts" program won the first prize in the "Local Communities" category.





04 | Risk management

Sveza implements a risk management system that is embedded in all its business processes.

A company standard for corporate risk management and a risk management policy adopted in 2022 provide the guidelines for risk identification, analysis and evaluation.

Sveza maintains and annually reviews a risk register for the key areas of its business activity. The risks are divided into two categories: business process risks, and management decision-making risks. The owners of business processes identify new risks, review the existing risks, estimate the probabilities

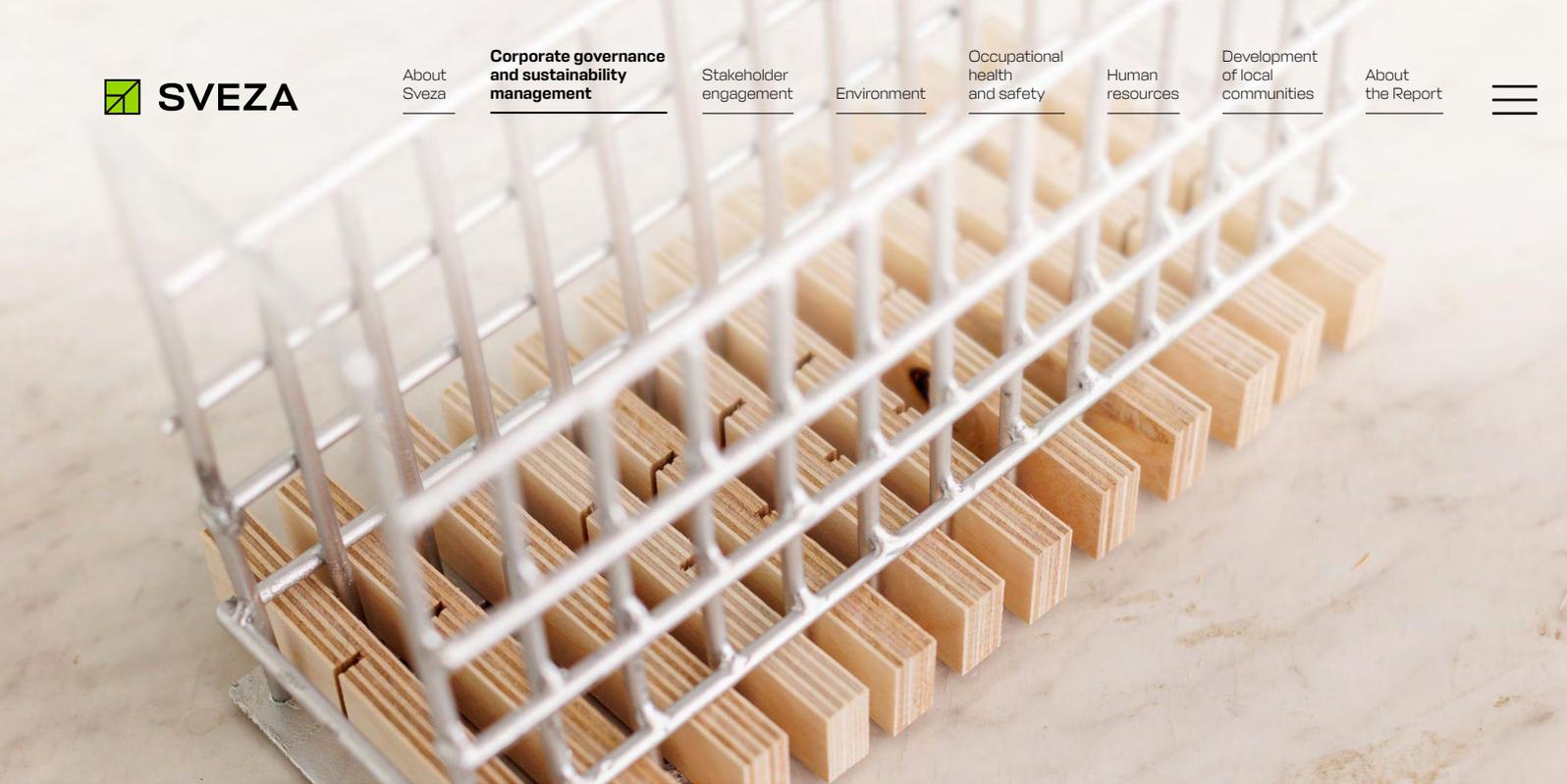
and impacts, and propose and implement mitigation actions. In addition, the company conducts internal audits to monitor the progress on the risk mitigation action plans. Sveza's top management participates in risk management by assisting decision-making at various committee meetings (investment committee, credit committee, tender committee, etc.).

The company is integrating double materiality into its risk management system, and continues to develop risk maps, analyze and monitor the corrective actions. A new course "Risk Management System at Sveza" was implemented.



Key ESG risks

Risk groups	Mitigation actions being taken by Sveza	Go to section
Supply chain risks (sanctions, geopolitical)	Explore new distribution channels and find substitutes for items in short supply	→
	Develop substitutes for imported products and services, including through activating in-house R&D capacity	→
	Divert sales to new markets	→
Workforce risks (workforce drain from the provinces, low popularity of forest industry jobs among young professionals)	Work with educational institutions to attract students and graduates	→ →
	Work with the local authorities to fill vacant positions locally	→ →
	Reduce dependency on human labor through advancing automation / robotics	→
	Enhance the compensation package	→
Workplace risks (adverse working conditions, injuries, occupational diseases)	Enhance the occupational health and safety system	→
	Conduct occupational risk assessments at workplaces and analyze the causes of accidents	→ →
	Implement occupational health and safety training and awareness initiatives for the employees	→
	Provide appropriate PPEs	→
Reputation risks	Maintain an ongoing dialog with the stakeholders	→
	Be transparent	→
Raw material risks (timber quality deterioration in the forest or in storage)	Build forest roads and create an in-house road service	→
Cyber risks (information confidentiality and cyber security)	Promote cyber hygiene and the culture of cyber security	→
	Monitor incoming emails for phishing signs	→
	Improve the information security systems	→



05 | Quality management

Sveza's Technology and Quality Group

Sveza constantly works to improve the quality of the products produced at its plywood mills. As part of these efforts, the company's in-house Technology and Quality Group designs and implements automated process and quality control solutions for different process stages. Automation helps prevent or minimize human error, improve productivity, and increase the output of good products. To minimize defects in finished products, the mills implement automation solutions for upstream processes.

Sveza invests a lot in quality assurance and improvement.

Five out of seven Sveza's plywood mills have their quality management systems certified to ISO 9001:2015. In 2024, Sveza plans to complete the certification process at all seven mills and obtain a single ISO 9001:2015 certificate.

A peeling defects detection scanner installed at one of the production lines of the plywood mill in Kostroma identifies veneer surface defects in real time.

90% reduction in peeling defects

3% better yield of high-grade products



Product safety

At Sveza, we maintain high safety standards of our products. All over the world, plywood and particleboard is made using phenolic and urea formaldehyde resin glues. Sveza's plywood mills use only high-quality resins and proven glue recipes. The production processes are smooth and efficient.

The incoming quality control for resins and chemicals is very strict. Glue components not meeting the safety specifications are not accepted. The glue preparation and hot pressing processes are tightly monitored. The mill's quality personnel regularly take samples from the process lines and measure formaldehyde emission rates. Not a single batch of finished product leaves the shop floor before the test results are obtained.



At each mill, the quality labs are equipped with modern testing machines.

At Sveza, product safety encompasses many aspects from mechanical strength to resistance against chemicals, to fire resistance and durability. The quality groups at the plywood mills work hard to ensure that the physical and mechanical characteristics of the plywood produced meet the specific application requirements.

The mills work with independent laboratories to confirm the characteristics of their products. Sveza's products meet all Russian national quality and safety standards, and are subject to annual tests under the GOST R system of standards. Year over year, the annual testing confirms that all products by Sveza meet the national plywood strength and resistance requirements, and have a very low formaldehyde emission rating E0.5.



Even though CE System 2+ certification was suspended, all Sveza's plywood mills continue to implement all the necessary quality control measures and lab tests. Compliance with the EU standards is stated in the manufacturer's declarations of performance.

The consumers are provided with a documented guarantee that Sveza's products are safe for human health and meet the relevant quality standards. Every batch is properly labeled and has all the necessary documentation. The quality and safety certificates of Sveza's products are also published on the company's website.

Customer complaint handling system

At Sveza, we constantly gather and analyze customer feedback on product and service quality, including logistics, delivery periods, documentation, etc. We maintain a company-wide register of complaints in which the individual complaints are assigned to responsible groups (quality, sales, or logistics) that investigate into the causes and take corrective actions.

The company implements a set of KPIs for the analysis of complaints. In 2023, half of the issues (51%) were caused by the personnel's lack of qualification and motivation resulting in deviations from the process discipline.

Actions to improve operator effectiveness include:

- Five-minute quality routine at daily shift meetings
- Express knowledge tests "Pre-Shift Exam," and express training of underperforming individuals
- Modification of the on-the-job training system for new hires and outsourced personnel
- Implementing additional incentives



06 | Innovations

Technology Development Centers and R&D

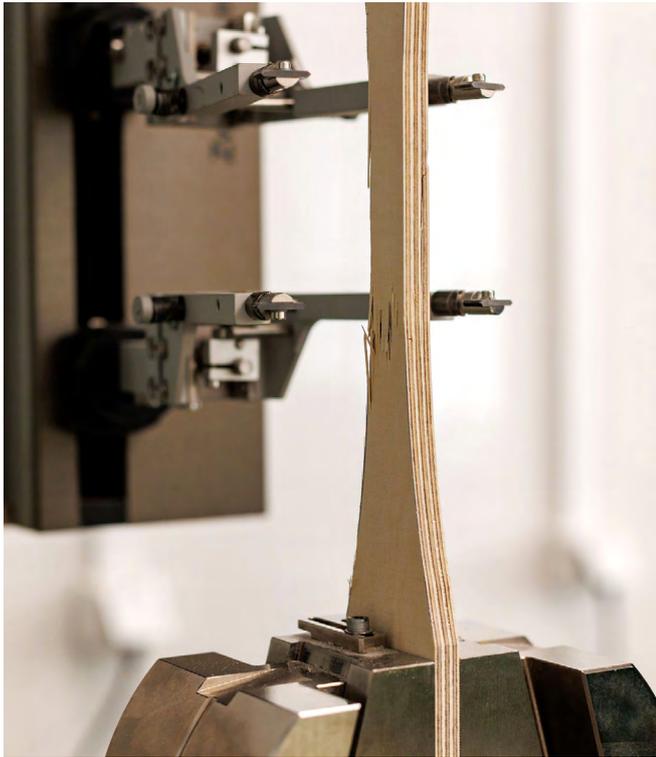
We recognize the strategic importance of innovation for the forest industry and place great emphasis on research and development. Our Technology Development Centers develop new products, create solutions for improving the efficiency of the manufacturing processes, and design automation and robotics systems.

Since its opening in St. Petersburg in 2021, Sveza's R&D Center has modeled several different types of plywood and wood panels, developed innovative glue and resin formulas, synthesized new polymers, and created original composite materials. The R&D Center has everything that is necessary for experiments and prototyping, as well as sufficient financing. The development time from the concept to the commercial application is only nine months.

The innovations developed by Sveza for its manufacturing entities often become relevant for the other branches of the industry, as they provide solutions for the challenges faced by the industry, in particular by replacing foreign technology that left the Russian market.



12 PATENTS REGISTERED BY SVEZA TO DATE



The substitution of imports is an important focus for Sveza. As such, the company’s Maintenance and Repairs Group creates part drawings for making spare parts for the foreign equipment installed at Sveza’s manufacturing facilities. The Revamping Group was created specifically to work on various aspects of making the company independent from foreign equipment, parts, and materials.

Sveza’s most outstanding proprietary innovations to date include a machine-vision-based technology for the detection of veneer peeling defects, a unique product in the Russian market; and a process 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).

MORE THAN **20** INNOVATIVE SOLUTIONS, including in-house AI and machine-vision-based innovations implemented by Sveza in 2023

Through 2023, Sveza’s Technology Development Centers worked on 25 initiatives with a total estimated savings potential of RUB 80 million.



In 2023, the “Management with Driver Trees” project developed by Sveza’s Business Systems and the Operations Department teams won the first prize in the contest of innovations held as part of IN’HUB Innovation and Productivity Week.



Factory of Ideas

Sveza has been implementing the “Factory of Ideas” since 2012. The goal is to encourage the employees to propose improvement ideas for increasing production efficiency, improving the working conditions, and making more competitive products.

In 2023, 75% of the company’s employees participated and submitted nearly 5,300 ideas, for the most part, improvements in working conditions, safety, and ways to reduce production losses.



Open innovation

In 2021, Sveza launched “[Sveza Wood Perspective](#),” an online platform for communication and cooperation with the innovative community. The platform is a place where the company posts requests for solutions and collects proposals directly

from start-ups, innovative companies, business accelerators, and research institutes. Nine ready-to-use innovative solutions were found with “Sveza Wood Perspective” in 2023.

Sveza Digital

“Sveza Digital” is a digital literacy training course designed to develop the digital skills of the employees to keep up with the company’s process automation efforts and promote the culture of cyber security. The course has two levels: basic and advanced. The basic level is mandatory for all employees. The advanced level is mandatory for all managers, supervisors and specialists who joined the company more than a year ago.

A year before, a new digital literacy learning platform was launched. In addition, Sveza’s corporate Learning Portal provides various training materials for each area of business activity (see the “[Employee motivation and development](#)” section for details).





GRI 2-6

GRI 204-1

07 | Responsible supply chains

Supply chain management

At Sveza, ESG aspects are embedded in all stages of the value creation process. The entities of Sveza Group manage approximately 600 suppliers. The timber suppliers are given special attention as the most social and environmental risk-intensive category.

Sveza implements a risk-based approach in supply chain management.

Sveza’s plywood mills receive timber (plywood logs) from 23 regions of Russia. The company implements incoming timber quality control and ensures that only legally sourced timber from certified suppliers is used for production. The management company Sveza-Les and the plywood mill in Verkhnyaya Sinyachikha were the first entities of Sveza Group that had their supply chains certified under the “Forest Etalon” system (see the [“Sustainable forest management”](#) section for details).



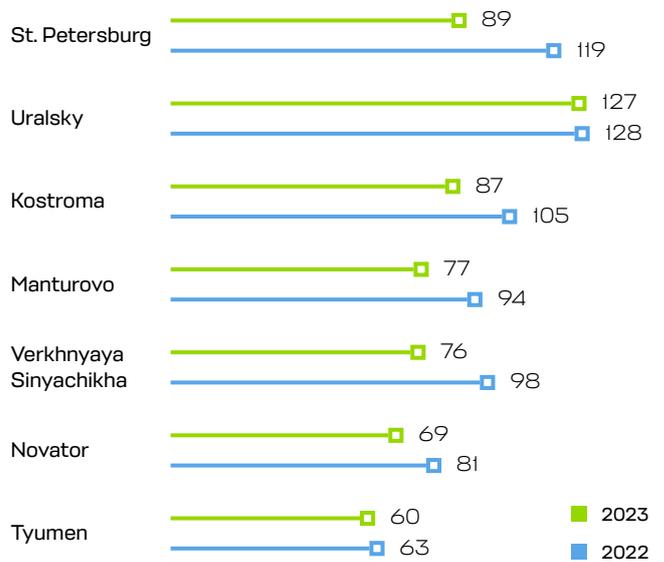
TIMBER SUPPLIED BY LOCAL FIRMS



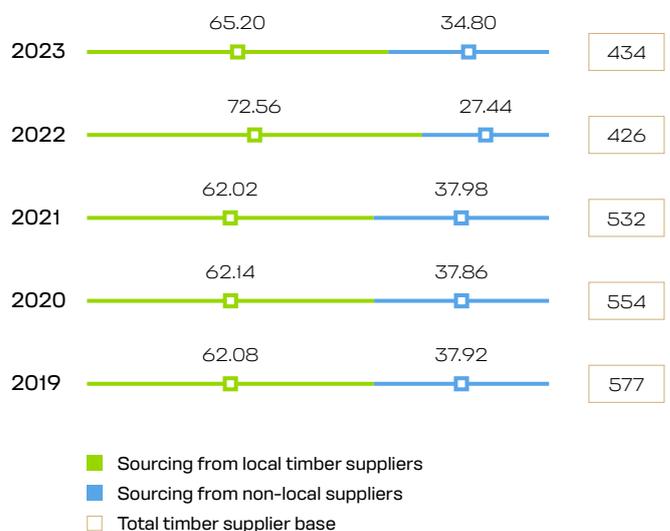
SHARE OF LOCAL SOURCING

In 2023, Sveza’s timber supplier base was the same as in 2022. The company sources more than 60% of timber from the local small and medium-sized suppliers, and implements various incentives in order to attract the local harvesting companies. Investments projects to support the suppliers are one such incentive. Sveza provides funding for the harvesting companies who lease timberland from the state, to purchase harvesting equipment, log trucks, and logging road construction equipment. In 2023, Sveza’s plywood mill in Novator implemented 13 investment projects to support local suppliers.

Average supplier bases of Sveza Group’s plywood mills in 2022-2023

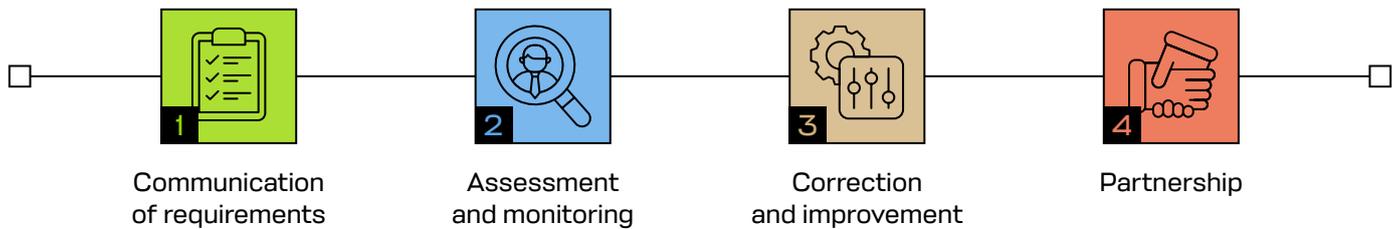


Sourcing volumes by supplier categories, %; and total timber supplier base in 2019-2023



Sveza implements a four-tiered supply chain management system. The timber suppliers are managed at all four levels. For the other supplier groups, Sveza applies only the first two tiers: incorporating social and environmental expectations into contracts and pre-contract risk assessments.

Supply chain management system



1 Communication of requirements

Environmental criteria

- None of the timber harvested in high conservation value forests
- Compliance with all applicable forest laws of Russia
- No record of littering in the forest
- None of the timber is restricted or endangered wood species
- Full compliance with the applicable laws when harvesting in protected forests
- Full compliance with the management rules of protected natural areas and forest sites
- Full compliance with the timberland lease contractual obligations related to timberland management
- No record of conducting harvesting operations on soils contaminated with radiation

Social criteria

- None of the timber harvested in high conservation value forests local communities depend on
- Compliance with the health and safety rules and regulations
- Compliance with the applicable labor legislation

2 Assessment and monitoring

Before contracting

- Evaluation of the supplier’s sustainability record, including an examination of their documentation
- Analysis of the publicly available information, including media reports and court records

After contracting

- Regular on-site audits of the supplier’s operations
- Visits by Sveza’s audit specialists to the harvesting sites and timber storage areas
- Timber legality verification
- Making sure that high conservation value forests are not impacted
- Making sure that the use of genetically modified trees is avoided
- Assessments of health and safety compliance
- Talking to the workers, local forest department officials, and local people to make sure that the supplier respects human rights and manages the impact on indigenous people and local communities

3 Correction and improvement

Full compliance

- Sveza continues to work with the supplier

Minor risks

- Felling of wrong species and varieties
- Improper cleaning of the cutting sites
- Incomplete or delayed reforestation scopes
- Development of a corrective action plan
- Implementation of the plan

Critical risks that cannot be effectively mitigated

- Termination of the relationship with the supplier; suspension of the supply contract

4 Partnership

- Working together with the suppliers to seek ways for continuous improvement
- Educational sessions for the suppliers on timber quality requirements
- Methodology and information on how to implement sustainable forestry best practices

The requirements to timber suppliers are described in [“General Guidelines for Managing Timber Suppliers”](#) published on Sveza’s website. Starting from 2023, these requirements are built into all timber supply contracts, in addition to the updated safety compliance and training requirements.

Number of suppliers assessed for social and environmental risks and the percentage of controlled timber suppliers with negative findings

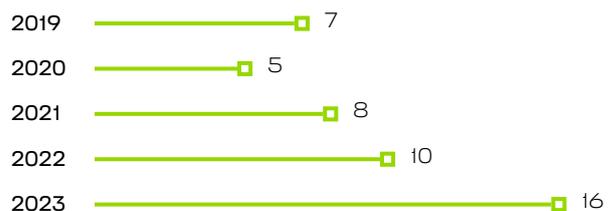
558 SUPPLIERS,
including 100% of new suppliers, assessed for risks in 2023



Most of the violations were quickly corrected. Contracts were suspended with 16 suppliers who failed to make improvements. Their violations included incomplete forest fire prevention and reforestation scopes, non-compliance with the forest fire safety rules, or complaints from the local people.

Sveza continues to rank its suppliers by the level of ESG risk to evaluate how the four-tiered supply chain management system can be implemented in the most efficient way for all supplier groups.

Number of suppliers who failed to address their violations, which resulted in the termination of their supply contracts





08 | Business ethics and human rights

Anti-corruption

At Sveza, we hold ourselves to high ethical standards in business and do not tolerate corruption. The company’s anti-corruption and compliance system is based on a set of internal policies and standards, which are regularly reviewed and updated.

Sveza’s key corporate anti-corruption documents

<p>Non-Disclosure Agreement</p>	<p>Code of Ethics and Business Conduct Updated in 2022</p>	<p>Personal Data Processing Policy</p>
<p>Business Hospitality Policy Adopted in 2022</p>	<p>Business Gifts Policy Adopted in 2022</p>	<p>Corporate Conflicts of Interest Code of Conduct</p>
<p>Corporate Standard for Trade Secret Protection To be updated</p>	<p>Business Partnership Code of Conduct To be created</p>	<p>Anti-Corruption Policy To be updated</p>

Within Sveza Group, all anti-corruption efforts are coordinated by the Business Security Group, which works to identify and mitigate corruption risks related to the employees, processes, and contractors.

Employees	Processes	Contractors
<ul style="list-style-type: none"> ▪ A thorough pre-employment screening process is in place to check every new hire ▪ Employees in corruption-sensitive positions are subject to regular anti-corruption screening procedures ▪ All new hires are required to read the Anti-Corruption Policy and sign the attestation within ten days of starting work at Sveza ▪ Training for all employees on anti-corruption and other related topics 	<ul style="list-style-type: none"> ▪ An intelligent assistance system for critical business functions is in place to track down and report disruptions and weaknesses in business processes ▪ Regular inspections of the company's business processes for systemic issues, risks, losses, violations, and fraud ▪ Investigation into incidents ▪ Legal evaluation of compliance issues ▪ Determination of the root causes of the issues and the drivers of fraudulent behavior ▪ Development of corrective action plans ▪ Reporting of the issues to the management team 	<ul style="list-style-type: none"> ▪ Implementation of the supplier management internal regulations, procurement procedures, and contractual work requirements ▪ Communication with the contractors ▪ Computer-assisted evaluation of contractors for integrity and risk ▪ Thorough contractual work involving all departments (finance, legal, tax, etc.) for a comprehensive risk assessment ▪ An anti-corruption clause and penalties for corrupt practices embedded in the contracts

All new hires are required to read the Anti-Corruption Policy and sign the attestation. In 2023, Sveza provided anti-corruption training for the managers and developed a new training course on anti-corruption and anti-bribery. Starting from 2024, the course will be mandatory for all new hires. The employees in corruption-sensitive positions will be required to take the course annually.



In 2023, Sveza had zero corruption issues.



Human rights

Sveza’s plywood mills work in strict compliance with the Russian legislation. That ensures that child labor is not used in any of the company’s entities. Sveza does not tolerate any discrimination based on national or ethnic origin, religion, or gender when hiring or promoting people.

Sveza complies with the employment laws of every country where it has representation. Not a single violation of employee rights was recorded in 2023.

The company is committed to respecting human rights of the employees and local people throughout its timber supply chain, and takes great care to avoid harvesting in indigenous peoples’ territories. Sveza continues to preserve the forests local communities depend on, defined before the international forest certification agencies left Russia.

Internal mechanisms to report corruption, unethical practices, or human rights violations at Sveza

Anyone who becomes aware of any violations within Sveza Group, whether an employee, a customer, a partner, or a local community member, can report them to the Ethics Committee or contact the Business Security Group helpline. Sveza takes all reports seriously and thoroughly investigates each raised concern within ten days. The results of the investigation are presented to the Ethics Committee chaired by the company’s CEO, for a collective resolution, which is delivered in written form to the reporting employee, if they provided their contact details. The Ethics Committee keeps confidential the information on the reporting employees.

