



# SRV

ANNUAL REVIEW 2019

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SRV is developer and innovator in the construction industry. We want to offer the best customer experience as a constructor of urban city centres, while also being the most attractive employer in the industry. Our genuine cooperation and enthusiasm for our work comes across in every encounter. Sustainability is reflected in all our activities.

Established in 1987, we are a publicly listed company since 2007 in Helsinki Nasdaq stock exchange that operates in growth centres in Finland and Russia. Our revenue in 2019 was EUR 1,061 million. Over 1,000 people work for us and we employ a network of almost 4,000 subcontractors in our projects.

## SRV IN BRIEF



Order backlog (31.12.2019)

EUR  
**1.3**  
BILLION

Revenue (2019)

EUR **1,061.9** MILLION

What are we working on?



Homes  
**36%**  
of revenue



Business premises  
**32%**  
of revenue



Hospitals  
**19%**  
of revenue



Schools and  
educational institutions  
**7%**  
of revenue



Infrastructure construction  
**4%**  
of revenue

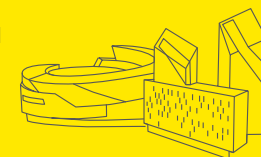


Renovation construction  
**2%**  
of revenue

We are constructing a new neighbourhood in Tampere:

### TAMPERE CENTRAL DECK

The new arena will be completed in 2021. Offices, retail premises, housing and a hotel will be built on top of the deck.



In early 2019, two apartment buildings with a total of 98 residential units were completed in

### WOOD CITY,

a unique wooden quarter. In autumn 2020, Supercell's headquarters and a multi-storey car park will be completed in the quarter. A hotel is also being planned for Wood City. Wood City is a flagship of Finnish wood construction with international appeal.

### 4 SHOPPING CENTRES

- three in operation in Russia
- one in operation in Finland

## SRV – BUILDING FOR LIFE

- Over **30 years** of experience
- About **1,000** employees
- Annually about **4,600** subcontractors
- **30,000** workers on sites
- **78** active sites

### OBJECTIVES AND VALUES

#### Mission

SRV's mission is to improve quality of life through sustainable solutions for the built environment.

#### Vision

SRV creates the best customer experience as a constructor of urban town centres.

#### Values

Our operations are guided by our shared values:

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



## CEO'S REVIEW 2019

Towards the end of the year 2019, we kicked off a recovery programme that focuses on renewing the organisation and operating culture, bolstering financial position and performance level, and improving profitability. As part of this programme, we announced that we intend to reduce our holdings in various cooperation projects. The recovery programme is proceeding at a rapid clip and all of the measures have been largely implemented. The comprehensive solution that we announced in February 2020 will give the company more financial stability to reorient its operations.

On 6 February 2020, SRV announced that it will sell its holding in the REDI shopping centre, reduced its holding in the Tampere Central Deck and Arena project and initiated measures to bolster equity. At the same time, SRV agreed with its key lenders to convert its current EUR 100 million credit facility into two separate facilities, one of EUR 60 million and one of EUR 40 million. Thanks to this comprehensive solution, we will be even better able to meet our customers' needs and wishes as well as the challenges of urbanisation.

In the fourth quarter, we had to recognise several impairments, the most significant of which was the EUR 71.5 million impairment of the REDI shopping centre due to its sale. Construction remained largely healthy and the failures in operational performance were limited to a few individual projects.

Although 2019 was a very disappointing year for us in terms of earnings and profitability, we have worked on many great projects. Work on the expansion of Terminal 2 at Helsinki-Vantaa airport and the subterranean Espoonlahti metro station is progressing as planned. Finland's longest concrete tunnel was completed in Keilaniemi, Espoo, and it was opened to traffic in June. The green deck on top of the tunnel was completed at the end of the year. Construction of the Tampere Central Deck and Arena project is in good

“THE RECOVERY  
PROGRAMME IS  
PROCEEDING  
AT A RAPID PACE.”



swing. The deck support structures and shell tile were completed in the summer and work progressed at a good rate in the autumn.

### **Housing construction focuses even more on growth centres**

Construction continued to be strong and more housing units were completed and recognised as income than last year. A total of 833 developer-contracted housing units were recognised as income during the review year. Residents moved into Finland's first residential skyscraper, Majakka, in November–December. Housing construction accounts for 36 per cent of SRV's revenue. The number of unsold completed housing units hit a record low at the end of the year: 87. We currently have 2,142 units under construction.

Demand for housing remains good in the Greater Helsinki Area, Tampere and Turku. Investor demand has remained particularly strong. Investors, international parties among them, buy a large share of their housing in these areas. Accordingly, we intend to shift the focus of our housing production from developer contracting projects to

development projects that we sell as a whole to investors before starting up construction. At the end of 2019, a total of 1,032 units were under construction for investors, mainly in Helsinki, Espoo and Vantaa.

### **SRV is a leading expert in hospital construction**

In recent years, the construction of hospitals and wellness centres has become one of our strongest cornerstones in business construction, accounting for 19 per cent of our revenue in 2019. Our professional skills and robust experience in demanding construction are evident in new hospitals such as the TAYS Front Yard for the Tampere University Hospital, Central Finland Hospital Nova and the New Children's Hospital, which was completed in 2018. The Bridge Hospital in Helsinki is progressing well and will be ready towards the end of 2022.

In addition to hospitals, we are currently working on many large school projects, such as the Finnish-Russian school in Helsinki, the Jokirinne Learning Centre in Kirkkonummi, the Monikko School Centre and the Jousenkaari school in Espoo. During the review year, we completed the Jämsänkoski comprehensive school, Kurittula school in Masku, Jätkäsaari comprehensive school, and Lauttasaari school in Helsinki.

### **SRV divests the REDI shopping centre**

In February 2020, SRV sold its 40 per cent holding in the REDI shopping centre in Kalasatama, Helsinki, to its co-investors. SRV divested its holding in REDI prematurely and before a stable level of rental income had been achieved. For this reason, the selling price reflects its lower value at the time of premature exit.

SRV manages shopping centres in Russia as well. Visitor numbers and sales grew at all the Russian shopping centres. In Russia, visitor numbers rose to over 9 million at the Okhta Mall in St Petersburg, and 4Daily in Moscow achieved an

occupancy rate of 83 per cent. Visitor numbers at Pearl Plaza rose by 5 per cent to 10 million in 2019. Strong sales growth was also seen. The process of selling the Pearl Plaza shopping centre is progressing. This demonstrates that we have succeeded in both creating functional commercial services and doing the right things in operation and marketing in Russia.

### **Recovery programme measures have now been largely implemented**

In connection with the financial statements, we published a comprehensive solution thanks to which SRV will be even better able to meet its customers' needs and wishes as well as the challenges of urbanisation. The company's financial position will become substantially stronger. This gives SRV a fresh start and lays a strong foundation for the development of the company.

We renewed our organisation and Corporate Executive Team at the beginning of 2020. This change clarifies responsibilities and bolsters the creation of a new operating culture. We seek to enhance the efficiency and quality of operations while ensuring our future earnings performance. The new organisation structure has four business units, supported by group functions. The business units are: Business Premises, regional units and infrastructure; Housing; Investments; and Operations in Russia and Estonia.

By recovering our business, we are laying a solid foundation for our future and restoring our stakeholders' confidence in us. The next step is to kick off the change in our operating culture throughout the company. We are seeking a standardised and target-oriented approach that can swiftly react to deficiencies.

I would like to thank all our customers, partners and employees for the past year. As we head into 2020, we are in a stronger new position.

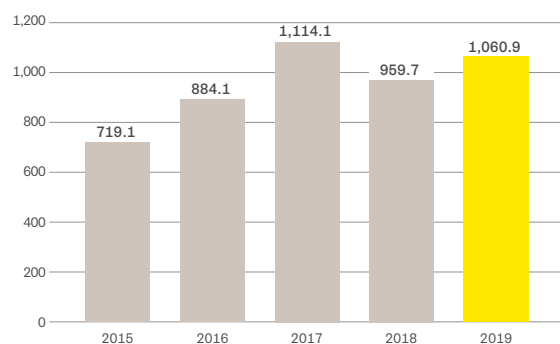
Saku Sipola, President & CEO

“AS WE HEAD INTO 2020, WE ARE IN A STRONGER NEW POSITION.”

## KEY FIGURES 2019

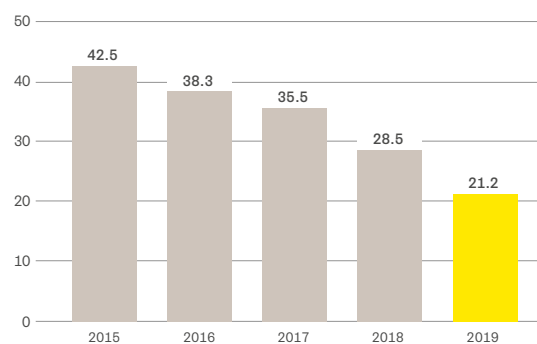
2019 was the second loss-making year in the company's history. Revenue rose to EUR 1,060.9 million. Operative operating profit amounted to EUR -96.8 million. The order backlog declined slightly year-on-year to EUR 1.3 billion.

Revenue (EUR million)



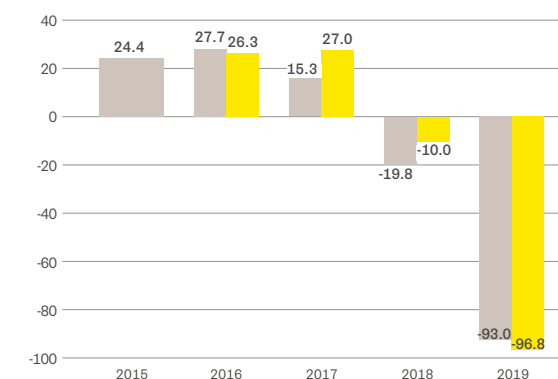
Change from 2018: 10.6%

Equity ratio (%)



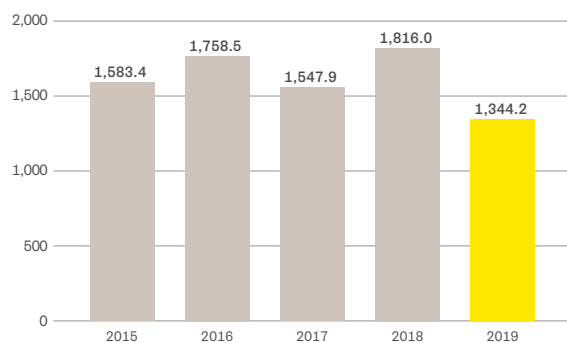
Change from 2018: -34.0%

Operative operating profit<sup>1</sup> and operating profit (EUR million)



Operative operating profit (yellow bar) Operating profit (grey bar)

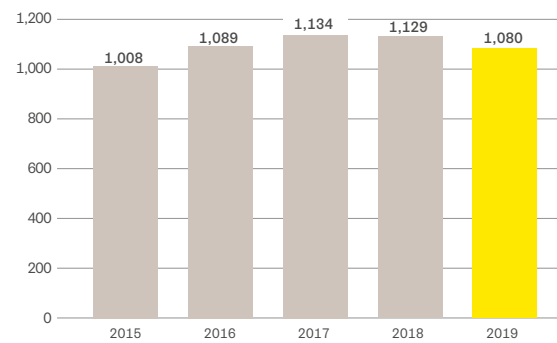
Order backlog<sup>1</sup> (EUR million)



Change from 2018: -26.0%

<sup>1</sup> At the period-end.

Personnel (persons)



Change from 2018: -4.3%

<sup>1</sup> In order to improve comparability in the case of actual earnings, SRV has adopted the new concept of operative operating profit as of 20 July 2017. It differs from the IFRS definition of operating profit by eliminating the calculated differences in currency exchange rates and their potential hedging impacts included in financial items in Russian operations. As the operating currency was changed in September 2016, the figures from 2015 is not effected by differences in currency exchange rates and their potential hedging impacts.

## BUSINESS ENVIRONMENT

**The growth of the global economy muted during year 2019. Business cycle surveys and predictive indicators show that the economy is still slowing down moderately. However, economic risks have decreased slightly. Furthermore, the trade war between the United States and China did not escalate as rapidly as was feared in the summer.**

Finland's economic growth has slackened. GDP grew by an estimated 1.6 per cent in 2019 and the forecast for 2020 is approximately 1 per cent. The boom in construction investments is almost over. Construction is estimated to have declined by about 1 per cent in 2019 and is expected to decrease by 3 per cent in 2020. In 2019, start-ups declined slightly in both housing and business construction, while good development was seen in public construction. The slowdown in construction growth brings a hoped-for respite to rising construction costs and localised labour shortages.

Investors are maintaining a good level of interest in projects in Finnish growth centres. Apartments in particular have become an increasingly attractive class of property investment in recent years, and interest remains high.

Urbanisation and population shift will continue to be the general drivers of construction growth and will maintain the need for both housing and business construction in growth centres, which are SRV's strategic focal points. According to VTT's forecast, urbanisation will continue, as Finland's urbanisation ratio is clearly lagging behind other industrialised nations, such as Sweden. For instance, the Helsinki region's 14 municipalities have made a joint MAL Plan, in which the target state is for the Helsinki region to have two million residents and more than a million jobs by 2050. This would mean about 500,000 more residents and 300,000 more jobs than in 2018.

The Russian economy has continued to grow slowly. The price of oil fluctuated during the year 2019 and the rou-

ble exchange rate strengthened. Inflation has remained in check. Russia's GDP growth is estimated to have amounted to about 1 per cent in 2019. Growth of 1.8 per cent is predicted for 2020. Household consumption is continuing its slow recovery. The major forecast risks are still posed by changes in the price of oil and the weaker-than-expected development of the outlook for the global economy and international relations.

(Sources: Helsinki Region Trends 1/2019 & VTT's Demand for Housing Production, 2015–2040, 1/2016, Business Cycle Review by the Confederation of Finnish Construction Industries RT, 10/2019, Economic Review by the Ministry of Finance, Winter 2019, Business Cycle Review by OP, 11/2019, KTI Market Review, autumn 2019, Russia forecast 10/2019 The Bank of Finland Institute for Economies in Transition, Bofit.)



# CONSTRUCTION

The Construction business area, launched at the beginning of 2019, covers all of SRV's construction activities, including the capital and plots required for developer-contracted housing production. Construction encompasses housing, business and infrastructure construction, technical units, procurement, and internal services. Construction employs about 900 people, that is, the majority of all of SRV's personnel.

The Construction business area 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 business area 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.

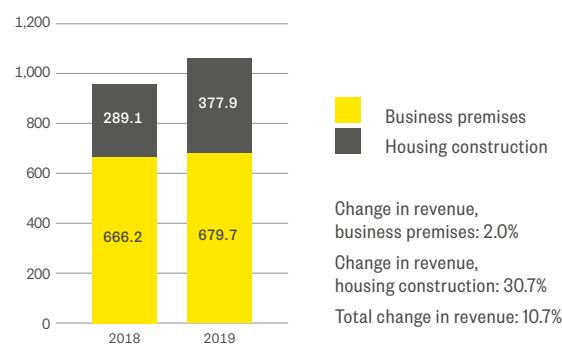
Construction's main objective is to harness its specialist expertise in order to provide an excellent customer experience in project management and production, and to help improve the profitability of SRV's business. It takes the SRV Approach, which is based on understanding customer needs and the effective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

As a result of the reorganisation carried out at the beginning of 2020, the Construction business area was divided into two separate business units: Housing as well as Business Premises, Regional Units and Infrastructure. Internal services that were previously organised as part of Construction will be handled by Group Services going forward. Internal services also include technical units and procurement.

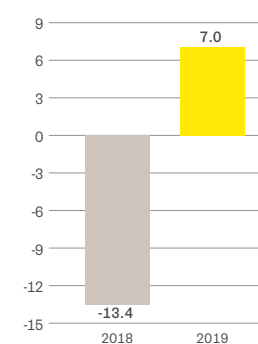
## Housing construction

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

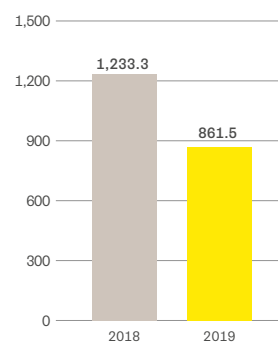
Revenue, Construction (EUR million)



Operating profit, Construction (EUR mill)



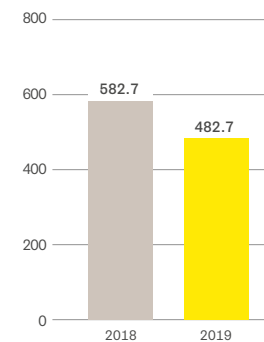
Order backlog, business premises<sup>1</sup> (EUR million)



Change in order backlog, business premises: -30.1%

<sup>1</sup> At the period-end.

Order backlog, housing construction<sup>1</sup> (EUR million)



Change in order backlog, housing construction: -17.2%

<sup>1</sup> At the period-end.

WE ARE FOCUSING ON HOUSING, BUSINESS AND INFRASTRUCTURE CONSTRUCTION IN URBAN GROWTH CENTRES.



the largest housing constructors in the Helsinki metropolitan area. At the end of the year, SRV had a total of 2,142 housing units under construction all across Finland, of which significant amount was in the Helsinki metropolitan area. More than 800 developer-contracted housing units are currently under construction, with 1,032 units sold to investors.

