

nevel

# Nevel sustainability report 2021

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# 1 Introduction

## 1.1 COMPANY AND REPORT BACKGROUND, 2021 HIGHLIGHTS, AND STRATEGY

### 1.1.1 COMPANY BACKGROUND

Nevel is a utility infrastructure company offering advanced industrial and municipal infrastructure solutions that are future-proof and fit for customers' purposes. Nevel operates more than 130 energy production sites and manages over 40 district heating networks. The company is headquartered in Vantaa, Finland and its annual turnover is approximately EUR 100 million. At the end of 2021, Nevel employed 150 experts in Finland, Sweden and Estonia. We are committed to a climate-positive future, driving societal impact by co-creating local circular economies and powering transformation to carbon-neutral energy production. Nevel provides industries, municipalities, real-estate businesses and households with solutions for carbon neutrality, enhancing living standards and competitiveness.

### 1.1.2 REPORT BACKGROUND AND MATERIALITY ASSESSMENT

Nevel's 2021 sustainability report provides an overview of key events and performance across all markets where the company operates. The report references disclosures from the Global

Reporting Initiative (GRI) topic-specific standards presented at the end of the report as well as from the UN Sustainable Development Goals. The report is approved by the Board of Directors and published annually during the first half of the year on Nevel's website and social media channels. As this is Nevel's first sustainability report, possible restatements (calculations, entities) will be specified in future reports. The report has not been externally audited. The key contact for the report is Nevel's Director of Sustainability.

To create a strong basis and meaningful focus for our future sustainability work, Nevel conducted a materiality assessment during 2021. The assessment guides our sustainability work and actions to ensure that they meet stakeholder expectations. The assessment was based on external and internal background studies and surveys conducted in cooperation with independent partners Futurelab, Gaia Consulting and Ramboll.

The customer study focused on identifying customer expectations in terms of daily actions

and co-operation. The study consisted of 28 customer interviews with municipal and private district heating customers in Finland and Sweden. The internal employee assessments focused on identifying the most important sustainability and safety topics as well as improvement opportunities. Around 150 responses and inputs were provided for the surveys and interviews. Overall, customers emphasised a focus on strategic partnerships, resource efficiency and decreasing carbon emissions, while employees focused on safety issues in particular. According to the studies, Nevel has a good foundation for creating a systematic approach to sustainability.

Based on the findings, Nevel's experts crystallised the company's sustainability vision and the key ESG topics. Three main sustainability themes were identified:

- High-quality health and safety culture
- Transition to carbon-neutral energy production
- Co-creation of local circular economies

Nevel operates more than **130** energy production sites and manages over **40** district heating networks. The company is headquartered in Vantaa, Finland and its annual turnover is approximately **EUR 100** million.

We aim to integrate these sustainability themes into our strategy and business operations. Nevel's ESG targets and procedures are followed-up by PwC in connection with the Ardian ESG compliance programme. In accordance with the stakeholder expectations and regulatory compliance, Nevel's sustainability work is based on high business ethics, transparent and accountable governance, proactive dialogue with local communities and state-of-the-art risk management to ensure compliance for our business and our operations.

### 1.1.3 2021 HIGHLIGHTS

In January 2021, Nevel ownership was transferred to Ardian Infrastructure, a world-leading private investment house. The change in ownership strengthened Nevel's efforts to drive the development of utility infrastructure initiatives for industries and municipalities. Ardian ownership provides an opportunity to accelerate these efforts and explore new business opportunities with a strong focus on sustainability and its impact.

Nevel's strategy continues to focus on building advanced district heating networks, accelerating growth, exploring new business within industrial infrastructure and strengthening its presence in all markets that the company operates in. To support these strategic targets, 30 new employees were recruited during 2021.

Environmental, social and governance (ESG) matters are at the top of Nevel's agenda, and sustainability is a key business driver. In 2021 a sustainability programme was launched to provide a focus across the organisation on a green transition and a climate-positive future. Specific ambition levels and targets were set for safety, becoming fossil emission-free in our own energy production and supporting customers' ambitions towards decarbonisation.

The most significant sustainability-related events of 2021 were the achievement of our targets for renewable energy (75%) and decreasing Scope 1 CO<sub>2</sub> emissions by 35% as well as the installation of five flue gas condensers in Finland and one in Sweden to enable more sustainable energy production. Plant conversions in the Finnish towns of Forssa and Lieksa were performed to enable switching from peat to biofuels. In addition, during 2021 Nevel progressed significantly in terms of making health and safety a priority, performing a record number of safety and environmental observations during the year. The company also implemented a code of conduct, which has been integrated into its procurement criteria and process. Finally, a record 91% response rate was achieved in the Great Place to Work Trust Index employee survey, which helps quantify our company culture and increases employee engagement.

“In 2021 a sustainability programme was launched to provide a focus across the organisation on a **green transition** and a **climate-positive future.**”

## 1.1.4 CEO'S REVIEW

### Nevel is a sustainability and a growth company

At Nevel, we put ESG and safety first. The core of our strategy goes beyond just producing energy and heat. We see our role as building local circular economies for our customers and supporting their decarbonisation ambitions as a partner. With this approach, we are realising our vision: working for a green transition and a climate-positive future.

Working in a heavily process-focused environment and delivering services for our customers always starts from a health and safety perspective. Promoting wellbeing at work involves both employer and employees. Nevel is committed to ensuring good management practices, fair treatment of employees and a healthy and safe working environment. Our safety agenda is based on the principle of achieving zero injuries and our focus is on preventive safety measures. Safety assessments, walks, audits, observations and discussions are part of our everyday work and embedded into our way of working as a learning organisation. We need to improve our safety practices every day to prevent injuries and to ensure our employees, customers and partners can go home safely.

In 2021, due to the ongoing global pandemic, we continued strict measures to ensure the availability of energy for all our customers, maintain business continuity and secure the health and safety of our own employees and those of our suppliers. The pandemic presented challenges for all of us, so I would like to express my sincere thanks to all our employees, customers and partners for the dedication and effort they have shown during this difficult time.


