

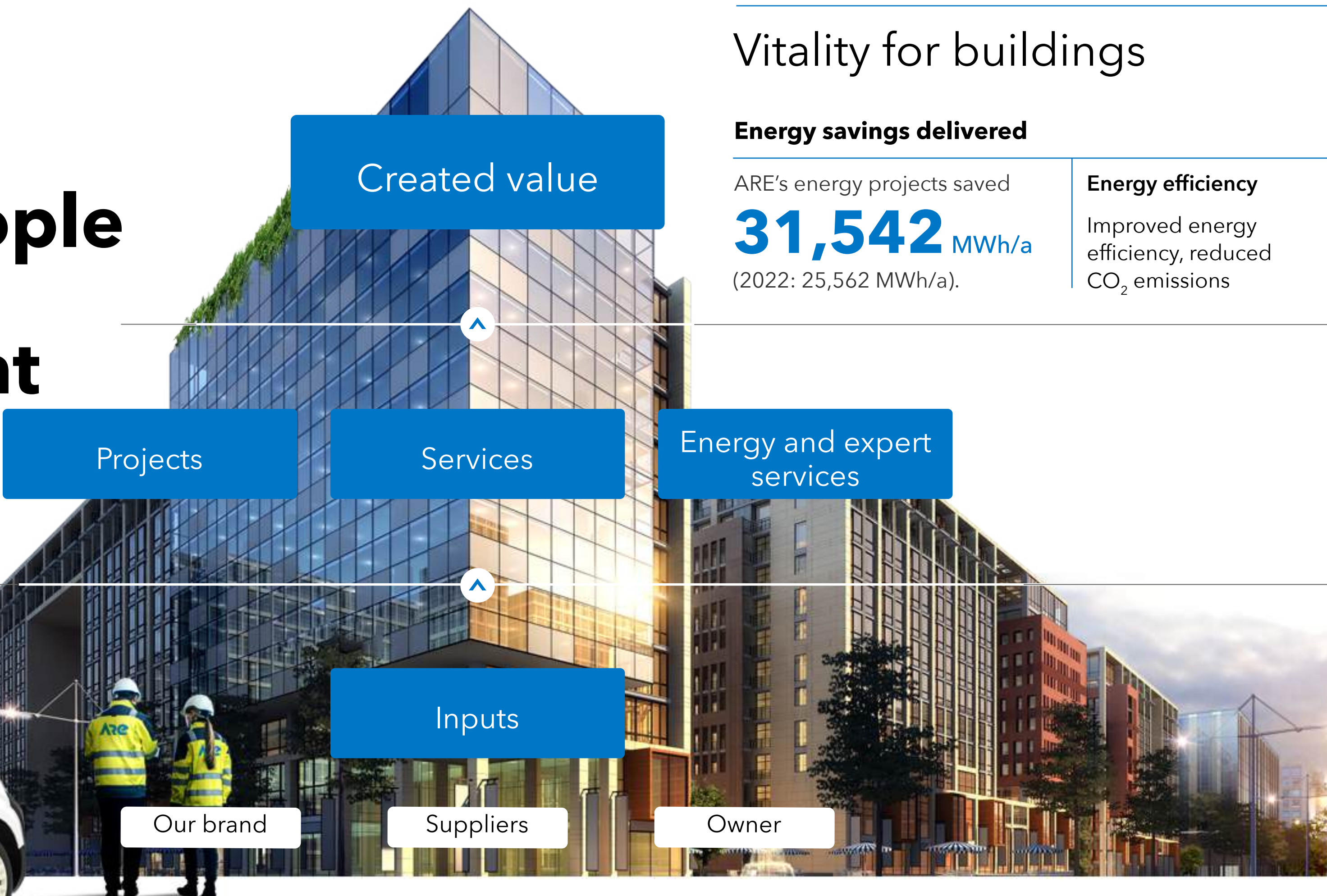
**ARE Annual Review and
Sustainability Report**

2023



We create value for society, people and the environment

A wide range of services for the entire life-cycle of the building



961 service vehicles

3,391 employees' knowledge and competence

ARE is part of the Conficap Group, a significant Finnish family-owned company.



Customers

Vitality for buildings

Energy savings delivered

ARE's energy projects saved **31,542** MWh/a (2022: 25,562 MWh/a).

Energy efficiency
Improved energy efficiency, reduced CO₂ emissions

Employees

eNPS **7** | Salaries paid **126** M€

Suppliers

Purchases from suppliers and subcontractors **224** M€

Society

Taxes paid **12.7** M€ | Tax footprint **83** M€

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CEO's review

ARE is well placed as we move into 2024, when the company will celebrate its centenary.

4

Environmental responsibility

23% more energy savings than in 2022.

19

Employee experience

Long careers are a thing at ARE.

30

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Looking toward energy efficiency

ARE's operating environment was difficult in 2023. Growth was driven by acquisitions and positive business development in Finland. The increase in costs was reflected in the profitability of the Services business in particular. In Sweden, the situation continued to be challenging.

In ARE's Finnish business operations, development continued to be stable and revenue increased. The sharp increase in costs weakened the profitability of the Services business. Profitability and EBIT-DA improved significantly in the Projects business.

In Sweden, the business headwinds continued. Operations were reorganised and responsibilities were moved closer to the business. Tackling the challenges has begun under the leadership of a new CEO and CFO.

The implementation of ARE's organisation and operating model reform continued, and it was updated in 2023. The result is an even more consistent and efficient ARE, where decision-making

is closer to the customer. For example, matrix functions have established good practices and improved business management.

ARE revised its strategy for 2024–2028. The work involved a large number of ARE's key people. Expertise, sustainability and future technologies were among focal points of the strategy. Improving energy efficiency and expert services are cornerstones of future growth.

The operating environment in 2023 was exceptional as high interest rates and inflation slowed down activity in the real estate and construction sectors. However, the decline was most pronounced in residential construction, which is not a significant area in ARE's operations. Office property construction was supported by public construction and investments in the green transition.

ARE offers services and solutions for the entire life cycle of a property. Building services play a crucial role in improving energy efficiency. This is why

ARE is also investing in offering solutions that improve energy efficiency through acquisitions. At the beginning of the year, an agreement was announced concerning the acquisition of Enerz, which focuses on energy efficiency projects, remote control and building automation. It is one of the fastest growing companies in the industry, and it also verifies the energy savings and emission reductions achieved. Enerz continued its operations independently as part of the ARE Group.

The importance of sustainability in the real estate and construction sector continued to grow. ARE continued to implement its sustainability programme. Promoting sustainable practices extensively delivers value to customers, other stakeholders and society as a whole.

In October, ARE also acquired a business that implements building automation projects and services in North Karelia. The business will continue as an independent unit as part of ARE's Eastern and Western Finland services. The transaction supports ARE's strategy and growth targets in energy and expert services.

ARE was selected to participate in the office project on Lauri Korpisen katu in Vantaa, the ASSI hospital project in Hämeenlinna, the development phase of the Turku Music House alliance and the next phase of the Kuopio University Hospital alliance agreement. The projects re-

flect ARE's competitiveness in the difficult market situation. The order book at the start of 2024 is reasonably good, considering the market situation. However, the real estate and construction sectors are expected to continue to face difficulties well into 2025. The recovery of the market and pent-up demand will depend, in particular, on interest rate decisions.

ARE is one of the few large companies in the industry that is still privately owned. This allows ARE to make decisions efficiently and flexibly, and the ownership base can be a competitive advantage in acquisitions. As the owner, Conficap has a long-term commitment to support ARE's business. ARE is well placed as we move into 2024, when the company will celebrate its centenary.

Jarno Hacklin, CEO



Highlights of the year

Q1

01/23 Enerz becomes part of ARE

An advanced and cost-efficient service model for energy projects and automation.

03/23 Start of strategy reform

We began to plan a strategy for 2024-2028.

02/23 We switched to renewable diesel in Finland

ARE introduced renewable diesel in all of its production and company cars in Finland and reduced emissions from cars by 90%.

Q2

04/23 Kylmä-2000 merged with ARE

Kylmä-2000 merged into ARE on 1 April 2023.

06/23 Launch of new are.fi website and recruitment system

We improve the job applicant and customer experience with new online services.

Highlights of the year

Q3

08/23 Swedish management team strengthened

Peter Ramstedt started as Area Director for Western and Eastern Sweden and **Patricia Hagel Råd** as the CFO of ARE Sweden.

08/23 The planning phase for the new ERP system starts

The ERP system development project had to be suspended. The planning phase for the new ERP system started in autumn 2023.

09/23 The fifth generation of the family joins the parent company's management

Erik Toivanen starts as CEO of Conficap. **Maarit Toivanen** continues as Chair of the Board of Directors when the fifth generation takes over.

Q4

08/23 Reporting of environmental observations deployed

In addition to preventive safety observations, Are employees can report environmental observations.

10/23 ARE strengthens the building automation business in North Karelia by acquiring a business

ARE completed the transaction to strengthen its building automation expertise in North Karelia.

12/23 New business to drive the green transition in properties

The new business, Energy and expert services, which has been established alongside the Services and Projects businesses, will centralise the expertise in energy and expert services within the company and make our expertise even more visible.

