



SRV

ANNUAL REVIEW 2018

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SRV is a bold developer and innovator in the construction industry. We want to offer the best customer experience as a constructor of urban town centres, while also being the most inspiring workplace in the industry. We bring genuine cooperation and enthusiasm to every interaction. Sustainability and responsibility can be seen in all of our operations. Our company was established in 1987 and was listed on the Helsinki Stock Exchange in 2007. We operate in growth centres in Finland and Russia. In 2018, our revenue amounted to EUR 960 million and we employed more than 1,000 people. Our projects also employ a network of almost 4,000 subcontractors.

SRV IN BRIEF



Order backlog (31 Dec. 2018)

EUR
1.8
BILLION

We are aiming to build around
10,000–15,000
new homes
in growth centres over
the next 10 years.

Revenue (2018)

EUR **959.7** MILLION

What are we working on?



Homes
30%
of revenue



Schools and
educational institutions
11%
of revenue



Shopping centres
17%
of revenue



Renovation construction
2%
of revenue



Hospitals
23%
of revenue



Infrastructure construction
6%
of revenue

We are constructing a new neighbourhood in Tampere:

TAMPERE DECK

THE NEW CHILDREN'S HOSPITAL

was completed two months ahead of schedule.

The hospital received the 2018 Finlandia Prize for Architecture. We are also building the Siltasairaala Hospital, Central Finland Central Hospital (Hospital Nova), and TAYS Etupiha.



FOUR SHOPPING CENTRES

three in Russia
one in Finland

OBJECTIVES AND VALUES

Mission

Our mission is to improve quality of life through sustainable solutions for the built environment.

Vision

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

Values

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

● We employ **1,000 employees** and **4,810 subcontractors** annually

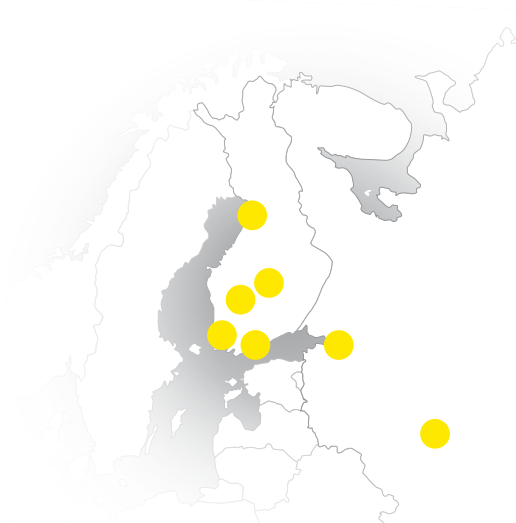
● **32,478** workers on SRV sites in 2018

● **20,406 workers** completed orientation in 2018

● **103 sites** in 2018

In 2018, SRV's business segments were Operations in Finland, International Operations, and Other Operations. Operations in Finland are divided into property development, housing construction, and business construction, which includes retail, office and logistics construction, earthworks, and specialised and rock construction operations. International Operations comprises SRV's business activities in Russia and Estonia. The Other Operations segment primarily consists of the parent company, SRV Group Plc's group operations, property and project development operations in Finland, and equipment service for Finnish construction sites. The latter was divested to Ramirent Finland Oy in December 2018.

SRV's new business areas as of 1 January 2019 are Construction and Investments. Construction encompasses property development, housing construction, and business construction. Our new Investments segment largely consists of operations that were previously classified as International Operations, while operations that were classified as Other Operations have been transferred to Construction.



	OPERATIONS IN FINLAND		INTERNATIONAL OPERATIONS
	Housing construction	Business construction (retail, office and logistics construction, earthworks, and specialised and rock construction)	
PERCENTAGE OF REVENUE	30 per cent.	69 per cent.	1 per cent.
SEGMENTS	SRV focuses its housing construction on urban growth centres. Our largest construction projects are located in Helsinki, Espoo, Vantaa, Jyväskylä, Turku, Tampere and Oulu.	SRV primarily focuses its business construction on urban growth centres. Our largest construction projects are located in Helsinki, Espoo, Vantaa, Jyväskylä, Turku and Tampere.	In Russia, SRV mainly operates in Moscow and St. Petersburg. The Okhta Mall and Pearl Plaza shopping centres are located in St. Petersburg. The 4Daily shopping centre is in Moscow.
MARKET POSITION	One of Finland's largest housing constructors in urban growth centres.	One of the main operators in Finland.	One of the largest constructors and managers of shopping centres abroad.
CUSTOMERS	Households, private persons, and institutional investors.	Companies, the public sector, and institutional investors.	Institutional investors, shopping centre tenants and customers.
MAIN COMPETITORS	YIT, Bonava, Skanska, NCC, Peab, Hartela, Lehto, Lujatalo, JM, Lapti, and smaller local companies in various towns and cities.	YIT, Skanska, NCC, Peab, Hartela, Destia.	International and local companies.
STRENGTHS	Thanks to its strong project development, SRV has plots in urban growth centres next to good transport connections. SRV has been able to increase its number of developer-contracted housing sites for several years.	SRV is known for its demanding construction projects, many of which it also partially owns. SRV is one of Finland's largest constructors of healthcare and hospital projects. SRV currently has several ongoing alliance projects that have the potential for additional earnings in addition to ordinary income recognition.	SRV partially owns and manages some of the most modern shopping centres in Russia. SRV has won awards for its shopping centre management, such as its successful marketing.
PREMISES	SRV designs and implements apartment blocks in growth centres. SRV sells some apartment blocks directly to consumers and private investors through its own salespeople (developer contracting). Other projects are carried out for and sold directly to investors (investor sales). SRV also builds some apartments for clients such as SATO, which offers rental housing.	Hospitals, schools and educational institutions, shopping centres, infrastructure construction, industrial and logistics properties, public transport facilities. As projects, both new construction and renovation sites.	Shopping centres in Russia's major cities and housing in Vyborg.
ROLES	Constructor, developer, owner, consultant.	Constructor, developer, owner, user.	Constructor, developer, owner, consultant, operator, user, and property service provider.

CEO'S REVIEW 2018

Construction has been a strong economic driver in Finland in recent years, and construction costs have risen. As a pioneer in urban construction, SRV has grown during this time, and has created new kinds of living environments that are built around a good location, easy access to services and diverse traffic connections. Our personnel's perseverance, professional skill and entrepreneurship can be seen in both the buildings we have constructed and their surroundings – and this impact will be felt not only now but also in the future.

In 2018, we had many great projects under construction and 103 sites with favourable trends in safety. Occupational safety is our lifeblood, and SRV makes considerable investments in the continual development of safety in all operations.

Housing construction was brisk in growth centres, and a total of 523 developer-contracted units were completed in 2018. Other completed sites worthy of mention include the REDI shopping centre, the New Children's Hospital, and Karuselli shopping centre. Helsinki's New Children's Hospital was completed two months ahead of schedule and opened in September 2018. The REDI shopping centre also opened on schedule. In the Tampere Deck project, work has begun on the deck's support structures and shell tile, and the parking facility and population shelter are also under construction. During the fourth quarter, we entered the expansion of Terminal 2 at Helsinki-Vantaa airport and the subterranean Espoonlahti metro station into our order backlog.

Housing construction focuses on growth centres

Housing construction accounts for 30 per cent of SRV's revenue. Fewer housing units were recognised as income than during the previous year. Our order backlog contains EUR 250 million in developer-contracted housing units whose construction is ongoing or will be launched in 2019. By 'developer-contracted', we mean a project that is developed by SRV and which has not been sold when construction begins. In projects such as this, we shoulder both the construction and sales risk ourselves. At the end of 2018, a total of 1,329 units were under construction for investors, mainly in Helsinki, Espoo, Vantaa and Kerava.

SRV's housing construction focuses on locations in growth centres with good transport connections. We currently have

2,759 housing units under construction, of which 60 per cent are in the Helsinki Metropolitan Area. We intend to build another 15,000–20,000 new homes over the next ten years.

Hospital and school construction are close to our heart

The construction of hospitals and wellness centres has become one of our strongest cornerstones in business construction, accounting for as much as around 23 per cent of our revenue in 2018. Professional skill and experience are particularly important in specialised construction, and we are a pioneer in these areas. We have many major projects under construction in the field of school and hospital construction, such as Jämsänkoski comprehensive school, the Kurittula school in Masku, the Jätkäsaari primary school and Lauttasaari school in Helsinki, the Jokirinne Learning Centre in Kirkkonummi, Hospital Nova in Jyväskylä, a new building at Tampere University Hospital, and HUS's Siltasairaala Hospital in Helsinki.

SRV will take end-to-end responsibility for the Jokirinne Learning Centre project in the Vesitorninmäki district of Kirkkonummi, and the service agreement also covers lifecycle responsibility for the learning centre for 10 years. It will be implemented using a lifecycle model, which is still a relatively new method of implementing construction projects in Finland. In such a project, a private company takes on end-to-end responsibility for the implementation of a public project and building maintenance. Construction of the learning centre began with earthworks in autumn 2018, and the centre is scheduled for completion by the end of 2020.



“OUR NEW ORGANISATION, WHICH IS DIVIDED INTO THE CONSTRUCTION AND INVESTMENTS SEGMENTS, SHARPENS LEADERSHIP, ENHANCES CAPITAL MANAGEMENT AND INCREASES TRANSPARENCY.”

Solid shopping centre expertise in Russia, expertise harnessed for REDI

SRV operates shopping centres in Russia and Finland, and our shopping centre business accounts for 17 per cent of our revenue. The REDI shopping centre opened in September in the Kalasatama neighbourhood of Helsinki, and during the autumn our investments have focused on creating awareness and increasing visitor numbers. Visitor numbers fell somewhat short of targets in the first few months, but we believe that 2019 will bring the desired results. In Russia, visitor numbers rose to 8.4 million at the Okhta Mall in St Petersburg, and 4Daily in Moscow achieved an occupancy rate of 77 per cent. Visitor numbers at Pearl Plaza in St Petersburg rose by five per cent to 9.6 million in 2018. Strong sales growth was also seen. The Pearl Plaza shopping centre is now ready for sale, and we are currently looking into this. This demonstrates that we have succeeded in both creating functional commercial services and doing the right things in operation and marketing in Russia.

Financial targets set the basic principles for our operations

Our main objective is to improve profitability. Although we rigorously screen new ventures and are continually gaining experience in implementing complex projects, the sector's rapid growth rate has been reflected in cost pressures and poor earnings trends in too many projects. This is why we were forced to issue a profit warning in September. In particular, the higher-than-expected costs of the REDI shopping centre and continued geopolitical uncertainty in Russia pushed SRV's full-year result for 2018 into the red.

Work to improve our balance sheet structure and liquidity is progressing. During 2018, we released over EUR 90 million in capital tied up in the balance sheet, mainly by boosting working capital and divesting plots. In December, we divested the entire share capital of SRV Kalusto Oy to Ramirent Finland for EUR 21 million. This transaction has enabled us to create an even better foundation on which to further develop equipment rental and construction processes on our construction sites.

Our new organisation, which is divided into the Construction and Investments segments, came into force at the beginning of 2019. We believe that the new business areas will result in sharper leadership, enhance capital management, and increase transparency. In Construction, we are focusing on efficient project management and implementation, as well as high-quality construction and an excellent customer experience. We have gathered all of our property investment expertise together under Investments. This leaves us better equipped to succeed in the face of increasing competition and changing market conditions.

We have started to change our operating culture. We are seeking a standardised and target-oriented approach that can swiftly react to deficiencies. We launched the process with supervisors during 2018, and this year we will mobilise the changes throughout the entire organisation. We will focus on promoting occupational safety by setting higher targets for safety observations and taking an uncompromising attitude toward safety issues.

We have clear goals for 2019: efficient construction in our projects, improving profitability, and further developing our balance sheet structure. We believe that 2019 will yield a better result, and that both our operating result and cash flow will be in the black. Rental income from our shopping centres is also expected to rise in both Finland and Russia.

In spite of the sector's strong growth and cost pressures, many of our projects progressed well. We're in a good position going forward. I'd like to extend a big thank you for the past year to our dedicated personnel and all of our partners!



Juha Pekka Ojala
President and CEO

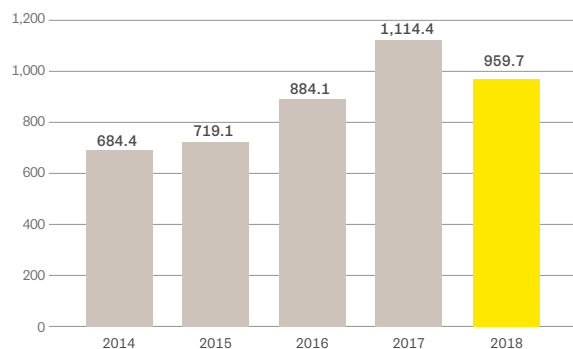


**SRV CREATES
THE BEST
CUSTOMER
EXPERIENCE AS
A CONSTRUCTOR
OF URBAN CITY
CENTRES.**

KEY FIGURES 2018

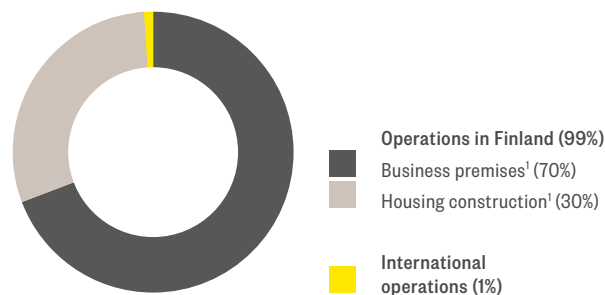
Revenue declined by 14 per cent to EUR 959.7 million. Operative operating profit amounted to EUR -10.0 million. The order backlog rose to EUR 1.8 billion.

Revenue (EUR million)



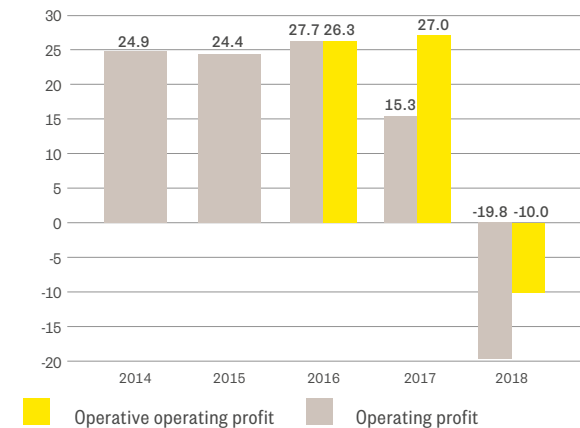
Change from 2017: -13.9%

Revenue by operations 2018 (%)



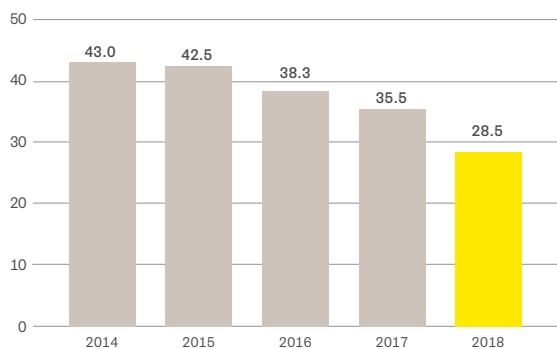
¹ Share of revenue, Operations in Finland.

Operative operating profit¹ and operating profit (EUR million)



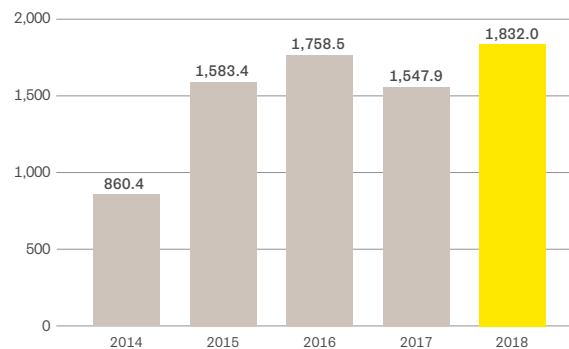
¹ In order to improve comparability in the case of actual earnings, SRV has adopted the new concept of operative operating profit as of 20 July 2017. It differs from the IFRS definition of operative profit by eliminating the calculated differences in currency exchange rates and their potential hedging impacts included in financial items in Russian operations. As the operating currency was changed in September 2016, the figures from 2013-2015 are not affected by differences in currency exchange rates and their potential hedging impacts.

Equity ratio (%)



Change from 2017: -19.5%

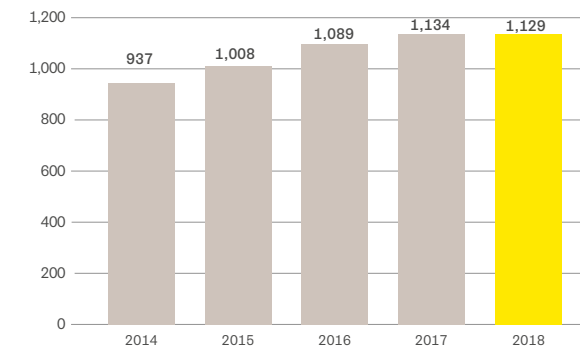
Order backlog¹ (EUR million)



Change from 2017: 18.4%

¹ At the period-end.

Personnel (persons)



Change from 2017: -0.4%

MAJOR ENCOUNTERS IN 2018

There were many roofing celebrations, foundation stone laying ceremonies, shopping malls openings and other happy encounters during the year.



JANUARY

FEBRUARY

MARCH

APRIL

MAY



Central Deck and Arena project is launched and construction begins

The Central Deck and Arena will unite the eastern and western sides of Tampere. The first phase involves covering the southern railway yard with a deck on which the arena, a training hall, a hotel, and two towers will be built. The second phase will encompass the northern deck and three towers.

Construction site visit for REDI Majakka shareholders

A construction site visit organised for Majakka shareholders on 11 March attracted 203 visitors. Future residents had the chance to check out the view from their 'own' windows, and to hold private conversations with SRV personnel. "You rarely see so many smiling and satisfied people in a Finnish elevator," commented one of the visitors.



New Children's Hospital is completed

Construction of the New Children's Hospital in Meilahti, Helsinki was completed in April. "Building the New Children's Hospital was a matter of honour for all of us. Team spirit, dedication and a genuine desire to build the world's best children's hospital were some of the feelings shared by all the parties involved in the project. It was a unique experience that will be difficult to match," says SRV's Site Manager Matti Julin.



Safety video featuring Roni Back and the Confederation of Finnish Construction Industries RT

What is vlogger-of-the-year Roni Back doing 100 metres above the ground on the construction site of Finland's tallest residential building? Check out Roni's video, which was made in collaboration with the Confederation of Finnish Construction Industries RT and other industry operators.

Safety Week

During the Safety Week, companies invested in holding both their own and joint events, some of which were held in Finland's three Safety Parks. Over 250 students visited SRV at the RUDUS Safety Park in Espoo to get acquainted with safety during hoisting and lifting.



Jokirinne Learning Centre

The Jokirinne Learning Centre in the Vesitorninmäki district of Kirkkonummi is SRV's first lifecycle project. The learning centre is scheduled for completion in 2020.

Capital Markets Day in Tampere

SRV met with investors during the Capital Markets Day in Tampere on 23 May.

Russian Property Tour
Russian real estate professionals visited REDI and other construction sites.



Team Rynkeby

Along with Team Rynkeby-God Morgon Espoo, SRV took part in a charity cycling trip from Helsinki to Paris. The trip raised money for Sylva ry and the Aamu Foundation to help children and young people with cancer, and to promote research and treatment development for childhood cancers.

JUNE

Roofing celebration for the Ring Road I concrete tunnel

About 150 guests took part in the roofing celebration for Ring Road I's concrete traffic tunnel. The concrete tunnel is 440 metres long and will be covered by a pleasant park area.

JULY

Partnership meeting in Tampere

Partners, subcontractors and suppliers met on 25 September at Hotel Tornio in Tampere. We are seeking competitiveness and efficiency through cooperation, innovation and key partnerships, but transparency and responsibility are also important.

AUGUST



Foundation stone laid for Siltasaari Hospital

The cornerstone for Siltasaari Hospital was laid on 26 September. About 4,400 truckloads of rock have been excavated from the construction site over the first nine months.

SEPTEMBER



Telia Helsinki DataCenter opens

The Telia Helsinki DataCenter is both the most modern datacentre in Europe and the largest in the Nordic countries. It opened in Helsinki.



City Life housing fair in Jätkäsaari

Helsinki residents were able to check out Bunkkeri (the Bunker) on 4-6 September during the Jätkäsaari Housing Fair.

Tikkurilan Sokeriherne

Buyers started moving into Tikkurilan Sokeriherne as soon as the keys were handed out.

SRV renovates Antilooppi's historic office property in Kamppi

SRV is renovating the property at Ruoholahdenkatu 21 with respect for its historical origins. SRV has a lot of experience in historical property renovation, including Brondankulma, the Helsinki University properties Tiedekulma and Kaisa, and Helsinki City Theatre.



SRV Living Room

The REDI Living Room also opened on the second floor of the shopping centre. Here, SRV personnel can meet customers, Helsinki residents, and other stakeholders.

