

**NEOVA** GROUP

# **NEOVA GROUP SUSTAINABILITY REPORT 2023**

Creating Green Growth  
through net positive  
products and services



In Kekkilä-BVB, we established the use of **the Sustainability Compass and LCA tools** for effective customer communication on the sustainability of our products.



We started commercial production of **activated carbon** at the Ilomantsi factory, which is **the most modern and environmentally friendly** in the world. The waste heat now produced by the factory is now used to **heat the municipality** of Ilomantsi.



In 2023 we continued **Helping Hands** programme to engage our employees in **volunteering work** on environmental and social topics in local communities and conducted several **employee wellbeing** related activities.



We moved **4,100** hectares to next land use in 2023 and cumulatively **19,800** hectares since 2019 and will meet a year early the 2025 target of 20,000 hectares.



We have now **reduced** accident frequency (both LTA and MTR) by more than **50%** in Neova Group since 2019. Especially in Finland and Estonia our current safety performance level is world class: **0 LTA accidents in 2022 and 2023.**



We have increased **Supplier Code of Conduct** coverage to **87%** (2022: 66%).



**Sustainability has been a part of short term incentive** target of every permanent employee in 2022 and 2023.



We developed capability to use **reed canary grass** as a **circular raw material** for growing media by sowing 830 hectares in Finland and completed successful product tests in 2023.



We signed cooperation agreement with UPM to increase availability of **wood fibre** as **circular raw material** for growing media.



## SUSTAINABILITY HIGHLIGHTS 2023

We signed cooperation agreement with the National Emergency Supply Agency on the storage of energy peat as **security of supply fuel.**



We extended **Our ISO system** further by getting ISO 9001, 14001, 45001 certification for wind and solar project development and ISO 14001 certification for all remaining Kekkilä-BVB factories.



We have created **262** hectares of wetlands during 2021–2023 as part of the 2025 biodiversity program. In 2023, we opened one of **Finland's biggest wetlands** in old peat bog area in **Haapasuo**, next to Leivonmäki National Park.



**Green factory concept** implementation embedded in all factory operations to improve environmental sustainability.



We have in progress a **large portfolio of wind and solar projects** across Finland, including 1,6 GW of mid-stage projects and about 500 MW of early-stage projects.



**64%** (2022:57%) of the peat used by Kekkilä-BVB has now **Responsibly Produced Peat (RPP)** certification.



**Soil CO<sub>2</sub> emissions** from our peat production areas have reduced by **-36%** (2022: -31%) from 2018 level.



We launched first **Biostimulant Product** to the market for the needs of **sustainable agriculture.**



Share of **recycled plastic** in Kekkilä-BVB packaging materials is now **37%** (2022: 31%).



We achieved **Great Place to Work certification** in **TWO** of our countries: **Sweden, and Estonia.** Our trust index was **65%.**



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**Cover image** shows a pepper plantation in Almeria. Spain is the largest user of biostimulants in Europe. In 2023 Neova's first biostimulant product was launched for the needs of sustainable agriculture, horticulture and sports & golf.

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# CONSISTENT IMPLEMENTATION IN A CHALLENGING FINANCIAL ENVIRONMENT CONFIRMS THAT SUSTAINABILITY IS KEY TO THE LONG-TERM SUCCESS OF THE NEOVA GROUP

The year 2023 has been financially a challenging year with high inflation and increasing costs. This has required execution of significant cost saving activities within Neova Group, which has impacted our sustainability work during 2023. 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 financially challeng-

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Sustainability is and will be at the heart of Neova Group's strategy and purpose – Creating Green Growth.

ing times and thus we have ensured that our sustainability activities have taken us forward during 2023 to meet the 2025 mid-term targets and 2030 long-term targets.

## Sustainability – it is all about teamwork and stakeholder engagement

Sustainability management is very much about teamwork and this we have certainly proved during 2023. We continued our responsible sourcing program and engaged our key strategic suppliers in our sustainability work.

We conducted a Helping Hands program to engage all teams in volunteering work and thereby improving team spirit and doing good for the local communities. We made good progress in our green factory program in all operations to engage factory personnel in environmental sustainability work. We worked together with our peat contracting partners to accelerate the closure of peat bogs and to move unneeded peat harvesting areas to the next land use and thereby both reducing CO<sub>2</sub> emissions and improving biodiversity. We had several



Petri Järvinen

restoration activities and involved local environmental groups and national organisations and participated into an EU-wide restoration program.

Most importantly sustainability is well integrated into our business strategies. This has been especially visible in our strategically important business development activities i.e. wind and solar project development in old peat bog areas, biostimulant product development project and Green Growth Raw Materials program development to increase the absolute volume of circular and complimentary raw materials in our product portfolio. As well our energy peat sales have played a key role in security of supply during 2023 in Finland. Many of our business development activities have required close collaboration internally with cross-functional teams and externally with several external partners to ensure that we develop products and services that will have a positive sustainability impact.

During 2023 we have been very active in stakeholder engagement work. Key highlight relate to discussion within EU on the acceptability of peat for growing media and alternative uses of peat and creation of common policy paper on the topic with Peat Alliance countries. As well being part of development of Responsible Produced Coir certification scheme is an excellent example of effective stakeholder engagement and dialogue.

### **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 continued to make improvements

in safety performance, which is a result of consistent work to improve our Safety First! culture and practices. We are on track to reach our 50% reduction of CO<sub>2</sub> emissions in our own operations (scopes 1 and 2). We have now moved 19,800 hectares to next land use since 2019 and will meet the 2025 target of 20,000 hectares one year early. Our Great Place to Work results were at good level despite the restructuring activities during the second half of year 2023. 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 2023 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.

**During Autumn 2021** we conducted a comprehensive review of our sustainability strategy based on external materiality assessment (see summary [page 9](#)), 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 financial sustainability) with selected and clear themes:

Sustainability area	Themes
We do our business in balance with nature.	<ul style="list-style-type: none"> <li>• Greenhouse gas emissions</li> <li>• Biodiversity</li> <li>• Circularity</li> <li>• Water</li> </ul>
We support the growth of our people and partners.	<ul style="list-style-type: none"> <li>• Safety first!</li> <li>• Great workplace</li> <li>• Responsible partners</li> </ul>
We ensure profitability in a sustainable way.	



We have continued our work to increase the use of recycled packaging materials. The share of recycled plastic in Kekkilä-BVB’s packaging materials is now 37%.

### 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, EU Sustainable finance action plan and EU taxonomy, EU Corporate Sustainability Due Diligence 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 has been 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 opera-

tions 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) submission. Overall Neova Group management system is developed with comprehensive ISO system covering quality management (ISO 9001), environmental management (ISO 14001) and occupational health and safety management (ISO 45001).

Our Corporate Responsibility policy describes our operating principles in 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 2023 stakeholder engagement work has continued to be 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 2023 we worked together with key representatives in the peat industry and as a result Peat Alliance countries signed in September 2023 a common policy paper concerning horticulture peat and bedding peat.



## Key updates to our management approach during 2023

2023 has been a year of consistent execution of our sustainability plans with continuation of 2021–2022 activities. 2023 highlights include moving of old peat bog areas to next land use, successful implementation of responsible sourcing program and green factory concept in all operations, group wide Helping Hands volunteering program and further improvement of safety performance. Strategically the most important sustainability related business development activities have been wind and solar project development in old peat bog areas and Green Growth Raw Materials program development with an aim to mitigate peat related risk and to increase the absolute volume of circular and

complimentary raw materials in our product portfolio. In Finland Neova Group has played a key role during 2023 in ensuring security of supply of energy peat.

We continued the use of effective engagement tool from 2022 and further improved how sustainability activities and targets were cascaded as part of the short-term incentive target for all employees in 2023. Relevant sustainability activities and targets were selected for each business, function and team.

We communicated the progress in our sustainability activities extensively both internally and externally. 117 external articles were published about us and we ourselves created 175 sustainability posts in our social media channels as well as 6 blogs and 117 articles in our Neova Group intranet site and conducted several

internal sustainability related info sessions for our employees.

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 1](#)). During 2023 we carried out extensive audits without any major deviations to cover our comprehensive ISO certification (incl. ISO 9001 quality management, ISO 14001 Environmental management and ISO 45001 Occupational Health and Safety Management). During second half of 2023 we started a project to evaluate our readiness and plan to be compliant with the upcoming EU Corporate Sustainability Reporting Directive (as a non listed company we will need to prepare the EU CSRD aligned sustainability report in 2026 with 2025 data).

## OUR 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 end-to-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-to-end value chain including the circularity of the raw materials and packaging materials we use and products we sell.
- Increasing the use of sustainable 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.
- 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).

# EXTERNAL SUSTAINABILITY REFERENCES GUIDING NEOVA GROUP'S AND ITS BUSINESSES' SUSTAINABILITY WORK

## Impact materiality frameworks



## 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

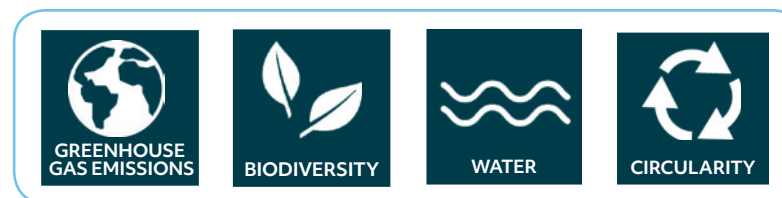
## Non-competitive collaboration forums



## Financials materiality frameworks



# WE DO OUR BUSINESS IN BALANCE WITH NATURE



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

**In 2023 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.

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 worked together with our peat contracting partners to accelerate the closure of peat bogs and to move unneeded peat harvesting areas to the next land use and thereby both reducing CO<sub>2</sub> emissions and improving biodiversity. We had several restoration activities in Finland, Sweden and Estonia and involved local environmental groups and national organisations and participated into an EU-wide restoration program. In Kekkilä-BVB, we continued

## NEOVA GROUP ENVIRONMENTAL SUSTAINABILITY KPIS AND TARGETS

Key Indicator	Definition	Actual in 2023 (2022)	Target by 2025
<b>Carbon footprint: CO<sub>2</sub> emissions from our own operations (scope 1+2)</b>	Neova Group level: Reduction from 2018 level (= 889 ktCO <sub>2</sub> -eqv.)*	-34% (-30%)	-50%
<b>Carbon intensity in our value chain (scope 1+2+3)</b>	Reduction of carbon intensity (tCO <sub>2</sub> / M€ revenue) from 2020 level (=9,813 tCO <sub>2</sub> / M€)	-22% (-11%)	-40%
<b>Conversion of closed energy peat bogs to next land use</b>	Closed energy peat production areas (hectares) from 2019	19,805 ha (15,676 ha)	>20,000 ha
<b>Biodiversity of old peat areas (re-wetting/afforestation)</b>	Restored area in collaboration with stakeholders (hectares)	263 ha (128 ha)	2,000 ha
<b>Circularity of raw materials</b>	Volume of circular raw materials (= renewable and compost)**	1.4 Mm <sup>3</sup> (1.4 Mm <sup>3</sup> ***)	1.7 Mm <sup>3</sup>
<b>Circularity of packaging materials</b>	Use of recycled materials in packaging	37% (31%)	50%
<b>Impact on watercourses from peat production: Finland</b>	Suspended solids reduction from 2008	-75% (-84%)	-75%
	Nitrogen reduction from 2008	-66% (-77%)	-75%
	Phosphorus reduction from 2008	-71% (-81%)	-75%
<b>Zero waste in our own operations</b>	Recovery rate	96% (81%)	95%
	Recycling rate (excluding energy waste)	52% (54%)	90%
<b>Responsibly produced peat</b>	Kekkilä-BVB RPP peat use (own operations / products)	64% (57%)	80%

\* 2018 baseline recalculated to exclude CO<sub>2</sub> 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.

\*\*\* Historical performance and the base year performance have been corrected due to improved data quality and extending the scope with our Germany activities.

the major program to develop new circular raw materials and increase the overall use of circular raw materials and continued our work to increase the use of recycled packaging materials.

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 2023 we carried out extensive ISO certification related audits without any major deviations.

## Greenhouse gas emissions



GREENHOUSE  
GAS EMISSIONS

### KEY TARGETS

**We reduce CO<sub>2</sub> 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<sub>2</sub> 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. Since 2022 we have submitted our CO<sub>2</sub> emissions in Carbon Disclosure Project (CDP).

In 2023 our scope 1+2+3 CO<sub>2</sub> emissions were 3,803 kt CO<sub>2</sub>-eq (4,760 kt CO<sub>2</sub>-eq in 2022). The largest share of scope 1+2+3 CO<sub>2</sub> emissions (79% 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 63% of scope 3 emissions. Out of our scope 1 direct emissions, peat land soil emissions cause 88%. 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 -8 % in and were 588 kilotonnes CO<sub>2</sub>-eq. Overall, we have achieved -34% reduction in CO<sub>2</sub> emissions in our own operations from 2018 level (note: CO<sub>2</sub> emissions have been recalculated due divestment of Nevel business at the beginning of 2020)

Our main efforts in reducing emissions in our own operations is focused in converting closed peat pro-

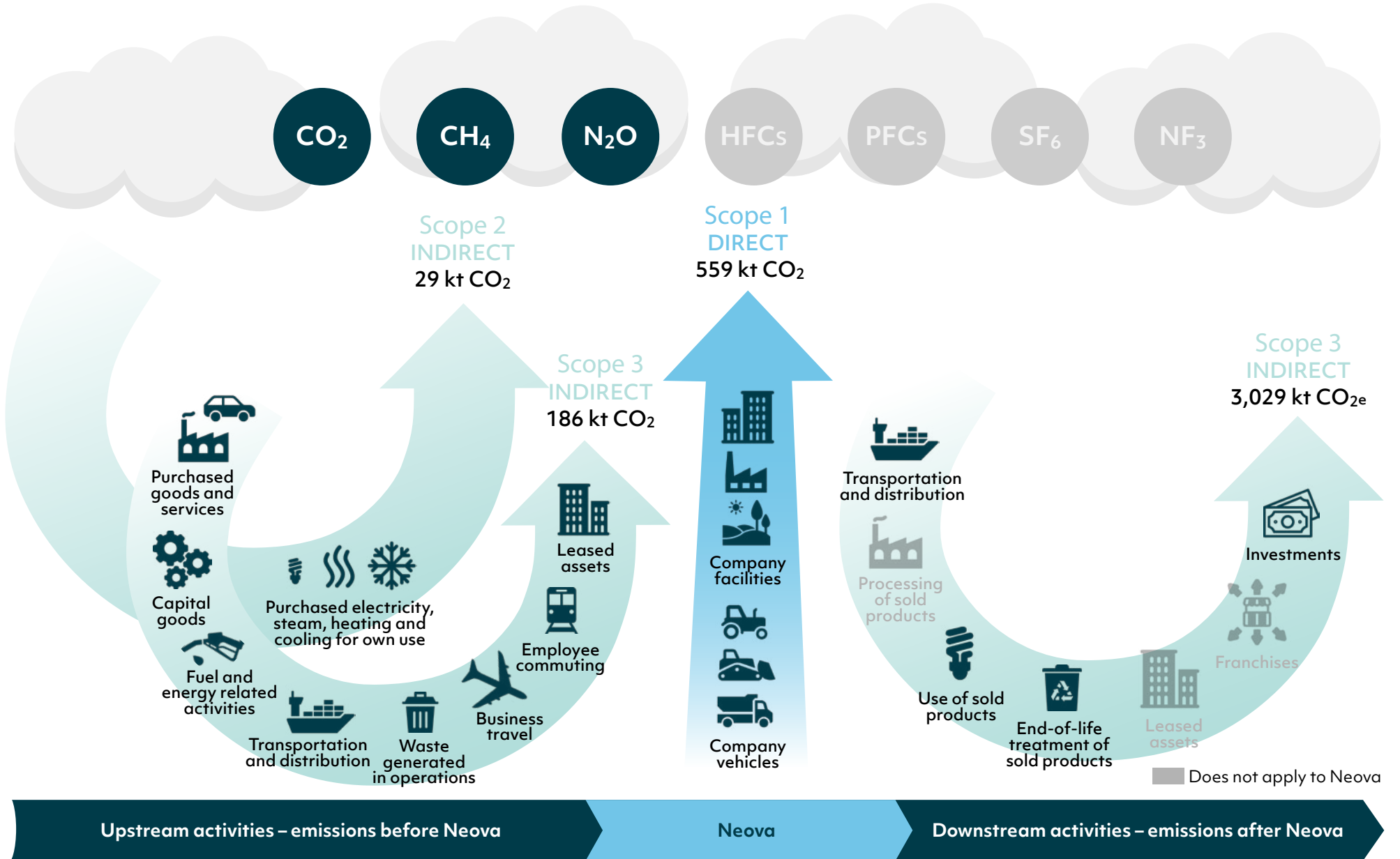
duction areas to next land use. The closure of peatlands means that peat production in the area will stop and the life cycle of the production area will move on to the aftercare phase and the process of terminating the environmental permit. During 2023 there was a total of 42 (2022: 150) peat production areas in the aftercare phase after production in Finland.