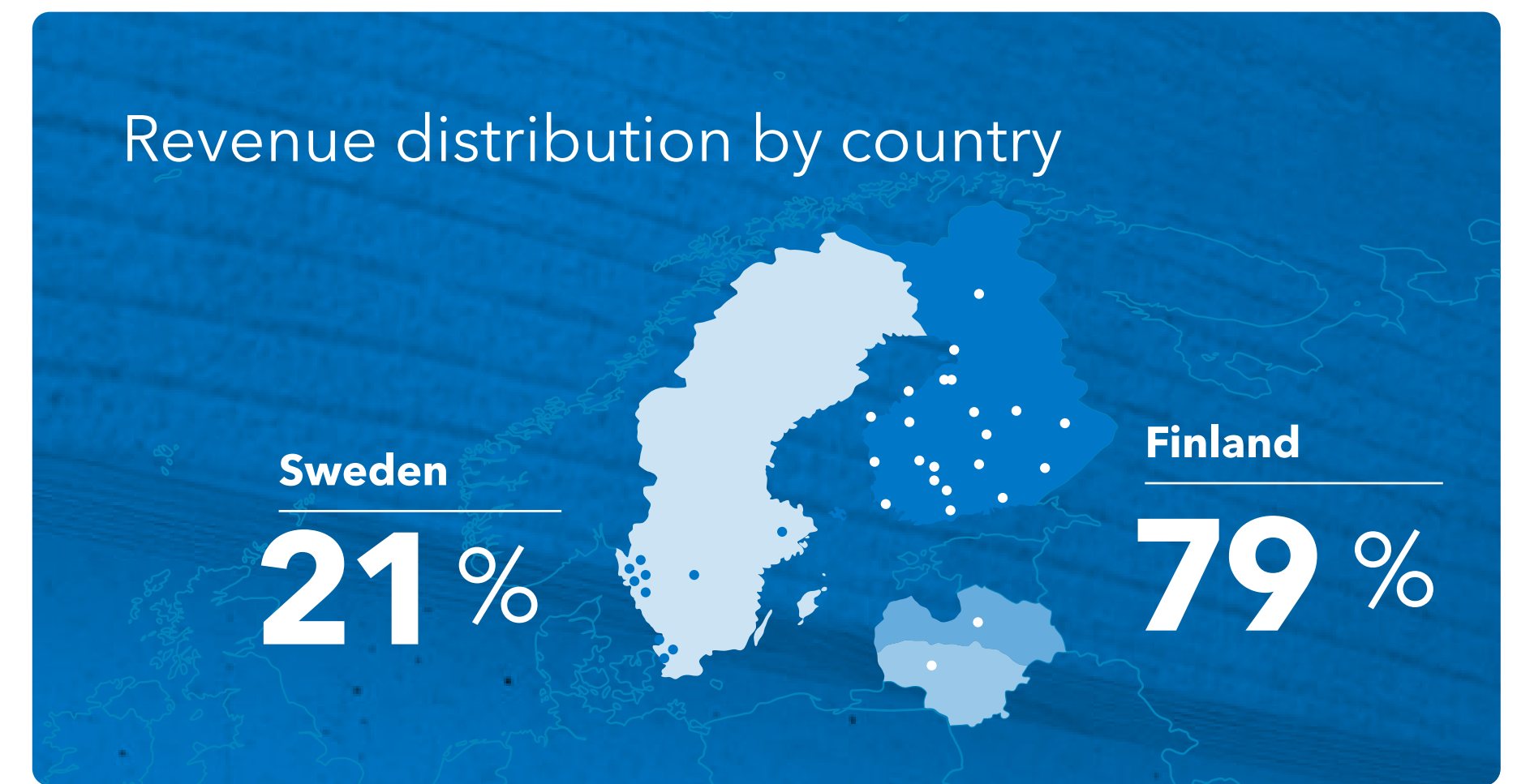
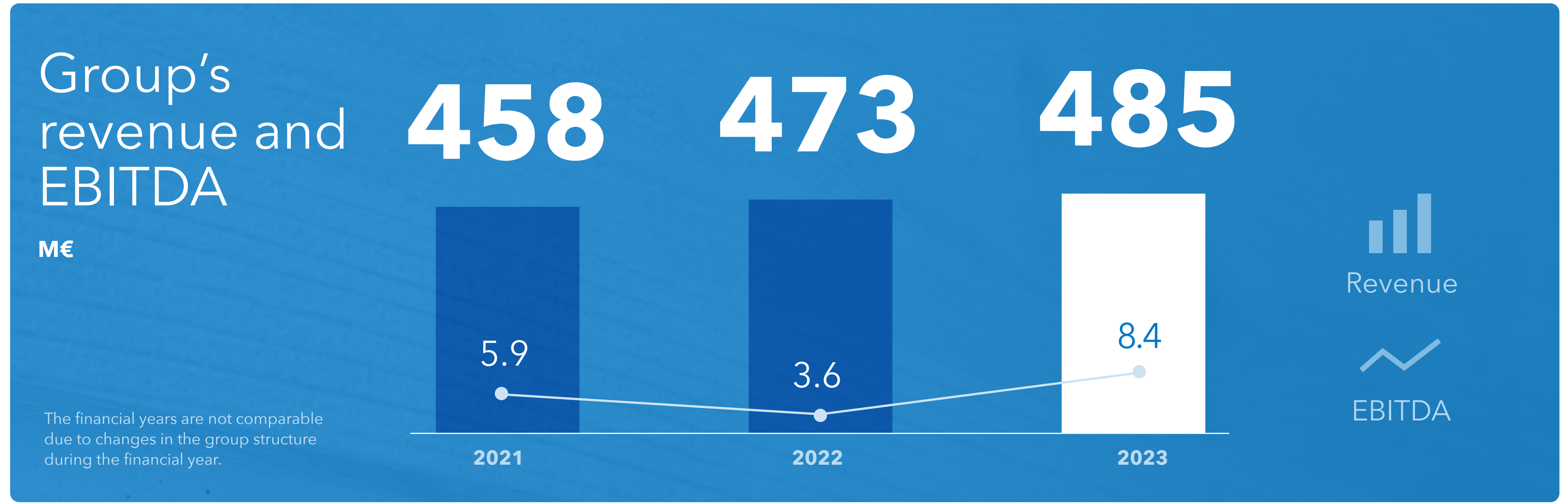
Financial review

Key Figures

The Group's revenue (EUR 485 million) increased by 2.7 per cent from previous year. Revenue increased by 6.4 per cent in Finland and decreased in Sweden. In addition, reported Group's Revenue includes revenue from Enerz Group, which was consolidated to ARE Group from the beginning of 2023.

The Group's EBITDA improved to EUR 8.4 million (EUR 3.6 million in 2022). EBITDA improved in both Finland and Sweden. In addition, reported Group's EBITDA includes EBITDA from Enerz Group, which was consolidated to ARE Group from the beginning of 2023.

Cash flow from operating activities improved slightly from previous year and was EUR 12.4 million (EUR 11.8 million in 2022).



The result comes from a shared set of values and a shared way of doing things



Cooperation:
We work together



Professionalism:
We are professionals

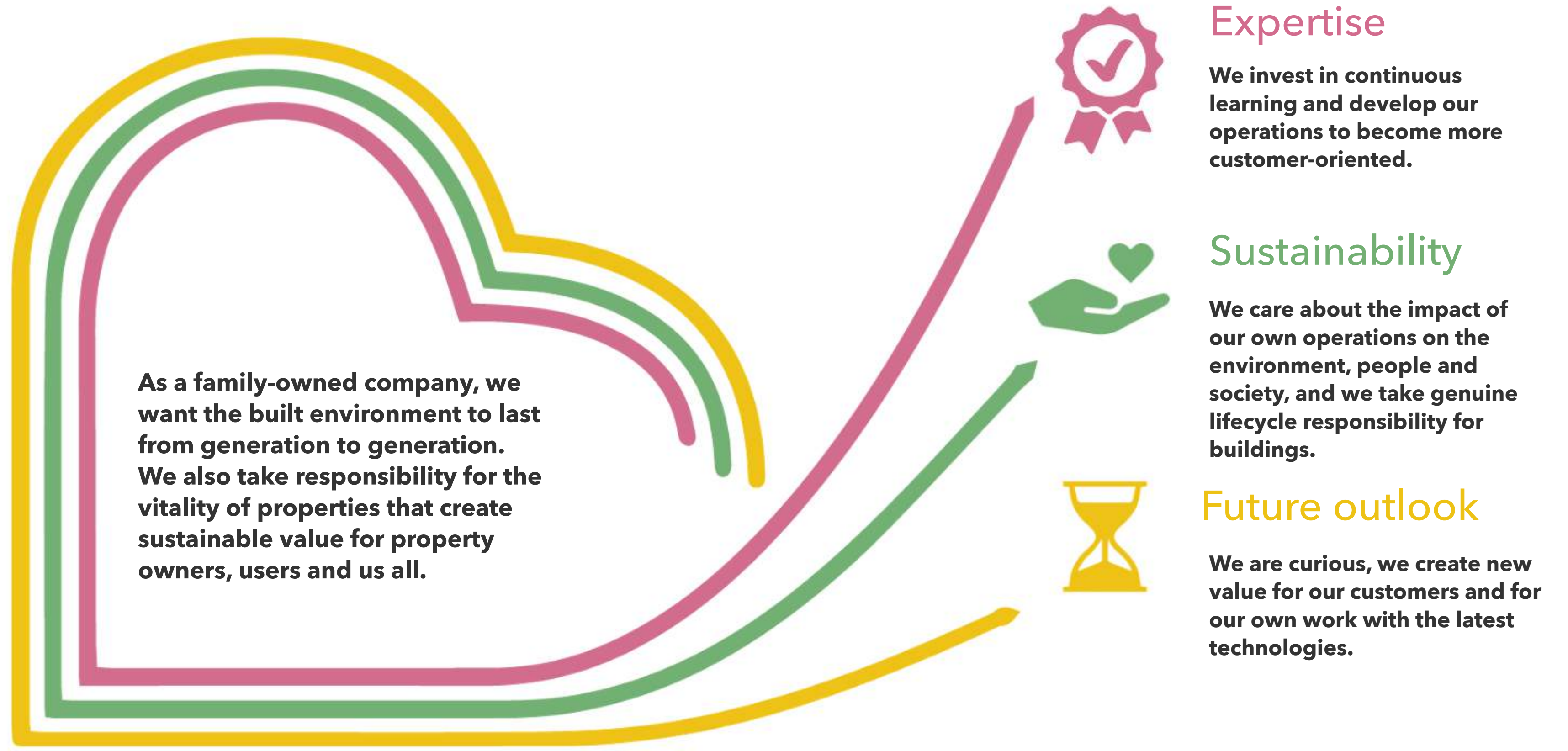


Partnership:
We put our customers first

Sustainable properties from generation to generation.

Strategy

During 2023, ARE built a new strategy, and the strategy work involved a large number of key ARE employees from different businesses. Expertise, sustainability and future technologies are the focus of the new strategy period 2024-2028.



As a family-owned company, we want the built environment to last from generation to generation. We also take responsibility for the vitality of properties that create sustainable value for property owners, users and us all.

Expertise

We invest in continuous learning and develop our operations to become more customer-oriented.

Sustainability

We care about the impact of our own operations on the environment, people and society, and we take genuine lifecycle responsibility for buildings.

Future outlook

We are curious, we create new value for our customers and for our own work with the latest technologies.

Services for the entire life cycle of the property

We provide solutions and services for the full life cycle of properties, from new construction project development to building services contracting, 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 smart building services which allow us to provide energy-efficient premises for our customers and comfortable indoor conditions for the end-users, with cost-efficient implementation.



Energy and expert services



Service concepts

- Experts in technical building services and energy
- Control Room services
- ARE Cloud
- Energy projects



Number of control room alarms

422,000 pcs

Customer service centre service requests

102,000 pcs

Smart Maintenance

1,450 customer accounts

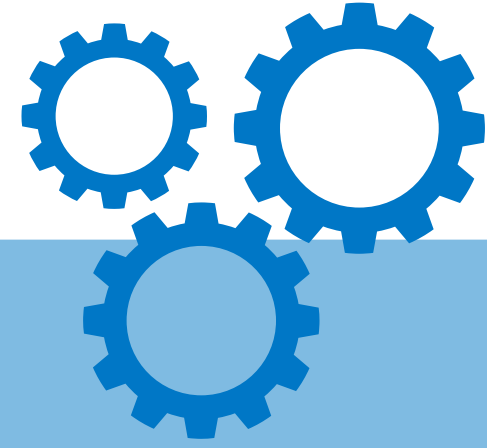
28,000 sites

Services

The revenue of the Services business in Finland developed favourably, but relative profitability declined due to exceptional cost increases. The Service Management Office (SMO) matrix function focused on driving business profitability by streamlining processes and developing tools. During the period, the strong partnership in customer accounts was continued and the S Group, Sagax, Technopolis and Senate Group customer accounts, among others, expanded.

Projects

The Projects business in Finland developed positively during 2023. The Project Management Office (PMO) matrix function, established in 2022 in the project business, succeeded in establishing good practices, tools and processes as well as project development, which had a positive impact on the success of business. Long-term development work and change in the project portfolio will continue to be guided by the new strategy. During the period, ARE was selected to participate in the office project on Lauri Korpisen katu, the ASSI hospital project, the development phase of the Turku Music House alliance and the cable tower project of YIT and Prysmia Group.





