

nevel

Nevel sustainability report 2022

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1 Introduction

1.1 COMPANY AND REPORTING BACKGROUND, 2022 HIGHLIGHTS, AND STRATEGY

1.1.1 COMPANY BACKGROUND

Nevel is a utility infrastructure company offering advanced industrial and real estate solutions that are future-proof and fit for customers' purposes. Committed to climate-positive growth, Nevel drives societal impact by co-creating local circular economies and driving the transformation to carbon-neutral energy production. Nevel provides industries, municipalities, real-estate businesses and households with solutions to help them achieve carbon neutrality and enhance living conditions and competitiveness. Nevel operates more than 130 energy production sites and manages over 40 district heating networks. The company is headquartered in Vantaa, Finland and has an annual turnover of approximately EUR 115 million. At the end of 2022, Nevel employed 182 experts in Finland, Sweden and Estonia. The legal name of the company is Nevel Oy. The company is an unlisted public company.

1.1.2 REPORTING BACKGROUND

This report provides an overview of key events and performance across all entities and markets where the company operates. These include Nevel Oy, Nevel AB, Nevel OÜ, Åmotfors Energi

AB and Tammelan Aluelämpö Oy. The report is in accordance with the Global Reporting Initiative (GRI) topic-specific standards presented at the end of the report as well as the UN Sustainable Development Goals. The report includes an EU Taxonomy eligibility assessment. The report is approved by the Board of Directors and published annually in May on Nevel's website and promoted through the company's social media channels. The report has not been externally assured. The key contact for the report is Nevel's Director of Sustainability.

1.1.3 COOPERATION WITH STAKEHOLDERS AND STAKEHOLDER ASSESSMENT

Nevel regularly maps its stakeholder groups to understand how they are impacted throughout the value chain. These groups include, but are not limited to, employees, customers, business partners, local communities, public institutions and media outlets.

1.1.3.1 Cooperation with stakeholders Employees

At the end of 2022 Nevel had a total of 182 employees. Nevel employes a number of subcontractors who provide services for projects and sites, mainly for operations and maintenance work. In 2022, the number of subcontractors fully dedicated to Nevel activities was 60. Nevel is part of the Great Place To Work® employee programme through its annual Trust Index Survey™. The programme gives employees the opportunity to provide feedback and influence their working culture. Nevel facilitates various

employee meetings and forums, including strategy discussions, occupational health and safety forums and development discussions.

As an employer we comply with all applicable collective bargaining agreements. Ninety one percent of Nevel employees are covered by a collective bargaining agreement. All Nevel Oy and Nevel AB employees are covered by a collective bargaining agreement with the exception of Nevel Group Management Team members, who are covered by director agreements that determine their working conditions and terms of

Headcount , 31.12.2022 (31.12.2021)

EMPLOYEES	TOTAL	FEMALE	MALE
COUNTRY			
Finland	109 (102)	21 (21)	88 (81)
Sweden	68 (40)	11 (6)	57 (34)
Estonia	5 (5)	0 (0)	5 (5)
TOTAL	182 (147)	32 (27)	150 (120)
PERMANENT EMPLOYEES	175 (138)	29 (23)	146 (115)
TEMPORARY EMPLOYEES	7 (9)	3 (4)	4 (5)

employment. In Estonia, Nevel OÜ employees are not covered by a collective bargaining agreement. Instead, employees' working conditions and terms of employment are determined based on the applicable local employment laws. Nevel's salary principles support a healthy salary structure, which means the company promotes and implements fair and equitable salary and market practices.

Customers

Nevel works with approximately 100 industrial and 5,000 municipal and real estate customers to build utility infrastructure and create transformation roadmaps towards carbon neutrality. In an uncertain environment, we help our customers minimise risks by investing in utility infrastructure and advising them about fit-for-purpose solutions. Nevel's services enable its customers to focus on their core business or optimise their living or operational conditions. The company's value chain consists of managing lifecycle utility infrastructure – i.e. the production, distribution, operation and optimisation of energy and circular economy solutions. The energy is distributed to various customer groups including real estate and industrial customers. Nevel utilises waste and side streams from, for example, industrial production to facilitate local circular economies and transfer the energy acquired back into production.

Suppliers and subcontractors

Together with its approximately 2,300 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, the company's criteria include ethical business, which concerns our suppliers and subcontractors as well as all employees in the supply value chain.

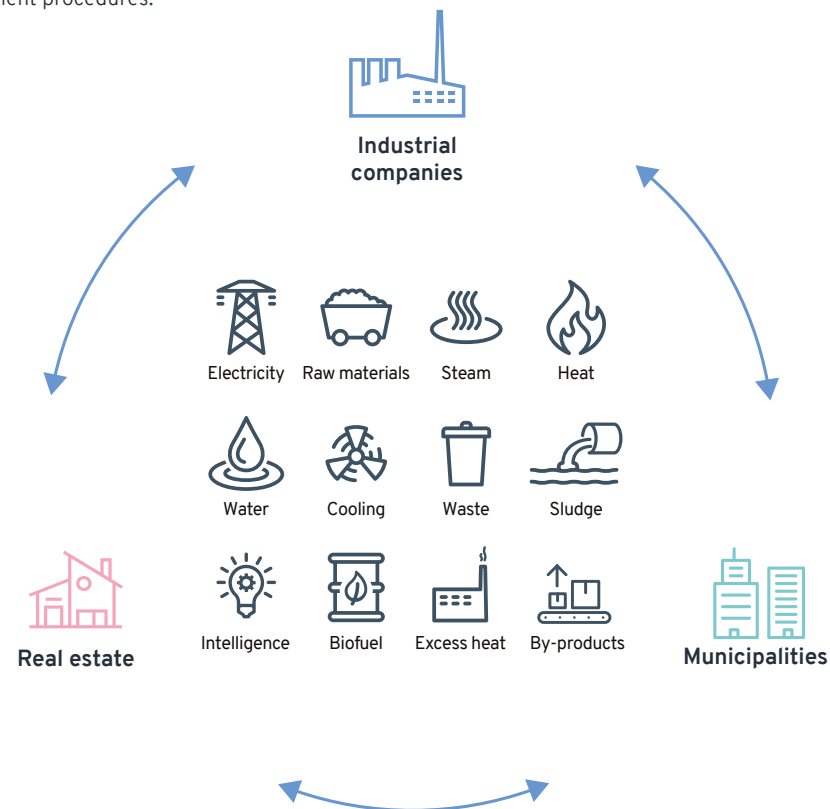
Owners

Nevel is owned by an investment fund managed by Ardian, a world-leading private investment house. Ardian's ownership and cooperation provide significant growth opportunities for Nevel and allow 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 as well as transparency between the owner and operative management.

Other stakeholders

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

Nevel has grievance mechanisms for all stakeholder groups to handle potential concerns, negative impacts and feedback. These mechanisms include, for example, customer service teams, an online customer portal, access to external resources for dealing with safety and environmental issues, feedback surveys and management procedures.



1.1.3.2 Stakeholder assessment

Nevel's stakeholder assessment 2022 guides the company's sustainability work. The assessment was based on employee and customer studies conducted by independent partner PwC.

The employee study focused on identifying strategic focus areas relevant to the company's business and strategic direction and consisted of an online employee survey in Finland, Sweden and Estonia. The response rate was 34%. Thirty-five percent of respondents highlighted the importance of sustainability as a key customer requirement, 19% highlighted service level and 16% energy efficiency. In terms of the topics where the company has made the most progress, 74% of employees rated "Building sustainability as a business driver" highest. Important areas for executing the company strategy included, for example, establishing partnerships and building key capabilities such as innovation, technology, customer understanding, reliability of operations and sustainability.

The customer study focused on identifying customer needs and expectations. It consisted of 16 in-depth interviews covering industrial, municipal and real estate customers in Finland and Sweden. Given the energy crisis, customers emphasised the need for security of supply and stability of operations including fuel and cost management. In addition, customers continue to focus on the green transformation, including

CO₂ emission reduction targets. There is interest in solutions such as green energy, the circular economy, electrification and energy efficiency, and a desire for a holistic perspective on utility infrastructure.

Based on the findings, Nevel has made good progress with its sustainability work and sustainability is an integral element of the business. The main sustainability themes can be summarised as follows:

- Ensuring security of energy supply and operational stability.
- Developing transformation roadmaps with all customer groups, including transitioning to green or carbon-neutral energy, co-creating local circular economies and improving energy efficiency.
- Focusing on partnerships and local cooperation.