In 2023, the Ethics Committee was contacted three times; none of the reports was confirmed as a result of the investigation.

Sveza Resource implements a grievance procedure for the employees involved in the harvesting operations on the certified timberland, and a conflicts resolution and damage compensation procedure for the local people. Every complaint or concern submitted in accordance with the procedures is carefully investigated. In 2023, there were several complaints from the local people against some of Sveza’s plywood mills about coal ash pollution. After a thorough investigation, none of the complaints was confirmed. The results were communicated to the local people.

Sveza’s internal documents regulating the grievance procedures to report unethical practices for the internal and external stakeholders

- Code of Conduct
- Rules of Procedure of the Ethics Committee

Ways to report concerns at Sveza



24/7 helpline of the Business Security Group
+7 931 325-70-10



Corporate hotline
8 800 700-29-06



Ethics Committee e-mail address:
ask@sveza.com



Ethics Committee mailing address:
Sveza-Les LLC, Vant Office Building,
112 Obukhovskoy Oborony Ave,
192012 St. Petersburg



GRI 2-28

GRI 2-29

Stakeholder engagement



Stakeholder engagement is key to Sveza’s sustainability strategy. We continuously work to make sure that our stakeholders’ opinions are heard and taken into account when we make important decisions. We identified our key stakeholder groups for the first time when we worked on our first sustainability report. Since then, we have reviewed the list several times. At Sveza, we establish relations of trust with our stakeholders through mutual respect,

equal dialog, and a balanced approach to interests on both sides.

In order to make the report more relevant and useful, and correctly determine the material topics for disclosure, we conducted a survey of our employees, customers, partners, and other stakeholders (see the [“About the Report”](#) section for details).

Sveza’s key stakeholder groups and engagement formats

Shareholders

- Quarterly reports
- Semi-annual steering committee meetings



Customers and consumers

- Trade conferences and industry events
- Customer visits
- Development of new products



Government authorities

- Participation in the work of expert and advisory bodies of government agencies
- Investment agreements
- Negotiations on adding initiatives to the lists of priority national projects



Business partners

- Joint projects and the supplier development program
- Supplier audits
- Information events
- Trade conferences and industry events



Trade associations and voluntary groups

- Public hearings
- Joint working parties
- Roundtable meetings and conferences



Local communities

- Social and economic partnership agreements
- Press conferences
- Public hearings
- Community surveys
- Social impact initiative contests
- Handling of requests and complaints
- Engagement of the local communities in forest management
- Engagement of the local authorities in the management of employment, water supply, and energy supply issues



Educational institutions

- Career events, lectures, and plywood mill tours
- Work with educational institutions on training programs for the wood processing sector
- Press trips
- Career days
- Internship programs



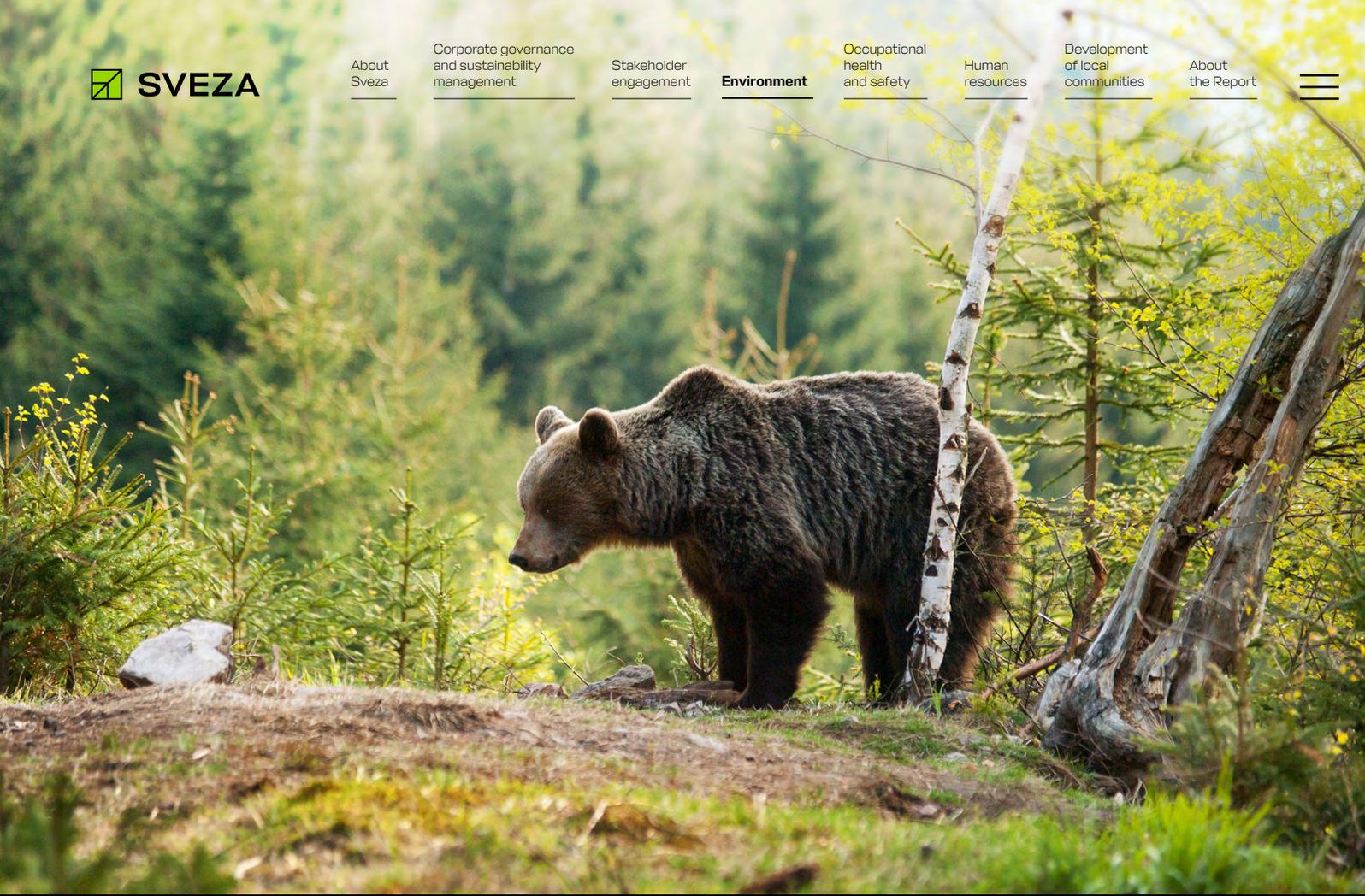
Employees

- Collective bargaining process
- Corporate hotline
- Ethics Committee
- Regular cascade briefings and the corporate annual conference
- “Voice of Sveza” survey
- Targets dialogs
- Corporate web portal
- Educational activities and training courses



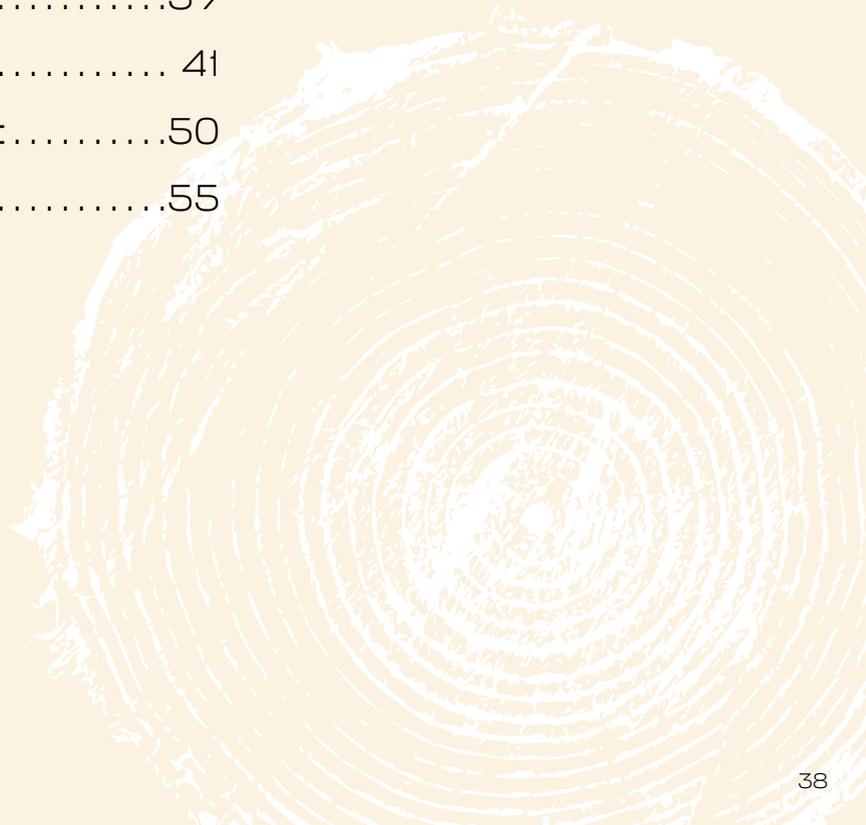
Sveza’s membership of expert and advisory bodies and trade associations (see full list in [Appendix 2](#))

	Name	Role
	Forest Industry Development Board of the Federation Council of the Russian Federation	<ul style="list-style-type: none"> Monitoring of the best practices and challenges of the Russian forest industry Development of proposals to improve the national forest management system and the forest sector legal framework
	Expert Council for Sustainable Development under the Russian Ministry of Economic Development	<ul style="list-style-type: none"> Participation in the surveys on the sustainability aspects of the national economy and forest industry
	Council of the Russian Chamber of Commerce and Industry for Business Sustainability, Corporate Social Responsibility, and Volunteering	<ul style="list-style-type: none"> Development of the methodology and practical application of the corporate social responsibility and sustainable development approaches Networking and sharing of knowledge and experience
	Union of Timber Industrialists and Timber Exporters of Russia	<ul style="list-style-type: none"> Development and implementation of actions to address the industry’s most pressing problems Participation in the effort to improve the national regulatory and financial framework for the business Development of the timber export trade Encouragement of investment in the national forest industry Unlocking of the industrial and R&D potential of the Russian forest industry
	Association of Furniture and Woodworking Enterprises of Russia	<ul style="list-style-type: none"> Consolidation of the efforts to address the challenges facing the industry Joint development of the national forest legislation improvement recommendations and support measures for Russia’s real economy



Environment

01. Environmental management	39
02. Efficient use of resources	41
03. Sustainable forest management	50
04. Climate agenda	55





- GRI 303-1
- GRI 303-2
- GRI 303-3
- GRI 303-4
- GRI 303-5

01 | Environmental management

Environmental management system



Sveza implements an environmental management system (EMS) to manage the environmental impact of its operations. The EMS is an important part of the company’s corporate governance system.

High-level environmental management at Sveza Group is provided by the Operations Department of the management company. There are environmental engineers at each site. Internal environmental audits are carried out on a regular basis to support management decision-making.

We work with certified environmental laboratories at all plywood mills to implement regular monitoring of the mills’ environmental impact.

The progress and efficiency of the EMS initiatives is reviewed at regular intervals at the EHS Steering Committee meetings.



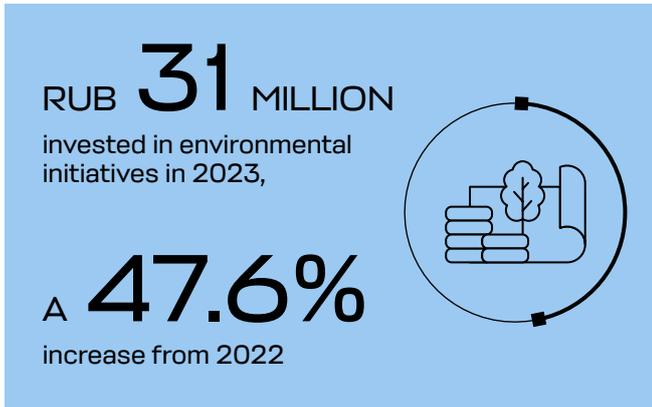
A tiered EMS management approach and regular steering committee reviews ensure timely adjustment of the EMS development goals and focus areas, and help find solutions that benefit all stakeholders.

Through 2023, Sveza worked to improve its environmental management system and bring it in compliance with ISO 14001.

The company updated its Environmental Policy and the Corporate EMS Standard and implemented an environmental training program for employees and contractors.

In total, 5 new environmental programs/courses were implemented, 3 of them mandatory (required by the legislation) and 2 corporate.

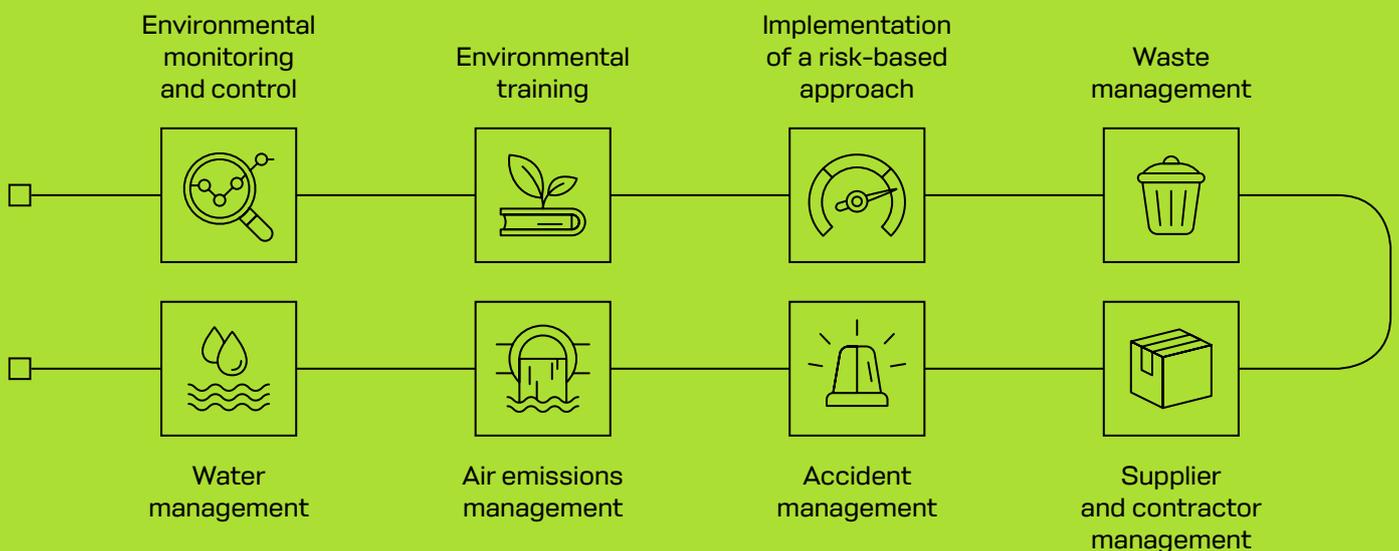
Through 2023, Sveza continued to implement the investment programs to upgrade its effluent and gas treatment systems, and the programs to reduce waste generation and waste to landfill.



EMS focus areas

- Environmental compliance
- Resource use efficiency
- Consistently reducing environmental impact through modernizing the effluent treatment facilities, implementing green resources at all stages of production, and reducing waste generation and waste to landfill
- Sustainable forest operations and protection of high conservation value forests; conservation of biodiversity and ecological processes and functions in forest ecosystems; sustainable reforestation
- Creating innovative products that contribute to the national and global clean energy and climate change goals

The EMS development roadmap 2024 focuses on the following areas





02 | **Efficient use of resources**

Sveza implements a program to reduce the specific consumption of raw materials as part of the “Operational Efficiency” strategic focus. The program aims to improve the company’s environmental footprint while reducing manufacturing costs through efficient utilization of timber, energy, and other resources.

Sveza’s ongoing resource efficiency programs

Reducing Specific Consumption of Raw Materials



Zero Waste to Landfill



Energy Efficiency



Sustainable Water Use and Wastewater Management



Reducing Specific Consumption of Raw Materials (SCRM)

SCRM is the volume of plywood logs used to produce one cubic meter of plywood. It is one of the key production performance metrics underlying all production processes at Sveza. We have been steadily improving our SCRM performance over the years through upgrading our plywood mills.



While improving resource use efficiency, the SCRM program helps eliminate waste.

The SCRM performance largely depends on the quality of the input materials and the right equipment settings. Sveza creates innovative tools to manage SCRM (see the “[Innovations](#)” section for details), and implements initiatives to improve production efficiency, such as extending the storage life of timber and increasing the efficiency of timber utilization.

Sveza’s in-house processes for SCRM reduction

- ↗ Splicing of birch log chunks into full-size veneer logs
- ↗ Smart detection of peeling defects
- ↗ Peeling lines for thin logs and peeling cores



OLEG CHISTYAKOV
Operations Director at Sveza



“Sveza is one of the leading manufacturers in the industry for material efficiency. While reflecting a continuous improvement of the company’s production processes, and commitment to achieve the highest possible timber use utilization efficiency, the SCRM trend clearly demonstrates our adherence to sustainable development.”

2.43 SCRM at Sveza’s plywood mills in 2023,

A **1.6%** decrease year over year, meaning that

≈ 400,000 standing trees were saved from cutting

SCRM coefficient in 2021–2023, m³/m³



Zero Waste to Landfill

Landfills are one of the most harmful ways to dispose of waste because they can cause serious environmental damage. Reducing waste to landfill is a priority of Sveza’s environmental strategy.

Most waste generated at Sveza’s manufacturing facilities is Classes IV and V (low-hazard and virtually non-hazardous waste) according to the national waste hazard rating. Hazardous waste of Classes I, II and III is less than 0.25% of the total amount of waste.

Timber processing naturally generates a lot of wood waste. In plywood production, more than 50% of the input material normally goes to waste. For the most part, this waste is classified as byproducts, which are either sold as goods or removed for disposal.

Sveza’s ultimate goal is to achieve 100% utilization of timber by 2030. Already now, the company uses over 90% of wood waste (bark, chips and sawdust) for producing electricity and heat at its manufacturing sites (see the [“Energy Efficiency”](#) section for details). Byproducts made of wood waste include fuel briquettes and particleboard. Wood waste is also a popular material for setting up winter storage of plywood logs.

Sveza has been implementing waste segregation practices at its production sites for several years already, and has developed a reliable approach to identifying the sore spots and creating efficient corrective actions. An initiative to enhance waste segregation at the process areas piloted early in 2023 at the plywood mill in Uralsky, Perm Region led to a significant increase in production waste recycling volumes, and was successfully implemented at Sveza’s other plywood mills.



In 2023, the plywood mill in Verkhnyaya Sinyachikha, Ekaterinburg Region installed shredding equipment that turns wooden pallets, crates, and skids into fuel chips for the mill’s thermal oil boiler house.



22.5% REDUCTION IN WASTE TO LANDFILL IN 2023 VERSUS 2022

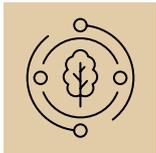
Waste-to-landfill coefficient, kg waste/m³ final product



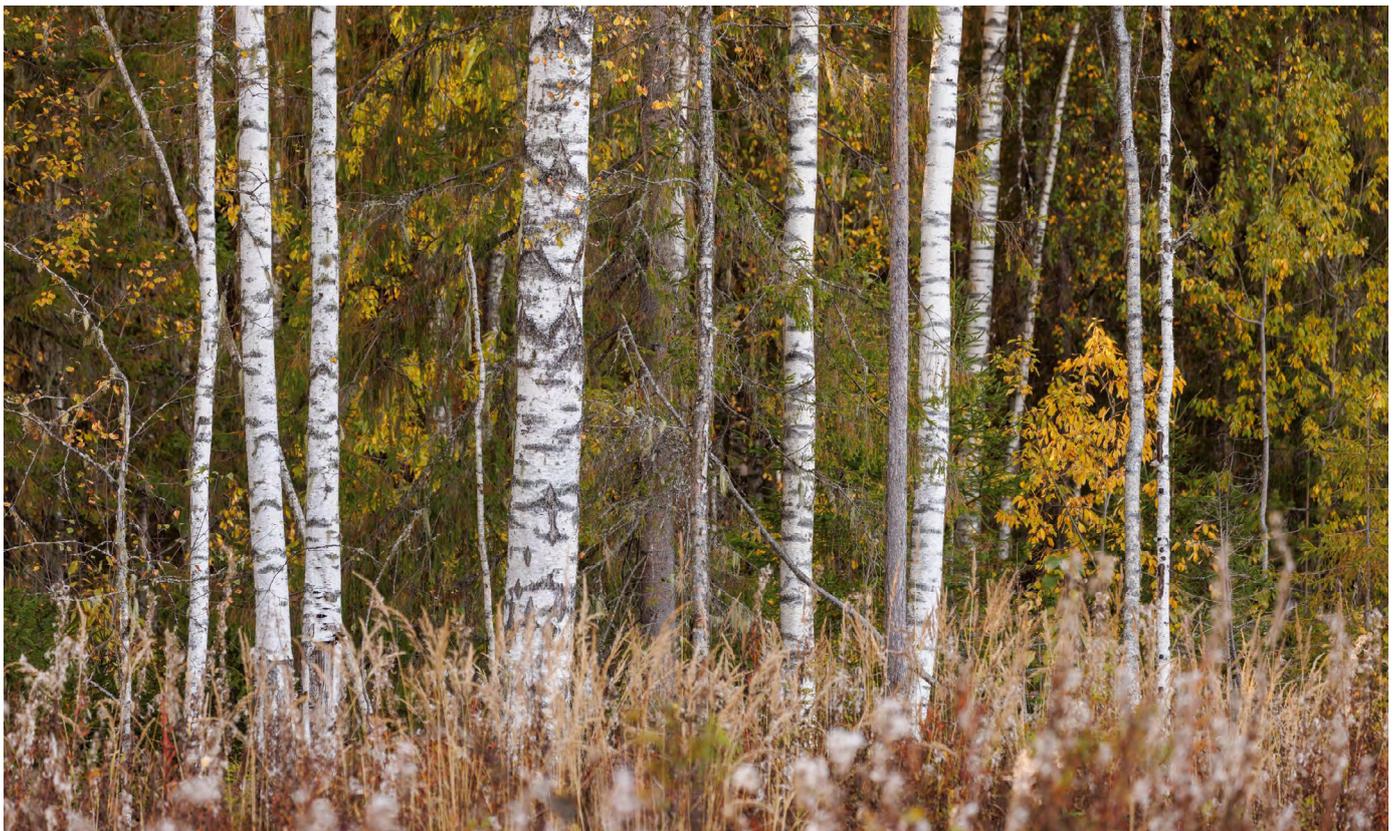
The progress under the waste-to-landfill reduction program is reviewed every month at the Sustainable Development steering committee meetings with the plywood mills and the company’s operations director; every three months with the CEO; and every six months with the shareholders.

In an effort to maximize resource use efficiency, Sveza’s in-house R&D team continues to explore how byproducts can be turned into new finished products or used in the company’s main or auxiliary production processes.

In 2023, the plywood mill in Tyumen successfully experimented with the phenolic film waste from film-faced plywood production: they shredded the film and added it to the glue recipe. The other plywood mills are considering a similar experiment at their production sites.



The initiatives to reduce waste generation and create a recycling infrastructure meet the goal of the Russian national project “Circular Economy” to increase waste recycling in industrial production.



Energy Efficiency

Sustainable energy use is critically important for the sustainable development of a company. Sveza implements an energy efficiency program to reduce the energy intensity of its production processes and increase in-house energy generation.

The company's power generation facilities produce heat and electricity from burning renewable biomass (plywood production waste and byproducts) and natural gas. Sveza continues to build and commission cogeneration plants and thermal oil boilers to produce heat for its production processes and the district heating systems of the local communities.

Sveza also buys energy from third-party suppliers, but takes consistent steps to substitute purchased energy with the energy obtained from renewable sources.



OLEG CHISTYAKOV

Operations Director at Sveza

"Sveza works hard to grow and develop its own energy generation capacity. The benefits are evident: being self-sufficient for energy and being a reliable provider of heat and electricity for the people in our communities. The energy efficiency initiatives also support our sustainable business practices as they help reduce greenhouse gas emissions and improve our environmental footprint."

