

nevel

**Nevel sustainability
report 2023**

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1 Introduction

1.1 REPORTING BACKGROUND

This annual sustainability report provides an overview of key events and performance across all entities and markets where Nevel operates. In 2023, these included Nevel Oy, Nevel AB, Nevel OÜ, Nevel Åmotfors AB, Nevel Pori Oy, Viitasaaren Lämpö Oy 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 impact of operating Nevel's Pori and Forssa biogas plants, acquired in October 2023, has not been included in environmental performance (3.1.2) reporting.

The report is approved by the Board of Directors and published annually 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.



1.2 CEO REVIEW

Progress towards a responsible energy system and climate-positive growth

I am very grateful for the progress we have made in 2023 and would like to express my sincere thanks to our stakeholders and Nevel employees for the contribution they have made to our achievements during the year. Their continued resilience and drive to ensure sustainable energy production under all circumstances is admirable, as is their continued commitment to our shared vision, developing utility infrastructure towards climate-positive growth.

In 2023 we ensured security of energy supply under challenging market conditions. Our target is to ensure sustainable energy production taking into consideration economic, social and environmental impacts. This includes minimising negative side-effects and driving energy availability. We invested in enhancing circular economies and widening our mix of energy sources. The Åmotfors waste-to-energy plant successfully completed its first full year of operation under Nevel ownership, and we acquired new biodegradable materials processing business. In addition, we increased the share of

solid recovered fuel used in our Forssa power plant in Finland. Our utility infrastructure platform is providing wider opportunities for our customers ranging from sustainable energy to material efficiency solutions. Finally, we have progressed in upgrading our utility infrastructure to meet increasingly demanding environmental and legislative requirements, conducted efficiency improvements and continuously improved the lifecycle performance of our assets.

In 2023 the energy crisis impacted the availability and price of biofuels, especially in the Nordic markets. The United Nations COP28 climate summit in 2023 concluded with the adoption of an agreement for the phasing out of fossil fuel. In a challenging global economy, it is important to see the signals of a brighter future and have a joint long-term commitment. At Nevel we see the energy system of the future as a responsible one, with a wide mix of sustainable energy sources, material circularity and use of technologies driving optimal living and operating conditions.

We continue our efforts to drive climate-positive growth, providing opportunities for industries, municipalities, real estate owners and all our stakeholders. Our ambition is to achieve carbon-neutral energy production across our businesses together with our customers. The challenging circumstances impacting the energy market remain, and our hard work and cooperation with our customers and stakeholders to reach our shared goals continues.

Thomas Luther, CEO



"We continue our efforts to drive climate-positive growth, providing opportunities for industries, municipalities, real estate owners and all our stakeholders."



1.3 2023 KEY OUTCOMES

Decarbonisation – the core of Nevel's sustainability strategy

As Nevel works towards achieving a climate-positive future, the path towards decarbonisation and carbon neutrality consists of investments in and the adoption of new technologies, widening the mix of energy sources and building local circular economies that help side streams to be used as an energy source for the benefit of society.

Nevel is committed to achieving Scope 1 carbon neutrality in its Real Estate solutions business by 2030 and to transforming and decarbonising industrial customers' energy value chains.

During 2023, Scope 1 emissions intensity per unit of sold energy continued to decrease in Nevel's Real Estate solutions business, falling by 8%.

Nevel's total Scope 1 emissions intensity per unit of sold energy increased from 81 g CO_{2e} / kWh to 88 g CO_{2e} / kWh. The main reasons behind the increase were acquiring new business with the ambition to decarbonise and transform to carbon neutrality, growth in waste-to-energy production, changes in energy sources and a widening of the energy mix.

In Nevel's Industry business, growth is evidenced through contracted and planned emissions reductions, which in 2021–2035 are 115 kt CO_{2e}. The estimated avoided emissions of Nevel's total energy production was 94 kt CO_{2e} in comparison

to 92 kt CO_{2e} in the previous year. Compared to the previous year, Nevel's Scope 2 emissions decreased by 5%.

Security of supply – enabling a just transformation and supporting sustainable societies in the Nordics

During 2023 the global economy, and energy markets in particular, continued to be impacted by the war in Ukraine. The energy crisis significantly impacted the availability and cost of fuel, particularly biofuel. These factors have somewhat impacted Nevel's decarbonisation goals, for example by increasing the need to use peat as an energy source. Industries such as the forest sector have experienced a slowdown, which has impacted the availability of forest residuals used as biofuel. The demand for biofuel grew during 2023, and Nevel has taken several measures to adapt to the changing circumstances.

To enable a just transformation and taking into consideration social, economic and environmental perspectives, Nevel's focus in 2023 was on ensuring security of supply in energy production and distribution, managing the supply chain, enhancing and investing in circular economies, widening the fuel mix and energy sources including new technologies such as electrification, and continuing to collaborate closely with customers. In 2023 energy prices increased due to market circumstances.

Circular economy – an increasingly important solution for decarbonisation

To address current market challenges while ensuring energy and material circularity, increasing the use of waste heat and energy, and reducing waste, Nevel has invested in upgrading its utility infrastructure to fulfil its sustainability mission, achieve its decarbonisation ambitions and proactively enhance compliance in anticipation of more demanding regulatory requirements and market expectations. In line with its strategy, Nevel has expanded its business with material circularity solutions at its biogas plant in Juuka, Finland and acquired two additional biogas plants in Forssa and Pori, Finland. In 2023, the investments in biogas business were EUR 41.7 million. Nevel's utility infrastructure platform provides wider opportunities for our customers.

Health and safety – protecting people and assets, and providing a reliable supply to customers

Nevel's robust approach to health and safety supports the implementation of the company's strategy, protecting Nevel employees as the business grows and ensuring asset availability and reliability for the company's customers. Nevel is committed to building a healthy and safe working environment with a zero-injury principle. In 2023 the total recordable incident frequency rate (TRIFR) was 9.5 (8.2 in 2022), exceeding the set target (6). This represents a negative development compared to the positive trend seen in 2020–2022. Corrective actions are being taken to address this issue. In 2023 Nevel improved its preventive measures safety performance. Nevel performed a record number of safety and environmental observations and preventive risk assessments in 2023. The company also implemented regular fire safety assessments across all markets and businesses. Safety continues to be our priority, and our ambition is to fully implement this preventive approach to safety with all suppliers and contractors who support our business.

1.4 EU REGULATORY REPORTING

Nevel is preparing for reporting in line with the EU Corporate Sustainability Reporting Directive (CSRD). The obligation for Nevel commences in 2026 based on data from the 2025 fiscal year. Nevel has been gradually developing its assessment and reporting approach in order to respond to regulatory and stakeholder needs as well as increase transparency. The selected reporting criteria support this development. Since 2021, Nevel has been reporting its Scope 1 and 2 CO₂ emissions. In addition, Nevel is developing an approach for Scope 3 emissions. In 2024 Nevel plans to conduct a double materiality assessment.

In regards to the EU Taxonomy, an eligibility assessment has been conducted for the second year in a row. In 2023 Nevel expanded the scope of its EU Taxonomy eligibility assessment to include Capex and Opex in addition to revenue.

The next step of the taxonomy assessment, including taxonomy alignment, is being prepared. A minimum social safeguards assessment was conducted for the first time.

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

For a business activity to be considered eligible under the EU Taxonomy, it must be able to be demonstrated that the activity contributes to at least one of the following six environmental objectives as defined by the regulation:

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

Climate change mitigation and climate change criteria, were published June 2021 and the four other environmental objectives in June 2023. For Nevel, taxonomy-eligible business activities were identified with the support of an external consultant. Nevel recognised economic activities under climate change mitigation. Activities were evaluated according to the descriptions of each economic activity at a production-unit level.

"Nevel has been gradually developing its assessment and reporting approach in order to respond to regulatory and stakeholder needs as well as increase transparency."

Nevel's identified EU Taxonomy-eligible activities are:

- 4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids
- 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.
- 5.6 Anaerobic digestion of waste
- 5.7 Anaerobic digestion of bi-waste

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.

The taxonomy eligibility 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 three financial indicators (turnover, capital expenditure (Capex) and operating expenditure (Opex) were calculated for 2023. The taxonomy eligible activities proportion of turnover were 43%, 67% of capital expenses and 42% of operating expenses.