The company aims to integrate these sustainability themes into its strategy and business operations. Nevel's environmental, social and governance (ESG) targets and procedures are followed up through an ESG programme. In accordance with stakeholder expectations and regulatory requirements, Nevel's sustainability work aims at high business ethics, transparent and accountable governance, proactive dialogue with local communities and state-of-the-art risk management to ensure compliant business and operations.

"Nevel has made good progress with its sustainability work and sustainability is an integral element of the business."

1.1.4 2022 HIGHLIGHTS

ESG matters are at the top of Nevel's agenda, and the company sees sustainability as a business driver. In February 2022 Nevel appointed a new CEO, Thomas Luther. Under Thomas's lead, Nevel's strategy was updated with continued efforts to develop and further accelerate sustainable utility infrastructure initiatives and business growth. Nevel's vision was defined as "Destination: Climate positive growth" and more emphasis was put on new technologies and solutions towards carbon neutrality and material circularity, competence development and customer focus in both the industrial infrastructure and real estate solutions businesses.

During 2022, the increasing demand for domestic fuel, rising fuel prices and inflation affected the utility infrastructure market. Nevel, among other energy suppliers, has focused on mitigating the crisis, ensuring energy distribution in all circumstances and generating contingency plans for potential electricity shortages. During the year, Nevel discontinued fuel imports from Russia, which accounted for a small share of the company's total fuel use.

Despite the difficult circumstances, Nevel's CO₂ Scope 1 emissions decreased from the previous year and the share of renewable energy increased to 80% (2021, 75%). Customer interest rose in regard to green energy, energy efficiency, material circularity and speeding up the green transformation.

Nevel is committed to building a healthy and safe working environment with a zero-injury principle. During 2022 Nevel improved its safety performance with a focus on preventive safety work. A record number of safety and environmental observations as well as preventive risk assessments were performed. A new safety measure, total recordable incident frequency (TRIF) was taken into use to provide a comparison with international safety standards. In 2022 the TRIF was 8.2, an improvement on the 21.3 reported in 2021.

"Nevel's CO₂ Scope 1 emissions decreased from the previous year and the share of renewable energy increased to 80%."

Substantial utility infrastructure investment commitments were made via customer cooperation agreements to build sustainable societies and co-create local circular economies. Nevel initiated cooperation with industrial customers such as Puljonki Oy, Stora Enso Veitsiluoto, Trioworld, Elementis and Nordic Paper to transform the production of utilities to be more based on recirculation of materials and to enable a significant reduction of emissions. Through the agreement with Stora Enso in Veitsiluoto region in Finland alone, Nevel is committed to investing EUR 50 million to provide continuity to local utility infrastructure services.

In its Real estate solutions business, Nevel began using solid recovered fuel (SRF) in its Forssa power plant in Finland, enabling a local circular economy.

During 2022 Nevel acquired Åmotfors Energi in Sweden, a company specialised in waste-to-energy production enabling a circular economy.

An 83% response rate was achieved in the Great Place to Work Trust Index Survey, which helps quantify our company culture and increases employee engagement. The Trust Index was 69, an improvement from the previous year's score of 66.

1.1.5 CEO'S REVIEW

Destination: climate-positive growth

During 2022, the energy crisis, high inflation and signs of a recession impacted the global economy as a whole. The pandemic continued, affecting daily work. In the utility infrastructure market, the primary focus has been on ensuring energy supply. Nevel, among other energy suppliers, has focused on ensuring energy distribution in all circumstances and generating contingency plans in case of situations such as potential electricity shortages. Climate, nature and the green transformation are higher on the agenda than ever. Speeding up the green transformation is an opportunity that many companies have grasped.

At Nevel, ESG issues continue to be our business priority. We believe in a holistic sustainability approach for ESG issues to support a just transition. We believe that in the long term we must stick to our climate targets. We see our role as supporting our customers' sustainability and decarbonisation ambitions. This includes co-creating transformation roadmaps, providing innovation and solutions, and implementing projects where our customers may not have their own expertise. Together we are striving towards climate-positive growth, the destination defined in our strategy.

This challenging year has cemented the logic that our service always starts from health and safety. We must keep our customers, partners and employees safe in order to focus on our core services: the production and distribution of energy and circular economy services. Nevel is committed to building a healthy and safe working environment based on the principle of zero injuries. In 2022 we introduced a new measure, total recordable incident frequency (TRIF), to help us compare our safety performance with industry benchmarks. We still have a lot of work to do, but we are improving day by day. We expect all our stakeholders to help prevent injuries and ensure we all can go home safely every day.

Based on our stakeholder assessments, it is of utmost importance to maintain stability in our operations and secure energy supply. Nevel has been developing its fuel procurement processes and energy production contingency plans as well as investigating possibilities to increase electricity generation. Like Nevel, our customers have sustainability and the green transformation at the top of their agendas. Their requirements cover solutions from green and carbon-neutral energy to material efficiency, energy efficiency and electrification. Nevel's role is to support our customers and act as their partner in this transformation. Our mission is to improve and develop customer focus to better understand

and respond to their needs, and bring a holistic approach to utility infrastructure. During 2022 we initiated some fantastic projects with our customers and partners, including circular economy solutions such as biogas-based food processing, utilisation of excess heat and use of solid recovered fuel.

I would like to express my sincere thanks to all our employees, customers and partners for the cooperation, dedication, effort and achievements during 2022 despite the difficult circumstances.

Thomas Luther, CEO



"Climate, nature and the green transformation are higher on the agenda than ever."

1.1.6 STRATEGY

Market disruption and the energy crisis are increasing the rate of adoption of renewable energy and new technologies. This provides opportunities for society as a whole. The company believes that by working together with our customers and stakeholders, we support both the transformation of utility infrastructure towards a carbon-neutral future and our customers' sustainability targets. Nevel offers solutions for industrial and real estate customers that answer their sustainability and business needs: carbon-neutral ambition, material circularity, cost efficiency and the possibility to focus on their core operations.

The key focus areas of Nevel strategy:

- Build next-level industrial infrastructure and district heating – for example, by optimising assets, production and services with advanced digital tools in close cooperation with customers.
- Provide solutions that support customers' targets in terms of sustainable energy, material circularity and optimal living and operating conditions.

Nevel continues to invest in industrial and real estate infrastructure in the Nordics, including scaling up its offering and creating long-term partnerships. The company has continued to digitalise energy-production assets through its advanced remote operations and maintenance platform, increase the piloting and use of new technologies, and widen its fuel mix.

"Nevel believes that by working together with our customers and stakeholders, we support both the transformation of utility infrastructure towards a carbon-neutral future and our customers' sustainability targets."

1.1.7 EU TAXONOMY

Nevel is not obliged to comply with the reporting requirements defined in EU Taxonomy regulation, however the company launched a EU Taxonomy assessment project with internal and external resources in 2022 in order to increase business understanding, increase awareness of sustainable investment decisions, and to provide better comparison to peer companies and industries.

Regulation (EU) 2020/852 (the "EU Taxonomy") is a classification system, establishing a list of six environmentally sustainable economic objectives, which is expected to play an important role in supporting the EU's climate and energy targets, and in reaching the objectives of the European Green Deal.

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Only the technical screening criteria for the first two objectives of the EU Taxonomy have been detailed for the 2022 reporting period.

Taxonomy-eligibility is defined as an economic activity for which technical screening criteria has been published; for climate change mitigation and climate change adaption objectives, this criteria is defined in Delegated Act EU 2021/2139.

For Nevel, taxonomy-eligible business activities were identified with the support of an external consultant. Activities were evaluated according to the descriptions of each economic activity at production unit level.

Nevel's identified EU Taxonomy-eligible activities are:

- 4.15 District heating/cooling distribution
- 4.20 Cogeneration of heat/cool and power from bioenergy
- 4.23 Production of heat/cool from renewable non-fossil gaseous and liquid fuels
- 4.24 Production of heat/cool from bioenergy
- 4.25 Production of heat/cool using waste heat

Of these, the most significant eligible economic activity is the production of heat/cool from bioenergy.

Non-taxonomy-eligible business activities relate primarily to energy production where biofuel is complemented with fossil fuel and waste-to-energy which is not currently covered by the EU

Taxonomy. Eighty percent of Nevel's total energy production was renewable in 2022 and in these non-eligible energy production activities the share of renewable energy was over 70%.