60% ENERGY GENERATED ON SITE IN 2023

Sveza has a goal to generate on site at least

70% OF ITS ENERGY NEEDS BY 2026-2027

Energy efficiency program focus areas:

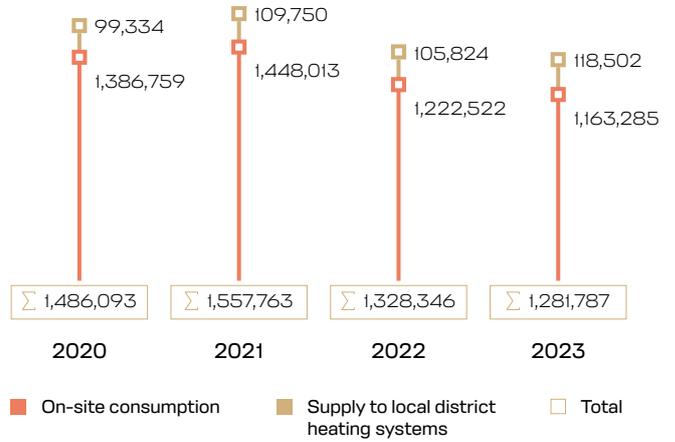
-  Energy modeling and evaluation of energy losses
-  Improvement of the energy metering system
-  Increasing on-site electricity generation



Heat generation in 2020-2023, Gcal



Company-wide heat use in 2020-2023, Gcal



87% HEAT PRODUCED FROM RENEWABLE SOURCES AT SVEZA'S MILLS IN 2023

5% REDUCTION IN ON-SITE HEAT CONSUMPTION IN 2023 VERSUS 2022

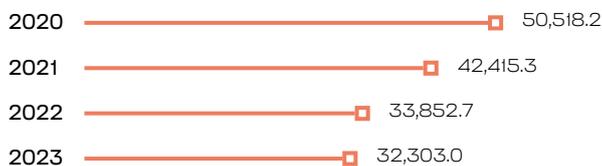
Electrical energy consumption went up by 14% year-over-year as a result of a 26% increase in production. The consumption of the renewable energy generated on site went up, too, and achieved 8% (an increase of 1%). Specific electrical energy consumption decreased by 6% to 276.9 kW/m³.

Electricity consumption in 2020-2023, thousand kWh



6% DECREASE IN SPECIFIC ELECTRICITY CONSUMPTION IN 2023

Company-wide natural gas consumption in 2020-2023, thousand m³



5% DECREASE IN NATURAL GAS CONSUMPTION IN 2023 VERSUS 2022, AND **36%** OVER THE LAST FOUR YEARS

Energy efficiency management

General energy efficiency practices, methods, and processes at Sveza are managed by the management company. The company's production sites manage the local aspects of the energy efficiency system. The progress under the energy efficiency program is reviewed every three months at the Operational Efficiency and Sustainable Development steering committee meetings.

The energy and resource use efficiency roadmap includes over 70 actions, among them the best practices earlier successfully piloted at one of the plywood mills. The mills consistently work to optimize the manufacturing process parameters and implement smart energy metering processes. The ongoing energy saving practices at all mills include the implementation of LED lighting, installation of variable frequency drives and soft starters, and heat loss reduction initiatives.

Company-wide "Energy Conservation" program: Key achievements in 2023

- Increased on-site generation at the Manturovo plywood mill, Kostroma Region.
- Commissioning of a veneer drying line worth RUB 151 million at the plywood mill in Manturovo. The new drying line will reduce the mill's annual electrical energy consumption by 35% and increase the productivity of the drying area by 6%.
- Commissioning of a cogeneration plant at the plywood mill in Uralsky. The new plant will provide uninterrupted supply of electric energy for the mill and supply heat for the local district heating system. In addition, it will help reduce the cost of and environmental impact from the production processes. The new plant has the power capacity of 80 MW and the annual output of 40 million kWh. In 2023, RUB 217 million was invested in the project;
- RUB 477 million more will be invested before 2027 in order to ramp up the plant. Similar work is going on at the cogeneration plant in St. Petersburg commissioned in 2022.
- The plywood mill in Verkhnyaya Sinyachikha completed a series of energy-saving initiatives and achieved a 9% reduction in electrical energy consumption.
- Two plywood mills included energy efficiency in the KIPs of the process areas.
- All mills continued to implement the automation of data collection from energy meters.
- All mills joined the national wholesale electricity and capacity market, and save on costs buying energy directly from generation companies.

Short-term energy use reduction plans

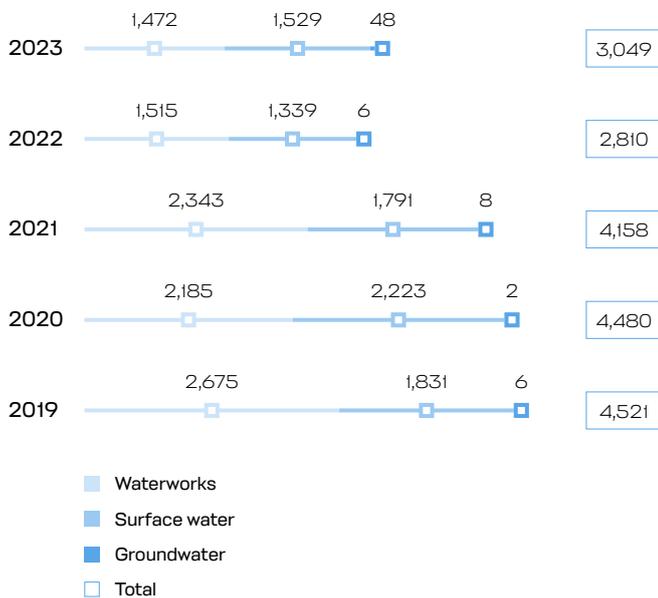
- | | |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <p>1 All mills: Internal audit of the power balance</p> | <p>5 All mills: Energy audits with external auditors</p> |
| <p>2 Uralsky: Phased commissioning of the new cogeneration plant (start-up scheduled for March 2025)</p> | <p>6 All sites: Implementation of the energy efficiency roadmap</p> |
| <p>3 St. Petersburg: Scheduled maintenance on the cogeneration boiler</p> | <p>7 All sites: Improvement of the energy metering system</p> |
| <p>4 Manturovo: Actions to increase energy generation efficiency</p> | |

Sustainable Water Use and Wastewater Management

For the most part, Sveza’s plywood mills take water from surface water bodies via water and sewer utilities using their water withdrawal systems. A small portion is groundwater. None of Sveza Group’s mills is located in a water deficit area, and their water use does not have a significant impact on water bodies. However, the company strives to be a responsible water user in the communities where it operates.

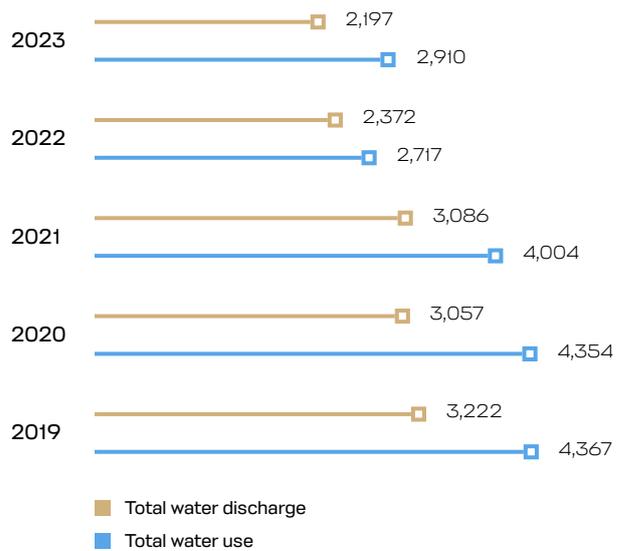
The progress under the water use reduction program is reviewed every month at the Sustainable Development steering committee meetings with the plywood mills and the company’s operations director; every three months with the Group management; and every six months with the shareholders.

Water intake by sources, thousand m³



Over the last five years, Sveza has recorded a steady reduction of water use at its production sites. Despite a significant increase in production volumes in 2023, the total water intake by the mills went up only by 7% versus 2022, to 2,910,000 m³. Compared to the average consumption over the last five years, the company achieved more than a 20% reduction in water use.

Water balance of plywood mills in 2019-2023, not including water supply to local water networks, thousand m³



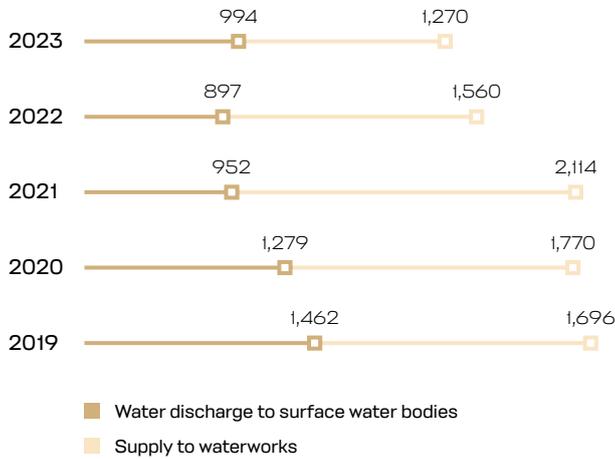
20% ACHIEVED WATER USE REDUCTION
at the plywood mills in 2023, compared to the five-year average

The gap between water use and water discharge reflects the nonrecoverable water loss that results from the specific features of the local production processes, including:

- Water absorption by timber
- Water for glue preparation
- Evaporation from process basins



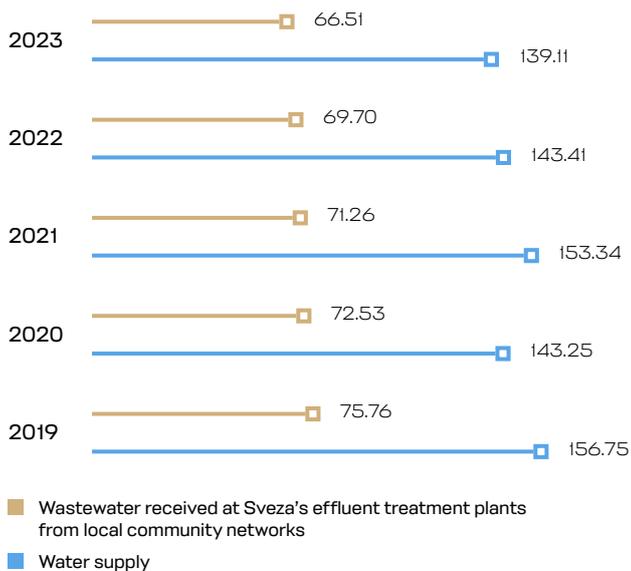
Water discharge streams in 2019–2023, including wastewater received at Sveza’s effluent treatment plants from local community networks, thousand m³



In 2023, Sveza achieved a reduction in effluent discharge, with the company-wide discharges amounting to 2,197,000 m³ (2,372,000 m³ in 2022).

In several regions, Sveza’s plywood mills supply water to the local water networks and receive wastewater for treatment.

Water supply and disposal for local community networks, thousand m³



All production sites implement action plans to reduce water use and discharge and improve the effluent treatment efficiency. In 2023, the plywood mill in Manturovo significantly reduced its effluent discharge through a reorganization of the cooling system resulting from a switch to purchased resin.

At plywood production sites, the hydrothermal treatment of logs before peeling is the most water intensive stage of the production process. In 2023, Tyumen carried out a trial involving chemical treatment of spent water in the hot water basins, and developed a method for in-process effluent treatment that enables using water in the basins for a longer time, and significantly reducing the contamination of effluents before they arrive to the effluent treatment plant. This method has been successfully implemented at the Novator plywood mill, Vologda Region. The mills in Tyumen and Manturovo are analyzing their technical possibilities for implementation.

92% REDUCTION IN SUSPENDED SOLIDS
in the effluents achieved with the new method for in-process treatment

Sveza continues to implement investment programs aimed at the renovation and upgrading of the effluent treatment systems at its mills. In 2023, the general design documentation package was developed and successfully passed the Russian General Board of State Expert Review, for the effluent treatment plant construction project at the mill in Verkhnyaya Sinyachikha. A technological improvement strategy was implemented to support major repairs and upgrading of the biological treatment plant at the mill in St. Petersburg. The other production sites finalized the pre-project research and surveying work. In 2024, the detailed design documentation package will be developed and a digital twin will be created for the new effluent treatment plant at the mill in Verkhnyaya Sinyachikha. The detailed design documentation is also in development for the mill in St. Petersburg. The general and detailed design documentation packages will be developed for the rebuilding of the sewerage system and the construction of a local effluent treatment plant at the mill in Manturovo. The design and digital modeling of the effluent treatment system are under way for the mills in Tyumen and Novator. In 2024, the detailed design documentation will be finalized for a preliminary effluents treatment system at the hot water basins at the mill in Tyumen.

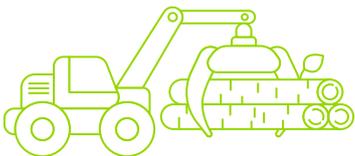
Sveza plans to upgrade the effluent treatment facilities at six plywood mills by 2030.



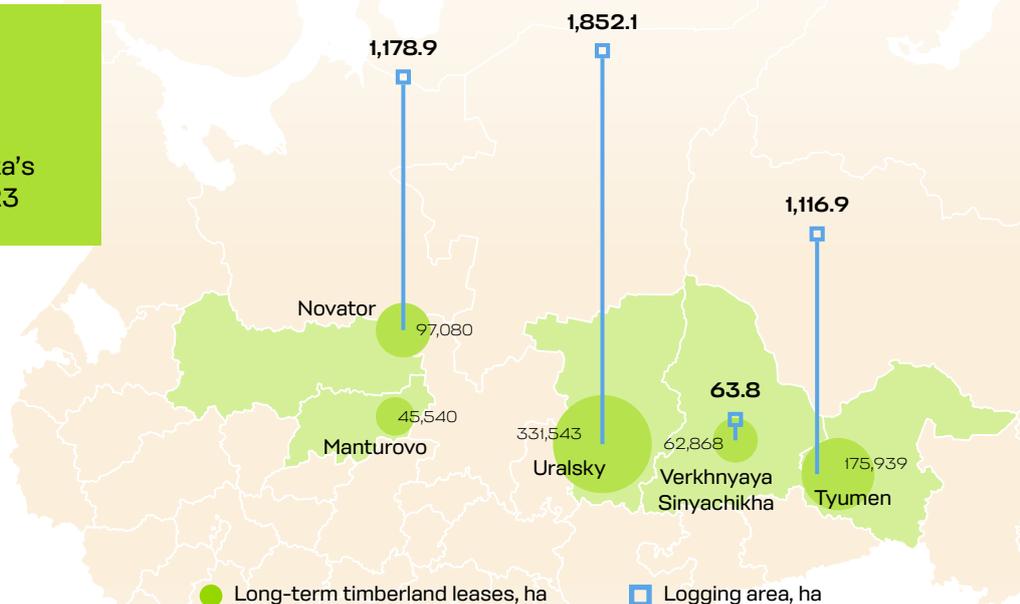
03 | Sustainable forest management

713,000
hectares was the total area of Sveza's long-term timberland leases in 2023

In 2023, five of seven Sveza's plywood mills managed timberland with the total area of 713,000 hectares under long-term timberland lease agreements with the government of Russia. The total logging area was 4,200 hectares.



The actual harvesting volumes in 2023 amounted to 538,000 m³, a 4% increase from 2022. More than a half (55%) of the company's total harvesting volumes are concentrated around the plywood mill in Uralsky. In-house harvesting operations were critical for Sveza's raw material security given the shortage of plywood-grade timber in the market in 2023.

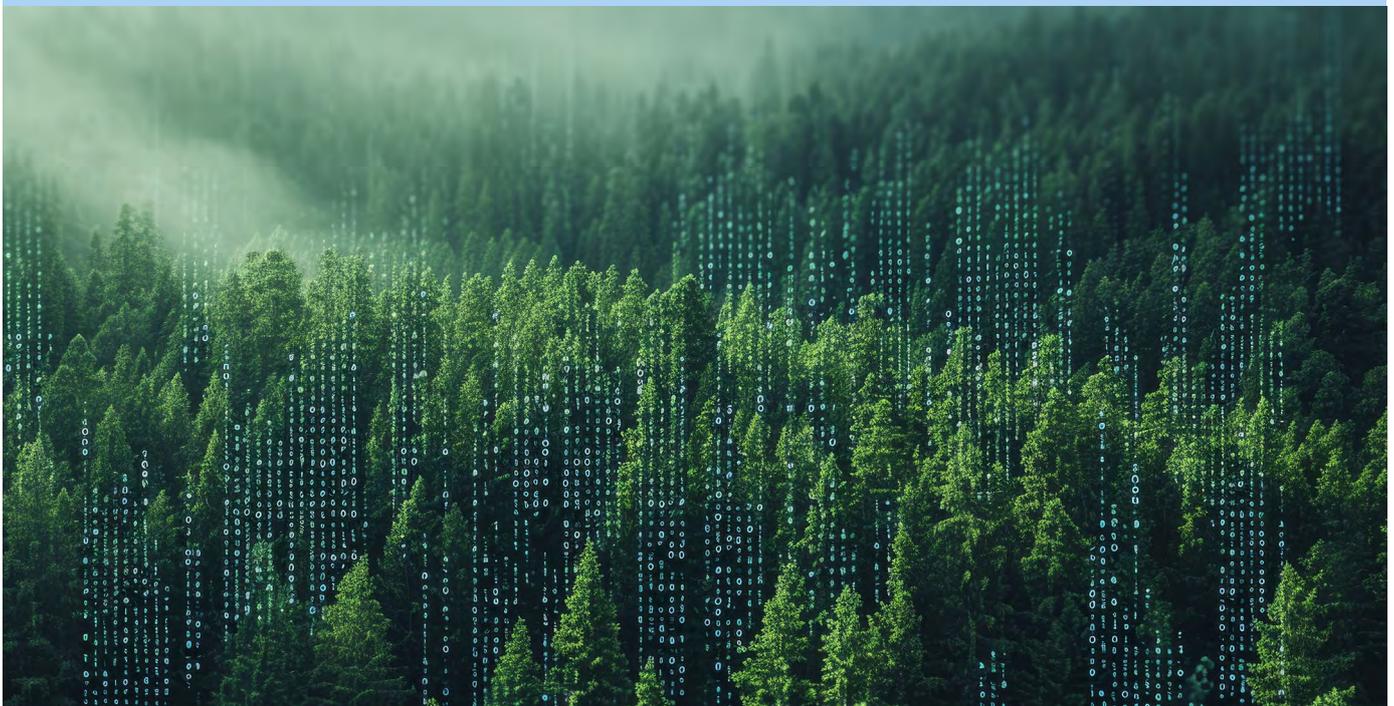


Actual harvesting volumes, thousand m³



Building on the principles of transparency and openness, Sveza joined the national forest industry digitalization initiative. In 2023, the company volunteered to pilot the implementation of the Russian Federal State Information System for the Forest Industry Complex (a digital twin of the country's forest resources).

The system will collect and send the information on the actual condition of the timber leases to the relevant government agencies. It will officially launch in 2024 and become mandatory in 2025. In addition, Sveza is ready to implement the national state timber harvesting and supply tracking system "LesEGAIS."



Sveza manages and maintains a well-developed network of forest roads. Lessees under the timberland lease agreements cover nearly all expenses on the construction and maintenance of the forest roads and bridges within their leases. Before starting any work in new harvesting areas, Sveza always reaches out to the local government and people in order to ensure the safety and comfort of the people during the work.

Sveza built

53.6 KM OF FOREST ROADS IN 2023

Sveza repaired

40.9 KM OF FOREST ROADS IN 2023

Russian national voluntary forest certification system “Forest Etalon”

Sveza practices responsible forest management and uses only legally sourced timber from certified suppliers.

Sveza does not use the timber:

- ✘ That was illegally harvested, harvested without a documented right, or not recorded in the “LesEGAIS” system
- ✘ Produced in violation of the human rights of the logging workers, indigenous people who maintain a traditional way of life, or local people living near the harvesting sites
- ✘ Extracted from the forests where high conservation value is threatened by management activities
- ✘ Sourced from native forests that have been or are being converted to plantations or uses other than forest management
- ✘ Sourced from forests where genetically modified trees are planted

At Sveza, we seek to reduce the links in the supply chain by prioritizing direct procurement and transparency. With direct timber supply contracts, it is easier to track the origin of timber and reduce the mixing risks.



In 2023, Sveza joined the Russian voluntary forest certification system “Forest Etalon.” The certificate confirms the legal origin of timber, integrity of supply chains, conformity with social and environmental requirements, use of waste paper and other recycled wood materials, and contribution to mitigating the effects of climate change.



“Forest Etalon” has replaced the international voluntary certification systems that left the Russian market. It is based on the internationally recognized requirements and best practices in environmentally and economically responsible forest management.

Annual audits of the current and potential certificate holders are carried out to confirm the compliance with the standards, and assess the origin risks and the risks of mixing in of illegal timber throughout the supply chain. The forest management certification involves an audit that confirms the compliance with the responsible forest management principles.

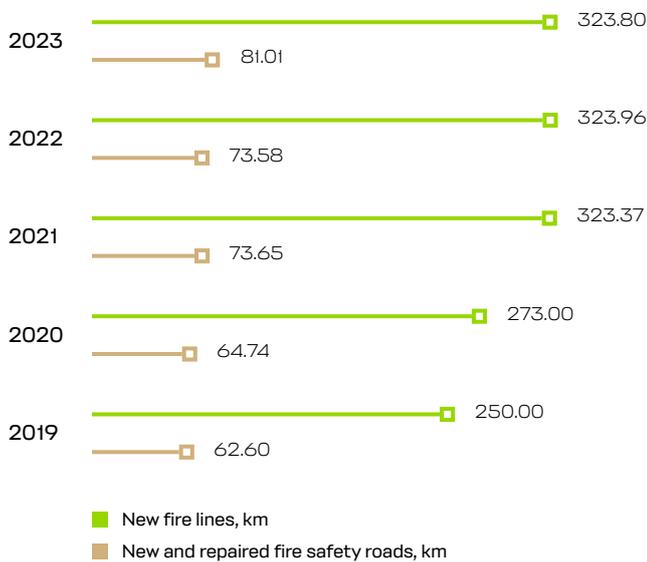
The management company Sveza-Les and the plywood mill in Verkhnyaya Sinyachikha were the first entities of the Group that had their supply chains certified.

The timberland leases of the Verkhnyaya Sinyachikha mill are included in the forest management certificate of the harvesting company Sveza Resource. As such, Sveza’s “Forest Etalon” certification covers an area of 62,800 hectares of timberland (8% of the total leased area) managed by the company’s plywood mills under the timberland lease agreements.

Forest fire prevention and control

Forest fires, when uncontrolled, destroy and damage valuable timber, cause biodiversity loss, and release large quantities of carbon dioxide, contributing to climate change. At Sveza, we take a comprehensive approach to managing forest fires, and consistently implement annual forest fire prevention action plans.

Forest fire prevention and control measures



Annual forest fire prevention and control actions



Construction and maintenance of fire safety roads



Creation and cleaning of fire lines



Cleaning of forest compartment lines



Creation of access roads to fire retention ponds



Providing access to fire equipment at key sites



Creation of rest areas



Installation of wildfire prevention signs and boom barriers

81 KM OF FIRE SAFETY ROADS BUILT AND REPAIRED IN 2023

323 KM OF FIRE LINES CREATED IN 2023

OVER RUB **43** MILLION spent on fire prevention and control in 2023



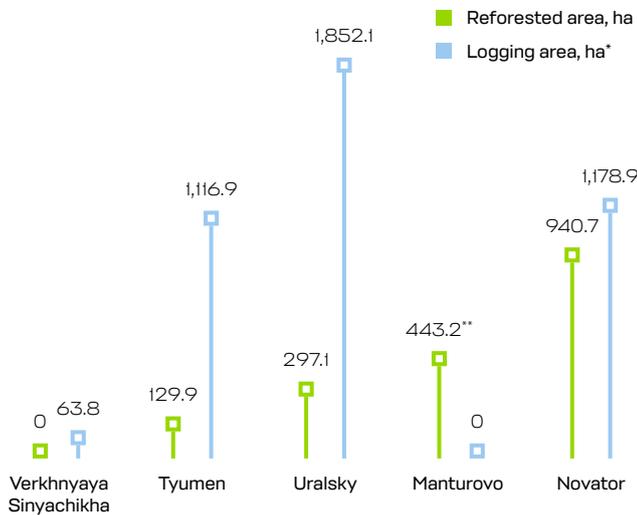
Reforestation

Sveza consistently implements reforestation and conservation action plans to mitigate the damage from its harvesting operations, as required by the Russian Forest Code. The company plants containerized and bareroot pine and spruce seedlings purchased from certified nurseries.

Sveza’s workers look after the seedlings for three years after the planting, weed and protect them from pests. In 2023, primary and extra thinning work was carried out on reforested sites, on an area of 220.7 hectares and 418.6 hectares respectively.

The company combines the planting of seedlings and sowing of seeds in the same reforestation area, and promotes natural reforestation by protecting new growth. Sveza Group only works with those timber suppliers who ensure compliance with the sustainable forestry standards and carry out reforestation in their harvesting sites.

Reforested area in 2023, ha

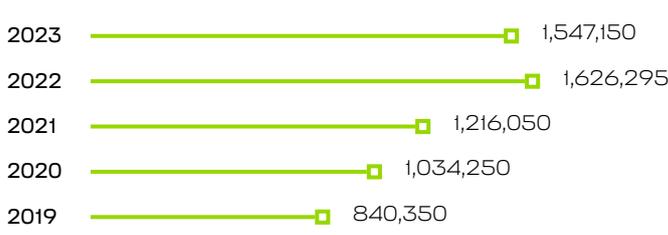


1,811 HA
forest land reforested by Sveza Resource in 2023



>1.5 MILLION SEEDLINGS PLANTED IN 2023

Planting of seedlings



Sveza organizes and holds tree planting events for its volunteer employees and their families (see the [“Community development, corporate philanthropy and volunteer programs”](#) section for details).

