

**ARE**  
**Annual review and sustainability report**

**2022**




**ARE**

Dedicated to Engineering a better life for your building

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**CEO's review:**

The end result of the reforms is an even more unified and efficient ARE

4

**Environmental responsibility:**

We succeeded in reducing the carbon footprint and increasing the carbon handprint

15




**Staff experience:**

ARE's staff engagement index is high. In 2022, it rose to 73

22

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Together, we have a significant role to play in improving the energy efficiency of properties and, consequently, in climate work.

# 2022 - A year of change

## Restructuring of our operating model and organisation

Year 2022 was full of changes at ARE as we restructured our operating model and organisation. Our operating environment was quite atypical as our industry has been faced with the coronavirus pandemic, the war in Ukraine and soaring inflation spurred by the energy crisis in the last few years. On the other hand, the energy crisis has increased demand for energy projects and related expert services, boosting the growth of our Services business. However, our Projects business did face challenges in Sweden.

ARE's restructured organisation and operating model came into effect on July 1, 2022, and implementation proceeded swiftly in the second half of the year. In Finland the new operating model separates management and operating models for Projects and Services business operations. To support business operations and to manage development of tools and processes, matrix functions of Project Management Office (PMO) and Service Management Office (SMO) were established for ARE. In addition,

a new function for clients and growth technologies was established for managing sales and product development. The end result is a more unified and efficient ARE where decision-making is brought closer to the customer. At the same time, the Board of Directors was updated with new members from both inside and outside the organisation.

We are committed to the UN Global Compact initiative and we promote its principles and goals in our operations. In relation to this work, we published the first sustainability programme in our history. It was prepared by a working group with representatives from across the Group, different business areas and various occupational groups. We also engaged other stakeholders, such as our customers, owners and partners. With this report, you can familiarise yourself with our work for a more sustainable future.

ARE focuses heavily on delivering solutions that improve energy efficiency. At the end of the year, this objective was

advanced with an agreement to acquire the majority share in Enerz, a company specialised in energy efficiency projects, remote management and building automation. This transaction boosts ARE's professional resources with approximately 40 highly competent experts. Having seen one of the fastest growth spurts in the industry, Enerz has a clear service concept that also provides verifications for the energy savings and emission reductions achieved. Enerz shall continue its operations under its brand name as an independent part of the ARE Group.

All in all, my first year as the CEO of ARE was a bit of whirlwind. I would like to thank our personnel, customers, partners and owners for a great 2022. Together, we have a significant role to play in improving the energy efficiency of properties and, consequently, in climate work.

**Jarno Hacklin**, CEO

# Highlights of the year

## Towards a new operating model

More client-centric, clear and efficient approach to all operations. This was the starting point for our new operating model and for the resulting restructured organisation. In early 2022, we worked on the new operating model and its implementation. In the new operating model, the management and operating models of Projects and Service business operations are separated.

Q1

Q2

### Arela - future information system

Arela is ARE's future information system solution which replaces our current SAP and SAP BW systems. In 2022, the Arela project team moved the project forward with systems supplier Unit4. Specifications for the Arela system have progressed quite well, and the system will be deployed as planned in the end of 2023.

### We build and maintain a sustainable society

We published our sustainability programme in April 2022. According to our programme, we help create a more sustainable future for all with the help of technical building services. The programme puts special emphasis on people, the environment, and ethical operating practices. The programme was prepared in a workgroup with representatives from various occupational groups and business areas in the ARE Group in Finland and Sweden.

→ [Check out the program on ARE's website](#)

# Our highlights

## The new-look ARE

Our brand look went through a redesign in the fall of 2022. Along with the redesign, we introduced the slogan 'Elinvoimaa rakennuksellesi' (Vitality for Your Building). The redesigned brand bolsters our deep and versatile expertise in technical building services.

Q3

## Enerz joins ARE

ARE focuses heavily on delivering solutions that improve energy efficiency. In December 2022, we signed an agreement to acquire the majority share in Enerz, a provider of energy efficiency solutions. The acquisition was completed in January 2023. Specialised in energy efficiency projects, remote management and building automation, Enerz boosts ARE's professional resources with approximately 40 highly competent experts.

Q4

### Restructured organisation and operating model took effect

The new model that improves the definition of roles and responsibilities took effect on July 1, 2022. It also changed the composition of the Board of Directors, bringing **Anne Piiparinen** and **Jyri Seppänen** in as new members.

### Helping customers in the energy crisis

The rise in prices of electricity and the looming energy crisis were a cause of concern in the fall of 2022 both globally and in Finland. We helped our customers achieve energy savings for their properties. We provided a great deal of instructions related to saving energy and preparing for possible outages, and in September 2022 we also opened a chat service for our customers.

### Kylmä-2000 merges into ARE

In 2021, ARE acquired Kylmä-2000 Oy, a company specialised in refrigeration engineering for grocery stores. We began merging the company in the autumn of 2022. The merger is expected to be completed on April 1, 2023.

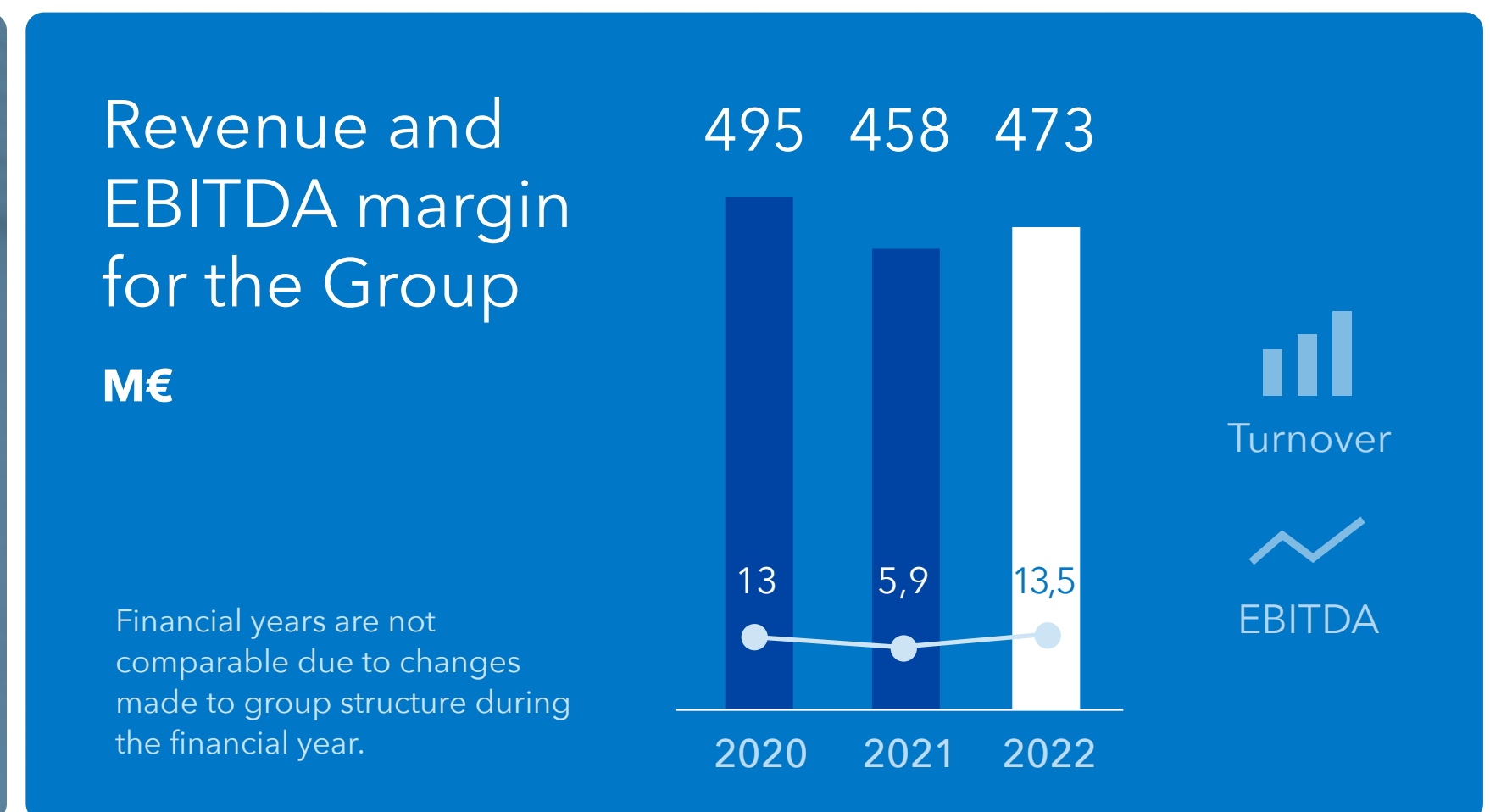
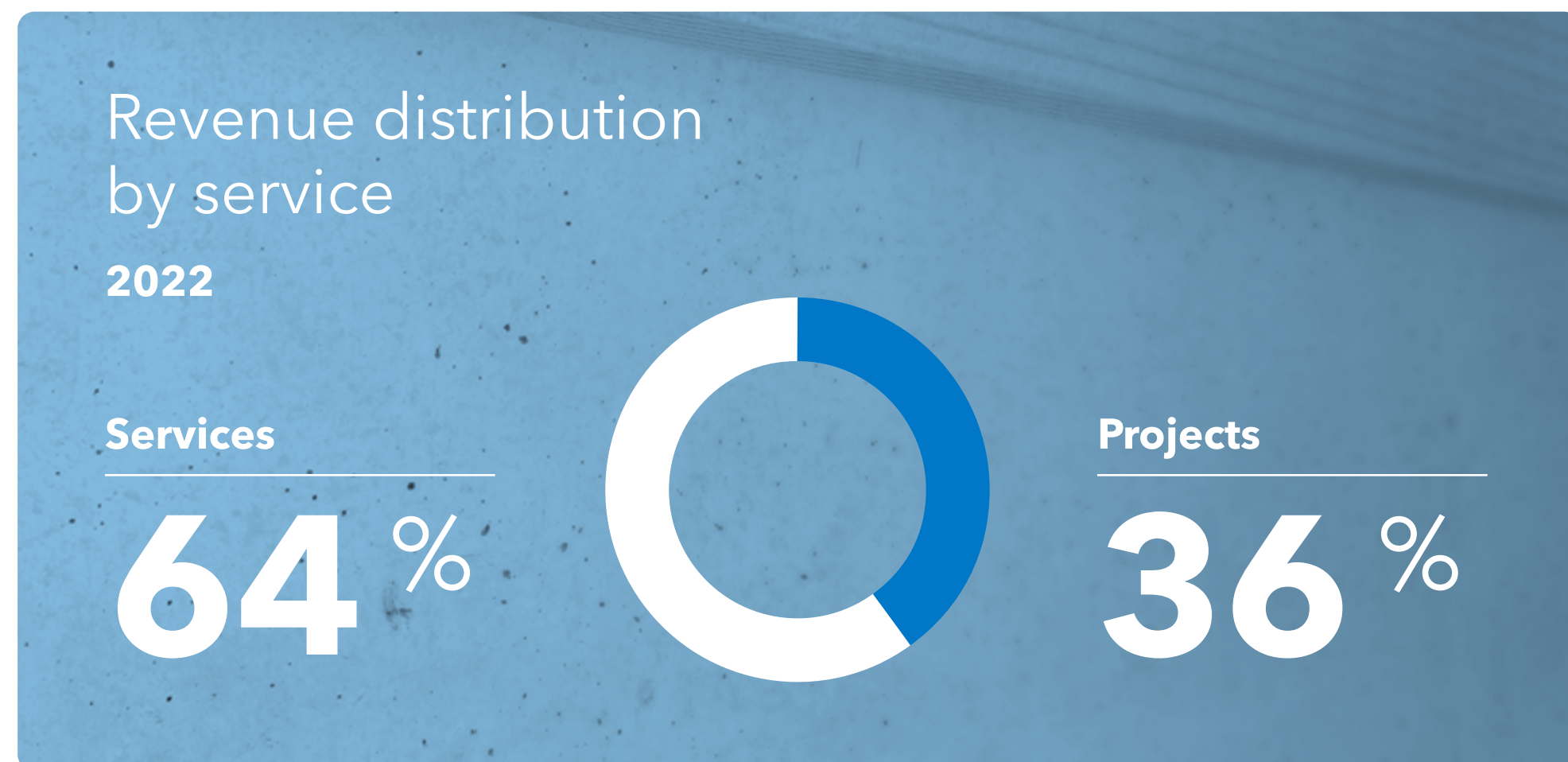
**Growth in revenue, reduction in profitability**

ARE Group's revenue increased in 2022. The challenges in Sweden were unfortunately reflected in the profitability of the Group, weighed down by approximately 8 million euros of write-downs for projects launched in previous years.