The taxonomy assessment is based on a review of the eligible activities listed above and the non-eligible activities of all Nevel's business units. The proportion of Nevel's eligible and non-eligible economic activities on turnover was calculated for 2022.

Nevel's EU Taxonomy-eligible economic activities.

ECONOMIC ACTIVITIES	Absolute turnover EUR (million)	Proportion of turnover (%)
Taxonomy eligible activities	47.9	42%
Taxonomy non-eligible activities	65.7	58%
Total	113.58	100%

The methodology for the eligibility assessment has been documented internally. The reporting principles will be updated accordingly as principles and practices evolve.

2 Nevel sustainability programme

2.1. DESCRIPTION OF THE FRAMEWORK

Sustainability is the key driver for Nevel's entire business and is an integral part of the company's everyday operations and strategy. The company believes that sustainability enhances safety and wellbeing as well as builds a competitive edge for Nevel and our stakeholders. Nevel is committed to building a green transition and a climate-positive future where people, communities and businesses can prosper. The company drives this change through its sustainability approach, which is based on the following focus areas:

1. Co-creating local circular economies

Nevel is committed to co-creating and promoting reliable and secure local circular economies together with its customers and partners. This includes working with local communities and industries to increase understanding and the use of energy and material streams. Nevel builds and innovates new concepts that enable a technology-neutral transition to carbon-neutral operations and increase the share of side streams used. The company works together with biofuel suppliers, ensuring sustainable sourcing practices.

2. Driving the transformation to carbon-neutral energy production by 2030

Nevel is committed to becoming carbon neutral in its Real estate solutions business by 2030 and supporting customers' technology-neutral transition towards carbon neutrality. The company invests in renewable energy, modernising heating plants and district heating networks, optimising energy use and minimising fuel use.

3. Building a strong health and safety culture

Nevel is committed to building a culture that provides a safe, healthy working environment for its employees, customers and partners. The company believes that every act counts. Nevel's safety agenda is based on the principle of zero injuries and focuses on preventive safety measures.

4. Transparency and corporate citizenship

Nevel is committed to high ethical standards and transparent, accountable governance, strives for proactive dialogue with local communities and follows state-of-the-art risk management practices to ensure compliance of its business and operations. The company ensures security of energy supply. Nevel has an ESG programme to set annual sustainability targets and focus on climate-positive growth across the organisation.

Sustainability is the responsibility of all Nevel employees. The company expects everyone to act responsibly and to follow its code of conduct. The role of Nevel's ESG organisation is to support the business in ESG practices by developing standards and practices to improve health and safety, ensuring compliance and enhancing the economic, social and environmental impact of the company's operations.

Nevel is guided by the UN 2030 Agenda for Sustainable Development

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 supporting the implementation of the UN Sustainable Development Goals (SDGs). In the company's core business the focus is on the following goals in particular: 7 – Affordable and Clean Energy; 8 – Decent Work and Economic Growth; 9 – Industry, Innovation and Infrastructure; 10 – Reduce Inequalities; 12 – Responsible Consumption and Production; 13 – Climate Action; 15 – Life on Land; and 16 – Peace, Justice and Strong Institutions.

"Sustainability is the key driver for Nevel's entire business and is an integral part of the company's everyday operations and strategy."

2.2 ENVIRONMENTAL RESPONSIBILITY

Nevel operates in European Union member states and supports the EU goals that aim to transform the EU into a resource-efficient, green and competitive low-carbon economy by 2050. The company's environmental ways of working support the UN Sustainable Development Goals 7, 9, 12, 13 and 15, and it strives to achieve sustainable management and efficient use of natural resources. Nevel continuously seeks ways to improve its business to reduce emissions and minimise waste.

Nevel's decarbonisation roadmap

As Nevel works towards achieving a climate-positive future, the path towards decarbonisation includes various 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, waste and heat recovery. In the second stage the focus is on implementing non-combustion solutions such as power-to-heat as well as utilisation of new energy sources. 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 energy sources and technologies. Nevel provides district heating and energy to real estate customers, households and businesses, and advanced utility infrastructure services for industrial companies. Decisions regarding energy sources used for industrial companies are taken by customers.

2.2.1 SUSTAINABLE DEVELOPMENT GOALS

Nevel's work on environmental responsibility supports the following UN Sustainable Development Goals: 7 – Affordable and Clean Energy; 9 – Industry, Innovation and Infrastructure; 12 – Responsible Consumption and Production; 13 – Climate Action; and 15 – Life on Land.



2.2.1.1 SDG 7 – Affordable and Clean Energy

To increase the share of renewable energy and improve energy efficiency, Nevel's commitment is to become carbon neutral in its Real estate solutions business by 2030.

Nevel aims to achieve this by:

- investing in increasing the share of renewable energy
- optimising fuel use
- piloting and implementing new technologies
- exploring potential compensation schemes
- supporting a just transition – i.e. taking into consideration social, economic and environmental impacts to minimise negative side effects
- driving transformation in all municipalities where Nevel is present, not only in the biggest cities.



2.2.1.2 SDG 9 – Industry, Innovation and Infrastructure

To upgrade infrastructure and make it sustainable through increased resource-use efficiency and greater adoption of clean and environmentally sound technologies, Nevel's commitment is to invest in and build advanced utility infrastructure.

Nevel aims to achieve this by:

- working together with industries, real estates and municipalities to create transformation roadmaps
- developing and innovating new concepts
- implementing required infrastructure for energy and material flows, such as steam, heat, industrial-scale cooling and heat recovery, material efficiency solutions and industrial water treatment solutions
- striving to be part of the wider energy and material ecosystem.

"Nevel's environmental ways of working support the UN Sustainable Development Goals 7, 9, 12, 13 and 15, and it strives to achieve sustainable management and efficient use of natural resources."



2.2.1.3 SDG 12 – Responsible Production and Consumption

To achieve sustainable management and efficient use

of natural resources and reduce waste through recycling and reuse, Nevel’s commitment is to develop the sustainability of its energy production and supply-chain management practices, to provide district heating and real estate customers with easy access to energy and a reliable and secure future-proof energy platform, and to enable district heating to be connected to almost any type of power plant and energy source.

Nevel aims to achieve this by:

- increasing the share of renewable energy used
- utilising side streams and excess heat
- minimising waste and widening the energy mix
- investing in and optimising energy efficiency
- increasing the share of certified wood used in energy production
- promoting and increasing understanding of the circular economy.



2.2.2.4 SDG 13 – Climate Action

To take urgent action to combat climate change and its impact and strengthen resilience to

climate-related hazards, Nevel’s commitment is to ensure risk mitigation planning for major natural and environmental disasters, and raise awareness about climate change mitigation.

Nevel aims to achieve this by:

- generating and documenting company-wide or site-specific risk mitigation plans
- educating employees on risks and potential situations requiring crisis management.



2.2.2.5 SDG 15 – Life on Land

To promote sustainable forest management and halt the loss of biodiversity, Nevel’s commitment

is to support the preservation of biodiversity.

Nevel aims to achieve this by:

- working together with our biofuel suppliers and ensuring sustainable sourcing practices
- recognising potential impacts on biodiversity at our production sites and complying with environmental requirements
- driving sustainable practices to safeguard biodiversity at our locations.

"As Nevel works towards achieving a climate-positive future, the path towards decarbonisation includes various development stages."

2.2.2 NEVEL'S PERFORMANCE IN ENVIRONMENTAL RESPONSIBILITY

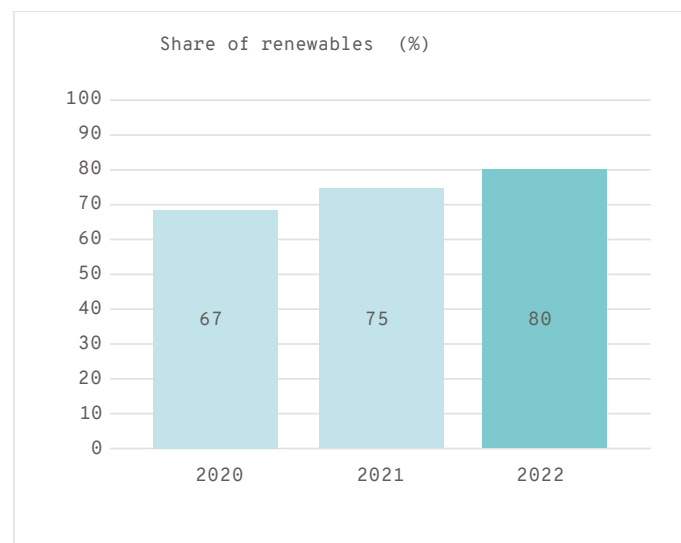
2.2.2.1 Increasing the share of renewable energy

Together with its customers, in 2022 Nevel continued investing in increasing the share of renewable energy, new technologies, optimising energy use, energy efficiency and widening its fuel mix. The share of renewable energy has increased from 75% (2021) to 80%. The share includes new cooperation agreements signed during 2022 – i.e. energy production or circular economy solutions with Puljonki, Elementis and Stora Enso in Finland, and Trioworld and Nordic Paper in Sweden, as well as the use of solid recovered fuel in Nevel's Forssa power plant.

