NEOVA GROUP SUSTAINABILITY REPORT 2022

Creating Green Growth through net positive products and services



SUSTAINABILITY HIGHLIGHTS 2022

We developed in consultation with external stakeholders a ground breaking **sustainability framework** to assess the sustainability of raw materials and products. We call it

Future Fit framework.

In 2022 we launched Helping Hands

programme to engage our employees in **volunteering work** on environmental and social topics in local communities.



78% of our employees responded in the Great Place to Work survey that sustainability is at a good level in our operations.

Soil CO₂ emissions from our peat production areas have reduced by

-31% from 2018 level





We made UN Global Compact commitment

for the first time **TCFD**

and published

(climate related financial disclosure) and submitted

CDP report (Carbon Disclosure

report).

We completed the audits to extend ISO 14001 environmental management and

ISO 45001

occupational health and safety management certification in all countries, focusing on factory operations.

The wind power zoning processes that Neova has launched so far in Finland contain about

800 MW

ISO

of nominal power. This corresponds to an annual electricity production of approximately **2.5 TWh**.



We have created during 2021–2022

126 hectares new wetlands, which are a part of our goal to restore **2,000** hectares of production areas in 2021–2025.



We have converted in 2022 more than

6,500

hectares to next land use in Finland and cumulative more than **15,500** hectares since 2019.

We reached **zero accidents**

goal (without absence) in **Finland** and **Estonia** and reduced lost time accident frequency in the whole Neova Group by almost -**40%** (from 7.2 in 2021 to 4.5).





We achieved Great Place to Work certification in FOUR of our countries: Finland, Sweden, the Netherlands and Estonia. Our trust index was 71%.

Green Growth Raw Materials

We established new

development program to **double the absolute volume of circular raw materials** by 2027.



Kekkilä-BVB was awarded a EcoVadis Gold Medal

for our sustainability achievements as part of a supplier assessment.

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TURBULENT TIMES CONFIRM THAT SUSTAINABILITY IS KEY TO THE LONG-TERM SUCCESS OF THE NEOVA GROUP

he year 2022 has been a test for sustainability in many aspects. The start of the Ukraine war in February 2022 raised the importance of the security of supply. Energy prices and overall inflation soared and impacted us, our suppliers, and our customers. This change in the business environment has impacted our sustainability work during 2022.

Nevertheless, we have been successful in being consistent in executing our comprehensive sustainability strategy. We recognize that today sustainability is an essential part of any successful business even during turbulent times and thus we have ensured that our sustainability activities have taken us forward during 2022 to meet the 2025 mid-term targets and 2030 long-term targets.

Sustainability – it is all about teamwork

Sustainability management is very much about teamwork and this we have certainly proved during 2022. We launched a responsible sourcing program and started to engage our key strategic suppliers in our sustainability work. We initiated a Helping Hands program to engage all teams in volunteering work and thereby improving team spirit and doing good for the local communities.

We engaged key stakeholders (incl. NGOs, universities, and customer representatives) in a development of a groundbreaking framework to assess the sustainability of raw materials and products. We worked together with our peat contracting partners to accelerate the closure of peat bogs and to move unneeded peat harvesting areas



?? For us, sustainability is about concrete actions that have a positive impact."

to the next land use and thereby both reducing CO_2 emissions and improving biodiversity.

We had several restoration activities and involved local environmental groups and national organisations and participated into an EU-wide restoration program. We started a Green Factory program to engage factory personnel in environmental sustainability work. And most importantly sustainability is well integrated into our business strategies. This is visible in how our cross-functional teams have developed products and services that will have a positive sustainability impact.

Concrete actions lead to concrete results – enjoy reading about our sustainability journey

For us, sustainability is about concrete actions that have a positive impact. We made a step change in safety performance, which is a result of consistent work to improve our Safety First! culture and practices. We are making good progress towards our 50% reduction of CO₂ emissions in our own operations (scopes 1 and 2). Our Great Place to Work results continued to improve and we received a Great Place to Work certification in the Netherlands, Sweden, Estonia and Finland. Almost 80% of our employees believe that sustainability is at a good level in our operations. We also received external recognition by being awarded a Gold EcoVadis Medal as part of a supplier assessment. Concrete actions, employee involvement, and wide external and internal communication pay off! We are proud of the progress we continue to make and the sustainability journey we are on. Sustainability is and will be at the heart of Neova Group's strategy and purpose – Creating Green Growth. We are committed to working on sustainability activities in an open and transparent way through active internal and external engagement, communication, and dialogue. So enjoy reading this 2022 Sustainability Report and see the progress in our sustainability strategy execution together with some exciting sustainability cases!

PETRI JÄRVINEN Chief Supply Chain and Sustainability Officer

SUSTAINABILITY AT NEOVA GROUP

Comprehensive sustainability strategy with clear aim, themes, mid-term and long-term goals guides the work in Neova Group.

uring autumn 2021 we conducted a comprehensive review of our sustainability strategy based on external materiality assessment (see the table on page 62 for a summary), external benchmarking and extensive internal work (incl. several working groups on environmental and social sustainability and comprehensive internal sustainability survey for whole personnel). This renewed sustainability strategy ensures that sustainability is in the core of Neova Group's strategy and purpose – Creating Green Growth.

Our sustainability aim is to create green growth through net positive products and services by considering the impact on environment, health, society, and knowledge. Our sustainability KPIs, annual targets and activities, mid-term goals by 2025 and long-term goals by 2030 are defined for the three areas of sustainability (environmental, social and economic sustainability) with selected and clear themes.

	Sustainability area	Themes		
	We do our business in balance with nature.	 Greenhouse gas emissions Biodiversity Circularity Water 		
	We support the growth of our people and partners.	• Safety first!, • Great workplace • Responsible partners		
	We ensure profitability in a sustainable way			



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Sustainability strategy is in line with our stakeholder expectations

We regularly conduct materiality assessment to ensure that the insights from the materiality analysis strongly influence our approach to managing our impacts, our target setting and activities and the content and structure of our reporting. We review, follow-up and ensure alignment with sustainability related regulatory requirements and developments (e.g. EU Corporate Sustainability Reporting Directive). We as well regularly benchmark leading companies and peer companies on their sustainability approach.

Sustainability tightly governed within Neova Group

Sustainability at Neova Group and the sustainability strategy development and co-ordination of the execution is led at the Group Management Team level by the Chief Supply Chain and Sustainability Officer. Business management is in charge of the planning and implementation of the business specific sustainability roadmaps. The Group Chief Financial Officer is responsible for reporting on economic responsibility.



The Chief Supply Chain and Sustainability Officer is responsible for areas related to environmental sustainability, occupational safety and sustainability reporting and the Group Chief HR Officer is responsible for areas related to employee wellbeing and occupational health.

Sustainability implementation is regularly followed-up by internal sustainability steering group, the Group Management Team and Neova Board Audit Committee. Sustainability report is reviewed and approved by Neova Group's Board of Directors and the Audit Committee and informed to Neova Group's Supervisory Board.

We use following processes to ensure effective governance on sustainability topics:

- Board of Directors and Group Management Team guidance and involvement.
- Code of Conduct and other Group Policies (including mandatory e-learnings).
- Risk management (including assessment of sustainability risks).
- Sustainability related incentives for management and whole personnel.
- Sustainability KPIs and reporting (disclosure and transparency).

We use a clear set of external sustainability references (frameworks/commitments/certificates/memberships) to guide Neova Group's sustainability strategy development and execution. UN Sustainable Development Goals are used as our key external sustainability framework to align our activities on the most impactful areas and to be clear on what SDGs our products and services contribute the most. We as Neova Group are committed to making the UN Global Compact and its principles on human rights, labour, environment, and anti-corruption part of the strategy, culture and day-to-day operations of our company. We respect and observe international human and labour rights and are committed to UN Guiding Principles on Business and Human Rights and the Fundamental Conventions of the International Labour Organization. GRI framework is the basis for our annual sustainability report.

Evaluation and disclosure of climate related financials risks is done through *TCFD* report. *GHG* emissions are reported according to global standards (GHG protocol for scope 1,2 and 3 emissions and *GLEC framework* for logistics emissions) and external disclosure is made through *CDP* (Carbon Disclosure Report) submisOur most recent and still valid materiality assessment (conducted during July– November 2021) and benchmarking indicated that we need to continue / improve our focus on following topics:

- Ensuring holistic management of all aspects of sustainability (environmental, social and economic).
- Reducing GHG emissions in the endto-end value chain i.e., extending the focus from scope 1 and 2 emissions (own operations and purchased energy) to scope 3 emissions (suppliers and product end use).
- Enhancing biodiversity.
- Improving circularity within our end-toend value chain including the circularity of the raw materials and packaging materials we use and products we sell.
- Increasing the use of circular raw materials.
- Having good standards on social sustainability topics such as effective health and safety management, employees are cared for, work councils are respected, ethical statements are made by the business, no corruption, diversity and local community work etc.

sion. Overall Neova Group management system is developed with comprehensive *ISO system* covering quality management (ISO 9001), environmental management

- Establishing transparency of environmental and social sustainability performance and practices in the end-to-end value chain (especially raw material sourcing).
- Stepping up communications effort to get through the growing media and active carbon net positive story with facts – both to decision makers and public opinion.
- **Reviewing use of land assets** as a business opportunity to mitigate climate change and enhance biodiversity.
- Making an impact through collaboration within the ecosystem / industry and with local producers and communities.
- Following up, taking actions and influencing on EU regulation and development related to sustainability such as EU Fit for 55 objectives, EU taxonomy criteria, LULUCF regulation and EU Corporate Sustainability Reporting Directive (CSRD).

(ISO 14001) and occupational health and safety management (ISO 45001).

Our Corporate Responsibility policy describes our operating principles in

Active engagement and communication in EU regulatory initiatives

Neova engaged and communicated actively and openly with EU stakeholders in the LULUCF revision and in the Second Delegated Act preparation work concerning taxonomy of sustainable financing with following main arguments in both cases:

- The net-benefits of horticultural peat outweigh the emissions of producing it
- Horticultural peat enables locally and sustainably produced safe food production while ensuring that we have plants and trees as carbon sinks.
- Peat production in Europe is conducted responsibly. Restoration is essential when using peat and biodiversity loss must not happen. Horticultural peat production does not destroy pristine mires, since only already developed areas are used for production.
- Restoration of wetlands applied for horticultural peat production sites enables effective carbon sequestration, and the peat industry's expertise in this should be taken into account.

LULUCF

Neova Group welcomed the proposed revision of LULUCF. Neova saw from the beginning that the regulation should take into account the role of industry expertise when deciding the final restoration targets and the means of achieving these goals. Neova argued that the role of horticultural peat should be understood from a holistic perspective and regulation should not be overly burdensome. The net benefits of horticultural peat outweigh the emissions borne from its production and the coming regulation should reflect this.

Neova participated to open LULUCF consultation in November 2021 and co-operated with other companies within horticulture industry to inform openly the pros and cons of peat harvesting and usage of peat in the horticulture industry.

Our voice and concerns were heard in EUcapitals and Brussels and revised LULUCFlegislation gives a solid ground for industry to continue responsible peat production and usage of peat as one material for growing media products in coming years.

Taxonomy

In August 2021, the commission's expert group on sustainable finance, Platform on Sustainable Finance, published a draft report on recommendations as criteria for the taxonomy's four environmental goals. The final recommendations of this expert group will be used by the Commission when preparing the final actual delegated act.

In the expert group's report, Neova identified worrying entries that, if implemented, could lead to problematic results for the environment and the EU's own goals. In the report, the following entry appeared in four different categories: "No use of peat – e.g. as growing medium, fertilizer, animal bedding, etc." In Neova's opinion, entries like this in the criteria could cause significant problems with regard to growth and bedding peat in obtaining funding and its costs.

Neova's position is that products containing peat should be defined as sustainable in cases where the net benefit outweighs the disadvantages, or when there is no viable alternative to the use of peat. Under no circumstances should this kind of peat utilization be included in the Do No Significant Harm categories.

Regarding growing mediums, currently around 90% of the growing mediums used in the EU contain peat, and the demand for growing mediums will increase in the future. Currently, around 30 Mm³ of growth platforms are used in the EU region, and the amount is estimated to grow to around 50 Mm³ by 2050.

The industry is constantly looking for complementary materials alongside hortipeat, but at the moment they can mostly compensate for the growing demand. In such a situation, leaving hortipeat outside the taxonomy, even without a comprehensive impact assessment, is unreasonable considering the overall situation and would have negative effects on many of the EU's own goals.

Neova has actively communicated its positions both in EU capitals and by organizing



meetings in Brussels and also organizing information events for members of the European Parliament, Commission employees and other key stakeholders. The work on drafting the taxonomy regulations has not taken place in the original schedule. According to current information, the Commission will publish a proposal for expanding the taxonomy during the first half of 2023. health & safety, environment and quality matters. Annual sustainability activities and targets for Neova Group and its businesses and functions are defined and incentivised as part of Neova Group's annual planning and target setting.

Stakeholder engagement and effective internal and external communication are vital

Neova Group's stakeholder engagement starts at the local level and extends all the way to international activities across national boundaries.

Continuous dialogue, feedback and on-going cooperation are the key methods for promoting mutual understanding between stakeholders and Neova Group. We aim to build networks with important parties as well as regularly collect and share information that is relevant to the Group's business and customers. Feedback from stakeholders is one of the inputs considered in the development of products and services, and it also influences how the company operates. We also monitor and evaluate public discussion.

The significance of international cooperation is constantly growing in response to the internationalisation of markets, research, and regulation. Neova Group companies in various countries are active members of local and international associations (e.g. Growing Media Europe). International advocacy work is focused on EU bodies in Brussels.

During 2022 stakeholder engagement work has especially focused on EU taxonomy and related discussion on the acceptability of peat for growing media and alternative uses of peat. This has required and will continue to require meaningful dialogue with decision and policy makers in EU, parliament representatives in our key markets in EU and industry associations. During 2022 we engaged as well on the LULUCF regulation development dialogue.

Internally we aim to instil a purpose driven culture to inspire and engage our personnel. We ensure wide involvement of our personnel in sustainability strategy development, target setting and execution. Effective sustainability communication and dialogue plays a key role in progressing our sustainability work. As well engaging our partners in value chain and establishing coalitions and collaborations are important ways to progress our sustainability work.

Key updates to our management approach during 2022

2022 has been a year of execution of our sustainability plans with continuation of 2021 activities and start of several new initiatives such as Responsible Sourcing program, Green Factory concept implementation, group wide Helping Hands volunteering program and development of comprehensive sustainability framework to assess the sustainability of raw materials and products. Strategically the most important business risk mitigation and sustainability related new activity was the kick-off of a multiyear Green Growth Raw Materials program with an aim to mitigate peat related risk and to increase the absolute volume of circular and complimentary raw materials in our product portfolio.

We continued the use of effective engagement tool from 2021 and further improved how sustainability activities and targets were cascaded as part of the short-term incentive target for all employees in 2022. Relevant sustainability activities and targets were selected for each business, function and team. The same approach will be used for 2023 activity planning and target setting.

We communicated the progress in our sustainability activities extensively both

internally and externally. 161 external articles were published about us and we ourselves created 199 sustainability posts in our social media channels as well as 12 blogs and 126 articles in our Neova Group intranet site and conducted several internal sustainability related info sessions for our employees.

In the Great Place to Work survey conducted in October 2022 we got an excellent score of 78% (% of replies for 'often true' or 'almost always true') on our sustainability work to the statement "Sustainability (corporate responsibility) is on good level in our company's operations." This is a recognition that our employees are engaged in sustainability work and that they are proud of the direction we have set for our sustainability work.

The use of external sustainability references is important part in the credibility of our sustainability work both internally and externally (see more detail in Appendix 2). During 2022 we expanded the use of external references by making the UN Global Compact Commitment, publishing TCFD report (Task Force for climate related financial disclosure), submitting CDP report (Carbon Disclosure report) and expanding our ISO system with ISO 14001 and 45001 certification.



External sustainability references guiding Neova Group's and its businesses' sustainability work

* References which were implemented during 2022.

Impact materiality frameworks





UPRIGHT -=== PROJECT

Methodology frameworks for emission calculations



Sustainability commitments



Product / site driven sustainability certifications







Management system certifications



ISO 9001:2015 Quality management systems

ISO 14001:2015 Environmental management systems

ISO 45001^{*} OCCUPATIONAL HEALTH AND SAFETY

Non-competitive collaboration forums



Financials materiality frameworks



WE DO OUR BUSINESS IN BALANCE WITH NATURE



We are committed to minimise the harmful environmental impacts of our operations.

n 2022 we continued the implementation of our environmental sustainability activities covering greenhouse gas emissions, biodiversity, circularity and water. Overall we made good progress in all these areas towards our midterm 2025 and long term 2030 goals.

During 2022 we invested in extensive external and internal communication regarding our environmental actions such as reducing water and climate emissions.

By turning old peat production areas into wetlands and forests we have enhanced biodiversity at selected sites.

In Kekkilä-BVB, we launched a major program to increase the use of circular raw materials and continued our work to increase the use of recycled packaging materials.

Neova Group environmental sustainability KPIs and targets

Key Indicator	Definition	Actual in 2022 (2021)	Target by 2025
Carbon footprint: CO ₂ emissions from our own operations (scope 1+2)	Neova Group level: Reduction from 2018 level (= 889 ktCO ₂ -eqv.)*	-30% (-19.6%)	-50%
Carbon intensity in our value chain (scope 1+2+3)	Reduction of carbon intensity (tCO₂ / M€ revenue) from 2020 level (=9,813 tCO₂ / M€)	-11% (-13%)	-40%
Conversion of closed energy peat bogs to next land use	Closed energy peat production areas (hectares) from 2019	15,676 ha (9,000 ha)	20,000 ha
Biodiversity of old peat areas (re-wetting/afforestation)	Restored area in collaboration with stakeholders (hectares)	128 ha (86 ha)	2,000 ha
Circularity of raw materials	Volume of circular raw materials (= renewable and compost)**	1.0 Mm³ (1.0 Mm³)	1.4 Mm ³
Circularity of packaging materials	Use of recycled materials in packaging	31% (29%)	50%
Impact on watercourses from peat	Suspended solids reduction from 2008	-84% (-78%)	-75%
production: Finiana	Nitrogen reduction from 2008	-77% (-68%)	-75%
	Phosphorus reduction from 2008	-81% (-75%)	-75%
Zero waste in our own operations	Recovery rate	81% (89%)	95%
	Recycling rate (excluding energy waste) ***	54% (37%)	90%
Responsibly produced peat	Kekkilä-BVB RPP peat use (own operations / products)	57% (48%)	80%

* 2018 baseline recalculated to exclude CO₂ emissions of the divested Nevel business

** Circular raw materials definition: Organic raw materials that are from a renewable source or are given a second life after their first use, like compost from garden waste.