SRV's revenue for housing construction grew slightly in January–December 2019. The order backlog remains at a high level. Growth in developer-contracted housing construction and a greater number of new units completed contributed to the increase in revenue from housing construction. The number of unsold new units was low at the end of the year: 87 units.

Towards the end of the year, SRV completed the first residential tower, Majakka, in Kalasatama, Helsinki, as part of the largest construction project in its history. Residents moved into this 134 metre-high tower in November–December. The moving-in schedule was planned carefully. The construction of the second Kalasatama residential tower, Loisto, is well under way, and over 50 per cent of its apartments have been sold or reserved. Loisto will be completed in 2021. A total of eight towers are planned for Kalasatama.

SRV intends to build another 10,000–15,000 new homes over the next 10 years. 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. In future, demand is expected to focus more on housing units for investors, driven especially by the widespread trend for renting.

SRV builds projects next to good connections, especially rail. For example, over 1,000 homes were built along the West Metro line in 2015–2019. Over 2,500 more homes are being planned along the metro line over the coming years.

In addition to Loisto, the second Kalasatama residential tower, SRV's largest ongoing developer-contracted housing projects are Neulansilmä in Vantaa, Fyyri in Oulu and Wallesmanni in Tampere.

### Business and infrastructure construction

SRV currently has many commercial projects under construction, such as offices, educational establishments and hospitals. The most significant projects completed during the year were the third part of the Ainoa shopping centre, the Ring Road I tunnel and Front Yard, a new building project for Tampere University Hospital. The 440-metre Ring Road I tunnel is the longest concrete tunnel in Finland. Revenue from business construction rose slightly in 2019.

A significant proportion of our 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 most significant ongoing alliance project is Finavia's expansion of Terminal 2 at Helsinki Airport. It is expected to be completed in early 2022.

Hospital and school construction generates about 36 per cent of consolidated revenue. SRV is currently building Central Finland Hospital Nova and HUS Bridge Hospital. In addition to hospitals, SRV is building or renovating several educational establishments, such as the Finnish-Russian school in Helsinki, the Monikko school centre in Espoo, and the Jokirinne Learning Centre in Vesitorninmäki, Kirkkonummi. SRV takes end-to-end responsibility for the Jokirinne Learning Centre project, and the service agreement also covers lifecycle responsibility for the learning centre for 10 years. It is being implemented using a lifecycle model, which is still a relatively new method of implementing construction projects in Finland. In such a project, a private company

takes on end-to-end responsibility for the implementation of a public project and building maintenance. During the review year, the Lauttasaari school in Helsinki, Jätkäsaari comprehensive school, Kurittula school in Masku, and Jämsänkösken comprehensive school were completed.

SRV has had numerous projects along the route of the West Metro line. SRV 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 management contract, is progressing well. Construction will end and commissioning begin in summer 2022. The Tampere Central Deck and Arena, a hybrid project, comprises a multipurpose arena, residential towers, office and retail space, and a hotel. The deck structure was completed during the review year. The arena and hotel are currently being built on top of it. Wood City office building is a construction project in Jätkäsaari, Helsinki, which comprises an eight-storey wooden office building and a three-storey carpark for 170 cars. The office building will house Supercell's new headquarters. In this project, the lowest floor and basement of each building will be made of concrete, and the second to eighth floors will have wooden frames.

SRV's infrastructure construction has experienced growth in recent years. In addition to the Ring Road I tunnel, the major ongoing project is the construction of a sewer tunnel for the Blominmäki wastewater treatment plant in Espoo. The Blominmäki tunnel will be completed in 2020.

THE NUMBER OF NEW UNSOLD  
UNITS WAS LOW AT THE END  
OF THE YEAR, 87 UNITS.

# INVESTMENTS

The Investments business area, launched at the beginning of 2019, 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.

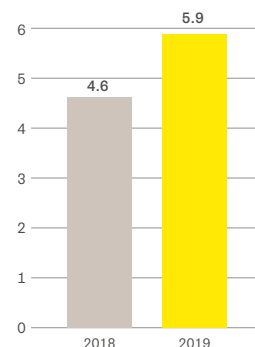
Investments' key objectives are to increase SRV's financing capacity with the aid of joint financing structures; harness the value chains created by projects more extensively through longer-term ownership; diversify capital risk; and generate positive cash flow. SRV's investment strategy revolves around the Group's strategy of building urban centres and harnessing the key megatrends that are affecting the built environment. Building urban centres primarily means the construction and ownership of central urban premises, such as housing, offices and retail premises.

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 business area 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 revenue of the business area rose slightly in January–December 2019. The majority of the business area's revenue is generated by shopping centre management. Operating profit was significantly weakened by the impairments recognized at the end of the year.

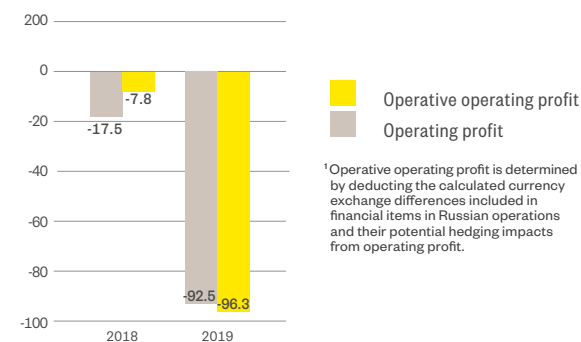
Capital employed was EUR 245.7 million at the end of the year. Capital employed was reduced by impairments and by impairments and extraordinary expense items of financial receivables recognised in financial expenses. The strengthening of the rouble exchange rate also affected capital employed. Total capital employed decreased by about EUR 92.1 million. The majority of SRV's capital employed consists of investments in associated companies.

Revenue, Investments (EUR million)



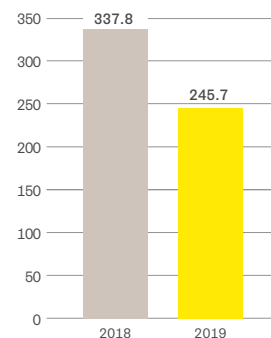
Change from 2018: 27.8%

Operative operating profit<sup>1</sup> and operating profit, Investments (EUR million)



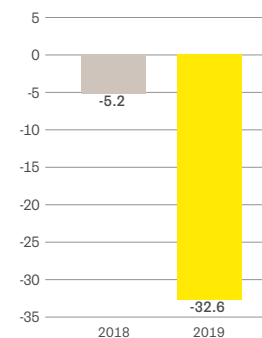
<sup>1</sup> Operative operating profit is determined by deducting the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts from operating profit.

Capital Employed



Change from 2018: -27.3%

Return on investment (%)



TWO OF OUR SHOPPING CENTRES WERE AWARDED IN RUSSIA.

### Strong expertise in shopping centre management

SRV partially owns and manages three shopping centres in Russia, which are located in St Petersburg and Moscow. In addition, SRV partially owned and managed REDI shopping centre in Kalasatama, Helsinki until February 2020.

SRV intends to sell its holdings once stable rental income has been achieved or the market situation allows. In 2019, SRV has investigated the sale of the Pearl Plaza shopping centre in St Petersburg with the other owner of the centre, the Chinese company Shanghai Industrial Investment Holdings.

Retail sales rose by 1.6 per cent in Russia during the review year. Both sales and visitor numbers increased at SRV's shopping centres. The 4Daily shopping centre opened its doors near Moscow in April 2017. By the end of December, about 83 per cent of the shopping centre's premises were leased. At the end of December, 76 per cent of its stores were open.

Visitor numbers at Pearl Plaza rose by 5 per cent to 10 million in 2019. Strong sales growth was also seen. Pearl Plaza has been fully leased since 2017. Pearl Plaza won an award as the best shopping centre in the medium-sized category. This annual award is handed out by the Russian Council of Shopping Centres (RCSC).

The Okhta Mall in downtown St Petersburg opened its doors in August 2016. By the end of December, the shopping centre's occupancy rate had risen to about 97 per cent. At the end of December, about 93 per cent of its stores were open. Sales grew by 19 per cent in January–December and visitor numbers were up 10 per cent. Okhta Mall also won an award as the best shopping centre – in the large category.



### Shopping centres

Pearl Plaza, Pietari	Okhta Mall, St Petersburg	4Daily, Moscow	REDI, Helsinki
SRV's holding: 50%	SRV's holding: 45% SRV also has a 27% holding in Russia Invest, the centre's other owner	SRV's holding: 18.68%	SRV's holding: 40%
Opened in 2013	Opened in 2016	Opened in 2017	Opened in 2018
Pearl Plaza has been fully leased since 2017	Occupancy rate at the end of December: 97%	Occupancy rate at the end of December: 83%	Occupancy rate at the end of December: 88%
In 2019, Pearl Plaza won an award as the best shopping centre in the medium-sized category from the Russian Council of Shopping Centres (RCSC)	The largest tenant is the Russian grocery chain Lenta	The anchor tenants are the electronics store DNS and grocery store Perekrostok	The largest tenant is the K-supermarket
The sales process of the Pearl Plaza shopping centre is progressing	In 2019, Okhta Mall won an award as the best shopping centre in the large category from the Russian Council of Shopping Centres (RCSC)		In February 2020, SRV announced its plans to sell its holding to co-investors. The sale was completed on 7 February, 2020.

## EVENTS OF 2019



4 June 2019

### Ring Road I tunnel opened to traffic

The Ring Road I tunnel was opened to traffic in June 2019. Measuring 440 metres, it is the longest concrete tunnel in Finland.

This technically challenging contract was carried out on a cramped site – and both the rerouted traffic on Ring Road I and the housing next to the site imposed constraints on the work. About 40,000 vehicles drove through the site each day and a metro line ran under it.



25 June 2019

### T2 project at Helsinki Airport

As the prime contractor, SRV started up important preparatory work for the implementation of the expansion of Terminal 2 of the airport in the first part of the year. The implementation agreement was signed in June.



27 September 2019

### Opening ceremony at the TAYS Front Yard

Construction of the Front Yard project for the Tampere University Hospital was completed and the opening ceremony was held at the end of September.

Construction of three new buildings and an underground parking facility were completed in phases: Building N (Heart Hospital) was opened in 2018, the parking facility and Building L (Paediatric Hospital) in the autumn, and Building D in January 2020.



25 November 2019

### Residents moved into Majakka in November

The first residents moved into the Majakka tower building at the end of November. Rising to a height of 134 metres, Majakka is the first real skyscraper in Finland. The moving-in period lasted four weeks.

Majakka is part of a complex of eight tower buildings under construction in Helsinki's most popular new residential area, Kalasatama.

1 September 2019

### Saku Sipola started as CEO

The Board of Directors of SRV Group Plc appointed the 50-year-old Saku Sipola, M.Sc. (Tech.), as the President & CEO of SRV in June. Sipola stepped into the position at the beginning of September.

30 August 2019

### An agreement with Kojamo to build rental housing

These apartments will be built in Helsinki, Espoo, Vantaa and Kerava. The agreement is for six housing sites built as development projects with a total of 527 units.





**“THE CORNER STONES  
OF SRV'S STRATEGY  
ARE URBANISATION  
AND DELIVERING  
BEST CUSTOMER  
EXPERIENCE.”**



# MEGATRENDS AND CRITICAL SUCCESS FACTORS

Megatrends and critical success factors form the foundation of our strategy. We use them to evaluate how our company should operate and develop its business in order to address changes and build a strategy that will support future development.

## URBANISATION IS A GROWTH DRIVER

More and more of us want to live in cities, as urban life is perceived to be easier thanks to the availability of jobs and services. We need to find homes for everyone in the city, and new construction is often the best solution. Energy consumption is also being increasingly regulated by legislation and, combined with efforts to curb climate emissions, our more energy-efficient approach to life is driving us to live in more compact societies.

## ECONOMIC AND BUSINESS PRIORITIES ARE SHIFTING GLOBALLY

Networks are becoming increasingly important, and continual global changes, whether in terms of money, raw materials or human needs, have an immediate impact on everyone. Companies must plan for the future, but must also live in the moment. They must be highly responsive in order to keep pace with change and predict future requirements.

## DIGITALITY IS ALL AROUND US

Thanks to digitalisation, business can be conducted wherever and whenever. Digitalisation challenges us to question existing operating methods and transform them into something more functional and flexible. Digitalisation has increased the use of various services in our daily lives. Even the structure of our cities and transport systems will change substantially. Data collection and utilisation will increase dramatically.

## WELL-BEING, FREEDOM OF CHOICE AND A SENSE OF COMMUNITY

Our values are steering us towards greater freedom of choice. When it comes to services, ease, speed and availability are paramount. Sharing economy and platform economy are growing in importance. Ownership is no longer as important to us as it was to previous generations, which makes rental housing a good option. Communities are growing in significance, and we want suitable spaces to support them.

## SUSTAINABILITY CRISIS – CLIMATE CHANGE AND NEW TECHNOLOGIES IN THE SPOTLIGHT

Climate change has accelerated the demands for carbon neutrality and circular economy. Decision-making is increasingly based on these demands, and activities are judged using new metrics. Properties must be sustainable from the perspective of carbon neutrality, circular economy and the retention of their economic value. Investors and financiers have woken up to the reality of the sustainability crisis, and are putting companies under great pressure to change.

## CONCENTRATION OF SOCIETY

## RESOURCES AND MARKETS

## WORKING AND MOVING

## MORE LIVING

## ENERGY AND SUSTAINABILITY

## URBANISATION

## DEMOGRAPHIC AND SOCIAL CHANGES

## CLIMATE CHANGE AND RESOURCE SCARCITY

## GLOBALISATION

## TECHNOLOGICAL DEVELOPMENT

## SRV'S STRATEGY

The recovery programme kicked off at the end of 2019 seeks to improve profitability substantially. SRV's strategy and financial objectives will be reviewed in 2020.

SRV's key objective is to substantially improve profitability and stabilise its finances. Towards the end of the year, we launched a recovery programme that focuses on lightening the balance sheet, achieving cost-savings, strengthening earnings and cash flow, and renewing the organisation and operating culture.

SRV's strategic objective is to develop and build homes, spaces and environments where people can live comfortably and enjoy life. The company's key strengths include long-term development of operations and a profound understanding of customers' needs. SRV operates in Finland's attractive growth centres, which have sufficient demand, and in both St Petersburg and Moscow in Russia. All of our operations seek to not only be profitable and customer-focused, but also to further strengthen the company's role as a sustainable constructor and property developer that employs new digital solutions and to ensure that SRV is a desirable workplace.

As part of the ongoing recovery programme, SRV is reducing its own on-balance sheet construction operations by shifting the focus of project development operations from developer contracting projects to development projects that SRV sells to investors before starting up construction. SRV will select projects more prudently and contracting will focus on project management implementation under a cooperation model. New business opportunities are sought from lifecycle projects and property services. SRV owns shopping centres and develops them for sale.



SRV's operating model is based on long-term cooperation with different implementation partners, such as cities, investors, users of premises, homebuyers, designers, trade contractors and material suppliers. SRV has around 1,000 employees. In addition, in its projects SRV employs people from almost 4,000 partner companies through its unique network.

THE COMPANY'S KEY STRENGTHS INCLUDE LONG-TERM DEVELOPMENT OF OPERATIONS, NETWORKING, AND PROFOUND UNDERSTANDING OF CUSTOMERS' NEEDS.

## STRATEGIC DEVELOPMENT PROGRAMMES

In 2019, SRV continued to work particularly on improving profitability and lightening the balance sheet.

### Improving profitability and the cost-effectiveness of projects

In our efforts to improve operational efficiency, we have focused on managing additional and alteration work, systematically reducing work paid at hourly rates, and making even more competitive procurements for major contract performances.

With respect to processes, our main focuses in 2019 were on boosting performance in procurements and developing the preplanning of production. We have enhanced procurement performance by streamlining the procurement process. We ensure high quality in procurements through careful joint planning between the procurement and production organisations. We have finetuned preplanning processes with respect to project scheduling, site logistics and project risk management.

In 2019, we organised two innovation challenges in which we invited all SRV employees to come up with new solutions for enhancing profitability. In the first challenge, we sought ideas for improving the preplanning of production – the winning idea was a workshop that steps up efficiency in site use and shared costs. The workshop was launched immediately. The second challenge sought further innovations in the development of cost management. Four good proposals made it to the final stretch – the best will be selected in 2020.

The renewal of the organisation and processes has continued as part of the recovery programme. Key focus areas in improving earnings included, with respect to procure-

IN 2019, WE ORGANISED TWO INNOVATION CHALLENGES IN WHICH WE INVITED ALL SRV EMPLOYEES TO COME UP WITH NEW SOLUTIONS FOR ENHANCING PROFITABILITY.



ment, the further centralisation of procurements in housing production, bolstering the management of procurement categories in the construction of business premises, and increasing the share of the total volume accounted for by international procurements. Project selection was also honed with additional risk management measures in project development and offering.

### Providing an unbeatable customer experience

SRV aims to provide the best customer experience in the industry as the builder of urban centres. Our goal is that each interaction is so successful that

the customer is prepared to recommend SRV to others. This applies to homebuyers, users of business premises and property investors alike.

We continued our work to identify the customer needs of the future in both housing and business premises. During the review year, we took steps such as segmenting consumer customers based on an extensive study of what homebuyers will want from their homes in the future. The apartment warranty repair process was also renewed with the goal of improving the customer experience, accelerating the completion of warranty work, and increasing subcontractors' commitment to warranty repairs.



