



ANNUAL REVIEW

SRV

Contents

SRV IN BRIEF	3
CEO'S REVIEW	4
2021 IN FIGURES	7
EVENTS IN 2021	8
MARKETS	10
Construction	11
Investments	13
STRATEGY	15
SRV's strategy	16
Risks and risk management	20
VALUE CREATION	24
Value creation model	25
Sustainability management	27
Sustainability programme	30
Value for customers	31
Value for personnel	35
Value for partners	38
Value for society	41
Value for the environment	47
Value investors	52
GRI	54
Reporting principles and data collection	55
GRI index	56
GOVERNANCE	60
Corporate Governance Statement 2021	62
Board of Directors	69
Corporate executive team	70
Information for investors	71
More information	72

SRV is a Finnish developer and innovator in the construction industry. We are building a more sustainable and responsible urban environment that fosters economic value and takes into consideration the wellbeing of both the environment and people. We call this approach lifecycle wisdom. Our genuine engagement and enthusiasm for our work comes across in every encounter – and listening is one of our most important ways of working. We believe that the only way to change the world is through discussion.

Our company, established in 1987, is listed on the Helsinki Stock Exchange. We operate in growth centres in both Finland and Russia. In 2021, our revenue totalled EUR 932.6 million. In addition to about 1,000 SRV employees, we have a network of around 3,600 partners.

SRV – Building for life

INFORMATION ABOUT THIS REPORT

This is SRV's Annual Review, which also contains the company's sustainability reporting and Corporate Governance Statement for 2021. The Report of the Board of Directors, the Financial Statements and the Remuneration Report are available as separate files on our website.

2021 is the first year that SRV has drawn up its Annual Review in accordance with the Global Reporting Initiative

(GRI) framework, and we have proactively adopted the GRI's new universal standards for sustainability reporting. It is also the first time that we have taken the international Task Force on Climate-related Financial Disclosures (TCFD) into account when reporting on climate risks, and have included the UN's Sustainable Development Goals (SDGs) in our reporting.

YEAR 2021



or

SRV in brief

ORDER BACKLOG 31.12.2021

872.3
MILLION
EUR

REVENUE 2021

932.6
MILLION
EUR

WHAT HAVE WE GOT UNDER CONSTRUCTION?



Homes
38%
of revenue



Schools and educational institutions
8%
of revenue



Hospitals
9%
of revenue



Renovation construction
7%
of revenue



Business premises
34%
of revenue



Infrastructure construction
4%
of revenue

SRV – BUILDING FOR LIFE

The extension section of the alliance project to expand and alter

HELSINKI AIRPORT'S TERMINAL 2

was completed in November. Alteration work is now underway, and will involve the complete refurbishment of the arrival and departure halls and their integration into the flight gate area and centralised baggage hall. The alteration work is scheduled for completion during 2023.

THE NOKIA ARENA IN TAMPERE

was completed on schedule in November and its opening ceremony was held on 15 December. A versatile experience centre has been built on the Tampere Deck above the railway line in the city centre. In addition to the Nokia Arena, you can find a Veikkaus casino, a Lapland Hotels, commercial and office premises, a training hall, an indoor car park under the Deck, and two residential towers.

KALASATAMA'S LOISTO

The second residential tower, Loisto, was completed in September. There are 249 housing units in 32 floors.

OBJECTIVES

Our objective is, together with our partners, to create a new lifecycle-wise reality, where solutions related to construction ensure well-being, financial value and the benefit of users, residents and environment – for years and generations to come.

VALUES

- Sustainability
- Enthusiasm at work
- Courage in development
- Result driven
- Open collaboration

● **35 years** of experience

● **1,000** employees

● We employ **3,600 subcontractors** annually

● **25,300** workers on SRV sites in 2021

● **82 construction sites** in 2021

CEO's review

2021 marked a new start for SRV in many ways. A new strategy, and putting that strategy into practice. Completing several highly-visible projects and winning new ones. Strengthening our organisation and reducing our indebtedness. All these have created a firm foundation for achieving results over the coming years. During the year, we have worked not only to improve the controllability of our projects, but also to enhance our lifecycle-wise concepts and customer experience. We have succeeded both in improving the average profitability of our project base and reducing our indebtedness by EUR 72 million. Our operational business developed well during the year, even though profitability challenges in the Tampere Central Deck and Arena project led to weak operative operating profit.

At the beginning of February, we published our new strategy and long-term objectives for 2021–2024. This strategy aims to develop long-term competitive advantage, provide an excellent customer experience, tap into opportunities for lifecycle services, improve profitability and reduce indebtedness. During the spring, we launched a long-term strategic project based on our lifecycle-wise approach and three strategic programmes aimed at improving profitability.

Diverse business premises projects

Several major business premises projects were launched and completed during the year.

The extension of Terminal 2 at Helsinki Airport was completed on schedule in late 2021, as were the Nokia Arena and its adjoining hotel, as part of the Tampere Central Deck and Arena project. Work is also progressing as planned on other sites, for example, in the Terminal 2 alteration project at Helsinki Airport and the construction of the subterranean Espoonlahti metro station. An example of our development projects can be found in Vantaankoski, where we completed the Lumijälki 2 logistics centre for

Sagax. Its users – Compass Group Finland, Geberit Oy and Vianor – have already moved in.

Hospital and school construction have long been cornerstones of our business premises construction. The Bridge Hospital will be completed in spring 2022, and the basic renovation of the operating theatres at Jorvi Hospital is on schedule for completion in 2023. We are currently building Matinkylä Upper Secondary School and Jousenkaari School in Espoo, the Helsinki Upper Secondary School of Natural Sciences, the Helsinki Upper Secondary School of Languages, and Hovirinta School in Kaarina. The partial basic renovation and extension of Pääskyvuori School is also under way in the Pääskyvuori district of Turku. The Monikko Education Centre in Espoo and the wooden Finnish-Russian School in Helsinki were both completed this year. In spring 2021, we were chosen to develop and build the Laakso Joint Hospital in Helsinki using an alliance model. The clients are the City of Helsinki and the Hospital District of Helsinki and Uusimaa. This project will be divided into several development and implementation stages with a total value of about EUR 730 million, and will be entered into SRV's order backlog in accordance with the ordered phases (schedule: 2022–2028).



The Pressi B building is under construction for the Julius Tallberg Real Estate Corporation in Vantaankoski and is scheduled for completion this year. Confirmed users currently include Mercamer Oy and Stanley Security Oy. Another commercial development project worthy of mention was launched in November: a warehouse and logistics building is under construction in Lieto for a fund managed by VVT Kiinteistösijoitus. The property has been fully leased to Warasto Finland Oy, which specialises in logistics and warehousing services. The design of the new building has taken sustainable energy solutions into consideration: the property will be heated using geothermal heat and space will be allocated for a solar electricity system.

The Siuntio education and wellness campus is one of the new projects that we will be implementing as a lifecycle project. SRV will be taking on responsibility for the design, implementation, maintenance and upkeep of the property for 20 years. The campus is the fourth lifecycle project that we have won. It is precisely this kind of expertise on which we are basing our lifecycle approach to smarter construction. The next steps will be to introduce this approach in our offering for private-sector customers in collaborative contracts and sites sold to investors. The Wintteri education and wellness campus in Uusikaupunki will also be implemented using a lifecycle model in which SRV will commit to building the property and taking care of its maintenance and upkeep for the next 20 years.

Although our order backlog decreased during the year, we have won many major projects whose actual implementation will begin and which will be recorded in the order backlog only once their development phases have been completed. We are further strengthening our position as a constructor in major hospital projects once the construction of Laakso Joint Hospital

WE ARE FURTHER STRENGTHENING OUR POSITION AS A CONSTRUCTOR IN MAJOR HOSPITAL PROJECTS

begins. During the year, many other notable projects were also launched and entered into the order backlog, including new school projects in Turku, Espoo and Helsinki and the construction of the Culture Barracks in Helsinki, an event centre in Kotka, and a fibre mill for Woodspin in Jyväskylä.

Good demand for housing

Many key projects were completed in the housing business, such as the second Kalasatama tower (Loisto). Residents were able to move in on schedule from the end of September. In Tampere, the first tower (Kruunu and Topaasi) in the Central Deck and Arena project was completed. Construction work is also progressing well on the third of the Kalasatama towers (Lumo One). Construction of the Tampere Deck's second residential tower (Opaali) is likewise progressing as planned. In Helsinki, a new hybrid block is being built in the former Pohjola Building area with the aim of revitalising the district. The old section will be retained and developed into a commercial and service environment, and new residential buildings containing about 650 apartments will be built alongside it.

Demand for housing remains good in the Helsinki Metropolitan Area, Tampere and Turku, among both consumers and investors. The number of unsold completed housing units hit a record low at the end of the year: 9 (92). At year-end, we had 2,085 (2,127) units under construction.

Our construction is evenly distributed between developer-contracted housing production and development projects.

During the year, we launched the construction of 195 developer-contracted housing sites in Helsinki, Espoo, Oulu and Kaarina. During 2022, we are seeking

to increase the number of good developer-contracted projects alongside projects sold to investors in a controlled manner, so that our product offering becomes even more diverse and profitable.

The two residential towers currently under construction in Kalasatama, Helsinki – Lumo One and Helsingin Visio – are good examples of projects that have been sold to investors. Another good example are the 257 housing units whose construction was launched at three different sites in 2021 for the German company DWS.

At the end of the year, a total of 1,648 housing units were under construction for investors, mainly in Helsinki, Espoo, Vantaa and Tampere.

Coronavirus impacts shopping centre visitor numbers in Russia

SRV operates three shopping centres in Russia. In September, we signed a letter of intent to divest the Pearl Plaza shopping centre. We will continue sales negotiations in 2022 and expect to close the deal this year.

The coronavirus pandemic overshadowed shopping centre operations throughout the year in the form of various restrictions, and impacted visitor numbers in particular. The coronavirus pandemic has had temporary negative impacts on shopping centres' rental income.

Due to the coronavirus pandemic and economic uncertainty in Russia, it is possible that the divestment of Russian shopping centres may be postponed. The tense geopolitical situation is also causing uncertainty, and particularly in our Russian business where the most significant risk is changes in the value of the rouble. We will continue to develop shopping centres.

Towards a lifecycle-wise reality

SRV has been building up extensive lifecycle expertise for years. We utilise our energy expertise and profound building technology know-how in all of our projects. This expertise will enable us to bring a comprehensive economic perspective to value creation in real estate properties. We want to be a pioneer in a rapidly changing world in which climate targets and technological advances are shaping demand and operating environments.

I am pleased to say that our lifecycle-wise concepts have already become a natural part of our projects in many places, such as in our lifecycle project for the Siuntio education and wellness campus, and particularly in the Espoon Neuvokas housing project, which is heavily geared towards energy solutions. In addition to our lifecycle-wise projects, we took a major step on our journey towards a lifecycle-wise future in late 2021 when we announced that all our construction sites will be emission-free from the beginning of 2022.

Our lifecycle thinking is also reflected in our long-term cooperation with the Finnish Olympic Committee's Lasten Liike programme. Through this cooperation, we are able to prevent the harmful effects of inactivity by directly supporting children's sports activities in addition to encouraging children to be active by building playgrounds in schoolyards and residential blocks.

Listening creates an excellent customer experience

Open cooperation and taking a customer-oriented approach have always been central to SRV's business. Being customer-oriented is also one of the cornerstones of the SRV Approach. During the year, we began taking a more systematic approach to listening to and understanding our customers.

Our new strategy has raised the customer experience alongside lifecycle wisdom as core elements of everything we do. Our new customer promise – 'By listening, we build wisely' – combines our lifecycle-wise strategy with an operating model based on asking and listening. To support listening to our customers, we launched the SRV Trailblazers forum in the autumn and invited urban residents to tell us what kind of built environment constitutes a good place to live and work.

Accident frequency rate improves, coronavirus measures keep sites up and running

A good workplace atmosphere and excellent leadership are the cornerstones of personnel wellbeing at SRV, and are supported by proactive occupational health and safety efforts. The accident frequency rate at SRV sites was significantly better in 2021 than in the previous year, and we will continue our efforts to further improve it.



**OUR NEW STRATEGY HAS
RAISED THE CUSTOMER
EXPERIENCE ALONGSIDE
LIFECYCLE WISDOM AS
CORE ELEMENTS OF
EVERYTHING WE DO**

At the same time, we have been paying attention to coronavirus-safe working conditions on our construction sites throughout the epidemic. Our goal is to safeguard the health of our personnel and partners, and to ensure that work progresses. We have succeeded in this by staggering work and breaks, isolating working areas, increasing the number of hand-washing and staff facilities, and testing employees during the worst phases of the pandemic. On SRV's Bridge Hospital construction site, we used coronavirus sniffer dogs on site, which significantly accelerated the testing process. We have mainly been able to keep our construction sites operational during the coronavirus pandemic, even though precautionary measures against the pandemic have caused additional costs.

We have also worked to ensure the realisation of human rights and prevent labour exploitation in the subcontractor chain. One example of this is a policy introduced in 2021: SRV now requires all third-country nationals to have a Finnish-issued residence permit.

I would like to thank all our customers, partners and personnel for both the past year and their confidence in us. Let's keep moving towards a lifecycle-wise reality in 2022!

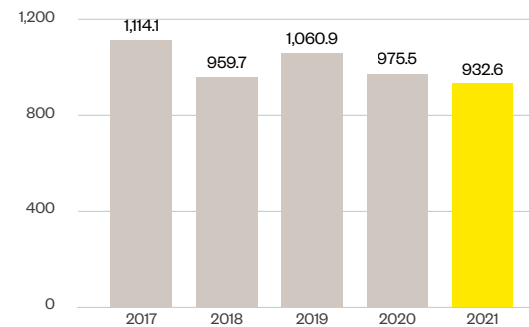
Saku Sipola

President & CEO

2021 in figures

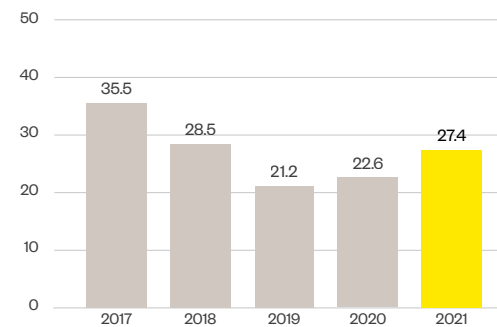
In 2021, the net interest-bearing debt decreased by EUR 72 million. Revenue was EUR 932.6 million. Operative operating profit totalled EUR 5.3 million. The order backlog was EUR 872.3 million in the end of the period.

Revenue (EUR million)



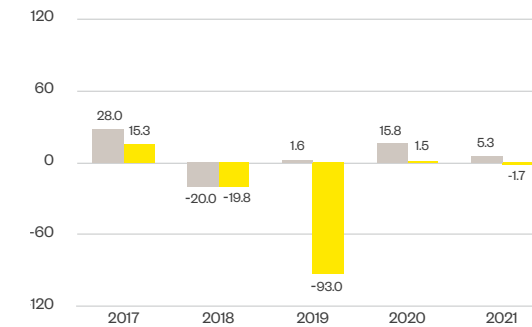
Change from 2020: -4.4%

Equity ratio (%)



Change from 2020: 4.8 percentage points

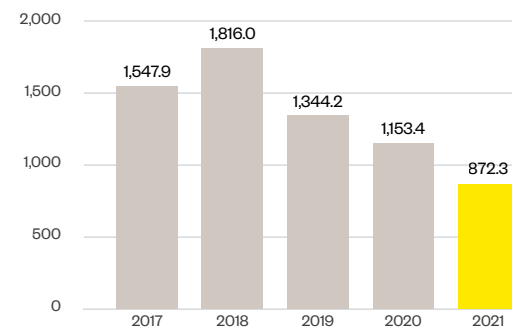
Operative operating profit¹ and operating profit (EUR million)



Operative operating profit Operating profit

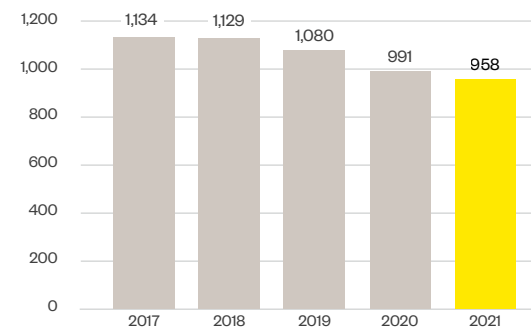
¹ SRV changed the definition of operative operating profit in order to improve comparability and transparency in reporting in 2021. Operative operating profit excludes exchange rate gains and losses of associated companies and joint ventures as well as income and expenses from currency hedging and other items affecting comparability from IFRS operating profit.

Order backlog¹ (EUR million)



Change from 2020: -24.4%

Personnel (persons)



Change from 2020: -3.3%

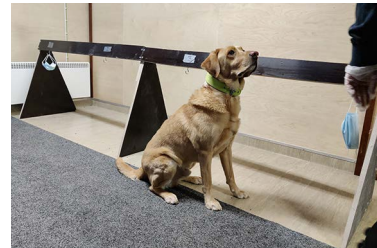
¹ At the period-end.

Events in 2021

February

New strategy published

SRV's strategy for 2021–24 was published on 4 February 2021. The strategy aims to develop long-term competitive advantage, provide an excellent customer experience, tap into opportunities for lifecycle services, improve profitability and reduce indebtedness.



March

Corona dogs

At its Bridge Hospital site, SRV launched a trial in which coronavirus detection dogs were brought to a construction site in Finland for the first time. While those being tested waited on site, the dogs sniffed their masks to detect the virus. This significantly sped up the testing process.

April

Laakso Joint Hospital

SRV was chosen to develop and build the Laakso Joint Hospital in Helsinki using an alliance model. The clients are the City of Helsinki and the Hospital District of Helsinki and Uusimaa. The project will be divided into several development and implementation stages with a total value of about EUR 730 million. It will be entered into SRV's order backlog in accordance with the ordered phases (schedule: 2022–2028).



May

SRV's Our City youth panel

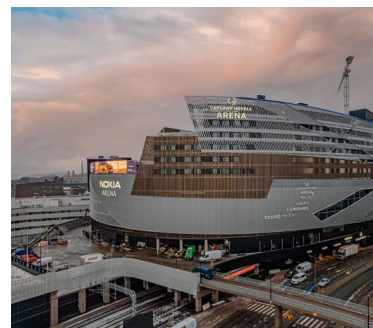
SRV's youth panel was established in 2019. It meets three to four times per year to discuss themes related to SRV's business: good housing, urban development, and even what kind of expectations young people have for their future careers. In May, the panel discussed sustainable construction and eco-labels for buildings.



May

Cooperation with the Olympic Committee

SRV signed a three-year cooperation agreement with the Finnish Olympic Committee. This cooperation seeks to address one of the future's biggest challenges: children's immobility. The company's new strategy highlights lifecycle-wise construction, and lifecycle thinking will also be the focus of SRV's cooperation with the Finnish Olympic Committee. Together, SRV and the Olympic Committee will be building a lifecycle-wise future and sustainable society in which people lead active everyday lives.



August

Blominmäki sewer tunnel

The wastewater treatment plant was completed in Blominmäki, Espoo. Connections for the wastewater treatment plant's sewer intake and outflow tunnels were excavated from Blominmäki to Suomenoja, and their associated systems were built and put into working order. The completed sewer tunnels were connected to the existing offshore tunnel. Excavating a shaft and connecting it to a tunnel that is full of water has never been done before in Finland.

August

Two schools completed

The Finnish-Russian School (for 700 students) was completed in Kaarela in northern Helsinki, and the Monikko School Centre (for 1,300 students) was completed in Leppävaara, Espoo. Both schools were opened to students in August. Read more about the Finnish-Russian School on [page 51](#).





September

Loisto completed

Kalasatama's second residential tower, Loisto, was completed in Helsinki. The 124-metre tower was finished on schedule, and all of the skyscraper's apartments were either sold or reserved by the time it was completed. Like Majakka, Loisto also provides a housing service concept that has also been supplemented with guest apartments. Loisto is part of a complex of eight towers under construction in Helsinki's most popular new residential area, Kalasatama.

November

Trailblazers

We founded Trailblazers so that everyone will have the opportunity to influence the kind of future we are building. We regularly ask our Trailblazers about various construction-related themes. We utilise the results in business development, marketing and communications. The Trailblazers are a concrete aspect of our customer promise: "By listening, we build wisely."

December

Tampere Deck Arena

The Tampere Deck's new Nokia Arena has now been completed. It was opened on 3 December, when the first local ice hockey match was played at the brand new arena. A versatile experience centre has been built on the Tampere Deck above the railway line. This centre also boasts a Veikkaus casino, a Lapland Hotels, commercial and office premises, a training hall, an indoor car park, and two residential towers.



December

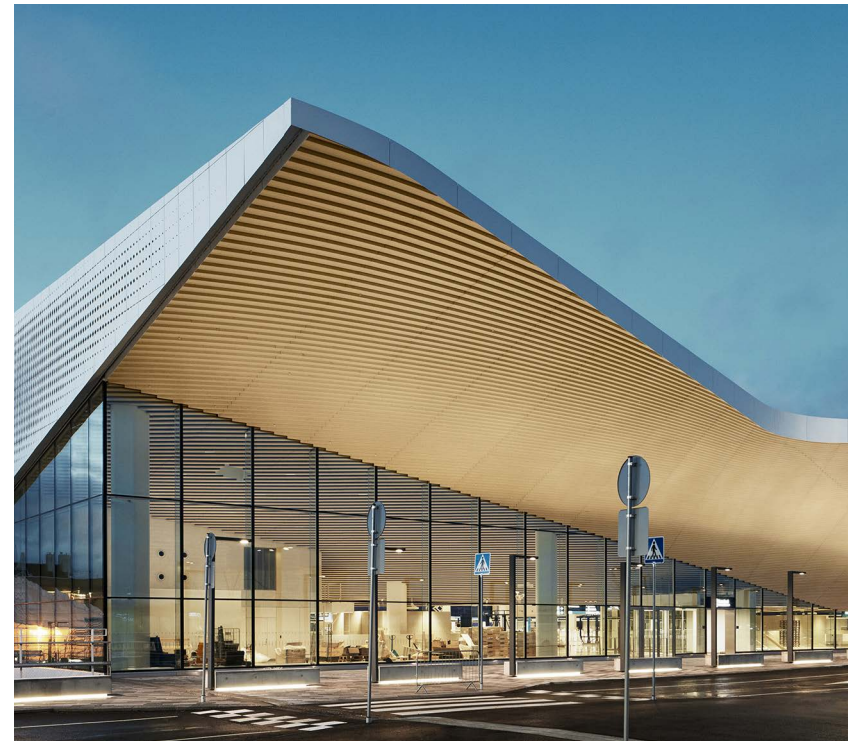
SRV's construction sites will be emission-free from the beginning of 2022

SRV will make all of its construction sites emission-free as of the beginning of 2022. This is an extremely important step in our journey towards a lifecycle-wise future. By reducing emissions during construction, we can achieve genuinely significant environmental benefits.

December

Helsinki Airport's Terminal 2 extension opened

Helsinki Airport's Terminal 2 extension was completed as an alliance project and was opened to passengers on 1 December. The extension is a brand-new kind of passenger service area with new check-in and baggage drop-off desks, and new security check and passenger reception areas.



AWARDED PROJECTS IN 2021

- Helsinki Airport's Terminal 2 expansion and alteration project: Construction Site of the Year and Steel Structure of the Year
- Kirkkonummi Main Library, aka Fyyri: Finlandia Prize for Architecture 2021
- Supercell's headquarters: an honourable mention in the 2021 Wood Awards
- The Finnish-Russian School: winner of the 2021 Wood Award's public vote
- Monikko School Centre in Espoo: The Hurraa Award is granted by the City of Espoo's Environment Committee, Building Control Committee, and Environment and Building Control Department to work in the built environment that has been carried out with exceptional merit and success
- The Alliance for the Helsinki-Vantaa Airport Terminal 2 expansion project (T2 Alliance) won the main award and the public vote in the Tekla BIM Awards 2021 competition in Finland and the Baltic countries.

Markets

The Finnish economy has rebounded rapidly from the recession caused by the coronavirus crisis. That said, the spread of the omicron variant is a cause for concern. It is estimated that the Finnish economy grew by 3.5 per cent in 2021. Growth of 2.6 per cent is forecast for 2022.

The economy has recovered especially thanks to private consumption. The resurgence of demand and bottlenecks in global supply chains have led to higher prices, and inflation will gain momentum in 2022. After the end of this year, GDP growth is expected to slacken due to the structural challenges faced by the economy. The most significant risks of weaker development are posed by the lengthening of global supply disruptions and the unpredictability of the pandemic.

Urbanisation is continuing in Finland and the population shift is maintaining demand for both housing and business construction, especially in growth centres. Construction has swung to growth, driven by the Finnish economy. It is estimated that construction volume rose by one per cent in 2021 and its growth is forecast to accelerate to two per cent this year. Construction will continue to face challenges in 2022 due to tough cost development and problems with the availability of materials.

Housing production swung to brisk growth in 2021 and the construction of an estimated 44,000 residential units began during the year. Housing production start-ups are expected to remain at a high level in 2022 as well. The reasons behind brisk housing construction are scant housing supply relative to demand, consumers' high intentions to buy housing

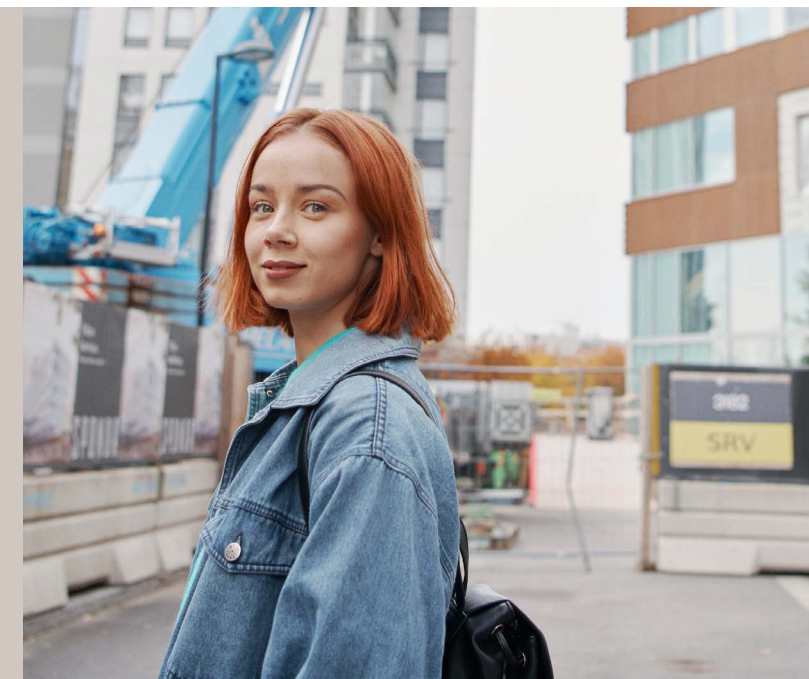
and low interest rates. Business construction also returned to a growth track in 2021, driven by the construction of warehouses and industrial facilities. It is forecast that business construction will continue to see growth this year when – in addition to the construction of industrial facilities and warehouses – public construction swings to growth after a muted period and office starts pick up.