Bryga Park

Kalasaatama residents got the chance to name the public park that was built in REDI on top of the Itäväylä highway. It was named Bryga.



REDI Shopping Centre opens

The REDI Shopping Centre, one of Finland's largest shopping centres, opened its doors on 20 September in Helsinki's Kalasaatama neighbourhood. The centre boasts just over 200 premises and almost 180 operators.



Maalisuora, an interior decorating event

The interior decorating event Maalisuora was held in Keimolanmäki, Vantaa on 7 October. TV celebrity interior designers **Teuvo Loman** and **Niina Ahonen** demonstrated how to personalise your new apartment to make it a distinctive home.

OCTOBER



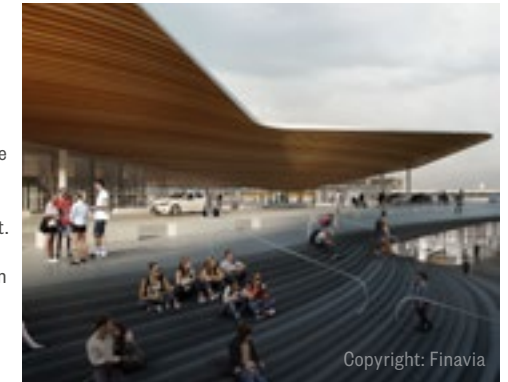
SRV to build Espoonlahti metro station and bus terminal for the Western Metro

SRV and Länsimetro Oy signed an agreement for the construction of the Western Metro's Espoonlahti metro station and bus terminal. The contract is valued at about EUR 48 million.

NOVEMBER

Terminal 2 expansion and alteration project is launched

Preparatory work was launched in the alliance project to expand and alter Terminal 2 at Helsinki-Vantaa Airport. This included establishing the construction site, demolition work, and earthworks for the new parking facility.



Copyright: Finavia

DECEMBER

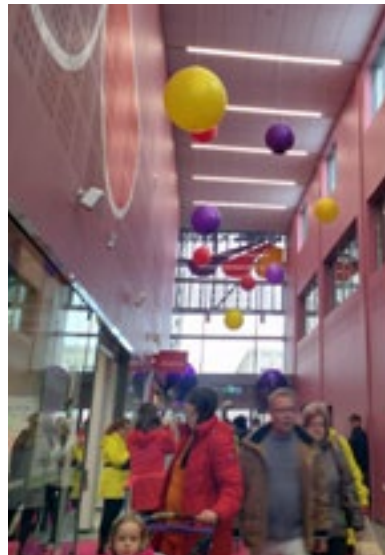
The New Children's Hospital received the 2018 Finlandia Prize for Architecture

In spite of its large size, the building was skilfully tailored to the demanding dimensions of its environment. Its architectural colour scheme, both internally and externally, is also bold and positive. High-quality planning and construction has ensured completion of the world's best hospital for children and their carers.



Foundation stone laid for Supercell property

On 29 October, the cornerstone was laid for the office building in Wood City, Finland's largest wooden quarter, in Jätkäsaari, Helsinki. The eight-storey wooden office building will be game company Supercell's new headquarters and is scheduled for completion in 2020.



Karuselli Shopping Centre opens

The Karuselli shopping centre opened on 1 November in downtown Kerava. Karuselli was given a LEED Gold environmental rating, and is the first shopping centre in Finland to be certified using the latest, stricter version of the LEED 4 standard.

SRV is building the Monikko educational centre in Leppävaara, Espoo.

The project encompasses the renovation of the existing, protected school building and the construction of a new adjoining building. Monikko will serve nearly 1,300 pupils.

First section of Pressi is completed and sold

SRV signed an agreement with the Julius Tallberg Real Estate Corporation for the sale of the first office building in the Pressi Smart Premises. This office building in Vantaankoski is scheduled for completion in late 2019.

SRV Kalusto Oy is divested

SRV divested the entire share capital of its equipment business (SRV Kalusto) to Ramirent Finland Oy on 19 December.

**“ATTRACTIVE AND
EVOLVING CITY CENTRES
LIE AT THE HEART OF
SRV’S STRATEGY.”**

CASE:**A business environment revolution**

Digitalisation is all around us. In the future, it will be vital for services to be both easy to use and readily available. The financial sector is helping to promote a sustainable economy. How will these changes be reflected in housing, communities and construction?

“Digitalisation will enable a great leap forward in construction site productivity by providing employees and work supervisors with a better overview of the situation on site. Technology has advanced to a point at which we can obtain real-time data about weather conditions, current work progress, and the location and movements of the people, materials and equipment on a site. For example, we can observe and measure a valuable work stage and improve productivity by reducing the time spent on resolving issues and searching for and moving things.”



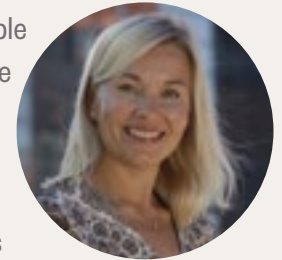
Olli Seppänen, Professor, Aalto University

“The urbanisation megatrend is generating significant opportunities to create new approaches to how we live. SRV’s task is to go over and above the stereotypes of urbanisation and create appropriate, sustainable, functional and elegant solutions for everyday life. If SRV can take the unpredictability in people’s daily and general lives and make it a good thing – and also create a way of managing this change – then SRV will be able to be something more than just a construction company.”



Mikko-Pekka Hanski, Co-founder Idean

“The increased importance of responsible investment* is being supported by the ongoing debate on sustainable financing. The European Commission estimates that, in order to reach the environmental targets of the Paris Agreement, annual investments of EUR 180 billion will be required in low-carbon and energy-efficient technologies in Europe. Cash flows must be channelled into environmentally and socially sustainable projects.”



The European Commission has launched initiatives to create legislation on how sustainability should be taken into consideration in investment decisions, investment advice and investors’ own reporting. An initiative has also been launched to create a set of EU-level criteria for “sustainability”. The EU legislation now under development will have an impact on investors’ and financiers’ future decisions, as they will seek to channel an increasing percentage of their cash flows into sustainable projects and companies – and this will also be true for the construction sector.”

Sanna Pietiläinen, Director, Responsible Investment, eQ Asset Management Ltd

* Eurosif, European SRI Study 2018

MEGATRENDS AND CRITICAL SUCCESS FACTORS

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

URBANISATION IS A GROWTH DRIVER

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

ECONOMIC AND BUSINESS PRIORITIES ARE SHIFTING GLOBALLY

The world is open to everyone everywhere – also in terms of business and the economy. A successful global company is no longer tied to one place. Thanks to digitalisation, business can be conducted wherever and whenever. Networks are becoming increasingly important, and continual global changes, whether in terms of money, raw materials or human needs, have an immediate impact on everyone.

Companies must plan for the future, but must also live in the moment. They must be highly responsive in order to keep pace with change and predict future requirements.

DIGITALITY IS ALL AROUND US

Our society is undergoing a revolution. Digitalisation has paved the way for successful change. It challenges us to question existing operating methods and transform them into something more functional and flexible. The solutions brought by digitalisation have increased the use of various services in our daily lives.

Even the structure of our cities and transport systems will change substantially. Information – and above all high-quality data – is power, and data collection and utilisation will increase dramatically.

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

We increasingly want to live in the here and now. Our values are steering us towards greater freedom of choice in all areas of life, from work and ownership to leisure time, community and individuality. When it comes to services, ease, speed and availability are paramount. Many of us have greater spending power in our daily lives, but at the same time the differences in income increase, which also affects what kinds of housing and services are required.

Ownership is no longer as important to us as it was to previous generations. We want to use our money more freely, which makes rental housing a good option. Communities are growing in significance, and we want suitable spaces and digital solutions to support them.

SUSTAINABILITY CRISIS – CLIMATE CHANGE AND NEW TECHNOLOGIES IN THE SPOTLIGHT

People everywhere are being affected by climate change and a scarcity of natural resources. Decision-making is increasingly based on sustainability – new metrics are arising from energy-efficiency and circular economy demands. Climate change and new technologies will have a major impact on construction and the real estate sector. Properties must be sustainable from the perspective of energy efficiency, circular economy and the retention of their economic value.

The circular economy is an effective means of curbing the climatic impacts of construction itself. The growing market for renovation seeks to bring existing building stock closer to a sustainable level, while supplementary construction helps to create a denser urban structure. Energy production will harness more forms of renewable energy, and new regional end-to-end solutions and methods of energy storage will be used. Investors and financiers have also woken up to the reality of the sustainability crisis, and are putting companies under great pressure to change.

CONCENTRATION OF SOCIETY

WORKING AND MOVING

RESOURCES AND MARKETS

MORE LIVING

ENERGY AND SUSTAINABILITY

URBANISATION

DEMOGRAPHIC AND SOCIAL CHANGES

CLIMATE CHANGE AND RESOURCE SCARCITY

GLOBALISATION

TECHNOLOGICAL DEVELOPMENT

SRV'S STRATEGY

In early 2018, changes were made to some strategic development programmes that had achieved their major objectives and been integrated into routine operations. At the same time, we also revised our strategic financial targets and their schedules.

SRV's strategy revolves around our objective of developing and building homes, spaces and environments where people can live comfortably and enjoy life. Our strengths include long-term development work and a profound understanding of customers' needs – things SRV has been doing for over 30 years. SRV operates in Finland's growth centres and in the cities of St Petersburg and Moscow in Russia. All our operations seek to further strengthen SRV's role as a sustainable, high-calibre and customer-oriented constructor and property developer, and for SRV to become the most desirable workplace in the industry.

Our strategy and routine operations are based on long-term cooperation. Our own personnel number just over 1,000, and we also employ almost 4,000 partners through our unique network. SRV's entrepreneurial spirit can genuinely be seen in daily work at all levels of the organisation. Attractive and evolving city centres lie at the heart of SRV's strategy. Cooperation with various parties, such as cities, investors, financiers, planners and designers, plays a key role in making cities even better places to live.

SRV's business is even more tightly focused on major projects in which the company is involved as both an owner and a constructor. These projects are mainly located in growth centres where there is sufficient demand.

For some time now, SRV has been one of the largest housing construction companies in Finland. In line with our strategy, we will continue to focus on developer-contracted housing projects and investor projects in Finnish growth centres. Our goal is to increase the market share of SRV's housing business accounted for by market-financed apartment block production in the Helsinki and Tampere regions to over 15 per cent by 2020, and thereby significantly increase revenue from the housing business. SRV currently has more than 2,750 housing units under construction,



60 per cent of which are located in the metropolitan area. We intend to build another 15,000–20,000 new homes over the next ten years. SRV has a project portfolio of almost 5,000 planned housing units whose construction is scheduled to start up within the next couple of years.

In our business premises, we are placing a greater focus on project management through the use of cooperation models. SRV is seeking growth opportunities via new areas

of expertise, such as lifecycle models, hospital construction, and infrastructure construction. Hospital construction is currently worth a total of almost EUR 750 million of SRV's revenue.

SRV's international operations will continue to focus on Russia, where we own, operate and develop shopping centres for sale. All of the shopping centres owned by SRV also have the potential for further development.

STRATEGIC DEVELOPMENT PROGRAMMES

In 2018, the primary focus of our development efforts remained on improving profitability and lightening the balance sheet.

Improving profitability and the cost-effectiveness of projects

One of SRV's main strategic goals is to improve profitability. This will be achieved through the more prudent selection of new projects, that is, by limiting participation in weaker margin tenders and increasing the percentage of developer-contracted projects. Profitability is also being improved by boosting operational efficiency and further developing our processes.

The focal point of our process development in 2018 has been enhancing cooperation in planning, procurement and production. This has been put into practice by revising the planning and decision-making process in our developer-contracted projects. Project steerability has been improved with the introduction of control point monitoring and by updating our practices for project steering meetings.

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

In the future, our efforts to improve profitability and project cost-effectiveness will focus on promoting more effective procurements and developing preplanning guidelines for production. Shortening lead-times in developer-contracted projects will also be a particular focal point.

Providing an unbeatable customer experience

Customer experience is the sum of all the experiences that a customer has through various interactions with SRV. SRV aims to provide the best customer experience in the business, and thus every interaction must go so smoothly that the customer is prepared to recommend SRV to others. Interactions are emphasised in all our operations, whether they are with homebuyers or users of commercial premises, involve long-term



customer relationships (such as those with property investors), or occur when homebuyers first move into their new homes.

The customer service process for consumer customers has been enhanced by various means, such as involving residents early on before construction commences, and making an even more thorough assessment of what future homebuyers want from their homes. We will continue to work on creating a systematic process to identify future customer needs, and we will also make an even more concerted effort to improve the customer experience of our corporate customers. The warranty repair process for housing construction was renewed in early 2019 with the goal of improving the customer experience, accelerating the completion of warranty work, and increasing subcontractors' commitment to warranty repairs.

CUSTOMER SATISFACTION INCREASED DURING THE YEAR. THE NPS NUMBER ON THE HOUSING AND BUSINESS CONSTRUCTION IS OVER 40.

We measure the SRV customer experience regularly using an NPS (Net Promoter Score) survey. For example, information is collected from homebuyers after the sale has been completed, when they are moving, and two years after completion of the site. We ask them about issues such as their satisfaction with the apartment, SRV's operations in general, the salesperson's behaviour, whether alteration work was successfully implemented, and the quality of basic interior decoration materials. SRV's full-year NPS for housing rose to 40.5 in 2018 (2017: 28). We began measuring the corresponding customer experience for commercial premises in several project phases during 2017, and the first full year resulted in an NPS of 42.

Harnessing digitalisation and new technology

SRV harnesses digitalisation and new technologies in, for instance, project development and planning, technical building systems, construction site management, communications and marketing, and the products and services we provide. Our strategic development programme seeks to systematise digitalisation and the adoption of new technologies.

Digitalisation can already be seen in our use of information modelling during the project design and construction phases. Information modelling is employed in project management, the inspection and harmonisation of plans, cost accounting and schedule management, procurement, and the planning, steering and supervision of logistics and work. 3D modelling is used on construction sites, and the images can be viewed both as printed illustrations and on mobile phones. The final 3D model combines both precise architectural, structural and HVAC plans with any required special plans. After the construction phase has been completed, the model is also made available to the developer for property management.

During 2018, we continued to accelerate our digitalisation and technology programme, and also put a great deal of effort into the development and harnessing of new digital product features, tools and channels. We focused on defining strategy-based focal areas for longer-term development in

CASE:

Bringing premises planning to life with VR goggles

The construction site is still nothing more than a pit in Kirkkonummi. However, the teachers are excited, as they are already walking around their future workplace – wearing virtual reality goggles. SRV Planning Manager **Anu Raatikainen** is accompanying them on their tour.

The teachers are on a virtual tour of the Jokirinne Learning Centre, which is scheduled for completion in December 2020. Music teacher **Tuuli Lehtomäki** and her colleagues have come to Kirkkonummi to get a taste of how their new school will look and, above all, get the chance to influence the final result themselves.

As a user-oriented approach was required in the design of the learning centre, a decision was made to use VR technology. VR goggles enable end users to experience the school's premises solutions in a completely different way to just looking at floorplans.

Tuuli Lehtomäki and class teacher **Johanna Ruokamo** can get acquainted with the school on a grassroots level. Where will the children put their bags and outdoor



The new learning centre will have room for 1,100 pupils in grades 1–9 of basic education plus 240 children in daycare.

shoes? How will the canteen operate in relation to the rest of the school? And what about the gym? After the virtual tour, the teachers' feelings and any suggested improvements are noted down. The virtual school is currently unfurnished, so the teachers will have to imagine the furniture (and pupils) themselves. However, the teachers still hope to see the virtual school again – this time with furniture.

Both teachers are happy with the experience: the school both looks and feels good. The VR session has brought their future workplace to life. "For me, this was a completely

new way of getting acquainted with a new school and also pretty neat," says Ruokamo.

"The VR goggles really brought the school to life and helped me get a much better idea of how things will be," says Lehtomäki.

Ruokamo and Lehtomäki intend to recommend the virtual tour of the new school to all of their colleagues. SRV's Anu Raatikainen confirms that the teachers who visited the site enjoyed the VR tour immensely.

"And we also got very valuable information on how to move forward with the design and development of the learning centre," says Raatikainen.

digitalisation, and also on revising the shorter-term concrete measures that support this development. In 2019, we will start moving towards the targets set in our action plan. Digitalisation is becoming established as a routine aspect of everyday work throughout the entire organisation.

In addition to systematically developing digitalisation and harnessing information modelling, other key development areas in 2018 included digital service channels and project and property management systems. In digital service channels, we continued to focus on developing the digital service package aimed at meeting the everyday needs of people living in the REDI residential towers. We will put the finishing touches to this system in spring 2019, and the services can be tested more extensively after the first residential tower, Majakka, is completed in summer 2019.

Building future growth

Urbanisation is not only one of the strongest megatrends, but also one of the major driving forces of change in Finland today. Even the Helsinki master plan is based on the forecast that the city will have about 860,000 residents (growth of 35 per cent) and 560,000 jobs by 2050. There is, therefore, a great need for new housing in the metropolitan area's growth centres. As house prices in growth centres have risen and stricter bank regulation has made it more difficult for Finns to obtain mortgages, there is a need for various types of – and above all more affordable – housing in growth centres.

A growing number of municipalities have an ageing building stock on their hands, but less money and fewer resources to maintain them or erect new buildings. Likewise, more daycare centres and schools will be needed in growth centres. The focus in public service construction is expected to shift even more strongly towards privately financed construction and lifecycle building. In the lifecycle model, the service provider takes responsibility for project design, construction and maintenance over a long contractual period, typically 15–25 years. This is a new project format for SRV, but it sits well with the SRV Approach and we will further develop its role in SRV's future business operations.

CASE:

Construction through a child's eyes

For several years, the REDI Shopping Centre construction site has been an object of interest for local children. The ever-changing construction site has gotten children thinking about questions such as "How do buildings stay up?" and "What do workmen do on construction sites?" They've wondered: "That REDI is really, really big. How did the workmen know where they should go?" Over 3,000 guests have visited the construction site to find the answers to these and other construction-related questions, including a group of preschoolers from the Kalasatama daycare centre.

The employees – in their helmets and yellow and orange clothing – know exactly where the building has to be built. The children know that the colour of the workmen's clothing is an important aspect of safety, as the bright colours make them stand out well. They also understand that construction has been carefully thought out in advance, as measurements are taken to ensure that the buildings are both the correct size and are erected in the places marked on the drawings.



When chatting with the workmen, the kids found out that concrete is cast on-site and that wooden moulds are made for casting the concrete. "Just like at the beach," one kid notes. You need more hands at the beach, but otherwise it's the same process. Big machines do a lot of the work on a construction site. Concrete is transported to the site in a large vehicle: a concrete truck with a revolving drum that mixes the concrete.

Living nextdoor to a large construction site

Living nextdoor to a large construction site has no doubt sparked off construction-related discussions and questions at home.

The children have been thinking about construction. Small hands have expertly drawn the cranes and other large machinery that they've been watching either from home or on their way to and from daycare over the last few years.

In an area under construction, open dialogue between the site and stakeholders in the surrounding neighbourhood has been important. Changes to access routes and the impacts of various work stages have all been openly communicated to those in the neighbourhood. Numerous groups have visited the site, which also has helped to create opportunities for discussion. The site would like to thank all of its neighbours for their cooperation!

In recent years, SRV has developed and implemented several new kinds of shopping centre projects in both Finland and Russia, and we are therefore constantly seeking new opportunities to turn shopping centres into experience centres. In addition to housing services, the public-sector construction model and the shopping centre market, SRV is seeking and investigating new business opportunities in areas such as energy self-sufficient construction and nursing home construction.

Developing sustainability

We continued our target-oriented efforts to improve sustainability, and sustainability is rapidly carrying increasing weight in generating and assuring value in business. Thanks to the steps taken in recent years, sustainability has become an aspect of day-to-day work at SRV, and is therefore no longer treated as a separate development programme, but as part of routine operations. For more on the sustainability measures carried out during 2018 and our future development programmes, see the Sustainability section starting on page 30.

PROFITABILITY IS ALSO BEING IMPROVED BY BOOSTING OPERATIONAL EFFICIENCY AND FURTHER DEVELOPING OUR PROCESSES.

CASE:

Working to improve profitability

In recent years, our strategic development programmes have primarily focused on improving profitability. In 2018, we launched a new programme that seeks to lighten our balance sheet, improve the cost-effectiveness of our projects, and enhance construction processes.

Over the past year, we have managed to lighten our balance sheet by over EUR 90 million by, for example, making more efficient use of working capital. We have sold plots that have been in the balance sheet for a long time, and have accelerated sales of existing smaller-scale investments and unsold residential units. We are also aiming to manage the capital tied up in our balance sheet by acquiring new plots for plot funds.



In addition, we have made savings in subcontracting, reduced the costs incurred by additional and alteration work, and scaled back work charged on an hourly basis. We have also overhauled our key construction processes and standardised our working methods. Although these measures have had an impact, they are still only first-aid.

The New Children's Hospital is one good example of a successful and cost-effective project. We managed to stick to the planned costs and even finished ahead of schedule. We are also extremely proud of the many awards that the hospital has already received, such as the 2018 Finlandia Prize for Architecture.