Sweden

The challenges in the Projects business in Sweden continued and it was necessary to further write down previously launched projects. At the beginning of the period, the ARE Sverige AB group was reorganised and responsibilities were moved closer to the business. An action plan has been drawn up to overcome the challenges, and implementing it began under the leadership of a new CEO and CFO.

Peter Ramstedt, Area Director for Eastern and Western Sweden, was appointed as the CEO of ARE Sverige AB and member of the ARE Group's Management Board as of 1 January 2024. In addition to his new role, Peter Ramstedt will continue as Area Director for Eastern and Western Sweden, responsible for the operations of Kungälv's Rörläggeri and Inter El. **Emil Silverberg** will continue as Area Director for Southern Sweden with responsibility for the Climat80 Group, which includes Climat80, Climat80 Entreprenad, Elfast, Klimatkyl, Lunds Värme & Sanitet and Stjernfeldts VVS.

Peter Ramstedt,
CEO ARE Sverige AB

The most sustainable partner

Our strategic goal is to be the most sustainable partner for our stakeholders. In 2023, we continued to implement our sustainability programme that was published the previous year. The programme emphasises responsibility for the environment, people and ethical conduct.

We care about the impact of our own operations on the environment, people and society, and we take genuine lifecycle responsibility for build-

ings. Reducing emissions from ARE's operations is one of the key objectives of the programme, which was driven by the transition to renewable diesel in production vehicles and by challenging all employees to make environmental observations. The purpose of making observations is to inspire employees to observe not only safety in their day-to-day work, but also environmental risks, development areas and best practices. Making observations is part of the sus-

tainability remuneration system, which covers all Are employees.

We invest in continuous learning and develop our operations to become more customer-oriented. Each of our employees completes a compliance online training module to ensure that the principles and related policies are implemented in our day-to-day work.

In 2024, we will prepare for CSRD reporting by conducting a dual materiality analysis and calculating the Scope 3 emissions, or indirect greenhouse gas emissions from the value chain. The results will provide the next milestones for our sustainability work.

Maiju Nupponen
Senior Vice President, Communications and Sustainability

“As a family-owned company, we want the built environment to last from generation to generation. We also take responsibility for the vitality of properties that create sustainable value for property owners, users and us all.”



Management of sustainability

ARE's ISO 9001 quality management system, ISO 14001 environmental management system and ISO 45001 occupational health and safety management system certificates prove that the company takes quality and the environment, as well as health and safety, into account in all of its operations. Internal and external audits were carried out to support and ensure the standardisation of operating procedures. ARE received an excellent result in Kiwa Inspecta's supplier assessment in autumn 2023 and was named an official HSEQ® supplier for industrial companies. ARE holds **RALA qualification**, proving that the company is a competent and reliable partner in terms of finances, technology and resources.

As a member of **Green Building Council Finland** and the **Talotekniikka 2030** consortium, we are involved in

developing the sustainability transition of the real estate and construction sectors. Talotekniikka 2030 is a consortium of Aalto University, Tampere University and 14 industry partners. The group has created a joint vision for the Finnish building services industry, "building the world's most sustainable buildings with building services", and promotes its implementation through research and rapid experiments.

Our sustainability is guided by the strategy approved by the Board of Directors of ARE, our values, our ethical principles, the annually updated **quality management policy, environmental management policy** and **OHS policy** and the sustainability themes identified as relevant in the materiality analysis.

Our sustainability program is approved annually by the Extended

Management Board, where we describe our goals and the status of their implementation. The Senior Vice President, Communications and Sustainability is responsible for the development of sustainability in the Group Executive Board. The implementation of sustainability is coordinated by the sustainability team led by the Group's Sustainability Manager. The different functions are represented in the team: finance, procurement, HR, legal, environment, safety and business areas. The Business Area Directors are responsible for ensuring that sustainable practices are implemented in the operations of the business area in question. The most important sustainability actions and solutions are carried out in our day-to-day work together with our employees, partners and customers.



Our sustainability goals

We are committed to the UN Global Compact initiative and promote its principles and goals in our operations. Based on an independent third-party materiality analysis, we have identified the following UN Sustainable Development Goals as our priorities.



WE SUPPORT



Environment

- Energy savings for our customers
- Reducing our own carbon footprint

Social responsibility

- Dedicated and skilled staff
- Safe working environment
- Open and diverse working community

Finance and governance

- Sustainable and profitable economic growth
- Zero tolerance for misconduct
- We are a reliable partner

Sustainability is an integral part of everything we do

Environment



Environmental responsibility	2021	2022	2023	Goal 2028
Energy savings created for our customers (MWh/year)	18,200	25,562	31,542	250,000
Vehicle emissions per kilometre (g/km)	201	199	137	-50%
Emission intensity (t CO2e/M€)	7.40	6.99	5.33	4.23

Social responsibility



Social responsibility	2021	2022	2023	Goal 2028
LTIF	7.9	9.3	7.8	5
Safety observations*	5.3 pcs	6.3 pcs	8.5 pcs	14 pcs
eNPS			7	30

Finance and governance



Financial responsibility	2021	2022	2023	Goal 2028
Net Promoter Score	28	27	20	40
Suppliers committed to the ARE Code of Conduct *			95.6	> 95% of purchase volume
Employees with Compliance training **,**	73%	75%	87%	100%

* Finland
 ** Sweden will be included in the reporting when the online course tool has been implemented there.

Environmental responsibility

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

ARE

Carbon footprint and carbon handprint

Renewable diesel

CO₂ Datahub project

Reporting of environmental observations

Environmentally friendly Koskikylmä district cooling

ARE Cloud

Ideapark energy project

Shop energy renovation

Swedish relocation and recycling project

ARE's carbon footprint decreased by 20%, energy savings created increased by 23%

In 2023, our carbon footprint decreased by 20 percent when compared to the previous year. The carbon footprint for our Swedish functions remained at the same level as the previous year, but we achieved a significant reduction in our Finnish functions.

ARE's emissions (Scope 1 and 2) amounted to 2,587 tCO₂e, of which Scope 1 emissions accounted for 94 per cent and Scope 2 for 6 per cent. Our Scope 2 emissions consist of electricity and district heating used at our offices. Already from 2021, the majority of the electricity we purchase has been 100% carbon-free. The aim is to switch to carbon-free electricity at our last offices as well as to review the transition to green district heating at those locations where ARE has made the heat contract.