ARE's business operations in Finland developed quite positively. The drive was especially strong in our Services business operations as both growth and profitability improved.

In Sweden, however, our business was faced with some challenges. Throughout the year, several previously launched projects proved challenging in terms of profitability, affecting the overall profitability of our Swedish operations. To solve these challenges, we have created an action plan that will be implemented at the start of 2023.

Heading towards 2023, our order book is looking good. We are expecting strong growth especially with our Services business.



Strategy ARE's operations Enerz

# ARE's strategy 2021-2023

## We build and maintain a sustainable society



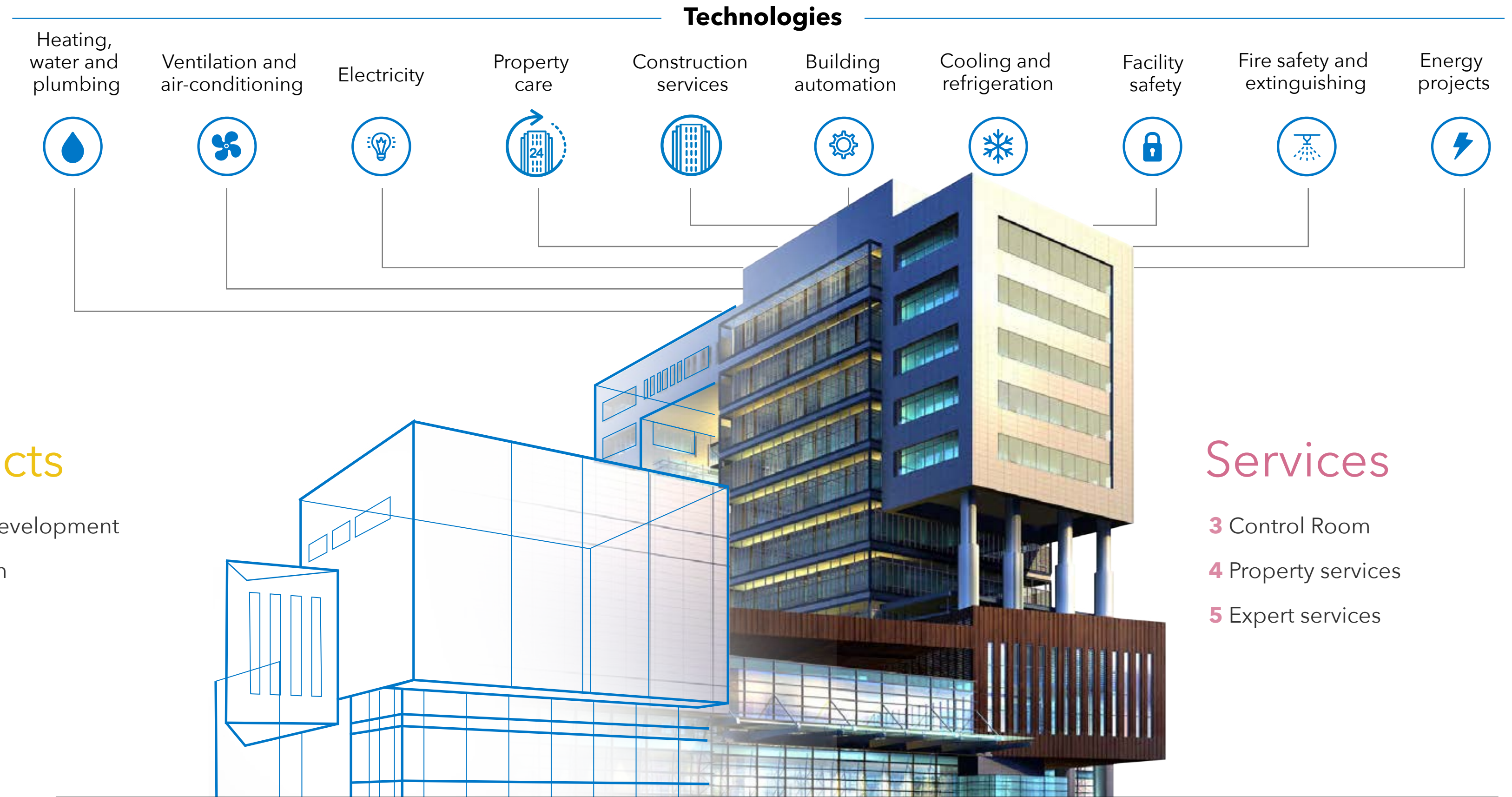
The picture shows ARE's values in the foundations, the priorities of the strategy period and the vision in the upper part.



Strategy | ARE's operations | Enerz

# Services that cover the full life cycle of a property

We provide solutions and services throughout the property life cycle, ranging from project development of new constructions to technical building services contracting, servicing and maintenance 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, school, 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-efficient implementation.



## Projects

- 1 Project development
- 2 Execution

## Services

- 3 Control Room
- 4 Property services
- 5 Expert services

### Life cycle optimisation model

- 1 Our Project Development designs durable and user-friendly technical building services.
- 2 Our Project Business fashions technical services for the property in accordance with the designs. Building Automation assembles the systems into a functional unit.
- 3 Control Room services monitor the property and ensure that it functions as planned.
- 4 Property services see to the functionality of the property with the help of the Smart Maintenance operating model.
- 5 Renovation services update the property along its life cycle and design and execute necessary energy projects.



# Enerz

In late 2022, ARE acquired a 77% share majority in Enerz, a provider of energy efficiency solutions. The acquisition was executed and announced in early January 2023. Specialised in energy efficiency projects, remote management and building automation, Enerz employs around 40 highly educated specialists. Having seen one of the fastest growth spurts in the energy efficiency sector, Enerz offers energy efficiency services for various properties, such as office spaces, hotels, shopping malls and industrial facilities. Enerz is specialized in advanced and innovative automation solutions along with related programming and prefabrication.

With this acquisition, ARE supports its strategy and renewed operating model which positions both energy solutions and building automation as future growth technologies.

“The energy crisis and climate change have accelerated investments in solutions designed to lower emissions and improve energy efficiency for properties. In Finland, 70 percent of all buildings were constructed prior to the 2000s, meaning that the majority of them need to improve their energy efficiency in varying scales. Enerz has developed a ground-breaking and cost-efficient service model for energy projects.

Together we can accelerate the green transition and help our customers reach their sustainability goals.

With this model, we can even better help our current and new customers secure energy efficient solutions,” says **Jarno Hacklin**, ARE’s Chief Executive Officer, commenting on the acquisition.

Enerz carries out energy projects from development to implementation with their straightforward service con-

cept, which is also capable of verifying the achieved energy savings and emissions reductions.

“In the projects executed so far, we have managed to cut energy consumption in half. We also offer an energy savings guarantee that reduces the risk for our customers. In accordance with Enerz’s mission, we continue to develop sustainable energy solutions to help properties take care of their energy needs,” says Enerz CEO **Rene Zidbeck**.

### Enerz will continue as an independent brand in the ARE Group

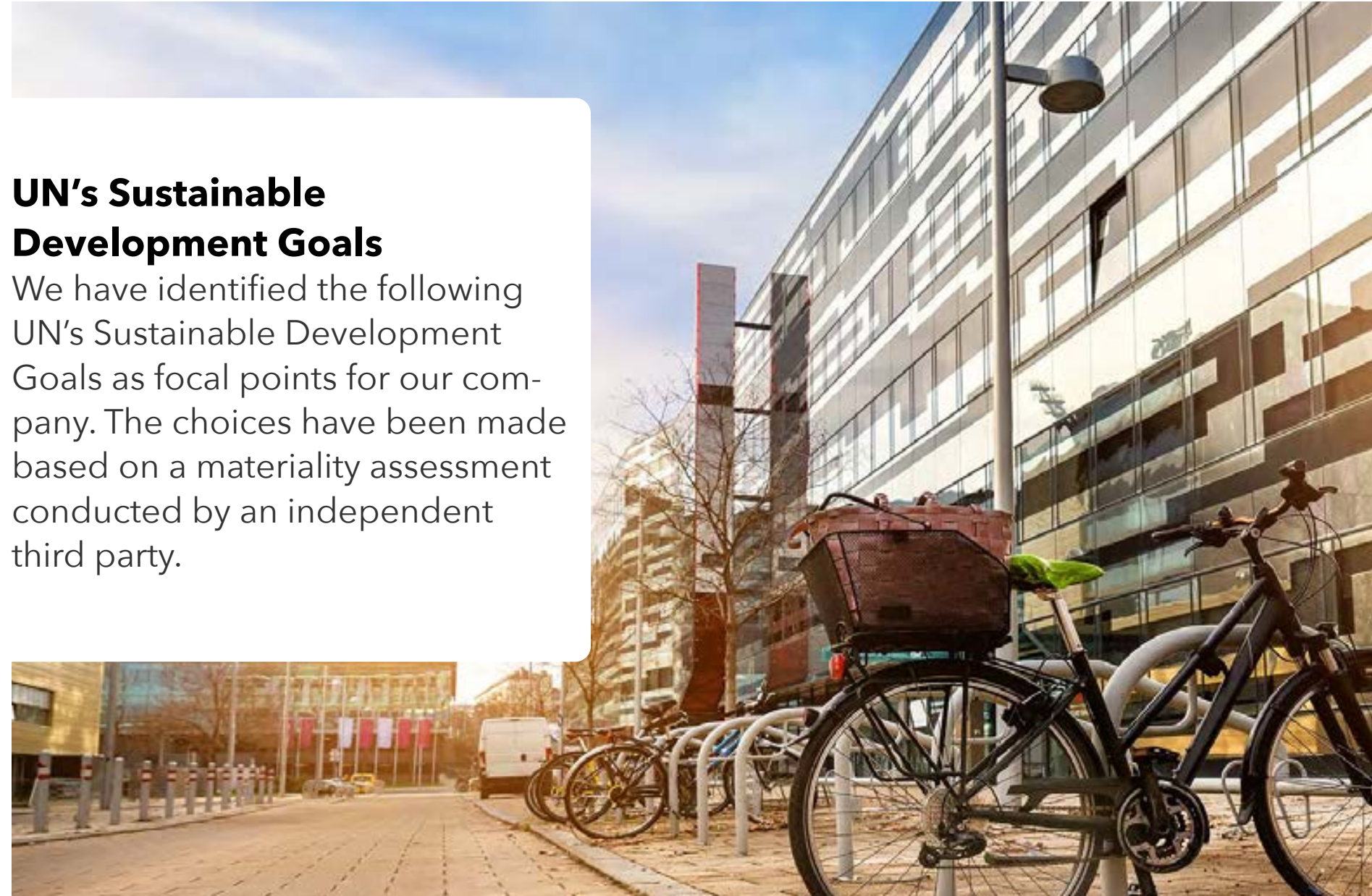
Enerz resumes its operations under its own brand independently from the ARE Group, and the acquisition causes no personnel changes. Enerz CEO Zidbeck remains in his post and stays on as a minority shareholder. Zidbeck was named member of ARE’s extended Board of Directors, and he reports to Hacklin.