To increase its share of renewable energy in 2022, Nevel:

- invested in renewable energy and optimising fuel use
- reduced the use of peat as fuel
- piloted and implemented new technologies
- widened its fuel mix
- managed and developed fuel procurement.

Share of renewable energy 2020-2022



Share of renewable energy 2020-2022 in Nevel's Real estate solutions business and Industrial business.

SHARE OF RENEWABLE ENERGY (%)	2020	2021	2022
Real estate solutions business	76	83	88
Industrial business	54	63	67

Case: Increasing share of renewable energy in energy production

In Nevel's Haapavesi power plant in Finland, the use of peat as fuel has been considerably reduced. In just a year Nevel reduced the use of peat from 34% to 17%, increasing the share of renewable energy and reducing emissions in the process. In district heating production in Tootsi, Estonia, Nevel switched from peat to wood chips, a positive change in the company's journey towards carbon-neutral heat production. The change enabled the transformation of one of Nevel's largest sites in Estonia with a production of 10,000 MWh per year.

Case: Ensuring solid fuel procurement practices in difficult market conditions

Increasing demand for domestic fuel and rising fuel prices and inflation have impacted the market and put the focus on mitigating the energy crisis. During 2022 Nevel reshaped its fuel sourcing practices and secured fuel supply for the next heating season. During the year, fuel imports from Russia, which accounted for a small share of total fuel use, were discontinued. The fuel mix has been widened to cover new energy sources. A trial run of solid recovered fuel was started in Nevel's Forssa power plant in Finland. Together with Fazer, one of the largest food producers in the Nordics, residuals from a local mill have been turned into briquettes, generating 6 GWh of energy. In addition, wood pellets have been partially replaced by sunflower pellets.

2.2.2.2 Mitigating climate change

During 2022 Nevel continued reducing CO₂ emissions in its Real estate solutions business and in its total energy production, including energy generated in its Industrial business. The CO₂ targets were communicated to Nevel stakeholders. In addition to reducing CO₂ emissions, Nevel developed its risk mitigation practices for major natural and environmental disasters.

2.2.2.2.1 Nevel's total Scope 1 emissions including in new businesses where cooperation agreements signed

In 2022 Nevel's Scope 1 CO₂ emissions were 81 g/kWh. This includes emissions for energy production sites reported in 2021 and new cooperation agreements signed during the year (Puljonki, Elementis and Stora Enso in Finland, and Trioworld and Nordic Paper in Sweden). The table thus presents the CO₂ emissions from all of Nevel's energy production sites by the end of 2022.

CO ₂ EMISSIONS	2020	2021	2022
Direct CO ₂ emissions (Scope 1), t *	266 000	184 640	128 063
Direct CO ₂ emissions (Scope 1), g/kWh sold energy *	166	108	81
Direct CO _{2e} emissions (Scope 1), t *	266 003	184 645	128 070
Direct CO ₂ emissions (Scope 1), g/kWh sold energy *	166	108	81
Direct biogenic CO _{2e} emissions, t	537 957	615 536	634 210
Energy indirect CO ₂ emissions (Scope 2) market based, t **		3 761	3 363
Energy indirect CO ₂ emissions (Scope 2) market based, g/kWh **		164	172

* 2020 and 2021 data does not include company vehicles. The 2022 CO₂ calculation method differs from previous years. The data collection method is described in section 3.1.2.

** data for 2020 not available

2.2.2.2.2 Reaching Nevel's Scope 1 CO₂ emission target and reducing emissions in the Real estate solutions business

As part of Nevel's long-term ambition to become carbon neutral in its Real estate solutions business by 2030, the company's Scope 1 CO₂ total emissions for sold energy compared to the previous year's fleet was 79g CO₂/kWh. Compared to 2021, Nevel's CO₂ Scope 1 total emissions decreased by 27%.

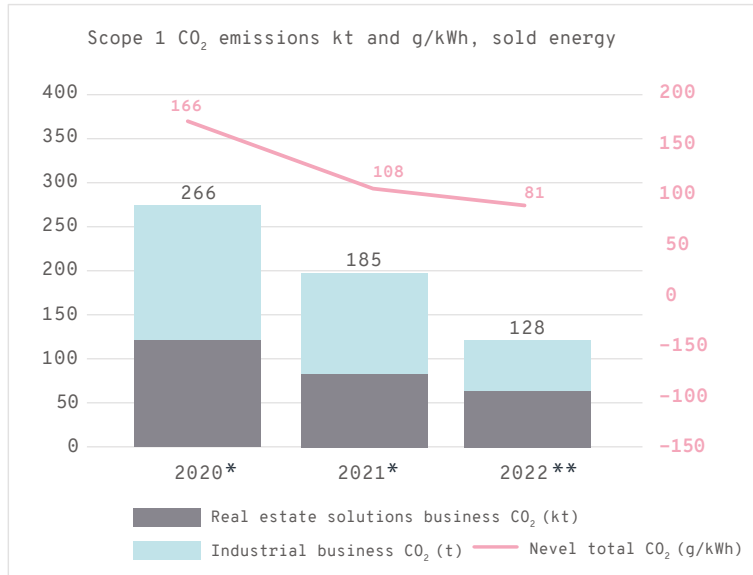
In Nevel's Real estate solutions business CO₂ emissions were 49 g/kWh.

To decrease Scope 1 CO₂ emissions for sold energy in 2022, Nevel:

- decreased use of peat as an energy source in its Real estate solutions business
- invested in modernising heating plants and district heating networks
- implemented operational improvements e.g. flue gas condensers
- implemented balance of plant changes in Lieksa power plant.

Nevel's target for its Real estate solutions business is to achieve carbon neutral production by 2030, where CO₂ emissions are zero.

Scope 1 CO₂ emissions in Nevel's Real estate solutions business energy production and Industrial business.



* The 2022 CO₂ calculation method differs from previous years. The data collection method is described in section 3.1.2.

** Includes 10.3 kt CO₂ from new cooperation agreements signed in 2022 (Puljonki, Elementis, and Stora Enso in Finland, and Trioworld and Nordic Paper in Sweden).

Scope 1 CO₂ emissions 2021–2022 for Nevel's Real estate solutions business energy production and Industrial business.

CO ₂ EMISSIONS (g/kWh, SOLD ENERGY)	2021*	2022
Real estate solutions business	79	49
Industrial business	147	127

* The 2022 CO₂ calculation method differs from previous years. The data collection method is described in section 3.1.2.

Case: Balance of plant changes help reduce CO₂ emissions in Lieksa power plant, Finland
In 2022 the first phase of balance of plant changes were implemented in Nevel's Lieksa power plant in Finland. Once the second phase is implemented in 2023, the main plant will be able to fully adjust heat distribution to industrial and district heating use. The changes will improve energy efficiency and help to optimise energy production. In addition, Nevel has applied for an environmental permit to implement a flue gas condenser at the plant. The flue gas condenser and heat pump will further improve energy efficiency and help reduce emissions.

Case: Successful piloting of biochar production in Nevel's heating plant in Kramfors, Sweden to reduce greenhouse gas emissions
Since 2021 Nevel has been testing and developing a process for producing biochar at its heating plant in Kramfors, Sweden. The purpose is to sequester carbon dioxide to reduce greenhouse gas emissions. The pilot project has exceeded expectations – the changes made in production have yielded positive results, and the demand for biochar is strong. Development of both technology and logistics with the goal of producing biochar will continue. The technology, called pyrolysis, involves combustion in an oxygen-poor environment. In addition to heat, the process produces charcoal, which can be used for soil improvement, among other things.

