IIVARI MONONEN

SUSTAINABILITY REPORT

2023

Sustainability is in our DNA

Sustainability is our primary value when making decisions because we want to leave a better world for future generations. The decisions we make today will have lasting impacts for years to come. Sustainability is one of the core values of our family-owned company. By always operating sustainably, we gain a clearer understanding of the long-term impacts of our actions and ensure a secure future for everyone.

We prioritise sustainability in seven crucial areas that guide our decision-making: **locality, taxation, the environment, products, product development, business continuity** and **transport**. Our sustainability report is structured around these focus areas.

Only a financially sound company can genuinely promote sustainability. That is why, when making investment decisions, we always account for operating costs and energy consumption.

We aim to make decisions that are as energy- and resource-efficient as possible in order to minimise our adverse environmental impacts. At the same time, they improve our profitability.

We will continue to work towards a more sustainable future – together and responsibly.

Ari Mononen
CEO
Iivari Mononen Group

In 2035, we are 100% carbon-neutral

By 2035, we promise to achieve carbon neutrality in our production chain, ensuring sustainable operations.

Our sustainability pledge

We strive to maintain growth, profitability, and a stable financial position so that we can plan our operations for the long term.

By ensuring the profitability of our business, we can create employment opportunities and drive responsible development in our operations.

Locality and taxation

Our Group companies are significant employers and members of the local community in their respective areas. Over the past seven decades, we have grown from our roots in Ilomantsi into an international player. Today, we operate in five European countries: Ireland, the United Kingdom, Norway, Sweden, and Finland.

Most of our employees reside in or near the area in which we operate. It is important to us that these areas maintain their vitality. That vitality is created through good services, diverse recreational activities and a pleasant environment. We pay our taxes in the places that we operate in, which benefits not only our employees but also the area as a whole.

We provide work opportunities for local contractors by investing and developing our plants. This has an indirect job creation effect that promotes the vitality of the area. Offering employment opportunities to young people is a heartfelt priority for us. We offer summer jobs, internships and thesis writing opportunities for young people in the areas in which we operate and, whenever possible, we try to employ them after they have graduated.

Responsibility is at the core of our operations and guides us to build a sustainable future together with our communities.

Our sustainability investments in 2023

1.3 million €

In recent years, we have made great investments in the environmental impacts of our operations. Our largest investments have concerned environmental responsibility, digitalisation and the modernisation of our production.

In 2023, our tax payments totalled

251,236 €

In 2023, we paid wages totalling

10 million €

In 2023, the average age of our employees was

45.3 years

The average age was the highest in Newport in the UK, and the lowest in Höljäkkä, Finland. We recruit new employees through our cooperation with educational institutions and summer jobs, for example.

In 2023, Iivari Mononen Group employed a total of 199 people across four countries. The distribution of employees by country was as follows:

- Finland 122
- Norway 43
- United Kingdom 33
- Sweden 1

In 2023, the percentage of women among our personnel was

12%

Environment

Caring for the environment is of utmost importance to us. Only healthy forests can produce high-quality raw materials for our products.

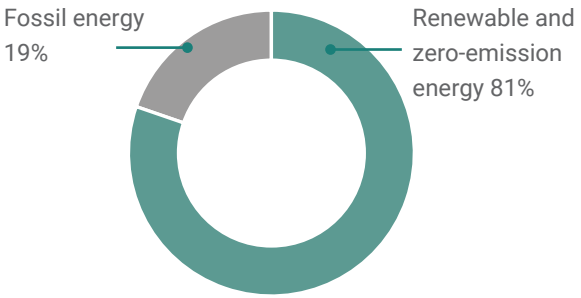
All of the wood used in our products comes from responsible sources. Our Group has a PEFC certificate that covers all of the companies belonging to Iivari Mononen Group. We source our timber from as close to our production plants as possible to ensure that emissions from the transportation of timber remain low. We also prefer low-emission options for the transportation of finished products.

By minimising energy consumption and using as much renewable energy as possible, we are reducing our own greenhouse gas emissions.

ISO 14001

environmental management system

The ISO 14001 series of standards that is used throughout the Group provides tools for environmental management and improving the level of environmental protection. The standard supports sustainable development from the point of view of both ecological and economic goals.



