CONSTI







Sisällys



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1 INTRODUCTION

1.1. CONSTIPLC

Consti Yhtiöt Plc (until 15 April 2020 Consti Group Plc) is one of the leading companies in Finland that focus on renovation and technical building services. Consti offers housing cooperatives, companies and public agencies an extensive range of services in building services engineering, facade and plumbing renovation, remodelling and other renovation work. Our offering also contains service contracting and maintenance and upkeep services.

The parent company of the group is Consti Plc. The parent company has two subsidiaries that it owns in full: Consti Korjausrakentaminen Oy (Consti Renovation) and Consti Talotekniikka Oy (Consti Building Services).

In the new organisation model that was introduced in February 2019, the business operations of the group are divided into four areas based on customer types: Consti Housing Cooperatives, Consti Companies, Consti Public Agencies and Consti Building Services. At the end of 2019, Consti had offices in Helsinki, Tampere, Turku, Oulu, Lahti and Hämeenlinna. Consti only operates in Finland.

For 2019, the revenue of the Consti Group was some 315 million euros and the average number of employees was 1 037.

Consti Plc has been listed on the main list of the Helsinki Stock Exchange since December 2015.

1.2. LEADERSHIP AND CORPORATE SOCIAL RESPONSIBILITY

Consti's mission is to increase the value of building stock and improve people's lives with top-tier renovation expertise. Client and partner satisfaction and the well-being of our employees form the foundation for our operations. In accordance with the company vision, the Consti employee is passionate about repairing and developing the constructed environment sustainably and intelligently.

Buildings are renovated when their structures or building services equipment require it. As we renovate a property, we nearly always also improve its energy-efficiency, indoor air quality and comfort of use with regard to accessibility and safety, for example. Preserving or even returning a building's original look and architecture is now becoming a feature of more and more renovation projects. In addition to expertise in construction and building services, Consti is also experienced in remodelling and repurposing projects where offices are turned into apartments, for example. The factors that are driving the need for repurposing are urbanisation, increasing migration and Finland's aging population.

Responsible action is an integral part of Consti's strategy. This strategy contains such goals as getting involved in the value chain of renovation even more comprehensively and participating in the development of new healthier, safer and more efficient methods and technologies that help reduce the load on the environment.

Consti aims to act responsibly in all of its operations. At Consti, conducting business responsibly means openness, honesty and reliability. It means participation in the development of the entire industry, and being responsible for our own staff and the staff of our partners, as well as for our clients and the end users of the buildings we are working on. By acting responsibly we aim to reduce environmental risks, risks related to the grey economy and other risks related to safety and human rights. Our risk management procedures are discussed more thoroughly in Consti Plc's annual report and on the company website at

 $\underline{https://investor.consti.fi/en/corporate-governance/}.$

Responsibility is an integral part of business management, which is handled by Consti's management group. The management group defines the guidelines and concrete measures related to responsibility and ethics. Their decisions are enacted by branch management



ers. Consti's safety group and experts in development, communications and HR are also involved in the coordination, instruction and development concerning matters related to responsibility.

1.3. REPORTING ON SOCIAL RESPONSIBILITY

Consti has been publishing corporate social responsibility reports since 2014. The first report was preceded by social responsibility work based on the ISO 26000 standard. This work resulted in the definition of Consti's four most crucial social responsibility-related themes, which are as follows:

- 1 Health and safety
- 2 Work practices
- 3 The environment
- 4 Values and ethics

This corporate social responsibility report presents the principles of Consti's responsible business operations and offers information on how everyday work is conducted responsibly. Reporting on social responsibility has also fostered the development of responsible business operations. This report was created by Consti's communications team according to guidelines from the management group.

Companies on the stock exchange list are obligated to report on more than just financial information. The non-financial information companies are required to publish includes information on environmental aspects, corporate social responsibility, staff issues, adherence to human rights and the prevention of corruption and bribery. This corporate social responsibility report also covers this statutory non-financial information. Furthermore, the non-financial information for the year 2019 has also been reported as part of Board of Directors' Report included in the Annual Report 2019.

	Health and safety	Professional practices	Sustainability and the environment	Values and ethics		
Staff of Consti and partners	We offer a safe and healthy work environment.	We take care of employee orientation and the development of their expertise and develop our business together.	We increase the environmental consciousness of our employees and minimise the harm caused by construction sites.	We are ethical operators and treat everyone equally, and we demand the same from our partners.		
Tenants and users of buildings	The health and safety of users is paramount at both construction sites and in the completed facilities.	We train our staff to take tenants and building users into account.	We promote the sustainable use of buildings with basic repairs and preventive maintenance.	We are ethical and exemplary in our behaviour towards the tenants and users of the buildings.		
Society	We improve the constructed environment with regard to health, safety and function.	We prefer permanent employment relationships and support on-the-job learning and offer traineeships in different parts of Finland.	We improve the energy-efficiency, service life and usability of the constructed environment.	We influence the development of ethical practices and quality across the entire construction sector.		





2.1. STAFF - WE OFFER A HEALTHY AND SAFE WORKING ENVIRONMENT

The importance of safety is highlighted in the construction industry

The employer's responsibility for the health and safety of the working environment is especially important in the construction industry where the risks of accidents and occupational diseases are high.

Consti's Safety Group is responsible for coordinating safety operations of the entire Consti Group and it meets every two months. The Safety Group is chaired by one of the branch managers and consists of Consti's HR director, staff security manager and occupational health and safety managers. The Safety Group evaluates dangers at the company level and monitors how the measures taken to improve safety are working. A safe and healthy working environment is also fostered in branch-specific labour protection committees. Consti's management group also deals with safety issues in their monthly meetings.

Safety risks are classified into five categories with the help of classification from the Ministry of Social Affairs and Health:

- accident risks
- mental risks
- physical risks
- chemical and biological risks
- ergonomic risks.

Lately, our development efforts have been focused especially on reducing minor accidents that can be avoided with the use of personal protective equipment and by acting carefully. These efforts have resulted in such measures as the creation of updated PPE instructions for employees and processes for acquiring and maintaining them.