*** 2021: Total waste volume in Neova Group halved after Nevel is sold. This has a major effect in recycling rate.

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We continued the Green Factory concept implementation in all our operative units i.e. Kekkilä-BVB factories, pellet factories, activated carbon factory and peat & sphagnum operations. This Green Factory concept is an effective way to engage factory management and personnel in concrete activities related to greenhouse gas emissions, biodiversity, circulatory and water. We use our management system and ISO certification, covering both ISO 9001 quality, ISO 14001 environment and ISO 45001 occupational health and safety, to coordinate and direct our activities to meet customer and regulatory requirements and focus on continuously improving our operations, effectiveness, and efficiency.

During 2022 we extended further our ISO 14001 and ISO 45001 certification to cover all our factory operations in Finland, Sweden, Estonia and Netherlands. In addition, our sustainability concept of peat is especially aimed for our customers and other stakeholders to increase understanding how we manage our peat operations in Finland, Sweden and Estonia in a sustainable way.

Greenhouse gas emissions



We reduce CO₂ eq. emissions in our own operations by **50%** by the end of 2025 from 2018 level (scope 1 & 2 without compensation actions).

We reduce carbon intensity in our value chain (scope 1 & 2 & 3) by **50%** by the end of 2030 from 2020.

Neova Group has a significant carbon footprint and therefore we first set an ambitious target at the beginning of 2019 to reduce CO_2 emissions in our own operations (scope 1+2) by 50 % by 2025 (from 2018). Based on the materiality analysis (conducted end of 2021) we extended this ambition to cover our full value chain (scope 1+2+3) with an aim to reduce our carbon intensity by 50% by end of 2030 (from 2020). Neova Group greenhouse gas emissions are counted according to GHG protocol and our GHG calculation method and coverage have been validated by external party in 2020. The carbon footprint calculation includes Neova Group and all its subsidiaries. Summer 2022 we submitted for the first time our CO₂ emissions in Carbon Disclosure Project (CDP) and plan to improve our submission in 2023. During 2023 we will also investigate the possibilities for setting science Based Targets (SBTi).

In 2022 our scope 1+2+3 CO₂ emissions were 4,760 kt CO₂-eq (4,282 kt CO₂-eq in 2021). The largest share of scope 1+2+3 CO₂ emissions (82% of the total footprint) is caused by the use and end-of-life of products sold by Neova Group. The use of energy peat accounts for 72% (2021: 59%) of scope 3 emissions. Out of our scope 1 direct emissions, peat land soil emissions cause 87%. In Finland, peat land soil emissions account for 83% of Neova Group's scope 1+2 emissions.

The greenhouse gas emissions from our own operations (scope 1+2) reduced by -11 % in 2022 and were 637 kilo tonnes CO_2 -eq (2021: 714 kilo tonnes CO_2 -eq). Overall, we have achieved -30% reduction in CO_2 emissions in our own operations from 2018 level. This reduction and comparison to 2018 baseline is now based on the recalculated CO_2 emissions i.e. the significant emissions of the divested Nevel business are excluded.

Our main efforts in reducing emissions in our own operations is focused in converting closed peat production areas to next land use. The closure of peatlands means that peat production in the area will stop and the life cycle of the production area will move on to the aftercare phase and the process of terminating the environmental permit. During 2022 there was a total of 150 peat production areas in the aftercare phase after production in Finland. We adjusted the production capacity of energy peat and converted in total more than 6,500 hectares to next land use in 2022. From the peat production areas owned by Neova Group in Finland, 3,149 hectares turned into next land use (2,906 hectares into afforestation and 243 hectares into wetlands). We returned 1,355 hectares to landowners who has the right to decide on the next land use in their areas. We as well





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sold significant amount of old peat production areas. Since 2018 we have now reduced peat land soil emissions by -31% (- 251 ktons).

We will continue to evaluate options to increase carbons sinks utilising our land assets, as well as continue piloting alternative horticultural peat harvesting techniques such as using peat mass transfer method where preserve the surface of the vegetation in the peat fields to reduce CO₂ emissions.

Our main goals in reducing CO₂ emissions in factory operations are increasing energy efficiency and reducing use of fossil fuels. In Kekkilä-BVB operations 31% of our CO₂ emissions are caused by the use of electricity. In the Netherlands we already produce 20 % of our electricity consumption through solar panels. During 2022 we extended renewable electricity contracts in Kekkilä-BVB and as a result achieved 100% renewable electricity usage in our Kekkilä-BVB factories in Finland, Sweden and Estonia. In Kekkilä-BVB, our aim is to move towards fossil free electricity (incl. use of renewable electricity) totally by 2025.

We have implemented CO₂ emission reporting in our Group logistics and

Green Factory strategy steers towards reduction of GHG emissions

Our Green Factory concept covers clear targets and actions for greenhouse gas emissions, biodiversity, circularity and water in our factory operations. Regarding green gas emissions we have set ambition in Kekkilä-BVB business to move towards fossil free electricity (incl. use of renewable electricity) totally by 2025. We made steady progress in 2022 by expanding renewable electricity contracts in Finland, Sweden and Estonia for Kekkilä-BVB factories. However, the Dutch factories are still in transition.

Energy markets remain in turmoil in 2022 due to the ongoing Russia-Ukraine war, with short-term price fluctuation as result of rapid changing circumstances. In the Netherlands 50% of the national electricity production relates directly to gas combustion. Due to the price increase the main electricity suppliers had to shift to coal as their energy source. In our value chain many stakeholders are affected by the broken gas supply lines.

Our professional substrate clients are also impacted because they apply gas for their co-generation of heat/CO₂ and sell the electricity. And also, the inland vessels, before transporting peat, are now char-

based on that data created an action plan for logistics CO_2 reduction. reporting cycle of emissions is July–June annually. Overall, our logistics CO_2 emissions are 1.1% of our total scope 1+2+3 emistered for the distribution of coal which leads to price increase of the bulk transport of raw materials.

The strong upwards trends in prices and rising insecurity in the market had made 2022 unattractive to renegotiate the existing electricity contracts to buy renewable electricity from their electricity supplier. In 2022 about 20% of the consumed energy

sions and 1.3% of our total scope 3 emissions. We achieved -3,7% relative logistics CO_2 reduction (kg CO_2 /delivered tonnes) between 7/2021 and 6/2022. Main emissions reduction actions related has been generated by the solar panels on the Dutch factory's roofs. In the next years, the solar systems will be expanded when the grid network allows extra capacity to be installed.

The transition to fossil free electricity on all the KBVB sites will be completed in by a mixture of both additional solar and contracted fossil free electricity.

to increase of payload and newer fleet in peat and wood bulk road logistics, increased share of shortsea container deliveries and newer and more efficient vessel fleet in bulk sea logistics.



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Biodiversity



We convert all the closed energy peat production areas,

ca. 20,000 hectares

to next land use by 2025 and thereby reduce greenhouse gas emissions and enhance biodiversity.

We increase biodiversity by restoring (re-wetting or afforestation)

2,000 hectares

during 2021–2025 in collaboration with local stakeholders.

Neova Group is committed to enhancing biodiversity and have set ambitious targets to convert closed energy peat production to next land use and to implement restoration measures through wetlands and afforestation at selected sites.

During 2022 we continued major activi-

ties to close unneeded peat production areas and converted in total more than 6,500 hectares to next land use in Finland. We have now converted cumulatively 15,676 hectares into next land use between 2020–2022 and are rapidly reaching our 2025 target. From the peat production areas owned by Neova Group in Finland, 3,149 hectares were turned into next land use (2,906 hectares into afforestation and 243 hectares into wetlands). We returned 1,355 hectares to landowners who has the right to decide on the next land use in their areas. We as well sold significant amount of old peat production areas.

We have established a Neova Group biodiversity program aiming to increase biodiversity by restoring (rewetting or afforestation) 2,000 hectares (during 2021–2025) in collaboration with local stakeholders. By the end of 2022 we have completed the restoration of 128 hectares and have so far identified ca. 1,000 hectares of potential restoration sites for years 2023–2025. We didn't manage to reach fully our restoration target for year 2022 as we needed to focus our resources to meet the unexpected demand of energy peat due to Ukraine war.

In 2022 restoration planning continued in Lavassaare area in Estonia with



A new biodiversity wetland established in Satamakeidas, Honkajoki

Honkajoki is known for the fact that there are no lakes in the area. When we considered where the biodiversity wetland should be located, the peat production area in Satamakeidas, Honkajoki was the best of the different options. In addition, the accessibility of the area, the birdwatching tower and being part of UNESCO Global Geopark sites contributed to the decision.

In August 2022 we had wetland opening event in Satamakeidas and 100 guests visited there, to see the new 38-hectare biodiversity wetland. The wetland consists of bird nesting islands and waters of varying depths. The decomposing plant material and the growth of primary production create the conditions for the increase of aquatic invertebrates, which benefits many wetland animals (such as birds, amphibians and mammals) The Satakunta Environmental Association (YSY) has completed 15 different birdhouses and nest structures and installed in the Satamakeidas wetland. The selection included a variety of small bird nests as well as large-sized common merganser and golden eye, as well as pipe nests and nest boxes for ducks.

Wetlands increase diversity, providing shelters and nesting sites for birds. In addition to birds, they are home to a wide variety of animals, plants and insects. Increasing the number of bird nests is part of the biodiversity programme, with the aim of increasing cooperation with local stakeholders to improve biodiversity. The existing vegetation provided an excellent start for the primary production and biodiversity increase of the new wetland ecosystem. the EU WaterLANDS project; in Norrbomuren area in Sweden with the Swedish University of Agricultural Sciences; as well as in Komppasuo area in Finland with the EU MERLIN project.

During 2022, the actions under the biodiversity programme were finalised with the following sites:

- Norrbomuren wetland construction (4 hectares)
- Ekebymossen and Norrbomuren sphagnum farming projects ended in Sweden
- Willow planting in Karhunsuo (20 hectares)
- Wetland live camera installed in Aitoneva's 9 hectares wetland
- Adding bird nests in Satamakeidas, Aitoneva, Sompaneva and Norrbomuren

We have carefully selected specific peat production areas, where we want to show how to increase biodiversity by wetland creation. Regarding closed peat production areas, the topography, hydrology, and rocks/stones have an impact on what the best next land use option is. Water treatment structures enhance biodiversity by providing diverse

A large wetland of more than 70 hectares will be established in the vicinity of Leivonmäki National Park in the former peat production area

Neova Oy and the Central Finland ELY Centre agreed on co-operation in the construction of a large wetland area that will increase biodiversity in the northern part of the former peat production area in Leivonmäki, Joutsa.

The plan for the wetland and nesting islands to be formed for birds has been prepared by the Central Finland ELY Centre as part of the Freshabit LIFE project. The planning area covers a total of about 107 hectares and includes about 73 hectares of wetland.

Construction work started spring 2022, with the Central Finland ELY Centre carrying out the construction of bird nesting islands as excavator work. During 2022, Neova built a dam to the northern part of the area and implemented arrangements related to the discharge channel. The development of the wetland and its immediate surroundings will continue after 2022. The aim is to create a diverse wetland and to support the development of bird population in the area. After the construction work, the area will be allowed to develop naturally.

The final watering of the wetland will be established after a final permit solution has been obtained from the environmental after care management plan of the Haapasuo peat production area and the conditions mentioned in its permit conditions have been met.



As the holder of the environmental permit for peat production, Neova is responsible for the measures related to the aftercare of the area. The wetland under development is the next land use in the area to be decided by the landowner. The planned wetland is owned by Neova.

Petri Järvinen, Neova Group's Chief, Supply Chain and Sustainability officer, states that the Haapasuo Wetland Project is a project in line with Neova Group's renewed sustainability strategy and biodiversity program. "Our biodiversity program aims to increase biodiversity by restoring 2,000 hectares of production areas in 2021–2025 in collaboration with local stakeholders. Securing biodiversity is important to us as a company, and the Haapasuo wetland project is a great part of this goal and objective, "Järvinen continues.

Peat production in Haapasuo began in the 1970s and the production area has reached its largest area of about 300 hectares. In previous years, the most common form of land use in former peat-producing areas has been forestry and agriculture. In recent years, various wetlands have increased their share. habitats for many wetland species during peat production. Biodiversity can further be increased by creating small wetlands, and building nesting or shelter areas.

We increased our biodiversity in 2022 by acquiring four beehives on the roof of the company's office in Vantaa. A suitable and easy to maintain place was found next to the green roof on our own office. The number of pollinator insects in the world has decreased alarmingly. The disappearance of pollinators is a matter of fate not only for nature, but also for humans, since 80% of crops need insect pollination. The reason for this situation is the disappearance of insect habitats, insecticides, alien species and climate change. Acquiring beehives is a concrete way to support biodiversity.

In Kekkilä-BVB business, we are committed to improve biodiversity and use Responsible Produced Peat (RPP) certification scheme as one of the tools to demonstrate our commitment. Neova Group peat production areas, the Responsibly Produced Peat (RPP) certifications coverage by end of 2022 reached 5,600 permit hectares (2021: 4,195 hectares). Kekkilä-BVB own products 57% of the peat used in 2022 was RPP certified (2021: 48%).

The first experiment in farming sphagnum moss was started

In autumn 2022, a sphagnum moss farming area of over eight hectares was established in Neova's former peat production area in Haukineva, Peräseinäjoki. The main criteria for the farming test area were the flatness of the area, a suitable thickness of the remaining peat layer and the farming material available nearby.

On the edge of the adjacent production area, a suitable area was found for the

collection of sphagnum moss material to be farmed. Sphagnum moss usually grows in a layer of about 30 centimeters on the surface of the peatland and it begins to regrow immediately after collection.

From this surface layer, a layer of sphagnum moss about ten centimeters thick was collected as material for the farming experiment. The collection of sphagnum moss is an activity subject to a permit. A



collection plan was first drawn up for it, on the basis of which the ELY Centre granted a collection permit.

In the autumn, the sphagnum moss was farmed on an area of about six hectares with a regular spreading trolley, which is used in agriculture. In order for the sphagnum moss to receive the best possible growing conditions and for it to start growing and multiplying, the cultivated area must be protected with straw, for example. Straw reduces sun-induced scorching and drying and protects against the cold. Alternative methods of protection and farming, as well as farming without protection, will also be tested in the experimental area to obtain information on which of the alternatives is the best way to establish a farm for sphagnum moss.

A water level of a suitable height is important for the growth of sphagnum moss. In order to create the desired water level, adjustable pipe dams were installed in the ditch that were ready in the farming area. The expectation is that it would be possible to collect sphagnum moss from the area as growing media material in about ten years.

A measuring well was also installed in the farming area for water sampling. Later in the future, when a layer of sphagnum moss grows in the area, it can be monitored whether the sphagnum moss farming area would also serve as a water treatment system for peat production.

Circularity



We increase the recycling rate for our waste in our own operations to

90% by the end of 2025.

We increase the use of circular raw materials

year on year.

We have Zero Waste in our own operations by the end of 2030.

Our target is to reach our zero-waste by 2030 goal by increasing material efficiency, utilising recycled materials in our operations, and implementing efficient recycling of waste streams.

We focus on the main waste streams of our operations including recycling ash

from our pellet and activated carbons operations as fertiliser or landscaping material and reducing peat stockpile plastics. In Kekkilä-BVB the focus is on improving circularity by increasing the use of recycled packaging materials in our Kekkilä-BVB factories to 50 % by 2025 and increasing the use of circular raw materials in our products.

In 2022, the total waste volume in Neova Group was 16,228 tonnes. Our recycling rate (excluding the waste fractions used as energy) for all of our operations improved in 2022 to 54% (2021: 37%). However, the recovery rate of material and energy recovery decreased to 81 % (2021: 89 %). Increased share of waste delivered to disposal is mainly due to heavy masses of soil construction of closed peat production areas and ash from energy production which decreased the recovery rate. The share of waste from soil construction work and ash corresponds to one third of the Group's total waste volume.

Currently our biggest waste fraction in terms of volume is old peat stock pile plastics. During 2022 we reused a total of 3,928 tonnes (2021: 7,934 tonnes) of old stockpile plastic in Finland, Sweden, and Estonia: 7% as recycled material and



93% as energy. We will continue piloting new ways to reduce the use of plastic in peat and sphagnum operations as well as packing materials in all our product lines. In 2022 we tested permanent coverings in sphagnum stockpiles. Two new stockpiles has been covered in Aitoneva: one with paper cover and one with tarpaulin. Our aim is to change from disposable plastic to permanent coverings or other material (decrease amount of plastic). In 2022 the share of recycled packaging materials in Kekkilä-BVB increased to 31% (2021: 29%), with progress especially in the Dutch retail market.

Strategically our most important circularity activity is to increase the volume of circular raw materials in Kekkilä-BVBbusiness. To accelerate this we launched a major Green Growth raw Materials program (see the case) and set an ambitious target to double the usage of circular raw materials by year 2027 in Kekkilä-BVB business.

Circularity is a key principle in designing when developing new products in the businesses, examples can be found in the Business sections of this report. Neova Group is interested in organic natural materials and by-products from which valuable materials can be isolated and all fractions can be utilised as raw mate-rials for other products, such as growing media, in accordance with the principles of the circular economy.

Green Growth Raw Materials Development Program for Growing Media

Together with our customers and partners, we are systematically looking for new sustainable, and safe growing media solutions in addition to existing ones. It is expected that growers will both favour to both favour the use of peat for its good properties and to increase the share of other raw materials to meet growing volumes and sustainability requirements. the development of many complementary raw materials through the Green Growth Raw Materials development program. We aim to extend our raw material basis in a more renewable, more recyclable and more sustainable direction. The focus of the program is Kekkilä-BVB, where our target is to double the usage of circular raw materials by year 2027. This is a huge and very important target for whole Neova Group.

Neova Group is strongly accelerating



Circular raw materials are organic raw materials that are from a renewable source; or reused or recycled raw materials that are given a second life after their first use, like compost from garden waste. For growing media, relevant examples are:

- Reused raw material: reusing substrate material for another purpose without processing.
- Recycled raw material: recycling green waste to use for potting soil (recycling can include a processing step such as composting).
- Renewable raw material: organic materials that are naturally replenished like wood and bark.