2.2.2.2.3 Reducing Scope 1 CO₂ emissions together with our industrial customers

During 2022 Nevel continued to work with its industrial customers to support their sustainability targets. The cooperation included building and initiating advanced utility infrastructure concepts and transformation to carbon-neutral operations. In 2022 the Scope 1 CO₂ emissions from its Industrial business were 127 g/kWh, including emissions from the 2021 fleet as well as new cooperation agreements signed during the year serving industrial customers (Puljonki, Elementis and Stora Enso in Finland, and Trioworld and Nordic Paper in Sweden).

2.2.2.2.4 Scope 2 CO₂ emissions

Scope 2 CO₂ emissions are indirect greenhouse gas emissions associated with the purchase of electricity. Nevel's Scope 2 CO₂ emissions were 172 g/kWh in 2022 (164 g/kWh in 2021).

Case: Achieving CO₂ reductions in industrial companies' energy production

Nevel helps customers streamline their energy production and management of side streams to achieve their sustainability targets. Decisions on investments in energy sources used in existing facilities are taken by customers. During 2022, interest towards renewable energy and energy efficiency further increased due to the energy crisis and uncertainty in the market. Nevel helps customers identify fit-for-purpose technologies, generating a transformation roadmap that fits customers' 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.

Case: Utilising excess heat from industrial process in Smålandsstenar, Sweden

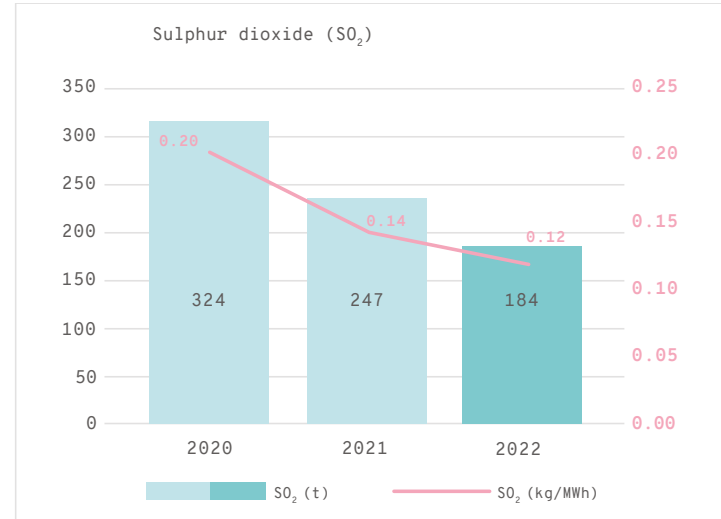
Nevel and Trioworld – a leading polyethylene solutions expert that manufactures packaging and protective film products in Smålandsstenar, Sweden – announced a cooperation to utilise excess heat from Trioworld's production process in the Smålandsstenar district heating network. Trioworld's production process generates a considerable volume of excess heat that otherwise goes unused. The excess heat is expected to cover the requirements of the entire network, thus enabling a circular economy and emission savings. The use of excess heat is expected to begin in the second half of 2023.

"During 2022 Nevel continued reducing CO₂ emissions in its Real estate solutions business and in its total energy production, including energy generated in its Industrial business."

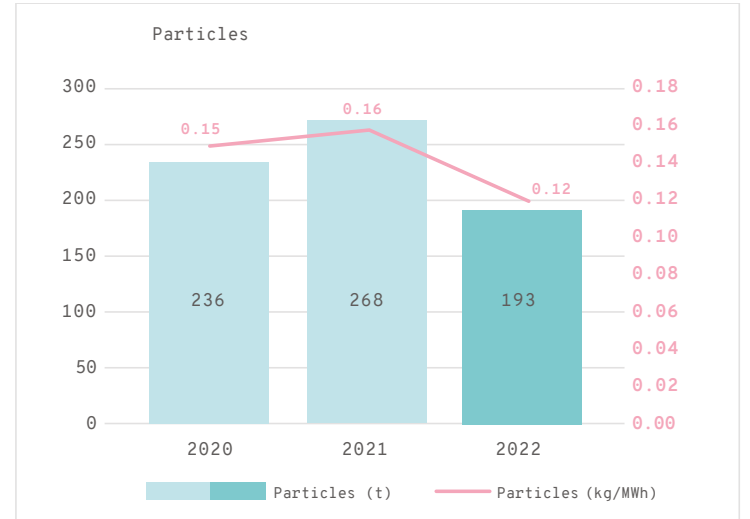
2.2.2.3 Air emissions

Energy production generates emissions to air such as sulphur dioxide, nitrogen oxides and particulates. Regular monitoring and technological reduction measures, such as flue gas condensers, enable Nevel to appropriately control air emissions and their environmental impacts. Air emission limits are set in Nevel's environmental permits, and any exceeding of these threshold limits is reported to the environmental authorities.

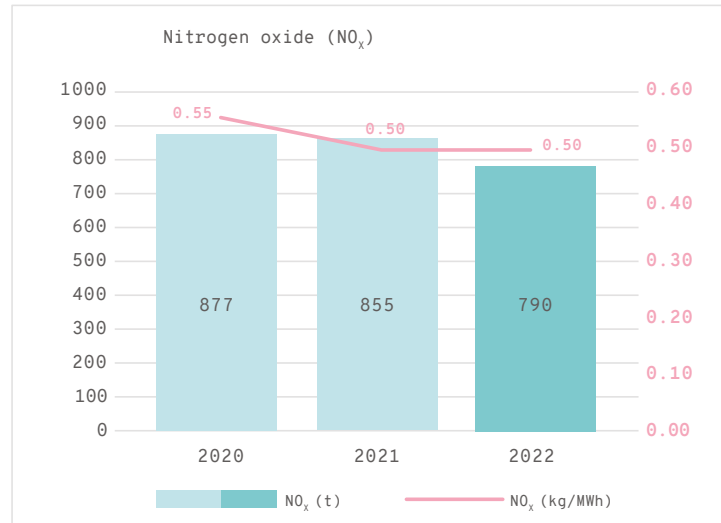
Sulphur dioxide (SO₂) emissions 2020-2022 in tons and kg/MWh sold energy.



Particle emissions 2020-2022 in tons and kg/MWh sold energy.



Nitrogen oxide (NO_x) emissions 2020-2022 in tons and kg/MWh sold energy.



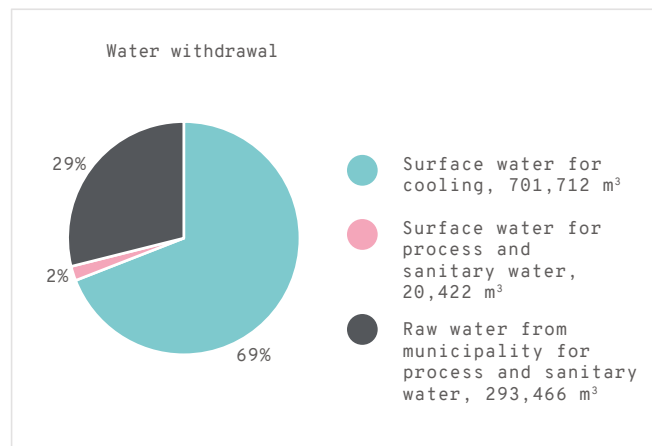
2.2.2.4 Water

Nevel uses surface water mainly for cooling in our combined heat and power plants. Additionally, small amounts of surface water and municipal water are used as process water.

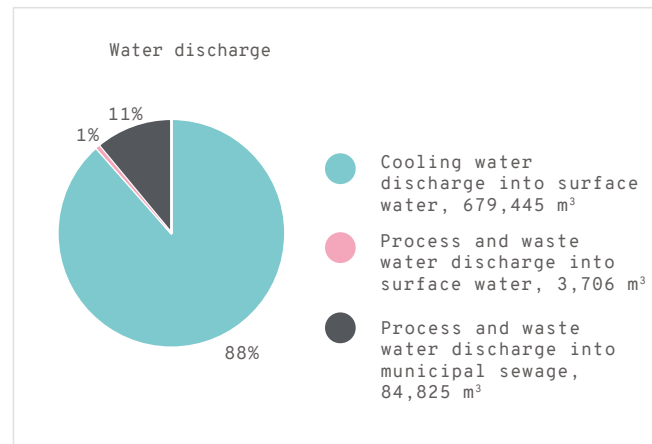
The cooling water is returned to water bodies at a higher temperature but in a chemically unaltered state. Nevel also discharges small amounts of process water and flue gas condensate to water bodies. Wastewater is purified if needed at the plant where it is produced before being discharged into a nearby water system or directed to a municipal wastewater treatment plant for further processing, depending on the water quality. Wastewater may contain solids, nutrients like nitrogen and phosphor, and heavy metals, and can have an impact on local water bodies. Nevel measures and monitors water quality using on-line meters and regular analysis according to the requirements set by legislation, permits and local municipal water treatment plants. In certain areas the impact of our operations on the surface water and groundwater is also monitored.