Occupational safety card and first aid training to become company-specific

Safety measures at construction sites play a crucial role in preventing accidents and many safety measures are statutory. The safety management at construction sites begins with a site-specific risk analysis and an evaluation of the dangers present in each branch of operations. Safety measures are described in the construction site's safety plan as well as in other plans for production and work stages, including district plans, project plans and task plans. When necessary, separate safety plans such as fall protection plans, hot work plans or demolition plans are created for critical work stages.

Supervising safety at the construction site is one of the crucial daily tasks of supervisors. At Consti we have paid special attention to scaffolding, worktops and general order at the site, which often prove challenging in renovation projects. The level of occupational safety at construction sites is reviewed in weekly occupational safety surveys (TR surveys) and the observed deficiencies are fixed immediately.

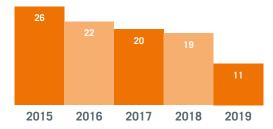
The Site Manager service enables us to conduct the TR surveys on mobile devices, which allows safety managers immediate access to their results so that they can be reported further. Site Manager also contains forms for making safety observations and reporting close call situations. Both Consti staff and third parties are encouraged to report safety deficiencies. Any employee or outsider within the sphere of influence of the construction site is able to report safety observations at the techavainto fi portal.

Employee orientation practices also play a central role. In addition to personal orientation, Consti also uses the ePerehdytys online orientation method that is commonly used in the industry.

Risks related to occupational diseases in Consti's operations include exposure to rock dust, which is prevented with measures defined in the construction site's dust management plan, and the use of epoxy, which is mitigated at Consti by adhering to protection instructions created in 2016. In demolition work there is also the risk of exposure to asbestos or other hazardous substances. In 2019 there were no reported cases of occupational diseases.

Consti monitors the accident rate on a monthly basis. The accident rate describes the relation between accidents and working hours. The rate is calculated as accidents per one million working hours. As per practices of the construction industry, an accident is included in the accident rate if it resulted in at least one sick leave day in addition to the day of the accident. In 2019, the accident rate at Consti was at a good level.

ACCIDENT RATES AT CONSTI BY YEAR:



We have already taken a lot of measures to reduce the accident rate in recent years and the work continues. For example, we have introduced a practice called accident discussion where the purpose is to discover the reasons that lead to the accident in question in more detail so that similar situations can be avoided in the future. In 2019 we updated our occupational safety card and first aid training practices to improve occupational safety. Instead of general occupational safety card training, our training focuses on dangerous situations that are typical for construction sites and the operations of Consti. The training required for the occupational safety card is now conducted at the construction industry's Turvapuisto, an occupational safety park where Consti has had its own safety area for some time now. All Consti employees, including summer employees, visit the park for training. Everyone who works at our construction sites must also undergo both safety card training and first aid training.

Our first aid training last for one day and focuses on typical first aid situations at construction sites, such as falls, stopping massive bleeding and electrical accidents. We also train our people to guide emergency care personnel to the injured person as quickly as possible. Approximately one fifth of construction site employees participate in first aid training each year.

Instructions on safety-related operation models can be found on our intranet and our detailed PPE instructions take into account the demands set by different work tasks. In addition to general operation models, each employee at a Consti site is obligated to use PPE equipment appropriately and maintain the safety of the working environment.

In addition to the prevention of accidents, moisture and dust management form a significant portion of the safety of renovation sites. Consti has models for moisture and dust management plans, and these plans are made on a site-specific basis whenever required. The need for these plans is discussed in the site's project plan or at the initial meeting at the latest. These plans depict the central risk factors and how they are to be prepared for: who is responsible for which task. The plans are updated and monitored throughout the entire project. The cleanliness and dust situation at the site is monitored in the weekly TR surveys.

Appropriate signs at a construction site are a significant factor in the occupational safety of the site. In 2019 we created general guidelines and a channel for the procurement of construction site signs.

Supporting employees' capacity to work

Fruitful cooperation with occupational health care and pension insurance companies is important in noticing and preventing problems related to employees' capacity to work. Employees' capacity to work is also fostered by the development of supervisory duties and taking appropriate care of all tools and equipment.

The effectiveness of the measures intended to promote capacity to work is monitored by steering groups formed between Consti, occupational health care providers and pension insurance companies.

Occupational health care services are joint activities based on the Occupational Health Care Act that help to prevent work-related illnesses and accidents and maintain and promote employee health, safety of the working environment and appropriate operation of





the work community. Consti's occupation health care is procured as an outsourced service and the treatment level agreed to in the service agreement is more comprehensive than the basic level that legislation requires.

In 2019, supervisory work focused not only on the shared operation models, but also on maintaining employees' capacity to work and early intervention in cases where it is observed that an employee's capacity to work has diminished. Consti employs an early support model for which we have created written instructions that have been distributed to the entire staff.

Consti also promotes the well-being of its staff with exercise and culture vouchers and by supporting the operations of Consti Urheilu Ry, a sports association founded by Consti staff. A shared sports hobby also strengthens solidarity among our staff.

2.2. TENANTS AND USERS OF BUILDINGS - THE HEALTH AND SAFETY OF USERS IS PARAMOUNT AT BOTH CONSTRUCTION SITES AND IN THE COMPLETED FACILITIES

Many of Consti's renovation targets are such that a part of the building remains in use throughout the renovation as apartments, offices or business premises, for example. Consti takes care of keeping the facilities safe for the users, appropriate communication and minimising the harm caused by the renovation work. This usually involves managing noise, moisture and dust. Safety also involves taking care of access pass practices.

Moisture management during renovation is also important for the future use of the building. The focus is on preventing moisture from getting into the structures, ensuring that adequate drying periods are adhered to and storing materials so that they are not exposed to moisture. It is also important to ensure that no harmful substances are left on the completed structures. Air ducts, for example, are capped off for the duration of the renovation and cleaned before.

One goal of renovation and building services solutions that is becoming more and more common is improving the indoor conditions of the building. Measures related to indoor air quality are depicted in the plan documents of the targets and the environment and dust management plan of the construction site. As a responsible operator, Consti reviews these plans and contacts the client in the event that the plans or the way they are to be realised contain solutions that endanger indoor air quality, for example.

