IIVARI MONONEN

SUSTAINABILITY REPORT 2022

Responsibility is in our DNA

Sustainability is our primary value when making decisions because we want to leave a better world for future generations.

We are a responsible family-owned Finnish company, which is now run by the third generation. It's our goal to pass on the results of our hard work to the next generation, with an increased emphasis on sustainability. The decisions we make today will have lasting impacts for years to come. Through responsible operations, we gain a clearer understanding of the long-term effects of our actions. Sustainability ensures a secure future for everyone.

We prioritize sustainability in seven crucial areas: locality, taxation, environment, products, product development, business continuity, and transport. Our sustainability report is structured around these focus areas.

Only a financially sound company can promote sustainability.

Financial stability is essential to fulfill our commitment of leaving a sustainable legacy for future generations. When making investment decisions, we always account for operating costs and energy consumption. We aim for energy and resource efficiency to minimize environmental impact, which has the added benefit of enhancing profitability.

Ari Mononen
CEO
Iivari Mononen Group

In 2035, we will be

100%

carbon-neutral

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

Our sustainability pledge

We strive to maintain growth, profitability, and a stable financial position, allowing us to plan our operations for the long term.

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

Locality and taxation

Our operations began over 70 years ago in the municipality of Ilomantsi. While we have been an international actor for a long time, our roots are still set firmly in the forests of North Karelia.

We operate in four countries; Finland, Sweden, Norway and Great Britain. We are committed to shouldering our share of responsibility in maintaining the vitality of our production locations. Our Group companies are significant employers in their respective areas.

We want the areas and locations where we operate to be pleasant environments for our employees to work in and for people to live in. The appeal, vitality and pleasantness of these areas is, in part, thanks to their diverse range of recreational activities. We pay our taxes in the places that we operate in, and our employees living in those areas, as well as the whole area, benefit from the tax income.

We provide work opportunities for local contractors by investing and developing our plants. This generates indirect jobs and promotes the vitality of the area.

It is also important to us to take responsibility for employing young people. We offer summer jobs, internships and thesis positions for the local youth and, whenever possible, we try to employ them after they have completed their studies.

In 2022, our tax payments totaled

+654 914

euros

In recent years, we have made significant investments reducing the environmental impacts of our operations. We are committed to reducing our environmental burden in the future as well.

Our sustainability investments in 2022 were

1.6 million

euros

We have invested more than EUR 18 million in our business operations over the past five years. Our largest investments have concerned environmental responsibility, digitalisation and production modernisation.

In 2022, we employed

211

people

In 2022, Iivari Mononen Group employed a total of 211 people across four countries:

Finland	132
Norway	44
Great Britain	34
Sweden	1

In 2022, we supported

120

young athletes

We are privileged to support sports as part of our corporate social responsibility. Our company logos can be seen on the high-visibility vests of school children, lists of event sponsors and on the outfits of professional athletes.

Environment

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

We are committed to sourcing all of our wood from responsible, PEFC-certified sources. To minimize emissions, we source our timber from suppliers near our production plants. Additionally, we favor low-emission transportation methods for our finished products.

By minimizing energy consumption and maximizing use of renewable energy, we actively reduce our greenhouse gas emissions.

We use zero-emission electricity

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

ISO 14001
environmental management system

The group-wide ISO 14000 standard set offers tools for managing environmental issues and improving environmental performance. The standard supports sustainable development from the point of view of both ecological and economic goals.

WOOD IS A RENEWABLE RESOURCE

Wood products play a vital role in carbon storage, as they retain far more carbon than the emissions generated during their production. The carbon footprint of our products is small when compared to the competing materials.

PrimaTimber's products store about **12 times more**

Scanpole's products store about **7 times more**

carbon than the emissions caused by their production.

LESS WASTE

As our operations grow, we want to keep the amount of waste low. We invest in the reduction of waste from production, such as packaging plastic, and seek to replace such materials with better alternatives.

CERTIFIED RAW MATERIAL

PEFC
PEFC/02-31-152

We have PEFC-certificate, which ensures that the wood comes from legal and authorized sources. Sourcing sustainable raw materials is made easy in our main supply areas, where almost all forests are certified.