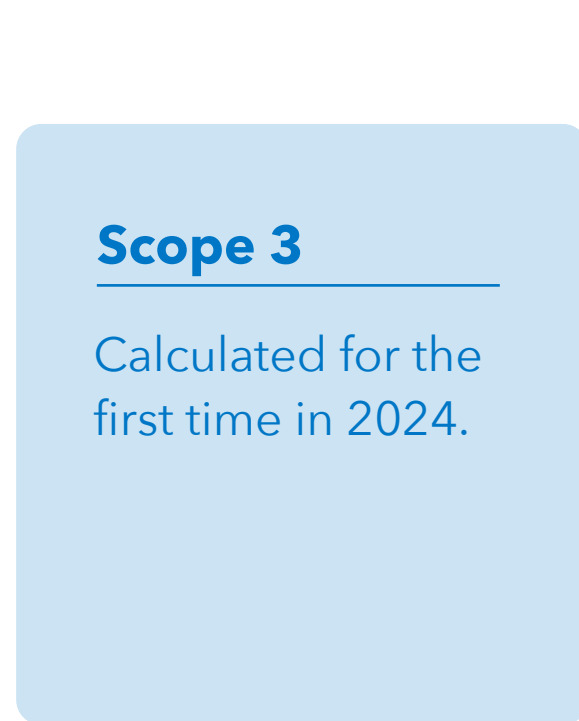
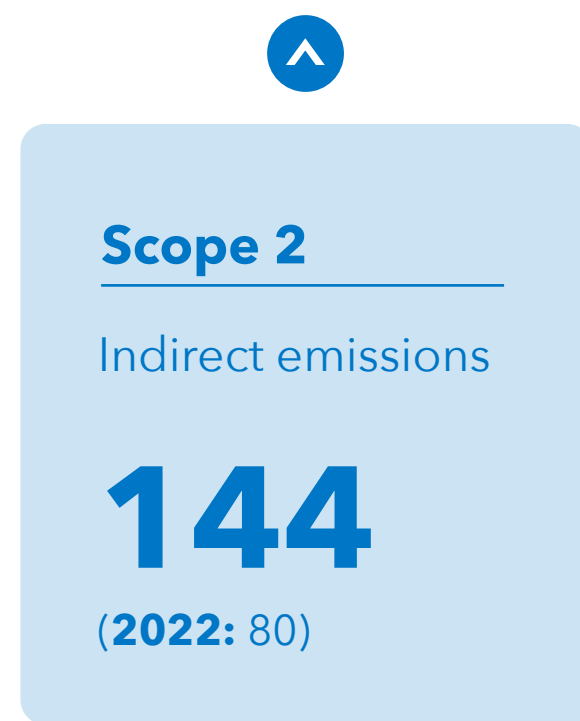
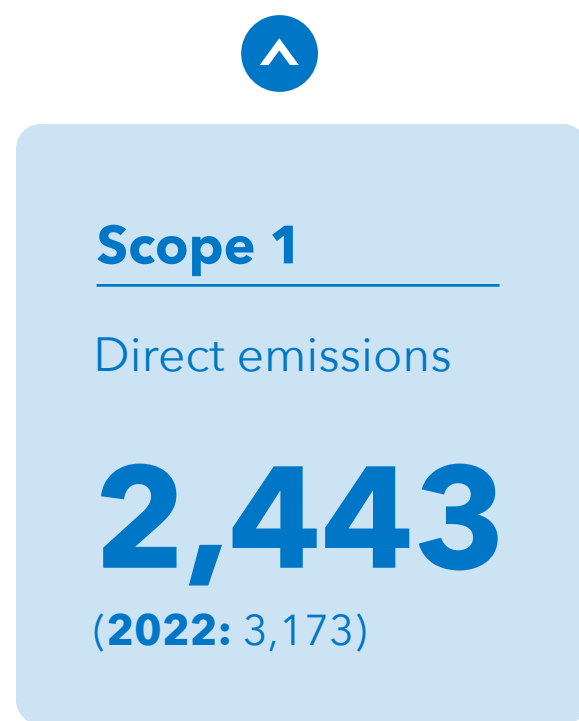
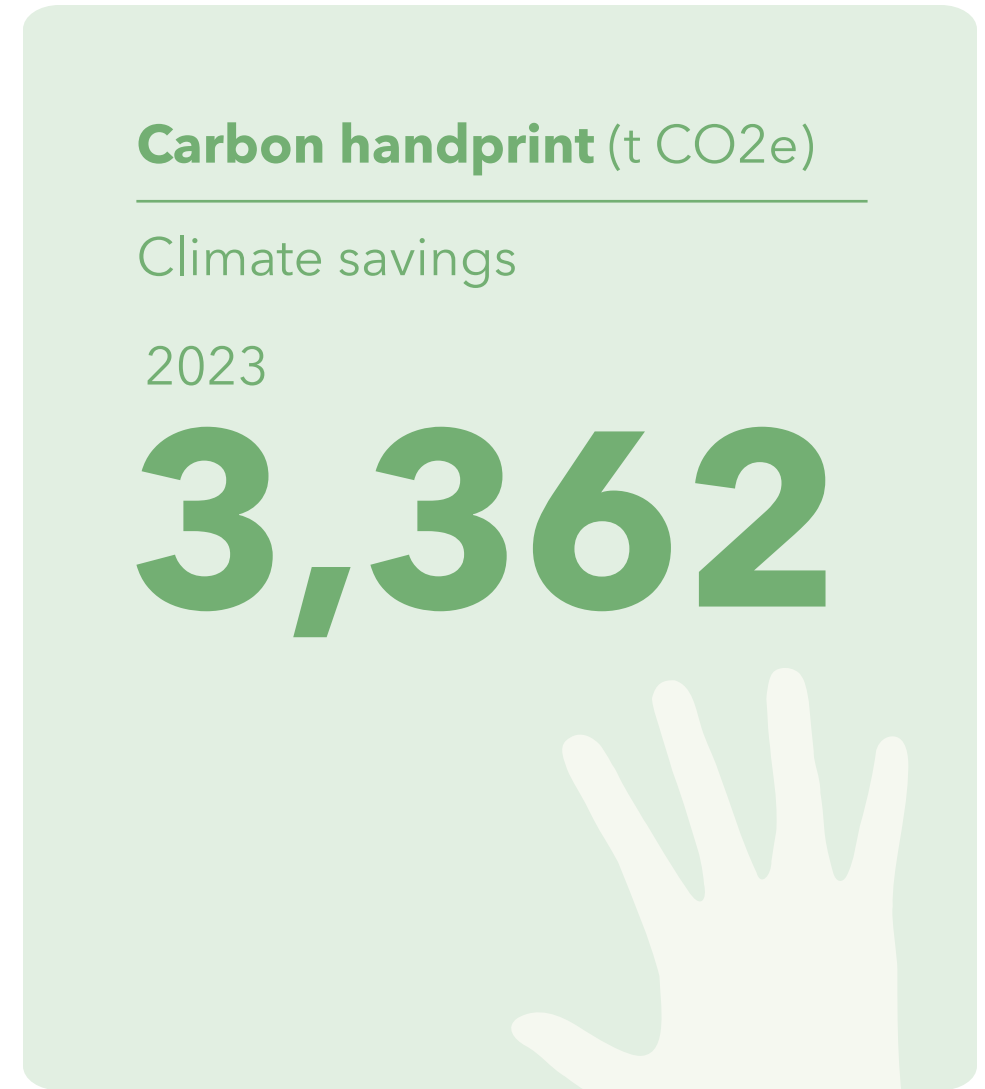
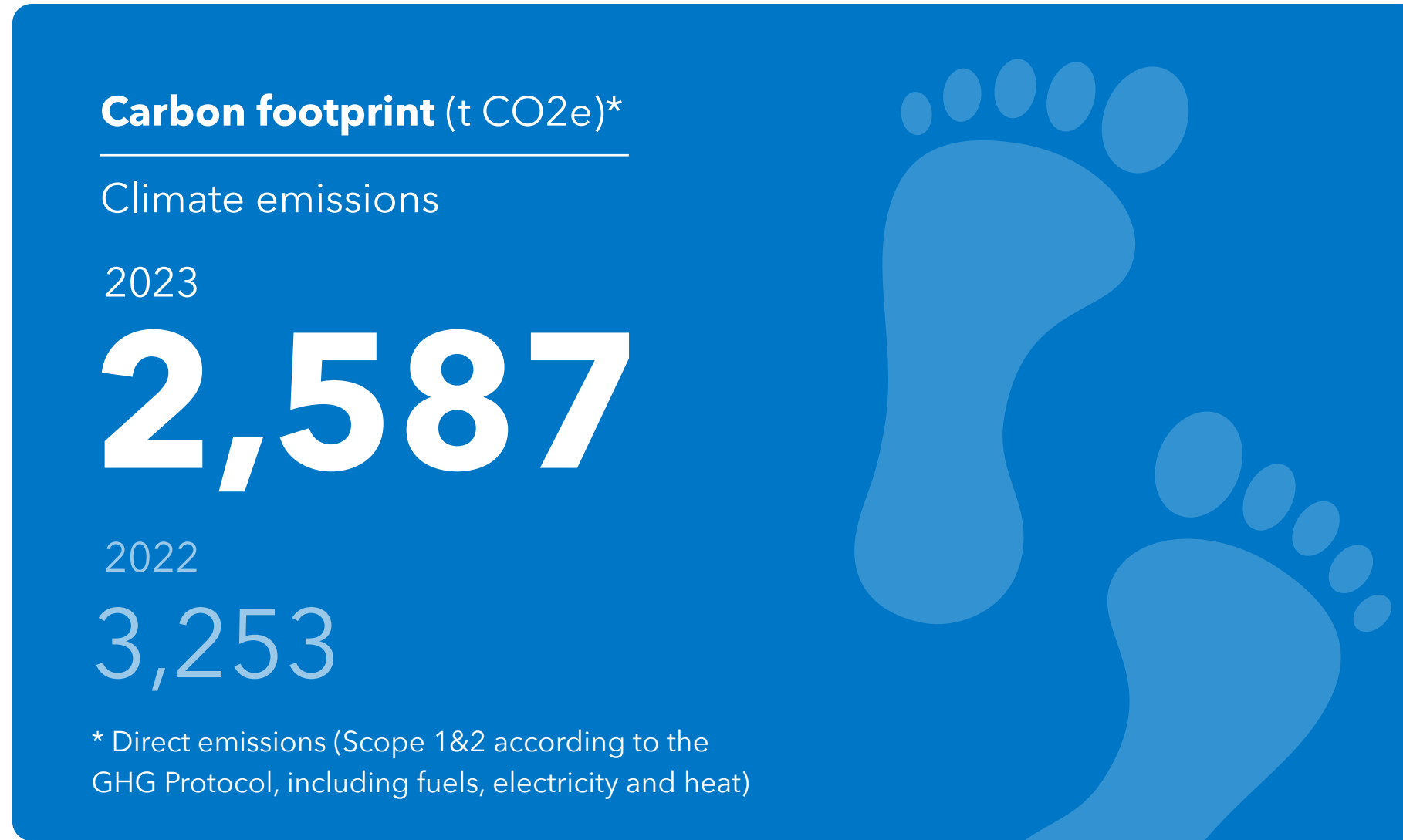
Carbon footprint accounting has been carried out throughout the Group in accordance with the GHG Protocol. During 2024, we will calculate the indirect emissions from our value chain (Scope 3).

In 2023, our carbon handprint of 3,362

t CO₂e was significantly higher than our carbon footprint of 2,587 t CO₂e.

In total, we created energy savings of 31,542 MWh for our customers, which is almost one-fourth more than in the previous year.

Our carbon handprint is calculated by using the energy savings created. The emission factors used for Finland are the specific carbon dioxide emissions from district heating and electricity production reported by Statistics Finland and for Sweden the factors reported by Swedenenergy and Nowtricity. Due to the change in the accounting method, the carbon handprint is not comparable to the previous year.



Our carbon footprint decreased when compared to 2022 -20%

“The energy savings created by ARE correspond to the annual energy consumption of approximately 1,250 four-person families living in district-heated detached houses.”

Carbon footprint and carbon handprint

Renewable diesel

CO₂ Datahub project

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Environmentally friendly Koskikylmä district cooling

ARE Cloud

Ideapark energy project

Shop energy renovation

Swedish relocation and recycling project

Low-emission renewable diesel significantly reduced emissions

In 2023, we switched to low-emission renewable diesel in all of our maintenance vehicles in Finland. This was the main reason why our total carbon footprint decreased by 20 percent when compared to the previous year.

ARE has around 961 maintenance vehicles, some of which are powered by electricity or gas. Our goal is to reduce emissions by 50 per cent from the 2021 level by 2028. In 2024, we will invest in increasing the use of renewable diesel and optimising maintenance driving.

“ Vehicle emissions per kilometre decreased by 32 per cent from the 2021 level.



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Towards automating CO₂ accounting of properties

In autumn 2023, ARE participated in a CO₂ accounting project for property maintenance. ARE generated data for building services on refrigerants, ventilation filters and logistics with regard to travel to the site.

The project led by Vastuu Group took the first steps towards mitigating emissions from property maintenance through business intelligence and implementing the industry's accounting principles. The project developed the reporting of CO₂ emission data for building services maintenance, cleaning and maintenance of outdoor areas.

The aim of the project was to promote the automation of CO₂ accounting for maintenance. The long-term intent is for data to be transferred from the service providers' operational systems to the accounting system automatically. Thus, the system would produce monthly CO₂ emission data for property owners.

The CO₂ DataHub project continues

Participation in the project increased ARE's understanding of the CO₂ emissions of its services and helped identify

areas for improvement, especially with regard to data collection and management.

Tommi Vesterbacka, Development Manager at ARE, states that some work still needs to be done in order to be able to report CO₂ emission data to customers on a monthly basis. Collaboration with customers and suppliers will be intensified during spring 2024, when ARE will conduct a dual materiality assessment and calculate its own Scope 3 emissions.

The project utilised the principles of CO₂ accounting for property maintenance created in the CO₂ DataHub project. At the same time, an implementation model was developed with which CO₂ emission data can be calculated and reported to property owners location-specifically by using data from service providers on a monthly basis.

In addition to ARE, the project involved the service provider L&T and

the property owners Ilmarinen, OP Kiinteistösi joitus and HUS-kiinteistöt. A total of 36 properties were reviewed. The calculation of CO₂ emissions was carried out according to the calculation principles agreed on by ten key industry players, and they were based on the GHG Protocol standards. In addition to emission data, the reports produced by the system for property owners also included a description of the quality level of the accounting inputs and emission factors (quality classes A-C).

Reducing CO₂ emissions requires close cooperation with different parties in the value chain.

Carbon footprint and carbon handprint | Renewable diesel | CO₂ Datahub project | Reporting of environmental observations | Environmentally friendly Koskikylmä district cooling | ARE Cloud | Ideapark energy project | Shop energy renovation | Swedish relocation and recycling project



Reporting environmental observations becomes part of day-to-day work at ARE

In autumn 2023, ARE employees were given the opportunity to report their environmental observations. An environmental observation can be made concerning any good practice or development proposal related to the environment. In a short period of time, ARE employees have submitted more than 300 observations.

In accordance with its sustainability programme, ARE is committed to minimising its own environmental impact. The aim of ARE employees' reporting is to prevent the occurrence of environmental deviations and to reduce their potential impact.

The pilot phase for environmental observations started in August 2023. The number of observations made by ARE employees in a short period of time shows commitment and interest in promoting sustainable practices. At the same time, the understanding of the environmental impact of our own opera-

Reporting environmental observations guides us all towards more sustainable operations.

tions and corrective measures increases. According to **Maiju Nupponen**, Senior Vice President, Communications and Sustainability at ARE, many environmental observations made at customer locations are remedied immediately, and some of them can be reported to the customer, for example, as a need for

repair. Ideas for more extensive development of operations are discussed on a monthly basis by the sustainability team, through which suggestions for improvement are presented to the Extended Management Board of ARE.