Developments in construction processes are also visible in housing. For example,

in late 2018 we introduced our revised planning and design process for residential development projects. The process enables closer and earlier cooperation between planning and design, production, and procurement. The goal is to clarify tasks, responsibilities and schedules, thereby improving profitability in our residential development projects.

We will continue to improve our profitability and the cost-effectiveness of our projects over the coming year.

“By taking a good attitude and a firm grip, we’ve been able to achieve the targets we’ve been set. We will now continue these efforts to create a culture of high performance and renew our leadership culture,” says CFO **Ilkka Pitkänen**.

THE GROUP'S STRATEGIC FINANCIAL OBJECTIVES FOR THE STRATEGY PERIOD 2018-2022

SRV's strategy and all of its operations are guided by the 2018-2022 strategic financial objectives that were approved in February 2018:

- After a phase of rapid revenue growth, SRV primarily seeks to increase annual operative operating profit.
- The operative operating profit margin objective is 8 per cent. Of this objective, 6 percentage points will be generated by construction and 2 percentage points by shopping centre rental income as part of associated company holdings.
- Return on equity will be at least 15 per cent by the end of the strategy period.
- Return on investment will be at least 12 per cent by the end of the strategy period.
- The equity ratio will remain above 35 per cent.
- The longer-term objective is to distribute dividend of 30-50 per cent of the annual result, taking into account the capital needs of business operations.

The achievement of these strategic objectives will be based on moderate but steady economic growth in Finland, and Russia's economy stabilising at a slightly stronger level. Growth in SRV's developer-contracted projects is also required. SRV seeks to divest shopping centres that are in the management phase when the market situation allows. Projects in Russia may be started when the Group's capital structure allows and the financial criteria of the properties are fulfilled.

In the next two years, the key objective is to improve profitability and effectively implement the new construction project process. Reaching the profitability targets requires not only boosting the efficiency of the company's own operations, but also the more prudent selection of new projects with regard to profitability and capital commitment. The company anticipates that it will achieve its strategic earnings level by the end of 2022.

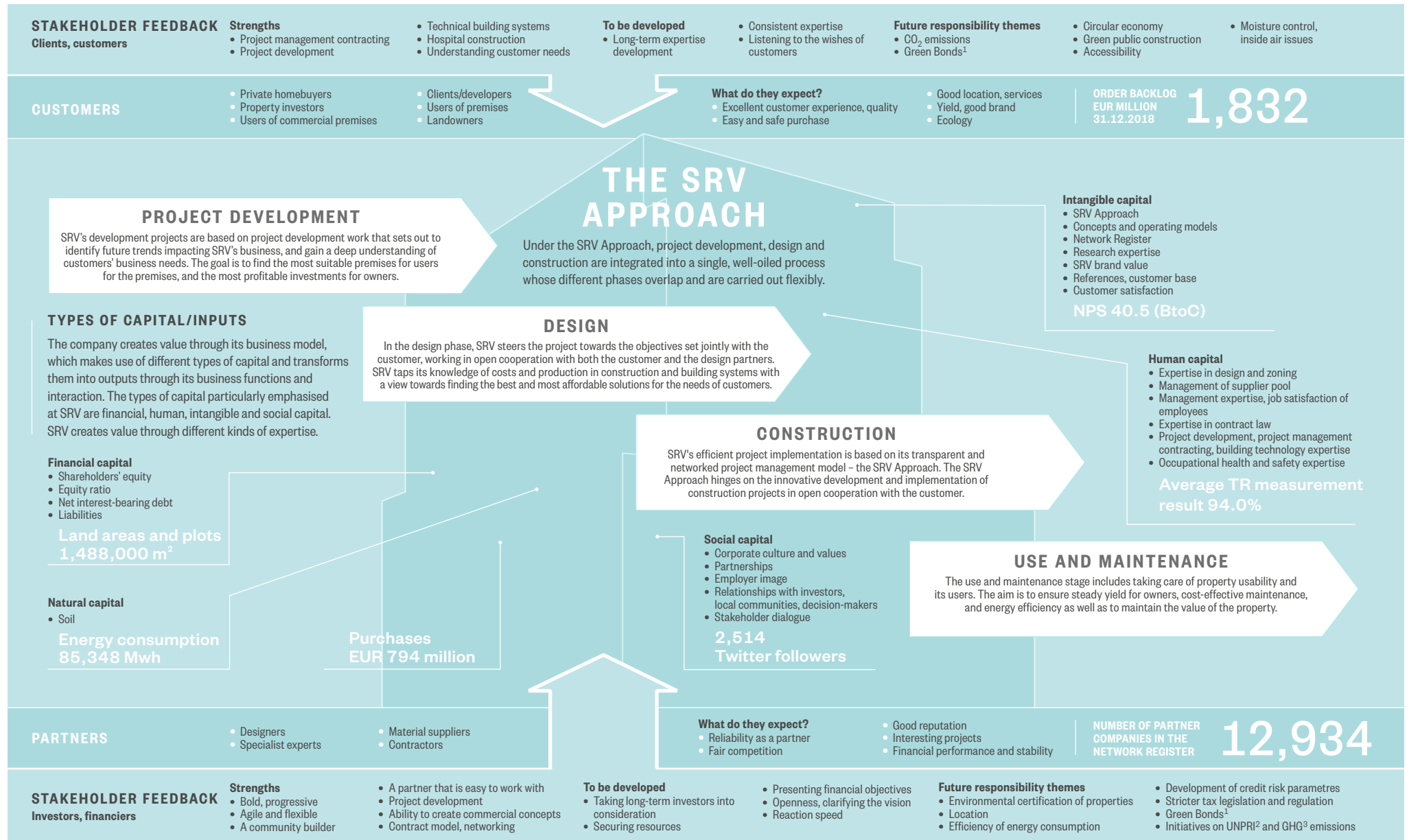
Financial objectives for the strategy period 2018-2022

	TARGETS SET FOR 2022	STATUS IN 12/2018	
OPERATIVE OPERATING PROFIT MARGIN (%)	8	-1.0	OPERATING PROFIT: the strategic profitability target will not be achieved until the latter part of the strategy period by the year 2022. Of this objective, 6 percentage points will be generated by construction and 2 percentage points by shopping centre rental income as part of associated company holdings.
RETURN ON EQUITY (%)	At least 15	-12.1	
RETURN ON INVESTMENT (%)	At least 12	-2.9	CAPITAL: Capital has been committed especially to shopping centre projects (Pearl Plaza, Okhta Mall, 4Daily and REDI), and it will be released only when the investments are sold.
EQUITY RATIO (%)	Above 35	28.5	EQUITY RATIO: In addition to the loss-making result, the equity ratio was affected by the weakened exchange rate of the ruble. The equity ratio will start to improve as a result of a decline in capital employed.
DIVIDEND (EUR)	Dividend of 30-50 per cent of the annual result	0.00*	DIVIDEND: The long term objective is to distribute dividend of 30-50 per cent of the annual result, taking into account the capital needs of business operations.

* Dividend proposal by the Board of Directors 6 February 2019.



SRV'S VALUE CREATION MODEL



¹ A Green Bond is an investment instrument that investors use to finance environmentally friendly or other sustainable development projects.

² United Nations Principles for Responsible Investment.

³ Greenhouse Gas emissions.

ROLES

Builder SRV is not just a builder, but also a real estate investor, developer and shopping centre operator. SRV serves customers in matters such as the choice of construction site, site development, management of land use, specifying space needs, project budgeting and acquiring funding.

Financier/Owner

Developer Capital management is an essential element of project value formation. In addition to its own financing capacity, SRV seeks funding for specific projects from banks, investors, customers and partners. SRV is currently building developer-contracted housing projects, development projects, and contracted projects.

Provider of user and maintenance services

Shopping centre operator

OUTPUTS

Products

- Apartments, homes
- Commercial premises, retail premises, offices
- Shopping centres
- Hospitals, healthcare centres, schools
- Roads, tunnels, infrastructure, stations

Services

- Construction, contracting
- Design
- Development
- Property development (investors, users)
- User services, residential services
- Management and operation of shopping centres

Wastes and emissions

- Emissions (incl. GHG)
- Wastes
- Wastewaters
- Soil and rock

Number of completed housing units

526

Total value of hospital projects (EUR million)

750

Number of stores in the REDI shopping centre

200

CO₂ emissions (tons)

16,687

IMPACTS

Financial impacts

- Revenue
- Earnings
- Salaries and benefits
- Dividends
- Purchases, payments and investments
- Interest and financial expenses
- Taxes, social security payments and tax-like charges
- Donations, sponsorships

Environmental impacts

- Ecosystem changes
- Momentary impacts on the local environment – noise, dust, vibration
- Exceptional vehicular and pedestrian traffic arrangements, sites in the landscape
- Impacts of energy consumption (GHG and particulate emissions), climate change, air quality
- Environmental impacts of properties during use
- Promoting forms of sustainable housing

Social impacts

- Impacts of air quality on people
- Comfortable living environments
- Functionality
- Public transport connections
- Visibility of sites in the landscape, traffic arrangements, adverse impacts on comfort
- Comfortable, high-quality, safe and healthy apartments and public premises
- Safe and healthy working environment

Societal impacts

- Improving the functioning and efficiency of society
- Impacts of urbanisation
- Employment impact (direct and indirect)
- Increasing financial activity
- Impacts and costs of exceptional arrangements
- Wearing down of current infrastructure
- High-quality, safe and healthy public premises
- Accumulating the expertise of employees

Number of housing units recorded as income

523

Revenue (EUR million)

959.7

Wages and salaries (EUR million)

41

Purchases (EUR million)

794

Number of sites

103

Traffic on Kehä I next to Keilaniemi site (vehicles/day)

30,000

TR measurement average (%)

94.0

Number of serious accidents

19

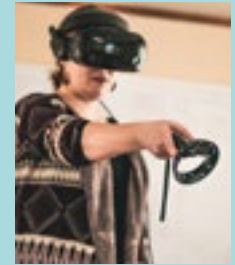
Number of orientation trainings sessions

20,406

Training (days/person)

3.0

Encounters



"The VR goggles really brought the school to life and helped me get a much better idea of how things will be."

→ READ MORE ON PAGE 16



"The authorities aren't looking to make life difficult for companies – they only want to ensure compliance with employment contracts."

→ READ MORE ON PAGE 50

Shopping center Karuselli, Kerava



Shopping center Karuselli was a project developed by SRV, but which was sold to an investor before construction began. SRV bears the construction risk in such projects, which are recognised as revenue according to the percentage of completion.

Maalisuora, Vantaa



Maalisuora in Vantaa was a developer-contracted housing construction project that was developed by SRV. SRV bears the risks involved in both the sale and construction of such projects, which are recognised as revenue when they have been completed and sold.

Telia HDC



Construction contracts are construction projects that are launched by other parties but implemented by SRV. They are recognised as revenue on the basis of the percentage of completion or as set out in the agreement. The Telia HDC project was a project management contract. In Helsinki Data center, Telia provides data center and data infrastructure services to both Finnish and international companies.

A COMPANY FULL OF TOP EXPERTS

Over 1,050 professionals work at SRV. Every one of them provides the best customer experience and puts sustainability into practice. We'd like to introduce three top experts who work in housing companies, metro tunnels and computer-simulated, energy-efficient properties.

“ I do warranty repairs in apartment buildings. I fix everything that can be fixed – from floor to ceiling. I fill and paint any cracks in wall surfaces, adjust doors and windows, and repair tiles and groundsills.



My supervisor gives me a list of what needs to be fixed in which apartment. I'm free to decide on the order. I inform the residents when I'll be coming to make the repairs, and give them an estimate of how long it will take.

People are generally quite well disposed towards me. I try to be polite and respect the fact that I'm in someone else's home. I also remember to tidy up after myself.

I occasionally attend courses arranged by my employer, but I learn plenty of new things just by keeping my eyes and ears open at work. Every professional has their own way of doing things.

My work is quite varied. I always get a buzz when the repairs are done and I get the resident's signature on the papers. I get one of those 'Yes, we've done it!' feelings.”

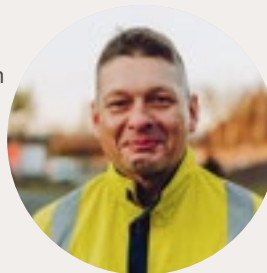
Jaana Särmä, Annual Repair Technician

“ In professional jargon, I'm a 'jumbo driller', even though my official title is 'data driller'. In theory, the machine I use functions automatically, but in practice it has to be controlled manually. If I left the machine to its own devices, it would break itself.

A jumbo drill is used in the construction of things such as metro tunnels and parking facilities. Cities are usually our clients. The holes I drill in the rock are five metres deep and usually have a diameter of 52 millimetres. I drill 50–150 holes in a quarry site, and then comes the blasting and loading up the rocks. And then we do the same all over again. If there's any varved clay in the rock, it can take an entire shift to drill a single tunnel end.

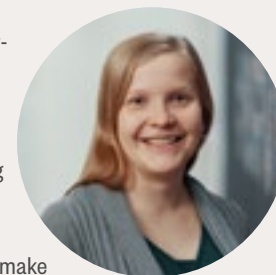
I work in a dark environment, but the machine naturally has lights – extremely bright lights. You have to stay calm when working with a jumbo drill. If you rush, you'll quickly bend something and make a mess.

In a way, I have quite a lot of freedom, as I get to work at my own pace. But of course I try to get my work done as quickly as possible – there's no slacking off.”



Harri Kuru, Data Driller

“ I perform a variety of energy-related assessments. I use simulations to assess the energy consumption of buildings. For example, when we're weighing up lightning alternatives, I have software that helps me calculate payback times. I've also learnt to make carbon footprint calculations.



I act as a kind of in-house consultant – someone that project leaders and technical building system managers can turn to. My workload is highest during the planning and tender phases. I've also done energy monitoring at some sites. When a building has been completed, I determine whether actual consumption matches the advance estimates.

My work basically involves obtaining and processing data. It's a huge field that's expanding all the time. You can't know everything about everything, but in order to see the whole picture, you need to know a little bit about everything – at least, about everything that affects a building's energy consumption.

On-the-job learning is a vital aspect of my work. I can learn so much from the amazing professionals we have at SRV. And we're also offered opportunities for further training and refresher courses.”

Laura Hyttinen, Energy Engineer



**“URBANISATION
WORKS AS
A GROWTH
ENGINE FOR
CONSTRUCTION.”**

OPERATIONS IN FINLAND

As of 1 January 2019, Operations in Finland is called Construction. The Construction segment covers all of SRV's construction activities including the capital and plots required for developer-contracted housing production. Construction encompasses housing construction, business construction, technical units, procurement, and internal services. Construction employs about 900 people, that is, the majority of SRV's personnel.

Business environment

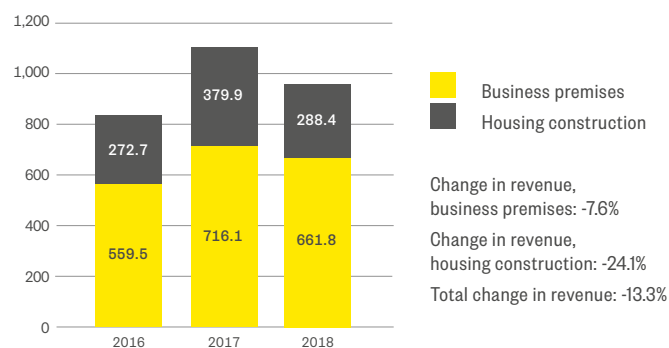
The outlook for the world economy has cooled off slightly and trade policy disputes are weakening investor confidence. Although the European economy is continuing to grow, significant financial and political uncertainty factors in several countries, both inside the Euro zone and elsewhere, are continuing to pose risks in development. Finland has reached the height of its current boom and economic growth will slow in 2019. GDP grew by an estimated 2.3–3.0 per cent in 2018 and the forecast for 2019 is 1.4–2.4 per cent.

The boom in construction investments is almost over. Construction grew by an estimated 3 per cent in 2018 and is expected to tread water in 2019. Over the course of the year, there will be slightly fewer startups in both housing construction and business construction. Slowed growth will bring some hoped-for respite to rising construction costs and localised labour shortages.

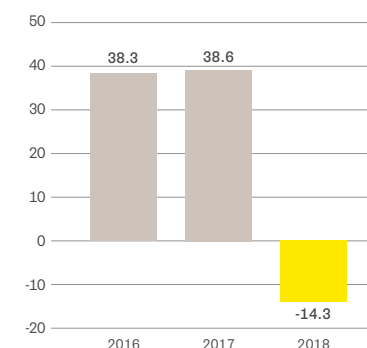
Urbanisation and population shift will continue to be the general drivers of construction growth and will maintain the need for both housing and business construction in growth centres, which are SRV's strategic focal points. According to VTT's forecast, urbanisation will continue, as Finland's urbanisation ratio is clearly lagging behind other industrialised nations, such as Sweden. The most optimistic forecasts estimate that about 620,000 people in Finland might move into urban areas by 2040. For instance, the new Helsinki master plan enables the population of the city to grow to about 860,000 by 2050.

(Sources: new Helsinki master plan 10/2017 & VTT, Demand for new dwelling production in Finland 2015–2040, 01/2016.)

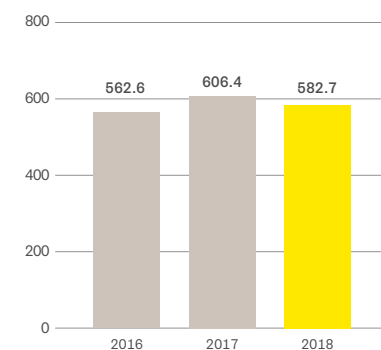
Revenue, operations in Finland (EUR million)



Operating profit in Finland (EUR million)



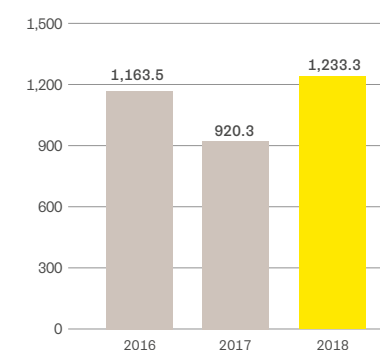
Order backlog, housing construction¹ (EUR million)



Change in order backlog, housing construction: -3.9%

¹ At the period-end.

Order backlog, business premises¹ (EUR million)



Change in order backlog, business premises: 34.0%

¹ At the period-end.

HOUSING CONSTRUCTION IN FINLAND

SRV builds homes primarily in growth centres and in close proximity to good transport connections. For the last few years, SRV has been one of the largest housing constructors in the Helsinki metropolitan area. At the end of the year, SRV had a total of 2,759 housing units under construction all across Finland.

SRV's revenue and order backlog for housing construction in Finland fell slightly in January–December 2018. However, the order backlog remains at a high level. A slight fall in developer-contracted housing construction and a decline in the number of new units completed contributed to the contraction in revenue from housing construction. The number of unsold new units hit a record low at the end of the year, 71 units.

In line with its strategy, SRV is focusing its housing production on urban growth centres and, above all, locations with good transport connections. For quite some time now, SRV has been one of the largest housing constructors in the Helsinki metropolitan area. SRV has a total of 2,759 housing units under construction, 60 per cent of which are in Uusimaa. More than 863 developer-contracted housing units are currently under construction.

The largest construction project in SRV's history – REDI in the Kalasatama neighbourhood of Helsinki – was completed in September 2018. 97 per cent of the 283 apartments in REDI's first residential tower (Majakka) have been sold. Construction of REDI's second residential tower, Loisto, will be launched in 2019. SRV's largest ongoing developer-contracted housing projects are the REDI residential towers, Piruetti in Espoo, Neulansilmä in Vantaa, and Luxus in Turku.

The majority of SRV's housing production consists of development projects or developer-contracted housing units for which SRV manages the entire chain, all the way from land acquisition to construction and sales. SRV is focusing on housing construction along rail lines. Over 2,500 homes are being planned along the Western Metro line over the coming years. SRV has launched a pilot project to build affordable housing in the Keimolanmäki neighbourhood of Vantaa. The aim is to build owner-occupied homes for families with children and first-time buyers, so that accommodation costs would be more affordable than local rental prices.

CASE:

Majakka sparks community spirit



REDI's first residential tower, Majakka, will be completed in summer 2019. At a finished height of 134 metres, Majakka will be Finland's tallest residential building – but its height is not its only special feature. Majakka takes a kind of participatory approach that is very rare in Finland.

Arto Huuskonen, Director, Digitalization and Services at SRV, says that homebuyers have been closely involved in both Majakka's service design and the Majakka community from the outset.

"Over the last five years, we've arranged dozens of different customer workshops, so that we can create the perfect service package for residents." Visits have even been made to gyms, so that future residents can test a variety of potential exercise equipment for Majakka's fitness room.

Residents have drawn up shared rules for the building's public areas – such as the club room on the 33rd floor and the area for everyday activities on the 5th floor – and everyone is really looking forward to moving in this summer.

"In fact, there's already lively discussion in various channels, as if people were already living in the building," says Huuskonen. Majakka houses a whopping 282 apartments.

Lotta Toivonen, SRV's project manager for service development, has also been surprised by how enthusiastic residents have been in getting involved in the overall design. "We've considered a lot of solutions that will make residents' daily lives easier and save time on daily routines."