Aradian's ownership and investment capability provides significant growth opportunities for Nevel, and we now have the capability and resources to explore new initiatives and strengthen our presence across all the markets in which we operate. One of our greatest assets is our employees, and in 2021 we welcomed 30 new team members to the company. In the midst of the energy market transformation and tightening climate-related targets, our customers are seeking solutions that enable efficient and optimal use of resources as well as predictability in complex operating environments. We help customers streamline their energy production and management of side streams to achieve their carbon neutrality targets. In the coming years Nevel aims to invest in municipal and industrial infrastructure in the Nordics, including scaling up the offering of heat supply as a service to industrial customers and creating long-term partnerships

with municipalities. We have made a good start and are well-prepared to play a key role in the transformation towards a carbon-neutral society.


The war started by Russia in Ukraine, which began in early 2022, has shocked us all greatly. The war has significant consequences for the energy sector and the economy as a whole, and businesses and individuals alike are once again dealing with increased uncertainty. Despite the challenging circumstances Nevel is able to ensure heat and energy supply and we foresee no immediate supply challenges. We are taking measures to ensure continued access to energy and continuously assessing the potential and actual impacts of the war. As a business we have provided support to the people of Ukraine via UNICEF. Work continues with our partners and customers to tackle the crisis.

Despite the current circumstances, I would like to thank all our employees, partners and customers for tackling the challenges we have all faced and for making 2021 a fruitful year.

**Thomas Luther, CEO**



“One of our greatest assets is our employees, and in 2021 we welcomed 30 new team members to the company.”



### 1.1.5 STRATEGY

Changes in the market environment and targets focused on carbon neutrality have put companies under pressure to find new opportunities to drive the transition towards new ways of working and new solutions. The systematic development of energy, material and information flows provides opportunities that benefit society as a whole.

#### The key focus areas of Nevel strategy are to:

- build next-level district heating – for example by enhancing operations, customer experience and sustainability – and drive growth both organically and via acquisitions
- accelerate growth and explore new business within industrial infrastructure and
- strengthen our presence in the Nordics and Baltics.

We strengthen our leading position and expertise in digitalising energy-production assets with our advanced remote operations and maintenance platform. Nevel aims to invest in municipal and industrial infrastructure in the Nordics, including scaling up the offering of heat supply as a service to industrial customers and in creating long-term partnerships with municipalities.

### Cooperation with stakeholders

#### Employees

Nevel is part of the Great Place To Work (GPTW) employee programme through its annual Trust Index employee survey. In 2021 the response rate

“In 2021 the response rate for our GPTW Trust Index survey was a record 91%. The programme helps quantify our company culture and increase employee engagement.”

for our GPTW Trust Index survey was a record 91%. The programme helps quantify our company culture and increase employee engagement. In 2021, employee sustainability and safety assessments were conducted to gain insights into Nevel's ESG performance and agenda. In addition to employee surveys, regular employee meetings are conducted, including occupational health and safety forums and development discussions, which provide a platform for managing individual targets and performance.

#### Customers

Nevel works together with industrial and municipal customers to create transformation roadmaps towards carbon neutrality. In an uncertain environment, we help our customers minimise risks by investing in infrastructure and advising them on fit-for-purpose solutions. With our experience and our advanced digitalisation capabilities we create economies of scale in the operation and development of reliable and secure utility infrastructure. Our services enable our customers to focus on their core business. Our customer base includes real-estate and district-heating customers, who have access to our customer service support and online portal. For industrial customers our cooperation model provides transparency and supports the co-creation of solutions.

#### Suppliers and subcontractors

Together with approximately 2,000 suppliers and subcontractors, Nevel aims to build partnerships

that are focused on transparency, safety, security of supply and a sustainable value chain. In addition to quality and price, our criteria include operational ethics, which concern our suppliers and subcontractors as well as all employees in the supply value chain. During 2021, Nevel renewed its fuel-sourcing practices. We also published our supplier code of conduct, which is part of all new supplier agreements.

#### Owners

Nevel is owned by an investment fund managed by Ardian, a world-leading private investment house. Ardian's ownership provides significant growth opportunities for Nevel and allows the company to explore new initiatives, expand its sustainability impact, and strengthen its presence across all the markets in which it operates. Nevel's governance model supports the maintenance and promotion of high-quality decision making and leadership. The governance structure includes committees as preparatory bodies for the Board of Directors and allows transparency and cooperation with operative management.

#### Other stakeholders

Nevel works in close cooperation with municipalities, planning optimal transformation paths towards a resource-efficient future, covering areas such as municipal infrastructure operating models and potential investment models. With authorities, we build open dialogue and cooperation. Nevel is an active member of Finnish Energy and Fossil Free Sweden.

# 2 Nevel sustainability programme

## 2.1. DESCRIPTION OF THE FRAMEWORK

At Nevel, sustainability is the key driver for our entire business and is embedded in Nevel's key strategy focus areas. We believe it enhances safety and wellbeing as well as builds a competitive edge for us and our stakeholders. We are committed to building a green transition and a climate-positive future where people, communities and businesses can prosper. We drive this change through our sustainability approach, which is based on three focus areas:

### 1. Co-creating local circular economies

We are committed to co-creating and promoting reliable and secure local circular economies together with our customers and partners. This includes working together with local communities and industries to increase understanding of circular economy concepts and biodiversity. We build and innovate new concepts that enable a technology-neutral transition to carbon-neutral operations and increase the share of side streams used. We work together with biofuel suppliers, ensuring sustainable practices. We use residual wood that is fit for purpose.

### 2. Driving transformation to fossil-free energy production by 2030

We are committed to becoming fossil free in our own energy production by 2030 and supporting our customers' technology-neutral transition towards CO<sub>2</sub> neutrality. We invest in renewable energy, modernising heating plants and district heating networks, optimising energy use, minimising use of fuel and keeping flue gas residual oxygen levels to a minimum.