During the autumn, ARE employees have made a lot of observations relating to energy savings and consumption. They include temperature adjustments in customer sites' garages that provide economical and environmental savings, as well as the rationalisation of the ventilation boost period in new properties. In addition, several positive observations have been made that increase safety and well-being, for example, in excellently maintained recycling points at the sites.

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Ecological cooling from the Tammerkoski rapids

ARE's professionals also take care of the maintenance of Koskikylmä district cooling equipment. The Koskikeskus centre, one of our service locations in Tampere, is cooled by cooling power obtained from the water of the Tammerkoski rapids.

Such district cooling is sustainable and efficient, as there is no need for additional cooling. The method saves approximately 600 MWh of energy per year at Koskikeskus.

The liquid circulating in the cooling system is cooled by water rising from the rapids through four bottom valves and pipes. ARE professionals take care of the functioning and maintenance of the system in Tampere.

Effective collaboration

In September 2023, ARE cleaned and serviced the Koskikeskus cooling system that weighs approximately one thousand kilogrammes. The Tammerkoski dams were closed and divers began to work once the flow in the rapids

stopped. The system was removed from the depth of about three metres and lifted onto a truck bed for transport.

Antti Hiltunen, Service Manager at ARE, says that the system was transported to the maintenance facilities of Koskikeskus, where the system cage and equipment were cleaned and the bottom valves were serviced. The maintenance work was carried out within 24 hours and photos were taken of the system in order to build a duplicate so that the maintenance work can be carried out by simply replacing a part the next time.

In addition, ARE maintains the Koskikylmä-cooled cooling systems of the Ratina shopping centre on the Tammerkoski shore and the Sokos hotel Ilves.

“ The lifting was carried out in good cooperation between different parties, despite the unique location at the bottom of the rapids.

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Matti Väitalo, Technology Manager at ARE, in the ARE Cloud server room.

Sustainable property maintenance with ARE Cloud

ARE Cloud functions as the building's user interface and data collection system, making property data quickly visible and usable. In addition to increasing the efficiency of operations and long-term cost savings, ARE Cloud contributes to achieving energy savings targets and reducing the carbon footprint.

Every property is unique and we customise the features needed for the service. The functions and features can be easily expanded. If necessary, ARE can also take care of monitoring the property's operations. Artificial intelligence can be used in monitoring operations, allowing ARE Cloud to learn the property's behaviour and react to changing conditions automatically and immediately.

Halpa-Halli cooperation expanded to automation solutions

The Finnish retail chain Halpa-Halli operates nationwide in 35 properties. The cooperation between ARE and the retail chain began as early as 2015 with building service maintenance agreements, and in early 2023, ARE also took over responsibility for the chain's refrigeration systems. The agreement on the deployment of ARE Cloud was signed at the turn of the year 2022-2023 and installation work is currently underway throughout Finland.

"We have invested in energy efficiency in our properties, and ARE Cloud plays a significant role in the energy savings that we have achieved. Our own everyday life is made easier when it is possible to easily monitor the energy consumption of properties on a single display. The service offered by ARE matches our property strategy, which aims to centrally perform comprehensive property management. With ARE Cloud, we covered the different systems in our different properties," says **Joonas Kontio**, Property Manager at Halpa-Halli.

One example is newly renovated properties, where operations are closely monitored in the initial phase.

"Among other things, it is very easy to follow up on how the reinstalled machines are starting up at the sites on the phone throughout the day. Focusing on energy-saving solutions pays, as emission reductions can be achieved in the long term. ARE Cloud makes it easier to monitor the situation of our properties across Finland."

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Enerz and ARE reduce Ideapark's district heating needs in Lempäälä by 50 per cent

The first joint energy project between ARE and Enerz was completed in late 2022 at Ideapark in Lempäälä. ARE took care of the project's heating, ventilation and plumbing contract.

The project included renovating Ideapark's building automation system and building an energy recovery system based on heat pumps to harness waste energy.

Ideapark's annual district heating need will be halved from over 6,000 MWh to less than 3,000 MWh. The savings from district heat alone equal the heating energy requirements of around 310 homes on an annual basis. Electricity consumption will decrease by approximately 650 MWh per year. Ideapark will reduce its annual carbon dioxide emissions by more than one million kilogrammes. The conditions in the shopping centre will also improve.

Pumps to the roof with giant cranes

Jesse Petäys from Enerz says that water cooling systems were replaced with air-to-water heat pumps. In addition, internal energy loads are circulated with heat pumps and the fans in the air supply units were replaced with EC fans.

ARE's heating and water pipe contract started in spring 2023. In the autumn, giant cranes were used to lift

The five-tonne pumps were lifted by the largest cranes in Finland.

air-to-water heat pumps onto the roof of Ideapark. The floor area of the two-storey property is more than 104,000 square metres. The pumps were placed in the middle of the roof, resulting in a lifting radius of one hundred metres up to a height of ten metres.

Petäys praises the uncomplicated cooperation with ARE's Tampere unit. He says that the service and maintenance offered by ARE at the sites at the end of the projects makes sense when the equipment and systems are already familiar to the professionals.

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Swedish relocation and recycling project



Saving heating energy equivalent to consumption of five apartment blocks

ARE designed and implemented the energy renovation of the Prisma supermarket in Seppälä, Jyväskylä. Heat pumps provide considerable savings simply by recycling energy.

The Prisma in Seppälä is Jyväskylä's newest and largest Prisma outlet, with a gross floor area of 40,000 square metres. With an energy recovery system based on heat pumps, it annually saves heating energy equivalent to the heating energy consumption of five medium-sized apartment blocks.

Heat recovery from refrigeration condensate was already built into the property during the construction phase. ARE was selected to implement the project in which the energy bound to the exhaust air in the car park and other heat sources are used to heat the property.

Riku Raitava, Project Manager at SOK Kiinteistöässä, says that energy efficiency projects are one way of pro-

” The COP of the Seppälä Prisma heat pump of 5 means that 5 kilowatts of thermal energy can be produced with the consumption of one kilowatt.

moting the entire S Group's goal of its own operations being carbon negative. The environmental impact is reduced, as lower energy consumption also reduces the carbon footprint of properties during their life cycle.

Harnessing waste energy

Tuomas Hokkanen, Unit Director at Are, explains that there are a lot of wasted energy sources in new properties, too, and recycling them can save a lot of purchased energy. Energy recovery projects

can reduce carbon dioxide emissions from heating by as much as 90 per cent.

The COP (Coefficient Of Performance) of a heat pump indicates how efficiently the consumed electrical energy is converted into thermal energy. For the Prisma in Seppälä, it is 5, which means excellent.

Carbon footprint and carbon handprint

Renewable diesel

CO₂ Datahub project

Reporting of environmental observations

Environmentally friendly Koskikylmä district cooling

ARE Cloud

Ideapark energy project

Shop energy renovation

Swedish relocation and recycling project

Sustainable property solutions: ARE and Climat80

Climat80 Group moved to a shared property with ARE in southern Sweden. Several offices in the Malmö and Lund region were replaced by a large property in Arlöv, located within good public transport connections, serving more than 400 employees of the ARE Group. The move and office furnishing project became one of the largest recycling projects in Southern Sweden.

The move to the new property was carried out economically in one phase, without interim storage. All 120 workstations and shared office spaces are furnished with recycled furniture and recycled materials, including textiles made from 100% recycled plastic. Finding uniform furniture for such a large number of workstations required flexible solutions, but the move could be carried out optimally, says **Philip Axelsson** from Cirkulär Interiör, the company responsible for the design. Reupholstering the office chairs and cleaning and finishing the meeting room tables gave a new lease of life to the furniture. At the same time, the style was harmonised. The measures resulted in financial and environmental savings. Unnecessary furniture and furnishings were transferred to aid organisations, such as the Red Cross.

The floor area of the office property

is 6,100 square metres, of which 360 square metres of office space has been reserved for business purposes. The spacious property has spaces for communal areas that promote interaction and community, a gym and a restaurant. A modern and spacious working environment aims for close cooperation between different business functions and units. The parking place has charging facilities for 28 electric vehicles and the building services system ARE Sensus® will be installed in the property.

According to Climat 80's CEO **Emil Silverberg**, the new energy solutions, LED lighting, automation and ventilation of the property contributed to its selection. Waste recycling, electric vehicle charging points and the possibility of deploying Sensus were also important factors.



Photo: Cirkulär Interiör

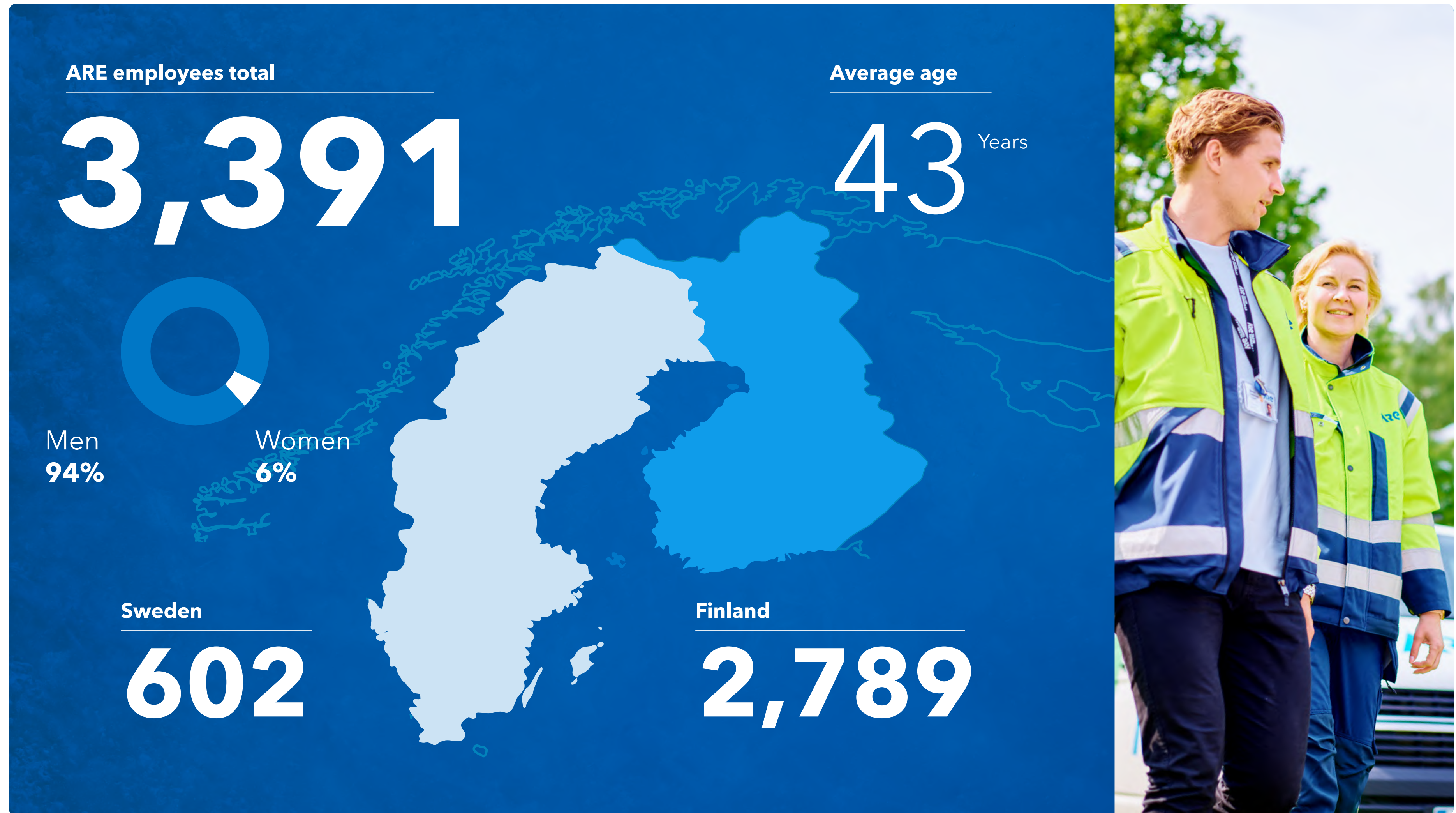


Social responsibility

**ARE people building
the joy of success**

ARE

Personnel 2023



Employee experience 2023

Committed and highly competent ARE employees enable our success. We invest in continuous learning and develop our operations to become more customer-oriented. We are committed to providing an encouraging working environment where every employee feels appreciated and has the opportunity to develop and be themselves.