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

Nevel's EU Taxonomy-eligible economic activities 2023

Economic activities	Absolute turnover EUR (million)	Proportion of turnover (%)
Taxonomy eligible activities	57,9	43 %
Taxonomy non-eligible activities	75,7	57 %
Total	133,7	100 %
	Absolute Capex EUR (million)	Proportion of Capex (%)
Taxonomy eligible activities	44,9	67 %
Taxonomy non-eligible activities	22,0	33 %
Total	66,9	100 %
	Absolute Opex EUR (million)	Proportion of Opex (%)
Taxonomy eligible activities	1,4	42 %
Taxonomy non-eligible activities	2,0	58 %
Total	3,4	100 %

1.5 COOPERATION WITH STAKEHOLDERS AND MATERIALITY 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.

Based on a materiality assessment, 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 including access to energy; employee engagement and talent attraction; supply chain; health and safety; environment; climate change, and local economic and social footprint. The company strives to improve its corporate social responsibility performance in order to enhance the prosperity of communities.

1.5.1 COOPERATION WITH STAKEHOLDERS

Employees

At the end of 2023 Nevel had a total of 196 employees. Nevel employs a number of subcontractors who provide services for projects and sites, mainly for operations and maintenance work. In 2023, the number of subcontractors

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 Nevel complies with all applicable collective bargaining agreements. Ninety one percent of Nevel employees are covered by a collective bargaining agreement. All Nevel Oy employees in Finland and Nevel AB employees in Sweden 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 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.

Headcount, 31.12.2023

Employees	Total	Female	Male	Other
Country				
Finland		18 (21)	107 (88)	0 (0)
Sweden		12 (11)	54 (57)	0 (0)
Estonia		0 (0)	5 (5)	0 (0)
Total	196 (182)	30 (32)	166 (150)	0 (0)
Permanent employees	191 (175)	29 (29)	162 (146)	0 (0)
Temporary employees	5 (7)	1 (3)	4 (4)	0 (0)

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 and local circular economies. 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 conceiving, design, construction, 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 recovered back into production.

Suppliers and subcontractors

Together with its approximately 2,500 suppliers and subcontractors, Nevel aims to build partnerships that are focused on enhancing the transparency and sustainability of the 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, management procedures and a whistleblowing system.

1.5.2 MATERIALITY ASSESSMENT

Nevel's materiality assessment 2023 guides the company's sustainability work. The assessment was based on a broader annual sustainability engagement campaign, the purpose of which was to assess the company's sustainability performance and maturity. The assessment was conducted by independent partner PwC and based on key material environmental, social and governance (ESG) risks and opportunities of Nevel's activities.

The materiality assessment reinforces Nevel's underlying sustainability strategy and key focus areas, which are climate change, health and safety, environmental compliance and a sustainable supply chain. A double materiality assessment will be conducted in 2024 in preparation for the EU Corporate Sustainability Reporting Directive (CSRD).

Based on the findings of the assessment, the main ESG risks can be summarised as follows:

- Exposure to occupational accidents is dependent on the health and safety culture embedded across the company and how formalised it is.
- Reputational damage could be caused by poor ESG performance by suppliers.

- Legal fees, penalties and fines could be incurred as a result of failing to comply with environmental regulations.
- Stringent emission reduction requirements can lead to large capex and opex costs.

The main ESG opportunities can be summarised as follows:

- Strengthen health and safety culture and employee/subcontractor accountability.
- Map ESG risks across the supply chain and define ESG criteria.
- Formalise environmental compliance policy.
- Conduct a comprehensive carbon footprint assessment.

The company aims to further develop these sustainability themes within its strategy and business operations. Nevel's ESG targets and procedures are followed up through a sustainability 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.

2 Strategy

2.1 COMPANY BACKGROUND

HELPING PEOPLE, COMMUNITIES AND BUSINESS PROSPER THROUGH CLIMATE-POSITIVE GROWTH

Nevel's future-proof industrial and real-estate solutions support the creation of local circular economies and drive climate-positive growth. Our solutions for industries, municipalities, real-estate businesses and households help to achieve carbon neutrality and enhance quality of life and competitiveness.

Nevel operates more than 130 energy production sites and manages over 40 district heating networks. The company is headquartered in Helsinki, Finland. At the end of 2023, Nevel's turnover was approximately EUR 136 million and the company employed 196 experts in Finland, Sweden and Estonia. The legal name of the company is Nevel Oy. The company is an unlisted private company.

2.2 STRATEGY

We are a trusted utility infrastructure partner

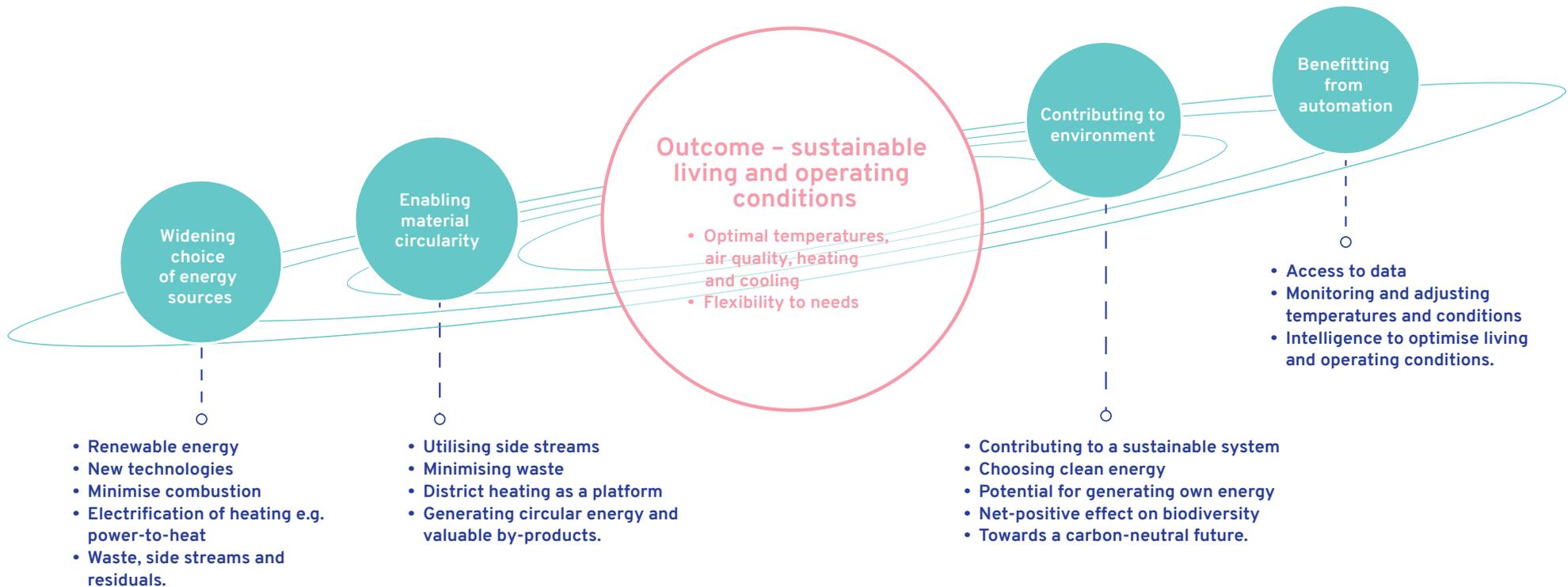
We work together with our customers and stakeholders to support both the transformation of utility infrastructure towards a carbon-neutral future and our customers' sustainability targets.

The energy system of the future must be a responsible one, with a wide mix of sustainable energy sources, material circularity solutions and technologies securing optimal living conditions for society and operating conditions for business.

"Nevel's solutions for industries, municipalities, real-estate businesses and households help to achieve carbon neutrality and enhance quality of life and competitiveness."

Towards a responsible and circular energy system

Future energy system will be responsible, smart and flexible. There are several sources of energy, and several ways of consuming energy. Energy and material generate a circular system and a platform. Data is available, choice can be made between various options.



We build next-level utility infrastructure

We are committed to building next-level utility infrastructure and upgrading existing infrastructure to make it more resource efficient using clean, environmentally sound technologies.

Using our advanced digital operations and maintenance platform and state-of-the-art remote operations platform, we build a strong and well-developed asset portfolio that leverages the full value of performance data to ensure continuous improvement.

We work together with industries, real estate owners and municipalities to create and implement transformation roadmaps that help them to plot a clear path towards a climate-positive future.