The strategic development program activities include evaluating potential new material streams, technologies, the sustainability of raw materials, customer and market needs, value chain position and product development needs. During 2022, we have established several projects focusing on specific potential new raw materials e.g. reed canary grass and roadside grasses to conduct research and then to ramp up the needed end-to-end value chain in operative mode, aiming to secure the increasing demand for raw materials volumes. Decades of long-term development and collaboration with our customers give us a solid foundation to meet new requirements for the benefit of our customers.

Water



We reduce suspended solids, nitrogen and phosphorous emissions by

75%

in peat production areas in Finland by the end of 2025 compared to 2008 levels.

Our main target is to reduce suspended solids, nitrogen and phosphorous effluents of peat production by 75% in Finland by the end of 2025 (in comparison to 2008 levels). We have already made significant progress and 2022 already reached the target for all of the three water emissions. Especially the reduction of suspended solids have been impressive, -84% versus 2008 level.

The water treatment systems in Neova Group peat production in all countries are well managed and based on best available techniques (BAT), which will help us to continuously improve our performance to protect the water sources. We all are depended on our pure water resources.

WE SUPPORT THE GROWTH **OF OUR PEOPLE AND PARTNERS**



Health and safety is our first priority. Our common Neova Group sustainability strategy includes our goals for social sustainability, covering Safety First!, Great Workplace and Responsible Partners.

ew, wider approach extends social sustainability from previous taraets relating to Safety First! and zero tolerance for inappropriate behaviour towards an active approach in developing diversity, equity and inclusion (DEI) in our company.

In the new social sustainability strategy improving safety performance and developing our safety practices and culture remain the no 1 priority and this systematic way of working continued effectively during 2022. We completed as well the audits to extend the ISO 45001 occupational health and safety certification to cover all countries and divisions except for peat production during 2022.

Great Workplace actions aimed at creating a solid foundation to the active DEI approach through renewal of relevant company policies, building DEI awareness within the company and through many actions relating to Leadership development and employee wellbeing. In the area of Responsible partners, we launched Responsible Sourcing programme on Neova Group level to ensure and improve environmental and social sustainability of our strategic partners.

Neova Group social sustainability KPIs and targets

Key indicator	Definition	Actual in 2022 (2021)	Target by 2025
Accident frequency: LTA1 (resulting in absence)	Group: year-on-year reduction by -20%	4.5 (7.2)	< 3
Accident frequency: MTR (all accidents, incl. commute)	Group: year-on-year reduction by -20%	11.3 (15.7)	< 6
Reported inappropriate behaviour case	Group: zero tolerance; all reported cases investigated and followed up	6 (13) cases, all closed	0 cases
Great Place to Work Trust Index	Group: increase by +2% points per year	71% (70%)	78%
GPTW Wellbeing and engagement index	Group: increase by +2% points per year	74% (74%)	82%
GPTW Leadership index	Group: increase by +2% points per year	59% (57%)	65%
GPTW Learning together index	Group increase by +2% points per year	61% (59%)	67%
Responsible sourcing: Code of Conduct	% of contract suppliers signed Supplier Code of Conducts	66% (NA)	100%
Responsible sourcing: Audit coverage of strategic suppliers	Number of audited strategic suppliers	15 (NA)	All prioritised
Responsible sourcing: joined sustainability development process and plans	Number of prioritised sup- pliers with joint sustainability action plan and targets	16 (NA)	All prioritised

After the pandemic we will continue in the hybrid model in all our operating countries. Our key safety highlight from 2022 was that Finland and Estonia operations achieved the zero accidents goal.

Safety first!



We reduce accident frequency by 20% year on year towards the zero accidents goal.

We have Zero accidents by 2030.

Group Safety team leads and develops our Safety First! culture to prevent safety incidents and accidents through effective risk mitigation, training and supporting business divisions and functions. In 2022 Neova Group accident frequency rate (lost time accidents, including commute, over million working hours) was 4.5, a significant decrease from 2021 (7.2). The accident frequency for Kekkilä-BVB operations improved from 12.2 in 2021 to 7.1 in 2022. Most of our accidents, and especially serious accidents, occur in production operations. Looking at the past three years, 12% of all the accidents requiring medical treatment are categorised as a serious accident (9 out of 75). All accidents are investigated, with root cause analysis, corrective actions and the learnings are shared in 5 languages to all personnel. In 2022, we also published on average two safety campaigns monthly in five languages, with key focus on fire safety.

To improve and harmonise our safety culture, we continued to focus on safety training and risk assessments in 2022 in all businesses. In 2022 we held 48 fire and chemical safety inspections in peat operations. The number of peat area fires was 18, a reduction of 44% from last year (corresponding figure in 2021: 41).

During the year 2022 the factories within Kekkilä-BVB focused on 6 common safety topics with the purpose of improving the safety in the workplace as well as the safety culture. The activities included making risk assessments with the purpose to find the risk and take actions to prevent them. Examples of the activities include preventing risks related

Hybrid model well received

In office work hybrid model, working both remote and in the office, improved and worked out well for 82 % in Pulse survey in February and in May for 85% for office workers.

Open responses showed that employees value the flexibility of the hybrid model. It brings more freedom to choose where and when to work, making it easier to combine work and free time. It also saves time spent travelling and reduces CO_2 emissions. In addition, performance improves when you are able to concentrate well on your work. On the other hand, remote workers want better ergonomics and miss seeing their colleagues face-to-face.

The hybrid model is a permanent change in working life and is possible for all of our employees whose jobs allow it. In order to increase the team spirit, face-toface encounters are seen also very invaluable. Both in office and production we organized breakfast, lunch or afternoon coffee events during summer season to organize opportunities to discuss with colleagues and thank employees for their good work during the first half of the year.

to using machines and equipment, how to ensure traffic safety in our areas and minimize the risks for head injuries during work.



Safety observations made in 2022 by own personnel reduced by 11% from 2021 (2021: 8% reduction). Results from both 2021 and 2022 can mostly be explained by restrictions to site visits due to COVID-19. Total number of observations was2651 (2021: 2965).

We also track our contractors' accidents in our operations and conduct an accident investigation together with them. In 2022 our contractors reported a total of 4 accidents requiring medical treatment (2021: 8) and 3 accidents leading to absence (2021: 2). Out of the safety observations made in 2022, 16% were made by our contractors (2021: 10%).

Another Safety pulse survey was conducted for all our personnel in November 2022, which asked about the level of our safety culture on a self-assessment scale of 1–12. The result 9.2 was good. With the survey, we also wanted to find out how we could further improve our safety culture and what kind of training related to safety and occupational well-being our personnel would like.

The three most important cultural improvement measures were involvement of personnel in safety work, improving the condition of machines and equipment and increasing safety training. The educations most asked for by the employees were occupational well-being, risk assessments and First Aid.

Great workplace



We improve GPTW Trust Index by 2% points per year to reach 78% by 2025.

We increase diversity and inclusiveness in our workplace by improving wellbeing and engagement index by 2% points per year to reach

82% by 2025.

We have engaging leaders and resilient employees by improving leadership index by 2% points to reach 65% by 2025

and **learning together index** by **2%** points per year to reach **67%** by 2025.

We are among the most inspiring/attractive workplaces (GPTW top quartile in Europe) by 2030.



Engagement and wellbeing of our employees

Our Trust Index, which measures employee experience, is 71% in year 2022, up from 70% previous year 2021. With an increase of one percentage point, we continue our steady journey to become one of the best workplaces in Europe by 2030. Since we started the Great Place to Work surveys in our company three years ago, we have already improved by eight percentage points, which shows we have already come a long way from where we started. As a result of this autumn's survey, Neova Group has achieved Great Place to Work certification in four of its countries: Finland, Sweden, the Netherlands and Estonia.

Development measures will build a corporate culture based on open communication, celebrating success, cohesive team spirit and sustainability.

Competence development

English language trainings were provided to all employees. In total 157 employees

participated to these courses. Businesses and functions had their own competence development emphasis also in year 2022. One of the most significant competence development investments was Commercial Excellence program for Kekkilä-BVB sales organizations.

Our Group has four mandatory eLearning courses that every employee should complete every two years. The purpose of the courses is to ensure that the right practices are adopted throughout the organization. "GDPR – Data Protection in Neova Group" and "Information Security Awareness" eLearning courses were the courses to be taken during the year 2022.

In 2022 there was a strong emphasis in increasing awareness of diversity, equity and inclusion (DEI) within the company, and create solid basis for doing that through updating relevant company policies and guidelines towards taking an active approach in DEI. Topic was communicated actively throughout the year, two key note speaker sessions were held regarding the DEI theme in general, and regarding unconscious biases. Above mentioned support for consistent line manager work was significant part of this



Great Place to Work certification granted to four countries

The Great Place to Work organisation grants companies a recognition for good employee experience when a countryspecific Trust Index limit is exceeded. The certified companies are entitled to use the globally recognised certification logo in its internal and external communications, such as job advertisements.

As a result of 2022 survey, Neova Group has achieved Great Place to Work certification in four of its countries: Finland, Sweden, the Netherlands and Estonia. In the other countries, our group does not currently have enough personnel or the Trust Index is not high enough to obtain the certification.

Especially in Estonia, the employee experience improved considerably, being already at the target level (79%->87%). A great leap for the better was also seen in Sweden (72%-> 76%). In the Netherlands, a decisive step up to the certificate level was made (69%->70%), while in Finland the Trust Index remained at last year's level (69%->69%).

The Group's management team identified Group's common development areas and actions. The development actions fall in to four focus areas and both group level actions and also into each teams' actions.

Credibility consists 2-way communication: from having regular one to one discussions up to Group Management teams hybrid visits on sites keeping personnel informed and requesting all line managers to develop meeting practices and sharing company information in team meetings. Teams should describe their way to execute open and respectful discussions within and across teams.

Respect and fairness shows itself in noticing good. Group actions supporting involve-

ment and appreciation should notice and acknowledge good performance and completed projects. Teams agree of the ways of recognizing and celebrating individual and team accomplishments.

Camaraderie as sense of community requests teams to decide the ways to improve time management and to create team spirit. Meaningful, efficient and also fun use of time means especially in the office developing further the hybrid working model with more balanced calendars.

Pride shows in our purpose driven and sustainable culture. Each team has the opportunity to participate in volunteer work of their choice using one day per employee per year. It is called Helping Hands program.

NEOVA

plan. Wellbeing annual plan and newly established Helping Hands volunteer programs were also part of the Social sustainability plan.

In 2023 emphasis in development and support for consistent line manager work continues with themes started earlier aiming to ensure consistency at all levels of the organization. DEI awareness development will continue through Wellbeing annual cycle with DEI pulse survey, and also with further renewal of HR guidelines and development of DEI related analytics. Helping Hands volunteer program will also be continued.

Leadership development

In 2022 one of the Human Resources' focus areas was 'Support for consistent line manager work'. Altogether 39 line manager trainings were supported, with total of 670 participants, this means 5-6 trainings per line manager, although not distributing evenly.

License to Lead program for new line managers was continued, as well as the regular annual cycle related trainings e.g. How to lead Great Place to Work result and action planning discussions

Helping Hands programme inspired to help nature and people through volunteering

One of the most inspiring social sustainability measures was the Helping Hands volunteer programme launched during 2022 at the Neova Group. Teams could spend one day of their annual working time doing voluntary work. Employees were given a free hand to come up with ideas on how they can help nature or people through volunteering.

In total, our employees carried out more than 40 volunteer activities and more than 300 employees, the third of the staff, participated in them. Since the teams themselves came up with their own ideas, a big amount of different volunteer days were implemented during the year, each one richer in ideas than the other.

People were delighted by, among other things, planting flowers and vegetable gardens for refugees, seniors, children and sick people. The Ukrainians were supplied with all the necessary goods, such as clothes, chairs, household items and dozens of the group's decommissioned computers. Nature was protected, for example, by cleaning up the environment, preventing the spread of harmful plants and animals, as well as by building birdhouses, bug hotels and houses for homeless dogs.

The volunteer programme proved to be an excellent way to implement concrete sustainability actions at all levels of the organisation, so it was decided to continue



the programme in 2023. In addition, the volunteer days of the teams became an excellent way to increase the sense of community. When the teams were able to spend a fun day doing good, it also had an immediate positive effect on wellbeing at work.

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or trainings related to Target setting and evaluation.

New topic specific training modules were provided to all line managers. Some of the new modules were companywide supporting line managers to lead in matrix organization or how to address and lead performance problems or to succeed in recruitments.

There were also various trainings provided on a country level, e.g., Zero tolerance for inappropriate behavior, new time management tool and working time, wellbeing and early intervention related. Also change management training for some projects. Leadership as a Service nomination based training was run for the second time, this time with emphasis in developing process understanding and process capabilities through project work.

Responsible partners



We have 100%

coverage of signed **Supplier Code of Conducts** with our contract suppliers by 2025.

We have audited all strategic suppliers periodically by 2025.

We have joined sustainability action plan and targets with prioritised suppliers by 2025.

Spring 2022 we started the development and implementation of Responsible Sourcing programme within Neova Group. Responsible Sourcing programme includes actions to ensure and improve environmental and social sustainability with our suppliers. This means such activities as increasing of Supplier CoC coverage for contract suppliers, follow-up by controlled supplier audit programme as well as joint action planning, joint targets, and supplier relationship management with strategic suppliers.

Implementation of Neova Group's new sourcing and supplier management system supports the Responsible Sourcing programme progress, including online visibility to Supplier CoC coverage, development actions and audits. New more advanced supplier management functionalities will be implemented in the system during 2023.

Supplier Code of Conduct (CoC) is an important part of our sustainability, and we need to ensure that our suppliers share and respect our values. During 2022 we have implemented Supplier CoC systematically to all new purchasing agreements and also took actions to implement agreements and Supplier CoC to all suppliers with annual spend >EUR 100,000. By end of 2022 we reached a 66% Supplier CoC coverage and target to cover all contract suppliers with Supplier Code of Conduct by end of 2025.

We conducted 15 audits to our strategic suppliers and in total 23 supplier audits including also other important suppliers to monitor fulfilment of Supplier CoC requirements and supplier performance. In Kekkilä-BVB, we conducted 10 audits for strategic suppliers and 14 supplier audits in total. During 2022 we agreed joint sustainability improvement actions and targets with 16 strategic suppliers in total and we are systematically working in collaboration with suppliers to finish those actions by defined schedules and targets.

We encourage our operational contractors to make safety, environment and quality observations regularly and we make corrective actions based on the feedback. We also conduct an accident investigation for each reported accident by our contractors, and the key contractors take part of the safety walks done in our production sites.

Overall, in peat production peak season of 2023 in Finland alone we plan to have approximately 125 main contractors with roughly 800 people (including their employees or sub-contractors), and ~100 peat transportation contractors plus ~100 contractors in other operations. In Sweden we have ~50 and in Estonia ~10 main contractors in peat production.

In Kekkilä-BVB operations, we have several loader and maintenance contractors working at our production sites. We also use several professional contractors at our sites for installation work in Kekkilä-BVB and New Businesses investment projects.

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WE ENSURE PROFITABILITY IN A SUSTAINABLE WAY



Neova Group has a significant economic and employment impact in several locations.



We will improve EBITDA as % of netsales

year on year.

Year 2022 has been an exceptional year in many ways with geopolitical tensions and uncertainty in the business environment. Despite a disruptive, high inflation, and challenging market environment with relative high interest rates Neova Group's comparable EBITDA remained quite close to previous year level, which can seen to be a good performance in the current market situation. The spill over effects of the war in Ukraine on energy prices and logistics costs, for example, have had a rather exceptional impact on the Group's divisions.

The Grow&Care division suffered from significantly higher logistics costs, which the division has not been able to fully pass on to prices. In the Fuels&Real Estate Development division, sales and profitability improved significantly due to higher energy fuel sales where the business were able to respond to the security of supply needs, and well proceeded land sales.





Neova complies with the applicable local legislation in paying, collecting, remitting, and reporting on taxes and fees Neova Group has a significant economic and employment impact in several locations as an employer, taxpayer and buyer of products and services. Neova is committed to responsible tax management acting in line with the purpose of rules and regulation - our approach to tax matters is to support responsible business performance in a sustainable way. Neova pays taxes according to existing local tax legislation in its operating countries on time without delay. The main operating countries are Finland, Sweden, Estonia, Netherlands and Germany.

Delivering strategic roadmap and capital expenditure

Neova Group completed significant strategic projects during 2022, announcing acquisition of Brill, sale of Scandbio shares, acquisition of non-controlling interest in Kekkilä-BVB, joint venture arrangement in Wood Business, and acquisition of Algomin.

Neova Group's total gross investments excluding business acquisitions were EUR

70 million in calendar year 2022 (EUR 83 million in 2021). Capital expenditure related to intangible assets and property, plant and equipment were allocated to capacity expansion, energy efficiency investments, environmental protection and field maintenance in the peat production business of which the majority were related to capacity expansion in the Grow&Care division, mostly in Kekkilä-BVB. Investments in the activated carbon production facility in Ilomantsi, Finland was the single largest investment during the fiscal year.

Net investments (gross investments – asset sales) totalled MEUR 136,7 in 2022 (2021: MEUR 78), being 424% of depreciation and amortisation for the same time period (2021: 220%).

Financial implications and climate change risks

The use of peat for energy production has decreased significantly in Finland in recent years as the price of emission rights has continued to increase and energy peat use in Finland has become financially non-profitable. Therefore in November 2021, also Neova Group decided to discontinue the production of energy peat in Finland. The company had to change this decision in March 2022 when emergency stockpiling of fuel peat was again commenced and became apparent that the additional production of energy peat would be necessary to secure supply in Finland.

As part of our Enterprise Risk Management process we prepared group's first ever Task Force on Climate-related Financial Disclosures (TCFD) for Neova Group during calendar year 2022. The TCFD is a framework to incorporate evaluation of climate-related risks and opportunities into companies risk management and strategic planning processes. This disclosure will also cover our mitigating actions, as well as the related targets and key performance indicators.

NEOVA

GROW&CARE DIVISION KEKKILÄ-BVB – GROWING TOGETHER FOR A BETTER FUTURE

Creating innovative solutions for growing food, gardening and greener cities through collaboration and education.

ike all other businesses, Kekkilä-BVB is impacted by global developments that influence market demands, government regulations, and stakeholder actions. For us, the key developments are urbanisation, climate destabilisation, ecosystem decline, food crisis, inequality, and resource scarcity. These developments create challenges and opportunities for our company. On our web page, we explain how these developments have an effect on our business.

Aligned with Neova Group Sustainability strategy, we have divided our sustainability roadmap into three focus areas, taking both the environmental, social, and business aspects of sustainability into account. The roadmap shows our ambitions and targets related to these focus areas.