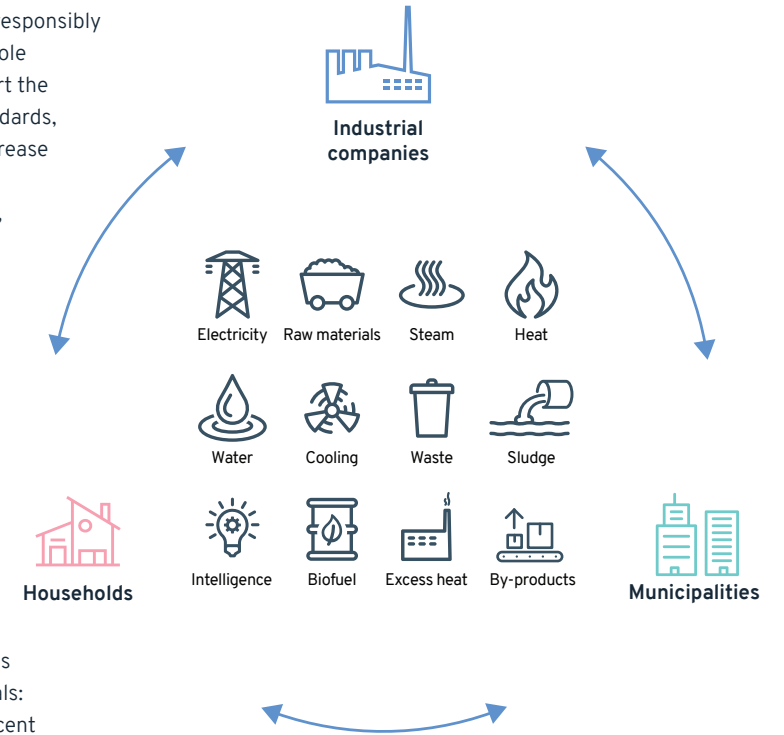
### 3. Building a strong safety culture and sustainable and transparent corporate citizenship

We are committed to building a culture that provides a safe, healthy working environment for us, our customers and our partners. We have high ethics and transparent, accountable governance, strive for proactive dialogue with local communities and follow state-of-the-art risk management practices to ensure compliance for our business and our operations. We ensure the security of energy supply.

Sustainability is the responsibility of all Nevel employees. We expect everyone to act responsibly and to follow our code of conduct. The role of Nevel's ESG organisation is to support the business in ESG practices; develop standards, coordinate and develop practices to increase safety, improve wellbeing and ensure compliance; and enhance the economic, social and environmental impact of the company's operations.

### The UN 2030 Agenda for Sustainable Development guides our way

The United Nations 2030 Agenda for Sustainable Development, adopted by all United Nations member states in 2015, provides a shared vision for global sustainability. Nevel is committed to advancing the implementation of the UN Sustainable Development Goals. In our core business we focus especially on the following goals: 7 – Affordable and Clean Energy; 8 – Decent Work and Economic Growth; 9 – Industry, Innovation and Infrastructure; 12 – Responsible Consumption and Production; and 15 – Life on Land.



## 2.2 ENVIRONMENTAL RESPONSIBILITY

Operating in European Union member states, Nevel supports the EU goals that aim to transform the EU into a resource-efficient, green and competitive low-carbon economy by 2050. Our environmental ways of working are based on the UN Sustainable Development Goals 7, 9, 12 and 15, and we work to achieve sustainable management and efficient use of natural resources. We continuously seek ways to improve our business to reduce emissions and minimise waste.

### Nevel decarbonisation roadmap

As we work towards achieving a climate-positive future, the path towards decarbonisation includes significant development stages. In the first stage the focus is on phasing out fossil fuels and replacing them with renewables as well as the utilisation of side streams and heat recovery. In the second stage the focus is on implementing non-combustion solutions and power to heat. In the third stage the focus is on investigating new technologies. The direction is towards a well-balanced energy system that uses a mix of different technologies. Through its own energy production Nevel provides district heating and energy to real estate customers, households and businesses, and provides advanced utility infrastructure services for industrial companies. Decisions regarding investments in energy sources used for industrial companies are taken by customers.

## 2.2.1 SUSTAINABLE DEVELOPMENT GOALS

### 2.2.1.1 SDG 7 – Affordable and Clean Energy

To advance this goal our target is to become fossil free in our own energy production by 2030. We are transitioning from fossil fuels to bioenergy, from biofuels to non-combustion and towards the use of electricity. A transformation roadmap with determined sub-targets has been created.

A just transition means that the transformation towards decarbonisation takes into consideration social, economic and environmental impacts and aims to minimise the negative side effects that the transformation may create. We drive transformation in all municipalities where Nevel is present, not only the biggest cities.

### 2.2.1.2 SDG 9 – Industry, Innovation and Infrastructure

Nevel works together with industrial and municipal customers to create transformation roadmaps towards carbon neutrality. This work includes developing and innovating advanced utility infrastructure concepts and implementing and running the required infrastructure for energy, material and information flows. To make infrastructures more sustainable we increase resource efficiency and the adoption of clean and environmentally sound technologies and industrial processes. Committed to a climate-positive future, we drive societal impact by co-creating local circular economies through utilising local industrial side streams for new purposes and driving the

transformation to fossil-free energy production. Examples of our industrial customers are Atria, Fazer, Foodhills, Sandvik Coromant and Valio. The industrial utility and side-stream solutions we offer include energy solutions such as steam, heat, industrial-scale cooling and heat recovery, material efficiency solutions and industrial water treatment solutions.

### 2.2.1.3 SDG 12 – Responsible Production and Consumption

To enable the transition towards carbon neutrality, we provide our district heating and real-estate customers with care-free access to energy and a reliable and secure future-proof energy platform as district heating can be connected to almost any type of power plant and energy source. We do this by increasing the share of renewable energy in our own energy mix as well as by investing in and optimising energy efficiency. We support industrial customers with streamlining their energy needs and managing side streams to help them achieve their carbon neutrality targets.

As an example, we continuously enhance fuel optimisation and energy efficiency through our remote digital operations and maintenance platform and by investing in plant modernisation.