* The logging area includes all harvesting methods, including selection cutting.
 ** The reforestation work on the cleared sites is performed in the following year. The small scope of the reforestation work in 2023 reflects a relatively small scope of harvesting operations in 2022.



GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-5

04 | **Climate agenda**

Forests, wood-based products, and low-carbon energy are essential components of the global effort to reduce greenhouse gas emissions and combat climate change.

In 2021, Sveza joined Severstal’s climate memorandum “Together towards a Low-Carbon Future” aimed at supporting the global initiative to prevent further climate change.

Energy efficiency and transition from fossil fuels to bioenergy are the cornerstones of Sveza’s greenhouse gas emissions reduction strategy.

What we do for the climate



Reduce greenhouse gas emissions (Scope 1 and Scope 2) through improving the energy efficiency of our production processes and increasing in-house heat and electricity generation from biomass



Forests capture and store vast amounts of carbon, so we work hard to conserve and restore forests through sustainable forest management practices and initiatives to protect forests from fires and pests (see the [“Sustainable forest management”](#) section for details)



Create products that accelerate the transition to clean energy



Burning biomass is a carbon-neutral process. It releases the same amount of carbon that was originally absorbed during the growth of the organic matter.



In 2023, Sveza invested RUB 100 million in expanding its fuel briquettes production capacity in St. Petersburg and launching a new production line in Verkhnyaya Sinyachikha, Ekaterinburg Region. The annual capacity of the new line is around 8,000 tons of birch briquettes—enough to supply the needs of all people living in the Eastern Urals area.

By the end of 2023, six production sites of Sveza produced fuel briquettes, with a combined output of 29,000 tons. The next step is to increase production by 61%.



25% INCREASE IN BIOFUEL PRODUCTION ACHIEVED IN 2023

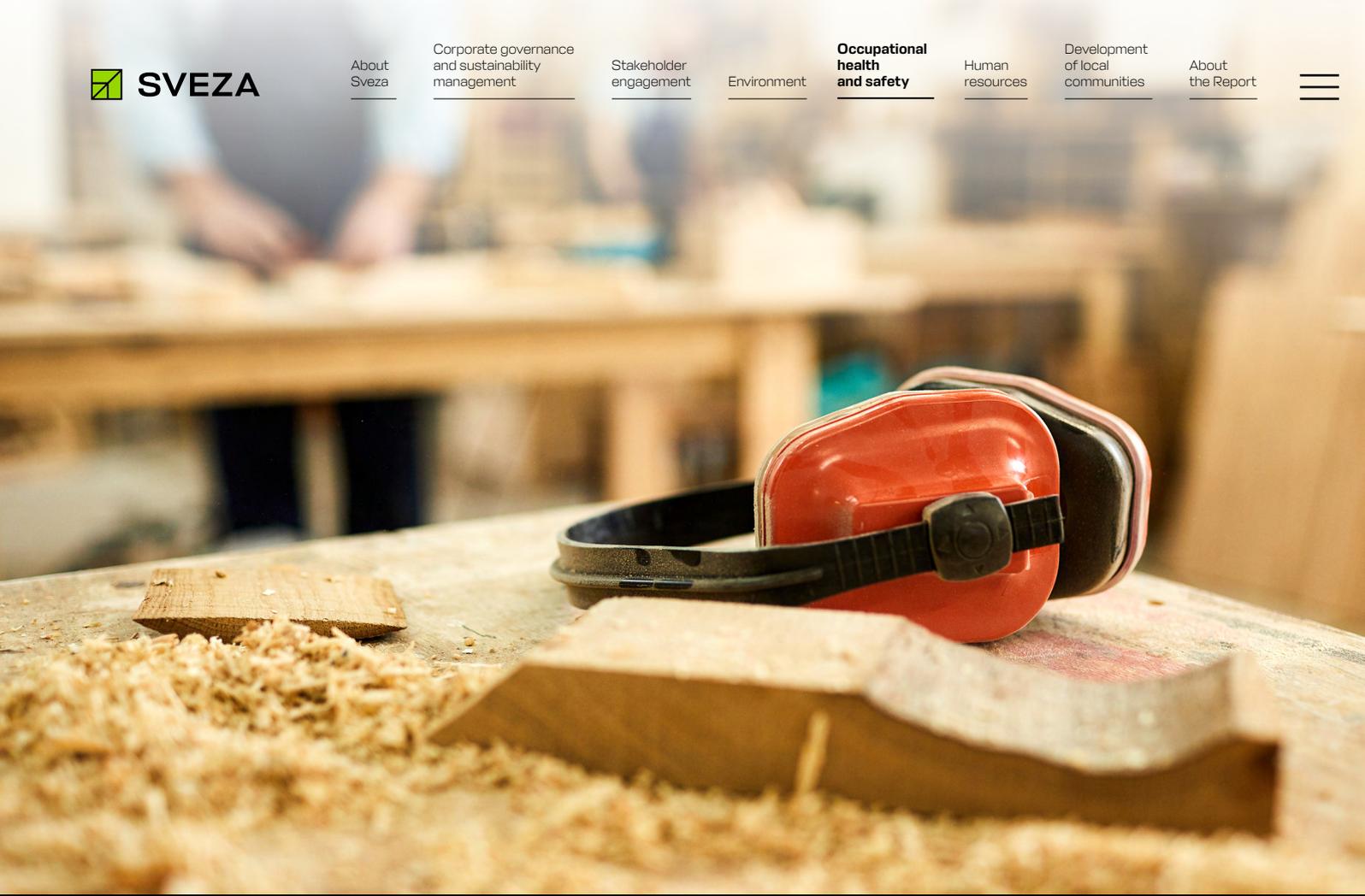
In the summer of 2023, the plywood mill in St. Petersburg launched a transition from fuel-powered loaders to electric loaders as part of the goal to reduce carbon emissions and provide a safer working environment for the people. Sveza plans to complete the transition to electric loaders at the plywood mill in St. Petersburg by 2028.



In 2023, Sveza participated in a number of meaningful discussions with NPOs and representatives of business regarding cooperation in forest carbon projects and initiatives advancing low-carbon construction materials.

Sveza continues to support climate research. The company gave a grant to the independent nonprofit organization Zeleny Svet (English: “green light”) to study carbon accumulation dynamics in the biomass of young trees. The project involved a study of common spruce (*Picea abies*) trees growing in the Vologda Region, and resulted in an improved understanding of how young trees capture and store carbon, what needs to be done for a more accurate evaluation of the efficiency of the carbon footprint reduction actions, and how to improve forecasting accuracy in further projects.

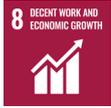
In 2023, the plywood mills assessed and managed their physical climate risks independently. Sveza will carry out a comprehensive Group-wide assessment of the climate risks (transition and physical) and create a greenhouse gas inventory in 2024-2025.



Occupational health and safety

01. Occupational health and safety management system	58
02. OHSMS progress achieved in 2023	59
03. Work-related injuries	61
04. Occupational health and safety training	63
05. Fire safety	64
06. Occupational health	65
07. Improvement of working conditions	66
08. Contractor safety	67





GRI 3-3

GRI 403-1

GRI 403-3

GRI 403-8

01 | Occupational health and safety management system

Sveza implements an occupational health and safety management system (OHSMS) based on ISO 45000, ISO 31000, and the Russian occupational health and safety legislation. An integral part of all business processes at Sveza, the OHSMS aims to achieve zero injuries across the organization.

Occupational health and safety is a strategic priority for Sveza.

High-level OHS and environmental management at Sveza Group is provided by the Environment, Health and Safety Group within the Operations Department. In addition, each entity of Sveza Group has its own Environment, Health and Safety Team.

The line managers are responsible for implementing the OHS rules at the production sites. Health and safety representatives represent the health and safety interests of workers at each location.

OHS steering committees composed of the top managers of the company and mill managers play an important role in the OHSMS. The committees meet regularly to discuss the OHSMS efficiency improvement initiatives and their status of implementation. The steering committees with the plywood mill managers and the Operations Director meet every month, and with the CEO every three months. The meetings enable bottom-to-top communication and provide valuable feedback from the plywood mills to the head office on a regular basis.

Leaders at all levels are directly responsible for creating a safe working environment for the employees.

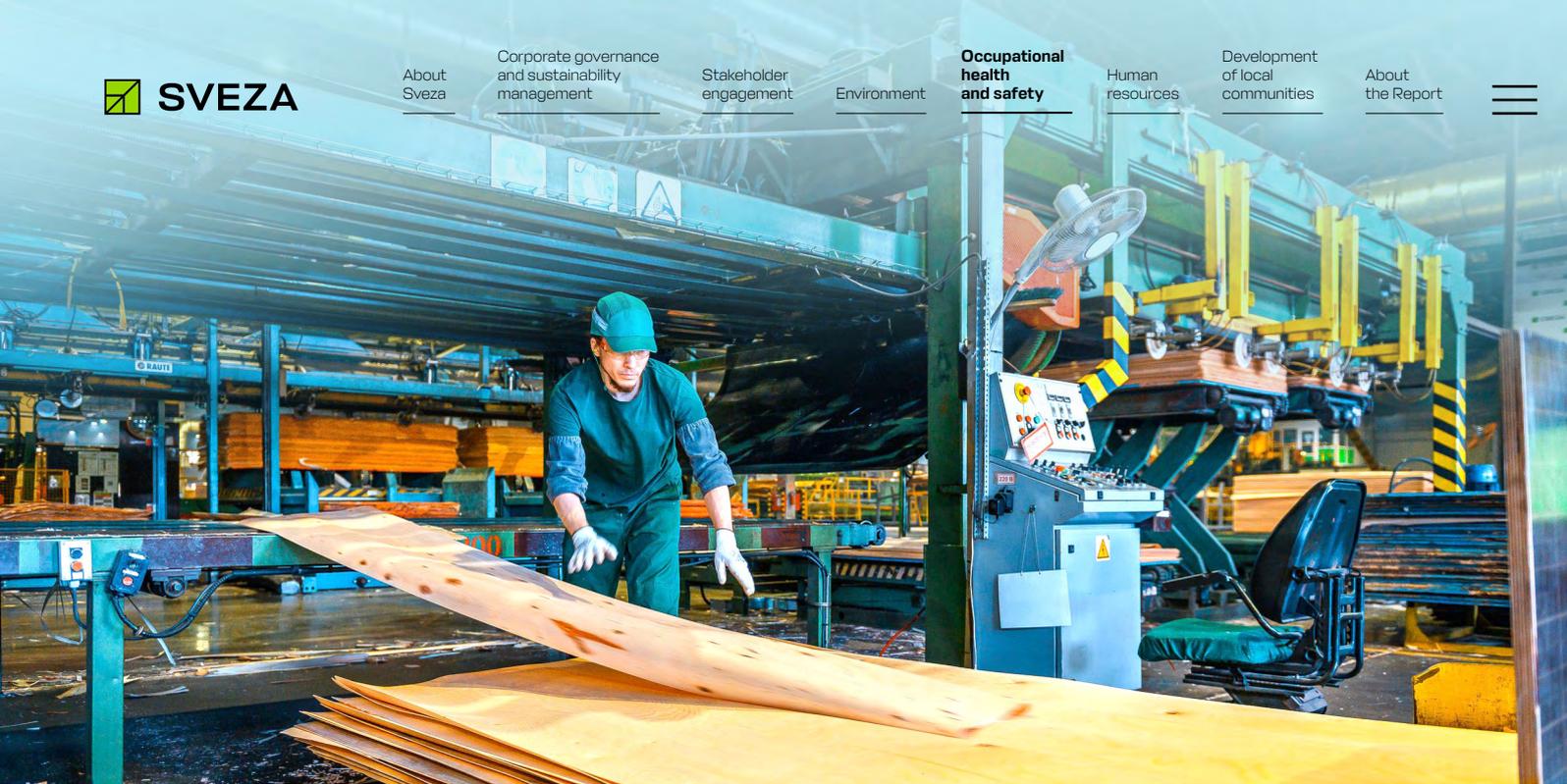
OHSMS short-term focus areas

- Fostering a positive safety culture
- Management of safety risks
- Management of deviations
- Development of workplace safety skills
- Contractor safety management
- Safety communication

The [Occupational Health and Safety Policy](#) sets the OHS principles and strategic goals implemented at Sveza and is an integral part of the OHSMS.

Sveza's long-term OHS strategic goals

- 1 Foster a consistent zero-incident safety culture
- 2 Maintain conditions promoting health and safety at work for employees and contractors
- 3 Improve the OHS management system by implementing digital tools for enhancing the safety and efficiency of processes



GRI 403-2 GRI 403-4

02 | OHSMS progress achieved in 2023

At Sveza, we believe that all accidents can be prevented. We continuously work to improve the standard operating procedures, modernize the equipment, and implement solutions for safety deficiencies and hazards.

In addition to the annually adopted strategic OHS goals aimed at preventing injuries and equipment accidents, Sveza implements short-term objectives for the improvement of the OHSMS. In 2023, all the strategic goals were achieved except one: the company had zero recordable injuries and zero equipment accidents, but failed to achieve a reduction in the Lost Time Injury Frequency Rate*.

Descriptions of the occupational health and fire safety processes and roles, and relevant technical documentation were created as part of the effort to improve the OHSMS and bring it into full compliance with ISO 45000.

OHS objectives for 2023

- Improve the OHSMS
- Create a centralized safety training system to reinforce safety knowledge and skills
- Sustain the progress achieved in fire safety

The following documents and processes were created and implemented at Sveza in 2023

- Detailed operating procedures for hazardous operations
- Risk assessment procedures as part of hazardous work authorization procedures
- Safety rules of thumb for key risks
- Occupational health and safety control system
- Improved control system tools

Safety spending, RUB thousand

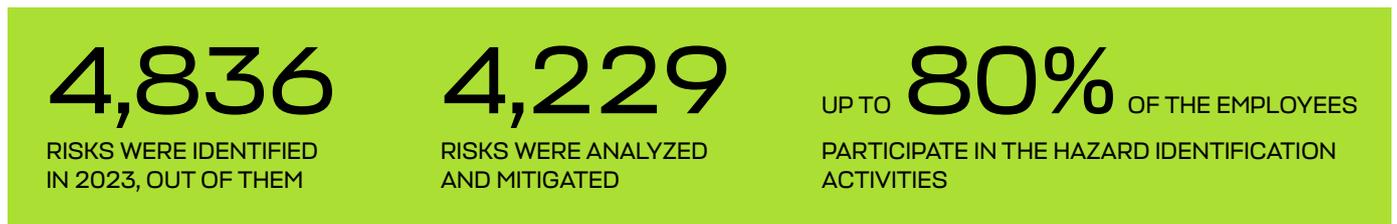
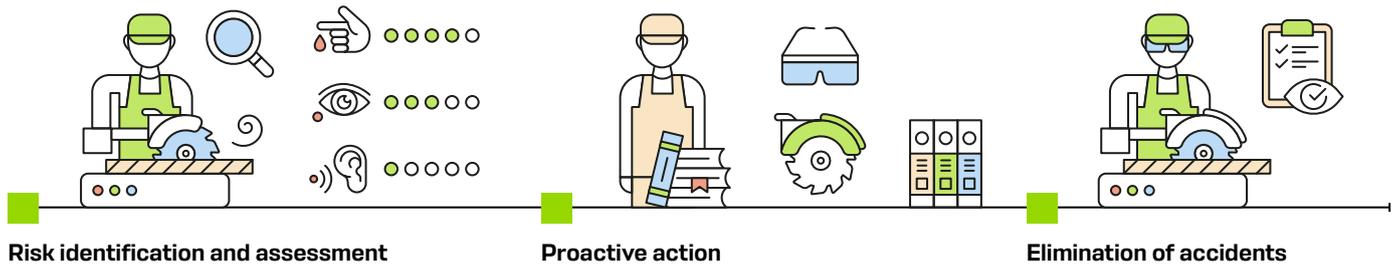


* LTIFR (Lost Time Injury Frequency Rate) is a safety performance metric used to measure the frequency of lost time injuries in a workplace (the number of lost time injuries occurring in a workplace per 1 million hours worked).

The Group-wide OHSMS transformation involves the implementation of a risk-oriented approach. In 2023, Sveza completed the preliminary risk assessment for all jobs started in 2020. The assessment included a review of all production processes for hazards and risk factors, and interviews

with the employees at the workplaces. The level of risk was estimated for each process, and mitigation actions plans were developed. In 2024, the company will conduct a similar risk assessment for the new and modified workplaces.

Risk-based approach for a well-functioning comprehensive safety system



Sveza encourages active involvement of the employees in safety initiatives. An interactive tool “Hunting down hazards” implemented in 2022 motivates the employees to find and immediately report the sources of hazard at work or on the way to the workplace.

Sveza creates and maintains conditions for enhancing the role of safety leaders in fostering a culture of safety. An efficient safety leader demonstrates personal compliance with safety, encourages their peers to take responsibility for their safety and the safety of others, speaks up about unsafe conditions, reports incidents and initiates an investigation.



In 2023, Sveza developed and implemented a standard on critical behaviors for safety leaders, and introduced a “safety volunteer” status that can be adopted by any individual within the organization.

At all Sveza’s production sites, the managers and the employees meet monthly to discuss health and safety topics. A channel dedicated to occupational health and safety was created in the Telegram messenger, and a group was created in the social media VKontakte to inform the employees of any incidents, accidents, or injuries. In 2023, Sveza conducted an efficiency analysis of its safety communication channels.

Sveza continues to implement the LOTO [Lockout/Tagout] safety procedures at its plywood mills to protect the employees from harm during the maintenance or repair work on electrical equipment and machinery. In 2023, the company completed 72% of the scope of activities scheduled for the year.



GRI 403-9

03 | Work-related injuries

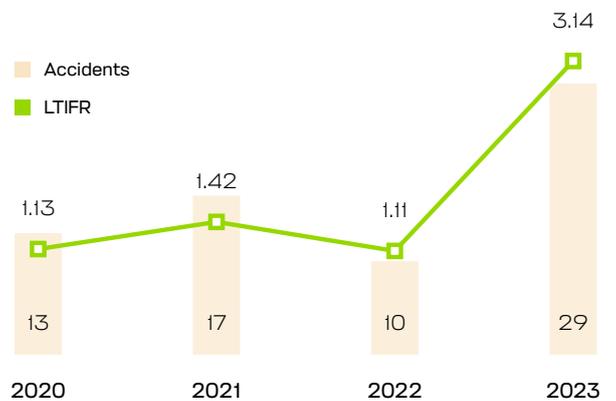
Before 2023, Sveza's work-related injury rate had been steadily decreasing, and so was the criticality of the injuries. In 2023, the company recorded an increase in work-related injuries. All the recorded injuries were minor.

The most common causes of injuries were again deliberate unsafe behaviors and acts. Injuries resulting from unsafe workplace conditions went down from previous years.

All recorded accidents were investigated, and corrective action plans were developed focusing on correcting unsafe behaviors and risk perceptions.



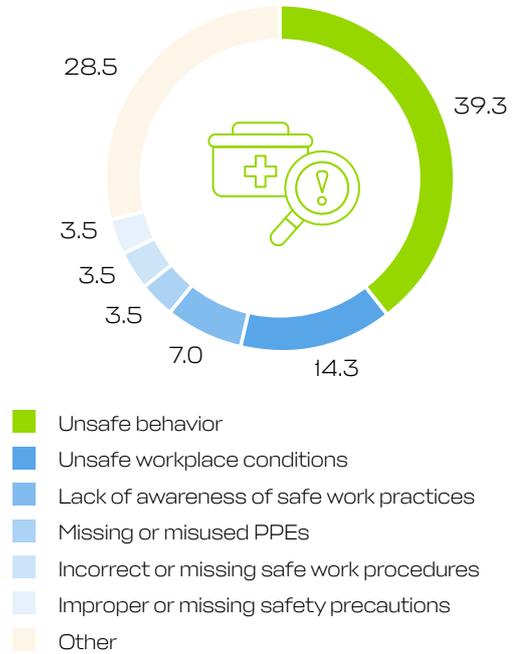
Accidents at Sveza's entities and LTIFR



The plywood mills in Tyumen and Novator, Vologda Region are implementing the ADKAR model to gather the employees' feedback on the efficiency of various components of the effective OHS system, and identify barriers to behavior change. As a result, the mills predict zero high-profile safety incidents and a 50% reduction in injuries in 2024. They also expect that all employees will have adopted safe behaviors and integrated them in their daily routines. The company plans to implement the ADKAR model at all production sites.

With an emphasis on individual change as a prerequisite of organizational change, the ADKAR model is an effective tool for implementing change management in an organization.

Main causes of injuries in 2023, %



Top three main hazards: Completed corrective actions

1 Fall hazards

A cause of **34%** of injuries

- Projecting parts of equipment and pipelines were eliminated
- Stairs were repaired to meet the national safety standard
- Floors were repaired

2 Moving and rotating equipment

A cause of **21%** of injuries

- Safety fencing and photocells were installed
- End switches and safety gates were installed

3 Hand tools

A cause of **10%** of injuries

- Safety briefings and audits



GRI 403-5

04 | Occupational health and safety training

Recognizing that the human factor is the primary cause of accidents and injuries at work, Sveza focuses on cultivating a safety mindset and fostering a zero-injury safety culture through implementing programs to promote accountability and responsibility at the workplace. The company developed detailed training plans with comprehensive training materials for all levels of employees in the organization, concluded safety training agreements

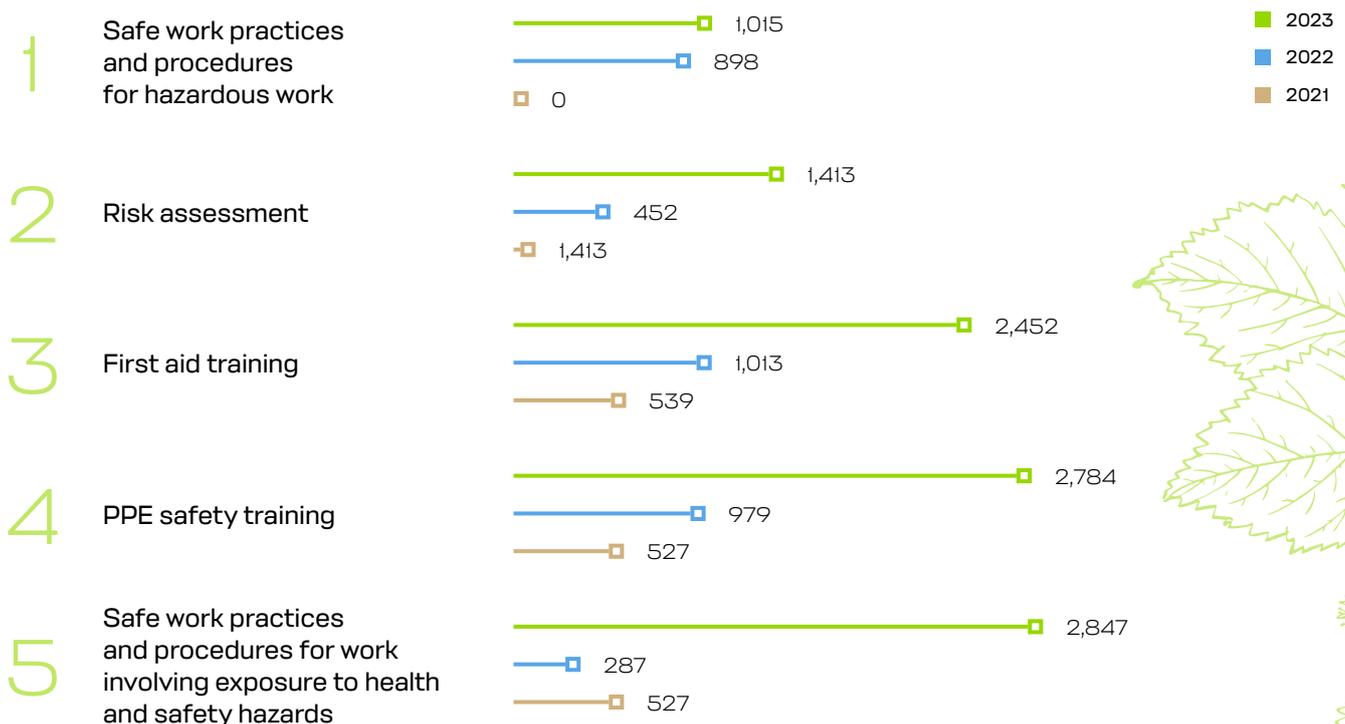
with the training centers, and created a progress tracking system. In total, 93 new OHS programs/courses were implemented, 86 of them mandatory (required by the legislation) and 7 corporate.

In 2023, the number of employees who completed mandatory safety training increased significantly due to the changes in the national legislation.