At the core of the service package lies the House Team, which will provide concierge services, maintenance and general

cleaning, as well as other services for an additional charge, such as home cleaning, grocery deliveries, and dogwalking.

"Our House Team will supplement the shopping centre's service offering, enabling residents to make use of laundry and catering services," says Toivonen.

New digital solutions have also been developed, such as ways to move easily around the tower and book premises, and also for resident communications and other residential services.

Over 1,300 ideas for services have been collected during the Majakka project, and only the future will show which seeds will grow. "However, it's already obvious that this will be no ordinary building – all the residents are deeply committed to improving both the building and its services," says Toivonen.

BUSINESS CONSTRUCTION IN FINLAND

SRV currently has many commercial projects under construction, such as offices, educational establishments and hospitals. The New Children's Hospital and the REDI Shopping Centre and its parking facility were two of the most significant business construction projects completed in 2018. The Karuselli shopping centre in Kerava and the Pressi Smart Premises in Vantaa were completed during the fourth quarter.

Hospital construction generates about 23 per cent of consolidated revenue. SRV is currently building several large hospital projects, such as the Nova Hospital in Central Finland, a new building for Tampere University Hospital, and the HUS Siltasairaala Hospital, which entered the construction phase at the beginning of 2018. The New Children's Hospital in Helsinki was completed in April – two months ahead of schedule – and was opened in September 2018.

Revenue from business construction fell slightly in 2018 and SRV's order backlog strengthened in 2018. We aim to increase our order backlog in line with our strategy, so that the average margin of our order backlog rises. Business received a boost from ongoing hospital and educational premises projects, alliance contracts and infrastructure construction in particular.

SRV is currently building or renovating several educational establishments, such as the Kurittula school in Masku, the Jätkäsaari primary school and Lauttasaari school in Helsinki, and the Jokirinne Learning Centre in Vesitorninmäki, Kirkkonummi. SRV will take end-to-end responsibility for the Jokirinne Learning Centre project, and the service agreement also covers lifecycle responsibility for the learning centre for 10 years. It will be implemented using a lifecycle model, which is still a relatively new method of implementing construction projects in Finland. In such a project, a private company takes on end-to-end responsibility for the implementation of a public project and building maintenance.

SRV's infrastructure construction has experienced strong growth in recent years. The most significant ongoing project is the tunnelling of Ring Road I in Keilaniemi. At an impressive length of 440 metres, it will be one of Finland's largest concrete traffic tunnels.

A significant proportion of our business construction is implemented using open project management contracts or an alliance model. These projects provide additional earnings potential over and above ordinary income recognition. The most significant ongoing alliance project is Finavia's expansion of Terminal 2 at Helsinki Airport. The decision to launch the first implementation phase was made during the last quarter of 2018.

CASE:

Energy transfers between properties at PRESSI

A new smart tech centre going up in Vantaa will be harnessing geothermal energy in a new, more sustainable way. PRESSI Smart Premises consists of three integrated properties that will use the same geothermal energy system. "Each building's geothermal energy system will be connected to the other buildings via an energy highway," says Technical Building Systems Manager **Jere Pirhonen** from SRV.

"The energy highway will provide us with an efficient way to transfer energy between properties, thereby enabling us to optimise the energy balance between the buildings in a comprehensive new way," says Pirhonen, adding that further buildings can also be linked to the system.

"Then we'd already be talking about a district heating solution."

The geothermal innovation will cover



more than 90 per cent of Pressi's energy requirements for heating and cooling. The buildings will also be equipped with rooftop solar panels that will help cover as much of the properties' electricity production as possible.

"In practice, we'll take as much energy from the sun as our roof area will allow," says Pirhonen.

The first building, C building, will be ready for tenants to move in January 2019, and then it's just a question of waiting for buildings B and A to be completed. "We're aiming to complete the next buildings at two-year intervals," says Pirhonen.

The three-building complex will cover a total of 22,500 square metres. Pressi, which is within walking distance of Vantaankoski railway station, is aimed at pioneers who want to highlight responsibility in all of their operations. Pressi is being built to meet the quality requirements for LEED V4 certification.

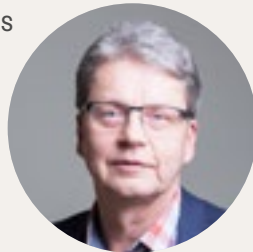
"One important element of Pressi's energy efficiency concept is a flexible on-demand and fully controllable lighting solution." Its ventilation system is also extremely adjustable, and its heat recovery is likewise first-class.

CASE:

OPERATING SPACES

SRV builds properties suitable for many uses. The most important for us is to listen to our customers and offer the best possible customer experience. We emphasize community, ecology and well-being in our projects.

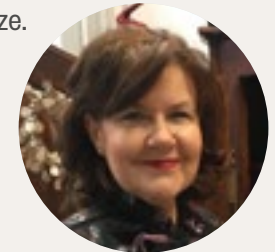
“The New Children’s Hospital is a unique and very positive complex. Looking at how spacious, open and colourful the premises are, it really is a staggering change from the old hospital. Functional solutions have been found through a combination of hospital planning, architecture, technology and construction. This project also experienced an unprecedented level of support from the general public, so it’s quite humbling to think that I get to work here.”



Pekka Lahdenne, Associate Professor of Paediatrics, Head of Digital and Innovation Services, HUS

The New Children’s Hospital is a centralised hospital for children requiring demanding specialised care. It was built by SRV and officially opened in September 2018. The New Children’s Hospital treats child patients from all over Finland, from newborns to 15-year-olds. The hospital also enables parents to be with their children 24–7.

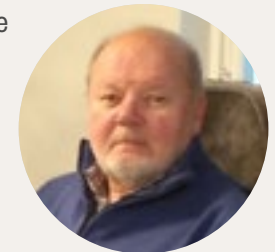
“Karuselli is a cosy, centrally-located shopping centre that’s just the right size. Our Grace Fashion & Lifestyle premises – a total of 123 square metres – come out great: for example, the eight-metre ceiling creates a wonderfully spacious feel. We also have one wall that is nothing but a display window – for the entire 11 metres – which lets in a pleasant amount of light. However, some improvements could still be made with regard to signage.”



Anne Manner, Grace Fashion Oy

The Karuselli shopping centre opened its doors on 1 November 2018. Located in Kerava’s main shopping zone, Karuselli contains about 5,500 m² of commercial premises and has brought a much-needed boost to the downtown area. 19,000 visitors swarmed into Karuselli on the opening day.

“After I moved in, in May 2017, I noticed this was a special place: here, people smile and talk to each other. For example, we have a large, shared living room downstairs and there’s something going on every day. We get visits from masseurs and hairdressers, and we have our own lunch restaurant. You won’t find many service packages like this in Finland.”



Mikko Vainionpää, Chair of the Board, as. oy Oloneuvos

The Ilona senior block in Jyväskylä consists of three interconnected residential buildings with a total of 166 apartments and 29 assisted-living rooms for those aged 55 and over. The main idea behind Ilona is to combine various modes of living and create a sense of community. Oloneuvos is one of the buildings in the block. It was completed in May 2017 and contains 55 privately owned apartments.

INTERNATIONAL OPERATIONS

SRV's International Operations largely comprise the management of shopping centres in Russia. SRV partially owns and operates three shopping centres, which are located in St Petersburg and Moscow. SRV intends to sell its holdings once stable rental income has been achieved or the market situation allows.

As of 1 January 2019, International Operations transfers mainly to Investments. The Investments segment encompasses both complete and incomplete sites in which the company is a long-term investor. Plots that SRV will develop itself, and whose expected profits will be generated through development, are also reported on under Investments. Investments focuses on the management and realisation of the Group's real estate investments, and on the creation and ownership of new joint investment structures.

Business environment

The Russian economy has continued to grow slowly. The price of oil and the rouble exchange rate have changed dramatically. Inflation has remained in check. Russian GDP growth has been estimated at 1.5 per cent in 2018 and the estimate for 2019 remains same.

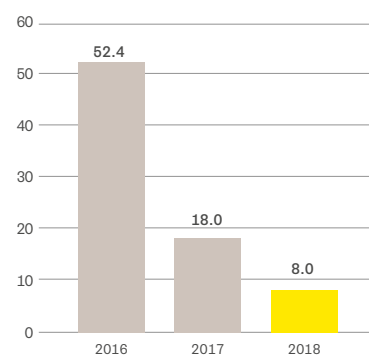
Household consumption is continuing its slow recovery. The major forecast risks are still posed by changes in the price of oil and the weaker-than-expected development of the outlook for the global economy and international relations.

International Operations

SRV's International Operations largely comprise the management of shopping centres in St Petersburg and Moscow. SRV owns modern shopping centres in both cities. SRV believes that the strengthening of the rouble will provide a good foundation for shopping centre management in Russia. Both sales and visitor numbers have increased at SRV's shopping centres.

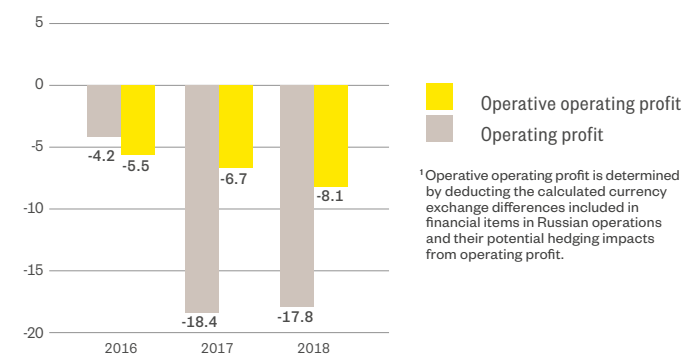
The revenue for International Operations in the January–December period of 2018 fell as expected. The majority of revenue was generated by shopping centre management. Visitor numbers at Pearl Plaza in St Petersburg rose by 5 per cent in 2018 and all of shopping centre's premises had been leased.

Revenue, international operations (EUR million)



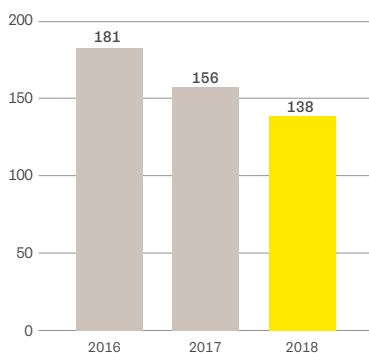
Change from 2017: -55.3%

Operative operating profit¹ and operating profit, international operations (EUR million)



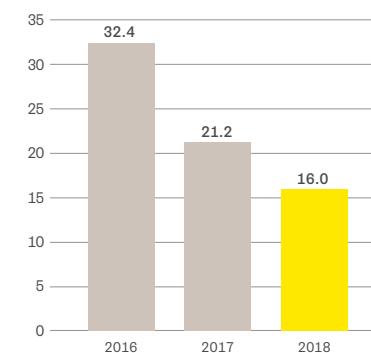
¹ Operative operating profit is determined by deducting the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts from operating profit.

Personnel, international operations (persons)



Change from 2017: -11.5%

Order backlog international operations¹ (EUR million)



Change from 2017: -24.7%

¹ At the period-end.

Operating profit from International Operations decreased to EUR -17.8 million (-18.4). The operating loss was reduced by the improved operating result of associated companies. All of the Okhta Mall loans were converted to roubles in May 2018. More of the Pearl Plaza loans were converted to roubles in February and now only about a third are euro-based. This reduces SRV's rouble-related exchange rate risks.

The 4Daily shopping centre opened its doors in Moscow in April 2017. About 77 per cent of the shopping centre's premises had been leased by the end of December. 69 per cent of its stores were open at the end of December.

Some of SRV's euro-denominated loans were converted to roubles at our Russian associated companies during the year. The original rouble risk has therefore decreased by about a half.

Shopping centres in Russia

Pearl Plaza, St Petersburg	Okhta Mall, St Petersburg	4Daily, Moscow
SRV's holding 50%.	SRV's holding is 45%. SRV also has a 27 per cent holding in Russia Invest, the centre's other owner.	SRV's holding is 19%.
Opened in 2013.	Opened in August 2016.	The 4Daily shopping centre was handed over to the client in December 2016 and opened to the public in April 2017.
In January–December, Pearl Plaza's monetary sales increased by 12 per cent (in roubles) on the corresponding period of the previous year.	The shopping centre's occupancy rate stood at over 90 per cent at the end of December.	At the end of December, its occupancy rate stood at 77 per cent.
Pearl Plaza has been fully leased since 2017.	Visitor numbers have increased in line with expectations, and have already broken the 10,000 visitors per day mark.	The largest tenant is the Russian supermarket Miratorg.
SRV is currently investigating the potential sale of the Pearl Plaza shopping centre.	The largest tenant is the Russian grocery chain Lenta.	



VISITOR NUMBERS AT PEARL PLAZA IN ST PETERSBURG ROSE BY 5 PER CENT TO 9.6 MILLION IN 2018. STRONG SALES GROWTH WAS ALSO SEEN.

A high-angle photograph of a person riding a bicycle on a dedicated, reddish-brown bike lane. The lane is marked with white dashed lines and bicycle symbols. To the left is a modern building with a blue, slatted facade. To the right is a grey asphalt road with a metal railing. The scene is brightly lit, suggesting a sunny day.

**“IT TAKES RIGHT
DECISIONS AND
EVERYDAY ACTIONS
TO BE FORERUNNER.”**

SUSTAINABLE DECISIONS SUPPORT STRATEGY

SRV wants to be a pioneer in responsibility – and doing the right thing and making sustainable decisions is also the best way of achieving strategic targets. On a practical level, it means continually improving performance and being open about the successes and challenges; but above all, it means ensuring that the work SRV does is realised in its business.

It is currently investors and financiers who are putting companies under the greatest pressure to operate responsibly. Responsible investment is becoming mainstream, and green financing is taking over the industry. The EU is working on guidelines to support funding for sustainable growth. All this is good news for those who are seeking to fight climate change and reduce environmental loading.

An ever-evolving value creation model

In 2017, SRV developed a value creation model that collates different types of capital and defines outputs and impacts. This description of value creation is under continual development, and is updated to reflect changes in valuations and what information stakeholders require. SRV creates value not only for itself but also shared value for society, and stakeholders are evaluating and judging SRV with a new set of criteria. In addition to the basic work involved, identifying the positive impacts desired by investors requires us to develop brand-new indicators.

Doing the right thing builds trust

The ethical operating guidelines create a sustainable foundation for everything SRV does. Practical instructions provide additions and further clarifications to the guidelines contained in our ethical operating guidelines and corporate policies. Certified management systems do their bit to ensure that SRV complies with operational standards. SRV has a confidential ethics channel that anyone can use to report any problems they have observed in the company's operations.

The Group's President and CEO holds ultimate responsibility for SRV's sustainability efforts, while the Sustainability Director reporting to the CEO is responsible for practical work. Sustainability efforts always involve close cooperation between SRV's various business areas and support functions.



Together with the Sustainability Director, SRV's risk management is responsible for identifying and reporting sustainability risks, and for implementing risk management measures. Identified sustainability risks include serious accidents, the grey economy, working conditions throughout the supply chain, and SRV's reputation among stakeholders. Risk analysis has been supplemented by a mapping of process risks (environmental and occupational safety) carried out during the year.

SRV CREATES VALUE NOT ONLY FOR ITSELF BUT ALSO FOR SOCIETY.

CASE:

Operational interfaces highlighted by process risk analysis



In autumn 2018, one of the main development themes of our environmental system was to define the environmental risks and opportunities inherent in our processes. An environmental expert led this work, which was carried out workshop-style in small teams, thereby enabling as many of the organisation's functions as possible to be represented.

"SRV's core process descriptions and named roles have been defined in the operating system. However, both our processes and the factors that influence them have been overshadowed by project

risks. This is understandable when our operations comprise an extremely diverse range of ongoing project implementations, and our strengths lie in flexibility and adaptability," says SRV environmental specialist **Mari Levirinne-Kara**.

During the environmental workshops, it emerged that personnel who work with processes were bringing up very broad-ranging perspectives. They constituted problems or opportunities not only from an environmental standpoint but also from the perspectives of health, safety and – in particular – quality.

"In particular, a variety of process and function interfaces were identified as risks. How is data collected and transmitted along the chain as production progresses and how the feedback is transmitted back up the chain? We've been aware of this challenge and have several ongoing development projects aimed at improving the situation. Thanks to the diverse range of participants, we received a lot of brand-new information and concrete development proposals. We therefore have a much clearer overview of the situation," says Levirinne-Kara.

The workshops identified the early stages of the process (including target setting) as one of the most important elements in improving our environmental performance. Increasing the amount of information available to both the authorities and those involved in construction projects was therefore considered to be an extremely effective measure.

As a result of these meetings, it was decided that we should work together to form an even clearer overview of the factors that impact the level of environmental protection in construction. This

resulted in the first analysis of process risks using SRV's environmental system. From now on, examining processes from environmental perspectives will be one of the environmental steering group's annual themes.

"All personnel are currently involved in developing our operational processes, and this is also increasing everyone's understanding of the risks and factors involved in processes – both those that are caused by them and those that influence them. Assessing process risks and opportunities is therefore continual improvement at its best," says Mari Levirinne-Kara.

REPORTING EVOLVES AND DEVELOPS

Sustainability reporting is expected to meet many stakeholders' growing demands for information. Investors and financiers in particular have an increased need for sustainability data. Sustainability themes, such as climate change and its impacts, are now a routine aspect of business. This is why increased volumes of sustainability data are also required to support business decisions.

At corporate level, investors' and financiers' interest is being reflected in a need for new kinds of information. Their questions increasingly focus on the positive environmental and social impacts of products and services, and even the value generation of entire ecosystems. In addition, impacts and value creation often appear on their list of questions. Information about production-related consumption, emissions and waste generation remains vital, but nowadays also completely new indicators are needed. At the same time, companies are considering how to get information out of their systems.

Appropriate information to support decision-making

Appropriateness continues to be the guiding principle for SRV's sustainability reporting. SRV complies with statutory and industry-wide reporting requirements, and provides both internal and external stakeholders with up-to-date and comprehensible information to support decision-making. SRV issues sustainability communications in all channels. Openness and transparency are some of the most effective ways to meet these information needs, and likewise to strengthen all of the stakeholders' trust in SRV.

Unless otherwise mentioned, SRV's sustainability reporting adheres to the same boundaries as the financial reporting. The short-term objective is to improve the collection of energy data in particular, and thereby also the coverage of the emissions data.

A review of non-financial reporting

In accordance with the requirements of the Accounting Act, a report on personnel issues, social responsibility, human rights, environmental issues, and bribery and corruption is provided in the financial statements section of the Report of the Board of



APPROPRIATENESS IS THE GUIDING PRINCIPLE FOR SRV'S SUSTAINABILITY REPORTING.

Directors. A summary of the report is also presented in the adjacent table. Additional information on these themes is available in different sections of the Annual Review.

The report contains a description of SRV's business model and value creation, and this is presented on pages 20–21 of the Annual Review.

Non-financial reporting according to the Accounting Act

THEMES	POLICIES, DUE DILIGENCE	ACTIVITIES, RESULTS	IDENTIFIED RISKS	RISK MANAGEMENT
<p>HR ISSUES own operations, own personnel: occupational health and safety, coping at work, terms of employment</p>	<ul style="list-style-type: none"> Legislation, permit terms, ethical operating guidelines, health and safety policy, personnel policy OHSAS 18001 management system Personnel plan, equality plan Prevention, orientation training Training, guidance 	<ul style="list-style-type: none"> Work of safety support group and safety team Supervisory work, development discussions Personnel survey Lost-time injury frequency, TR-measurements Safety observations Participation in trainings 	<ul style="list-style-type: none"> Accidents at work Work exhaustion Disability pensions 	<ul style="list-style-type: none"> OHSAS 18001 management system Corporate Executive Safety Inspections Weekly statutory inspections (TR-measurements) Work of safety support group and safety team Internal audits External audits Ethics channel
<p>SOCIAL RESPONSIBILITY own operations, operations of contractors and sub-contractors: occupational health and safety, terms of employment</p>	<ul style="list-style-type: none"> Legislation, permit terms, health and safety policy, personnel policy Construction Contract Programme Prevention, orientation training Training, guidance 	<ul style="list-style-type: none"> Construction Contract Programme Procurement background checks Lost-time injury frequency, TR-measurements Safety observations 	<ul style="list-style-type: none"> Accidents at work Negligence of terms of employment (pay, worktime) Negligence of liabilities and societal duties (grey economy) 	<ul style="list-style-type: none"> Network Register Site guidelines/instructions Discussions with suppliers and subcontractors Ethics channel
<p>HUMAN RIGHTS own operations, subcontractors and contractors operations: see HR issues and Social responsibility Also: harassment, discrimination, privacy issues, banning of child, bonded and forced labour, banning of inhumane treatment and punishment, right to personal freedom and safety, children's rights</p>	<ul style="list-style-type: none"> Legislation, permit terms, ethical operating guidelines, health and safety policy, personnel policy Personnel plan, equality plan Construction Contract Programme Prevention, orientation training Training, guidance 	<ul style="list-style-type: none"> Procurement background checks Reports in ethics channel 	<ul style="list-style-type: none"> Accidents at work, work exhaustion, discrimination, harassment (right to life, health and a safe and healthy work environment) Negligence of terms of employment (pay, worktime) (right to reasonable, sufficient and equal pay), right to a reasonable livelihood, labour union related rights, freedom of association) Violations of privacy (right to privacy) Banning of child, forced and bonded labour Forbidden practices (banning of inhumane treatment and punishment, right to freedom and personal safety) Negligence of children's rights (right of the child to special protection due to his minority) 	<ul style="list-style-type: none"> Ethical operating guidelines, ethical operating guidelines for suppliers Network Register Site guidelines/instructions Background checks by procurement Discussions with suppliers and subcontractors Ethics channel
<p>BRIBERY AND CORRUPTION PREVENTION own activities and operations of contractors and sub-contractors</p>	<ul style="list-style-type: none"> Legislation, ethical operating guidelines Construction Contract Programme Cooperation with authorities 	<ul style="list-style-type: none"> Orientation and pre-checks of subcontractors liabilities Grey economy prevention days Reports in ethics channel 	<ul style="list-style-type: none"> Illegal or inappropriate activities (misuse of power, conflicts of interest, bribery) Negligence of liabilities and societal duties (grey economy) 	<ul style="list-style-type: none"> Internal audit Ethical operating guidelines, ethical operating guidelines for suppliers Network Register Ethics channel
<p>ENVIRONMENTAL ISSUES own activities and operations of contractors and sub-contractors</p>	<ul style="list-style-type: none"> Environmental policy ISO 14001 environmental management system Construction Contract Programme Environmental plan Waste management plan 	<ul style="list-style-type: none"> Material and energy efficiency Sustainable procurements Sustainable projects with less negative impact Construction waste and utilisation rate Energy use CO₂ emissions 	<ul style="list-style-type: none"> Climate risks, physical and adaptation related Process risks, process interfaces Environmental damage and accidents Illegal or inappropriate activities 	<ul style="list-style-type: none"> ISO 14001 environmental management system Ethical operating guidelines, ethical operating guidelines for suppliers Project risk management process LCA calculations Internal audits Ethics channel

THEMES AND GOALS ARE PRESENTED IN THE SUSTAINABILITY PROGRAMME

The sustainability programme lists SRV’s main sustainability themes and their associated long- and short-term objectives. This programme makes it easier to see the big picture and communicate the issues to various target groups.

