

Fira

ANNUAL REVIEW AND SUSTAINABILITY REPORT 2021

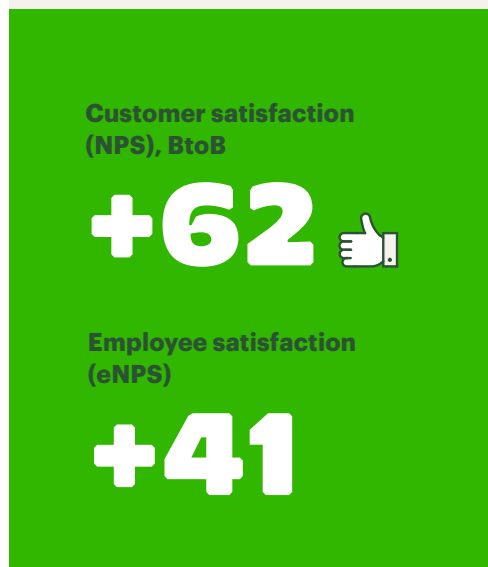
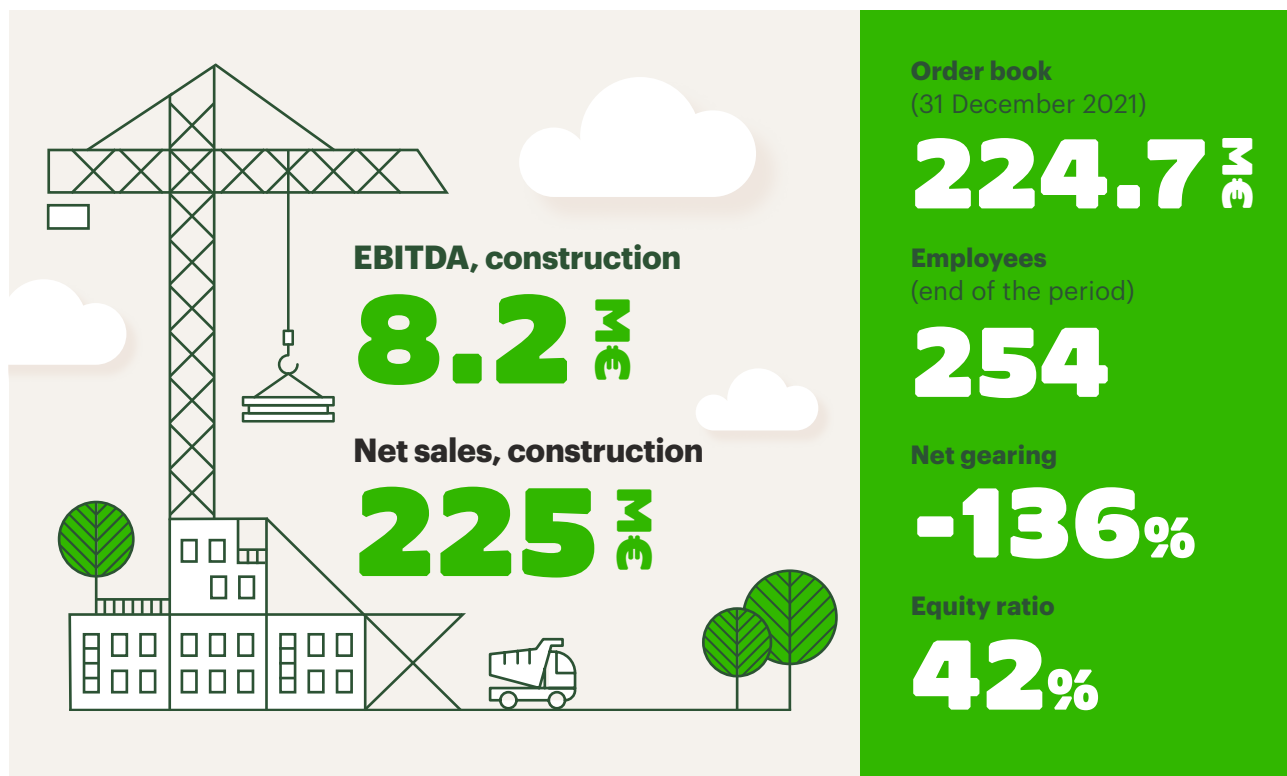




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FIRA OY'S YEAR 2021 IN NUMBERS



Construction sites during the year

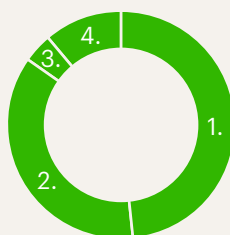
56 🛠️

Recycling rate of construction and demolition waste

66.5% ↻

Accident frequency, own personnel and subcontractors
(nr/million working hours)

11.85 �oggles



Net sales by business segment, %

1. Residential construction ... 48%
2. Business premises 36%
3. Modernisation..... 4%
4. Pipeline renovations 11%

CONTINUED STRONG PERFORMANCE

2021 was another strong year for Fira's construction business. Despite the challenging operating environment, we achieved an excellent result, thanks to residential construction and commercial construction in particular.