The volume of real estate transactions remained high in 2021. Investors have been primarily interested in targets with strong cash flows, such as housing and logistics properties. Furthermore, interest in office properties has grown, while the appeal of commercial properties remains low. Foreign investors, as well as both Finnish and international funds, are continually increasing their market share alongside Finnish institutional investors.

Last year, the Russian economy recovered quickly from the recession caused by the coronavirus pandemic. However, economic growth will slow down in the years ahead; Russia's GDP is anticipated to grow by 2–3 per cent in 2022 and by only 1–2 per cent in 2023. Rapid recovery of domestic demand has accelerated the rise in prices. The state of the pandemic, accelerating inflation and the intensification of geopolitical tensions increase uncertainty and may affect economic development.

(Sources: Bank of Finland, Confederation of Finnish Construction Industries RT, KTI/Newsec, Bofit)

COST DEVELOPMENT AND PROBLEMS WITH THE AVAILABILITY OF MATERIALS AS CHALLENGE



Construction

Construction covers all of SRV's construction activities, including the capital and plots required for developer-contracted housing production. It encompasses housing, business and infrastructure construction in Finland. Construction employs about 800 people, that is, the majority of all of SRV's personnel.

The Construction segment focuses on implementation services for demand-driven, high-quality and efficient building projects, for both the company's own sites and those for external developers. This segment is also responsible for the development of SRV's own residential sites, including housing sales and services for residents, and for the lifecycle maintenance of commercial properties.

Construction's main objective is to harness its specialist expertise in order to provide an excellent customer experience in project management and production, and to help improve the profitability of SRV's business. It takes the SRV Approach, which is based on understanding customer needs and the effective implementation of projects in collaboration with our extensive network of professional partners. This segment focuses on housing, business and infrastructure construction in selected urban growth centres, as per the company's strategy.

The Construction segment consists of four business units: 1) Regional Units, 2) Housing, Helsinki Metropolitan Area, 3) Business Premises, Helsinki Metropolitan Area and 4) construction within Operations in Russia and Estonia.

Housing construction

In line with its strategy, SRV builds homes primarily in growth centres and in close proximity to good transport connections. For the last few years, SRV has

been one of the largest housing constructors in the Helsinki Metropolitan Area. At the end of the year, SRV had a total of 2,085 housing units under construction all across Finland, of which a significant proportion were in the Helsinki Metropolitan Area. 210 developer-contracted housing units were under construction, with 1,648 units sold to investors. During the year, SRV launched the construction of four developer-contracted housing projects in Vantaa, Tampere, Oulu and Kaarina. Of these, Satamarannan Jahti in Oulu was recognised as income in late 2021, while the others will be recognised as income in 2022. Where possible, SRV is seeking to increase the number of good developer-contracted projects alongside projects sold to investors in a controlled manner so that our product offering is a better match for both demand and our financial objectives. One example of the housing projects that we build for investors are the 257 housing units that are currently under construction for DWS Institutional Funds. These properties are located in Helsinki, Espoo and Kerava, and will be recognised as income over a period of several years.

Revenue from housing construction fell slightly in January–December 2021. Revenue declined mainly because fewer developer-contracted housing units were recognised as income than in the comparison period, a total of 453 (515). There were only 9 unsold new units at the end of the year.

The Kalasatama project in Helsinki is the largest construction project in SRV's history, and its second



BUILDING A LIFECYCLE-WISE REALITY

residential tower (Loisto) was completed on schedule in September. Staggered moves were organised for its new residents in September–October. All of the Loisto apartments were sold at the time of completion. The construction of a third tower (Lumo One) for Kojamo is progressing well. A fourth tower was sold to investors in December. The first residential tower (Majakka) was completed in 2019. A total of eight towers are planned for Kalasatama.

SRV is building more than 400 apartments as part of a complex in Kalevankulma, Tampere. The complex will consist of six apartment buildings and two garages. Five of these apartment buildings have already been sold, while the sixth (Divaani) is one of SRV's own developer-contracted projects. Construction of the first building began in January 2021. Kalevankulma is located in the prestigious Kaleva district near the centre of Tampere. It is close to good services, and will also be near one of the main stops of Tampere's new tramline.

The majority of SRV's housing production consists of development projects or developer-contracted housing units for which SRV manages the entire chain, all the way from land acquisition to construction and sales. There has been strong demand for housing units for investors in recent years, and this trend is expected to continue, largely driven by the widespread trend for renting.

SRV builds projects next to good transport connections, especially rail. For example, more than 1,000 homes were built in Espoo along the Western

Metro line in 2015–2021 and more than 2,500 more homes are being planned along this line over the coming years.

Business and infrastructure construction

SRV currently has many commercial projects under construction, such as offices, educational establishments and hospitals. The most significant projects completed this year include the extension of Terminal 2 at Helsinki Airport and the Tampere Arena. The Tampere Central Deck and Arena, a hybrid project, comprises a multipurpose arena, residential towers, office and retail space, and a hotel. The first office and residential tower was completed during the year: Asunto Oy Tampereen Kannen Topaasi and KOy Tampereen Kannen Kruunu. Another tower is currently under construction on the Central Deck, Asunto Oy Tampereen Kannen Opaali, which is scheduled for completion in autumn 2022. SRV's revenue from business construction fell slightly in 2021.

A large proportion of SRV's business construction is implemented using open project management contracts or an alliance model. These projects provide additional earnings potential over and above ordinary income recognition. The Laakso Joint Hospital in Helsinki is the most significant set of new business premises that will be built as an alliance project. This project will be divided into several development and implementation stages with a total value of about EUR 730 million, and will be entered into SRV's order backlog in accordance with the ordered phases (schedule: 2022–2028). Work on Finavia's extension of Terminal 2 at Helsinki Airport will continue with alteration work. The old section of Terminal 2 will be renovated, and

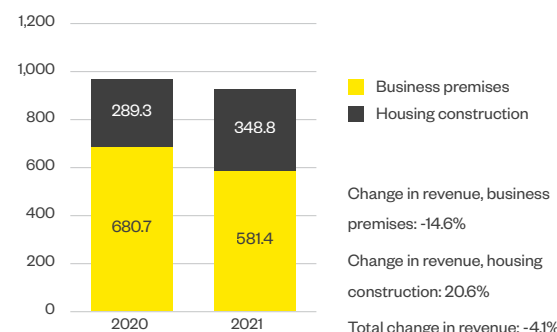
the departure and arrival halls will be connected to the Schengen gate area.

Hospital and school construction generates about 17 per cent of consolidated revenue. SRV currently has the Bridge Hospital under construction for HUS and is implementing a basic renovation of the operating theatres at HUS's Jorvi Hospital. In addition to hospitals, SRV is building or renovating several educational institutions, such as the Helsinki Upper Secondary School of Natural Sciences, Helsinki Upper Secondary School of Languages, the Siuntio education and wellness campus, Jousenkaari School and Matinkylä Upper Secondary School in Espoo, the historic Snellmania property in Helsinki, Pääskyvuori School in Turku, Hovirinta School in Kaarina, and the Lamminrahka school centre in Kangasala. The Siuntio education and wellness campus will be implemented as a lifecycle project that includes a turn-key construction project and a property maintenance service agreement that will cover the campus for 20 years. The Helsinki Upper Secondary School of Languages is also being implemented as a 20-year lifecycle project. The implementation phase agreement for the Wintteri education and wellness campus in Uusikaupunki was signed in January 2022.

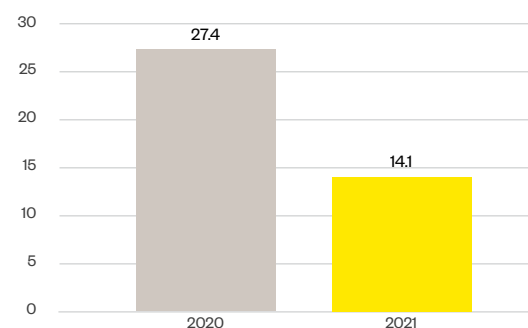
During the year, we also launched the construction of a multipurpose hall for Rauma Marine Constructions in Rauma, a logistics centre for WarastoFinland in Lieto, the Culture Barracks in Helsinki, a new event centre in Kotka, and a fibre mill for Woodspin in Jyväskylä. We also began the basic renovation of Lahti City Hall.

SRV has had numerous projects along the route of the Western Metro line. The company is currently building the metro station in Espoonlahti. Work on the underground premises of the Espoonlahti metro station, which is being implemented as a project man-

Revenue, Construction (EUR million)



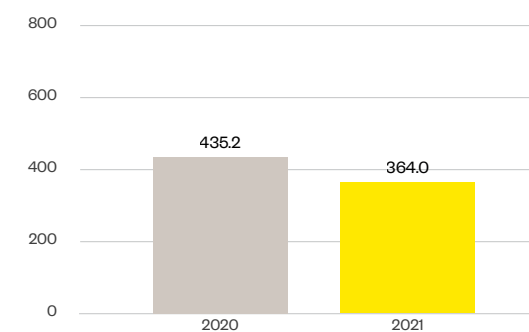
Operating profit, Construction (EUR million)



agement contract, is progressing well. Construction will end and commissioning begin in summer 2022.

The most significant ongoing project in infrastructure construction is at the Kuhankoski hydroelectric plant, where construction is already underway. A new power plant is being built, complete with a new fish road

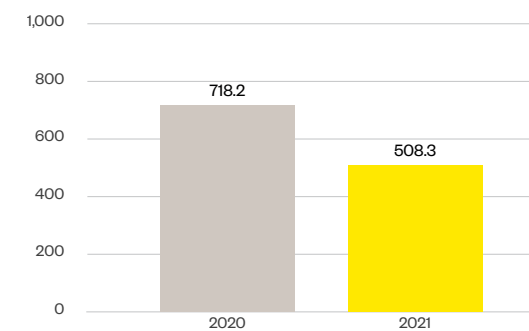
Order backlog, housing construction¹ (EUR million)



Change in order backlog, housing construction: -16.4%

¹ At the period-end.

Order backlog, business premises¹ (EUR million)



Change in order backlog, business premises: -29.2%

¹ At the period-end.

and a channel that will partially run through a subterranean channel. SRV is also implementing demanding concrete structures for the fuel field of Helsingin Energia's new bioheating plant in Vuosaari. A sewer tunnel for the Blominmäki wastewater treatment plant in Espoo was completed during the year.

Investments

The Investments segment focuses on the management and realisation of the Group's real estate investments; the creation and ownership of new joint investment structures; and the operation of selected properties.

During 2021, Investments continued to focus on lightening the balance sheet. The company is developing the line operations of its shopping centres in Russia with the aim of divesting them at an appropriate time on the basis of their development phase and the market situation. During the strategy period, SRV can act as a co-investor in selected projects in Finland.

Investments encompass both complete and incomplete sites in which the company is a long-term investor. Plots that SRV will develop itself, and whose expected profits will be generated through development, are also reported on under Investments. The segment focuses on the management and realisation of the Group's real estate investments, and on the creation and ownership of new joint investment structures.

The segment's January–December revenue rose in 2021. The majority of the segment's revenue is generated by Russian shopping centre management.

Capital employed stood at EUR 167.3 million at the end of the year. Although the write-down of 4Daily contributed to this decline in capital employed, the strengthening of the rouble exchange rate also had an impact on capital employed. Total capital employed decreased by about EUR 4.6 million. The majority of SRV's capital employed consists of investments in associated companies.

Coronavirus epidemic impacted shopping centre operations throughout the year

SRV is a co-investor in three shopping centre projects through its associated companies. SRV is also responsible for leasing, marketing and managing premises in completed shopping centres. SRV intends to sell its holdings once stable rental income has been achieved or the market situation allows. The market situation and the development of the area have a significant impact on when a shopping centre reaches a stable level of rental income. Due to the coronavirus pandemic and economic uncertainty in Russia, it is possible that the sale of Russian shopping centres may be postponed. 2019 figures have been used as the comparison period, as all Russian shopping centres were almost completely closed for many weeks in January–December 2020 due to the coronavirus pandemic.

For the second year running, the coronavirus pandemic has negatively impacted shopping centre operations by undermining tenants' ability to do business. The authorities restricted the opening of businesses, which weakened the operational capabilities of shopping centres and reduced their rental income.

The 4Daily shopping centre in the Moscow region opened its doors in April 2017. SRV owns 19 per cent of the shopping centre. By the end of December, about 92.6 per cent of the centre's premises were

THE COMPANY CONTINUES TO FOCUS ON LIGHTENING ITS BALANCE SHEET

leased. In December, 88 per cent of its stores were open. In January–December, visitor numbers rose by 27 per cent and sales by 106 per cent on the corresponding period of 2019.

The 4Daily shopping centre's occupancy rate, and therefore its profitability, have been at an insufficient level for a long time. The shopping centre has developed in a positive direction, but has required additional capital from its owners in order to operate. Its rate of improvement has been inadequate and its largest shareholder has expressed its unwillingness to commit further capital. The future of the shopping centre is uncertain. For this reason, SRV has decided to write down the entire value of its holding and receivables, a total of EUR 6.6 million. EUR 0.5 million of the write-down is allocated to operative operating profit for 2021 and EUR 6.1 million to financial expenses.

SRV has a 50 per cent holding in Pearl Plaza. This shopping and entertainment centre in St Petersburg is fully leased. As a result of the coronavirus pandemic, January–December visitor figures fell by 12 per cent compared to 2019. Sales in roubles saw growth of about 9 per cent compared with the corresponding period of 2019. In the third quarter, the joint venture owned by SRV and the Chinese company Shanghai Industrial Investment (Holdings) Co., Ltd. signed a letter of intent on the sale of the Pearl Plaza shopping centre. Sales negotiations continued during the fourth quarter.

The Okhta Mall in downtown St Petersburg opened its doors in August 2016. SRV owns 45 per cent of the Okhta Mall directly, and another 15 per cent indirectly through the property investment company Russia Invest. The shopping centre's occupancy rate stood at about 95.5 per cent at the end of December. About 92 per cent of its stores were open in December. In January–December, sales rose by 9 per cent and visitor figures fell by 23 per cent compared to the corresponding period of 2019. The construction of the Okhta Mall's parking facility was completed during the first quarter. The facility was opened in October 2021.

Shopping centres

Pearl Plaza, St Petersburg

- SRV's holding: 50%
- Opened in 2013
- Pearl Plaza has been fully leased since 2017
- Largest tenant is Prisma

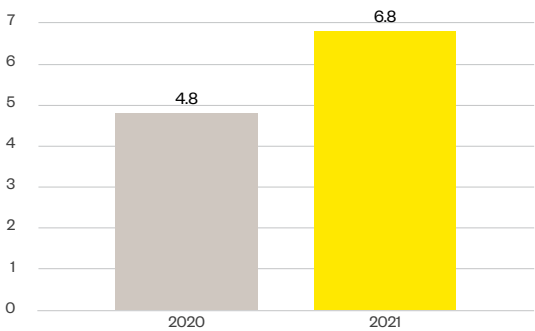
Okhta Mall, St Petersburg

- SRV's holding: 45% SRV also has a 27% holding in Russia Invest, the centre's other owner
- Opened in 2016
- Occupancy rate at the end of December: 95.5%
- The largest tenant is the Russian grocery chain Lenta

4Daily, Moscow

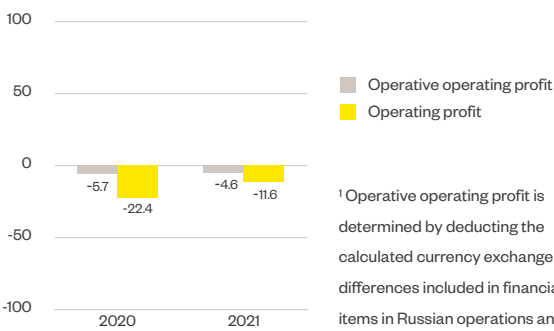
- SRV's holding: 18.68%
- Opened in 2017
- Occupancy rate at the end of December: 92.6%
- Anchor tenants are the electronics company DNS and the grocery store Perekrostok

Revenue, Investments (EUR million)



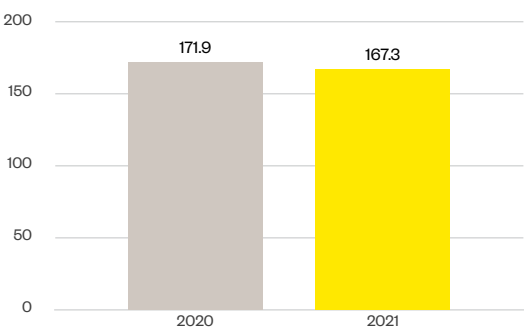
Change from 2020: 42.0%

Operative operating profit¹ and operating profit, Investments (EUR million)



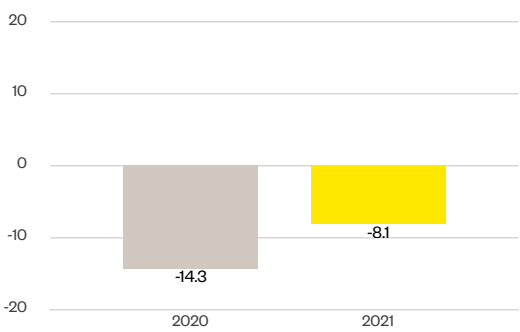
¹ Operative operating profit is determined by deducting the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts from operating profit.

Capital employed



Change from 2020: -2.7%

Return on investment (%)



Change from 2020: 6.2 percentage points



STRATEGY



02

SRV's strategy and financial objectives for 2021–2024: building a lifecycle-wise reality

In February 2021, SRV announced its new strategy and long-term financial objectives for 2021–2024.

The new strategy aims to develop long-term competitive advantage, provide an excellent customer experience, tap into opportunities for lifecycle services, improve profitability and reduce indebtedness.

It responds to the major challenges in our operating environment – accelerating climate change and continuing urban growth and high-density development. Our objective is to create a new lifecycle-wise reality in which construction-related decisions ensure well-being, value and profitability – for years and generations to come.

SRV's strategy is based on developing the built environment so that the entire lifecycle is taken into account. We call this concept "lifecycle wisdom". It means that we always optimise the environmental footprint and costs of a building over the long term. A property's energy consumption and carbon footprint are primarily optimised through the use of energy-efficient solutions and the choice of materials and energy production methods.

SRV has implemented numerous lifecycle projects for the public sector, such as the Jokirinne Learning Centre in Kirkkonummi (which was completed in 2020), two education and wellness campuses that are currently under construction in Uusikaupunki and Siuntio, and the Helsinki Upper Secondary School of Languages. As part of our new strategy, the company has launched a spearhead programme that incorporates lifecycle wisdom into construction and cooperation in everything from the selection of construction sites to maintenance and services. This provides the company's customers with safe

and sustainable solutions for long-term value creation, renews SRV's way of working, and paves the way for the future of the entire industry.

SRV is improving its profitability and reducing its indebtedness through three strategic programmes:

- achieving a leading market position in the commercial premises market
- streamlining operations throughout the construction chain, and
- developing the profitability of housing construction.

In its Investments segment, the company continues to focus on lightening the balance sheet. The company is developing the line operations of its shopping centres in Russia with the aim of divesting them at an appropriate time on the basis of their development phase and the market situation. The focus of the Investments segment will be re-evaluated once the Russian shopping centres have been divested. During the strategy period, SRV can act as a co-investor in selected projects in Finland.

Long-term financial objectives

SRV's strategy and all of its operations are guided by the 2021–2024 strategic financial objectives that were approved in February 2021:



ENSURE WELLBEING, VALUE AND PROFITABILITY – FOR YEARS AND GENERATIONS TO COME

- Operative operating profit: 6 per cent by the end of the period.
- Gearing excluding the impact of IFRS 16: 40–60 per cent by the end of the period.
- As the company gradually reduces its indebtedness, SRV expects that it will pay dividends in accordance with its dividend policy no earlier than for the 1 January–31 December 2023 financial year. The longer-term objective is to distribute dividend of 30–50 per cent of the annual result, taking into account the capital needs of business operations.

The updated definition of operative operating profit is used in these financial objectives.

The achievement of the set strategic objectives is based on operational efficiency and stable cash flow. In addition, the company must bolster its position in the private-sector business premises market and step up its developer-contracted housing production alongside projects for investors. The company seeks to divest itself of shopping centres that are in the management phase at an appropriate time on the basis of the development phase of the centres and the market situation.

Reaching the profitability targets requires not only boosting the efficiency of the company's own op-

TOWARDS A LIFECYCLE-WISE REALITY

SRV's strategy 2021-2024

OUR OBJECTIVE

is, together with our partners, to create a new lifecycle-wise reality, where solutions related to construction ensure well-being, financial value and the benefit of users, residents and environment – for years and generations to come.

Value through lifecycle-wise construction

Streamlining operations throughout the construction chain

Leading market position in the commercial premises market

Housing construction at the forefront of profitability

OUR AIM IS IN

1. Developing competitive advantage in the long term
2. Excellent customer experience
3. Tapping into opportunities for lifecycle services
4. Improving profitability and decreasing indebtedness

OUR VALUES:

Sustainability

Enthusiasm at work

Courage in development

Result driven

Open cooperation

Accelerating climate change

Denser cities

Accelerating digitalisation

SRV

erations, but also the more prudent selection of new projects with regard to risk level, profitability and capital commitment. The company anticipates that it will achieve its strategic earnings level by the end of 2024.

Strategic programmes 2021

In 2021, we started implementing our new strategy in accordance with our strategic programmes.

Spearhead programme: Value through lifecycle-wise construction

We began systematically developing our lifecycle-wise approach in 2021. Our goal was to create clear concepts and solutions that we can use to put lifecycle wisdom into practice in our various projects, for both housing and commercial premises. Lifecycle-wise solutions were broadly defined from the perspective of both future sustainability and the wellbeing of both people and the environment. We encapsulated our perspectives in four types of wisdom – energy wisdom, material wisdom, wellbeing wisdom and future wisdom – and they will all be taken into account in each of our projects with different relative weightings. Our development work is ongoing, and we will continue to fine-tune our lifecycle-wise solutions and integrate them into our planning guidelines.

We are currently planning or implementing several lifecycle-wise projects, for both housing and commercial premises. One example is the Siuntio Education and Wellness Campus, which is currently under construction. This is a lifecycle project in which SRV will be responsible for the maintenance and upkeep of the new property for 20 years. The 20-year service agreement for this lifecycle project will ensure high-quality maintenance and a very environmentally friendly lifecycle solution in

terms of both energy efficiency and the property's carbon footprint. We will be equipping the property to run on renewable geothermal energy and solar power, and will also optimise indoor conditions. Moisture sensors were installed in the walls and floors of the Siuntio education and wellness campus during construction. These sensors will monitor moisture values in the concrete before the structures are clad, but will also be left in place to monitor the dryness of the structures throughout the property's entire lifecycle. This is just one example of what we call "lifecycle wisdom".

When it comes to housing construction projects, we are planning a building in the Niittykumpu district of Espoo that is well worthy of its name: Espoon Neuvo-kas, that is to say "ingenious". Its location, equipment, energy-efficient solutions and services (from e-bike charging stations to shared cars) will make even the busiest person's everyday life seem easy and uncomplicated for years to come. The building will be powered by renewable energy, that is, a combination of geothermal heat/cooling and solar power. This energy-efficient building won't waste energy and boasts a Class A energy rating. These solutions will enable us to reduce carbon dioxide emissions by up to 70 per cent while the building is in use. We are also applying for an RTS certificate to verify the environmental impact of our choices. And this is another example of what we at SRV call "lifecycle wisdom".

In 2021, we decided to make SRV's construction sites emission-free from the beginning of 2022. This is a significant step in our journey towards a lifecycle-wise future. It covers all of the company's construction sites, and is the first decision of such broad scope in the construction sector. All of the electricity used on SRV's sites will be carbon-neutral during 2022, that is, renewable or emission-free energy. We will always use

EMISSION-FREE CONSTRUCTION SITE IS A SIGNIFICANT STEP IN OUR JOURNEY TOWARDS A LIFECYCLE-WISE FUTURE

carbon-neutral heating whenever it is available. Other emissions, such as those from machinery, will be compensated for by planting a corresponding number of trees to achieve net zero emissions.

Streamlining operations throughout the construction chain

In 2021, we continued our efforts to standardise our operating models, develop our construction process, and increase our production efficiency. During the year, we invested in process development and in cooperation between our planning, procurement, accounting and production units. The results of this work included a new project management tool that combines the best aspects of different scheduling methods. We also continued our information modelling work over the course of the year, and were able to develop information model-based cost accounting for different stages of project planning. Thanks to this development work, we are now better prepared to generate category procurement volumes from information models, and also have a way of measuring our success in category procurement. Systematic development work to boost operational efficiency will continue on a broad basis in 2022. During the year, we will focus on improving the consistency and controllability of project implementation through schedule, cost and contract management, and also by developing operating processes, partnerships and cooperation.

Housing construction at the forefront of profitability

Our goal is to maximise the profitability of housing construction by streamlining our operations. Improving efficiency and renewing our management system

were two of the year's key developments. We have invested in reducing the time taken to construct high-rise buildings. The increased use of prefabrication is one factor that has significantly reduced construction times. We have also developed a new emergency exit solution for high-rise buildings that will significantly increase floor efficiency in future projects. When it comes to our management system, we renewed the decision-making points for project steering and the criteria for moving ahead with projects. A systematic decision-making process will help us to steer our projects more effectively, manage risks, and ensure that the desired project margin is achieved. And in 2021, we did indeed manage to increase the profitability of our future project base. Work to streamline housing construction will continue in 2022 with further developments in areas such as planning management and the warranty/liability phase.

Leading market position in the commercial premises market

We have set ourselves the goal of achieving a leading market position in the commercial premises market. During 2021, we invested in increasing sales and strengthening commercialisation in several areas of sales and customer relationship management. We launched new ways of systematically identifying customer needs and increasing market activity. We made considerable investments in sales and account management, and developed both our sales volume forecasting and sales targeting. We created a new customer relationship management model and expanded the use of our CRM system. We also developed the commerciality of our tender operations and commercialised selected product concepts.

Lifecycle wisdom comes to life on campus

The Siuntio education and wellness campus under construction in downtown Siuntio will enable Finnish- and Swedish-speaking pupils to enjoy a safe and familiar learning environment from preschool to the end of comprehensive education in healthy and up-to-date facilities. The campus will also include a library and youth facilities. Construction work is scheduled for completion in spring 2022.

Many aspects take a lifecycle-wise approach

The buildings of the future will combine many functions and will be used during the days, evenings and weekends.

“We build efficient buildings that are empty for as little time as possible. The building can be adapted to a variety of needs,” says **Miimu Airaksinen**, SVP, Development at SRV.

The building’s design has also focused on renewable energy and having the lowest possible environmental impact. The 20-year service agreement covers the monitoring of indoor conditions and energy consumption.