We continued to adjust the production capacity of energy peat and converted in total more than 4,129 hectares to next land use in 2023. From the peat production areas owned by Neova Group in Finland, 1,337 hectares turned into next land use (180 hectares into afforestation and 400 hectares into wetlands). We returned 3,561 hectares to landowners who have the right to decide on the next land use in their areas. Since 2018 we have now reduced peat land soil emissions by -36%, -279 ktons.

Our main goals in reducing CO<sub>2</sub> emissions in factory operations are increasing energy efficiency and reducing use of fossil fuels. In Kekkilä-BVB operations 52% (2022: 31%) of our CO<sub>2</sub> emissions are caused by the use of electricity and we aim to move towards fossil free electricity (incl. use of renewable electricity) totally by 2025. In the Netherlands we already produce 22% (2022: 20%) of our electricity consumption through solar panels. In Sweden, Estonia and Germany our factory operations are covered 100% with green electricity contracts.

We implemented in 2021 an annual process for CO<sub>2</sub> emission reporting with July-June cycle for our Group logistics activities and based on that data create annually an action plan for logistics CO<sub>2</sub> reduction. Overall, our logistics CO<sub>2</sub> emissions are 1.0% (1.1%) of our total

# GREENHOUSE GAS EMISSIONS 2023



scope 1+2+3 emissions and 1.2% (1.3%) of our total scope 3 emissions. During July 2022 – June 2023 our relative logistics CO<sub>2</sub> was 8,4kg CO<sub>2</sub> / delivered tonnes. Our relative logistics CO<sub>2</sub> emissions didn't improve and

were at the same level as in previous cycle mainly due to longer distances in bulk peat transport and lower transport volumes in bulk peat vessel chartering. Going forward we will continue to work on emissions reduction

actions such as increasing payloads and newer fleet in peat and wood bulk road logistics, increasing share of shortsea container deliveries and newer and more efficient vessel fleet in bulk sea logistics.



The water area of the Haapasuo's biodiversity area's wetland is approximately 70 hectares. The opening ceremony of the biodiversity area was held on September 7, 2023.

## HAAPASUO'S BIODIVERSITY AREA WAS OPENED TO THE PUBLIC

Neova established a 111-hectare biodiversity area on the former Haapasuo peat production area located in Leivonmäki, Joutsa. The water area of the biodiversity area's wetland is approximately 70 hectares. It's one of the largest wetland areas built on former peat production areas in Finland, even on a national scale. The biodiversity area is equivalent to approximately 155 football fields in size.

The opening ceremony of the biodiversity area was held on September 7, 2023, and an estimated 150 guests attended the event. During the opening ceremony, it was also reported that the wetland was connected to the SOTKA resting area network. Waterfowl are not hunted in the Haapasuo wetland, but are allowed to prepare for the stresses of autumn migration in peace.

The goal at Haapasuo biodiversity area is to support the development of the area's biodiversity in collaboration with stakeholders. The ELY-Centre of Central Finland, the Ornithological Society of Central Finland, the Friends of Leivonmäki National Park, the Päijänne Natural Heritage Foundation PLUPS, and the Finnish Hunters' Association have all been involved in the collaboration. Neova and the ELY-Centre of Central Finland jointly developed a plan for the construction of the wetland area and bird nesting sites. The planning of the nesting sites and their construction by the ELY-centre was funded by the Freshabit LIFE project. With the help

of project funding, Haapasuo has improved the habitat of water and shorebirds by building small islands from rocks and mineral soil, which support the nesting sites of larger islands. In addition, the area has been made more open by removing trees. The water level in the area was raised by building a dam at the upper end of the stream flowing into Lake Rutajärvi. Neova was responsible for the design and construction of the dam. After the construction work, the wetland area is allowed to develop naturally. During the year 2023, birdhouses, duck nesting tubes and boxes made by young scouts of Siilinjärvi were installed. The Ornithological Society of Central Finland conducted bird monitoring. The bird tower which was built in 2005 in anticipation of the future wetland, was renovated.

According to bird monitoring, black-headed and little gulls settled in the area to breed almost immediately after the flooding. In the summer of 2023, broods of mallards, teals, and wigeons were already observed in the area, as well as tufted ducks and shovelers, which hold territories. The bird population is expected to diversify and increase rapidly in terms of both breeding and migratory birds. The Haapasuo biodiversity area will gradually become a large-scale carbon sequestering wetland ecosystem and recreational area supporting biodiversity. The importance of the area is emphasized by the location of Haapasuo in the immediate vicinity of Leivonmäki National Park.

## Biodiversity



### KEY TARGETS

**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 has set ambitious targets to convert closed energy peat production areas to next land use and to implement restoration measures through wetlands and afforestation at selected sites.

During 2023 we continued major activities to close unneeded peat production areas and converted in total more than 4,129 hectares to next land use in Finland. We have now converted cumulatively 19,805 hectares into next land use between 2020–2023 and we will reach a year early our 2025 target. From the peat production

areas owned by Neova Group in Finland, 1,337 (2022: 3,149) hectares were turned into next land use (180 hectares into afforestation and 400 hectares into wetlands). We returned 3,561 (2022: 1,355) hectares to landowners who has the right to decide on the next land use in their 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 2023 we have now completed the restoration of 263 (2022: 128) hectares since 2021 and have so far identified ca. 1,000 hectares of potential restoration sites for years 2024–2025.

In 2023 we continued our biodiversity programme and finalized restoration with the following sites:

- Haapasuo wetland area construction in Leivonmäki made by co-operation with the ELY-center of Central Finland part of Freshabit LIFE project funded by EU
- The Haukineva sphagnum farming area in Seinäjoki has been finalized, covering a total of 8.5 hectares.
- Storsjömuren wetland construction (17 ha) in Gävle.

In 2023 restoration planning and activities continued in Lavassaare area in Estonia with the EU WaterLANDS project; in Norrbomuren area in Sweden with the Swedish University of Agricultural Sciences; as well as in Kompasuo area in Finland with the EU MERLIN project.

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 2023 reached 7,326 (2022: 5,600) permit hectares. Kekkilä-BVB own products 64% of the peat used in Kekkilä-BVB's own products were RPP certified in 2023 (2022: 57%).

## Circularity



### KEY TARGETS

**We increase the recycling rate** for 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.

## THE NEW LIFE OF THE PEAT BOG: CULTIVATION OF REED CANARY GRASS

Green Growth Raw Materials program was launched for the need to find complement alternatives for peat use in substrates. New solutions and raw materials are needed to strengthen position in substrate markets.

One of the key projects was to develop the concept of cultivated fibers. This was seen a good opportunity for the re-use of former peat production areas and growing the future substrate raw materials in a sustainable way.

Reed Canary Grass (RCG) was selected for its good characteristics. RCG is very resilient for growing on the peat land and can be harvested for 10–12 years within one sowing cycle. Reed Canary Grass roots are dense and represent a great share of the plant biomass suggesting RCG's potential to carbon sequestration to soil and makes the raw material a low carbon.

With these specifications RCG offers the competitive advantage for the Neova and Kekkilä-BVB as the control of the cultivation stays in our own hands and we know the origin of the raw material.

In the beginning of the 2023 we selected all together 15 former peat production areas (1,000 ha) suitable for the cultivation. Locations were divided into two bigger operational areas, one in the Northern-Ostrobothnia and the other in Southern-Ostrobothnia. Designated Operational managers were named for every site, to lead and follow the progress of the field preparation. The most essential first steps in the process were to ensure the availability of the seeds and fertilizers and the capacity of the contractors for the spring 2023. Neova has currently a good network of contractors available, so we were able to secure to work resources for the coming years.

Field establishment started in early spring 2023 and sowing of the first areas were ready in the midsummer. Total of approximately 800 hectares were sown in summer 2023 and



Reed canary grass sown in summer 2023 at Näätäneva in August 2023. The picture shows how reed canary grass thrives even in wet conditions.

remaining parts of the prepared areas will be finalized in the spring 2024.

During the year, teams inside Kekkilä-BVB were doing the product development and wide range of growing tests to find best applications for the RCG raw material. Total of 13 different growing tests took place in Finland, Netherlands and Germany. Test results from the tested substrate mixes were positive and we are confident that reed canary grass can be considerable addition to growing media portfolio as one of the future raw materials.

Year 2024 will be fast paced for the RCG project. First proof-of-concept customer growing tests will be started in the beginning of 2024, with minimum viable products. Aim is to launch of first commercial product in the beginning of 2025. Validation for the next possible 1,000 hectares cultivation areas are commenced and work continues on spring 2024.

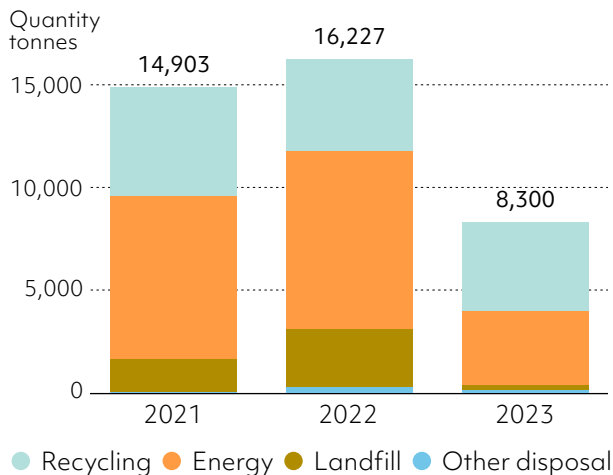
Every team has successfully been working towards the solutions, which are beneficial in the aspect of the future growing media. This project is an good and example of team work over the organization borders.



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 strategically the most important circularity activity is to increase the volume of circular raw materials. To accelerate this a major Green Growth Raw Materials program was launched in 2022 and an ambitious target was set to double the usage of circular raw materials by year 2027 in Kekkilä-BVB business. Additionally Kekkilä-BVB aims to improve circularity by increasing the use of recycled packaging materials in Kekkilä-BVB factories to 50 % by 2025.

In 2023, the total waste volume in Neova Group was 8,300 tonnes. Our recycling rate (excluding the waste fractions used as energy) for all of our operations slightly decreased in 2023 to 52% (2022: 54%). How-

**QUANTITY OF WASTE BY YEARS**



ever, the recovery rate of material and energy recovery increased to 96% (2022: 81%). During 2022 there were remediation work of contaminated soils in closed peat bogs which increased the waste volume. In 2023 there was less remediation and construction work and it has a direct effect to waste volume as well recovery rate.

Currently our biggest waste fraction in terms of volume is old peat stock pile plastics. During 2023 we reused a total of 3,327 (2022: 3,928) tonnes of old stockpile plastic in Finland, Sweden, and Estonia of which 23% as recycled material and 77% as energy. We will continue piloting new ways to reduce the use of plastic in packing materials in all our product lines. In 2023, we have tested recycled packaging materials in pellet packages in Turenki factory. Based on the tests, we can only use 30% recycled materials in pellet packaging.

We finalized sphagnum moss stockpile cover tests, which were done with paper cover and tarpaulin. Covers were removed and data analyzed over the past year (2023). Tarpaulin got broken during cleaning process and remains of paper cover was sent to test composting, but it wasn't usable for that purpose. Due to high costs and disposable nature of tested materials, they are not recommended to be used as stockpile covers. The test was important and during it, we identified minor areas for improvement to reduce the amount of plastic.

In 2023 the share of recycled packaging materials in Kekkilä-BVB increased to 37% (2022: 31%), with progress in the Dutch, Swedish and Finnish retail markets.

Circularity is a key principle when developing new products in the businesses and examples can be found in the Business sections of this report. Neova Group is inter-

ested in organic natural materials and by-products from which valuable materials can be isolated and all fractions can be utilised as raw materials for other products, such as growing media, in accordance with the principles of the circular economy.

**Water**

**KEY TARGETS**

**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.**

We have already made significant progress in reducing our water emissions in the 2020s, and we are working towards our 75% reduction target. Our water emissions increased in 2023 compared to the previous year because the annual rainfall was significantly higher than usual in most parts of the country. However, in terms of total emissions, the overall reduction in water emissions was more than 65% compared to 2008.

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.

**Improving safety performance** and developing our safety practices and culture and having zero tolerance for inappropriate behaviour remain as key priorities in our social sustainability plan and this systematic way of working continued effectively during 2023. Since 2022 we have extended our approach in social sustainability plan towards an active approach in developing diversity, equity and inclusion (DEI) in our company. In the area of Responsible partners, we continued our Responsible Sourcing programme on Neova Group level to ensure and improve environmental and social sustainability of our strategic partners.

## Great Workplace and efficiency program

Plan for 2023 Great Workplace activities was to continue the emphasis on ensuring consistent line manager work throughout the company and the volunteer program Helping Hands, while further developing analysis and activities to support active DEI approach. During the first quarter the company announced significant savings

## NEOVA GROUP SOCIAL SUSTAINABILITY KPIS AND TARGETS


Key indicator	Definition	Actual in 2023 (2022)	Target by 2025
<b>Accident frequency: LTA1 (resulting in absence)</b>	Group: year-on-year reduction by -20%	3.7 (4.5)	< 3
<b>Accident frequency: MTR (all accidents, incl. commute)</b>	Group: year-on-year reduction by -20%	7.3 (11.3)	< 6
<b>Reported inappropriate behaviour case</b>	Group: zero tolerance; all reported cases investigated and followed up	9 (6) cases, all closed	0 cases
<b>Great Place to Work Trust Index (GPTW)</b>	Group: increase by +2% points per year	65% (71%)	78%
<b>GPTW Wellbeing and engagement index</b>	Group: increase by +2% points per year	68% (74%)	82%
<b>GPTW Leadership index</b>	Group: increase by +2% points per year	52% (59%)	65%
<b>GPTW Learning together index</b>	Group increase by +2% points per year	54% (61%)	67%
<b>Responsible sourcing: Code of Conduct</b>	% of contract suppliers signed Supplier Code of Conducts	87% (66%)	100%
<b>Responsible sourcing: Audit coverage of strategic suppliers</b>	Number of audited strategic suppliers	11 (15)	All prioritised
<b>Responsible sourcing: joined sustainability development process and plans</b>	Number of prioritised suppliers with joint sustainability action plan and targets	12 (16)	All prioritised

Our key safety highlight from 2023 was that Finland and Estonia operations achieved the zero accidents goal.

targets due to changes in the global operating environment which weakened Neova Group's competitiveness. As part of these savings measures change negotiations were held in Finland and Sweden regarding the plans of closing two Kekkilä-BVB substrate factories. These plans were implemented mainly during the second and third quarter of the year. Additionally, company announced in mid-August a need for further savings measures to reduce fixed cost for 2023 and 2024, part of which were anticipated to have personnel implications through reorganizing the structure of Kekkilä-BVB and supporting functions, and through personnel reductions. Company initiated change negotiations and respective consultation processes in its main operating countries with approximately 700 employees in scope of the planned changes.

These restructuring activities led into re-prioritizing of human resource activities and changed focus of social sustainability plan implementation. With this revised priority, main focus in Group HR and also in social sustainability, was to ensure the restructuring process was planned and implemented in such way that human, organizational and legal aspects were taken into account throughout the process, while ensuring full support for business needs. Emphasis of the Social sustainability plan's goal for consistent line manager work was re-focused for training and supporting line managers in how to communicate and support their teams and individuals during the restructuring and in establishing the new teams. This was supported by monthly and weekly communication on different levels of the organization.

## Safety first!



KEY TARGETS

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

We have **zero** accidents by 2030.

The Group Safety team leads and develops Safety first! culture to prevent safety deviations and accidents through effective risk reduction, training and supporting business areas and functions. In 2023, Neova Group accident frequency rate (incidents leading to absence, including commuting, in relation to million hours worked) was 3.7, which is lower than in 2022 (4.5). The accident frequency of Kekkilä-BVB's operations improved from 7.1 in 2022 to 5.6 in 2023. As a result of the systematic and comprehensive safety work we have now reduced accident frequency (both LTA and MTR) more than 50% in Neova Group since 2019. Especially in Finland and Estonia our current safety performance level is world class. (0 LTA in 2022 and 2023).

Most of our accidents occur in production operations. The consequences of accidents have clearly decreased, and in 2023 there have not been any accidents classified as serious. All accidents are investigated, root cause analyses, corrective measures and lessons learned are distrib-

uted in 5 languages to all personnel. In 2023, we published an average of two safety campaigns per month in five languages, one on general safety and one on fire safety.