The developing intelligent features and interfaces of building systems improve the way facilities and spaces may be used, if they are utilised properly. In large renovation projects Consti designs the use of the systems and instruction for their maintenance together with the client and the user organisations. In housing cooperative renovations, Consti tells the tenants about the new solutions and their use in an info session held primarily at the initial stage of the project. In the Consti Kodikas (Consti Cosy) service model, the board of the housing cooperative and the tenants are given the opportunity to discuss their renovation needs and the building solutions that affect their lives with Consti experts even before the project plan is drafted. The Oma Consti (My Consti) service portal was remodelled in 2019 and it is used to inform tenants about the progress of the renovation work and it also allows them to correspond with our tenant services engineer.

Appropriate and clear signs are a significant factor in the occupational safety of a construction site, especially when parts of the building remain in use throughout the project. In 2019, we improved safety in this respect by creating general guidelines and a channel for the procurement of uniform construction site signs.

2.3. SOCIETY - WE ARE IMPROVING THE CONSTRUCTED ENVIRONMENT WITH REGARD TO HEALTH, SAFETY AND FUNCTION

The safety of housing and business premises has wide-ranging economic significance via illnesses and absences due to sickness, for example. The starting point of renovation projects is often the improvement of indoor air quality, especially in public buildings such as schools. Indoor air problems are often the sum of many factors and fixing them requires expertise in both construction and building technology services.

In 2019, Consti renovated many schools and developed a comprehensive building services package for temporary spaces as a new service. We delivered this new package to the temporary spaces required by the extensive renovations of Hyvinkää Hospital and several schools.

We are also improving on the safety and security of both housing and public facilities with modern locking and access control systems and by making the facilities and pathways more accessible. The growing need for accessibility is especially driven by Finland's aging population.

Rapid development of building services engineering and increasing automation and digitalisation have made the installation of building services more demanding, and at Consti we have taken this into account in the training of our staff and in the recruitment of new employees.





"CUSTOMER-ORIENTATION IS EMPHASISED IN RENOVATION WORK."

3.1. STAFF - WE TAKE CARE OF EMPLOYEE ORIENTATION AND THE DEVELOPMENT OF THEIR EXPERTISE AND DEVELOP OUR BUSINESS TOGETHER

The best talent

Acquiring the best talent is a crucial part of how Consti means to reach its growth targets.

We want to take care of the operating conditions and comfort of our motivated expert staff. In 2019, staff training focused on HR training for supervisors. In conjunction with our organisational reform we standardised many aspects of our operations, including processes related to the lifespan of an employment contract.

A staff survey that we conduct every two years has demonstrated that Consti employees are more committed to their work and their employer than average. This was also the result of the staff survey we conducted in December 2019. According to this latest survey, the fair and equal treatment of employees was perceived to be Consti's biggest strength on the group level. The survey also revealed targets for develop-

ment: improving the employees' opportunities to affect our operations and further development of practices, products and services.

Based on the previous survey, we have been working on improving interaction with regard to supervisory duties and streamlining the cooperation between the group's subsidiaries.

Consti prefers permanent employment relationships

It is Consti's principle to only enter into non-fixed term employ-

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ment contracts. At the end of 2019, some 96% of Consti's employment contracts were such contracts. The development of the proportion of fixed-term employment relationships in relation to all employment relationships may be viewed in **Appendix 1** of this report.

Grounds for fixed-term contracts include:

- substitutions
- seasonal nature of the job
- project nature of the work tasks
- summer employment
- traineeships
- employee requesting a fixed-term contract.

Recruitment is always based on the expertise required by the position

Consti adheres to the labour legislation and collective agreements in effect in Finland. Employment contracts are made in writing.

Consti operates on the principle of equality and discrimination is not tolerated. Employee recruitment is always based on the expertise required by the position

At the end of 2019, 11% of Consti employees were women, which is slightly above average for the industry. The average proportion of women in construction companies is approximately 9% in Finland.

04

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Standard annual training schedule

OCTOBER-DECEMBER

- Occupational safety card
- Emergency first aid
- Hot work card
- Software 1
- Schedule management 2

- Orientation of clerical workers

JULY-SEPTEMBER

- Occupational safety card
- Emergency first aidHot work card
- Supervisor training: Get a handle on labour relations
- Training on general contractual terms (YSE)
- Software 2

JANUARY-MARCH

- Occupational safety card
- Emergency first aid
- Hot work card
- Supervisor training: Get a handle on labour relations
- Training on general contractual terms (YSE)
- Schedule management 1

APRIL-JUNE

- Occupational safety card
- Emergency first aid
- Hot work card
- Software 1
- Orientation of clerical workers

- 3

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The orientation of new employees is an integral part of both occupational safety and becoming familiar with shared operation models. Consti has orientation instructions and materials for all employee groups. The materials take local and unit-specific methods into account while disseminating the same orientation content to all Consti units. The supervisors of new employees are responsible for their orientation and the supervisors have written instructions for this work. We also organise general orientation days 3-4 times a year.

Our equality and parity plans include measures to promote equality in terms of age, nationality, language, religion, conviction, opinion, political activity, union activity, familial relationships, health, disability, sexual orientation and gender. The plans contain details how these measures are to be realised and communicated and how their fulfilment is monitored. These plans are part of Consti's human resource strategy and they will be updated as necessary. The realisation of equality is monitored with staff surveys, among others means.

If problematic situations arise, employees may turn to their labour protection delegate, labour protection manager or shop steward. Inappropriate treatment is not acceptable and we have instructions for both preventing it and solving observed situations.

Consti requires that all of its subcontractors are entered into the contractor's liability register. Through this register, Consti will be automatically notified if a subcontractor has problems with taxes or other ambiguities that may have to do with the use of employees without work permits. Human rights and our opposition to the grey economy are discussed in more detail in the section Values and Ethics.

Good work is rewarded

Consti organises training for its employees to meet both current needs as well as strategic future needs. Each Consti branch handles their training plans and ensures that the training information is kept up to date. Training registers and information on the validity of achieved certificates are maintained in a HR system shared by the entire Consti Group.