We continuously develop the sustainability of our own production and supply-chain management practices and expect our suppliers to do the same.

Our power and heating plants are subject to environmental regulations and emission limits set and supervised by the relevant local authorities. In Finland and Sweden we are certified according to the ISO 14001 environmental management system standard.

Nevel works together with industrial and municipal customers to create transformation roadmaps towards carbon neutrality.



## Sustainable Development Goal (SDG)

Personnel and society	Nevel and SDG
<p>7 – Affordable and clean energy</p> <p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p> 	<p>We strive to become CO<sub>2</sub> emission free in our own production by 2030. We support our customers' technology-neutral transition towards CO<sub>2</sub> neutrality.</p>
<p>8 – Decent work and economic growth</p> <p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> 	<p>We are committed to offering our employees, partners and visitors a safe, healthy working environment by using methods that prevent injuries and accidents and promote well-being at work. We utilise our working instructions and the competence of our personnel to identify and mitigate risks and hazards.</p>
<p>9 – Industry, innovation and infrastructure</p> <p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> 	<p>We build advanced utility infrastructure for and together with industries and municipalities and innovate new concepts.</p> <p>We strive to be part of a wider energy and material ecosystem.</p> <p>We ensure the security of energy supply.</p>
<p>12 – Responsible consumption and production</p> <p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> 	<p>Together with our customers and partners, we co-create local circular economies, e.g. by utilising side streams and excess heat and minimising waste. We enable technology-neutral transition to carbon-neutral operations and increase the share of side streams and certified wood used in energy production. We promote and increase understanding of the circular economy.</p>
<p>15 – Life on land</p> <p><b>15 LIFE ON LAND</b></p> 	<p>We support biodiversity by working together with biofuel suppliers, ensuring sustainable practices.</p> <p>We use certified, residual wood that is fit for purpose.</p>

## 2.2.2 NEVEL'S PERFORMANCE IN ENVIRONMENTAL RESPONSIBILITY

### 2.2.2.1 Increasing share of renewable energy

In 2021 Nevel reached its target of 75% renewable energy in its total energy production. In comparison to 2020, Nevel increased its share of renewable energy by 12% from 67%. In 2021 energy was produced mainly with biofuels such as industrial wood residues and energy wood as well as with peat, oil and small amounts of coal and natural gas.

The share of renewable energy used in the production of energy for our industrial customers is 63%. The share of renewable energy in our own energy production is 83%.

#### To increase our share of renewable energy in 2021 we:

- invested in renewable energy and optimising fuel use
- invested in sulphur feeding systems in our Forssa and Lieksa power plants to reduce peat consumption
- piloted and implemented new technologies and
- phased out coal in our Salo power plant.

“In 2021 Nevel reached its target of 75% renewable energy in its total energy production.”

#### Case: Phasing out the use of peat in Nevel's plants in Forssa and Lieksa

Plant conversions in Nevel's power plants in Forssa and Lieksa helped progress the green transformation by replacing peat with biofuel. In practice, the use of peat was replaced by a sulphur feeding system that enables the use of sulphur-free fuels such as sawdust and residual wood from the forest industry.

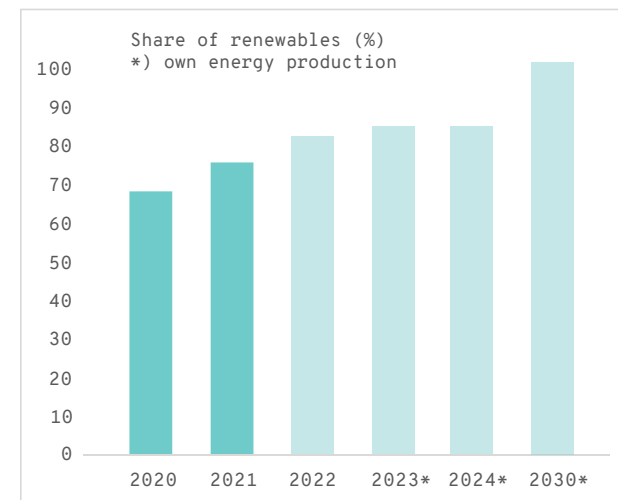
#### Case: Cooperation with Åstorp municipality to expand our renewable district heating network

In 2021 Nevel signed a cooperation agreement with Sweden's Åstorp municipality's housing company Kvidingebyggen to supply sustainable district heating to Åstorp's new Björnekulla ås residential area, which will include almost 300 homes by the end of 2022. Nevel has supplied district heating to Åstorp municipality since 2015 and is now able to increase the amount of renewable energy in the municipality by expanding the existing district heating network.

#### Case: Developing a process for reducing greenhouse gas emissions with the help of biochar

We tested and developed a process to produce biochar from side streams at our incineration plant in Kramfors during 2021. The output of the process includes both heat and charcoal. The charcoal can be used for, among other things, soil improvement in parks and horticulture, which helps to sequester carbon dioxide and significantly reduces greenhouse gas emissions. The development of the technology and the logistics will continue with the goal of producing biochar at several of Nevel's heating plants around Sweden and Finland.

Share of renewable energy in Nevel's total production, actual and targeted



Share of renewable energy in 2020 and 2021 in own production and industrial customer production

SHARE OF RENEWABLES	2020	2021
Own production	76%	83%
Industrial customers	54%	63%

### 2.2.2.2 Reducing Scope 1 CO<sub>2</sub> emissions in Nevel's total and own production

As part of our long-term ambition to become fossil free in our own energy production by 2030, Nevel's target for 2021 Scope 1 CO<sub>2</sub> emissions for sold energy was 130g CO<sub>2</sub>/kWh. Our actual Scope 1 CO<sub>2</sub> emissions figure for sold energy was 108g CO<sub>2</sub>/kWh. Compared to 2020, our CO<sub>2</sub> emissions decreased by 35%. In our own production CO<sub>2</sub> emissions were 79 g/kWh in 2021.