Our EBIT in 2021 remained at the previous year's level, totalling EUR 7.8 million (EUR 7.9 million). Our net sales in 2021 decreased somewhat year-on-year, amounting to EUR 225.4 million (EUR 248.6 million). Our own construction projects progressed well. The predictability of the construction business continued to improve, and no write-downs were recorded in 2021. For many years, we have systematically invested in risk management and knowledge-based management, as well as an accurate and up-to-date situation picture. These measures are the basis for our good performance.

Our order book increased in line with expectations, peaking at the end of the year. In early 2022, we announced a contract with the retail chain Tokmanni on building its new logistics centre. The contract significantly increased our order book in December.

The prolonged coronavirus pandemic continued to cause uncertainty in the market, which was reflected in the form of overall uncertainty in the modernisation and pipe renovation lines, in addition to causing delays in decision-making at housing companies. A steep increase in the prices of building materials, as well as availability challenges, increased uncertainty during the second half of the year, but the impact on our operations was limited. Due to the omicron variant of the coronavirus, we continued to invest in safety on construction sites and succeeded in keeping them running without major disruption.

We continued to invest in systemic change in construction and the development of a scalable construction model using digital and modular solutions. In residential construction, our goal is to convert the productivity improvement created by the construction production system into significant customer value.

Sustainability (ESG) is an integral part of Fira's strategy and business operations. We approach sustainability from the perspectives of our customers and our own operations. With our solutions, we are seeking to help our customers reduce their carbon



footprint, and we are also continuously developing the sustainability of our own operations. In connection with this annual review, we are publishing Fira's first sustainability report. It includes our sustainability programme, which we prepared in late 2021. In November, we made a commitment to the Green Building Council's #BuildingLife project. We will prepare an action plan that will lead us towards carbon neutrality.

We have our employees to thank for an excellent year. Our strong result would not have been possible without their commitment and expertise. I'm also very pleased with our Net Promoter Score (NPS) result, which was again excellent, at +62 (+61). As a construction service company, we work to create customer value and to be worthy of our customers' trust every day.

I would like to extend warm thanks to our employees, customers, partners, shareholders and Board of Directors for a successful 2021. Our strong performance lays a solid foundation for the future.

Jari Koivu
CEO
Fira Oy



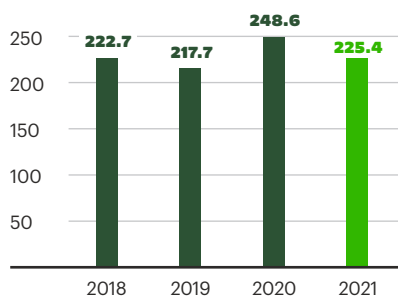
FIRA IN BRIEF

A CONSTRUCTION SERVICE COMPANY

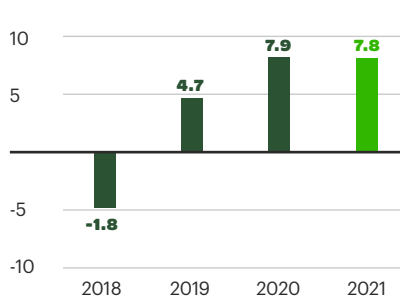
Fira is a construction service company focusing on high-quality project solutions in growing sectors of the construction industry, especially in the Helsinki metropolitan area. Our business operations are divided into four service areas: residential construction, commercial construction, modernisations and pipe renovations.

FIRA OY'S KEY FIGURES

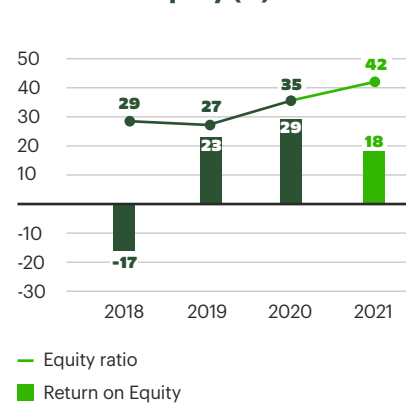
Net sales (MEUR)



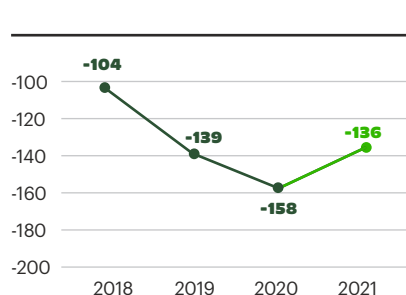
EBIT (MEUR)