In 2019 our staff training emphasised supervisor and safety training as well as training related to contract agreements.

Development discussions are a part of supervisory duties and they are an important management tool. Supervisors have instructions on how to hold and document development discussions. Construction site employees have a shortened version of the development discussion because their development discussions have the special challenge of often changing construction sites and supervisors.

Consti employs a performance bonus system for clerical workers with the purpose of committing staff to the company and encouraging them to strive for excellence by rewarding good work performance. The system has been set up for three occupational groups: fixed clerical workers, construction site clerical workers and project and installation managers and other comparable managers who are accountable for business results. The incentive scheme is based on both qualitative and financial goals.

The incentive scheme is also complemented by a long-term stock-based incentive programme. It offers key persons in the target group the opportunity to be awarded Consti stock when the annual bonus they receive from the performance bonus system (or half of the bonus) is converted into company stock. At the end of 2019, 57 key persons were included in the stock-based incentive programme.

Success is also rewarded on the construction sites. Best sites are rewarded in an annual competition between the sites using the following criteria: quality, safety, customer feedback, staying on schedule and finances. An employee may receive a personal bonus for best client feedback.

3.2. TENANTS AND USERS OF BUILDINGS - CONSTIEMPLOYEES UNDERSTAND AND LISTEN TO TENANTS AND THOSE WHO USE THE BUILDINGS WE WORK ON

At Consti we adhere to a customer-oriented approach and appreciate reliability, honesty, expertise, experience and eagerness to pick up different work tasks.

Customer-orientation becomes emphasised in many ways in renovation work when compared to new construction. The way Consti operates is to sit down with the client and discuss which goals are important for them and then include these goals into the performance agreement of the construction site staff.

Customer-orientation is also needed on construction sites because buildings are often repaired while they remain in use, at least partially. In addition to technical knowhow and troubleshooting ability, Consti employees are experienced in working in homes, offices and business premises and other facilities while constantly taking the users of the facilities into account. For example, the Riihimäki Citymarket we renovated in 2019 stayed open throughout the extensive renovation project. The noisiest work stages were conducted outside of the opening hours and we took breaks on the busiest campaign and event days.

The use of certified high-quality building products is essential in ensuring a high-quality outcome. Consti's purchasing guidelines and supplier agreements require us to use and deliver only generally accepted and CE marked and/or certified building products that are suited for the building target.

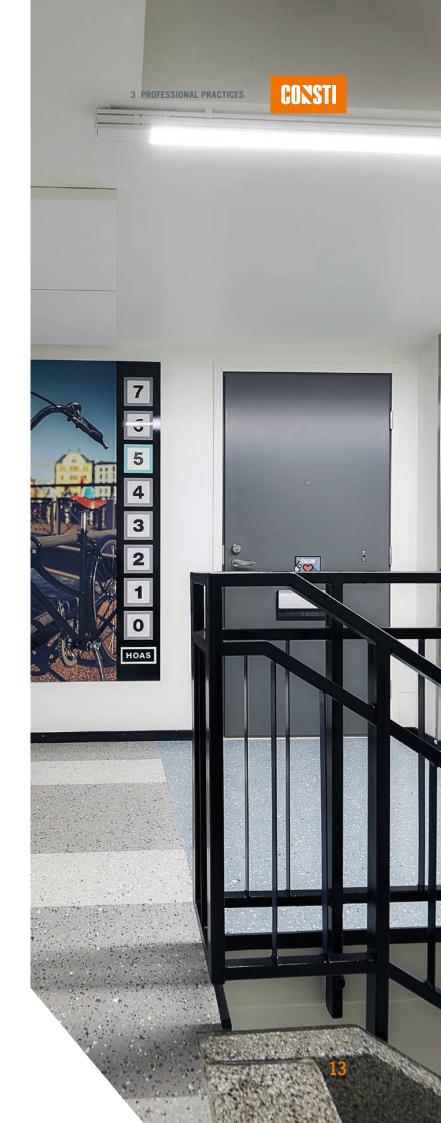
3.3. SOCIETY - WE PREFER PERMANENT EMPLOYMENT RELATIONSHIPS AND SUPPORT ON-THE-JOB LEARNING AND OFFER TRAINEESHIPS IN DIFFERENT PARTS OF FINLAND

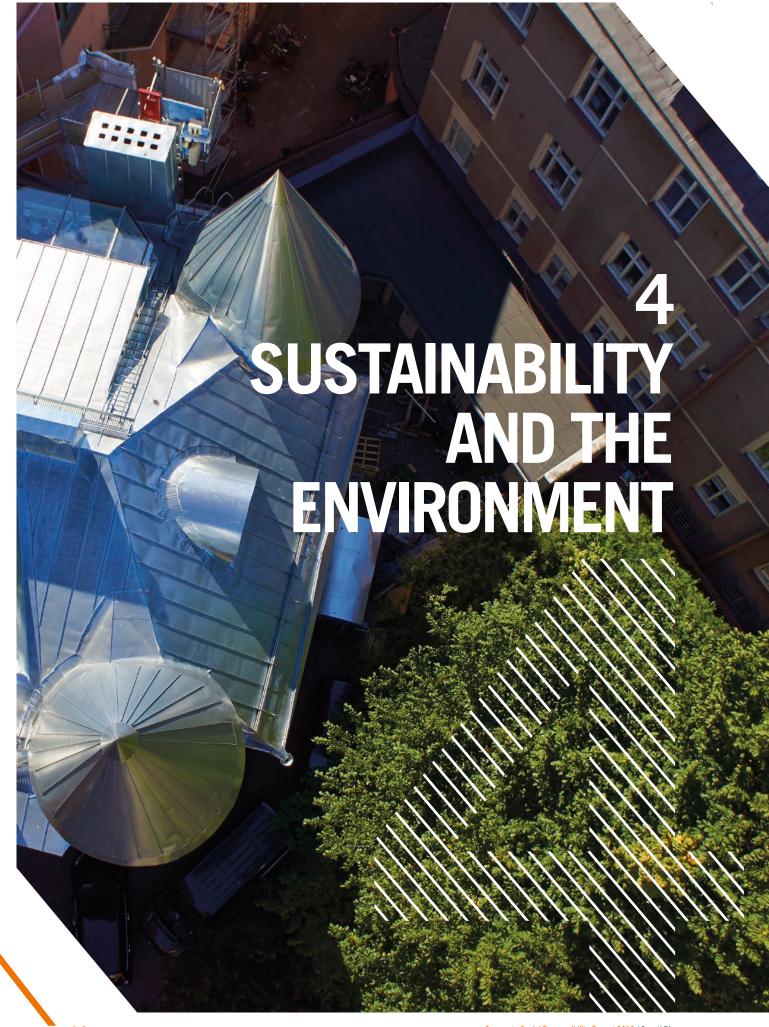
Consti is a nationally significant employer both in terms of its own staff and through its subcontractor network. In 2019, Consti employed 1 037 employees on average and at the end of the year we had 990 employees. Excluding trainees, 96% of the staff employed by Consti at the end of the year had non-fixed term employment contracts. Our permanent staff also includes many experts who have moved to Finland from abroad.