“With ARE, we can provide the customers of both companies with more comprehensive services for the entire property life cycle. As a Finnish family-owned business, ARE and its broader shoulders form a great partnership for Enerz and help support our continued growth. Together we can accelerate the green transition and help our customers reach their sustainability goals,” Zidbeck says.

Sustainable development metrics

**UN's Sustainable Development Goals**

We have identified the following UN's Sustainable Development Goals as focal points for our company. The choices have been made based on a materiality assessment conducted by an independent third party.



# We build and maintain a sustainable future

For us at ARE, it is important that we are a reliable partner and an active player in society. Sustainability is an essential part of everything we do not only economically, but also socially and environmentally. To support our operations, we published our first sustainability programme last year.

Drawn up in collaboration with our stakeholders, our sustainability programme emphasises the environment, people and good governance. Our solutions and services help our customers achieve their environmental targets in all stages of a property's life cycle. We invest in the occupational health and safety of ARE employees and reward them for reporting safety observations. We adhere to both national and EU legislation. We respect internationally recognised human rights and any collective agreements pertinent to ARE and expect the same from our partners.

We play a key role in improving the society's energy efficiency and actively participate in the development of all technical building services. We are

members in major industry organisations and associations, such as the Finnish Green Building Council. In addition, we have committed to the 'Down a degree' campaign and to the 'Rakennusteollisuuden mainetalkoot' initiative by the Finnish Construction Industries RT.

As part of the drafting of the sustainability 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 our operations. Over the course of the year, we made progress with our goal of reducing the emissions of our vehicle fleet as we made the decision to use renewa-

ble diesel in all our service vans.

We want everyone at ARE to take pride in their employer and their work. We enjoy challenges, learning and creating solutions for a better, more sustainable future for our customers and their buildings - and for all of us.

**We enjoy challenges, learning and creating solutions for a better, more sustainable future for our customers and their buildings - and for all of us.**

**Environment**

Energy savings for our customers

Reduction of our own carbon footprint



**Social responsibility**

Committed, competent personnel

Safe working environment

Open and diverse work community



**Finance and good governance**

Sustainable and profitable economic growth

Zero tolerance for abuse

We are a dependable partner



Sustainable development metrics

# Sustainability is at the core of everything we do

## Environment



Environmental responsibility	2021	2022	Goal 2025
Energy savings created for our customers (MWh/year)	18,200	25,562	250,000
Vehicle emissions per kilometre (g/km)	201	199	-30 %

The chapters include Finland and Sweden in Finland

## People



Social responsibility	2021	2022	Goal 2025
LTIF	7.9	9.3	5
Safety observations*	5.3 pcs	6.3 pcs	8 pcs
Personnel engagement index	69	73	75

The chapters include Finland and Sweden in Finland  
\* In Finland

## Society



Financial responsibility	2021	2022	Goal 2025
Net promoter score	28	27	40
Safety observations*,**			> 90 % of materials volume > 90 % of subcontracting volume
Employees with Compliance training*,***	73%	75%	100 %

The chapters include Finland and Sweden in Finland  
\* In Finland  
\*\* Reporting requires the implementation of an electronic signature tool. Reporting will start later  
\*\*\* Sweden will be included in the reporting when the online course tool has been implemented there.

# Value creation

ARE's value creation model identifies the kind of value we create for society, people and the environment through our strategy and sustainability work. Identifying our impact helps us implement our strategy and enables responsible cooperation and sustainable solutions.

## Energy savings delivered

ARE's energy projects saved

**25,562** MWh/a

(2021: 19,800 MWh/a).

A wide range of services for the entire building life cycle

## Customers

Longer life for buildings

## Society

Taxes paid

**81.5** M€

Energy efficiency

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

## Employees

Engagement index

**73**

Salaries paid

**158** M€

## Suppliers

Purchases from suppliers and subcontractors

**217** M€

Value created

Projects

Services

Inputs

Our brands

Suppliers

Conficap

**959** service vehicles

Know-how and competence of **3,300** employees

A Finnish family-owned business with good financial standing and a history of 100+ years.