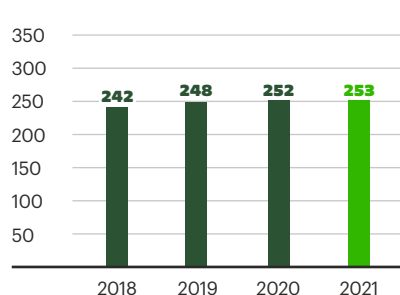
Equity ratio and Return on equity (%)



Net gearing (%)



Personnel at year-end



Key figures

1 000 EUR

| | 2021 | 2020 | Change, % |
|----------------------------|-------|-------|-----------|
| Order book at year-end | 224.7 | 183.9 | 22% |
| New construction contracts | 227.8 | 178.9 | 27% |
| Net sales | 225.4 | 248.6 | -9% |
| EBIT | 7.8 | 7.9 | -1% |
| EBIT, % | 3% | 3% | 9% |
| Sales margin | 25.8 | 25.4 | 2% |
| Sales margin, % | 11% | 10% | |
| Cash flow from operations | 12.9 | 11.8 | 9% |
| Fixed costs | 17.6 | 17.1 | 3% |
| Depreciation | 0.3 | 0.4 | -15% |
| Net gearing, % | -136% | -158% | |
| Equity ratio, % | 42% | 35% | |
| Return on equity, % | 18% | 29% | |
| Return on investment, % | 22% | 35% | |



WE PROVIDE SUPERIOR SERVICE CONSTRUCTION

Our mission is to be a bold innovator in the construction sector. The world is changing, and we believe that the construction sector must change with the world. We want to lead the way boldly in construction and challenge conventional methods and ideas. We believe that construction can be smarter, more sustainable and more human-oriented.

Our vision is to provide superior service construction. In our opinion, construction should be transformed into a service focusing on the customer – and the people who actually use the facilities. We develop housing and construction solutions that consider the environment, delight people and help customers exceed their goals.

The customer and interaction between people are at the core of Fira's operations. Value is best created when the customer is involved and the interaction works. We are working to involve urban residents, partners and other construction companies in the transformation process and in developing future construction and housing solutions with us. We believe that smarter and more sustainable cities are built together.

OUR STRATEGY

Superior service experience

Our construction services create more value and ensure peace of mind for our customers. Working with us is worry-free: we ensure a transparent construction experience from start to finish.

Smooth flow

We have the shortest project and construction lead times in the industry. We use information in our management, as well as takt production, digital tools, standardisation and modularity.

Carbon-neutral tomorrow

We cannot be satisfied with anything less than carbon neutrality. We help our customers reduce their carbon footprint, and we are also reducing our own environmental load step by step.

People first

The transformation of the construction industry calls for highly competent and enthusiastic people. Employees' development, well-being and safety are our top priorities. In our culture, everyone is heard, and we make progress together.

Profitable and capital-light growth

Fira's service-oriented business model is unique, because it ties up hardly any capital.



THE HOUSING LIBRARY INCREASES THE EFFICIENCY OF PROJECT DEVELOPMENT, PLANNING AND CONSTRUCTION

Fira is building four apartment buildings for Avara in the Suvela district of Espoo. Their implementation is based on a housing library developed by Fira. Fira has created a housing library to enhance its production of apartments, and Suvela is its first housing library site.

The housing library is an extensive information bank containing ready-to-use solutions for architectural, structural and HVAC design, and it also includes ready-made product part components.

"We are developing the housing library by systematically collecting all the experience from our construction sites in a format that makes the data easily available for future projects," says **Santtu Hokkanen**, Head of Planning, Residential Construction at Fira. "The housing library is an extensive information bank that enables us to prepare drafts of new residential

construction projects quickly in the project development phase, and to calculate the price of the project with an accuracy of a few per cent. This supports our customers' decision-making and provides everyone with a realistic overview of the outcome of the project, including plans and costs," Hokkanen continues.

"As early as in the draft planning phase, in terms of the entire construction process, the housing library provides invaluable information about how to implement the project, from project development to construction," Hokkanen adds. When the development phase is implemented in line with a service contract model based on Fira's housing library, the costs of the project development phase are more than 50% lower compared with traditional project development.

When Fira combines the information provided by the housing library with the customer's needs, it can be ensured that the project meets the jointly agreed quality and profitability targets. Fira uses the housing library for all new housing projects that also cover project development and planning. When project



THE FIRST HOUSING LIBRARY PROJECT WAS COMPLETED WELL AHEAD OF SCHEDULE."

development is based on the housing library, carbon footprints can be calculated automatically, which provides valuable additional information about the environmental impacts of different solutions.

The first two residential buildings and a parking facility were completed in Suvela in January 2022, and the second part will be completed in the summer. In total, 179 new homes are built. The housing library is also being used in the Finnoo district of Espoo, where Fira is building three apartment buildings, with a total of 113 apartments.