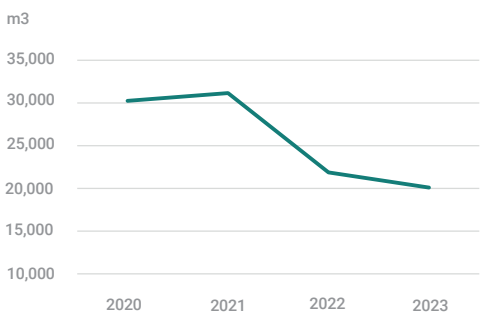
Less

fossil energy

Fossil energy represents a small share of our total energy consumption. The use of bark and residue chips from production in heat production at our Höljäkkä and Ilseng plants is a significant factor in the low share of fossil energy. Over the past four years, the share of fossil energy in our total energy consumption has decreased by over 16%.

We reduce water consumption

Since 2020, we have reduced the Group's water consumption by as much as 34%. The reduction in water consumption is largely due to the decreased use of water-based impregnation agents.



We use zero-emission electricity

We use zero-emission electricity supplied by Pohjois-Karjalan Sähkö in our companies operating in Finland (Scanpole Oy and PrimaTimber).

WOOD
IS A RENEWABLE RESOURCE

Wood products store carbon throughout their lifecycle, and our wood products store several times more carbon than the carbon emissions generated in their production. The carbon footprint of our products is small when compared to the competing materials.

PEFC/02-31-152

We have a PEFC-certificate, which ensures that the wood we use comes from legal and approved sources. Sourcing sustainable raw material is easy in our main supply areas in the Nordic countries, as almost all forests are certified.

Carbon stored in the product

Fossil emissions arising from production

PrimaTimber's products store about

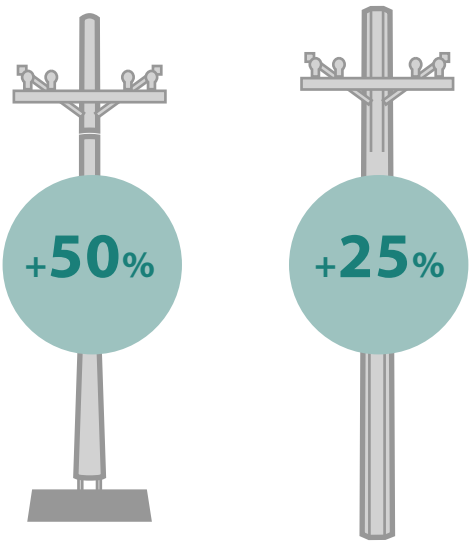
13

times more carbon than the emissions caused by their production.

Scanpole's products store about

4

times more carbon than the emissions caused by their production.



Steel pole

Concrete pole

Manufacturing products using steel or concrete generates a much larger amount of fossil emissions on average. For steel products, the level of emissions from production is estimated to be twice as high as that of wood products. Unlike wood products, they also do not store carbon.
(Source: Massachusetts Institute of Technology, 2019)

Products and product development

We want to be at the forefront of product development and invest in future innovation. Tightening regulation provides us with an excellent opportunity to elevate our operations to a more sustainable level. For example, we have introduced new copper oil-impregnated Pole+ products that are as durable as wood products treated with traditional impregnation agents.

Investments in our production plants are an integral part of our product development. We modernised the Höljäkkä impregnation plant in a project that was completed in 2022. In the coming years, we will invest heavily in our plants in Höljäkkä and Kirkenaer. Our goal is to improve product quality, streamline production and logistics, improve supply chain and warehouse management and, in line with the principles of sustainability, reduce emissions and improve occupational safety.

Next-generation
products are taking over the market

Prohibitive or restrictive measures against creosote, which has been conventionally been used as an impregnating agent, will lead to the adoption of new impregnating agents that are safer for the environment.

POLE+ Scanpole's Pole+ products are a sustainable and durable alternative to poles treated with traditional impregnation agents. The products are treated with copper oil. The protective agents in copper oil slow down the decay of the wood, and the water-repellent properties are achieved by using a carrier oil. The durability of Pole+ products meets the strict requirements set for critical infrastructure.

The Pole+ products have been proven to be safe for both the environment and people. In addition to critical infrastructure, the Pole+ products are also a perfect fit for agricultural purposes as well as environmental construction.

+279% Sales of Pole+ products were significantly boosted last year by strong customer interest and the active launch of the products. In 2023, sales increased by an impressive 279% when compared to the previous year.

We invest
in our production plants

Our new products have led to improvements in our production plants. Our new generation production plant in Ilseng is our first plant that specialises in copper oil impregnation. All of our Pole+ products are currently produced in Ilseng. In the coming years, using the new impregnating agents will also become possible at our Höljäkkä and Kirkenaer plants.

ISO 9001
quality management system

Our Group uses the international ISO 9001 quality management system, which sets requirements for the quality management system of the organisation. It is the world's best-known tool for building and developing a quality management system.

