



# ANNUAL REVIEW AND SUSTAINABILITY REPORT 2021



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# WE HELP OUR CUSTOMERS ACHIEVE THEIR CLIMATE TARGETS

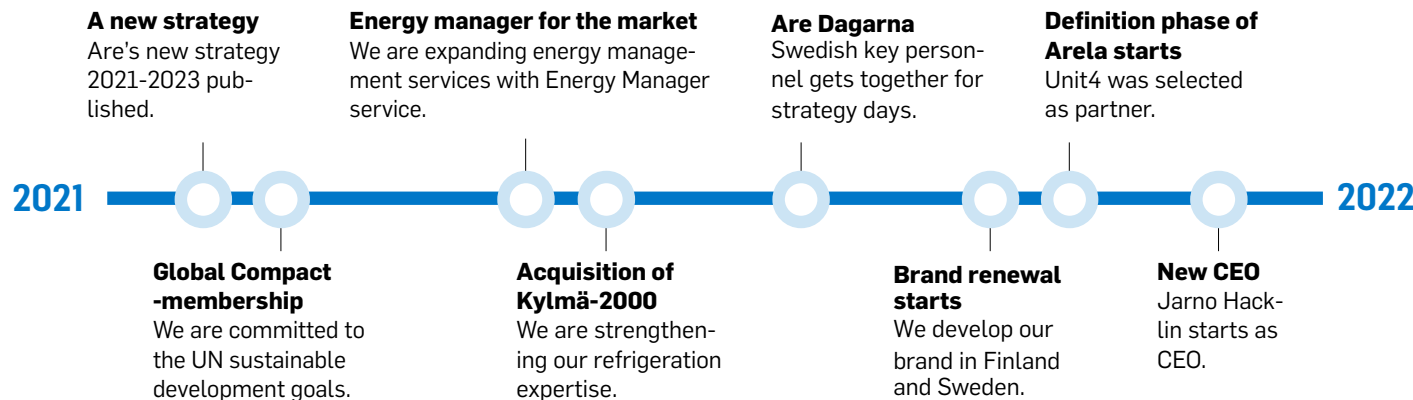
**THE YEAR** 2021 was two-sided for Are. Services developed positively, but the project business experienced some setbacks and the result decreased from the previous year. Our state of mind for the positive change is however, strong. We laid the foundations for the reform of our business model and we will continue to shape it further this year.

We launched our new strategy during the year. Our vision is to help build and maintain a sustainable society. Through their work, every Are employee contributes to a sustainable society and helps our customers achieve their climate targets throughout the property's life cycle.

As part of promoting sustainable development, we joined the UN Global Compact initiative, which guides all our activities and requires our continued commitment. In addition, we prepared a sustainability programme and commenced specification work for a new Group-level ERP system.

I joined Are in the latter part of the financial year. I would like to extend my thanks to my predecessor Heikki Pesu and to Timo Kohtamäki, the Chairman of our Board, who served as CEO in addition to his regular duties, as well as to our staff, customers, partners, and owners for the year 2021. Together, we have a significant role to play in improving the energy efficiency of properties and, as a result, in climate work.

**Jarno Hacklin, CEO**





## THE GROWTH SLOWED BY PANDEMIC

**THE COVID-19 SITUATION** was still reflected in the everyday life of our personnel and customers. To ensure safe working, we complied with COVID-19 instructions and made special arrangements at construction sites and customer sites. Ongoing projects mainly continued without interruption, but the uncertainty slowed down building services market and was particularly evident in the Services business. The orders and requests for quotations increased by the summer. However, the restrictions introduced in the second half of the year slowed the demand for extra and small assignments in particular. Net sales and profit decreased from the previous year.

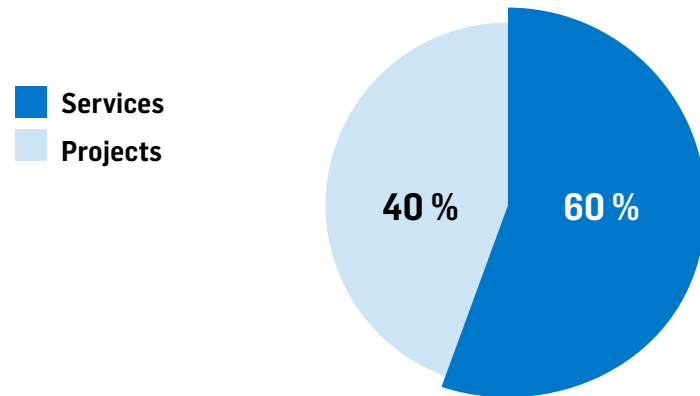
**DURING THE** year, we concluded a significant agreement in Finland with S-Bank on the provision of property maintenance services for the properties managed by the bank. We were also involved in three major hospital projects implemented according to the alliance model in Rovaniemi, Vaasa and Kuopio.

In Sweden, Klimatkyl, part of Are Group was selected as an HVAC contractor for one of Europe's largest food storage construction projects. In addition, we secured several major residential and commercial prop-erty pipeline contracting projects in Sweden. Furthermore, we won a significant contract in the West Link Project in the Gothenburg area. ■