Making carbon neutrality a reality for real estates and businesses

We are committed to achieving Scope 1 carbon neutrality in our Real Estate solutions business by 2030 and to transforming and decarbonising the energy value chains for our Industry business customers.

The path towards decarbonisation and carbon neutrality consists of investing in and adopting new technologies and widening the energy mix, gradually scaling down Scope 1 emissions to zero. As we progress along this path, fossil fuels will gradually be replaced by renewables, side streams, waste and heat recovery. We are also investing in non-combustion heating solutions such as power-to-heat.

Building a climate-positive future one step at a time

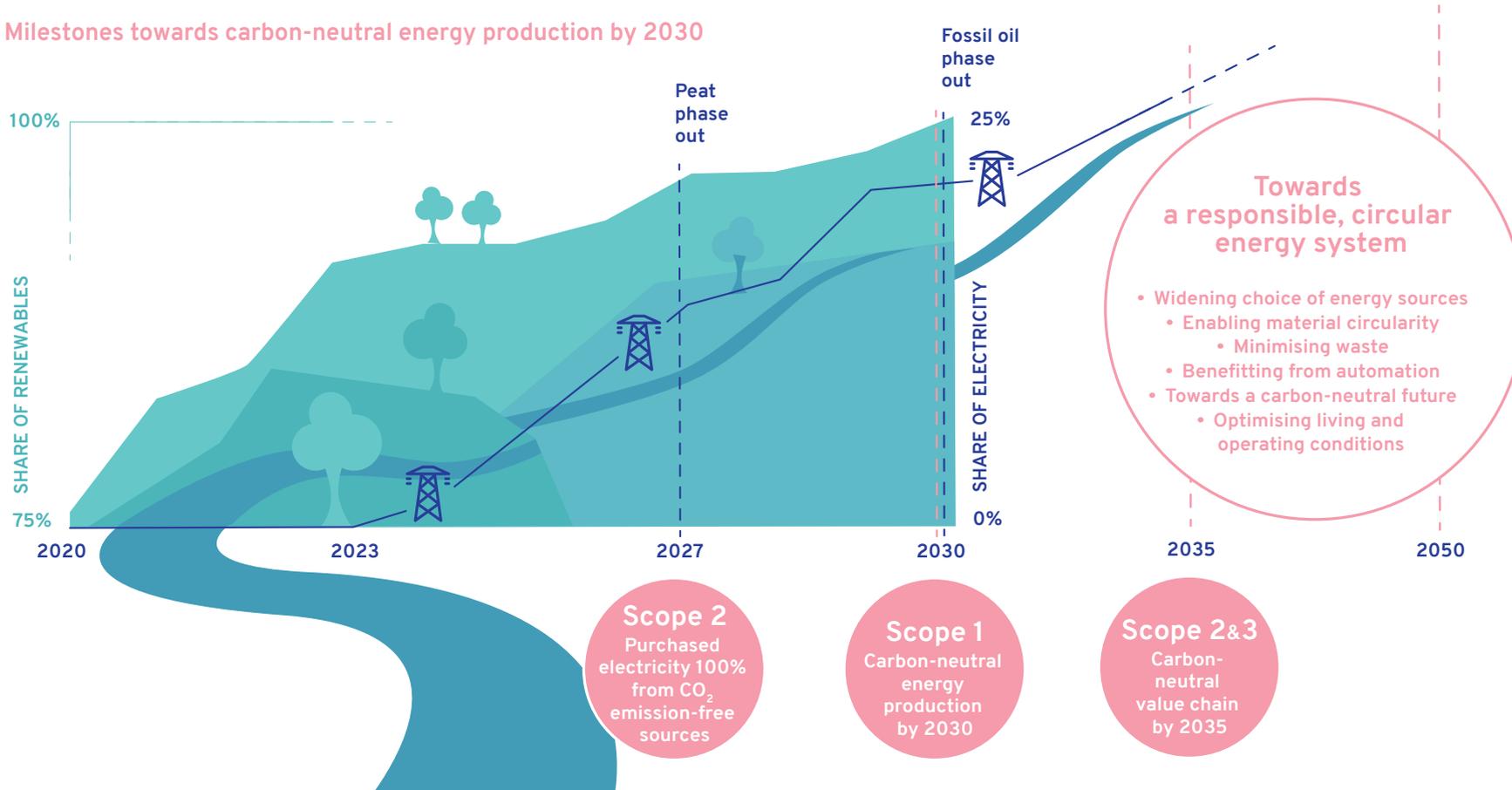
At Nevel, sustainability is the key driver for our entire business and the core of our strategy. Nevel's current and future transformation towards climate-positive growth in our Real Estate solutions business encompasses several key milestones:

- **2016** Nevel's Remote operations service in use for centralising and automating operations to improve plant performance and decision making.
- **2021** Share of renewable energy 83%.
- **2023** Purchased biomass meets sustainability criteria. Widening the mix of energy sources; investments in use of solid recovered fuel and power-to-heat.
- **2026** 100% of purchased electricity from CO₂ emission-free sources.
- **2027** Phase out peat use.
- **2029** Following sustainable biofuel sourcing practices, with 95% of biomass certified. Phase out fossil oil use.
- **2030** Scope 1 carbon-neutral energy production.
- **2035** Fostering carbon neutrality throughout the value chain (Scope 3 emissions).

"As we progress along the path to decarbonisation, fossil fuels will gradually be replaced by renewables, side streams, waste and heat recovery."

Nevel decarbonisation roadmap for Real estate solutions

Milestones towards carbon-neutral energy production by 2030



Helping industries transform for a cleaner tomorrow – together

Improving sustainability and minimising carbon emissions are the two biggest challenges facing modern industry. To decarbonise, industrial companies need to use energy that is free from CO₂ emissions, take advantage of side streams through material and heat recovery, and optimise processes and energy efficiency by adopting intelligent digital solutions.

By taking ownership of new energy infrastructure, we also take ownership of its emissions on behalf of our customers. With Nevel as a partner, industrial operators can focus on their core business and improve sustainability and competitiveness – all while enhancing the efficiency and transparency of their operations.

Nevel's current and future transformation towards climate-positive growth in our Industry business encompasses several key milestones:

- **2016** Nevel's Remote operations service in use for centralising and automating operations to improve plant performance and decision making.
- **2020** Enhancing local circular economies through management of energy and material streams.
- **2022** Enabling customers to process biodegradable side streams. Leveraging waste-to-energy as a sustainable part of our business. Widening the mix of energy sources; investments in new technologies e.g. power-to-heat and biochar.
- **2023** Widening of biodegradable side stream platform with two new biogas plants. Purchased biomass meets sustainability criteria.
- **2024** Enabling wider utility infrastructure opportunities with industrial cooling solutions.
- **2035** Scope 1 carbon-neutral energy production.
- **2045** Fostering sustainable business throughout the value chain by 2035 in Finland and by 2045 in Sweden (Scope 3 emissions).

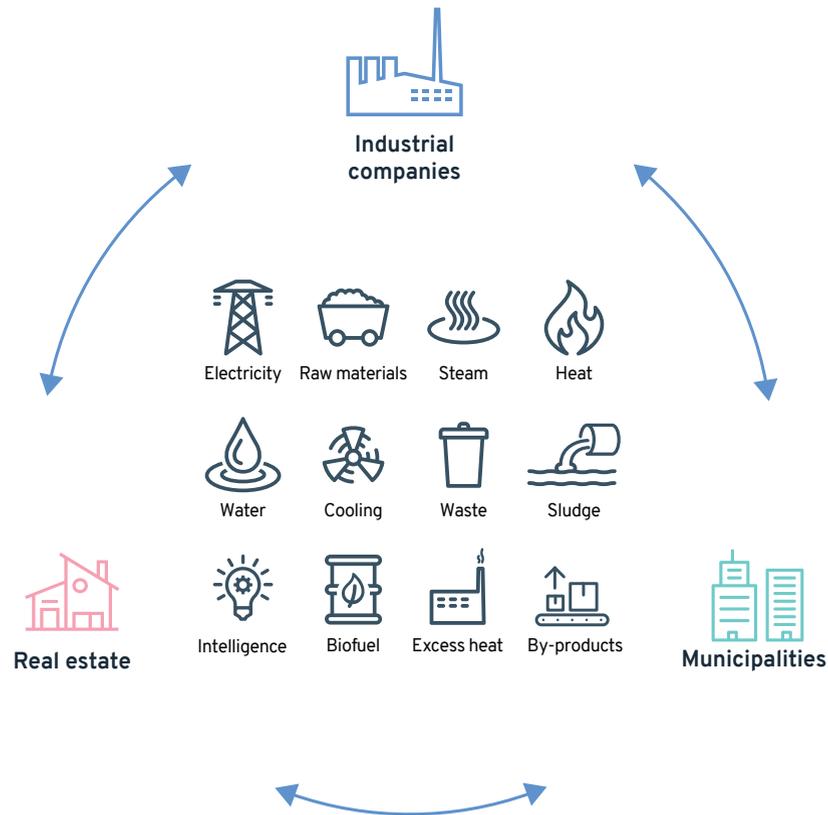
At Nevel, sustainability is the key driver for our entire business and the core of our strategy. Our goal is to support industries on their sustainable transition towards a climate-positive future where they can prosper. Working with Nevel, industries can:

1. **Switch away from fossil fuels with carbon-neutral energy production**, improving cost efficiency and sustainability.
2. **Increase energy efficiency** by recovering excess heat and energy from cooling.
3. **Improve environmental performance** through material recovery and utilisation of side streams.
4. **Decarbonise and tap into new sources of clean energy** by using biodegradable side streams for biogas production.
5. **Proactively enhance compliance and material recovery in anticipation of more demanding regulatory requirements and market expectations** with effective treatment processes for wastewater streams.

"Our goal is to support industries on their sustainable transition towards a climate-positive future where they can prosper."

Circular economy as a new business model

Competitiveness based on material and resource efficiency



Co-creating local circular economies for the benefit of society

Nevel has an impact on the wellbeing and lives of thousands of individuals, including employees, customers, suppliers and other members of society.

We are committed to driving sustainable societies and to building local circular economies. Our circular-economy business model is based on using side streams, minimising waste and offering district heating as a platform. We invest in biodegradable materials processing, including production of biogas, and enable generation of valuable by-products. Nevel's utility infrastructure platform provides wider opportunities for our customers in terms of energy and material efficiency solutions.

For side-stream management, we develop solutions to improve environmental performance and open up new revenue-generating opportunities. This includes identifying opportunities to new sources of clean energy.

- Energy, material and information flow form a platform economy
- Material, waste and side streams as a new resource for circular economy
- Industrial and municipal cooperation enables economies of scale
- Utilisation of new technologies
- Enabling new model with planned transformation
- Cooperation for value creation.

2.3 SUSTAINABILITY – OUR IMPACT IN THE SOCIETY

2.3.1 SUSTAINABILITY PROGRAMME

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. Sustainability is the key driver for Nevel’s entire business and is an integral part of the company’s everyday operations and strategy. We believe that sustainability builds a competitive edge for our business and those of our stakeholders. We are committed to health and safety, a sustainable energy transition, and activities driving accountable and transparent governance.

Our sustainability approach is based on the following focus areas:

1. **Driving the transformation to carbon-neutral Scope 1 energy production**

Nevel is committed to achieving Scope 1 carbon neutrality in its Real Estate solutions business by 2030 and to transforming and decarbonising its industrial customers’ energy value chains. As Nevel works towards achieving a climate-positive future, the path towards decarbonisation and carbon neutrality involves investing in and adopting new technologies and widening the mix of energy sources.

2. **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 the understanding and use of energy and material streams. Nevel continuously seeks ways to improve its business to reduce emissions and minimise waste. The company provides biodegradable materials processing and biogas solutions, supporting its customers’ circular economy ambitions that enable a technology-neutral transition to carbon-neutral operations, minimise waste and increase the share of side streams used. The company works together with biofuel suppliers to ensure sustainable sourcing practices.

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. We believe that every act counts. Nevel’s safety agenda is based on the principle of zero injuries and focuses on preventive safety measures.

4. **Corporate citizenship based on ethics, transparency and compliance**

Nevel is committed to high ethical standards and transparent, accountable governance; proactive dialogue with local communities; and state-of-the-art risk management practices to ensure the compliance of its business and operations. We ensure security of energy supply. Nevel sets annual sustainability targets through its sustainability programme and focuses 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 sustainability organisation is to support the business in sustainability practices by developing standards and practices, to improve health and safety, ensure compliance and enhancing the economic, social and environmental impacts of the company’s operations.

2.3.2 SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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 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.

The following pages summarise Nevel’s commitments and actions to support the United Nations Sustainable Development Goals.

SDGs	Commitment	Actions
SDG 7 - Affordable and Clean Energy	To provide affordable and sustainable energy for all customers across all locations, increase the share of renewable energy and improve energy efficiency, Nevel is committed to achieving Scope 1 carbon-neutral energy production.	<ul style="list-style-type: none"> • Gradually scaling down Scope 1 and 2 emissions to zero • 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 • Increasing the share of renewable energy and widening the mix of fuels and energy sources • Managing an asset portfolio roadmap that takes into account regulatory changes, efficiency upgrades and asset lifecycles • Optimising fuel use • Piloting and implementing the use of new technologies • Exploring potential compensation schemes.



SDGs	Commitment	Actions
SDG 8 - Decent Work and Economic Growth	To promote a safe and secure working environments for all, Nevel's commitment is to offer employees, partners and visitors a safe, healthy working environment and build a strong health and safety culture.	<ul style="list-style-type: none"> • Developing 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 anticorruption 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 during the induction process and in employee meetings • Promoting good leadership, work-life balance and development opportunities.



SDGs	Commitment	Actions
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.	<ul style="list-style-type: none"> • Ensuring security of energy supply • Taking into consideration economic, social and environmental impacts • Investing in the development of utility infrastructure • Developing and innovating new concepts • Promoting and co-creating local circular economies • Enabling a technology-neutral transition to carbon-neutral operations • Working together with customers and stakeholders to make the energy and utilities supply sustainable • Utilising local side streams and minimising waste.
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.	<ul style="list-style-type: none"> • Developing Nevel's 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 a just transition, i.e. sustainable energy in all municipalities where Nevel is present, not only in the biggest cities.

SDGs	Commitment	Actions
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.	<ul style="list-style-type: none"> • Implementing transformation together with customers to help them achieve their sustainability targets • Promoting sustainable utility infrastructure development by utilising renewable energy and side streams and co-creating circular economies • Promoting the responsible and sustainable sourcing of biofuel • Supporting customers with reporting practices and providing transparency to Nevel's own sustainability performance • Enabling material and energy circularity and minimising waste • Investing in and optimising energy efficiency • Promoting and increasing understanding of the circular economy.
SDG 13 - Climate Action 	To take urgent action to combat climate change and its impact and to strengthen resilience against climate-related hazards, Nevel's commitment is to ensure risk mitigation planning for major natural and environmental disasters to and raise awareness about climate change mitigation.	<ul style="list-style-type: none"> • Generating and documenting company-wide or site-specific risk mitigation plans • Educating employees on risks and potential situations requiring crisis management.

SDGs	Commitment	Actions
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.	<ul style="list-style-type: none"> • Working together with biofuel suppliers and ensuring sustainable sourcing practices through agreement terms and audits • Initiating sourcing of certified biomass • Recognising potential impacts on biodiversity at our production sites and complying with environmental requirements • Driving sustainable practices to safeguard biodiversity at our locations.
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.	<ul style="list-style-type: none"> • 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 • Monitoring our business performance with regular assessments and reporting of our sustainability practices.

"We believe that sustainability builds a competitive edge for our business and those of our stakeholders."

3 Nevel's sustainability performance

3.1 NEVEL'S PERFORMANCE IN ENVIRONMENTAL RESPONSIBILITY

3.1.1 Impacts of the market environment

During 2023 the global economy, and energy markets in particular, continued to be impacted by the war in Ukraine. The energy crisis significantly impacted the availability and cost of fuel, particularly biofuel. Industries such as the forest sector have experienced a slowdown, which impacted the availability of forest residuals used as biofuel. The demand for biofuel grew during 2023, and Nevel has taken several measures to adapt to the changing circumstances. The impacts will continue to be felt for the foreseeable future.

Nevel's focus in 2023 was on ensuring security of supply in energy production and distribution, managing the supply chain, widening the mix of fuels and energy sources including new technologies such as electrification, and continuing to collaborate closely with customers.