Induction training

68 %
(67)

have been inducted into their work duties in a documented manner.



eNPS

7

The Employee Net Promoter Score (eNPS) is the net employee referral index. It indicates how willing ARE employees are to recommend the company as a place to work to their friends or colleagues.



Training days

1.2 /person
(1.3)

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



Online courses taken

12 781 pcs
(15,758)

ARE employees have access to some 70 in-house online training courses and online courses from SovoltoEasy/Eduhouse and Academy of Brain.



We build a culture of sustainable work

At ARE, the goal of sustainable work is to be able to work and to work safely throughout the career. The fluency of work is supported by proactive tools and challenges in the work are addressed at an early stage. The employee, supervisor and the working community are all active promoters of sustainable work.

The preventive safety work yielded results and ARE's accident rate fell by more than 16 per cent year-on-year. We made a record-high number of safety observations (23,918) and job-specific risk assessments.

In order to promote well-being at work, we implemented Prevenia's health coaching programmes and a well-being at work project on the theme of mind and work, among others, in 2023. The aim of the projects is to increase ARE employees' well-being at work and to provide working communities, employees and supervisors with tools to ensure sustainable work.

All ARE supervisors are trained in sustainable work management and early support discussions. The fluency of work is supported by proactive tools and challenges in the work are addressed at an early stage.

Safety observations

23,918 pcs (16,197)



Accident frequency rate

7.8 pcs /one million hours worked
(9.3)

Sickness absence

5.5 %

We invested in the well-being of ARE employees and in preventing sick leave.





The aim is to work and travel safe

ARE and Liikenneturva want to reduce the number of accidents that occur during commuting and business trips.

Due to the nature of the work, ARE employees travel a lot between work sites. We recognise our responsibility to develop our own ways of working, while we encourage all ARE employees to travel more safely in traffic. Our cooperation with Liikenneturva began in late 2022. We started with a survey aimed at our employees in Finland to find out the baseline for travel safety. The responses provided us with important information about the themes and measures that ARE needs to focus on when it comes to travel safety.

Of the almost 450 respondents to the survey, 77 per cent stated that their work involves travel on a weekly basis. During the last two years, potential hazards in traffic were caused by, among other things, poor road and weather conditions (48.6 per cent), the behaviour of other road users (43.7 per

cent) and the need to hurry (34.2 per cent).

However, 99 per cent said that their own choices can influence the safety of travel. According to ARE's Safety Manager **Mikko Tiainen**, this was a sign that there is a need to invest in communication and reminders about travel safety.

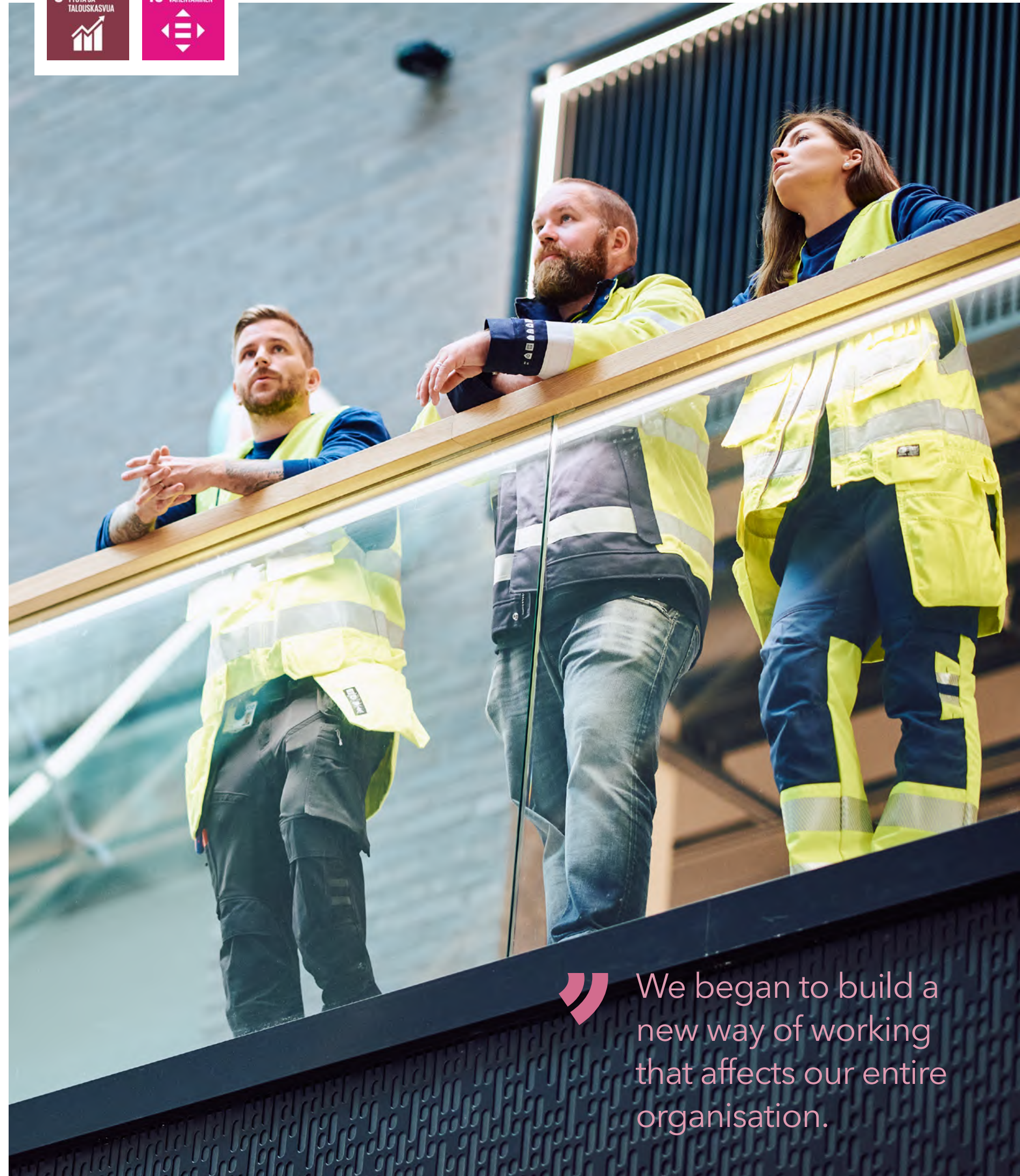
Communication according to the themes of the annual plan

Based on the topics that emerged in the survey, ARE compiled an annual plan for travel safety, and its changing topics are regularly communicated to the personnel. Monthly themes include paying attention to schoolchildren returning from summer holidays in traffic, using reflectors and bicycle lights and using anti-slip shoes.

This year, we will continue to communicate strongly about commuting

safety, develop the investigation of commuting accidents and introduce a travel safety guideline. In addition, we will expand the competence of occupational health and safety delegates in matters of commuting safety. When it comes to travel safety, as with everything safety-related, the keyword is anticipation.

By thinking ahead in traffic, a good driver does not end up in situations that only a skilled driver can cope with.



“ We began to build a new way of working that affects our entire organisation.”

Towards more effective working capacity management

ARE invests in employee well-being and a culture of sustainable work. Work in the industry is physically demanding, and the importance of occupational safety and the prevention of musculoskeletal disorders are emphasised. At ARE, coping at work and support in mental well-being issues are also important areas of working capacity management.

ARE saw a need for developing occupational health care. The aim was to develop cooperation in occupational health care by investing in the uniform quality of occupational health care nationwide. In addition, the aim was to achieve more effective working capacity management.

Through competitive bidding, the consulting and coaching company KOHO Consulting Oy was selected as ARE's partner. KOHO reviewed ARE's occupational health cooperation models and working capacity management practices, and interviewed various personnel groups and occupational health account managers. The third-party review was able to create an overview of the strengths and delve deeper into the topics that require development.

Based on the analysis of the current situation and proposals, it was easy for us to start building a new way of working and support the sustainable work of ARE employees more effectively. **Laura Alalauri**, HR Manager, Wellbeing and Work Ability at ARE says that the analysis confirmed the existing notions. KOHO Consulting professionals delved deeper into the themes and significantly enriched the perspectives.

Aim for better support for supervisory work

The main themes that emerged were customer account management and resource allocation, nationwide operations and customer experience, as well as contractual aspects such as cost predict-

ability. As a nationwide company, ARE wants to focus on local cooperation and ensure consistent collaboration forums and effective occupational health cooperation.

The aim of ARE's new occupational health cooperation action plan is to get even better support from occupational health specialists for supervisory work in the themes of working capacity management. Workplace surveys are also being revised to achieve greater impact. The emphasis on proactive working capacity management, the active use of the early support model and opportunities to modify the work at different stages of the career are prerequisites for continued success in the long term.



Long careers are a thing at ARE

Chamber of Commerce merit badges are annually distributed to ARE employees with long careers. In 2023, merit badges were given to 116 employees, and awarding ceremonies were held at several ARE locations.

At the event at the head office in Vantaa, ARE's CEO **Jarno Hacklin** handed the merit badges. Hacklin reminded everyone that the tradition of awarding merit badges began in the family-owned company as early as during the years of **Erkki J. Toivanen**. Both the Chair of ARE's Board of Directors, **Maarit Toivanen**, and Conficap's CEO **Erik Toivanen** consider it important to continue this valuable tradition that their father and grandfather started.

In 2023, three persons with 40-year careers and five with 30-year careers were awarded the gold and silver badges, respectively. 30 persons earned the silver badge for their 20-year career, and 78 ARE employees earned the bronze badge for a 10-year career.

“ The average length of ARE employees' careers is 9 years and 3 months. ”



ARE is the main partner of the Responsible Workplace 2024 community

ARE has long been part of the Responsible Summer Job community, but is now becoming the community's main partner for the first time. The community includes more than 400 organisations, 35 expert partners and more than 250,000 employees.

The sustainability principles of Oikotie's Responsible Workplace community include respect for job applicants, proper induction training, development opportunities at work, equality and seeing to well-being.

ARE shares the principles of sustainability in its values and day-to-day activities, and considers it important to be involved in developing our industry's working life in a more responsible direction. According to a study commissioned by Oikotie in 2022, 59 per cent of Finns consider the employer's sustainability an important criterion when choosing a workplace.