The sustainability programme enables every SRV employee to find his or her own role in sustainability development. The operating environment, along with its associated risks and opportunities, changes rapidly and the sustainability programme should reflect these changes. The goal for 2019 is to update and revise the themes and their associated targets. One item that will definitely be seen on the agenda more frequently is climate change and how to adapt to it.

The Sustainability Director is responsible for compiling the sustainability programme in association with a network comprising representatives of our various business areas and functions. Sustainability policies are approved by the Corporate Executive Team, which presents issues to SRV’s Board of Directors as necessary. The executive teams of our business areas deal with sustainability issues as part of their routine business management.

Decent progress made in implementation

Most of the sustainability programme’s 2018 targets were achieved either in full or in part. Awareness of ethical operating principles was increased through an extensive tour, and separate ethical operating guidelines were drawn up for suppliers. Anti-Grey Economy Days were organised four times in 2018. Unfortunately all occupational safety numbers did not develop as planned. The 2020 training programme was organised for managers and site managers, and more than 300 people participated in the SiteSTEP production training programme.

The greatest challenges are still faced in establishing long-term objectives and indicators. Although progress has been made in updating the value creation model, the stakeholders have not been involved in this work. Reasonable progress has been made in enhancing the sustainability of procurements, but



the division of decision-making authority between various parties continues to pose a challenge in this area. A summary of the sustainability programme is presented in the adjacent table. More information on the sustainability programme’s themes and an overview of target attainment in 2018 are provided in the relevant sections of the Annual Review.

THE SUSTAINABILITY PROGRAMME IS APPROVED BY THE CORPORATE EXECUTIVE TEAM.

Sustainability programme

THEME	GOALS FOR 2018	OTHER ACHIEVEMENTS IN 2018	GOALS FOR 2019	LONG TERM GOALS
STRATEGY, SUSTAINABILITY MANAGEMENT AND REPORTING	<ul style="list-style-type: none"> ● Setting long-term goals for all themes ● Further development of value creation mode 	<ul style="list-style-type: none"> ● Development of site cooperation ● Establishing the environmental working group ● Establishing the sustainable procurement team 	<ul style="list-style-type: none"> ● Development of the value creation model ● Updating SRV's sustainability programme (including climate related risks and opportunities and SDGs) 	<ul style="list-style-type: none"> ● Functional goals for all themes ● Making the value creation model a useful tool for business development
RESPONSIBLE ACTOR IN SOCIETY	<ul style="list-style-type: none"> ● Implementation of Code of Conduct, e-learning course ● Boosting the Ethical Helpline awareness 	<ul style="list-style-type: none"> ● Ethical coffee tour to 30 destinations ● Improving ethics channel awareness during tour ● 68% of personnel has taken the ethical operating principles e-learning course ● Grey economy prevention days 4 times in 2018 ● Development of network register 	<ul style="list-style-type: none"> ● 100% of personnel has taken the ethical operating guidelines e-learning course ● The e-learning course on competition law taken to use 	<ul style="list-style-type: none"> ● Ethical operating guidelines understood and followed among SRV's own personnel ● Ethics channel in active use
QUALITY IN CONSTRUCTION AND FUTURE PROOF SPACES AND ENVIRONMENTS	<ul style="list-style-type: none"> ● Updating the ISO 9001 quality management certificate ● Certification of environmental, occupational health and safety and quality management systems for infra construction ● Updating the evaluation of environmental aspects and risks 	<ul style="list-style-type: none"> ● Construction quality awards: The New Children's Hospital received the Finlandia Prize for Architecture and also Project of the Year Award. In the Project of the Year Award SRV's other project HDC Telia received an honorary mention. ● Piloting the Levels framework 	<ul style="list-style-type: none"> ● Improving the quality of planning ● Systematic evaluation of impacts of development projects ● Sharing and implementing best practices 	<ul style="list-style-type: none"> ● Promoting circular economy ● Climate change prevention and adaptation ● Streamlining operations and establishing processes in certified production ● Increasing efficiency of reporting ● Improving material efficiency and energy efficiency ● Improving waste management ● Zero environmental accidents
SAFE AND INSPIRING WORKPLACE SUPPORTING PERSONNEL WELLBEING	<ul style="list-style-type: none"> ● Lower accident frequency ● Higher TR-measurement results ● Increasing the number of safety observations ● Increasing the number of remote orientations, goal 25,000 orientations ● Corporate Executive safety inspections, goal 80 walks ● 3 training days per person ● Development of supervisory work and project management ● Manager and sitemanager 2020 -programme ● Development of cooperation with educational institutions, development of trainee programme 	<ul style="list-style-type: none"> ● OHSAS 18001 certification ● 10,257 remote orientations, 20,406 orientations in total ● SRV Work Safety training programme initiated ● 122 participants in Manager and Site Manager 2020 training programme ● A good result for the 4th time in a row in The Most Inspiring Workplace in Finland competition ● 300 participants in Site STEP production training programme ● Opportunity to earn academic credits in the building system training programme ● Renewing the orientation process ● Assessment of human rights impacts 	<ul style="list-style-type: none"> ● Lower lost-time accident frequency ● Average result of 94.0% for TR measurements ● 25 safety observations per site per month ● SRV's Work Safety training programme continues ● Developing the work of SRV's safety support group and safety team ● Manager 2020 programme continues ● Network management training ● Trainee programme established ● Assessment of human rights impacts continues 	<ul style="list-style-type: none"> ● Zero accident level ● Ranking among the top ten companies in Finland's Most Inspiring Workplaces competition ● Improving the employer image and employer experience ● Further development of supervisory work
RELIABLE AND COOPERATING PARTNER NETWORK	<ul style="list-style-type: none"> ● 100 per cent of subcontractors are members of Tilajavastuu.fi ● Regular partner meetings ● Guidance on risk classification inspection ● Developing metrics for sustainable procurement 	<ul style="list-style-type: none"> ● Ethical operating guidelines for suppliers ● Self evaluation form for suppliers ● Meetings with personnel leasing companies 	<ul style="list-style-type: none"> ● Increasing awareness on ethical operating principles in the supply chain ● Implementation of ethical operating principles for suppliers ● Active use of supplier's self-evaluation form ● A more detailed evaluation of sustainability related risks in certain categories ● A pilot project in employing vulnerable people 	<ul style="list-style-type: none"> ● Risk management of contract partners as part of normal process ● The ethical operating guidelines understood and followed in the supply chain ● The ethics channel in active use in the supply chain
COMMUNICATIONS AND STAKEHOLDER RELATIONS	<ul style="list-style-type: none"> ● Stakeholder engagement in value creation model development ● Increasing visibility and top-of-mind awareness 	<ul style="list-style-type: none"> ● Reputation study conducted ● Developing housing related services together with future residents 	<ul style="list-style-type: none"> ● Stakeholder engagement (e.g. in value creation model development) 	<ul style="list-style-type: none"> ● A functional channel for stakeholder dialogue ● Improving the sustainability and responsibility image of SRV

SRV IS A MAJOR EMPLOYER AND TAXPAYER

SRV seeks to be a proactive company that others are keen to work with. The goal of cooperation is to generate sustainable value for all parties and their businesses.

SRV is recognised by its customers and other partners as a reliable, agile and innovative developer. These qualities also pave the way for SRV to be a pioneer in sustainability and responsibility.

It is everybody's business to do the right thing

SRV's values are timeless: sustainability, enthusiasm, profitability, bold in development and open in cooperation. They are the firm foundation, and continue to serve SRV well going forward. Decisions are guided by SRV's ethical operating principles. All of SRV's companies, Board members, management and employees are obligated to comply with the ethical operating principles regardless of their station. SRV also seeks to get third parties, such as subcontractors and other cooperation partners, to commit to the ethical operating principles.

SRV has an ethics channel through which anyone can anonymously report observed or suspected behaviour that contravenes the ethical operating principles. The number of reports made through the ethics channel was four (4) in 2018. Some of them were seeking advice on the right way to act in a challenging situation. The incidents were examined according to an agreed process. In spring and summer 2018, awareness of SRV's ethical operating principles and ethics channel was created in an internal 'coffee tour' of over 30 locations. The tour sought to spark off debate, listen to people, and share information about SRV's Code of Conduct. You can read more about this tour on page 39.

Value creation model fulfils new information requirements

In 2017, SRV created a description of value creation centred around the SRV Approach. This involved interviews with stakeholder representatives and internal workshops to define the types of capital, investments, outputs and impacts that are important to SRV. At its best, the value creation model is an excellent tool for business development across unit and function borders. It takes



into account all kinds of capital, not just financial capital, and presents a broad range of inputs, outputs and impacts.

The goal for 2018 was to refine this model and harness it in SRV's business on a practical level. The value creation model has already been updated with regard to types of capital and SRV's roles and impacts, but there is still work left to do in 2019 before the target is reached. SRV intends to identify the areas in which SRV makes decisions that create value (value for society) and the areas in which decisions of financial significance to SRV are made (value for SRV). The updated value creation description can be found on pages 20–21.

SRV HAS AN ETHICS CHANNEL THROUGH WHICH ANYONE CAN USE.

Process development an important element in fighting the grey economy

SRV is committed to fighting the grey economy and economic crime, and is continually developing operating methods and new tools to improve on-site safety and the transparency, legality and controllability of its entire operating chain.

SRV's work to combat the grey economy is based on both long-term cooperation with the authorities and considerable investments in the development of SRV's own processes. For instance, with the aid of the SRV Network Register (an IT system developed by SRV to fight the grey economy), it is easy to ensure that tasks are carried out by SRV-approved contractors and to detect any forged contractor obligation and liability documents.

Grey economy prevention days bear fruit

At the quarterly grey economy prevention days, SRV highlights problem areas and provides guidance for personnel on topics such as contractors' obligations and liabilities. All active SRV sites should get involved in the grey economy prevention days.

Four grey economy prevention days were held in 2018. On these days, construction sites inspected the documents required by contractors and their subcontractors under the Act on the Contractor's Obligations and Liability. The sites also inspected the personal IDs of all those working on site, determined their employers and tax numbers, and ensured they had received proper orientation.

The number of construction sites actively involved in the 2018 preventions days and the number of people checked were on a good level. The grey economy prevention days have proved to be effective, and have therefore become a routine aspect of SRV's operations. A summary of the coverage of the grey economy prevention days is presented in the adjacent table.

On the basis of the results, the challenges SRV faces include employees not clocking in to construction sites, and employees without personal IDs and orientation stickers. The lack of an ID or orientation sticker is usually down to human error. That is, people leave their IDs in the pocket of another coat or change helmets and forget to get a new sticker. The most serious deficiency has been employees who have not taken an orientation course. Although only less than one per cent of employees have not taken an orientation course, this situation must be quickly rectified. Many of the above-mentioned challenges arise from carelessness, which is easy to fix with proper attention and creating general awareness. Improved access control (fences and gates in good order) can also have a favourable impact.

Contractors look after their obligations

A good level has been attained with regard to subcontractors and issues relating to the Act on Contractor's Obligations and Liability. The systematic requesting and checking of documents has borne fruit. SRV has succeeded in reducing the amount of missing paperwork in the contract chain. The majority of missing documents

result from foreign companies not having access to the system. For these companies, compliance must be checked individually and manually.

In 2018, the authorities performed inspections relating to contractors' obligations and liability. No deviations were found and SRV retained its zero-error status.

Project management model has a wide-ranging impact on employment

SRV's construction projects in Finland are mainly carried out either as SRV's own development projects, developer-contracted projects, or project management projects. SRV's own experts and construction partner network efficiently implement these projects in accordance with the SRV project management model. Although SRV has a lower number of employees in relation to its competitors, we employ significantly more subcontractors and suppliers thanks to the project management model. SRV's impact on employment therefore extends a long way down the value chain.

In 2018, SRV had a total of 4,810 (4,857) contractors working on a total of 103 (90) construction sites. 32,478 (33,954) people were recorded as working on these construction sites, of which 73.3 (75.1) per cent were Finnish and 26.7 (24.9) per cent were foreign. The most common non-Finnish nationalities on the construction sites were Estonian, Latvian, Polish and Russian. The total number of different nationalities represented was 108.

Grey economy prevention days 2018

	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Number of participating sites (of active sites)	48	45	42	44
Participating sites (of active sites), %	100	98	100	100
Total workforce on active sites (persons) (according to Network Register)	4,298	4,176	3,910	3,848
Number of workers inspected	3,390	2,585	2,296	2,483
Workers inspected, %	78.9	62.0	58.7	64.5
Number of companies inspected	1,134	971	892	1,009

AT THE GREY ECONOMY PREVENTION DAYS, SRV HIGHLIGHTS PROBLEM AREAS.

When SRV makes an agreement with a foreign worker for work to be performed in Finland, their employment contract will comply with the same legislation and norms as for Finnish employees. The construction industry's current collective agreements apply to all workers hired by Finnish companies, both Finnish and foreign alike. You can read about the Regional State Administrative Agency's views on foreigners working in Finland on page 50 of the Annual Review.

SRV as an employer and taxpayer

SRV has a significant impact on society as both an employer and taxpayer. In 2018, SRV employed an average of 1,129 (1,134) people, of which 145 (170) worked for foreign subsidiaries. SRV pays its taxes and tax-like charges in accordance with local legislation.

A significant proportion of tax-like charges consist of salary-related taxes and VAT on goods and services. SRV also pays other taxes, such as income tax, transfer tax, and property tax. The company also has considerable impact as an indirect taxpayer – SRV generates indirect revenue for the State from the income tax and social security payments paid via subcontracting and hired labour. The taxes paid by SRV in 2018 are shown in the adjacent table.

Collected taxes paid in Finland

COLLECTED TAXES PAID IN FINLAND (EUR million)	2018	2017	2016
Payroll taxes	17.8	18.3	16.3
Social cost	0.5	0.6	1.2
Net VAT	129.2	115.0	76.7
Corporate income tax	0.6	0.9	1.3
Transfer tax	0.6	1.0	0.4
Real estate tax	0.7	1.8	0.9
Collected taxes paid, total	149.4	137.7	96.8

The figures exclude shares of joint and associated companies.

CASE:

Taking a coffee tour to get acquainted with ethical guidelines

People got acquainted with SRV's updated 2017 ethical guidelines during a tour held at more than 30 locations. After its launch at SRV's Derby headquarters in April, the tour went on to reach hundreds of people at offices and construction sites – both SRV's own personnel and its contractors' employees. The tour sought to spark off debate, listen to people, and share information about SRV's ethical guidelines.

General Counsel **Johanna Metsä-Tokila** thinks that the tour succeeded in its objectives.

"The best thing about the tour was the chance to listen to questions and exchange thoughts. It was great to see discussions arising from important topics. For example, throughout the tour people



were talking about showing appreciation for your colleagues and its impact on a good working atmosphere. What could be more important than everyone feeling good at work on a daily basis?"

There were also discussions about topics such as subcontractor supervision and its associated challenges, and people often talked about what kinds of topics could be discussed with outsiders. Security issues came to the fore when people were wondering how to make sure that outsiders don't wander on construction sites. The tour team

reminded everyone about the ethical channel, which can always be used to raise any issues that are causing you concern. It is always easier to intervene when issues are raised promptly.

"Every one of us acts as a calling card for SRV – both within the company and to outsiders. We want SRV's motivating and trust-inspiring culture to be seen from the outside as well, in the form of our clear ethical guidelines and compliance with them," says President & CEO **Juha Pekka Ojala**.

ENVIRONMENTAL WORK RAPIDLY INCREASING IN IMPORTANCE

SRV aims to provide the best customer experience in the industry. A customer's experience of a product's or service's responsibility and sustainability is part of experience.

The concrete consequences of climate change on both individuals and companies can be seen in stakeholders' growing interest in environmental and especially climate issues. SRV meets its stakeholders' needs by ensuring that its operations meet both quality and environmental standards.

Continuous quality control

SRV's high-quality and sustainable construction hinges on professionally skilled personnel, the will to do things right, and ensuring that all the building blocks of quality are in place. Well-functioning management systems play an integral part in high-quality operations, production efficiency, undisrupted implementation and consistent quality of the end product. During 2018, SRV went through its operational processes and updated them to better meet the spirit of the ISO 9001, ISO 14001 and OHSAS 18001 standards.

A satisfied customer whose needs have been understood and fulfilled is the sign of good quality. The quality system of SRV's construction process comprises project-specific quality design, the implementation and monitoring of design, monitoring of results, development of the operating model as well as training the employees who implement the system and maintaining their awareness. In practical implementation, the quality system is supported with model documents and descriptions of operating methods.

All work phases up to the handover and occupancy of the completed building are carefully planned beforehand. The company determines the risks of the project and prepares for them. During implementation, both the work and the quality of the end product are verified with inspections. Inspections delve into matters with a key quality impact, such as systematic planning, the quality of plans, time control and the management of procurements and costs.



Implementation of environmental management system progresses

SRV's environmental efforts are based on commitment to compliance with laws, environmental protection, and the development and continuous improvement of the standard of operations in accordance with an environmental management system. SRV also requires its subcontractors and partners to follow the same principles and comply with its guidelines.

In accordance with its environmental policy, the goals of SRV's environmental activities are developing material efficiency and waste management on sites, reducing energy consumption of sites, implementing projects and buildings that place a smaller burden on the environment and encouraging partners to develop more sustainable operating methods.

The main objective in 2018 was to boost the efficiency of environmental efforts, mobilise the ISO 14001 environmental system, and improve environmental understanding in production by, for example, actively harnessing project-specific kick-off meetings. A further objective was to identify the environmental risks and opportunities associated with the operational processes. To promote the development of ISO 14001 environmental system, a steering group was also appointed to assist the environmental specialist.

In 2018, SRV successfully developed its competence in assessing the carbon footprint and lifecycle impacts of buildings. To aid SRV in this task, One Click LCA software was acquired. The software enables direct data transfer from IFC models. Annual training for occupational safety delegates and those in charge of environmental issues was added to the personnel training plan. Special training sessions were also organised as needed, for example, in Dry Chain 10, whose practical implementation was new to many people.

Environmental work requires systematic planning

The environmental impacts of sites are mainly caused by construction waste, noise and dust, vibration, the consumption of energy, water and materials, and transportation. The management of storm water, trench water and chemicals is of key importance in preventing environmental contamination.

At SRV's sites in Finland, environmental activities are based on the environmental plan, waste management plan and other management plans drafted to address the special characteristics of the site. The environmental risks of subcontractors and means of preventing them are reviewed during contract negotiations, weekly site meetings and the risk assessments of each work phase.

When on-site operations begin, a kick-off meeting is held to deal with site safety and environmental issues, and an environmental officer is appointed for each site to coordinate environmental activities. In SRV's own construction projects, the company defines project-specific environmental targets together with its customers. The aim is to provide customers with enough information on factors with a significant bearing on environmental impacts for use in their decision-making, starting from the design phase.

Environmental indicators are monitored with a browser-based system into which information on waste volumes and the energy and water consumption is entered. The system is updated monthly, enabling quarterly reporting of the actual situation to line management. Statistics on the previous year are compiled and analysed at the beginning of the year for annual reporting and management reviews. Management reviews specify the objectives of environmental system development and the measures to be taken.