The building various aspects of SRV’s lifecycle-wise approach to construction, but one

of them is truly unique. Moisture sensors have been installed in the walls and floors on the campus construction site. These sensors monitor moisture values in the concrete before the structures are clad, but they will also be left in place to monitor the dryness of the structures throughout the property’s entire lifecycle.

The added value received by the customer in this project is a result of SRV’s versatility and lifecycle expertise.

“We were able to offer a broad perspective – not only in construction, but also by paying attention to users and long-term planning. We have a great deal of energy and lifecycle expertise, which is quite rare in the construction industry.”

We have a great deal of energy and lifecycle expertise, which is quite rare in the construction industry.

Miimu Airaksinen,
SVP, Development

**WE WERE
ABLE
TO OFFER
A BROAD PER-
SPECTIVE**



Risks and risk management

SRV has published a separate Corporate Governance Statement, which includes a general description of the company's risk management, in its Annual Review and on the company's website.

The key objective of risk management is to identify the main risk factors to which the company's operations are exposed and to safeguard the achievement of the company's strategy and objectives. The most significant risks concern negative changes in SRV's and its customers' operating environment, currently particularly the capital employed in major projects, SRV's earnings trend, availability of financing for SRV and its projects, the development of the situation in Russia, the rouble exchange rate, the development of the coronavirus pandemic and key project implementation risks.

Strategic risks

Market risks

Demand for SRV's products and services might be weakened by negative changes in, for instance, general economic development, the business environment of SRV and its customers, the functionality of financial markets and the political operating environment. SRV's business opportunities would be weakened by the deterioration of the operating conditions of business premises customers, the weakening of corporate and consumer confidence and purchasing power, a slowdown in population growth and migration, an increase in interest rates, more difficult availability of financing or financial problems in public administration. In particular, a decline in the need for business premises, increase in the

yield requirements of investors, tighter investment criteria, a decrease in the demand for and prices of apartments, and the weakening of investment opportunities in public administration may pose a substantial risk to the company's financial position and profitability.

The company continuously monitors the needs of customers and the market situation, and seeks to both anticipate changes and react to them rapidly. In order to reduce market-related risks, the company has bolstered its activities to continuously identify commercial opportunities, customer needs and customers as well as to manage customer relationships and sales. In projects, the aim is to make outlays on public integrated project deliveries. In the business premises sector, SRV seeks to shift the focus more to private development projects, while in the housing business area, projects will be spread out more evenly among different sectors of housing construction. With respect to business operations, a key ongoing measure is the development of lifecycle-wise construction.

Resource risks

A significant risk that affects the operations of the entire company is the identified potential shortage of good professional resources and the loss of key employees and expertise to competitors. The construction sector is currently hindered by a labour shortage and competition for professionally skilled people is constant. The scarcity of resources may make it



**THE KEY OBJECTIVE IS
THE ACHIEVEMENT OF THE
COMPANY'S STRATEGY
AND OBJECTIVES**

more difficult to carry out projects according to plan and could increase their costs.

In order to manage the resource situation, SRV ensures that its personnel have competitive conditions and remuneration. Good management and corporate culture are considered to be key draws for the company. The definition of the SRV Approach, managerial coaching, mentoring and 360-degree assessments are examples of the development of culture at SRV. SRV maintains the health of personnel with the systematic monitoring of health and effective healthcare services. Safety and security issues are always on the agenda at key meetings of the company. Employees are provided with systematic training and opportunities for development and communal activities. SRV overhauled its recruitment process and system in 2021. A new induction process will be launched in 2022 to ensure smooth onboarding. Further outlays will be made on managerial work and performance management in 2022 by renewing both the performance review process and the short-term remuneration system for all employees. In addition to these measures, the development of SRV's employer image and close cooperation with educational institutions are tools to ensure future resources. SRV will work systematically on these in 2022 as well.

Reputation risks

Public discussion of negative matters affecting the entire industry or certain companies – whether war-

ranted or not – can weaken the reputation of the company or the trust of stakeholders. Such negative incidents may include serious accidents, the grey economy, unethical operations or substantial quality problems.

SRV seeks to prevent negative incidents with guidelines for different subareas of the company, operating systems, monitoring of operations and other risk management measures. The company responds to any problems rapidly in both its operations and communications. SRV proactively and openly communicates about its own operations to different stakeholders. In addition, SRV continuously develops the functionality of both internal and external communications as well as maintains the communications capabilities of the key persons responsible.

Financial risks

Financing and credit risks

SRV's ongoing major projects and completed shopping centre projects are tying up a great deal of capital, as does developer-contracted construction. The availability and price of financing are critical to the company's business. The availability of the company's financing and certain guarantees has improved thanks to the recovery measures taken in 2020 and 2021, but the availability of financing and certain guarantees for developer contracting projects remains somewhat limited.

In addition to cash assets and undrawn housing corporation loans, the company's financing reserves consist of an undrawn credit facility. Negative changes in the company's earnings trend may impact on the fulfilment of the covenants of the revolving credit fa-

cility and thereby on the usability of the facility and the company's financing reserves. The company actively monitors the development of the covenant situation and, if necessary, seeks to negotiate on financing terms with the creditor banks.

In order to manage financial risks, financing for developer contracting projects is ensured through sales of projects, project-specific credit facilities and the use of the company's general financing reserves. The financing situation of projects is assessed at different decision points and the company only starts up projects for which financing has been secured. The implementation of new orders recognised in the order backlog in 2021 will not require any financing from SRV, with the exception of developer-contracted housing projects. The company will only consider launching other new projects if there is sufficient demand and the necessary financing can be assured with the aid of the company's general financing reserves and the sale of project-specific receivables to financial institutions and project-specific loans negotiated separately before the start-up of the project in question. Receivables can be sold for the purpose of liquidity management only within the limits allowed.

Due to the nature of the company's operations, the unit sizes of projects and sales invoices are relatively large. For this reason, the company's receivables from individual customers may be subject to credit risks. The company seeks to manage credit risks by means of assessing the solvency of customers, security arrangements, prudently drafting payment instalment tables and proactively keeping track of receivables. The Group's commercial counterparties are mainly listed companies or major real estate companies or institutional investment com-

panies. Historically, the amount of credit losses has been very low.

However, one business premises project under construction in Finland involves higher credit loss risks related to trade receivables. Due to the payment difficulties of the client, the payment of about EUR 14.8 million in trade receivables to SRV was overdue at the end of December. These receivables are secured by a mortgage on the property under construction and pledges on certain other asset items. SRV is currently negotiating on the handling of payment transactions with the client.

Reporting risks

The company's financial reporting is based on project forecasts, which are estimates of the final results of projects. Accurate forecasts are essential for reliable reporting and planning for the future.

To manage reporting risks, SRV's projects comply with the company's accounting and forecasting principles as well as monitoring and reporting practices. Particular attention is paid to schedule and cost management as well as the drafting and analysis of forecasts. Identifying and valuing risks and opportunities, and the necessary related measures, have comprised a special priority area.

Operational risks

Project management risks

Competitive project operations with products and services comprise a critical success factor for the company's business and may be subject to significant risks. SRV seeks to implement profitable contracting

projects for developer customers and to develop profitable developer contracting projects and property projects together with its partners. In addition to resource risks, the most significant project management risks concern the operations of customers and the authorities, contract management, site planning, the implementation of procurement, the management of schedules, quality, costs, safety and environmental issues, and the marketing and sale of sites.

SRV seeks to manage project management risks by retaining its position as one of the top companies in its field by investing in the development of management-enhancing systems and its own customer-focused, flexible and networked operating model (SRV Approach). As part of its operating system that steers its functions, the company has ISO-certified quality, environmental, occupational health and safety systems. SRV develops project management proactively. In addition to risk management, costs, quality, safety and customer service, the main starting points are responsibility and the utilisation of digitalisation. SRV currently has several ongoing projects to develop its operations, such as expanding the utilisation of the features of the CRM system in marketing and sales, standardising assessment criteria, decision-making points and risk management reviews in the project development phase, introducing a new foreman's handbook, and improving the housing production warranty work process and its feedback systems.

Subcontracting risks

The management of the partner network in project implementation involves risks related to matters such as quality, costs, schedule, safety, the grey economy

and environmental issues. In addition to potential failure to perform its obligations, a key contractor or material supplier might go bankrupt or otherwise out of operation during the project. In addition, problems with the availability of resources and products may cause additional costs and delay projects.

To manage subcontractor risks, the backgrounds, technical competences and financial capacities of key companies working in projects are assessed, and phase-by-phase working plans are drawn up before work begins. In addition to the implementation of the working plans, SRV constantly monitors the development of procurement costs and reacts rapidly to deviations. Procurement management and documentation are handled with SRV's procurement system and in-house network register.

Contractual risks

Incomplete or unclear contract terms and deficient contract management may give rise to ambiguities concerning the responsibilities and obligations of the parties and disputes that weaken project profitability. In particular, additional and modification work implemented during projects in target-price and guaranteed maximum price contracts are subject to the risk of divergent interpretations.

In order to avoid contractual risks, SRV's key agreements are drafted on the basis of legal expertise and contract models adapted to the company's operations. In addition, the company constantly maintains the knowledge of responsible persons on different contract terms and the content of contracts with guidance and the necessary training. Contract practices are developed constantly.

CONTRACT PRACTICES ARE DEVELOPED CONSTANTLY

Risks of large and demanding projects

Construction projects involve a variety of risks in the project development, construction and in-service phases, and their circumstances develop and change constantly. Large-scale development projects that tie up a great deal of capital over a long period of time are particularly exposed to changes and thereby to risks. These projects at SRV include the Tampere Central Deck, Kalasatama and Keilaniemi tower projects.

The company seeks to prepare for the risks of large and demanding projects in each phase by carrying out thorough risk analyses and adhering to the project processes and operating system defined by the company. Major risky projects are under the special supervision of the company's management. In order to develop risk management, SRV is currently specifying both the criteria for critical projects and the special measures necessary for enhanced steering of projects.

Other risks

Pandemic risks

If the coronavirus pandemic worsens, it can still not only have an impact on the operating conditions and business of SRV, its customers and other partners, but also have broader effects on general economic development. Many countries lifted restrictions in early autumn 2021, but the pandemic took a serious turn for the worse in late autumn. Restrictions to prevent the spread of new waves and variants of the virus as well as both vaccination coverage and effectiveness play a key role in the development of the situation.

In spite of the pandemic, only minor problems were encountered in construction operations in Finland in 2021 and the level of activity remained high. SRV is closely assessing the developing impacts of the pandemic and is proactively taking the necessary measures to maintain health and wellbeing, prevent the spread of the pandemic and ensure business continuity.

Russian country-specific risks

Net rental income from SRV's shopping centre investments typically reaches its target level about 3–5 years after opening. Once this occurs, it is SRV's strategy to sell the investment. Developments in business operations and rental income in Russia are impacted by factors such as geopolitical and economic trends, consumer behaviour, successful shopping centre management, the shopping centre's reputation and also the rouble exchange rate. Weaker-than-planned developments in different factors and the assumptions made, both when starting up shopping centres and on the scheduled sale date, may result in a need to lower the shopping centre's value in the balance sheet. Uncertainty regarding the Russian situation and the prolongation of the coronavirus pandemic also pose uncertainty to the development and sales dates of the Russian shopping centres. SRV's investments in shopping centres are non-controlling interests in associated companies. The initiation of their sale or the timing of the sale are agreed upon in the shareholder agreement of each investment. That is, SRV cannot decide on the sale of projects or their date of sale on its own. If the shareholder agreement permits the other shareholders to sell the property before it reaches its op-

timal financial value, and they decide to do so, this may lead to the need to reduce the balance sheet value of the shopping centre.

In addition to its shopping centre investments, SRV also owns plots for development in Russia. Risks and uncertainties in the Russian economy may, like in the case of shopping centre investments, impact on the value of plot holdings, the schedules of the projects developed on them and the financial end results.

In its Russian business, fluctuations in the rouble exchange rate expose SRV to translation and transaction risks. A ten per cent weakening of the rouble against the euro on the reporting date would have had an impact of about EUR -7.0 million on the Group's equity translation differences. A ten per cent weakening in the exchange rate would correspondingly have an impact of about EUR -3.1 million on SRV's earnings if the effect of currency hedging were not taken into account. The exact rouble hedging rate varies over time. SRV's transaction risk largely comprises the euro-denominated loans of associated companies that are partly owned by SRV. The remaining exchange rate risk is hedged in accordance with the hedging policy approved by the Board of Directors.

After period end, Russia began military operations in Ukraine. As the event is still very recent, it is difficult to assess its impact on SRV's business.

Cyber and information security risks

The functionality and security of information systems play a key role in the company's business operations. The growing threat posed by cybercrime, personnel misconduct, and system replacements and modernisation are risk factors that can result in the interrup-

tion of operations, reputational damage and significant financial losses.

With respect to cyber and information security risks, SRV enhances its information security culture by maintaining and communicating its information security policy and guidelines as well as information security-related practices. SRV monitors external threats and constantly keeps track of how the situation develops. Other means of risk management include automatic virus scans of systems and issuing separate warnings about major information security threats.

In 2021, SRV decided to participate in TIETO22, a cybersecurity exercise that will be held by the National Emergency Supply Organisation's Digipooli Network in 2022.

Risks related to the Hanhikivi 1 nuclear power plant project

SRV has made a financing commitment equating to a 1.8 per cent holding in the Hanhikivi-1 nuclear power plant project to Fennovoima's main owner, Voimaosakeyhtiö SF. SRV has the same rights and obligations as other Voimaosakeyhtiö SF shareholders. No decision to start up the construction of the power plant has been made yet. The balance sheet value of the investment is EUR 13.3 million, which corresponds to the amount that SRV has invested in the project. The current and future value of the investment involves risks related to the realisation of the project and particularly to the longer-term price of electricity. On 4 February 2022, SRV signed a set of agreements with RAOS Voima Oy, which will lead to SRV's exit from its ownership in Fennovoima and from the agreements regarding

project management in the Hanhikivi 1 project. The completion of the contractual arrangement is subject to approval by the Ministry of Economic Affairs and Employment.

Sustainability risks

Identified risks relate to issues such as serious accidents, the grey economy, labour exploitation, working conditions in the supply chain, adapting to climate change, climate risks, meeting investors' requirements, and our reputation through stakeholders' eyes. The coronavirus has brought new risks, not only in the form of a physical threat but also to coping and satisfaction at work. These risks are different in on-site and office work.

Particular attention has been paid to occupational safety management. Management commitment has been increased and the quality of incident investigations improved. In addition, the management and monitoring of overall safety has been developed to obtain an even more accurate and better picture of the situation. At the same time, on-site training and own observations of occupational safety have been developed.

The physical effects of climate change, such as extreme weather phenomena, may hinder construction and property maintenance. Climate impacts are increasingly being considered in financing decisions as well. Integrating climate risks into financing costs is an effective means of encouraging companies to act in the best interests of the environment. Green taxonomy is part of the EU's sustainable finance action plan, and it provides the financial sector with tools for assessing the sustainability of potential investments.

Due to workforce mobility and the complex nature of supply chains, it is important that all parties are aware of their rights and obligations. Companies influence human rights on a daily basis through their subcontractors, partners, customers and other stakeholders.

Together with the Sustainability Director, SRV's senior management and risk management organisation are responsible for identifying and reporting sustainability risks, and for implementing risk management measures. We are continually working to control and reduce risks in both our own operations and our subcontractor network.

SRV's Code of Conduct for its own personnel and suppliers creates a foundation for compliance. The SRV Construction Contract Programme defines the basic sustainability requirements for our partners and subcontractors. For example, subcontractor chaining is limited to two tiers. Certified management systems create a strict framework for operation and require continual improvement and development, including in risk management.

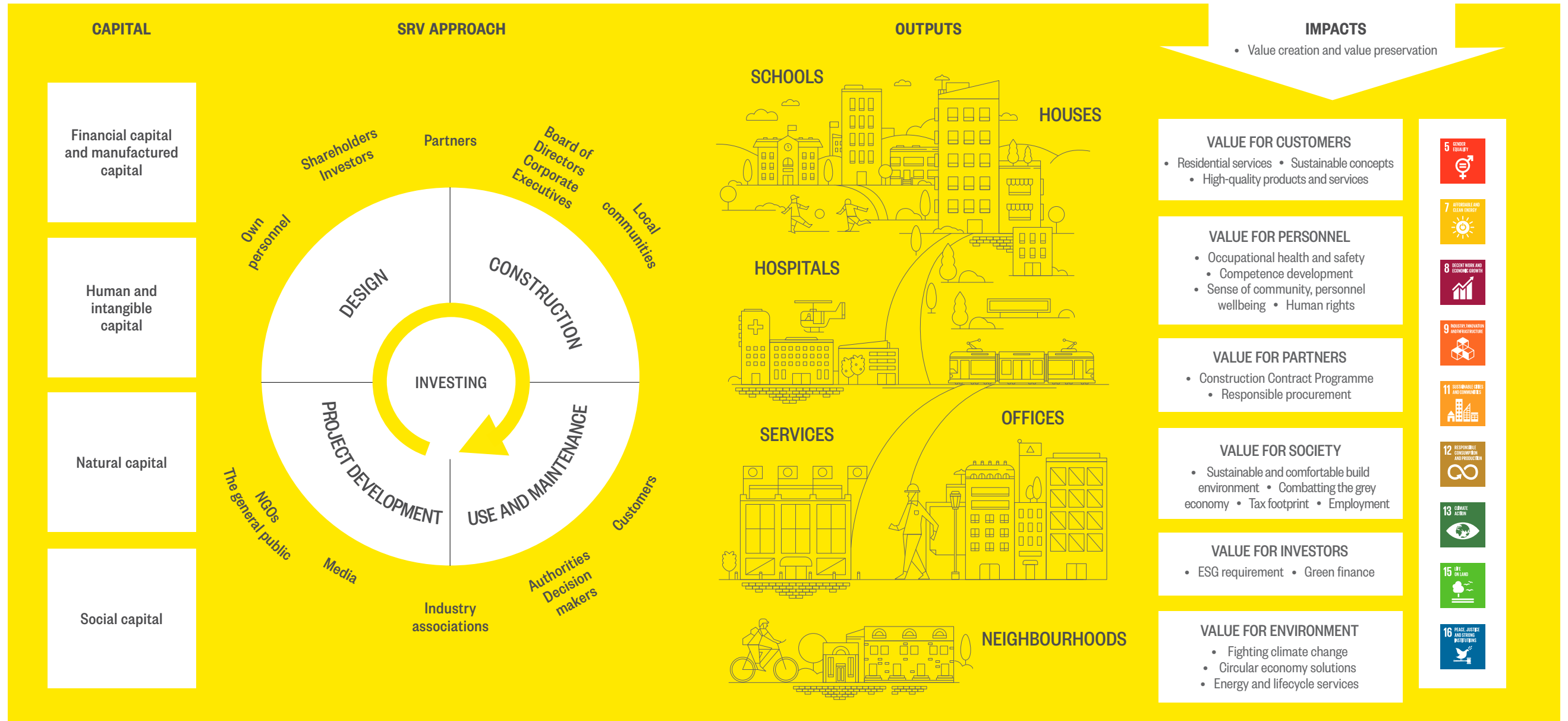
SRV's Lifecycle Wisdom strategy programme takes a firm stand on the role that business plays in combating climate change and adapting to a changing business environment. The physical threats and business opportunities and risks associated with climate change were analysed for the first time in 2021 and this work will be honed in 2022. We will continue to assess human rights impacts so that we can use this information to implement practical measures in both our own operations and our supply chain.

VALUE CREATION



03

Value creation model



By developing and reforming the construction industry together with partners, SRV generates value to all stakeholders profitably and sustainably

SRV serves customers in matters such as the choice of construction site, site development, management of land use, specifying space needs, project budgeting and acquiring funding.

Capital management is an essential element of project value formation. In addition to its own financing, SRV seeks project-specific funding from banks, investors, customers and partners. SRV carries out developer-contracted housing projects, other developer-contracted construction projects, and commissioned contracts.

SRV's value creation

A picture of SRV's value creation has been built around the SRV Approach, and was based on interviews with customers, investors, financiers, decision-makers and influencers. We also considered important types of capital, inputs, the role of value creation in projects, what kind of value SRV creates for stakeholders, society and the environment, and what kind of outputs and impacts result from our business.

SRV's goal is to be a sought-after partner with whom meaningful, value-creating projects can be implemented. The SRV Approach can be used as a tool when moving operations between units and functions.

It takes into account all kinds of capital (financial, human, intellectual, natural and social) and presents a broad range of inputs, outputs and impacts.

The most important types of capital at SRV are human, intellectual and social capital. With respect to human capital, the following aspects are particularly important: customer expertise, interaction, design and zoning expertise, management of the supplier pool and management expertise. The major elements of intellectual capital are the SRV Approach, the SRV Network Register, and our references, brand, concepts and operating models. The key areas in social capital are stakeholder relationships with cities, investors and the local environment, and our employer image and partnerships.

SRV's operations have significant and lasting impacts on the surrounding society. The greatest impact comes from the buildings and infrastructure that SRV builds, as they will last for decades if not centuries. Sustainable design and implementation therefore have a fundamental impact on issues relating to climate change.



**UN'S SUSTAINABLE
DEVELOPMENT GOALS
ARE PART OF SRV'S
SUSTAINABLE BUSINESS**

The positive impacts of SRV's business are sustainable living environments that can adapt to change, stand the test of time, and retain their value. Construction and lifecycle services also boost employment. The company is also a strong taxpayer and creates value for its shareholders. Construction has negative effects as well, such as energy and material consumption and their environmental impacts. SRV has committed to running zero-emission construction sites as of the beginning of 2022. We also continuously develop material recycling.

SRV's new strategy, which was published in February 2021, takes a firm stand on the role that business plays in the fight against climate change. Solutions to reduce emissions from buildings are being developed all the time through our strategic programme, Lifecycle Wisdom. In addition to monitoring SRV's carbon footprint, we are also developing ways of measuring our carbon handprint.

Sustainability management

The responsible and sustainable development of the built environment is one of the cornerstones of SRV's strategy. It guides our business planning with the aim of strengthening the company's sustainable performance.

SRV's strategy is supported by four programmes, one of which is the Lifecycle Wisdom programme, which seeks and develops new business opportunities and integrates sustainability into our operations.

SRV's Lifecycle Wisdom will be a key factor in mitigating climate change. In late 2021, we decided that SRV's construction sites would become zero emission sites immediately after the turn of the year. This is a significant step towards a lifecycle-wise future. It covers all of the company's construction sites, and is the first decision of such broad scope in the construction sector.

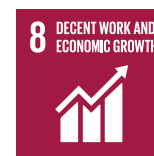
SRV's values – sustainability, enthusiasm, profitability, bold in development and open in cooperation – will continue to create a firm foundation for further development. Our Code of Conduct creates a sustainable foundation for everything we do. All of SRV's companies, Board members, management and employees are obligated to comply with the Code of Conduct regardless of their station. SRV also seeks to get third parties, such as subcontractors and other cooperation partners, to commit to these [ethical operating guidelines](#).

SRV's Board of Directors is responsible for managing sustainability. The Board discusses sustainability issues as necessary, and decides on the company's long-term goals. Under the leadership of the CEO, SRV's Corporate Executive Team is responsible for operative management, setting annual targets, and integrating sustainability into day-to-day operations. The sustainability working group develops and mon-

itors SRV's climate action together with operative functions. The following sections provide more detailed descriptions of our management practices in different areas of sustainability.

Our sustainability themes have been built around value creation and have been integrated into SRV's risk management. SRV's sustainability themes are leadership and value creation for customers, personnel, partners, society, the environment and investors. In its risk management, SRV carried out its first climate risk assessment in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). This assessment is presented in more detail in the Report of the Board of Directors.

Back in 2020, SRV defined nine of the UN's seventeen Sustainable Development Goals (UN SDGs) as key targets in running a sustainable business. Our chosen goals were: 5) gender equality, 7) affordable and clean energy, 8) decent work and economic growth, 9) sustainable industry, innovation and infrastructure, 11) sustainable cities and communities, 12) responsible consumption and production, 13) climate action, 15) life on land, and 16) peace, justice and strong institutions. These goals were concretised in 2021 as part of our sustainability programme, and their qualitative and numerical targets are presented in the sustainability programme on page 30. The SDGs have also been integrated into SRV's strategic programmes.



Key UN's Sustainable Development Goals for SRV.

Changes in the operating environment highlight sustainability

The financial and investment sector continues to demand more comprehensive and more reliable Environment, Social and Governance (ESG) reporting. The EU's Sustainable Finance Taxonomy Regulation also defines criteria for sustainable development and imposes reporting obligations. Sustainability will therefore have an even greater impact on the price and availability of financing. Sustainable development is also being reflected in national regulations. For example, it has been proposed that carbon footprint calculations be included in the upcoming reform of Finland's Land Use and Building Act. Alongside various other actors, SRV is actively involved in developing transparency in reporting and dialogue with the authorities. One example of this is the Taxonomy group coordinated by the Confederation of Finnish Construction Industries RT and Green Building Council Finland's (FiGBC) BuildingLife initiative. SRV reported on its taxonomy eligibility for the first time in 2021, and will report on taxonomy compliance in 2022.

SRV is also involved in industry development via close cooperation with other industry actors. We were particularly active in the areas of environmental sustainability and occupational safety. Collaboration is carried out under the umbrella of organisations such as the Confederation of Finnish Construction Industries RT. SRV is also a member of Finnish Business and Society (FiBS). SRV's representatives have been involved in the

STAKEHOLDERS'S EXPECTATIONS

OWN PERSONNEL

Safety and wellbeing at work, training and development, good corporate spirit, strong reputation, ethically sound behaviour, financial performance and stability

BOARD OF DIRECTORS, CORPORATE EXECUTIVE TEAM

Share value development, building and protecting brand and reputation, risk management, financial performance and stability

SHAREHOLDERS

Share value development, building and protecting brand and reputation, risk management, ESG requirements, financial performance and stability

INDUSTRY ASSOCIATIONS

Promoting industry interests, preparing for future legislation

MEDIA

Interesting topics, openness and transparency, short response time, providing information and answers to questions, proactive communication

NON-GOVERNMENTAL ORGANISATIONS, GENERAL PUBLIC

Facts, background information, expertise, common interest, addressing societal challenges, openness and transparency, ethically sound behaviour

AUTHORITIES, DECISION MAKERS

Facts, background information, expertise, efficiency, quality, ethically sound behaviour, addressing societal challenges

CUSTOMERS

Customer experience, quality, tailor made solutions, flexibility, easiness and safety of buying, predictability, innovations, location, services, return on investment, brand and reputation, ecological viewpoints, ethically sound behaviour, financial performance and stability

PARTNERS

Trustworthiness, fair competition, good reputation, interesting projects, financial performance and stability

LOCAL COMMUNITIES, NEIGHBOURHOODS

Being fair neighbours, low impact on everyday lives of communities, staying within pre-agreed schedules, minimising heavy traffic, danger, disturbance, noise, providing timely and accurate information, well organised site and surroundings, functioning walkways and driveways

Environment and Energy group of the Confederation of the Finnish Construction Industries RT and the Green Building Council Finland.