Less than a week per floor

The project development of an apartment building typically takes several months. Fira's housing library considerably reduces the required time: preliminary drafts can be completed in a few days, when needed. The housing library also accelerates special design and construction. The work phases of a construction project can be implemented at a more rapid rate than in conventional projects, even as quickly as less than a week per floor. Thanks to the housing library, unnecessary work phases can be eliminated, and the work phases are implemented in exactly the same way in all projects. This also improves the quality of construction.

"We increased the pace of construction, but without creating a constant sense of urgency or the need to work around the clock. Our higher pace of completion is based on planning the construction phases carefully, which enables us to minimise the buffers for interruptions on our construction sites. We do things in the right order, getting them right the first time and eliminating traditional repair rounds, which enables us to complete projects more rapidly," says **Mikko Toppari**, Site Manager in charge of the Suvela construction site.

"Increased efficiency also means that we prepare elements in advance that are easy to prefabricate, such as modular bathrooms and ventilation control rooms. This reduces the amount of work on the construction site."



Changes in working methods improve efficiency across the construction sector

Mikko Råglund, who serves as a site manager in Suvela, among other sites, says that Fira is combining its housing library with its production train concept, which has been used on Fira's pipe renovation sites for a longer time:

"The production train is a highly motivating way of working for site personnel. Everyone knows exactly what everyone else is doing in each phase. In addition, once the site is completed, the same team often moves to the next similar site. This means that everyone is already familiar with the ways of working, which also reduces the project completion time significantly."

Santtu Hokkanen says that one of the major problems in the construction industry is that every project is traditionally started from scratch, which takes time and is costly for the customer, often as early as in the project development phase. In addition, in terms of design, the completed building is always a "prototype".

"Fira has a different approach: we document our experiences of building projects in our housing library, and the information is actively used in subsequent projects. Combined with our production train concept, this ensures that our entire organisation continuously benefits from what we have learned earlier. Standardisation is key in increasing operational efficiency, from the product development and planning phase all the way to construction site practices and commissioning. This benefits all parties and, above all, our customers."

BUSINESS PREMISES CONSTRUCTION



MINIMISED CARBON FOOTPRINT AND MAXIMISED ENERGY EFFICIENCY THROUGH LIFE-CYCLE MODEL

The Myllypuro Campus for future construction professionals is the first vocational college to be implemented in line with the life-cycle model in Finland. Carbon neutrality and strict energy efficiency requirements are taken into account across the board. Fira is implementing the project in cooperation with Caverion.

The construction of the Myllypuro Campus of Helsinki Vocational College and Adult Institute (Stadin AO) started in the spring of 2021. The project is Fira's first life-cycle project. Fira is responsible for the architecture, structural engineering and construction of the campus, while Caverion is responsible for its technical building systems and property maintenance, as well as for ensuring that its energy consumption meets the requirements for 20 years. Education in construction and technical building systems will be provided on the campus, and the building itself will also serve as a learning environment.

The campus has been designed to meet the City of Helsinki's carbon-neutrality goals and strict energy-efficiency requirements with an A energy classification and a four-star rating in accordance with the Finnish RTS environmental classification.

Focusing on carbon neutrality and energy efficiency

More than 15% of the total energy requirement of the campus will be met by means of solar panels and heat pumps. The carbon footprint has been minimised throughout the life cycle, and the low level of emissions is reflected in all aspects, beginning with the frame system. The frame system chosen for the building is a pillar and beam system, and it supports the goals by enabling the facilities to be adjusted flexibly during the life cycle of the building.

"On the campus, we are applying the green coefficient method, which takes account of vegetation surfaces and solutions delaying surface runoff in relation to the total area of the site," says **Aini Karling-Kuhlberg**, Head of Planning, Commercial Construction at Fira. "In terms of humidity, the correct design and implementation are ensured through the Kuivaketju10 system. The campus will also meet the Healthy House criteria and S2 indoor climate classification."

According to **Sara Tapiala**, Team Manager, Environment and Energy, the City of Helsinki chose the life-cycle model provided by Fira and Caverion, because it offered a safe investment and an opportunity to build a carbon-neutral Helsinki. "Year by year, life-cycle thinking is becoming more relevant in both new construction and renovation. That's why we need experts like Fira and Caverion."

MODERNISATION



STRONG PROFESSIONALS ARE RENEWING RENOVATION CONSTRUCTION TOGETHER

Special expertise in building services is essential in renovation construction because it has a major impact on the life cycle, environmental impacts and energy efficiency of the building. Fira's modernisation line has cooperated with Caverion, a company specialising in building technology, for several years, and the companies will engage in closer cooperation in the future.