We measure the SRV customer experience regularly using an NPS (Net Promoter Score) survey. For example, information is collected from homebuyers after the sale has been completed, when they are moving, and two years after completion of the site. We ask them about issues such as their satisfaction with the apartment, SRV's operations in general, the salesperson's behaviour, whether alteration work was successfully implemented, and the quality of basic interior decoration materials. SRV's full-year NPS for housing was 34 in 2019 (2018: 40.5) and for business premises it was 69 (2018: 42). The factor that particularly reduced customer satisfaction among homebuyers was scheduling and quality problems in warranty repairs. To ensure smoother warranty repairs in the future, we renewed our warranty repair process during the review year. In the case of business premises, we started measuring the customer experience in multiple phases in 2017.

### **Harnessing digitalisation and new technology**

We harness digitalisation in project development and planning, technical building systems, construction site management, communications and marketing, and the products and services we provide. This strategic development programme seeks to find new digital solutions and systematise digitalisation and the adoption of new technologies.

One of the key development focuses is a new end-to-end information modelling concept that will take SRV's information modelling guidelines, processes and utilisation to the next level. In 2019, work on the development, support and deployment training of the information model environment progressed rapidly, and the new guidelines, processes and several state-of-the-art tools for utilising information models have been adopted widely in projects. Next, we will move on to working towards our main objective: building a dynamic environment for harnessing information models in all of SRV's project functions.

The main purpose of SRV's information model concept is to create an intuitive user environment for information models and related information to support decision-making in all project phases. In this new environment, everyone can focus on their core competence – the information model environment will be built to support and serve each role. Tools will be offered for the project development, design and production phases.

During the review year, we also made headway in our digital service channels and both project and property management systems. In digital service channels, we focused especially on developing the digital service package aimed at meeting the everyday needs of people living in Majakka, the first residential tower in Kalasatama. The system is ready and we have tested its services more extensively with Majakka residents. The service has been well received.

### **Building future growth**

Urbanisation continues in Finland. For instance, the Helsinki region's 14 municipalities have made a joint MAL Plan, in which the target state is for the Helsinki region to have two million residents and more than a million jobs by 2050. This would mean about 500,000 more residents and 300,000 more jobs than in 2018.

Services are gaining ground in housing – Finns are increasingly interested in replacing the things they own with a range of shared use products and purchased services. To gather background information for this service, we commissioned 'What annoys Finns in their daily lives' survey – the results of the survey also indicate that there is more demand for various residential services.

The ageing of the building stock increases the need for property maintenance and renovation. Due to urbanisation, more daycare centres and schools will be needed in growth centres. It is expected that the focus in public service construction will shift even more strongly to privately financed construction and lifecycle building. In the lifecycle model,

the service provider takes responsibility for project design, construction and maintenance over a long contractual period, typically 15–25 years.

SRV launched Energy and Lifecycle Services in May 2019. The unit's services encompass everything from the building design and implementation phase to property use and maintenance services over its lifecycle. We seek to promote energy self-sufficient construction – among other things, this entails increasing the amount of renewable energy produced by the property itself. We also design and build the property to be as energy-efficient as possible. Our services seek to find the perfect solutions for each property. Our first lifecycle project is the Jokirinne Learning Centre in Kirkkonummi. It will be completed and opened in 2021.

### **The group's strategic financial objectives**

In the fourth quarter, SRV kicked off a recovery programme. The short-term target is to ensure that operative operating profit and cash flow in 2020 are in the black and to return operative operating profit in 2021 to the 2017 level.

As part of the recovery programme, we will continue to lighten the balance sheet by, for instance, selling completed housing units, plots and investments at an accelerated rate. In addition, we are exploring opportunities to reduce our holdings in various cooperation projects. We seek to lighten our balance sheet by EUR 40 million in 2020. Own on-balance sheet construction operations will be reduced by shifting the focus of production from developer contracting projects to development projects that SRV sells to investors before starting up construction.

The company's strategic objective is to significantly improve profitability and gradually decrease tied-up capital by EUR 250–300 million as the current shopping centre investments are sold, which is expected to be by the end of 2024.

The strategy and the strategic financial objectives that steer SRV's operations will be finetuned in 2020.

# RISKS AND RISK MANAGEMENT

SRV has published a separate Corporate Governance Statement in its Annual Review and on the company's website. More detailed information about the company's business risks and risk management has been provided in the 2018 Notes to the Financial Statements and Annual Review, and is also available on the company's website. Corresponding reports for 2019 will be provided on 2 March 2020 when the company publishes its 2019 Financial Statements.

The most significant operational risks relate to capital tied up in major business construction projects, SRV's earnings trend, the availability of project financing, ensuring sufficient short-term liquidity, the development of the situation in Russia, and the rouble exchange rate.

According to the latest forecasts, the strong growth that the construction industry has experienced in recent years is now levelling off, or there may even be a downswing in production. This is expected to generate a slow improvement in subcontractor availability and to relieve cost pressures in materials and subcontracting. Coupled with the prudent selection of new projects, it is also expected to improve SRV's cost-competitiveness. Due to long-term procurement agreements, the decline in input prices may have a delayed effect on SRV's earnings improvement.

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. Combined with the company's weakening earnings performance, SRV has faced difficulties in issuing commercial paper, due to which it has had to draw EUR 60 million from its existing EUR 100 million credit facility. For the same reason, the amount available from the credit facility and certain financing and guarantee facilities has decreased or become subject to limitations. SRV's financing agreements contain standard covenants. At the end of December, the company made a standstill agreement with

the bank syndicate that issued the credit facility, that is, the loan covenants will not be tested during the period specified. These factors have reduced the company's financial reserves and hindered the availability of financing. In addition, the company expects that only a small amount of new RS loans will be drawn in 2020. The company will seek to ensure financing for new projects by employing its general financing reserves and selling project-specific receivables to financial institutions. Receivables can be sold to manage liquidity only within the limits permitted, which on the closing date was practically in full.

If the company receives funding for planned construction projects, SRV's financial position is expected to improve slightly due to positive cash flow and a decrease in tied-up capital in the balance sheet. If the major sales and other measures to improve equity that have been announced on 6 February are carried out as planned, the company's balance sheet, liquidity and financial position will improve significantly by the end of the second quarter.

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 rental income are impacted by factors such as general economic trends, consumer behaviour, successful shopping centre management, the shopping centre's reputation and, in Russia, 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 acquisition-price-based value in the balance sheet. The company decided to divest its holding in the REDI shopping centre prematurely and before a stable level of rental income has been achieved. For this reason, the selling price reflects the impairments at the time of premature exit. The company recognised this difference as impairment in the 2019 financial statements.

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 -9.5 million on the Group's equity translation differences. A 10 per cent weakening in the exchange rate would correspondingly have an impact

of about EUR -6.2 million on SRV's earnings. 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. Some of the loans taken out by SRV's associated companies in Russia were converted to roubles during early 2018, thereby reducing SRV's exchange rate risk. The remaining exchange rate risk is hedged in accordance with the hedging policy approved by the Board of Directors.

To increase the comparability of operations, the company reports operative operating profit in addition to operating profit. Operative operating profit differs from the IFRS definition of operating profit in that it eliminates the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts. In order to improve the comparability of the balance sheet structure, SRV will also report its 2019 key figures without the impact of IFRS 16.

## Sustainability risks

Sustainability-related risks are reviewed and updated twice a year at the same time as other risks are reviewed. Identified risks include serious accidents, the grey economy, working conditions throughout the supply chain, climate change, and SRV's reputation among stakeholders. We are continually working to control and reduce risks in both our own operations and our subcontractor network. For instance, we held discussions about human rights impacts with labour hire agencies and cleaning service providers in 2019.

SRV's Construction Contract Programme defines our basic sustainability requirements, and our Code of Conduct for partners and subcontractors has been actively adopted. We intend to continue this work by introducing a self-assessment process for suppliers as part of our supplier approval process. We also continued our background check cooperation with Asiakastieto in 2019.

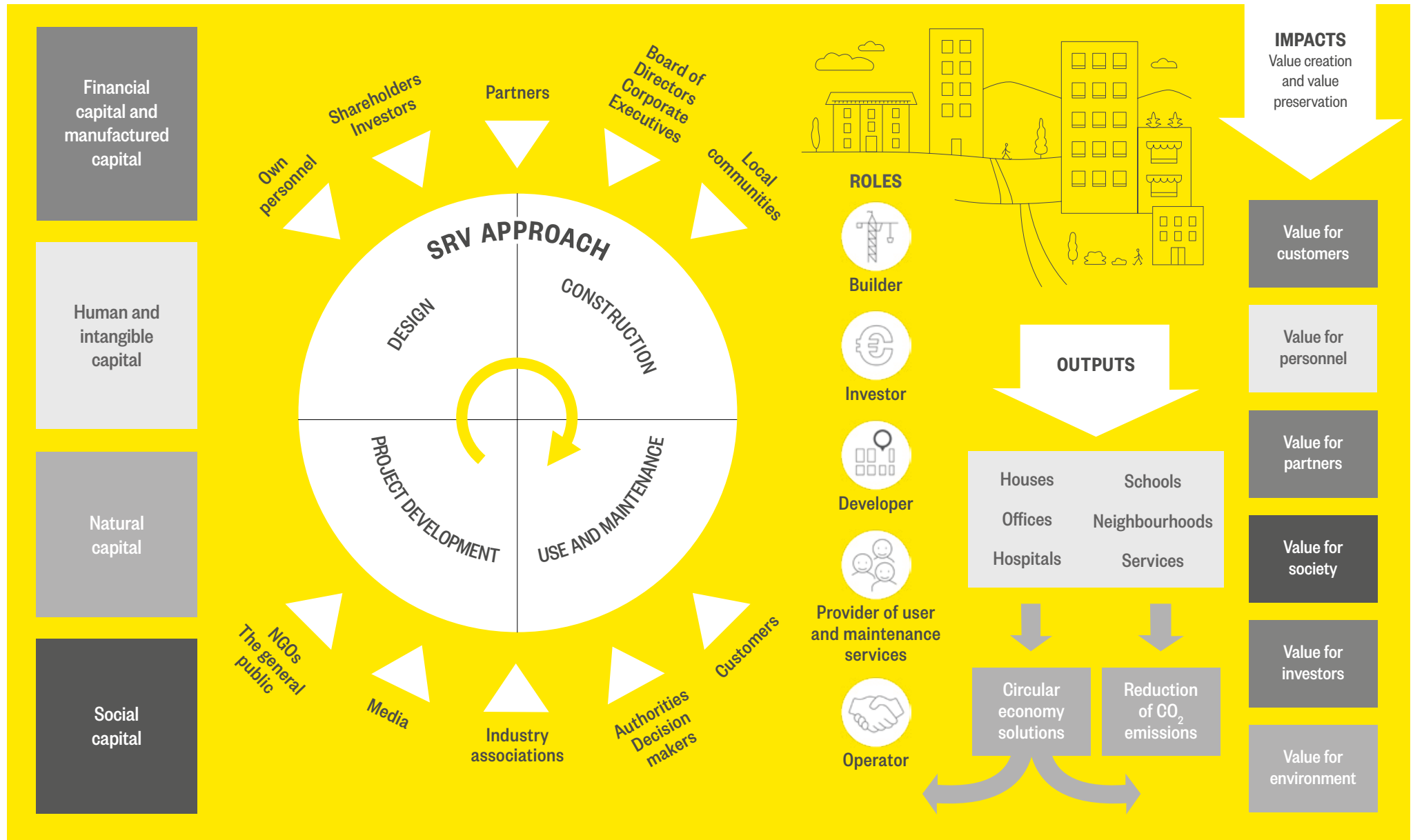
In 2020, we will continue to assess human rights impacts and discuss practical measures in both our own operations and our supply chain. The physical and business risks and opportunities associated with climate change will be more extensively analysed, and we will consider what the changing climate will mean for the future of both the sector and SRV. Objectives and indicators will be created on the basis of a climate risk analysis.



**“VALUE CREATION  
MODEL TAKES INTO  
ACCOUNT ALL  
FORMS OF CAPITAL.”**



# VALUE CREATION MODEL





## MORE AND BETTER INFORMATION

**SRV is a constructor, property developer, investor and owner.**

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 capacity, SRV seeks funding for specific projects from banks, investors, customers and partners. SRV implements developer-contracted housing projects, development projects, and construction projects.

In 2017, SRV developed a value creation model that collates different types of capital and defines yields and impacts. The company creates value through its business model, which makes use of different types of capital and transforms them into outputs through its business functions and interaction. Short-term, mid-term and long-term outputs will either destroy value or create value for the company and its stakeholders, society and the environment.

This description of value creation is under continual development, and is updated to reflect changes in valuations and what information stakeholders require. SRV creates value not only for itself but also for society as a whole, and stakeholders are evaluating and judging SRV with a new set of criteria. Investors' questions increasingly focus on the positive environmental and social impacts of products and services, and even the value generation of entire ecosystems. In addition to the basic work involved, identifying the positive impacts desired by investors requires us to develop brand-new indicators.

Value creation and companies' ability to create value have substantially altered as a result of changes in society and the economy. The model can provide an overall picture

of the company's business model, strategy, operations, development outlooks, and other issues that are relevant to our ability to create value over the long term. This value creation model will also show how the company creates value via its operations and how it makes use of the variety of different types of capital in its operating environment in its own value creation process. It paints a realistic image of the company's interaction models and fundamental risks.

### SRV's value creation

A picture of SRV's value creation has been built around the SRV Approach. To obtain background information, we interviewed customers, investors, financiers, decision-makers and influencers. Internally, 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.

The value creation model provides a new way of describing and presenting SRV's value creation, and also caters to investors' new information requirements. SRV seeks to be in demand as a project implementer, and wants partners to feel that working with SRV yields sustainable value for their own business. The model can be used as a tool for business development across unit and function borders. It takes into account all kinds of capital, not just financial capital, and presents a broad range of inputs, outputs and impacts.

The most important of SRV's different types of capital are human, intangible and social capital – we create value through a variety of different types of expertise. With respect to human capital, the following aspects are particularly im-

portant: customer expertise, interaction, design expertise, zoning expertise, management of the supplier pool and management expertise. The major elements of intangible capital are the SRV Approach, the SRV Network Register, references, brand, concepts and operating models. The key areas in social capital are stakeholder relationships with cities, investors and the local environment as well as the employer image and partnerships.

VALUE CREATION AND COMPANIES' ABILITY TO CREATE VALUE HAVE SUBSTANTIALLY ALTERED AS THE RESULT OF CHANGES IN THE SOCIETY AND THE ECONOMY.



requirements, as the weakest link will define the level of the chain as a whole.

Stakeholders, both together and individually, continually weigh up whether, in their eyes, the company has permission to operate. Reputation in itself 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 seeks to ensure that, in addition to considering environmental perspectives, we also operate in a socially and ethically sustainable manner. Certified management systems – ISO9001 (quality), ISO14001 (environmental) ja ISO45001 (occupational health and safety) – ensure compliance and create a credible base for our sustainability efforts. The sustainability programme and its associated business concepts form part of this work.

### The sustainability programme

Our operating environment and its associated risks and opportunities change rapidly and our sustainability programme should therefore reflect these changes as well. The programme was revised in 2019 and its themes have now been structured around value creation. The themes in this annual review are also presented according to the programme's structure. Our goal for 2020 is to ensure that the sustainability programme's themes are closely tied to our updated strategy, and that they also support business development and the attainment of SRV's strategic targets in the best possible way.

At SRV, the Group's CEO is ultimately responsible for sustainability. The Sustainability Director, working in the Business Development Unit, is responsible for practical work. The Sustainability Director is responsible for compiling and revising the sustainability programme in collaboration with a network comprising representatives of our various business areas and functions. Sustainability policies are approved by the Corporate Executive Team, which presents



issues to SRV's Board of Directors as necessary. The executive teams of our business areas deal with sustainability issues as part of their routine business management.

Moderate progress was made towards our objectives in 2019. The sustainability programme was revised, an online course in competition law was introduced, and training sessions were held. We continued to assess human rights impacts and improved awareness of our ethics channel within the supply chain. Our Code of Conduct for suppliers and partners was introduced. We did not manage to enhance stakeholder involvement, introduce a self-assessment form for suppliers or further develop our value creation model, and these targets will now be transferred to 2020.

### Appropriate information to support decision-making

Sustainability reporting is expected to meet stakeholders' growing demands for information. Investors and financi-

ers in particular have an increased need for sustainability data. These days, sustainability themes such as climate change are part of routine business and increasing volumes of sustainability data are also required to support decision-making. Sustainability is no longer a separate section in our reporting, but rather one of its main themes. When reporting is tied to sustainable business concepts, it has the potential to generate greater added value for both SRV and our stakeholders.

Appropriateness continues to be the watchword for SRV's sustainability reporting. We comply with statutory and industry-wide reporting requirements, and provide both internal and external stakeholders with up-to-date and comprehensible information to support decision-making. Unless otherwise stated, our sustainability reporting adheres to the same boundaries as our financial reporting.