8 NEW OCCUPATIONAL HEALTH AND SAFETY E-COURSES were developed for the employees at all levels in 2023

2,847 EMPLOYEES completed the training in safe work practices and procedures

Top five occupational health and safety programs, number of employees who completed the training





05 | Fire safety

Wood processing involves combustible materials, and so Sveza invests a lot of effort in maintaining fire safety.

Actions to address fire risks and minimize damage, implemented at Sveza

- Periodical fire safety training for all employees
- Regular fire drills
- Making sure that rooms, equipment and workplaces meet the fire safety requirements
- Enforcing of hot work procedures
- Investing in the installation and upgrading of fire alarm and suppression systems

Sveza has a robust fire safety system. The number of fires has been steadily declining from 2021. The most important fire safety measures include keeping the equipment clean of dust and preventing the accumulation of flammable material in hard-to-reach areas. In 2023, the company did not have any large nor very large fires. 15 incidents out of 18 were very small fires.

44%
reduction in fires at Sveza's entities in 2023 versus 2022

Sveza's plywood mills regularly conduct fire safety training for the employees at all levels. Every month the employees take part in live-fire drills where they act out the most probable fire scenarios and practice fire extinguishing and emergency management skills together with the local emergency service teams.

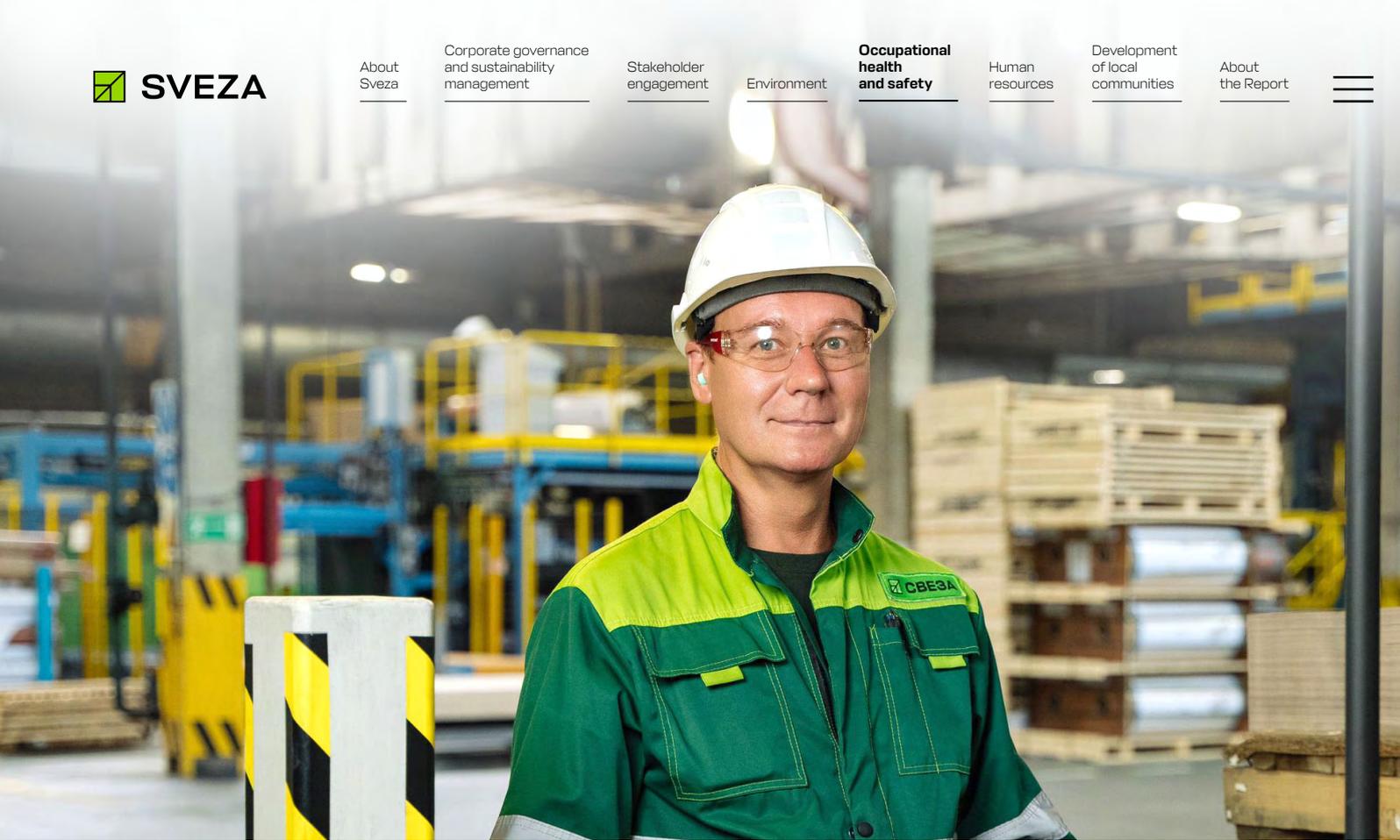
Recorded fires at Sveza's entities in 2020-2023



In June 2023, Sveza's plywood mill in Manturovo hosted a fire emergency response drill for the emergency and rescue team of the Kostroma Region. In October, the plywood mill in Uralsky hosted a fire emergency response drill for the Chief Directorate of the Russian Ministry of Emergency Situations for the Perm Region. The region's emergency and rescue team and the mill's personnel practiced major fire response skills at a process area of the mill.

In 2023, Sveza continued to invest in fire safety. For instance, the plywood mill in Verkhnyaya Sinyachikha, Ekaterinburg Region installed an automatic fire detection system, and the mill in St. Petersburg modernized the peeling area public address and voice evacuation system. In 2024, the plywood mill in Uralsky will upgrade the internal fire main at the particleboard production area and install 22 fire hose cabinets.

RUB 71.9 MILLION
invested in fire safety in 2023



GRI 403-10

06 | Occupational health

Sveza is committed to providing a safe and healthy working environment for its employees. The mills consistently implement automation solutions for the most hazardous and labor-intensive processes, as well as solutions that minimize the health impact of hazardous factors.



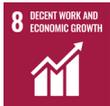
Sveza's production sites implement occupational hygiene control measures and regular occupational risk assessments at workplaces.

At Sveza's mills, only about a quarter of all jobs have permissible exposure limits. The majority of the workplaces are hazardous environments (health hazard classes 3.1, 3.2), with noise being the most common occupational hazard (61% of all jobs).

Three out of five occupational health conditions recorded at Sveza's plywood mills in 2023, resulted from exposure to noise. To minimize the impact of noise at the workplace, Sveza installs sound curtains, enclosures and soundproof cabins for the operators, and provides the employees with the appropriate PPEs.

Heavy physical work is the second most common occupational hazard (56% of all jobs). In 2023, two occupational health conditions resulted from physical exertion and strain. The company has initiated a procurement process to implement robotics and automation solutions for a number of jobs involving the handling of heavy weights.





07 | Improvement of working conditions

Sveza continuously invests in the improvement of working conditions at its production sites, focusing on the implementation of modern heating, ventilation, and cooling systems. In 2023, the plywood mill in Tyumen installed a supply and exhaust ventilation system. The mill in Novator has been implementing an investment project worth RUB 65 million to modernize its supply and exhaust ventilation, since 2019. In 2023, Sveza spent nearly RUB 12 million on the final phase of the project to install a supply ventilation system at the veneer drying process area, and install equipment at the peeling area. In addition, the mill replaced all air ducts. As a result, the mill optimized air balance and prevented freezing of pipes through a better control of the indoor temperature in winter. In 2024, the work will continue at the veneer patching area.



In 2023, Sveza’s plywood mill in Novator won the first prize in the Vologda Region’s competition for the best health and safety workflows.

Sveza’s plywood mill in Kostroma equipped all stairs and platforms with safety guardrails, installed LED lighting, and reinforced transport and cargo movement control. As a result, the regulatory authorities reduced the Kostroma mill’s safety risk category.



In 2023, the plywood mill in Verkhnyaya Sinyachikha was recognized the best industrial enterprise in the Ekaterinburg Region in the region’s workplace culture and safety contest.

GRI 403-3 | GRI 403-8

08 | Contractor safety

At Sveza, we consistently work with our contractors to ensure that they follow the safety rules at work, and expect that they always comply with the company’s requirements and the national legislation.

Sveza’s Contractor Safety Management Standard is incorporated in all contractor agreements.

Basic documents

- Contractor Safety Management Standard

Every case of non-compliance is recorded and thoroughly investigated. The non-compliant contractors are subject to penalties. In 2023, 235 fines were handed out to contractors.

In 2023, Sveza implemented the corporate contractor safety management process for all contractor categories.

Key contractor safety management requirements

- 1 Pre-contract assessment
- 2 Making sure that the contractor knows how to perform the work in a safe manner
- 3 Evaluation of the contractor’s design and technical documentation
- 4 Mandatory safety briefing as part of the work authorization procedure
- 5 Safety compliance monitoring and implementation of penalties for violations

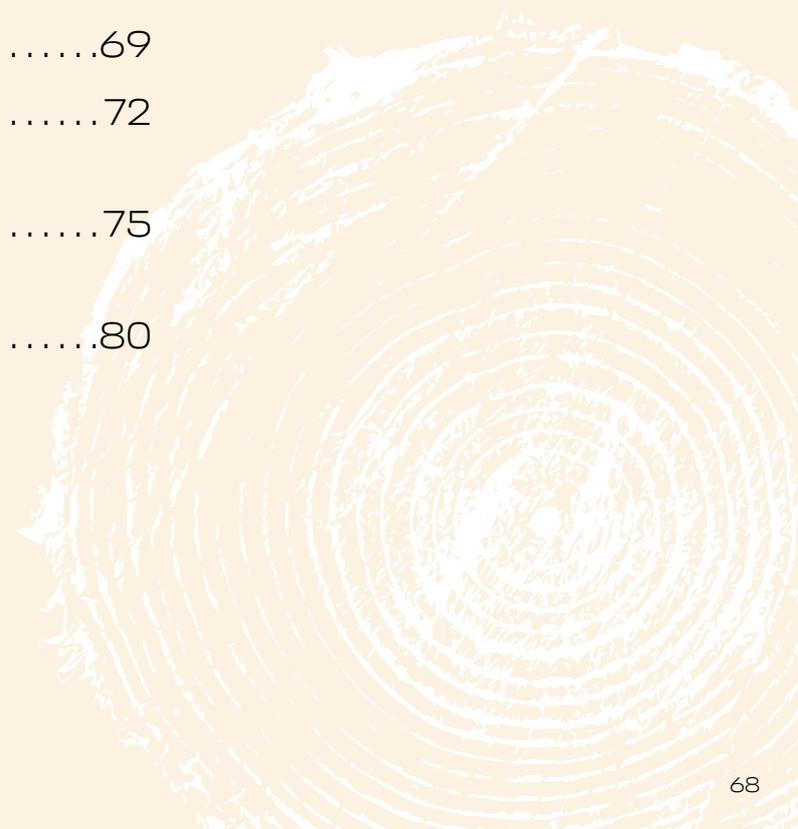
In 2024, the company will include additional safety provisions in all contractor agreements.





Human resources

01. Human resources policy and workforce composition	69
02. Talent security	72
03. Employee motivation and development.....	75
04. Employee engagement and company culture.....	80



The global forest industry is experiencing a significant shortage of qualified personnel. Sveza responded to this challenge in 2023 by concentrating its efforts to retain the key talent, improve its employer brand image, be proactive in hiring to match capacity growth, and enhance its values.



GRI 3-3

01 | Human resources policy and workforce composition

The Organizational Development and Human Resources Department of the management company Sveza-Les provides the centralized management of the Group’s HR processes, while the local HR teams provide HR management at the company’s production sites.

At Sveza, the following organizational rules define the key aspects of the company’s HR policy:

- Internal Work Rules
- Employee Remuneration Policy
- Code of Ethics and Business Conduct
- Employee Bonus Policy
- Travel Policy
- Hiring and Relocation Policy
- Employee Benefits Policy
- Training Regulations for Workers
- Training Regulations for Managers, Supervisors and Specialists
- Mentorship Policy

Our key focus areas to improve HR processes



Attract, nurture and retain top talent in a competitive market



Keep employees updated on a regular basis (improving employee experience, implementation of a well-being program, upskilling leaders and managers)



Explore automation opportunities for better efficiency



Implement advanced management tools (autonomous teams)



Drive sustainable results

Workforce headcount and composition in 2023

5,000+ PEOPLE
total headcount of Sveza Group in 2023

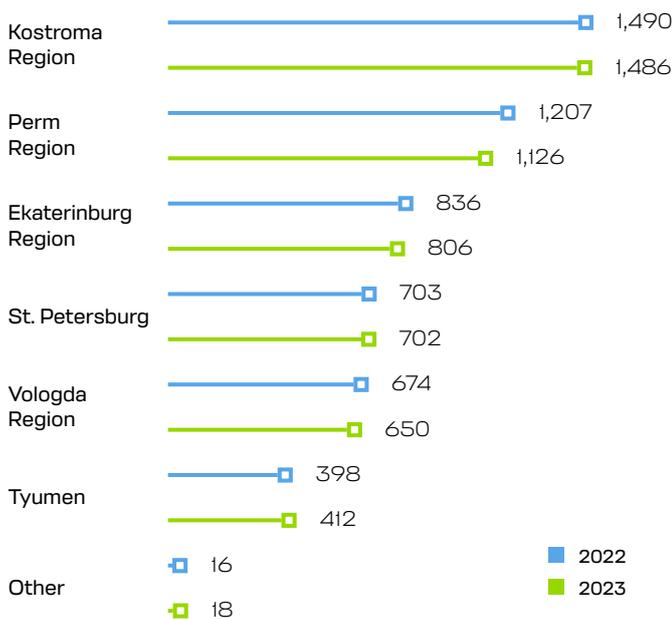
In 2022, Sveza slowed down its production and reduced its headcount in order to adapt to the new business landscape. In 2023, the headcount remained relatively unchanged (-2%).

Out of 5,199 staff employees, 99.7% worked full time, and 97.9% were permanent employees.

Headcount in 2020-2023, people



Headcount by regions in 2022-2023, people



The Kostroma Region has the largest share of Sveza's headcount (29%) since there are two plywood mills. The mill in Uralsky, Perm Region has the highest headcount.

Two thirds of Sveza's total headcount are people in the age between 31 and 50 years, an age group with the best combination of good health and professional skill levels.

42.4 YEARS OLD
average age of Sveza's employees

Recognizing the trend towards an aging workforce, Sveza creates attractive career opportunities for the young while nurturing older employees and leveraging their experience and professional expertise.



At Sveza, we strive to maintain a skilled and balanced workforce at each production site. We leverage the benefits of age diversity by providing jobs to people of different generations.

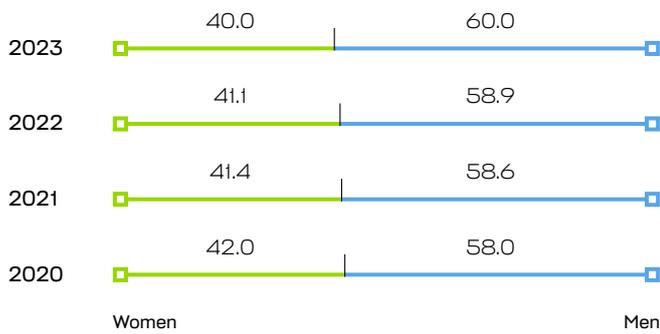
Sveza continues to advance disability inclusion. In 2023, there were 27 individuals with disabilities working at the company's production sites.



Gender diversity

At Sveza, we have a long-standing commitment to gender equality, and state zero tolerance to any discrimination in our Hiring and Onboarding Policy. Women represent 40% of Sveza's headcount, which is at the average for the forest industry in Russia.

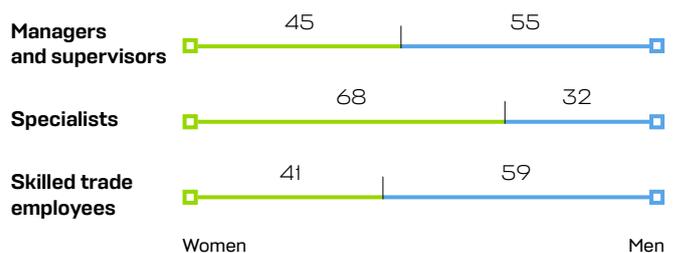
Gender diversity in 2020-2023, %



The percentage of women in skilled trade jobs is 41%. Women in the specialist staff category represent 68% (a 14% increase from 2022). The percentage of women in the managers and supervisors staff category is 45%.

68% PERCENTAGE OF WOMEN IN THE SPECIALIST STAFF CATEGORY

Gender diversity by staff categories in 2023, %



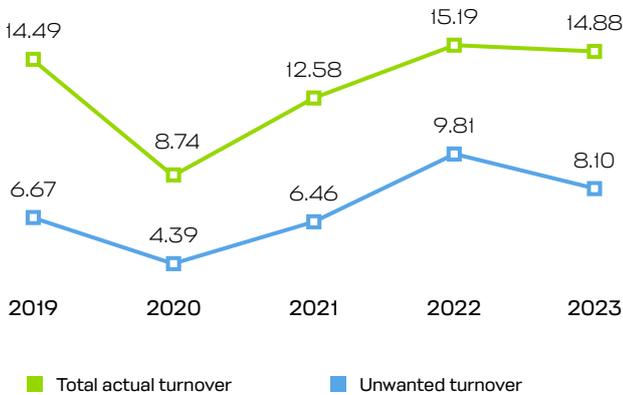
GRI 401-1

02 | Talent security

Our HR teams work hard to increase talent retention by monitoring employee turnover and managing unwanted turnover. In 2023, the employee turnover rate went down from 15.19% to 14.88%, and the unwanted turnover rate decreased from 9.8% to 8.1%.

We achieved an increase in talent security rates from 81% to 82% for “Top 1,000” employees (mid-tier executives) and from 64% to 73% for “Top 4,000” employees (line managers and foremen) through consistent work to identify and develop succession pool candidates.

Employee turnover in 2019-2023, %



In 2023, Sveza's talent security rating went up from 69% to 76%.



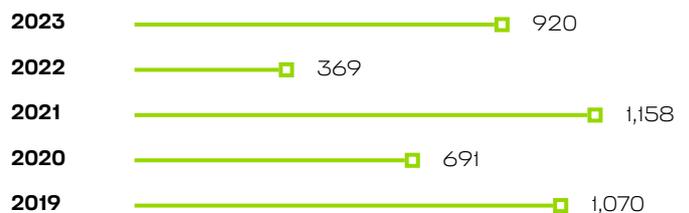
Hiring and onboarding

In 2023, we hired 920 new employees—2.5 times more than in 2022—to support an increase in production.

A special mobile app for new hires is in place at Sveza to speed up the onboarding process. The digital tools implemented by the company help improve satisfaction with the onboarding process and reduce voluntary turnover during the probationary period.

For greater hiring and onboarding efficiency, we implement automation and AI tools, which have helped us reduce by 15% the time to fill vacant positions.

Hiring in 2019-2023, people



2.5 TIMES MORE POSITIONS WERE FILLED IN 2023 THAN IN 2022



Mentoring

In 2023, 146 skilled trade employees completed the corporate mentorship training course and provided upskilling training for nearly 1,500 new hires and permanent staff employees.

Starting from 2024, Sveza launches a special app to teach theoretical knowledge to the employees and interns.



IRINA KAZANTSEVA

Organizational Development and Human Resources Director at Sveza

“Today, it has become almost impossible to find skilled people who know how to work on complex equipment such as a peeling machine, a sander, or a sawing line. So we have learned to teach the right skills through mentoring. In addition, we reduced the intern turnover almost by half through improved onboarding.”



A comprehensive mentoring system has been in place at Sveza since the beginning of the company. Mentoring qualifications and guidelines are outlined in the company’s Mentorship Policy.



A peeling line operator from Sveza’s plywood mill in Novator, Vologda Region won the first prize in the category “Economy” of the regional competition “My Mentor.”

Internship programs

As part of the efforts to grow their talent pools, Sveza’s plywood mills consistently work with the local vocational schools and universities, and offer internship programs. The summer internship program “Way of an Intern” and the workplace training program “Progression” help students get familiar with the practical aspects of the industry and enhance their employment opportunities with Sveza.

The company has 37 ongoing cooperation agreements with educational institutions in the areas where it operates (see the [“Development of local communities”](#) section for details).



Collective bargaining agreements

At Sveza, we recognize the right of our employees to form or join a union. The collective bargaining process is a good example of a meaningful social dialog between the company and its employees.

The collective bargaining agreements at Sveza’s entities regulate many aspects of employment, including wage and salary increments, bonuses, safe and healthy working conditions, working hours and rest periods, benefits, allowances, and one-off payments.

The collective bargaining agreement at Sveza is revised every three years, as required under the Russian labor legislation, and applies to all entities within Sveza Group. The agreement used in 2023 was executed in 2021 and will be revised in 2024.

In the Vologda and Kostroma Regions, all Sveza’s employees are covered by collective bargaining agreements. In the Perm Region and Tyumen, 65% of all employees (69% in 2022) are covered.

In 2023, 40% of the employees were members of trade unions and other employees associations (39% in 2022).



Sveza’s mill in Kostroma won the first prize in the Kostroma Region’s collective bargaining agreements contest for the local real economy companies. The mill’s collective bargaining agreement provides attractive benefits, allowances, and one-off payments for the employees on top of the legally required benefits.





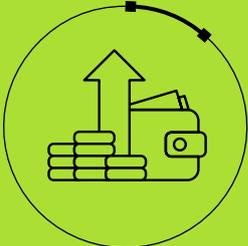
03 | Employee motivation and development

Remuneration

Sveza Group provides fair and adequate pay to its employees in the communities where it operates. Salaries are increased annually to compensate for inflation and reflect the pay rise trends in Russia. In 2023, the average pay at Sveza Group went up by 12% over 2022.

12%

INCREASE
IN AVERAGE PAY
AT SVEZA IN 2023



Pay increases at Sveza in 2019-2023, %



Over the last three years, Sveza raised the average pay by 30%, which significantly outruns the inflation. The effective collective bargaining agreement guarantees the salary level above the minimum threshold.

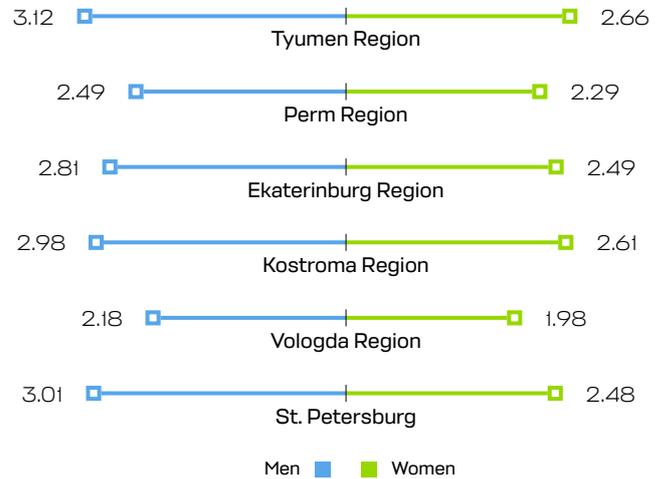
In 2023, salaries paid to employees at Sveza's plywood mills were

10% HIGHER ON AVERAGE THAN THE AVERAGE SALARY OF THE RESPECTIVE AREA

In 2023, the entry level pay for skilled trade jobs at Sveza was 2.6 times higher on average than the minimum threshold. Female to male average salary ratio of the employees on the same positions was at 96.3%.

On top of the base salary, an employee's compensation includes performance-based bonuses and bonuses for exceptional contribution.

Ratios of standard entry level pay for skilled trade jobs compared to minimum threshold by Sveza's key communities*



Employee benefits and allowances

The Employee Benefits Policy implemented at Sveza provides an extended benefits package for all employees.

The voluntary health insurance begins on day one and includes, in addition to the standard package, three health monitoring programs: "Healthy Heart," "Healthy Endocrine System," and "Women's Health."

Sveza's employee benefits package includes health resort vouchers and summer camp vouchers

for children, meal allowance, shuttle service, one-off allowances for various life circumstances, and special benefits for households with children, retired employees, and war veterans. In 2023, Sveza was preparing to expand and unify employee benefit programs and tools. The changes will be implemented in 2024.

Sveza complies with the statutory child and family requirements. In 2023, the company's maternity/paternity leave return rate was 93%.

1,264

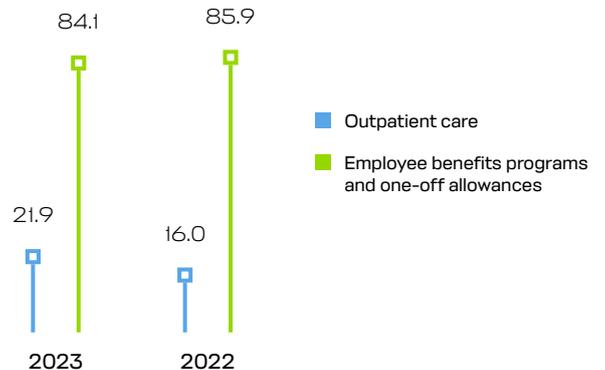
EMPLOYEES TOOK EXAMINATIONS UNDER THE SPECIAL HEALTH MONITORING PROGRAMS IN 2023



203

EMPLOYEES TOOK ADDITIONAL HEALTH EXAMINATIONS UNDER VARIOUS VOLUNTARY HEALTH INSURANCE PROGRAMS IN 2023

Spending on employee benefits in 2022-2023, RUB million



* See the progress line in [Appendix 6](#).