"We're aiming to be the best provider of renovation construction services for our customers, and we measure customer satisfaction regularly. In the projects we have implemented with Caverion, customer satisfaction has been very high: an average of 90/100 for all projects," says **Mika Lindvall**, Director, Modernisation at Fira.

Fira has received recognition for its high level of customer satisfaction. The Varma Mutual Pension

Insurance Company selected Fira as Construction Partner of the Year in 2020, following a particularly smoothly implemented, highly complicated repair construction project. Fira was in charge of the modernisation of Varma's office building in Valimo Park in the Pitäjänmäki district of Helsinki. Caverion was also involved in the project.

"We complement one another perfectly"

"The successful cooperation between Fira and Caverion is based on the fact that the companies complement one another perfectly in terms of competence. Caverion specialises in building life cycles and services, and Fira has special expertise in project management. Together, we can further develop the entire construction sector in terms of both operating methods and environmental considerations," says **Juhani Tölli**, Development Manager, Modernisation at Fira.

The partners are planning to engage in deeper cooperation through a partnership agreement that expands their cooperation to include the sales phase.

PIPELINE RENOVATIONS



THE PRODUCTION TRAIN HALVES PROJECT COMPLETION TIME

Work progresses in production trains in Fira's pipe renovation line. This reduces project completion time by nearly 50% compared with the traditional way of working. Production trains have improved both productivity and customer and employee satisfaction.

"In traditional construction and renovation projects, subcontracts are scheduled separately for each work phase after competitive bidding – for example, everything from demolition to tiling in pipe renovation projects. When the team changes for each project, there is no learning. Instead, everyone starts from scratch. This slows project completion," says **Sami Kokkonen**, Head of Pipeline Renovations at Fira.

That is why Fira has chosen to work in a modern and more efficient way: in production trains. Working in production trains means that precisely planned and scheduled work phases follow one another in the same manner as railway carriages. The same team continues from one apartment and site to another smoothly, as steadily as a train. This reduces the time required to complete pipe renovations in an apartment from 12 weeks to 6–8 weeks. In addition, material loss decreases when excess materials can be moved directly to the next site.

"The production train method is best suited for

relatively large projects with at least 50 apartments. Fira's first production train started in 2013, and we've applied the production train model to all pipe renovation projects since 2016. We currently have four trains running," Kokkonen explains.

Customer and employee satisfaction through production trains

Production Train 4's latest pipe renovation project covered 71 apartments on Kirstinkatu in the Kallio district of Helsinki. The project was completed in June 2021, one month ahead of schedule. From Kirstinkatu, the train continued to Suursuontie in the Maunula district, where the project covers 80 apartments.

"It's important to us that everyone working in a project feels that they are part of Fira's team, regardless of whether they are employed by Fira or one of its subcontractors. The production train model contributes to this and it is reflected in a high level of commitment among subcontractors: around 90% of the project employees have continued to the next site, while the corresponding proportion has been marginal in projects implemented through separate competitive bidding processes," says **Lauri Pietarinen**, Site Manager, Production Train 4.

According to Pietarinen and Kokkonen, customers have also been very satisfied with Fira's approach. The production train has proved an excellent concept that has considerably improved both productivity and customer and employee satisfaction.



FIRA OY'S SUSTAINABILITY REPORT

Through improving the flow of construction,
we minimise the carbon footprint and take
construction towards carbon neutrality



SUSTAINABILITY MANAGEMENT

In the spring of 2021, we established a sustainability working group for Fira to ensure that the development of our sustainability work was coordinated more systematically. The group consists of the business management and representatives of key functions related to the environment, procurement, financial management, communications and HR, for example. Besides tracking how sustainability work progresses, the group also shares current information and best practices related to sustainability. The group met three times during 2021 and will meet quarterly in 2022.

Each of Fira's business lines under its manager is responsible for integrating sustainability into business operations. Line-specific strategy work was carried out during the year in which sustainability aspects were considered one of three strategic themes. Sustainability measures and goals are included in the action plans of the business lines, and their implementation is monitored by the Construction management team, and by the sustainability working group in terms of sustainability goals.

We measure the implementation of environmental management and the environmental process in construction project operations by using the maturity model. In each project, the project operations are assessed in relation to Fira's operating model. We

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AS AN INNOVATOR IN THE CONSTRUCTION INDUSTRY, FIRA OY TOGETHER WITH ITS PARTNERS IS COMMITTED TO DEVELOP SOLUTIONS THAT IMPROVE THE FLOW OF CONSTRUCTION, MINIMISE THE CARBON FOOTPRINT AND TAKE CONSTRUCTION TOWARDS CARBON NEUTRALITY.”

Fira Oy's CEO Jari Koivu.

regularly provide construction site employees with training in the operating model. We are continuously developing and improving the environmental process, as well as providing centralised support and training for projects to carry out environmental management in line with Fira's operating model.

Fira's communications function is responsible for developing sustainability communication and reporting.