In order to improve and unify our safety culture, we continued to invest in safety training and risk assessment in 2023 in all businesses. We performed more than 50 different risk assessments and more than 30 internal audits in 2023. In addition, we published a safety e-learning course for the entire staff. The completion rate of the course was 99%.

The number of fires in peat production areas was 22, which is almost same than last year (corresponding number in 2023: 23).

During 2023, Kekkilä-BVB factories focused on six common safety themes, the goal of which is to improve workplace safety and safety culture. The activities included, for example, emergency drills, improving fire safety and improving forklift and wheel loader safety.

The safety observations made by our own personnel in 2023 decreased by 35% from 2022. There were 1,729 observations in total (2022: 2,651). Instead of the number of observations, this year the focus was more on the fast and high-quality processing of findings. The decrease in the number of observations was also influenced by the sale of the wood fuel business.

We also monitor contractors' accidents in our operations and conduct an accident investigation together with them. In 2023, our contractors reported a total of 1 accident requiring medical treatment (2022: 4) and 7 accidents resulting in absence (2022: 3). Of the safety observations made in 2023, 14% were made by contractors (2022: 16%).

Great workplace



KEY TARGETS

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.

Helping Hands

Helping Hands is a programme to engage our employees in volunteering work on environmental and social topics in local communities. This volunteer program was decided to be continue also during 2023 despite of the wide efficiency program. Total of 212 colleagues out of approximately 900 employees (24%) participated in volunteer work during 2023. Those who participated in the 22 different volunteer activities, estimated that the Helping Hands programme has had a very positive impact on the sense of community and well-being at work.

Engagement and wellbeing of our employees

Our Trust Index, which measures employee experience, is 65% in year 2023 (declined from 70% in 2022).

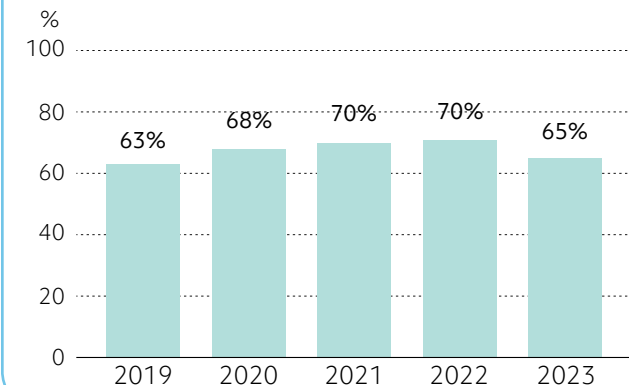
The Great Place to Work (GPTW) employee engagement survey is at Neova Group annually conducted at the same time, from end of September to early October. In 2023 decision was made to continue with same timing despite of, and even more so because of, the ongoing restructuring program. Change negotiations and respective consultation processes regarding the re-organizing and planned personnel reductions impacting majority of Neova Group employees were ongoing during the time of the survey. It was considered important to receive personnel's feedback also in the most difficult time. Additional open question was added to survey, to get feedback of how employees felt being supported by their colleagues and line managers during the change process. Results have been utilized to further develop change communication towards the organization. The GPTW survey results reflect the demanding

circumstances. We can be proud of the response rate, 80% being the highest in our history showing that our personnel trusts to be heard and wanted to give their views.

Overall outcome was quite diverse due to varying business situations within Neova Group. In a big picture there was declining results in those parts of organization, which were within the scope of restructuring, while in more stable parts of the organization there was less fluctuation of results, and some teams are already in par with our long term GPTW goal, among the top quartile of the most inspiring/attractive workplaces in Europe. In this benchmark group the overall trust index is above 85%. Neova Group long term goal is to reach this level by 2030. Despite of the decline in results in 2023, we continue to work towards this long term goal.

As a result of this autumn's survey, Neova Group has remained GPTW certification in two of its countries: Sweden, and Estonia.

NEOVA GROUP TRUST INDEX



### Competence development

Neova 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. "Safety First" and "Code of Conduct" eLearning courses were the courses to be taken during the year 2023.

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.

English language trainings continued during 2023. In total 104 employees participated to these courses. Businesses and functions had their own competence development emphasis also in year 2023.

### Leadership development and change support

Major learning journey for the line managers has been the restructuring process when finding the ways to communicate and support their teams and individual team members in different phases of the change process. Line manager info sessions and trainings were provided in different phases of the process.

In 2024 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 while company continues with efficiency program started in 2023. DEI awareness development will continue through Wellbeing annual cycle with Wellbeing pulse survey, and also with further renewal of HR guidelines and development of DEI related analytics. Helping Hands volunteer program will also be continued.

## RENEWING THE INTRANET INCREASED INCLUSION, EQUITY AND SAFETY

At the beginning of June 2023, Neova Group employees were directed to a renewed intranet. The intranet renewal aimed to increase the accessibility of the intranet by making it possible to read news and participate in internal discussions via mobile phone. Around a third of the company's employees work in production and, unlike office workers, they do not have personal computers and thus they could not have been included among the regular users of the intranet. 74% of those who responded to the post-renewal intranet survey find it useful that anyone can now access the intranet via a mobile application.

Another new feature was the introduction of automatic translations of intranet content, which increased the equity of employees from different countries and language backgrounds. English is the company language of the Neova Group, but its approximately 900 employees work in more than a dozen countries, none of which have English as an official language. 88% of intranet users find automatic translations to be a useful new feature – even though machine translations are not always perfect.

Thirdly, the new intranet and especially its mobile application increased the company's safety by providing employees with quick and easy access to safety instructions and making safety observations.

One of the new features is the Yammer social networking tool, which is now available to all employees. The goal of 2024 is therefore to increase equity and inclusion by encouraging employees to post their local news and feelings on Yammer.

Overall, 92% of intranet users consider the new intranet to be at least as good or better than the old intranet. The



Overall, 92% of Neova's intranet users consider the new intranet to be at least as good or better than the old intranet.

intranet's user data shows that after the renewal, the number of unique users has increased, use has been more evenly distributed between different countries and the intranet is used more and more via the mobile application.

## Responsible partners



RESPONSIBLE PARTNERS

## KEY TARGETS

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.

In 2023 we continued implementation of Responsible Sourcing programme introduced in 2022 within Neova Group to achieve targets set for 2025. 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.

New more advanced system based supplier management functionalities were implemented during 2023 to

## RESPONSIBLY PRODUCED COIR: A KEY MATERIAL FOR GROWING MEDIA

In our search for renewable raw materials in growing media, we often encounter the suggestion to simply switch to coir (also known as coco). While this seems straightforward, our exploration using the [Sustainability Compass](#) reveals that coir, as a material, next to being a renewable and good alternative, it also presents its own set of challenges. The social responsibility of the harvest and the processing of coir requires attention, as well as the water conservation and transportation aspects.

### Social Responsibility

We've partnered with a select group of coir companies that share our commitment to sustainability. To us, sustainable business means fair treatment of workers, along with their [health and safety](#). Our coir suppliers are required to adhere to our Code of Conduct and obtain SEDEX or SA8000 certification. We also make site visits to verify that our high standards are being met in practice.

### Water Conservation

Coir is known for its excellent structure, stability, and re-wetting capacity, contributing positively to a good air/water ratio in growing processes. However, post-harvest, significant water is needed for cleaning and buffering coconut fibers to make it suitable as a growing medium. This is a critical step to remove contaminants and reduce salt levels. The water-intensive nature of this process is a concern, especially in regions where [clean freshwater is scarce](#). We work with our suppliers on effluent water treatment plants to increase the availability of freshwater.



We make site visits to verify that our high standards are being met in practice. In autumn 2023, we visited the sites of our Indian partners.

### Responsibly Produced Coir (RPC)

Similar to the RPP certificate for [Responsibly Produced Peat](#), we're collaborating with the same foundation and other companies to establish a standard for Responsibly Produced Coir. This initiative underscores our dedication to environmentally conscious practices that balance substrate quality with planetary well-being.

support Responsible programme progress by maintaining and reporting progress in a systematic way.

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 2023 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 2023 we made a step change and reached 87% Supplier CoC coverage (2022: 66%) and target to cover all contract suppliers with Supplier Code of Conduct by end of 2025.

We conducted 11 audits to our strategic suppliers and in total 13 supplier audits including also other important suppliers to monitor fulfilment of Supplier CoC requirements and supplier performance. In Kekkilä-BVB, we conducted 9 audits for strategic suppliers and 11 supplier audits in total. To support the audit process we improved our common audit template and ensured that audit and related actions were recorded in common system (GURU).

During 2023 we had joint sustainability actions proceeding by targets with 11 strategic suppliers in total and we are systematically working in collaboration with suppliers to finish those actions by defined schedules and targets. The key highlight in 2023 was the improvement in the sustainability of our coir supply through selection and working together with coir suppliers having the best approach on social (working conditions) and environmental (effluent treatment plant) aspects.

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 we had approximately 120 main contractors with roughly 600 people (including their employees or sub-contractors), and ~90 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.

# WE ENSURE PROFITABILITY IN A SUSTAINABLE WAY



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



## KEY TARGETS

We will improve **EBITDA** as % of net sales  
**year on year.**

**Neova Group** is committed to continuously improving its operations and developing its environmental efforts. We want to be recognised as a responsible and sustainable company wherever we operate. Our objective is to secure financial performance and create long-term value for our shareholders and society at large.

There were year 2022 was an exceptional year in many ways with geopolitical tensions and uncertainty in the business environment, the year 2023 remained difficult due to the market environment. Demand for growing media fell from previous year and there were no signs of a market recovery during the year. The cost savings achieved during the first part of the year served to slightly offset the decreased sales volume, while

prices could not be increased to any significant extent in the declining market. During the year Neova initiated change negotiations and consultation processes aimed at improving profitability and renewing its wholly owned subsidiary Kekkilä-BVB's operating model. Kekkilä-BVB closed its growing media production sites in Haukineva, in Finland, and Bredaryd in Sweden. The company's goal is to improve the efficiency of its operations during 2023–2024 by approximately EUR 30 million.

Neova Group is one of the world's largest producers of growing media. Nevertheless, political decisions have a material impact on the profitability of nearly all of the company's businesses and therefore affect the company's ability to invest in higher-added-value production. Despite a weakened competitiveness of Kekkilä-BVB due to high inflation and challenging market environment with increased interest rates, inflation, and customers' behavior changes Neova Group's comparable EBITDA development compared to the previous year can be seen as a moderate performance in the current challenging market situation.

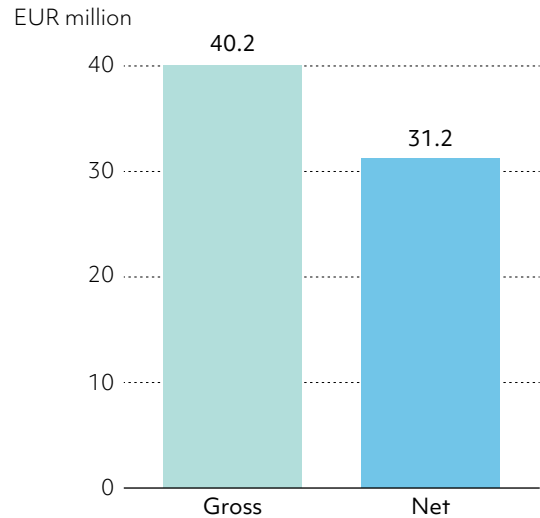
In the Fuels&Real Estate Development division fuel deliveries and sales decreased from prior year, but the business were able to respond to the security of supply



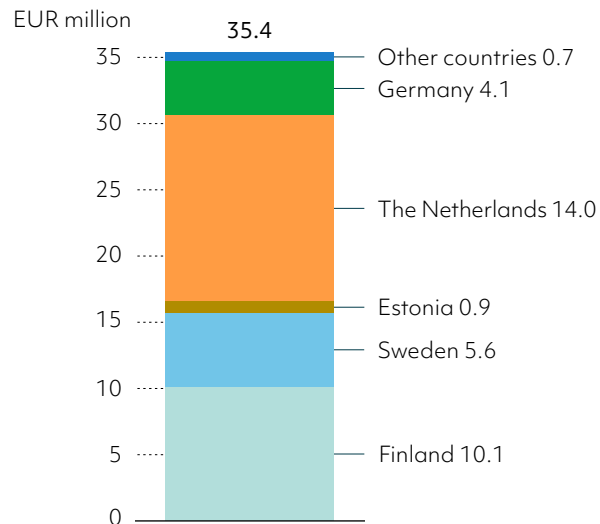
During the year 2023 Neova initiated change negotiations and consultation processes aimed at improving profitability and renewing its wholly owned subsidiary Kekkilä-BVB's operating model. Photo in front of Kekkilä-BVB's Wanssum factory, which was commissioned in 2023.



### INVESTMENTS IN 2023 (IFRS)



### PAID TAXES 2023



needs to cover the scarcity of wood fuels in the market with energy peat.

The New Businesses division works together with customers and ecosystems to develop solutions for global challenges that secure the world’s food production, and promote healthy living environments and the purification of air and water. In the Activated Carbons business, construction began in spring 2019 on a strategically significant production facility in Ilomantsi to process activated carbon, which operations are ongoing steadily and final approval including acceptance testing is expected during the first half of 2024. The employment effect of the construction stage has exceeded 100 person-years, and the constant employment effect of the first stage of the facility, including the supply and production chain, is roughly 50 persons. Neova’s activated carbons are sold under the Novactor brand.

### 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 Group’s main operating countries are Finland, Sweden, Estonia, Netherlands and Germany.

### Capital expenditure

Neova Group’s total gross investments excluding business acquisitions were EUR 40.2 million in fiscal year 2023 (EUR 70 million in 2022). 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. and the activated carbon production facility in Ilomantsi, Finland.

Net investments (gross investments – asset sales) totaled EUR 31,2 million in fiscal year 2023 (2022: EUR 136,7 million), being 95% of depreciation and amortisation for the period (2022: 424%).

### Financial implications and climate change risks

The effects of climate change are wide-ranging and bring considerable social uncertainty. To identify and control environmental and climate-related risks and opportunities for our business, we evaluate them as part of our annual risk assessment process. Since 2022, as part of our Enterprise Risk Management process Neova has been developing its climate-related financial disclosures and implementing the Task Force on Climate-related Financial Disclosures (TCFD) reporting recommendations to increase reporting of climate-related financial information. 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.

# 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.

**Like all other businesses**, we are affected 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 [webpage](#), we explain further how these developments influence our business.

Aligned with the Neova Group Sustainability strategy, we have divided our [sustainability roadmap](#) into three focus areas, taking the environmental, social, and business aspects of sustainability into account. The roadmap shows our ambitions and targets in each of 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.

Our Kekkilä-BVB Leadership Team handles the suc-

cessful execution of Kekkilä-BVB's sustainability roadmap. This ensures that sustainability is an integrated part of our business and that all the different departments and functions in the organisation carry our ambitions forward.