Employee training and development

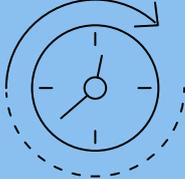
Sveza implements a comprehensive employee training and development program, which covers all functional divisions and all employee categories.

The training approach combines on-the-job training (70%), work with the peers, supervisor or mentor (20%), and classroom learning (10%).

In 2023, Sveza significantly increased investment in talent development and the share of employees who completed various training programs. 60.7% of the employees completed in-person corporate training or professional development programs (38.5% in 2022). More than 40 in-house trainers were certified.

3,149 EMPLOYEES
completed in-person corporate training or professional development programs in 2023, an increase of almost a third over 2022

95.9
average training time per trainee (58 hours per staff employee)



Sveza's corporate training programs

-  Functional training: upskilling
-  Skilling and reskilling for skilled trade and engineering roles
-  Leadership training and development for senior and freshman leaders, as well as succession pool candidates
-  Foreign language learning courses
-  Training on Sveza's business processes and business system tools
-  Compulsory EHS training
-  Mentor training and mentoring programs
-  Employee competency development

Over 4,000 e-courses, webinars, and other training materials are available for Sveza's employees in the corporate Learning Portal. In 2023, the employees completed 33,804 e-courses under 1,003 training programs. More than 4,000 people completed the digital security training course. Three new training programs and nineteen new e-courses were developed.

2.6
times more e-courses were completed by the company's employees in 2023 over 2022



Sveza’s investment in talent development went up three times in 2023.

Spending on recruitment and training in 2022-2023, RUB million



Sveza implements a strategy that combines buying and building talent, and offers structured professional development and career opportunities for the most efficient employees. A structured approach to employee training and development contributes to business sustainability by helping to build an effective talent pool.

48 OUT OF 70
new managers were appointed from the talent pool in 2023 (a 15% increase from 2022)

The company provides reskilling programs based on competency models, and develops professional development plans based on the employee’s knowledge and skill set.

702 EMPLOYEES
completed reskilling programs in 2023 (a 8% increase from 2022)

Employee development programs

- Modular training program “Sveza’s Leader” for HiPo employees
- Modular training programs for managers and succession pool candidates “School of Management,” “Foreman’s School,” “Foreman in a Month,” and others
- Upskilling and efficiency training sessions: “Efficient Meetings,” “Finance for Non-Finance Professionals,” “Project Management,” and others
- Digital literacy training course “Sveza Digital” (basic and mid-levels)
- “Mentoring” and “Guidance” training programs

NEARLY 80 IN-HOUSE TRAINERS
at Sveza’s production sites provide training under 20 unique training programs that they created themselves



The employees of Sveza’s plywood mill in Uralsky and Sveza Resource were among the winners at the regional and industry-wide professional skills competitions organized by the authorities of the Perm Region.

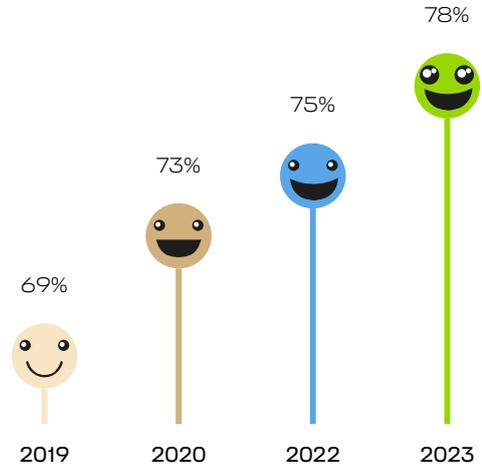


Anonymous polls show that the employees' satisfaction with the career opportunities available at Sveza grows over the years.* In 2023, it was at 78%.

In 2024, Sveza will focus on leadership programs, information security and digital literacy training, and development of empathy and trust.

78% OF THE EMPLOYEES are satisfied with the career opportunities available to them at Sveza

Employees' satisfaction with the career opportunities at Sveza in 2019-2023



Employee performance evaluation

Sveza uses a wide range of performance management tools to evaluate the general performance of the employees and the performance of specific employee categories, and measure the level of expertise, growth potential, and performance against the company's values.



100%

OF EMPLOYEES RECEIVE REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

- 1 Foreman's performance assessment**
This method helps evaluate the performance of production foremen from the standpoint of their teams' productivity, compliance with the safety rules, satisfaction levels, and other indicators. The results of the evaluation inform the foreman's professional development action plan.
- 2 HR committees**
The HR committees discuss talent retention challenges and solutions, review the talent pool and the executive succession strategy, and make decisions on professional development and career opportunities for employees.
- 3 360-degree feedback**
This method involves gathering written feedback from the employee's peers, supervisors, subordinates, and business partners. The 360-degree feedback provides an insight into the employee's strengths and development opportunities, and their performance against the company's values.

- 4 Targets dialogs**
Targets dialogs involve periodic one-to-one meetings of employees with their supervisors to set basic and stretch goals and create/review the employee's individual development plan.
- 5 Predictive analytics**
Predictive analytics is a smart tool that helps identify the factors that increase the risk of quitting, and create proactive measures to retain valuable talent.

* The poll was not conducted in 2021.





GRI 2-29

04 | Employee engagement and company culture



Our employees are key stakeholders of Sveza, and we work hard to engage them in an open and meaningful dialog as part of our HR management strategy. We use various communication channels with our employees.

Corporate hotline

The hotline is a tool that helps the employees quickly get answers to their questions and the company promptly address a complaint or problem. Each hotline call is logged in the hotline call log where a responsible employee is assigned to it and the time to address the issue is determined.

"Voice of Sveza" survey

Annual employee engagement survey conducted anonymously and seeking to measure the employees' satisfaction with various aspects of their work. The goal of the survey is to obtain realistic information on the moods and attitudes of the employees.

Live sessions with top managers

Live sessions with the top managers are ad hoc events organized to communicate important news and messages to the company staff.

Cascade briefings

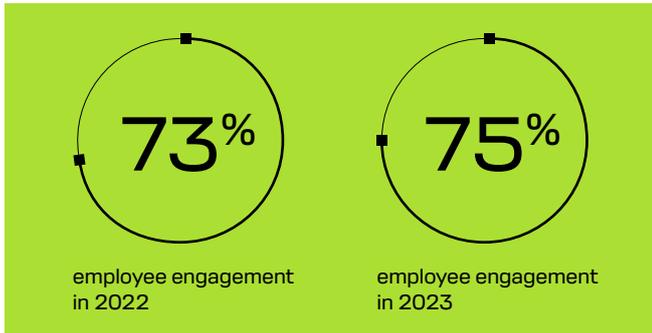
Cascade briefings are quarterly meetings of top managers with staff at different tiers of management in the organization. An online meeting with the CEO is the first in the series of meetings. The brief includes information on the results of the quarter/year, new goals for the upcoming period, and priority focus areas for the future. Every participant in the briefing can ask a question to the speaker and get an answer.

Ethics Committee

The Ethics Committee chaired by the CEO handles employee grievances in the cases when the grievance cannot be resolved by the employee's supervisor.

Corporate annual conference

At the conference, the key managers of the company discuss the results of the year and priority development areas for future periods.



In 2023, 99% of employees took part in the “Voice of Sveza” survey (a 5% increase from 2022). The survey revealed an increase in engagement (from 73% to 75%) and satisfaction (from 78% to 79%) levels, and demonstrated high commitment of the employees.

The results of the “Voice of Sveza” survey inform corrective action plans to improve employee engagement.



In 2023, Sveza Group was named by Forbes the best employer among the Russian forest industry companies.

Company culture

At Sveza, we believe that a strong company culture building on shared values is essential for fostering teamwork, boosting employee morale, and driving success. We strive to create a positive and supportive work environment where every employee feels included and valued. By establishing a shared set of values, we create a sense of unity and purpose among our teams.

In 2021, we started promoting an expanded set of values that was revised in 2022 to include “Environmental stewardship” and “Flexibility and openness to change.”

Sveza’s CEO explained the reasons for the change and why the new values are important for the company. The top managers at all production sites and the functional managers for centralized functions had similar meetings with their teams. In addition, Sveza held a series of webinars hosted by top managers who became the ambassadors of new values.

There are guidebooks for each value that help navigate in the new framework. In 2023, the 360-degree feedback process was based on the new set of values. We will continue to promote the new values using various communication formats, in 2024.

Our values

-  FLEXIBILITY AND OPENNESS TO CHANGE
-  SAFETY
-  CUSTOMER-CENTRICITY
-  EFFICIENCY AND PROMPTNESS
-  RESPECT FOR PEOPLE
-  TEAMWORK
-  ENVIRONMENTAL STEWARDSHIP



Sveza’s Code of Ethics and Business Conduct explains the main principles of the company culture and sets the standards for employee actions and behavior. Reading the Code of Ethics and Business Conduct is a mandatory part of the hiring process.

Employee volunteerism is an essential part of Sveza’s company culture. More than 200 employees are members of the company’s employee volunteering program “Active Sveza” (see the [“Community development, corporate philanthropy and volunteer programs”](#) section for details).

We strive to create a company culture that cultivates healthy lifestyle habits. All our production sites have sports halls, and Sveza’s teams successfully participate in team sports competitions.

Corporate events and celebrations of the company’s and individuals’ achievements are another way to foster camaraderie in the workplace.

One of the largest celebrations is the Forestry and Forest Industry Worker Day observed on the third Sunday of September. Award ceremonies are typically held as part of the annual celebrations at all company’s sites. In 2023, more than 500 Sveza’s employees were recognized for their outstanding work, and some received letters of recognition from the Russian Ministry of Industry and Trade, while others received official titles of honor.

More than

200 SVEZA’S EMPLOYEES

are members of the company’s employee volunteering program “Active Sveza”

In 2023, more than

500 SVEZA’S EMPLOYEES

were recognized for their outstanding work by the company management and government authorities at different levels



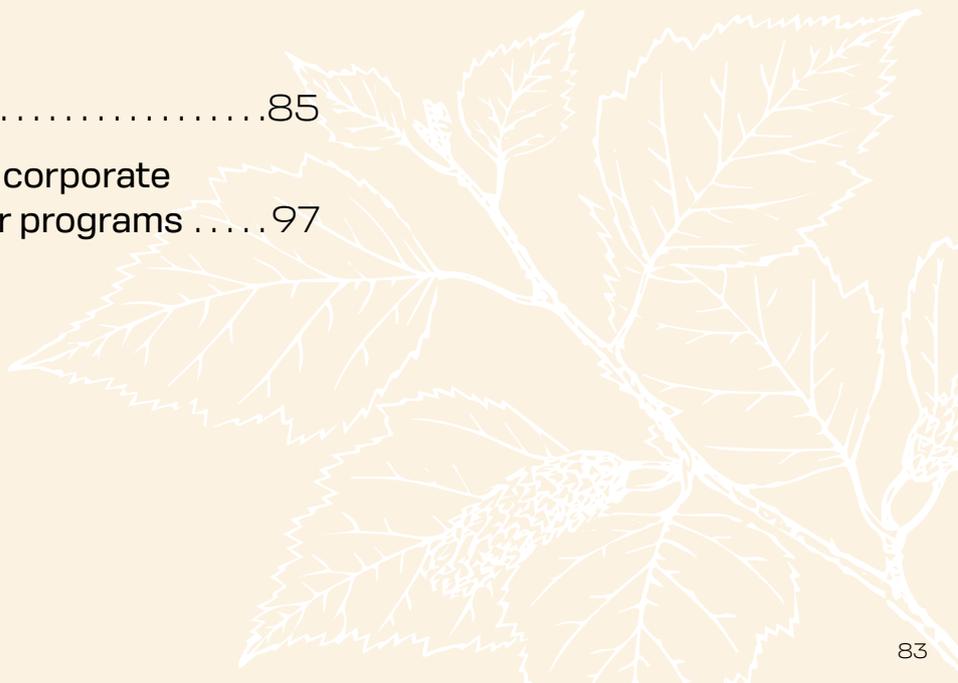
The sports team of Sveza’s plywood mill in Kostroma won the first prize in the sports section of the XV Regional Working Youth Festival.





Development of local communities

01. Social investment	85
02. Community development, corporate philanthropy and volunteer programs	97



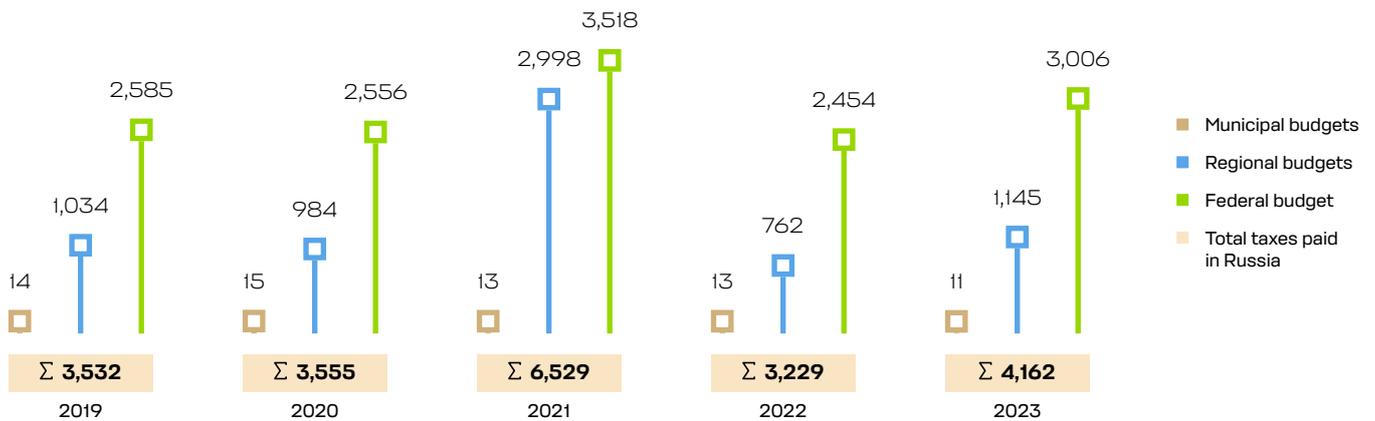
At Sveza, we strive to drive the development of the communities where we are located, and the places where our employees and their families live and work. We create new jobs, contribute to the growth of local industries, finance the improvement of the infrastructure, and work with the local communities to motivate working-age people to continue to live and work in company towns and create opportunities for the young to fulfill their life and career ambitions.



The taxes paid by our enterprises to the local and regional budgets are used to fund educational and healthcare initiatives, urban environment and utility projects in the areas where we operate.

RUB 4.16 BILLION
paid as taxes by Sveza Group in 2023

Taxes paid to public budgets at all levels, RUB million



We promote the development of the local small and midsize business: more than 60% of our sourcing comes from local suppliers (see the [“Responsible supply chains”](#) section for details).





GRI 3-3

GRI 203-1

GRI 203-2

01 | Social investment

From one-off charity initiatives carried out at the request of public institutions and organizations, we moved to consistent social investment as a tool for advancing the social and economic development of our communities.

4 out of 7
Sveza's plywood mills are the major employers in their areas

The most powerful tool that helps us leverage the combined resources of the government, business, NPOs, and voluntary groups are the social and economic development programs based on the trilateral agreements between Sveza, the municipal authorities, and the regional authorities. The three parties to the agreements work together to create four-year programs with an option to extend.

MORE THAN RUB 1 BILLION, including external funding, was spent on various initiatives under the social and economic development programs for Sveza's communities

Focus points of the social and economic community development programs

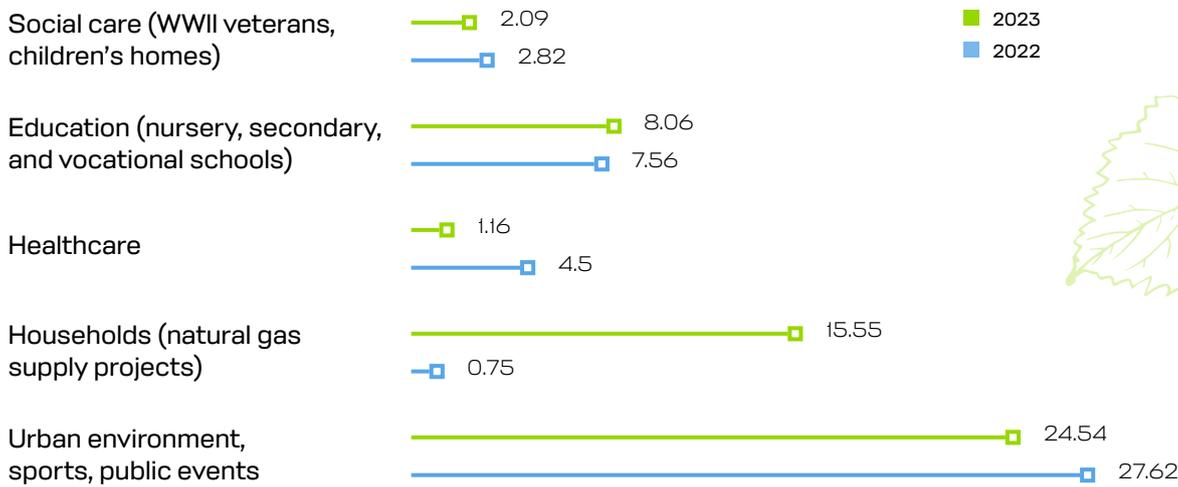
- Road construction
- Natural gas supply to households
- Improvement of public spaces
- Modernization of drinking water supply systems
- Quality of medical services and education
- Local community development and civic engagement
- Forest industry education and professional training

In 2023, we continued to implement the social and economic development programs designed to last until 2024. The programs focus on improving the urban environment and promoting healthy lifestyles, grassroots sport, environment awareness, as well as social and trade careers.

RUB 51.4 MILLION
total amount of Sveza's social investment in 2023

18.6%
increase in social investment in 2023 versus 2022

Sveza's spending on social programs in its communities, RUB million*



* The chart does not include social benefits paid by Sveza to the employees and their families.

Progress achieved in 2023

Healthcare

Uralsky, Perm Region

Sveza financed the purchase of two ECG machines, new furniture, and a CCTV system for the Nytva Community Hospital, as well as the commissioning of the design and estimate documentation for the total renovation of the Emergency Department scheduled for 2024.



At the end of 2023, Sveza implemented a monthly allowance of 5,000 rubles for young professionals in education and healthcare working in Uralsky, in addition to a housing rent allowance offered to those who are willing to move there.



Manturovo, Kostroma Region

Sveza financed the purchase of more than 30 pieces of modern equipment for the Manturovo District Hospital, and continued to offer scholarships under employer-sponsored education contracts to attract medical graduates to Manturovo.



Urban environment initiatives, public cultural and sports events

Manturovo

A project to repair a section of the road infrastructure was completed. Large-scale modernization of the town’s water intake and effluent treatment facilities was started (completion scheduled for 2024). Construction of gas networks and boiler houses is underway to provide gas and heating for the entire town.

Over three years, Sveza will have allocated approximately 40 million rubles for the initiative to provide gas connection subsidies for the employees and retired employees of the Manturovo mill, in cooperation with the region’s authorities.



Rides were repaired and a mobile stage was installed in the local amusement park. Oktyabrskaya Middle School got a new sports ground equipped with the facilities for taking the general physical fitness test.

Sveza initiated and sponsored the second annual festival of street arts “Energy of Streets” held on the day of Manturovo’s 65th anniversary and attended by 2,000 people.



Uralsky

The embankment of the Votkinskoye Reservoir built more than 50 years ago was reinforced. The old structures were in a very bad condition, creating a risk of flooding. In 2023, major repairs of a 400-meter section of the embankment were carried out as part of the third phase of the work scope under the social and economic development program. The project was financed from the regional and federal budgets; Sveza allocated the money for the development of the design and estimate documentation.



The local community center opened a multi-purpose youth center. The idea was proposed by the Uralsky mill employees and won a grant at the regional competition of youth projects "Prospects." Sveza financed the total renovation of the community center and bought new equipment and furniture.



Pontonny, St. Petersburg

During the heating season 2022/2023, the Pontonny mill's boiler room supplied heat to fourteen households, the nursery school, the middle school, and the care home. Not a single failure was recorded over the nine months of operation.



Veliky Ustyug, Vologda Region

Sveza allocated money to buy equipment and furniture for a new canteen at the local middle school. The 100-years-old school building did not have a canteen, and children had to go eat to another street.



The company continues to participate in the regional initiative “People’s Budget,” which promotes the engagement of active citizens and business in locally important social and infrastructural topics. In 2023, Sveza financed the installation of lighting in the workout area of the local minipark, which is one of the favorite places for leisure and rest in the town. The company also sponsored acrobatic gymnastics and crossfit competitions, workshops, and an interactive program.



Sovetsky, Vologda Region

Total renovation of the local nursery school building was completed. The village’s only nursery school was built in 1986 by the local timber industry enterprise. Today, it has 75 children. The renovation was co-financed equally by Sveza and the authorities of the Totemsky District. Sovetsky is the base of Sveza’s timber harvesting company Sveza Resource.



Verkhnyaya Sinyachikha, Ekaterinburg Region



The town's first outdoor cinema was commissioned in 2023. Sveza and other local companies provided the materials. Sveza's mill employees together with the citizens assembled the structures.



Sveza sponsored a large sports event "Ultimate Resistance." In cooperation with the authorities of the town of Alapayevsk, the company organized and held the town's first "Chess Festival."



The ropes course project in Verkhnyaya Sinyachikha, which was implemented with financial support from Sveza, won the first prize in the "Public Partnership" category of the VII Russian national competition of participatory budgeting projects held by the Russian Ministry of Finance.



Education

Manturovo

Refurbishment and equipment of four schools was completed in 2023 in Manturovo under the social and economic development program supported by Sveza, as part of the federal project “Modern School” of the Russian national project “Education.”

The federal project “Modern School” involves the installation of modern facilities and equipment in 16,000 schools located in the villages and small towns in 80 entities of the Russian Federation.

Sveza purchased a training simulator in pneumatics and electropneumatics worth 2.6 million rubles for the Manturovo Polytechnic Vocational School.



Totma, Vologda Region

Sveza allocated 400,000 rubles for the creation of the design and estimate documentation for the total renovation of the workshops at the Totma Vocational School. The school trains professionals for the region’s agricultural, manufacturing, and forestry industries; the skills taught at the school are in top 50 most in-demand skills in the region. The renovation starts in 2024.

In September 2023, representatives of the Vologda Region’s academia and business gathered at Sveza’s plywood mill in Novator to discuss the creation of a forestry educational and manufacturing complex in the region, as part of the federal project “Professionalism.” Similar clusters are created for the iron and steel, chemical, tourism, and other industries around vocational schools in all parts of Russia.

Nytva, Perm Region

New discipline “Wood Processing Technology” was launched at the Nytva Vocational School. The government-funded course provides 25 places.

Sveza supervises the training of students in the lathe and woodworking equipment operation courses, reviews and approves the curriculum, provides practical training and summer internship at its plywood mill in Uralsky, organizes informal meetings with the mill management and mill tours, and sponsors the students’ participation in skills competitions.

A new study room for classroom training in timber-sawing, furniture-making, carpentry, and joinery, was opened with Sveza’s support before the start of the new academic year.



Uralsky

Natural sciences and technology educational center “Growth Point” opened in the local middle school with Sveza’s support, as part of the Russian national project “Education.” The national project involves creation of educational centers in the villages and small towns of Russia in order to provide access to good quality learning for school students in every part of the country. In the Uralsky middle school, new equipment and furniture was installed in the physics, chemistry, and biology study rooms. A robotics study room was created and furnished with computers and educational robotics kits.



Internships and mill visits

In accordance with the principles of the continuous learning initiative “Middle School–University–Professional Job,” Sveza maintains partnership relations with the vocational schools, colleges, and universities that teach woodworking and timber harvesting knowledge and skills, in the areas where the company has operations.

Kostroma Region

In December 2023, Sveza signed an agreement with the Kostroma Region’s Center of Vocational Excellence on cooperation in vocational guidance for young people, involving classroom learning, practical training, and refresher training opportunities to develop skills required for work in the forest industry. Under this initiative, Sveza will show the local middle and vocational school students how plywood mills work, including 3D tours and in-person mill visits.

Sveza’s plywood mill in Kostroma offered an internship with further employment opportunity to the students of the Kostroma Automotive Vocational School. Thirteen undergraduate students signed employment contracts with the mill to work as mechanics. Three other students started internship.