High targets

Material efficiency and minimising the amount of waste are two of the main objectives of SRV's environmental activities. Design and procurement steering seeks to influence the selection of materials and technical solutions, but design in particular should ensure successful procurements. Sites ensure that waste is sorted to the maximum possible extent and a waste management plan is drawn up on every construction site in collaboration with the waste management contractor.

As of 2016, new projects have been covered by targets for the characteristic waste volume and sorting-at-source rate, which are set by type of building. If you compare the environmental figures for sites completed in 2018, you can see that we have very strict targets for our characteristic waste volume and sorting-at-source

rate. Many sites have reached the second sub-target, but even the smallest challenges in planning, procurement or production can become an obstacle when you are aiming high.

It is therefore important for management reviews to run through the reasons behind our successes and challenges – and for us to learn from them. Finland utilises a high percentage of its construction waste and, despite regional variations, all of our projects achieved the set utilisation rate. Praise for this naturally goes to our selected partners and the entire chain in which raw materials are utilised.

Sites use a great deal of energy in different forms. Due to climate conditions in the north, the greatest amount of energy is used on heating. SRV seeks to improve energy efficiency by means such as equipment optimisation and updating equipment to current technology standards. The careful implementation of through-holes, covering the holes and weather protection can also impact on energy needs.

Keeping local communities informed

Construction has impacts on the surrounding environment not only during the construction process itself, but also indirectly by creating new long-term environments. Impacts on the surrounding environment are minimised when planning construction sites. Impacts arise from factors such as dust, noise, vibration, traffic arrangements, and changes in the ecosystem. The site also handles reporting and communication with local communities. Management plans are prepared on construction sites in accordance with site conditions, and information about the site's impacts and schedules is communicated to officials and local communities. Special natural features, such as protected living environments and species, are taken into consideration when planning construction.

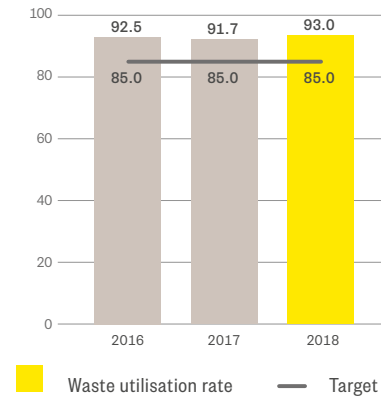
IN 2018, SRV SUCCESSFULLY DEVELOPED ITS COMPETENCE IN ASSESSING THE LIFECYCLE IMPACTS OF BUILDINGS.

New environmental labels

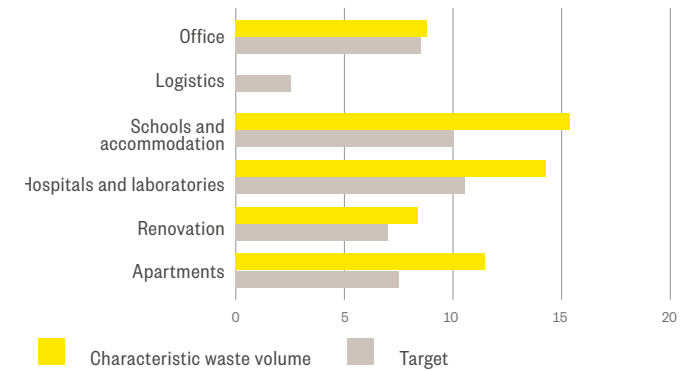
Environmental certification is becoming increasingly important to customers and property investors. In addition to international favourites, the Finnish RTS Environmental Classification system has been launched, and the well-known Nordic Ecolabel (the Swan) has also entered the construction market.

In 2018, SRV had many ongoing projects that were seeking environmental certification. SRV's affiliated company, the REDI Shopping Centre, received a Platinum LEED certificate and the Karuselli shopping centre in Kerava received a Gold certificate under the latest version of LEED (V4). Other projects that are seeking LEED V4 Gold were Autokeskus Konala in Helsinki, Pressi Smart Premises in Vantaa, and Tampere's Hotel Marriot. Lappeenranta University of Technology's Verso project and the Lauttasaari school and daycare centre were both rated as VeryGood by BreeAm. The PT logistics centre in Sipoo is seeking a BreeAm rating of Excellent.

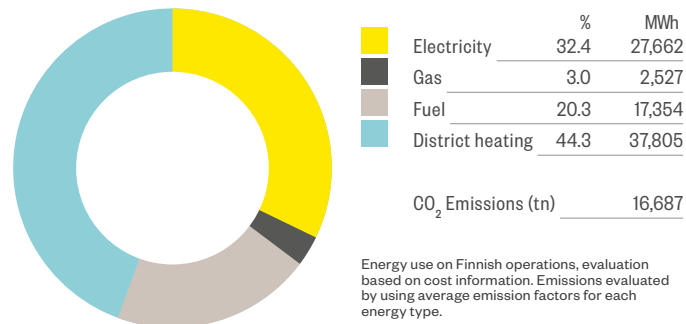
Waste utilisation rate¹ (%)



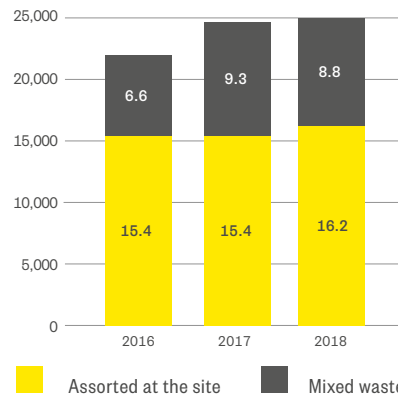
Characteristic waste volume per construction type² (kg/rm³)



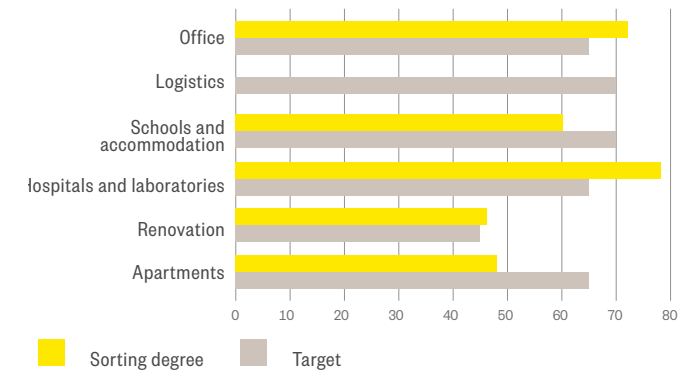
Energy use (%)



Construction waste¹ (1,000 tonnes)



Sorting degree per construction type² (%)



¹ Domestic worksites. Reported amounts do not include demolition.

² Finnish worksites, average of projects completed during 2018. Reported amounts do not include demolition waste or soil excavation waste.

CASE:

Level(s) – an EU environmental framework pilot

The EU has long been working to create a standardised set of environmental indicators for buildings. One challenge has been the many different ways of measuring environmental performance.

“Member States have sought to steer construction in a more environmentally sustainable direction – but each in their own way. This has resulted in the continual creation of new national methods atop existing ones,” says **Mari Levirinne-Kara**, Environmental Manager at SRV.

Now, the goal is to remedy this and encourage more organisations to create and use a variety of environmental indicators and lifecycle assessments. A standardised method of assessing data is also required as a basis for future legislation. The EU’s efforts have resulted in the publication of the Level(s) environmental framework, which is freely available for testing.

“It’s a comprehensive framework that includes indicators for energy and water consumption, lifecycle assessment (LCA) and carbon footprints, construction materials, waste generation, indoor conditions, climate change adaptation, and lifecycle costs,” says Mari Levirinne-Kara.

Finland’s Ministry of the Environment has established a national project to test

these indicators. The intention is to collaborate with a variety of actors to learn about the framework, to collect data for national legislative development, and to provide feedback to ensure that the Nordic countries have an influence on the framework’s final format.

SRV participated in the Ministry of the Environment’s project via two sites in Vantaa: Pressi Smart Premises and As Oy Vantaa Varikonaarre. SRV wanted to be part of the project in order to influence future calculation methods and regulations, but above all to increase own personnel’s knowledge and skills. The project team included energy and environmental experts, as well as members who were in charge of design steering, project development, and launching production at the pilot sites. The majority of testing was done internally using tools such as One Click LCA software.

“We were interested to see whether the data model would be good enough to calculate carbon footprints. We encountered familiar challenges during the calculations: the availability and accuracy of environmental data on materials and products, and the level of data contained in the plans,” says Levirinne-Kara.



At the planning phase, the majority of the data is based on estimates, and information is collected from project personnel. The data and reporting formats required by Level(s), initially caused some astonishment, as they are different from what has been seen. The framework’s chosen data sources also sparked off debate, such as those for service life, energy consumption data, material nomenclature, limits, and calculation methods.

“One major thing on our wish list was improved modelling, as standardised nomenclature and a more precise model containing more accurate data would make it much quicker and easier to calculate carbon footprints,” says Levirinne-Kara.

In calculating a building’s water and energy consumption questions mainly arose from the selected comparison figures and the complex reporting require-

ments. Also material manufacturers still have a lot to do with regard to product information, as this data is not always available. This leads to a large number of assumptions. Data accuracy also depends a lot on the construction project phase.

“The most effective time to influence a building’s future environmental performance is right at the beginning of the process, when the volume and accuracy of the data is quite low. However, it’s important for us to be able to compare alternative solutions during the project development phase,” Levirinne-Kara.

Design and construction steering also require measurement data for the building’s actual performance during use, as well as updated lifecycle analyses based on this data. Energy consumption still causes the greatest environmental impacts over the course of a building’s lifecycle, which

means that proper use and maintenance are also extremely important.

However, more practice, comparison sites and shared information are required before SRV can fully understand things on a practical level and find the correct ways to make improvements. In a few years’ time, every construction sector professional will no doubt be able to give quite a good account of how a building’s lifecycle impacts can be improved through material choices.

“The need for greater energy efficiency has already drilled certain principles into our brains, and the same can happen with carbon footprints. If we could also get the circular economy to function in our society, we could optimise the utilisation of both materials and their value, while simultaneously reducing detrimental lifecycle impacts,” says Levirinne-Kara.

A WORKPLACE THAT PROMOTES SAFETY AND DEVELOPMENT

SRV wants to be a safe and motivating workplace that promotes development. A good workplace makes it easy to focus on both doing the job in hand and personal development. A motivating atmosphere supports good performance and paves the way for success.

SRV's safety activities are always based on exceeding legal requirements and being a safety pioneer in the construction industry. SRV also requires the same standard of operations from its subcontractors and other partners. Cooperation with the Confederation of Finnish Construction Industries and between companies in the sector is worth its weight in gold when promoting safety and resolving practical challenges.

SRV's operations are steered by the Group's health and safety policy. The certified occupational health and safety management system (OHSAS 18001) helps to ensure compliance with operational standards. On-site safety is based on preventative measures, orientation, and following instructions. Everyone who works on SRV's construction sites has both the right and obligation to look out for their own and others' safety.

Transparency is vital for safety

The grey economy and economic crime hinder occupational safety risk management. Transparency and knowing your business partners are therefore an important requirement for promoting safety. SRV's long-term goal is to achieve a zero-accident frequency, and SRV is committed to following practices compliant with this target in all of its operations.

On a practical level, safety means keeping construction sites tidy, as problems are then easier to spot. Proactive safety observations in turn prevent more serious consequences. The SRV Network Register, developed in cooperation with the Finnish Tax Administration, also tangibly increases the safety of employees and construction sites as well as promotes efforts to combat the grey economy.

Corporate executive safety inspections support implementation

Safety is a top priority for SRV's management and safety organisation. Management takes a continual interest in occupational



safety and its supervision. Site supervision is continuous, and site inspections are performed on a weekly basis, that is, statutory weekly inspections, TR measurements (for building construction) or MVR measurements (for civil engineering). All safety deviations are studied and reported.

Corporate executive safety inspections also play a role in mobilising safety. In 2018, 64 corporate executive safety inspections were carried out at different sites. The aim of these

SRV'S LONG-TERM GOAL IS TO ACHIEVE A ZERO-ACCIDENT FREQUENCY, AND SRV IS COMMITTED TO FOLLOWING PRACTICES COMPLIANT WITH THIS TARGET.

inspections is to demonstrate the importance of safety efforts to everyone. They also enable executives to personally observe the standard of operations on site. During the inspection, they observe working methods, risks related to machinery and equipment, the working environment, site cleanliness, the clarity and availability of instructions, and the general level of safety and safety management.

Over 10,000 remote orientations

High-calibre orientation also has a significant impact on improving occupational safety. During orientation, everyone working on a site receives all of the essential information about the company, the site and its special features. The orientation material has been translated from Finnish into five languages to support the orientation of employees whose native language is not Finnish.

In 2018, a total of 20,406 people were granted access rights to SRV's construction sites in Finland. This means that all these people received orientation on site practices and occupational safety. SRV introduced a remote orientation system in 2017. It seeks to standardise orientation practices and facilitate the collection of information on workers and their employers. A total of 10,257 remote orientations were carried out in 2017.

CASE:

Roll up your sleeves, top talents!

Today's potential employees expect a lot from companies. A company is a real barrel of hopes – meaningful, challenging and responsible tasks, a good outlook for the future, a pleasant work community, regular feedback, appreciation, and a good work-life balance.

SRV addresses these hopes in its trainee programme.

"We want to attract the sector's best trainees; to get top talents growing and developing to fill permanent positions through practical training," says SRV's **Pirjo Ahanen**, Senior Vice President, Human Resources.

What kind of characteristics would the ideal candidate have, and how does the application process work?



"Personality is decisive. Competence is naturally required, but above all we're looking for the right attitude, a desire to learn, and the ability to develop. SRV is an inspiring and quickly evolving workplace, and we expect the same from our employees. It's also important for people to complete their studies," says Pirjo Ahanen.

SRV uses a recruiting partner to conduct video interviews with promising candidates.

SRV supervisors will then choose candidates for evaluation on the basis of these videos.

"During the evaluation day, candidates will get to speak with their potential supervisors, enabling both parties to test each other's suitability. Our aim is to sign employment contracts as soon as possible after the evaluation. Having a rigorous, multi-step recruitment process with high standards enables us to do this," says Pirjo Ahanen.

Cooperation with Metropolia University of Applied Sciences

- In late August, to celebrate the start of the academic year, teachers from the Department of Construction and Real Estate visited the Living Lab to get acquainted with the REDI project. They were particularly interested in development investments and experiments with new technologies.
- In the early days of September, SRV personnel made their own visit to the university for a safety day. Construction industry companies provided first-year students with safety knowledge. The students were through remote orientation for a construction site on the students' mobile phones, and it worked perfectly.
- In late September, first-year students from Metropolia's Department of Construction and Real Estate visited the REDI Living Lab. SRV's President & CEO and some younger work supervisors spoke about their own careers and SRV as a workplace. The students then left for tours of various construction sites.

Still challenges in occupational safety

The themes of SRV's occupational safety efforts remained the same in 2018: to develop the collection and analysis of safety observations; e-solutions; promoting management commitment; and the efficient implementation of safety work. Training in occupational safety management was provided as part of the more extensive SiteSTEP training programme, which was targeted at, among others, occupational safety delegates. The SRV Safety surveillance system was further developed, and safety observations can now be recorded by mobile.

All sites participated in the annual internal occupational safety competition based on TTT reviews. SRV's Operations in Finland is still rated at level 3 ("Aiming to be among the global leaders") in the Zero Accident Forum.

The accident frequency rate on SRV's sites did not develop as planned in 2018. Still, two sites, Neilikkatie 8 housing construction site and Lapinmäentie demolition site, genuinely achieved the zero accident target. SRV's ac-

cident frequency for its own employees increased on 2017. In 2018, SRV's accident frequency was 10.6 (5.6) accidents per million hours worked for its own personnel and 16.6 (17.6) for contractors' employees. A pleasing increase was seen in the number of safety observations: 4,760 observations were recorded, representing a rise of over 32 per cent on the previous year.

A total of 130 accidents leading to absence occurred on SRV construction sites during the year, 19 of which were serious. 95 per cent was SRV's 2018 goal for the TR measurements taken during the statutory weekly safety inspection required on building construction sites. The company fell short of this target by a fraction, with an average TR measurement of 94.0 per cent in 2018.

In addition to upper and lower limbs, the most common accidents in 2018 also involved fingers. Every single safety observation and accident is investigated in accordance with a systematic process, and the lessons learnt are shared with all sites via the SRV Turva system.

SRV's systematic and ambitious safety efforts will continue in 2019 with the goal of zero accidents. In line with the revised targets, SRV will attempt to raise the average of the TR measurements to 96 per cent and further increase the number of safety observations made. In 2018, we will be aiming for 25 safety observations per month at each site.

SRV will be seeking a level 2 ranking in the Zero Accident Forum. Partner meetings and safety audits of external service providers will also continue.

Proactive training on the personnel front

The number of people employed by SRV remained steady. SRV employed an average of 1,129 people (1,134) in 2018. At the end of the year, 841 (853) of these worked in Operations in Finland and 138 (156) in International Operations. 78 (99) people worked in Group operations, SRV Kalusto and Ream Oy. 20 per cent of SRV's personnel were women and 80 per cent men.

SRV's 2018 HR efforts focused on enhancing the quality of supervisory work and leadership. A total of 122 people participated in the Manager 2020 and Site Manager 2020 training programmes, and SRV Occupational Health and Safety training was also launched. In addition, SRV completely overhauled its orientation process. This process includes a weekly orientation session on Mondays that runs through general orientation topics and training for key systems.

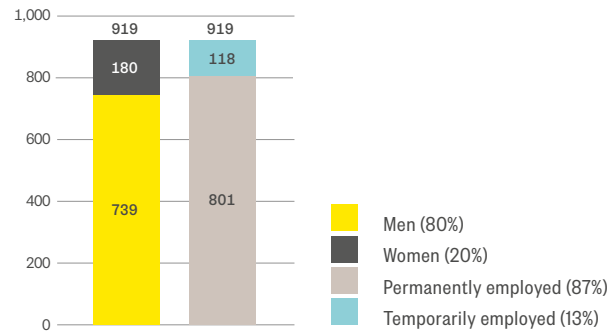
In 2018, SRV launched online training for the ethical operating guidelines and organised an ethical operating guidelines tour of over 30 locations. You can read more about this tour on page 39.

There were 3.0 (2.7) training days per employee in Finland, and more than 300 people fell within the scope of the SiteSTEP training programme. The Technical Building Systems unit has its own training programme that offers employees the opportunity to take modules that count towards a higher education degree.

SRV engaged in closer collaboration with educational establishments, and a revised trainee programme was launched in December. SRV's long-term objective is to attract the top talents in a variety of areas as per the company's requirements.

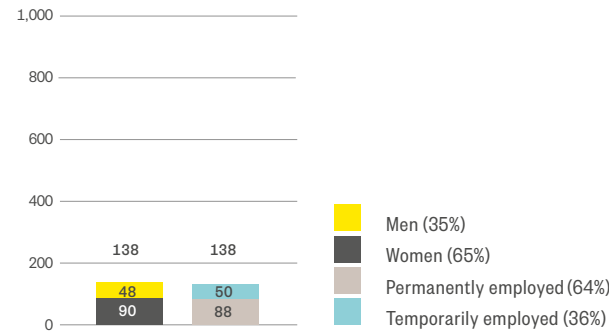
OCCUPATIONAL SAFETY	2018	2017
Lost-time injury frequency (LTIF) rate (SRV personnel, number/one million hours worked)	10.6	5.6
Lost-time injury frequency (LTIF) rate (subcontractors, number/one million hours worked)	16.6	17.6
Lost-time injuries (SRV personnel) number of	9	8
Lost-time injuries, serious (SRV personnel) number of	2	2
Lost-time injuries (sub-contractors) number of	130	118
Lost-time injuries, serious (sub-contractors) number of	19	6
Weekly statutory construction site safety measurement, average, SRV sites (%)	94.0	93.6
Weekly statutory construction site safety measurements performed, number of	1,675	2,332
Safety observations, number of	4,760	3,594

Employees¹ in Finland 2018 (persons)



¹ Personnel on 31 Dec. 2018.

Employees¹ internationally 2018 (persons)



¹ Personnel on 31 Dec. 2018.

SRV'S CONSTRUCTION CONTRACT PROGRAMME ALSO DEFINES BASIC REQUIREMENTS FOR HUMAN RIGHTS.

SRV was placed in Finland's Most Inspiring Workplaces competition for the fourth time in a row. SRV's goal is to reach the top ranks. The response rate to SRV's personnel survey rose to a record-breaking 84.4 per cent, and the results for salaried employees were clearly higher than the norm all across the board.

SRV's HR efforts continually seek to improve the quality of supervisory work, the employee experience, and SRV's image as an employer. The goals for 2019 are to continue the Manager and Site Manager 2020 programmes; to launch a network management training programme for specialists; to permanently establish the trainee programme; and to continue SRV Occupational Health and Safety training. Another goal is to create an online training course in competition law.

Human rights on a practical level

SRV is committed to respecting human rights, and this is also stated in SRV's ethical operating guidelines. SRV continued to analyse and assess its human rights impacts dur-

ing 2018. As part of these assessments, SRV representatives were interviewed and written materials were studied.