We aim to cooperate on a long-term basis with our great partners who are committed to excellence.

Over the course of the year Consti offered summer jobs or traineeships to one hundred students of the building trade, and we strive to offer permanent positions to those summer employees and trainees who perform well. Our cooperation with educational establishments also involves thesis work, lectures held by Consti representatives, training cooperation and joint development projects. Consti also supports student associations.

We are also developing the expertise in the industry with staff training and by supporting on-the-job learning.







Consti adheres to all legislation, regulations, permit conditions and other official decrees regarding the environment, construction and materials used in construction and their storage, recycling and disposal.

The most significant environmental risks in construction are formed by possible discharges of substances that are harmful to the environment. These discharges may result from the improper treatment of demolition waste or negligence in its disposal, for example. Construction activity may also result in noise, ground vibration and dust that affect the immediate surroundings of the site.

The management of environmental risks is an important part of Consti's strategy. It means that we prepare for possible risks and minimise harmful environmental impacts. Our risk management procedures are also discussed in our annual report and on the company website at

https://investor.consti.fi/en/corporate-governance/.

4.1. STAFF - WE MINIMISE THE HARM CAUSED BY CONSTRUCTION SITES

Consti strives to minimise the negative environmental impacts of its operations. These impacts mostly occur when a construction site is active. The vast majority of Consti's own energy consumption also takes place on construction sites.

Staff is encouraged to minimise environmental hazards by stressing the importance of material efficiency and waste sorting, for example, and by notifying people in the vicinity of the construction site of the possible hazards.

Minimising the harmful environmental impacts of construction sites means especially minimising the amount of noise, dust and waste resulting from construction site traffic, demolition work and the construction work itself, as well as treating hazardous substances carefully and appropriately.

The shorter the completion time of a project is, the lesser the environmental impacts usually are. Shortening project completion time is a crucial part in the development of Consti's competitive strength.

4.2. TENANTS AND USERS OF BUILDINGS AND THE NEARBY ENVIRONMENT - WE PROMOTE THE SUSTAINABLE USE OF BUILDINGS WITH COMPREHENSIVE RENOVATIONS AND PREVENTIVE MAINTENANCE

Buildings make up nearly 40% of Finland's energy consumption. When buildings are renovated, the energy efficiency of the constructed environment is



"THE MOST EFFICIENT WAY
OF REDUCING THE ENERGY
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OF EXISTING BUILDING STOCK."

usually improved. According to latest research findings, we can save 7–11% of heating energy with smart temperature adjustment solutions without having to compromise on indoor conditions. Automation has achieved energy savings of up to 20% in housing blocks. (Source: ROTI 2019)

In addition to building technology services solutions, energy efficiency and living comfort are also improved by window, roof and facade repairs.

In target-specific environmental plans we identify the environmental risks of the target and plan preventive measures and prepare to combat harmful impacts. All impacts that affect the users of the building and operators in its immediate vicinity, such as construction noise, cannot be completely prevented, but we strive to prevent the harm these impacts cause with efficient communication.

We strive to achieve a short delivery cycle with efficient scheduling based on production flow and by using prefabricated components and industrial installation methods as much as possible. A flow-based production model speeds up project completion and improves logistics, which reduces harmful environmental impacts during the project. We have applied this model successfully especially in apartment renovations.

4.3. SOCIETY - WE IMPROVE THE ENERGY EFFICIENCY, SERVICE LIFE AND USABILITY OF THE CONSTRUCTED ENVIRONMENT

As a result of Consti's operations, the harmful environmental impacts of the constructed environment are primarily reduced as the energy consumption of the renovated buildings grows smaller. Improving energy efficiency is included in the building regulations concerning renovations.

In renovation work, energy efficiency is improved especially with facade renovations and updated building services. In addition to conducting repairs and installing building technology services, Consti is experienced in improving the energy efficiency of buildings.

The effects of renovation on energy consumption have been monitored systematically in the KOy Jyrkkälänrinne buildings located in Turku, for example. The buildings received new windows, facades and heat distribution centres. As far as we know, this target was also the first instance in Finland where a solar power plant was installed as part of the building's facade. The solar panels were installed to balance the increased electricity consumption resulting from mechanical ventilation and cooling. When the energy consumption of late 2019 was compared to the energy consumption in 2014, there was an average reduction of 17% in the need for delivered energy. Consti served as the main contractor of the alliance project that included 17 housing blocks and 644 apartments in Jyrkkälä. The project was completed in 2018.

As an example of responsible renovation projects, take the extensive facade renovation of As Oy Puistonportti Bostads Ab, which won the facade renovation contest of 2019 organised by the Finnish Facade Association. According to the judges, Consti's renovation work was a successful and encouraging example of how architecture from the 1970s can be renewed while taking its original distinctive features into account. The judges felt that the project took lifecycle thinking and long-term durability into account and that it was thoroughly and successfully planned and executed.

Consti is also experienced in the repurposing of buildings and facilities. This experience is required when buildings that have become impractical or even empty as a result of changes to the urban framework and the needs of society need to be repurposed for new use.