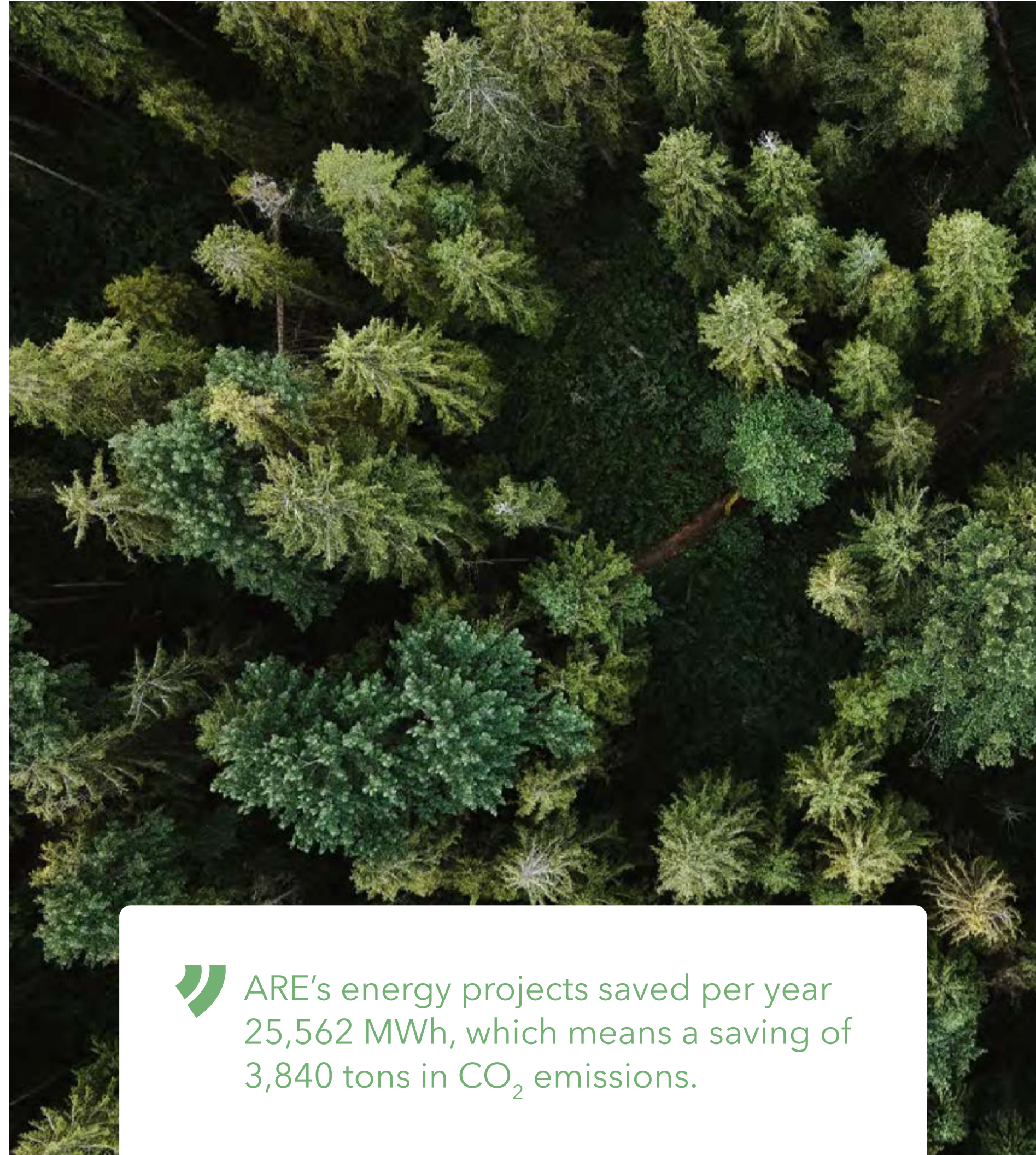
Conficap



Environmental responsibility

**Vitality through energy  
efficiency for the good  
of the environment**

**ARE**



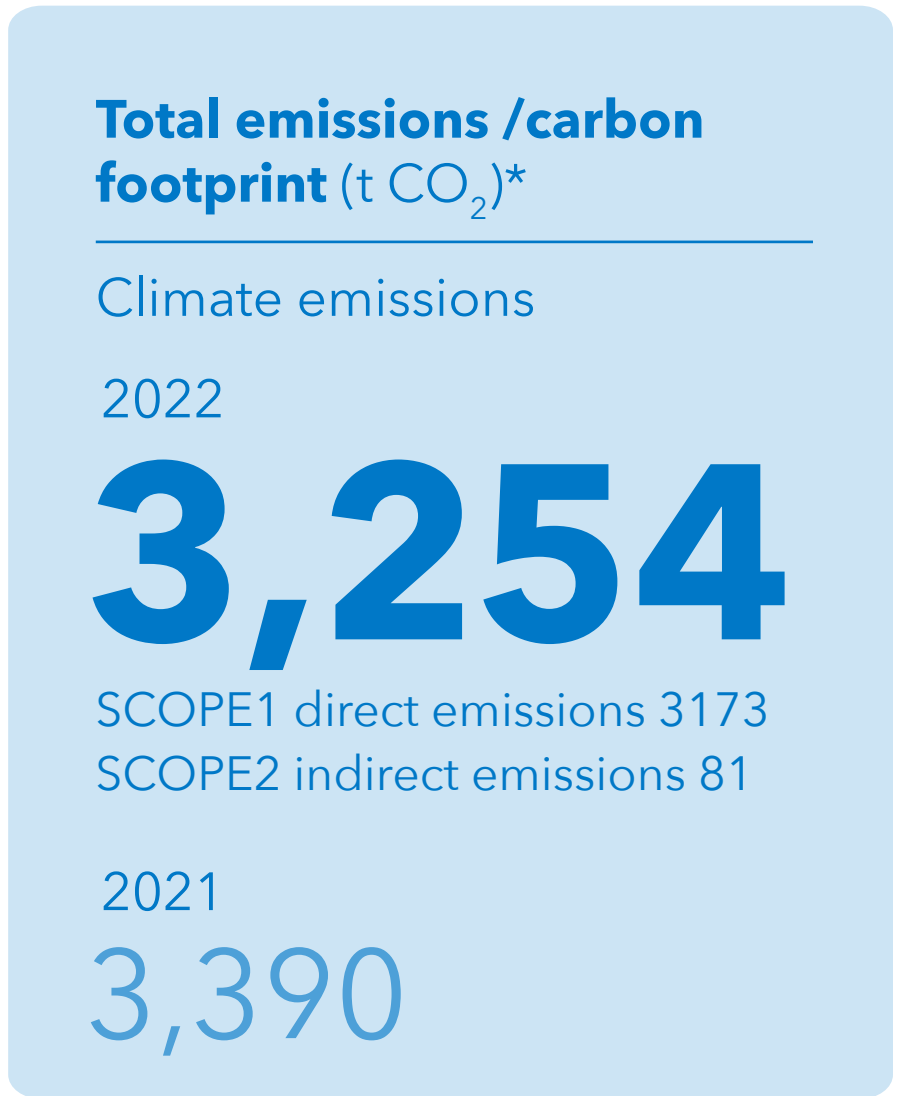
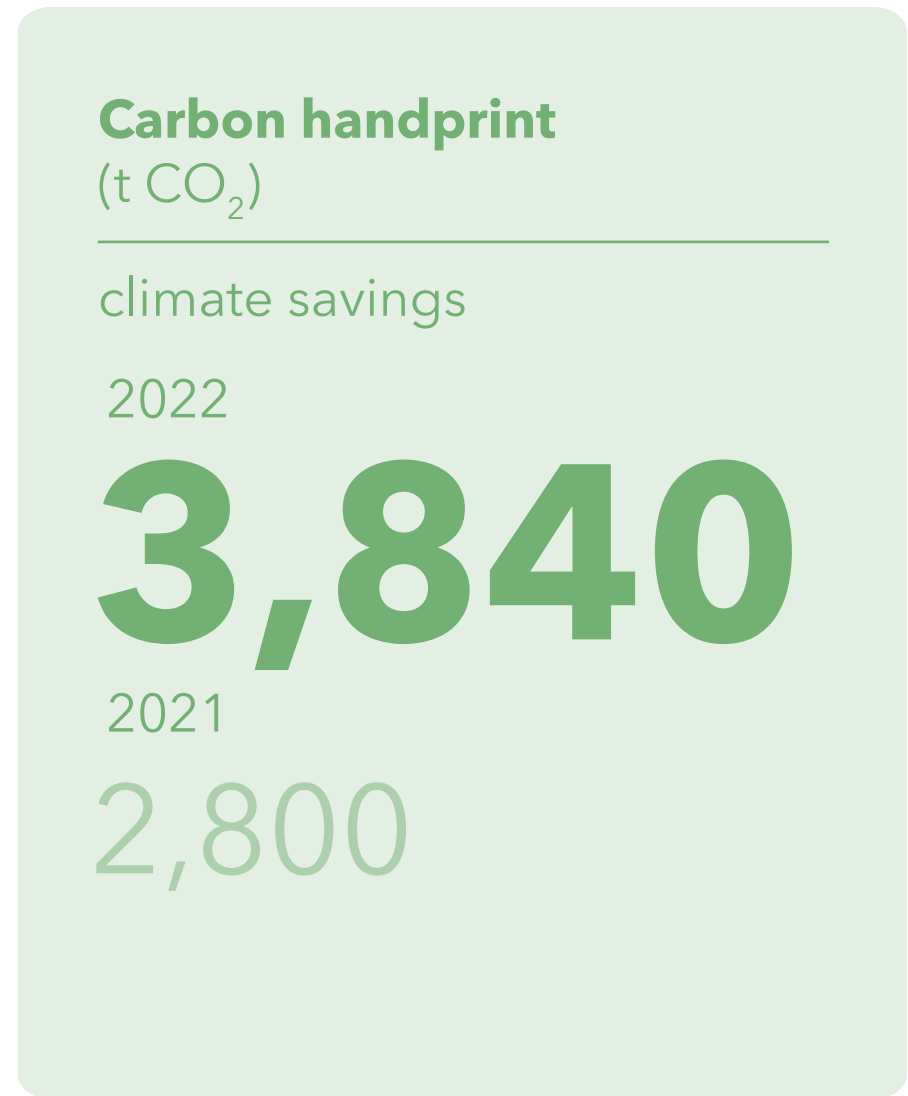
ARE's energy projects saved per year 25,562 MWh, which means a saving of 3,840 tons in CO<sub>2</sub> emissions.

# Towards our environmental goals

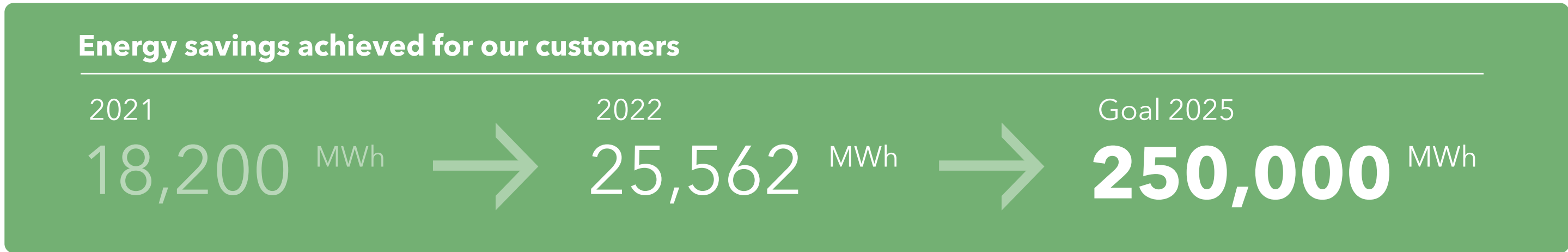
In 2022, we managed to reduce our carbon footprint and at the same time to increase our carbon handprint. Our carbon handprint was in 2022, greater than our carbon footprint. Here was the turning point compared to 2021.

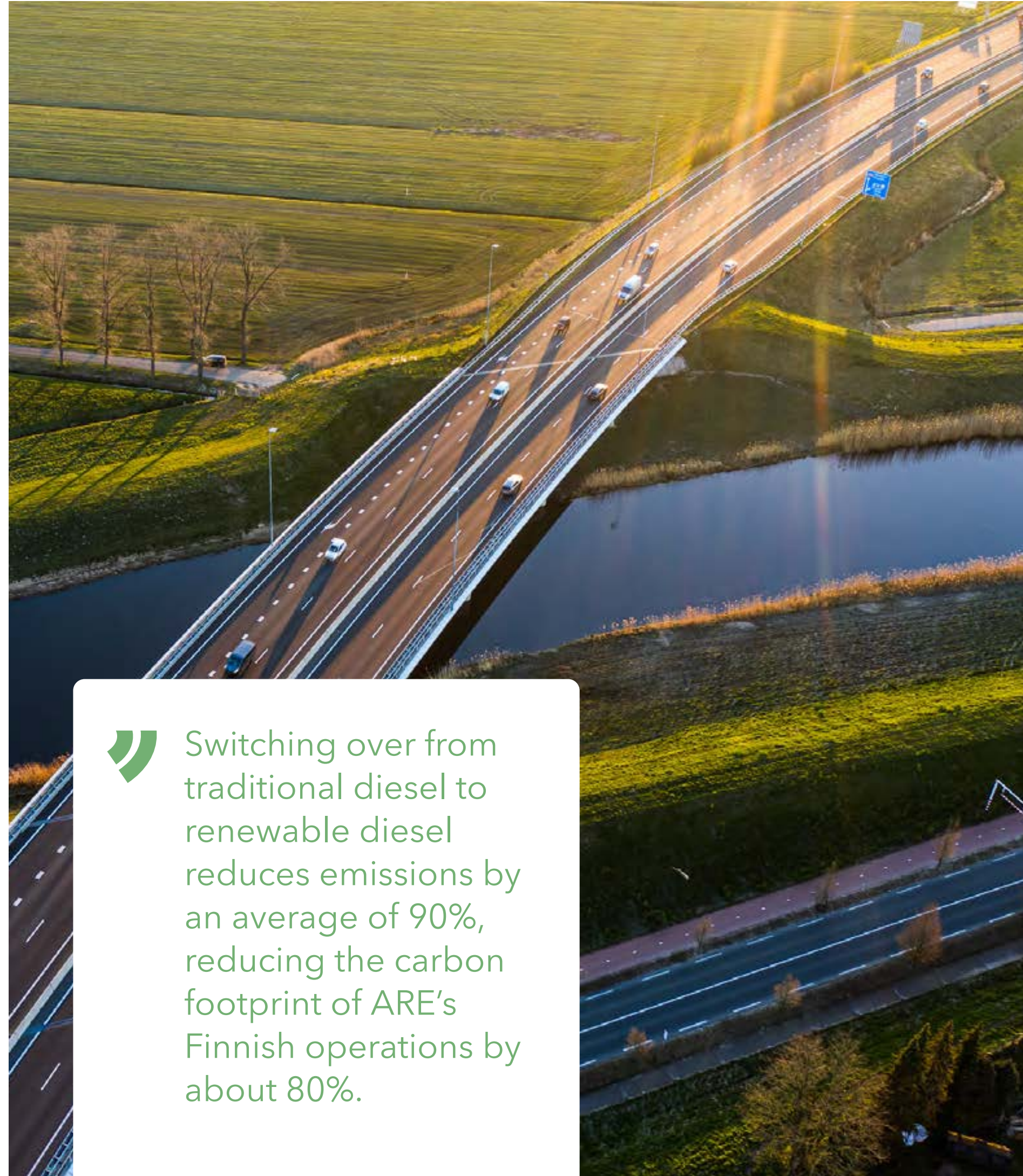
We continue towards 2021 our emission reduction targets. We moved forward in 2022 in all the goals we set, despite the energy crisis.

We also managed to create with our energy efficiency projects to our customers more and more energy savings and thus to reduce their carbon dioxide emissions.



\* Direct emissions (scope 1&2 of the GHG protocol according to, e.g. fuels, electricity and heat)





# ARE switches to renewable diesel and cuts its vehicle fleet emissions by 90%

In late 2022, ARE decided to switch to renewable diesel for all its production vehicles and company cars in Finland.

With about 540 production cars in Finland, ARE's vehicle fleet causes over 90% of the company's direct emissions. Switching over from traditional diesel to renewable diesel reduces emissions by an average of 90%, reducing the carbon footprint of ARE's Finnish operations by about 80%.

Reducing emissions is one of the goals in our sustainability programme. It was published last year, identifying solutions for mitigating climate change.

"ARE wants to be involved in accelerating the transition away from fossil fuels. In addition to renewable diesel, we will be increasing the number of

electric vehicles in our fleet. We will also require our suppliers to increase their commitment to emissions reductions," says General Counsel **Heikki Tanner**, responsible for sustainability at ARE.

Some customers have already required us to use renewable diesel. ARE and Antilooppi Management Oy, specialised in property ownership in the capital region, entered into a sustainable partnership with us in the autumn of 2022, extending our long-standing partnership. Along with comprehensive property management and an energy management service designed to provide savings, the new agreement had ARE committing to zero-emission service vans.

## New colour scheme for ARE vehicles

As ARE's vehicle fleet turns over, the upgraded look will be reflected in the colour and look of the company's vehicles. And while decals in existing vehicles will not be upgraded, they will also switch over to renewable diesel.

"New vehicles will be equipped with a rear window slogan indicating whether the vehicle is running with 100% electricity or with renewable diesel. They will also be decorated with a new green colour scheme," says **Maiju Nupponen**, Head of Brand and Communications at ARE.

Switching over from traditional diesel to renewable diesel reduces emissions by an average of 90%, reducing the carbon footprint of ARE's Finnish operations by about 80%.





# Energy renovation reduced hotel's district heating consumption by 60%

ARE planned and executed an energy project at the Solo Sokos Hotel Paviljonki in the spring of 2021. In its first year in use, the energy recycling system which utilised heat pumps reduced the hotel's district heating consumption by 60% and total energy consumption by 40%.

After conducting a heating energy consumption survey at the hotel, ARE proposed using waste heat from the property to heat the property and its service water.