Perm Region

Six students of the Nytyva Vocational School signed short-term employment contracts with Sveza’s plywood mill in Uralsky after completing three-week summer internship. Sveza held vocational guidance sessions for high school students at the Nytyva Vocational School.

In 2023, Sveza participated in the Russian federal project “More than Work.” The students and teachers of the Izhevsk State Technical University completed express internship at the Uralsky plywood mill. They got acquainted with the mill’s manufacturing and maintenance processes, and learned the basics of mill management. “More than Work” is aimed at helping the graduates of colleges, vocational schools and universities to explore career opportunities through visits to major manufacturing sites in various parts of the country.

Ekaterinburg Region

The undergraduate students majoring in electrical equipment operation and maintenance of the Alapayevsk Vocational School completed their last internship for the maintenance department of Sveza’s plywood mill in Verkhnyaya Sinyachikha. The mill also provided visiting lectures for the Ural State Forest Engineering University students majoring in “Energy and Resource Saving Processes in Chemical Engineering, Petrochemistry and Biotechnology,” and “Mechanical Processing of Wood.” During the lectures, the mill managers showed the plywood production processes and told how different groups and departments work.

Vologda Region

Goluzino middle school in the Velikoustyugsky District launched a vocational guidance course “Wood Processing and Environment,” with Sveza’s support. It is an in-depth course supervised by forest industry experts and aimed at helping children to explore their career choices.



Contests and competitions



Sveza organized and held a case competition for the third and fourth-year students of the Ural State Forest Engineering University. The solutions proposed by the participants will be implemented at Sveza’s plywood mills.



Sveza became an industry partner for the regional middle school career contest “Career Seekers” in St. Petersburg, and arranged a visit to its plywood mill in Pontonny for the winners.



In the spring of 2023, Sveza took part in the national festival “Russian Student Spring” in Perm. The festival gathered more than 3,500 students from across Russia. Sveza was represented by the teams of the Uralsky plywood mill and Sveza Resource. They held an interactive presentation for the participants and told about plywood manufacturing jobs, Sveza’s products, markets, and customers.



Sveza became a partner of the popular science contest “Science: Territory of Heroes” held under the auspices of the Russian national project “Science and Universities.” In 2023, 23,000 students from across the country took part in the contest.

Industrial tourism

Industrial tourism is a simple and trendy way to increase the visibility of the company as a potential employer and improve the image of the industry, while boosting the local economy and generating job opportunities in the service sector.



In 2023, Sveza's mill in Tyumen received its first tourists. The mill tour developed to suit all ages and levels of knowledge includes a tour of the plywood-making process, a display of the products, and meetings with the mill's employees. More than 100 tourists have already visited the Tyumen plywood mill, which is the most advanced wood processing facility in the region.



Sveza received an award of the Tyumen Region Agency for Tourism for promoting industrial tourism in the region.



The Russian Agency for Strategic Initiatives named the Tyumen plywood mill tour “Made by hands, stronger than steel” one of the best industrial facility tours in the Tyumen Region, and included the mill in the Russian national industrial tourism promotion initiative along with only five other industrial sites in the region.

Sveza's plywood mills in Veliky Ustyug and Verkhnyaya Sinyachikha are developing their own industrial tourism tours and programs.





02 | **Community development, corporate philanthropy and volunteer programs**

Sveza creates conditions for boosting civic engagement by supporting public initiatives and working with non-profit organizations.

Together with the “Road to Home” foundation, the company is implementing a social project “Steps towards Success” for disadvantaged families in the Velikoustyugsky District of the Vologda Region. In 2023, Sveza allocated 1.7 million rubles for comprehensive support for vulnerable families.

A resource center for the promotion of civic engagement opened in the libraries of Manturovo. Sveza participates in the work of the center by organizing workshops and providing consultations for NPOs and individuals, including advice on grant application processes. In 2023, Sveza helped to submit around ten projects to grant competitions.

In December 2023, the company took part in an open discussion with the Kostroma Region NPOs about Sveza’s community development strategy and mechanisms to support NPOs, at the regional forum “PRO/Society.”



“Steps towards Success” aims to keep children in their birth families, help them establish and maintain good family communication, create life goals and plans. Over the years, we shifted from responsive tactics to fully-fledged support strategy.

Children and their parents participate in individual and group therapy sessions, family festivals and sports events. The teenagers who successfully graduated from the project created the volunteer group “Dialog” to help their peers.

The company delivered a presentation about how it works with NPOs and active citizens in its communities, at the forum “Community” held in October by the Russian Public Chamber in the Vologda Region. Under the “Corporate Philanthropy: Ways for NPOs to Find Partners” thematic action track, Sveza’s representatives talked about the business’ interests and expectations from working with NPOs and individuals, and ways to make initiatives attractive for the company.

In 2023, Sveza’s efforts to support NPOs and promote socially responsible business in the Kostroma Region were recognized in the “Business with a Kind Heart” category of the “Public Esteem” award.

Active Sveza

“Active Sveza” is Sveza’s employee volunteering program for those willing to be involved in the social projects and initiatives in the communities where the company has operations. The members can join Sveza’s ongoing initiatives, or propose and implement their own ideas with the company’s support.

The “Active Sveza” movement has been active in the company for over three years, and implemented more than

250 EVENTS AND INITIATIVES

6 REGIONS in the where Sveza has operations

In 2023, the company began implementing steps to formalize employee volunteerism. An opinion poll was carried out to identify four focus areas for “Active Sveza,” and in April 2024, the company announced the launching of a grant competition for the company’s employee volunteers.



ANATOLY FRISHMAN
Sveza CEO

“Volunteering is a vital part of Sveza’s employees’ personal and professional life, and “Active Sveza” has become our driving force, the source of vital energy and strength. Our employee volunteers know too well the needs of the places where they live, and work as connecting links between the communities and the company.

The “Active Sveza” members initiate impactful social changes, help build effective internal communication in the teams, and keep the company socially active and responsible.”

Sveza is a member of the Russian National Corporate Volunteering Council that represents the companies actively promoting and implementing a culture of volunteerism.

Focus areas of “Active Sveza”



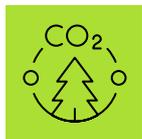
Grant competition for employee volunteers' ideas

Sveza provides funding for the most impactful ideas submitted for the competition in four categories.



The projects were evaluated from the standpoint of their positive impact on the community, the mill employees and their families, and the potential employees. The four winning projects received a total funding of 400,000 rubles.

The winning projects of Sveza's first corporate grant competition for employee volunteers



A study of the carbon accumulation dynamics in the biomass of young trees

Spruce trees from six months to seven years old were studied in nine reforestation sites in the Totemsky District of the Vologda Region. Approximately 200 trees were studied in each site. The condition of the vegetation and the composition of the ground cover were evaluated taking into account the planting method. After the processing of the results, the degree of plant preservation and carbon sequestration will be evaluated.



Creation of a multifunctional space for practicing and playing paintball and laser tag

The employees of the plywood mill in Kostroma volunteered to repair and equip a hall for playing paintball and laser tag for the people of the Kostroma Region. Now, there is a safe and comfortable space that is open the whole year.



Creators of a better future

The project submitted by the Uralsky plywood mill team aims to increase youth engagement with their local communities through encouraging and helping teenagers create and implement impactful projects. The participants of the initiative graduated from the project school of the Russian Federal Agency for Youth Affairs, enrolled in the Nytvva District volunteer pool, and already begun implementing their projects.



Digital space museum "ECOFish"

St. Petersburg school students are studying the ecosystem of the Rybatskoye Area: air, soil, water, flora, and fauna, under the guidance of the university students. The collected data and information will be published online.

All initiatives of Sveza’s employee volunteers are included in the umbrella program “Dear Streets and Good, Warm Hearts.”

In 2023, Sveza’s volunteers organized and held

50 EVENTS
that were attended by more than

9,000 PEOPLE



“Time to Be the First”

More than 100 plywood mill employees and their children took part in the sports events organized and held by “Active Sveza.”



National initiative “River Marathon”

Sveza’s employee volunteers collected 1.5 tons of garbage and held environmental awareness classes for school students. The employees of the plywood mills in the Vologda, Kostroma, and Perm Regions together with the local people cleaned up the bank of the Sukhona River, the beach and the embankment of Kama, and the beach of the Unzha River, a tributary of the Volga.



Global initiative “Garden of Memory”

Sveza’s employee volunteers planted more than 500 spruce seedlings in the memory of the Soviet soldiers who perished in WWII.





Quiz game “Seat of Power”

Sveza’s employee volunteers organized and held an intellectual quiz on the topic of the forest industry for the students of the Kostroma and Perm Region, to celebrate the Forest Industry Worker Day.



New Year gifts and celebrations

Sveza’s employee volunteers give New Year gifts and sweets to the children in vulnerable families. Almost 4,000 gifts were given in 2023 in Sveza’s communities.



The “Dear Streets and Good, Warm Hearts” program won the first prize in the “Local Communities” category of the IX Russian national competition of corporate volunteering projects “Champions for Good Causes.”





About the Report



This Sustainability Report presents the key results of Sveza Group in 2023, describes how the company incorporates the ESG principles into its operations, discloses information on certain aspects of its corporate governance system, and shows how it engages with its stakeholders.

The terms “company,” “Group,” and “organization” used in this Report refer to Sveza Group.

This Report is based on the Global Reporting Initiative (GRI) Standards 2021, SASB disclosure standards (Forestry Management and Building Products & Furnishings), the Ten Principles of the United Nations Global Compact, and the ESG reporting guidelines of the Russian Ministry of Economic Development.

The Report also reviews the progress on Sveza’s priority Sustainable Development Goals (SDGs) 2030, and the company’s participation in Russia’s national projects.

Scope of the Report

This Report contains qualitative and quantitative data and information about the plywood mills and subsidiary companies of Sveza Group.

 Sveza-Les LLC

 Sveza Tyumen LLC

 NAO Sveza Ust-Izhora

 NAO Sveza Verkhnyaya Sinyachikha

 NAO Sveza Manturovo

 Sveza Uralsky LLC

 NAO Sveza Kostroma

 Uralsky Public Utility Services LLC

 NAO Sveza Novator

 Sveza Bioproduct LLC

 Sveza Resource LLC

The Report covers the period from January 1, 2023 until December 31, 2023. The key performance indicators are shown over several years for consistency. The Report also discloses Sveza’s plans for 2024 and several years ahead.

Report interpretation and contents

Unless the context otherwise requires, all names of products, brand names, trademarks, service marks and logos are protected by the company's copyright. All rights are reserved. The commercial

names of other commercial and non-commercial organizations mentioned in this Report do not imply any support or sponsorship by the company.

Accuracy of information

The information in this Report, including the information about the products, competitive edges, and market trends, was put together by the company as part of the enterprise reporting system and verified internally for accuracy

and completeness. No independent review was conducted. The Report also features market and industry data obtained from open sources, and the results of surveys carried out by third parties.

Analysis of material topics

Since relevant GRI sector standards are not yet available for the forest industry, the material topics for this Report were determined using an expert assessment complemented by a stakeholder survey.

The survey covered 220 participants, including 150 employees of Sveza Group and 70 external stakeholders. Stakeholder interviews were carried out as part of the preliminary work on the Report in order to identify the relevant material topics for disclosure.

The material topics list was first developed in accordance with the GRI Standards during the preparation of the previous report. For the purpose of this Report, the list was revised on the basis of the discussions with the experts and the reviews of the sustainability reports of other forest industry companies. This Report contains for the first time an estimation of the actual and potential impact of the company's operations on the environment, economy, employees, and local communities.

For each material topic, from three to six positive and negative impacts were identified and included in the stakeholder questionnaire. The respondents

were also encouraged to propose additional topics and impacts. Sveza's list of material topics combines the topics reviewed and proposed by the stakeholders, and the topics raised as part of the company's ESG risk management work.

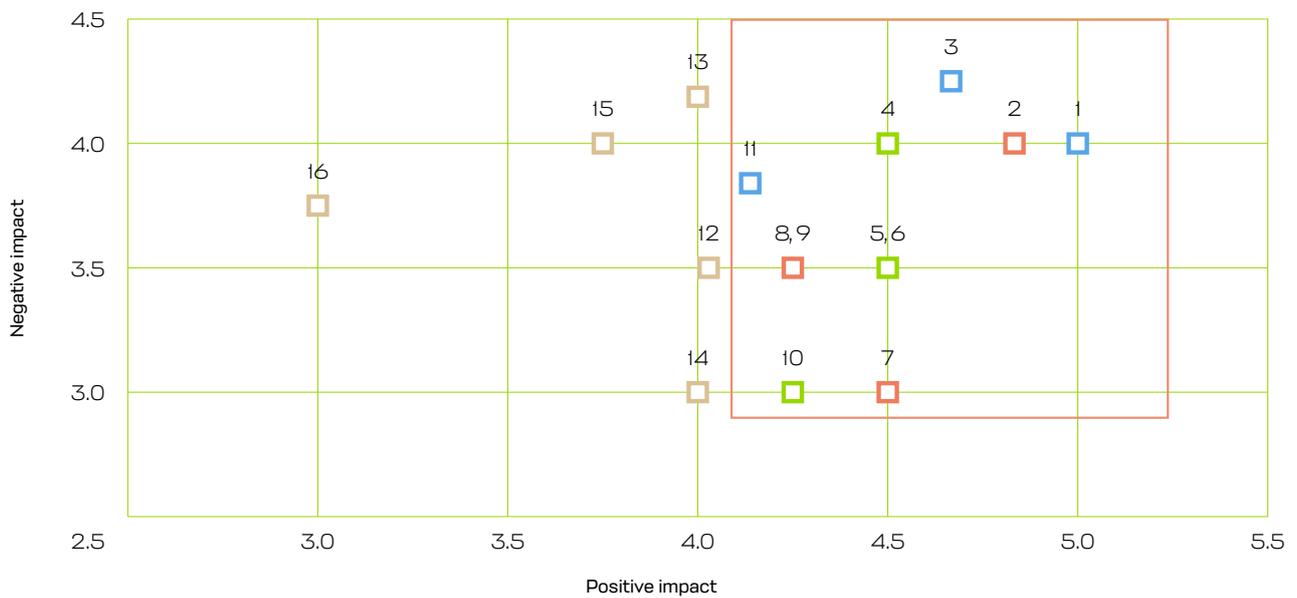
The stakeholder questionnaire included 16 environmental impacts, 27 social impacts, and 20 governance impacts. The respondents rated the impact on a scale from 1 to 5, where 1 is the minimum impact, and 5 is the maximum impact. All impacts were distributed across 16 topics. For each topic, average ratings were calculated for each positive and negative impact, and the topics were arranged according to the score. The topics with the score above four were classified as material. In addition, the company chose to disclose certain aspects of the topics classified as non-material.

A different materiality assessment methodology from the previous year was used for this Report, and so the materiality topics herein are not compared with the topics from Sustainability Report 2022.





Materiality matrix



Material topics



1
Water management and impact on water resources



2
Occupational health and safety



3
Development of human resources



4
Land use and biodiversity



5
Development of local communities



6
Sustainable supply chains



7
Waste management



8
Energy efficiency and climate change



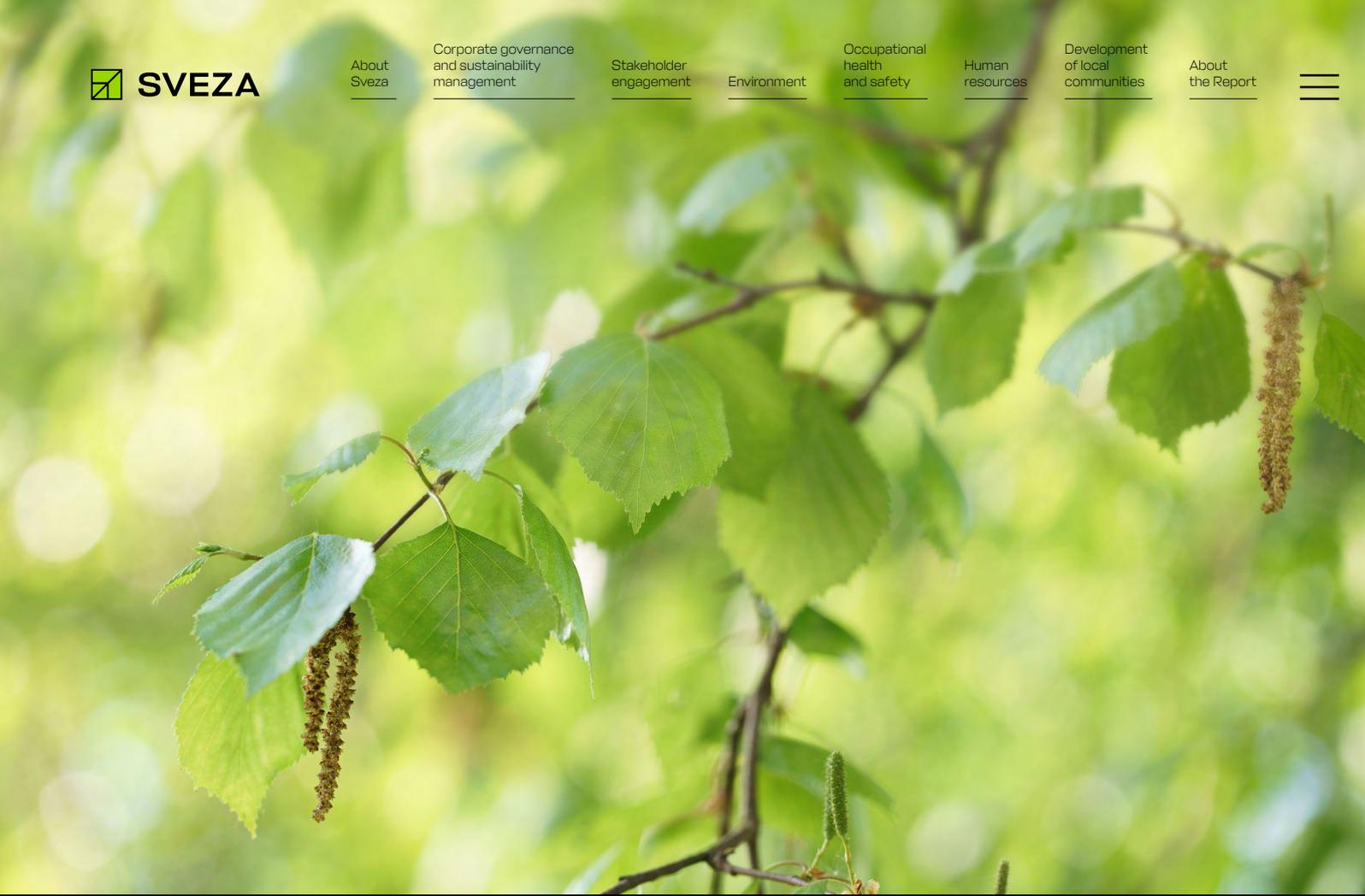
9
Anti-corruption and integrity



10
Risk management

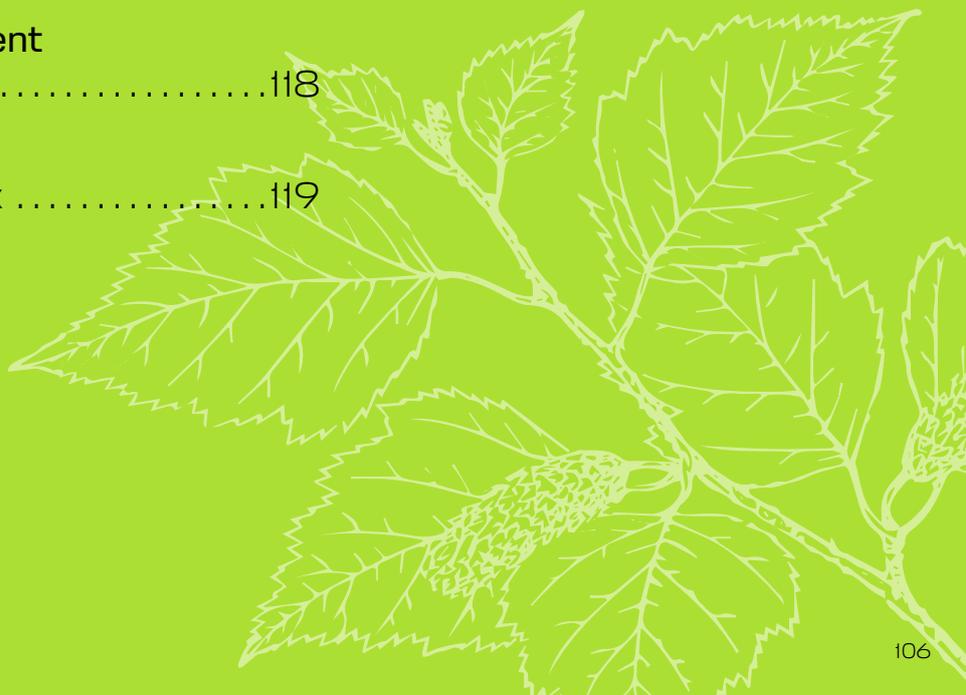


11
Creation of new well-paying jobs



GRI disclosures covered in the Report

01. GRI Content Index.....	107
02. SASB Forestry Management Content Index.....	118
03. SASB Building Products & Furnishings Content Index.....	119



GRI Content Index

This Report is based on the GRI Standards and covers the period from January 1 until December 31, 2023.

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
GRI 1: Foundation 2021			
The organization and its reporting practices			
GRI 2: General Disclosures 2021	2-1	Organizational details	About Sveza, pp. 6-7 The company's nature of ownership—privately owned.
	2-2	Entities included in the organization's sustainability reporting	About the Report, p. 102
	2-3	Reporting period, frequency and contact point	The Report is prepared annually and covers one calendar year. The contact e-mail for questions about the Report: valentina.likhacheva@sveza.com
	2-4	Restatements of information	The restatements of information are provided in the form of footnotes for the respective indicators.
	2-5	External assurance	External assurance was not sought for this Report.
Activities and workers			
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	About Sveza, p. 8 Responsible supply chains, pp. 29-30
	2-7	Employees	Workforce headcount and composition in 2023, p. 70
	2-8	Workers who are not employees	Workforce headcount and composition in 2023, p. 70
Governance			
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Governance structure and composition, p. 16
	2-10	Nomination and selection of the highest governance body	Corporate governance system, p. 15
	2-11	Chair of the highest governance body	Corporate governance system, p. 15
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance system, p. 15

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
	2-13	Delegation of responsibility for managing impacts	Corporate governance system, p. 19
	2-14	Role of the highest governance body in sustainability reporting	The functional managers review and the CEO approves the contents of the Report.
	2-15	Conflicts of interest	Anti-corruption, p. 32 The Corporate Conflicts of Interest Code of Conduct of Sveza Group implemented in 2022 provides the guidelines for the situations where an employee's personal interests might conflict with the company's interests.
	2-16	Communication of critical concerns	Development strategy 2019-2030, p. 17
	2-17	Collective knowledge of the highest governance body	The steering committees for strategic focus areas prepare for the managers of the company sustainability data addressing the economic, environmental, and social aspects.
	2-18	Evaluation of the performance of the highest governance body	
	2-19	Remuneration policies	p. 69
	2-20	Process to determine remuneration	p. 15
	2-21	Annual total compensation ratio	Personal information—not disclosed in this Report.
Strategy, policies and practices			
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Corporate governance and sustainability management, pp. 18-19
	2-23	Policy commitments	
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	Internal mechanisms to report corruption, unethical practices, or human rights violations at Sveza, p. 34

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
	2-26	Mechanisms for seeking advice and raising concerns	Internal mechanisms to report corruption, unethical practices, or human rights violations at Sveza, p. 34
	2-27	Compliance with laws and regulations	No significant cases of non-compliance were reported in 2023.
	2-28	Membership associations	Stakeholder engagement, p. 37 Appendix 2
Stakeholder engagement			
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Stakeholder engagement, p. 36 Employee engagement and company culture, pp. 80-81
	2-30	Collective bargaining agreements	Collective bargaining agreements, p. 74
Disclosures on material topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	About the Report, p. 102
	3-2	List of material topics	About the Report, p. 102
Development of human resources			
GRI 3: Material Topics 2021	3-3	Management of material topics	Human resources policy and workforce composition, p. 69
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee, with a breakdown by gender and staff categories	Employee training and development, pp. 77-78 (partial disclosure, without a breakdown by gender and staff categories)
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee training and development, pp. 77-78
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee performance evaluation, p. 80

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
Creation of new well-paying jobs			
GRI 3: Material Topics 2021	3-3	Management of material topics	Human resources policy and workforce composition, p. 69
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage, by the organization's geographic locations	Remuneration, p. 76
	202-2	Proportion of senior management in the organization's geographic locations, hired from the local community	In the context of this Report, "senior management" refers to the CEO, directors of the management company, and managers of the operational sites. "The local community" refers to the citizens of the Russian Federation. The senior management are 100% the citizens of the Russian Federation.
GRI 401: Employment 2016	401-1	Total number and rate of new employee hires and total number and rate of employee turnover during the reporting period, by age group, gender and region	Talent security, p. 72 Hiring and onboarding, p. 72
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by the organization's geographic locations	Remuneration, p. 75 Employee benefits and allowances, p. 76
	401-3	Parental leave	Employee benefits and allowances, p. 76
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	According to the Russian legislation, no later than two months before implementing the change.
GRI 403: Occupational Health and Safety 2018	403-6	Promotion of worker health	Employee benefits and allowances, p. 76
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and staff categories	Employee performance evaluation, p. 79 100% of employees receive regular performance and career development reviews.