Kekkilä-BVB's sustainability work is led by a lean governance structure with joint roles and responsibilities with the Neova Group sustainability team. Kekkilä-BVB Leadership Team is responsible for the successful execution of Kekkilä-BVB's sustainability roadmap. This ensures that sustainability is integrated within the business and that ambitions are carried by the different business units and functions we have in the organisation.

Through the involvement of all our colleagues whether in procurement, logistics, operations, HR, sales, marketing or another department we make it happen. Kekkilä-BVB's Sustainability Manager makes sure that sustainability ambitions fit with market needs and developments and manages progress on our targets.

We make the world greener and healthier through our products and services

Our products and services always start from the same principle: fit for purpose. It is very important that the chosen recipe for growing media materials fits the purpose of the user, otherwise, all the resources, energy, and manpower to create the substrate are wasted. At the same

Growing together for a better future

We do this by

Creating innovative solutions for growing food, gardening and greener cities through collaboration and education.



time, we aim to be as sustainable as possible throughout the value chain through collaboration and innovation.

Our roadmap guides us in being a net positive company, a company that contributes more to the world than it takes from it. The best way for us to do so is by providing safe, socially responsible, environmentally friendly, and effective growing solutions. In 2022 we have developed our Future Fit Framework to asses and compare raw materials and products on a wide range of relevant environmental, social, and business aspects within the value chain. In the case study on page 85 you can read all about it.

Professional Growing

For professional growers, we offer continuous quality monitoring of our substrates as well as onsite support. We have tooling in place that can optimise both the effectiveness as well as the sustainability of our substrate recipes. After the first use of our substrate materials, we offer circular solutions to optimise the after-use. This is continuous research that we perform together with our customers, knowledge institutes, and other sector organisations. This year we have worked on 96 trials with our professional customers, of which many are still ongoing. Most of the trials focus on increasing the use of circular raw materials in the recipes or finding new ways to give a second life to spent substrates. This refers for instance to our efforts to reuse spent strawberry substrate for other high quality horticulture purposes, to find on-site treatment options to reuse vegetable substrates for the same purpose and to evaluate circular raw materials for mushroom casing soil.

Retail

For retail, we offer solutions, products and customised mixtures based on responsibly sourced raw materials and evaluated through our standardized quality management process. We supply our products in packaging that both contains recycled content and is recyclable as well. Besides that, we help consumers to optimally use our products and create healthy and green communities.

This year a lot of effort has been put in developing the Sustainable+ Concept for gardeners in the Nordics. The Sustainable+ retail product series are developed

Kekkilä-BVB sustainability KPIs and targets

Focus area	Key indicator		2022 (2021)	Target 2025
We make the	# green city pro	ojects	8 (–)	4
world greener and healthier	# collaboration sustainable gr	projects with growers for more owing practices	96 (–)	20
products and services	# new sustainal service concept	ble consumer product and rs	1 (–)	3
	# of community	/ projects (e.g. grow the joy)	24 (–)	30
	Safety first!	Accident frequency: LTA1 (resulting in absence)	7.1 (11.2)	< 5
	Great workplace	Great Place to Work Trust Index	69% (68%)	78%
We support the growth of our people	t ers Responsible partners	% of contract suppliers signed Supplier Code of Conducts	59% (43%)	100%
and pårtners		Number of audited strategic suppliers	10 (–)	8
		Number of prioritised suppliers with joint sustainability action plan and targets	14 (–)	4
	Greenhouse	Reduction of CO ₂ footprint of operations (scope 1+2) (ktCO ₂ -eqv.) baseline 9.8 in 2020	-17% (+8%)	-50%
	gas emissions	Reduction of carbon intensity (scope 1+2+3) (ktCO ₂ / M€) baseline 2.9 in 2020	-30% (-5%)	-25%
We do our business in balance with		Volume of circular raw materials*	1.0 Mm ³ (1.0 Mm ³)	1.4 Mm ³
nature	Circularity	Use of recycled materials in packaging	31% (29%)	50%
		Recycling rate of waste in own operations	85% (66%)	90%
	Biodiversity	% of certified responsibly produced peat in own products	57% (48%)	80%

* Circular raw materials definition: Organic raw materials that are from a renewable source or are given a second life after their first use, like compost from garden waste.

Growing together for a better future with the Future Fit Framework

More and more customers ask us whether or not certain products are sustainable. Most of the time the focus is on certain raw materials (e.g. peat) or certain topics (e.g. carbon footprint) that have gotten attention in the media. To be able to answer those questions in a more consistent way and compare different products and raw materials we have developed the Future Fit Framework. Through an iterative process, involving internal stakeholders and external consultants and stakeholders we have made sure the framework includes a wide range of relevant environmental, social, and business aspects within the value chain.

In the current world, we have to deal with many challenges such as climate destabilization, resource scarcity, urbanization, ecosystem decline, inequality, and a food crisis. The impact of these challenges differs per country and our sector has a key role to play in dealing with them:

- Growing media are needed to safely and efficiently feed the world by increasing the yield per area, reducing water and fertilizer use, enabling production close to urban areas, ensuring food safety and hygiene, and enabling better working conditions.
- Nature-based solutions create healthy, biodiverse and climate-proof urban areas by functioning as water buffers, cooling the city, purifying the air, facilitating social cohesion, and allowing local flora and fauna to thrive.



 Gardening reduces stress and increases well-being by inviting mindful activities with healthy and beautiful flowers, shrubs, and trees.

Unsurprisingly, global demand for growing media is multiplying and the overall sustainability of materials needs to be understood. Each material has its own pros and cons and understanding them as well as the sustainability considerations linked to each material is necessary to select the most suitable and most sustainable raw materials. If we want to be fit for the future, we need to know what raw materials focus on and the type of products to develop. Therefore, we have developed the Future Fit Framework, a framework to assess the sustainability of our raw materials and products. Starting from being fit for purpose we need to consider many different aspects on whether or not a (new) raw material or product is sustainable. In an ideal case, the final solution is a local, climate resilient, circular, nature positive and water conservative substrate that adds to the health and wellbeing of a fair society.

The Future Fit Framework can play a significant role in decision making form multiple departments. For our procurement department the Future Fit Framework shows the risks and opportunities of each raw material that Kekkilä-BVB procures. When we are developing new products, the framework can be used to find optimal performance (fit for purpose) of our substrates with the best possible sustainability score. The framework can also be used by the R&D department to quickly assess new raw materials to understand to what extend they are future fit.

Finally the framework provides all the relevant product and raw material information needed to engage in sustainability discussions. There are already many questions in the market about the sustainability of growing media in general and regarding specific raw materials. The Future Fit Framework and the related documentation can shofor each product and each raw material what the sustainability pains and gains are and how we can grow together for a better future. for responsible gardeners that want to make sustainability part of their everyday life. These products are made from sustainable raw materials with the aim of good plant growth. Read more about this concept in the case study on page 74.

On top of that we had another successful year full of 'Grow the Joy' projects where we donated our products to public benefit projects related to growing plants. In total we enabled 24 projects in Finland and Sweden that promoted the power of growth and the joy that comes from it and working together in green space.

We wanted to support green projects that do good for everyone – even those who don't know how or aren't able to do gardening themselves. Creating a sense of togetherness and community is what we hoped to achieve with these green projects. Our work with the S.O.S. children's village is a great example of a community project as explained on page 89.

Landscaping

Our expertise in landscaping leads to green roofs, facades and outside areas. Using the local situation as starting point we try to reuse as much of the existing landscape elements and materials as possible. Together with our customers we will find climate-smart solutions, that help neighbourhoods become more biodiverse, healthier and more attractive to live in.

This year we created the Green City Concept which aim is to offer solutions for building more healthy and green urban areas, contribute to a biodiverse environment under and on ground and holistic wellbeing for people, plants and animals. Solutions and products are local and based on needs of specific market areas. In 2022 eight projects were selected as Green City projects based on their innovative value, community impact and scalability. Examples are research into water purifying substrates in the Netherlands, carbon storage in biochar for landscaping substrates in Sweden and designing green roofs for waste sheds for the 'Keto' project in Finland.

We support the growth of our people and partners

At Kekkilä-BVB we work together with our colleagues and with our suppliers throughout the value chain to ensure good working conditions, safe working environments, and engaged employees that are happy to work for and with us. In the sections below specific Kekkilä-BVB performance is shown.

Safety first!



At our production facilities, safety is a top priority for our employees and visitors. Our operations start their

meetings with a safety update to remind them of the importance of safe working. They are also asked to keep an eye out for risky or unsafe situations and register these in our online safety register. 1,308 observations were made in 2022 which decreased by 16% compared to previous year (2021: 1,554). These observations lead to documented actions to mitigate safety risks. The lower number of safety observations is in line with the target set for this year. As we create more and more awareness about safety, the quality of the observations gets higher, while the quantity decreases.

To improve and harmonise our safety culture, we continued to focus on safety training and risk assessments in 2022 divided in six key tasks : 1. site manag-

Future fit gardening with the Sustainability+ concept

The Sustainable+ retail product series are developed for responsible gardeners that want to make sustainability part of their everyday life. These products are made from sustainable raw materials with the aim of good plant growth.

By utilizing side streams, recycled materials, and energy-saving manufacturing methods, we reduce waste and use natural resources wisely. In addition, the packaging is 100% recyclable and made from recycled plastic.

- At least 50% of the raw materials of the Sustainable+ garden soils are recycled and rapidly renewable materials, such as green compost, bark compost, wood fiber, and growing moss.
- Sustainable+ fertilisers are produced from various side streams of the circular economy using energysaving manufacturing methods. The products do not contain harmful substances and are effective and safe to use.
- Sustainable+ garden products are made from recycled plastic and help in making sustainability part of everyday life. For example, by composting, biowaste is recycled into nutrient-rich soil for your own backyard.





Supporting Urban Biodiversity: Alusta-pavilion in the heart of Helsinki

Alusta-pavilion (Alusta-paviljonki) is a meeting place for the public and pollinators in the very heart of Helsinki, in the courtyard of Architecture and Design Museum. Construction of the pavilion started in May 2022, and the place will be open to the public from June 2022 until October 2023. We are supporting the project by providing composters and potting soil for the pollinator-friendly plantings.

The pavilion is designed to use the most ecological means possible, using clay and wood as materials and providing living space for people, plants, and insects. The vegetation shapes the space and meets the needs of the pollinator insects for food and shelter. Additionally, fungi participate in maintaining the natural cycle (by decomposing organic materials) and help create homes and food for insects. In cooperation with ecology researchers from the University of Helsinki, the project aims to increase natural diversity in the urban environment and to highlight the essential importance of the soil and its organisms for the well-being of the ecosystem.

The Alusta Pavillion will host several workshops and events for the citizens during this and next year.

ers lead by example, 2. safety onboarding within 2 weeks, 3. focussed traffic risk assessment, 4. engage employees in onsite traffic safety rules, 5. conduct technical risk assessment in the site for machinery and equipment and 6. head injury risk assessments part of maintenance plan. All these key tasks were completed in the factories located in Finland. Sweden, Estonia and Netherlands and as well audits conducted to extend ISO 45001 occupational health and safety certification to these sites. Special safety activity took place in the acquired operations in Germany to ensure full integration on expected safety practices and culture

Overall, our efforts resulted in fewer accidents and we are back at the level of 2020. The accident frequency (resulting in time away from work) for Kekkilä-BVB in 2022 was 7.1 (2021: 11.2) and decreased especially in the Netherlands, as well as Sweden. On the other hand, both Finland and Estonia reached our zero accidents goal (without absence), just like in 2021. Most of our accidents, and especially serious accidents, occur in production operations. When we evaluated the incidents of 2022, we found that they were mainly caused by a) wanting to do something quickly, or b) not performing a last minute risk assessment.

Great workplace



We have the ambition to be amongst the best employers in Europe. In 2022, we slightly improved

our Great Place to Work (GPTW) score from 68% to 69%, which shows we have a lot of work to do until we are in the top quartile of European employers. The good news is that the Netherlands is now also GPTW certified on top of Sweden, Finland and Estonia who were already certified last year.

Although we have many initiatives to create a community feeling with our colleagues, we would like to highlight two initiatives that really show our colleagues commitment to growing a better future. The first one is 'Grow the Joy' which is a long running initiative where we sponsor gardening initiative where we sponsor gardening initiatives in Sweden and Finland. The other initiative is the Helping Hands initiative. This volunteer programme was launched to enable teams to spend one day of their annual work on volunteering. The objective is not pre-determined, but teams were free to come up with ideas on how they could help nature or people with their volunteer work. Many great initiatives were executed: from creating vegetable patches and collecting plastic to renewing old computers and doing activities to cheer up children and the elderly. This will definitely be repeated next year.

As part of Kekkilä-BVB strategy rollout, critical competences were identified to support the growth strategy. These three were Customer Value Creation, Establishing new operations sites and International expansion efficiency. Development plans were created for all of them, turning them into development projects/programmes which for large extent were rolled-out during 2022. The Commercial Excellence (ComEx) programme started in February 2022 and was targeted for sales organisations with a theme: from good to great. Operations' competence development programme, with focus on attracting, retaining and developing competences in Operations was also rolled out during 2022.

New this year, as part of our strategy for Social Sustainability, we have agreed on actions to sharpen our approach and wording regarding diversity, equity and inclusion (DEI). The key message is: We will take a more proactive approach and actively seek ways to improve diversity, equity and inclusion. As a company, we are committed to the fair treatment of our personnel. We want everyone to feel fully part of our work community and respected as they are. We promote equity in our organization, by providing equal opportunities for everyone to develop themselves. We believe that by increasing diversity, equity and inclusion (DEI), we can support the international growth of our company and gain new ideas, skills and perspective to achieve our targets. Motivated, skilled and engaged employees are the key to this journey – we want to ensure that people feel they belong in the workplace, can participate and reach their potential.

As part of the DEI program we have updated several policies, like our Code of Conduct and Corporate Responsibility Policy. We have also updated recruitment guidelines and organized several trainings on cultural awareness and unconscious biases. In the coming year we will continue with creating awareness and understanding around this topic and perform a survey to better understand how DEI is perceived within the organization.

Responsible partners



Together with our partners we work in collaboration to improve sustainability in our supply chain.

Three years ago we started discussing and implementing our Supplier Code of Conduct and related sustainability values we expect our suppliers to put in practice. In 2020 81% of our largest suppliers (annual spend > EUR 300,000) had signed the Code of Conduct.

For 2022 we extended the scope further to suppliers with annual spend > EUR 100,000. At the end of 2022, 59% of those suppliers had signed the Supplier CoC. Even though the share has lowered due to the extended scope, the number of signatories has increased from 101 in 2020 to 183 in 2022. By the end of 2023 we target to increase the coverage with the new scope significantly up to 85%.

During 2022 we conducted 10 audits for strategic suppliers and 14 supplier audits in total in Kekkilä-BVB. We agreed joint sustainability improvement actions

Kekkilä-BVB has been awarded a Gold EcoVadis Medal

Thanks to a joint effort of many colleagues in Kekkilä-BVB and Neova Group we've been awarded the Ecovadis Gold medal for our sustainability achievements as part of a supplier assessment done for Lidl Germany. Ecovadis is a global organization who have evaluated the sustainability performance of over 100,000 companies in more than 175 countries.

During the assessment, scores are awarded for a wide range of sustainability topics; environment, ethics, labor & human rights, and sustainable procurement. For each of these topics, a lot of detailed questions are asked (about 200 in total) and at the end, Ecovadis provides a scorecard that shows our strengths and improvement points. The overall evaluation of Ecovadis was as follows:

"Your company has obtained a score higher than 67/100 and, for this achievement, has been awarded a Gold EcoVadis Medal. This result places your company among the top 5 percent of companies assessed by EcoVadis. Congratulations!"



The natural way for us to do good is to enable the feeling of well-being that growing plants and gardening gives. Kekkilä supports the activities of SOS Children's Villages, which is a non-profit national child welfare organization, both financially and also by donating products for their use.

The main theme of co-operation is the miracle of growth and the joy of growing. Concrete actions included Growing bags, fertilizer buckets and seeds that were sent to SOS Children's Villages locations in spring 2022. Increasing children's participation is one of the most important goals of SOS Children's Villages, and growing plants in a balcony or garden is perfect project for this.

Planting and growing plants provide not only concrete things to do for children, but also the joy of succeeding. Following plant growth throughout the summer and enjoying self-grown crop is a new experience for many children. As part of our company's volunteer program, we also renovated the vegetable garden and growing boxes in Kaarina's SOS Children's Village.



and targets with several strategic suppliers, especially covering key raw material and packaging material supply, and we will be systematically working in collaboration with these suppliers during 2023 towards our common sustainability targets.

We do our business in balance with nature

At Kekkilä-BVB we do our business in balance with nature. We find this not an easy task, because we need land, materials, water and energy for almost everything we do. But every year we get a step closer to reduce our greenhouse gas emissions, increase circularity and enhance biodiversity. Within our own operations these focus areas are addressed through the implementation of our Green Factory concept. Overall, the ISO 9001 and ISO 14001 certifications are the basis on which we continue to improve the quality and environmental performance of our operations. During 2022 we extended the ISO 14001 to cover all Kekkilä-BVB sites, the audits have been performed and we expect to be officially certified in the beginning of 2023.

In the sections below more is explained

about Kekkilä-BVB specific ambitions, challenges and achievements related to our focus areas.

Greenhouse gas emissions



When we talk about our carbon footprint, we have to take the whole value chain into account. That's

why we assess our carbon footprint of the whole supply chain (scope 1+2 validated by external party and scope 3) according to GHG Protocol. In 2022 the emissions for Kekkilä-BVB own operations were 8.1 kilo tonnes CO_2 -eq (2021: 10.6 kilo tonnes CO_2 -eq). The largest share of these emissions (31% of the total footprint) is caused by the use of electricity. Of our scope 3 emissions, the use and end-of life for our own products accounts for 499 kilo tonnes CO_2 -eq, driven by the emissions from horticulture peat (2021: 569 kilo tonnes CO_2 -eq).

Kekkilä-BVBs ambition is to move towards fossil free electricity (incl. use of renewable electricity) totally by 2025, which will reduce our own footprint significantly. Our focus will be producing renewable electricity ourselves, rather than buying offsets, because we think this has a more positive impact overall. During 2022 we have conducted several evaluations for replacing oil heating with ground source heat or geothermal heat in Finland and Estonia factories, which unfortunately turned out be infeasible. We are also aiming to use more and more renewable fuels in our operations, but for this the business case is less attractive. This also means that if we want to improve our logistical emissions for now it is best to focus on local sourcing of materials and setting minimum thresholds on amounts to be shipped.