In the construction sector, the circular economy means not only material and energy efficiency, but above all longevity, adaptability repairability, and material recycling. SRV focuses on minimising material and energy waste and on improving recyclability through sorting. The sorting-at-source rate on SRV's construction sites was 63 in 2021.

Labour exploitation and ethical operating principles

Now that supply chains are becoming increasingly international, there is a higher risk of forced labour in the chain. Consumers, the media, civic society, investors and the authorities are all interested in the ethics of companies' business activities. Preventing labour exploitation is one of SRV's key themes, and part of our regular partner cooperation. In 2021, SRV decided to require all third-country nationals to have a Finnish-issued residence permit. This decision will help to combat the grey economy and prevent labour exploitation. Our Code of Conduct also defines the principles by which SRV makes decisions and acts under all circumstances. Our online ethics course is mandatory for all SRV employees.

SRV has an open ethics channel through which anyone can make reports of non-compliant behaviour, either in their own name or anonymously. This whistleblowing channel provides a confidential way of reporting any concerns about possible unethical behaviour and/or illegal or unsound activities within SRV's or its partners' operations. It can be used by both SRV employees and anyone who has dealings with SRV.

Personnel wellbeing is central to good performance

SRV aims to be a safe, equal workplace with a good community spirit. The prolonged coronavirus pandemic has reduced the number of informal encounters that take place organically. Personnel wellbeing is a very central factor in good performance. The remote coaching for supervisors that was launched in 2020 continued to develop teams and support wellbeing and coping at work. Training in supervisory and interpersonal skills was also organised for new supervisors.

SRV's sustainability programme

Our sustainability programme lists SRV's main sustainability themes and their associated long- and short-term objectives. It reflects the requirements placed on companies both in general and in the construction sector in particular. This programme makes it easier to see the big picture and communicate the issues to various target groups. The sustainability programme enables every SRV employee to identify their own role in sustainability development.

The themes of SRV's sustainability programme have been built around value creation. This ensures that the sustainability programme's themes support business development and the attainment of SRV's strategic targets. SRV's sustainability themes are leadership and value creation for customers, personnel, partners, society, the environment and investors. During 2021, our sustainability programme's objectives were updated in line with our new strategy.

Good progress was made in sustainability work. The decision on zero-emission construction sites that was made in late 2021 is just one example of our

ambitious and goal-oriented efforts. The Compliance working group established in 2020 has been very active, and SDG targets were integrated into our operations in a concrete manner. We continued to enhance and monitor on-site safety, quality and environmental activities. We also set a new development target: to learn from best practices and share them within the organisation. Taxonomy criteria will be introduced into project planning and steering during 2022. The EU's taxonomy criteria will also be integrated into HSEQ kick-off meetings.

Occupational safety continued in the same good vein as last year, and resources were strengthened in early 2022. The coronavirus pandemic has increased the workload of those responsible for occupational safety, and has led to practices that may change at very short notice.

Environmental perspectives and responsibility have been even more tightly integrated into the supplier chain, and this work will continue over the coming years. We have decided to use the RTS Environmental Classification system in all of our developer-contracted housing projects. We will calculate the carbon footprint of all our lifecycle-wise projects, and are preparing to introduce our carbon handprint as well. Lifecycle wisdom is being further developed, and its characteristics are being integrated into SRV's design guidelines and solutions. The number of energy and lifecycle services we provide continues to rise. You can read more about projects that use environmental classification in the section "Value for the environment".

Climate risks were assessed in accordance with the TCFD for the first time in 2021. At the same time, we also analysed the new opportunities associated with climate change. Our TCFD-compliant analysis

is presented in the Report of the Board of Directors. Work on climate risks and opportunities will be continued and deepened as part of regular risk analysis over the coming years.

Sustainability reporting

Sustainability reporting is important for both transparency and goal tracking. Sustainability themes, such as environmental issues, now form a key element of our operations, and sustainability is clearly visible as one of the guiding principles in SRV's lifecycle-wise construction. Reporting is the responsibility of the Sustainability Manager, who is also a member of SRV's Corporate Executive Team.

An analysis of the sustainable development targets that are essential to SRV's business can be found on our website. It shows SRV's material SDGs and their associated themes and measures. On the website, you can also find a list that will make it easier for interested parties – and particularly investors – to find the most important ESG information. Reporting is being continually developed. In 2022, we will be focusing on environmental reporting and reports concerning climate risks and opportunities. Climate impacts are increasingly being considered in financing decisions, and this requires adequate environmental reporting from the financier's customers.

In accordance with the requirements of the Accounting Act, a report on HR issues, social responsibility, human rights, environmental and climate issues, and bribery and corruption is provided in the Report of the Board of Directors. A summary of the report is also presented in the table below.

Risks related to personnel, social responsibility, human rights, climate and environmental issues and bribery and corruption prevention

Themes	Identified risks	Risk identification and risk management	
All themes		<ul style="list-style-type: none"> Ethical operating principles Ethical operating principles for partners and suppliers Ethical channel 	<ul style="list-style-type: none"> Internal audit Compliance Team Construction Contract Programme
Personnel, social responsibility, human rights	<ul style="list-style-type: none"> Accidents at work Work exhaustion due to heavy work load Negligence of terms of employment or working conditions Work related discrimination and harassment Labour exploitation in supply chain Negligence of societal obligations Health and safety of local communities Product responsibility to customers 	<ul style="list-style-type: none"> ISO 45001 health and safety management system ISO 9001 quality management system Audits and management reviews Management site safety reviews at sites External audits Internal audits (cross-function) Site kick-off meetings for HSEQ issues TTT-reviews Safety teams TURVA system 	<ul style="list-style-type: none"> Safety information meetings Safety observations' TR and MVR measurements Personnel survey SRV Network Register Process Network and instructions for handling potential harassment or discrimination incidents Responsible sourcing steering group Supplier cooperation Collecting and analysing customer feedback
Environmental issues	<ul style="list-style-type: none"> Environmental damage and accidents Climate risks - physical risks 	<ul style="list-style-type: none"> ISO 14001 environmental management system External audits Project risk management process Identification and management of process risks 	<ul style="list-style-type: none"> Environmental plan Site kick-off meeting for HSEQ issues Site instructions Internal audits
Climate change adaptation	<ul style="list-style-type: none"> Poor customer, stakeholder or climate performance Customer, investor and financier demands for business and liquidity for sustainable solutions 	<ul style="list-style-type: none"> Energy and lifecycle services Carbon footprint, LCA calculations RTS environmental classification tool 	<ul style="list-style-type: none"> ESG reporting development New solutions and concepts according to the new strategy
Bribery and corruption prevention	<ul style="list-style-type: none"> Illegal or inappropriate activities Negligence of societal obligations 	<ul style="list-style-type: none"> Training courses in Competition Law Grey economy prevention days 	<ul style="list-style-type: none"> Responsible sourcing steering group SRV Network Register Procurement background checks

Sustainability programme

THEME	QUALITATIVE TARGETS		QUANTITATIVE TARGETS
SUSTAINABILITY MANAGEMENT <ul style="list-style-type: none"> Value creation model Stakeholder relations Reporting Ethical conduct Risk management 	<ul style="list-style-type: none"> Further enhance SRV's brand recognition and reputation Further develop the Compliance team's activities (as per the annual clock) Feature monthly Compliance themes on SRV's intranet Utilise the SRV Youth Panel's perspectives in development work Systematically identify risks and opportunities throughout the value chain Further develop climate reporting (TCFD) 	<ul style="list-style-type: none"> Further develop the environmental reporting system Increase awareness of SRV's Ethics Channel throughout the value chain 	<ul style="list-style-type: none"> Brand pulse target value: +35% growth in spontaneous recognition 100% of personnel have completed the Code of Conduct online training course 100% of the target group have completed the online training course in competition law
VALUE FOR CUSTOMERS <ul style="list-style-type: none"> Residential services High-quality products and services Sustainable concepts 	<ul style="list-style-type: none"> Further develop solutions and products for lifecycle-wise homes and business premises Further develop and expand our residential services concept in housing production A customer-oriented approach – enhance our operations to increase customer satisfaction 	<ul style="list-style-type: none"> Comprehensive quality development – put best practices and lessons learnt into practice Develop the audit process and audit reporting, and utilise data 	<ul style="list-style-type: none"> NPS target B2C 45 (housing construction) NPS target B2C 48 (business premises, investor housing sales, infrastructure)
VALUE FOR PERSONNEL <ul style="list-style-type: none"> Occupational health and safety Competence development Sense of community, personnel wellbeing Human rightst 	<ul style="list-style-type: none"> Strengthen management's commitment and raise the standard of accident investigations Involve unit directors in the investigation of serious accidents in their areas of responsibility Develop safety management Develop management reporting to enable situational awareness and reporting The systematic use of Construction Contract Programme sanctions in cases of non-compliance with occupational safety regulations Introduce a digital TRA Performance management and the development of a results-hungry culture 	<ul style="list-style-type: none"> Strengthen competitiveness by enhancing SRV's employer image and the sector's attractiveness Assess the level of psychosocial stress that project personnel are under in conjunction with TTT reviews Assess any potential experiences of discrimination and harassment among SRV personnel and all those working on construction sites Maintain and continuously improve personnel's work motivation 	<ul style="list-style-type: none"> Zero-accident target Accident frequency rate: 11 accidents/month Average value of TR and MRV measurements: 96% Safety observations: 16,000 (2 per 10 people/month/construction site) Management safety reviews: 72 reviews Personnel work motivation survey: eNPS +10%
VALUE FOR PARTNERS <ul style="list-style-type: none"> Construction Contract Programme Responsible procurement 	<ul style="list-style-type: none"> Integrating sustainability themes into our supplier path all the way from the supplier register to the assessment of completed contracts/work Create a scorecard to assess our partners' performance 	<ul style="list-style-type: none"> Analyse any risks to the realisation of human rights for direct purchases in selected categories Conduct supplier audits in accordance with procurement objectives 	<ul style="list-style-type: none"> 4 supplier audits per year/procurement manager
VALUE FOR SOCIETY <ul style="list-style-type: none"> Combating the grey economy Tax footprint Employment A pleasant and sustainable built environment 	<ul style="list-style-type: none"> Develop the SRV Network Register and cooperation with the authorities Develop operations on the basis of an analysis of the results of anti-grey economy days Continue efforts to prevent labour exploitation 	<ul style="list-style-type: none"> Proactively develop lifecycle-wise areas in collaboration with cities and partners 	<ul style="list-style-type: none"> 4 anti-grey economy days per year
VALUE FOR THE ENVIRONMENT <ul style="list-style-type: none"> Fight climate change Circular economy solutions Energy and lifecycle services Environmental protection and biodiversity 	<ul style="list-style-type: none"> The continual development of lifecycle-wise solutions in collaboration with business (in line with strategy), including the conceptualisation of environmental classifications. Further develop projects with environmental classifications (such as RTS) Update and develop the environmental reporting system Improve soil monitoring 	<ul style="list-style-type: none"> Introduce a zero-emission concept for construction sites and prepare to monitor indirect emissions 	<ul style="list-style-type: none"> Recycling rate: 92% Sorting rate: 70% Specific waste volumes: 2.5–14 kg/rm3 Net emissions from construction sites: 0 tons of CO₂
VALUE FOR INVESTORS <ul style="list-style-type: none"> Sustainable construction and buildings Green financing 	<ul style="list-style-type: none"> Meet taxonomy reporting requirements Further develop sustainability reporting (such as GRI, TCFD) 	<ul style="list-style-type: none"> Meet green financing targets 	

Value for customers

Our customer promise drives our customer experience. In 2021, we began steering our customer experience in a more consistent direction. SRV defined a customer promise based on its new strategy – “by listening, we build wisely.”

This promise is built from two elements: what we offer our customers through our lifecycle-wise construction concepts and how we interact with them. We want to put a greater focus on listening to our customers and other stakeholders. And we do that by asking. We believe that by listening and building sustainably, we can improve both people's lives and the environment.

One way of listening and understanding our customers better is through the Trailblazers community, which SRV established in late 2021. This community helps us to keep our customer promise.

We listen to our Trailblazers' thoughts on future construction. In our first survey, we asked for our Trailblazers' opinions on sustainable urban construction. More than 200 people responded. Almost 70 per cent of respondents thought that sustainable urban construction was very important. According to the respondents, the three most important aspects of sustainable construction are sustainable materials, renewable energy and energy efficiency.

Our Trailblazers' opinions on sustainable construction had an almost immediate impact on SRV's operations, as in late 2021 we decided to convert all of SRV's construction sites into zero-emission sites from the beginning of 2022.

Following our strategy towards an excellent customer experience

The “customer experience” is the sum of all the experiences that a customer has through their various interactions with SRV. SRV's 2021–2024 strategy is aiming for an excellent customer experience, so every encounter needs to go smoothly.

The SRV customer experience was measured in 2021 using an NPS (Net Promoter Score). In both commercial and residential investor sales projects, we receive regular customer feedback during the design, planning, construction and warranty phases. Our 2021 NPS among corporate customers was 46 (2020: 39). This constituted both a favourable development in our NPS and the highest score we have ever achieved. We received especially positive feedback with regard to successful cooperation, understanding customers' needs, and the professionalism of our personnel. Customers also appreciated the functionality of our construction sites.

The Jokirinne Learning Centre, which was implemented as a lifecycle project, was handed over to the customer at the turn of the year 2020–21, and the feedback we received was mainly positive. Both the site and project organisations were praised for their cooperation and professionalism. Cooperation and openness played a key role in the success of the project. Our customer felt that our handling of on-site occupational safety was exemplary. Customer feed-

CUSTOMER PROMISE DRIVES CUSTOMER EXPERIENCE

The UN Sustainable Development Goals, which we promote most through our work for customers, housing, energy and lifecycle services, and digitalisation.



¹ The Asumi-services are tailored to residents of Kalasatama towers.

back on the design and planning of the new event centre in Kotka also praised us for our smooth cooperation, openness and understanding of customer needs. In March 2021, SRV was chosen to implement the Satama Areena, the City of Kotka's new event centre near the port. The building's multipurpose spaces can be adapted to a wide variety of events, and their design pays special attention to ease-of-use, functionality, ecology and simultaneous use by different groups of users. Construction was launched in summer 2021, and the Satama Areena is scheduled for completion by August 2023.

Our NPS for housing construction also rose, and we achieved our highest score to date in this area as well. Our net promotor score for 2021 was 43 (40). In housing construction, we regularly collect feedback during the purchase, sale and warranty phases. Customer feedback highlighted our friendly, knowledgeable and customer-oriented personnel, who make it easy to do business with us. Our customers' satisfaction with their new homes was at a record high.

Residential services

We are continuing to develop our residential services together with residents. New services introduced in 2021 included Loisto's guest room and an item lending service, both of which have been very popular since their launch. The Asumi¹ digital service enables

RESIDENTIAL SERVICES ARE GETTING MORE POPULAR



the flexible use of communal areas in towers, and a lighter version was made available to other properties in 2021 with the aid of a partner. Asumi is a service that residents can use to book and manage facilities, and it has enabled us to introduce shared economy services such as communal spaces, item lending services and planter boxes at our lifecycle-wise and sustainable properties.

Ongoing development of energy and lifecycle services

SRV has developed a lifecycle model for its service concept, and has firmly integrated energy efficiency and low-carbon perspectives into this model. The lifecycle property service period offered by SRV includes everything from property management to general and technical maintenance and upkeep. As the service provider, we are also responsible for the property's energy consumption.

The service period for SRV's first lifecycle school project, the Jokirinne Learning Centre, began on 1 January 2021. We have been further developing the service during the year and are ready to put our new insights into practice during our next service period, which will soon be starting at the Siuntio wellness centre. We have learned a lot from the Jokirinne service period, and putting these new insights into practice is one of our priorities for 2022. Other SRV lifecycle projects currently under construction include an education and wellness centre in Uusikaupunki and the Helsinki Upper Secondary School of Languages.

In addition to these new properties, we also carried out an energy renovation of the Kuninkaanportti commercial premises in Porvoo. The project was launched in the summer and is the first of our projects to focus on

energy sales. We decided to test out a new renewable energy concept for the first time. This concept uses a mixture of geothermal energy and solar power to generate carbon-neutral energy for heating, in line with our lifecycle-wise strategy. The first housing construction project in which SRV will also be an energy provider is currently being planned for Aviapolis in Vantaa. The property will be heated with geothermal energy, which will also be used to provide underfloor heating in individual apartments. The roof will be equipped with solar panels, and the electricity they generate will be used to power the geothermal pumps and cover some of the property's electricity needs.

We have also developed a concept for lifecycle services that can be adapted to investor sales, that is, in which these services can be integrated into all contractor-developed properties.

Digitalisation continues at a rapid pace

A significant leap forward was made in digital analysis tools in 2021. During the autumn, SRV launched a datahub development project that will move the digital situational picture created in 2020 onto a new shared data platform. The next goal is to transfer the current reporting system onto a new platform, and then further develop the platform to make the new analysis tools available throughout the organisation as support for knowledge management. Information models in particular are providing new tools and sources of information.

Making more effective use of information models is still one of our priorities in digital development. The functionality and usability of SRV's information model environment was further improved in 2021. The proportion of robotics used in the environment was significantly increased, and we continued to fine-tune model

data to support project scalability. A significant number of projects started using SRV's information model environment during the year. The information model team also assists projects and trains personnel alongside their development work.

The Alliance for the Helsinki-Vantaa Airport Terminal 2 expansion project (T2 Alliance), which SRV has been responsible for as the main contractor, won both the main award and the public vote at the 2021 Tekla BIM Award for Finland and the Baltic countries. This win automatically nominates the T2 project for the 2022 Tekla Global Building Information Modeling (BIM) Awards. SRV's Bridge Hospital project was victorious in the previous competition in 2020.

Aiming to enhance overall quality

In spring 2021, a round of follow-up audits was held for SRV Construction's certifications and a round of renewal audits for SRV Infra's certifications. During the audits, Kiwa Inspecta Sertifointi Oy (the issuing organisation) examined the companies' operations against the quality standards for certification in quality management (ISO 9001:2015), environmental management (ISO 14001:2015) and occupational health and safety management (ISO 45001:2019). No serious deviations were recorded during the audits for either SRV Construction or SRV Infra. There will be follow-up audits for both companies' certificates in early 2022.

SRV takes a goal-oriented approach to enhancing quality throughout the value chain. During 2021, we focused on ensuring that SRV Construction and SRV Infra were following mutually standardised practices. In 2021, we managed to conduct 39 internal audits both remotely and in person. A new audit form containing in-

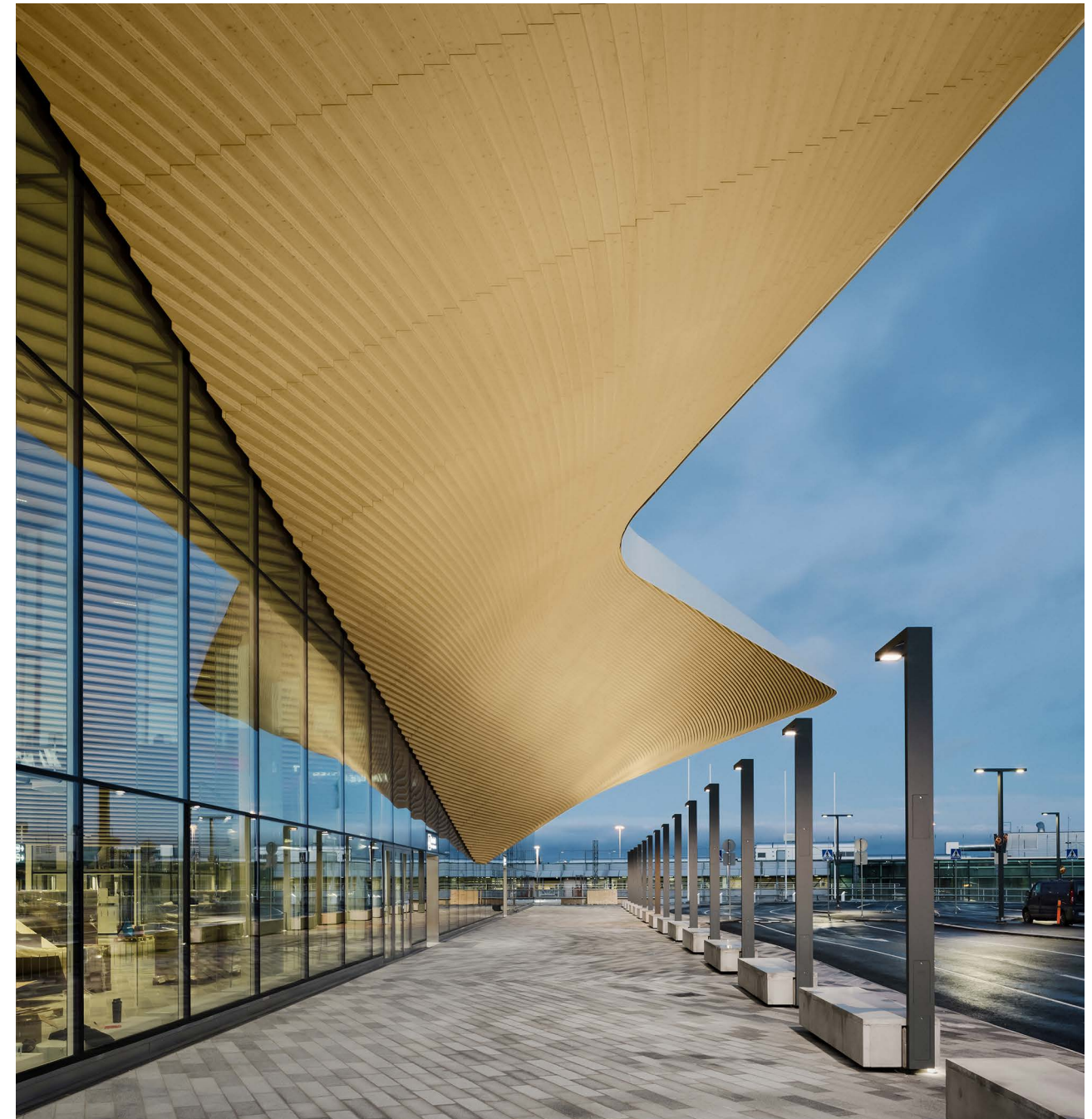
ternal checkpoints was introduced at the beginning of the year. These checkpoints will be gone through every year with the aim of continuously steering operations towards higher quality, while also enhancing the company's operating models and promoting the achievement of its strategic objectives.

In 2021, we closely monitored corrective measures to address any issues arising during internal site audits, and used these observations to draw up our first numerical targets for 2022. We are also aiming to enhance technical quality, and in 2022 our knowledge management will make even greater use of Congrid data from construction site quality inspections. We are also planning to arrange quality training aimed at work supervisors in particular.

HSEQ kick-off meetings – which jointly cover HR, Safety, the Environment and Quality – were introduced on construction sites in 2021. In 2022, we intend to extend this practice to site monitoring and closure meetings. This will provide us with a better overview of quality.

In addition to construction sites, quality training will also be offered to the company's middle and senior management. Quality training will also restart as part of SRV's Site Step training for production. We have spent 2021 working on a process for collecting insights and best practices, and one of the main development objectives for 2022 is to put it into practice.

In 2021, The Alliance for the Helsinki-Vantaa Airport Terminal 2 expansion project won both the main award and the public vote at the 2021 Tekla BIM Award for Finland and the Baltic countries.



The Central Deck and Arena will increase the attractiveness of downtown Tampere

Tampere's Central Deck and Arena project reached a significant milestone: the arena and first tower (Topaasi) were completed on schedule. Tampere's new shrine to sports goes by the name of Nokia Arena, and its grand opening was held in December 2021.

The Central Deck area will form a hybrid block containing not only a 15,000-seat arena, but also about 1,000 apartments, around 285 hotel rooms, and Finland's second casino.

As the main contractor, SRV is designing, developing, building and implementing the project. The company is also a partner in the Arena Consortium. The entire complex is scheduled for completion in 2025.

Value for everyone

The Central Deck and Arena offers private investors a diverse and interesting city-centre investment prospect. Demand for both housing and commercial premises has been good. Thanks to good transport connections, the location is easily accessible from all directions and several nearby cities.

Timo Nieminen, SRV's Executive Vice President and Deputy CEO, says that the project will bring new stimulus to city centre. Vacant business premises in the area are already being renovated into restaurants and cafés.

"The Central Deck and Arena is an important urban development project that will have a major impact on Tampere's image and attractiveness," says **Tero Tenhunen**, Project Director for the City of Tampere.

The project has involved elements that have proved unusual. It is rare to build something above a heavily-trafficked, continuously operational railway line.

The last time anything of this scale was carried out in Finland was about 20 years ago. "When it came to challenges, the project was in a league of its own. But even here, working together and cooperation between all parties was the key to overcoming them," says Nieminen.

Project that will have a major impact on Tampere's image and attractiveness.

Tero Tenhunen, Project Director for the City of Tampere

SIGNIFICANT CITY DEVELOPMENT PROJECT



Value for personnel

A good workplace atmosphere and excellent leadership are the cornerstones of personnel wellbeing at SRV, and are supported by proactive occupational health and safety efforts.

SRV wants to offer versatile career paths to professionals with a broad range of backgrounds. As SRV carries out a lot of construction in collaboration with others, it is important to create favourable working conditions and a spirit of trust.

SRV employed an average of 958 (991) people in January–December 2021. At period-end, an average of 803 (810) people worked in Construction and 100 (124) people in Investments. 55 (56) people worked in Group operations. At the end of the year, a total of 944 people worked for SRV. 20.6 per cent of SRV's personnel were women and 79.4 per cent men.

Training, on-the-job learning and wellbeing at work during exceptional circumstances

Personnel's wellbeing consists of both physical and psychosocial wellbeing. Every two years, we conduct an extensive personnel survey covering workload, employee satisfaction and wellbeing at work. This is supplemented by lighter pulse surveys on a quarterly basis. These pulse surveys were piloted in autumn 2021 and have shown that SRV has managed to retain an excellent fitness for work in spite of the exceptional circumstances. In addition to employee wellbeing, the surveys also study things such as feedback, progress with our strategy, and the meaningfulness of work.

At SRV, the impacts of the coronavirus pandemic were reflected as a decrease in training and events for personnel in 2021. The number of training days per

person in Finland was 1.0 (0.6). Face-to-face training was possible for some internal training sessions with a low number of participants, but otherwise training and events were held using a variety of distance learning solutions. In August, we released three new SRV Approach e-courses on the topics of financial control, schedule management and environmental activities. Online study has not been included in the calculation of the number of training days.

A two-part online coaching course was arranged for all supervisors on team development and support for wellbeing and coping at work. This training began in December and continued into 2022. The SRV Trainee programme continued, and it provided work for a total of about 80 construction students during summer 2021.