Recognition for our sustainability efforts

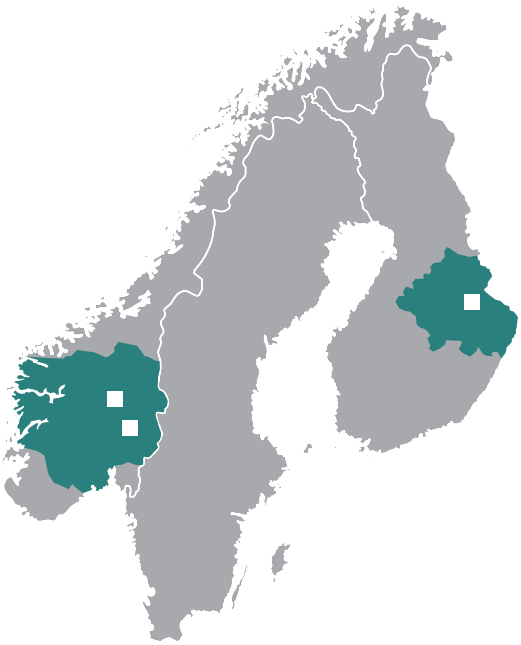
Our UK subsidiary Scanpole Ltd. achieved a Silver rating in the EcoVadis sustainability assessment. The assessment was carried out at the end of 2023.

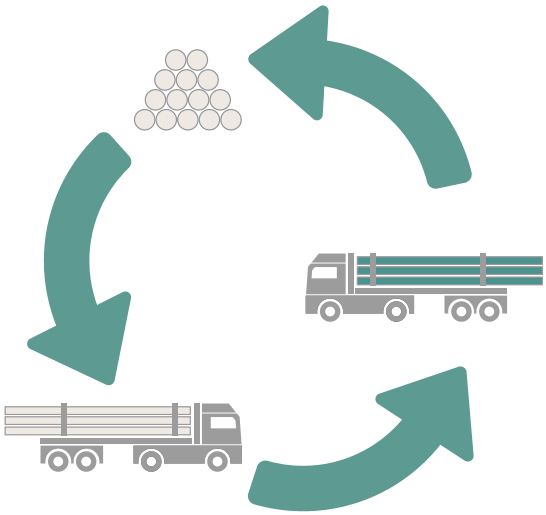
Transport

Our products are exported all over the world. Our products may sometimes travel over long distances and periods of time. We use lower-emission rail and ship transport to the maximum extent when transporting our products.

We source the raw materials used in our products as locally as possible to ensure that their journey from their sources to our production plants remains as short as possible.

In 2022, the Saimaa Canal was closed due to the war in Ukraine and, as a result, we had to switch completely to rail transport in Finland. The future availability of environmentally friendly and efficient ship transport for our domestic transport needs is uncertain at this time. In the coming years, the Karelian railroad will need to be renewed, which introduces new challenges for rail transport.





Raw materials are sourced locally

We source raw materials as close to our production plants as possible in order to minimise the transport distances. In Finland, our wood sourcing activities are focused on the North Karelia, North Savo and Kainuu regions. Scanpole's own wood sourcing experts are in charge of wood sourcing operations.

In Norway, the wood raw material used at the Ilseng and Kirkenaer plants is sourced from the counties of Akershus, Buskerud, Innlandet, Telemark, Vestfold and Vestaland.

PrimaTimber has long-term customer relationships in raw material sourcing with local sawmills. This also keeps the raw material transport distances shorter.

A systematic approach to transport operations

When we deliver poles to customers in Finland and Norway by lorry, we aim to plan the routes so that the pole lorries pick up raw poles from logging sites on the return trip. This enables us to improve the efficiency of our transport chain and avoid unnecessary driving.

Transporting poles requires custom-designed trailers and special expertise from the drivers. For our pole transport operations, we use local transport companies with whom we have worked for several years.

Business

Our Group's operations have grown strongly over several years. Growth has been built in the long-term on a financially sustainable foundation rather than through risk-taking.

Our growth in recent years has come from domestic and international markets and through acquisitions. This means taking into account and reconciling different cultures. New employees need information and clear communications with regard to many things that are self-evident to employees who have worked for the Group for a long time. It is important to us that all of our employees know and adopt the values and practices that are important to our Group.

A responsible and considerate working community is important in building our internal culture.

Our Group has a number of different guidelines on responsibility, from recycling office paper to unloading chemical substances and refuelling.

Occupational safety will continue to be important to us and will require continuous improvement. Occupational safety is taken into account in the planning of all investments.

Today's decisions have far-reaching implications.