Material efficiency becomes more important in policies related to the environment and corporate responsibility when important raw materials become more scarce and their availability is reduced. Efficient material use is fostered with thorough planning, reduction of waste and promotion of recycling. Smart planning of material flows also brings financial benefits and fits well with Consti's production principle of quick delivery cycles. This principle is bolstered with lessons from industrial production models such as the lean production model.

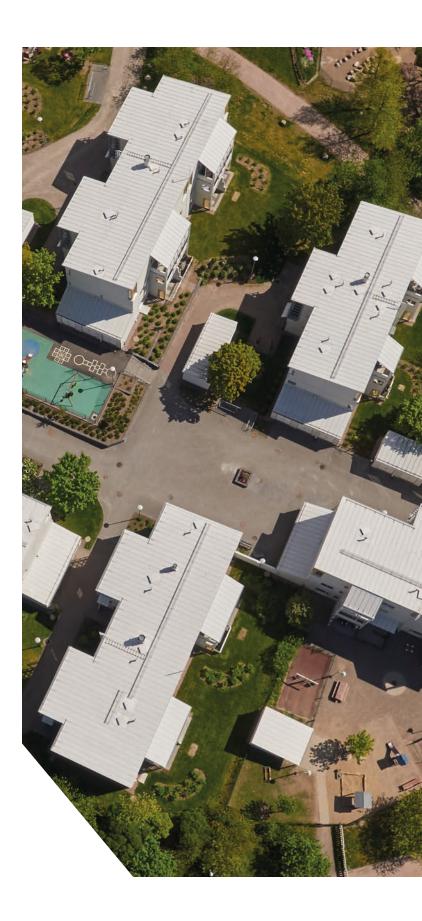
Especially in installation work where the installed equipment and materials are often valuable, waste is reduced by ordering products in small batches at the right times, which means that they will not be left to spoil on the construction site and surpluses are noticed immediately. We strive to use all surplus material in our other targets.

Consti's management system contains a waste management plan that itemises the waste types produced



at a construction site and describes how they are to be processed and who is responsible for it. The final disposal site of the waste is documented by archiving all waybills and other documents throughout the delivery chain. In the Helsinki metropolitan area, waste management has been centralised and Consti receives information on waste amounts, types and treatment from its partners. In 2020 we have introduced a new reporting tool for partners that allows us to monitor the carbon footprint of waste as well.

"WELL PLANNED
PRODUCTION FLOW
AIMS TO ACHIEVE
AN EFFICIENT AND
SAFE TAKT TIME
PRODUCTION MODEL
THAT ALLOWS US
TO BOTH IMPROVE
QUALITY AND
USE TIME MORE
EFFICIENTLY."





5.1. STAFF - WE OPERATE ETHICALLY AND TREAT EVERYONE EQUALLY, AND WE DEMAND THE SAME FROM OUR PARTNERS

Operation that adheres to Consti's values is based on reliability, honesty, customer-orientation, expertise and experience, profitable growth and enthusiasm.

The essence of Consti is crystallised in the Consti Way, and these methods based on Consti's values are introduced to employees during their orientation and in various staff events.

Consti aims to extend its values across the entire delivery chain. Subcontracting agreements made in Consti's name obligate all operators in the delivery chain to adhere to instructions and operation models issued by Consti in addition to all relevant laws and regulations.

Our values and ethical operating principles are also visible in concrete work practices, which are described on page 25.

5.2. TENANTS AND USERS OF BUILDINGS - WE ARE ETHICAL AND EXEMPLARY IN OUR BEHAVIOUR TOWARDS THE TENANTS AND USERS OF THE BUILDINGS

As per Consti's client promise, Consti employees listen to people, do what they say they will do and finish the job properly on the first go.

Our responsibility towards the users of buildings means high quality results that are achieved cost-effectively.

To ensure quality, all business areas of the Consti Group are certified by the RALA Construction Quality Association. Consti Korjausrakentaminen Oy has RALA quality certificates and Consti Talotekniikka Oy has the SFS-EN ISO 9001:2015 certification for quality management issued by DNV.

In December 2018, Consti Talotekniikka was issued a national corporate security certificate that demonstrates that our operations fulfil the state administration's requirements even in projects with a security classification.

5.3. SOCIETY - WE INFLUENCE THE DEVELOPMENT OF ETHICAL PRACTICES AND QUALITY ACROSS THE ENTIRE CONSTRUCTION SECTOR

Prevention of human trafficking and other problems of the grey economy

Consti aims to combat the grey economy in all of its operations. The company encourages its staff and partners to intervene with possible issues immediately.

Bribery and dealing in receipts are forms that corruption often takes in the construction industry. The uniqueness and temporary nature of building projects and the large sums of money involved may entice some to engage in financial malpractice. Simultaneously, supervision is made challenging by the large number of different work stages, agreements and subcontractors involved in the projects.

At Consti we do not approve of corruption, bribery or attempts at such actions in any way, shape or form. The prevention of bribery and corruption has been written into Consti's ethical code, which is introduced to employees during their orientation and also brought up in other contexts.

Consti's way of doing business means that all acquisitions, deliveries, work tasks and services that are significant for an individual project or our business



operations as a whole are put out to tender openly and honestly. We aim to cooperate on a long-term basis with our great partners who are committed to excellence. Acquisitions always require written agreements. We are also striving to fight the grey economy with acceptance procedures.

Consti adheres to the Act on the Contractor's Obligations and Liability when Work is Contracted Out and is part of Vastuu Group Oy's (formerly known as Suomen Tilaajavastuu Oy) Reliable Partner programme. Consti requires that its contracting parties and subcontractors meet equivalent criteria.

Consti uses the Valtti smart card for the access control of construction sites. The tax numbers of all employees have been submitted to the construction industry's tax number register maintained by the Finnish Tax Administration. As the main contractor and orderer, Consti submits contract information for each construction site to the Tax Administration.

Access control methods and methods defined in the aforementioned Contractor Act help us combat both the grey economy and human rights violations by preventing the use of employees without work permits.