In late 2020, we launched an extensive campaign to support wellbeing in collaboration with Firstbeat Technologies Oy. This collaboration includes wellness webinars and a Firstbeat Life three-month measurement for all personnel. As part of SRV's three-year collaboration with the Finnish Olympic Committee, personnel were offered exercise-related content and information on how they can increase their physical activity. One example of this was a lecture given to all SRV employees in November, which provided tips on how to maintain an active lifestyle even on busy weekdays.

In 2021, the cornerstones of SRV's internal communications were the revised strategy for 2021–2024, transformation projects, and presenting our customer promise and a lifecycle-wise reality in a diverse and comprehensive manner. The coronavirus pandemic

AT SRV, THE IMPACTS OF THE CORONAVIRUS PANDEMIC WERE REFLECTED AS A DECREASE IN TRAINING AND EVENTS FOR PERSONNEL IN 2021

was reflected in our internal communications throughout the year. In particular, enhanced communications about vaccinations and practices to maintain a good level of health security were sent to ensure operational continuity on construction sites. Introducing and welcoming new employees to SRV, along with sharing our joint successes, also formed an important part of our internal communications.

Our goal for 2021 was to further enhance the accessibility and coverage of personnel training, build an equal workplace community, and increase the attractiveness of the industry in cooperation with other organisations such as the Confederation of Finnish Construction Industries RT. The training has been designed as a multiyear learning programme.

The use of SRV Network Register and induction play an important role

In 2021, SRV issued a total of 37,572 (40,348) access permits to its construction sites in Finland to 25,301 (27,697) individuals. More than 23,500 (more than 20,000) remote inductions were completed using the remote induction system. The qualitative content of site-specific remote induction courses was revised during 2021.

Our goal is zero accidents

Our occupational safety themes for 2021 were improving safety reporting and our situational picture, and develop-

The UN Sustainable Development Goals, that our human resources and human rights work promote.



ing our occupational health and safety work as part of SRV’s ISO 45001 management system and our HSEQ activities. Safety audits (TTT reviews) focused on verifying foreign employees’ right to work in Finland and confirming that our various safety plans were in order.

The accident frequency rate at SRV sites was significantly better in 2021 than in the previous year: 12.2 vs. 17.9. A total of 90 (123) accidents leading to absence occurred on SRV construction sites during 2021, 11 (10) of which were serious (+30 days’ absence). In terms of severity, the majority of accidents were in the category 4–29 days of absence. Most injuries were to the fingers or lower limbs. There were no fatal accidents.

96 per cent was SRV’s 2021 goal for the TR measurements taken during the statutory weekly safety inspection required on building construction sites. 2,273 TR and MVR measurements were taken on construction sites. Our target was achieved, as the results of these measurements averaged 96.3 per cent. SRV’s ambitious and goal-oriented safety efforts will continue in line with our updated 2022 guidelines towards our goal of zero accidents. The number of safety observations levelled off. The key objective for 2022 will be to make higher-quality observations. SRV has firmly established a culture of making safety observations, which have stabilised at a good level. A total of 14,471 (17,272) safety observations were made in 2021. SRV’s observation rate was 1,984 (2,445) safety observations per million hours worked.

Promoting human rights on many fronts

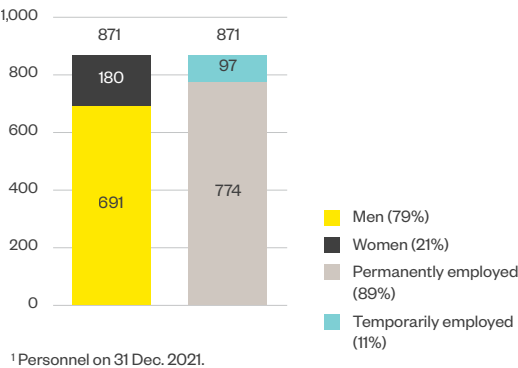
SRV has been assessing human rights impacts since 2018. In conjunction with this assessment, we are going through human rights norms, partially link-

ing them together and also adding examples of the human rights impacts of SRV’s operations. Creating a fair and equal working environment is important to us at SRV. One of the sections in SRV’s general induction covers compliance with the Non-discrimination Act. SRV also promotes diversity within the organisation by highlighting examples of equality in communications and internal training. 21% of SRV’s personnel are women, and women account for 25% of the Corporate Executive Team. In 2022, SRV will start cooperating with networks that promote diversity in the construction sector, such as the women’s network of the Finnish Association of Civil Engineers (RIL).

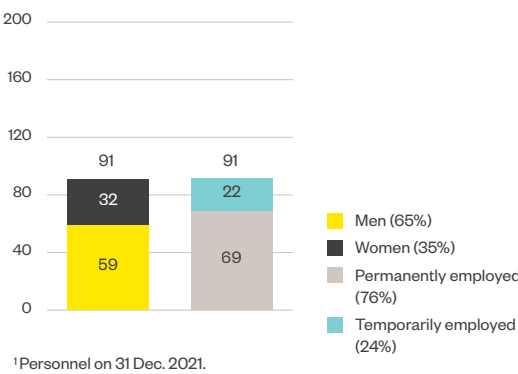
In cooperation with the procurement team, questions pertaining to human rights were added to the digital form that must be completed by new suppliers. New questions asking partners to provide more information about themselves and their responsibility were also added at this time. This work will continue in 2022 with the goal of making these themes (that is, human rights issues and labour exploitation) an integral part of our supplier path all the way from initial registration to post-work/contract assessments. This goal also applies to our other sustainability themes.

All matters involving discrimination and harassment on SRV’s construction sites can easily be reported via SRV’s [ethics channel](#). This whistleblowing channel is available not only to people on construction sites but throughout SRV. SRV received 12 reports in 2021. Eight reports concerning discrimination and harassment were made through the ethics channel and four through the safety observation system. One of our key goals for 2022 is to increase the reachability of companies and employees working on construction sites.

Employees¹ in Finland 2021 (persons)



Employees¹ internationally 2021 (persons)



Occupational safety	2021	2020
Lost-time injury frequency (LTIF) rate (SRV personnel + subcontractors, number/one million hours worked)	12.2	17.9
Lost-time injuries (SRV personnel + subcontractors, number of)	90	123
Lost-time injuries, serious (SRV personnel + subcontractors, number of)	11	10
Weekly TR risk assessment measurements, average, SRV sites (%)	96.3	95.9
Weekly MVR risk assessment measurements, average, SRV sites (%)	96.7	96.1
Weekly risk assessment measurements performed, number of	2,271	1,892
Safety observations, number of	14,466	17,165
Frequency of safety observations, number of	1,984	2,458

Occupational safety is ensured in many ways during the pandemic

Yet in spite of the pandemic, SRV has managed to standardise routine management through regular risk assessments and continuity planning.

"In practice, we've been able to operate almost normally during these exceptional circumstances," says SRV's Safety Manager **Aleksi Auer**.

SRV monitors the situation, and has issued detailed instructions on how people should prepare themselves for and handle various situations.

"We use specific types of protective equipment, we've raised the general hygiene level, and people's movements have been staggered. Our internal communications have also made people aware that they shouldn't come to work if they're sick, and have also helped them recognise what kind of symptoms require a test."

SRV has carried out almost 2,600 weekly measurements during the pandemic. These inspections monitor things such as commuting foreign workers, the use of face masks and the maximum number of people allowed in site elevators. Personnel's wellbeing has also been monitored closely.

Testing and breaking chains of infection

If an infection occurs, all access data is checked using the access control system and the access permits of all those who are in danger of being infected are temporarily suspended.

Coronavirus cases began to occur at the Tampere Arena construction site in February. 435 people were tested during a single day. A total of nine cases were detected and several other people were also placed in quarantine as a precaution. Mass testing limited the number of infections and brought the situation under control.

SRV strongly recommends vaccination against the coronavirus, and aims to increase vaccination coverage in the sector through enhanced communications.

At SRV, personnel's wellbeing has also been monitored closely.

**CONTROL
OF WEEK-
DAYS WAS
SUCCESSFUL
DURING THE
PANDEMIC**



Value for partners

SRV's customers are requiring more and more in terms of sustainability, and these requirements naturally trickle down the entire value chain.

Clearer requirements for sustainability

SRV's customers are requiring more and more in terms of sustainability, and these requirements naturally trickle down the entire value chain. SRV has to ensure that its subcontractors and suppliers meet the requirements and do not cause an increased risk to projects. We use contractual means, such as the Construction Contract Programme, to ensure the commitment of our suppliers and subcontractors.

SRV's Supplier Code of Conduct supplements the requirements of the Construction Contract Programme. When it comes to the role that procurement plays as an enabler of sustainable operation, closer cooperation with suppliers, competence development and increased understanding are important targets.

SRV's supplier register contains a total of more than 17,000 suppliers, of which about 3,500 were active in 2021. SRV began to conduct supplier audits in 2019. A total of 111 audits were carried out in 2019, but only 22 in 2020 due to the coronavirus pandemic. Audits resumed remotely in the second half of 2021. Supplier audits covered areas such as the environment (ISO 14001), occupational health and safety (ISO 45001) and quality management (ISO 9001), which includes project-specific plans, production planning and documentation management.

Audits covered environmental issues such as waste monitoring, environmental reporting and waste reduction measures. They also included questions about occupational safety, such as the use of personal protective equipment, work-related risk assessment, and anti-substance abuse policies.

In October 2021, procurement introduced a revised set of questions for those registering as suppliers. Since then, 66 suppliers have been given a sustainability score.

In 2022, all suppliers in SRV's register were requested to provide additional details and given a score based on an assessment of their sustainability. Enhancing the management of our supplier and contractor network is a key goal for procurement in 2022. Summaries of key performance indicators will be used to develop procurement processes in, for example, the selection of contractors.

As part of our sustainability management, we have long been developing operating methods to combat the grey economy and ensure the manageability, transparency and legality of our operating chain. Preventing labour exploitation has been identified as an important theme. From now on, SRV will require all third-country nationals working on the company's construction sites to have a Finnish-issued residence permit that entitles them to work.

PREVENTING LABOUR EXPLOITATION IS AN IMPORTANT THEME

The effectiveness of our work with partners and in the supply chain is linked to the five UN Sustainable Development Goals.



Human rights issues focused on preventing labour exploitation

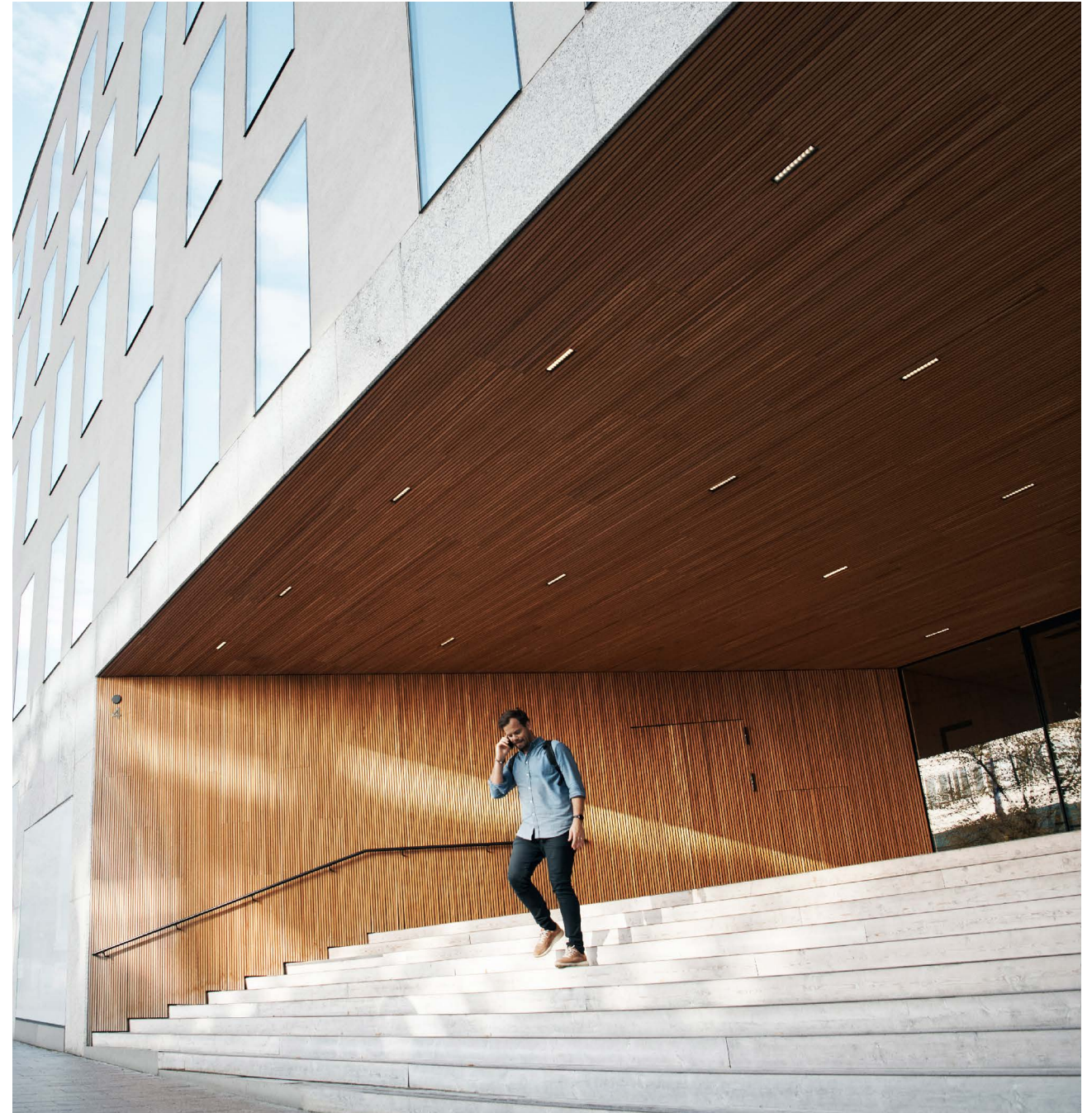
This work was continued as part of our regular partner cooperation. The responses to the questions were also utilised in our tender for labour hire companies in spring 2021.

We only sign agreements with partners who commit to following SRV's Code of Conduct. This Code of Conduct requires SRV's partners to treat their employees equally, prohibit discrimination and harassment, respect human rights, and ensure a safe working environment. Our partners must make sure that their own partners/subcontractors also adhere to the Code. Violations of the Code in the contract chain may lead to the termination of the agreement. In SRV's opinion, a contract may be terminated unilaterally if a contractor or subcontractor is found to have employed grey labour or to have otherwise failed to meet its obligations as an employer or under the Contractor's Liability Act. Certain practices may also lead to a contractual penalty. These include the unapproved chaining of subcontractors contrary to the agreement or other use of subcontractors contrary to the agreement (penalty EUR 10,000), an employment contract that does not meet the minimum conditions (penalty EUR 10,000), and a person under business prohibition exercising control in the company (penalty EUR 50,000).

In 2021, SRV introduced questions on sustainability and responsibility themes into its supplier registration process. The supplier register covers all of the company's direct contractual partners, who may be either suppliers or contractors. When registering, a contractual partner must answer questions covering topics such as the partner's own ethical guidelines, reporting channels, measures to combat the grey economy, and measures to prevent discrimination and harassment. Partners are also asked how they ensure that their foreign employees understand the terms and conditions of employment in Finland. The form also asks for the percentage of a partner's workforce that is accounted for by foreign employees, and the percentage of employees who come from outside the EU/EEA.

SRV's contract chains have been limited to two tiers (SRV/main contractor – contractual partner – subcontractor). All operators in the contract chain must comply with the Contractor's Liability Act, and this is checked when the agreement is signed and at three-month intervals thereafter. SRV uses the Vastuu Group's Reliable Partner and Valvoja services to ensure compliance with the Contractor's Liability Act.

SRV ensures its subcontractors and suppliers comply with its sustainability requirements.



Sustainability affects partner selection

All construction industry contractors and suppliers that would like to cooperate with SRV can register in the company's digital supplier register. The registration form ensures that SRV has all the required background information to select suitable partners.

Since spring 2021, more information has been requested about practices and certifications relating to aspects of sustainability such as the environment, safety and quality.

"Partners must also adhere to SRV's Code of Conduct and be familiar with our values," says **Aleksandra Smolarczyk**, Procurement Engineer, International Sourcing. The same procedure is followed for both Finnish and international suppliers. Our goal is to make sustainability themes an integral part of our supplier path all the way from initial registration to post-work assessments.

This practice will increase responsibility and sustainability in the sector, and also help us to combat the grey economy. For partners, it creates transparency: when they have a better understanding of how SRV works, they can develop their own operations and competitiveness accordingly. Our partners can be safe in the knowledge that everyone else in the project is following the same rules.

New permit procedure on Finnish construction sites

Since 1 October 2021, we have required third-country employees working on Finnish construction sites (that is, employees who come from outside the EU and EEA) to have work and residence permits issued by the Finnish authorities.

Kimmo Kurki, SVP, Internal Services and Infrastructure says that the decision forms part of our efforts to ensure the manageability, transparency and legality of our operating chain, and to further promote the realisation of fair working conditions for all construction site employees.

Our new practice in the partner selection process with sustainability perspectives improves cooperation and transparency. It also helps SRV's partners to develop their own operations.

**Kimmo Kurki, SVP,
Internal Services and
Infrastructure**



**PARTNERS
MUST
ADHERE
TO SRV'S
CODE OF
CONDUCT**

**WE PROMOTE
THE RESPON-
SIBILITY
OF THE CON-
STRUCTION
INDUSTRY**

**Aleksandra Smolarczyk,
Procurement Engineer,
International Sourcing**



Value for society

SRV's business has significant social impacts. It is increasingly important for stakeholders that, in addition to seeking profit, companies also have objectives with a positive social impact

In 2021, SRV had many completed and ongoing projects that support the UN's Sustainable Development Goals, and in particular 8) decent work and economic growth, 9) sustainable industry, innovation and infrastructure, 11) sustainable cities and communities, 13) climate action, and 15) life on land.

Hospital construction remains strong

In April, SRV was chosen to develop and build the Laakso Joint Hospital in Helsinki using an alliance model. The clients are the City of Helsinki and the Hospital District of Helsinki and Uusimaa. The project is divided into several development and implementation stages with a total value of about EUR 730 million. It will be entered into SRV's order backlog in accordance with the ordered phases (schedule: 2022–2028). Preparatory work is scheduled to begin in spring 2022, and the last phase of the hospital campus will most likely be completed in 2030. The total gross area of the Laakso Joint Hospital will be about 190,000 square metres. The infrastructure subcontracting alliance launched its development phase in December, and infrastructure construction is scheduled to commence with preparatory work in spring 2022. Tunnel excavations are set to begin in summer 2022. Infrastructure work will continue in stages during 2022–2026.

Another major construction project for HUS, the Bridge Hospital, progressed well in 2021. The Bridge

Hospital is being built in the Meilahti hospital area. When completed in summer 2022, it will replace the functions of Töölö Hospital and some of the present Comprehensive Cancer Center functions.

The basic renovation of Jorvi Hospital's Surgery Department K and the premises below it began in summer 2020 and have been progressing according to plan. This project will modernise the premises of the anesthesia and surgical department, heart centre and laboratory. The hospital is remaining operational while the basic renovation takes place, which requires special arrangements on the construction site. The project is scheduled for completion in 2023.

Siuntio wellness centre and Lappeenranta multipurpose building

The Siuntio Education and Wellness Campus is a lifecycle project in which SRV will be responsible for the maintenance and upkeep of the new property for 20 years. The new premises are currently under construction, and will enable Finnish- and Swedish-speaking pupils to enjoy a safe and familiar learning environment from preschool to the end of comprehensive education in healthy and up-to-date facilities in downtown Siuntio. The campus will also include a library and youth facilities. Many aspects of its design take a lifecycle-wise approach, and the long-term service agreement will ensure high-quality and energy-efficient property maintenance. The Si-

142.7

Collected taxes paid in Finland

82

construction sites in 2021

We have a broad impact on society. Five of the UN Sustainable Development Goals (SDGs) guide our work as an influencer.



untio education and wellness campus includes various aspects of SRV's lifecycle-wise approach to construction, but one of them is truly unique: moisture sensors have been installed in the walls and floors on the campus construction site. These sensors monitor moisture values in the concrete before the structures are clad, but they will also be left in place to monitor the dryness of the structures throughout the property's entire lifecycle.

SRV is implementing a new multipurpose building in Lappeenranta – the Sammontalo Building – as a cooperative project management contract. The Sammontalo Building will feature premises for primary education (grades one to nine), early education, preschool and preparatory teaching, a library, youth activities, student welfare and sports services. The two-storey school building will have premises for 126 children in daycare, 63 students in preschool and 640 students in primary education. A library, student welfare and youth facilities will round out the building and yield synergy benefits for local residents. At the same time, a sports hall measuring around 1,600 square metres will be built. The total area of the multipurpose building will be approximately 11,000 square metres (gross). The project has been divided in two phases: development and implementation. The development phase began in autumn 2021 and the implementation phase is expected to start in May–June 2022, at which time the project will be recognised in SRV's order backlog. The multipurpose building will be completed in 2024.

Schools in Espoo, Helsinki, Turku, Kaarina and Kangasala

Two school projects were completed during the year. A new type of education centre combining Finnish- and Swedish-speaking schools and early education facilities was built in Leppävaara, Espoo. The Monikko education centre provides safe, healthy and functional facilities for almost 1,300 children. It was completed in May 2021. In August, new premises were completed for the Finnish-Russian School in Maununneva, Helsinki. The school is one of Finland's largest wooden schools and the first school in Finland to combine all grades – from pre-schoolers all the way up to upper secondary students – in an open learning environment. The two-storey school building was built using cross-laminated timber (CLT) and glulam structures.

Jousenkaari School, which is currently under construction in the Tapiola district of Espoo, will provide adaptable multipurpose premises and an open learning environment for about 480 primary school-children, as well as evening and weekend users. The new building will be located in close proximity to the old school. The solutions used for the Jousenkaari School aim for structures and materials that are easy to maintain and lead to healthy indoor air. Solar power, geothermal systems and other solutions will be used to minimise energy consumption and make the property as carbon-neutral as possible. Pupils will transfer to their new school at the start of the 2022 autumn term.

The implementation phase of Matinkylä upper secondary school began in October. The new building will be located to the west of the Iso Omena shopping centre, and will provide premises with a total area of approximately 11,000 square metres (gross) for about 900 upper secondary school students. In addition to learning environments, the building will have a sports hall that can also be used for competitions. Matinkylä

upper secondary school will have both classrooms and adaptable learning environments. Similar environments have previously been created for comprehensive schools, but never upper secondary schools. The school is being designed and built so that rooms can be connected to cater to larger groups as necessary. Construction work began in late 2021 and the new school is scheduled for completion in late 2023.

SRV is modernising the historic Snellmania real estate property in Kruununhaka for Helsinki University Properties. This culturally and historically valuable building was originally built in the 1830s as a hospital – a fact that lives on in its nickname “the old clinic”. It was converted into teaching and office premises for the University of Helsinki in the 1990s, and has been used by the Faculty of Social Sciences. The property consists of the main building and two wings. The premises will be renovated in stages in order to better serve the university's teaching and research. As the building is protected under the Act on the Protection of Buildings, its renovation has been planned in close cooperation with the National Board of Antiquities. The building's history will be respected during the renovation. The total area of the basic renovation will be approximately 5,300 square metres (gross), and it is scheduled for completion in autumn 2022.

The implementation phase of a new building for the Helsinki School of Natural Sciences began in June. The new upper secondary school premises will be located at the University of Helsinki's Kumpula Campus. The building will have a wooden frame. The aim is to create a safe, healthy and adaptable learning environment that will meet the needs of 900 students as part of the university campus. The five-storey building will cover a gross area of about 5,400 square metres. Students will be able to start at their new school in 2023.

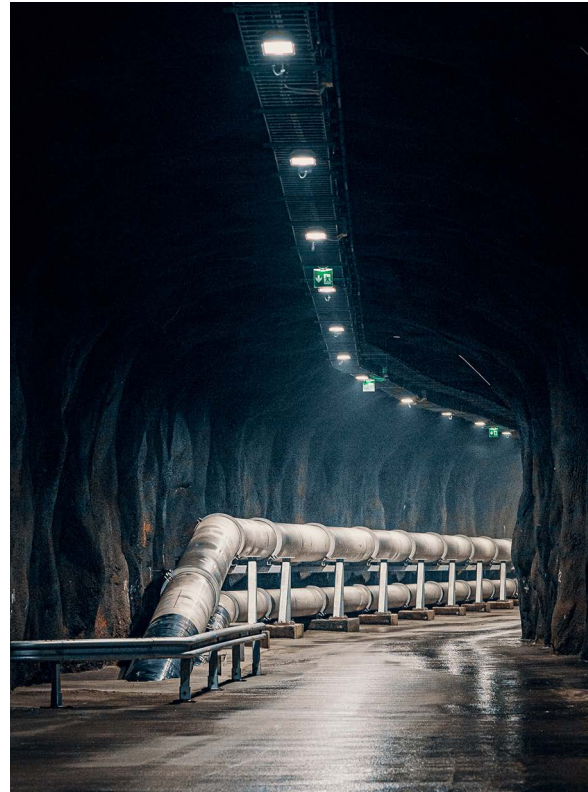
SRV is constructing a new building for the Helsinki Upper Secondary School of Languages in Myl-



lypuro. It will have premises for around 900 students. The four-storey building will cover a gross area of about 8,500 square metres. The project is being implemented as a lifecycle project, and SRV will be responsible for the maintenance and upkeep of the new property for 20 years. The lifecycle model creates excellent opportunities for providing local residents with high-quality services and education, as the property will be managed by a single operator for years to come. The school's design and material choices also adhered to Carbon-Neutral Helsinki 2035 targets. These choices focused on energy efficiency and the local production of renewable energy using heat pumps and solar panels.

The partial renovation and extension of Pääskylvuori Primary School in Turku is currently underway. One wing of the existing school building will be renovated and a new extension added. The sections of the old school that are to be retained will undergo alteration work akin to a basic renovation. The three-storey building will cover a gross area of about 7,050 square metres and provide premises for 360 primary school-children, three kindergarten groups, and nearly 50 employees. The new extension will be a three-storey building that will also house a gym and an attic ventilation room. The new building is scheduled for completion in July 2023, and the old school building will be renovated in summer 2022. The entire project will be completed in September 2023. Pupils will be able to start using the new premises in August, in time for the start of the 2023 school year.

The Hovirinta School in Kaarina is being built on the site of the, already partly demolished, old school. The new school building will house premises for both the Finnish-speaking Hovirinta School and the Swedish-speaking S:t Karins svenska skola for grades 1–6 and preschoolers. The two-storey school will have room for about 630 pupils and is scheduled for completion in 2022.



OPERATION THAT HAS NEVER BEEN DONE BEFORE IN FINLAND

SRV is constructing a new building for the Lamminrahka education centre in Kangasala. This three-storey school building will have daycare premises for 140 children and school facilities for 665 children in grades 0–6. The school will be built in Lamminrahka, a new residential area in Kangasala. The total area of the building will be approximately 11,000 square metres (gross). A sports hall measuring around 1,000 square metres will also be built at the same time. Construction began with earthworks in November 2021 and the project will be completed in June 2023.