We will continue to develop our reporting, particularly with regard to climate risks, human rights risks, ESG



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"> <li>Ethical operating principles</li> <li>Ethical channel</li> <li>Ethical operating principles for partners and suppliers</li> <li>Improving ESG reporting</li> <li>Work of internal responsible sourcing group</li> </ul>	<ul style="list-style-type: none"> <li>Internal audit</li> <li>Compliance work, work of internal Compliance team</li> <li>Biannual risk identification and mitigation walk-through</li> </ul>
PERSONNEL, SOCIAL RESPONSIBILITY, HUMAN RIGHTS	<ul style="list-style-type: none"> <li>Accidents at work</li> <li>Work exhaustion due to heavy workload</li> <li>Negligence of terms of employment or working conditions</li> <li>Work related discrimination and harassment</li> <li>Negligence of societal obligations</li> <li>Health and safety of local communities</li> <li>Product responsibility to customer customers</li> </ul>	<ul style="list-style-type: none"> <li>OHSAS18001 health and safety management system</li> <li>ISO9001 quality management system</li> <li>Management reviews (at sites)</li> <li>External audits</li> <li>Safety teams</li> <li>TURVA system</li> <li>Safety information meetings</li> <li>Safety observations</li> <li>TR measurements</li> <li>Internal audits</li> <li>Process and instructions for handling potential harassment or discrimination incidents</li> </ul>	<ul style="list-style-type: none"> <li>Kick-off meeting for safety and environmental issues</li> <li>Site instructions</li> <li>Personnel survey</li> <li>Construction Contract Programme</li> <li>Procurement background checks</li> <li>Network Register</li> <li>Discussions with suppliers</li> <li>Collecting and analysing customer feedback</li> </ul>
CLIMATE AND ENVIRONMENTAL ISSUES	<ul style="list-style-type: none"> <li>Environmental damage and accidents</li> <li>Illegal or inappropriate activities</li> <li>Climate risks – physical risks</li> <li>Climate risks – adaptation and business</li> <li>Climate risks – investor demands</li> </ul>	<ul style="list-style-type: none"> <li>ISO14001 environmental management system</li> <li>External audits</li> <li>Project risk management process</li> <li>Identification and management of process risks</li> </ul>	<ul style="list-style-type: none"> <li>Environmental plan</li> <li>Kick-off meeting for safety and environmental issues</li> <li>Site instructions</li> <li>Internal audits</li> <li>Life Cycle models, LCA calculations</li> <li>Sustainable concepts</li> </ul>
BRIBERY AND CORRUPTION PREVENTION	<ul style="list-style-type: none"> <li>Illegal or inappropriate activities</li> <li>Negligence of societal obligations</li> </ul>	<ul style="list-style-type: none"> <li>Training courses in Competition Law</li> <li>Grey economy prevention days</li> </ul>	<ul style="list-style-type: none"> <li>Network Register</li> <li>Procurement background checks</li> </ul>



SRV'S VALUES – SUSTAINABILITY, ENTHUSIASM, PROFITABILITY, BOLD IN DEVELOPMENT AND OPEN IN COOPERATION – WILL CONTINUE TO CREATE A FIRM FOUNDATION FOR FURTHER DEVELOPMENT.



indicators, and the UN's Sustainable Development Goals. 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 financial statements section of the Report of the Board of Directors. A summary of the report is also presented on the page 22.

### Ethical operations based on transparency

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

SRV has an ethics channel through which anyone can anonymously report observed or suspected behaviour that contravenes the ethical operating principles. We received one report via the ethics channel in 2019. Two reports were received through other channels. All reports were investigated in accordance with the agreed process. In 2019, SRV will establish a compliance team to enhance compliance. The team is led by the General Counsel.

Together with the Sustainability Director, SRV's risk management is responsible for identifying and reporting sustainability risks, and for implementing risk management measures.

### Listening to stakeholders is important

SRV wants to be a reliable and desired partner. Stakeholders now expect even more concrete action from companies to tackle major sustainability challenges. SRV also seeks to involve stakeholders even more closely in the development of business operations, such as by inviting them to participate in planning during the early phase of a project.

SRV ALSO SEEKS  
TO INVOLVE  
STAKEHOLDERS  
EVEN MORE  
CLOSELY IN THE  
DEVELOPMENT  
OF BUSINESS  
OPERATIONS.



During the year, SRV representatives met with numerous investors and analysts at a variety of meetings and events. Several visits to SRV sites were arranged for media representatives. In 2019, the greatest interest was aroused by Finland's first skyscraper, Majakka, and its new residential services. We enhanced media communications during the year and introduced a new newsroom service in December. We met with subcontractors and suppliers at bilateral negotiations concerning topics such as the ethical issues surrounding agency-hired labour.

SRV is involved in industry development via close cooperation with other industry actors. We are particularly active in our environmental sustainability and occupational safety efforts. Collaboration is carried out under the umbrella of 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 Environment and Energy group of the Confederation of Finnish Construction Industries RT and the Green Building Council Finland.

# NEW SUSTAINABILITY PROGRAMME 2020

THEME	QUALITATIVE TARGETS	QUANTITATIVE TARGETS
<b>SUSTAINABILITY MANAGEMENT</b> <ul style="list-style-type: none"> <li>Value creation model</li> <li>Stakeholder relations</li> <li>Reporting</li> <li>Ethical business</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Improved results in the Trust &amp; Reputation survey</li> <li>Utilise the Youth Panel's perspectives in development work</li> <li>Assess climate and human rights risks</li> <li>Enhance Compliance work (in accordance with the separate programme)</li> <li>Update the risk management framework</li> <li>Perform an SDG analysis</li> </ul>	<ul style="list-style-type: none"> <li>100% of personnel have completed Code of Conduct training</li> <li>100% of the target group have completed competition law training</li> </ul>
<b>VALUE FOR CUSTOMERS</b> <ul style="list-style-type: none"> <li>Residential services</li> <li>Sustainable concepts</li> <li>High-quality products and services</li> </ul>	<ul style="list-style-type: none"> <li>Develop the sustainability content of residential services</li> <li>Provide solutions at commercial and housing sites in accordance with our sustainability concept</li> <li>Enhance overall quality throughout the value chain</li> <li>Develop customer paths</li> <li>Project development better meets customer needs</li> </ul>	<ul style="list-style-type: none"> <li>NPS 40 (housing), customer satisfaction average 4</li> </ul>
<b>VALUE FOR PERSONNEL</b> <ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Competence development</li> <li>Sense of community, personnel wellbeing</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Continue work towards our Zero Accidents objective in line with the ISO45001 occupational health and safety standard</li> <li>End the downward trend in job satisfaction</li> <li>Enhance the coverage and availability of training</li> <li>Build an equal opportunities workplace</li> <li>Enhance the appeal of the sector</li> <li>Utilise the results of the human rights risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>TR measurement result 96%</li> <li>10% reduction in the accident frequency rate per year</li> <li>Long term goal of Zero Accidents</li> <li>18,000 safety observations/year, 1/ person/month, 25/site/month</li> <li>Safety infos 2/month/site</li> <li>Management reviews 10/year</li> <li>3 training days per person per year</li> </ul>
<b>VALUE FOR PARTNERS</b> <ul style="list-style-type: none"> <li>Construction Contract Programme</li> <li>Responsible procurement</li> </ul>	<ul style="list-style-type: none"> <li>Improve material traceability</li> <li>Enhance cooperation with partners</li> <li>Pay more attention to environmental perspectives in procurement (materials and suppliers)</li> <li>Introduce comprehensive audit training</li> <li>Continue discussions about human rights and sustainability in major service contracts (indirect)</li> </ul>	<ul style="list-style-type: none"> <li>Partners' risk category is at least 4 (Asiakastieto); risk category 4 only in exceptional cases</li> <li>At least 90% of construction site procurements are made via Profio</li> <li>100% of centralised procurements via Profio</li> <li>200 supplier audits per year</li> </ul>
<b>VALUE FOR SOCIETY</b> <ul style="list-style-type: none"> <li>Combating the grey economy</li> <li>SRV Network Register</li> <li>Tax footprint</li> <li>Employment</li> </ul>	<ul style="list-style-type: none"> <li>Enhance cooperation with the authorities with regard to regulatory requirements</li> <li>Targets for Anti-Grey Economy Days in accordance with the separate programme</li> <li>Determine how to use the SRV Network Register in building sustainable concepts</li> </ul>	<ul style="list-style-type: none"> <li>4 Anti-Grey Economy Days per year</li> </ul>
<b>VALUE FOR THE ENVIRONMENT</b> <ul style="list-style-type: none"> <li>Fighting climate change</li> <li>Circular economy solutions</li> <li>Energy and lifecycle services</li> </ul>	<ul style="list-style-type: none"> <li>Set an environmental efficiency target for SRV's annual operations ("efficiency basket")</li> <li>Further develop environmental quality measurement as part of auditing</li> <li>Calculate a site's lifecycle carbon footprint to support planning and decision-making</li> <li>Revise wood construction policies</li> <li>Prepare to meet the environmental requirements for plot handovers</li> <li>Growth in energy and lifecycle services (in accordance with the separate programme)</li> <li>Develop circular economy solutions</li> <li>Construction sites comply with an energy- and material-efficient operating method, and efficiency is monitored</li> </ul>	<ul style="list-style-type: none"> <li>Target recycling rate for all new construction sites = 92%</li> <li>Targets for construction waste by building type (for example, office: target for sorting-at-source rate = 65%, target for specific waste volume = 8.5 kg/rm<sup>3</sup>)</li> <li>In 2020, at least 70% (by weight) of the material in construction and demolition waste is recycled (excl. hazardous waste and soil and rock material removed from the ground and bedrock)</li> </ul>
<b>VALUE FOR INVESTORS</b> <ul style="list-style-type: none"> <li>ESG requirements</li> <li>Analysing climate risks</li> <li>Green financing</li> </ul>	<ul style="list-style-type: none"> <li>Climate risks to be evaluated and analysed, and suggested measures drawn up</li> <li>Meet ESG reporting requirements</li> <li>Investigate opportunities for green financing</li> </ul>	

# VALUE FOR CUSTOMERS

A good customer experience is SRV's main goal. We want to earn our customers' trust by operating transparently and engaging in safe, high-quality construction. A customer's experience of a product's or service's responsibility and sustainability is part of this. A satisfied customer whose needs have been understood and fulfilled is a sign of high quality.

## Providing an unbeatable customer experience

Customer experience is the sum of all the experiences that a customer has through various interactions with SRV. SRV aims to provide the best customer experience in the business, and thus every interaction must go so smoothly that the customer is prepared to recommend SRV to others.

The customer service process for consumer customers has been enhanced by various means, such as involving residents in good time before construction commences and finding out what future homebuyers want from their homes. SRV measures customer experience with a Net Promoter Score (NPS). An NPS survey is used to collect information from homebuyers after the sale has been completed, when they are moving in, and two years after completion of the site. SRV's full-year NPS for housing was 34 in 2019 (2018: 40.5). Warranty repairs had a negative impact on the NPS for housing.

Customer feedback relating to business premises has helped us to understand how much the customer experience is affected by correctly timed communications and having a jointly defined target state. This information will now be utilised throughout the organisation. Our NPS for business premises was 69 (42).

## Sustainable concepts

In 2019, SRV launched new residential services to make everyday life that little bit easier. Asumi, a user-friendly digital service platform, was initially launched for residents of the Kalasatama towers. We also launched our new energy

and lifecycle services, thereby expanding our service range to building use and maintenance.

SRV actively communicates about the benefits of sustainable business premises, which help our corporate customers to meet their own sustainability targets. For example, we provide a wide variety of data about our sites for tenants to use in their own development and reporting.

SRV seeks to create sustainable concepts that will generate measurable added value for our customers. These concepts will steer processes all the way from the regional development phase to use and maintenance. This approach provides us with an opportunity to inform many parties about added value, not only end users, but also those who are financing or investing in our sustainable project portfolio. Sustainable operating methods developed during major projects will also be used in future projects.

## Continuous quality control

SRV's high-quality and sustainable construction hinges on professionally skilled personnel, the will to do things right, and ensuring that all the building blocks of quality are in place. Well-oiled management systems play an integral part in high-quality operations, production efficiency, uninterrupted implementation and consistent quality of the end product. During 2019 risk management processes and activities were developed, not only on the project level, but also on the actual process level. In addition, the responsibilities were clarified. In 2020 the responsible persons will receive training in process development, maintenance and risk management.

The quality system for SRV's construction process consists of project-specific quality design, realising and monitoring quality, monitoring results, developing the operating model, and training the employees who implement the system in order to maintain their level of knowledge and awareness. Its practical implementation is supported with model documents and descriptions of operating methods.

All work phases up to the handover and occupancy of the completed building are carefully planned beforehand. The company determines the risks of the project and prepares for them. During implementation, both the work and the quality of the end product are verified with inspections.

SRV'S HIGH-QUALITY AND SUSTAINABLE CONSTRUCTION HINGES ON PROFESSIONALLY SKILLED PERSONNEL, THE WILL TO DO THINGS RIGHT AND ENSURING THAT ALL THE BUILDING BLOCKS OF QUALITY ARE IN PLACE.



## CASE

## More time to live a good daily life

In order to enhance the perceived quality of life of Finns and make their days smoother, we launched housing services that we have developed together with the residents of the Kalasatama Towers.

People are now more prepared to use a variety of services to make their daily lives easier, enjoy experiences and pursue self-improvement. Additionally, as people increasingly value ecology and ease, the sharing economy is becoming more popular and ownership less important.

“Many people feel that communal areas and shared cars and goods that improve residential comfort provide great added value. Shared use of amenities can give a touch of luxury to everyday life while ensuring efficient resource use. For example, instead of owning your own exercycle, you can go to the building’s well-equipped gym, and rather than having a personal sauna that you don’t use all the time, you can book the building’s sauna and enjoy its views and jacuzzi. Shared ownership is also responsible – sharing premises

and goods saves resources,” says **Lotta Toivonen**, Project Manager for Service Development.

At the beginning of the year, we commissioned a survey to find out what annoys Finns in their daily lives and what gives them joy and energy. The survey results provided a good basis for designing services that make life easier.

“We want everyday life in our properties to be as smooth and sustainable as possible. We build high-quality housing in the best urban locations – residents save time on commuting to work and shopping trips. When we also provide housing services that make their daily lives easier, the residents can focus on the things that give them the most joy and well-being,” says Toivonen.

SRV is initially launching housing services for the residents of the Kalasatama Towers – first for those in Majakka, which was completed in November 2019. A dense urban centre like REDI is a good place to create new innovations and pilot services.



Project manager for Service Development Lotta Toivonen

### Services only a few clicks away

Kalasatama tower residents can book premises and order services to make their daily lives easier from Asumi, a digital and easy to use platform.

“The services were developed in close cooperation with the residents of the Kalasatama Towers and businesses in the REDI shopping centre to ensure they serve the needs of the residents as well as possible. The intended uses and rules of the Majakka communal

areas were also planned together all the way from the construction phase. The residents’ joint planning evenings have created good neighbourhood spirit. We’ll continue to engage in joint development in the future, too,” says Toivonen.

The House Team – which includes lobby services, maintenance and cleaning – is the heart of residential services. For an additional fee, residents can order home cleaning, a handyman or dog walking, for instance. The House Team is supplemented by the service

offerings of REDI businesses, from which residents can order services such as laundry, catering, aquarium cleaning or a communal car.

“Based on a time-use study by Statistics Finland, we calculated that a Kalasatama Tower resident who uses the offered services saves 61 minutes a day that they would’ve otherwise had to spend dealing with annoying daily matters. This adds up to as many as seven hours a week. They can now use this time to do things they like,” says Toivonen.

## VALUE FOR PERSONNEL

SRV wants to be a safe and equal opportunity workplace with a good sense of community. When you have a good framework in place, it's easy to focus on both doing the job in hand and personal development.

SRV employed an average of 1,080 (1,129) people in 2019. At the end of the year, 867 (915) of these worked in Construction, 139 (145) in Investments and 74 (68) people worked in Group operations. At the end of the year 2019 SRV employed 1,044 people. 24 per cent of SRV's personnel were women and 76 per cent men.

As a result of the codetermination negotiations, the number of personnel will decrease by no more than 48 people. In addition, layoffs and part-time assignments will be implemented, with an effect amounting to around 12 person-years. The combined effect of the adjustment measures and other attrition is about 80 person-years. The company originally estimated that the adjustment would be 90 person-years.

### Proactive training and on-the-job learning

SRV offers opportunities for competence development and on-the-job learning. Competence is developed not only with training but also through a variety of different projects and career paths. There were 2.1 (2.4) training days per employee in Finland, and more than 100 people fell within the scope of the SiteSTEP training programme. The Manager and Work Manager 2020 programmes continued, and a network management coaching programme for experts was launched. Over 220 managers and experts took part in the programmes.

An online training course in competition law was created and three training events were organised for target groups.

SRV AIMS TO  
REDUCE THE  
ACCIDENT  
FREQUENCY BY  
10 PER CENT EVERY  
YEAR AND REACH  
A LEVEL OF ZERO  
ACCIDENTS.



In addition, an online course was created on a new cooperation model for procurement and production, SRV Occupational Health and Safety training also continued. The SRV trainee programme continued, and through that 90 construction industry students worked at SRV during summer 2019. We made considerable investments in internal communications in 2019, introducing things such as the CEO's video blog.

Our goal for 2020 is to develop the coverage and attainability of training, to build an equal work community and to develop the reputation of construction industry for potential employees together with e.g. RT.