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 enhance our operations and achieve a higher level of sustainability. For example, we have introduced new copper oil-impregnated Pole+ products which offer the same durability as wood products treated with traditional impregnation agents.

Investments into our production plants are an integral part of our product development. In the autumn of 2022, we completed a soil decontamination project at the Höljäkkä impregnation plant. The project involved upgrading the infrastructure of the plant area to ensure safe and more ecological operations. A total of seven hectares of land in the plant area was restored, which involved soil replacement, purification, construction of watertight product storage areas, and installation of rainwater collection systems. As a result of these efforts, the plant in Höljäkkä is now one the most modern impregnation plants in the world.

POLE+

A new generation product family

The Pole+ products provide an environmentally friendly 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 created with a so-called 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.

Investments
into production plants

The Ilseng production plant is our first facility specializing in copper oil impregnation, representing our newest generation of production 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.

Charging stations
promote the electrification of traffic

Companies and housing associations have noticed a growing need for charging electric cars. Exsane offers designing and installation services for charging stations, which supports the electrification of traffic.

Heat
from bark

At our production plants in Höljäkkä and Ilseng, we maximize our resource usage by using bark and residue chips from production as fuel in our heating plant. Additionally, our PrimaTimber impregnation plant utilizes wood pellets for efficient heat production.

Transport

Our products are exported all over the world. Our products may sometimes travel over long distances and periods of time. We prioritize lower-emission modes of transportation, such as rail and ship, to the fullest extent possible when transporting our products.

We prioritize sourcing our raw materials locally to minimize their transportation distance from the source to our production plants.

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 use of environmentally friendly and effective transportation methods in the future remains a mystery. In the coming years, the Karelian railroad will need to be renewed, which introduces new challenges for rail transport.

Exsane is moving towards electric motoring

The electrification of traffic is progressing at a fast pace. Exsane is also joining the progress and is gradually moving towards electric motoring. The first electric car was put into service in January 2023.

Business

Our Group's operations have grown strongly over several years. Our long-term growth has been based on a financially sustainable foundation, prioritizing stability over risk-taking.

Our growth in recent years has come from domestic and international markets and through acquisitions. This has meant taking into account and reconciling different cultures. New employees require clear communication and information regarding various aspects that may be self-evident to long-term Group employees. 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. Regardless of circumstances, sustainability must always be considered in future decision-making. By consistently developing operations in a responsible manner, the predictability of impacts is enhanced and a strong foundation for profitable, long-term operations is established.

Our values

TRUST
We keep our promises.

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

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

SUSTAINABILITY
We leave sustainable operations to future generations.

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

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. You can read about the GHG protocol in more detail at ***ghgprotocol.org***. (GHG = Greenhouse gases)

Carbon footprint

Fossil fuel 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 lifecycle 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.

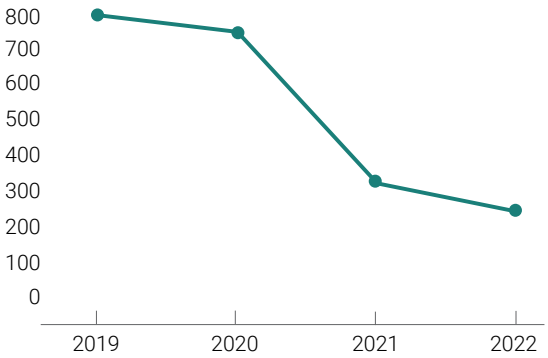
If the products remain in use or are stored for 100 years, this corresponds to 878 kg of CO_2 storage. Accordingly, if the product is used or stored for 50 years, half of its carbon content can be considered as permanently stored.