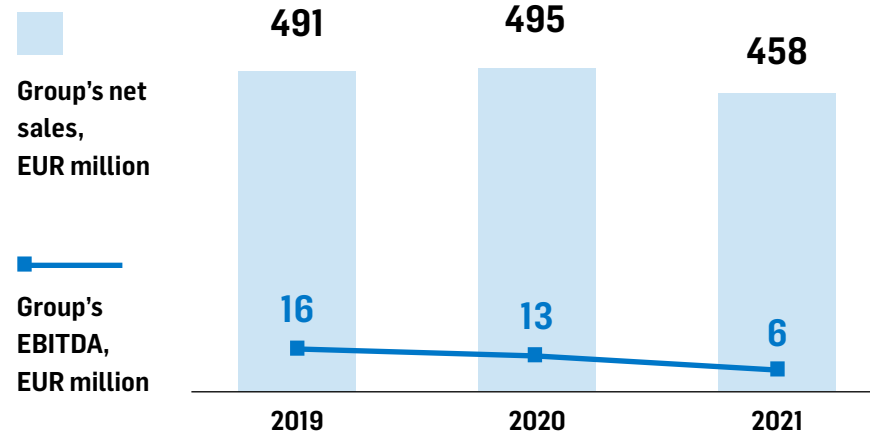


## FINANCIAL REVIEW

## Breakdown of Are's net sales by service segment (2021)

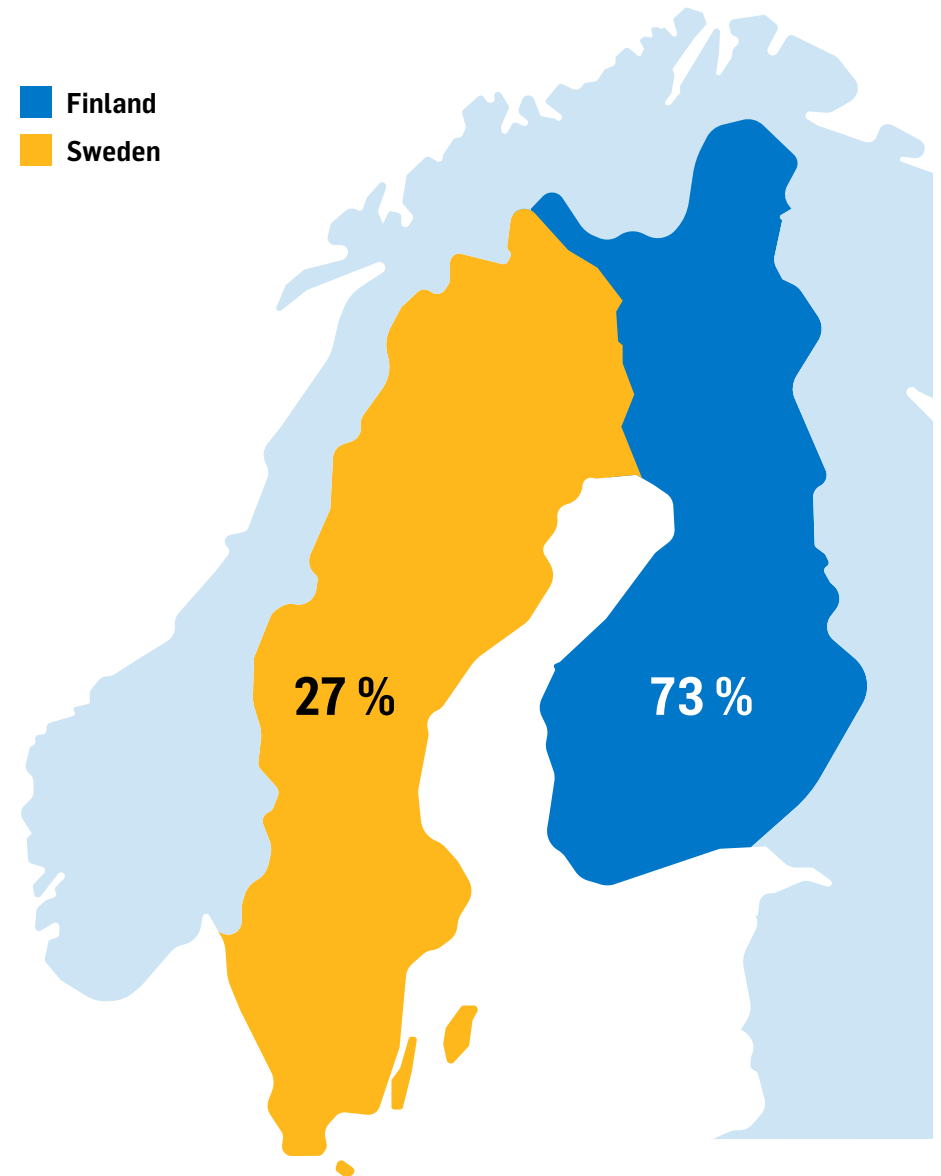



## Group's net sales and EBITDA (M€)



The financial years are not comparable due to changes in the group structure during the financial year.

## Breakdown of Are's net sales by markets (2021)





Residential construction will remain at a high level, but commercial construction will also start to grow.



## POSITIVE DEVELOPMENT CONTINUED IN SWEDEN

**ARE'S OPERATIONS** in the Swedish market continued with a positive momentum despite the COVID-19 pandemic. Assignments in the construction sector increased, focusing on residential construction in particular.

In Finland as well, construction started to grow during the year, especially in the housing construction sector. Commercial and office construction picked up towards the end of the year but continued to remain below average. In addition, good development could be seen in industrial and warehouse construction. The COVID-19 pandemic and the resulting uncertainty about the use of space, on the other hand, weakened the outlook for commercial and office construction.

The pandemic caused uncertainty in our technical building services. The number of requests for quotation and orders increased towards summer following the easing of the pandemic and the resulting restrictions. Towards the end of the year, as a result of the new variant and restrictions, customers cut down their operations again, which particularly affected the demand for additional and small work assignments.

### Outlook for 2022

In 2022, we expect construction to grow in Finland and Sweden. Residential construction will remain at a high level, but commercial construction will also start to grow. In the building services sector, we expect the market to follow the general development of construction. We also see growth opportunities in renovation construction. We expect the demand for technical building services to remain stable. ■



## ACQUISITION TO STRENGTHEN EXPERTISE IN REFRIGERATION SERVICES

Are broadened its service offerings with the acquisition of Kylmä-2000 Oy, a leading company in the refrigeration sector. Completed in the spring, the acquisition significantly strengthened Are's expertise in refrigeration installation and maintenance services.

**DURING MORE** than thirty years, Kylmä-2000 Oy has worked to grow its business and develop its services in a customer-driven manner.

**Juha Savolainen**, one of the former owners of Kylmä 2000 Oy, commented the acquisition as follows:

"It is a privilege to become part of Are. As the leader in the sector, they will provide us with the means to serve our customers more extensively than ever before. It was important for us to find an owner who is willing to commit to maintaining the agility integral to our operations."

Kylmä-2000 Oy will continue its operations under its own name as part of Are. Kylmä-2000 Oy employs around 50 professionals, with a turnover of approximately EUR 7 million (2020). ■





# We build and maintain a sustainable society

Committed employees

Sustainable development

Profitable growth

Satisfied customers

We work together – We are professionals – We deliver results – We put our customers first

TALO ON  
TEKNIKKALAJI

ARE

# STRATEGY 2021–2023: WE BUILD AND MAINTAIN A SUSTAINABLE SOCIETY

IN 2021, we published a new strategy, the content and goals of which we discussed with our personnel in a virtual event and in workshops. Digitalisation, global warming and urbanisation are megatrends that also support construction and the development of building services in the long term.

Our vision is to help build and maintain a sustainable society. Through their work, every Are employee contributes to a sustainable society and helps our customers achieve their climate targets throughout the property's life-cycle. To achieve our goals, we have selected four strategic priorities that we will focus on developing.

## Our values guide our operations

Our values are: We put our customers first, we work together, we are professional and we deliver results. Our values are part of our operating method and that is evident in our day-to-day work. A positive atmosphere at the workplace encourages employees to try their best every day. This ensures a high quality of work for the customer at all times. ■



### SATISFIED CUSTOMERS:

We develop our operating methods continuously to serve our customers even better.



**PROMOTER OF SUSTAINABLE DEVELOPMENT:** We provide solutions and services that help our customers achieve their environmental targets throughout every stage of the property's life-cycle.



**PROFITABLE GROWTH:** We operate as efficiently and productively as possible without compromising on quality.



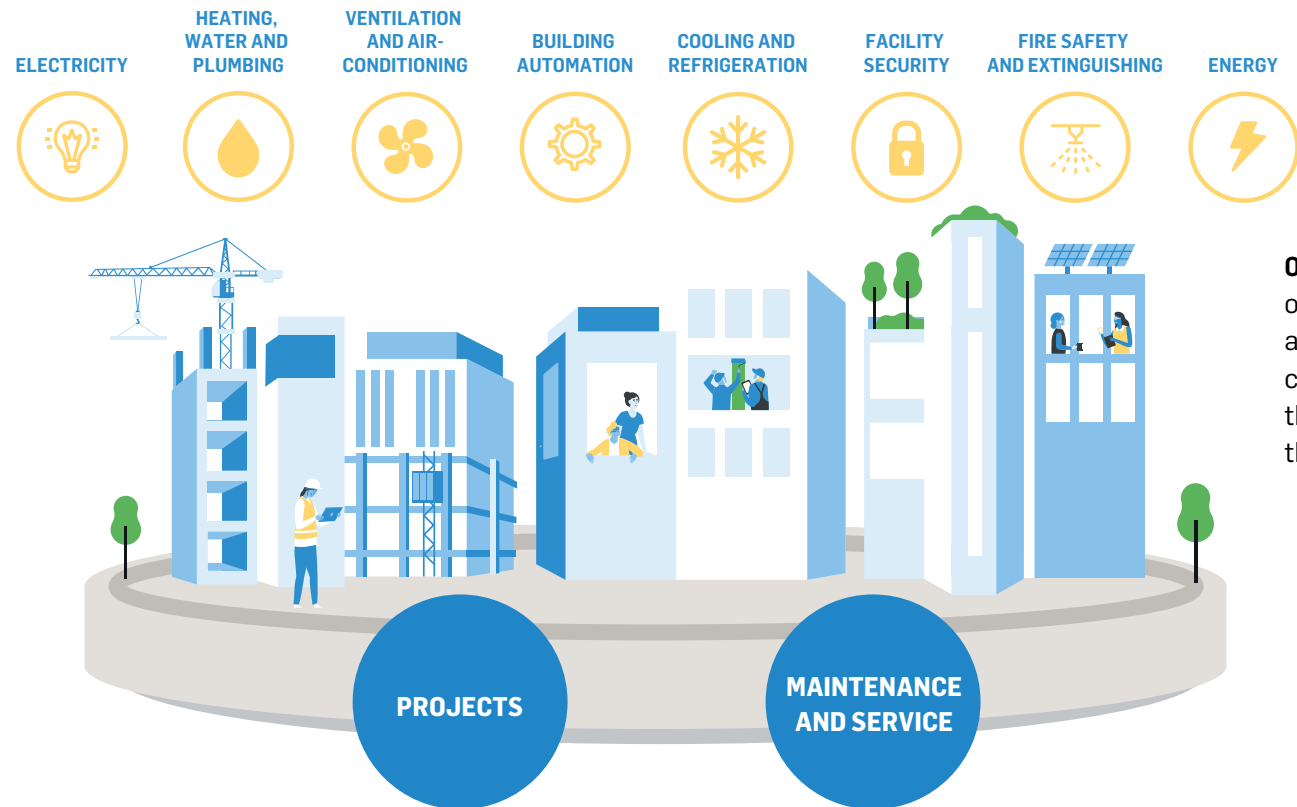
**EMPLOYEE ENGAGEMENT:** We provide our professionals with the necessary conditions for sustainable work and continuous learning. We are collectively committed to putting our strategy into action and helping our customers succeed.