### Our goal is zero accidents

SRV's safety activities are based on exceeding legal requirements and being a safety pioneer in the construction industry. We also require the same standard of operations from our subcontractors and other partners. In occupational safety, SRV's operations are steered by the Group's health and safety policy. Our certified occupational health and safety management system (OHSAS 18001) helps to ensure compliance with operational standards.

In the long term SRV is seeking to reach a level of zero accidents. Another target is to reduce the accident frequency by 10 per cent every year. In our own operations, we have committed to practices that are in line with these targets.

Safety is a top priority for SRV's management and safety organisation. Management takes a continual interest in occupational safety and its supervision. Corporate executive safety inspections also play a role in mobilising safety. In 2019, 37 (64) corporate executive safety inspections were carried out at different sites. During the inspection, they observe working methods, risks related to machinery and equipment, the working environment, site cleanliness, the clarity and availability of instructions, and the general level of safety and safety management.

On-site safety is based on preventative measures, orientation, and following instructions. Everyone has both the right and obligation to look out for their own and others' safety. The grey economy and economic crime hinder occupational safety risk management. Transparency and knowing your business partners are therefore an important requirement for promoting safety.

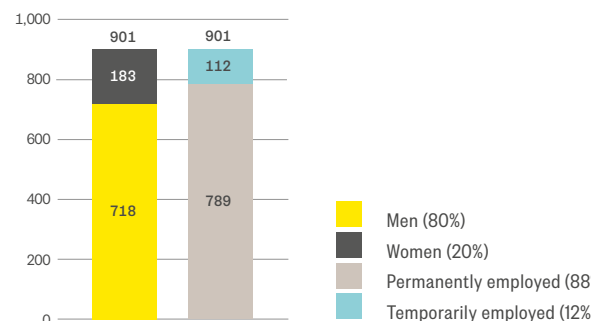
On a practical level, safety means keeping construction sites always tidy, as problems are then easier to spot. Making safety observations in turn prevent more serious consequences.

In 2019 the main themes for occupational safety were development of safety culture and the activities of the Safety Cooperation Group, updating and development of operating instructions and tools and internal audits and updates of induction training material according to the ISO45001 management. In occupational health and safety reviews (TTT-reviews) special attention was paid to increasing the number of evaluation of work risks performed (TRAs) and implementation of SRV TURVA system as a channel for making safety observations and for conducting investigations.

### SRV Network Register and induction play an important role

The SRV Network Register, developed in cooperation with the Finnish Tax Administration, also tangibly increases the

### Employees<sup>1</sup> in Finland 2019 (persons)

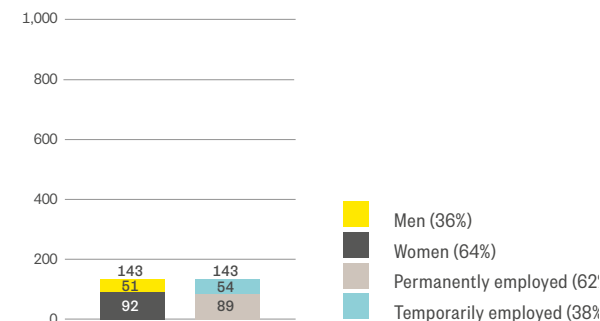


<sup>1</sup> Personnel on 31 Dec. 2019.

safety of employees and construction sites as well as promotes efforts to combat the grey economy. Site supervision is continuous, and site inspections are performed on a weekly basis, that is, statutory weekly inspections, TR measurements (for building construction) or MVR measurements (for civil engineering). All safety deviations are studied and reported.

High-calibre orientation also has a significant impact on improving occupational safety. During orientation, everyone working on a site receives all of the essential information about the company, the site and its special features. Our induction material has been translated into five languages. In 2019, a total of 30,438 (20,406) people were granted access rights to SRV's construction sites in Finland. This means that all these people received induction on site practices and occupational safety. Over 20,000 (10,257) digital induction courses were carried out via distance learning in 2019. In addition, an operating procedure was developed to handle

### Employees<sup>1</sup> internationally 2019 (persons)



<sup>1</sup> Personnel on 31 Dec. 2019.

potential harassment or discrimination incidents. The induction material now also includes a section on zero tolerance for harassment and discrimination and information on SRV's ethical channel.

### The number of safety observations increased

In 2019, the accident frequency rate on SRV sites was on a better level compared to the previous year. The accident frequency rate for SRV's own personnel decreased and was 4.4 (10.6) accidents per million hours worked in 2019. The accident frequency for contractors' employees remained on the same level as in 2018 and was 16.8 (16.7). A pleasing increase was seen in the number of safety observations: 17,155 observations were recorded, representing a rise of over 125 per cent on the previous year.

A total of 125 accidents leading to absence occurred on SRV construction sites during the year, 12 of which were serious. The 2019 goal for the TR measurements taken during



the statutory weekly safety inspection required on building construction sites was 96 per cent. We fell short of this target by a fraction, with an average TR measurement of 95.8 per cent in 2019.

Our systematic and ambitious safety efforts will continue according to the updated targets in 2020 with the goal of zero accidents.

### Safety Support Group celebrates 20th anniversary

One of SRV's standard safety management practices is its Safety Support Group, which seeks to attain construction site safety targets and ensure contractors' obligations are met. This is one of SRV's own practices and was introduced in 1999.

Through the Safety Support Group, it is possible to share information that helps to both identify and tackle risks. For

example, the client is able to give the construction site valuable information about the environment in which we are building and working. SRV's Safety Support Group is able to support construction sites in their safety efforts, and also to share information and practices from other sites.

### Important human rights in the sector

In accordance with its Code of Conduct, SRV is committed to respecting human rights. Human rights are best promoted by example and through supervision in the supply chain. A company's human rights impact and risks strongly depend on its sector and products.

From the perspective of SRV and the entire construction industry, the most significant are the right to life and the right to health. For example, potentially dangerous work that could pose a threat to life and health is carried out on construction sites. Local residents' right to life and health must also be ensured with regard to, for example, logistics. For our customers, product responsibility is another aspect of protecting human rights.

Bans on slave labour and forced labour are also fundamental human rights. Preventing exploitation of labour is paramount also in the construction industry.

The protection of personal security protects people from physical or mental threats against their person. For example, bullying and harassment (including sexual harassment/abuse) in the workplace, or threats and harassment towards minorities.

The right to just and favourable working conditions covers things such as appropriate terms and conditions of employment. The risks include having life of health threatening working conditions or workers not receiving an appropriate wage.

Principles of equality and non-discrimination run through all human rights norms. These principles require that human rights are ensured for everyone regardless of their personal

characteristics (such as gender, ethnic background, religion, etc.). Examples of situations relating to these principles include discrimination in recruitment, compensation, promotion or customer service.

Everyone at SRV is treated equally regardless of gender or gender identity, language, religion, nationality or ethnic origin, opinions, family relations, age, union or political affiliations, and health. Discrimination or harassment is not tolerated under any circumstances. The equality plan is part of our HR plan, which is updated annually.

### Promoting human rights

We continued to analyse and assess SRV's human rights impacts during 2019. In conjunction with this assessment, we went through human rights norms, partially linking them together and also adding examples of the human rights impacts of SRV's operations. The norms we focused on in particular were fundamental human rights that are relevant to most sectors in Finland and which should by default be considered in the construction industry as well.

In 2020, we will finetune our list of important human rights after it has been updated to include concrete impacts with input from, for example, specific construction sites. We will also be considering practical measures in both our own activities and the supply chain. Our goal is to assess any potential discrimination and harassment experienced by our own personnel and everyone working on our construction sites; to further examine and manage the risks related to hired labour; and to analyse the risks of direct purchases in certain significant categories.

OCCUPATIONAL SAFETY	2019	2018
Lost-time injury frequency (LTIF) rate (SRV personnel, number/one million hours worked)	4.4	10.6
Lost-time injury frequency (LTIF) rate (subcontractors, number/one million hours worked)	16.7	16.6
Lost-time injuries (SRV personnel) number of	4	9
Lost-time injuries, serious (SRV personnel) number of	0	2
Lost-time injuries (sub-contractors) number of	121	130
Lost-time injuries, serious (sub-contractors) number of	12	19
Weekly statutory construction site safety measurement, average, SRV sites (%)	95.8	94.0
Weekly statutory construction site safety measurements performed, number of	1,825	1,675
Safety observations, number of	17,161	4,760

## CASE

## We must all do our part to ensure safety

In addition to our own people, thousands of employees from our subcontractor network work on our construction sites. How does SRV lead and manage occupational safety at a shared workplace?

We carry out our construction projects in accordance with the SRV Approach together with an extensive, professionally skilled and carefully selected partner network. On a typical construction site, you will find not only the employees of subcontractors, but also their subcontractors and labour hire agencies. In addition, many people visit the site during the day, such as partners or the workers of transport companies that carry loads to the site. This means that many different operating and safety cultures meet on the site – this not only provides massive opportunities, but also poses challenges for safety management.

“Mobilising responsible operating methods in practice requires long-term efforts. We’ve been developing network management for a long time. That said, learning at its best is a two-way street.

We have many long-term partners that have proven their worth and which have also provided us with tools for developing our operations,” says **Jari Korpisaari**, Safety Manager, SRV.

Safety is the outcome of cooperation – everyone is responsible for pulling together to ensure safety. In the construction industry, site is always a “shared workplace” – it is a workplace in which one employer has principal control and where more than one employer or independent worker operate either at the same time or one after each other. Each actor – the developer, prime contractor, independent worker or contractor and employee – has a legal obligation to account for and ensure safety.

“In its projects, SRV serves as the main contractor. This means that we’re responsible for safety as the supervisor in charge of ensuring occupational safety and health monitoring. Of course, it’s up to everyone to be responsible, too – they must take care of both their own safety and that of their workmates. Everyone must commit to the guide-



Working together is important also in the Wood City construction site.

lines and plans. They must use safety equipment and report safety deficiencies to either their own supervisor or SRV’s work management,” emphasises Korpisaari.

### Becoming familiar with the rules

To foster a shared operating and safety culture, the responsibilities and operating methods must be clear. During orientation, everyone working on a site receives all of the essential informa-

tion about the company, the site and its special features. Remote orientation is a good tool that we have used for this purpose on our construction sites. Launched online in 2017, it standardises orientation practices and ensures consistent quality in the orientation process. In addition, employees complete site-specific orientation before starting work. Effective mutual communications, identification of common hazards and collaboration in occupational safety also play a key role.

Visitors are also committed to safety. Visitors must report to their host and always agree on their time of arrival in advance. They are met at the site office. There, they fill out SRV’s visitor form and put on safety equipment.

## VALUE FOR PARTNERS

SRV's success is also tied to the success of others in our partner network. A shared and sustainable way of working is crucial. SRV provides supervision, training and support for subcontractors and partners, so they can internalise sustainable working methods. We also keep them informed of, for example, amendments to occupational safety legislation. We adhere to official procurement procedures in the management of new suppliers and existing supplier relationships, and the SRV Network Register is an element of this.

SRV is a responsible company, and we only choose partners who fulfil our requirements and contribute towards creating a sustainable operating environment and culture. Enhancing responsibility and sustainability within our partner network supports the competitiveness of companies that operate correctly and in compliance with regulations, while simultaneously fighting the grey economy.

Contractors and subcontractors commit to complying with SRV's sustainability requirements when they sign the Construction Contract Programme, which is appended to every agreement. The Construction Contract Programme also requires our contractors' subcontractors to commit to compliance with the programme's requirements.

### Requirements integral to processes

SRV's Sustainable Procurement Team consists of procurement and sustainability experts. Its goal is to ensure that sustainability requirements are truly integrated into the procurement of services (work), contracts and materials on a practical level. Processes are being enhanced, and the assessment and monitoring of our subcontractors' suppliers will be boosted and expanded to cover elements other than financial responsibility.

Developing sustainable procurement will require an analysis of sustainability perspectives that pays attention to the special features of the construction industry. SRV must ensure that its own processes and tools are in order, and that risks are assessed in a way that enables measures

to be targeted to any problematic areas with the greatest potential for impact. International procurement has its own unique challenges, and it is here in particular that suppliers' self-assessments and audits provide valuable additional information about suppliers.

Development work must consider how contractual means can be used to ensure a supplier's commitment to SRV's requirements. 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 all important targets.

SRV's Supplier Code of Conduct, which was introduced in 2019, supplements the requirements of the Construction Contract Programme. A set of questions has also been created for partner and supplier self-assessments, and we will start mobilising these self-assessments in 2020. We continued our cooperation with Suomen Asiakastieto, Finland's credit information company. Asiakastieto conducts, and provides us with, extensive background checks of suppliers.

### Human rights issues in the supply chain

The further down the supply chain the impacts are, the more challenging it is to promote human rights. SRV's Construction Contract Programme and Supplier Code of Conduct also define basic requirements for human rights.

During 2019, we continued to focus on the ethical issues surrounding hired labour in the supply chain. As part of these efforts, we met a dozen agencies that specialise in

the provision of hired labour. We used a pre-prepared list to go through human rights issues with these agencies. These issues primarily concerned the challenges involved with foreign employees and vulnerable groups. This work is ongoing and these issues will also be addressed during competitive bids involving labour hire agencies.

One of our longer-term objectives is to continuously and verifiably improve the level of sustainability in our partner network and to integrate the management of contractual partner risks into our normal process, also with respect to sustainability. This will also support our aim of increasing awareness of sustainable operations in SRV's partner network.

WHEN IT COMES TO THE ROLE THAT PROCUREMENT PLAYS AS AN ENABLER OF SUSTAINABLE OPERATION, CLOSER COOPERATION WITH SUPPLIERS, COMPETENCE DEVELOPMENT AND INCREASED KNOWLEDGE ARE ALL IMPORTANT TARGETS.





**“SRV'S SUSTAINABLE  
DECISIONS ALSO  
BENEFIT THE SOCIETY.”**

# VALUE FOR SOCIETY

**SRV is a significant actor with a broad range of social impacts.**

It is increasingly important for stakeholders that, in addition to seeking profit, companies also have objectives related to positive social impact. One example of a project with major social impact is the Tampere Central Deck and Arena. Its potential impacts on employment and value creation will be considerable.

## Good premises, homes and environments

In line with its strategy, SRV is building housing in locations in urban centres with good transport connections. When it comes to business premises, it is not only end users' needs that are important, but also space efficiency and ecology. To meet this challenge, SRV has developed the STC Concept, in which premises, services and logistics solutions are flexibly constructed and optimised, so that all of the operators in a real estate property form a vertical or horizontal ecosystem. In addition to increasing efficiency, this also significantly reduces environmental loading.

Social structures are changing, and the social and health-care sector is also in transition. This has been the case in Finland, and SRV plays a strong and highly visible role as a builder of healthcare and medical care facilities around Finland. Among other projects, SRV has implemented new buildings for the front yard of the Tampere University Hospital, the New Children's Hospital and the Kalasatama health and wellness centre in Helsinki. SRV is currently building Central Finland Hospital Nova in Jyväskylä and the Siltasairaala Hospital in Helsinki. The municipality of Kirkkonummi chose SRV to carry out the construction contract for a new wellness centre in Jokiniitty, which is scheduled for completion in summer 2022.

A growing number of municipalities have an ageing building stock on their hands, but fewer resources to maintain them or erect new buildings. The focus in public service construction will

shift even more strongly towards privately financed construction and lifecycle building. The role played by this type of project in SRV's future business is being further developed.

Three schools and a day-care centre were completed in 2019: Jätkäsaari School and Lauttasaari's second primary school and daycare centre (all in Helsinki) and Kurittula School in Masku. SRV is currently building or renovating several educational institutions. Currently under construction are Jokirinne Learning Centre in Kirkkonummi, the Monikko Education Centre in Espoo, and the Finnish-Russian School in Helsinki. SRV will take end-to-end responsibility for the Jokirinne Learning Centre project, and the service agreement also covers lifecycle responsibility for the learning centre for 10 years. The Finnish-Russian School will be a modern multi-space school made of wood. When the school is ready, it will be one of Finland's largest wooden school buildings.

Other ongoing projects include construction of Metropoli's music school in Helsinki and the expansion of the music campus in Jyväskylä. Jousenkaari School in Espoo reached the project development stage in November 2019. If the project goes ahead, the implementation contract will be signed in spring 2020.

The most significant project completed in infrastructure construction involved tunnelling on Ring Road I in Keilaniemi, which was finished in June 2019. Another project under construction is the wastewater treatment plant's sewage tunnel in Blominmäki Espoo.

## Digitalisation and services increase in importance

Digitalisation has profound implications for the economy and society. Automation and robotics increase productivity and reduce the need for human labour. Digitalisation can be seen in

SRV's projects, for example, in our use of information modelling during the design and construction phases. Information modelling is employed in areas such as project management, the inspection and harmonisation of plans, cost accounting and schedule management, procurement, and the planning, steering and supervision of logistics and work. After the construction phase has been completed, the model is also made available to the developer for property management.

Servitisation is gaining ground in housing, and Finns are also increasingly interested in replacing the things they own with a range of shared-use products and purchased services. To answer this demand, SRV launched new housing and living services in autumn 2019 to make the everyday life a little easier.

Boosting the energy-efficiency of buildings throughout their entire lifecycle is genuinely meaningful in the fight against climate change. To support this goal, SRV launched new energy and lifecycle services in spring 2019, thereby expanding our service range into building use and maintenance.