3.1.2 Energy sources

In 2023 Nevel widened its mix of energy sources. Based on the company's ambition to develop local circular economies, Nevel expanded its waste-to-energy production and use of solid recovered fuel (SRF). The Åmotfors waste-to-energy plant, acquired in 2022, successfully completed its first full year of operation under Nevel ownership. Energy production at Åmotfors is part of Nevel's Industrial business and supports the needs of its customer Nordic Paper. Within its Real Estate solutions business, Nevel increased the share of SRF used at its Forssa power plant in Finland to 17%.

In regards to widening the mix of energy sources and providing flexibility, Nevel continued investments in creating local circular economies. The share of waste-to-energy at the Åmotfors plant and SRF at the Forssa power plant increased along with gradual electrification of energy production to increase the share of non-combustion technologies.

In 2023, energy was produced with a variety of energy sources. The share of excess heat and energy generated with electrification solutions increased to 8% compared to 3% in the previous year, displacing the share of biofuel, which fell from 77% to 72% in the same period. The share of fossil fuels remained stable at 20%. These results do not include data from biogas plants acquired by Nevel in October 2023.

Case: New accumulator tank in Gimo eliminates dependency on fossil fuels

During the first half of 2023 Nevel built a new accumulator tank at the production plant in Gimo, Östhammar municipality in Sweden. The project supports energy production at production peaks. Excess energy can cause the boilers to overheat, which is both uneconomical and a safety risk. With the help of the accumulator tank, which holds 1,000 m³ of hot water, energy from excess heat and heating boilers can be stored for use when the need arises. The tank also makes it possible to run the boilers with a fixed load instead of turning them on and off during cold nights and warm days. Since the accumulator tank was put into operation, Nevel has been able to eliminate the plant's dependency on fossil fuels.

3.1.3 Decarbonisation

3.1.3.1 Scope 1 emissions

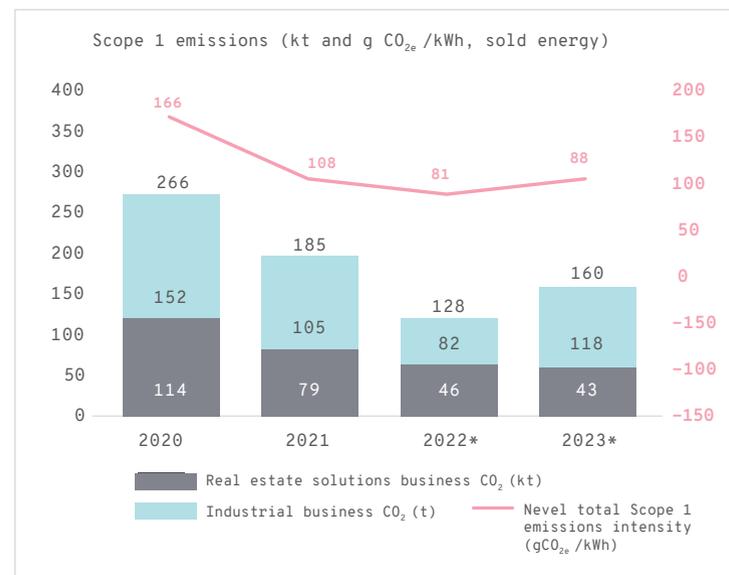
Nevel is committed to achieving Scope 1 carbon neutral energy production in its Real Estate solutions business by 2030 and to transforming and decarbonising its industrial customers' energy value chains. During 2023, Nevel's total Scope 1 emissions intensity per unit of sold energy increased from 81 to 88 g CO_{2e}/kWh. The main reasons behind the increase were acquiring new business with the ambition to decarbonise and transform towards carbon neutrality, growth in waste-to-energy production, changes in energy sources and a widening of the energy mix.

The CO_{2e} targets were communicated to Nevel stakeholders. In addition to managing its CO_{2e} emissions, Nevel reviewed its risk mitigation practices for major natural and environmental disasters.

The table on the right presents the Scope 1 emissions from all Nevel energy production sites as of the end of 2023.

Scope 1 emissions from Nevel's energy production sites

CO _{2e} emissions	2020	2021	2022	2023
Scope 1 emissions (tCO _{2e}) *	266 003	184 645	128 070	160 474
Scope 1 emissions intensity (gCO _{2e} /kWh) *	166	108	81	88
Direct biogenic emissions, (tCO _{2e})	537 957	615 536	634 210	755 370



Scope 1 emissions and emissions intensity in energy production in Real Estate solutions business and in Industry business

* The 2022 and 2023 calculation method differs from previous years.

3.1.3.2 Reducing Scope 1 emissions in Nevel's Real Estate solutions business

In Nevel's Real estate solutions business, which is focused on district heating, Scope 1 emissions intensity decreased from 49 to 45 g CO_{2e}/kWh.

The main factors behind this reduction are the reduction in the use of peat as an energy source and Nevel's investments in its asset portfolio – i.e. heating plants and district heating networks – in response to regulatory changes and to improve efficiencies and lifecycle value.

Case: Heat-exchanger upgrade improves energy efficiency for Katinkulta

Nevel worked with its real estate customer Katinkulta to improve the energy efficiency of its Vuokatti, Sotkamo district heating network in Finland. High water temperatures had been causing issues with managing the network efficiency and balancing the energy distribution. The heat exchanger was upgraded to improve both the energy efficiency and temperature of the real estate. In addition, the project resulted in a more efficient pumping process. The overall benefits were realised within a year of the project starting.

Case: Air-to-water heat pump significantly reduces emissions at Linnavuori plant

Nevel has invested in an air-to-water heat pump at its Linnavuori heating plant in Nokia, Finland. The investment will help Nevel's industrial customers reduce the CO₂ emissions of their operations and optimise their heating costs. The plant's energy production is based on renewable energy. The heat pump expands the selection of energy sources with electricity. The more energy sources available in production, the less the production depends on an individual fuel. Nevel made the investment decision in May 2023 and the heat pump has been in test use since December 2023. Customers have welcomed the hybrid solution as it supports their carbon-neutrality goals. Thanks to the modular technical implementation, the heat pump can be easily expanded as customers' energy needs grow. The solution can also be combined with comfort cooling of premises, which is a valuable feature in increasingly hot summers.

Scope 1 emissions intensity in energy production in Nevel's Real Estate solutions business and Industrial business

Scope 1 emissions intensity (g CO _{2e} /kWh, sold energy)	2021*	2022	2023
Real Estate solutions business	79	49	45
Industrial business	147	127	133

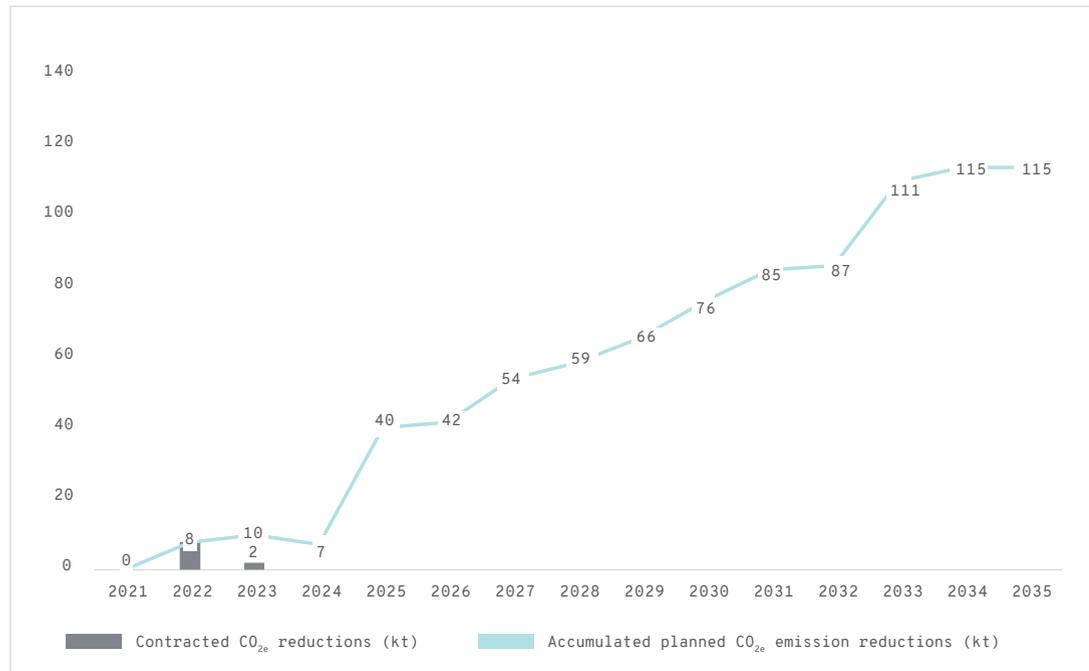
* The 2021 calculation method differs from other years
The data collection method is described in section 4.2

3.1.3.3 Reducing Scope 1 emissions together with our industrial customers

During 2023 Nevel continued to work with its industrial customers to support transformation and decarbonisation of their energy value chains. The cooperation included implementing advanced utility infrastructure concepts and transitioning to carbon-neutral operations. Due to acquiring new business, Scope 1 emissions intensity in Nevel's Industrial business increased from 127 to 133 g CO_{2e}/kWh.