Compared to 2020, our CO<sub>2</sub> emissions decreased by 35%.

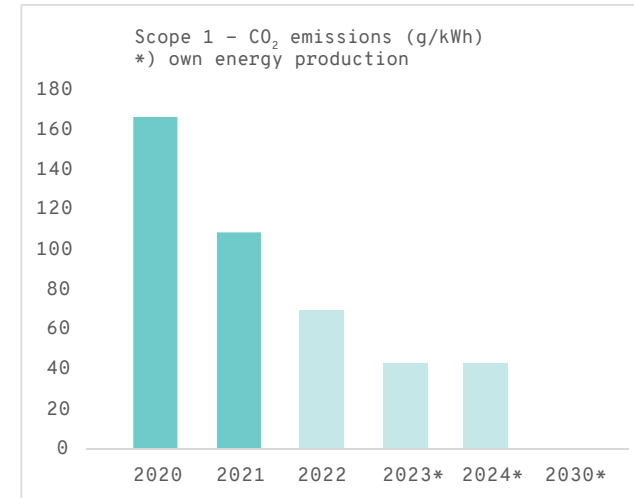
#### To decrease Scope 1 CO<sub>2</sub> emissions for sold energy in 2021 we:

- invested in modernising heating plants and district heating networks
- systematically decreased our use of peat as an energy source
- installed five flue gas condensers in Finland and one in Sweden and
- performed plant conversions to enable transition from fossil fuels to biofuel.

#### Nevel continues its work to transform its own energy production to fossil-free energy production by 2030 by:

- investing in renewable energy
- modernising heating plants and district heating networks
- optimising energy use
- minimising fuel use and keeping flue gas residual oxygen levels to a minimum and
- increasing the use of recycled materials, side streams and excess heat.

#### Scope 1 CO<sub>2</sub> emissions in Nevel's total production, actual and targeted



#### Share of CO<sub>2</sub> emissions in 2021 in own production and industrial customer production

CO <sub>2</sub> EMISSIONS IN 2021	
Own production	79 g/kWh
Industrial customers	147 g/kWh

**Case: Cooperation with Gnosjö municipality to reduce CO<sub>2</sub> emissions in local district heating**

Nevel has supplied renewable district heating to municipal properties in Gnosjö, Sweden since 2018. To meet increased demand, the district heating network was expanded with an energy-efficient wood chip boiler and by extending the culvert network by six kilometres. The new plant was put into operation in the fourth quarter of 2021 and now contributes to the municipality's goal of switching from natural gas to renewable energy sources. The transition to green energy supports several of the municipality's environmental goals. The cooperation between Gnosjö municipality and Nevel reduces the municipality's CO<sub>2</sub> emissions by 2,355 tonnes per year.

**Case: Investing in renewable energy and reducing CO<sub>2</sub> emissions in Tibro**

Nevel has chosen to invest in an Organic Rankine Cycle (ORC) turbine for its heating plant in Tibro, Sweden. The ORC turbine results in emission savings of up to 504 tonnes of carbon dioxide equivalents per year, which is in line with Nevel's sustainability goal of investing in renewable energy to work for a carbon-neutral future. The ORC turbine is planned to be commissioned in early 2022. Compared to producing electricity and heat separately, cogeneration is very efficient and currently the most efficient fuel-based way of producing energy.

**Case: Making use of waste heat with the Nevel Cool solution**

In 2021 Nevel launched a new cooling solution that enables cooling of properties in connection with district heating. The new Nevel Cool solution is aimed at large properties, and customers can choose heating and cooling as a complete service. The cooling service is connected to the district heating network and includes technical implementation, maintenance and fault alarms. The solution uses waste heat, with excess heat from properties being recovered in connection with the district heating network.

**Case: Enabling further reductions in CO<sub>2</sub> emissions through Nevel's digital operations and maintenance platform**

Nevel's digital operations and maintenance platform enables the development and use of different applications based on machine learning. During the first half of 2021, we developed a new solution that enables additional reductions in CO<sub>2</sub> emissions. The solution is based on optimising the amount of energy channelled to the district heating network. This allows us to always match our output with the actual demand, so no excess energy is produced. Between September and December 2021, the solution was taken into use at Nevel's largest power plants, in Forssa and Lieksa in Finland, and in heating plants in Jokela and Mynämäki, also in Finland. The plan is to implement the solution at Nevel's other plants in Finland and Sweden as well.

### 2.2.2.3 Reducing Scope 1 CO<sub>2</sub> emissions together with our industrial customers

During 2021, work with our industrial customers included building advanced utility infrastructure concepts and building transformation roadmaps towards carbon-neutral operations. In 2021 the Scope 1 CO<sub>2</sub> emissions from our industrial customer base were 147 g/kWh.

#### **Case: Achieving CO<sub>2</sub> reductions in industrial companies' energy production**

*In typical projects we help customers streamline their energy production and management of side streams to achieve their carbon-neutrality targets. Decisions on investments in energy sources used in existing facilities are taken by customers. Nevel helps customers identify fit-for-purpose technologies, generating a transformation roadmap that fits the customer's objectives. Nevel ensures the control of the process and takes into consideration economic, social and environmental aspects to ensure a just transition and to minimise negative side effects.*

In the coming years we will continue to build local circular economies together with our industrial customers. Our target is to provide circular solutions, create valuable by-products and increase the share of energy production from side streams.

### 2.2.2.4 Scope 2 CO<sub>2</sub> emissions and other emissions

Scope 2 CO<sub>2</sub> emissions are indirect greenhouse gas emissions associated with the purchase of electricity. Our scope 2 CO<sub>2</sub> emissions figure was 164 g CO<sub>2</sub>/kWh in 2021.

Energy production generates emissions to air and water. We control emissions and their environmental impacts through regular monitoring and using various technological reduction measures such as flue gas condensers. Wastewater generated in our production is treated either at the plant where it is produced, discharged into a nearby water system or directed to a municipal wastewater treatment plant for further processing, depending on the water quality.