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Governance structure and composition, p. 15 Appendix 5
	405-2	Ratio of basic salary and remuneration of women to men	Remuneration, p. 76
Development of local communities			
GRI 3: Material Topics 2021	3-3	Management of material topics	Social investment, p. 85
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Social investment, pp. 85-96
	203-2	Significant indirect economic impacts	Social investment, pp. 85-96
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Responsible supply chains, p. 84
GRI 207: Tax 2019	207-1	Approach to tax	The company's approach to tax is based on the effective tax legislation of the Russian Federation. Sveza is a responsible taxpayer and always fulfills its tax obligations to a full extent. The Finance Department oversees the compliance with the tax policy, and implements the relevant control and accounting procedures.
	207-3	Stakeholder engagement and management of concerns related to tax	Sveza does not engage its stakeholders, except for the shareholders, in the taxation issues. All stakeholders can ask their questions or raise concerns related to tax using the available communication channels.
	207-4	Country-by-country reporting	Not applicable
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	None

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development program	Sveza's production sites (44% of the entities in Sveza Group) implement local community engagement and development programs.
	413-2	Operations with significant actual and potential negative impacts on local communities	None
Energy efficiency and climate change			
GRI 3: Material Topics 2021	3-3	Management of material topics	Energy efficiency management, p. 47
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	This topic is not disclosed because the financial implications have not been assessed yet. A comprehensive assessment of the climate risks (transition and physical) is scheduled for 2024-2025.
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy Efficiency program, p. 46
	302-2	Energy consumption outside of the organization	This topic is not disclosed due to the absence of a metering system.
	302-3	Energy intensity	Energy Efficiency program, p. 46
	302-4	Reduction of energy consumption	Energy Efficiency program, p. 46
	302-5	Reductions in energy requirements of products and services	Not applicable
	305-1	Direct (Scope 1) GHG emissions	This topic is not disclosed due to the absence of a centralized metering system. The company-wide greenhouse gas inventory will be created in 2024-2025.
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	
	305-4	GHG emissions intensity	
305-5	Reduction of GHG emissions		

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
Waste handling practices			
GRI 3: Material Topics 2021	3-3	Management of material topics	Zero Waste to Landfill program, pp. 43-44
GRI 301: Materials 2016	301-2	Recycled input materials used	Zero Waste to Landfill program, pp. 43-44 Climate agenda, p. 56
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Zero Waste to Landfill program, pp. 43-44
	306-2	Management of significant waste-related impacts	Zero Waste to Landfill program, pp. 43-44
	306-3	Waste generated	https://cop-report.unglobalcompact.org/COPViewer/2024?responseld=R_80q4BREgAjówi08
	306-4	Waste diverted from disposal	Zero Waste to Landfill program, pp. 43-44
	306-5	Waste directed to disposal	Zero Waste to Landfill program, pp. 43-44
Occupational health and safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Occupational health and safety management system, p. 58
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational health and safety management system, p. 58
	403-2	Hazard identification, risk assessment, and incident investigation	OHSMS progress achieved in 2023, pp. 59-60
	403-3	Occupational health services	Occupational health and safety management system, p. 58 Contractor safety, p. 67
	403-4	Worker participation, consultation, and communication on occupational health and safety	OHSMS progress achieved in 2023, p. 61
	403-5	Worker training on occupational health and safety	Occupational health and safety training, p. 63
	403-8	Workers covered by an occupational health and safety management system	Occupational health and safety management system, p. 58 Contractor safety, p. 67

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
	403-9	Work-related injuries	Work-related injuries, p. 61
	403-10	Work-related ill health	Occupational health, p. 65
Land use and biodiversity			
GRI 3: Material Topics 2021	3-3	Management of material topics	Forestry certification, p. 52
GRI 304: Biodiversity 2016	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 extract timber from the forests where high conservation value is threatened by management activities. Sveza does not have any operational sites in protected areas and areas of high biodiversity value outside protected areas.
	304-2	Significant impacts of activities, products, and services on biodiversity	Timber harvesting operations have a direct impact on biodiversity and wildlife habitat on the cutting sites. However, the impact is temporary. Regeneration of deciduous and coniferous trees on the cutovers takes place either naturally or as part of the reforestation efforts. Wildlife habitats suffer a more serious impact during the construction of logging roads and yards, but this impact is much smaller in scale than the impact from the annual harvesting operations.
	304-3	Habitats protected or restored	Reforestation, p. 54
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Sveza and its harvesting contractors use their knowledge and experience in identifying and protecting typical and key habitats when developing timber cutting programs. Lists of key habitats (biotopes) of rare and threatened species are developed for each region, taking into account the recommendations of ecologists and locally recommended biodiversity preservation measures for the timber harvesting operations. The lists are communicated to the workers before the start of any operations on the new sites.

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
Water management and impact on water resources			
GRI 3: Material Topics 2021	3-3	Management of material topics	Water use and wastewater management, p. 48
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water use and wastewater management, p. 48
	303-2	Management of water discharge-related impacts	Discharges to water bodies are regulated by duly executed permits and take into account the classification of the water bodies and their officially established chemicals concentrations. Water use and wastewater management, p. 48
	303-3	Water withdrawal	None of Sveza Group's mills is located in a water deficit area. Their water use does not have a significant impact on water bodies. Water use and wastewater management, p. 48
	303-4	Water discharge	Water use and wastewater management, p. 49
	303-5	Water consumption	Water use and wastewater management, p. 49
Responsible supply chains			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Responsible supply chains, pp. 29-31
	308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Responsible supply chains, pp. 29-31
	414-2	Negative social impacts in the supply chain and actions taken	Human rights, p. 34

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
Anti-corruption and integrity			
GRI 205: Anti-corruption 2016	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	The company's Business Security Group coordinates all activities related to the economic, information, and talent security, as well as oversees the compliance with the anti-corruption policy. The Business Security Group analyzes the company's business processes for systemic issues, risks, losses, violations and fraud, and develops the corrective actions for each confirmed incident. The Business Security Group investigates into each incident, and reports the findings to the top management of the company. The Business Security Group reports the incidents to the police, where necessary.
	205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption, p. 33
	205-3	Confirmed incidents of corruption and actions taken	No incidents of corruption were recorded.
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None
Risk management			
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	Risk management, p. 22

Additional disclosures

GRI STANDARD	DISCLOSURE REF.	DISCLOSURE TITLE	PAGE IN THE REPORT / LINK COMMENTS
Handling of materials			
GRI 301: Materials 2016	301-2	Recycled input materials used	Zero Waste to Landfill program, p. 44 Climate agenda, p. 56
Customer health and safety			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Product safety, p. 25
	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	None
Marketing and labeling			
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Product safety, p. 25
	417-2	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling	None
	417-3	Incidents of non-compliance concerning marketing communications	None

SASB Forestry Management Content Index

TOPIC	METRIC	CATEGORY	CODE	REPORT SECTION / COMMENTS
Ecosystem Services & Impacts	Area of forestland certified to a third-party forest management standard, percentage certified to each standard	Quantitative	RR-FM-160a.1	Sustainable forest management
	Description of approach to optimizing opportunities from ecosystem services provided by forestlands	Discussion and Analysis	RR-FM-160a.4	Environmental management
	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community	Discussion and Analysis	RR-FM-210a.2	Supply chain management system Human rights
Climate Change Adaptation	Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change	Discussion and Analysis	RR-FM-450a.1	Climate agenda
Activity Metric	Area of forestland owned, leased, or managed by the entity	Quantitative	RR-FM-000.A	Sustainable forest management
Activity Metric	Timber harvest volume	Quantitative	RR-FM-000.C	Sustainable forest management

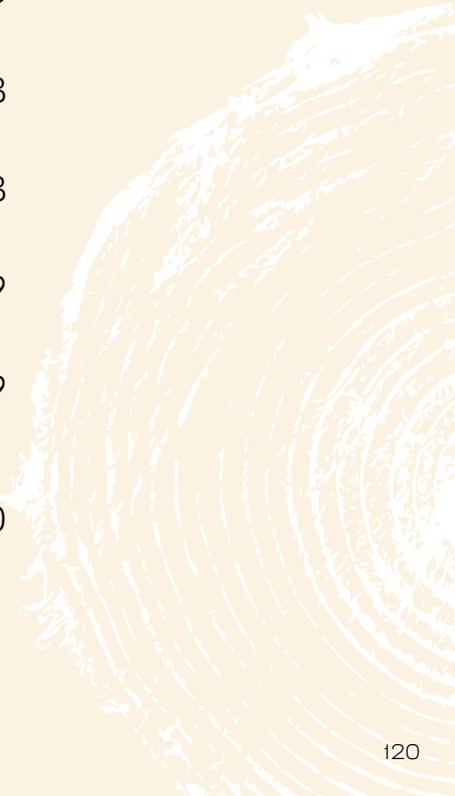
SASB Building Products & Furnishings Content Index

TOPIC	METRIC	CATEGORY	CODE	REPORT SECTION / COMMENTS
Energy Management in Manufacturing	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	CG-BF-130a.1	Energy Efficiency program
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	Product safety
Product Lifecycle Environmental Impacts	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	Discussion and Analysis	CG-BF-410a.1	Environment
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	Partial disclosure: Item (2) see in Forestry certification



Appendices

01. Appendix 1	121
Sveza's contribution to UN SDGs and Russia's national projects	
02. Appendix 2	126
Membership of expert and advisory bodies and trade associations	
03. Appendix 3	128
Headcount by types of employment contracts in 2023	
04. Appendix 4	128
Headcount by age groups at the end of year	
05. Appendix 5	129
Employee distribution by gender and staff categories	
06. Appendix 6	129
Ratios of standard entry level pay for skilled trade jobs compared to local minimum wage by communities	
07. Appendix 7	130
Share of renewable energy in total energy consumption	



Appendix 1

Sveza's contribution to UN SDGs and Russia's national projects

GOALS AND OBJECTIVES	NATIONAL PROJECTS	ACTIONS	REPORT SECTION
Environmental sustainability			
 <p>SDG 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>	<ul style="list-style-type: none"> National project "Environment" 	<ul style="list-style-type: none"> Build new and rebuild the existing effluent treatment facilities Build local effluent treatment systems to enable closed-loop water circulation Rebuild the hot water basins for the hydrothermal treatment of plywood logs 	<ul style="list-style-type: none"> Water use and wastewater management, p. 49 Water use and wastewater management, p. 49 Water use and wastewater management, p. 49
 <p>SDG 6.b Support local engagement in water and sanitation management</p>	<ul style="list-style-type: none"> National project "Environment," federal project "Conservation of Rivers and Lakes" 	<ul style="list-style-type: none"> Participation of the company and its employees in the river clean-up events initiated by the local communities 	<ul style="list-style-type: none"> Community development, corporate philanthropy and volunteer programs, p. 100
 <p>SDG 7.1 Ensure universal access to affordable, reliable and modern energy services</p>		<ul style="list-style-type: none"> Supply of energy to the local communities, including the energy produced with carbon-neutral fuel Production of fuel briquettes Provide firewood to the local people and for the public amenities 	<ul style="list-style-type: none"> Efficient use of resources, p. 45 Climate agenda, p. 56
 <p>SDG 11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>		<ul style="list-style-type: none"> Scheduled replacement of the gas treatment system Build and commission new co-generation plants powered by carbon-neutral fuel 	<ul style="list-style-type: none"> Environmental management, p. 40 Efficient use of resources, p. 45
 <p>SDG 11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces</p>	<ul style="list-style-type: none"> National project "Housing and Urban Environment," federal project "Public Services and Amenities" 	<ul style="list-style-type: none"> Improve the infrastructure of the places where the company has operations; improve the existing and create new sports facilities and recreation areas 	<ul style="list-style-type: none"> Social investment, p. 87

GOALS AND OBJECTIVES
NATIONAL PROJECTS
ACTIONS
REPORT SECTION

SDG 12.4

Environmentally sound management of chemicals and all wastes throughout their life cycle, and a significant reduction of their release to air, water and soil

- National project “Circular Economy”

- Reduce waste to landfill
- Reduce the specific consumption of raw materials

- Efficient use of resources, [p. 43](#)
- Innovations, [p. 26](#)


SDG 12.6

Encourage companies to adopt sustainable practices and sustainability reporting

- Release sustainability reporting on an annual basis

- About the Report, [p. 102](#)


SDG 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

- National project “Environment,” federal project “Conservation of Forests”

- Sustainable use and management of the forest resources in accordance with the national standard
- Conservation of high conservation value forests

- Sustainable forest management, [p. 52](#)
- Sustainable forest management, [p. 50](#)


SDG 15.2

Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

- National project “Environment,” federal project “Conservation of Forests”

- Carry out reforestation and forest care, implement fire prevention actions
- Take action to stop illegal logging

- Fire safety, [p. 63](#)
- Sustainable forest management, [p. 52](#)

Social sustainability

SDG 3.8

Achieve universal health coverage, including financial risk protection, and access to quality essential health-care services

- National project “Healthcare,” federal projects “Improvement of Public Health” and “Sports as a Way of Life”

- Voluntary health insurance for the employees
- Annual checkups
- Medical stations at all operational sites
- Health resort vouchers for the employees
- Projects promoting sport and healthy lifestyles for all

- Employee motivation and development, [p. 76](#)
- Employee engagement and company culture, [p. 82](#)

GOALS AND OBJECTIVES

NATIONAL PROJECTS

ACTIONS

REPORT SECTION



SDG 4.4

Increase the number of people with relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

- National project "Education," federal project "Professionalism"
- Federal project "Modern School"
- National project "Demography," federal project "Promotion of Employment"
- National project "Science and Universities"

- Partner with the local educational institutions for the training and development of human resources for the industry
- Classroom and practical training on-site and in the premises of the local educational institutions
- Student internships at the company's operational sites
- Training programs for the personnel
- Reskilling and retraining programs for the soon-to-retire employees

- Social investment, [p. 94](#)
- Social investment, [pp. 93-94](#)
- Social investment, [p. 93](#)
- Employee motivation and development, [pp. 77-78](#)
- Human resources policy and workforce composition, [p. 70](#)



SDG 4.7

Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including through education for sustainable development

- National project "Education," federal project "Modern School"

- Environmental awareness classes and events for children and the youth
- Support the environmental and sustainable development projects initiated by students

- Social investment, [p. 94](#)
- Social investment, [p. 95](#)



SDG 8.2

Achieve higher levels of economic productivity through technological upgrading and innovation

- National project "Labor Productivity"

- Corporate initiative "Factory of Ideas"
- Technology Development Centers
- Machine vision for better quality control

- Innovations, [p. 28](#)
- Innovations, [p. 26](#)
- Innovations, [p. 27](#)



SDG 8.4

Improve global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation

- Reduce energy consumption
- Reduce water consumption
- Reduce waste generation

- Efficient use of resources, [pp. 45, 47](#)
- Efficient use of resources, [p. 48](#)
- Efficient use of resources, [pp. 43-44](#)

GOALS AND OBJECTIVES
NATIONAL PROJECTS
ACTIONS
REPORT SECTION

SDG 8.8

Protect labor rights and promote safe and secure working environments

- Join the national forest industry agreements
- Implement an occupational health and safety management system
- Ensure safety compliance at all stages of the production process
- Reduce injury rates
- Implement a workplace amenities standard
- Improve working conditions at the workplace
- Workplace safety VR-training

- Stakeholder engagement, [p. 37](#)
- Occupational health and safety management system, [p. 58](#)
- Occupational health and safety management system, [p. 58](#)
- Occupational health and safety management system, [p. 61](#)
- Improvement of working conditions, [p. 66](#)


SDG 16.5

Reduce corruption and bribery in all their forms

- Implement the Anti-Corruption Policy of Sveza-Les and its affiliated entities

- Business ethics and human rights, [p. 33](#)


SDG 16.10

Ensure public access to information

- Publish press-releases and posts in the social media
- Organize press events
- Release sustainability reporting on an annual basis

- <https://www.sveza.ru/press/>
- <https://www.sveza.ru/press/>
- <https://www.sveza.ru/documents/csr-report/>

Economic sustainability

SDG 9.3

Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into value chains and markets

- Investment projects aimed at supporting local small and midsize timber suppliers through allocating them funds to purchase equipment and machines, pay the timberland lease, or replenish the working capital

- Responsible supply chains, [p. 30](#)


SDG 9.4

Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies

- Install new and modernize the existing peeling equipment to improve the specific consumption of timber
- Optimize process equipment settings and train the personnel

- Quality management, [p. 24](#)
- Employee motivation and development, [p. 77](#)

GOALS AND OBJECTIVES	NATIONAL PROJECTS	ACTIONS	REPORT SECTION
 <p>SDG 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"> Participate in the projects aimed at resolving the most pressing problems of the local communities 	<ul style="list-style-type: none"> Development of local communities, p. 84
	<ul style="list-style-type: none"> National project "Tourism and Hospitality Industry" 	<ul style="list-style-type: none"> Promote industrial tourism at the company's operational sites 	<ul style="list-style-type: none"> Development of local communities, p. 96
<p>Presentation of the company's products at large international trade shows. Promotion of the export of non-oil-and-gas products and services, and intellectual products</p>	<ul style="list-style-type: none"> National project "International Cooperation and Exports" 		<ul style="list-style-type: none"> Sustainability management, p. 20

Appendix 2

Membership of expert and advisory bodies and trade associations

	Name of the body / association	Membership details
	Government Commission for the Development of the Forestry Sector	<ul style="list-style-type: none"> Development of the national policy frameworks for the forestry sector and related industries. Improvement of the legal framework and government support mechanisms for the national forest management system.
	Forest Industry Development Board of the Federation Council of the Russian Federation	<ul style="list-style-type: none"> Monitoring of the best practices and challenges of the Russian forest industry. Development of proposals to improve the national forest management system and the forest sector legal framework.
	Forestry Sector Expert and Advisory Council under the Council of the Federation Committee for Agrarian and Food Policy and Environmental Management	<ul style="list-style-type: none"> Analysis of the current state of the national forest industry, practical work with the other representatives of the industry, and discussions of industry-specific topics related to human resources, waste-free production, environmental, and regulatory legislation.
	Expert Council for Sustainable Development under the Russian Ministry of Economic Development	<ul style="list-style-type: none"> Participation in the surveys on the sustainability aspects of the national economy and forest industry.
	Forest, Woodworking, and Pulp and Paper Industry Board under the Russian State Duma Committee on Industry and Trade	<ul style="list-style-type: none"> Discussions and expert reviews of the statutory regulations, and analysis of the enforcement practices of the effective forest and related legislation regulating the operations of the forest and woodworking industry enterprises.
	Forest Management and Industry Commission of the Russian Union of Industrialists and Entrepreneurs	<ul style="list-style-type: none"> Development and implementation of actions to address the national forest industry's problems, improvement of the national regulatory and financial framework for the business, encouragement of investment in the forest industry, and unlocking of the industrial and R&D potential of the forest industry.

Name of the body / association	Membership details
	<ul style="list-style-type: none"> Development of the methodology and practical application of the corporate social responsibility and sustainable development approaches. Networking and sharing of knowledge and experience.
	<ul style="list-style-type: none"> Sharing of the best practices in corporate volunteering, promotion of employee volunteering in the company.
	<ul style="list-style-type: none"> Development and implementation of actions to address the national forest industry's problems, improvement of the national regulatory and financial framework for the business, development of the timber export trade, encouragement of investment in the forest industry, and unlocking of the industrial and R&D potential of the forest industry.
	<ul style="list-style-type: none"> The Association works as a platform for a consolidation of the efforts to address the challenges facing the industry and to improve the business environment through active involvement in policy-making.
	<ul style="list-style-type: none"> Monitoring and development of innovative systems and processes for Sveza's production facilities, and solutions to replace the foreign technology.
	<ul style="list-style-type: none"> Seminars, forums, training sessions. Annual ranking "Top 1,000 Russian managers."
	<ul style="list-style-type: none"> Training events. Sharing of information and reviews of the most recent business practices.
	<ul style="list-style-type: none"> Participation in the development and implementation of forest industry education and training courses and curricula, facilitation of practical training and vocational guidance programs, development of volunteering.

Appendix 3

Headcount by types of employment contracts in 2023, people

	Staff employees	Permanent	Temporary	Full-time	Part-time
Other	18	18	0	18	0
Tyumen	412	396	16	411	1
Vologda Region	650	645	5	646	4
St. Petersburg	702	695	7	697	5
Ekaterinburg Region	806	790	16	805	1
Perm Region	1,126	1,086	40	1,125	1
Kostroma Region	1,486	1,463	23	1,482	4
	5,199	5,093	107	5,184	15

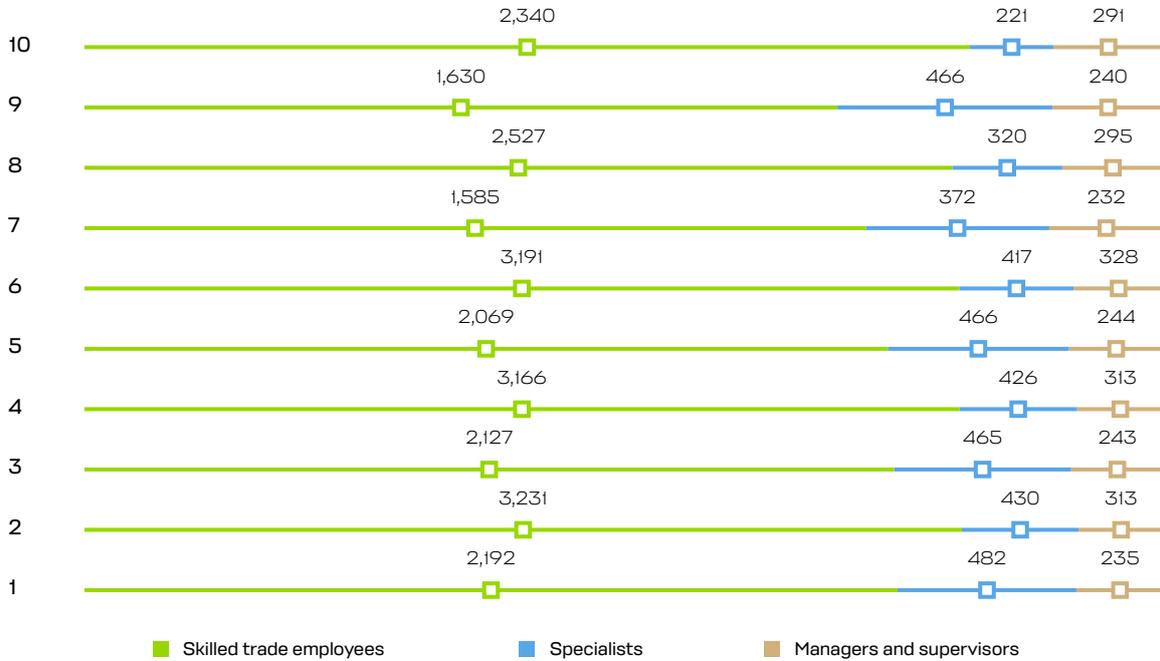
Appendix 4

Headcount by age groups at the end of year, %

	<21	21-30	31-40	41-50	51-60	>61
2020	0.5	16.1	36.8	29.1	15.9	1.7
2021	0.6	14.6	35.3	30.7	16.4	2.4
2022	0.2	10.5	34.5	34.0	18.4	2.5
2023	0.7	9.7	31.6	35.1	19.7	3.2

Appendix 5

Employee distribution by gender and staff categories, people



Appendix 6

Ratios of standard entry level pay for skilled trade jobs compared to local minimum wage by communities

	2019		2020		2021		2022		2023	
	Women	Men								
St. Petersburg	1.73	1.8	1.97	2.46	2.02	2.48	1.88	2.22	2.48	3.01
Vologda Region	2.00	1.84	1.67	1.98	1.77	2.03	1.69	1.93	1.98	2.28
Kostroma Region	1.98	2.13	2.38	2.59	2.37	2.65	2.27	2.62	2.61	2.98
Ekaterinburg Region	1.8	1.75	2.19	2.39	2.16	2.36	1.98	2.21	2.49	2.81
Perm Region	1.83	1.97	2.14	2.24	2.10	2.24	1.99	2.17	2.29	2.49
Tyumen Region	2.16	2.57	2.35	2.72	2.41	2.68	2.08	2.53	2.66	3.12

Appendix 7

Share of renewable energy in total energy consumption

	Share of renewable energy in total electricity consumption	Share of renewable energy in total heat consumption
2019	8.0%	84.0%
2020	12.0%	87.4%
2021	5.0%	84.7%
2022	7.0%	81.0%
2023	8.0%	87.0%