Nevel assesses local conditions and the company's impact on water bodies in the areas where we operate. We work to reduce water use, limit discharge volumes and minimise the impact on water bodies. For example, in 2022 Nevel was able to reduce the raw water intake of its Forssa power plant by approximately 60% by implementing a closed-loop cooling process for turbine condensate.

Water withdrawal 2022 (% , m³).



Water discharge 2022 (% , m³).



2.2.2.5 Waste

Waste is generated during the operation and maintenance of Nevel's plants. The company's primary goal is to minimise all types of waste generated in its plants. Unavoidable waste is handled in accordance with the waste hierarchy: the first priority is reuse, followed by recycling, energy recovery and finally disposal. Waste is managed within the framework of applicable national laws and regulations. All the waste management service providers Nevel cooperates with are properly licensed waste management companies for the waste in question.

Incineration of solid fuels generates ash, which accounts for the majority of waste from Nevel's energy production. The volumes generated are related to fuel quantities. In 2022, 99% of the ash generated was used as forest fertiliser or in construction, for example road construction or groundworks. Nevel is continuously looking for new uses for ash, including contributing to research projects. Other types of waste generated in Nevel's plants include construction waste, wood waste and waste soil and oils.

Amount of waste (excluding ashes) in tons and recovery rate 2022.

HAZARDOUS WASTE	
Amount of hazardous waste, t	78
Recovery rate, %	36
NON-HAZARDOUS WASTE	
Amount of non-hazardous waste, t	516
Recovery rate, %	91

2.2.2.6 Biodiversity

Nevel supports biodiversity by working together with biofuel suppliers, ensuring sustainable practices in its fuel supply chain. The company uses certified, residual wood that is fit for purpose, recognises biodiversity impacts at its production sites and complies with environmental requirements. Nevel drives sustainable practices to safeguard biodiversity at all its locations.

2.2.2.7 Environmental compliance

Environmental work at Nevel is supported by externally certified environmental management systems. All production sites in Finland and Sweden are ISO 14001 certified. Any companies and businesses with new cooperation agreements signed will be integrated into Nevel's certified management system within a reasonable period of time. Environmental management, risks and operations are reviewed as part of investment decisions such as potential mergers, acquisitions and divestments.

Nevel identifies and systematically monitors changes in regulatory and other requirements that apply to its business and operations. All environmental deviations are addressed to determine corrective and preventive actions. The management team reviews all potential non-compliance and incident cases. Environmental deviations that have an impact on the environment are reported to the relevant authorities. No fines were paid during the reporting period.

Case: Continuous environmental management practices

Nevel utilises an online tool for reporting, tracking and handling safety and environmental observations and deviations and learning from them. The tool is accessible to all employees. Based on an analysis of these environmental observations, in 2022 Nevel issued chemical guidelines that apply to all Nevel sites. The guidelines set a company standard for chemical management. In addition, Nevel conducted 32 safety and environmental assessments at its locations to analyse performance and identify development actions, with the overall objective to increase safety.

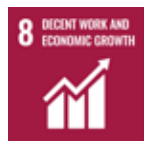
"Nevel supports biodiversity by working together with biofuel suppliers. Environmental work is supported by externally certified environmental management systems."

2.3 SOCIAL RESPONSIBILITY

Nevel has an impact on the wellbeing and lives of thousands of individuals, including employees, customers, suppliers and other members of society. The impact relates to a wide range of areas from products, services and job opportunities to human rights, health and safety, environment, learning, and innovations for the future. The company strives to improve its corporate social responsibility performance in order to enhance the prosperity of communities. Nevel's focus is on developing a strong health and safety culture; investing in utility infrastructure development 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

Nevel's social responsibility work supports the following UN Sustainable Development Goals: 8 – Decent Work and Economic Growth; 9 – Industry, Innovation and Infrastructure; 10 – Reduced Inequalities Within and Among Countries; and 12 – Responsible Consumption and Production.



2.3.1.1 SDG 8 – Decent Work and Economic Growth

To promote safe and secure working environments for all workers, Nevel's commitment is to offer

employees, partners and visitors a safe, healthy working environment and build a strong health and safety culture.

Nevel aims to achieve this by:

- establishing and implementing a common safety culture and standards across the organisation
- continuously improving methods that prevent injuries and accidents and promote wellbeing at work
- utilising employee competence and clear working instructions to identify and mitigate risks and hazards
- protecting labour rights and adhering to anti-corruption principles
- committing to complying with the UN Guiding Principles on Business and Human Rights and Principles of International Labour Organisation (ILO) Conventions as well as OECD Guidelines
- respecting all applicable local collective agreements
- communicating policy commitments to all employees via the company's information management system, both during the induction process and in employee meetings
- promoting good leadership, work-life balance and development opportunities.



2.3.1.2 SDG 9 – Industry, Innovation and Infrastructure

To upgrade infrastructure to make it sustainable with increased resource efficiency and greater adoption of clean and environmentally sound technologies, Nevel's commitment is to help drive sustainable societies.

Nevel aims to achieve this by:

- ensuring security of supply
- investing in the development of utility infrastructure
- promoting and co-creating local circular economies
- enabling a technology-neutral transition to carbon-neutral operations
- working together with customers aiming to transform the energy and utilities supply to be sustainable
- utilising local side streams and minimising waste.



2.3.1.3 SDG 10 – Reduced Inequalities Within and Among Countries

To empower and promote social, economic and political inclusion for all, Nevel's commitment is to promote equal opportunities, good leadership and personal development.

Nevel aims to achieve this by:

- developing the recruitment process and welcoming job applications irrespective of e.g. race, sex, age, physical ability or religion
- developing our leadership practices and supporting our line managers in their work
- enhancing sustainable energy and a just transition – i.e. economic, social and environmental equality in all municipalities where Nevel is present, not only in the biggest cities.



2.3.1.4 SDG 12 – Responsible Production and Consumption

To help customers adopt sustainable practices and integrate sustainability information into their reporting, Nevel's commitment is to cooperate with them to achieve a climate-positive future and support them with their transformation efforts and plans.

Nevel aims to achieve this by:

- implementing transformation together with customers to help them achieve their sustainability targets
- promoting sustainable utility infrastructure development by utilisation of renewable energy and side streams and co-creation of circular economies
- promoting responsible and sustainable sourcing of biofuel
- supporting customers with reporting practices and providing transparency to Nevel's own sustainability performance.

2.3.2 SOCIAL RESPONSIBILITY PERFORMANCE

2.3.2.1 Health and safety

Nevel's top priority with regard to its employees is their health and safety and driving a zero-injury mindset. The development focus is on building a safety culture and utilising preventive safety measures such as risk assessments, safety walks, and audits and observations as well as implementing safety discussions as part of our routines and ways of working. All employees have access to Nevel's safety and environmental case handling system.

The process for reporting work-related hazards or hazardous situations is to submit a written observation or a near miss or hazard report to Nevel's safety and environmental case handling system; this information will be analysed and potential corrective actions identified. In more severe cases, an investigation will be conducted based on an assessment of the case, following the incident investigation process. Investigation of potential incidents is performed within 7–30 days of the incident occurring based on the incident type and its categorisation level using selected tools and documents. As part of this process, root causes, learnings and improvements are identified. The reporting of cases is encouraged at operational meetings and in discussions with employees. According to Nevel's safety principles, all employees have a duty to stop unsafe work. A whistleblowing channel is available for anonymous reporting.

During 2022 Nevel improved its safety performance. The total recordable incident frequency (TRIF) was 8.2, including three lost workday injuries and one medical treatment case. The reported cases were related to slips and trips or chemical handling-related hazards. TRIF tracks the number of incident cases vs. hours worked by both Nevel employees and subcontractors. Investigations were conducted for all injuries and corrective actions taken. Cases and learnings were analysed and discussed at employee meetings, resulting in improvement actions for the whole organisation such as improving risk assessments and inductions as well as ensuring the correct use of protective gear. The number of observations made grew by 22% from the previous year and the number of preventive risk assessments was 12 times higher than the previous year. A total of 32 internal site safety assessments were conducted to evaluate safety performance.