## Tax collection ensured by fighting the grey economy

SRV is committed to combatting the grey economy, and is continually developing operating methods to improve construction site safety and the transparency, legality and controllability of the entire operating chain.

IN LINE WITH ITS STRATEGY, SRV IS BUILDING HOUSING IN LOCATIONS IN URBAN CENTRES WITH GOOD TRANSPORT CONNECTIONS.

On Anti-Grey Economy Days, we highlight problematic areas and provide guidance for personnel. Four Anti-Grey Economy Days were held in 2019. On these days, construction sites inspected the documents required by contractors and their subcontractors under the Act on the Contractor's Obligations and Liability. The sites also inspected the personal IDs of all those working on site, determined their employers and tax numbers, and ensured they had received proper orientation.

Based on the results of the Anti-Grey Economy Days, the percentage of people who have not clocked in correctly, the people lacking either their personnel ID card or the induction training stickers remain as challenges. The rate of people clocking in correctly is improved e.g. by fencing the sites better, using turnstiles and managing the SRV Network Register access permits more effectively.

A good level has been attained with regard to subcontractors and issues relating to the Act on Contractor's Obligations and Liability. An audit of contractors' obligations and liabilities carried out by the authorities in 2019 did not detect any deviations and SRV retained its zero-error status.

SRV adheres to official procurement procedures in the management of new suppliers and existing supplier relationships, and the SRV Network Register is an element of this. The 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 makes it easy to monitor the status of contractors' liability documentation and ensure that tasks are performed by SRV-approved contractors.

The Network Register also facilitates the management of foreign employees. The register collates statutory documentation for foreign employees. Foreign companies also supply documents required by the Act on the Contractor's Obligations and Liability, as per their country of domicile.

The Network Register is continually updated to meet both the practical needs of SRV's work and authorities' requirements and wishes. Its 2019 updates included further

development of the logistics calendar, integrations that facilitate the calculation of accident frequencies, and a feature that enables orientation forms to be signed digitally.

### Project management model has a wide-ranging impact on employment

SRV's own experts and partner network of constructors efficiently implement projects using SRV's project management model. SRV's impact on employment extends a long way down the value chain.

In 2019, SRV employed an average of 1,080 (1,129) people. In 2019, SRV had a total of 4,623 (4,810) contractors working on a total of 78 (103) construction sites. A total of 30,438 (32,478) people were recorded as working on construction sites.

73.3 (73.3) per cent were Finns and 26.7 (26.7) 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 101.

When SRV makes an agreement with a foreign worker for work to be performed in Finland, their employment contract will comply with the same legislation and norms as for Finnish employees. The construction industry's current collective agreements apply to all workers hired by Finnish companies, both Finnish and foreign alike.

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.

In accordance with its Code of Conduct, SRV is committed to respecting human rights. Ensuring that human rights are realised – and in the supply chain in particular – is crucial for society. We continued to analyse and assess SRV's human rights impacts during 2019.

### Grey economy prevention days 2019

	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Number of participating sites (of active sites)	46	51	46	42
Participating sites (of active sites), %	100	100	100	100
Total workforce on active sites (persons) (according to Network Register)	3,347	3,582	3,763	3,458
Number of workers inspected	2,308	2,413	2,701	2,527
Workers inspected, %	69.0	67.4	71.8	73.1
Number of companies inspected	874	1,221	2,701	2,527

### Collected taxes paid in Finland

COLLECTED TAXES PAID IN FINLAND (EUR MILLION)	2019	2018	2017
Payroll taxes	17,1	17,8	18,3
Social cost	0,5	0,5	0,6
Net VAT <sup>1</sup>	98,6	129,2	115,0
Corporate income tax	-0,8	0,6	0,9
Transfer tax	0,2	0,6	1,0
Real estate tax	1,6	0,7	1,8
Collected taxes paid, total	117,1	149,4	137,7

<sup>1</sup> The figures exclude shares of joint and associated companies.



## CASE

## Young people get involved in developing sustainable cities

Through the Our City youth panel, young people can become involved in developing cities into better places to live. The chair of the panel, launched in January 2020, is the 16-year-old **Anna Mäkilä**, who stepped into the shoes of CEO **Saku Sipola** for one day during Girls Takeover.

Girls Takeover is an event organised by the children's rights organisation Plan International on 11 October, the UN's International Day of the Girl. The day sought to focus global attention on the rights of girls and highlight the impacts of climate change on girls in developing countries in particular.

"As an urban developer and builder, we play a major role in the fight against climate change. We want to set an example to improve the position of women and girls, too, and encourage them to enter the construction industry," says Saku Sipola, whose position was taken over during the event.

On the day of the event, our new CEO arrived at our headquarters in Derby ready to engage with a team of our experts. The message was serious.

"Of course, the construction industry is already doing a lot to mitigate climate change, but it's not enough. In the future, construction has to be more sustainable – the emissions, the environmental impacts of materials and carbon footprints must be taken into consideration," says Mäkilä.

Mäkilä then headed out to Wood City in Jätkäsaari, Helsinki. She was met there by **Jari Suominen**, head of Stora Enso's Wood Products division, **Outi Sääntti**, Project Director for the City of Helsinki, and **Antti Aaltonen**, Project Director at SRV. Wood City, a flagship of Finnish wood construction with international appeal, was a highly suitable place to tackle the topics of sustainable cities and wood construction. One of the discussion themes focused on attracting women into the construction industry.

"Show us what this work looks like in practice. Go to schools and talk to young people. This should be done early enough. By the time young people are in university, it's too late to get them excited – they've already made their career decisions," says Mäkilä.



Anna Mäkilä, Our City youth panel chairman and Saku Sipola, SRV's CEO

From Wood City they continued on to the last stop – the Kalasatama towers and Majakka, where the final details of the youth panel were finetuned. The Girls Takeover day culminated on the roof terrace on the 33rd floor and its breath-taking views.

"The day was really rewarding and wonderfully planned! They truly listened to me. The people from SRV were interested in thinking about ways to influence climate change and the rights of

girls. The impression I got of SRV is that it's a company that takes sustainability issues seriously, does its research and is a nice workplace," says Mäkilä.

### Close cooperation with project development

In connection with Girls Takeover, we launched a youth panel – we sought 15-to-19-year-olds to give their views and opinions on the development of construction projects that are currently

on SRV's drafting table. Urban development already involves close dialogue with different stakeholders. The youth panel deepens this dialogue with a major stakeholder – the urbanites of the future.

"I eagerly await the year ahead and believe that on the youth panel we can achieve many good and concrete actions. Developing cities together will definitely benefit both SRV and all of us on the youth panel," says Mäkilä.

## VALUE FOR ENVIRONMENT

**The concrete consequences of climate change on both individuals and companies can be seen in stakeholders' growing interest in environmental issues. We meet our stakeholders' needs by ensuring that our operations always fulfil requirements.**

SRV's environmental efforts are based on a commitment to legislative compliance, environmental protection, business development, and the continuous improvement of standards with the aid of the ISO14001 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 more sustainable operating methods.

### **Environmental work requires systematic planning**

Our main objectives for 2019 were strongly linked to clarifying our system and guidelines on the basis of feedback. The aim is to further standardise activities that are carried out by many varying organisations across Finland. We also revised our waste targets and engaged in closer cooperation with project development.

We are delighted to say that our earlier decision to increase training and launch every new construction site with an environment and safety kick off meeting has borne fruit. Over the last two years, working methods have been established and awareness has increased not only in production but also elsewhere in the organisation. We are

**WE REVISED OUR  
WASTE TARGETS  
AND ENGAGED  
IN CLOSER  
COOPERATION  
WITH PROJECT  
DEVELOPMENT.**



also expecting positive impacts on environmental efforts from the restructuring of process management that was carried out in 2019. In practice, process descriptions and tools are now given clear owners through which updates and modifications can be introduced in all Group functions in a controlled manner.

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 activities are based on the environmental plan, waste management plan, and other management plans drafted 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 meetings and the risk assessments of each work phase.

When on-site operations begin, a kick-off meeting is held to deal with site safety and environmental issues, and an environmental officer is appointed for each site. In our 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. 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.

### Targets are high

Material efficiency and minimising the amount of waste are two of the main objectives of SRV's environmental activities. Design and procurement steering seeks to influence the selection of materials and technical solutions, but design in particular should ensure successful procurements. 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.

The recycling rate was raised to 92 per cent in 2019. This target was achieved in Finland as a whole, even though some sites and areas did not reach the new goal. From the system's perspective, there is still too much variance in waste indicators for sites completed in 2019. However, SRV has a broad spectrum of projects and there are regional differences in waste management services. It is there-

fore important for management reviews to run through the reasons for our successes and challenges – and for us to learn from them. Promoting these targets has been facilitated by our partners and the entire chain that utilises raw materials.

Sites use a great deal of energy in different forms. Due to climate conditions in the north, the greatest amount of energy is used on heating. SRV is seeking to improve energy efficiency in a variety of ways, such as optimising and modernising equipment, and naturally by choosing the heating system that best suits the situation. Energy needs can also be impacted by the careful implementation of through-holes, the covering of holes, and weather protection. Energy consumption and specific consumption are monitored in every project.

We also seek to minimise impacts on the surrounding environment when planning construction sites. Impacts arise from factors such as dust, noise, vibration, traffic arrangements, and changes in the ecosystem. The site handles reporting and communication with those in the surrounding area. Management plans are 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.

Environmental deviations are monitored not only with regular TR measurements, but also with an observation tool that studies both accidents at work and environmental damage. No major damage occurred in 2019. The most common deviations related to oil leaks from machinery. As a consequence, 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. More difficulties arising from

MANAGEMENT PLANS ARE 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.



storm winds are reported than before. The reason for this may be both the changing climate and an increase in high-rise construction. In any case, an increase in the length of time without snow cover has clearly changed the breakdown of observations.

### **An increase in environmental classifications and property performance measurements**

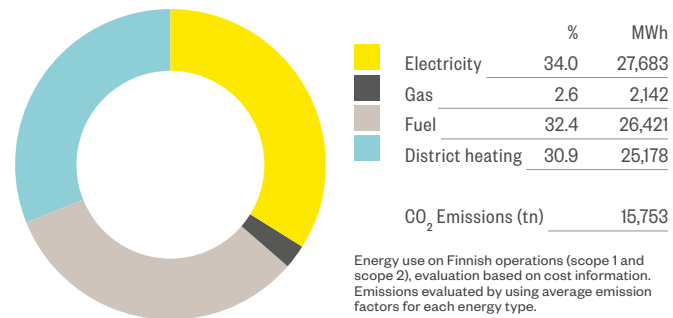
Environmental certification is becoming increasingly important to customers and property investors. In addition to international classification systems, the Finnish RTS Environmental Classification system has been launched, and the well-known Nordic Ecolabel (the Swan) has also entered the construction market. In addition to properties, it will now be possible to seek certification for premises that are currently in use. SRV has lengthy experience in the construction of both Leed and BreeAm sites. For the first time, we now have several ongoing sites that fall within the scope of RTS environmental classification. For office, educational and accommodation buildings, environmental classification is already more of the rule than the exception.

In addition to property owners and users, the environmental performance of properties is also of interest to the authorities, state and international community. Lifecycle Assessments (LCAs) have long been used to compare lifecycle impacts and the effects of different alternatives on a building's lifecycle. In addition to the forthcoming EU's Level(s) framework, there will almost definitely be a Finnish national calculation method for carbon footprints at least. SRV is testing both the EU's Level(s) framework and the version that the Finnish Ministry of the Environment is currently trying and evaluating. There are still a lot of issues to be resolved with regard to both source information and fair practices.



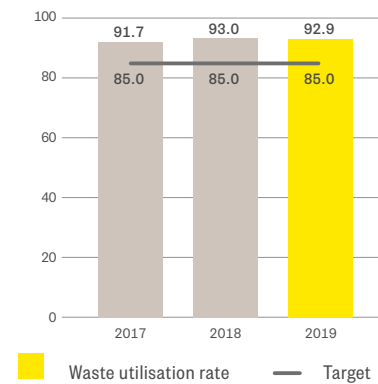
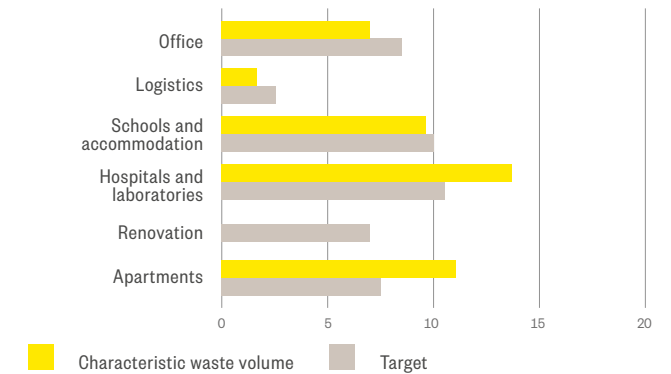
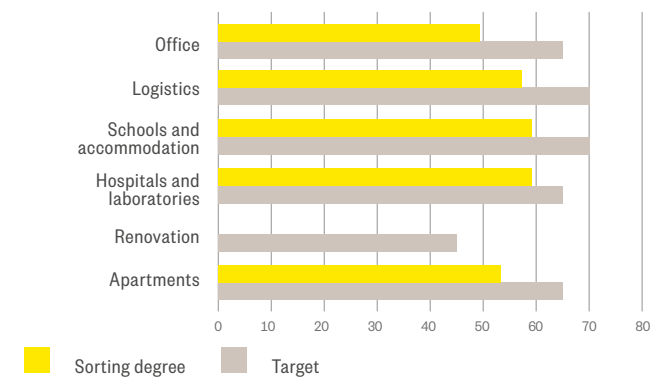
SRV HAS A LENGTHY EXPERIENCE IN THE CONSTRUCTION OF BOTH LEED AND BREEAM SITES.

## Energy use (%)



<sup>1</sup> Domestic worksites. Reported amounts do not include demolition or soil excavation waste.

<sup>2</sup> Finnish worksites, average of projects completed during 2019. Reported amounts do not include demolition waste or soil excavation waste.

Waste utilisation rate<sup>1</sup> (%)Characteristic waste volume per construction type<sup>2</sup> (kg/rm<sup>3</sup>)Construction waste<sup>1</sup> (1,000 tonnes)Sorting degree per construction type<sup>2</sup> (%)

IN ADDITION TO PROPERTY OWNERS AND USERS, THE ENVIRONMENTAL PERFORMANCE OF PROPERTIES IS ALSO OF INTEREST TO THE AUTHORITIES, STATE AND INTERNATIONAL COMMUNITY.

## CASE

## A carbon-neutral, energy-efficient building is a good climate deed

Worldwide, the construction industry uses about 40 per cent of all of the world's raw materials and causes a third of greenhouse gas emissions. For this reason, energy consumption during use, the building materials and their carbon footprint play a significant role in reducing climate impacts. Our new energy and lifecycle services combine energy efficiency, carbon neutrality and a pleasant indoor climate.

Buildings account for a significant share of energy consumption and carbon dioxide emissions both globally and in Finland. Our actions to improve the energy consumption of buildings over their entire life cycle are genuinely meaningful in the fight against climate change.

We launched our new energy and lifecycle services in spring 2019, thereby expanding our service range into building use and maintenance. We are now responsible not only for design and construction, but also the energy supply of a property over its entire lifecycle as well as the upkeep and maintenance of energy systems with long-term annual contracts.

"We provide new solutions to reduce the climate impacts of buildings and improve the comfort of property users. Our promise to customers is that the indoor climate is consistent and pleasant – and that the property is energy-efficient, with low lifecycle costs and a neutral carbon footprint. Our commitment to maintaining the building for years to come is also a pledge that the properties we implement are high quality and sustainable," says **Jere Pirhonen**, Director, Energy and Lifecycle Services.

Energy and lifecycle services have sparked plenty of interest. At the end of the year, we held a customer event focusing on the impact of energy management and clean energy solutions on property values.

"We've successfully forged many new customer relationships and have already carried out our first assignments," says **Antti Nummi**, Director, Business Development and Customer Relations, Energy and Lifecycle Services\*.



Antti Nummi and Jere Pirhonen from SRV's Energy and Lifecycle Services

### Everyone benefits from a climate-wise building

Our energy and lifecycle services provide customers with our views on building energy systems, management of energy costs and system upkeep to support them in their decision making. We offer expertise for both the design phase of construction projects and the improvement of energy efficiency of properties that are already in use. We also implement and manage energy systems if nec-

essary and sell heating, cooling and electrical energy to properties.

"Properties retain their value better, the operating costs are lower and users enjoy comfortable working conditions. Employee well-being improves, absenteeism decreases and work productivity increases," says Pirhonen.

We harness the data we have accumulated during our property construction in the design of energy systems. Decisions made on the basis of data on actual performance guide

design solutions in a more energy- and cost-efficient direction already in the construction phase.

"With the customer, we agree on joint objectives for energy consumption, the carbon footprint and indoor climate over the entire life cycle. Our role is to ensure that the building is implemented in accordance with these objectives," says Nummi.

\* Antti Nummi has been appointed SVP, Business development and a member of Corporate Executive Team as of 1 January 2020.



## VALUE FOR INVESTORS

It is currently investors and financiers who are putting companies under the greatest pressure to operate responsibly. Responsible investment is becoming mainstream, and green financing is taking over the industry.