As mentioned above the carbon emissions related to peat use are much talked about in our sector. Because peat is such an excellent and widely available material it is very difficult to replace it. Especially because, besides the carbon footprint, the value chain is one of the most environmentally and socially responsible. However we do see that we should use the vital raw material as effectively as possible and that's why we've joined the European discussions on increasing the share of local and circular raw materials in growing media.

Especially in the Netherlands we've really had a breakthrough. After a year of

hard work, the Dutch government, industry, knowledge institutes, and an NGO signed a sector agreement at Kekkilä-BVB's office in De Lier on the 18th of November on the approach to making substrates even more sustainable. The 15 parties involved have managed to make a good agreement on both the ambition level and the preconditions to increase the share of circular raw materials in substrates. We are happy to see in this covenant the commitment of the government to our sector. It also contains a joint understanding of the requirements that are essential for securing the transition to more sustainable horticulture, including funding, availability of raw materials, and support for research.

Circularity



Strategically our most important circularity activity is to increase the volume of circular raw materials in

Kekkilä-BVB business. To accelerate this we launched a major Green Growth Raw Materials program (see the case) and set an ambitious target to double the usage of circular raw materials by year 2027 in Kekkilä-BVB business. During 2022 we were able to slightly increase the amount of circular materials in our growing media despite several challenges such as raw material price and logistics cost increases and competition from the energy market on renewable materials (e.g. wood fiber and bark). Due to the raw material price increases customers asked us to find a cheaper alternative, which in many cases was the versatile, yet non-circular peat. Going forward, we are committed and are already working with several concrete activities to increase the use of circular raw materials. The speed will depend on the availability, sustainability and quality of these materials.

In our own operations we are aiming for zero waste by 2030. Our raw material waste is already below 1% and close to non-existent at many sites. That's why we are looking into other waste streams, like packaging and mixed waste, to find out how we can further reduce them together with our suppliers and waste processors. It turned out that this is actually quite hard to improve at our sites. Our two biggest streams of waste are pallets and used plastic packaging.

The pallets we already reuse and repair as much as possible, either our-

selves or through our suppliers. What cannot be repaired is usually recycled and becomes chipboard or something similar. Pallets of insufficient quality are used as fuel in biomass installations and this is hard to prevent.

For our used plastic packaging waste we can only have clean packaging recycled, but this is impossible without washing the plastic and for this we have no room at our facilities. So it's challenging to improve. In 2022 we've had good discussion with our waste processors and they told us that even dirtier plastic will be recycled, as long as demand is high. So we are dependent on the market on how much of plastic is actually recycled.

For our packaging we have been increasing our recycled plastic content for both professional and retail products. We've managed to increase the overall share of recycled packaging to 31% (2021: 29%). A great achievement in a year where it was sometimes hard to source plastic materials at all. Our suppliers did warn us for the coming year. Because of high demand the quality of recycled plastics is going down and they advise us to therefore use plastic with lower recycled content. As long as chemical recycling is not
NEOVA

widely available, this quality versus quantity will remain a challenge.

Besides that we are also looking at other ways to optimise our packaging. We offer for instance smaller sized potting soil and mulches that better fit with smaller household needs. We have also introduced a pump bottle for liquid fertilisers that makes dosing much easier and keeps plants in good shape. We also sell composters made of 100% recycled plastic and we can offer our products in bulk for Professional and Landscaping customers so we don't need any packaging.

When it comes to our growing media solutions we have continued with our sourcing and innovation programmes to find new circular raw materials, i.e. raw materials that are from a renewable source or are given a second life after their first use, like compost from garden waste. Most of the work we do is in collaboration with our customers, because new raw materials need to be tested in practice to determine whether they are fit for purpose.

Our Innovation Team has for instance done a lot of research and testing to create a high quality constituent from fermented roadside grass. This renewable raw material is widely available wherever roads are and the whole process also creates biogas that can be used as an energy source. As the case study on this page describes, the reuse of spent strawberry substrate is another interesting raw material to further develop. And in the European BIOSCHAMP project multiple raw materials are researched as well as biostimulants as the case study on page 92 lays out.

This year circularity has also improved through our Landscaping teams. The share of circular raw materials increased from 43% to 47% for Finland, from 37% to 44% in Sweden and in the Netherlands the share of circular raw materials increased from 34% to 38%. One of the most important ways to reuse soil is by adding our customized nutrition mix to local soils, which in some cases means 70% of the local soil can be reused. But also using new waste streams from other industries, like e-bottom ash, are solutions that our landscaping teams are scouting for continuously. For our landscaping projects we usually need large volumes of materials, so whenever there's a good quality local material available that will be beneficial for both us and the customer.



Second life for spent strawberry substrate

With a growing demand for substrate and a need to become as sustainable as possible, we are always looking at new locally available, and circular materials. One of the side streams that we increasingly want to reuse is spent substrates from professional growers. Preliminary research has shown that the spent strawberry substrate is suitable to be reused in both professional and retail products.

There are several ways to provide a 2nd life to the spent strawberry substrate. It could be reused at the strawberry grower, but here the benefits of a lower environmental impact do not yet outweigh the phytosanitary risks. Reusing strawberry substrate in landscaping and consumer soils seems more feasible. However, it is important that the used substrate is first hygienised (almost free of pathogens) before it is reused. By law, it must be composted first and any residues of crop protection products should be below the maximum threshold. In a first estimate, it seems best that strawberry growers are in the vicinity of our production locations within a radius of 150 to 200 kilometers.

In 2023 we will continue our research and hopefully develop new products with this '2nd life' raw material as an ingredient. Our customers and local composters have already shown their interest.

Biodiversity



Biodiversity plays an important role in our business, from micro- to macro level. At the small-

est level we talk about the importance of micro life in our growing media which can be bacteria, fungi or protozoa. Through strict quality control of the whole supply chain we try to keep the negative species out and keep the positive species in our growing media. Within our research department we are continuously looking at new biostimulants (of which mycorrhizae are one of the best known) that can contribute to increasing plant resilience.

At a larger level we have an important role to play to ensure our growing media can support native flora. Projects like Wonder Woods, the use of CityKross in urban environments or the meadow soils that were developed last year. Whether it's supporting consumers with soils for their gardens or providing tree nurseries with professional substrates, all of these activities contribute to a greener and more biodiverse world. We've also seen during the Helping Hands activities how much joy this can give to our colleagues and the communities that we helped.

Taking care of nature is also an important parameter in selecting suppliers. Here we've prioritised the sourcing of peat, since this is the most important material for growing media in terms of properties and volume. We only source from suppliers that harvest peat from already developed peatlands, follow the strictest regulations and restore the peatlands after use. This way we know that biodiversity is higher when our suppliers leave than before they came. Therefore in Kekkilä-BVB business, we are committed to improving biodiversity and use the Responsibly Produced Peat (RPP) certification scheme as one of the tools to demonstrate our commitment. For our Neova Group peat production areas, the Responsibly Produced Peat (RPP) certifications coverage by end of 2022 reached 5,600 permit hectares (2021: 4,195 hectares). For Kekkilä-BVB own products, 57% of the peat used in 2022 was RPP certified (2021: 48%).

Creating sustainable casing soil

Sustainable casing soil is first and foremost a casing soil that ensures effective and disease-free growing of mushrooms, with sufficient space for the grower to control and in line with the grower's processes. It often takes time to optimally match the casing soil and the growing process, which is what makes growing media effective. Casing soil in which the mushrooms grow poorly is not a sustainable growing medium.

Peat has been the basic raw material for casing soil because of its many good properties and unfortunately despite extensive research, no raw material has yet been found that has the same versatility as peat. There are other materials that (combined with peat) also produce high-quality substrates, but these materials also have their own advantages and disadvantages and cannot be used for every crop. Depending on only one raw material that is depletable and grows back very slowly is not a good thing in the long run. The more efficiently we can use the excellent properties of peat and combine it with local circular materials, the better it is. So this is why we joined BIOSCHAMP. To find local circular raw materials that are available or can be grown in sufficient quantities, that are suitable for use in casing soil. Recent research has shown that both in yield and disease pressure similar results can be achieved in combinations of circular raw materials with and without peat, as compared to peat-based casing soil.

This research is now done at a lab scale, so scaling up to the commercial level will be the next step in the BIOSCHAMP project. In addition, BIOSCHAMP research done on biostimulants can accelerate the uptake of circular raw materials in the near future.



NEOVA

GROW&CARE DIVISION G&C MATERIALS - PROVIDING HIGHLY VALUABLE HORTICULTURAL PEAT AND BEDDING PEAT FOR ANIMALS

G&C Materials Oy sells Neova Group's horticultural peat for domestic and export markets in over a dozen countries and animal bedding materials in Finland and in Sweden.

e can guarantee a constant supply through seasons to our domestic and export customers as we operate in three countries, Estonia, Finland, and Sweden. At the moment we are able to load in about 10 ports in the Baltic Sea region, and some of them are ice-free all year. Our export customers are mainly located in Europe, e.g Germany, the Netherlands, Belgium, France, Spain and Ireland. We also serve our local customers in Estonia, Finland, and Sweden with vast volume.

The export of horticultural peat has grown rapidly in a few past years. There

are several reasons for this. The horticultural peat demand for growing media has increased significantly as home gardening and professional growing demand for substrates keeps rising. Our horticultural peat is of very stable quality and very suitable and safe humus raw material for both hobby and professional substrates. The other issue is the availability of horticultural peat in the traditional peat harvesting countries, e.g. Germany and Ireland.

As animal bedding, peat is safe for both the animals and their breeders. Animal bedding peat is used by cattle and dairy farms, horse stables (riding and racing horses), as well as poultry and pig production. As an antiseptic, acidic and mold free product, peat prevents the spread of bacteria in animal shelters. It keeps platforms dry, soft and warm and animals clean. Antiseptic bedding peat reduces mastitis in cows on dairy farms, hoof and respiratory diseases in horse stables, and it reduces significantly foot diseases in broiler houses.

Among animal breeders bedding peat is highly valued because of its special properties. Peat absorbs the smell of urine based ammonia efficiently and keeps the air mould free. Bedding peat is fully recyclable and it can be used as a fertilizer in home gardens and when composted as a raw material for substrates.





FUELS&REAL ESTATE DEVELOPMENT DIVISION PROVIDING SOLUTIONS FOR RENEWABLE LOCAL ENERGY

Ensuring security of supply, developing wind and solar projects.

or the Fuels & Real Estate Development division, 2022 included the exit from forest energy in line with the long-term strategy, the return of energy peat as a security of supply fuel in Finland and the incorporation of operations into Vapo Terra Oy, owned by Neova Oy.

In 2021, Neova Oy and Lassila & Tikanoja Oy launched a project with the aim to create a joint venture by combining the energy wood businesses of both companies into one company. The project was completed in early 2022 and Laania Oy started its operations on 1.7.2022. Neova owns 45% of the company.

By joining forces, the aim was to create a wood supply and customer service network covering the whole of Finland, as well as to improve the efficiency of operations. The experiences of the first six months have been encouraging and Laania Oy has strengthened its position in a highly competitive market. The company's net sales for the first six months amounted to just over EUR 50 million. and its operational performance was clearly positive. Laania Oy employs about 100 people.

Peat returned as a security of supply fuel

Russia's invasion of Ukraine in February 2022 almost immediately halted the import of material wood, energy chips, pellets and sawdust from Russia to Finland and the Baltic countries. This immediately caused an over-demand situation for solid fuels in Finland. In recent years, about 4 TWh of energy wood had been imported from Russia, as well as about 0.2 TWh of pellets and sawdust directly and via the Baltics.

The demand increase in the wood energy market is immediately reflected in demand increase in the energy peat market. Despite the fact that the price of emission allowances was very high throughout the year, the use of Finland's energy peat remained at the previous year's level in 2022, i.e. around 10 TWh.

A very significant change in the market was that the Finnish National Emergency Supply Agency included energy peat as part of its portfolio of security of supply fuels. Neova also resumed the production of energy milling peat in Finland. Thanks Providing solutions for renewable local energy

We do this by

Supporting our customers' transformation from fossil fuels towards biofuels, while ensuring availability and security of supply.

Developing solutions for renewable energy (wind and solar) based on own land resources.









to the stocks of previous years and the production of energy milling peat in the summer of 2022, Neova was able to meet the needs of both its own large customers critical to our energy supply and the National Emergency Supply Agency. The uncertainty in the energy market can continue and lead to a significant scarcity of solid fuels in Finland in the next heating season.

Shortage of pellets and pellet raw material

Wood pellets often replace natural gas in energy plants. When the import of natural gas and pellets ceased from Russia, it was immediately reflected in Finland as a shortage of pellets. Despite the fact that Vapo Terra has produced as much pellets as it has received raw material and what drying capacity it has had, there has not been enough pellets for all customers.

Green Factory concept implementation guiding environmental sustainability work in pellet factories

The Green Factory concept is now guiding the environmental sustainability of pellet operations in all six factories. With it, we have taken measures to be even more environmentally sustainable and

further reduce harmful environmental emissions in pellet operations. The concept has a total of 5 environmental goals aimed at reducing carbon dioxide emissions, increasing the circular economy and safeguarding biodiversity. The focus has been on increasing the utilisation of ash and energy efficiency in terms of the energy used per tonne of pellets produced. In addition, during 2022, we have implemented an SBP certification process for pellets, (Sustainable Biomass Program) is a certification system through which we want to demonstrate the economy, ecology and social sustainability of the origin and sourcing of wood-based biomass

Vapo Terra Oy is responsible for fuel sales, pellet plant operations and real estate asset development

Beginning of 2023, the Neova Group carried out an arrangement to establish Vapo Terra Oy with the responsibility for all fuel sales, pellet plant operations and real estate development projects. Neova Oy wholly owns Vapo Terra Oy. In this arrangement Neova's approximately 60,000 hectares of land in Finland were transferred to the established Vapo Terra Oy. In the same arrangement Neova Group's six pellet plants where split so that four of these are owned by Vapo Terra Oy and the two pellet plants needed for activated carbon production are owned by Neova Oy. Vapo Terra Oy operates all of the Group's pellet mills.

During the past four years, the sales of land assets has played a very significant role in real estate development, but from now on, the licensing of land owned by Vapo Terra into wind farms and combined solar and wind farms will play a much more significant role than at present. The aim is to have the first energy parks licensed during 2023.

Wind and solar power – Developing solutions for renewable energy based on own land resources

In 2022, several EIA and zoning processes for wind power projects were launched. A total of five Neova's wind projects have so far achieved zoning phase, which means that the target set for 2022 was well obtained. One of the projects is a co-development project with Metsähallitus, but all the others are fully owned by Neova. Many of these projects are also hybrid projects containing both wind and solar power, as it is practical in many areas to utilize the old peat production field for solar power construction. These five projects have approximately a total 800 MW of wind power and 450 MW of solar power.

The tendering and selection of consultants for zoning and EIA processes was finalized in early 2022. Comprehensive nature surveys were launched during spring. Nature surveys have been completed for all of these five projects within year 2022, so the EIA and zoning processes can proceed without delays.

Neova launched the first solar power project development during 2022. Initially, six potential project sites were selected for development, including a total of approximately 300 MW of rated power. However, there are plenty of additional land areas in reserve waiting for a possible later start of project development.

The wind and solar power team also continued to grow. At the end of the year, the team consisted of a total of eight people, located in Vantaa, Jyväskylä and Lappeenranta offices.

The sudden changes in the European energy market during 2022 have also brought additional demand for wind and

Konnunsuo wind farm – An extensive co-development with Metsähallitus

Metsähallitus and Neova started an unique cooperation by joining forces in wind power project development with Konnunsuo project in Pyhäntä in 2021. The co-development combines vast land areas owned by Metsähallitus and Neova's peat bogs where the peat production is now nearing its end. Private land owners have also leased land areas for the project. The initial project area reaches around 5,500 hectares and based on preliminary studies the area looks very promising for wind power production. The estimated project size is 28–34 wind power plants with 168–340 MW of total output.

The municipality of Pyhäntä has welcomed the Konnunsuo project initiative and has had a very positive attitude towards the wind farm plan. The zoning process with Pyhäntä started in 2021 and the Environmental Impact Assessment (EIA) process started in 2022. Also an open dialogue with the local residents and land users has been recognized as an important part of the wind power development process. Open public events have already been organized and the aim is to continue the dialogue throughout the entire project development process. During the EIA process the impacts of the possible wind farm are extensively evaluated

on the entire life cycle of the project including the building phase, energy production and the deconstruction of the wind power plants. As a part of the EIA process extensive nature studies were carried out at the project area during the spring, summer and autumn of 2022. Based on the findings a more detailed wind power plant layout will be drafted to minimize the overall impacts of the project. The zoning and EIA processes will continue during the year 2023 after which it is possible to apply for the building permits for the wind power plants.

To evaluate the economics of the project and to get detailed information of the wind conditions at the area an extensive wind measurement campaign is executed. The campaign started with SODAR measurement in 2021 which is complemented with mast measurement that begun in 2022. If the permitting process proceeds as planned it is estimated to be finished by 2025. The energy production could begin in 2027.

Metsähallitus is a state owned enterprise that manages one third of Finland's land and water areas. Metsähallitus has long experience in wind power project development and is a natural partner for Neova in the Konnunsuo project.







Torvmossen solar power plant is one of our leading projects

Neova started to study the solar power potential in Neova's land areas in 2021. In these studies the Torvmossen peat production area in Kotka Finland was recognized to have a great potential for solar power production. The entire planning area is owned by Neova and it has been used for peat production during 2010–2021. The planning of Torvmossen solar park is based on optimizing the land usage for renewable energy. The current plan for the solar park consists of tens of thousands of solar panels, with the total capacity of 35 MW.

Neova has had active discussions with several interest groups from the start of the projects such as the city of Kotka, ELY Centre of Southeast Finland and the nearby Kymi Airfield. The attitudes towards the project have been positive. At the moment, there is no standard way to handle the permitting process of a solar power plants in Finland. The Kotka city authorities have given the guidelines for completing the permitting process for the project. Neova has been preparing for the permitting process during 2022 and the required process will be started during the first half of 2023.

During the last quarter of 2022, Neova has done initial studies to gain better understanding of the area's current state and nature. Although Torvmossen solar park does not require formal Environmental Impact Assessment (EIA), the environmental aspects have to be considered thoroughly for the permitting. To evaluate the economy of the project solar radiation measurements might not be required and the amount of solar radiation can be evaluated by statistical methods.