# WE OPTIMISE SERVICES THROUGHOUT THE PROPERTY'S LIFE-CYCLE

**WE PROVIDE** solutions and services throughout the property life-cycle, ranging from new construction to technical building services contracting, servicing and maintenance, modernisation and renovation. We work closely with our customers to find the best solutions, regardless of whether the property is an office, shopping centre, hotel, hospital, residential building or industrial plant.

We invest in energy efficient building services which enable us to provide energy efficient premises and comfortable indoor conditions for end users with cost saving implementation. ■

## TECHNOLOGIES



**OUR SERVICES** aim to optimise efficiency and the indoor climate throughout the service life of the property. ■



## GROWTH IN SERVICES

**ARE'S STRATEGIC** goal is to continue profitable growth in services.

In 2021, 60% of net sales came from services.

The number of customers and properties in continuous maintenance and service increased in both Finland and Sweden. ■



**WE PROVIDED SMART** maintenance in nearly 22.000 properties for more than 1.800 customers.



**OUR CONTROL ROOM** received 252.000 alarms from the more than 1.000 properties we monitored.



**OUR PROPERTY SERVICE** professionals made more than 200.000 service calls.



**OUR CUSTOMER SERVICE CENTRE** responded to more than 100.000 requests, 40% of which were made by phone and 60% by e-mail.

**In Finland, our property service professionals made more than 200.000 service calls during the year, which means more than 540 service calls on each day of the year.**



### Smart Maintenance finds the best solutions for properties

We pay attention to the feedback we receive from facility users and owners and to our customer satisfaction. Our aim is to make cooperation between the various parties involved even more seamless. This enables smooth and pleasant working for all parties. Because partnerships are usually long term in nature and each property is different, Are has developed a [Smart Maintenance](#) model for its operations.

"For us, Smart Maintenance is a way of working, or rather an ideology of how to do things in the best way possible and increase the environmental friendliness and transparency of the industry sector," says **Seppo Korhonen**, Services Business Area Director at Are.

### Environmental responsibility and wellbeing of people at the core

Digitalisation is driving properties towards the EU's sustainable development goals, as smarter properties are also more energy efficient.

The growth of services is supported by Are's new solutions, such as electric vehicle charging solutions and the Energy Manager service. ■

▀▀ Customer satisfaction  
with Are remains high.





## SATISFIED CUSTOMERS ARE THE FOUNDATION OF OUR SERVICE

**CUSTOMER EXPERIENCE** is at the core of all we do.

Customer partnerships guide us towards continuous development and the solutions a sustainable society requires. Our customer satisfaction remained at a good level. Net Promoter Score (NPS) was 28 (24 in Finland and 39 in Sweden). Our customers especially appreciated the professionalism and service orientation of our personnel, our focus on occupational safety, our cooperation in general and our service offering. ■

■ ■ **NPS: 28 (Finland 24, Sweden 39)**



**WHEN MEASURING** customer experience and satisfaction, every response is helpful in developing our operations. We wanted to thank our customers for responding to a Finnish customer experience survey and planted 426 tree saplings on a swamp that is no longer in peat production. On average, each tree will capture and store approximately 600 kilos (kg) of carbon dioxide during its life cycle. This is the equivalent of 21 days' worth of carbon dioxide emissions of an average Finn. In Sweden we supported The Swedish Childhood Cancer Fund. ■

<http://istutapuita.fi/projekti-tuulisuo>

## CUSTOMER

## HEMSÖ REDUCES THE FOOTPRINT OF ITS PROPERTIES WITH SOLAR PANELS

In response to the rising prices of electricity and to improve its environmental performance, Hemsö is prioritising sustainable investments in its properties. The property company has been an important customer for Climat80 AB for several years, and Climat80 serves a number of Hemsö properties. In 2021, the cooperation expanded to improve energy efficiency with solar panels.

**HEMSÖ HAS** properties in Sweden, Finland and Denmark. In Sweden, Hemsö is the leading owner of communal properties, managing and developing properties for housing the elderly, for the education and care sector, and for judicial administration use. The business is characterised by perseverance and sustainability.

In 2021, Hemsö's nursing homes began cooperating with Climat80's energy department.

Solar power systems were installed and commissioned in two nursing homes. 165 panels with a total capacity of 62.55 kWp\* and an estimated annual output of approximately 55,000 kWh were in-

CLIMAT80 – 120 solar panels were installed in the Nicktisteln property in Malmö, Swe-den. Hemsö has invested in solar panels supplied by Climat80's energy department in several of its properties. (Photo: Magnus Grubb)





## CUSTOMER

stalled. A common feature for the properties is the peak period in consumption which occurs during the day. This goes hand in hand with the power production of solar panels. Thus, a major part of the production goes directly to use in the properties.

Additional solar power systems will be included in upcoming projects. The estimated annual power output from these projects totals 148,500 kWh. The solar cell installations in nursing homes are part of a larger energy project during the course of which Hemsö will estimate the total energy consumption of its properties and upgrade its systems.

With Climat80's state-of-the-art solutions, supplemented by solar panels, a property is well equipped to reduce its energy consumption and climate footprint.

For Hemsö, investing in solar panels means lower energy costs, lower power charges, certain revenues from plants, a smaller CO2 footprint, and a sustainable investment with a pay-back period of 7 to 10 years, depending on the complexity of the installation. ■

**The estimated annual power output from these projects totals 148,500 kWh.**

\*The energy production of solar cells varies depending on the weather and the position of the sun. In close to ideal conditions, the kilowatt peak, kWp, is a more accurate measure of the power production capacity of a solar power system than kW.



CLIMAT80 – 45 solar panels were installed on the roof of Hemsö's Torsten property. The property accommodates a nursing home. (Photo: Thomas Althin)



## HOSPITAL PROJECTS UNDERWAY IN SEVERAL FINNISH CITIES

**ARE IS** involved in three major hospital projects that are being implemented according to the alliance model. The extension and renovation of the Lapland Central Hospital is underway in Rovaniemi, the new H-building will be built in Vaasa next to the Vaasa Central Hospital, and the oldest parts of the Puijo Hospital are getting renovated in Kuopio.

The total value of the hospital projects in Rovaniemi, Vaasa and Kuopio amounts to approximately EUR 90 million.

The projects size and complexity have provided Are's professionals with an opportunity to showcase their best competence.

There has also been a wider demand for Are's hospital competence. The value of the plumbing, ventilation and electrical work included in this contract is approximately EUR 9 million. ■

■ ■ The alliance welds the entire construction team together. If the project is successful, everyone will benefit and if it fails, losses are shared equally.

- Project Director Jouni Riikola

## WEST LINK PROJECT EXPANDS GOTHENBURG RAILWAY NETWORK

Gothenburg's goal in the next few years is to develop as a sustainable and green urban area. In 2021, Kungälv's Rörläggari worked with the central railway station tunnel sewage and wastewaters, as well as with preparations for the West Link Project.

**ONE OF** the largest investments in improving Gothenburg's infrastructure, the West Link (Västlänken) is a new railway connection for commuter and regional rail services. The Swedish Transport Agency will assume responsibility for the implementation and construction of the West Link Project in close collaboration with the City of Gothenburg and public transport service provider Västtrafik. The project is co-funded by the state.

The West Link will add three new four-track underground stations to the city's network. The connection under construction is eight kilometres long, with 6 km running inside a tunnel.

In 2021, Kungälv's Rörläggari worked with the central railway station tunnel sewage and wastewaters, as well as with preparations for the West Link Project.