Through the involvement of all colleagues, whether in procurement, logistics, operations, HR, sales, marketing or any other department, we make it happen. Kekkilä-BVB's Director of Sustainability ensures that the 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 man-

### Growing together for a better future

#### We do this by

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



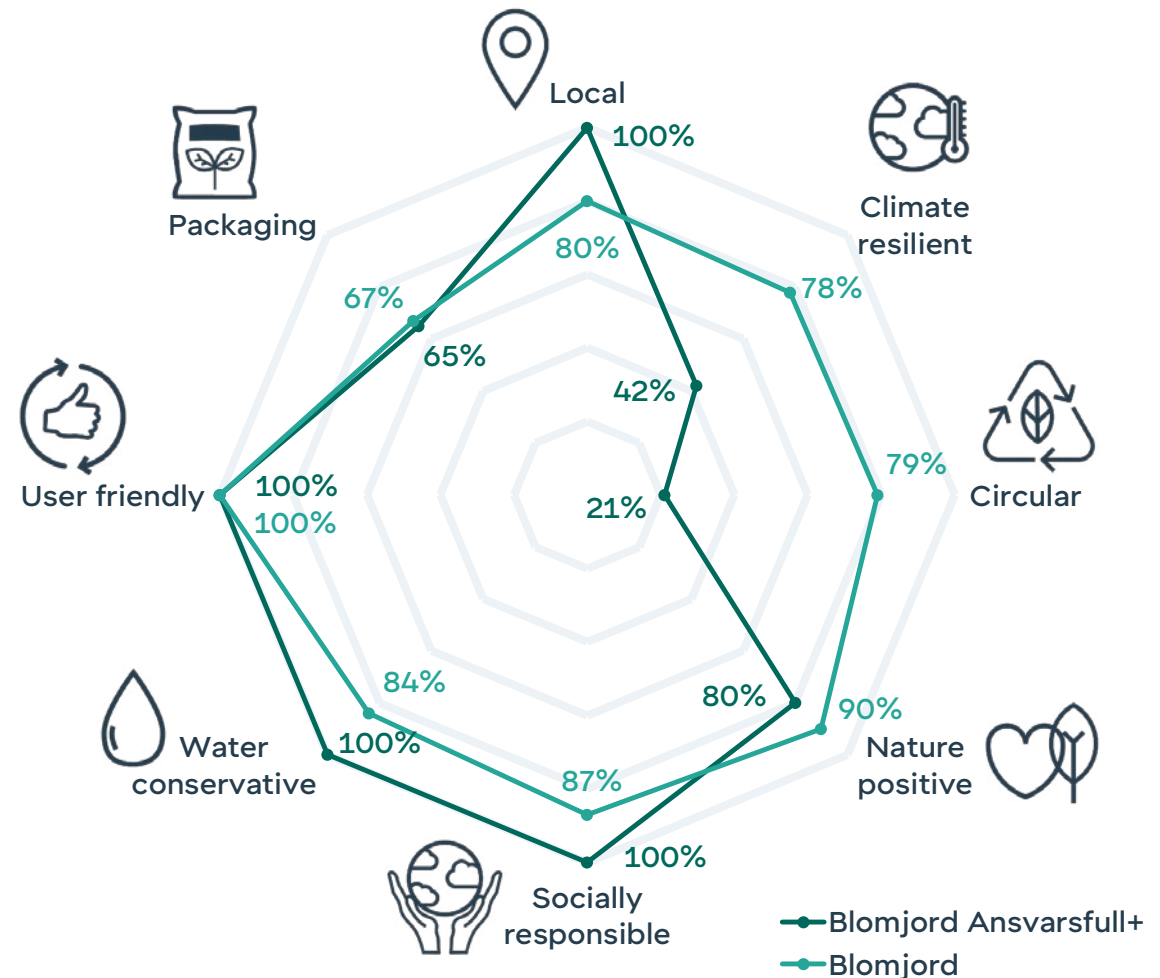
## SUSTAINABILITY COMPASS

Through our [Sustainability Compass](#), our products are analysed and rated based on several sustainability aspects. The higher the rating a product receives, the more sustainable it is. In the example below, we compare two of our products: Standard potting soil and Sustainable+ potting soil.

If we had only focused on one sustainability aspect, e.g. "Local", the sustainability result would have been higher for standard potting soil ("Blomjord"). On the other hand, when we look at all aspects of the Sustainability Compass, we get an average score that better reflects the sustainability of the products. According to this, Sustainable+ potting soil ("Blomjord Ansvarsfull+") is rated as more sustainable.

This framework allows us to look at sustainability in a broader perspective to ensure that we look at the big picture when it comes to sustainability instead of just one aspect of it.

## Sustainability Compass evaluation



power to create the substrate are wasted. At the same 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 supplying safe, socially responsible, environmentally friendly, and effective growing solutions. In 2023 we have accelerated our efforts in growing renewable raw materials for substrates. The case study about quickly renewable raw materials on [page 33](#) is a great example of this.

### Professional Growing

For professional growers, we offer continuous quality monitoring of our substrates as well as onsite support. We have tooling in place to 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. We research and improve these solutions together with our customers, knowledge institutes, and other sector organisations.

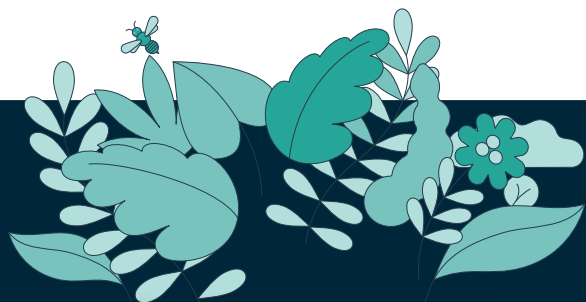
This year we have worked on dozens of trials with our professional customers, of which many are still ongoing. Most of the trials focus on increasing the use of circular raw materials in the recipes or finding new ways to give a second life to spent substrates. This refers for instance to our efforts 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.

### KEKKILÄ-BVB SUSTAINABILITY KPIS AND TARGETS

Focus area	Key indicator	2023 (2022)	Target 2025	
<b>We make the world greener and healthier through our products and services</b>	# green city projects (ongoing)	14 (8)	4	
	# collaboration projects with growers for more sustainable growing practices (ongoing)	>25 (>25)	20	
	# new sustainable consumer product and service concepts (cumulative)	2 (1)	3	
	# community projects (ongoing)	2 (24)	30	
<b>We support the growth of our people and partners</b>	Safety first!	Accident frequency: LTA1 (resulting in absence) 5.7 (7.1)	0	
	Great workplace	Great Place to Work Trust Index 61% (69%)	78%	
	Responsible partners	% of contract suppliers signed Supplier Code of Conducts	86% (59%)	100%
		Number of audited strategic suppliers	9 (10)	8
		Number of prioritised suppliers with joint sustainability action plan and targets	12 (14)	4
Greenhouse gas emissions	Reduction of CO <sub>2</sub> footprint of operations (scope 1+2) (ktCO <sub>2</sub> -eqv.) baseline 10.3 in 2020	-4% (-17%)	-50%	
	Reduction of carbon intensity (scope 1+2+3) (ktCO <sub>2</sub> / M€) baseline 3.0** in 2020	-31% (-25%)**	-50%	
<b>We do our business in balance with nature</b>	Circularity	Volume of circular raw materials (Mm <sup>3</sup> )*	1.4 (1.4)**	1.7
		Use of recycled materials in packaging	37% (31%)	50%
	Biodiversity	Recycling rate of waste in own operations	64% (85%)	90%
		% of certified responsibly produced peat in own products	64% (57%)	80%

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

\*\* This year we have started to include our activities in Germany in our sustainability performance. Historical performance and the base year performance have also been corrected.



## CHELSEA FLOWER SHOW

In May this year, the internationally acclaimed horticultural event, the Chelsea Flower Show, was held. The event is clearly considered one of the highlights of the year among landscape designers and green industry professionals. Finnish landscape designer Taina Suonio, winner of Chelsea Flower Show 2019, participated in the spring event, this time together with British landscape designer Anne Hamilton. Taina and Anne's garden concept focused on raising awareness of the disease cavernous angioma. The garden contained plants, shrubs and trees specially selected to fit the concept. We at Kekkilä-BVB supplied the garden with soil improvement material, green compost and substrate for stormwater management.

During the creation of the garden there was a desire to utilize the existing soil to save on environmental and transport costs, we supplied raw materials for soil improvement to improve the existing quality and compact soil on site, making it more suitable for plants and trees. In addition to improving the existing soil, the garden aimed to incorporate recycled materials. Therefore, we provided green compost to increase the nutrients in the soil. Among other things, green compost improves soil structure, provides valuable nutrients to plants and trees and improves water-holding capacity in the soil. The garden was also provided with macadam which is used in storm water management substrate. Stormwater management is truly one of the most important aspects of landscape design in urban areas.

### 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 rolling out the Sustainable+ Concept for gardeners in the Nordics. The Sustainable+ retail product series are developed for gardeners who want to make sustainability part of their everyday life. These products are made from sustainable raw materials, combined with the aim of good plant growth. Read more about the sustainability of this concept in the case study on [page 27](#).

### 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 deepened the Green City Concept which aims 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 2023 fourteen 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 bio-char for landscaping substrates in Sweden and developing green roofs in Helsinki and Pasila in Finland. A special highlight for this year was our contribution to the Chelsea Garden Show in London, of which you can read more in the case study on [this page](#).

### 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. In 2023 a total of 1,451 safety, environmental and quality observations were made. That's 14% lower compared to previous year (2022: 1,693). 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 2023. Every employee had to (re)do the Safety First e-learning and for new employees a classroom training was organised. Risk assessments were performed for loading and unloading as well as fire safety. And in each country accident and emergency practicing plans were developed and practice events organised. Thanks to our safety efforts we were awarded the ISO45001 certification for our production sites.

Overall, our efforts resulted in fewer accidents. The accident frequency (resulting in time away from work) for Kekkilä-BVB in 2023 was 5.6 (2022: 7.1) and decreased especially in the Netherlands, as well as Sweden. Especially encouraging was that both Finland and Estonia reached our zero accidents goal (without absence), already starting in 2019. Most of our accidents occur in production operations. All accidents were minor, and no serious accidents occurred. When we evaluated the incidents of 2023, we found that they were mainly caused by wanting to do something quickly or not performing a last-minute risk assessment.

### Great workplace



We have the ambition to be amongst the best employers in Europe. This year we did not succeed in improving our Great Place to Work (GPTW) score. It was lowered from 69% in 2022 to 61% in 2023, mainly caused by the ongoing reorganization and closing of two factories that affected our colleagues in Finland, the Netherlands, Sweden, Estonia, Germany, Italy, France and Spain. The reason for the change negotiations is the weakened competitiveness of Kekkilä-BVB. The weakened competitiveness has mainly been caused by a drop in demand in the international growing media market. The decline in demand is mainly due to factors that have reduced customers' ability to pay, i.e. higher interest rates, inflation and increased logistics costs.

The change negotiations and respective consultation processes concerned a total of approximately 720 of Neova's approximately 1,000 employees. It was preliminarily estimated that the measures planned to improve profitability could lead to a reduction of approximately one hundred positions in different countries. The final number of reduced positions is 85, of which 46 are permanent positions, and 39 positions are due to voluntary resignations and the termination of fixed-term employment contracts and similar measures. In addition, there will be significant changes to the duties of approximately 70 people. These changes mainly involve Kekkilä-BVB employees.

On a positive note, annual initiatives like 'Helping Hands', 'the Nature challenge' and 'Let's start moving

challenge' continued from last year and provided much needed distraction from the turmoil caused by the reorganisation. For Sweden and Estonia we were even still able to obtain the GPTW certifications. However, being among the best European workplaces in all countries will require an organisation wide effort, supported by both Kekkilä-BVB and Neova Group management.

### Responsible partners



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

In 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. In 2023 we increased this share to 86% for Kekkilä-BVB suppliers, above our target for this year. During 2023 we conducted 9 (2022: 10) audits for strategic suppliers and 11 supplier audits in total in Kekkilä-BVB. We agreed joint sustainability improvement actions 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 2024 towards our common sustainability targets.

Recently we have joined the sector initiative led by RHP related to responsibly produced coir (RPC). After

peat coir is the second most used raw material for growing media. Coir is obtained by processing of the husk of coconuts. Those husks are an industrial side stream of coconut processing for food. It is a renewable raw material, with good physical properties for growing. Because coconut husks contain a lot of salts, washing is needed to prevent release of phytotoxic levels of salts. This is a water and chemical intensive process and needs to be managed well from an environment and community perspective. It is also important to ensure good working conditions during husk and coir processing. Since (part of) these activities take place in countries with higher social risks.

The RPC initiative aims to develop a worldwide standard for the responsible production of coir, also highlighted in the case study on [page 22](#). At the same time we are already collaborating with our main suppliers to ensure proper social certification like SA8000 and installation of effluent water treatment plants.

Being part of Growing Media Europe helps us in managing the different European regulations and initiatives relevant for our sector. For instance, the Nature Restoration Law is relevant for the size of opportunities to grow our own low carbon biomass, while the EU taxonomy will influence the accessibility of finance for our operations. Moreover, the Green Claims Directives supports our ambitions to be transparent about sustainability and the Corporate Sustainability Reporting Directive ensures sustainability becomes fully embedded in the execution of our business. We are in a privileged position as a sector, since we are already contributing to healthy

food, green living and flourishing gardens through our products and services. With the help of local and circular raw materials we will also be able to do this in a climate resilient manner.

### We do our business in balance with nature

At Kekkilä-BVB we do our business in balance with nature. A sophisticated balance in which we use a mix of soils, energy, nutrients and water to create the best substrate for healthy plant growth. 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 2023 we extended the ISO 14001 certification to cover all Kekkilä-BVB sites. 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 must 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 2023 the emissions for Kekkilä-BVB

own operations were 9.8 kilo tonnes CO<sub>2</sub>-eq (2022: 8.5 kilo tonnes CO<sub>2</sub>-eq). The largest share of these emissions (51% of the total footprint) is caused using electricity. Of our scope 3 emissions, the use and end-of life for our own products accounts for 498 kilo tonnes CO<sub>2</sub>-eq, driven by the emissions from horticulture peat (2022: 540 kilo tonnes CO<sub>2</sub>-eq).

Kekkilä-BVB's 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. At the same time the focus of our Green Factory program this year was the efficiency improvement plan, tailored for our operational staff and site managers.

By monthly monitoring of electricity and fuel consumption, we now can have a digital representation of consumption patterns, a base from which we can start learning and measuring impact of further improvements. To reduce product movements, and increase efficiency, logistics has implemented a first set of optimizations. Fuel consumption also decreased due to additional training of our loader and forklift drivers. Furthermore the team discussed opportunities to reduce distances between stock piles of raw materials in the existing site layout, but also possible adjustment to optimize even further.

In several buildings we are now running on electric heating or integrated ground heating. To save costs we have also started with changes in behaviour, like adjust-

ing the air conditioning and factory temperature. To support the effect of these changes, we have added PVC strip curtains in open doorways and mixed room air distribution units to enable a better temperature control.

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.

## Circularity

### Raw materials



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 last year and set an ambitious target to double the usage of circular raw materials by year 2027 in Kekkilä-BVB business. During 2023 the share of circular raw materials increased slightly in our growing media despite to several challenges such as overall decline of our raw material volume, as well as raw material price and logistics cost increases and competition from the energy market on renewable materials (e.g. wood fibre and bark). Due to

## UPM WOODFIBER

Kekkilä-BVB and UPM have signed a letter of intent on the basis of which UPM would deliver wood fibre to Kekkilä-BVB. Wood fibre can be used in growing media suitable for professional growing and home gardening. The co-operation is an important step towards increasing the proportion of renewable raw materials in our growing media products.

Kekkilä-BVB consumes approx. 6 million cubic metres of various materials for growing media annually. In 2022, the proportion of circular and renewable raw materials was approx. 1 million cubic metres. Kekkilä-BVB aims to double the volume of circular and renewable raw materials by 2027.

"The wood fibre procured from UPM will be used as a raw material for the growing media suitable for mainly professional growing manufactured in Kekkilä-BVB's factories in Finland, Estonia and Sweden. The products are mainly exported to different parts of the world. The goal is to expand the use of Finnish clean wood fibre also to Kekkilä-BVB's factories in Central Europe and to the export markets of these factories", says Päivi Martikainen, Chief Innovation Officer at Kekkilä-BVB.

UPM's and Kekkilä-BVB's letter of intent encompasses approx. 50,000 cubic metres of wood fibre annually. Globally, the volume of wood fibre as a growing medium is expected to increase from the current volume of three million cubic metres to 30 million cubic metres.

"Wood is a versatile and renewable material for which we envisage an almost unlimited number of end uses that are compatible with sustainable development", says Mikko Lassila, Business Development Director at UPM Technology.

"The cooperation now launched is of a small-scale but is important, because it bears witness to yet another successful innovation and cooperation. We regard it as especially important that we can offer a safe raw material as a grow-

ing medium for food production", says Lassila.

"Both for us and for UPM, responsibility is at the core of our strategy. Thus, we are very pleased to have found a local partner, who aims to utilise wood fibre as sustainably as possible, and thereby to respond to the expectations of consumers but also those of the legislation," says Martikainen.



Wood fibre can improve the performance of substrates, for example, in blueberry cultivation.





In Haukinveva nine hectares of rewetted peatland is used for sphagnum farming.

## TESTING QUICKLY RENEWABLE RAW MATERIALS

In recent years a lot of research has been performed on growing biomass on rewetted peatlands. When peatlands are prepared for agriculture, forestry or harvesting ditches are dug to lower the water level. While this improves accessibility and crop production (many conventional crops don't like wet feet) it has a negative effect on the peatlayer. When peat is in contact with air it starts to slowly degrade and emit CO<sub>2</sub>. Growing biomass on wet peatlands, so called paludiculture, could prevent this degradation while still being productive.

Whilst research is done on numerous types of plants, our focus is on miscanthus, reed canary grass and sphagnum moss. The latter already is a successful component of our substrate mixtures, being a renewable raw material with similar buffer properties as peat. In Haukinveva we currently have 9 hectares of rewetted peatland that is used for sphagnum farming. Although it's challenging to grow, we will dou-

ble the field year 2024 to prepare for large scale farming.