Company-wide safety standards were further developed by issuing common guidelines for incident investigation, crisis communications, partner safety and visitor safety. Safety training was organised, for example, on conducting preventive risk assessments and managing incident investigations. A crisis management exercise was carried out in Finland. Safety eLearning modules were published for employees and partners and a whistleblowing channel was launched on the Nevel website.

Nevel is part of the Great Place To Work® employee programme through its annual Trust Index Survey™. The programme gives employees the opportunity to provide feedback and influence their working culture. In 2022 an 83% response rate was achieved in the survey, which helps to quantify the Nevel company culture and increases employee engagement. The Trust Index was 69, an improvement from the previous year's score of 66. As part of this programme, in 2022 Nevel began using the HeiaHeia platform to promote health and wellbeing at work and facilitate social engagement among its employees.

Nevel continued recruiting and developed the defining principles of its company culture. The company culture and strategy were the focus of employee events held in September. Regular employee meetings were conducted, including occupational health and safety (OHS) forums and development discussions, which provide a platform for managing individual targets and performance. During 2022, the occupational health and safety forum in Sweden was organised quarterly along with two central OHS committee meetings. The chairman for the central committee is Nevel's Managing Director. In Finland the OHS met six times, with an occupational health and safety representative present at three of those meetings. The wellbeing group met twice in 2022 and the meetings included representatives from human resources along with stewards and occupational health and safety representatives. Nevel

provides an occupational health service for all its employees, managed by the human resources function.

2.3.2.2 Equal opportunities, good leadership and personal development

In 2022 Nevel developed its recruitment process by implementing a new recruitment tool. Key processes related to personnel were described in the Nevel management system IMS to support line manager work and enable transparency within the organisation. To support new line managers joining Nevel, inductions were provided including company-wide leadership principles, processes and tools. In Sweden, training modules were held to further support line managers and ensure that they understand their responsibilities, obligations and rights.

2.3.2.3 Circular economy

To enhance the circular economy in Forssa, Finland, Nevel took a decision to start the use of solid recovered fuel (SRF) in its Forssa power plant, and progressed with operational changes to the plant. Test use of SRF was started in December. The SRF share will be increased gradually to 20–50% in the coming years. SRF utilises processed industrial and construction waste for heating and creates favourable conditions for expanding the cooperation of Forssa's energy and circular economy cluster.

During 2022 Nevel acquired Åmotfors Energi in Sweden. Åmotfors Energi produces steam, heat and electricity and offers energy-recovery services. The energy is distributed mainly to Nordic Paper's Åmotfors Kraft paper production mill and to the district heating network of Eda municipality. Energy is produced through the incineration of household waste sourced from nearby municipalities in Sweden and in Norway, supporting the local circular economy. Nevel will provide dedicated support to Nordic Paper's development at the site. With the acquisition of Åmotfors Energi, Nevel provides continuity to the energy supply and supports the reduction of the climate impact of energy generation. The companies have a joint ambition to improve energy efficiency and reduce CO₂ emissions.

Nevel has contributed to a technology-neutral transition to the circular economy for its customers. During 2022 a cooperation agreement was signed with Puljonki Oy to build a biogas plant, process by-products and produce steam in Juuka, Finland. The aim is to achieve annual CO₂ emission reductions of up to 1,900 tonnes. Construction has begun and the plant is scheduled to begin operating in 2023. The project has received funding from the Finnish Ministry of Economic Affairs and Employment.

A cooperation agreement between Nevel and Stora Enso Veitsiluoto Oy ensures continuity of the energy infrastructure services and investments at the Veitsiluoto site, with the aim of reducing emissions from heat production. As part of the agreement, Nevel provides the district heating service for local households and real estate. Nevel has also signed a contract to supply energy to Stora Enso's Veitsiluoto sawmill. Nevel is investing in a new 11 MW bioboiler plant, flue gas condenser and heat pump at the sawmill, which will reduce emissions. Work on the plant began in 2022 and the first casting of the foundations has been completed. In addition, Nevel has expanded the district heating network in the area to provide industrial companies with improved access to district heating and to help them develop their energy efficiency.

During 2022, Trioworld and Nevel announced the start of a cooperation agreement in Sweden to utilise excess heat from Trioworld's production process, supporting the circular economy and enabling emission savings. Elementis and Nevel announced a partnership concerning the electrification of the talc drying process at the Sotkamo Talc Concentration Plant in Finland, with estimated annual emissions savings of 5,800 tons. In municipalities, we have ensured paths towards fossil-free energy production, enabling a just transition to decarbonisation in all municipalities where Nevel is present, not only in the biggest cities.

One of the key municipal initiatives in 2022 was the expansion of the district heating network in Gnosjö, Sweden. The new Nevel installation in Gnosjö is enabling a change to renewable energy sources, and the collaboration between Gnosjö municipality and Nevel reduces carbon dioxide emissions by 2,700 tons/year. The district heating network has been expanded to guarantee heat deliveries and to meet customers' increasing needs.

2.3.2.4 Fuel sourcing

During 2022 Nevel continued the development of its fuel sourcing practices in cooperation with its fuel suppliers with a focus on reducing the use of fossil fuels such as peat and increasing the share of residual wood. Due to the energy crisis and difficult market circumstances, Nevel reshaped its fuel sourcing practices and secured fuel supply for the next heating season. During the year Nevel discontinued fuel imports from Russia, which accounted for a small share of total fuel use. The fuel mix has been widened to cover new energy sources. One example of a new initiative is the testing of solid recovered fuel (SRF) at Nevel's Forssa power plant in Finland, enabling a local circular economy. Together with Fazer, residuals from a local mill have been turned into briquettes, generating 6 GWh energy. In addition, wood pellets have been partially replaced by sunflower pellets.

"Nevel has contributed to a technology-neutral transition to the circular economy for its customers."

2.4 GOVERNANCE

2.4.1 SUSTAINABLE DEVELOPMENT GOALS

Our work on governance supports UN Sustainable Development Goal 16.



2.4.1.1 SDG 16 – Promote peaceful and inclusive societies for sustainable development.

To promote peaceful and inclusive societies for sustainable development and develop effective, accountable and transparent institutions, Nevel's commitment is to become a sustainable and transparent corporate citizen in all locations where the company operates and to ensure compliance in its business and operations.

Nevel aims to achieve this by:

- following the rules and regulations defined by the Articles of Association and the Finnish Limited Liability Companies Act and respective laws and regulations in Sweden and Estonia
- maintaining its governance structure and developing its management system and processes to fulfil the company's obligations
- communicating policy commitments to all employees

- educating all employees to have high ethical standards and requiring them to adhere to the company's code of conduct in all their work
- conducting proactive dialogue with local communities
- implementing and developing sophisticated risk management practices
- regular assessment and reporting of our sustainability practices
- monitoring our business performance.

2.4.2 NEVEL'S GOVERNING BODIES

The Board of Directors (the Board) of the parent company Nevel Oy is Nevel's highest governance body. The members of the Board are nominated at the Nevel Oy shareholders meeting. As Nevel is owned by a sole shareholder, the processes and policies regarding nominations of that shareholder are followed. The Board consists of directors of the shareholder as well as independent members appointed by the shareholder.

In accordance with Finnish corporate law, the Board of the parent company Nevel Oy has roles and duties as the highest governance body of the organisation. According to the Companies Act (Finland), the Board shall be responsible for the administration of the company and the appropriate organisation of its operations (general competence). The Board is responsible for the appropriate arrangement of the control of the

company accounts and finances. The Board nominates the Managing Director of Nevel and approves the company strategy.

The Board is assisted in the discharge of its responsibilities by four committees: the Audit Committee, the ESG Committee, the Investment Committee and the Remuneration and Nomination Committee. The committees consist of Board members and are assisted by the senior executives of Nevel. Through the Board and committee work the Board approves or oversees the approval and implementation of various corporate policies such as the Code of Conduct and the Whistleblowing Policy. The Board evaluates its performance through an annual self-evaluation. The outcomes of this evaluation inform the development actions. During 2022 the Board met eight times.