Service shaft and pumping station work will begin in August 2022. Kungälv's Rörläggari will be involved in the construction work until August 2025. The West Link is scheduled to open to traffic in December 2026. ■

# MANAGEMENT GROUP

12/2021



**Jarno Hacklin**  
CEO



**Laura Kekarainen**  
CFO



**Kaisa Tuuliainen**  
HR Director



**Pekka Björkman**  
SVP, Procurement



**Seppo Korhonen**  
Business Area Director,  
Southern Finland



**Marko Otranen**  
Business Area Director,  
Western Finland



**Ari Kinnunen**  
Business Area Director,  
Eastern Finland



**Heikki Tanner**  
SVP, Legal and  
Compliance



**Jonas Granzell**  
CEO, Are Sverige AB



**Katja Pekkanen**  
Director, projects

# BOARD OF DIRECTORS

12/2021



**Timo Kohtamäki**  
Lic.Sc. (Tech.), Member of the  
Board since 2015, Chairman  
of the Board since 2018



**Mika Kalliomaa**  
DSc (Milit.), Member of  
the Board since 2017



**Erkkä Valkila**  
Engineer, Member of the  
Board since 2017



**Martti Koivisto**  
PgD Finance, representative  
of the owner family, Member  
of the Board since 2018



**Erik Toivanen**  
PgP Real Estate Business,  
representative of the owner  
family, Member of the Board  
since 2018



**Olli-Petteri  
Lehtinen**  
M.Sc. (Econ. & Bus.  
Adm.), Member of the  
Board since 2019



# ARE SUSTAINABILITY REPORT



# ARE'S SUSTAINABILITY PROGRAMME IS COMPLETE

We drew up a sustainability programme in collaboration with our stakeholders. Our newly published programme puts special emphasis on people, the environment, and ethical operating practices. Responsibility is an integral part of everything we do. For us, it is crucial to continuously improve our safety culture in order to ensure that everyone at Are gets home safe and in good health. In addition, with Are's services and solutions, our customers can achieve their environmental goals in all phases of their property's life cycle.

**WE ARE** about to publish the first sustainability programme in our history. It was prepared by a working group with representatives from across the Are Group, different business areas and different occupational groups. We also engaged other stakeholders, such as our customers, owners and partners.

An important part in the drafting of the programme was a materiality analysis. This formed the basis for us to define the priorities of our programme, based on the UN Global Compact initiative. A summary of the priority areas is available in the value creation chart on page 24. ➤





## FOREWORDS

We are committed to the UN Global Compact initiative, and we promote its principles and goals as part of our operations.

As part of the drafting of the programme, we commissioned an external expert to calculate Are's direct emissions. The calculation was carried out in accordance with the Greenhouse Gas (GHG) Protocol and used to calculate the direct emissions of Scope 1 and 2, which we will monitor closely in the future. In addition, we launched carbon footprint measurements as part of our energy efficiency projects.

During the year, we made progress with our goal of reducing the emissions of our vehicle fleet and put new electric vehicles in use. We also made considerable progress in the development of occupational safety culture: we increased the number of safety observations significantly and thereby also reduced the frequency of accidents significantly.

One acknowledgment we received was an independent Eco-Vadis evaluation which rewarded our work by improving our status from Bronze to Silver.

It is important for us at Are to be a reliable partner and an active player in society that fulfils its responsibilities not only economically, but also socially and environmentally. For this reason, we participate actively in the development of the entire building service engineering sector in organisations such as the Finnish Green Building Council. It is important to us that everyone at Are can take pride in their own employer and their work, as we have a key role to play in increasing energy efficiency. ■

**Heikki Tanner**, SVP, Legal and Compliance and Sustainable Development

## OUR ESSENTIAL THEMES – UN'S SUSTAINABLE DEVELOPMENT GOALS

Based on a materiality assessment conducted by an independent third party, our company has identified the following UN's Sustainable Development Goals to focus on.



### Environment

Energy savings to our customers

We reduce our own carbon footprint



### Social responsibility

Committed and knowledgeable personnel

Safe working environment

Open and diverse work community



### Finances and good governance

Durable and profitable economic growth

Zero tolerance for abuses

We are a reliable partner



## VALUE CREATION CHART

Are's value creation charts recognizes the value we create for society, people and the environment through our strategy and responsibility work. Recognizing the impact of our work helps us implement our strategy and creates the conditions for responsible cooperation and sustainable solutions.

### INPUTS



**3.300**

employees  
• Know-how and competence



Financing



**959**

service vehicles



Suppliers

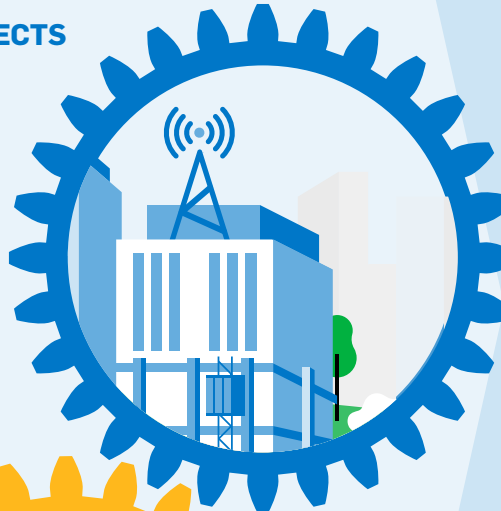


Our brands

### PROCESSES

Wide range of services for the entire building life-cycle

#### PROJECTS



#### SERVICES



### VALUE CREATED

We build and maintain a sustainable society

#### Customers

Energy efficient solutions, savings in energy consumption, safe and healthy facilities

#### Society

Total social security contributions and corporate income tax paid EUR **77** million

#### Energy efficiency

Improved energy efficiency and reduced CO<sub>2</sub> emissions

#### Business operations

Funds reinvested in business development

#### Employees

Engagement index **69**  
Paid salaries EUR **157** million

#### Suppliers

Purchases from suppliers and subcontractors EUR **217** million

## METRICS

# ARE'S METRICS FOR THE SUSTAINABLE DEVELOPMENT

SOCIAL RESPONSIBILITY	2021	TARGET 2025
LTIF i.e. Lost Time Incident Frequency	10	5
Safety observations (per person)*	5.3	8
Personnel engagement index	69	75

ENVIRONMENTAL RESPONSIBILITY	2021	TARGET 2025
Energy savings for our customers (MWh)	18.200	150.000
Low emission vehicles (g/km)	201	-30 %

FINANCIAL RESPONSIBILITY	2021	TARGET 2025
Net promoter score	28	40
Suppliers committed to Are's ethical guidelines**	-	> 90% of purchasing volume for materials > 90% of subcontractors
Employees with Compliance training***	73 %	> 90% of subcontracting volume

\* Sweden will start to keep statistics on safety observations in year 2022.

\*\* Reporting requires using an electronic signature tool. Reporting will commence at a later date.

\*\*\* Sweden and Kytmä-2000 will be included in reporting after the online course tool has been taken into use.

A modern office interior with large windows, teal cubicle walls, and people sitting on grey sofas. A blue banner is overlaid at the top.

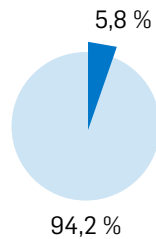
# **Are** SOCIAL RESPONSIBILITY



## SOCIAL RESPONSIBILITY

# ARE EMPLOYEES 2021 (2020)

Are employees  
**3.300**  
people  
2.600 in Finland



Of all Are employees, **94.2 (94.8) %** are male and **5.8 (5.2) %** are female.