Miscanthus and reed canary grass are also plants that can thrive on wetter soils. The grasses we use are currently not from rewetted peatlands, but research has shown this is a possibility for the future. In the Netherlands we are working together with Compas Agro to develop a business case for the use of Miscanthus in substrates. Different tests showed promising results for use in strawberry, lavender, hydrangia and conifer substrates. For reed canary grass good results were achieved as well for use in substrates. The renewable and clean raw material has good drainage properties and improves air content in substrate mixtures.

In the coming years we will continue our research into (the farming of) these renewable raw materials and continue developing fit for purpose substrates together with our customers.

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, performance and quality of these materials.

The focus of our Green Growth Raw Materials program is on raw materials that are from a quickly renewable source like grasses or are given a second life after their first use, like reuse of spent strawberry substrate. 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. Examples of our research into quickly renewable resources can be found in the case study on [this page](#).

This year our Landscaping teams had different results in improving the circularity of raw materials. This year our Landscaping teams had different results in improving the circularity of raw materials. The share of circular raw materials decreased from 47% to 37% in Finland, due to less availability of recycled minerals. For Sweden the share of circular raw materials increased from 44% to 48% and in the Netherlands the share of circular raw materials increased from 42% to 58%, mainly due to reuse of local soils.

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

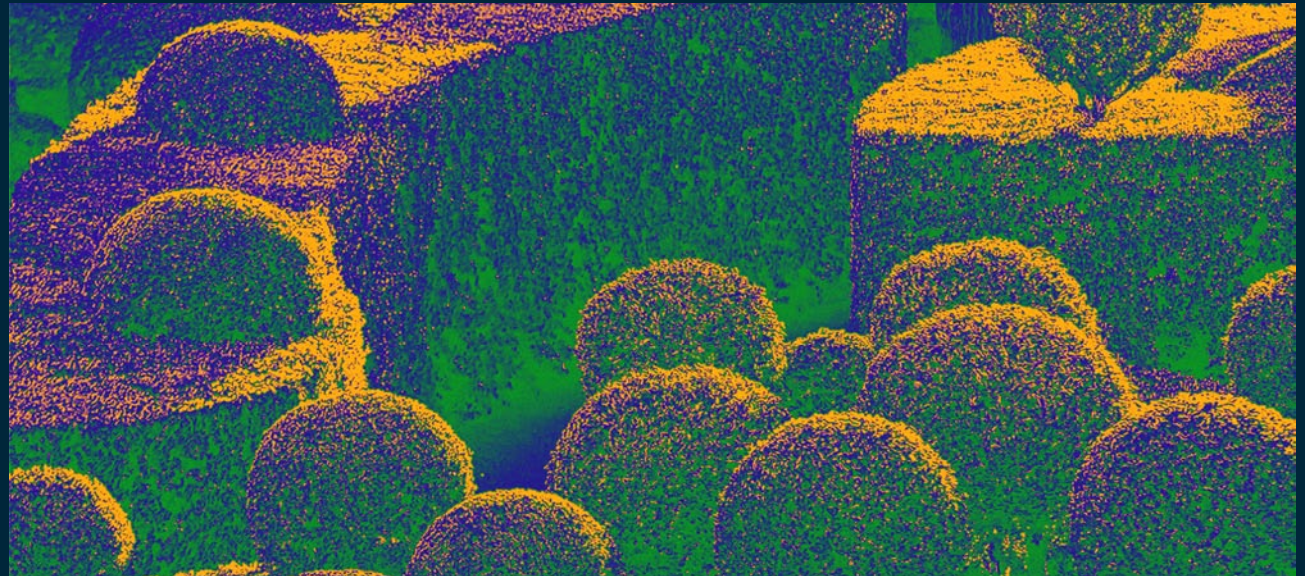
teams are scouting for continuously. For our landscaping projects we usually need large volumes of materials, so whenever there's a good quality local material available that will be beneficial for both us and the customer.

### ***Waste reduction and recycled packaging***

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 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 ourselves 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.

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 37% (2022: 31%). A great achievement in a year where it was sometimes hard to source plastic materials at all. Our suppliers did warn us



The Garden Futures exhibition shows that even a private garden is connected to the surrounding society in many ways. The collaboration in the exhibition is part of Kekkilä's 100th anniversary. (Picture: ©Vitra Design Museum. Illustration Lorenz Klingebiel and Dominik Krauss. The photo used as the basis of the illustration: Les Jardins de Marqueyssac, Dordogne, France, © Laugery.)

## **GARDEN FUTURES EXHIBITION**

Kekkilä is involved in supporting the Garden Futures – Design with Nature exhibition organised by the Museum of Finnish Architecture and Design Museum, which opened November 10, 2023 in Helsinki. The exhibition features garden-related design and landscape architecture, as well as works of art about the garden. The collaboration in the exhibition is part of Kekkilä's upcoming 100th anniversary and it will be open until the end of March 2024. Design with Nature is a travelling exhibition of the Vitra Design Museum, the Wüstenrot Foundation and the Nieuwe Institute, and Helsinki is its first touring destination.

The Garden Futures exhibition shows that even a private

garden is connected to the surrounding society in many ways. The ongoing transition makes us look at the garden from a different perspective: instead of a romantic escape, gardens are now viewed through, for example, activism, social justice and biodiversity. For example, what comes to the fore is how many of the basic plants in Western gardens we know have deep roots in colonialism.

The exhibition shows not only garden-related design and landscape architecture, but also works of art dealing with the garden. The international perspective of the touring exhibition is supported by local examples and projects. <https://www.mfa.fi/en/exhibitions/garden-futures/>

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. If chemical recycling is not 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.

### Biodiversity



Biodiversity plays an important role in our business, from micro- to macro level. At the smallest 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 Innovation function we are looking at new bio stimulants (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. Landscaping projects focussing on green roofs, permaculture, climate adaptation and parks filled with

local flora contributed to biodiversity this year too. And whether it's supporting consumers with soils for their gardens or providing tree nurseries with professional substrates, all 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. Additionally, all factory employees got offered complimentary soil bags to enhance their home gardens' biodiversity.

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 2023 reached about 7,300 (2022: 5,600) permit hectares. For Kekkilä-BVB own products, 64% of the peat used in 2023 was RPP certified (2022: 57%).

# 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.

**We 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. The other factor impacting the demand is the availability of horticultural peat in the traditional peat harvesting countries, e.g. Germany and Ireland.

From sustainability point of view our horticultural peat

is of very stable quality and very suitable and safe humus raw material for both hobby and professional substrates.

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 is too acidic for bacteria to live and multiply 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 fresh. 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.



**As animal bedding, peat is safe for both the animals and their breeders.**

# FUELS & REAL ESTATE DEVELOPMENT DIVISION

## PROVIDING SOLUTIONS FOR RENEWABLE LOCAL ENERGY

For the Fuels & Real Estate Development division the years 2022 and 2023 included the return of energy peat as a security of supply fuel in Finland and instead of selling of our lands, we focus on raising the value of land assets by applying permits to transfer old peat production areas to solar and wind power parks.

### 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 there was lack of energy peat on the market and price of emission allowances was very high throughout the year, the use of Fin-

land's energy peat decreased only by some 25% from previous year's level in 2023 and was around 7 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. Peat production season 2023 was not favorable, but thanks to the stocks of previous years Neova was able to meet the needs of both its own large customers critical to our energy supply and the National Emergency Supply Agency. Price of the energy peat rose significantly from previous year's level and that with new income based on co-operation with Finnish National Emergency Supply Agency made it possible that Vapo Terra's operative result was much higher than budgeted.

### 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.



### Shortage of pellets and pellet raw material

Wood pellets often replace natural gas in energy plants. When the price of natural gas increases or there is disturbances in pellet import, it has always immediately reflect in Finland pellets market. 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. Also the price level of pellets was high throughout the year 2023.

### Woodchips sales now part of a joint venture

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 July 1, 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 eighteen months have been encouraging and Laania Oy has strengthened its position in a highly competitive market. The company's net sales in 2023 amounted to near EUR 150 million and its operational performance was stronger than expected. Laania Oy employs about 100 people.

### Green Factory concept implementation guiding environmental sustainability work in pellet factories

The Green Factory concept is now guiding the environ-

mental 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 ton of pellets produced. In 2022 we implemented an SBP (Sustainable Biomass Program) certification process for pellets through which we want to demonstrate the economy, ecology and social sustainability of the origin and sourcing of wood-based biomass. Safety improvement has been a key focus area in pellet operations for several years and as a result of this systematic work there has been no LTA accidents for 3 years.

### 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. At the end of the year 2023 Vapo Terra sold Turenki pellet factory to Versowood Oy.

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 parks and combined solar and wind power parks will play a much more significant role than years past. Vapo Terra has more than ten wind or/and solar power park projects in licensing phase and the aim is to have the first energy parks to construction phase during 2024.

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

One of the biggest topic for 2023 was taking forward the EIA processes of five wind power projects, four of which are hybrid projects consisting also solar power. This has included complementary nature and environmental studies and preparing impact assessments for EIA reports together with consultants.

The original schedule target was to finish EIA reports for wind and solar power projects already during 2023. However, this objective has not quite been achieved. The main factors contributing to the delays were the need for further environmental studies in many projects and challenges on the consulting side. Wind power EIA and zoning consultants have been well employed during 2023 due to the very active market, which has caused resource

problems for the consultants and led to schedule delays. However, project impact assessments should be done in a very high-quality and comprehensive manner, and haste should not be a priority in any case.

Wind measurement campaigns were launched at two project sites in spring 2023. Wind measurement masts with 175 meters height were erected in Kairineva and Palloneva projects, in order to measure windiness from several different heights. These wind measurements last at least a year and provide comprehensive information of the accurate wind conditions at the sites. Measurement data is important in order to obtain the most accurate electricity production forecasts.

On the solar power development side, nature surveys, technical planning and permit processes for many projects were taken forward in 2023. However, the timetable targets set at the beginning of the year were not fully achieved. The most significant reasons for the delays were project-specific needs for additional environmental studies, prolonged land lease negotiations and the development team's still quite minor human resources for solar development. In addition, comprehensive soil surveys were carried out on a few solar power project sites in order to obtain more detailed information on the soil conditions and to be able to select the most suitable construction techniques.

Planning work for a strategic development partnership was also launched in 2023. The aim is to find the most suitable operating models and partners for the wind and solar projects. The goal is to complete the partnership planning in 2024.

## RANUA NÄÄTÄAAPA WIND POWER AND E-METHANOL PROJECT

Neova has partnered with Irish based ETFuels to develop projects combining green e-methanol and renewable energy. Demand of the e-methanol will increase in the future rapidly driven by the shipping industry. ETFuels has invented innovative "off-grid" method to produce e-methanol using the electricity from renewable sources without grid connection and large transmission lines.

ETFuels is responsible on the matters related to e-methanol plant and Neova's role is to obtain all necessary permits for the wind farm. ETFuels will be operating the plant after completing the construction. Plant's yearly e-methanol production capacity is 100 kilotons which will require 150 kilotons of CO<sub>2</sub> for the methanol synthesis. Second raw material needed for the process is water which will be split into hydrogen and (H<sub>2</sub>) oxygen (O) in the electrolyzer.

Wind power has been very controversial topic in the municipality of Ranua but having a green e-methanol plant next to the wind turbines which provides approximately 60 jobs has brought more acceptance towards the project.

Area of Näätäaapa is very promising site for e-methanol plant and wind turbines based on Neova's preliminary studies. The estimated number of wind turbines is 37–52 with 300–430 MW of total output. Neova owns ca. 700 hectares of land in the project area and the rest 7,500 hectares is owned mainly by private land owners.

One of the major stakeholders in the project area are the reindeer herders. Reindeers use the area for calving and grazing during summer. Neova and ETFuels have recognized that especially wind turbines will have impacts on reindeer herding and aim is to negotiate with local coop-

eratives to find solutions how the reindeer herding and the project can coexist.

In 2024 aim is to launch Environmental Impact Assessment (EIA) and land use planning (LUP). EIA will be completed by the end of the year 2025 when the impacts of the wind turbines and e-methanol plant can be taken into consideration and mitigated. Besides EIA and LUP the e-methanol plant will require additional environmental, chemical and water permits. Without any delays in the development phase plant will be operational in 2029.

*ETFuels was established in Ireland 2022 and their target is to be largest e-methanol producer in Europe by 2030. ETFuels have ongoing development projects in Finland, Spain and US.*

## ISO 9001, 14001 AND 45001 CERTIFICATES FOR NEOVA'S WIND AND SOLAR POWER DEVELOPMENT

In 2023, Neova's wind and solar development business was granted certificates ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 in accordance with management system standards. The audit focused especially on wind and solar power development management, planning and permit processes, project management practices, safety and quality issues, and sustainability. The audit was carried out by DNV.

The certificates can be used to demonstrate that wind and solar power project development is done with high quality and meets the requirements of the standards. The numerous stakeholders involved in the projects can also trust that we are a reliable partner and that we take different stakeholders comprehensively into account in our operations.

Project development processes and operating methods have been comprehensively considered and planned from the very beginning of the business operations in 2020, and therefore the main topics of the management system have been in order for a long time. Project development of wind and solar power is such a competitive field in Finland that it is difficult to achieve results without a high-quality process.

Risk management is particularly emphasised in wind power development, as wind power projects are subject to a wide range of risks. Most of the risks are related to nature and the environment, but risks related to for example municipal decision-making and the combined effects of nearby other projects are also quite relevant. A comprehensive and high-quality risk assessment already at the preliminary study phase is particularly important so that only feasible projects will advance to the actual permitting process.

A previous audit conducted during 2022 identified a few areas for development, which have since received special attention among the team. For example, Neova's own internal

At the end of 2023, Neova started soil surveys in two solar power project areas, Pihlassuo in Joutsa and Kurkisuo in Suonenjoki. Soil surveys are carried out in order to obtain researched information on the soil conditions in the project area for the placement and construction of solar panels.

audit had not yet been carried out on wind and solar power. The internal audit was done in spring 2023, so this deficiency was also corrected.

Particular positive attention was given to the compre-

hensive communication plan. The importance of communication is very much emphasised in the development of wind and solar power projects, which is why there has also been a desire to invest a lot in this area.





# NEW BUSINESSES DIVISION

## NOVACTOR - PROVIDING SOLUTIONS FOR PURIFYING THE ENVIRONMENT

**Clean 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 coal-based 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 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

### 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.



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.

In the beginning of 2023 the Ilomantsi Activated Carbon plant was fully commissioned and 2023 was our first year of full commercial production. We are producing high quality Activated Carbon products to our customers, delivering mainly to the Central European market. The energy needed for local district heating and the Ilomantsi pellet plant is fully derived from the waste heat generated in activated carbon production. Our power plant in Ilomantsi is no longer in use and has been disconnected from the district heating network, significantly reducing the total emissions at our Ilomantsi site. The start of the activated carbon factory made it possible to invest especially in risk assessment and safety management and during this first year of operation there has been no LTA accidents and one minor MTR accident in the factory.

### Activated carbon manufactured from renewable biomasses

Novactor's target is to become a leading supplier of activated carbon manufactured from renewable raw mate-

rials. 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 high-quality 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<sub>2</sub> footprint. There will be a market for such offering in future, we believe.



Automatic wrapping machine in operation at the Ilomantsi Activated Carbon plant.

# NEW BUSINESSES DIVISION

## NEOVA INNOVATION - INNOVATING FOR SUSTAINABLE FOOD PRODUCTION

**Neova 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. Neova Innovation creates high value added products from local organic raw materials from the Nordics using modern and sustainable production technologies.

### Biostimulants enable more sustainable agriculture

The global environment is constantly changing and extreme weather conditions caused by global warming are challenging food production worldwide. Stress caused by extreme events, such as drought, weakens plant growth and crop formation. At the same time, excessive use of inorganic fertilizers and pesticides has adversely affected the agricultural ecosystem and human health. In order to solve these problems, the European Union has introduced the ambitious goals of the Farm-to-Fork strategy, which aim to significantly reduce the use of inorganic fertilizers and chemical pesticides in the EU.

Biostimulants are biological substances that have a growing role in ensuring increasingly sustainable agricultural production. Biostimulants contain bioactive compounds or microorganisms whose task is to stimulate the plant's natural processes to improve nutrient uptake, stress tolerance, and yield quantity and quality. The use of biostimulants has become more common in agriculture and horticulture, because they can be used to reduce the use of fertilizers and to better respond to extreme weather phenomena caused by a changing climate

In 2023 our first biostimulant product was launched for the needs of sustainable agriculture, horticulture and sports & golf. It is a powerful biostimulant produced from pure, carefully selected organic peat raw material. It contains very bioactive humic and fulvic acids and other active molecules like amino acids and micronutrients naturally. It has shown very high hormone-like activity and it is stimulating plant growth, development and yield with low dosing. It enhances crop quality, nutrient uptake and tolerance to abiotic stress. It also improves soil fertility by increasing microbial activity, water holding capacity, soil texture and cation exchange capacity.