Helsinki Airport's Terminal 2 extension completed

Helsinki Airport's Terminal 2 extension opened to passengers on 1 December 2021. Terminal 2 is a brand new kind of passenger service area with check-in and baggage drop-off desks, a security check and passenger reception areas. The extension also includes a travel centre combining different forms of transport. The premises and services will be opened in stages. As the main contractor, SRV has been responsible for leading the Terminal 2 alliance. The alliance's work is still ongoing, as SRV and the alliance's other partners are implementing the Helsinki Airport Terminal 2 extension and alteration project in two stages. In August 2021, the parties in the alliance signed an implementation-phase agreement to start the alteration project at Terminal 2. The alteration work is scheduled for completion in 2023, at which time the current Terminal 2 will have been fully renovated and its arrival and departure halls will have been connected to the Schengen gate area. The new building and renovated area will total 75,000 square metres, of which the newly built extension accounts for around 40,000 square metres. The extension of Terminal 2 is part of Finavia's billion euro investment programme,

which seeks to strengthen Helsinki Airport's position as a major hub for air traffic between Europe and Asia.

The Ojanko bus depot in east Vantaa was completed in the autumn. The project encompasses the construction of an approximately four-hectare depot area for 200 buses, complete with refuelling and recharging points, as well as a maintenance hall, office, and bus wash system. The Ojanko depot will enable public transport to be organised in an efficient and more environmentally friendly manner. The depot's ecological bus wash saves a considerable amount of water, as 75 per cent of the water used by the washing equipment is recycled for reuse within the system.

Construction of the Espoonlahti Metro Station and bus terminal is progressing as planned. The station is being implemented as a project management contract. Work on Espoonlahti Metro Station began in December 2018 and will continue as per the schedule agreed on with the client, the Western Metro. Construction will end and commissioning begin in summer 2022.

Espoo's Blominmäki wastewater treatment plant

A wastewater treatment plant was completed in Blominmäki, Espoo. Its sewer intake and outflow tunnels were excavated from Blominmäki to Suomenoja, and their associated systems were built and put into working order. The completed sewer tunnels were connected to the existing offshore tunnel. Excavating a shaft and connecting it to a tunnel that is full of water has never been done before in Finland.

Kuhankoski hydropower plant respects the environment

The infrastructure contract for the Kuhankoski hydropower plant covers the construction of a new channel

(which will partly run through a subterranean tunnel), a new power plant and a new fish road (that is, a safe route for migratory fish to pass by the plant). The project is unique, as no hydropower plants of this scale have been built in Finland for several decades. The site will monitor the impact of construction work on river water quality. This monitoring will cover all work phases that could cause harm to waterways, such as the construction and removal of cofferdams. Water samples will be taken before construction begins, during construction and after construction ends in accordance with the monitoring programme approved by the ELY Centre. Visual inspections will be carried out continuously during any work stages that may affect water quality. An oil boom has been installed outside the cofferdam to prevent any potential oil spills from impacting the waterways, and also to prevent any unauthorised boats from entering the construction site.

The Kuhankoski hydropower plant is owned by Koskienergia Oy and is located in the Kymijoki watershed between Lakes Saraavesi and Leppävesi in the municipality of Laukaa. The existing power plant is located in the rapids and is almost a hundred years old, and its machinery is now reaching the end of its useful life. The waterfall height in the Kuhankoski rapids is about 3.5–4.0 metres, depending on the general water situation. The aim is to build a new powerhouse on the south bank of the rapids with a 200-metre-long diversion channel that will be partially implemented as a tunnel. The new powerhouse will have two bulb turbines with a combined utilisable flow of 160 m³/s, a capacity of about 5 MW, and an average annual energy output of about 35 GWh. The existing power plant and dam will remain unchanged, and will continue to operate alongside the new power plant as a backup.

The project will also build a fish ladder to ensure that migratory fish have a safe route along which to

pass by the power plant. Kuhankoski is the most important route for migratory fish in Central Finland, and is used by the majority of the area's fish. In the future, trout may not be able to reach their home rapids without the new power plant's fish ladder. The old power plant has had fish ladders since the early 1920s.

Youth Panel focuses on sustainable cities of the future

Stakeholders, both together and individually, are constantly weighing up whether a company's operations are sustainable and what kind of reputation it has. Reputation is important, but even more important are the elements that this reputation consists of – and also, from the company's perspective, whether this reputation leads to positive action from stakeholders.

SRV's Youth Panel started up in 2020, and its members consist of young people with an interest in urban development. Members of the panel have given their opinions on the development of real construction projects on SRV's drawing board.

In 2021, the Youth Panel met three times remotely and once at the SRV Living Room in Redi. The topics discussed included lifecycle wisdom, sustainable housing solutions, and job opportunities in the construction sector. The Youth Panel will continue to meet in 2022.

Sustainable construction a popular topic in forums

During the year, SRV representatives met with investors and analysts, mainly at interim report events that were held remotely due to the coronavirus epidemic. Investors, analysts and media representatives who follow SRV were invited to attend our quarterly interim report briefings, which were held as webcasts. Physical meetings were kept to a minimum due to the

THE TOPICS INCLUDED LIFECYCLE WISDOM, SUSTAINABLE HOUSING SOLUTIONS AND JOB OPPORTUNITIES IN THE CONSTRUCTION SECTOR

coronavirus pandemic. Investors' sustainability-related inquiries concerned issues such as the concrete implementation of project responsibility at construction site level, carbon dioxide emission volumes, and CDP (Carbon Disclosure Project) reporting.

We met with subcontractors and suppliers at bilateral negotiations concerning topics such as the ethical issues surrounding agency-hired labour. These discussions focused on preventing labour exploitation and promoting responsible operating methods in the sector. Since October, SRV has required all third-country nationals working on the company's construction sites to have a Finnish-issued residence permit that entitles them to work. This decision will help to combat the grey economy and promote responsibility throughout the construction sector.

Supply chain responsibility and combating the grey economy

SRV regularly holds anti-grey economy days on all of its Finnish construction sites four times a year. These events seek to minimise socially harmful phenomena associated with the grey economy, such as the exploitation of foreign labour in subcontracting chains. During anti-grey economy days, construction sites check that our contractual partners and their subcontractors have met all the necessary conditions for both the company and its employees to work on our construction site. These inspections ensure that each employee has a photographic ID and a valid access permit that has been correctly stamped when entering and exiting the site. They also ensure that each company has the documents required to meet its obligations under the Contractor's Liability Act.

On the basis of the results from these anti-grey economy days, the main challenges continue to be

people working on construction sites without stamping their access permits, people not displaying their photographic ID, and failure to use induction stickers. Our priority projects for ensuring that access permits are correctly stamped have included the systematic introduction of turnstiles as part of access control, secure fencing around construction sites, and more effective management of access permits in the SRV Network Register.

Compliance with legislation and regulations in the contractor network is at a good level. Only a few individual instructions were issued during inspections of SRV's construction sites carried out by the authorities in the areas of occupational health and safety, foreign workers and the Contractor's Liability Act in 2021. These were put into practice at the required level as soon as the deviation was detected.

In 2021, SRV's supplier registration process included some sustainability-related questions. During Q3 and Q4, procurement audited 25 suppliers and contractors. We finished some additional questions for our supplier registration process, which ask suppliers to provide information about themselves and sustainability themes. Supplier information and audits help us to combat the grey economy and ensure that are operations are responsible.

SRV adheres to official procurement procedures in the management of all new and existing supplier relationships, and the SRV Network Register is an element of this. The SRV Network Register is an IT system that helps SRV to combat the grey economy, promote cooperation with the authorities, increase construction site safety, and ensure a continuous overall picture of large projects.

The Network Register is continually updated to meet both the practical needs of SRV's work and authorities' requirements and wishes. In 2021, our development priorities were verifying that foreign em-

Grey economy prevention days 2021

	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Number of participating sites (of active sites)	36	40	42	46
Total workforce on active sites (persons) (according to Network Register)	3,243	3,150	2,895	1,951
Number of workers inspected	1,660	1,812	1,480	1,349
Workers inspected, %	51	58	51	69
Number of companies inspected	731	726	692	638

Collected taxes paid and Indirectly paid taxes in Finland

EUR million	2021	2020	2019
Payroll taxes	16.6	16.2	17.1
Social cost	0.9	0.7	0.5
Net, VAT ¹	124.8	72.1	98.6
Corporate income tax	0.0	-0.7	-0.8
Transfer tax	0.0	0.6	0.2
Real estate tax	0.5	0.7	1.6
Collected taxes paid, total	142.7	89.6	117.2

¹ The figures exclude shares of joint and associated companies.

ployees had the right to work in Finland and using interfaces to provide the information required to make status reports to management.

SRV provides employment and creates an impact throughout the entire value chain

SRV employed an average of 958 (991) people in 2021. During the year, SRV had a total of 3,613 (4,238) contractors working on a total of 82 (64) construction sites. A total of 25,301 (27,697) people worked on construction sites. 70.6 (72.1) per cent were Finns and 29.4 (27.9) per cent were foreigners. The most common non-Finnish nationalities on our construction sites were Estonian, Latvian, Russian and Polish. The total number of different nationalities represented was 104 (101).

As part of our sustainability management, we have long been developing operating methods to combat the grey economy and ensure the manageability, transparency and legality of our operating chain. Ensuring that human rights are realised, and that labour is not exploited in the supply chain, is also crucial for society. Which is why SRV supports equality in the labour market, and plays its part in preventing labour market segregation and inequality. Preventing labour exploitation has been identified as an important theme. In 2021, we focused on preventing labour exploitation in cooperation with the authorities and our key suppliers and contractors. One example of this is a policy introduced in 2021: SRV now requires all third-country nationals to have a Finnish-issued residence permit.

In 2021, SRV took part in Finnwatch's study of the use of foreign labour in the construction sector. The main findings of this study showed that the Finnish construction industry is still problematic with regard

to human rights violations and labour exploitation. The report's summary strongly recommends that construction sites should be more thoroughly audited with respect to working conditions and the activities of companies in contract chains.

SRV was one of seven construction companies that took part in the study. In Finnwatch's study, no significant shortcomings were detected in SRV's activities, except for several individual cases related to occupational safety, the organisation of occupational healthcare, and appropriate remuneration.

Ensuring a transparent tax footprint

SRV pays its taxes and tax-like charges in accordance with local legislation. A significant proportion of tax-like charges consist of salary-related taxes and VAT on goods and services. SRV also pays other taxes, such as income tax, transfer tax, and property tax. The company also has considerable impact as an indirect taxpayer – SRV also generates indirect revenue for the State from the income tax and social security payments paid via subcontracting and hired labour.

SRV proactively cooperates with the authorities to ensure that internal transactions within both the Group and construction projects are properly handled with respect to tax legislation. SRV reports country-specific taxes in accordance with the tax administration's guidelines. The consolidated financial statements do not contain a country-specific breakdown by tax category. SRV's tax strategy is the responsibility of the Group CFO.

Active for life

In the spring, SRV signed a three-year cooperation agreement with the Finnish Olympic Committee's Lasten Liike programme. The programme seeks to improve people's quality of life in Finland over the long term by instilling the concept of an active lifestyle into every child's daily life.

SRV's strategy also relies on lifecycle thinking, which is leading us towards more sustainable, environmentally conscious and responsible construction. This long-term cooperation with the Finnish Olympic Committee is therefore an ideal fit with our own values.

SRV is trying to improve the situation by building playgrounds in schoolyards and residential yards, that is, by creating an urban structure that encourages children to be physically active. This cooperation will help us to prevent the adverse effects of a sedentary lifestyle by supporting children's sports as well.

Exercise is a cheap medicine for many ills

In Finland, a significant proportion of people of all ages spend too little time moving. Inactivity costs society up to EUR 3.2 billion per year.

"Inactivity results not only in direct health-care costs, but also in significant costs relating to things such as lost productivity and income taxes," says **Jaana Laurila**, who heads up the Finnish Olympic Committee's club and member activities unit.

"Children's inactivity is a huge challenge that the Finnish Olympic Committee is working hard to tackle in cooperation with sports federations and clubs. Finland's population is ageing faster than any other country in the EU. Which is why we need healthy young people. Exercise is a very inexpensive health remedy, and it's worthwhile learning to use it from a young age."

SRV signed an agreement with the Finnish Olympic Committee's Lasten Liike programme.



WE
ENCOURAGE
CHILDREN
TO BE
PHYSICALLY
ACTIVE
DAILY



Value for the environment

SRV's environmental efforts are based on a commitment to legislative compliance, environmental protection, business development, and the continuous improvement of standards in accordance with the ISO 14001 environmental system.

We also require our subcontractors and partners to follow the same principles and comply with our guidelines. In accordance with our environmental policy, the goals of SRV's environmental activities are developing material efficiency and waste management on sites, reducing the energy consumption of sites, implementing projects and buildings that place a smaller burden on the environment, and encouraging partners to develop sustainable operating methods.

The concrete consequences of climate change on both individuals and companies can be seen in stakeholders' growing interest in environmental issues and, to some extent, also in changing weather conditions. Increased rainfall and winds, combined with a rise in average temperatures, will also affect construction. Plans are already being made in preparation for the various sustainability requirements that may be introduced for properties in the future. Reporting is being refined with an eye to compliance with GRI standards and TCFD recommendations, and also with respect to the UN's sustainable development principles. Our environmental action especially concerns the UN SDGs 7, 9, 11, 12, 13 and 15.

Environmental management is an aspect of sustainability management, which means that environmental responsibility and reporting are being developed in tandem with corporate responsibility and corporate responsibility reporting. The HSEQ team is engaging in close cooperation in this area, and is harnessing common meeting and reporting practices.

The Group's President & CEO has ultimate responsibility for the results of sustainability efforts, and therefore also environmental action, at SRV. Senior management defines the environmental policy that steers our environmental action, supervises its implementation and effectiveness, and allocates resources to environmental activities. The Environmental Manager is responsible for organising maintenance, development, coordination, support, steering and reporting for the environmental system and environmental action throughout the Group. The Environmental Manager proactively monitors and mobilises environmental legislation and other government regulations and guidelines.

Environmental impacts

The environmental impacts of construction sites are mainly caused by construction waste, noise and dust, vibration, the consumption of energy, water and materials, and transportation. The management of storm water, trench water and chemicals is of key importance in preventing environmental contamination. At SRV's sites in Finland, environmental action is based on the environmental plan, waste management plan, and other management plans that are created to address the special characteristics of the site. The environmental risks of subcontractors and means of preventing them are reviewed during contract negotiations, weekly site

96.0%

Waste recovery rate

We aim to minimise harmful effects on the environment in line with the six UN Sustainable Development.



meetings and the risk assessments of each work phase. When on-site operations begin, an HSEQ kick-off meeting is held and an environmental officer is appointed to coordinate environmental action on each site.

SRV's own construction projects, we define project-specific environmental targets together with our customers. The aim is to provide customers with enough information on factors with a significant bearing on environmental impacts for use in their decision-making, starting from the design phase. Environmental indicators are monitored with a browser-based system into which information on waste volumes and the energy and water consumption is entered. The system is updated monthly, thereby enabling monthly reporting to senior management and quarterly reporting to line management. Projects monitor environmental indicators at monthly steering meetings. Statistics on the previous year are compiled and analysed at the beginning of the year for annual reporting and management reviews. Management reviews specify the objectives of environmental system development and the measures to be taken.

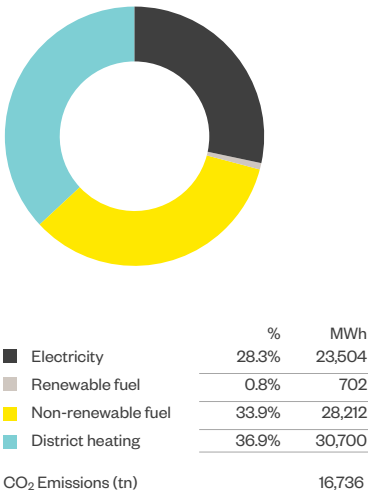
Material efficiency and minimising the amount of waste are two of the main objectives of SRV's environmental activities. By steering both procurement and design, we are able to influence material choices and technical solutions so as to enable successful procurement. The entire chain affects how much waste is generated: design solutions, working methods and

procurement, work planning, the transport and storage of materials, careful installation, conditions and the protection of finished surfaces. Sites ensure that waste is sorted to the maximum possible extent before it leaves the site. A waste management plan is drawn up on every construction site in collaboration with the waste management contractor. Since 2016, new projects have been covered by targets for the specific waste volume and sorting-at-source rate, which are set by the type of building.

Due to climate conditions in the north, the greatest amount of energy is used on heating. SRV seeks to improve energy efficiency by means such as equipment optimisation and upgrades to meet current technology standards. Energy needs can also be impacted by the careful implementation of through-holes, the covering of holes, and weather protection. In addition to minimising energy consumption, we seek to reduce emissions by choosing lower-emission energy sources and compensating for any remaining emissions from operations under our control.

Impacts on the surrounding environment are already taken into consideration during the planning phase. Construction has impacts on the surrounding environment not only during the construction process itself, but also indirectly by creating new long-term environments. Design solutions can impact water management, create more biodiverse habitats, improve comfort, air quality and indoor temperatures, and prepare for changing climate conditions. The impacts of construction sites arise from factors such as dust, noise, vibration, traffic arrangements, and changes in the ecosystem. We seek to minimise impacts on the surrounding environment when planning construction sites. The site also handles reporting and communication with those in the surrounding area. Management plans are

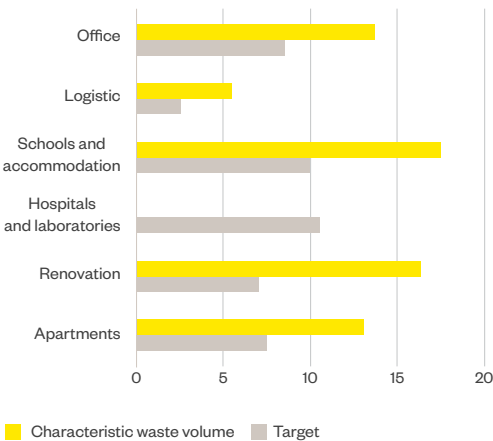
Energy consumption (%)



Energy use on Finnish operations (scope 1 and scope 2), evaluation based on cost information. Emissions evaluated by using average emission factors for each energy type, or product-specific factors where reported.

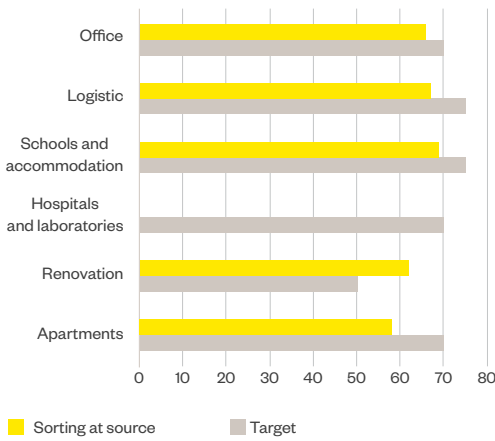
CONSTRUCTION SITES ARE EMISSION-FREE FROM THE BEGINNING OF 2022

Characteristic waste volume per construction type¹ (kg/rm³)



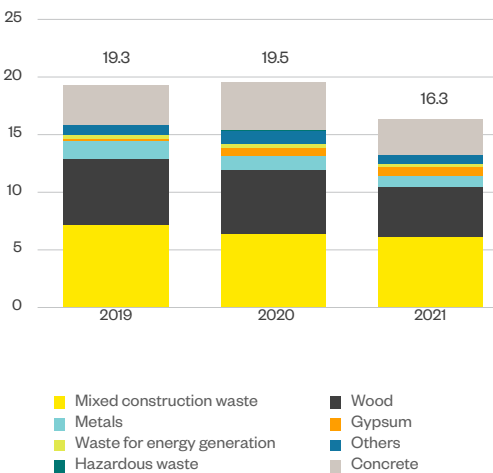
¹ Finnish worksites, average of projects completed during 2021. Reported amounts do not include demolition waste or soil excavation waste.

Sorting degree per construction type¹ (%)

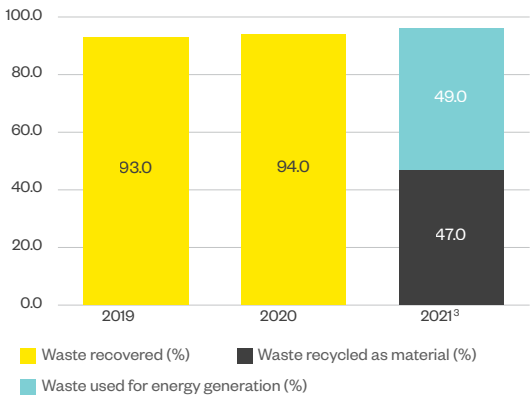


¹ Finnish worksites, average of projects completed during 2021. Reported amounts do not include demolition waste or soil excavation waste.

Construction waste (1,000 tonnes)



Waste recovery rate² (%)



² Domestic worksites. Reported amounts do not include demolition waste or naturally occurring materials. ³ Total recovery rate rose to 96 per cent in 2021.



prepared on construction sites in accordance with site conditions, and information about the site's impacts and schedules is communicated to officials and local communities. Special natural features, such as protected habitats and species, are taken into consideration when planning construction.

SRV impacts the environment indirectly by removing its products, that is, by decommissioning buildings or infrastructure. The manufacture of building materials and components also contributes to SRV's indirect environmental impact. The most significant indirect environmental impacts comprise the energy consumed by buildings during their use and the emissions they generate during production. How healthy a building is while it is in use is also a significant environmental aspect. Through its project development activities, SRV has the opportunity to promote the planning of environmentally sustainable communities.

Environmental work requires systematic planning

In 2021, we also analysed potential paths towards lower-emission operations, created and implemented a new lifecycle-wise strategy, introduced a new digital system for chemical management, explored alternatives for upgrading our environmental reporting system, and worked with our partners to investigate options for utilising waste streams. The automated monitoring of soil was piloted on our infrastructure construction sites. In 2021, we also renewed our environmental reporting as part of a more general overhaul of sustainability reporting. This year, we introduced both the GRI framework and TCFD recommendations into our annual reporting. The Report of the Board of Directors contains a description of our TCFD climate risk assessment and

other information that must be reported on under the Accounting Act. Our first TCFD-compliant climate risk assessment was carried out in autumn 2021, and it also took the EU taxonomy's climate risk mapping themes into account. This is also the first time that we are reporting on the taxonomic eligibility of our operations, which for a construction company means almost all of its operations.

The purpose of the EU taxonomy is to classify operations in terms of sustainable development on an equal footing throughout the EU, so that investors and other financiers will find it easier to evaluate the sustainability of potential investments and direct their money towards genuinely sustainable activities. Over the coming year, we will be practising the interpretation of both published and future criteria, and will be steering our projects accordingly.

These new reporting practices mean that it is also time for us to upgrade our environmental reporting system and increase automatic data transfer so that the work involved does not become insurmountable. It will also improve the accuracy of our reporting. The situation was analysed in autumn 2021 and the upgrade work itself will be carried out during 2022.

Ambitious targets

One of the most significant impacts of construction is the formation of waste. For many years now, we have invested in reducing waste volumes and sorting waste on construction sites. Our target recovery rate for construction waste – 92% – was clearly achieved on all construction sites, even though there are regional differences in waste management services and project conditions vary widely. The recovery rate covers both material recycling and waste-to-energy.

Waste sorting on construction sites is partly a cultural issue that needs constant management. The percentage of material that gets recycled has increased significantly, partly thanks to sorting at source and partly thanks to our partners, new operators and new functions. Although our waste management partners sort most of the mixed waste for utilisation, sorting at source will improve the potential for recycling materials, as the new raw materials will be cleaner and ready for re-use.

SRV's most significant waste streams are concrete and wood. Crushed concrete can be used almost entirely as a substitute for natural aggregate. Some wood is burned for energy, while other wood is used as a fibrous raw material in the manufacture of products such as boards. Metals, gypsum and cardboard are also completely recyclable materials. Relatively little hazardous waste is generated by construction – under half a per cent of all waste. The largest single waste stream is pressure-treated timber, which is processed into a harmless form and utilised for energy.

There was no major environmental damage in 2021, and all reported deviations were low-risk in nature. The most common deviations related to oil and fuel leaks, which were most often caused by subcontractors' machinery. Absorbent agents were used to soak up the spills, which the waste management contractor then sent to a licensed operator for treatment. As a consequence of these leaks, we have further emphasised the importance of proper maintenance and inspection for machinery, and have also urged our subcontractors to keep absorption agents near machinery to aid in the speedy clean-up of any damage. A total of 26 environmental deviations were reported during the year, 15 of which were oil leaks.

The majority of the energy consumed by SRV's own operations is used for heating. Our chosen heat-

ing method often depends on the characteristics of the site. We use electricity, district heating and fuels. When it comes to fuels for machinery, SRV Infra already switched to biodiesel in 2021 and our target for next year is to run our equipment on nothing but biofuels. SRV also decided that, from the beginning of 2022, its construction sites will be zero-emission with regard to the company's own energy procurement. This means that our electricity will come partially from renewable sources and partially from zero-emission nuclear power, and we will use other lower-emission forms of energy whenever possible. Any remaining emissions will be compensated for.

In our Annual Review, we calculate and report on energy consumption and emissions in our procurement (GHG Protocol Scope 1 and Scope 2) in accordance with GRI standards. Scope 1 covers procured energy whose emissions occur at the place where it used, such as fuels and gases. Scope 2 covers procured energy whose emissions occur at the production facility, such as electricity and heating. We obtain emission and primary energy data from our energy suppliers. If emission data is not available, we use Finnish averages (Motiva, Statistics Finland). In the future, we intend to monitor our contractors' and partners' consumption and emissions more closely and regularly in all projects. This is part of our revised environmental reporting system for 2022.

An increase in environmental classifications and property performance measurements

A variety of environmental classifications, such as the international LEED and BreeAm systems and the Finnish RTS Environmental Classification system, have long been tools for developers and property

Energy consumption and GHG-emissions in own operations

Energy type		MWh	tCO ₂ e
Scope 1	Non-renewable fuel	28,212	6,720
	Renewable fuel	702	19
Scope 1 total		28,914	6,739
Scope 2	Electricity	23,504	5,453
	District heating	30,399	4,499
	District cooling	301	45
Scope 2 total		54,204	9,997
Total (scope1+scope2)		83,118	16,736
Energy intensity (MWh/Revenue MEUR)			89
Emission Intensity (tCO ₂ e/Revenue MEUR)			18
Biogenic emission (tCO ₂ e)			179

owners to employ in environmental management. During 2021, these three common classifications were also implemented in SRV's commercial premises projects: Helsinki Airport's Terminal 2 is aiming for a rating of BreeAm Excellent, Kotka Harbour Arena and Kalasatama Visio aim for BreeAm Very Good, while the LEED system is being used for office buildings at Pressi B and Värehtehtaankatu 8 in Vantaa, and in the Siltasaari project and Wood City offices in Helsinki. RTS Environmental Classification is being used by the Finnish-Russian School in Helsinki, Siuntio wellness centre, and Helsinki Upper Secondary School of Languages. In 2021, SRV's developer-contracted housing production introduced RTS Environmental Classification into the management of all its projects.