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

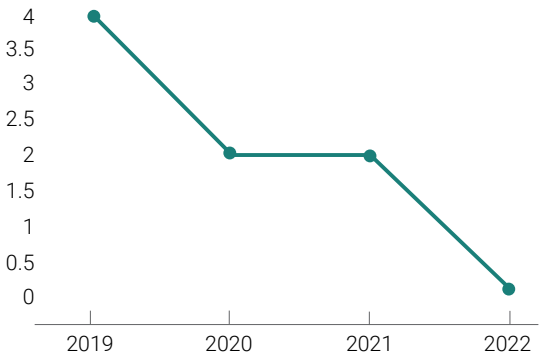
Scanpole

Scanpole's poles, blocks, and fencing products store about seven times more carbon than the fossil fuel emissions generated during their production.In recent years, Scanpole has reduced emissions significantly by making the switch to a renewable electricity source. The carbon footprint of our own operations has been reduced during the reference period, even though our business has grown. *(Scope 1* and Scope 2*)*

Greenhouse gas emissions from purchased energy (tCO2e)



Greenhouse gas emissions from Scanpole Ltd's electricity (kg CO2e per m3)



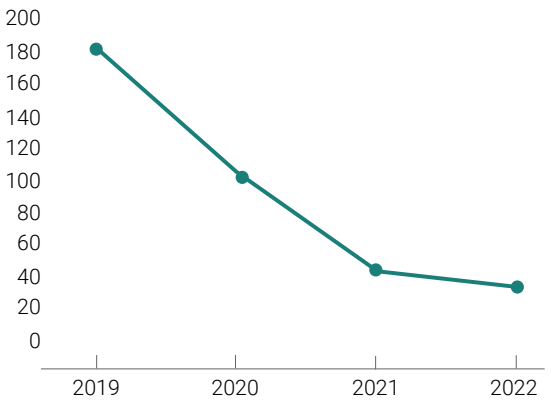
SCANPOLE GROUP	Unit	2019	2020	2021	2022
Turnover	EUR million	42.5	47.8	49.6	56.0
Employees	Total number	90	117	117	122
Share of women of the total number of employees	%	13	11	12	10
Share of sick-leaves of the total number of work hours	%	4.8	6.8	6.8	4.5
Work accidents	Number	0	4	3	3
Hazardous waste	kg/m^3	1.41	1.43	2.41	2.20
Non-hazardous waste	kg/m^3	1.09	0.83	0.37	1.57
Energy intensity (fuels, electricity, district heating, biomass)	Mwh/m^3	0.297	0.276	0.286	0.284
Water consumption	m^3/m^3	0.15	0.13	0.14	0.10
CLIMATE IMPACTS					
Scope 1: Emissions from fuels of our own operations	tCO2e	1819	1755	1951	1860
Scope 2: Emissions from purchased electricity and district heating	tCO2e	805	758	328	248
Scope 3: The carbon footprint of purchased materials used in production	tCO2e	6624	8250	10964	9495
Scope 3: Emissions from transporting purchased materials	tCO2e	2713	4864	7120	4934
Scope 3: Emissions from waste	tCO2e	191	243	412	648
Scope 3: Emissions from business travelling	tCO2e	118	64	46	62
Scope 3: Emissions from home-workplace travelling	tCO2e	39	45	49	57
Scope 3: Emissions from investments (Pima project at Scanpole Oy)	tCO2e	3976	0	35814	17584
Total fossil emissions(excluding projects)	tCO2e	16285	15979	20869	17304
Amount of biogenic carbon stored in end products	tCO2e	58424	73421	95922	92565
Amount of fossil carbon stored in end products	tCO2e	12317	12733	32074	26901

PrimaTimber

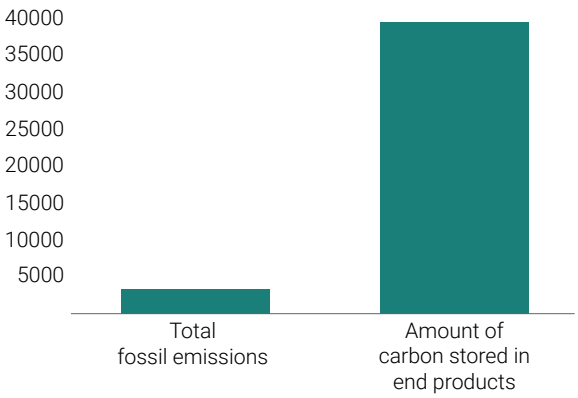
Primatimber's products store about 12 times more carbon than the fossil emissions generated during their production. In recent years, PrimaTimber has reduced emissions significantly by making the switch to a renewable electricity source.