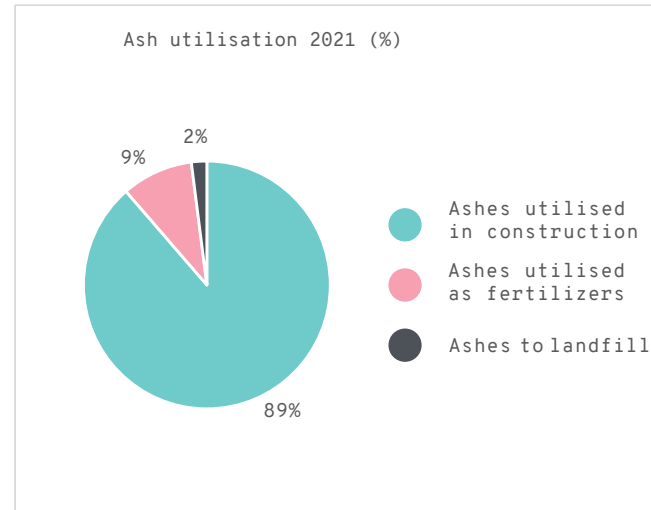
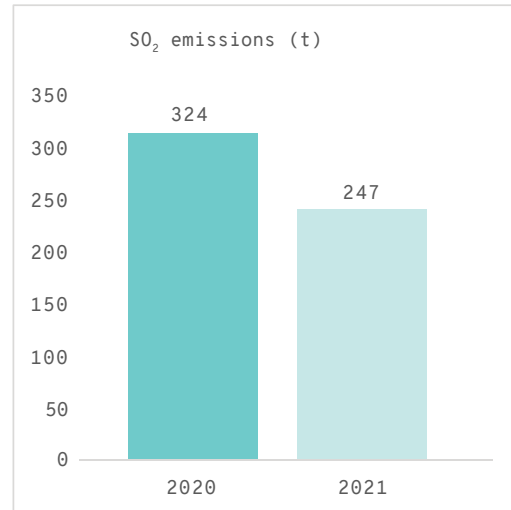
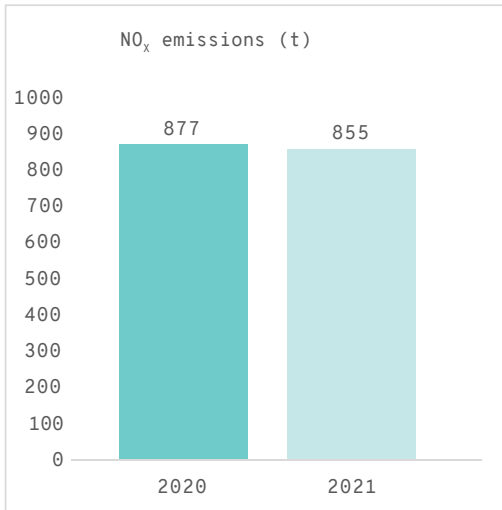
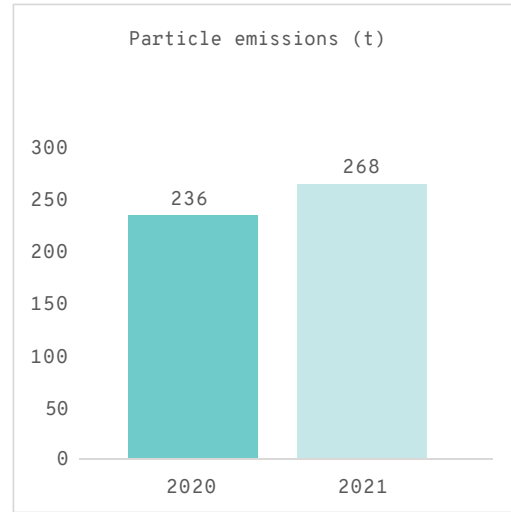
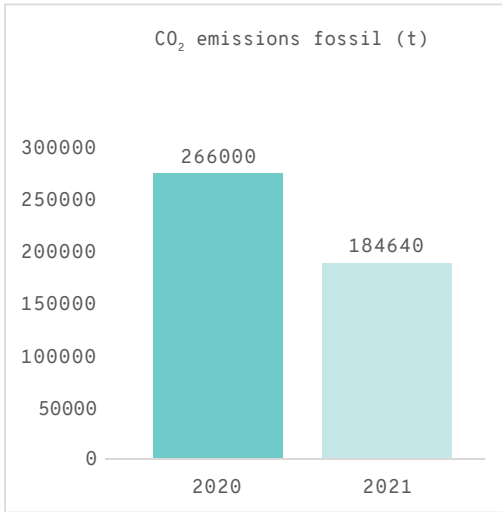
Our primary goal is to minimise all waste generated in our plants. We also aim to reuse waste in our processes. Incineration of solid fuels generates ash, which accounts for the majority of the waste from our energy production. In 2021 98% of the ash

we generated was utilised as forest fertiliser or in construction, for example for road construction or groundworks. We are continuously looking for new opportunities to use our ashes, and this includes participation in research projects. Other types of waste generated in our plants include construction waste, wood waste, and waste soil and oils.

### 2.2.2.5 Environmental compliance

Nevel identifies and systematically monitors changes in regulatory and other requirements that apply to its operations. All environmental deviations are addressed to determine corrective and preventive actions. Environmental deviations that have a significant impact on the environment are reported to the relevant authorities.

Environmental performance in figures



## 2.3 SOCIAL RESPONSIBILITY

Nevel has an impact on the wellbeing and lives of thousands of individuals, including employees, customers, suppliers and members of society in general. The impact relates to a wide range of areas from products, services and job opportunities to human rights, health and safety, environment, training, learning and innovations for the future. We strive to improve our corporate social responsibility performance in order to enhance the prosperity of communities. Our focus is on a strong safety culture and promoting future-proof local circular economies; ensuring the consideration of economic, social and environmental perspectives and a just transition. .