### Providing solutions for purifying the environment

#### 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.



The yield increase of the product has been an average of 10% in more than 50 growth tests carried out in different parts of Europe and Latin America. The product has a win rate of 70% in a trial period of 3 years compared to the competing product.

In 2023, we focused on sales and marketing especially in Spain, which is Europe's largest biostimulant market and where our new technical agronomist started. The product portfolio is currently being expanded and more new biostimulants will be introduced to the market in the next few years.

Products from wetland biomass are also currently under development for use in animal feed as well. Aim is to improve animal welfare and possibly reduce the use of pharmaceuticals in animal breeding.

## SPAIN - THE FORERUNNER IN THE USE OF BIOSTIMULANTS FOR SUSTAINABLE AGRICULTURE

Spain is one of Europe's largest producer of vegetables, fruits and soft fruits. The reason for this is the climate conditions, which until recent years have been optimal for growing. Soils are on the other hand generally poor in Spain. 3,5% organic matter (OM) content is the limit value for good soil quality. 1,6% OM is the limit value where normal plant-soil system functioning starts to be compromised. Large areas in Spain are around or below 2% OM.

Poor soils, in addition to the increasing high weather temperatures and droughts, has made Spain the largest user of biostimulants in Europe. Biostimulants are a sustainable way to decrease the risk of yield losses and improve the agricultural productivity. Biostimulants improve soil quality, increase nutrient use efficiency and tolerance to drought. Spain acts as a role model for many countries, where the use of biostimulants is growing.

The use of biostimulants in Spain are concentrated to four major regions growing high-value crops: Almeria (35.000 ha greenhouses: peppers, watermelon, tomato and cucumber), Murcia (Almonds), Valencia (citrus, olives, almonds) and Huelva (strawberries, blueberries, raspberries).

The new peat-based biostimulant developed and commercialized by Neova is suitable product for markets like Spain. The biostimulant contains very bioactive humic and fulvic acids, due to their origin. In addition, the biostimulant contains other active molecules like amino acids and micronutrients naturally. The biostimulant has shown very high plant hormone-like activity. The biostimulant has both soil conditioning effect and direct plant effect, resulting in stimulating plant growth and yield, in addition to resistance to drought.

In 2023 Neova started the market development for the biostimulant in Spain and in addition to initiating grower



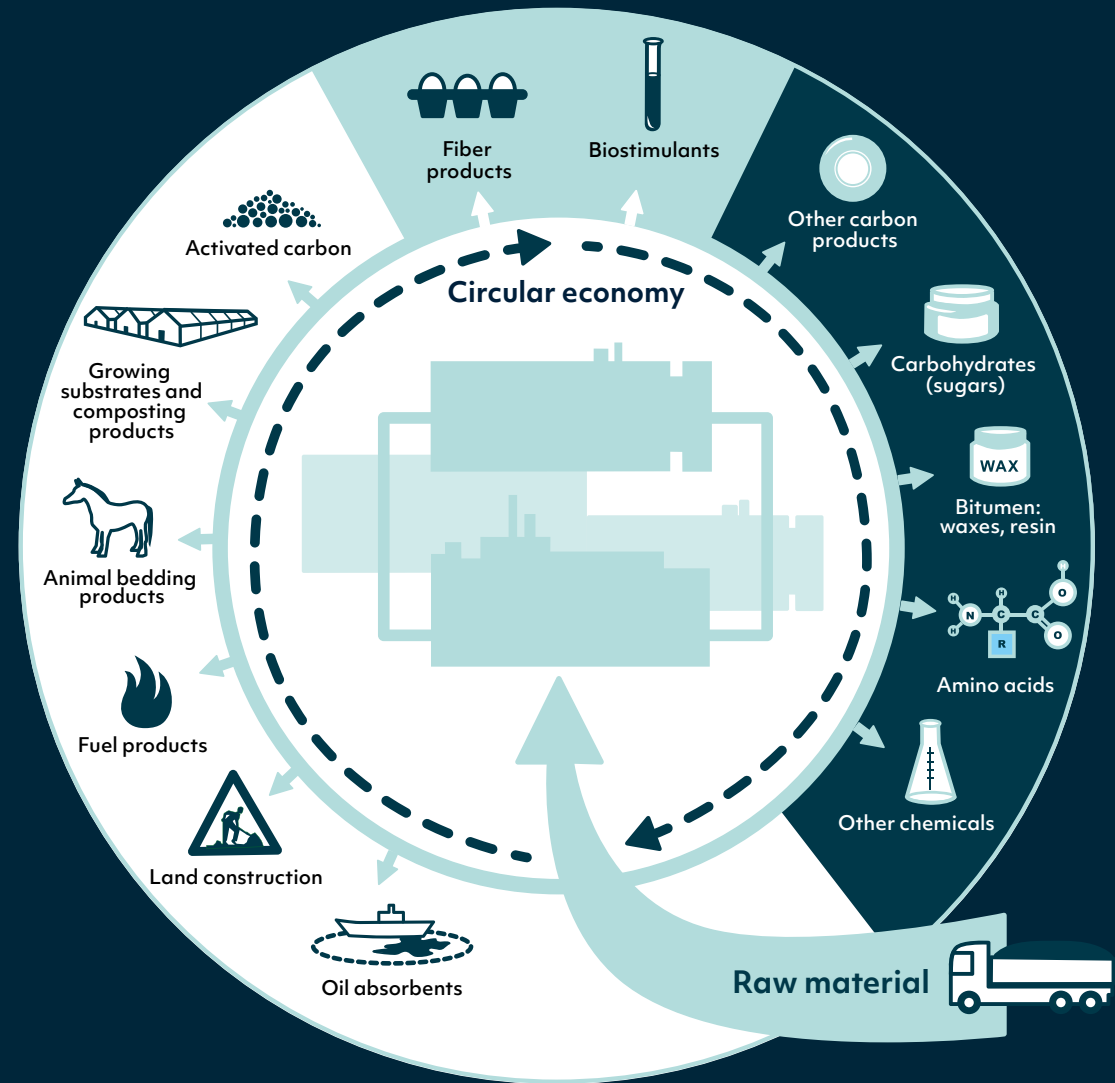
Spain is the largest user of biostimulants in Europe. The photo shows a pepper plantation in Almeria.

demonstration trials of the product, the first commercial delivery was made to the first Spanish customer. The Neova biostimulant helps enabling sustainable agriculture in Spain.

## NEOVA REFINERY CONCEPT AIMS SUSTAINABLE USAGE OF RAW MATERIALS

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. 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 the peat-based biostimulant production is suitable for producing biochar or for use as a soil amendment. Peat and other biomass based products replaces the products on the market that are derived from fossil raw materials that are millions of years old and, as such unsustainable. Usage of Biostimulants also reduces the need for chemical fertilizers increasing the sustainability of agricultural practices.



# REPORTING PRINCIPLES

## Reporting principles in accordance with the GRI standards

Since 2017, Neova Group has annually reported on its sustainability actions in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting. The Sustainability report is prepared in accordance with the GRI Standards and it covers the key areas of economic, social and environmental responsibility.

For the first time, we report in accordance with the Universal Standards GRI 1, GRI 2 and GRI 3, in effect at the beginning of 2023. For each reported standard, the GRI index refers to the year of the version used.

Topic-specific Disclosures are reported with respect to the material topics for Neova. A comparison of the contents of the report and the GRI standards is given in the GRI index. The report is published in Finnish and in English. The report is published online in PDF format. The sustainability report has not been externally assured.

## Global Compact reporting

The report describes Neova's progress on the 10 principles of the Global Compact initiative. The GRI index shows which General Disclosures and Topic-specific Disclosures have been used for evaluating performance in fulfilling human rights, labour rights, environment principles and anticorruption principles.

## Reporting period

This report describes the progress and results of sustainability work in 2023. The report for 2022 was published in March 2023. The report for 2024 will be published in the spring of 2025.

# GRI INDEX

GRI Content	Locations	Omissions and further information	Global Compact
<b>GRI 2 GENERAL DISCLOSURES 2021</b>			
<b>Organization and reporting practices</b>			
2-1 Organizational details	Annual Report, <a href="#">About us</a>		
2-2 Entities included in the organization's sustainability reporting <sup>a</sup>		Neova Oy (Finland) and its companies located in Sweden, Estonia, the Netherlands and Germany.	
2-3 Reporting period, frequency and contact point		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	
2-4 Restatements of information		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.	
2-5 External assurance		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. Scope 3 emission calculation 2020 and 2021 has been done by third party, Gaia Consulting Oy. The emission calculation for 2023 has been done with the same bases as previous years.	
<b>Activities and employees</b>			
2-6 Activities, value chain and other business relationships	Annual Report		X
2-7 Employees	Annual Report		X
2-8 Workers who are not employees	19, 23, Appendix 4		

GRI Content	Locations	Omissions and further information	Global Compact
<b>Governance</b>			
2-9 Governance structure and composition	<a href="#">Corporate Governance</a>		
2-10 Nomination and selection of the highest governance body	<a href="#">Corporate Governance</a>		
2-11 Chair of the highest governance body	<a href="#">Corporate Governance</a>		
2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Corporate Governance</a>		
2-13 Delegation of responsibility for managing impacts	Chief Supply Chain and Sustainability Officer	The Chief Supply Chain and Sustainability Officer is a member of the Group Management Team.	
2-14 Role of the highest governance body in sustainability reporting		The Board of Directors approves the sustainability report.	
2-15 Conflicts of interest	<a href="#">Internal Audit</a>		
2-16 Communication of critical concerns	<a href="#">Internal control</a>		
2-17 Collective knowledge of the highest governance body		Responsibility is incorporated into CEO's reporting to the Board of Directors. Separate training has not been organised because the Board of Directors' level of knowledge has been sufficient for decision-making.	
2-18 Evaluation of the performance of the highest governance body	Financial Statements and Board of Directors' Report		
2-19 Remuneration policies	<a href="#">Remuneration</a>		
2-20 Process to determine remuneration	<a href="#">Remuneration</a>		
2-21 Ratio of highest annual remuneration to average remuneration			



GRI Content	Locations	Omissions and further information	Global Compact
<b>Strategy, policies and practices</b>			
2-22 Statement on sustainable development strategy	<a href="#">Sustainability management</a>		
2-23 Policy commitments	<a href="#">Sustainability management</a>		
2-24 Embedding policy commitments	<a href="#">Sustainability management</a>		
2-25 Processes to remediate negative impacts	<a href="#">Sustainability management</a>		
2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Whistleblowing</a>		X
2-27 Compliance with laws and regulations		No incidents of non-compliance.	
2-28 Membership associations	<a href="#">Memberships</a>		
2-29 Approach to stakeholder engagement	5, 7-8		
2-30 Collective bargaining agreements	Appendix 4		X
<b>GRI 3 MATERIAL TOPICS 2021</b>			
3-1 Process to determine material topics	8-9		
3-2 List of material topics	2, 9		
3-3 Management of material topics	5-9		

GRI Content	Locations	Omissions and further information	Global Compact
<b>TOPIC-SPECIFIC CONTENT (Topic-specific content is reported regarding aspects identified as material)</b>			
<b>201 Economic Performance 2016</b>			
201-1 Direct economic value generated and distributed	24–25, Appendix 5, Financial Statements and Board of Directors' Report		
201-2 Financial implications and other risks and opportunities due to climate change	25		X
<b>205 Anti-Corruption 2016</b>			
205-2 Communication and training about anticorruption policies and procedures.		Anti-corruption is part of the mandatory CoC training.	X
205-3 Confirmed incidents of corruption and actions taken.		No reported incidents.	X
<b>206 Anti-competitive behavior 2016</b>			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.		No reported incidents.	
<b>207 Taxes 2019</b>			
207-1 Approach to tax	25, Appendix 5		
207-2 Tax governance, control and risk management	25, Appendix 5		
207-3 Stakeholder engagement and management of concerns related to tax	25, Appendix 5		
207-4 Country-by-country reporting	25, Appendix 5		
<b>301 Materials</b>			
301-2 Recycled input materials used	11, 17, 28–29, 34	Reported partly.	
<b>302 Energy</b>			
302-1 Energy consumption within the organization	Appendix 3	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.	X
302-3 Energy intensity	Index	The energy intensity in 2023 is 0,4 kWh/€ (2022: 0,6 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.	X

GRI Content	Locations	Omissions and further information	Global Compact
<b>303 Water and effluents</b>			
303-1 Interactions with water as a shared resource	11,17, 31, Appendix 3	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.	X
303-2 Management of water discharge-related impacts	<a href="#">Sustainability Concept for Peat</a>	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.	X
<b>304 Biodiversity</b>			
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Appendix 2, Appendix 5	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.	X
304-3 Habitats protected or restored	14	<a href="#">2,700 hectares of wetlands to protect biodiversity.</a>	X
Own indicators: Reforestation and wetland development	11–12, 14–15		
<b>305 Emissions</b>			
305-1 Direct (Scope 1) GHG emissions	11–13, 28, Appendix 3	Direct fossil CO <sub>2</sub> (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 <sub>2</sub> only. Emission factors used in the calculation are based on publicly-accessible material.	X
305-2 Energy indirect (Scope 2) GHG emissions	11–13, 28, 31 Appendix 3	Indirect CO <sub>2</sub> emissions from electricity usage (Scope 2) are calculated with both market and location-based approach. In case the market-based data is not available, residual mix is used. Emission factors used in the calculation are based on publicly-accessible material. GRI 305-2 market based emissions are reported as equivalents.	X
305-3 Other indirect (Scope 3) GHG emissions	11–13, 28, Appendix 3	Scope 3 indirect CO <sub>2</sub> emissions are calculated based on data availability. In section 305-3, emissions are reported in CO <sub>2</sub> equivalents.	X
305-4 GHG emissions intensity	11–12, 28	The emissions intensity is calculated in relation to the Group revenue, t CO <sub>2</sub> /M €..	X

GRI Content	Locations	Omissions and further information	Global Compact
<b>306 Effluents and waste</b>			
306-1 Water discharge by quality and destination	11, 17, Appendix 3, <a href="#">Monitoring reports</a>	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.	X
306-2 Waste by type and disposal method	11, 17, 28, Appendix 3	Reported for all Neova Group operations.	X
306-3 Significant spills (if none, just in index)	Index	Drainage waters from peat production had to be rerouted to diversion culverts and dams on 25 occasions to prevent damage to water protection structures, for an average of 23 days per incident. The number of diversion incidents decreased by 4% compared to 2022. 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.	X
<b>307 Environmental compliance</b>			
307-1 Non-compliance with environmental laws and regulations		No reported incidents of non-compliance.	
<b>308 Supplier environmental assessment</b>			
308-1 New suppliers that were screened using environmental criteria	22–23	In 2023 was implemented Supplier CoC to all new purchasing agreements. <a href="#">Code of Conduct</a>	

GRI Content	Locations	Omissions and further information	Global Compact
<b>401 Employment 2016</b>			
401-1 New employee hires and employee turnover		<p>Reported partly.</p> <p>Employee turnover (outgoing): 128 cases of employment termination (14%). The number includes all causes of employment termination.</p> <p>Regional division: The Netherlands 36, Finland 59, Germany 10, Sweden 20, Estonia 3</p> <p>Gender division: Female 46 (36%), Male 82 (64%).</p> <p>Age division: under 30: 10 (8%), 30–50 years: 67 (52%), over 50: 51 (40%).</p>	
<b>402 Labour/Management relations</b>			
402-1 Minimum notice periods regarding operational changes		Arrangements compliant to legislation.	X
<b>403 Occupational Health and Safety 2018</b>			
403-1 Occupational health and safety management system		ISO 45001 for all businesses except peat production.	
403-2 Hazard identification, risk assessment, and incident investigation	2, 19, 28–30, Appendix 4		
403-3 Occupational health services		The Neova group provides its entire personnel with occupational health care, which includes preventive, statutory occupational health care. Statutory occupational health care includes health examinations, health counselling and activities that support work ability and functional capacity. Statutory occupational health care applies to everyone from the beginning of the employment relationship.	
403-4 Employee participation, consultation and communication on occupational health and occupational safety		Employees and partners participate in risk assessments. Finland has an active occupational safety and health organisation that cooperates closely with occupational health services. The Group distributes a monthly safety report to all personnel.	
403-5 Worker training on occupational health and safety	19, 21	In Finland, occupational safety card training is mandatory for all personnel. We offer first aid training for our personnel. Kekkilä-BVB organised, among other things, forklift training for the entire personnel. We offer the safety training required for the tasks. An online safety course for all personnel.	
403-8 Workers covered by an occupational health and safety management system		All personnel and partners operating in our areas.	
403-9 Work related injuries	2, 19, 28-30, Appendix 4		

GRI Content	Locations	Omissions and further information	Global Compact
<b>404 Training and education 2016</b>			
404-2 Programs for upgrading employee skills and transition assistance programs	21	Reported partly. Programmes pertaining to retirement and the termination of employment have not been reported.	X
404-3 Percentage of employees receiving regular performance and career development reviews		All personnel.	X
<b>405 Diversity and equal opportunity 2016</b>			
405-1 Diversity of governance bodies and employees		Board of Directors: 6 members total: 2 women (33%) and 4 men (67%). Under 30 yrs: 0, 30-50 yrs: 1 (17%), over 50 yrs: 5 (83%) Group Management Team: 11 members, 2 women (18%) and 9 men (82%), under 30 yrs: 0, 30-50 yrs: 1 (9%), over 50 yrs: 10 (91%).	X
<b>406 Non-discrimination 2016</b>			
406-1 Incidents of discrimination and corrective actions taken	18, 21	9 reported cases and corrective actions taken (including follow up).	X
<b>414 Supplier social assessment 2016</b>			
414-1 New suppliers that were screened using social criteria	22-23		
<b>415 Public Policy 2016</b>			
415-1 Political contributions		Neova does not support any political parties.	X
<b>417 Marketing and labeling 2016</b>			
417-2 Incidents of non-compliance information and labelling		No incidents of non-compliance.	
417-3 Incidents of non-compliance concerning marketing communications		No incidents of non-compliance.	
<b>419 Socioeconomic Compliance 2016</b>			
419-1 Non-compliance with laws and regulations in the social and economic area		No incidents of non-compliance.	