The world is changing fast now, and we cannot foresee everything. No matter what happens along the way, we must always take sustainability into account in future decisions. When operations are developed in as responsible a manner as possible at all times, it improves the predictability of impacts and lays down a solid foundation for profitable, long-term operations for decades to come.

Our values

Trust
We keep our promises.

Courage
We believe in our objectives and carry out all operations to the end.

Sustainability
We leave behind us sustainable operations for future generations.

Flexibility
We operate dynamically and seek the best solutions for our goals.

Collaboration
We help our colleagues and build long-term partnerships.

Sustainability and climate calculations

Terminology

Carbon footprint calculation method

Iivari Mononen Group calculates its carbon footprint from the forests to its plant storages in accordance with the GHG protocol. The GHG protocol is an international standard used in the calculation of carbon footprints and for the unified reporting of emissions. Further information about the GHG protocol in more detail at ***ghgprotocol.org***. (GHG = Greenhouse gases)

Carbon footprint

Fossil carbon emissions caused by human activity. The term carbon footprint refers to the climate burden generated by a product, activity or service. In other words, it is the amount of greenhouse gases produced during the life-cycle of a product or an activity. It takes into account not only CO2 emissions but also other significant greenhouse gas emissions, such as methane and nitrous oxide.

The concepts of carbon footprint and climate burden have been turned into a measuring tool that can be used to assess the impact of various actions and consumption choices on global warming.

Carbon neutrality

Carbon-neutrality refers to situations, where actions have no impact on the carbon status of the atmosphere. In other words, the carbon footprint for such actions is a net zero. A carbon-neutral company only emits as much carbon into the atmosphere as it can absorb through its operations. A carbon-neutral product has a zero carbon footprint over its lifecycle.

Carbon storage

Carbon that is not released into the atmosphere and is instead bound in wood or other biomass is said to be in a carbon store.

The amount of sequestered carbon that is not released into the atmosphere within a 100-year assessment period is seen as stored carbon.

Carbon store in wood products

Wood products store carbon and the longer they are in use, the longer the carbon they have stored is kept out of the atmosphere. 1 kg of wood corresponds to 1.83 kg of CO_2e*.

For example, Scanpole's pine poles have a density of 480/kg/m3 (NTR). 1 m^3 of pine poles and blocks contains 878 kg CO_2 of biogenic carbon.

If the products remain in use or are stored for 100 years, this corresponds to 878 kg of CO_2 storage. Correspondingly, if the product is used or stored for 50 years, half of its carbon content can be considered as permanently stored.

**) Source: VTT-CR-04958-17/ Report to the Ministry of the Environment, Finland*

Iivari Mononen Group

The sustainability and climate calculations for 2023 include Exsane Oy's figures. Exsane Oy's entire share capital was transferred in November 2023 to HSK-Sähkö Oy, which is part of of Habeo Group Oy.

IIVARI MONONEN GROUP	Unit	2020	2021	2022	2023
Turnover	EUR million	85.7	85.5	84.1	82.9
Personnel					
Employees	Total number	219	222	211	156
Share of women of the total number of employees	%	11	11	10	12
Share of sick leaves of the total number of work hours	%	5.2	5.4	4.5	4.5
Sick leave	Number	5	4	5	2
Waste and energy					
Hazardous waste	kg/m^3	0.9	1.6	1.6	3.7
Non-hazardous waste	kg/m^3	0.8	0.8	1.5	1.6
Energy intensity (fuels, electricity, district heating, biomass)	Mwh/m^3	0.196	0.211	0.217	0.242
Total energy consumption	MWh	40,388	44,083	40,151	41,539
Renewable and zero-emission energy used	MWh	25,974	32,370	29,508	33,343
Fossil energy used	MWh	14,413	11,713	10,642	8,196
Water consumption	m3/m3	0.1	0.1	0.1	0.1
Water consumption	m3	30,251	31,151	21,873	20,094
CLIMATE IMPACTS					
Scope 1: Emissions from fuels of our own operations	tCO2e	2,448	2,563	2,291	2,001
Scope 2: Emissions from purchased energy	tCO2e	928	398	344	211
Scope 3: Purchased materials used in production	tCO2e	11,668	13,998	11,882	11,402
Scope 3: Emissions from transporting purchased materials	tCO2e	5,604	8,076	5,358	7,167
Scope 3: Emissions from waste	tCO2e	272	833	808	935
Scope 3: Emissions from business travelling	tCO2e	136	83	176	124
Scope 3: Emissions from home–workplace travelling	tCO2e	72	86	100	87
Total fossil emissions	tCO2e	21,128	26,037	20,959	21,925
Amount of biogenic carbon stored in end products	tCO2e	162,472	157,541	131,975	123,752
Amount of fossil carbon stored in end products	tCO2e	16,077	25,444	26,901	24,799

Scanpole

Scanpole's figures include sustainability and climate calculations for Scanpole Oy and its subsidiaries Scanpole Ab (Sweden), Scanpole AS (Norway) and Scanpole Ltd (United Kingdom).