A man with short brown hair and a light beard, wearing a blue t-shirt and a bright yellow high-visibility safety vest, is looking directly at the camera with a slight smile. The background is a blurred industrial or construction site with white structural elements.

Governance

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

ARE

Company structure

ARE is part of the Conficap Group. At the end of the financial year, ARE Group comprises the Swedish subsidiary ARE Sverige AB and the Latvian subsidiary Enerz SIA.

ARE Sverige AB is the parent company for Kungälv's Rörläggeri AB and Climat80 AB. Inter El AB is a subsidiary of Kungälv's Rörläggeri AB. Climat80 AB's subsidiaries are AB Stjernfeldts VVS, Climat 80 Entreprenad AB, El Fastighets-service Syd AB, Kylklimat i Malmö AB and Lunds Värme & Sanitet AB.

Enerz SIA's subsidiaries are Enerz Oy and Enerz UAB.

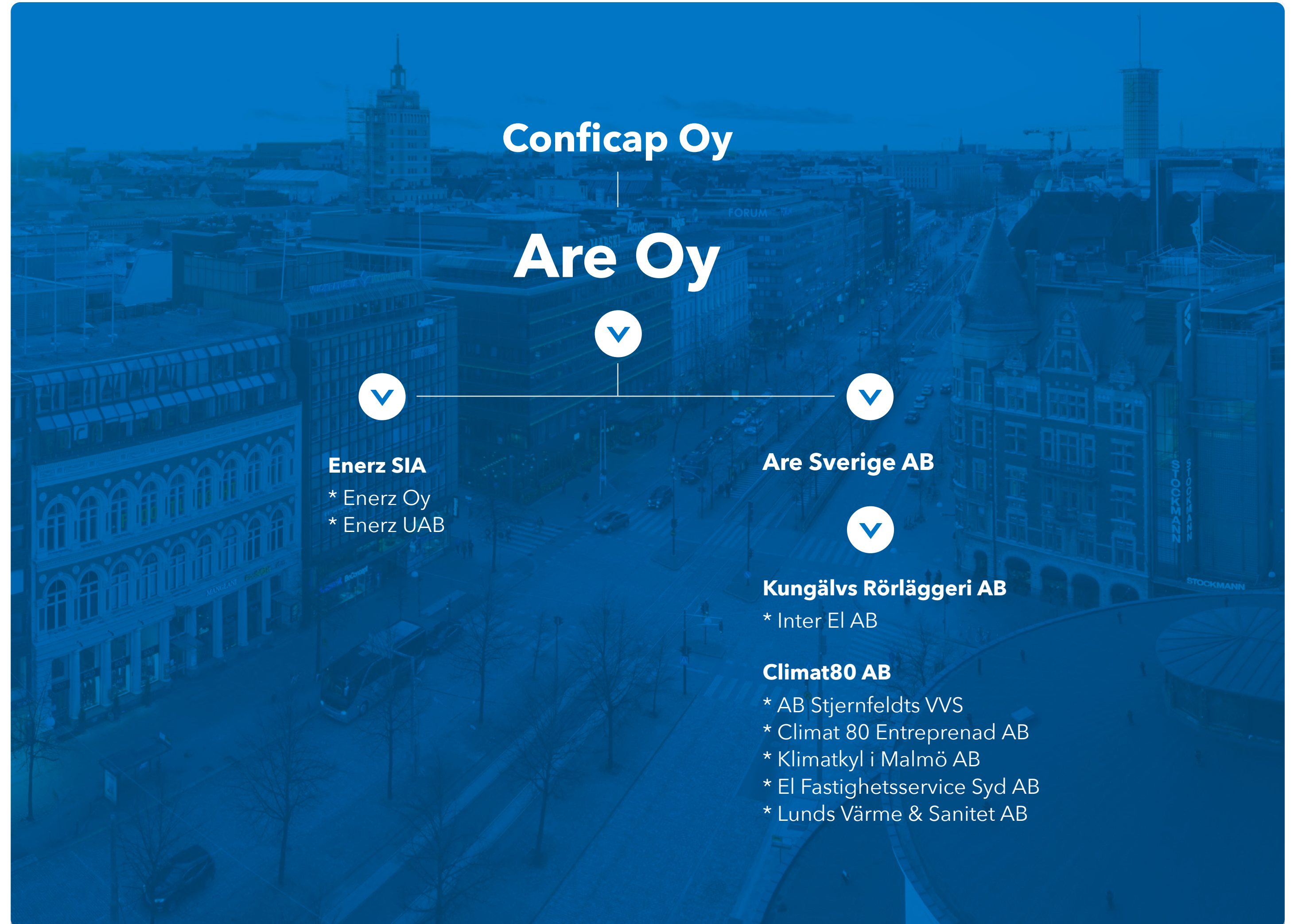
Kylmä-2000 Oy, acquired in spring 2021, was merged in April 2023 as part of ARE Oy's Services business special technologies.

The Enerz Group was acquired in January 2023 and the companies were merged on 31 December 2023, with Enerz Pirkanmaa Oy and Enerz Var-sinai-Suomi merged into Enerz Oy and Enerz HVAC into Enerz SIA.

A century of building services

Conficap, the parent company of the ARE Group, is a major Finnish family-owned company. Conficap has over a century of experience as a committed owner. The Finnish company has been owned by the same family since it was first established.

In August 2023, the fifth generation of the family took over the Group management when **Erik Toivanen** was appointed as the CEO of Conficap. **Maarit Toivanen** will continue as Chair of the Board of Directors of the Conficap Group.

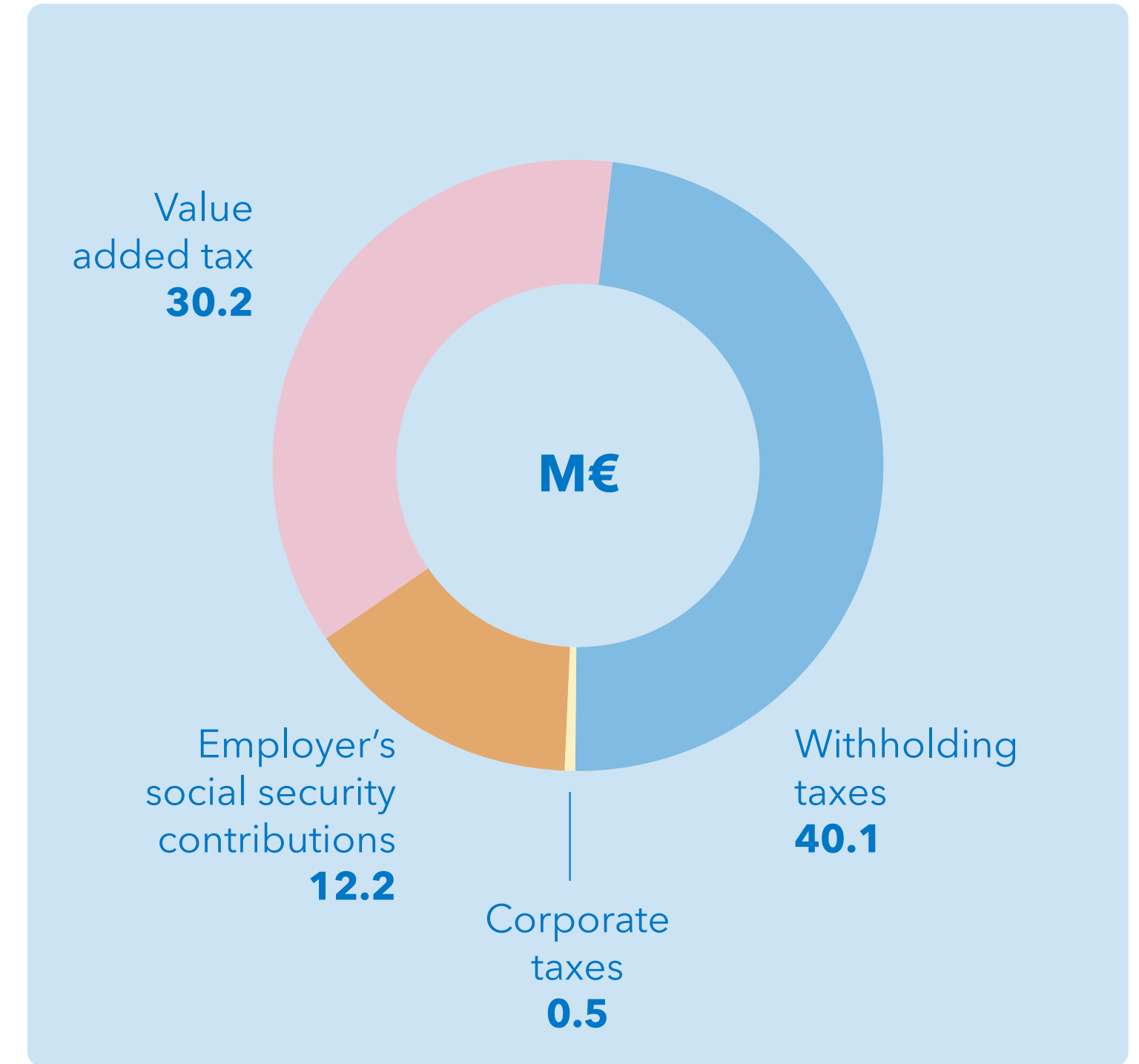
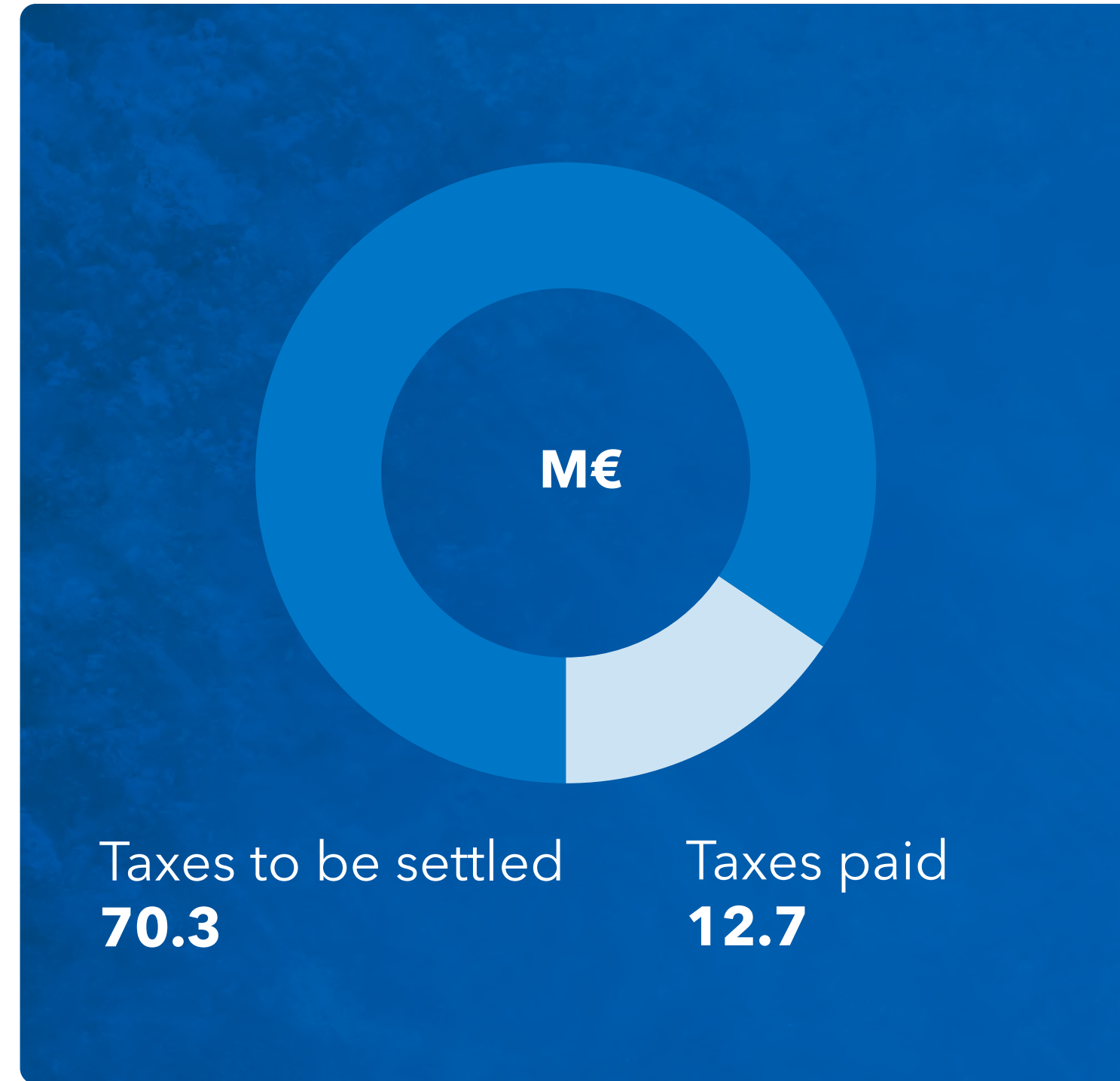