Our goal for the future is to reduce waste from production, such as packaging plastic, or replace it with other alternatives.

Greenhouse gas emissions from purchased energy
(tCO2e)



Total fossil emissions compared to the total amount of biogenic carbon stored in end products
(tCO2e)



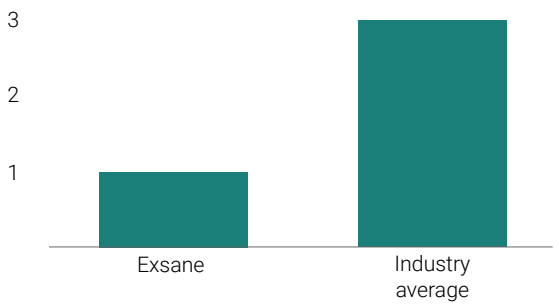
PRIMATIMBER	Unit	2019	2020	2021	2022
Turnover	EUR million	22	23.7	27.7	21.4
Employees	Total number	20	22	24	21
Share of women of the total number of employees	%	5	9	8	9
Share of sick-leaves of the total number of work hours	%	3.5	7.5	10	6.2
Work accidents	Number	0	1	1	1
Hazardous waste	kg/m^3	0.01	0.004	0.02	0.20
Non-hazardous waste	kg/m^3	0.05	0.86	1.58	1.48
Energy intensity (fuels, electricity, district heating, biomass)	Mwh/m^3	0.038	0.028	0.036	0.036
Water consumption	m^3	13868	13537	11640	8679
CLIMATE IMPACTS					
Scope 1: Emissions from fuels of our own operations	tCO2e	142	139	238	119
Scope 2: Emissions from purchased electricity and district heating	tCO2e	185	107	45	35
Scope 3: The carbon footprint of purchased materials used in production	tCO2e	2964	3411	3096	2405
Scope 3: Emissions from transporting purchased materials	tCO2e	472	710	926	416
Scope 3: Emissions from waste	tCO2e	3	27	46	126
Scope 3: Emissions from business travelling	tCO2e	25	9	7	19
Scope 3: Emissions from home-workplace travelling	tCO2e	9	3	8	9
Total fossil emissions	tCO2e	3801	4408	4366	3129
Amount of biogenic carbon stored in end products	tCO2e	64029	68746	61619	39410

Exsane

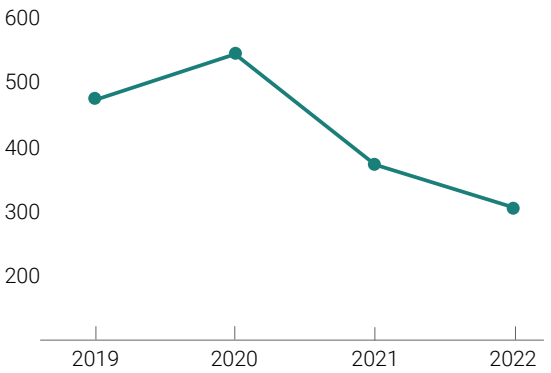
Logistics is the largest contributor to Exsane's climate impacts. In order to reduce emissions, we have replaced old high-consumption vans, and we are gradually upgrading to an electric fleet.

Our ERP system enables us to optimise travel and reduce mileage.