Our average age was

**43**  
years (42)

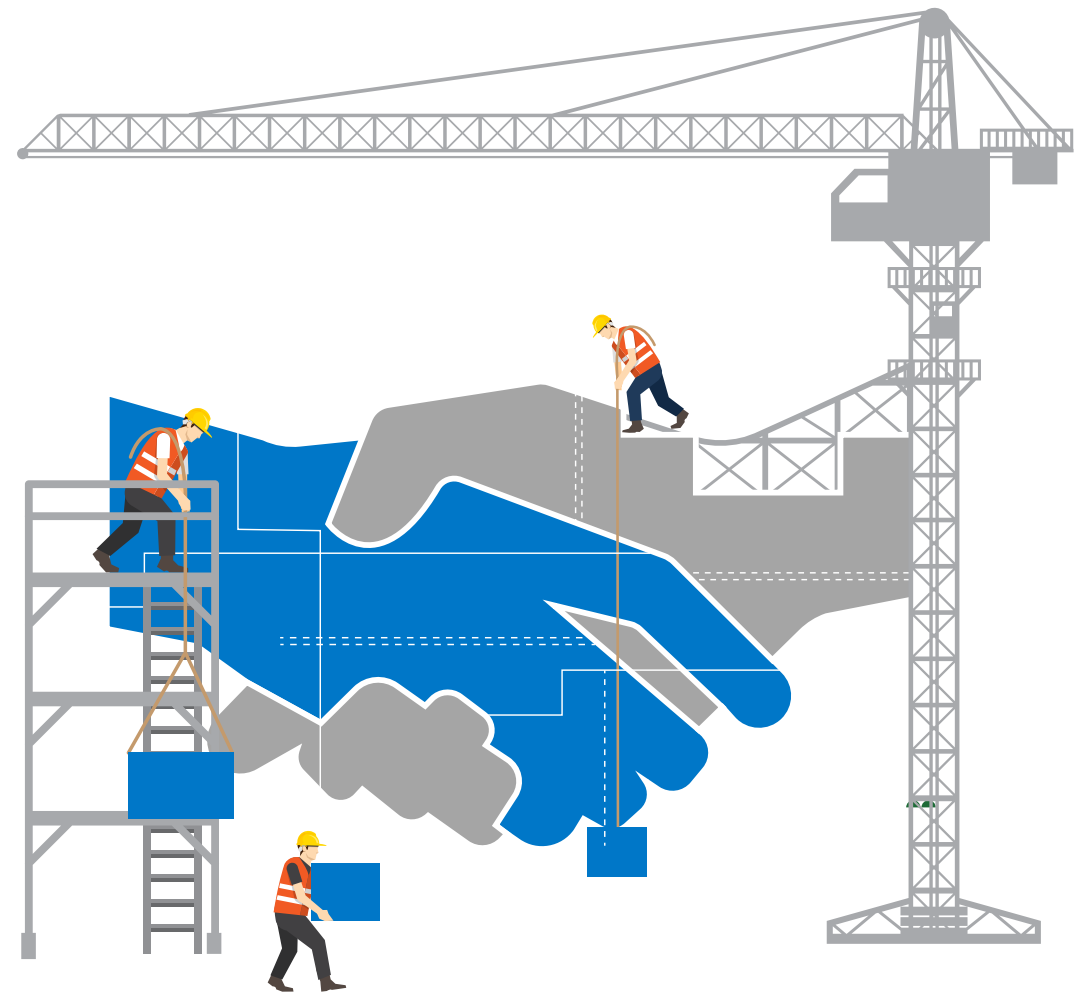


Salaried employees' average age is **45 (44)** and workers' **42 (41)**.

Sickness absence

**4.2 %**

We invested in the daily well-being of our employees and in ways to prevent sick leaves.



Salaried employees' turnover

**14.6 %**  
(5.7 %)

Workers' turnover

**8.0 %**  
(7.7 %)

Opened positions

**473**  
and applications 3.038  
(6.4 applicants/position)

## LEARNING ARE

Our theme for personnel development in 2021 was Learning Are. In Finland, we focused especially on the development of leadership and project expertise. In Sweden and Finland, we updated our proactive occupational safety practices. This led to excellent results in accident prevention.

**EMPLOYEE ENGAGEMENT** is a strategic priority that not only guides our safety and work ability management, but also the development of our personnel. In 2021, we continued promoting a sustainable work culture that emphasises fair treatment of employees, strong professional competence, equality, occupational safety, and well-being and health at work.

In Finland, one of our priorities is the development of project competence. With project management running smoothly, work tasks are predictable and employees can always do their best.

During 2021, we arranged several project management training sessions. Among other things, we prepared with our personnel a unified project process for smart contracting. We also developed our tools for project categorisation. We are prepared to deploy our new and agile project management model during 2022.

In all our activities, our aim is management by knowledge. With the help of our personnel, we defined the development needs for the data warehouse and reporting database during the year. We also made preparations for the deployment of a new ERP system in multidisciplinary workshops. ➤

## Fewer accidents

In terms of occupational safety, we invested heavily in proactive safety as we developed our occupational safety culture. Through proactive safety work, we succeeded in reducing the LTIF for the entire group by 55%. This serves as proof of the comprehensive work we have done together to promote a proactive safety culture.

To support occupational safety management, we introduced a new digital tool that our personnel can, for example, use to report safety observations. This led to a good increase in the number of safety observations. A total of more than 16.000 safety observations were made. A total of 65% of Are employees made a safety observation in 2021, an increase of 9% on the previous year.

As in the previous years, we rewarded Are employees with a safety performance award when at least four safety observations were made.

In Sweden, we launched determined efforts to develop occupational safety management in 2021. During the year, we collected data to determine the baseline situation as the point of departure for follow-up measures.

## Tools to promote sustainable work

In terms of proactive security, the safety findings played a key role. Work safety planning was promoted, and safety walks were conducted on a regular basis.

During 2021, we invested in the quality of accident investigations by sparring and introducing a new case card to determine the root causes of the incident more specifically than before. ➤

SAFETY	2021	2020
Safety observations (per employee) *	6.5	4.1
Accident frequency rate LTIF per one million hours worked	7.9	15.5

\* Applies only for Finland



## To support occupational safety management, we introduced a new digital tool that our personnel can, for example, use to report safety observations.

We maintained safety awareness through webinars and online training and regular info sessions held through Microsoft Teams. Security issues were regularly discussed in our various internal communication channels.

Supervisors were provided with a toolkit to support proactive work ability management. We published an early support online training kit and arranged training on the subject. Additionally, we supported supervisory work with webinars and supervisor calls held by an occupational psychologist.

We also launched health coaching to maintain and promote the health and work ability of our employees. Job modification opportunities, part-time solutions and vocational rehabilitation measures were actively used to support return to work in collaboration with occupational healthcare services.

### Degree of engagement remained high

We measure the job satisfaction of Are personnel with an annual HR survey. One of its key indicators is the engagement index that is comprised of key components of job satisfaction. At Are, the index score for 2021 was 69, down slightly year-on-year.

The degree of engagement of our employees continued to be high, being well over the Finnish average of 59. The pandemic has reduced interaction among personnel, and raising the community spirit was one of our priorities in 2021. In order to strengthen the “glue” between work communities, we already prepared ground rules for multi-place work in 2021.

### People are in no hurry to leave Are – a great place to work

An employee works at Are for 9 years and 5 months on average. In 2021, employee turnover remained at the moderate level of 8.0, but the turnover rate was higher among salaried employees than before.

### We rewarded the supervisors of the year

Supervisor satisfaction remained at the previous year's level and was rated 3.7 on the scale of 1 to 5. Are employees consider the workplace community, teamwork and the feeling of doing high-quality work for our customers as significant motivating factors.

In order to develop supervisory work, we elect the Supervisor of the Year every year through open voting. We received 188 proposals nominating 123 different people for the competition this year. The Supervisor of the Year 2021 awards went to the following people: service manager **Mika Pirttilä**, HEPAC project manager **Kalle Salmela**, and refrigeration technology supervisor **Mika Joska**.

In 2021, the number of employees at Are was 3.384. The proportion of women in our workforce is low, even though it increased to 5.8 per cent from the 5.2 per cent in 2020. ■

## SOCIAL RESPONSIBILITY

# ARE EMPLOYEE EXPERIENCE 2021 (2020)

## Classroom training days

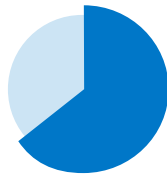
**0.93**  
(0.83)/person



We support and encourage our employees to train and develop in their work.

## Induction training

**69 %**  
(69 %)



Almost 70% of employees have received documented induction.

## Online courses taken

**33.177**  
(23.641)



Are employees are offered 46 in-house online courses as well as online courses provided by Sovolto Easy and Academy of Brain.



## Engagement

**69**  
(75)

Our engagement index is high. Supervisor satisfaction has remained high at 3.7/5.

## WE EXPANDED THE USE OF THE ETHICAL CHANNEL

**ARE HAS** zero tolerance for corruption, restriction of competition, discrimination, harassment in the workplace, and any other form of unlawful conduct. Anti-corruption principles and guidance on competition law are a mandatory part of our employee onboarding.

Through our ethical channel, Are's personnel and stakeholders may report any conduct that is not in line with Are's values, code of conduct or applicable legislation. A report can be submitted easily, anonymously and securely through a channel provided by WhistleB.

Last year, we expanded the use of the channel to also include our other stakeholders. We communicated actively about the ethical channel as part of our various trainings and meetings. Each report will be thoroughly investigated, and corrective action will be taken immediately when deemed necessary.

The reporting procedure is encrypted and password protected. All reports will be treated confidentially. ■

Are's ethical channel: [report.whistleb.com/en/are](https://report.whistleb.com/en/are)







Health coaching provides long term support to promote one's personal well-being.