SCANPOLE	Unit	2020	2021	2022	2023
Turnover	EUR million	47.8	49.6	56.0	58.8
Personnel					
Employees	Total number	117	117	122	122
Share of women of the total number of employees	%	11	12	10	11
Share of sick leaves of the total number of work hours	%	6.8	6.8	4.5	6.5
Sick leave	Number	4	3	3	2
Waste and energy					
Hazardous waste	kg/m^3	1.4	2.4	2.2	5.4
Non-hazardous waste	kg/m^3	0.8	0.4	1.6	1.8
Energy intensity (fuels, electricity, district heating, biomass)	Mwh/m^3	0.28	0.29	0.28	0.34
Total energy consumption	MWh	35,245	39,603	36,411	39,527
Renewable and zero-emission energy used	MWh	25,024	30,816	27,844	31,745
Fossil energy used	MWh	10,221	8,787	8,567	7,782
Water consumption	m3/m3	0.13	0.14	0.10	0.09
Water consumption	m3	16,571	19,368	12,807	10,822
CLIMATE IMPACTS					
Scope 1: Emissions from fuels of our own operations	tCO2e	1,755	1,951	1,860	1,896
Scope 2: Emissions from purchased energy	tCO2e	758	328	248	197
Scope 3: Purchased materials used in production	tCO2e	8,250	10,964	9,495	8,973
Scope 3: Emissions from transporting purchased materials	tCO2e	4,864	7,120	4,934	6,783
Scope 3: Emissions from waste	tCO2e	243	412	648	827
Scope 3: Emissions from business travelling	tCO2e	64	46	62	52
Scope 3: Emissions from home–workplace travelling	tCO2e	45	49	57	66
Total fossil emissions	tCO2e	15,979	20,869	17,304	18,793
Amount of biogenic carbon stored in end products	tCO2e	99,453	95,922	92,138	82,663
Amount of fossil carbon stored in end products	tCO2e	16,077	32,074	26,901	24,799

PrimaTimber

PrimaTimber's figures include sustainability and climate calculations for PrimaTimber Oy.

PRIMATIMBER	Unit	2020	2021	2022	2023
Turnover	EUR million	23.7	27.7	21.4	17.6
Personnel					
Employees	Total number	22	24	21	17
Share of women of the total number of employees	%	9	8	10	6
Share of sick leaves of the total number of work hours	%	7.5	10.0	6.2	3.1
Sick leave	Number	1	1	1	0
Waste and energy					
Hazardous waste	kg/m^3	0.004	0.02	0.2	0.1
Non-hazardous waste	kg/m^3	0.86	1.58	1.48	1.3
Energy intensity (fuels, electricity, district heating, biomass)	Mwh/m^3	0.028	0.036	0.036	0.036
Total energy consumption	MWh	2,185	2,531	2,030	1,945
Renewable and zero-emission energy used	MWh	875	1,395	1,516	1,531
Fossil energy used	MWh	1,311	1,136	515	414
Water consumption	m3/m3	0.17	0.16	0.15	0.16
Water consumption	m3	13,537	11,640	8,679	8,885
CLIMATE IMPACTS					
Scope 1: Emissions from fuels of our own operations	tCO2e	139	238	119	105
Scope 2: Emissions from purchased energy	tCO2e	107	45	35	11
Scope 3: Purchased materials used in production	tCO2e	3,411	3,096	2,405	2,463
Scope 3: Emissions from transporting purchased materials	tCO2e	710	926	416	384
Scope 3: Emissions from waste	tCO2e	27	46	126	107
Scope 3: Emissions from business travelling	tCO2e	9	7	19	16
Scope 3: Emissions from home–workplace travelling	tCO2e	3	8	9	14
Total fossil emissions	tCO2e	4,408	4,366	3,129	3,100
Amount of biogenic carbon stored in end products	tCO2e	63,019	62,599	39,837	41,089
Amount of fossil carbon stored in end products	tCO2e	0	0	0	0

Our products operate as part of infrastructure to secure people's electricity supply in

MORE THAN 70 COUNTRIES

We have contributed to bringing prosperity to developing countries and we will ensure that sparsely populated areas remain vital.

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