The EU has also promised guidelines to support funding for sustainable growth. All this is good news for those who are seeking to fight climate change and reduce environmental loading.

At corporate level, investors' and financiers' interest is being reflected in the need for a new kind of ESG information. Their questions are increasingly focusing on the positive environmental and social impacts of products and services, and even the value generation of entire ecosystems.

In addition to the basic work involved, identifying the positive impacts desired by investors requires us to develop brand-new indicators. Information about production-related consumption, emissions and waste is still vital, but there is also a need for brand-new indicators. At the same time, we must consider how to extract this new type of information from our systems.

Our goal for 2020 is to ensure that we can meet future ESG requirements. We are also keeping our ears open for green financing opportunities, and are analysing the risks related to climate change and their impact on SRV's business.

### Investor relations support value creation

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 analyst briefings, teleconferences, roadshows, participatory investor seminars and events, meetings with investors and analysts, and Capital Markets Days.

During the year, SRV representatives met with numerous investors and analysts at a variety of meetings and public events. We have also been answering their queries throughout the year. Investors and analysts who follow SRV were invited to attend our quarterly interim report briefings, either in person at the Living Lab or via a webcast. SRV par-

ticipated in the online SijoiusSummit for the first time in autumn 2019. More than 70,000 potential investors took part in this event over the course of the week. SRV did not organise any Capital Markets Days in 2019. No changes to the company's strategy or financial objectives were published during the year either.

## CASE

## Investing in attractive urban centres pays off

As the developer and builder of the Tampere Central Deck and arena project, it is our task to create a new district with maximum appeal – one that will set the stage for successful business and thereby generate value for all our stakeholders. Sustainability and cooperation play a key role in making cities even better places to live.

“Tampere Central Deck and arena will spark life in a ringside location. This unique project combines easy living, work, experiences, Daniel Libeskind’s international architecture and an excellent location next to services and transport connections,” says **Henrik Eklund**, Project Director, SRV.

The owners and main partners have been closely involved in the development of the lively district right from the design phase. A wealth of expertise is involved – it is harnessed in working groups in which the parties get together to ensure the success of the project.

“Tampere Central Deck and arena is a spearhead project in city centre development. It will be an international

landmark with world-class architecture. Responsibility and sustainability are at the heart of the project – it will be implemented next to existing services and transport connections in the city centre, together with a Finnish construction company and responsible investors,” tells **Tero Tenhunen**, Project Director, City of Tampere.

Sustainability has become increasingly important as the project has progressed. It has been identified as a crucial factor also in building up the appeal of the arena. Artists and arena visitors will most definitely make choices based on how sustainable the operations and arena are. Sustainability is of great importance also from the investor’s perspective.

“This kind of urban development project creates sustainable opportunities for new kinds of activities, living and leisure use. Professional institutional investors are already making sustainability decisions when considering investments – and sustainability will become an increasingly important criterion in the future,” emphasises



The foundation stone of Tampere Central Deck was laid on the 5th of september.

**Markku Mäkiäho**, Director, Real Estate Investments, OP Kiinteistösijoitus Oy.

“At LocalTapiola, sustainable investment means taking environmental issues, social responsibility and governance issues into consideration in our investment activities – this project satisfies these criteria well. In addition to sustainability criteria, the project also meets two other considerations that are important to us: exercising a regional influence and developing the social structure,” says **Vesa Eskoli**, Real Estate

Investment Director, LocalTapiola Real Estate Asset Management Ltd.

The project will create approximately 4,790 potential new jobs in Tampere and around 8,490 in Finland while construction is in progress. Upon its completion, Deck’s job creation potential will total about 1,540 annually in the Tampere area and 2,320 in Finland as a whole. Deck’s construction investments during the construction phase are estimated to generate a total of about EUR 131 million in cumulative

tax revenue for the state through multiplicative effects. Upon completion, Deck will have an annual tax effect of around EUR 9.5 million for Tampere.

(Source: Deloitte Consulting Oy’s Social and Economic Impact Analysis of the Central Deck and Arena Project, final report, 27 October 2017)

**“BY RECOVERING OUR  
BUSINESS WE ARE LAYING  
A SOLID FOUNDATION  
FOR OUR FUTURE.”**



# CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE STATEMENT 2019 (CG Statement)

## Introduction

SRV Group Plc (hereinafter SRV or the Company) adheres to the Finnish Corporate Governance Code for listed companies, as approved by the Securities Market Association. This Corporate Governance Statement (CG Statement) has been drafted in accordance with the Corporate Governance Code that entered into force on 1 January 2016. The Company has also published a separate salary and remuneration report in accordance with the Corporate Governance Code. The Corporate Governance Code is available in its entirety at the Internet site of the Securities Market Association, [www.cgfinland.fi](http://www.cgfinland.fi).

This statement is published separately from the Report of the Board of Directors. The CG Statement has been reviewed by the Audit Committee and approved by the Board of Directors. The Company's auditor has verified that this statement has been issued and that the description of the main features of the internal control and risk management

systems associated with the financial reporting process of the Company is consistent with the financial statements.

In its corporate governance and decision-making, the Company complies with the Finnish Companies Act, regulations concerning listed companies, SRV's Articles of Association, the standing orders of SRV's Board of Directors and its committees, and the rules and guidelines of Nasdaq Helsinki Oy.

## Descriptions concerning Corporate Governance

### Administrative structure

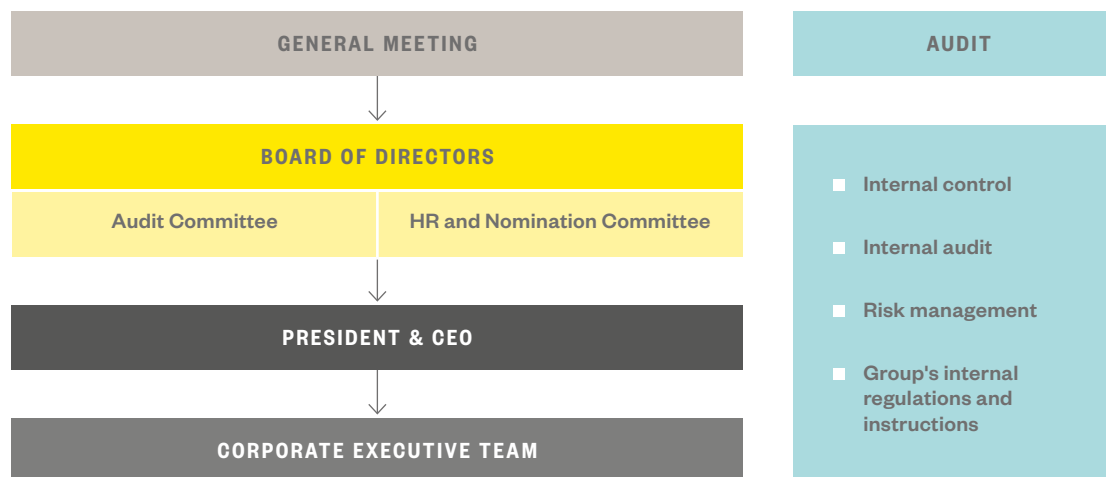
The administration, management and supervision of SRV are divided between the General Meeting of Shareholders, the Board of Directors, and the President & CEO. An internal auditing unit reporting to the Board of Directors is responsible for internal auditing, and external auditing is carried out by auditors.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

## General Meeting

The General Meeting of Shareholders is SRV's highest decision-making body. The Annual General Meeting 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, the auditor and deputy auditor; the adoption of the financial statements and consolidated financial statements; the release of Board members and the President & CEO from liability; and the disposal of profits as shown in the balance sheet. In addition, the General Meeting can deal with other matters specified in the Companies Act as being the business of General Meetings and matters included on the agenda by shareholders as set out in the Companies Act. An Extraordinary General Meeting shall be held when the Board of Directors deems it necessary or when required by law.

The President & CEO, the Chair of the Board and the members of the Board of Directors are present at General Meetings in order to ensure dialogue between shareholders and the Company's administrative bodies, and so that shareholders can exercise their right to request information. Anyone nominated for the Board of Directors must be present at the General Meeting that will decide on their election.

Each SRV share confers its holder the right to one vote at a General Meeting. The Company's 2019 Annual General Meeting (AGM) was held on 19 March 2019. A total of 54 shareholders attended the meeting, representing about 47.10 per cent of the Company's shares and votes. The minutes of the AGM are available on the [Company's website](#).



The following six members were elected to the Board of Directors at the 2019 AGM:

Name	Year of birth	Education	Main occupation
<b>Ilpo Kokkila (Chair)</b>	1947	MSc. (Tech.)	Pontos Ltd, Chair of the Board
<b>Olli-Pekka Kallasvuo (Vice Chair)</b>	1953	LL.M., LL.D.h.c.	Investor
<b>Minna Alitalo</b>	1962	MSc. (Econ.)	Professional Board Member
<b>Juhani Hintikka</b>	1966	MSc. (Tech.)	LEE Capital, Chair of the Board
<b>Timo Kokkila</b>	1979	MSc. (Tech.)	Pontos Ltd, CEO
<b>Tomi Yli-Kyyny</b>	1962	MSc. (Tech.)	Caruna Networks Oy, CEO

The General Meeting elected Ilpo Kokkila as Chair of the Board. The Board chose Olli-Pekka Kallasvuo as Vice Chair from among its members.

In 2019, the Board also included Juhani Elomaa. His membership ended at the 2019 Annual General Meeting and his information below is as of 19 March 2019:

Name	Year of birth	Education	Main occupation
<b>Juhani Elomaa</b>	1960	MSc. (Pol.), eMBA	Taaleri Plc, CEO abd partner

## Board of Directors

### Election and composition of the Board of Directors

SRV's Board of Directors comprises five to eight members who are elected by the General Meeting. The General Meeting elects one of the Board members as its Chair. The Board of Directors' HR and Nomination Committee prepares a proposal to the General Meeting on the number of Board members to be elected, the candidates, and the Chair. The Board of Directors elects the Vice Chair from amongst its number. 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 Annual General Meeting.

### Shareholdings of the Board of Directors 31.12.2019

Name	Holding 31.12.2019
<b>Ilpo Kokkila</b> Share ownership in a company under his control (Kolpi Investments Oy)	- 11,505,457
<b>Olli-Pekka Kallasvuo</b>	133,332
<b>Minna Alitalo</b>	-
<b>Juhani Hintikka</b>	-
<b>Timo Kokkila</b> share ownership in a company under his control (Havu Capital Oy)	- 7,617,216
<b>Tomi Yli-Kyyny</b>	3,000

### 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 of Directors has evaluated that, of the members, Minna Alitalo, Juhani Hintikka, Olli-Pekka Kallasvuo and Tomi Yli-Kyyny are independent of both the Company and its major shareholders. Ilpo Kokkila and Timo Kokkila are major shareholders and are not independent of the Company.

Shareholdings include the shares owned by the Board member and any shares 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.

Information on the remuneration of Board members is disclosed in a separate [salary and remuneration report](#) published at the same time as this statement.

### Tasks and standing order of the Board of Directors

The Board of Directors has prepared written standing orders for its activities, specifying the key tasks and operating principles of the Board and its Chair. The Chair of the Board ensures and supervises that the Board efficiently and appropriately discharges the tasks set for it in legislation, the Articles of Association, and its rules of procedure.

The Board's task is to lead and supervise 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 decides on



matters of principle and far-reaching significance to the Group, including:

- approving and overseeing the Group's strategy;
- approving and overseeing the annual budget and action plan;
- approving and overseeing the principles for risk management and internal control;
- the most important business matters (such as acquisitions and significant contract agreements, investments and divestments);
- appointing the President & CEO and other members of the Corporate Executive Team, and approving the terms and conditions of their service contracts and remuneration schemes; and
- approving remuneration schemes for other personnel.

The standing orders of the Board of Directors are available in their entirety on the Company's website.

### Meetings of the Board of Directors

The Board of Directors meets regularly according to a preset schedule, and also when necessary. The Board of Directors is quorate when more than half of its members are present and one of them is the chair or the vice chair. The CEO and General Counsel, who serves as the secretary of the Board, participate in Board meetings. Other members of the Corporate Executive Team participate in Board meetings by invitation of the Board. The Board of Directors conducts an annual assessment of its activities and working procedures, and develops its activities based on the results.

The Board of Directors convened 26 times in 2019. Members had an average attendance rate of 97 per cent at Board meetings. The attendance record of Board members is as follows:

Name	Participation (%)	Present at
Ilpo Kokkila (Chair)	96	25/26
Olli-Pekka Kallasvuo (Vice Chair)	96	25/26
Minna Alitalo	100	26/26
Juhani Hintikka	100	26/26
Timo Kokkila	96	25/26
Tomi Yli-Kyyny*	95	21/22
Juhani Elomaa**	100	4/4

\* Member of the Board as of 19 March 2019

\*\* Member of the Board until 19 March 2019

### Diversity of the Board of Directors

The Company has drafted diversity principles for the Board of Directors. The Board of Directors' HR & Nomination Committee prepares a proposal to the General Meeting on the number of Board members to be elected, the candidates, and their remuneration. The committee must take the diversity requirement into consideration when preparing this proposal. In its preparatory work, the committee must evaluate the requirements set for the qualifications of Board members in light of the company's situation. It must also assess how sufficiently diverse the Board is in terms of members' age and gender distribution, and other factors such as their experience, knowledge of the Company's business functions, and education. Board members must have sufficient competence and the ability to devote enough time to Board work, considering the current and planned needs of the Company. There must be an adequate number of Board members.

Members must 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 funding,

digitality, 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, not only through the competences required from Board members, but also in the preparation of the Board candidate proposal.

The Company has met the requirements set for diversity in the composition of the Board of Directors. All Board members have a higher-education degree and are serving or have served in corporate managerial or Board positions in different fields of business. The Board has professional expertise in construction, property investments and digital data. The ages of the Board members varies. Both genders are represented on the Board, with five men and one woman. No progress has yet been made in balancing gender representation on the Board.

### Board Committees

#### General

The Board of Directors has established two committees: an Audit Committee and an HR and Nomination Committee. The committees operate in accordance with the standing orders approved by the Board of Directors, and report to the Board. The committees do not have independent power of decision. 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 concerning financial reporting, assessments and risk management for the Board. In order to discharge its tasks, the Audit Committee follows trends in SRV's financial position, asks questions of the auditors, reviews drafts of the financial statements and interim reports, and monitors and evaluates the effectiveness of internal control, internal auditing and risk management systems.

In addition, the Audit Committee prepares a proposal on the choice 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 standing orders of the Audit Committee are available on the Company's website.

The Audit Committee is comprised of three members whom the Board of Directors elects from amongst its number. The 2019 Audit Committee consisted of Minna Alitalo, Juhani Elomaa and Timo Kokkila until the General Meeting on 19 March 2019. As of General Meeting on 19 March 2019, the 2019 Audit Committee consisted of Minna Alitalo, Timo Kokkila and Tomi Yli-Kyyny. Minna Alitalo chaired the Audit Committee, which convened seven times during 2019 with an attendance rate of 100 per cent. The attendance rate at Committee meetings is shown below:

Name	Participation (%)	Present at
Minna Alitalo	100	7/7
Timo Kokkila	100	7/7
Tomi Yli-Kyyny*	100	6/6
Juhani Elomaa**	100	1/1

\* Member of the Audit Committee as of 19 March 2019

\*\* Member of the Audit Committee until 19 March 2019

### HR and Nomination Committee

The HR and Nomination Committee prepares a proposal concerning the election and remuneration of members of the Board of Directors and its Chair for presentation to the General Meeting. The committee also considers matters relating to the appointment and remuneration of the CEO and other management, and remuneration and incentives 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 standing orders of the HR and Nomination Committee are available on the Company's website.

The HR and Nomination Committee comprises three members whom the Board of Directors elects from amongst its number. The 2019 HR and Nomination Committee consisted of Ilpo Kokkila, Juhani Hintikka and Olli-Pekka Kallasvuo. Ilpo Kokkila chaired the HR and Nomination Committee, which convened three times during 2019 with an attendance rate of 100 per cent. The attendance rate at Committee meetings is shown below:

Name	Participation (%)	Present at
Ilpo Kokkila	100	3/3
Juhani Hintikka	100	3/3
Olli-Pekka Kallasvuo	100	3/3

### President & CEO

The President & CEO attends to the practical management of SRV's business operations and administration. The 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 CEO ensures that the Company's bookkeeping complies with applicable legislation, and that funds are managed in a reliable manner. The CEO also serves as the Chair of the Corporate Executive Team. The Board of Directors appoints the CEO and Deputy CEO, and relieves them of their duties.

Juha Pekka Ojala (1963–), BSc. (CE), served as President & CEO of SRV Group Plc until 31 August 2019. Saku Sipola (1968–), MSc. (Tech.), has served as President & CEO of SRV Group Plc as from 1 September 2019. The holdings of the President & CEO are disclosed below with the holdings of the Corporate Executive Team members. Information on the President & CEO's agreement and his remuneration is disclosed in a separate salary and remuneration report published at the same time as this statement.

SRV's Deputy CEO is Timo Nieminen (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 Corporate Executive Team does not have formal legal status. The Corporate Executive Team includes the President and CEO as the Chair and the members appointed by the Company's Board of Directors. Each member of the Corporate Executive Team has his or her own area of responsibility. The Vice President, Development Affairs acts as the secretary of the Corporate Executive Team.