## HEALTH COACHING RECEIVING HIGH PRAISE FROM ARE EMPLOYEES

During 2021, Are launched health coaching aiming at changes in everyday routines and promoting coping at work. About 70 Are employees applied for admission to the coaching, 30 of whom got a place. The results of the six-month coaching period were very positive.

**THE COACHING** in support of the strategic goal of employee engagement was started by having start-up discussions with a personal health coach. The goals for the coming months were discussed by addressing topics such as mental coping and lifestyle changes, or a combination of these.

"Health coaching provides long term support to promote one's personal well-being. The coaching is provided by our partner Prevenia's experienced coaches. The aim is to support our employees' well-being and work ability with a strong proactive approach. Work is also frequently discussed as part of the coaching. From our partner's reporting, we gain valuable insight as to how we ➤



## SOCIAL RESPONSIBILITY: CASE

can improve the flow of work and our work community to support work ability. These are important steps towards sustainable work and long careers. We will continue the highly praised coaching in 2022 as well," says **Heidi Lakanen**, HR Manager, Well-being and Work Ability at Are.


### Taking small steps towards change

The flexibility of the health coaching is praised **Santeri Nurmisto**, who works as remote monitoring specialist at Are.

"The content of the coaching was tailored in full to meet my personal needs. My own coaching consisted of re-learning the basics. Small things like eating a breakfast and drinking enough water during the day made a big impact on my own coping. After a few months, I noticed that they had already become part of my daily routine, and that's when we added exercise to my goals. Previously, I hardly exercised at all, so I started with daily five-minute walks."

The lessons learned during the coaching period are still part of Santeri's daily routines.

"I think it's important that we started making the changes with easy and small things. For me personally, the timing of the coaching coincided with the right stage in my life, and I exceeded all the goals I had set. Even the daily walks encouraged me to exercise more, and now I go to the gym three times a week," says Santeri happily.

 I think it's important that we started making the changes with easy and small things.

Electrician **Pasi Järvinen** admits that he was initially skeptical about the health coaching.

"However, the six-month coaching period was long enough for me to learn new ways. The coaching is personal and does not require too much. Even though relapses may occur along the way, support and encouragement to continue are always readily available."

Pasi says that he has attained the goals set for the coaching and is satisfied with his participation.

"Are is on the right track with the health coaching. It's like putting money into your bank account, as your mood lifts and your physical condition improves," Pasi commends. ■

Read an article: <https://www.mynewsdesk.com/fi/are/news/tyoekyk-yae-tukeva-terveysvalmennus-saa-kiitosta-arelaisilta-442720>



## OUR TRAINEES ARE ASSIGNED A PERSONAL MENTOR

**OF THE** aspects of sustainable development, social sustainability is as important to us as economic and ecological sustainability. The training of trainees and apprentices is part of our work in promoting social sustainability. We have a long tradition of providing apprenticeship training at Are Sverige's subsidiaries, and in 2021, we launched a project to improve our in-house training.

The provision of places for practical training and apprenticeships has always been a key step on the path to technical professions, and we work in close cooperation with vocational education institutions.

By providing places for practical training, we help students develop their professional skills. It also provides a terrific way to become familiar with the company, and trainees have a high chance of an apprenticeship after graduation.

For us, apprenticeships are an important phase in recruiting installers. At the same time, we bear our responsibility for training the next generation of installers for the industry. Through apprenticeships, we have the opportunity to work with the student for a long time. We can train them based on our own practices, and with the content of the work we can ensure that the student develops diverse professional skills. Our goal is to provide the student the opportunity to get thoroughly acquainted with the work of an HEPAC installer, for example.

As early as 2019, we decided that all of our apprentices will have a personal mentor assigned to them. This mentor will monitor and support the apprentice throughout the apprenticeship, starting from the first day at work up until graduation. However,

learning is always a two-way process where professionals also learn from the trainees. The knowledge travels in both directions. Are Finland has introduced a mentor model as well. Instead of mentoring Are Finland is using a term workplace instructor.

### We invest in apprentices – they are our future

In 2021, Are Sverige's Gothenburg-based subsidiary Kungälv's Rörläggari decided to invest even more in in-house training in the HEPAC sector.

In 2022, the company intends to support apprentices by developing in-house training that enhances the learning of different work stages. The form of training is still being planned, but the initiative has been welcomed warmly by the trainees.

It is in Are's best interest as a company to safeguard the social sustainability of our operations and do everything we can to achieve a sustainable society. ■

### Our achievements in 2021:

1

A personal mentor monitors the student throughout the apprenticeship

2

Varied and instructive content of the work is ensured

3

We form the bridge to working life

# ARE FINANCIAL ACCOUNTABILITY



## ARE GROUP'S TAX FOOTPRINT

**ARE PAYS** taxes according to the tax legislation of the countries where the company operates. Are Group's tax footprint in 2020 was EUR 77.2 million. Are has operations in Finland and Sweden.

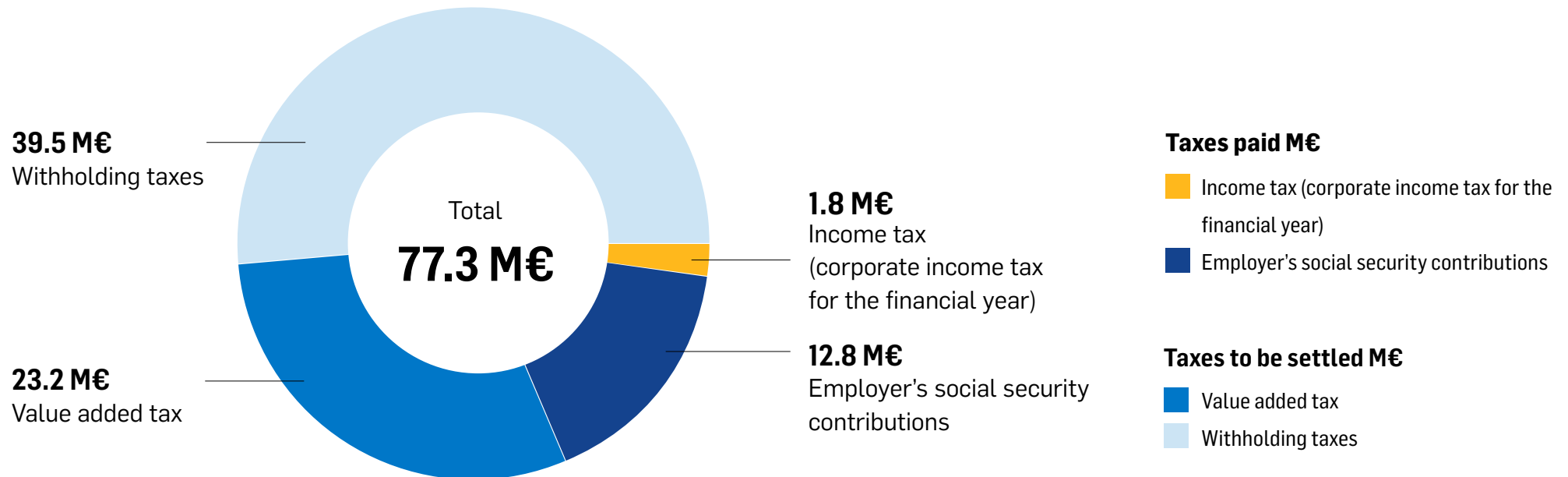
Are's total tax contribution was EUR 23.6 million in Sweden and EUR 53.6 million in Finland.

A company's tax footprint describes the amount of tax revenue generated for society by its operations and the distribution of the tax effect between different countries. We are committed to responsible tax management.

To illustrate the effect of Are Group's tax footprint, the company's tax contribution could be used to provide basic education in Finland for more than 8.000 children for one year. ■

**With the Are Group's tax footprint the society would be able to offer basic education for more than 8.000 children.\***

\*The estimation is based on education expenditures in Finland.





## ETHICAL OPERATING PRACTICES

**EVERYTHING WE** do is based on our values and our ethical guidelines. The guidelines form a foundation for decision making, operational continuity and reliability. Are's ethical guidelines are applied for both employees and partners. They are an essential part of the onboarding for every Are employee. We require our partners to commit to our ethical guidelines. They are included in our partner agreements.

In the next few years, we will build a system that helps us reliably verify the number of partners committed to our ethical guidelines.

Are's operations fully comply with sustainable development and ethical principles of operation. Are aims to maintain a high morale in its working climate. Are applies a zero-tolerance policy against corruption, bribery, extortion, restriction of competition, discrimination, bullying and other illegal activity.