The number of work accidents that have resulted in at least one day of sick leave relative to the number of employees*
(Number)



Emissions from fuels of our own operations
(tCO2e)



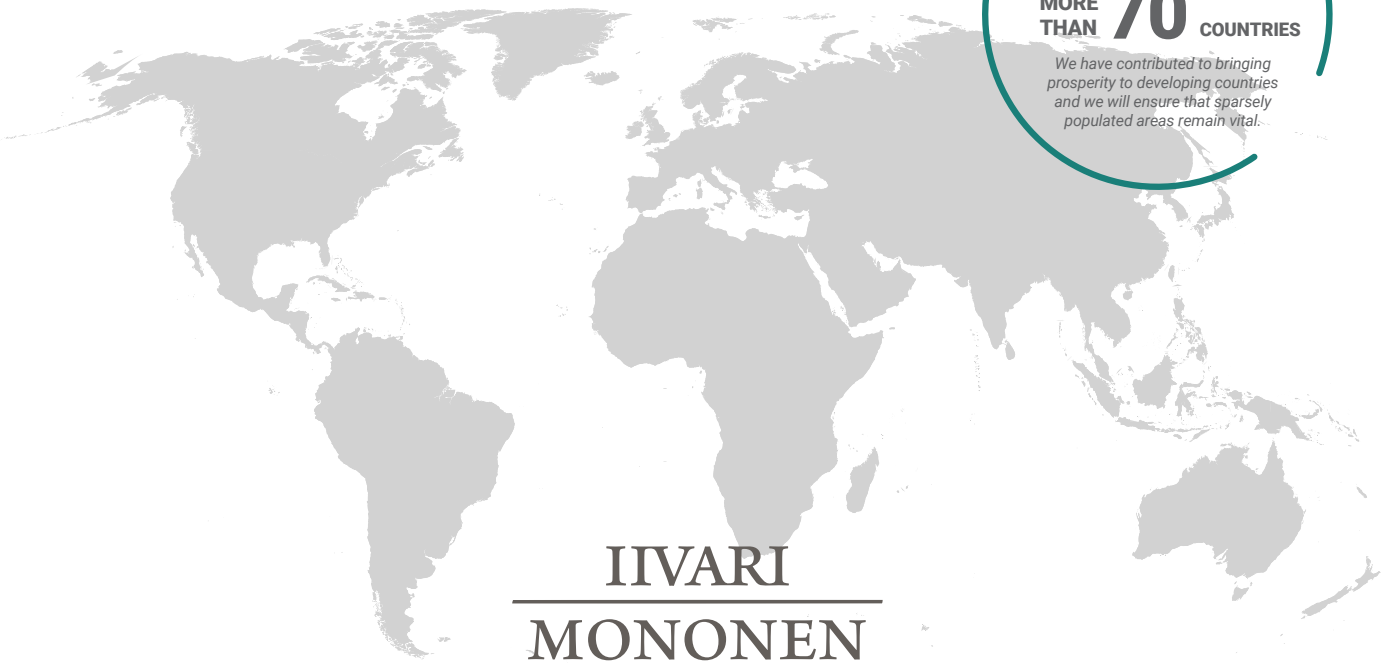
EXSANE	Unit	2019	2020	2021	2022
Turnover	EUR million	10	14.2	8.9	7.0
Employees	Total number	60	67	55	48
Share of women of the total number of employees	%	5	6	7	8
Share of sick-leaves of the total number of work hours	%	3.1	2.7	3.1	5.4
Work accidents	Number	1	3	2	1
Hazardous waste	kg/m^3	0	0	3042021**	170941**
Non-hazardous waste	kg/m^3	2010	2209	35438	28098
Energy intensity (fuels, electricity, district heating, biomass)	Mwh/m^3	2538	2958	1949	1709
Water consumption	m^3	342	352	314	400
CLIMATE IMPACTS					
Scope 1: Emissions from fuels of our own operations	tCO2e	474	553	374	312
Scope 2: Emissions from purchased electricity and district heating	tCO2e	33	52	25	51
Scope 3: The carbon footprint of purchased materials used in production	tCO2e	1	6	2	4
Scope 3: Emissions from transporting purchased materials	tCO2e	45	30	30	8
Scope 3: Emissions from waste	tCO2e	1	2	374	33
Scope 3: Emissions from business travelling	tCO2e	34	21	21	16
Scope 3: Emissions from home-workplace travelling	tCO2e	48	16	22	24
Total fossil emissions	tCO2e	636	680	848	448

**) Source: A survey conducted for the members of the Finnish Energy*
***) The main source of hazardous waste is the final disposal projects for overhead lines carried out by Exsane Oy for network companies.*

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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