In 2019, no problems were observed at Consti regarding adherence to ethical guidelines and there was no need for measures against bribery or corruption.

Consti does not aim to influence political parties and it gave no financial support to political parties in 2019.

Developing the constructed environment

Consti's mission is to increase the value of building stock and improve the quality of people's lives with the help of the best professionals in renovation.

Consti often gets involved in projects together with the client in the very first stages. Consti also has robust expertise in the repurposing of buildings and facilities, i.e., in turning offices into apartments. This expertise is becoming ever more necessary as a result of urbanisation, increased migration and Finland's aging population.

Developing the industry

Consti wishes to be a pioneer of the construction industry with regard to the development of responsible practices that serve society as a whole. The industrial repair methods developed and implemented by Consti for such purposes as bathroom renovations and so-called comfort repairs have garnered wide interest within the industry. In 2018 we developed the Consti Kodikas (Consti Cosy) service for housing cooperatives where the cooperative gets to already utilise Consti's wide-ranging expertise in the project planning stage. The development of the service continued in 2019.

Consti participates in the joint development projects of the industry and is active in cooperation networks and key construction projects. We influence the development of productivity, services and quality across the entire construction sector. Consti's representatives can be found in such organisations as the Confederation of Finnish Construction Industries RT and the Finnish Association of HPAC Technical Contractors.

Consti has been an active participant in the development of different ways of realising renovation projects. This has meant cooperation with such instances as the Ministry of the Environment. Consti already participated in the first RAIN project intended to improve cooperation within the building trade and is now involved in the three-year RAIN 2 project that began in 2019. In addition to integration and cooperation, the central themes of the new project are introducing Lean management and the flow production model to the construction sector. Consti has also piloted a mobile app for controlling takt time production. Furthermore, Consti has been involved in developing construction site operations in renovation projects on the basis of Lean philosophy and flow thinking in the Raksavirtaa project lead by the Finnish Workforce Society and Tampere University of Technology that concluded in 2019.



The new cooperative operation models aim to improve the quality of construction and clarify the distribution of responsibilities. The shared goals, responsibilities and incentives of all parties involved in a project are defined in a cooperation agreement. Partner selection emphasises quality criteria and the negotiations between the client and the renovator. At the beginning of 2020 Consti was involved in the alliance project for KOy Uudenmaankatu 16-20 and in the building technology services alliance for the expansion of Helsinki Airport's Terminal 2.

Management

Consti's management and leadership practices are based on the Companies Act and Securities Market Act, the articles of association of Consti Plc and the rules and guidelines of Nasdaq Helsinki Oy. In insider matters Consti adheres to the EU's Market Abuse Regulation and the statutes issued on the basis of this regulation. Consti also adheres to the corporate governance practices of Finnish listed companies.

Consti adheres to the EU's General Data Protection Regulation and is committed to processing personal data carefully and in accordance with applicable laws and regulations and in a manner that respects and protects the individual's right to privacy.

Consti drafts its financial reports in accordance with international financial reporting standards (IFRS), the Securities Market Act, the Accounting Act and the instructions and statements issued by the Finnish Accounting Standards Board. The instructions, practices, areas of responsibility and principles of internal supervision and risk management involved in the company's financial reporting process are designed to ensure that the financial reporting produced by the company is reliable and that the company's financial statement is drafted in accordance with current laws and regulations and the company's principles. Guidelines concerning the publication of financial information and external communication are included in the communication regulation issued by the company's board. The main principles of the communication regulation can be viewed on Consti's website.

Tax footprint

In 2019, Consti Plc's total tax footprint was 111.9 million euros. Of this sum, 10.3 million euros were tax-like payments related to staff and 16.6 million euros related to income tax and other payments withheld from salaries. Consti paid no community income tax in 2019 due to losses in previous years. Without sub-

tracting the losses Consti would have paid a total of 0.7 million euros in income tax.

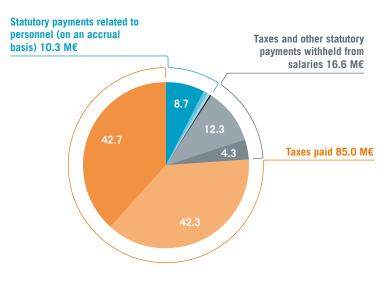
Of the tax-like payments related to staff, employer's contribution amounted to 8.7 million euros, employer's unemployment insurance contribution amounted to 0.9 million euros, employer's sickness insurance contribution amounted to 0.4 million euros while the remaining 0.4 million euros consisted of group life insurance and accident insurance expenses.

Furthermore, Consti paid 42.3 million euros in value added tax and accounted for the value added tax on behalf of its subcontractors to the extent of 42.7 million euros.

Consti only operates in Finland pays all of its taxes in Finland.

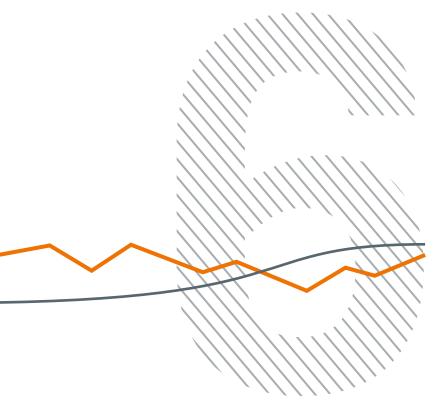
Consti's tax footprint in 2019

112 MILLION EUROS



Statutory payments related to personnel (on an accrual basis)	10.3
Taxes withheld from salaries	12.3
Other statutory payments withheld from salaries	4.3
VAT	42.3
The reverse charge mechanism for VAT in the construction sector	42.7
Total tax footprint (M€)	111.9

6 INDICATORS OF RESPONSIBILITY



The realisation of goals set for the different themes is monitored with theme-specific indicators. In this report the monitoring of the indicators begins with the year 2015.

Accident rate

11

Accident rate is the relationship between accidents and hours worked. The rate is calculated as accidents per one million working hours. The smaller the number, the fewer accidents occur. Those accidents that occur at work and require at least one day of sick leave in addition to the day of the accident are counted in the accident rate as per industry practices. Industry practices also dictate that the accident rate also contains the working hours and accidents of subcontractors.