OUR SUSTAINABILITY PROGRAMME

Sustainability is an essential part of our strategy. By developing solutions to improve the flow of construction, we are creating a more sustainable construction sector and reducing its climate emissions. For us, sustainability also means social and economic responsibility and good governance.

Fira's sustainability programme was created in late 2021. Its five key themes cover between them the areas of environmental responsibility, social responsibility, governance and economic responsibility. Key targets have been determined for each area, and we measure their implementation.

Our sustainability work is guided by Fira's strategy, ethical guidelines and environmental policy. The programme is also based on a materiality analysis that we carried out in the autumn of 2020. With a partner specialising in surveys, we conducted a stakeholder survey, which increased our understanding of our stakeholders' wishes and expectations in terms of sustainability.

A total of 293 people responded, and the response rate was typical for surveys of this type. The respond-

ents represented our customers, employees, shareholders, contractors and other partners. The results show that Fira is regarded as a responsible and customer-oriented leader in the construction sector.

After the survey, we continued to specify our material sustainability focuses at internal workshops. The participants included Fira's experts and senior management, as well as two members of its Board of Directors. This work resulted in Fira's ESG framework, which set the guidelines for the sustainability programme described in this sustainability report.

The sustainability programme sets out our sustainability focuses

The sustainability programme has many important functions. It enables us to see the big picture and identify key priorities. It is also a good tool for communicating about sustainability to our employees, customers and partners. However, its most important aspect is its profound preparatory phase, which involves various stakeholders. Successful sustainability work will continue to require active dialogue with our stakeholders.

Sustainability is a key part of Fira's strategy, and it must be integrated even more closely into our business goals. During the autumn of 2021, each of Fira's construction lines engaged in strategic planning and development work, with a focus on sustainability.

FIRA'S SUSTAINABILITY PROGRAMME HAS FIVE MAIN THEMES



The targets and key performance indicators are described in more detail on the next page.

SUSTAINABILITY TARGETS AND KPIS

| Sustainability area | KPI | Target level | Result 2021 |
|------------------------------|---|---|------------------------------------|
| Environmental responsibility | Environmental site management | Set per project or business line, on average 80–85% | Average 80.4% |
| | • Following the environmental management process: environmental maturity model | | |
| | • Recycling rate of construction and demolition waste | 70% | 66.5% |
| | • Number of projects in own housing library with CO ₂ calculation | | 12 |
| Social responsibility | Personnel satisfaction | | |
| | • Employee experience | | 4.0/5 |
| | • Net Promoter Score (eNPS) | | +41 |
| | • Quality of immediate supervision: "My superior treats everyone with respect and fairly" | | 4.5/5 |
| | Personnel's well-being | | |
| | • Health percentage (part of personnel with zero days of absence due to sickness/year) | | 77% |
| | • Number of absences due to sickness (days/person/year) | | 2.6 |
| | • Induction for new employees | 100% | 100% |
| | • Development discussions taken | 100% | 95% |
| | • Supporting job rotation: new job title | | 14 |
| | • Employee turnover | | 13% |
| | Safety | | |
| | • Accident frequency (nr/million working hours), own personnel and subcontractors | under 10 | 11.85 |
| | • Injuries that lead to loss of life | 0 | 0 |
| | • Severe injuries (over 30 days of absence) | 0 | 4 |
| | • Number of severe near miss situations | | 9 |
| | • Injuries that lead to absence | | 23 |
| | • Number of safety observations | 2 observations/site/week | Target reached. 2,365 observations |
| | • TR measurements made | 1 measurement/site/week | Target reached. 902 measurements |
| | • Average of TR measurements at Fira's sites | 95 | 95.3% |

| Sustainability area | KPI | Target level | Result 2021 |
|--|--|--------------|-------------|
| Governance and economic responsibility | • The share of pre-selected suppliers in the annual purchasing volume | | 89.5% |
| | • Number of reports through the Whistleblowing channel | | 0 |
| | • Share of employees who took ethical training | 100% | 91% |
| | Benefit to the society: | | |
| | • Wages and salaries paid (including social security costs), EUR 1,000 | | 23,129 |
| | • Taxes paid in the reporting period, EUR 1,000 | | 1,011 |