"The customer, committed to ambitious environmental goals, challenged ARE to identify ways to make the relatively new hotel even more energy efficient. Based on the investigation, we suggested an energy recycling system that uses heat pumps and improves energy efficiency," says Tuomas Hokkanen, Technology Manager at ARE.

"We have seen a 60% reduction in district heating consumption and a 40%

decrease in total energy consumption for the building's heating. To put it in perspective, the energy saved would keep four large apartment buildings heated for an entire year," Hokkanen says.

**ARE helps meet climate goals**  
Osuuskauppa Keskimaa is committed to S Group's ambitious climate goals, striving for carbon negativity by 2025. Solo Sokos Hotel Paviljonki has been awarded both Green Key and Sustainable Travel Finland labels as recognition for their work on sustainable travel and the environment.

**In 2022, a large solar power plant was built in connection with the hotel.**

"The existing properties have enormous potential for energy savings. Even new properties have significant savings opportunities when you re-think your energy approach and recycle the existing energy sources for heating and service water," Hokkanen says.

To put it in perspective, the energy saved would keep four large apartment buildings heated for an entire year.



# Pikkulaiva's building services equipment recycled

Once the construction of Lippulaiva, the new city centre for Espoonlahti, was completed, its temporary replacement Pikkulaiva was demolished. With the help of ARE and our long-term property services client Citycon, several truckloads of materials from the dismantled Pikkulaiva were kept for reuse.

The recycled materials included accessories for technical facilities, switchboards, cooling equipment and fire suppression systems.

"First, we checked all equipment, accessories and spare parts to see if they were suitable for reuse. With our expertise in technical building services, we were able to significantly contribute to material efficiency, which also helps with the current situation regarding long material delivery times," says **Jani Mäitala**, ARE's Project Manager.

Pikkulaiva's technical building service equipment was transferred for reuse at other Citycon shopping centres in the capital region and elsewhere in Finland.

"Pikkulaiva is an excellent example of how a close partnership helps us give new life to materials at other sites," says **Thomas Stenius**, Property Manager at Citycon.

## A wealth of untapped potential in the recycling of building materials

Estimates suggest that building materials are somewhat poorly recycled in Finland compared to other European countries, even though reuse should always be the primary alternative. According to the Waste Act, serviceable building materials must be reclaimed and reused in any construction project, as was the case with Pikkulaiva.

"Our goal is carbon neutrality by 2030. As we want to reduce emissions caused by our operations by all possible means, the recycling of functioning equipment and technologies supports our sustainability goals remarkably well," says **Mari Laaksonen**, Director of Asset Management at Citycon.

Pikkulaiva is an excellent example of how a close partnership helps us give new life to materials at other sites.

# Castellum's properties boast third largest solar power plant in the Nordics

Climat80, part of the ARE group, helped build the third largest solar power plant in the Nordics in Helsingborg, Sweden. The solar power project involved two logistics and storage buildings on the roofs of Drevet 1, a storage property owned by the real estate company Castellum. The buildings, totalling 20,000 square metres, now have 4,254 solar panels generating renewable energy on their roofs. The project seeks to reduce energy consumption, which benefits the real estate company owner, tenants and the environment.

The energy project also involved other upgrades to Castellum's properties. The buildings are certified according to the Swedish Miljöbyggnad Silver certificate. It sets requirements on planning and performance of a building in terms of energy use, interior environment and materials. The requirements include energy efficiency, interior air and temperature, light, and selection of materi-

als without environmental risks, which all impact the safety and health of the building environment. They are analysed with three different indicators in accordance with the certificate.

Climat80 executed the project in close cooperation with Castellum, Bengt Dahlgren AB and Serneke.

Climat80 was involved in the project all the way from planning to installation,

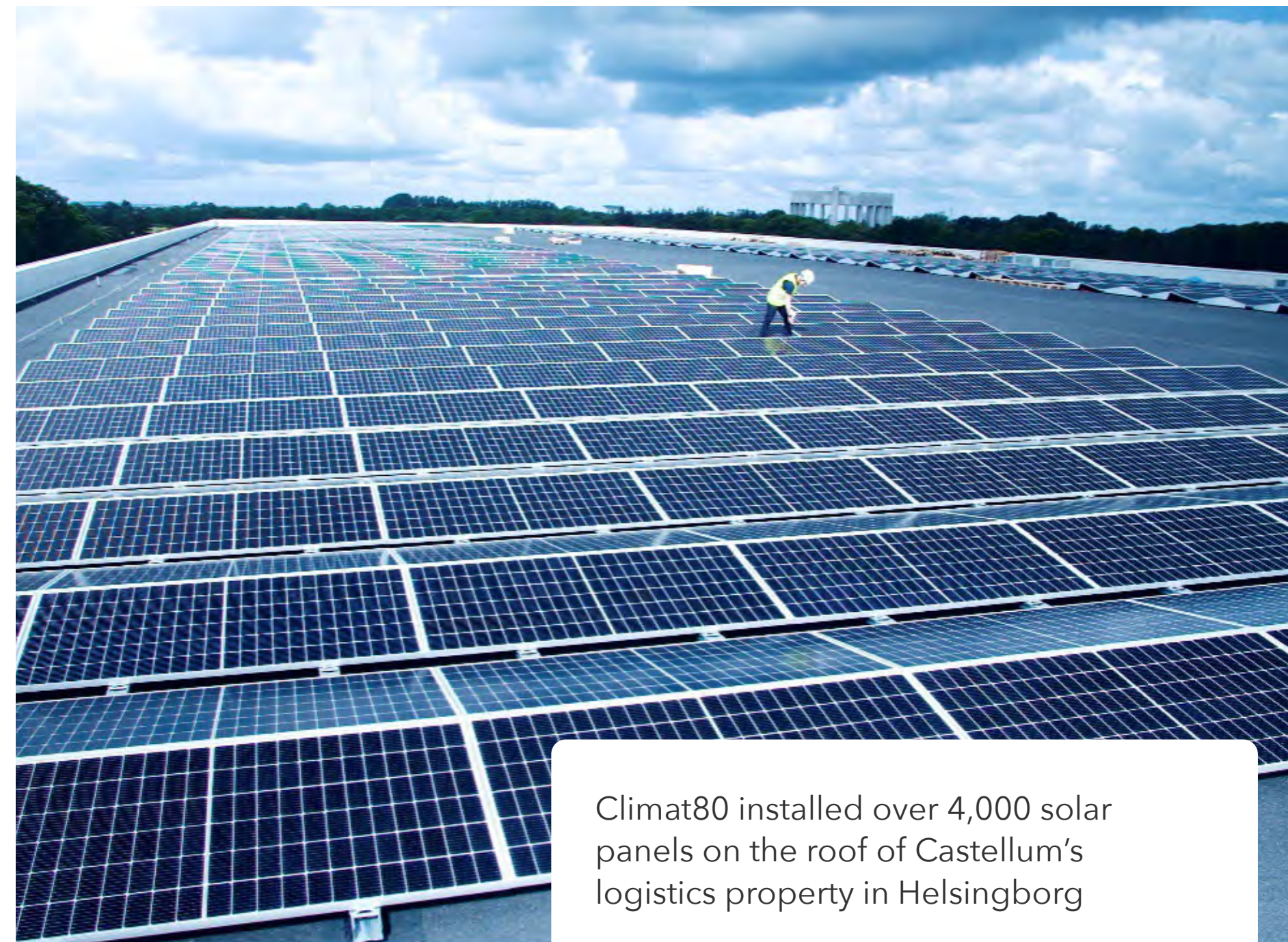
bringing its expertise to the energy, automation, ventilation and sprinkler system upgrades.

Climat80's energy specialists made projections and energy calculations on future consumption based on prior projects. Based on these calculations, a construction plan was drawn up for the solar power plant. Safe work at height was extremely important for the Climat80 team, taking extra precautions in solar panel installation.

The solar power plant at the property was put into operation in October 2022. It currently produces more energy than it consumes, and the solar panel solution also brings long-term benefits for the tenants.

## Project in numbers 2022

- Solar panels saved a total of 2,716,447 kWh.
- According to Nord Pool's energy mix, building's emissions are approximately 50 g/co2/kWh, which translates to 136 tonnes/year in reduced emissions



Climat80 installed over 4,000 solar panels on the roof of Castellum's logistics property in Helsingborg

A man with a beard, wearing a green sweater and blue jeans, is smiling and gesturing with his hands. A woman with dark hair, wearing a light grey hoodie and grey pants, is smiling back at him. They are standing on a balcony with a glass railing. In the background, there are green plants and a window.

Social responsibility

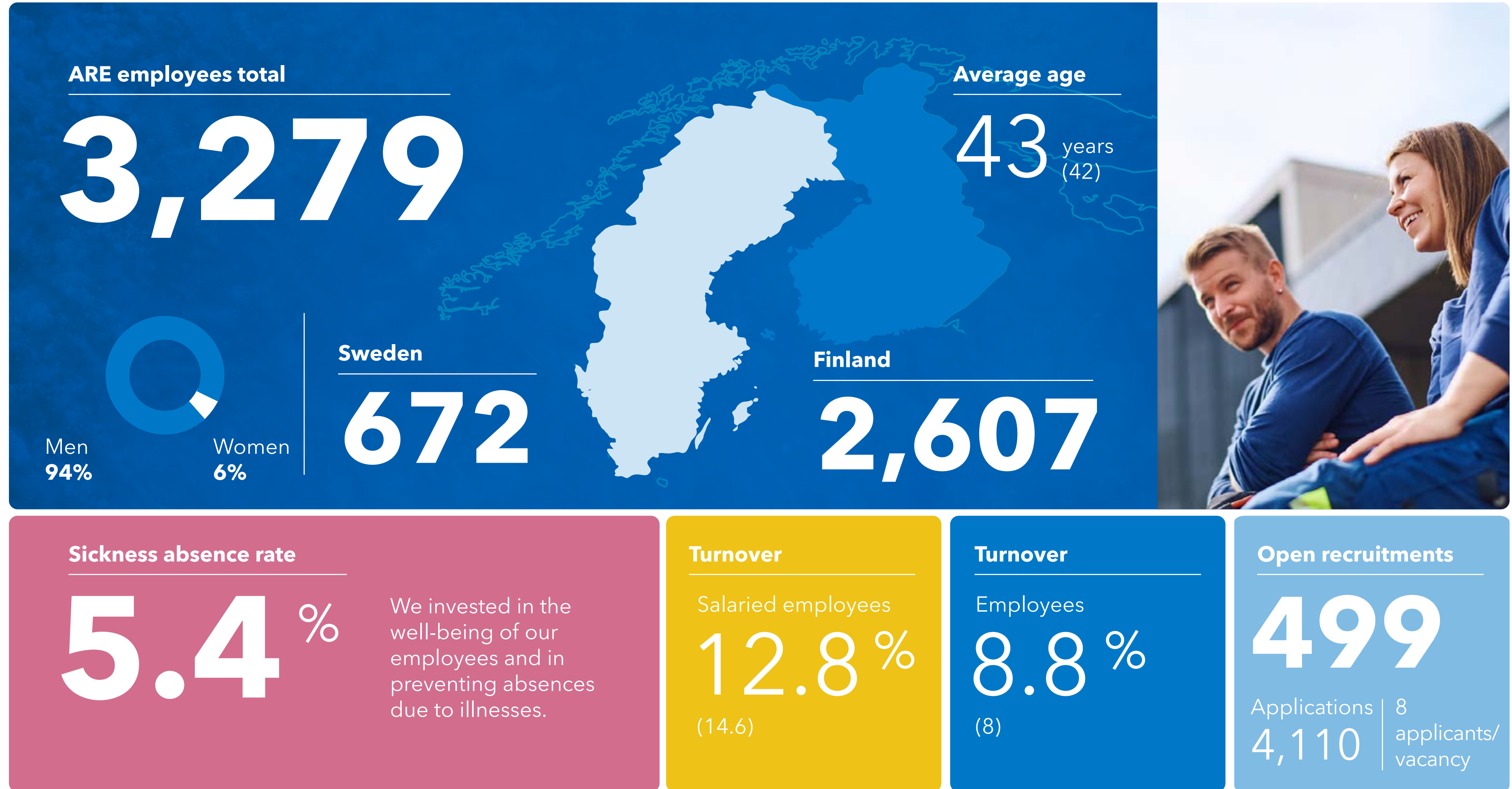
**ARE employees  
building towards the  
joy of success**

**ARE**

# Personnel in 2022

In 2022, the total number of ARE employees was 3,279. Typical to technical building services, the share of women in our personnel is low, only 6 percent. The average age of an ARE employee is 43 years. We invest in the everyday well-being of our employees and in preventing absences due to illnesses.