In addition to property owners and users, the environmental performance of properties is also of interest to the authorities, investors, and the international community. Lifecycle Assessments (LCAs) have long been used to compare the effects of various alternatives on a building's lifecycle. SRV has tested both the EU Level(s) method and Finland's national method for calculating carbon footprints. Lifecycle impact assessments will be carried out not only in lifecycle projects and projects that use classification systems, but also in developer-contracted housing projects and – from now on – lifecycle-wise projects. SRV's environmental policy steers both its own and its partners' efforts towards environmentally friendly carbon-neutral solutions.

The joy of learning in a wooden school

The Finnish-Russian School is a wood-en-framed school that was serving as a pilot project for Senate Properties' low-carbon objectives. The school won the public vote in Puuinfo's 2021 Wood Awards.

Satisfied users

Timo Juolevi, a development manager at Senate Properties, says that the school's users are both satisfied and proud. The schoolchildren have said how much they like seeing so much wood in the school. The staff also consider it to be a successful solution.

"Its cosiness, acoustics and indoor air have all been praised. There have been plenty of people interested in coming to the school, which reflects the attractiveness of the premises," says Juolevi. He also says that the most important choice is made at an early stage.

"The frame material has the greatest impact on a building's carbon footprint. It was interesting to see the calculations for the various alternative designs. Their emission impacts varied greatly, and the calculations helped us

to find a lower-carbon frame that would lead to a reduction in the entire building's emissions."

Although wood construction is slightly more expensive than concrete, it was still within their price range. According to the RTS Environmental Classification system, the Finnish-Russian School's carbon footprint is 21 per cent lower than the average school building. Wood has been used also in the façade and interior wall surfaces. However, Juolevi reminds us that wood isn't suitable for all buildings.

"We thought that a school building would be the right kind of place to use wood. We want our children and young people to grow up in a healthy, safe and pleasant environment."

The Finnish-Russian School in the Kaarela district of Helsinki is the largest school in Finland that specialises in teaching Russian language and culture.

People at the school are pleased and proud.

Timo Juolevi,
Development manager
at Senate Properties

TOWARDS LESS EMISSIONS WITH WOOD



Value for investors

We want to invest in sustainability so as to meet the needs of all our stakeholders. At the corporate level, investors' and financiers' interest is being reflected in the need for a new kind of ESG information. Sustainability has long been one of the criteria for public procurements, and plot conveyance policies increasingly include topics relating to carbon footprints or the circular economy.

In its strategy, SRV has identified accelerating climate change, denser cities and accelerating digitalisation as the key external factors affecting its core business. SRV's strategy responds to exactly these changes in our operating environment.

Sustainability measurement brings transparency and confidence

SRV's objective is to meet investors' ESG requirements even more comprehensively, and to communicate the sustainability of our operations more effectively (such as the percentage of sites in our project portfolio that are environmentally classified or otherwise meet sustainability criteria). In 2021, we carried out a TCFD climate risk and opportunity analysis, which you can find in the Report of the Board of Directors. The most significant climate risks were those associated with the company's reputation and changes in the market. However, they were considered to be possible rather than probable, and to be only medium-term risks. Risks relating to new technologies or materials were also judged to be significant and possible over the medium term. In 2021, SRV made its first report on the company's taxonomy-eligibility under the EU's sustainable finance taxonomy. We have prepared for taxonomy reporting by

drawing up taxonomy criteria and accounting principles for SRV's various businesses.

In late 2021, we decided that SRV's construction sites would become net-zero emission sites immediately after the turn of the year. Most construction sites are switching to emission-free energy sources. However, if certain machinery cannot run on emission-free energy, the remaining emissions will be compensated for by planting trees in former peat swamps. This is a significant step towards a lifecycle-wise future. The decision covers all of the company's construction sites, and is the first decision of such broad scope in the construction sector.

We will continue to calculate the carbon footprint of our own housing projects and classify all of our housing projects according to the Building Information Foundation's RTS Environmental Classification system. SRV's energy and lifecycle services effectively meet customers' and investors' needs, and their success brings not only SRV's business but also society closer to carbon-neutral targets.

In 2021, we investigated to what extent our environmental reporting system needed upgrading, and more detailed specifications and upgrades will be carried out in 2022. This will result in more detailed reporting and monitoring.

IN 2021, WE CARRIED OUT A TCFD CLIMATE RISK AND OPPORTUNITY ANALYSIS

By responding to the growing investors' needs for ESG information we promote five UN Sustainable Development Goals (SDGs).



Staying in touch during exceptional circumstances

During the year, SRV representatives met with investors and analysts, mainly at quarterly events that were held remotely due to the coronavirus epidemic. Investors, analysts and media representatives who follow SRV were invited to attend our quarterly interim report briefings, which were held as webcasts. Physical meetings were kept to a minimum due to the coronavirus epidemic.

In February 2021, SRV announced its new strategy and long-term financial objectives for 2021–2024. The strategy aims to develop long-term competitive advantage, provide an excellent customer experience, tap into opportunities for lifecycle services, improve profitability and reduce indebtedness.

SRV did not hold a Capital Markets Day in 2021. The sustainability-related inquiries we received from investors concerned issues such as the concrete implementation of project responsibility at construction site level, carbon dioxide emission volumes, and CDP reporting (Carbon Disclosure Project).

Soaring city-centre towers

The first towers that were completed in the Kalasatama district of Helsinki were pioneering projects: Majakka (height 134 metres, 35 storeys) and Loisto (124 metres, 32 storeys). Lumo One and Helsingin Visio are now under construction in Kalasatama. In Tampere, the towers Topaasi (17 storeys) and Opaali (16 storeys) are located on the Central Deck – so in practice right over the railway line.

Construction times are of great importance to both investors and residents. Our main objective in high-rise construction has been to reduce construction times – and our efforts have yielded good results. Compared to Majakka and Loisto, it now takes half the time to build the frame for a single storey of Lumo One.

Lifecycle wisdom in high-rise construction

High-rise construction shoulders environmental responsibility in many ways. Towers are usually located in the heart of the city at public transport hub, so residents have less need to own their own car. Future adaptability is taken into account during construction, that is, how

easily a building can be converted into apartments of different sizes or even completely repurposed.

Even the smallest of developments can have a major impact when it is replicated on a huge construction site. Developments made in high-rise construction are changing practices throughout the entire construction sector. Experience and expertise enable SRV to develop a broad spectrum of products for use in urban development, of which high-rise construction is just one aspect. For homebuyers and investors, this means attractive locations and sought-after homes.

We managed to reduce construction times with good results.

Kai Remmler,
Director, High-rise
Construction Unit



**THE WORLD
LOOKS
DIFFERENT
THROUGH
THE EYES OF
HIGH-RISE
CONSTRUCTION**





04

Reporting principles and data collection

Reporting principles

The Annual Review covers SRV's most material sustainability topics for 2021. Our reporting takes into account both the societal impacts of SRV's business and our stakeholders' views. In this report, we have proactively sought to comply with the GRI's revised principles in terms of the standard and content of our sustainability reporting. In particular, we have focused on its accuracy, balance, clarity, comparability, coverage, up-to-dateness, and broader social context in terms of responsibility. To ensure that the 2021 report complies with GRI requirements, prior to drawing up the report, we conducted a GAP analysis of the GRI's revised universal standards (GRI 1, GRI 2 and GRI 3) and determined which of the thematic standards were most material to us. In 2022, we will conduct a new materiality analysis to determine whether our current materiality themes are still up to date and relevant. SRV reported in accordance with GRI standards for the period 1 January–31 December 2021.

Unless otherwise stated, our reporting covers all of our major locations and production facilities. The sustainability section of the Annual Review has not been externally verified.

Environmental data

SRV has a browser-based environmental reporting system that projects use to record monthly energy and water consumption data, either on the basis of metering or invoicing. Contractors who transport waste enter information about the loads they have transported and their treatment. Energy consumption data is also calculated for the entire Group on a cost basis in conjunction with annual reporting. Waste data is crosschecked with the contractors' own reporting systems. SRV reports in accordance with GHG Protocol with regard to Scope1 and Scope2 emissions from energy consumption under the company's own control. Finnish averages are used to compile emission data for district heating and fuels that are not covered by annual contracts. The 2021 source and emission data for electricity come from the residual distribution published by the Energy Authority. More precise product-specific coefficients were used for those products for which more detailed information was available at the time of reporting.



**SRV REPORTS IN
ACCORDANCE WITH THE
GRI FRAMEWORK**

Procurement data

The procurement unit uses a digital supplier register to manage SRV's suppliers. The information that suppliers provide about their company is then transferred from this register to the Profio system. Projects' procurement agreements and cost management data are also stored in Profio. We collect cost data from actual invoices in the Palette system for use in Microsoft Power BI visualisations.

HR data

HR data on people working in SRV's operations in Finland is collected and securely stored in our Mepco system, which acts as SRV's HR Master Data system. HR data is also collected with the aid of the Hyperion financial management system. HR figures for Russia and Estonia are collected manually by the personnel responsible for HR matters in each country.

GRI Index

GRI Standards disclosure			Location	Comments
GRI 2: General disclosures (2021)				
ORGANIZATIONAL PROFILE				
2-1	Organizational details	Contents, p. 1; www.srv.fi/en/srv-company/srv-as-a-company/ ; Financial Statements 2021 : Report of the Board of Directors, pp. 7-11		
2-2	Entities included in the organization's sustainability reporting	Reporting principles and data, p. 55		
2-3	Reporting period, frequency and contact point	Contents, p. 1; Back cover, p. 72; GRI-Index		The reporting period is 1 January 2021 to 31 December 2021.
2-4	Restatements of information	GRI-Index		No changes.
2-5	External assurance	GRI-Index		The report has not been externally assured.
ACTIVITIES AND WORKERS				
2-6	Activities, value chain and other business relationships	Contents, p. 1; SRV in brief p. 3; Value creation pp. 24-53, Financial Statements 2021 : Report of the Board of Directors, pp. 6-12		
2-7	Employees	Value for Personnel, pp. 35-36; Value for Society, p. 45; Financial Statements 2021 : Report of the Board of Directors, pp. 13-15		
2-8	Workers who are not employees	SRV in brief, p. 3; Value for Society, p. 45		
GOVERNANCE				
2-9	Governance structure and composition	Sustainability management, p. 27; Corporate Governance Statement 2021, pp. 62-66; Board of Directors, p. 69; Corporate executive team, p. 70		20% of SRV's Board of Directors are women.
2-10	Nomination and selection of the highest governance body	Corporate Governance Statement 2021, pp. 62-63		
2-11	Chair of the highest governance body	Corporate Governance Statement 2021, p. 63		
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability management, p. 27; Corporate Governance Statement 2021, p. 64		Sustainability matters are addressed at the Board of Directors meetings as necessary.
2-13	Delegation of responsibility for managing impacts	Sustainability management, p. 27		
2-14	Role of the highest governance body in sustainability reporting	GRI-index		The Board of Directors approves the final report.
2-15	Conflicts of interest	Corporate Governance Statement 2021, pp. 66-68		
2-16	Communication of critical concerns	GRI-Index		Stakeholder concerns and those arising through the ethics channel are handled at the Board of Directors meeting as necessary. In 2021, 12 incidents were reported through the ethics channel.
2-17	Collective knowledge of the highest governance body	Sustainability management, p. 27; Financial statements 2021 : Report of the Board of Directors, pp. 22-23		SRV conducted a TCFD-climate risk assessment in 2021 in which the board also participated.
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Statement 2021, pp. 62-66		
2-19	Remuneration policies	Remuneration report 2021, pp. 1-5		
2-20	Process to determine remuneration	Remuneration report 2021, pp. 1-5		

GRI Standards disclosure		Location	Comments
2-21	Annual total compensation ratio	GRI-Index	Not applicable. SRV does not calculate medians for salary levels.
STRATEGY, POLICIES AND PRACTICES			
2-22	Statement on sustainable development strategy	CEO's review 2021, pp. 4–6 ; www.srv.fi/en/sustainability/ , Financial Statements 2021 : Report of the Board of Directors, p. 6	
2-23	Policy commitments	Value Creation, p. 26 ; Sustainability Management, pp. 27–29 ; Value for Customers, p. 33; Value for Partners; pp. 38–39 ; www.srv.fi/en/sustainability/ethical-operating-guidelines/	
2-24	Embedding policy commitments	Value Creation, p. 26 ; Value for Partners; p. 38	
2-25	Processes to remediate negative impacts	Risks and Risk Management, pp. 20–23 ; Value Creation; pp. 24–53	
2-26	Mechanisms for seeking advice and raising concerns	Value for Personnel, pp. 35–36 ; www.srv.fi/en/sustainability/ethical-operating-guidelines/	
2-27	Compliance with laws and regulations	Sustainability Management, p. 29 ; GRI-Index	In 2021, there were no significant deviations in the legislative requirements regarding SRV's business.
2-28	Membership associations	Sustainability Management, pp. 27–29 ; Value for Society, p. 44	
STAKEHOLDER ENGAGEMENT			
2-29	Approach to stakeholder engagement	Sustainability Management, pp. 27–30	
2-30	Collective bargaining agreements	www.srv.fi/en/sustainability/sustainability-programme/	SRV applies the construction sector's collective agreements.
GRI 3: Material Topics (2021)			
3-1	Process to determine material topics	Sustainability Management, pp. 27–29 , GRI-index	SRV's material topics have been defined in close collaboration and consultation with stakeholders. The material topics will be re-assessed in 2022.
3-2	List of material topics	GRI-index	
			1. Ethical business and risk management 2. Customer satisfaction 3. Occupational health and safety 4. Non-discrimination 5. Combatting forced labor 6. Responsible procurement and supply chain management 7. Combatting the grey economy 8. Tax footprint 9. Fighting climate change 10. Circular economy solutions 11. Energy and lifecycle services 12. Sustainable and transparent finance
3-3	Management of material topics	Value Creation; pp. 24–53	

GRI Standards disclosure		Location	Comments
ECONOMIC STANDARDS			
GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	Financial statements 2021 : Report of the Board of Directors, p. 6; Financial indicators of the group, p. 26	
GRI 205: Anti-corruption (2016)			
205-2	Communication and training about anti-corruption policies and procedures	Sustainability management, p. 27 ; GRI-index	All employees are required to complete the training on SRV's ethical guidelines. Awareness is maintained by offering continuous guidance.
GRI 206: Anti-competitive behavior(2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI-Index	In 2021, SRV was not involved in any legal actions regarding anti-competitive behavior, anti-trust or monopoly practices.
GRI 207: Tax (2019)			
207-1	Approach to tax	Value for Society, pp. 45–46	
207-2	Tax governance, control, and risk management	Value for Society, pp. 45–46	
207-3	Stakeholder engagement and management of concerns related to tax	Value for Society, pp. 45–46	
207-4	Country-by-country reporting	Value for Society, pp. 45–46 ; GRI-index	SRV does not collect data on taxes paid by country per type of tax.
ENVIRONMENTAL STANDARDS			
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	Value dor the Environment, p. 48	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	Value for the Environment, p. 48 ; Reporting principles and data, p. 55	
305-2	Energy indirect (Scope 2) GHG emissions	Value for the Environment, p. 48 ; Reporting principles and data, p. 55	
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	Value for the Environment, pp. 47–50 ; Financial statements 2021 : Report of the Board of Directors, pp. 16–17	
306-2	Management of significant waste- related impacts	Value for the Environment, pp. 47–50 ; Financial statements 2021 : Report of the Board of Directors, pp. 16–17	
306-3	Waste generated	Value for the Environment, pp. 47–50	
306-4	Waste diverted from disposal	Value for the Environment, pp. 47–50	
GRI 308: Supplier environmental assessment			
308-2	Negative environmental impacts in the supply chain and actions taken	Risks and Risk Management, p. 23 ; Value for Partners, pp. 38–39 ; GRI-index	100 % of our suppliers have been audited based SRV's environmental criteria assessing suppliers' environmental and quality policies, certificates and environmental management systems.

GRI Standards disclosure		Location	Comments
SOCIAL STANDARDS			
GRI 403: Occupational health and safety (2018)			
403-1	Occupational health and safety management system	Sustainability management, p. 27 ; Value for Personnel, pp. 35-37 ; Value for Partners, pp. 38-39	
403-2	Hazard identification, risk assessment, and incident investigation	Risks and Risk Management, p. 23 ; Sustainability management, p. 29 ; Value for Personnel, pp. 35-37 ; Financial statements 2021 : Report of the Board of Directors, pp. 20-22	
403-3	Occupational health services	Value for Personnel, pp. 35-37	
403-4	Worker participation, consultation, and communication on occupational health and safety	Value for Personnel, pp. 35-37 ; Financial statements 2021 : Report of the Board of Directors, p. 21	
403-5	Worker training on occupational health and safety	Value for Personnel, pp. 35-37 ; Value for Partners; pp. 38-39	
403-6	Promotion of worker health	Value for Personnel, pp. 35-37 ; Value for Partners; pp. 38-39	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Value for Partners, pp. 38-39	
403-8	Workers covered by an occupational health and safety management system	Value for Personnel, pp. 35-36 ; Value for Partners, p. 39	
403-9	Work-related injuries	Value for Personnel, p. 36	
GRI 406: Non-discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	GRI-Index	Three reports concerning incidents of discrimination and harassment were made through the ethics channel and four through the safety observation system. All reports have been handled confidentially with the independent external partner.
GRI 409: Forced or compulsory labor (2016)			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Risks and Risk Management, p. 23 ; Sustainability Management, p. 28	
GRI 414: Supplier social assessment (2016)			
414-1	New suppliers that were screened using social criteria	Value for Partners, p. 38 ; GRI-index	100 % of our suppliers have been audited based on SRV's social criteria assessing suppliers' health, safety, alcohol and substance abuse policies, safety management systems, work permit processes and worker on-boarding processes.

GOVERNANCE



05

Governance

Corporate Governance Statement 2021 62

Board of Directors 69

Corporate Executive Team 70



Corporate Governance Statement 2021

Introduction

SRV Group Plc (SRV or company) is a Finnish public limited liability company whose shares are listed on Nasdaq Helsinki Ltd. In its corporate governance and decision-making, SRV complies with current legislation, SRV's Articles of Association, the charters of SRV's Board of Directors and its committees, and the rules and guidelines issued by parties that regulate and supervise Finnish listed companies. The company also adheres to the Finnish Corporate Governance Code published by the Securities Market Association on 1 January 2020. The Corporate Governance Code is available on the Securities Market Association's website at www.cgfinland.fi.

This Corporate Governance Statement (CG Statement) has been prepared in accordance with the Corporate Governance Code's corporate governance reporting section. In 2021, SRV followed the recommendations of the Corporate Governance Code without deviation.

The CG Statement has been published separately from the Report of the Board of Directors. The Board's Audit Committee has reviewed the CG Statement in its meeting of 1 February 2022. The company's auditor, PricewaterhouseCoopers Oy, has verified that the CG Statement has been issued and that the descriptions of the internal control and the main features of risk management systems related to the financial reporting process are consistent with the company's Financial Statements.

The CG Statement is available on the company website at www.srv.fi/en/investors/cg. The CG Statement is also included as a separate section in the company's 2021 Annual Review.

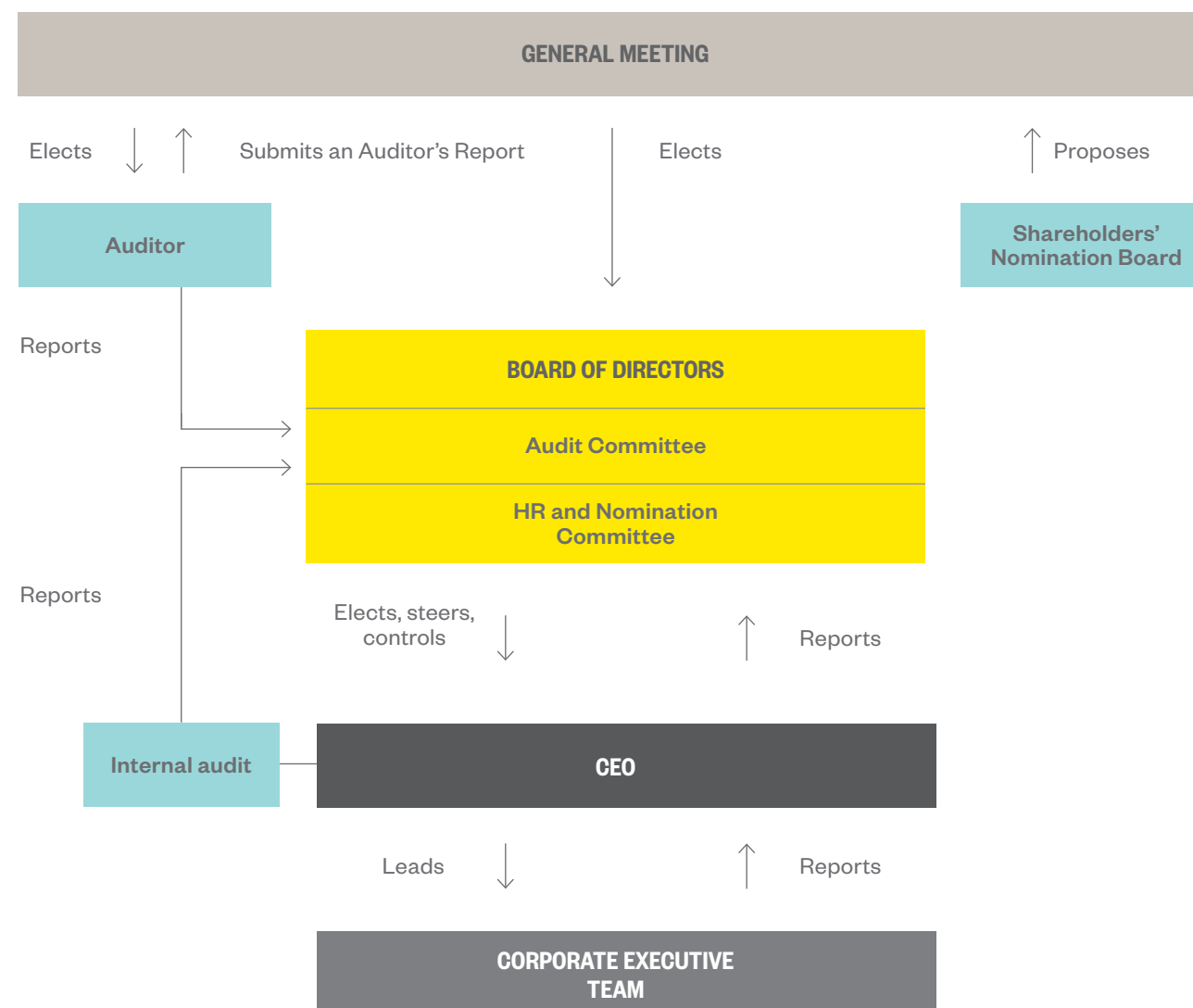
Descriptions concerning Corporate Governance

Corporate governance structure

The administration, management and supervision of SRV are divided between the General Meeting of Shareholders, the Board of Directors, and the President & CEO. Internal audit function, reporting to the Board of Directors, is responsible for internal auditing and external auditing is carried out by auditors. The President & CEO attends to line operations with the assistance of the Corporate Executive Team.

General Meeting

SRV's highest decision-making power is exercised by shareholders at the General Meeting. The Annual General Meeting (AGM) is held once a year by the end of June on a date determined by the Board of Directors. The AGM makes decisions on matters such as the election and remuneration of Board members, the Chair of the Board and the auditor; the adoption of the financial statements and consolidated financial statements; the discharge of Board members and the President & CEO from liability; and the disposal



of profits as shown in the balance sheet. The General Meeting also deals with other matters specified in the Companies Act as being the business of General Meetings, as well as any of the Board's other proposals to the General Meeting. The General Meeting will also deal with matters added to the agenda by shareholders as per the Companies Act. An Extraordinary General Meeting shall be held when the Board of Directors deems it necessary or when required by law.

The company's 2021 AGM was held on 29 March 2021. Due to the Covid-19 pandemic, the AGM was held remotely on the basis of temporary legislation. Company shareholders could attend the meeting and exercise their shareholders' rights by voting in advance and submitting questions in advance. Pre-recorded presentations made by the Chair of the Board, the President & CEO and the CFO, along with answers to shareholders' questions, were published in advance on the company website. A total of 25 shareholders voted in advance, representing about 69.85 per cent of the company's shares and votes. The meeting was attended by the Chair and Secretary of the meeting. The minutes of the AGM are available on the company website at www.srv.fi/en/investors/cg/annual-general-meeting/annual-general-meeting-2021/.

Shareholders' Nomination Board

SRV's 2020 AGM resolved to establish a Shareholders' Nomination Board consisting of shareholders or representatives of shareholders whose task is to prepare annual proposals concerning the composition and remuneration of the Board of Directors for the next AGM. The AGM also approved the charter of the Shareholders' Nomination Board.

The Nomination Board consists of four members. The company's three largest shareholders (as per 31 August of each calendar year) are each entitled to appoint one member. The Chair of the Board of Directors will be the fourth member of the Board. The members of the Shareholders' Nomination Board will elect a Chair at their first meeting. The Group's General Counsel will act as the Secretary of the Shareholders' Nomination Board. The charter for the Shareholders' Nomination Board describe the Board's tasks, meeting practices and member election process in more detail. The charter for the Shareholders' Nomination Board are available on the company website at www.srv.fi/en/investors/cg/nomination-board/.

The Shareholders' Nomination Board is quorate when all of its members are present. Decisions of the Shareholders' Nomination Board shall be made unanimously.

The members of the Shareholders' Nomination Board from 1 January–31 August 2021 and as of 1 September 2021 were: Ilpo Kokkila (Chair of the Board of Directors, Pontos Oy), Mikko Mursula (Chief Investment Officer, Ilmarinen Mutual Pension Insurance Company), Timo Ritakallio (President and Group Chief Executive Officer, OP Financial Group), and Tomi Yli-Kyyny (Chair of the Board of Directors, SRV Group Plc). Ilpo Kokkila chaired the Shareholders' Nomination Board in 2021.

The Shareholders' Nomination Board convened three times in 2021 with an attendance rate of 100%.

Board of Directors

Election and composition of the Board of Directors

The AGM decides on the number of Board members, and elects both the Chair and other members

Member of the Board	Member since	Born	Education	Main occupation	SRV shares at 31 Dec 2021 ¹
Tomi Yli-Kyyny Chair	2019	1962	MSc. (Tech.)	Caruna Networks Oy, President & CEO	66,000
Timo Kokkila Vice Chair Share ownership in a company under his control (Havu Capital Oy)	2010	1979	MSc. (Tech.)	Pontos Oy, CEO	15,741,398
Heli Iisakka	2021	1968	MSc. (Econ.)	Colliers International Finland, CFO	0
Hannu Leinonen	2020	1962	MSc. (Tech.)	-	0
Heikki Leppänen	2020	1957	Lic.Sc. (Tech.)	Corporate management coach and business development consultant	0

¹ Shareholdings include the shares and share-based rights owned by the Board member and any shares and share-based rights owned by a company under their control. Board members do not own shares in any other company that is part of the same group as SRV.