The required permitting process is estimated to be finished during the year 2023. During the first half of the year geotechnical studies will be conducted to gain information and to optimize the size of the solar park. After the geotechnical studies unsuitable areas for building foundations can be crossed out and a final draft of the solar park and technical planning can be made. If everything goes as planned the construction of Torvmossen solar park could begin in 2024 and the plant could be connected to grid by the end of year 2024. The solar park is estimated to produce enough electricity to cover the electricity consumption of 2,000 electrically heated detached houses.

solar power, which are currently the cheapest and also the fastest ways to obtain new low-emission electricity production.

During 2023, the EIA processes for wind power projects are to be completed and zoning processes to be taken forward. A few wind measurement campaigns will also be launched during 2023. The permit processes for the first solar power projects are expected to be completed in 2023, after which decisions can be made on project sales and possible constructions.

Land assets – Providing solutions for sustainable use of land resources

During 2018–2022 we have sold approximately 46,000 hectares out the land owned by Neova Group in Finland. Former peat production areas have been sold for afforestation and more and more for wetlands and carbon sequestration.

In 2022, about 2,900 hectares of the former peat production areas were afforested or covered by plants. 15% were turned into wetlands. In 2022 we sold 211 hectares to the 4H Foundation for carbon sequestration. Moving forward, we will continue to put focus on evaluating options to increase carbon sinks utilising our land assets.

NEOVA

NEW BUSINESSES DIVISION NOVACTOR - PROVIDING SOLUTIONS FOR PURIFYING THE ENVIRONMENT

lean air and water are essential to all life on our planet. Activated carbon is an important material in fighting the ever-increasing pollution in our living environments. The use of activated carbon in air and water purification is growing at a fast pace and it is also widely used in other critical end uses such as food and pharmaceutical production.

With modern technology to lowest emissions

Novactor activated carbon factory in Ilomantsi, Finland is the most modern and environmentally friendly production facility in the world. We are replacing Chinese and North American coalbased import of activated carbon with our offering and significantly reducing the carbon footprint of our European customers. European manufacturing also significantly reduces the logistic costs and emissions of the activated carbon used in Europe.

Reducing the carbon footprint of manufacturing has been very high in the agenda of the Novactor Team. In addition to this, we want to make sure that we use our raw materials as effectively as possible and use an advanced heat recovery system to utilise excess energy from our process. This enables us to provide a vast majority of the district heating energy needed in the local municipality of Ilomantsi. We use best available technology (BAT) in flue gas treatment to ensure low emission levels.

Green factory concept implementation and ISO certification guiding environmental and social sustainability and quality management work in Novactor At the heart of Novactor's Green Factory concept is the circular economy and increasing use of renewable raw materials in the production of activated carbon. In the coming years, the aim is to achieve the full utilisation of the side streams of activated carbon production in accordance with the principles of the circular economy. In 2022, during the plant's renovation

Providing solutions for purifying the environment

We do this by

Supporting customers in responsible production through our solutions for air, water and living environment purification.

Using modern production technologies targeting low energy usage and emissions, recycling and reducing waste.

Effective use of raw material and side streams.



phase, special emphasis was placed on the efficient recycling of demolition and construction site waste and on research into alternative renewable raw materials. The planning of the next activated carbon production line is underway and we aim to utilize the waste heat generated in the process as efficiently as possible, for example, in district heat production.

In 2021, Novactor was granted the ISO 9001 and ISO 14001 certificates. In 2022 Novactor was also granted the ISO 45001 occupational health and safety certificate. We have paid extra attention on developing our production and quality control processes in order to ensure safety and to improve our production efficiency, while minimising the waste of raw material. Our modern flue gas treatment system ensures our compliance with the strict environmental permits in place for our production unit.

Activated carbon manufactured from renewable biomasses

Novactor's target is to become a leading supplier of activated carbon manufactured from renewable raw materials. Adsorption characteristics of the activated carbon product are very strongly linked to the raw material used. Finnish natural biomasses offer Novactor a very good base for a wide portfolio of highquality activated carbon products.

Hard and softwood side streams from Finnish wood industry have been tested in our R&D laboratory and production process. Test results have been promising and we will introduce a portfolio of wood-based products soon after the start of the first production facility. This will also enable us to produce a larger variety of products for different end uses and applications.

The latest addition to our research and development pipeline is willow. Willow, as a fast-growing biomass has been extensively studied in Finland for energy use as well as for afforestation of waste land, such as old peat production areas.

As a raw material of activated carbon willow is an interesting addition that we are looking into with great interest. Our R&D tests have revealed great potential and unique characteristics in the product, but also an opportunity to create a truly "green activated carbon" product with even a negative CO_2 footprint. There will be a market for such offering in future, we believe.

The refractory bricks of the activation furnace at llomantsi production facility were recycled

In September 2021, the activation furnace in Novactor's Ilomantsi production facility sustained significant damage due to the collapse of the furnace's refractory structure. The collapse was caused by faulty refractory bricks used in constructing the furnace.

Due to the damage, the entire refractory structure inside the furnace needed to be demolished and rebuilt using new, higher quality refractory bricks. As a result of the demolition, hundreds of tons of refractory material waste was created.

According to Neova Group's principles and our commitment to promoting circular economy, it was important to find a way to re-use the refractory waste and to avoid it ending up as landfill.

We managed to find suitable partners who were able to use the refractory waste as raw material in their own products. Most of the material was received by a company producing castable refractory materials for the steel industry. We also supplied some material to a company using it in the production process of renewable fuels.

We are very pleased that 100% of the refractory waste from the furnace was reused as raw material for new products. We were able to minimize the environmental impact of the generated waste and to offer raw material to the companies in question, further reducing their use of virgin raw materials.



Managing project in a safe way

When leading a construction project, you must be able to react to situations on a fast schedule and be prepared to act immediately, but that should be the last resort. It is important to foresee and mitigate most of the challenges, risks and even potential show-stoppers before they are realized. This involves careful planning, risk assessments, daily follow-up, communication, gathering and sharing information.

One of the most important tasks of a project manager is to enable and lead this work. Well scheduled project together with the proactive management helps to avoid delays and rushing which bring risks in safety. Project manager's task is also to ensure that the project has the best experts, enough resources and sufficient use of time for project personnel to keep the most important aspect of the project, safety, always at the top of the agenda.

It is important that each project member leads the project for their part, raises their observations and ensures that the necessary things are done. The team members need to have a clear picture of their own role and what is expected of them. However, a clear division of roles does not mean that people act in project focusing solely and exclusively on their own field. Sometimes a colleague with fresh eyes notices a risk that the expert themselves has not noticed. Therefore, the clarity of the project status and the overall picture for the team members is essential.



Refractory demolition was a challenging phase

Remo AC1 project included an unique high risk work phase, demolition of partially collapsed 15-storey, 30-meter-high furnace refractory. Quantity of over 140,000 pieces of refractory bricks were dismantled, one by one, by the masonry workers. The demolition work was carefully planned and several experts from different disciplines were involved in the planning. Special risk assessments, just focusing on the refractory dismantling, were made. Structures, piping and equipment above the furnace were dismantled and structures below the furnace were reinforced heavily as a safety measure. Work methods were planned and evacuation plans were made with safety at the forefront. Demolition was the most challenging phase of the project, and it was completed safely without incidents.

After all the careful planning and risk assessment work, delays in material deliveries compromised the project schedule. And as previously said, delays and rushing can lead to safety risks. Thankfully, together with the project team we managed to find a way around the obstacles. Mechanical completion of the project was reached slightly ahead of schedule, below the budget and most importantly, the goal of zero accidents was reached. A big thanks goes to the project team and the great drive of working together!

Safety in numbers, Remo AC1 Project

- 700 hours of Safety Coordinator work
- 263 safety orientations
- 49 weekly TR safety walks with 97% average score (target 94%)
- 9 project risk workshops
- 3 positive observations in external audit, including site safety and risk management
- 0 accidents.

NEW BUSINESSES DIVISION NEOVA INNOVATION -INNOVATING FOR SUSTAINABLE FOOD PRODUCTION

eova Innovation develops solutions to global challenges in collaboration with customers and other ecosystems to secure global food production, to promote healthy and comfortable living environments, and to develop means to purify air and water. Our aim is to refine peat based biomass and other organic natural materials into new high valueadded products to international markets.

Sustainable biostimulants production together with partner

Neova's biostimulant development and commercialization proceeded in 2022

with agreeing upon the manufacturing of the first biostimulant product together with a partner. The partner is Lapuan Peruna, which has partly the needed technology and experience in similar industrial manufacturing processes.

The first biostimulant to be commercialized will be a peat-based humic biostimulant. With humic biostimulants, it is possible to improve crop yields in an environmentally friendly way, thus promoting sustainable agriculture. Growth trials done with Neova's humic biostimulant show promising results especially in improving phosphorous uptake, and increasing water holding capacity and soil health. Due to improved nutrient use efficiency, chemical fertilizing can be reduced and nutrients leaching into waterways can be prevented.

Lapuan Peruna is a producer of potato starch, which is further refined on the same industrial plot by Chemigate to cardboard and paper industry raw materials. As a byproduct of the starching process, potato feed for cattle is produced and by evaporation, concentrated potato cell fluid, which is used as a liquid fertilizer.

Due to the seasonal nature of the starching process, Lapuan Peruna's evaporation services, equipment and factory infrastructure can be used for manufacturing Neova's humic biostimulant, without disrupting Lapuan Peruna's own operations.

Innovating for sustainable food production

We do this by

Effective use of natural raw materials and side streams to produce high value-added products for sustainable food production.

Building Refinery concepts based on circular economy.

Creating sustainable innovations with the ecosystem.







In 2022, humic biostimulant products where manufactured successfully in pilot scale together with Lapuan Peruna. In order to manufacture the biostimulants in continuous mode, the existing factory needs to be complemented with additional process technology. The detailed engineering for complementing the factory was completed in 2022

The manufacturing of humic biostimulants at Lapuan Peruna require in addition an update of the environmental permit. Therefore, the environmental permit of Lapuan Peruna has been updated and re-applied in 2022. The new permit is expected to be received from the environmental authorities in spring 2023. Neova will make the final investment decision into the peat-based biostimulant business and manufacturing at Lapuan Peruna, as the environmental permit is received.

Combining and building Neova's biostimulant manufacturing process in connection to Lapuan Peruna's existing factory and utilizing their excess production capacity, is both cost-efficient and sustainable. The manufacturing process of the humic biostimulant is very efficient, requiring only moderate amounts of peat raw material, which will be delivered to Lapua from near-by peat production fields, minimizing logistics. In addition, the solid humin- and potassium-rich fraction from the biostimulant process, can be utilized for improving the soil quality of nearby potato fields. The same fields that grow potato for Lapuan Peruna's starch factory.

Refinery product development program targets into product innovations

Within the framework of the Neova Refinery product development program, new biomass-based products with a high degree of refinement are being developed for the international markets. The work is funded by Business Finland during 2020-2023, and the total budget is nearly 5 million euros. Research is carried out in close cooperation with Finnish SMEs and research institutes, from which the necessary services are procured. A significant part of the R&D work is also done in Neova's Innovation Laboratory located in connection with the University of Jyväskylä.

Within the program, the properties and processing of peat and possible

other biomasses for various commercial applications have been studied and evaluated. The first product to be commercialized is a biostimulant made from peat. The unique humus substances contained in peat have been commercialized into a biostimulant product that improves plant growth via multiple mechanisms.

Peat-based product replaces the products on the market that are derived from fossil raw materials (lignite or leonardite) that are millions of years old and, as such unsustainable. Peat is a slowly renewing raw material. According to a preliminary carbon balance, up to 70% of the original carbon in peat is transferred into humate and biochar products. Thus, most of the original carbon in the peat is returned to the soil with the products. Humic substances can also be expected to be relatively stable in soil. Biostimulants reduce the need for chemical fertilizers increasing the sustainability of agricultural practices.

In the Neova Refinery concepts, the raw material is used holistically in an effort also to find commercial applications for the side fractions generated in the manufacturing process. For example, the solid side fraction of humus production is suitable for producing biochar or for use as a soil amendment. New use forms are constantly searched.

Products based on peat or other wetland biomass also provide customer value in other commercial applications. Within the program's framework, various products have also been developed for use in animal feed applications. By improving animal welfare, these peatland-based products could offer an environmentally friendly option to replace medicinal products in animal diets.

In 2022, the research carried out within the framework of the product development program was increasingly expanded towards rapidly renewing raw materials in accordance with Neova's strategy. The goal is to expand the company's biostimulant portfolio to cover new plant-based raw materials or side streams from which different types of biostimulant products can be commercialized. Domestic sources of raw materials have still been very little studied for biostimulant use, and it can be assumed that they contain interesting functionalities when processed, which could be utilized in plant cultivation.





Neova Refinery concept

We develop sustainable Neova Refinery concepts, where all raw materials and side-streams are utilized according to principles of circular economy and high value-added products are produced for international markets.





GRI INDEX

Organisational profile	Page	Comments						
102-1 Name of the organisation	Front cover							
102-2 Activities, brands, products, and services	81–102, Annual Report, Neova Group							
102-3 Location of headquarters	GRI Index	Jyväskylä, Finland						
102-4 Location of operations	About us							
102-5 Ownership and legal form	GRI Index	The state of Finland has a holding of 50.1% in the parent company Neova, while Suomen Energiavarat Oy holds 49.9%.						
102-6 Markets served	81–102, Annual Report , About us							
102-7 Scale of the organisation	About us, Annual Report, Financial Statements and Board of Directors' Report							
102-8 Information on employees and other workers	75–80, 86–88, Appendix 5.							
102-9 Supply chain	80, Annual Report							
102-10 Significant changes to the organisation and its supply chain	58–59, 81–82 , Annual Report, Financial Statements and Board of Directors' Report							
102-11 Precautionary Principle or approach	58–59, 81–82, Corporate Governance							
102-12 External initiatives	62–65, Appendices 2. and 6. Certificates , External sustainability references	UN Sustainable Development Goals, UN Global Compact, certificates on quality, environmental and sustainability management.						
102-13 Membership of associations	58–59, 64 Memberships							
Strategy	Page	Comments						
102-14 Statement from senior decision-maker	Annual Report							
102-15 Key impacts, risks, and opportunities	56, 58–59, 66–74, 81–82, 83–103, Annual Report, Financial Statements and Board of Directors' Report							

Ethics and integrity	Page	Comments
102-16 Values, principles, standards, and norms of behavior	58–59, Values, Code of Conduct	
102-17 Mechanisms for advice and concerns about ethics	75, 80, Whistleblowing	
Governance	Page	Comments
102-18 Governance structure	61–62, Corporate Governance	
102-20 Executive-level responsibility for economic, environmental, and social topics	61–62	
102-21 Consulting stakeholders on economic, environmental and social topics	64	
102-23 Chair of the highest governance body	Corporate Governance	
102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate Governance	
102-29 Identifying and managing economic, environmental, and social impacts	58–59, 62–64	
102-32 Highest governance body's role in sustainability reporting	62	
Stakeholder engagement	Page	Comments
102-40 List of stakeholder groups	GRI Index	Personnel, customers, owners, public authorities, peatland lessors and landowners, scientists, researchers, research institutes, schools and students, non-governmental organisations, HR partners and external stakeholders, suppliers, service providers, contractors, political decisionmakers, citizens, media, labour market organisations.
102-41 Collective bargaining agreements	Apendix 5, GRI Index	Percentage of personnel covered by collective bargaining agreements: Spain 100%, Sweden 96%, Finland 35%, The Netherlands 8%, Estonia 0%, Germany 0% .
102-42 Identifying and selecting stakeholders	58–59, 61, 64	
102-43 Approach to stakeholder engagement	58–59, 61, 64	
102-44 Key topics and concerns raised	58–59, 61, 64	

Reporting practice	Page	Comments						
102-45 Entities included in the consolidated financial statements	Financial Statements and Board of Directors' Report							
102-46 Defining report content and topic boundaries	58–59, 64, GRI Index	The reporting is based on a materiality analysis that was used to determine the views of Neova Group's stakeholders and the company itself regarding the most material corporate sustainability topics related to the company's operations. The sustainability report covers the entire Neova Group. The calculation principles and boundaries of environmental figures are primarily reported in the context of the relevant charts and tables.						
102-47 List of material topics	56, 58–59							
102-48 Restatements of information	GRI Index	No restatements of information.						
102-49 Changes in reporting	GRI Index, 66, 84, 115	The figures presented in the sustainability report represent the entire Neova Group to the extent that the data was available. Any changes to previous reports are included in the topic-specific disclosures. The share of RPP certified peat of all peat used in 2021 has been reviewed and updated. CO ₂ Scope 1 and Scope 2 emission base year (2018) was recalculated to exclude CO ₂ emissions of the divested Nevel business.						
102-50 Reporting period	GRI Index	The reporting period is 1 January–31 December 2022.						
102-51 Date of most recent report	GRI Index	Neova Group's previous sustainability report was published in March 2022.						
102-52 Reporting cycle	GRI Index	Neova Group reports on its sustainability annually since 2018.						
102-53 Contact point for questions regarding the report	GRI Index	Sustainability and the sustainability strategy and targets: Petri Järvinen, Chief Supply Chain and Sustainability Officer, Environmental responsibility: Teija Hartikka, Senior Manager, Environment & Quality, Economic responsibility: Jarmo Santala, CFO, Social responsibility: Jenni Nevasalo, Chief HR Officer.						
102-54 Claims of reporting in accordance with the GRI Standards	GRI Index	Neova Group reports on the economic, environmental and social impacts of its operations in accordance with the GRI Standards core scope.						
102-55 GRI content index	GRI Index							
102-56 External assurance	GRI Index	This report has not been externally assured. Emission calculation logic and emission factors used in Neova Group's 2020 Scope 1 & 2 emission calculation have been checked by Gaia consulting Oy. The emission calculation for 2022 has been done with the same bases as in 2020 and 2021.						

Management and economic performance	Page	Comments					
103-1 Explanation of the material topic and its Boundary	60–61, Appendix 1						
103-2 The management approach and its components	60–61, Appendix 1, Corporate Governance						
103-3 Evaluation of the management approach	Appendix 1, Corporate Governance						
Economic performance	Page	Comments					
201-1 Direct economic value generated and distributed	81–82, Appendix 6, Financial Statements and Board of Directors' Report						
201-2 Financial implications and other risks and opportunities due to climate change	82						
Anti-corruption	Page	Comments					
205-3 Confirmed incidents of corruption and actions taken	GRI Index	No reported incidents.					
Anti-competitive behavior	Page	Comments					
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI Index	No reported incidents.					
Materials	Page	Comments					
301-2 Recycled input materials used	66, 73, 74, 84, 86, 90	Reported partly.					
Energy	Page	Comments					
302-1 Energy consumption within the organisation	118	Total energy consumption includes the fuel consumption of the company's production facilities and work machines, as well as the consumption of electricity, heat and steam.					
302-3 Energy intensity	GRI Index	The energy intensity in 2022 is 0,6 kWh/€ (2021: 0,5 kWh/€). The energy intensity is calculated in relation to the Group revenue. In the intensity ratio is included the fuel consumption in production and on-site machinery as well as consumption of electricity, heating and steam.					