The Board applies the Companies Act (Finland) and other corporate laws regarding conflicts of interest. The Legal Director of Nevel acts as the secretary of the Board and in that role monitors the prevention and mitigation of conflicts of interest between the organisation and the members of the Board or the Managing Director as well as those concerning different stakeholders. The members of the Board are required to recognise any conflicts of interest and at their own initiative to exclude themselves from decision-making in the event that a conflict of interest would exist. On an operative level, conflicts of interest are prevented and mitigated

by the Code of Conduct, which all employees of the company are committed to and required to comply with, and which is communicated to them at least on an annual basis.

The Board ensures the enhancing of sustainability competences via the work of the ESG Committee and close cooperation with the management team. The Board approves Nevel's sustainability report. The goals related to sustainable development are reported to the Board as part of the monthly management report, and the ESG Committee is convened at least six times a year to oversee the establishment and implementation of Nevel's sustainable development. The reporting covers critical concerns, which during 2022 included the energy crisis, with increasing inflation and fuel costs impacting the business and customers, as well as two whistleblowing cases.

The management team implements the business plan and the strategic and sustainability objectives approved by the Board as well as making investment decisions within its authorisation.

2.4.3 NEVEL'S PERFORMANCE IN GOVERNANCE

2.4.3.1 High ethical standards

Following the code of conduct helps Nevel to promote fair business practices and shows that the company expects the same from its business partners and all other stakeholders in its value chain. The Nevel code of conduct is part of employees' employment contracts and part of the induction process.

During 2022 Nevel launched a whistleblowing channel to foster high ethical standards, practice state-of-the-art risk management and ensure the uncompromised compliance of its business and operations. The whistleblowing channel is an anonymous channel for reporting suspicions of misconduct and is available in the local language in all markets where Nevel operates.

2.4.3.2 Transparent and accountable governance and uncompromised compliance

In 2022 Nevel's management system was further developed to respond to business requirements and enhance the governance model. 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) standards.

A training programme was provided to enable Nevel employees to join a network of internal auditors. Auditors learn auditing methodology, understand the requirements of management system standards and deepen their knowledge of the Nevel management system. In 2022 a total of 15 new internal auditors successfully completed the programme.

Independent partner PWC examined Nevel's sustainability programme to assess the company's sustainability positioning against priority UN Sustainable Development Goals (SDGs). The assessment provided benchmarks and recommendations for further development of the programme. Nevel's first sustainability report was published in April 2022 and is available on the Nevel website.

2.4.3.3 Sophisticated risk management

During 2022 Nevel followed the principles of the company's risk management work, the aim of which is to identify, measure and manage risks, which, if realised, could jeopardise the company's operations and the achievement of the set goals. In doing this Nevel aims to achieve comprehensive risk mapping and management.

An assessment of the enterprise risk management model was carried out to validate identified risks related to potential changes in the regulatory environment, development and potential uncertainties. A high-impact risk assessment on environmental, safety and social issues was conducted in early 2022 and an updated review carried out at the end of 2022.

"During 2022 Nevel launched a whistleblowing channel to foster high ethical standards, practice state-of-the-art risk management and ensure uncompromised compliance."

3 Reporting principles and GRI

3.1.1 THE PRINCIPLES OF REPORTING METHODS

Nevel's Sustainability Report 2022 is in accordance with the Global Reporting Initiative (GRI) topic-specific standards presented in the table below.

This means that our reporting covers all the General Disclosures, as well as the topic-specific standards we deem material.

The report includes an EU Taxonomy eligibility assessment. The reporting period is 1 January 2022 to 31 December 2022. Additional information about the report can be requested from Nevel's Director of Sustainability.

3.1.2 DATA COLLECTION AND CALCULATION METHODS

Nevel's reported Scope 1 CO₂ emissions include direct emissions from energy production and the small amount of emissions generated through the use of company vehicles. Scope 2 emissions are generated from purchased electricity. In addition to CO₂ the CO₂ equivalent emissions (CO_{2e}) include methane (CH₄) and nitrous oxide (N₂O). All CO₂ emissions are calculated based on the guidance provided by the Greenhouse Gas Protocol using CO₂ statistical emission factors provided by Finnish Statistics and Naturvårdsverket. For CH₄ and N₂O the emission factors are from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. In 2022 the CO₂ emissions calculation method was specified in terms of determining the amount of solid fuel, hence calculated CO₂ emissions are not directly comparable for previous years. Scope 2 emissions are calculated using the market-based method (GHG protocol).

The reported air emissions (nitrogen oxide, sulphur dioxide and particulate matter) are based on continuous measurements or calculated using fuel consumption data and specific emission factors based on periodic measurements. Water withdrawal, water use and water discharge volumes are based on measurements and estimates of water consumption, and volumes of ash, non-hazardous and hazardous waste are based on information provided by the waste management companies.

3.1.3 GRI content index

Statement of use	Nevel Oy has reported the information cited in this GRI content index for the period 1 January to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Reporting covers all General Disclosures, as well as the Topic-Specific Standards that Nevel deem material.

GRI standard	Disclosure	Section	Notes and/or omissions
General Disclosures			

GRI 2: General Disclosures 2021	2-1 Organisational details	1.1.1, 1.1.3	
	2-2 Entities included in the organization's sustainability reporting	1.1.2	
	2-3 Reporting period, frequency and contact point	1.1.2 3.1.1	
	2-4 Restatements of information	3.1.1	
	2-5 External assurance	1.1.2	
	2-6 Activities, value chain, and other business relationships	1.1.3	
	2-7 Employees	1.1.1 1.1.3	
	2-8 Workers who are not employees	1.1.3	

	2-9 Governance structure and composition	2.4.2	<u>Nevel governance</u>
	2-10 Nomination and selection of the highest governance body	2.4.2	
	2-11 Chair of the highest governance body	2.4.2	<u>Nevel governance</u>
	2-12 Role of the highest governance body in overseeing the management of impacts	2.4.2	
	2-13 Delegation of responsibility for managing impacts	2.4.2	
	2-14 Role of the highest governance body in sustainability reporting	1.1.2	
	2-15 Conflicts of interest	2.4.2	
	2-16 Communication of critical concerns	2.4.2.	
	2-17 Collective knowledge of the highest governance body	2.4.2.	
	2-18 Evaluation of the performance of the highest governance body	2.4.2	
	2-19 Remuneration policies		Confidentiality constraints
	2-20 Process to determine remuneration		Confidentiality constraints
	2-21 Annual total compensation ratio		Confidentiality constraints

2-22 Statement on sustainable development strategy	1.1.4	
2-23 Policy commitments	2.3.1.1	<u>Nevel Code of Conduct</u> ; Corporate responsibility policy will be made available to the public during 2023.
2-24 Embedding policy commitments	2.1 2.3 2.4	
2-25 Processes to remediate negative impacts	1.1.3.1	
2-26 Mechanisms for seeking advice and raising concerns	2.3.2 2.4.2 2.4.31	<u>Nevel whistleblowing channel</u>
2-27 Compliance with laws and regulations	2.2.2.7	
2-28 Membership associations	1.1.3.1	
2-29 Approach to stakeholder engagement	1.1.3	
2-30 Collective bargaining agreements	1.1.3.1	

Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.1.3.2	
	3-2 List of material topics	1.1.3.2	
	3-3 Management of material topics	2	
GRI 300 Environmental responsibility			
GRI 303: Water and Effluents 2018			
GRI 303: Water and Effluents 2018	303-1 Interaction with water as a shared resource (Topic management disclosure)	2.2.2.4	Water-related goals under development.
GRI 305: Emissions 2016			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	2.2.2.2 3.1.2	
	305-2 Energy indirect (Scope 2) GHG emissions	2.2.2.2 3.1.2	
	305-4 GHG emissions intensity	2.2.2.2	
	305-5 Reduction of GHG emissions	2.2.2.2	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	2.2.2.3 3.1.2	Emissions of POP, VOC and HAP are not reported because they are not significant for Nevel's plants.
GRI 306: Waste 2020			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts (Topic management disclosure)	2.2.2.5	
	306-2 Management of significant waste-related impacts (Topic management disclosure)	2.2.1.3 2.2.2.5	

GRI 400 Social responsibility			
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	
	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	
	403-5 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	Three lost workday injuries and one medical treatment case. No fatalities. Number of working hours combining own employees and contractors:486,201.
	403-10 Work-related ill health	2.3.2.1	Work-related hazards that pose a risk of ill health are considered as part of risk assessments. Regular workplace inspections by occupational healthcare. No work-related ill health cases.