The number of open recruitments increased slightly from 2021. In 2022, we had 499 vacancies (473). We received 4 110 (3,038) applications.



# Personnel experience 2022

**EMPLOYEE ENGAGEMENT** is a strategic priority that not only guides our safety and work ability management, but also the development of our personnel. In 2022, we continued promoting a sustainable work culture that emphasises fair treatment of employees, strong professional competence, equality, occupational safety, and wellbeing and health at work.

## Onboarding

**67** %  
(69)

Nearly 70% of our personnel has undergone documented onboarding.



## Engagement

**73** (69)

At ARE, employee engagement is a strategic priority that not only guides our safety and work ability management, but also the development of our personnel.



## Training events

**1.3** /person\*  
(0.93)  
\*In Finland

We support and encourage our personnel to undergo further training and develop in their jobs.



## Online courses completed

**15,758** pcs/2022\*  
\*In Finland

About 70 dedicated online courses and other courses offered by SovoltoEasy/Eduhouse and Academy of Brain are available to ARE's employees.



# Safety at work

ARE has been rewarding its employees for reporting proactive safety observations for five years and running. Proactive occupational health and safety includes all activities that can help avoid accidents. Planning, practising and preparation helps identify areas of higher risk in advance and enables proper conduct at such areas.

Customers have also welcomed our observations at everyday work sites. Safety-related work is seen as a shared responsibility that improves the safety of all users of a property. ARE employees can easily report any safety observations with their phone. Active reporting of observations has helped make it a part of our daily routine. With the help of proactive occupational health and safety, our safety level has improved considerably. In 2022, ARE employees made 16,197 safety observations in Finland, with a total of 1,350 employees awarded for reporting.

“In terms of safety, the year 2022 got off on the right track. Following the summer, there was a clear downward trend in attention to safety and, consequently, an increase in accident frequency. We conducted proactive occupational health and safety work extensively within

our units, so by continuing and improving the proactive work we can reverse the trend in accident frequency,” says **Mikko Tiainen**, Safety Manager at ARE.

## Excellent safety observation figures from Occupational Safety Week

ARE participated in the Occupational Safety Week (May 16–20, 2022) organised by the Confederation of Finnish Construction Industries RT. We specifically challenged all our employees to make positive safety observations as examples for others to follow in their daily routines. Positive safety observations can help teach others how to avoid accidents. Examples of such observations include well-isolated working areas, properly marked doorsteps or palletted installation tools and materials that do not pose a tripping risk.

During the Occupational Safety Week, ARE employees reported 1,045 safety observations – a fantastic figure.

## Enhanced traffic safety

In late 2022, we began cooperation with the Finnish Road Safety Council. Our goal is to reduce the number of road accidents during commutes and other work-related journeys.

In Finland, the number of daily round-trip commutes is more than two million. Annually, commutes add up to more than 20,000 accidents. Three out of four commutes are by a passenger car. However, most commuting accidents happen to pedestrians or cyclists even though they constitute only a few percent of the total number of commutes. The high share of pedestrian accidents is explained by the fact that all commuters are pedestrians at some point during the journey, e.g. at the workplace parking lot.

In 2022, ARE employees were involved in 20 commuting accidents, totalling approximately 12% of all work-related accidents. The accidents were categorised into slips (11), traffic accidents (5), falling down (2) and others (2).

Our cooperation with the Finnish Road Safety Council began with an employee survey that helped determine the road safety of our employees. ARE will improve its commuting safety based on the results of the survey.

## Improving battery safety of properties together with the Centre for Occupational Safety

The Centre for Occupational Safety pro-

duced an instructional video for Finnish use related to the battery safety of properties. Our Safety Manager Mikko Tiainen was involved in the production of the video which was scripted using an actual occupational accident. The instructional video has been designed for team meetings and onboardings and its messaging is particularly aimed at properties.

### Safety at ARE

#### 2022

Safety observations\* 16,197 (2021: 16,358)

Accident frequency rate LTIF (per one million hours worked) 9.3 (2021: 7.9)

- The number of occupational accidents included in the calculation of accident frequency rate was 57, of which 45 occurred in Finland and 12 in Sweden.
- Sickness absence rate of mobile tech personnel\* 5.4 % (2021: 4.2 %).

\* Finland only



# New career paths for ARE personnel

You may come to a point in your career where your work ability or health requires you to make a transition to other duties. If you remain committed to technical building services, vocational rehabilitation is one of the options for building yourself a new career. Mikko Viitanen, an ARE employee, found a new career path through engineering studies.

We have made efforts to increase our pre-emptive measures in recent years, but working in technical building services can still take a toll and become overwhelming or even impossible. There are, however, increased opportunities to remain in the industry you already know. "The purpose of vocational rehabilitation is to secure your ability to continue in working life or return to duties appropriate for your health following a sick leave. Rehabilitation is always a shared journey which aims to help you continue your career until retirement," says **Mia Känkänen**, rehabilitation specialist at employment pension company Ilmarinen.

A successful vocational rehabilitation requires that it is commenced at an early stage. If disability is becoming likely,

we attempt to mitigate the risk with, for instance, work try-outs, work coaching or retraining.

"Proper rehabilitation is not designed to provide a higher level of education or income but rather secure a long-term career solution," says **Kaija Karjalainen**, Consultant Physician at Ilmarinen.

## Towards a degree in electrical engineering

ARE's Mikko Viitanen is studying for a degree in electric power engineering at the Metropolia University of Applied Sciences. About four years ago, Viitanen started out as an installer at ARE's Tripla Pasila railway station site.

"I switched over from an installer to second lead. I was tasked with lots of

urgent assignments, including night-time work. We did a fine job carrying the project over the finish line, but then I began to have pain in my left arm for no apparent reason. It was examined but no cause was found."

In the summer 2020, Viitanen switched over to the Kaitaa metro station site where he took on duties that he could perform with one arm.

"In discussions regarding my working ability, ARE's occupational health physician suggested applying for Ilmarinen's vocational rehabilitation. I received a positive decision in December 2020, and we started planning my educational path with a work ability coach. Based on my background, experience and age, the eventual choice was a degree in electrical engineering."

Ilmarinen supported the option to study at the university of applied sciences but despite the positive decision, he still had to earn his study place. He got in at Metropolia in the summer of 2021.

"I have continued working at ARE while studying. Since 2022, I have been

doing an operative internship programme in Blominmäki. The support from Ilmarinen has made everyday life easier. I can focus on my studies and my new occupation without having to worry about bills or mortgage payments," says Viitanen, grateful for the support.

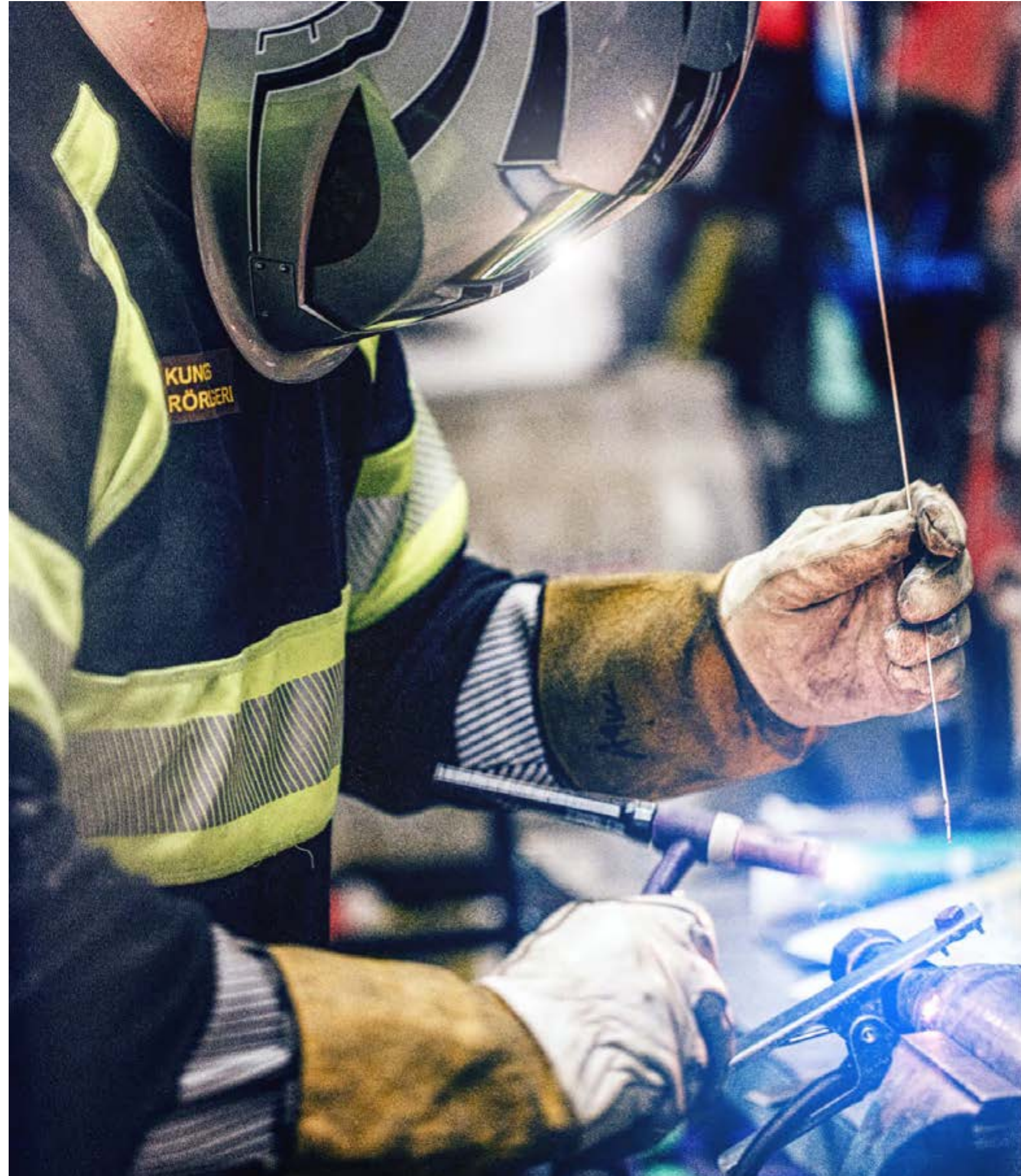
## Building a long-lasting working life together

ARE's work ability management is designed to propel and support personnel towards long-lasting careers. This means that no one should be forced to change their jobs due to disability.

Vocational rehabilitation is successfully implemented at ARE on an ongoing basis. In 2021, we had a total of 50 advance decisions on vocational rehabilitation, and currently there are 28 rehabilitations in progress.