In 2019 Consti's accident rate was reduced to 11 accidents

Absences due to sickness and occupational diseases

3.3%

The sickness absence percentage of Consti staff grew slightly in 2019 and was 3.3%. This number includes all absences resulting from paid sick leave and accidents. There were no observed cases of occupational diseases in 2019.



Turnover rate of regular staff

17%

In the monitoring of exit turnover rate, Consti focuses on the turnover of regular staff. In 2019, 42% of Consti staff consisted of clerical workers and 58% consisted of labourers.

The exit turnover rate contains employment relationships terminated for whatever reason with the exception of retirement. The turnover rate for regular staff was reduced in 2019 and was now 17%. To reduce the turnover rate we are striving to improve well-being at work by means of supervisor training and better communication.

Number of labour disputes

0 pcs

Consti had no labour disputes during the monitoring period.

Number of fixed-term employment contracts

4.1%

The share of fixed-term employment contracts grew slightly and was 4.1%.

Complaints regarding environmental risks and impacts

O pcs

There were no reported instances of environmental impacts that lead to a dispute or a complaint from authorities at Consti in 2019.

Number of sanctions issued in industrial safety inspection

0 pcs

Two industrial safety inspections were conducted in 2019. Consti received no complaints or sanctions in these inspections.

Number of events that breached ethical guidelines

0 pcs

Consti's ethical guidelines are attached to this report as an appendix. No events that breached these guidelines were reported during the monitoring period.

Staff survey

Consti monitors the job satisfaction of its staff every other year. The staff survey of 2019 was conducted in December.



Monitoring and goals

The selected indicators measure the development of subject areas that Consti considers important. The indicators are followed on a monthly basis in the management group and they will address any observed flaws or deficiencies. A deeper analysis is conducted each year in conjunction with Consti's annual summary and development measures are written into annual plans.

The reporting cycle involves constant development, which means that we are constantly improving our operations and making them more responsible based on the indicators. This also involves reviewing both short and long-term goals.

Consti commits to the responsible development of staff policies.

The indicators and their reporting cycles are depicted in Appendix 1.

7 APPENDICES

APPENDIX 1 - INDICATORS AND MONITORING

Responsibility theme	Measured issue	Indicator	Measurement frequency	2015	2016	2017	2018	2019
Health and safety	Number of accidents	Accident rate*	1 mo.	26	22	20	19	11
Health and safety	Number of sickness absences	Sickness absence %	1 mo.	3.9%	2.8%	2.8%	3.0%	3.3%
Health and safety	Number of occupational diseases	Pcs / y.	1 mo.	2	1	0	0	0
Professional practices	Staff turnover rate	Exit turnover rate %	1 mo.	15.2%	19.9%	15.4%	20.7%	17.4%
Professional practices	Labour disputes	Pcs / y.	1 y.	0	1	0	0	0
Professional practices	Fixed-term employment contracts	Fixed-term %	1 y.	8.7%	9.0%	4.2%	3.3%	4.1%
Environment	Realised and observed environmental risks	Pcs / y.	1 y.	0	0	0	0	0
Environment	Complaints regarding environmental impacts	Pcs / y.	1 y.	0	0	0	0	0
Corporate social responsibility	Official industrial safety inspections / sanctions	Pcs / y.	1 y.	0	1	0	0	2/0
Corporate social responsibility	Events in breach of ethical guidelines	Pcs / y.	1 y.	0	0	0	0	0

^{*} Number of accidents per one million working hours





APPENDIX 2 - CONSTI'S ETHICAL GUIDELINES

The management and employees of companies in the Consti Group adhere to legislation and ethical business rules in all of their activities.

The following section contains concrete perspectives related to Consti's operations and guidelines for ethical action.

PREVENTION OF BRIBERY AND CORRUPTION

Consti companies and staff may not give or receive gifts, payments or other compensations that go beyond regular hospitality and could be assumed to influence business decisions.

BUSINESS TRIPS AND HOSPITALITY

Staff members may only participate in the business trips of partners if they are work-related. These trips are to be agreed upon beforehand with the supervisor and the possible ambiguities must also be discussed. The trip must have an itinerary that is presented to the supervisor.

STAFF DISCOUNTS

The staff discounts of Consti suppliers may only be used for personal purchases by agreement between Consti and the supplier. Agreed upon practices, such as resale bans, are to be adhered to when using these discounts.

The use of the discounts must not result in the formation of any kind of reciprocal commitments.

CHARITY

Consti primarily supports organisations that promote the well-being of children and youths. Aid is not given to political parties or groups or individual politicians.

RULES ON COMPETITION

Consti adheres to fair and open competition. Actions that are against competition legislation or the spirit of this legislation are prohibited. Such actions include illegal price fixing, market sharing and unethical trading. Consti only chooses the best operators in the field as its contractual partners and cooperates with them

in the development of operation models. Consti also strives to achieve a deeper business relationship with its partners in order to ensure the best possible price level, service level and availability. When there is no partnership or seasonal contract in place, all significant acquisitions, deliveries, work tasks and services are put out to tender openly and honestly among an adequate number of operators. Acquisitions always require written agreements.

EQUAL TREATMENT

Staff members are treated equally regardless e.g. of their sex, age or origin. The same principle applies to clients and other stakeholder groups.

PRINCIPLES OF STAKEHOLDER COOPERATION

The principle of honesty and openness is adhered to when cooperating with stakeholder groups. For example, matters that fall under competition legislation are not discussed in the cooperation organisations of the construction industry. All correspondence with competitors and stakeholder groups must take the keeping of business secrets into account, at both ends.

CONFLICTS OF INTEREST

Consti employees will not act in a way that results in a situation where their own personal or financial interests are in conflict with those of Consti, Consti's clients or Consti's staff.

CONFIDENTIALITY OBLIGATION

Consti staff members commit to keeping secret and not making use of the trade and business secrets of their employer, its employees or its clients during or after their employment relationship in accordance with their non-disclosure agreement. These ethical guidelines have been approved by Consti's management group.



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