The Corporate Executive Team consisted of the following members<sup>1</sup> in 2019:

Name	Year of birth	Education	Area of responsibility
<b>Saku Sipola</b> (as of 1 September 2019)	1968	MSc. (Tech.)	President and CEO, Chair of the Corporate Executive Team
<b>Juha Pekka Ojala</b> (until 31 August 2019)	1963	BSc. (Eng.)	President and CEO, Chair of the Corporate Executive Team
<b>Timo Nieminen</b>	1958	MSc. (Tech.)	Executive Vice President, Deputy CEO, Project Development in Finland, Vice Chair of the Corporate Executive Team
<b>Juha Toimela</b>	1963	MSc. (Tech.), MBA	Executive Vice President, Senior Vice President, Construction
<b>Maija Karhusaari</b>	1972	MSc. (Econ.)	Senior Vice President, Marketing and Communications
<b>Johanna Metsä-Tokila</b>	1977	LL.M. trained on the bench	Senior Vice President, General Counsel.
<b>Antero Nuutinen</b>	1963	BSc. (CE)	Senior Vice President, Housing and Regional Offices
<b>Ilkka Pitkänen</b>	1966	MSc. (Econ.)	CFO
<b>Jarkko Rantala</b>	1986	MSc. (Econ.)	Senior Vice President, Investments

<sup>1</sup> SRV renewed its organisation structure and Corporate Executive Team as of 1 January 2020. In conjunction with this change, Corporate Executive Team consists of the following members as of 1 January 2020: Saku Sipola (President and CEO), Timo Nieminen (Executive Vice President, Deputy CEO, Senior Vice President, Strategic project development), Juha Toimela (Executive Vice President, Senior Vice President, Business premises, regional units and infrastructure), Kim Jolkkonen, Lic.Sc. (Tech.), b. 1971 (Senior Vice President, Housing), Jarkko Rantala (Senior Vice President, Investments), Jussi Tuisku BA, eMBA, b. 1967 (Senior Vice President, Operations in Russia and Estonia), Ilkka Pitkänen (CFO), Johanna Metsä-Tokila (Senior Vice President, General Counsel), Maija Karhusaari (Senior Vice President, Communications and Marketing), Antti Nummi, MSc. (Soc.), b. 1971 (Senior Vice President, Business Development) and Kimmo Kurki, BSc. (Eng.), b. 1960 (Senior Vice President, Internal Services).

Shareholdings include the shares owned by the Corporate Executive Team member and any shares 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.

Information on the remuneration of Corporate Executive Team members is disclosed in a separate [salary and remuneration report](#) published at the same time as this statement.

## Descriptions of risk management, internal control procedures and the internal audit

### 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 sys-

## Share ownership of the President & CEO and other Corporate Executive Team members at 31.12.2019

Name	Holding 31.12.2019
<b>Saku Sipola</b>	2,000
<b>Timo Nieminen</b>	676,310
<b>Juha Toimela</b>	17,158
<b>Maija Karhusaari</b>	-
<b>Johanna Metsä-Tokila</b>	32,016
<b>Antero Nuutinen</b>	98,560
<b>Ilkka Pitkänen</b>	18,000
<b>Jarkko Rantala</b>	-

tem. It supports the Company's values, vision, strategy and the attainment of its earnings objectives.

To this end, SRV ensures that it has a systematic and comprehensive approach for identifying and assessing risks, and also for reporting on operations and implementing any required risk management measures. The annual Group-level risk management process comprises the identification of material risks related to the Company's operations, assessment of the status of risks, and the planning of measures to eliminate risks or mitigate their impacts. Risks identified during this process are rated in terms of their severity. Continuous risk management of various operations, development projects, construction projects and investment projects is planned and implemented on a function-by-function basis.

Overall responsibility for risk management rests with the Company's Board of Directors and the President & CEO. The Board of Directors approves SRV's risk management strategy and policy, and assesses its Group-wide framework for risk management. The Audit Committee reviews a quarterly



report on operational risks and reports on them to the Board of Directors. 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 internal control system cannot provide full certainty that risks will not be realised.

SRV's business operations are guided by consistent Group-wide business principles, decision-making authorisations and the Company's values. Internal control is founded on a healthy corporate and management culture, and on specified reporting and its fundamental 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 finan-

cial reporting on a regular basis and reports directly to the 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 between 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 the SRV's controller function. SRV has drafted Group-level reporting models for standardising the financial reporting of its business functions. Their reports 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.

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 Company's Audit Committee. Budgeting and reporting processes are based on SRV's internal instructions. The Group's financial admin-

istration is responsible for drafting and maintaining these instructions centrally. These principles are applied consistently throughout the Group.

### 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 good administration, internal control 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.

It operates under the supervision of the Audit Committee and reports on its observations to the Audit Committee, which in turn reports to the Board of Directors. The Audit Committee confirms the annual plan for the internal audit. The focus areas of the internal audit are identified risks in business operations. The Group's CFO has administrative responsibility for the functionality of the internal audit.

The 2019 internal audit was performed by a chosen external service provider Ernst & Youn Oy. Internal audits were carried out in 2019 in accordance with the annual plan for internal audits.

### Other information

#### Insider administration

The Company complies with the insider guidelines approved by the Board of Directors. This insider policy describes essential rules, instructions and procedures concerning market abuse and, in particular, the prohibition on market manipulation and using insider information.

According to the Market Abuse Regulation (MAR), the Company's management includes the members of SRV's Board of Directors and the President & CEO. Management and their close circle must report all business transactions involving the Company's securities to both SRV and the Financial Supervisory Authority. The Company will issue a stock exchange release on all such transactions.

SRV's management may not trade in the Company's securities (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 interim reports or financial statement bulletins. This prohibition remains in force whether or not the person in question is in possession of any insider information at the time.

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 non-disclosure obligations also apply to these individuals, and they are also forbidden from providing information or advice to others for the purpose of trading in the Company's securities.

SRV draws up a list of individuals who have access to insider information and who have signed an employment con-

tract with the Company, or who otherwise perform duties which grant them access to insider information. SRV does not maintain a permanent insider register. Instead, all individuals participating in insider projects are included in project-specific insider lists. Anyone whose name appears on one of these lists may not trade in the Company's securities until they have been notified that any trading restrictions have been lifted.

SRV recommends that trading be restricted to situations in which the market is in possession of the most comprehensive information about factors affecting the Company's securities, that is, after the publication of an interim report or financial statement bulletin. SRV recommends that those who are in a management position or prepare financial reviews should make long-term investments rather than trading in securities belonging to or related to the Company. 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, which

includes tasks such as maintaining insider registers, supervising insider issues, arranging training, giving advice, and sending notifications to management, insiders and other relevant organisations. 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 Annual General Meeting to a term of office that ends at the close of the next Annual General Meeting 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 Annual General Meeting of 19 March 2019 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the Company's auditor with Samuli Perälä, Authorised Public Accountant, as the chief auditor.

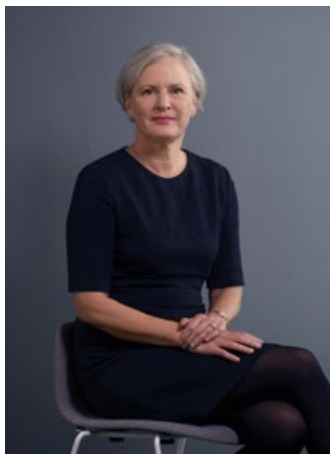
The auditor was paid auditing fees of EUR 443,000 in 2019. The auditor was paid an additional EUR 964,000 for other services (including all the companies belonging to the same group or chain).

## BOARD OF DIRECTORS



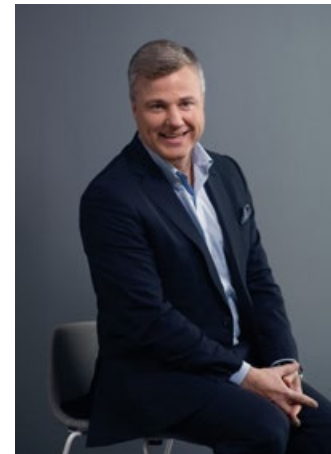
**Ilpo Kokkila**

b. 1947, MSc. (Tech.)  
Chairman of the Board,  
SRV Group Plc (1987–)  
Chairman of the Board,  
Pontos Ltd  
Chairman of the HR and  
Nomination Committee  
(2007–)



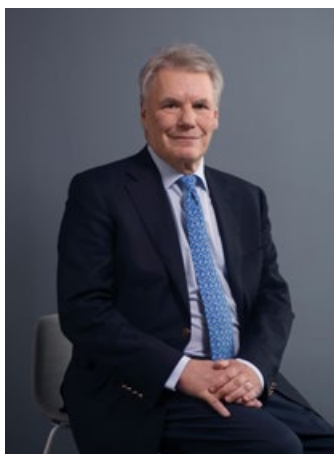
**Minna Alitalo**

b. 1962, MSc. (Econ.)  
Professional Board Member  
Member of the Board (2012–)  
Chairman of the Audit  
Committee (2013–)  
Member of the Audit  
Committee (2012–)



**Juhani Hintikka**

b. 1966, MSc. (Tech.)  
Chairman of the Board,  
Ficolo Oy (2017–)  
Member of the Board  
(2017–)  
Member of the HR and  
Nomination Committee  
(2017–)



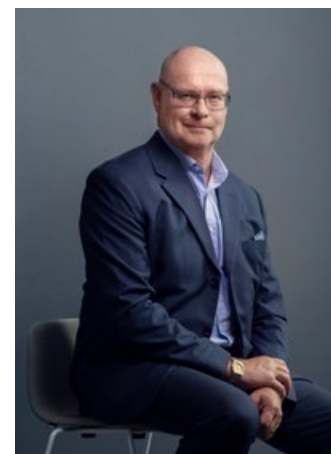
**Olli-Pekka Kallasvuori**

b. 1953, LL.D.h.c.  
Member of the Board and  
Vice Chairman (2011–)  
Chairman of the Audit  
Committee (2012–2013)  
Member of the Audit  
Committee (2011–2017)  
Member of the HR and  
Nomination Committee  
(2017–)



**Timo Kokkila**

b. 1979, MSc. (Tech.)  
CEO, Pontos Ltd  
Member of the Board (2010–)  
Member of the Audit  
Committee (2010–)



**Tomi Yli-Kyyny**

b. 1962, M.Sc. (Eng.)  
CEO, Caruna Networks Oy  
(2017–)  
Board member (2019–)  
Member of the Audit  
Committee (2019–)

More information on Board members is available at:  
[www.srv.fi](http://www.srv.fi) < Investors < Corporate governance < Board of Directors



## CORPORATE EXECUTIVE TEAM 1 JANUARY 2020



**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  
SVP, Strategic Project  
Development  
Employed by SRV  
since 1987.



**Juha Toimela**  
b. 1963,  
MSc. (Tech.), MBA  
Executive Vice President  
SVP, Business premises,  
regional units and  
infrastructure  
Employed by SRV since  
2009.



**Kim Jolkkonen**  
b. 1971,  
Lic. Sc. (Tech.)  
SVP, Housing  
Employed by SRV  
since 2019.



**Jarkko Rantala**  
b. 1986,  
MSc. (Econ.)  
SVP, Investments  
Employed by SRV  
since 2012.



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



**Ilkka Pitkänen**  
b. 1966,  
MSc. (Econ.)  
CFO  
Employed by SRV  
since 2014.



**Johanna  
Metsä-Tokila**  
b. 1977,  
LL.M.  
SVP, General Counsel  
Employed by SRV  
since 2016.



**Maija Karhusaari**  
b. 1972,  
MSc. (Econ.)  
SVP, Communications  
and Marketing  
Employed by SRV  
since 2018.



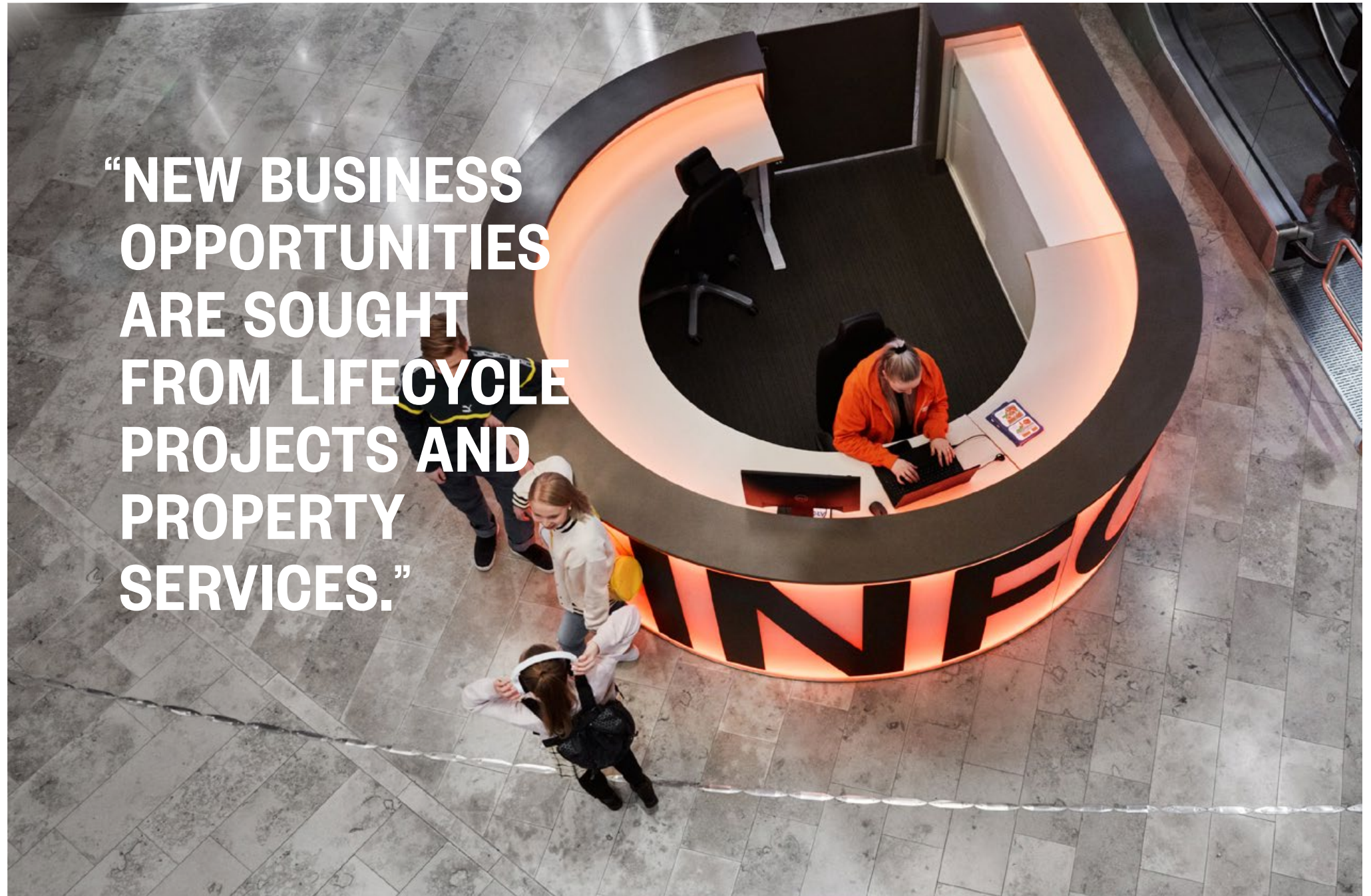
**Antti Nummi**  
b. 1971,  
MSc. (Soc.)  
SVP, Business  
Development  
Employed by SRV  
since 2019.



**Kimmo Kurki**  
b. 1960,  
BSc. (Eng.)  
SVP, Internal  
Services  
Employed by SRV  
since 1998.

More information on Corporate Executive  
Team members is available at:  
[www.srv.fi](http://www.srv.fi) < SRV as a corporation  
< Corporate Executive Team

**“NEW BUSINESS  
OPPORTUNITIES  
ARE SOUGHT  
FROM LIFECYCLE  
PROJECTS AND  
PROPERTY  
SERVICES.”**





# INFORMATION FOR INVESTORS

## IMPORTANT DATES FOR 2020

### Annual General Meeting

SRV Group Plc's Annual General Meeting is planned to be held on Thursday 26 March 2020 at 4.00 pm at Derby Business Park, Tarvonsalmenkatu 15, Espoo.

#### SRV Group Plc will publish the following financial information in 2020:

Financial Statement Release 2019 will be published on Thursday, 6 February 2020 at 8.30 am.

Annual Review 2019 (including the Financial Statements and the Report of the Board of Directors) will be published on Monday, 2 March 2020.

Interim Report for January–March 2020 will be published on Wednesday, 29 April 2020 at 8.30 am.

Half-year Report for January–June 2020 will be published on Tuesday, 21 July 2020 at 8.30 am.

Interim Report for January–September 2020 will be published on Thursday, 29 October 2020 at 8.30 am.

### 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 60,499,575
- Trading currency: EUR
- Listing: Small Cap Helsinki
- Ticker symbol: SRV1V
- ISIN code: FI0009015309

### ANALYSTS COVERING SRV:

- Olli Koponen, Inderes Oy
- Jerker Salokivi, Evli Bank Plc





## MORE INFORMATION

### Contact details

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