The most important human rights that SRV must realise in its own operations were identified as: the right to life, the right to work, the right to receive reasonable compensation and equal compensation for the same work, the right to safe and healthy working conditions, the right to rest, leisure time and reasonable working hours, and the right to privacy. The most significant risks in SRV's own operations relate to safe and healthy working conditions on construction sites.

In the supply chain – and particularly in international procurements – the following important rights were identified in addition to the aforementioned: the right to receive a decent living wage, the right to form unions and join unions, the right to strike, the rights of children and young people to protection from social and financial abuse, the prohibition of inhumane treatment and punishment, the prohibition of slavery and forced labour, the right to freedom and personal security, the right to freedom of movement, the right to free assembly, and the right of protection afforded to children by virtue of their minority.

On a practical level, SRV's commitment to realising these rights should be reflected in all operations as an uncompromising attitude towards improving safety and as equal treatment and zero tolerance for discrimination and harassment. SRV's equality plan is part of the HR plan, which is updated annually.

The further the impacts are along the supply chain, the more challenging it is to promote human rights. SRV's Construction Contract Programme also defines basic requirements for human rights, and the new ethical operating principles for suppliers was finalised in 2018. These principles will be implemented in 2019. In addition, a self-assessment form for suppliers was created. The ethical operating principles for suppliers and the self-assessment also cover the most important human rights issues. You can read more about SRV's sustainability and responsibility efforts in the supply chain on pages 48–49.

The most important human rights impacts, risks and related risk management measures are described in the Report of the Board of Directors and the table on page 34.

ACHIEVING SUSTAINABILITY TARGETS REQUIRES COOPERATION

SRV cooperates with established subcontractors and partners, who commit to agreed operating methods and can demonstrate the sustainability of their operations.

SRV's success is also tied to the successes of others in the network. Cooperation must be seamless. In a network of thousands of people, the majority of whom are partners' employees, long-term efforts are required to implement sustainable working methods on a practical level. Achieving sustainability targets also requires close cooperation. For example, everyone who works on SRV construction sites contributes to occupational safety efforts.

SRV is primarily involved in developer-contractor projects, its own development projects, or project management contracting. SRV's own experts and network of construction partners implement projects in accordance with the SRV project management model, which is why we have a lower number of employees in relation to SRV's competitors. However, SRV employs significantly more subcontractors and suppliers thanks to this project management model.

SRV Network Register continually updated

SRV adheres to official procurement procedures in the management of new suppliers and existing supplier relationships, and the SRV Network Register is one element of this. The SRV Network Register is an IT system that helps SRV to combat the grey economy, promote cooperation with the authorities, increase construction site safety, and ensure a continuous overall picture of large projects.

The Network Register makes it easy to monitor the status of contractors' liability documentation and ensure that tasks are performed by SRV-approved contractors. SRV's subcontractors commit to carrying out the agreed contract themselves. Projects may not be sold on without SRV's express permission.

The SRV Network Register also facilitates the management of foreign employees. The register contains details of every



THE NETWORK REGISTER MAKES IT EASY TO MONITOR THE STATUS OF CONTRACTORS' LIABILITY DOCUMENTATION.

foreign employee's statutory documentation, such as a copy of their passport, their employer's accident insurance, and information about their employment contract. Foreign companies also supply documents required by the Act on the Contractor's Obligations and Liability, as per their country of domicile.

The SRV Network Register is continually updated to meet the practical needs of everyday work. Its 2018 updates included further development of the logistics calendar, integrations that facilitate the calculation of accident frequencies, and a feature that enables orientation forms to be signed electronically.

Progress in the development of sustainable procurements

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

The sustainable procurement team consists of procurement and sustainability experts. Its goal is to ensure that sustainability requirements are truly implemented on a practical level in the procurement of both services (work), projects and materials. Processes are being enhanced, and the assessment and monitoring of SRV's subcontractors' suppliers will be boosted and expanded to cover elements other than financial responsibility.

Over the course of the year, SRV also drew up ethical operating guidelines for suppliers. The implementation of the guidelines will start in 2019. To date, its content has largely been contained in the Construction Contract Programme. A set of questions has also been created for supplier self-assessments, and these self-assessments will be implemented in conjunction with the ethical operating guidelines. SRV promoted awareness of the ethical operating principles and the ethical channel by means of a site tour that reached not only SRV personnel but also many suppliers and subcontractors.

The close cooperation with Suomen Asiakastieto, Finland's credit information company, was continued. Asiakastieto conducts, and provides SRV with, extensive background checks of suppliers. This cooperation enhances supervision efficiency and frees up resources for use in other aspects of supplier (sustainability) risk management.

Agency-hired labour in the spotlight

The sustainable procurement team also handles human rights issues in the supply chain. The further down the supply chain the impacts are, the more challenging it is to promote human rights. The basic requirements defined in SRV's Construction Contract Programme include requirements for human rights, and human rights are also included in SRV's ethical operating guidelines. A self-assessment form has also been drawn up for SRV's suppliers. Both the ethical operating guidelines and the self-assessment cover the most important human rights issues.

During 2018, SRV focused on the ethical issues surrounding hired labour in the supply chain. As part of these efforts, SRV representatives met with five agencies that specialise in the provision of hired labour. A pre-prepared list was used to go through human rights issues with these agencies. The issues primarily involved foreign employees and the employment of extremely vulnerable groups. This work is ongoing and these issues will also be addressed during competitive bids involving labour hire agencies. You can read more about the Regional State Administrative Agency's views on foreigners working in Finland on the following page.

In 2019, SRV will continue to assess human rights impacts and discuss practical measures in both its own operations and its supply chain. The goal is to assess the potential discrimination and harassment experienced by SRV's own personnel and everyone working on SRV's construction sites; to further examine and manage the risks related to hired labour; and to analyse the risks of direct purchases in certain significant categories. SRV will also be launching a pilot project concerning the employment of vulnerable groups in cooperation with an agency providing hired labour.

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

The most important human rights impacts, risks and related risk management measures are described in the Report of the Board of Directors and the table on page 34.



**DURING 2018,
SRV FOCUSED ON
THE ETHICAL ISSUES
SURROUNDING HIRED
LABOUR IN THE
SUPPLY CHAIN.**

CASE:

Seeking labour market equality

“My responsibilities in the field of occupational safety and health include employer supervision and advising both employers and employees. I specialise in the supervision of foreign employees,” says **Katja-Pia Jenu**, an occupational health and safety inspector at the Regional State Administrative Agency.

“Our primary objective is to achieve a level playing field and prevent inequality and segregation in the labour market. Otherwise, Finnish employees will have their own labour market and foreigners another.”

However, we are still a long way off our target.

“The biggest problems facing foreign employees are usually not those associated with traditional occupational safety. There are deficiencies in employment contracts, and work permits may have expired or be completely non-existent. These things will not be revealed during traditional occupational safety inspections.”

“When it comes to asylum seekers in particular, society is under heavy pressure to get them into employment, and this has its side effects. It feels as if people get up to all kinds of tricks in the guise of charity,” says Katja-Pia Jenu.

“These are also serious issues with regard to a company’s risk man-

agement. If someone working on a construction site is for example an entrepreneur and has no employment contract, their documents should have been checked in accordance with the Client Liability Act – and this often hasn’t been done.”

Power in cooperation

Katja-Pia Jenu engages in a lot of cooperation with both authorities and companies.

“The Ministry of Social Affairs and Health determines the number of annual inspections to be conducted. It’s good that these notifications – that is, control requests – are made, as it enables better-targeted inspections,” says Katja-Pia Jenu.

“Cooperation with the authorities is extremely helpful, and I do a lot of work with TE offices, the Finnish Immigration Service and the Finnish Border Guard. If a crime is suspected, we will ask the police to investigate.”

“Representatives from the Tax Administration and Finnish Centre For Pensions are often present during on-site inspections. Employee interviews are an important part of an inspection, as some companies do not operate honestly and may not record working hours accurately. Comparative



data can only be acquired by interviewing people,” says Katja-Pia Jenu.

“The authorities aren’t looking to make life difficult for companies – they only want to ensure compliance with employment contracts. Anyone can request an inspection if they suspect that things are not in order. Inspection reports are public, so companies can also use the data in their own risk management,” says Katja-Pia Jenu.

Katja-Pia hopes that companies will take a more active role in making improvements.

“The client is often in a good position to influence their subcontractors’ operations, so that corrective measures can be taken or other changes made in line with official recommendations. It’s always easier to make an impact when money or contracts are at stake,” says Katja-Pia Jenu.

Sometimes the client will also be asked to help with the supervision of foreign companies.

“In seven out of ten cases, there are problems associated with the payment of foreign employees sent to work in the construction industry. Sometimes we simply cannot obtain access to the required paperwork, and so we ask the client for assistance.”

Good and bad news

Where are things headed in Finland?

“There’s both good and bad news. Companies are becoming more aware and increasingly proactive. People are very familiar with the Client Liability Act, and things are going well in that respect. However, it doesn’t say anything about employment contracts or ensure that wages are paid correctly.”

“And the current difficult global situation is being reflected in Finland. The difficult situation in Ukraine is visible in the statistics. The salary level there is so low that people are willing to work for very low wages in Finland, and this

in turn attracts those who are seeking to profit from the situation. Dubious employment agents have already been on the prowl,” says Katja-Pia Jenu.

KATJA-PIA JENU’S THREE WISHES FOR COMPANIES

“Subcontracting should not only look at the price – don’t sign contracts that are clearly underpriced. Keep your eyes open – is it even possible to do the work in question at the quoted price?”

“Stop and ask yourself whether it all adds up? If a person works 6–7 days per week, then overtime and weekend extras will not be paid with an underpriced contract.”

“Intervene in problems. I’d like the client to use their role to resolve problems – to dare to use their power to rectify things and, if necessary, to impose contractual sanctions.”

COMMUNICATIONS SUPPORT THE ACHIEVEMENT OF STRATEGIC TARGETS

The basic assumption behind sustainability is that communications are open, operations are transparent, and the views of stakeholders influence operations.

SRV's communications seek to provide information about SRV's business activities and operating environment so that the various stakeholders can form a correct and justified picture of the company. Communications also play a role in supporting the achievement of strategic targets. Sustainability communications seek to highlight best practices and to communicate targets and achievements in an interesting way in various channels. Sustainability is one of SRV's values and, when combined with concrete action, products and services, it supports SRV's goal of being a reliable and desired partner.

SRV must also meet the continually growing legal demands of sustainability reporting. Listening carefully to the stakeholders' wishes and requirements is important as well. Any stakeholder may sometimes take on the role of a customer – and the customer experience is vital for reputation and trust. Stakeholders now expect even more concrete action from companies to tackle major sustainability challenges.

SRV's most important stakeholders and their interests are presented on the next page.

Involving stakeholders in operational development

The themes and perspectives of SRV's sustainability programme (page 36) are based on stakeholder dialogue during 2016 and 2017. The results of this dialogue were also utilised in the definition of SRV's value creation model. This model is presented on pages 20–21 of the Annual Review.

SRV also seeks to involve stakeholders even more closely in the development of business operations, such as by inviting them to participate in planning during the early

phase of a project. For example, Majakka's services were developed in collaboration with residents. Majakka will be completed in 2019, and you can read more about its services on page 25.

An active year on the stakeholder front

In 2018, SRV's representatives met investors and analysts at both small-scale meetings and large public events. SRV met with investors at events such as the Capital Market Days in Tampere, and have also been answering their queries throughout the year. Their questions have covered topics such as the positive environmental and social impacts of products and services, and even the value generation of entire ecosystems.

SRV met with its subcontractors and suppliers at the Tampere partnership meeting in September. The meeting was a success and 75 representatives from the partner companies came to listen to SRV's presentations. During the course of the day, SRV's strategy and operational cornerstones, such as occupational safety, fighting the grey economy, and open cooperation, were presented. SRV also presented its focal areas in procurements and its vision for future cooperation.

SRV is involved in industry development via close cooperation with other industry actors. SRV is particularly active in environmental sustainability and occupational safety efforts. Collaboration is carried out under the umbrella of the Confederation of Finnish Construction Industries RT. SRV is also a member of Finnish Business and Society (FIBS).

SRV's representatives have been involved in the Environment and Energy group of the Confederation of Finnish

Construction Industries RT and the Green Building Council Finland. In 2018, SRV piloted the Levels framework for environmental performance and reporting at two locations. You can read more about the Levels pilot on page 43.

SRV's special themes for the Energy Saving Week were climate change and the IPCC's latest report. The circular economy is one important means of both curbing climate change and adapting to it.

SRV collaborated with RT and other industry actors to make a safety video featuring vlogger Roni Back. SRV was also involved in the Safety Week. Over 250 students visited SRV at the Safety Park in Espoo to get acquainted with the safety aspects of hoisting and lifting.

STAKEHOLDERS EXPECT CONCRETE ACTION FROM COMPANIES TO TACKLE SUSTAINABILITY CHALLENGES.

STAKEHOLDERS' EXPECTATIONS

OWN PERSONNEL

Safety and wellbeing at work, training and development, good corporate spirit, strong reputation, ethically sound behaviour, financial performance and stability

BOARD OF DIRECTORS, CORPORATE EXECUTIVE TEAM

Share value development, building and protecting brand and reputation, risk management, financial performance and stability

SHAREHOLDERS

Share value development, building and protecting brand and reputation, risk management, ESG requirements, financial performance and stability

INDUSTRY ASSOCIATIONS

Promoting industry interests, agreements, joint statements, preparing for future legislation

MEDIA

Interesting topics, openness and transparency, short response time, providing information and answers to questions, proactive communication

NON-GOVERNMENTAL ORGANISATIONS, GENERAL PUBLIC

Facts, background information, expertise, common interest, addressing societal challenges, openness and transparency, ethically sound behaviour

AUTHORITIES, DECISION MAKERS

Facts, background information, expertise, efficiency, quality, ethically sound behaviour, addressing societal challenges

CUSTOMERS

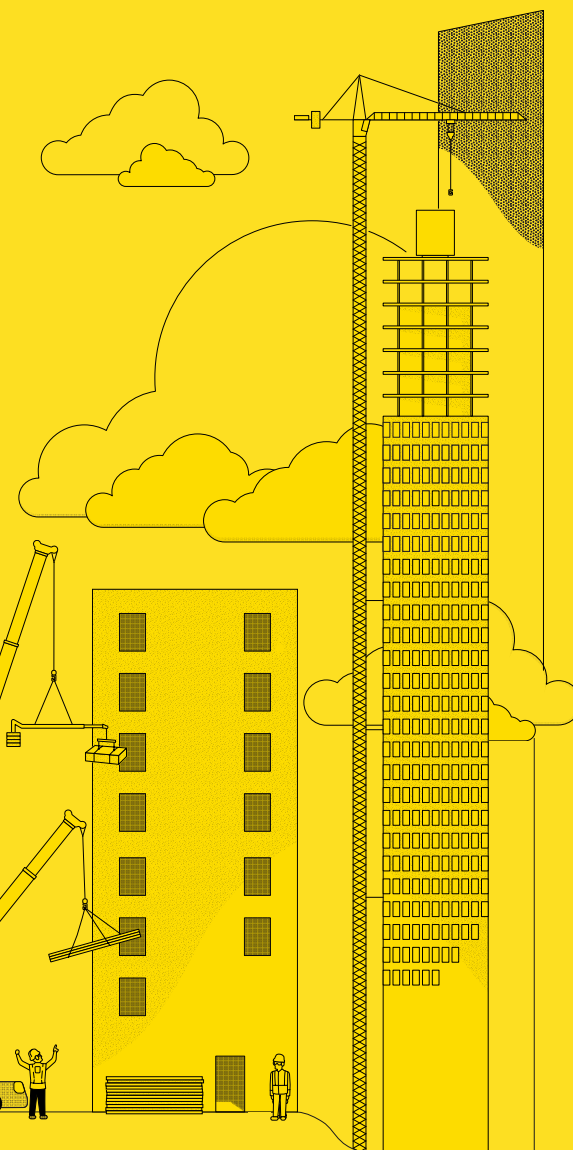
Customer experience, quality, tailor made solutions, flexibility, easiness and safety of buying, predictability, innovations, location, services, return on investment, brand and reputation, ecological viewpoints, ethically sound behaviour, financial performance and stability

PARTNERS

Trustworthiness, fair competition, good reputation, interesting projects, financial performance and stability

LOCAL COMMUNITIES, NEIGHBOURHOODS

Being fair neighbours, low impact on everyday lives of communities, staying within pre-agreed schedules, minimising heavy traffic, danger, disturbance, noise, providing timely and accurate information, well organised site and surroundings, functioning walkways and driveways



CORPORATE GOVERNANCE

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SRV'S CORPORATE GOVERNANCE IS BASED ON FINNISH LEGISLATION, SRV'S ARTICLES OF ASSOCIATION AND THE 2015 FINNISH CORPORATE GOVERNANCE CODE FOR LISTED COMPANIES. SRV'S SHARES ARE LISTED ON NASDAQ OMX HELSINKI, AND SRV OBSERVES THIS EXCHANGE'S RULES AND REGULATIONS FOR LISTED COMPANIES. THE COMPANY ALSO COMPLIES WITH THE REGULATIONS OF THE FINANCIAL SUPERVISORY AUTHORITY.



CORPORATE GOVERNANCE STATEMENT 2018 (CG STATEMENT)

Introduction

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

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

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

Descriptions concerning Corporate Governance

Administrative structure

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

General Meeting

The General Meeting of Shareholders is SRV's highest decision-making body. The Annual General Meeting is held once a year by the

end of June on a date determined by the Board of Directors. The AGM makes decisions on matters such as the election and remuneration of Board members, the Chair of the Board, the auditor and deputy auditor; the adoption of the financial statements and consolidated financial statements; the release of Board members and the President & CEO from liability; and the disposal of profits as shown in the balance sheet. In addition, the General Meeting can deal with other matters specified in the Companies Act as being the business of General Meetings and matters included on the agenda by shareholders as set out in the Companies Act. An Extraordinary General Meeting shall be held when the Board of Directors deems it necessary or when required by law.

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

Each SRV share confers its holder the right to one vote at a General Meeting. The Company's 2018 Annual General Meeting (AGM) was held on 20 March 2018. A total of 61 shareholders attended the meeting, representing about 60 per cent of the Company's shares and votes. The minutes of the AGM are available on the [Company's website](#).

Board of Directors

Election and composition of the Board of Directors

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



The following six members were elected to the Board of Directors at the 2018 AGM:

Name	Year of birth	Education	Main occupation
Ilpo Kokkila (Chair)	1947	MSc. (Tech.)	Pontos Oy, Chair of the Board
Olli-Pekka Kallasvuo (Vice Chair)	1953	Master of Laws, LL.D.h.c.	Investor
Minna Alitalo	1962	MSc. (Econ.)	Alko Oy, Executive Vice President, Purchasing and Logistics
Juhani Elomaa	1960	MSc. (Pol.), eMBA	Taaleri Plc, CEO and partner
Juhani Hintikka	1966	MSc. (Tech.)	LEE Capital, Chair of the Board
Timo Kokkila	1979	MSc. (Tech.)	Pontos Group, CEO

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

Independence of Board members

The Board of Directors conducts an annual assessment of the independence of its members. Each Board member submits sufficient information for this purpose and also self-evaluates their independence. The Board of Directors then evaluates the independence of its members and announces which of its members have been deemed to be independent of the Company and of its major shareholders.

The Board of Directors has evaluated that, of the members, **Minna Alitalo, Juhani Elomaa, Juhani Hintikka** and **Olli-Pekka Kallasvuo** are independent of both the Company and its major shareholders. **Ilpo Kokkila** and **Timo Kokkila** are major shareholders and are not independent of the Company.

Shareholdings of the Board of Directors, 31 Dec 2018.

Name	Holding, 31 Dec. 2018
Ilpo Kokkila Share ownership in a company under his control (Kolpi Investments Oy)	- 11,505,457
Olli-Pekka Kallasvuo	133,332
Minna Alitalo	-
Juhani Elomaa	10,000
Juhani Hintikka	-
Timo Kokkila	7,617,216

Shareholdings include the shares owned by the Board member and any shares owned by a company under their control. Board members do not own shares in any other company that is part of the same group as SRV.

Information on the remuneration of Board members is disclosed in a separate **salary and remuneration report** published at the same time as this statement.

Tasks and standing order of the Board of Directors

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

The Board's task is to lead and supervise the Company's operations in accordance with the Companies Act, SRV's Articles of Association, and any other applicable legislation and regulations. The Board of Directors decides on matters of principle and far-reaching significance to the Group, including:

- approving and overseeing the Group's strategy;
- approving and overseeing the annual budget and action plan;
- approving and overseeing the principles for risk management and internal control;
- the most important business matters (such as acquisitions

and significant contract agreements, investments and divestments);

- appointing the President & CEO and other members of the Corporate Executive Team, and approving the terms and conditions of their service contracts and remuneration schemes; and
- approving remuneration schemes for other personnel.