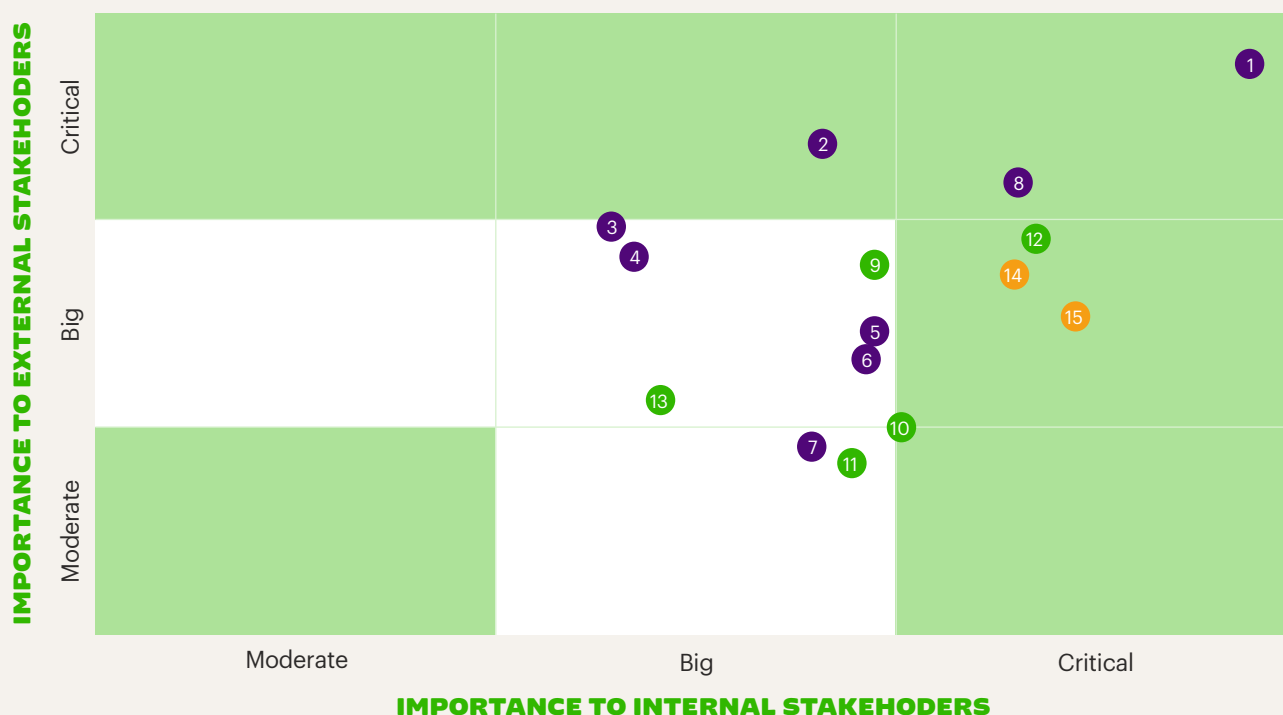
CASE

STAKEHOLDERS EMPHASISE ENVIRONMENTAL AND SUPPLY CHAIN RESPONSIBILITY

In autumn 2020, nearly 300 representatives of our stakeholders responded to our sustainability survey. Based on the results, Fira has a good or even excellent reputation among its stakeholders.

All respondent groups agreed that one of Fira's most important tasks is to ensure its contractors' and subcontractors' sustainability.

The respondents felt that Fira has the most room for improvement in environmental matters. The respondents saw material efficiency and buildings' life-cycle emissions, as well as improving waste reuse and recycling rates, as the most important focuses of environmental management.



MANAGEMENT AND STAKEHOLDERS

- 1 Responsible contractors
- 2 Fighting grey economy and corruption
- 3 Meeting stakeholders' expectations and creating positive value
- 4 Responsible management
- 5 Transparent and open communication
- 6 Understanding customers' needs
- 7 Quality of service
- 8 Fair approach towards partners

ENVIRONMENT

- 9 Life-cycle emissions of buildings
- 10 Recycling rate and waste reuse rate
- 11 Cleanliness of sites
- 12 Material efficiency
- 13 Environmentally friendly construction materials

PERSONNEL

- 14 Developing the personnel's competence
- 15 Personnel's well-being and health at work

CASE



FIRA'S SOLUTION DEVELOPMENT SAVES THE ENVIRONMENT AND REDUCES COSTS

Climate change requires strong measures from the construction sector. At the same time, construction must also bear its financial responsibility. Fira's unique approach to solution development is one response to this major challenge, serving both the climate and cost effectiveness.

"At Fira, we have our own unique method for the development of construction, as well as in-depth expertise. Our combined solution development and offer calculation team carries out a great deal of comparative studies on frame and foundation options, for example.

We find optimal solutions for our customers in terms of costs and the environment," says **Harri Isoherranen**, Design Manager at Fira.

In Fira's approach, the solution development team is involved in producing the optimal solution that best suits the implementation of the construction project from the very beginning. The information model created by the solution development team enables us to calculate the building masses to be used in the building, which makes it possible to determine the costs and carbon footprint of construction during the early stages of the project.

The work does not stop here – this is where the optimisation of solutions begins. The cost and carbon footprint calculation based on this first solution option enables us to identify the building elements that have the greatest impact on the costs and carbon footprint

of construction. During optimisation, we focus on these important elements. We create a new information model based on the various solution options and prepare a new calculation based on the information model. The result is that we find the optimal solution in terms of costs and the carbon footprint.