### Human rights

Are complies with national and EU legislation and honours all internationally recognised human rights, ILO's fundamental conventions and any collective labour agreements and other contracts that are binding for Are. We require the same from our partners. We do not approve the use of child labour, any form of forced labour or any other human rights violations by our partners.

Any discrimination, bullying and harassment is strictly forbidden. Everyone has the right to freedom of association with others.

At Are, everyone is treated equally. Are wants to guarantee its employees a safe and healthy work environment. Are and its partners work responsibly in order to prevent occupational accidents and health hazards. Partners should notify Are of all occupational accidents, near misses and any conditions that may compromise occupational safety in Are's work locations.

### Prevention of corruption and bribery

The onboarding of every Are employee in Finland includes a mandatory online course and guidance regarding the prevention of corruption and bribery and competition law. In the future, similar training will be available in Sweden, too. Are does not accept any bribes or illicit payments under any circumstances.

Are provides reasonable hospitality. No partner or its employee is allowed to give, offer or receive gifts, hospitality services or other services that exceed the standard level of courtesy. No partner or its employee is allowed to give or demand a bribe.

We do all we can to prevent bribery, corruption and other forms of financial crime. ■



# ENVIRONMENTAL RESPONSIBILITY



## A SMALLER CARBON FOOTPRINT FOR OUR CUSTOMERS AND OUR OWN OPERATIONS

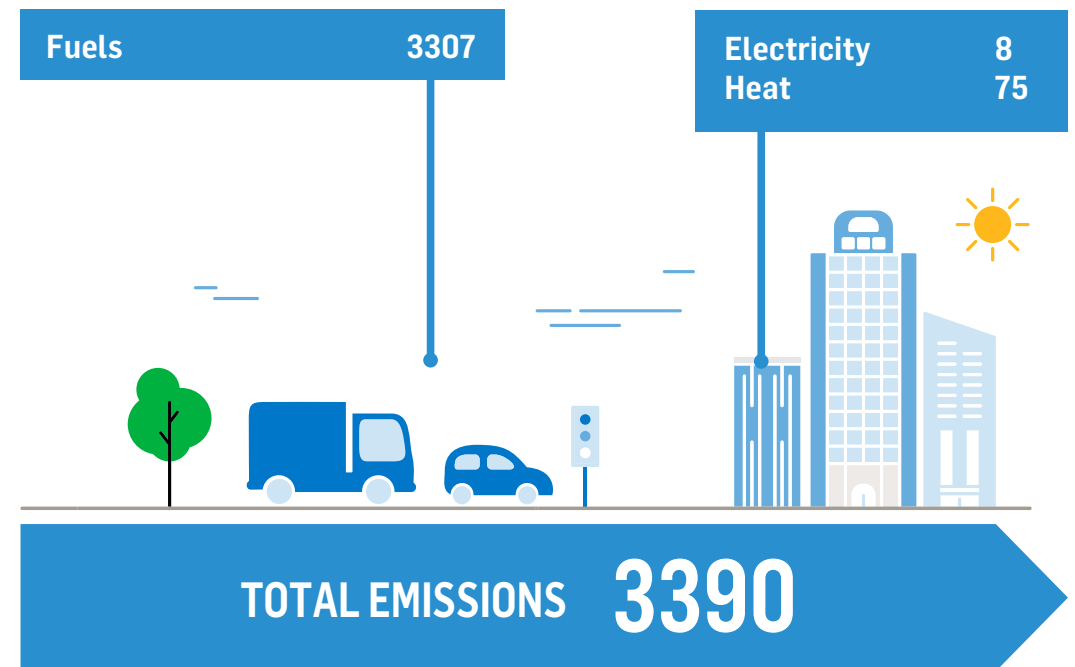
To promote sustainable development, we deliver energy efficient solutions for our customers. In the process we also strive to minimize our own operations environmental impact. 98.7 percent of our operations are ISO 14001 certified.

**WE INVESTIGATED** the direct emissions of 2020 and 2021 in accordance with the GHG protocol, which includes used fuels as well as the electric and heating energy for our sites. Direct emissions in 2020 totalled 3.659 tCO<sub>2</sub>, while in 2021, the corresponding figure was 3.390 tCO<sub>2</sub>. Our direct emissions were thus reduced by approximately 7.4 percent. The reduction was mainly due to the fact that we increased the share of green electricity as a source of electricity for our business premises. The majority of our offices use green electricity.

In 2022–2025, we plan to increase the share of low-emission vehicles in our fleet. We are also looking for other ways, such as choice of fuel, to reduce the environmental impact of our vehicles. In both of our operating countries, electric vehicles are already in use in production, and we are constantly increasing their number as we renew our fleet.

We use a large number of vehicles, so by optimising their use, we can have a significant impact on their environmental load. ➤

### EMISSIONS BY SOURCE 2021 (tCO<sub>2</sub>)





## ENVIRONMENTAL RESPONSIBILITY

Optimisation means managing the number, size and use of cars as efficiently as possible. We measure the environmental friendliness of cars by proportioning the emissions to the kilometres driven. In 2021, the total emissions of our vehicle fleet were 3.302 tonnes, and the kilometres driven totalled approximately 16.4 million. Thus, the emissions of our vehicle fleet in 2021 amounted to 201 g/km. The emissions have been calculated according to the actual emissions in accordance with the GHG protocol. For our Swedish operations, the kilometres driven are based on GPS data, and for Finland, on the budgeted kilometres.

Our goal is to reduce CO<sub>2</sub> emissions by -30% grammes per kilometre by 2025.

### We provide our customers with significant emission reductions

Construction and the built environment are one of the most significant sources of emissions globally and in Europe. The energy consumption of buildings accounts for as much as 40% of the total EU energy consumption and causes more than 30% of the EU CO<sub>2</sub> emissions. We have a key role in creating a carbon-neutral society. ➤

Our direct emissions were thus reduced by approximately

**7.4**  
percent.

The amount of energy saved annually corresponds to

**2.800**  
tonnes of CO<sub>2</sub> emissions in 2021.

## ENVIRONMENTAL RESPONSIBILITY

Building services affect the management of the energy efficiency and conditions of properties significantly. We are able to assess the overall economic advantageousness of building services solutions throughout the property's life cycle. A significant part of the costs and the environmental impact of projects are committed already in planning.

The Are Sensus® technical building services system developed by Are improves the energy efficiency of buildings and significantly reduces their emissions. Are Sensus® reduces the need for purchased energy by up to 25% compared to a conventional system. Are Sensus® is independent of the source of purchased energy. Indoors, Are Sensus® allows for flexibility and supports changes in the intended use of properties.

Are's Energy Manager service guarantees cost- and energy-efficient maintenance and service operations for the entire life cycle of a property. The Energy Manager helps in managing and optimising the energy use of properties. The operations provided our customers with significant energy savings of approximately 15–30 percent.

The majority of the emissions from properties are generated during their life cycle. Consequently, the maintenance of properties has a significant impact on their energy consumption and emissions. Smart Maintenance is an operating model developed by Are that optimises the property's energy costs, streamlines property management, and improves the quality of property maintenance. Appropriate property maintenance brings significant energy and cost savings. We are resource-smart and help our customers achieve their sustainability goals.