Water and effluents	Page	Comments					
303-1 Interactions with water as a shared resource	74, 117–118	Reported partly. For emissions into waterways, report nitrogen, phosphorus and solid matter emissions from Finnish peat operations where environmental permits include the obligation to calculate the annual load. The calculations are based on samples.					
303-2 Management of water discharge-related impacts	GRI Index, Sustainability Concept for Peat	Environmental permit is required for peat production. At peat production areas, the best available techniques (BAT) are defined on a case-by-case basis taking into account the particular conditions at each production area and the remaining operational time. The profile of the receiving waterbody is considered in permit processes.					
Biodiversity	Page	Comments					
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	113,125, GRI Index, Certificates	Reported partly. All peat production areas in Neova Group operate under environmental permits. Risks of peat production to nature are always assessed beforehand and the permits are not applied for areas classified in high natural state.					
304-3 Habitats protected or restored	66, 70–72	2.700 hectares of wetlands to protect biodiversity					
Own indicators – Reforestation and wetland development	66, 70–72						
Emissions	Page	Comments					
305-1 Direct (scope 1) GHG emissions	66–68, 84, 115	Direct fossil CO ₂ (Scope 1) is calculated based on fuel usage and area reserved for peat production under company's control. GRI disclosure 305-1 soil emissions are reported as equivalents. Fuel use emission is reported as CO ₂ only. Emission factors used in the calculation are based on publicly-accesible material. Changes: Reported fuel use at Kekkilö-BVB site was revised after the 2021 report was published. Corrected readings in table on page 115.					
305-2 Energy indirect (scope 2) GHG emissions	66–68, 84, 89, 115	Indirect CO, emissions from electricity usage (Scope 2) are calculated with both market and location-based approach. In case the market-based data i not available, residual mix is used. Emission factors used in the calculation ar based on publicly-accesible material. GRI 305-2 market based emissions are reported as equivalents.					
305-3 Other indirect (scope 3) GHG emissions	66–68, 84, 89, 115–116	Scope 3 indirect CO ₂ emissions are calculated based on data availability. In section 305-3, emissions are reported in CO ₂ equivalents.					
305-4 GHG emissions intensity	66–67, 84, GRI Index	The emissions intensity is calculated in relation to the Group revenue, t CO $_2/M {\in}$.					

Effluents and waste	Page	Comments					
306-1 Water discharge by quality and destination	74, 117–118, Monitoring reports	Reported partly. For peat production the volume of planned and unplanned water discharges are reported in emission and water monitoring reports, together with standards, methodologies, and assumptions used. Information is reported for Finnish operations.					
306-2 Waste by type and disposal method	66, 73, 84, 90, 99, 117	Reported for all Neova Group operations. Waste: Reported waste volume has been revised after the 2021 report was published. Corrected readings and recovery information can be found in the waste table.					
306-3 Significant spills (if none, just in index)	GRI Index	Drainage waters from peat production had to be rerouted to diversion culverts and dams on 26 occasions to prevent damage to water protection structures, for an average of 32 days per incident. The number of diversion incidents increased by 30% compared to 2021. Exceptions in water management have been notified to the supervisory authority in accordance with the permit conditions. The reasons for the exceptional situations are investigated and the necessary measures are taken to rectify the situation.					
Environmental compliance	Page	Comments					
307-1 Non-compliance with environmental laws and regulations	GRI Index	No reported incidents of non-compliance.					
Supplier environmental assessment	Page	Comments					
308-1 New suppliers that were screened using environmental criteria	GRI Index, Code of Conduct	In 2022 total of 66% of suppliers with over 100 k€ spend has signed Supplier Code of Conduct.					
Employment	Page	Comments					
401-1 New employee hires and employee turnover	GRI Index	Reported partly. Employee turnover (outgoing): 112 cases of employment termination (11,5%). The number includes all causes of employment termination. Regional division: Region/country: FI 47, EE 2, SWE 9, NL 49, GER 5 Gender division: 26 female (23%), 86 male (77%) Age division:under 30: 14 (13 %), 30-50 years: 55 (49 %), over 50: 43 (38 %)					

Occupational health and safety	Page	Comments
403-2 Hazard identification, risk assessment, and incident investigation	56, 76–77, 86–87, Appendix 5	
403-5 Worker training on occupational health and safety	76–77	
403-9 Work related injuries	56, 76–77, 86–87, Appendix 5	
G4-EU18 Health and safety training for suppliers	80	
Training and education	Page	Comments
404-2 Programs for upgrading employee skills and transition assistance programs	77–80	Reported partly. Programmes pertaining to retirement and the termination of employment have not been reported.
Diversity and equal opportunity	Page	Comments
405-1 Diversity of governance bodies and employees	GRI Index	Board of Directors: 7 members total: 2 women (29%) and 5 men (71%). Under 30 yrs: 0, 30–50 yrs: 2 (29%), over 50 yrs: 5 (71%). Group Management Team : 11 members, 2 women (18%) and 9 men (82%), under 30 yrs: 0, 30–50 yrs: 2 (18%), over 50 yrs: 9 (82%).
Non-discrimination	Page	Comments
406-1 Incidents of discrimination and corrective actions taken	75, 80, GRI Index	6 reported cases and corrective actions taken (including follow up).
Public policy	Page	Comments
415-1 Political contributions	GRI Index	Neova does not support any political parties.
Marketing and labeling	Page	Comments
417-3 Incidents of non-compliance concerning marketing communications	GRI Index	No incidents of non-compliance.
Socioeconomic compliance	Page	Comments
419-1 Non-compliance with laws and regulations in the social and economic area	GRI Index	No incidents of non-compliance.

APPENDIX 1: DISCLOSURES ON MANAGEMENT APPROACH

	We do our bu	usiness in balo	ance with natu	Jre	We support t	he growth of o	We ensure profitability in a sustainable way						
Neova Group material topics	Greenhouse gas emissions	Biodiversity	Circularity	Water	Safety first!	Great workplace	Responsible partners	Discrimination and inappropirate behaviour	Economic and local employment impact	Financial implications and climate risks			
Our management approach and purpose	Pages 56, 58–59, 67–69, 89–90, Appendix 4.	Pages 56, 58–59, 70–72, 92.	Pages 56, 58–59, 73–74, 90–91, Appendix 4.	Pages 74, Appendix 4.	Pages 56, 58–59, 75–77, 86–87, Appendix 5.	Pages 56, Pages 56, I 58-59, 75-77, 58-59, 8 86-87, 77-78, Appendix 5. 87-88.		Pages 75, 80.	Pages 81–82.	Page 82.			
Policies and commitments	Neova Group Sustainability strategy (updated 12/2021). Overall we apply the following policies to manage our approach for the material topics: Group corporate gove statement, Code of Conduct, Supplier Code of Conduct, Corporate responsibility policy incl. SEQ, Internal audit charter, Sourcing and procurement policy. Topic specific policies are mentioned below. We are committed to UN Global Compact and UN Guiding Principles on Business and Human Rights and the Fundamental Conventions c the International Labour Organization. In addition, we communicate our approach to the United Nations Sustainable Development Goals throughout this report, and a committed to making them part of the strategy, culture and day-to-day operations of our company.												
	Environmental	sustainability st	rategy 2022–20	25	Information sec Compensation	Disclosure policy, I IPR policy, Risk ma Financial policies. , Enterprise Risk Ma we prepared the To related Financial D May 2022.	Innovation and anagement policy, . As part of our lanagement process Task Force on Climate- Disclosures (TCFD) in						
Goals and targets	These are prese	ented on page 6	60–65 ("Sustainc	ability at Neov	a Group") and in t	he indicator tab	les on pages 66,	75, 81, 84.	. <u>.</u>				
Responsibilities and resources	These are prese	ented on page 6	51–62 ("Sustainc	ability tightly g	overned within N	eova Group").							
Grievance mechanisms	Environment ob feedback and in area in question Environmental open grievance Peat (RPP) cert mechanisms.	pservations reco rregularities are n and reported permitting proc mechanisms. F ification proces	ording tool. Envi handled by the to the Board of ess is public and Responsibly Prod s includes open	ronmental business Directors. d includes duced grievance	Safety observations recording tool, accident investigations, mandatory safety trainings	Annual employee Great Place to Worksurvey, pulse surveys	Responsible Sourcing programme (incl. obser- vations and audits)						
Assessment of management approach	We measure our impacts and our progress towards the targets annually and evaluate our management approach based on our performance, including stakeholder and customer feedback. For example, increasing levels of reporting safety, environmental, quality and success observations give us a positive signal, that awareness is increasing and there is a proactive management of issues. We carry out regular internal and external audits as well as conduct management reviews to assess our progress and the effectiveness of our management approach.												

APPENDIX 2: EXTERNAL SUSTAINABILITY REFERENCES

Sustainability frameworks

- UN Sustainable Development Goals (SDGs) UN SDGs are 17 sustainability goals with 169 targets that all UN Member States have agreed to work towards achieving by the year 2030. For businesses it is as a universal framework for businesses to communicate performance, set targets and actions, engage with various stakeholders, including investors and gain access to new market opportunities. The framework fosters collaboration to solve the world's most challenging tasks in sustainability.
- Global Reporting Initiative (GRI) framework a sustainability reporting framework that helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social wellbeing.
- Upright Project net impact assessment methodology a model to quantify in automated way the net impact of companies on people, planet, society and knowledge. Upright enables smarter decision-making for investors, companies and governments by quantifying the net impact of companies.
- NEW Taskforce on Climate Related Financial Disclosures (TCFD) – a framework to incorporate evaluation of climate-related risks and opportunities into companies risk management and strategic planning processes.
- NEW Carbon Disclosure Project (CDP) a not for profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
- NEW Greenhouse Gas Protocol (GHG) a comprehensive global standardized framework to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions.
- NEW Global Logistics Emissions Council (GLEC) framework – global method for calculating and reporting logistics emissions.

Sustainability commitments

- NEW UN Global Compact a framework for voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.
- NEW UN Guiding Principles on Business and Human Rights – the global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity, and they provide the internationally-accepted framework for enhancing standards and practices with regard to business and human rights.

Product specific sustainability certificates

- RPP (Responsibly Produced Peat) certificate system for growing media applications. Goal is to ensure that peat used as a constituent for growing media can be guaranteed from responsible resources.
- **PEFC** Certification system to ensure that wood products come from sustainable forest management.
- FSC (Forest Stewardship Council) Certification system to ensure that wood products come from forest that is being managed in a way that preserves biological diversity and benefits the lives of local people and workers, while ensuring it sustains economic viability.
- RHP (certified for horticulture) The RHP quality mark gives a thorough quality judgement on the certified substrates. Substrates, soil supply and soil improving materials with the RHP quality mark are stable and guarantee an optimal nutrient medium.
- QMGS Quality Mark Good Soil (QMGS) is intended for companies that supply and / or sell potting soils is the ground covers and soil improvers within the hobby sector. QMGS is the quality mark, which guarantees the safety, quality, composition, purity and usability of the product.

 NEW – Sustainable biomass program (SBP) – a certification system designed for woody biomass, mostly in the form of wood pellets and woodchips, used in industrial, largescale energy production to provide assurance that woody biomass is sourced from legal and sustainable sources.

Management systems certifications

- ISO 9001 Quality Management System an international standard that helps organizations ensure they meet customer and other stakeholder needs within statutory and regulatory requirements related to a product or service.
- ISO 14001 Environmental Management System an international standard that enables organizations to improve their environmental performance.
- NEW ISO 45001 Occupational Health & Safety System – an international standard for occupational health and safety, issued to protect employees and visitors from workrelated accidents and diseases.

Non-competitive collaboration forums (through memberships)

• FIBS – a community for Finnish companies to share best practices and insights on corporate responsibility topics.

NEW refers to references which were implemented during 2022.



APPENDIX 3: THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT ADRESSED IN THIS REPORT

Human rights	Chapter	Subchapter		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Sustainability at Neova Group			
Principle 2: make sure that they are not complicit in human rights abuses	Sustainability at Neova Group			
Labour	Chapter	Subchapter		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Sustainability at Neova Group, We support the growth of our people and partners, Appendix			
Principle 4: the elimination of all forms of forced and compulsory labour	Sustainability at Neova Group, We support the growth of our people and partners			
Principle 5: the effective abolition of child labour; and	Sustainability at Neova Group, We support the growth of our people and partners, GRI Index			
Principle 6: the elimination of discrimination in respect of employment and occupation	Sustainability at Neova Group, We support the growth of our people and partners, GRI Index			
Environment	Chapter	Subchapter		
Principle 7: Businesses should support a precautionary approach to environmental challenges;		Business specific objectives through		
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Common targets and initiatives through our own operations: We do our business in balance with nature, Appendix	products and services: Grow&Care, Fuels&Real Estate Development,		
Principle 9: encourage the development and diffusion of environmentally friendly technologies		New Businesses divisions		
Anti-Corruption	Chapter	Subchapter		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	We ensure profitability in a sustainable way, GRI Index			

APPENDIX 4: WE DO OUR BUSINESS IN BALANCE WITH NATURE

		Finland			Sweden			Estonia		The	Netherle	ands	Neova Group		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Peat operations	607	525	438	61	61	60	54	65	61	•••••••••••••••••••••••••••••••••••••••			723	651	559
Kekkilä-BVB operations	3	4	3.4	1	1	0.1	2	1	0.5	5	4	3.7	10	11	8
Pellet operations	22	33	37										22	33	37
Power plant (llomantsi)	20	20	33										20	20	33
Novactor/New Businesses	-	0.5	0										n/a	0.5	0
Shared/Group	0.1	0.1	0.1										0.1	0.1	0.1
Total	652	583	511	62	62	61	56	66	61	5	4	3.7	774	715	637

CO₂ emissions (scope 1+2) from Neova Group's own operations 2020–2022, kt CO₂e

Neova Group's emissions consists of direct and indirect energy consumption on production sites, fuel use of on-site vehicles, soil and stockpile emissions of peat production areas. The emission factors used to calculate soil emissions of peat production are based on national greenhouse gas inventories. Emissions for direct energy consumption is calculated based on actual fuel consumption figures and fuel-specific emission factor. Direct energy consumption of pellet and power plant operations in Finland includes only fossil fuels. For indirect energy consumption country is used market-based emission factors. Emissions from on-site vehicles are calculated based on fuel use. Emission of peat production machines is estimated based on the total production volume and average fuel consumption in peat production.

Scope 1 and 2 emissions calculation for 2020 has been reviewed and validated externally by Gaia Consulting. Emissions for 2021 and 2022 have been calculated according to the same principles.

Greenhouse gas emissions 2020–2022, kt CO, e

	Finland			Sweden				Estonia			The Netherlands			eova Gr	oup	
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	Description
SCOPE 1 soil emission	598	514	429	59	59	58	53	63	52				709	636	539	Emissions from land areas reserved for peat production. Emission from peat stockpiles.
SCOPE 1 other fossil emission	40	50	65	2	3	3	2	3	9	2	2	1.6	27	57	79	Fuel use in own facilities and production in CO ₂ . Fuels consumption of on-site vehicles.
SCOPE 1 biogenic emission	n/a	7	22										n/a	7	22	Fuel use in own facilities and production in CO ₂ . Not included in total emissions. Added to report from 2021.
SCOPE 2 market based electricity emission	14	17	17	0.2	0.1	0.1	1	1	0.2	3	2	2	18	21	19	Purchased electricity emission as market-based and district heating. Company target setting is based on market based calculation.
SCOPE 2 location based electricity emission	10	13	11	0.1	0.1	0.1	1	1	1	2	2	2	14	15	15	Purchased electricity emission as location-based and district heating.
SCOPE 3 total	2 638	2 354	3 084	447	459	329	284	309	352	485	445	359	3 855	3 568	4 1 2 3	See separate table for detailed breakdown.
Total emissions	3 290	2 937	3 595	508	521	390	340	376	413	490	449	362	4 628	4 282	4 760	Including + SCOPE 1 soil + other fossil emissions + SCOPE 2 market based emissions



Greenhouse gas scope 3 emissions 2020–2022, kt CO₂e

		Finland	d	9	Swede	n		Estoni	a	The	Nether	'lands	Ne	Neova Group		
Categories	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	Description
1. Purchased goods and services	57	47	37	14	16	9	8	12	6	129	104	108	208	179	159	Purchased goods and services in the reporting year based on data in amount of materials and when not available, calculation was done based on spend. The main emission source here is purchased horticultural peat.
2. Capital goods	9	1	3	1	1	0.2	0.1	3	1	0	2	3	10	8	8	Capital investments in, e.g. construction and investment projects.
3. Fuel and energy related activities	5	7	16	1	2	0.2	1	1	1	1	1	1	8	11	18	Extraction, production, and transportation of fuels and energy purchased or acquired. Calculated based on scope 1 and 2.
4. Transportation and distribution	18	18	17	1	2	1	20	19	19	6	6	4	45	45	41	Transportation and distribution paid by the company.
5. Waste generated in operations	1	1	2	0.03	0.05	0.1	0.03	1	0.1	0.1	0.1	0.1	1	2	3	Waste and waste water generated by the company.
6. Business travel	1	0.5	1	0.2	0.1	0.1	0.02	0.02	0.04	0.1	0.1	0.1	1	1	1	Emissions from flights and other business travel as well as hotel stays.
7. Employee commuting	0.4	0.4	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.4	0.6	1	1	1	Daily commuting of employees to workplace.
8. Upstream leased assets	1	1	0.6	0.1	0.1	0.2	0.1	0.1	0.1	0.002	0.1	0.2	1	1	1	Leased assets not already included in scope 1 or scope 2 inventories and fuel consumption of leased vehicles that was not included in the Scope 1 calculation.
9. Downstream transportation and distribution	0.6	5	5	1	0.1	0.2	5	3	4	0.6	2	2	8	10	11	Transportation and distribution of sold products not paid by the company (and vehicles and facilities not owned or controlled by the reporting company).
10. Processing of sold products	Neovo	Group	compani	es does	not sell	interme	diate pr	oducts	which wo	ould requ	uire proo	cessing.				
11. Use and 12. End-of-life of sold products	2 546	2 546	3 002	428	438	317	251	269	321	349	329	262	3 573	3 310	3 903	The use and the total expected end-of-life emissions from all products sold in the year. Categories 11 and 12 were combined, as the emissions for horticultural peat were given as one value and could not be separated. The main emission source here is the use of energy peat.
13. Downstream leased assets	Neovo	Group	compani	es do no	ot have a	assets le	eased to	others.								
14. Franchises	Neovo	Group	compani	es do no	ot have f	franchis	ing busi	ness.			•••••	••••••	••••••		•••••••	
15. Investments	Neova Group has no joint ventures or operations of investments in the reporting year that is not included in scope 1 or scope 2.															
Total	2 638	2 354	3 084	447	459	329	284	309	352	485	445	359	3 855	3 568	4 1 2 3	

Waste volume

	2020	2021	2022
Recovery, tonnes	26 479	13 256	13 143
Energy, tonnes	4 632	7 897	4 442
Recycling, tonnes	21 847	5 359	8 701
Disposal, tonnes	3 591	1 648	3 084
Landfill, tonnes	2 222	1 604	2 828
Other disposal, tonnes	1 369	44	256
Total, tonnes	30 070	14 903	16 227
Recycling rate, %	73	36	54
Recovery rate, %	88	89	81

Number of environmental observations 2022 (2021)

	Finland	Sweden	Estonia	The Netherlands
Fuels&Real Estate Development	27 (64)			
Kekkilä-BVB	48 (33)	18 (74)	5 (11)	49 (34)
New Businesses	7 (16)			
SCM	293 (149)	55 (177)	27 (19)	
Group Services	22 (7)	2 (1)	2 (0)	0 (0)
Total	397 (269)	75 (252)	34 (30)	49 (34)

Observation tool for logging environmental observations combines the reporting of various observations, inspections and audits as well as related management and documentation tasks. People outside the organisation can also be authorised to record observations on the system. Deviations to environmental permits are always reported to environmental authority in accordance with the environmental permits , but also in the observation system. The causes of deviations er investigated, and the necessary measures are taken to rectify the situation. Environmental feedback and irregularities are processed by the business area in question and reported to the Board of Directors.