# APPENDIX 1: DISCLOSURES ON MANAGEMENT APPROACH

	We do our business in balance with nature				We support the growth of our people and partners				We ensure profitability in a sustainable way	
<b>Neova Group material topics</b>	Greenhouse gas emissions	Biodiversity	Circularity	Water	Safety first!	Great workplace	Responsible partners	Discrimination and inappropriate behaviour	Economic and local employment impact	Financial implications and climate risks
	Pages 2, 11–13, 28, 31, Appendix 3.	Pages 2, 11, 14–16, 28, 31, 35.	Pages 2, 15, 17, 28, 31–33.	Pages 11, 17, Appendix 3.	Pages 2, 18–19, 22–23, 28–30, Appendix 4.	Pages 2, 18, 20, 28, 30.	Pages 2, 18, 22, 28–30.	Pages 18, 21.	Pages 24–25.	Page 25.
<b>Policies and commitments</b>	Neova Group Sustainability strategy (updated 12/2021). Overall we apply the following policies to manage our approach for the material topics: Group corporate governance 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 of the International Labour Organization. In addition, we communicate our approach to the United Nations Sustainable Development Goals throughout this report, and are committed to making them part of the strategy, culture and day-to-day operations of our company.									
	Environmental sustainability strategy 2022–2025				Information security policy, Data privacy policy, Personnel policy, Compensation policy, Language policy				Disclosure policy, Innovation and IPR policy, Risk management policy, Financial policies. As part of our Enterprise Risk Management process we have the Task Force on Climate-related Financial Disclosures (TCFD).	
<b>Goals and targets</b>	These are presented on pages 6–10 (“Sustainability at Neova Group”) and in the indicator tables on pages 11, 18, 28.									
<b>Responsibilities and resources</b>	These are presented on pages 7–8 (“Sustainability tightly governed within Neova Group”).									
<b>Grievance mechanisms</b>	Environment observations recording tool. Environmental feedback and irregularities are handled by the business area in question and reported to the Board of Directors. Environmental permitting process is public and includes open grievance mechanisms. Responsibly Produced Peat (RPP) certification process includes open grievance mechanisms.				Safety observations recording tool, accident investigations, mandatory safety trainings		Annual employee Great Place to Works survey, pulse surveys	Responsible Sourcing programme (incl. observations and audits)	Reporting and follow-up of incidents, Whistle-blowing channel	
<b>Assessment of management approach</b>	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. netsale									

## 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.
- **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.
- **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.
- **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.
- **Global Logistics Emissions Council (GLEC) framework** – global method for calculating and reporting logistics emissions.

### Sustainability commitments

- **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.
- **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.
- **Sustainable biomass program (SBP)** – a certification system designed for woody biomass, mostly in the form of wood pellets and woodchips, used in industrial, large-scale 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.
- **ISO 45001 Occupational Health & Safety System** – an international standard for occupational health and safety, issued to protect employees and visitors from work-related 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.



## APPENDIX 3: WE DO OUR BUSINESS IN BALANCE WITH NATURE

### CO<sub>2</sub> EMISSIONS (SCOPE 1+2) FROM NEOVA GROUP'S OWN OPERATIONS 2021–2023, KT CO<sub>2</sub>E

	Finland			Sweden			Estonia			The Netherlands			Germany			Neova Group		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Peat operations	525	438	394	61	61	62	65	61	61							651	559	516
Kekkilä-BVB operations	4	3.4	4.4	1	0.1	0.5	1	0.5	0.5	4	3.7	3.7		0.4		11	8	9.5
Pellet operations	33	37	43													33	37	43
Power plant (Ilomantsi)	20	33	16													20	33	16
Novactor/New Businesses	0.5	0	3.1													0.5	0	3.1
Shared/Group	0.1	0.1	0.1													0.1	0.1	0.1
<b>Total</b>	<b>583</b>	<b>511</b>	<b>460</b>	<b>62</b>	<b>61</b>	<b>62</b>	<b>66</b>	<b>61</b>	<b>61</b>	<b>4</b>	<b>3.7</b>	<b>3.7</b>		<b>0.4</b>		<b>715</b>	<b>637</b>	<b>588</b>

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.

### GREENHOUSE GAS EMISSIONS 2021–2023, KT CO<sub>2</sub>E

	Finland			Sweden			Estonia			The Netherlands			Germany			Neova Group			Description
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
SCOPE 1 soil emission	514	429	381	59	58	60	63	52	58							636	539	500	Emissions from land areas reserved for peat production. Emission from peat stockpiles.
SCOPE 1 other fossil emission	50	65	52	3	3	3	3	9	2	2	1.6	1.4		0.4		57	79	59	Fuel use in own facilities and production in CO <sub>2</sub> . Fuels consumption of on-site vehicles.
SCOPE 1 biogenic emission	7	22	21													7	22	21	Fuel use in own facilities and production in CO <sub>2</sub> . Not included in total emissions. Added to report from 2021.
SCOPE 2 market based electricity emission	17	17	26	0.1	0.1		1	0.2		2	2	2		0		21	19	29	Purchased electricity emission as market-based and district heating. Company target setting is based on market based calculation.
SCOPE 2 location based electricity emission	13	11	9	0.1	0.1	0.1	1	1		2	2	2		0.2		15	15	13	Purchased electricity emission as location-based and district heating.
SCOPE 3 total	2,354	11	2,214	459	329	330	309	352	300	445	359	313		58		3,568	4,123	3,014	See separate table for detailed breakdown.
<b>Total emissions</b>	<b>2,937</b>	<b>3,595</b>	<b>2,675</b>	<b>521</b>	<b>390</b>	<b>393</b>	<b>376</b>	<b>413</b>	<b>361</b>	<b>449</b>	<b>362</b>	<b>317</b>		<b>59</b>		<b>4,282</b>	<b>4,760</b>	<b>3,803</b>	Including + SCOPE 1 soil + other fossil emissions + SCOPE 2 market based emissions

GREENHOUSE GAS SCOPE 3 EMISSIONS 2021–2023, KT CO<sub>2</sub>E

Categories	Finland			Sweden			Estonia			The Netherlands			Germany			Neova Group			Description
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	
1. Purchased goods and services	47	37	39	16	9	7	12	6	7	104	108	42			5	179	159	100	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	1	3	12	1	0.2	3	3	1	1.6	2	3	2			11	8	8	30	Capital investments in, e.g. construction and investment projects.
3. Fuel and energy related activities	7	16	7	2	0.2	0.7	1	1	0.7	1	1	1			0.1	11	18	9	Extraction, production, and transportation of fuels and energy purchased or acquired. Calculated based on scope 1 and 2.
4. Transportation and distribution	18	17	19	2	1	2	19	19	6	6	4	10			2	45	41	39	Transportation and distribution paid by the company.
5. Waste generated in operations	1	2	0.4	0.05	0.1	0.1	1	0.1	0.02	0.1	0.1	0.1			0,001	2	3	0.5	Waste and waste water generated by the company.
6. Business travel	0.5	1	2.7	0.1	0.1	0.2	0.02	0.04	0.1	0.1	0.1	0.3			1.7	1	1	5	Emissions from flights and other business travel as well as hotel stays.
7. Employee commuting	0.4	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.6	0.4			0.1	1	1	1	Daily commuting of employees to workplace.
8. Upstream leased assets	1	0.6	0.7	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.3			0.04	1	1	1.2	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	5	5	3.4	0.1	0.2	4	3	4	3	2	2	2.6			1.4	10	11	15	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	Neova Group companies does not sell intermediate products which would require processing.																		
11. Use and 12. End-of-life of sold products	2,546	3,002	2,130	438	317	313	269	321	281	329	262	254			36	3,310	3,903	3,014	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	Neova Group companies do not have assets leased to others.																		
14. Franchises	Neova Group companies do not have franchising business.																		
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.																		
<b>Total</b>	<b>2,354</b>	<b>3,084</b>	<b>2,214</b>	<b>459</b>	<b>329</b>	<b>330</b>	<b>309</b>	<b>352</b>	<b>300</b>	<b>445</b>	<b>359</b>	<b>313</b>			<b>58</b>	<b>3,568</b>	<b>4,123</b>	<b>3,215</b>	

## WASTE VOLUME

	2021	2022	2023
<b>Recovery, tonnes</b>	<b>13,256</b>	<b>13,143</b>	<b>7,961</b>
Energy, tonnes	7,897	4,442	3,621
Recycling, tonnes	5,359	8,701	4,340
<b>Disposal, tonnes</b>	<b>1,648</b>	<b>3,084</b>	<b>339</b>
Landfill, tonnes	1,604	2,828	200
Other disposal, tonnes	44	256	139
<b>Total, tonnes</b>	<b>14,903</b>	<b>16,227</b>	<b>8,300</b>
Recycling rate, %	36	54	52
Recovery rate, %	89	81	96

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

2022: Various construction and repair activities at production sites increased the waste volumes in 2022.

## USE OF ASH GENERATED IN NEOVA GROUP'S FACILITIES

	2021	2022	2023
Landfill disposal, %	43	0	8
Soil construction, %	10	100	33
Forest fertiliser, %	0	0	0
Intermediate storage / Future utilisation, %	47	0	59
<b>Total, tonnes</b>	<b>703</b>	<b>2,315</b>	<b>1,221</b>

Utilization and recycling targets of ashes were originally followed from the company heat production facilities. After the sale of the heating business in the beginning of 2020 ash volumes decreased significantly. The origin of the ashes in 2023 are from Ilomantsi Power Plant where the production ended in summer and from Turenki Pellet factory which was sold to Versowood in the end of 2023. Volume and utilization of the ashes is reported also as a part of the total waste volume.

## NUMBER OF ENVIRONMENTAL OBSERVATIONS 2021-2023

	Finland			Sweden			Estonia			The Netherlands			Germany		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	64	27	20												
Kekkilä-BVB	33	48	30	74	18	16	11	5	11	34	49	44			1
New Businesses	16	7	15												
SCM	149	293	219	177	55	74	19	27	22						
Group Services	7	22	14	1	2	0	0	2	1	0	0	0			0
<b>Total</b>	<b>269</b>	<b>397</b>	<b>298</b>	<b>252</b>	<b>75</b>	<b>90</b>	<b>30</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>49</b>	<b>44</b>			<b>1</b>

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 are 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.

## WATER EFFLUENT MONITORING IN NEOVA'S PEAT PRODUCTION

	2021*	2022	2023
Samples	10,973	9,325	7,984
Analyses	80,366	70,017	60,526

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

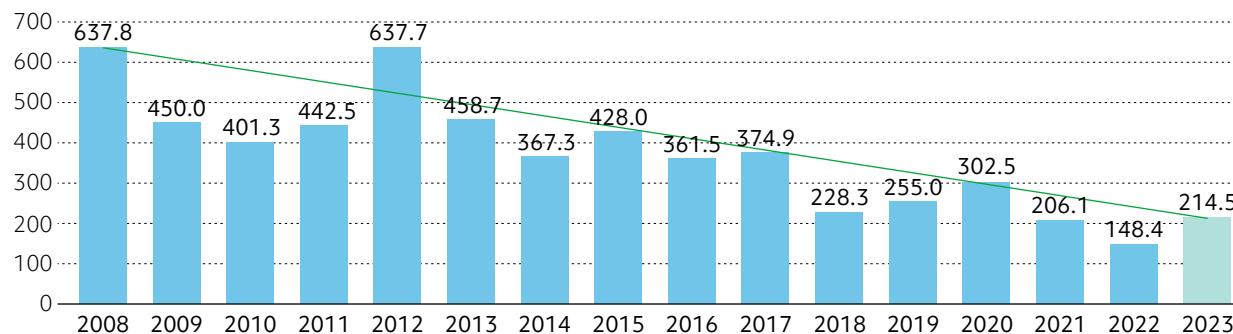
	2021*	2022	2023
Samples	2,235	2,405	2,235
Analyses	25,595	27,623	26,107

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.

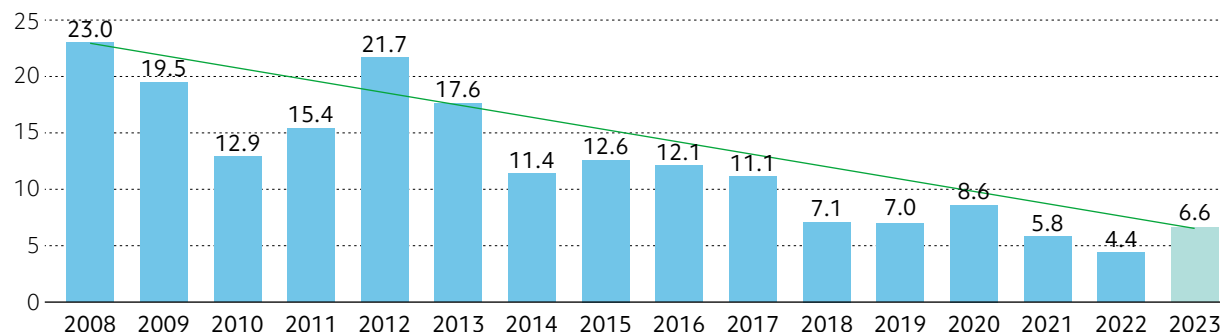
**ENERGY CONSUMPTION, MWH**

	2021	2022	2023
<b>Kekkilä-BVB</b>			
<b>Total energy consumption</b>	<b>37,384</b>	<b>39,752</b>	<b>35,783</b>
<b>Direct energy consumption</b>	<b>21,755</b>	<b>24,842</b>	<b>21,261</b>
Non-renewable	6,573	7,303	4,458
Other renewables	1,131	1,313	2,157
On-site vehicles	14,051	16,226	14,646
<b>Indirect energy consumption</b>	<b>16,334</b>	<b>15,346</b>	<b>15,091</b>
Electricity	14,703	14,034	14,147
Solar panels	961	697	453
Heating	670	615	491
<b>Energy sold</b>	<b>705</b>	<b>436</b>	<b>569</b>
<b>Pellet production</b>			
<b>Total energy consumption</b>	<b>122,503</b>	<b>172,321</b>	<b>110,548</b>
<b>Direct energy consumption</b>	<b>70,740</b>	<b>112,116</b>	<b>80,443</b>
Non-renewable	53,463	59,054	70,125
Renewable	16,470	52,008	9,432
On-site vehicles	808	1,054	886
<b>Indirect energy consumption</b>	<b>88,672</b>	<b>95,373</b>	<b>69,043</b>
Electricity	29,018	30,092	23,838
Heating	40,400	45,316	45,205
Steam	19,254	19,965	0
<b>Total energy sold</b>	<b>36,909</b>	<b>35,168</b>	<b>38,938</b>
<b>Novactor and Ilomantsi power plant</b>			
<b>Total energy consumption</b>	<b>23,048</b>	<b>26,733</b>	<b>13,746</b>
<b>Direct energy consumption</b>	<b>52,832</b>	<b>82,549</b>	<b>41,564</b>
Non-renewable	52,832	82,151	40,356
Renewable	0	398	1,057
On-site vehicles			152
<b>Indirect energy consumption</b>	<b>N/A</b>	<b>N/A</b>	<b>7,009</b>
Electricity	N/A	N/A	7,009
<b>Total energy sold</b>	<b>29,784</b>	<b>55,816</b>	<b>27,818</b>
<b>Peat production</b>			
<b>Total energy consumption</b>	<b>63,057</b>	<b>61,180</b>	<b>59,616</b>
<b>Direct energy consumption</b>	<b>47,018</b>	<b>53,027</b>	<b>50,718</b>
On-site vehicles	47,018	53,027	50,718
<b>Indirect energy consumption</b>	<b>16,039</b>	<b>8,152</b>	<b>8,898</b>
Electricity	16,039	8,152	8,898