### 2.3.1 SUSTAINABLE DEVELOPMENT GOALS

Our work on social responsibility supports the following UN Sustainable Development Goals: 8 –Decent Work and Economic Growth; 9 – Industry, Innovation and Infrastructure; 12 – Responsible Consumption and Production; and 15 – Life on Land.

#### 2.3.1.1 SDG 8 – Decent Work and Economic Growth

To promote decent work and economic growth, we are committed to offering our employees, partners, customers and visitors a safe, healthy working environment by continuously improving methods that prevent injuries and accidents and advance wellbeing at work. Health and safety are our top

priorities, and our target is zero injuries. Our aim is to build our health and safety culture to the highest level possible, and to do that we develop and utilise working instructions and regularly improve the competence of our personnel to help identify and mitigate risks and hazards. All employees have the right to return home safely after each working day. We also protect labour rights and adhere to anti-corruption principles. Our aim is to create a great place to work via good leadership, work-life balance and development opportunities for all and to follow up on progress via regular surveys.

Nevel is subject to occupational safety and environmental law, regulations and acts. These require managing safety, providing leadership, putting policies in place and actively reducing risks. Nevel is certified according to the ISO 9001 quality management standard in Finland and is working towards ISO 14001 environmental management certification in Finland and Sweden. Complying with these standards requires proper measurement of, and improvements in, our social and environmental impacts.

#### 2.3.1.2 SDG 9 – Industry, Innovation and Infrastructure

To make infrastructure more sustainable, we enable a technology-neutral transition to carbon-neutral operations for our customers and promote circular economy concepts from an economic, social and environmental perspective. We build advanced utility infrastructure for and together with industries and municipalities, and innovate new concepts. We strive to be part of a wider energy and material ecosystem.

#### 2.3.1.3 SDG 12 – Responsible Production and Consumption

As a sustainability-focused company we advance responsible production and consumption by promoting and building circular economies via management of energy and material streams. We focus on long-term development and activities that reduce emissions and waste. We do this partly through developing our own energy production and partly by acquiring and investing in industrial utility infrastructures where we can work to achieve fossil-free operations. To develop a sustainable society through circular economy concepts, we

- continuously increase the use of side streams in our fuel mix
- recover excess energy and by-products from industrial applications
- create local circular economies for recovered materials and heat through our district heating network
- identify opportunities to use recovered energy and materials within industries and
- increase resource efficiency by optimising energy production processes with our digital operations and maintenance platform and its machine learning algorithms.

Our target is also to promote responsible sourcing of biofuel and biodiversity by requiring and developing sustainable forest-use practices together with our biofuel suppliers. Our commitment is security of energy supply in all circumstances, for all our customers.

#### 2.3.1.4 SDG 15 – Life on Land

In terms of biodiversity we promote this goal by requiring and developing sustainable forest-use practices together with our biofuel suppliers. Our goal is to use residual wood and increase the use of industrial side streams and other renewable energy sources. The locations of our production plants are managed in accordance with all relevant environmental regulations.

## 2.3.2 SOCIAL RESPONSIBILITY PERFORMANCE

### 2.3.2.1 Health and safety

In 2021 our strong drive to make health and safety a priority for employees and contractors progressed as planned. Further development areas for our next steps relating to safety culture and operational safety were initiated.

“In 2021 our strong drive to make health and safety a priority for employees and contractors progressed as planned.”

Our safety agenda is based on the principle of zero injuries, and in 2021 we focused on preventive safety measures such as developing our safety assessments, walks, audits and observations, and implementing safety-related discussions as part of our ways of working.

A new online tool was taken into use to manage and follow safety performance. Nevel employees were trained to use the tool with a particular emphasis on preventive safety. During the year we exceeded our goal of 1,000 safety and environmental observations, an increase of 40%

compared to the previous year. Other safety training included safety inductions and training for radiation protection.

Strict measures were maintained due to the continued global pandemic to secure availability of energy for all our customers, maintain business continuity and ensure the health and safety of our own employees and those of our subcontractors.

Nevel's safety performance is evaluated using key performance indicators (KPIs), which include lost time injury (LTI) and medical treatment required (MTR) frequencies. In 2021, Nevel had 4 LTIs and 1 MTR concerning both our own employees and those of external subcontractors. Investigations were conducted and corrective actions taken.

Nevel is part of the Great Place To Work (GPTW) employee programme through its annual Trust Index employee survey. In 2021 the response rate for our GPTW Trust Index survey was a record 91%. The programme helps quantify our company culture and increase employee engagement. In addition to employee surveys, regular employee meetings are conducted including occupational health and safety forums and development discussions, which provide a platform for managing individual targets and performance. Nevel provides an occupational health service for all its employees.

Our safety work continues by setting safety targets and actions, including the identification of new learning opportunities and activities in cooperation with our suppliers.

### 2.3.2.2 Circular economy

During 2021, we increased the use of waste heat and side streams in our own production and in cooperation with our customers.

“Nevel implemented five flue gas condensers in Finland and one in Sweden.”

Nevel implemented five flue gas condensers in Finland and one in Sweden. The projects received investment support from Business Finland. The flue gas condensers improve the energy efficiency of our plants, reducing fuel consumption, heat loss and greenhouse gas emissions. The residents of the areas surrounding the plants will be able to enjoy cleaner air as the technology filters out small particles generated during fuel combustion.

During the year Nevel also explored new opportunities to promote circular economy concepts in Juuka, Finland, and applied for an environmental permit for the production of biogas and fertiliser products primarily from by-products of the local food industry. Biogas production will start once the necessary permits have been issued and further decisions made in spring 2023 at the earliest.

To enhance the circular economy in Forssa, Nevel applied for an amendment to the environmental permit for its plant, which will enable utilisation of solid recovered fuel. A decision on the progress of

the project will be taken later. The initial share of solid recovered fuel would be 20% and the plan is to gradually increase this figure.

Together with our customers, in 2021 we developed concepts to build local circular economies. In

municipalities, we have ensured paths towards fossil-free energy production, enabling a just transition to decarbonisation even in smaller towns.