2020: After the GRI reporting in 2020, the waste volume data has been updated due to additional information received after the reporting.

2021: Total waste volume in Neova Group halved after Nevel is sold. This has a major effect to recycling rate.

Use of ash generated in Neova Group's facilities

	2020	2021	2022
Landfill disposal, %	4	43	0
Soil construction, %	66	10	100
Forest fertiliser, %	4	0	0
Intermediate storage / Future utilisation, %	26	47	0
Total. tonnes	15 309	703	2 3 1 5

Water effluent monitoring in Neova's peat production

	2020	2021	2022
Samples	12 913	10 973*	9 325
Analyses	79 619	80 366	70 017

Water effluent monitoring samples are taken to calculate the water load from peat production areas.

Reported data from Neova's peat production operations in Finland. *2021 number of samples and analyses updated after the launch of new reporting system.

Neova's monitoring of receiving water bodies

	2020	2021	2022
Samples	2 146	2 235*	2 405
Analyses	25 943	25 595	27 623

Samples taken to measure water quality in receiving water bodies. Reported data from Neova's peat production operations in Finland. *2021 number of samples and analyses updated after the launch of new reporting system.



Energy consumption, MWh

	2020	2021	2022
Kekkilä-BVB			
Total energy consumption	33 104	37 384	39 752
Direct energy consumption	17 363	21 755	24 842
Non-renewable	17 363	6 573	7 303
Other renewables	-	1 1 3 1	1 313
On-site vehicles	N/A	14 051	16 226
Indirect energy consumption	16 242	16 334	15 346
Electricity	13 597	14 703	14 703
Solar panels	1 084	961	697
Heating	1 561	670	670
Energy sold	501	705	436
Pellet			
Total energy consumption	90 111	122 503	172 321
Direct energy consumption	41 556	70 740	112 116
Non-renewable	33 137	53 463	59 054
Renewable	8 010	16 470	52 008
On-site vehicles	409	808	1 054
Indirect energy consumption	64 616	88 672	95 373
Electricity	17 777	29 018	30 092
Heating	32 215	40 400	45 316
Steam	14 624	19 254	19 965
Total energy sold	16 061	36 909	35 168
llomantsi power plant			
Total energy consumption	N/A	21 108	26 733
Direct energy consumption	N/A	50 892	82 549
Non-renewable	N/A	50 892	82 151
Renewable	N/A	0	398
Total energy sold	N/A	29 784	55 816
Novactor			
Total energy consumption	N/A	1 940	0
Direct energy consumption	N/A	1 940	0
Non-renewable	N/A	1 940	0
Peat production			
Total energy consumption	64 952	63 057	61 180
Direct energy consumption	34 437	47 018	53 027
On-site vehicles	34 437	47 018	53 027
Indirect energy consumption	30 515	16 039	8 152
Electricity	30 515	16 039	8 1 5 2

Water effluent in peat harvesting (Finland): nitrogen, tonnes



Water effluent in peat harvesting (Finland): phosporus, tonnes



Water effluent in peat harvesting (Finland): suspended solids, tonnes



APPENDIX 5: WE SUPPORT THE GROWTH OF OUR PEOPLE AND PARTNERS

Share of personnel, 31.12.2022

	Finland	Sweden	Estonia	The Netherlands	Spain	Germany	France	China	USA
Fuels&Real Estate Development	67	0	0	0	0	0	0	0	0
Kekkilä-BVB	138	81	20	312	6	63	4	2	1
New Businesses	26	0	0	8	0	0	0	0	0
SCM	99	20	14	7	0	0	0	0	0
Group Services	99	20	14	7	0	0	0	0	0
Total	382	121	44	346	6	70	4	2	1

Total number of personnel in all countries 976

Personnel covered by by collective bargaining agreements

	Numb	per of perso	onnel	Personne	l covered b	y CBAs, %	Νυ	mber of C	BAs
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Finland	527	426	382	48	36	35	6	4	3
Sweden	160	118	121	100	100	96	2	2	2
Estonia	57	54	44	0	0	0	0	0	0
The Netherlands	302	333	346	8	8	8	1	1	1
Spain	5	5	6	100	100	100	1	1	1
Germany	9	9	70	0	0	0	0	0	0
France			4			0			0
China			2			0			0
USA			1			0			0

Gender distribution

	2020	2021	2022
Women	291 (27%)	289 (31%)	303 (31%)
Men	769 (73%)	656 (69%)	673 (69%)
Total	1 060	945	976

Duration of employment

	2020	2021	2022
Under 5 years	45%	49%	46%
5–10 years	17%	15%	22%
10–20 years	21%	21%	17%
over 20 years	17%	15%	15%

Type of employment

	2020	2021	2022
Permanent	939	814	883*
Female	253 (27%)	245 (30%)	277 (31%)
Male	686 (73%)	569 (70%)	606 (69%)
Fixed term	121	131	93**
Female	31 (27%)	44 (34%)	26 (28%)
Male	87 (74%)	87 (66%)	67 (72%)

*Region: EST 44, FI 372, GER 69, SPAIN 6, SWE 109, NL 276, FR 4, CH 2, US 1 **Region: FI 10, GER 1, SWE 12, NL 70

Type of employment

	2020	2021	2022
Full time	955	838	859*
Female	233 (24%)	225 (27%)	233 (27%)
Male	722 (76%)	613 (73%)	626 (73%)
Part time	105	107	117**
Female	58 (55%)	64 (60%)	70 (60%)
Male	47 (45%)	43 (40%)	47(49%)

*Region: EST 44, FI 373, GER 64, SPAIN 5, SWE 113, NL 253, FR 4, CH 2, US1 **Region: FI 9, GER 6, SPAIN 1, SWE 8, NL 93

Employee turnover

	2020	2021	2022
Employee turnover (outgoing)*	10.2% (96)	11.8% (112)	11,5% (112)

* Includes all causes of employment termination.

Number of all accidents 2020–2022 (MTR*)

	Finlar	nd		Swed	en		Estoni	ia		The N	letherlo	ands	Spair	า		Germo	any		Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Nevel	6	N/A	N/A	0	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	N/A	N/A
Fuels&Real Estate Development	3	1	1	N/A	N/A	N/A	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	1	1
Fuels Wood			1																		1
Kekkilö-BVB	2	3	4	2	6	3	0	0	1	8	10	7	0	0	0	0	0	1	12	19	16
New Businesses	0	2		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		0	2	0
SCM	5	2	1	0	0		0	0		0	0		N/A	N/A		N/A	N/A		5	2	1
Group Services	3	1	1	0	0		0	1		0	0		N/A	N/A		N/A	N/A		3	2	1
Total																			29	26	20

* MTR count includes all workplace accidents, including those that did not lead to absence from work. It also includes accidents during commute (between the home and workplace). Note: No fatalities during 2018–2022.

Number of accidents that lead to absence from work 2020–2022 (LTA1*)

	Finlar	nd		Swed	en		Estoni	a		The N	letherlo	ınds	Spair	ı		Germo	any		Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Nevel	3	N/A	N/A	0	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	N/A	
Fuels&Real Estate Development	1	0	0	N/A	N/A		0	0	0	N/A	N/A		N/A	N/A		N/A	N/A		1	0	0
Fuels Wood			0																		0
Kekkilä-BVB	0	0	0	1	1	1	0	0	0	5	10	6	0	0	0	0	0	1	6	11	8
New Businesses	0	0	0	N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		0	0	0
SCM	2	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A		N/A	N/A		2	0	0
Group Services	1	0	0	0	0	0	0	1	0	0	0	0	N/A	N/A		N/A	N/A		1	1	0
Total			-								-								13	12	8

* LTA1 count includes those workplace accidents that lead to a minimum of one day of absence from work. It also includes accidents during commute (between the home and workplace).



	Finlar	nd		Swed	en		Eston	ia		The N	letherlo	ands	Spair	n		Germo	any		Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Nevel	36.8	N/A	N/A	0	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	25.2	N/A	
Fuels&Real Estate Development	20.2	5.9	9.0	N/A	N/A		0	0		N/A	N/A		N/A	N/A		N/A	N/A	N/A	18.8	5	9.0
Fuels Wood	••••••	•••••	11.2																		11.2
Kekkilä-BVB	8.7	11.3	14.4	15.1	40	23.4	0	0	26.9	16.5	19	12.4	0	0		0	0	8.6	13.4	19.4	14.2
New Businesses	0	46.3		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A	N/A	0	46.3	0
SCM	19.2	8.5	4.8	0	0		0	0		0	0		N/A	N/A		N/A	N/A	N/A	15.3	6.8	3.8
Group Services	30.4	10.9	11.1	0	0		0	80.2		0	0		N/A	N/A		N/A	N/A	N/A	21.9	14.4	7.4
Total																			16.1	15.7	11.3

Accident frequency over 1 million working hours 2020–2022 (MTRf*)

* MTRf accident frequency reflects count of workplace accidents over million working hours. It includes all workplace accidents including those that did not lead to absence from work.

Accident frequency over 1 million working hours 2020–2022 (LTA1f*)

	Finlar	nd		Swed	en		Estoni	a		The N	etherlo	ınds	Spair	ì		Germo	any		Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Nevel	18.4	N/A	N/A	0	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12.6	N/A	
Fuels&Real Estate Development	6.7	0	0	N/A	N/A		0	0	0	N/A	N/A		N/A	N/A		N/A	N/A		6.3	0	0
Fuels Wood	-																				0
Kekkilä-BVB	0	0	0	7.5	6.7	7.8	0	0	0	10.3	19	10.6	0	0	0		0	8,6	6.7	11.2	7.1
New Businesses	0	0	0	N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A	••••••	N/A	N/A		0	0	0
SCM	7.7	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A		N/A	N/A		6.1	0	0
Group Services	10.1	0	0	0	0	0	0	80.2	0	0	0	0	N/A	N/A		N/A	N/A		7.3	7.2	0
Total																			7.2	7.2	4.5

* LTA1f accident frequency reflects count of workplace accidents over million working hours. It includes those workplace accidents that lead to a minimum of one day of absence from work.

Number of recorded safety observations 2020–2022

	Finlar	nd		Swed	en		Estoni	a		The N	etherlo	ands	Spair	ı		Germo	any		Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	*2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Nevel site	520	N/A	N/A	163	N/A	N/A	11	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	694	N/A	0
Fuels&Real Estate Development	386	505	345	N/A	N/A		2	1		N/A	N/A		N/A	N/A		N/A	N/A		388	506	345
Fuels Wood			39																		39
Kekkilä-BVB	516	391	364	343	402	257	75	78	50	407	685	638	0	0		0	0	1	1 341	1 556	1 310
New Businesses	34	63	48	N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		34	63	48
SCM Sites	969	448	582	134	204	100	19	22		N/A	N/A		N/A	N/A		N/A	N/A		1 1 2 2	674	682
Office sites	248	118	136	24	17	13	9	3	23	1	20	19	0	0		0	0		282	158	191
Other	35	8	28	0	0		0	0	8	0	0		0	0		0	0		35	8	36
Total																			3 986	2 965	2 651

Safety observations are done by all own personnel as well as by our contractors working in our production/ operations sites.

Main types of workplace injuries 2020–2022, %

	2020	2021	2022
Fall, slip, trip (impact with fixed object)	43	42	35
Collision, hit, pressure (impact with moving object)	18	27	22
Crush, compression, contusion (caused by object)	18	0	17
Cut, stab, sting (caused by object)	7	23	11
Shock, burn, poisoning, pressure (impact of electrical voltage, temperature, noise, hazardous substances)	3	4	1
Other	11	4	14

Statistics also include injuries from accidents during commute (between the home and workplace). Statistics include Nevel operations for 2020.

Contractors – Number of all accidents 2020–2022 (MTR*)

	Finland			Sweden	l		Estonia			The Net	herlans		Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Nevel	0	N/A	N/A	2	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	2	N/A	0
Fuels&Real Estate Development	1	1		N/A	N/A		0	0		N/A	N/A		1	1	0
Fuels Wood			1												1
Kekkilä-BVB	1	1	1	0	1		0	0		2	3	1	3	5	2
New Businesses	1	0		N/A	N/A		N/A	N/A		N/A	N/A		1	0	0
SCM	5	1	1	1	1		0	0		N/A	N/A		6	2	1
Group Services	N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		0	0	0
Total													13	8	4

* MTR count includes all workplace accidents that have been reported to us, including those that did not lead to absence from work. Statistics for 2020 have been updated since 2020 GRI Reporting.

Contractors - Number of accidents that lead to absence from work 2020-2022 (LTA1*)

	Finl	and		Swe	den		Este	onia		The Ne	therlans		То	tal	
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Nevel	0		N/A	1	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	1	N/A	0
Fuels&Real Estate Development	1	0		N/A	N/A		0	0		N/A	N/A		1	0	0
Fuels Wood		•			•						•			•	0
Kekkilä-BVB	1	1		0	0		0	0		1	1	1	2	2	1
New Businesses	1	0		N/A	N/A		N/A	N/A		N/A	N/A		1	0	0
SCM	4	0	1	0	0	1	0	0		N/A	N/A		4	0	2
Group Services	N/A	N/A		N/A	N/A		N/A	N/A		N/A	N/A		0	0	0
Total													9	2	3

* LTA1 count includes those workplace accidents that lead to a minimum of one day of absence from work that have been reported to us. Statistics for 2020 have been updated since 2020 GRI Reporting.

APPENDIX 6: WE ENSURE PROFITABILITY IN A SUSTAINABLE WAY

	Gro	ss investm	ents		Asset sale:	S	Ne	t investme	nts
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Finland	46.5	62.2	109.3	15.0	6.2	12.3	31.5	56.0	97.2
Sweden	12.1	9.6	15.7	0.1	0.5	15.8	11.9	9.2	0
Estonia	12.0	3.3	3.6	0.3	0.1	1.9	11.7	3.2	1.8
The Netherlands	6.0	9.4	22.3	2.1	0.2	1.3	3.9	9.3	21.1
France			0			0	0	0	0
Spain			0			0	0	0	0
Germany	0.1	0.1	16.6			0	0.1	0,1	16.6
Total	76.7	84.6	167.5	17.5	7.0	31.3	59.1	77.8	136.7

Neova Group's investments 2020–2022, MEUR

Wages paid by Neova Group, MEUR

	2020*	2021**	2022***
Finland	31.8	27.4	26.0
Sweden	8.0	4.6	4.9
Estonia	1.4	1.7	1.5
The Netherlands	18.9	19.5	20.2
Total	60.1	53.2	52.6

*1 SEK=0,10 € (8.3.2021) **1 SEK = 0,09 € (17.1.2022) ***1 SEK= 0.089 € (10.01.2023) Nevel Oy or Nevel Ab not in the figures for 2021 and 2022. Algomin Ab is not included in salary data 2022.

Neova Group's tax footprint 2022, total MEUR 31.0

	Finland	Sweden	Estonia	The Netherlands	Spain	Germany
Direct taxes payable for the financial year, MEUR						
Income taxes	1.6	0.6	0.0		0.1	0.4
Employer contributions	0.3	1.7	0.0	2.7	0.1	0.6
Property taxes	0.2	0.0	0.0			0.1
Other taxes	1.2					
Indirect taxes payable for the financial year, MEUR						
Excise taxes	0.5	0.0	0.8			
Taxes remitted for the financial year, MEUR						
Payroll taxes	6.5	2.6	0.5	2.2		0.7
Value added tax. sales	73.7	12.4	7.5	16.1		4.3
Value added tax. purchases	-76.4	-14.1	-6.5	-14.3		-3.9
Other taxes			0.0	0.4	0.0	0.3
Total	7.6	3.3	2.4	7.2	0.2	2.5

Neova Group's certificates

	ISO 9001	ISO 14001	ISO 45001	PEFC	FSC	RHP*	RPP*	Good Soil	KRAV	BRL 9335 -4/9341
Finland										
Neova Oy	х	x	×**	х		х				
Kekkilä Oy	х	x	x			x	x			
Neova Oy: Novactor business	×	x	×				-			
Sweden										
Neova AB		x				х				
Hasselfors Garden AB	x	x	×				x		x	
Estonia										
AS Tootsi Turvas		×			×	х	x			
Kekkilä Eesti OÜ	x	x	х				x			
The Netherlands										
de Lier	х	x	х			х		х		
Grubbenvorst	х	×	×			x		x		
Drachten	x	×	×		•		-	x	-	
Hardenberg	x	x	×				-	x		
Nijmegen	x	×	×			x***				x****
Germany				·						
Brill		x								

* For specific Neova Group peat production areas ** Peat operations not included *** Cocos operations

**** Landscaping operations

Blue X = DNV audits completed during 2022 and official certification to be received during Q1 2023.



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