The main factors behind the increase in Scope 1 emissions in Nevel's Industry business are:

- Acquiring new business with the ambition to decarbonise and transform to carbon neutrality
- Growth in waste-to-energy production to support circular economy and sustainability targets
- Widening the energy source mix to ensure security of supply.



Nevel's ambition is to decarbonise industrial customers' value chain. By taking ownership of new energy infrastructure, we also take ownership of its emissions on behalf of our customers. Transformation roadmaps have been defined to support the implementation. Negotiations and joint commitments with customers on reaching the targets are done on a customer-by-customer basis. The roadmaps may include use of new technologies and solutions, for example electrification, renewable energy use, material circularity and improving energy efficiency. Based on these, the contracted and planned emission reductions between 2021-2035 are 115 kt CO_{2e}.

In 2023 the Åmotfors waste-to-energy plant in Sweden successfully completed its first full year of operation under Nevel ownership. Energy production in Åmotfors is part of our Industry business and mainly distributed to Nordic Paper's 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 Norway, supporting the local circular economy. Nevel and Nordic Paper have a joint ambition to improve energy efficiency and reduce CO₂ emissions.

In addition, 2023 also saw Nevel and Elementis complete the first full year of industrial operations in Sotkamo, Finland. The Elementis project implementation is taking place in two separate stages. In the first stage, heavy fuel oil was replaced with cleaner liquefied petroleum gas (LPG); the second stage will involve switching to electricity.

A cooperation agreement between Nevel and Stora Enso Veitsiluoto Oy has ensured continuity of the energy infrastructure services and investments at the Veitsiluoto site in Finland since 2022, with the aim of sustainable heat production. As part of the agreement, Nevel provides district heating to local households and real estate and energy to Stora Enso's Veitsiluoto sawmill. Nevel has invested in a new 11 MW bioboiler plant, flue gas condenser and heat pump at the sawmill, which will reduce emissions. The bioboiler plant has been in use since December 2023. In addition, Nevel has further expanded the district heating network in the area to improve access for customers.

Industrial business contracted and planned Scope 1 emission reductions (kt) 2021-2035

3.1.3.4 Scope 2 emissions

Scope 2 emissions are indirect greenhouse gas emissions associated with the purchase of electricity and heat. In 2023, 55% of purchased electricity and heat was CO₂ emission free. Nevel's market-based Scope 2 emissions from the production of electricity purchased for its own use were 17.5 kt CO₂e and Scope 2 emissions from the utilisation of excess heat for energy production were 4 t CO₂e. Compared to 2022 Nevel's Scope 2 emissions decreased by 5%.

3.1.3.5 Scope 3 emissions

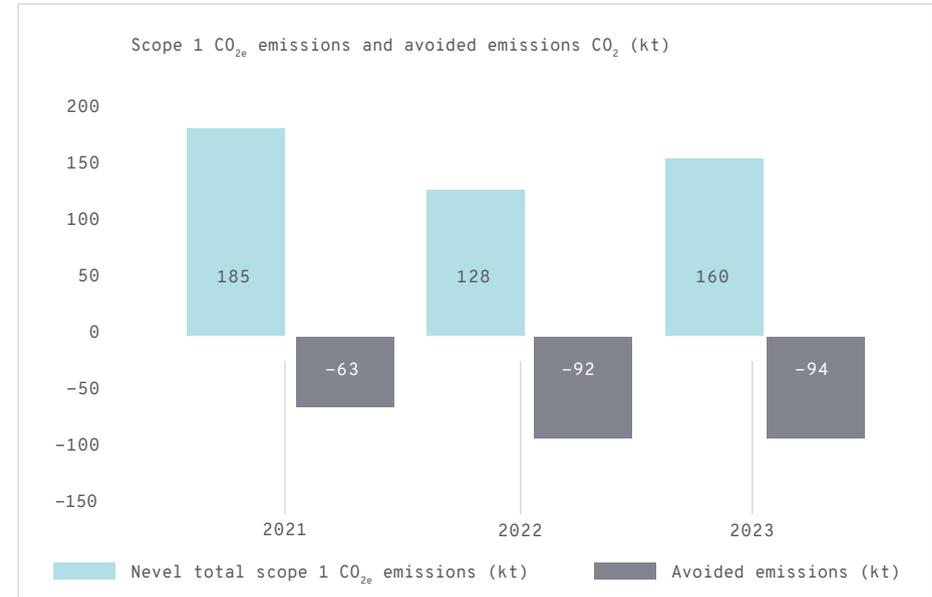
Nevel is developing an approach for Scope 3 emissions, which is planned to be included in the company's 2024 Sustainability Report. The elements in Scope 3 emissions reporting will include purchased goods and services, capital goods and fuel and energy-related services.

3.1.3.6 Avoided emissions

Avoided emissions refers to green house gas emissions that have been avoided by using specific product or service comparing to a situation had the product or service not been used. The estimated avoided emissions of energy production was 94 kt CO₂e.

Case: Electrification to achieve zero-emission operation at talc-drying plant in Sotkamo, Finland
Elementis and Nevel are cooperating on the electrification of the Elementis talc drying process in Sotkamo, Finland. The solution eliminates the last large source of greenhouse gas emissions at the processing plant by replacing heavy fuel oil with clean electricity. As a result, CO₂ emissions will be reduced by an estimated 5,800 tons per year. The cooperation supports Elementis' targets to reduce the climate impact of their operations and reach carbon neutrality while further reducing the carbon footprint of refined talc products. The implementation will take place in two stages. In the first stage, heavy fuel oil has been replaced by cleaner liquefied petroleum gas (LPG); the plans for the second stage include switching over to electricity. The project began in December 2022 and the electrification solution has been in test use since December 2023. Nevel is responsible for implementation and equipment maintenance and Elementis for the operation of the equipment.

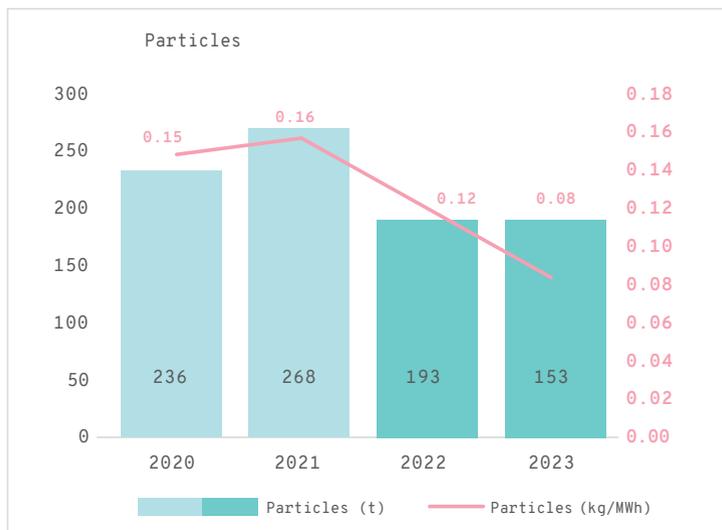
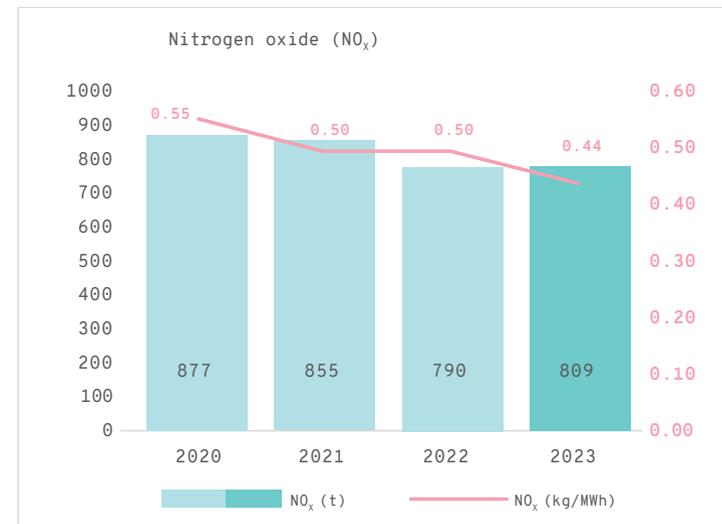
CO ₂ e emissions	2022	2023
Scope 2 emissions, market-based (tCO ₂ e)	18 486	17 492
Scope 2 emissions, location-based (tCO ₂ e)	15 987	11 913



Nevel's estimated avoided emissions 2021–2023 (extrapolated based on PwC methodology and assessment for 2021 and 2022)

3.1.4 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, nitrogen oxide and particle emissions 2020-2030 in tons and kg/MWh sold energy.