#### **Case: New boiler to reduce total energy consumption in Orust**

*In August 2020, Nevel acquired two district heating networks from the municipality of Orust on the Swedish west coast. The district heating plants are in Henån and Ellös, and the production is about 9 GWh per year. To improve energy efficiency, Nevel installed a new boiler, which is started and stopped automatically and is therefore only in operation when the solar panels are unable to generate enough energy. This results in better economy because the energy from the solar panels can be utilised optimally. The cooperation between Orust municipality and Nevel saves 300 MWh of energy per year.*

### 2.3.2.3 Fuel sourcing

During 2021 Nevel renewed its fuel sourcing practices with a focus on reducing the use of fossil fuels such as peat and increasing the share of residual wood. Through cooperation with our fuel suppliers, we improved the sustainability of our fuels and developed our sourcing practices.



## 2.4 GOVERNANCE

### 2.4.1 NEVEL'S GOVERNANCE

Our goal is to become a sustainable and transparent corporate citizen in all the locations where we operate by having high ethics, ensuring transparent and accountable governance, maintaining proactive dialogue with local communities and implementing sophisticated risk-management practices to ensure compliance for our business and our operations. We are committed to building a culture that provides a safe, healthy working environment for us, our customers and our partners.

Nevel's sustainability programme is monitored and guided by our ESG Committee, a preparatory body for the Board of Directors. The Nevel management team is responsible for the company's business operations, including planning and process development, as well as monitoring performance via business plans and financials.

### 2.4.2 NEVEL'S PERFORMANCE IN 2021

#### 2.4.2.1 High ethics

Upon transfer of ownership to Ardian Infrastructure, a world-leading private investment house, a new governance structure was put in place following the rules and regulations defined by the Finnish Limited Liability Companies Act.

“Our code of conduct was approved as guidance for making the kinds of decisions required from a good corporate citizen.”

Our code of conduct was approved as guidance for making the kinds of decisions required from a good corporate citizen. Following the code of conduct helps us promote fair business practices and shows that we expect the same from our business partners and anyone else involved in our value chain.

#### 2.4.2.2 Transparent and accountable governance and uncompromised compliance

Nevel's management system has undergone major adaptations to be suitable for our purposes. This includes changes to the governance model as well as renewed processes and corresponding documentation. Internal audits were performed as part of our continuous improvement programme. A periodic external certification audit was performed by Kiwa confirming our management system complies with both ISO 9001 (Quality) and ISO 14001 (Environment).

Nevel's Privacy notice was updated in 2021. Nevel is committed to respecting privacy and processing personal data according to Regulation (EU) 2016/679 – the European Union's General Data Protection Regulation (GDPR) – and other applicable privacy laws and regulations.

#### 2.4.2.3 Sophisticated risk management

As part of the company's control and monitoring system we conduct continuous evaluation of risks and opportunities at different levels of the company. On an overall level, the enterprise risk management model was reviewed and adapted to suit Nevel.

The main identified risks related to potential changes in the regulatory environment, development and potential uncertainties in fuel supply as well as risks associated with the operating environment such those related to safety, environment and cybersecurity.

# 3 Reporting principles and GRI

## 3.1.1 THE BASIS OF OUR REPORTING METHODS

Nevel's Sustainability Report 2021 references the following disclosures from the Global Reporting Initiative (GRI) topic-specific standards presented in the table below. The reporting period is 1 January 2021 to 31 December 31 2021. Additional information about the report can be requested from Nevel's Director of Sustainability.

## 3.1.2 GRI

GRI 2: General disclosures 2021		Section, comments
Organisation and its reporting practices		
2-1	Organisational details	1.1.1, 1.1.3
2-2	Entities included in the organisation's sustainability reporting	1.1.2
2-3	Reporting period, frequency and contact point	1.1.2
2-4	Restatements of information	1.1.2
2-5	External assurance	1.1.2
Activities, value chain and workers		
2-6	Activities, value chain and other business relationships	1.1.5
2-7	Employees	1.1.5
2-8	Workers who are not employees	1.1.5
Governance		
2-9	Governance structure and composition	2.4, Nevel.com/governance
2-11	Chair of the highest governance body	2.4, Nevel.com/governance
2-12	Role of the highest governance body in overseeing the management of impacts	2.4
2-13	Delegation of responsibility for managing impacts	2.4

2-14	Role of the highest governance body in sustainability reporting	2.4
Strategy, policies, and practices		
2-22	Statement on sustainable development strategy	1.1.4
2-23	Policy commitments	2.3.1.1
2-27	Compliance with laws and regulations (GRI 307: Environmental Compliance 2016 removed from revised GRI)	2.4.2.2
Stakeholder engagement		
2-29	Approach to stakeholder engagement	1.1.5, 1.1.2

305-5	Reduction of GHG emissions	2.2.2
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	2.2.2
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts (Topic management disclosure)	2.3.1.3
306-2	Management of significant waste-related impacts (Topic management disclosure)	2.2.2.4

GRI 300: Environmental responsibility		Section, comments
GRI 303: Water and Effluents 2018		
303-1	Interaction with water as a shared resource (Topic management disclosure)	2.2.2.4
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	2.2.2
305-2	Energy indirect (Scope 2) GHG emissions	2.2.2.4
305-4	GHG emissions intensity	2.2.2

GRI 400: Social responsibility		Section, comments
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system (Topic management disclosure)	2.3.1.1, 2.3.2.1, 2.4.2.2
403-2	Hazard identification, risk assessment, and incident investigation (Topic management disclosure)	2.3.2.1
403-3	Occupational health services (Topic management disclosure)	2.3.2.1
403-4	Worker participation, consultation, and communication on occupational health and safety (Topic management disclosure)	2.3.2.1

403-4	Worker participation, consultation, and communication on occupational health and safety (Topic management disclosure)	2.3.2.1
403-5	Worker training on occupational health and safety (Topic management disclosure)	2.3.2.1
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships (Topic management disclosure)	2.3.2.1
403-9	Work-related injuries	2.3.2.1
403-10	Work-related ill health	2.3.2.1