"Work ability and occupational health are a part of everyday life for every ARE employee. You should not have to burn yourself out when, for instance, your body can no longer withstand the physical toll of the work. Working life has improved in this regard, and the entire industry has undergone a transformation. A work ability pathway can help you continue your career in a meaningful way and even enable you to stay within the same industry," says **Heidi Lakanen**, ARE's HR Manager, Work ability & Wellbeing.





# Taking responsibility for future professionals

With the current shortage of competent professionals in technical building services, it is especially important to secure a capable workforce for the future. Kungälvs Rörlägeri and Climat80, members of the ARE Group, are in close cooperation with educational institutions in Sweden. Both companies offer internships and apprenticeships for students at universities of applied sciences (work-based learning) and high schools (preparatory education for work).

By offering internships, the companies can help students learn and introduce them to the industry. Internships are a great way to get to know the companies while opening up opportunities for future employment.

Kungälvs Rörlägeri and Climat80 make efforts to raise the profile of professions that are important for the future. The companies organise school visits that present a good opportunity to meet students and introduce them to the industry and its vocational options.

In 2022, Kungälvs Rörlägeri and Climat80 launched a 'Choose your future profession' programme with the purpose of interviewing students, apprentices, new and old employees

and mentor employees. The goal of the programme is to help raise the profile of various future professions in the sectors of automation, electricity, cooling, HE-PAC and property management.

During 2022, Kungälvs Rörlägeri improved its internal HEPAC training. The programme provides apprentices with a personal mentor along with varied and instructive work content. Men-

tors follow and support the apprentices throughout the apprenticeship, starting from day one. Projects are long-term development undertakings for the society, putting all emphasis on the needs and well-being of people. A committed partner cares about the community and the collaboration - whether it is a customer, an employee, a business partner, school or a student.

With long-term commitment to educational institutions and vocational education, we help raise the profile of important future professions, provide training and secure future competence in our industry.



Good governance

**Trust is the cornerstone  
of ARE's operations**

**ARE**



# Tax footprint

ARE pays taxes according to the tax legislation of the countries where the company operates. ARE Group's tax footprint in 2022 was EUR 81.5 million. ARE has operations in Finland and Sweden. ARE's total tax contribution was EUR 21.9 million in Sweden and EUR 59.6 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.\*

\*The number is based on a calculation made by the Ministry of Education and Culture, according to which annual costs per student are 10,227 euros (in 2021).





# Owners now positioned even closer to ARE

ARE is part of the Conficap Group, a significant Finnish family-owned business. Conficap has over 100 years of experience in committed ownership. Our blue and white company has been under the ownership of the same family since it was established.

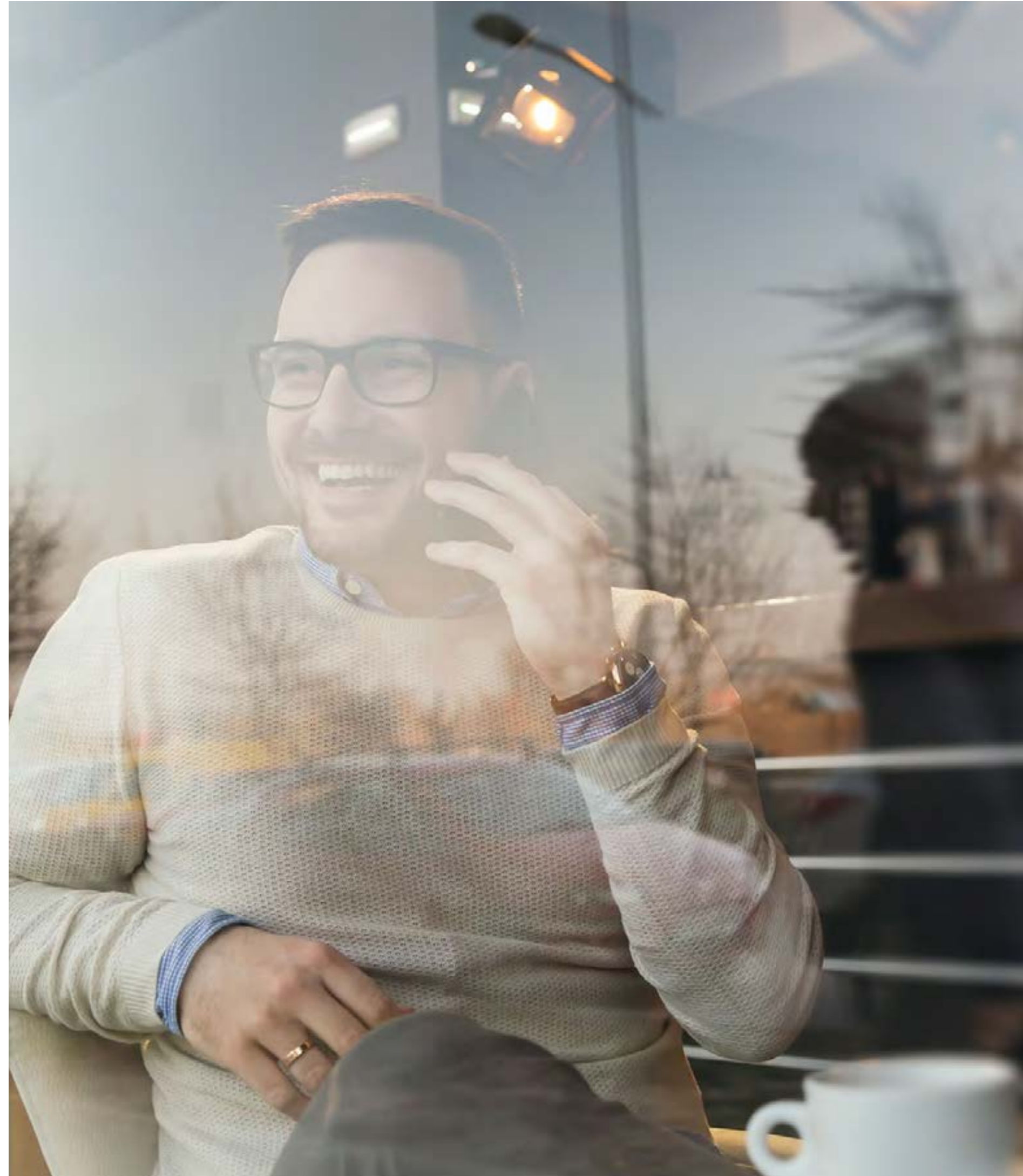
In September 2022, an organisational restructuring saw the Board of Directors of Conficap take over ARE Oy's board duties as well. This helped pave way for clarifying and facilitating the Board's role and its decision-making process. As the owner, Conficap is now positioned even closer to ARE and its operative decision-making.

Conficap is an owner with a long-term approach and an active enabler of successful business. For the companies it owns, it provides expertise, capital, and the time necessary for taking each step forward.

ARE is one of the few large corporations in the industry that are still privately owned. This may provide a competitive edge when, for instance, negotiating

corporate acquisitions. Smaller companies in the industry are often led by their founding entrepreneurs, and they may see a family-owned group like ARE as a natural new home for their business.

Conficap is a Finnish family-owned business with good financial standing. Conficap is an owner with a long-term approach and an active enabler of successful business.



# Customer satisfaction at the core of our new operating model

To support sales and product development and strengthen account management, ARE's new operating model now includes a new Clients and growth technologies matrix function. The core purpose of this function is to help grow our business nationally and harness our competences across regional borders.

We also regularly measure our success in customer service. While it is a part of our national quality management, it is also often based on written agreements with our customers. Our Finnish customer service centre received a score of 3.9/5. Over the course of the year, our customer service centre was contacted more than 80,000 times, of which approximately 55% were phone calls and 45% e-mail messages.

Customer experience management at ARE is based on our annual customer experience survey. The survey provides information on how our customers evaluate the quality of our services and the success of the cooperation. The purpose of the customer experience survey is to provide a comprehensive picture of the

current state of our accounts and highlight potential development suggestions to help improve our operations both nationally and in our units.

The Net Promoter Score (NPS) is one of the key results of the survey. It measures the number of customers who would be willing to recommend our services and how close a relationship we have with our customer base. Our customers' willingness to recommend us was on level with previous years. The Net Promoter Score (NPS) across ARE's organisation was 27 (2021: 28). In Finland, our NPS was 24, while in Sweden the number was 38. Our customers particularly valued ARE personnel's professionalism and service attitude, occupational safety considerations, and Are's service offering.

## Customer service centre score:

3.9/5  
 Contacts: 80 000 pcs  
 Net promoter score: 27

Net promoter score across the ARE organisation was 27 - 24 in Finland and 38 in Sweden.



# We renewed the operating model

In 2022, ARE's operating model was renewed in Finland. Goal behind the change was to move towards a more customer-oriented, clearer and more efficient operation. With the new model, the organization of ARE also changed.

With the transition, management and operating models of our Projects and Services business operations were separated.

To support business operations and manage the development of tools and processes, matrix functions of Project Management Office (PMO) and Service Management Office (SMO) were established for ARE. In addition, a new function for clients and growth technologies was established for managing sales and product development. With the new matrix functions, ARE can make better use of its expertise across regions.

To clients and personnel, the change manifests as clearer and more client-centric approach.

With the new model, the organization of ARE also changed. I have during the first months as CEO recognized what works at ARE excellently and where we have development opportunities. At the beginning of the year we have together designed a new, more customer-oriented, a clearer and more efficient operating model, which we now deploy. The new model supports the strategic achieving goals and clarifying our operations.

**Jarno Hacklin, CEO**



# Ethical channel available at ARE

ARE fully complies with sustainable development and ethical principles of operation and strives to maintain high morale in its working climate. We have zero tolerance for bribery, extortion, restriction of competition, discrimination, bullying or other illegal activities. We are transparent and comply with principles of fair competition. We communicate actively about our ethical channel in various trainings and meetings. Anti-corruption principles and guidance on competition law are mandatory in our employee onboarding.

ARE's ethical channel allows anyone to report on potential aberrations and violations - anything that is against the law or ARE's values and practices. Ethical channel will be implemented in the Swedish operations during 2023. You can submit a report anonymously and safely through the channel provided by WhistleB. The reporting procedure is encrypted and protected with a password. All reports are processed confidentially.

” The EU Whistleblower Directive is in force in all EU member states. In accordance with the Directive, whistleblowers in Europe enjoy protection they deserve while organisations benefit because they are quickly informed of any violations.

→ Read more

# ARE's personnel initiatives help further improve quality of work

ARE's initiatives model is designed to uncover new or improved ways of working to help personnel work faster or more efficiently. ARE's traditional initiative model went through an upgrade last year, resulting in a welcome increase in initiatives submitted.

The purpose of an initiative is to identify an area of improvement or issue and suggest a solution.

"We at ARE believe in our ability to develop functional solutions to problems. The initiatives model is a way for us to implement our approach of continuous improvement. Initiatives can also improve our sustainability by, for instance, reducing energy or materials consumption and, consequently, the environmental impact of our operations," says **Anita Mäkelä**, Quality & Environment Manager at ARE.

Some of the internal initiatives submitted in 2022 suggested improvements to everyday work and processes

of ARE's personnel, which is also reflected towards our customers as increased efficiency and improved quality. "There were also some promising innovations among the submitted initiatives, and the best ones may even end up being developed into new services that we can eventually offer to our customers.

"Good initiatives come with direct or indirect financial benefits and factor in

**We at ARE believe in our ability to develop functional solutions to problems. The best ideas come from those who see the challenges and areas of improvement in their everyday work.**

development costs. From the perspective of innovation, a good initiative also introduces a new way of thinking and a solution to a technical or functional issue."