3.1.5 Water

Nevel uses surface water mainly for cooling and as a process water, e.g. to provide steam for our industrial customers. Municipal water is also used as a source of 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 our impact on water bodies.

Water withdrawal and water discharge (m³) 2022-2023

	2022	2023
WATER WITHDRAWAL	m ³	m ³
Surface water for cooling	701 712	611 685
Surface water for process and sanitary water	20 422	385 022
Raw water from municipality for process and sanitary water	293 466	278 675
WATER DISCHARGE	m ³	m ³
Cooling water discharge for surface water	679 445	611 685
Process and waste water discharge for surface water*	3 706	25 919
Process and waste water discharge for municipal sewage*	84 825	82 672

* 2023 data collection improved hence 2022 data not directly comparable

In 2023, the surface water withdrawal volume for process water and wastewater grew compared to the previous year due to business growth. This was a result of the Åmotfors waste-to-energy plant completing its first full year of operation under Nevel ownership. New investments in flue gas condensers also contributed to the increase in wastewater volumes compared to the previous year.

3.1.6 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 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 the quantity of fuel. In 2023, 93% 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 volumes (t) and recovery rates (%) 2022-2023 excluding ash and contaminated soil

HAZARDOUS WASTE	2022	2023
Amount of hazardous waste, t	78	24
Recovery rate, %	36 %	94 %
NON-HAZARDOUS WASTE		
Amount of non-hazardous waste, t	516	34 641
Recovery rate, %	91 %	97 %

waste and waste soil and oils.

In addition to biogas, a biogas plant produces digestate. The amount of digestate produced is equal to the amount of feed supplied to the plant. Digestate still contains the same nutrients as the feed, although the digestion process converts the nutrients into a more usable form. All the digestate generated in 2023 was used to produce fertiliser.

In 2023 the amount of non-hazardous waste grew compared to the previous year due to business growth.

3.1.7 Biodiversity

Nevel supports biodiversity by working together with biofuel suppliers, ensuring sustainable practices in its fuel supply chain through e.g. a procurement policy, agreement terms and audits. The company uses sustainable 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. For example, with newbuild projects Nevel works to recognise their potential impacts on biodiversity.

During 2023, Nevel further developed its biodiversity roadmap and mapped the company's presence in key biodiversity areas (KBAs). Based on the assessment, Nevel does not have assets in locations identified as KBAs.

3.1.8 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 which Nevel signs cooperation agreements 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. During 2023, Nevel received a fine due to an environmental deviation at its Hultsfred heating plant in Sweden. The fine was the result of exceeding water permit limits for the concentration of cadmium and zinc in flue gas condensate based on two samples taken in 2022 and 2023. The deviation did not cause serious environmental harm.

In 2023 Nevel has further developed its compliance work and centralised all legislative change review processes under one system as well as developed its KPIs accordingly.

"Nevel drives sustainable practices to safeguard biodiversity at all its locations."

3.2 NEVEL'S PERFORMANCE IN SOCIAL RESPONSIBILITY

3.2.1 Health and safety

Nevel's priority with regards 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 across all markets.

In 2023 the total recordable incident frequency rate (TRIFR) was 9.5 (8.2 in 2022), exceeding the set target (6). This represents a negative development compared to the positive trend seen in 2020–2022. The result included four lost workday injuries and one medical treatment case compared to three lost workday injuries and one medical treatment case in 2022. The reported cases were related to hand or ankle injuries or ash handling-related hazards. TRIFR tracks the number of incident cases vs. hours worked by both Nevel employees and subcontractors. In 2023 the number of working hours increased compared to the previous year. 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. Corrective actions are being taken to address this issue.

During 2023 Nevel improved its preventive safety measures. The number of observations made grew by 39% and the number of preventive risk assessments grew by 55% from the previous year. A total of 400 safety walks were conducted by managers at the company's production sites. In 2023 a new measure on preventive fire safety rounds was introduced, resulting in 288 fire safety rounds being conducted. Nevel's health rate based on short-term and long-term sickness rates including all employees was 98.7%.

Company-wide safety standards were further developed by issuing common guidelines for e.g. lifting equipment, project safety at construction sites and risk assessments. Safety training was organised, for example, on first aid, CPR and crisis communications. As of the end of 2023, 95% of Nevel employees have completed an eLearning safety programme. The crisis management exercise was carried out in Sweden. Safety eLearning modules were published for partner companies' fuel drivers.

Nevel is part of the Great Place To Work® (GPTW) employee programme through its annual Trust Index Survey™. The programme gives employees the opportunity to provide feedback and influence their working culture. In 2023 an 88% (83% in 2022) response rate was achieved in the survey, which helps to quantify the Nevel company culture

and increases employee engagement. The Trust Index was 68, a slight decrease from the previous year's score of 69. As part of this programme, Nevel introduced new employee benefits to further promote health and wellbeing at work. During the year an employee Pulse survey was launched to gather feedback on employee satisfaction, wellbeing and development recommendations, complementing the GPTW program.

The company culture and strategy were the focus of employee events held in September 2023. Nevel introduced its leadership principles. 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 2023, two local OHS forums and two central OHS committee meetings were organised in Sweden. The chairman for the central committee is Nevel's Managing Director. In Finland the OHS forum met four times, with an OHS representative present at all meetings. The wellbeing group met twice and the meetings included representatives from human resources along with OHS representatives. Nevel provides an occupational health service for all its employees, managed by the human resources function.

3.2.2 Equal opportunities, good leadership and personal development

In 2023 Nevel developed its processes by implementing a competence development programme to identify and ensure key competencies across its businesses. New leadership principles were introduced in the organisation. Line managers were trained on key processes related to personnel to support leadership 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.

With regard to gender equality, the share of female employees in Nevel's Board of Directors is 0% (0/7 persons), and in Nevel's management team 20% (2/10 persons). Of total workforce, 15% are female.

3.2.3 Circular economy

During 2023, Nevel heavily expanded its material circularity solutions by acquiring two biodegradable materials processing plants in Forssa and Pori, Finland. Integration of the new sites into Nevel's business is ongoing in order to ensure a coherent approach across the company. Nevel already manages a biodegradable materials processing plant in Juuka, Finland serving Puljonki Oy with a circular solution that combines food

residuals processing, biogas generation and distribution of the steam produced from biogas for Puljonki's use. With its biodegradable materials processing services, Nevel is providing wider opportunities for its customers in terms of material circularity, thereby helping them to reduce CO₂ emissions from production, including logistics.

To further enhance the circular economy in Forssa, Finland, Nevel increased the use of solid recovered fuel (SRF) at its power plant to 17% by implementing further operational changes to the plant. Test use of SRF was started in December 2022. The plan is to increase SRF use gradually to 20–50% in the coming years. SRF utilises processed industrial and construction waste for energy and creates favourable conditions for expanding the cooperation of Forssa's energy and circular economy cluster.

One of the key municipal initiatives during 2023 was the integration and expansion of the district heating network in Bjuv-Åstorp, Sweden. The two district heating networks have been integrated with an upgrade plan that is planned to consist of a new biomass boiler and a heat pump that would replace several smaller heat boilers to help meet customers' increasing energy demand.

3.2.4 Fuel sourcing

During 2023 the global economy, and energy markets in particular, continued to be impacted by the war in Ukraine. The energy crisis significantly impacted the availability and cost of fuel, particularly biofuel. Industries, including the forest sector, have experienced a slowdown, which impacted the availability of forest residuals used as biofuel. The demand for biofuel has grown, which has caused challenges for the fuel supply chain. Fuel costs are further impacted by changes in interest rates. During the year, Nevel needed to take action on fuel sourcing to secure energy supply and adapt to the changing situation.