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

Meetings of the Board of Directors

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

The Board of Directors convened 19 times in 2018. Members had an average attendance rate of 97 per cent at Board meetings. The attendance record of Board members is as follows:

Nimi	Participation (%)	Present at
Ilpo Kokkila (Chair)	100	19/19
Olli-Pekka Kallasvuo (Vice Chair)	100	19/19
Minna Alitalo	100	19/19
Juhani Elomaa	89	17/19
Juhani Hintikka	95	18/19
Timo Kokkila	100	19/19

Diversity of the Board of Directors

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

Members must have a range of different areas of expertise that support the achievement of the Company's current strategic objectives. In addition to expertise in the field of industry, these areas of expertise include finance and funding, digitality, business management, strategy development and management, and international business operations. Board members must have sufficient education that supports the Company's operations and achievement of objectives. In future, the Company will seek to ensure a more gender-balanced Board, not only through the competences required from Board members, but also in the preparation of the Board candidate proposal.

The Company has met the requirements set for diversity in the composition of the Board of Directors. All Board members have a higher-education degree and are serving or have served in corporate managerial or Board positions in different fields of business. The Board has professional expertise in construction, property investments and digital data. In 2018, the ages of the Board members ranged from 39 to 71. Both genders are represented on the Board, with five men and one woman. No progress has yet been made in balancing gender representation on the Board.

Board Committees

General

The Board of Directors has established two committees: an Audit Committee and an HR and Nomination Committee. The committees operate in accordance with the standing orders approved by the Board of Directors, and report to the Board. The committees do not have independent power of decision. Their task is to enhance the effectiveness of the Board of Directors by preparing matters for decision by the Board and the General Meeting.

Audit Committee

The Audit Committee assists the Board of Directors in its role in the preparation of financial reporting and supervision tasks as well as audit-related matters. The Audit Committee monitors the Company's financial reporting and prepares matters concerning financial reporting, assessments and risk management for the Board. In order to discharge its tasks, the Audit Committee follows trends in SRV's financial position, asks questions of the auditors, reviews drafts of the financial statements and interim reports, and monitors the effectiveness of internal control, internal auditing and risk management systems. In addition, the Audit Committee prepares a proposal on the choice of auditor for presentation to the General Meeting, and also monitors and evaluates both the independence of the auditor and the non-audit services provided by the auditor. The standing orders of the Audit Committee are available on the Company's website.

The Audit Committee is comprised of three members whom the Board of Directors elects from amongst its number. The 2018 Audit Committee consisted of Minna Alitalo, Juhani Elomaa and Timo Kokkila. Minna Alitalo chaired the Audit Committee, which convened five times during 2018 with an attendance rate of 100 per cent. The attendance rate at Committee meetings is shown below:

Name	Participation (%)	Present at
Minna Alitalo	100	5/5
Juhani Elomaa	100	5/5
Timo Kokkila	100	5/5

HR and Nomination Committee

The HR and Nomination Committee prepares a proposal concerning the election and remuneration of members of the Board of Directors and its Chair for presentation to the General Meeting. The committee also considers matters relating to the appointment and remuneration of the CEO and other management, and remuneration and incentives for personnel. The committee assesses the activities of senior management, oversees successor planning, plans competence development for management and personnel, and monitors personnel satisfaction and working capacity. The standing orders of the HR and Nomination Committee are available on the Company's website.

The HR and Nomination Committee comprises three members whom the Board of Directors elects from amongst its number. The 2018 HR and Nomination Committee consisted of Ilpo Kokkila, Juhani Hintikka and Olli-Pekka Kallasvuo. Ilpo Kokkila chaired the HR and Nomination Committee, which convened six times during 2018 with an attendance rate of 100 per cent. The attendance rate at Committee meetings is shown below:

Name	Participation (%)	Present at
Ilpo Kokkila	100	6/6
Juhani Hintikka	100	6/6
Olli-Pekka Kallasvuo	100	6/6

President & CEO

The President & CEO attends to the practical management of SRV's business operations and administration. The CEO is responsible for preparing matters to be dealt with and decided by the Board of Directors, implementing the Board's decisions, and ensuring that any goals set by the Board are attained. The CEO ensures that the Company's bookkeeping complies with applicable legislation, and that funds are managed in a reliable manner. The CEO also serves as the Chair of the Corporate Executive Team. The Board of Directors appoints the CEO and Deputy CEO, and relieves them of their duties.

Juha Pekka Ojala (1963–), BSc. (CE), has served as President & CEO of SRV Group Plc as from 1 January 2015. The holdings of the President & CEO are disclosed below with the holdings of the Corporate Executive Team members. Information on the President & CEO's agreement and his remuneration is disclosed in a separate [salary and remuneration report](#) published at the same time as this statement.

SRV's Deputy CEO is **Timo Nieminen** (1958–), MSc. (Tech.).

Corporate Executive Team

The Corporate Executive Team assists the President & CEO in operational planning, line management, and decision-making. It also prepares matters to be dealt with by the Company's Board of Directors. The Corporate Executive Team handles matters concerning business operations and operational control and development.

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

The Corporate Executive Team consisted of the following members¹ in 2018:

Name	Year of birth	Education	Area of responsibility
Juha Pekka Ojala	1963	BSc. (CE)	President and CEO, Chair of the Corporate Executive Team
Timo Nieminen	1958	MSc. (Tech.)	Executive Vice President, Project Development in Finland, Deputy CEO ² , Vice Chair of the Corporate Executive Team
Juha Toimela	1963	MSc. (Tech.), MBA	Executive Vice President, Business Operations in Finland ³
Pirjo Ahanen	1958	MSc. (Econ.)	Senior Vice President, Human Resources
Maija Karhusaari (as of 4 December 2018)	1972	MSc. (Econ.)	Senior Vice President, Communications and Marketing
Päivi Kauhanen (until 24 September 2018)	1975	High-school graduate	Senior Vice President, Communications
Veli-Matti Kullas	1956	MSc. (Tech.)	Senior Vice President, International Operations
Johanna Metsä-Tokila	1977	LL.M. trained on the bench	Senior Vice President, General Counsel
Antero Nuutinen	1963	BSc. (CE)	Senior Vice President, Housing and Regional Offices
Ilkka Pitkänen	1966	MSc. (Econ.)	CFO

¹ SRV introduced new reporting segments as of 1 January 2019 and will now report on two business areas: Construction and Investments. In conjunction with this change, SRV also restructured the Corporate Executive Team as of 1 January 2019. Veli-Matti Kullas and Pirjo Ahanen left the Corporate Executive Team and Jarkko Rantala (1986–), MSc. (Econ.), joined the team on his appointment as Senior Vice President, Investments

² As of 1 January 2019, Executive Vice President, Deputy CEO and Senior Vice President, Property Development

³ As of 1 January 2019, Executive Vice President and Senior Vice President, Construction

Share ownership of the President & CEO and other Corporate Executive Team members at 31 Dec 2018

Name	Holding, 31 Dec. 2018
Juha Pekka Ojala	259,205
Timo Nieminen	676,310
Juha Toimela	17,158
Pirjo Ahanen	2,832
Maija Karhusaari	-
Veli-Matti Kullas	208,930
Johanna Metsä-Tokila	32,016
Antero Nuutinen	98,560
Ilkka Pitkänen	18,000

Shareholdings include the shares owned by the Corporate Executive Team member and any shares owned by a company under their control. Corporate Executive Team members do not own shares in any other company that is part of the same group as SRV.

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

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

Risk management system

SRV engages in systematic risk management, both to protect itself against factors that might hinder its business operations and to recognise new opportunities. The Company improves the profitability and stability of its operations by identifying and reacting to strategic and operational risks in time. Risk management is part of SRV's management system. It supports the Company's values, vision, strategy and the attainment of its earnings objectives.

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

Overall responsibility for risk management rests with the Company's Board of Directors and the President & CEO. The Board of Directors approves SRV's risk management strategy and policy, and assesses its Group-wide framework for risk management. The Audit Committee reviews a quarterly report on operational risks and reports on them to the Board of Directors. Line management is in charge of implementing, leading and supervising day-to-day risk management for both business in general and individual projects. The Group's risk management function supports the application of risk management policies and develops Group-wide ways of working.

General description of internal control

SRV continuously monitors its functions to ensure the reliability of its result. Internal control seeks to ensure that the Company's operations are efficient and productive, reporting is reliable, and laws and regulations are complied with. However, the internal control system cannot provide full certainty that risks will not be realised.

SRV's business operations are guided by consistent Group-wide business principles, decision-making authorisations and the Company's values. Internal control is founded on a healthy corporate and management culture, and on specified reporting and its fundamental principles. In particular, internal control is based on financial reports, management reports, risk reports and internal audit reports. The Company's main operations are controlled by means of written internal instructions, operating policies and procedures. The Board of Directors has approved the Group's internal decision-making authorisations.

Financial control

The internal control system is the responsibility of SRV's Board of Directors and Audit Committee, the Corporate Executive Team, the executive teams of SRV's business areas, and financial administration. Management's monthly financial reporting is a key control process in ensuring the accuracy of the Group's financial reporting. It includes analyses of deviations between actual results, budgets and continuously updated forecasts. An external auditor audits financial reporting on a regular basis and reports directly to the Audit Committee.

The internal control system applied to business operations is the responsibility of the executive teams of SRV's business areas and the Group's controller function, in accordance with SRV's Group policies and instructions. Monthly financial reporting is a key control process in ensuring the effectiveness and efficiency of operations. It also includes analyses of deviations between actual results, budgets, and continuously updated forecasts for overall financial performance and individual construction projects.

Financial management and operational control are supported and coordinated by the Group's financial administration and the SRV's controller function. SRV has drafted Group-level reporting models for standardising the financial reporting of its business

functions. Their reports seek to ensure that control covers all the major aspects of SRV's business operations. This ensures that any deviations from financial objectives are identified, communicated and reacted to efficiently, in a harmonised and timely manner.

Financial control measures also include management's continual business control procedures. Financial reports define key control indicators that aim to measure and support business efficiency and consistency, and to monitor progress towards the attainment of SRV's objectives.

Reliability of financial reporting

The monitoring of financial reporting reliability is based on the principles and guidelines SRV has defined for the financial reporting process. The interpretation and application of financial statement standards, including compliance with these standards, are centralised in the Group's financial administration, which is supervised by the Company's Audit Committee. Budgeting and reporting processes are based on SRV's internal instructions. The Group's financial administration is responsible for drafting and maintaining these instructions centrally. These principles are applied consistently throughout the Group.

Internal audit

The internal audit is part of SRV's internal control framework. It is an independent, objective and consulting function that is designed to create added value and improve the functions of the Company. The internal audit is intended to support the Board of Directors and management in the monitoring of good administration, internal control the efficiency of risk management. This function carries out independent audits of business functions, Group companies, processes and especially of selected targets to ensure the functionality of internal control. The internal audit seeks to ensure compliance with internal policies, guidelines and regulations.

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

The 2018 internal audit was performed by an external service provider chosen by SRV, Ernst & Young Oy. Internal audits were carried out in 2018 in accordance with the annual plan for internal audits.

Other information

Insider administration

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

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

SRV's management may not trade in the Company's securities (either in person or through a third party) during a 30-day "closed window" before the publication of each of the Company's financial statement bulletins or interim reports, and not on the date of publication of the Company's interim reports or financial statement bulletins. This prohibition remains in force whether or not the person in question is in possession of any insider information at the time.

The Company maintains and updates a register of those who regularly receive unpublished financial information via their position or authorisations ("those who participate in the preparation of financial reviews"). The closed window and non-disclosure obligations also apply to these individuals, and they are also forbidden from providing information or advice to others for the purpose of trading in the Company's securities.

SRV draws up a list of individuals who have access to insider information and who have signed an employment contract with the Company, or who otherwise perform duties which grant them access to insider information. SRV does not maintain a permanent insider register. Instead, all individuals participating in insider projects are included in project-specific insider lists. Anyone whose

name appears on one of these lists may not trade in the Company's securities until they have been notified that any trading restrictions have been lifted.

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

SRV's insider administration organisation consists of the General Counsel, the person responsible for insiders, and the insider register custodian. Insider administration is responsible for the daily management and supervision of compliance with the MAR and SRV's insider policy, which includes tasks such as maintaining insider registers, supervising insider issues, arranging training, giving advice, and sending notifications to management, insiders and other relevant organisations. SRV's insider administration function cooperates with the Company's communications, which handles the publication of management's business activities.

Audit

The auditor is elected at the Annual General Meeting to a term of office that ends at the close of the next Annual General Meeting following the auditor's election. The Company's auditor must be a firm of Authorised Public Accountants approved by the Finnish Patent and Registration Office, and the chief auditor must be an Authorised Public Accountant.

The Annual General Meeting of 20 March 2018 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, as the Company's auditor with **Samuli Perälä**, Authorised Public Accountant, as the chief auditor.

The auditor was paid auditing fees of EUR 282,000 in 2018. The auditor was paid an additional EUR 147,000 for other services (including all the companies belonging to the same group or chain).

RISKS, RISK MANAGEMENT AND CORPORATE GOVERNANCE

SRV has published/will publish a separate Corporate Governance Statement in its Annual Review and on the company's website. More detailed information about the company's business risks and risk management is provided in the 2018 Notes to the Financial Statements and Annual Review, and also on the company's website.

The most significant operational risks are posed by changes in economic trends, cost pressures, major investments in shopping centres, the Russian economy, and the rouble exchange rate.

The latest forecasts indicate that the strong growth seen in the construction industry in recent years is levelling off. Consequently, the availability of subcontracted resources is anticipated to improve and the price pressures on material and subcontracting costs to ease off. Together with the prudent selection of projects, this is expected to lead to an improvement in SRV's cost competitiveness. The removal of the loss-making REDI shopping centre from the order backlog is also expected to reduce risks in both earnings and financing.

SRV's ongoing major projects and completed shopping centre projects are tying up a great deal of capital, and they also have an impact on the availability and price of financing. SRV's financial position is expected to improve thanks to positive cash flow and the balance sheet lightening programme. In its Russian business, fluctuations in the rouble exchange rate expose SRV to translation and transaction risks. A ten per cent weakening of the rouble against the euro on the reporting date would have had an impact of about EUR 8 million on the Group's equity translation differences. A ten per cent weakening in the exchange rate would correspondingly have an impact of about EUR 1 million on SRV's earnings. The exact rouble hedging rate varies over time.

SRV's transaction risk largely comprises the euro-denominated loans of associated companies that are partly owned by SRV. Some of the loans taken out by SRV's associated companies in Russia were converted to roubles in early 2018, thereby reducing SRV's exchange rate risk. The remaining exchange rate risk is hedged in accordance with the hedging policy approved by the Board of Directors.

In order to improve the comparability of operations, the company reports "operative operating profit" in addition to



its operating result. It differs from the IFRS definition of operating profit in that it eliminates the calculated currency exchange differences included in financial items in Russian operations and their potential hedging impacts.

Sustainability related risks

Continuous and swift changes in the business environment pose great challenges to companies. Reporting requirements are increasing and especially investors are asking for more and more detailed information on sustainability related risks. Climate change mitigation and adaptation will be no question high on the agenda.

Together with the Sustainability Director, SRV's risk management is responsible for identifying and reporting sustainability risks, and for implementing risk management measures. Identified sustainability risks include serious accidents, the grey economy, working conditions throughout the supply chain, and SRV's reputation among stakeholders. Risk analysis has been supplemented

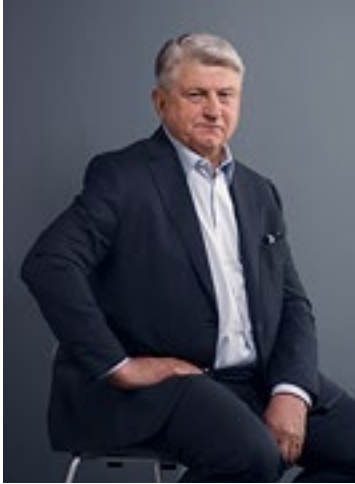
by a mapping of process risks (environmental and occupational safety) carried out during the year.

The further the impacts are along the supply chain, the more challenging risk management is. SRV's Construction Contract Programme also defines basic requirements for sustainability, and the new ethical operating principles for suppliers was finalised in 2018. In addition, a self-assessment form for suppliers was created. The cooperation with Suomen Asiakastieto (Finland's credit information company), related to background checks, was continued.

In 2019, SRV will continue to assess human rights impacts and discuss practical measures in both its own operations and its supply chain. The climate change mitigation and adaptation risks are investigated more thoroughly and the goals and indicators related to climate change are created.

The most important sustainability risks and related risk management measures are described in the Report of the Board of Directors.

BOARD OF DIRECTORS



Ilpo Kokkila

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



Minna Alitalo

b. 1962, MSc. (Econ.)
Executive Vice President, Purchasing and Logistics, Alko Inc (2014-)
Member of the Board (2012-)
Chairman of the Audit Committee (2013-)
Member of the Audit Committee (2012-)



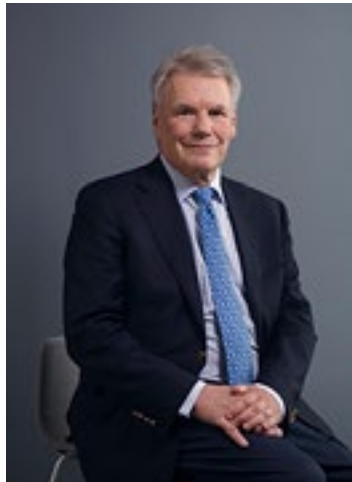
Juhani Elomaa

b. 1960, MSc. (Pol.), eMBA
CEO and partner, Taaleri Plc (2007-)
Member of the Board (2017-)
Member of the Audit Committee (2017-)



Juhani Hintikka

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



Olli-Pekka Kallasvuo

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



Timo Kokkila

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

More information on Board members is available at:

www.srv.fi < Investors < Corporate governance < Board of directors

CORPORATE EXECUTIVE TEAM 1 JANUARY 2019



Juha Pekka Ojala
b. 1963, BSc (Eng.)
President and CEO
Employed by SRV since 1997.



Timo Nieminen
b. 1958, MSc. (Tech.)
Executive Vice President,
Deputy CEO
Senior Vice President,
Project Development
Employed by SRV since 1987.



Juha Toimela
b. 1963, MSc. (Tech.), MBA
Executive Vice President,
Senior Vice President,
Construction
Employed by SRV since
2009.



Majja Karhusaari
b. 1972, MSc. (Econ.)
Senior Vice President,
Communications and
Marketing
Employed by SRV since 2018.



Johanna Metsä-Tokila
b. 1977, LL.M.
Senior Vice President,
General Counsel
Employed by SRV since 2016.



Antero Nuutinen
b. 1963, BSc (Eng.)
Senior Vice President,
Housing and Regional Offices
Employed by SRV since 1988.



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



Jarkko Rantala
b. 1986, MSc. (Econ.)
Senior Vice President,
Investments
Employed by SRV since 2012.

Päivi Kauhanen, Senior Vice President, Communications
Member of the Corporate Executive Team until 24 September 2018.

Pirjo Ahanen, Senior Vice President, Human Resources
Member of the Corporate Executive Team until 31 December 2018.

Veli-Matti Kullas, Senior Vice President, International Operations
Member of the Corporate Executive Team until 31 December 2018.

More information on Corporate Executive Team members is available at:
www.srv.fi < SRV as a company < Corporate executive team

**“THE NEW BUSINESS AREAS
WILL RESULT IN SHARPER
LEADERSHIP, ENHANCE
CAPITAL MANAGEMENT,
AND INCREASE
TRANSPARENCY.”**

INFORMATION FOR INVESTORS

During the year, SRV representatives met with numerous investors and analysts at both small-scale meetings and large public events.

SRV organised a Capital Markets Day in Tampere in spring 2018. We also provided an overview of the Russian market situation and our future plans in this market.

In early 2018, SRV refinanced a EUR 75 million bond. We met with many Finnish and foreign investors at our road show events in the Nordic countries and Central Europe. Investors outside Finland accounted for about 26 per cent of all investments.

Investors and analysts who follow SRV were invited to attend our quarterly interim report briefings, either in person at the Living Lab or via a webcast.

SRV'S SHARE

SRV Plc's share is quoted on Nasdaq Helsinki. The company has one class of shares. The shares are in the book-entry securities system maintained by Euroclear Finland Oy.

- Listing: Nasdaq Helsinki
- Listed since: 12 June 2007
- No. of shares 60,499,575
- Trading currency: EUR
- Listing: Mid Cap Helsinki
- Ticker symbol: SRVIV
- ISIN code: FIO009015309

ANALYSTS COVERING SRV

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



Important dates for 2019

SRV Group Plc's Annual General Meeting is planned to be held on Tuesday, 19 March 2019 at 4.00 pm at Derby Business Park, Tarvonsalmenkatu 15, Espoo.

SRV Group Plc will publish the following financial information in 2019:

Financial Statement Release 2018: on Wednesday, 6 February 2019 at 8.30 am

Annual Report 2018 (including the Financial Statements and the Report of the Board of Directors: on Friday, 22 February 2019.

Interim Report for January–March 2019: on Thursday, 25 April 2019 at 2.00 pm.

Interim Report for January–June 2019: on Wednesday, 17 July 2019 at 8.30 am.

Interim Report for January–September 2019: on Thursday, 31 October 2019 at 8.30 am.

MORE INFORMATION

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Annual Review online:
annualreport2018.srv.fi