Issues reported by ARE employees are automatically entered into the quality team's list of initiatives. The quality team regularly processes initiatives in their meetings, responding to every initiative.



"Transparency is an important reason why the model works so well. Not every initiative can be implemented, but submitters always get an explanation of what happens to their initiative and why. The quality team monitors the progress of the initiatives, and we make a compilation listing the initiatives submitted, related measures and the persons responsible," Mäkelä says.

ARE has been using the initiative model for a long time, but in 2022 it was upgraded.

"One of the goals for the upgrade was improved transparency, i.e. keeping everyone who submits an initiative up to date on what happens to it. A quarterly compilation of initiatives is stored in our intranet. The compilation also indicates measures that have been taken and people who are responsible for the initiatives. We have seen an increase in the number of initiatives submitted, reaching several dozen last year," says Mäkelä about the well-received upgrade.



# Management team 2/2023



JARNO HACKLIN  
CEO



MATS DANIELSSON  
CFO



ANNE PIIPARINEN  
SVP, Projects



JYRI SEPPÄNEN,  
SVP, Services Southern Finland



ARI KINNUNEN  
SVP, Services Eastern and Western Finland



SEPPO KORHONEN  
Commercial Director



PEKKA BJÖRKMAN  
SVP, Procurement



KAISA TUULAINEN  
SVP HR and Safety



HEIKKI TANNER  
SVP, Legal and Compliance

# Extended management team



RENE ZIDBECK  
CEO,  
Enerz



LAURI PÖNNIÖ  
Director,  
Service Management Office



KATJA PEKKANEN  
Director,  
Project Management Office



MARKO OTRANEN  
Director,  
Growth technologies

# Board of Directors

12/2022



**MAARIT TOIVANEN**

born 1954, Vuorineuvos, DSc (Econ) h.c.  
Chair of the Board

Member of Onninen Oy Board 1998-2000  
Chair of Onninen Oy Board 2000-2015  
CEO of Onvest 2001-2015  
Chair of Onvest Oy Board 2000-30 April 2018  
Chair of Conficap Oy Board 1 May 2018-  
Chair of ARE Oy Board 14 September 2022-



**ANDERS DAHLBLOM**

born 1974, M.Sc. (Econ)  
Member of the Board

Member of Conficap Oy Board 1 April 2022-  
Member of ARE Oy Board 14 September 2022-



**HARRI HOLLMÉN**

born 1949, vice judge  
Member of the Board

Member of Onvest Oy Board 2016-30 April 2018  
Member of Conficap Oy Board 1 May 2018-  
Member of ARE Oy Board 14 September 2022-



**HENRIK KOIVISTO**

born 1997, Business student  
Member of the Board

Member of Conficap Oy Board 22.3.2019-  
Member of ARE Oy Board 14 September 2022-



**MARTTI KOIVISTO**

born 1994, PgD finance  
Member of the Board

Member of ARE Oy Board 2018-  
Deputy member of Conficap Oy Board 26.3.2021-14.9.2022  
Member of Conficap Oy Board 14.9.2022-



**KARSTEN SLOTTE**

born 1953, diploma in economics  
member of the board

Member of Onninen Oy Board 2001-2014  
Chairman of Onninen Oy Board 2015-2016  
Member of Onvest Oy Board 2013-30 April 2018  
Member of Conficap Oy Board 1 May 2018-  
Member of ARE Oy Board 14 September 2022



**ERIK TOIVANEN**

born 1986, PgP Real Estate Business  
Member of the Board

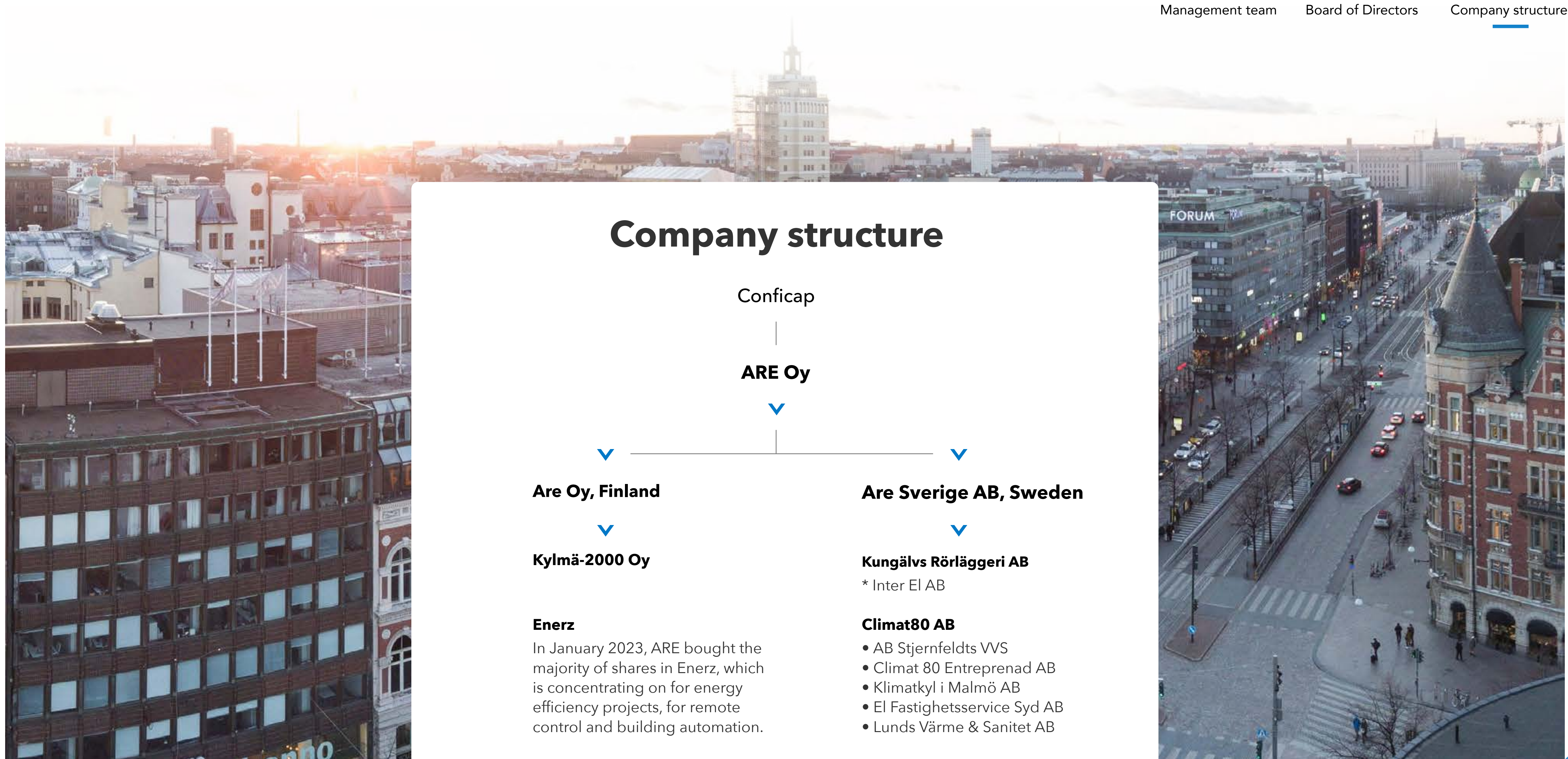
Member of ARE Oy Board 2018-  
Deputy member of Conficap Oy Board 26.3.2021-14.9.2022  
Member of Conficap Oy Board 14.9.2022-



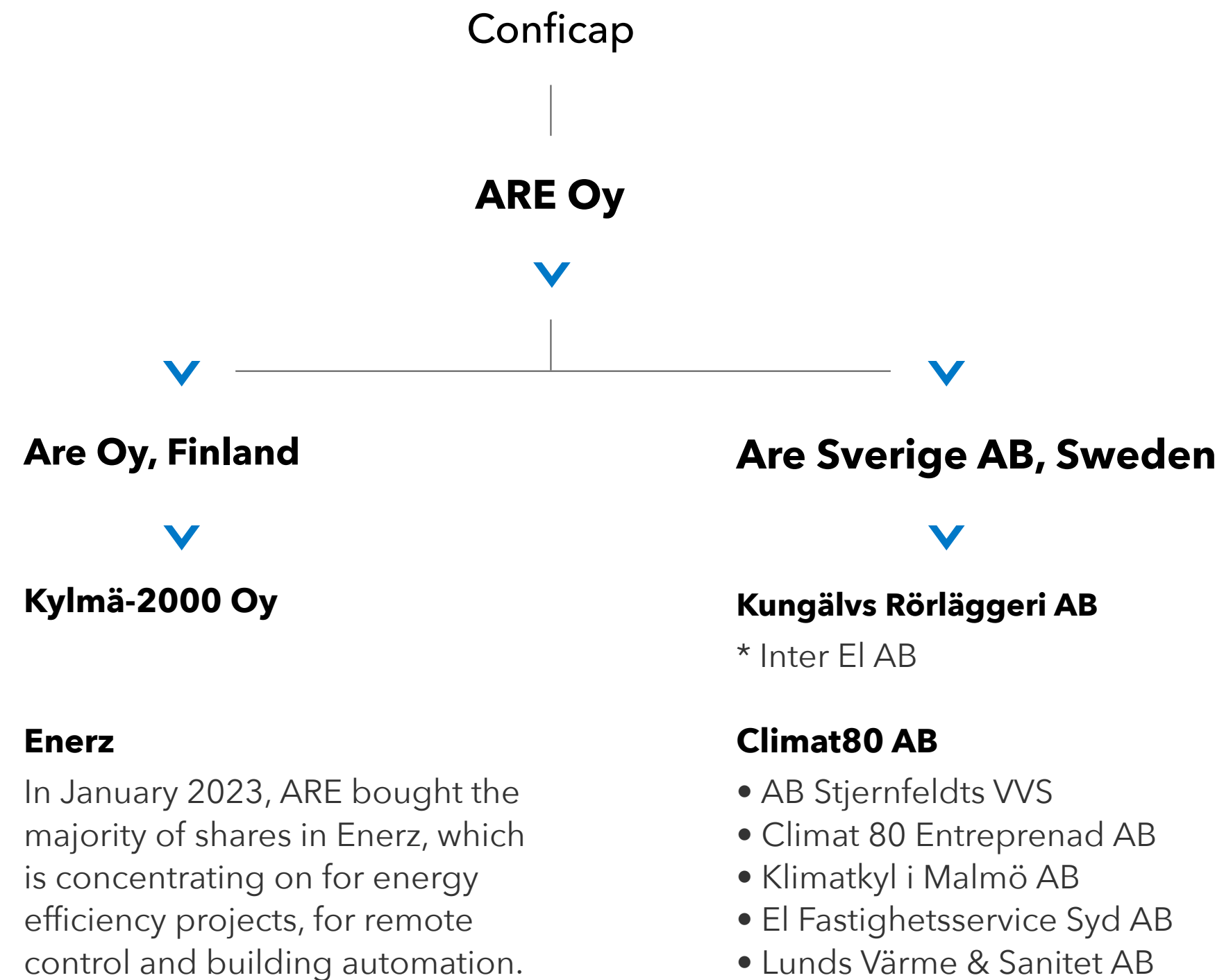
**TOMI VENTOVUORI**

born 1976, PhD  
Member of the Board

Member of Conficap Oy Board 1 April 2022-  
Member of ARE Oy Board 14 September 2022-



# Company structure



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