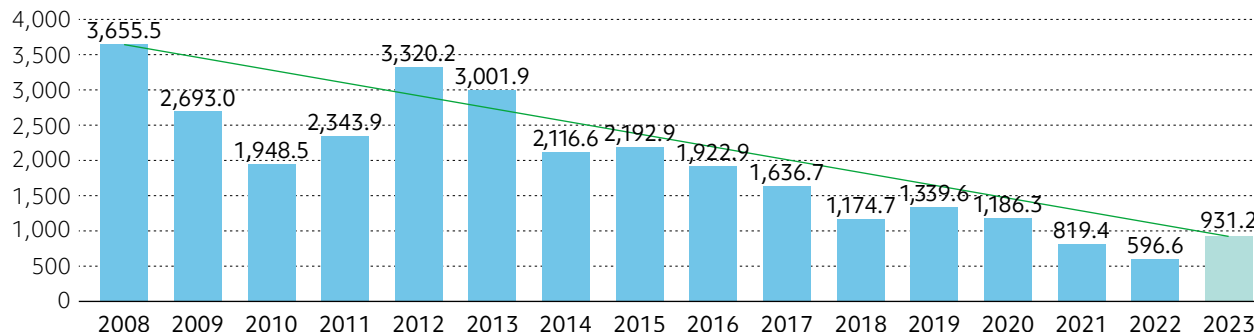
**WATER EFFLUENT IN PEAT HARVESTING (FINLAND): NITROGEN, TONNES**



**WATER EFFLUENT IN PEAT HARVESTING (FINLAND): PHOSPORUS, TONNES**



**WATER EFFLUENT IN PEAT HARVESTING (FINLAND): SUSPENDED SOLIDS, TONNES**



## APPENDIX 4: WE SUPPORT THE GROWTH OF OUR PEOPLE AND PARTNERS

### SHARE OF PERSONNEL, 31.12.2023

	Finland	Sweden	Estonia	The Netherlands	Spain	Germany	France	China	USA	Italy
Fuels&Real Estate Development	51	0	0	0	0	0	0	0	0	0
Kekkilä-BVB	111	72	20	299	6	52	5	3	1	4
New Businesses	47	0	0	0	1	0	0	0	0	0
SCM	83	16	14	6	0	0	0	0	0	0
Group Services	52	18	21	13	0	5	0	0	0	0
<b>Total</b>	<b>344</b>	<b>106</b>	<b>55</b>	<b>318</b>	<b>7</b>	<b>57</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>4</b>

Total number of personnel in all countries 900

### PERSONNEL COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	Number of personnel			Personnel covered by CBAs, %			Number of CBAs		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Finland	426	382	344	36	35	32	4	3	2
Sweden	118	121	106	100	96	95	2	2	2
Estonia	54	44	55	0	0	0	0	0	0
The Netherlands	333	346	318	8	8	7	1	1	1
Spain	5	6	7	100	100	100	1	1	1
Germany	9	70	57	0	0	0	0	0	0
France		4	5		0	0		0	0
Italy			4			0			0
China			3			0			0
USA		1	1		0	0		0	0

### GENDER DISTRIBUTION

	2021	2022	2023
Women	289 (31%)	303 (31%)	292 (32%)
Men	656 (69%)	673 (69%)	608 (68%)
<b>Total</b>	<b>945</b>	<b>976</b>	<b>900</b>

### EMPLOYEE TURNOVER

	2021	2022	2023
Employee turnover (outgoing)*	11.8% (112)	11.5% (112)	14% (128)

\* Includes all causes of employment termination.

### TYPE OF EMPLOYMENT

	2021	2022	2023
<b>Permanent</b>	<b>814</b>	<b>883</b>	<b>833*</b>
Female	245 (30%)	277 (31%)	271 (33%)
Male	569 (70%)	606 (69%)	562 (67%)
<b>Fixed term</b>	<b>131</b>	<b>93</b>	<b>67**</b>
Female	44 (34%)	26 (28%)	21 (31%)
Male	87 (66%)	67 (72%)	46 (69%)

\*Region: FI 336, NL 267, SWE 98, GER 57, EST 55, SP 7, FR 5, IT 4, CH 2, US 1

\*\*Region: NL 51, SWE 10, FI 6

### TYPE OF EMPLOYMENT

	2021	2022	2023
<b>Full time</b>	<b>838</b>	<b>859</b>	<b>805*</b>
Female	225 (27%)	233 (27%)	236 (27%)
Male	613 (73%)	626 (73%)	570 (63%)
<b>Part time</b>	<b>107</b>	<b>117</b>	<b>95**</b>
Female	64 (60%)	70 (60%)	56 (59%)
Male	43 (40%)	47(49%)	39 (41%)

\*Region: FI 338, NL 245, SWE 99, EST 54, GER 52, SP 6, FR 5, CH 3, IT 2, USA 1

\*\*Region: NL 73, SWE 7, FI 6, GER 5, IT 2, EST 1, SP 1

### DURATION OF EMPLOYMENT

	2021	2022	2023
Under 5 years	49%	46%	41%
5–10 years	15%	22%	20%
10–20 years	21%	17%	23%
over 20 years	15%	15%	16%

**NUMBER OF ALL ACCIDENTS 2021-2023 (MTR\*)**

	Finland			Sweden			Estonia			The Netherlands			Spain			Germany			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	0
Fuels Wood	0	1																	0	1	
Kekkilö-BVB	3	4	0	6	3	3	0	1	0	10	7	3	0	0	0	0	1	3	19	16	9
New Businesses	2	0	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	0	1
SCM	2	1	1	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	2	1	1
Group Services	1	1	1	0	0	0	1	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	2	1	1
<b>Total</b>																			<b>26</b>	<b>20</b>	<b>12</b>

\* 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).

**NUMBER OF ACCIDENTS THAT LEAD TO ABSENCE FROM WORK 2021-2023 (LTA1\*)**

	Finland			Sweden			Estonia			The Netherlands			Spain			Germany			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0
Fuels Wood	0	0																	0	0	
Kekkilö-BVB	0	0	0	1	1	1	0	0	0	10	6	2	0	0	0	0	1	3	11	8	6
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	N/A	N/A	N/A	N/A	N/A	0	0	0
SCM	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0
Group Services	0	0	0	0	0	0	1	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	1	0	0
<b>Total</b>																			<b>12</b>	<b>8</b>	<b>6</b>

\* 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).

**ACCIDENT FREQUENCY OVER 1 MILLION WORKING HOURS 2021–2023 (MTRF\*)**

	Finland			Sweden			Estonia			The Netherlands			Spain			Germany			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	5.9	9.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18.8	5	0
Fuels Wood	0.0	11.2																	0.0	11.2	
Kekkilä-BVB	11.3	14.4	0.0	40	23.4	22.7	0.0	26.9	0.0	19	12.4	5.4	0.0	0.0	0.0	N/A	8.6	33.4	13.4	19.4	8.5
New Businesses	46.3	0.0	12.6	N/A	N/A	N/A	N/A	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	12.7
SCM	8.5	4.8	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	15.3	6.8	3.8
Group Services	10.9	11.1	9.6	0.0	0.0	0.0	80.2	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	21.9	14.4	6.8
<b>Total</b>																			16.1	15.7	7.3

\* 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 2021–2023 (LTA1F\*)**

	Finland			Sweden			Estonia			The Netherlands			Spain			Germany			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	0.0	0.0	0.0	N/A	N/A	N/A	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	0.0
Fuels Wood	0.0	0.0																	0.0	0.0	
Kekkilä-BVB	0.0	0.0	0.0	6.7	7.8	7.6	0.0	0.0	0.0	19	10.6	3.6	0.0	0.0	0.0	0.0	8.6	33.4	11.2	7.1	5.7
New Businesses	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	0.0
SCM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	0.0
Group Services	0.0	0.0	0.0	0.0	0.0	0.0	80.2	0.0	0.0	0.0	0.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	7.2	0.0	0.0
<b>Total</b>																			7.2	4.5	3.7

\* 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 2021–2023

	Finland			Sweden			Estonia			The Netherlands			Spain			Germany			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	505	345	226	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	505	345	226
Fuels Wood	0	39																	0	39	
Kekkilä-BVB	391	364	203	402	257	140	78	50	46	685	638	535	0	0	0	0	1	24	1,556	1,310	948
New Businesses	63	48	61	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	63	48	61
SCM Sites	448	582	530	204	100	79	22	23	32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	674	705	641
Office sites	118	136	81	17	13	1	3	0	5	20	19	6	0	0	0	0	0	0	158	168	93
Other	8	28	35	0	0	0	0	8	0	0	0	0	0	0	0	0	0	0	8	36	35
<b>Total</b>																			2,965	2,651	2,004

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 2021–2023, %

	2021	2022	2023
Fall, slip, trip (impact with fixed object)	42	35	30
Collision, hit, pressure (impact with moving object)	27	22	20
Crush, compression, contusion (caused by object)	0	17	15
Cut, stab, sting (caused by object)	23	11	12
Shock, burn, poisoning, pressure (impact of electrical voltage, temperature, noise, hazardous substances)	4	1	2
Sprain, Stretch, Rupture			12
Other	4	14	9

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



**CONTRACTORS – NUMBER OF ALL ACCIDENTS 2021–2023 (MTR\*)**

	Finland			Sweden			Estonia			The Netherlands			Germany			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	1	N/A	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1
Fuels Wood	0	1														0	1	
Kekkilä-BVB	1	1	0	1	0	2	0	0	0	3	1	1	0	0	1	5	2	4
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	N/A	N/A	0	0	0
SCM	1	1	3	1	0	0	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	2	1	3
Group Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0
<b>Total</b>																<b>8</b>	<b>4</b>	<b>8</b>

\* MTR count includes all workplace accidents that have been reported to us, including those that did not lead to absence from work.

**CONTRACTORS – NUMBER OF ACCIDENTS THAT LEAD TO ABSENCE FROM WORK 2021–2023 (LTA1\*)**

	Finland			Sweden			Estonia			The Netherlands			Germany			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Fuels&Real Estate Development	0	0	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	1
Fuels Wood	0	0														0	0	
Kekkilä-BVB	1	0	0	0	0	2	0	0	0	1	1	1	0	0	1	2	1	4
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	N/A	N/A	0	0	0
SCM	0	1	2	0	1		0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	0	2	2
Group Services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	0	0
<b>Total</b>																<b>2</b>	<b>3</b>	<b>7</b>

\* LTA1 count includes those workplace accidents that lead to a minimum of one day of absence from work that have been reported to us.

## APPENDIX 5: WE ENSURE PROFITABILITY IN A SUSTAINABLE WAY

### NEOVA GROUP'S INVESTMENTS 2021–2023, EUR MILLION

	Gross investments			Asset sales			Net investments		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Finland	62.2	109.3	15.4	6.2	12.3	7.5	56.0	97.2	7.9
Sweden	9.6	15.7	6.4	0.5	15.8	1.6	9.2	0.0	4.8
Estonia	3.3	3.6	5.1	0.1	1.9	0.0	3.2	1.8	5.1
The Netherlands	9.4	22.3	12.8	0.2	1.3	0.1	9.3	21.1	12.7
Germany	0.1	16.6	0.5		0.0	0.0	0.1	16.6	0.5
Other countries		0.0	0.0		0.0	0.0	0.0		0.0
<b>Total</b>	<b>84.6</b>	<b>167.5</b>	<b>40.2</b>	<b>7</b>	<b>31.3</b>	<b>9.0</b>	<b>77.8</b>	<b>136.7</b>	<b>31.2</b>

### WAGES PAID BY NEOVA GROUP, EUR MILLION

	2021*	2022**	2023***
Finland	28.0	26.0	26.2
Sweden	4.6	4.9	4.4
Estonia	1.7	1.5	1.5
The Netherlands	19.5	20.2	21.0
<b>Total</b>	<b>53.8</b>	<b>52.6</b>	<b>53.1</b>

\*1 SEK = 0.09 € (17.1.2022)

\*\*1 SEK = 0.089 € (10.01.2023)

\*\*\*1 SEK = 0.089 € (31.12.2023)

Algomín Ab is not included in salary data 2022.

**NEOVA GROUP'S TOTAL TAX CONTRIBUTION: INFORMATION BY COUNTRY, FIGURES FOR THE FINANCIAL YEAR 1.1.2023–31.12.2023**

	Finland	Sweden	Estonia	The Netherlands	Germany	Other countries
Unrelated party revenue	227.9	54.5	10.7	153.2	43.5	6.1
Related party revenue	77.4	9.3	28.5	46.2	6.0	2.2
Total revenue	305.3	63.8	39.3	199.4	49.5	8.4
Profit/(loss) before income tax	0.0	-6.5	5.5	-6.3	-3.2	1.4
Income tax paid (on cash basis)	0.0	0.6	0.0	-0.1	0.1	0.3
Income tax accrued — current year	0.7	0.8	0.0	-1.7	-0.1	0.2
Stated capital	260.1	23.3	19.5	21.7	1.4	1.2
Accumulated earnings	183.6	2.6	28.0	9.1	4.5	3.1
Number of employees	359	102	55	290	55	19
Tangible Assets other than cash and cash equivalents	187.4	55.1	38.7	46.2	10.4	0.0
<b>Direct taxes payable for the financial year, EUR million</b>						
Income taxes	0.7	0.8	0.0	-1.7	-0.1	0.2
Employer contributions	0.4	1.9	0.5	2.7	0.6	0.3
Property taxes	0.2	0.0	0.0	0.0	0.0	0.0
Other taxes	0.0	0.2	0.0	0.7	0.0	0.0
<b>Indirect taxes payable for the financial year, EUR million</b>						
Excise taxes	0.4	0.0	0.0	0.0	0.0	0.0
<b>Taxes remitted for the financial year, EUR million</b>						
Payroll taxes	7.8	1.8	0.2	7.3	0.4	0.3
Value added tax. sales	43.9	14.8	6.6	18.4	9.6	0.2
Value added tax. purchases	-43.2	-13.9	-6.5	-13.4	-6.5	-0.2
Other taxes	0.0	0.0	0.1			
<b>Total</b>	<b>10.1</b>	<b>5.6</b>	<b>0.9</b>	<b>14.0</b>	<b>4.1</b>	<b>0.7</b>

**NEOVA GROUP'S CERTIFICATES**

	ISO 9001	ISO 14001	ISO 45001	PEFC	FSC	RHP	RPP <sup>1</sup>	Good Soil	KRAV	BRL 9335 -4/9341
<b>Finland</b>										
Neova Oy	x	x	x <sup>2</sup>			x <sup>1</sup>	x			
Kekkilä-BVB Oy	x	x	x			x <sup>3</sup>	x			
Neova Oy: Novactor	x	x	x							
Fuels & RED (Real Estate Development): Pellet	x	x	x	x	x					
Fuels & RED: Wind and Solar Power	x	x	x							
<b>Sweden</b>										
Neova AB		x				x	x			
Hasselfors Garden AB	x	x	x				x		x	
<b>Estonia</b>										
AS Tootsi Turvas		x				x	x			
Kekkilä Eesti OÜ	x	x	x				x			
<b>The Netherlands</b>										
Kekkilä-BVB Netherlands B.V (incl. Factory De Lier)	x	x	x			x <sup>3</sup>		x		
Kekkilä-BVB Grubbenvorst B.V. (Factory Grubbenvorst)	x	x	x			x <sup>3</sup>		x		
Kekkilä-BVB Grubbenvorst B.V. (Factory Nijmegen)	x	x	x			x <sup>4</sup>				x <sup>5</sup>
Kekkilä-BVB Grubbenvorst B.V. (Factory Wanssum)	x	x	x							
Kekkilä-BVB Gardening B.V. (Factory Drachten)	x	x	x					x		
Kekkilä-BVB Gardening B.V. (Factory Hardenberg)	x	x	x					x		
Kekkilä-BVB Logistics B.V	x	x	x							
<b>Germany</b>										
Kekkilä-Brill Substrates GmbH	x <sup>6</sup>									

1: For specific Neova Group peat production areas

2: Peat operations not included

3: RHP-certified factories: Eurajoki, De Lier, Grubbenvorst.

4: Cocos operations

5: Landscaping operations

6: Kekkilä-Brill will be added to the Neova Group multi-country certificate 2024.



# NEOVA<sup>GROUP</sup>

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Neova Group



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