Tax footprint

ARE pays taxes in accordance with the tax laws of the countries in which it operates. The ARE Group's tax footprint in 2023 was EUR 83 million.

A company's tax footprint describes how much tax revenue a company generates for society as a result of its operations and how the tax impact is distributed across countries. We are committed to responsible tax management.

To illustrate the impact of the ARE Group's tax footprint, it could be used to offer basic education to around 8,000 children in Finland for a year.



* The figure is based on the Board of Education's calculation that the cost per pupil was EUR 10,300 (in 2022).





Building materials for a good customer experience in 2024

The new year has brought an exciting start for ARE as we enter a new strategy period. Customer experience has been elevated as one of the driving forces behind our strategy. We are now investing even more in listening to our customers and understanding their needs, as we know that they play a key role in creating a good customer experience,” says **Tomi Virola**, Customer Experience Director at ARE.

We would like to thank all of our customers who took part in the customer experience survey last autumn. Your valuable feedback and our revised surveys have provided us with an excellent springboard to improve our customer experience work. We are pleased to see that our people’s service attitude and professionalism have been ranked high in the results, but at the same time, we identify clear areas for improvement in terms of activity and proactiveness.

In Finland, ARE’s NPS for 2023 was 15 and for the entire Group 20. We have humbly received the result and are now embarking on a joint journey to improve the customer experience towards an even better tomorrow.

Making the customer’s voice heard

The customer’s voice is of paramount importance to us. We want to deepen our customer understanding and listen more sensitively to our customers’ expectations and needs. In addition to the broader customer experience survey, we will also be introducing pulse surveys this year to help us react more quickly to our customers’ needs and wishes for improvement. Our goal is to make it even easier to do business with ARE by listening to our customers in a more up-to-date manner.

We have also launched a strategic development program involving ARE’s business units. With this programme, we

join forces to find new ways to improve the customer experience. We have a strong commitment to this work from the Management Board level down. We believe that this will result in a more consistent operation for our customers.

What is good customer experience?

There is no single exhaustive answer to this question, but we see a number of factors behind good customer experience that we need to offer in a timely manner. Professional building services expertise and high quality, friendly behaviour, listening, customer orientation, demonstrating expertise and quick response – we already have these elements in place and will further strengthen them next.

Together, we will improve our customer experience skills and create even better encounters with ARE!



ARE ensures sustainable supply chains

Sustainability is an important part of ARE's operating culture and strategy. In addition to its own day-to-day operations, ARE also requires sustainable choices and behaviours from its partners.

ARE's agreements include a clause whereby suppliers and subcontractors commit to ARE's sustainability principles and Code of Conduct. In addition, service providers and subcontractors are required to be members of Vastuu Group Oy's Reliable Partner programme.

In addition to the our Code of Conduct being included in our procurement contracts, we separately sent out our Code of Conduct to nearly 300 of our largest suppliers at the end of the

year to sign. So far, around 96 per cent of them have committed to following our guidelines and supervising their own business partners' operations.

According to ARE's interim procurement director **Mikael Väisänen**, infringements against the Code of Conduct always constitute a serious and material breach of agreement that may lead to the termination of the agreement and liability for damages. Compliance with the guidelines is ensured through regular audits.

Environmental aspects are also emphasised in procurement

Taking lifecycle sustainability into account in procurement requires a comprehensive approach that covers the entire life cycle of the product or service from origin to end use and disposal. Emissions from the production and transportation of materials can vary greatly depending on the raw material, its origin and the production process.

ARE also strives to reduce emissions from its own operations. For example, ARE has switched the fuel used in its production vehicles to renewable diesel, and the electricity contracts of the sites have been upgraded to carbon-free energy.

ARE strives to build long-term partnerships with suppliers and subcontractors that share its values and are committed to sustainability. This allows developing the collaboration and finding better solutions together.

ARE excelled in industrial supplier assessment

ARE has achieved excellent results with regard to the quality of operations and the development of working capacity, safety and environmental aspects.

ARE is a service partner for many large industrial companies. ARE's goal is to be the most responsible partner, and the company is committed to taking responsibility for its impact on the environment, people and society.

Partnership requires proof that ARE's operations, occupational health and safety and environmental issues are of a good quality. In Kiwa Inspecta's supplier assessment, ARE received a total of 591 points on a scale of 0-750. The result

corresponds to excellent performance in all areas: occupational health and safety, environmental aspects and quality performance.

Official HSEQ® supplier

Following the result, ARE became an official HSEQ® supplier. The HSEQ® cluster managed by Kiwa Inspecta includes several Finnish industrial and energy companies. The cluster allows companies to centrally manage the per-

formance of the suppliers.

ARE's Quality and Environment Manager **Anita Mäkelä** explains that many members of the cluster require an HSEQ® assessment from all of their suppliers and they can request the assessment of a specific supplier company in any country. In other words, this is a client-ordered supplier assessment by an independent assessment body. The results are valid for three years and are always available to members of the HSEQ cluster.

» Kiwa Inspecta's supplier evaluation gave ARE a total of 591 points, which is an excellent result. Following the result, ARE became an official HSEQ® supplier.



ARE Sponsorship supported the promotion of the well-being of children and young people in particular

ARE Sponsorship has been working for well-being and sports since the end of 2022. Through the responsible sponsorship programme, ARE focuses on support and collaboration initiatives that are relevant to both business and sustainability goals. They already numbered 40 in the first year.

During the year, we have created collaborations and been able to support hard-working and diverse talents and enthusiasts all over Finland.

The reason for the introduction of ARE Sponsorship was our desire to be responsible and transparent in our support choices. We want to create long-term value for our customers, our employees and society as a whole. As part of our social responsibility, we donate money to causes that support our sustainability programme.

According to **Maiju Nupponen**, Senior Vice President, Communications and Sustainability at ARE, the sponsorship programme was very positively

received. During the first year of operation, almost 150 parties applied for ARE Sponsorship, and ARE supported 40 of them.

It is important to ARE to distribute sponsorship as evenly as possible, not only between sports, culture and non-profit causes, but also between genders and different age groups. When it comes to sport, the choices focus on children's and young people's sports activities and well-being.

ARE employees donated their Christmas gift to Save the Children

Similarly to last year, ARE employees could decide on the Christmas donation for 2023. The voting at the end of the year included seven charities, among which ARE employees chose an important one.

Almost 800 ARE employees took part in the vote. Save the Children Sweden collected the most votes, with a total of 266 votes, having kept the number one position since the start of the vote. The association was also selected as the recipient of ARE's Christmas donation on Christmas 2022. ARE donated EUR 10,000 to Save the Children.



Management Board 01/2024



JARNO HACKLIN
CEO



MATS DANIELSSON
CFO



ANNE PIIPARINEN
Business Area Director,
Projects



JYRI SEPPÄNEN,
Business Area Director,
Services Southern Finland



ARI KINNUNEN
Business Area Director,
Services Eastern and Western Finland



MIKAEL VÄISÄNEN
interim procurement director



TONI HAUTAKOSKI
HR Director



TUOMAS SANTALA
SVP, Legal and Compliance



MAIJU NUPPONEN
Senior Vice President, Communications
and Sustainability



PETER RAMSTEDT
CEO, ARE Sverige

Henry Keihäs started as ARE's CIO on 13 February 2024

Extended Management Board



RENE ZIDBECK
CEO,
Enerz



LAURI PÖNNIÖ
Director,
Service Management Office



KATJA PEKKANEN
Director,
Project Management Office



PEKKA WIROLA
employee
representative



MARJA IHALAINEN
employee representative



TOMI VIROLA
Customer Experience Director

Board of Directors 01/2024



MAARIT TOIVANEN

b. 1954, vuorineuvos, D.Sc. (Econ) h.c.

Chair of the Board

Member of Onninen Oy Board 1998-2000

Chair of Onninen Oy Board 2000-2015

CEO of Onvest Oy 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

b. 1974, M.Sc. (Econ)

Member of the Board

Member of Conficap Oy Board 1 April 2022-

Member of ARE Oy Board 14 September 2022-



LASSE HEINONEN

b. 1968, M.Sc. (Econ)

Member of the Board

Member of Conficap Oy Board 8 January 2024-

Member of ARE Oy Board 2018-2018 and 8 January 2024-



HANNU KEINÄNEN

b. 1969, M.Sc. Electrical engineering

Member of the Board

Member of Conficap Oy Board 8 March 2023-

Member of ARE Oy Board 8 March 2023-



HENRIK KOIVISTO

b. 1997, BBA

Member of the Board

Member of Conficap Oy Board 22 March 2019-

Member of ARE Oy Board 14 September 2022-



MARTTI KOIVISTO

b. 1994, PgD Finance

Member of the Board

Member of ARE Oy Board 2018-

Deputy member of Conficap Oy Board

26 March 2021-14 September 2022

Member of Conficap Oy Board 14 September 2022-



ERIK TOIVANEN

b. 1986, PgP Real Estate Business

Member of the Board

Member of ARE Oy Board 2018-

CEO of Conficap Oy 1 September 2023-

Member of Conficap Oy Board 14 September 2022-31 August 2023

Deputy member of Conficap Oy Board 26 March 2021-14

September 2022



TOMI VENTOVUORI

b. 1976, DTech

Member of the Board

Member of Conficap Oy Board 1 April 2022-

Member of ARE Oy Board 14 September 2022-

ARE

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