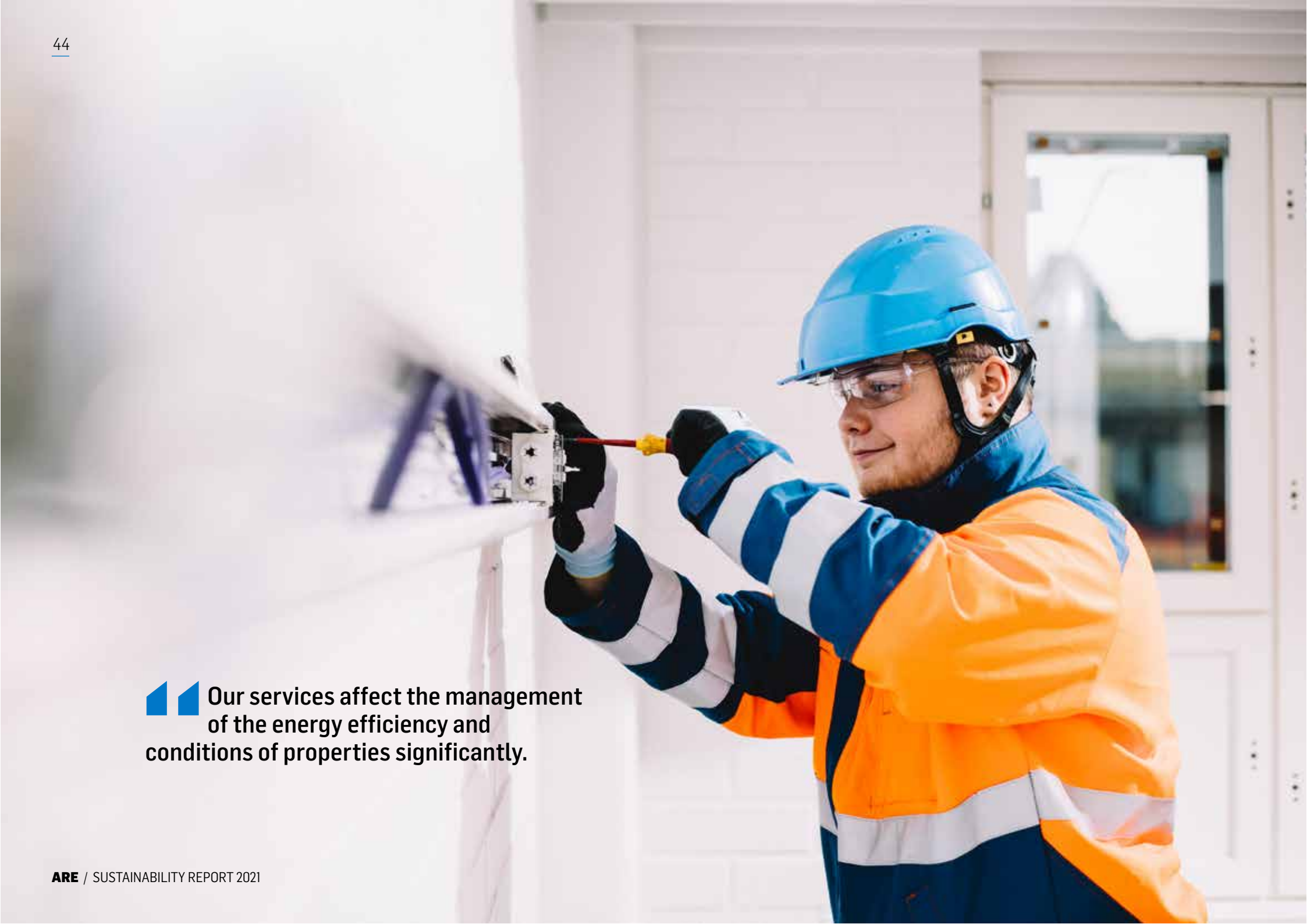
In 2021, our energy efficiency projects included within the scope of reporting generated a total of 19,800 MWh in annual energy savings for our customers. The amount of energy saved annually corresponds to 2,800 tonnes of CO<sub>2</sub> emissions. This is only a small part of the positive effects of our actions. In the future, we aim to increase the reporting of energy savings achieved for our customers.

We have a proven ability to help our customers manage their carbon footprint. This helps the customer save in energy costs and contributes to the reduction of global greenhouse gas emissions. We want to prove that we save energy when we take care of a customer's property. ■

Are Energy Manager achieved

# 15–30

percent energy savings for our customers.



**Our services affect the management of the energy efficiency and conditions of properties significantly.**



## THE NEW COLD STORAGE FACILITY IS A STEP TOWARDS SUSTAINABLE FOOD PRODUCTION

Klimatkyl has taken the environment and energy consumption into account in our facilities and installations for decades. A good example of our 2021 projects is the future-proof cooling system with minimal environmental impact and maximal energy efficiency, designed and built for SydGrönt in Landskrona, Sweden.

**KLIMATKYL IS** a company belonging to the Climat80 Group, owned by Are Sverige AB. SydGrönt is a producer organisation owned by Swedish farmers that grows, sells and distributes fruits and vegetables to wholesalers and the Swedish grocery retail sector. When SydGrönt decided to build a new cold storage, they also wanted to optimise its refrigeration system for the long term storage of white cabbage.

SydGrönt is a pioneer in sustainable food production. Therefore, storage and refrigeration it uses must be sustainable as well. When the goal is to have the best possible product quality and ➤



## ENVIRONMENTAL RESPONSIBILITY: CASE

long service life, there are high demands for the temperature and humidity of the storage facility.

Klimatkyl was given the task of designing and installing the cooling solution. The entire cold storage facility and all installation work was completed in record time. Total construction time was five months.

### The new cooling system stands up to scrutiny

Designed for long term storage of 700 tonnes of white cabbage, the cold storage facility consists of six 500 m<sup>2</sup> cold rooms. The long term storage of cabbage poses a challenge to refrigeration technology as the storage temperature should be maintained at +1°C and the relative humidity at 98%. This requires a lot from the equipment.

Conventional cooling solutions do not yield the desired result. For this reason, we installed cooling fans in the warehouse that also keep the air moist.

To minimise energy consumption and environmental impact, ammonia was chosen as the refrigerant. Also, the system was designed to minimise the amount of refrigerant needed, and the heat from the cooling system is circulated to a heat pump that supplies heat to other parts of the property. ■

**Klimatkyl designed and installed a future-proof cooling system with minimal environmental impact and maximal energy efficiency.**

#### A more sustainable cooling system – technical data

<b>Organic refrigerant</b>	Ammonia, 80 kg
<b>Refrigerator unit power control</b>	Step-less power control with two compressors, both with a frequency converter.
<b>Cooling capacity</b>	650 kW
One humidifying and cooling fan in every room – a total of six humidifying coolers at + 1°C and 98% relative humidity.	
Each cooling fan has one cooling coil and two low energy fans (type EC).	





## ENVIRONMENTALLY FRIENDLY TECHNICAL BUILDING SERVICES

### – SWING HOUSE USES THE ENERGY-SMART ARE SENSUS® SYSTEM

Built in Keilaniemi, Espoo, the Swing House gives due consideration to environmental friendliness and the wellbeing of property users. The property's technical building services were implemented using the smart Are Sensus® system.

**THE SWING HOUSE'S** building automation, plumbing, ventilation and electrical installations were implemented using the energy efficient Are Sensus® technical building services system. Are Sensus® helps to achieve significant benefits with its highly efficient combination of heating, cooling and ventilation. The system's operation is based on efficient use of free energies to reduce the building's consumption of purchased energy. Well v2™ Gold certification is being applied for the Swing House. This is indicative of the investments made for the benefit of the property users' health, comfort



## ENVIRONMENTAL RESPONSIBILITY: CASE



and performance. Are has committed itself to these themes in its implementation of technical building services.

"The environmental aspect played a major role in the project. Our energy efficient Are Sensus® system is able to address environmental goals by reducing the need to purchase external energy by as much as 30 percent. Are Sensus® is designed to be a solution for the entire building lifecycle", says **Kai Nurho**, Director of Building Services Contracting in Southern Finland at Are.

The Are Sensus® system also controls the indoor conditions of the Swing House, which connects the office tower and the hotel. Working conditions that support well-being, such as high quality indoor air, are an important part of office workers' daily lives. The draft-free and silent Are Sensus® also guarantees pleasant conditions for hotel guests.

### **Construction progressed in good cooperation with the contractors**

Are was responsible for building services in the project on a turn-key basis. The real estate companies owned by the employment pension company Elo served as the developers, while Peab served as the main contractor. Implemented during an exceptional period, the construction project was a large and challenging one, but remained on schedule. The office building was brought to completion at the end of 2021 and the hotel in early 2022.

"Cooperation worked really well throughout the project. The project was managed in an exemplary manner and things were carried out systematically and on schedule. The Swing House is centrally located, and it was a pleasure to get the opportunity to work in the growing Keilaniemi area", says Nurho. ■

Are Sensus® video: <https://youtu.be/VKCLtAh5G2Y>



# COMPANY STRUCTURE

## Are Oy



### Are Oy, Finland

- Kylmä-2000 Oy

### Are Sverige AB, Sweden

- Kungälv's Rörläggeri AB
  - Inter EL AB
- Climat80 AB
  - AB Stjernfeldts VVS
  - Climat 80 Entreprenad AB
  - Klimatkyl i Malmö AB
  - EL Fastighetsservice Syd AB
  - Lunds Värme & Sanitet AB



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168 67 Bromma, Sweden  
[www.are-group.se](http://www.are-group.se)