Name	Membership period	Synt.	Education	Main occupation
Olli-Pekka Kallasvuori former Vice Chair	2011-2021	1953	LL.D.h.c.	Investor
Minna Alitalo	2012-2021	1962	MSc. (Econ.)	-

of the Board. According to SRV's Articles of Association, the Board of Directors may have 5–8 members. There are no provisions in the Articles of Association regarding any special order of appointment for members of the Board of Directors. The term of office for Board members begins at the General Meeting at which they are elected and ends at the close of the next AGM. The Board of Directors shall elect a Vice Chair from among its members.

The AGM of 2021 elected five members to the Board of Directors. Hannu Leinonen, Heikki Leppänen,

Timo Kokkila and Tomi Yli-Kyyny were re-elected to the Board. Heli Iisakka was elected as a new member. The AGM elected Tomi Yli-Kyyny as Chair of the Board of Directors, and the Board elected Timo Kokkila as Vice Chair from among its members. The Board members' personal details, main occupation and SRV shareholdings are presented in the table above.

Olli-Pekka Kallasvuori (Vice Chair until the 2021 AGM) and Minna Alitalo were also members of the Board in 2021. Their membership ended at the 2021 AGM and the information above was valid as of 29 March 2021:

Independence of Board members

The Board of Directors conducts an annual assessment of the independence of its members. Each Board member submits sufficient information for this purpose and also self-evaluates their independence. The Board of Directors then evaluates the independence of its members and announces which of its members have been deemed to be independent of the company and of its major shareholders. The Board evaluates its independence in accordance with the recommendation contained in the Corporate Governance Code.

During its organisational meeting on 29 March 2021, the Board of Directors evaluated that, of its members, Heli Iisakka, Hannu Leinonen, Heikki Leppänen and Tomi Yli-Kyyny are independent of both the company and its major shareholders. Timo Kokkila is not independent of the company, especially considering his continuous membership of the company's Board of Directors for more than ten years. He is also not independent of one of the company's major shareholders, AS Pontos Baltic, of which he is the CEO.

Activities of the Board of Directors

The Board's task is to manage and oversee the company's operations in accordance with the Companies Act, SRV's Articles of Association, and any other applicable legislation and regulations.

The Board of Directors has prepared written charter for its activities, specifying the key tasks and operating principles of the Board and its Chair. The charter of the Board of Directors are available in their entirety on the company website at www.srv.fi/en/investors/cg/board-of-directors.

The Board of Directors meets regularly according to a preset schedule, and also when necessary. The President & CEO and General Counsel participate in Board meetings; the former presents matters to the Board and the latter acts as the secretary of the Board. Other members of the Corporate Executive Team may attend Board meetings at the invitation of the Board.

The Board of Directors conducts an annual assessment of its activities and working methods and develops its activities based on the results. The 2021 assessment was carried out as a self-assessment.

Attendance at meetings

The Board of Directors convened 16 times in 2021 with an average attendance rate of 95%. The attendance record of Board members is as follows on the right:

Diversity of the Board of Directors

The Board of Directors has drafted diversity principles for the company's Board. The Shareholders' Nomination Board takes the Board's diversity principles into consideration when preparing proposals to the General Meeting on the number of Board members to be elected and the candidates.

Diversity issues and objectives

Diversity among the Board of Directors seeks to promote the company's business and its development, strengthen Board work and decision-making, and increase open discussion. Diversity assessments take into account the eligibility of Board members with respect to the requirements of the

Member of the Board	Attendance/no. of meetings	Attendance, %
Tomi Yli-Kyyny Chair	16/16	100%
Olli-Pekka Kallasvuo Vice Chair until 29 March 2021*	3/3	100%
Timo Kokkila Vice Chair as of 29 March 2021	13/16	81%
Minna Alitalo*	3/3	100%
Heli Iisakka**	12/13	92%
Hannu Leinonen	16/16	100%
Heikki Leppänen	16/16	100%

* A member of the Board until 29 March 2021.

** A member of the Board as of 29 March 2021.

company's current situation. Sufficient diversity will be assessed on the basis of factors such as Board members' experience, education and knowledge of the company's various businesses, and the Board's age and gender distribution.

Diversity objectives require Board members to have a range of different areas of expertise that support the achievement of the company's current strategic objectives. In addition to expertise in the field of industry, these areas of expertise include finance and economics, digitalisation, business management, strategy development and management, and international business operations. Board members must have sufficient education that supports the company's operations and achievement of objectives. In future, the company will seek to ensure a more gender-balanced Board. In addition to the competencies required from Board members, the objectives will be taken into account in the preparation of the Board candidate proposal.

Implementation and results

Diversity objectives have been well met. All members of the Board of Directors have a university degree and experience in business management, strategic management and strategic development. All Board members are serving or have served in corporate managerial or Board positions in different fields of business. The Board has professional expertise in construction, property investment, finance and economics, and international business. The Board members are of different ages. Both genders are represented on the Board, with four men and one woman (until 29 March 2021 there were five men and one woman).

Board Committees

The Board of Directors has established two committees: an Audit Committee and an HR and Nomination Committee. The committees operate in accordance with the charters approved by the Board of Directors, and report to the Board. The committees do not have independent decision-making power. Their task is to enhance the effectiveness of the Board of Directors by preparing matters for decision by the Board and the General Meeting.

Audit Committee

The Audit Committee assists the Board of Directors in its role in the preparation of financial reporting and supervision tasks as well as audit-related matters. The Audit Committee monitors the company's financial reporting and prepares matters related to monitoring the financial situation, financial reporting, auditing and risk management for the Board. In order to discharge its tasks, the Audit Committee monitors the company's financial position, consults with the auditors, reviews drafts of the financial statements and interim reports, and monitors and assesses the effectiveness of internal control, internal auditing, risk management systems, and related-party transaction policies and processes. In addition, the Audit Committee prepares a proposal on the election and remuneration of auditor for presentation to the General Meeting, and also monitors and evaluates both the independence of the auditor and the non-audit services provided by the auditor. The charter of the Audit Committee is available on the company website at www.srv.fi/en/investors/cg/board-of-directors/committees.

The Audit Committee is comprised of three members whom the Board of Directors elects from amongst

The attendance rate at Committee meetings:

Committee member	Attendance/no. of meetings	Attendance, %
Minna Alitalo Chair until 29 March 2021*	2/2	100%
Heli Iisakka Chair as of 29 March 2021**	6/6	100%
Timo Kokkila	8/8	100%
Hannu Leinonen	8/8	100%

* A member of the Audit Committee until 29 March 2021.

** A member of the Audit Committee as of 29 March 2021.

The attendance rate at Committee meetings:

Committee member	Attendance/no. of meetings	Attendance, %
Tomi Yli-Kyyny Chair	6/6	100%
Olli-Pekka Kallasvuo*	2/2	100%
Hannu Leinonen**	4/4	100%
Heikki Leppänen	6/6	100%

* A member of the HR and Nomination Committee until 29 March 2021.

** A member of the HR and Nomination Committee as of 29 March 2021.

its number. The majority of the Committee's members must be independent of the company, and at least one member must be independent of the company's major shareholders.

Until the AGM of 29 March 2021, the members of the Audit Committee were Minna Alitalo (Chair), Hannu Leinonen and Timo Kokkila, and as of 29 March 2021 the members were Heli Iisakka (Chair), Hannu Leinonen and Timo Kokkila.

The Audit Committee convened eight times in 2021 with an average attendance rate of 100%. The attendance rate at Committee meetings is shown below:

HR and Nomination Committee

The HR and Nomination Committee prepares the Board's proposal to the General Meeting on remuneration policy; matters related to the appointment and remuneration of the President & CEO, the Deputy CEO and other management; and matters related to remuneration and incentive schemes for personnel. The Committee assesses the activities of senior management, oversees successor planning, plans competence development for management and personnel, and monitors personnel satisfaction and working capacity. The charter of the HR and Nomination Committee is available on the company website at www.srv.fi/en/investors/cg/board-of-directors/committees.

The HR and Nomination Committee comprises three members whom the Board of Directors elects from amongst its number. The majority of the members of the HR and Nomination Committee must be independent of the company.

Until the AGM of 29 March 2021, the HR and Nomination Committee consisted of Tomi Yli-Kyyny (Chair), Heikki Leppänen and Olli-Pekka Kallasvuo, and as of

29 March 2021 of Tomi Yli-Kyyny (Chair), Hannu Leinonen and Heikki Leppänen.

President & CEO

The President & CEO's task is to manage and develop SRV's business and handle the day-to-day management of the company. The President & CEO is responsible for preparing matters to be dealt with and decided by the Board of Directors, implementing the Board's decisions, and ensuring that any goals set by the Board are attained. The President & CEO ensures that the company's bookkeeping complies with applicable legislation, and that funds are managed in a reliable manner. The President & CEO also serves as the Chair of the Corporate Executive Team. The Board of Directors appoints the President & CEO and Deputy CEO, and relieves them of their duties.

Saku Sipola (b. 1968) has been serving as President & CEO of SRV Group Plc since 1 September 2019. The holdings of the President & CEO are disclosed below, along with the holdings of Corporate Executive Team members.

SRV's Deputy CEO is Timo Nieminen (b. 1958), MSc. (Tech.).

Corporate Executive Team

The Corporate Executive Team assists the President & CEO in operational planning, line management, and decision-making. It also prepares matters to be dealt with by the company's Board of Directors. The Corporate Executive Team handles matters concerning business operations and operational control and development. The duties of the Group's Corporate Ex-

ecutive Team are based on the company's management system, and the Group's Corporate Executive Team has no authority grounded in law or the company's Articles of Association.

The Corporate Executive Team consists of the President & CEO as the Chair plus other members appointed by the Board of Directors. Each member of the Corporate Executive Team has his or her own area of responsibility. The Head of Group's strategy and risk management acts as secretary of the Corporate Executive Team.

Descriptions of internal control procedures and the main features of risk management systems

Risk management system

SRV engages in systematic risk management, both to protect itself against factors that might hinder its business operations and to recognise new opportunities. The company improves the profitability and stability of its operations by identifying and reacting to strategic and operational risks in time. Risk management is part of SRV's management system. It supports the company's values and strategy, and the attainment of its financial objectives.

SRV has a systematic and comprehensive approach for identifying and assessing risks as well as for implementing any required risk management measures and reporting on risk activities. The annual Group-level risk management process comprises the identification of material risks related to the company's operations and an assessment of their importance, the planning of measures to eliminate risks or mitigate their impacts, and the appointment of persons to take re-

sponsibility for risk management. A status assessment of both identified risks and the measures required to manage them is carried out quarterly. Continuous risk management is planned and implemented on a function- and site-specific basis for SRV's various functions, development projects, construction projects and investments. Any key risk management measures that must be complied with during construction projects are included in the process diagrams and other aids contained in SRV's operating system. The company also uses certified ISO-standard systems for quality assurance, environmental management, occupational healthcare and safety.

Overall responsibility for risk management lies with the company's Board of Directors and the President & CEO. The Board ensures that risk management is taken into account at both a strategic and operational level, and is reported on in accordance with regulations. The Board of Directors' risk management work is supported by the Board's Audit Committee, which regularly discusses SRV's operational risks and uncertainties, and reports to the Board.

Line management is in charge of implementing, leading and supervising day-to-day risk management for both business in general and individual projects. The Group's risk management function supports the application of risk management policies and develops Group-wide ways of working.

General description of internal control

SRV continuously monitors its functions to ensure the reliability of its result. Internal control seeks to ensure that the company's operations are efficient and productive, reporting is reliable, and laws and regulations are complied with. However, the inter-

The 2021 Corporate Executive Team:²

				SRV shares at 31 December 2021 ³
Name	Born	Education	Area of responsibility	
Saku Sipola	1968	MSc. (Tech.)	President & CEO	4,000
Timo Nieminen	1958	MSc. (Tech.)	Deputy CEO and Executive Vice President, Strategic Project Development	776,310
Miimu Airaksinen	1972	D.Sc. (Tech.)	Senior Vice President, Development (Lifecycle-wise solutions, sustainability and development)	-
Miia Eloranta	1973	MSc. (Pol.),	Senior Vice President, Communications and Marketing	-
Jouni Forsman	1969	MSc. (Tech.)	Senior Vice President, Business Premises, Helsinki Metropolitan Area	12,000
Kimmo Kurki	1960	BSc. (CE)	Senior Vice President, Internal Services and Infrastructure	32,238
Antti Nummi	1971	M.Soc.Sc.	Senior Vice President, Internal Services and Infrastructure	-
Jarkko Rantala	1986	MSc. (Econ.)	Senior Vice President, Commercial	8,000
Jorma Seppä	1981	B.Eng.	Senior Vice President, Housing, Helsinki Metropolitan Area	859
Kristiina Sotka	1968	MSc. (Econ.), MSc. (Pol.)	Senior Vice President, Human Resources	-
Henri Sulankivi	1967	MSc. (Tech.)	Senior Vice President, Regional Units	3,000
Jussi Tuisku	1967	BA(Hons), eMBA	Senior Vice President, Russia and Estonia	5,000
Anu Tuomola	1974	LL.M., eMBA	Senior Vice President, General Counsel	-

² The table below shows the composition of the Group's Corporate Executive Team and its members' areas of responsibility at 31 December 2021. The following changes occurred in the composition and areas of responsibility of the Group's Corporate Executive Team during 2021: Miia Eloranta became Senior Vice President, Communications and Marketing on 4 January 2021; Kristiina Sotka became Senior Vice President, Human Resources on 1 February 2021; Jouni Forsman became Senior Vice President, Business Premises, Helsinki Metropolitan Area on 16 February 2021; Anu Tuomola became Senior Vice President, General Counsel on 2 August 2021; and Jorma Seppä became Senior Vice President, Housing, Helsinki Metropolitan Area on 2 August 2021. Miimu Airaksinen became Senior Vice President, Development on 2 September 2021, at which time Senior Vice President Antti Nummi's area of responsibility changed from Business Development to Commercial. The following members left the Corporate Executive Team: Juha Toimela on 1 March 2021, Kim Jolkkonen on 8 June 2021 and Johanna Metsä-Tokila on 31 July 2021 as well as Antti Nummi on 31 January 2022.

³ Shareholdings include the shares and share-based rights owned by the Corporate Executive Team member and any shares and share-based rights owned by a company under their control. Corporate Executive Team members do not own shares in any other company that is part of the same group as SRV.

nal control system cannot provide full certainty that risks will not be realised.

SRV's business operations are guided by consistent Group-wide ethical business principles, decision-making authorisations and the company's values. Internal control is founded on a sound corporate and management culture, clarity of the areas of responsibility and authority for the various functions and roles, and on defined reporting and its principles. In particular, internal control is based on financial reports, management reports, risk reports and internal audit reports. The company's main operations are controlled by means of internal instructions, operating policies and procedures. The Board of Directors has approved the Group's internal decision-making authorisations.

Financial control

The internal control system is the responsibility of SRV's Board of Directors and Audit Committee, the Corporate Executive Team, the executive teams of SRV's business areas, and financial administration. Management's monthly financial reporting is a key control process in ensuring the accuracy of the Group's financial reporting. It includes analyses of deviations between actual results, budgets and continuously updated forecasts. An external auditor audits financial reporting on a regular basis and reports directly to the Board's Audit Committee.

The internal control system applied to business operations is the responsibility of the executive teams of SRV's business areas and the Group's controller function, in accordance with SRV's Group policies and instructions. Monthly financial reporting is a key control process in ensuring the effectiveness and efficiency of operations. It also includes analyses of deviations be-

tween actual results, budgets, and continuously updated forecasts for overall financial performance and individual construction projects.

Financial management and operational control are supported and coordinated by the Group's financial administration and SRV's controller function. SRV has drafted Group-level reporting models for standardising the financial reporting of its business functions. The reports of business functions seek to ensure that control covers all the major aspects of SRV's business operations. This ensures that any deviations from financial objectives are identified, communicated and reacted to efficiently, in a harmonised and timely manner. An important part of the forecasting process for construction projects is the project-specific identification, assessment and reporting of risks and opportunities, along with action plans to address any issues. These activities are coordinated by the controller organisation.

Financial control measures also include management's continual business control procedures. Financial reports define key control indicators that aim to measure and support business efficiency and consistency, and to monitor progress towards the attainment of SRV's objectives.

Reliability of financial reporting

The monitoring of financial reporting reliability is based on the principles and guidelines SRV has defined for the financial reporting process. The interpretation and application of financial statement standards, including compliance with these standards, are centralised in the Group's financial administration, which is supervised by the Board's Audit Committee. Budgeting and reporting processes are based on SRV's internal

AN ANNUAL PLAN FOR INTERNAL AUDITS IS DRAWN UP FOR THE AUDIT COMMITTEE TO VERIFY AND APPROVE

instructions. The Group's financial administration is responsible for drafting and maintaining these instructions centrally. These principles are applied consistently throughout the Group.

Other information

Internal audit

The internal audit is part of SRV's internal control framework. It is an independent, objective and consulting function that is designed to create added value and improve the functions of the company. The internal audit is intended to support the Board of Directors and management in the monitoring of corporate governance, internal management control, and the efficiency of risk management. This function carries out independent audits of business functions, Group companies, processes and especially of selected targets to ensure the functionality of internal control. The internal audit seeks to ensure compliance with internal policies, guidelines and regulations.

Internal audit operates under the supervision of the Board's Audit Committee and reports on its observations to the Audit Committee, which in turn reports to the Board of Directors. An annual plan for internal audits is drawn up for the Audit Committee to verify and approve. The focus areas of the internal audit are identified risks in business operations.

SRV's 2021 internal audit was performed by an external service provider chosen by the company, namely Ernst & Young Oy. SRV's own controller organisation assisted Ernst & Young Oy in commissions relating to the auditing of construction projects. Internal audits were carried out in 2021 in accordance with the annual plan for internal audits.

Related party transactions

SRV's Board of Directors has defined principles for monitoring and assessing related party transactions within the Group, and these have been included in SRV's related party guidelines. The guidelines define SRV's related parties and stipulate principles and processes for identifying and making decisions on related party transactions. SRV maintains a register of related parties and has identified ordinary business situations in which related party transactions may occur.

Related party transactions must always be carefully and transparently prepared to ensure that market conditions are met and the transaction is in the best interests of the company. The assessment of whether a transaction meets market conditions and falls within the scope of ordinary business will take into account generally accepted contractual and market practices and the commercial terms and conditions of any comparable agreements with the company's customers and other partners.

Related party transactions that meet market conditions and form part of ordinary business must be implemented and approved in accordance with the company's internal guidelines. If a transaction does not meet market conditions or form part of ordinary business, the transaction must either be submitted to SRV's Board of Directors for approval or not be executed. Decision-making must comply with the disqualification provisions laid down in the Companies Act.

Related party transactions and their assessment criteria are reported to the Board of Directors' Audit Committee. The Audit Committee monitors and assesses compliance with principles and procedures for related party transactions within the Group. SRV reg-

ularly reports related party transactions as part of its financial reporting and publishes related party transactions as required by the regulations.

In 2021, the company had no related party transactions deviating from the company's ordinary business operations or not made on market or market equivalent conditions.

Insider administration

The company complies with the insider guidelines approved by the company's Board of Directors. The insider guidelines describe essential rules, instructions and procedures concerning market abuse and, in particular, the prohibition on market manipulation and use of inside information.

The company has defined the members of SRV's Board of Directors, the President & CEO and the CFO as its managers referred to in the Market Abuse Regulation (MAR). Managers and their closely associated persons must report all business transactions involving the company's financial instruments to both SRV and the Financial Supervisory Authority. The company will issue a stock exchange release on all such transactions.

SRV's managers may not trade in the company's financial instruments (either in person or through a third party) during a 30-day "closed window" before the publication of each of the company's financial statement bulletins or interim reports, and not on the date of publication of the company's financial statement bulletins or interim reports.

The company maintains and updates a register of those who regularly receive unpublished financial information via their position or authorisations ("those who participate in the preparation of financial reviews"). The

closed window and obligations relating thereto also apply to these individuals.

SRV establishes deal-specific or event-based insider lists to enable the effective management of project related inside information. Such lists contain information on persons who participate in the preparation of projects. They are not allowed to trade in the financial instruments linked to the company during the inside project.

SRV recommends that trading of those who are in a management position or prepare financial reviews be restricted to situations in which the market is in possession of the most comprehensive information about factors affecting the company's financial instruments, that is, after the publication of a financial statement bulletin or interim report. Insider policy forbids the aforementioned individuals from engaging in short-term trading and speculative activities with securities belonging to or related to the company.

SRV's insider administration organisation consists of the General Counsel, the person responsible for insiders, and the insider register custodian. Insider administration is responsible for the daily management and supervision of compliance with the MAR and SRV's insider policy. SRV's insider administration function cooperates with the company's communications, which handles the publication of management's business activities.

Audit

The auditor is elected at the AGM to a term of office that ends at the close of the next AGM following the auditor's election. The company's auditor must be a firm of Authorised Public Accountants approved by the

Finnish Patent and Registration Office, and the chief auditor must be an Authorised Public Accountant.

The AGM of 29 March 2021 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the company's auditor with Enel Sintonen, Authorised Public Accountant, as the chief auditor.

The auditor was paid auditing fees of EUR 357,000 in 2021. The auditor was paid an additional EUR 66,000 for other services (including all the companies belonging to the same group or chain).

Board of Directors



Tomi Yli-Kyyny

b. 1962, MSc. (Tech.)
CEO, Caruna Networks Oy
Chair of the Board (2020–)
Chair of the HR and Nomination
Committee (2020–)
Member of the Board (2019–2020)
Member of the Audit Committee (2019–
2020)



Timo Kokkila

b. 1979, MSc. (Tech.)
CEO, Pontos Group
Vice Chair of the Board (2021–)
Member of the Board (2010–)
Member of the Audit Committee (2010–)



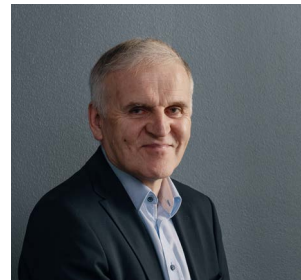
Heli Iisakka

b. 1968, MSc. (Econ.)
CFO, Colliers International Finland
Member of the Board (2021–)
Chair of the Audit Committee (2021–)



Hannu Leinonen

b. 1962, MSc. (Tech.)
Member of the Board (2020–)
Member of the Audit Committee (2020–)
Member of the HR and Nomination
Committee (2021–)



Heikki Leppänen

b. 1957, Lic.Sc. (Tech.)
Corporate management coach and
business development consultant
Member of the Board (2020–)
Member of the HR and Nomination
Committee (2020–)

Corporate Executive Team



Saku Sipola
b. 1968, MSc. (Tech.)
President and CEO
Employed by SRV since 2019.



Timo Nieminen
b. 1958, MSc. (Tech.)
Executive Vice President,
Deputy CEO
Senior Vice President,
Strategic Project
Development
Employed by SRV since 1987.



Jouni Forsman
b. 1969, MSc. (Tech.)
Senior Vice President,
Business Premises, Helsinki
metropolitan area
Employed by SRV since 2021.



Henri Sulankivi
b. 1967, MSc. (Tech.)
Senior Vice President,
Regional Units
Employed by SRV since 2014.



Jorma Seppä
b. 1981, B.Eng.
Senior Vice President,
Housing, Helsinki
metropolitan area
Employed by SRV since 2021.



Jussi Tuisku
b. 1967, BA (Hons), eMBA
Senior Vice President,
Operations in Russia and
Estonia
Employed by SRV since 2019.



Jarkko Rantala
b. 1986, MSc. (Econ.)
CFO
Employed by SRV since 2012.



Anu Tuomola
b. 1974, LL.M., eMBA
Senior Vice President,
General Counsel
Employed by SRV since 2021.



Miia Eloranta
b. 1973, M.Soc.Sc.
Senior Vice President,
Communications and
Marketing
Employed by SRV since 2021.



Kristiina Sotka
s. 1968, MSc. (Econ.), MSc.
(Politics)
Senior Vice President,
Human Resources
Employed by SRV since 2021.



Kimmo Kurki
b. 1960, Civil Engineer
Senior Vice President,
Internal Services and
Infrastructure
Employed by SRV since 1998.



Miimu Airaksinen
b. 1972, D.Sc. (Tech.)
Senior Vice President,
Development
Employed by SRV since 2021.

Information for investors

Important dates for 2022

General Meeting

The Annual General Meeting of SRV Group Plc is scheduled for Monday 28 March 2022, starting at 4 pm.

The key tasks of investor relations:

SRV's investor relations seek to support SRV's share value and provide essential and up-to-date information equally to all parties in the market. Our investor relations team is responsible for planning and implementing investor communications, contacting owners and analysts, and arranging meetings with investors.

Our most important tasks include writing interim reports, financial statement bulletins, stock exchange releases and investor presentations. In addition to reporting, the investor relations team organises teleconferences for analysts and investors, roadshows, participatory investor seminars and events, meetings with investors and analysts, and Capital Markets Days.

Meetings and events in 2021:

During the year, SRV representatives met with numerous investors and analysts, mainly at remotely held quarterly events. During the first half of the year, the company implemented its recovery programme, which included a directed share issue and rights issue. Investors, analysts and media representatives who follow SRV were invited to attend our quarterly interim report briefings, which were held as virtual events. Physical meetings were kept to a minimum due to the coronavirus epidemic.

In February 2021, SRV announced its new strategy and financial objectives for 2021–2024. The strategy aims to develop long-term competitive advantage, provide an excellent customer experience, tap into opportunities for lifecycle services, improve profitability and reduce indebtedness.

SRV did not organise any Capital Markets Days in 2021.

SRV'S SHARE

SRV Plc's share is quoted on Nasdaq Helsinki. The company has one class of shares. The shares are in the book-entry securities system maintained by Euroclear Finland Oy.

Listing: Nasdaq Helsinki
Listed since: 12 June 2007
No. of shares: 263,017,341
Trading currency: EUR
Listing: Small Cap Helsinki
Ticker symbol: SRV1V
ISIN code: FI0009015309

SRV Group Plc will publish the following financial information in 2022:

Financial Statement Release 2021 was published on Thursday, 3 February 2022 at 8.30 am.

Annual Report 2021 (including the Financial Statements and the Report of the Board of Directors) was published on Wednesday, 2 March 2022.

Interim Report for January-March 2022 will be published on Thursday, 28 April 2022 at 8.30 am.

Half-year Report for January-June 2022 will be published on Thursday, 21 July 2022 at 8.30 am.

Interim Report for January-September 2022 will be published on Thursday, 27 October 2022 at 8.30 am.

Analysts that follow SRV:

Olli Koponen, Inderes
Jerker Salokiv, Evli
Markku Moilanen, OP

MORE INFORMATION

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