In 2023 the focus has been on ensuring security of supply in energy production and distribution, managing the fuel supply chain, widening the mix of fuels and energy sources, implementing the asset portfolio with related technologies – such as electrification solutions – and further working together with our customers on sustainable energy and material efficiency solutions. The use of solid recovered fuel (SRF) has been increased at Nevel's Forssa power plant in Finland, enabling a local circular economy.

The sourced biofuel met sustainability criteria for traceability, and sustainable sourcing practices were managed e.g. through Nevel's procurement policy, agreement terms and supplier audits.

In Lieksa and Jokela, Finland, Nevel invested in a new fuel yard to improve capacity for storing and managing biofuel.

"During 2023, Nevel heavily expanded its material circularity solutions by acquiring two biodegradable materials processing plants in Forssa and Pori, Finland."

3.3 NEVEL'S GOVERNANCE

3.3.1 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 is 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's 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. The Board evaluates its performance through an annual self-evaluation. During 2023 the Board met 10 times.

The Board adheres to 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 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 minimum on an annual basis.

The Board ensures the continuous improvement of sustainability via the work of the ESG Committee and in 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 2023 included, for example, safety and environment-related cases and market and business impacts on CO₂ emissions as well as six whistleblowing cases reported via the company's dedicated whistleblowing channel. These cases were handled according to the defined process in alignment with the EU Whistleblowing Directive and implemented national legislation.

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.

3.3.2 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 all employees' employment contracts, part of the induction process, and communicated on Nevel's website. In addition, the supplier code of conduct is included in suppliers' agreements.

3.3.3 Transparent and accountable governance and uncompromised compliance

Nevel's management system is designed to support the organisation in achieving targets and offering a safe and efficient way of working while complying with requirements and expectations. The management system is continuously developed based on lessons learned, internal and external changes, and the needs of the organisation.

During 2023, priority processes were identified, reviewed and challenged as part of the management review.

Our internal audit programme is regularly evaluated and developed. Internal auditors from different functions of the organisation have been trained and qualified, which not only enables independent internal audits but also significantly contributes to cross-functional learning. During 2023, internal audits were performed in Estonia, Finland and Sweden.

A periodic external certification audit was performed by Kiwa, confirming our management system compliance with both ISO 9001 (Quality) and ISO 14001 (Environment) standards.

In addition, our independent partner PwC performed risk-oriented audits of selected focus areas. In 2023 these audits covered fuel management and procurement management.

3.3.4 Sophisticated risk management

Risk management is an important tool used in the organisation on different levels and with different perspectives, from practical risk assessments of activities to strategic risk management evaluation. We believe that Nevel's capabilities related to risk management can be developed even further. During 2023 many activities were performed to increase risk awareness and culture, including training, communication of expectations, reviews and evaluations.

The risk assessment hierarchy is complemented by Enterprise Risk Management (ERM). ERM risks and opportunities were assessed, providing valuable input for business development with prioritised mitigation activities.

"Nevel's management system supports the organisation in achieving targets and offering a safe and efficient way of working."

4 Reporting principles and GRI

4.1. THE PRINCIPLES OF REPORTING METHODS

Nevel's Sustainability Report 2023 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 2023 to 31 December 2023. Additional information about the report can be requested from Nevel's Director of Sustainability.

4.2 DATA COLLECTION AND CALCULATION METHODS

Nevel's reported Scope 1 CO_{2e} 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 and heat. CO₂ equivalent emissions (CO_{2e}) include methane (CH₄) and nitrous oxide (N₂O). All CO_{2e} emissions are calculated based on the guidance provided by the Greenhouse Gas Protocol using CO₂ statistical emission factors provided by Statistics Finnish and The Swedish Environmental Protection Agency. For CH₄ and N₂O the emission factors are from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. In 2022 the CO_{2e} emissions calculation method was specified in terms of determining the amount of solid fuel, hence calculated CO_{2e} emissions are not directly comparable for previous years. In 2023 the same method was used.

Scope 2 emissions were calculated using market-based and location-based methods (GHG protocol). The market-based method uses supplier-specific emissions factors supplemented by national residual mix emission factors for electricity of unverified origin. In the location-based method, national grid emission factors for electricity

consumption are used. The residual mix factor is calculated by Energy Authority Finland and national grid emissions factors have been obtained for Finland from Fingrid Oyj and for Sweden from Naturvardserket. For Estonia, the electricity consumption emission factor was not available, and in the location-based calculation method the residual mix factor obtained from the Association of Issuing Bodies (AIB) report on emission factors was used. For heat consumption, the emission factor was not available, thus a supplier-based value was used. Nevel compensated Scope 2 market-based heat CO_{2e} emissions by using renewable heat Guarantees of Origin.

The reported air emissions (nitrous 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. Volumes of ash, non-hazardous and hazardous waste are based on information provided by the waste management companies that handle them.

4.3 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 2023 in accordance with 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 deems material.

GRI standard	Disclosure	Section	Notes and/or Omissions
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational details	1.5.1 2.1	
	2-2 Entities included in the organization's sustainability reporting	1.1	
	2-3 Reporting period, frequency and contact point	1.1 4.1	
	2-4 Restatements of information	4.1.	
	2-5 External assurance	1.1	
	2-6 Activities, value chain, and other business relationships	1.5 2.1	
	2-7 Employees	1.5 2.1	
	2-8 Workers who are not employees	1.5	
	2-9 Governance structure and composition	3.3.1	<u>Nevel governance</u>
	2-10 Nomination and selection of the highest governance body	3.3.1	

2-11 Chair of the highest governance body	3.3.1	<u>Nevel governance</u>
2-12 Role of the highest governance body in overseeing the management of impacts	3.3.1	
2-13 Delegation of responsibility for managing impacts	3.3.1	
2-14 Role of the highest governance body in sustainability reporting	1.1	
2-15 Conflicts of interest	3.3.1	
2-16 Communication of critical concerns	3.3.1	
2-17 Collective knowledge of the highest governance body	3.3.1	
2-18 Evaluation of the performance of the highest governance body	3.3.1	
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	1.3	
2-23 Policy commitments	2.3.2	<u>Nevel Code of Conduct; Nevel Corporate Responsibility Policy</u>
2-24 Embedding policy commitments	2.3 3.2 3.3	
2-25 Processes to remediate negative impacts	1.5.1	

	2-26 Mechanisms for seeking advice and raising concerns	3.2.1 3.3.1 3.3.2	<u>Nevel</u> <u>whistleblowing</u> <u>channel</u>
	2-27 Compliance with laws and regulations	3.1.8	
	2-28 Membership associations	1.5.1	
	2-29 Approach to stakeholder engagement	1.5	
	2-30 Collective bargaining agreements	1.5.1	

Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	1.5.2	
	3-2 List of material topics	1.5.2	
	3-3 Management of material topics	2 3	
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)	3.1.5	Water-related goals under development.

GRI 305: Emissions 2016			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	1.3 3.1.3 4.2	
	305-2 Energy indirect (Scope 2) GHG emissions	1.3 3.1.3.4 4.2	
	305-4 GHG emissions intensity	1.3 3.1.3	
	305-5 Reduction of GHG emissions	1.3 3.1.3	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.1.4 4.2	Emissions of POP, VOC and HAP are not reported because they are not significant for Nevel's production sites.
GRI 306: Waste 2020			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts (Topic management disclosure)	3.1.6	
	306-2 Management of significant waste-related impacts (Topic management disclosure)	2.3.2 3.1.6	

GRI 400 Social responsibility			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system (Topic management disclosure)	3.2.1 3.2.2	
	403-2 Hazard identification, risk assessment, and incident investigation (Topic management disclosure)	3.2.1	
	403-3 Occupational health services (Topic management disclosure)	3.2.1	
	403-4 Worker participation, consultation, and communication on occupational health and safety (Topic management disclosure)	3.2.1	
	403-5 Worker training on occupational health and safety (Topic management disclosure)	3.2.1	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships (Topic management disclosure)	3.2.1	
	403-9 Work-related injuries	3.2.1	Four lost time injuries and one medical treatment case. No fatalities. Number of working hours combining own employees and contractors: 527 441
	403-10 Work-related ill health	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 health care. No work-related ill health cases.