Fira's approach to solution development was created more than ten years ago, and it has been continuously developed by including new software tools, as well as carbon footprint calculations in recent years. Solution development is a natural continuation of project planning and part of Fira's service offering, especially in business premises construction projects.

55,000 optimal square metres for Tokmanni

The optimisation of the construction project of Tokmanni's logistics centre, with a total area of 55,000 square metres, is a recent example of the role of Fira's solution development. Tokmanni is Finland's leading variety discount retailer.

"Our goal is to improve Tokmanni's profitability by upgrading and boosting our logistics and supply chain. In cooperation with Fira, we compared different solutions for building a new warehouse and optimised design solutions for the investment, while addressing the lifecycle impact. Fira has added cost-driven insight to the project," says **Harri Koponen**, Vice President of Store Network and Concept at Tokmanni.

The planning process was long, and Fira's solution development team came up with several options for the logistics centre in the early stages. This work really paid off: the final result significantly reduces the need for building materials and thereby also costs and the carbon footprint.



AT FIRA, WE HAVE OUR OWN UNIQUE METHOD FOR THE DEVELOPMENT OF CONSTRUCTION, AS WELL AS IN-DEPTH EXPERTISE."



AT FIRA, OUR PRIMARY GOAL IS NOT TO THINK ABOUT HOW TO SOLVE A PROBLEM THAT HAS EMERGED, BUT HOW TO ELIMINATE THE WHOLE PROBLEM."

Controlling overdimensioning through Fira's solution development

"Normally in a construction project, the architect draws up a plan. Based on the plan, special designers prepare dimensioning calculations and implementation plans to a tight schedule. In many cases, too little time is allotted to special design, meaning there is no time for proper research and planning. This may lead to the overdimensioning of solutions. For example, if the ground on the site is challenging in places, the entire building is designed and built in line with the worst spot," Isoherranen explains.

"At Fira, our primary goal is not to think about how to solve a problem that has emerged, but how to eliminate the whole problem. For example, on the Tokmanni site, the ground under the building had low load-bearing capacity. The conventional approach in the construction sector would have been to determine what type of steel piling would be needed to remove the problem. In any case, this would have been costly to implement, and the solution would have had a large carbon footprint because of the steel piling. Fira's approach enabled us to solve the problem by moving the building so that the entire building could be placed on ground with high load-bearing capacity. No steel piling was therefore needed on the site."

In addition to the general basic studies related to construction projects, Fira carries out a large number of its own studies such as careful penetration tests to support planning through solution development. This allows everything to be optimised, step by step, beginning with the base structure. According to Isoherranen, the additional investments in planning work in the early stages pay off multiple times during the construction phase:

"We always think about what changes are needed to reduce the overall costs. In almost every case, cost-effectiveness also means fewer materials and thereby also smaller carbon dioxide emissions. In other words, our solution development saves both costs and the environment. This is sustainable construction."



REDUCING THE CLIMATE IMPACTS OF CONSTRUCTION AND BUILDINGS

Fira is seeking to improve the flow of construction. A better flow benefits both the client and the end users, improves the productivity of construction, and saves the environment by enhancing material and energy efficiency and reducing climate impacts.

We build and modernise properties based only on needs, in close cooperation with the client and the users. Functional, well-designed and well-constructed facilities endure the test of time, thereby reducing the environmental load throughout the life cycle.

Our main environmental goals are reducing the

climate impacts of construction and buildings and enhancing material and energy efficiency and the circular economy. The cornerstone of Fira's environmental management is the certified and audited ISO 14001:2015 environmental management system. We measure the implementation of environmental management and the environmental process in construction project operations by using the environmental maturity model, which is described in more detail in the "Sustainability management" section.

We calculated the carbon footprint of 12 residential sites

We continued to develop the production system in residential construction, and the results in improving the flow were promising. During the year, we calcu-

lated the footprint of 12 residential sites (three sites in 2020), which were primarily sites covered by Fira's housing library. Our future goal is to reduce CO₂ emissions in other construction business lines as well. We use the Ministry of the Environment's calculation method.

Waste caused by overdesign and overdimensioning significantly increase the cost and carbon footprint of construction. For a long time, our solution development team has led the way in seeking means to reduce waste during the design phase. With standardised and proven solutions, we have achieved CO₂ reductions that in the best cases correspond to the total life cycle emissions of several apartment buildings.

We have started our first life cycle project

The construction of the Myllypuro Campus of Helsinki Vocational College and Adult Institute (Stadin AO) started in the spring, marking the beginning of Fira's first life cycle project. Fira is responsible for the design and construction of the building, and Caverion is responsible for its technical building systems and property maintenance for 20 years. The building is designed and implemented in line with an A energy classification and a four-star rating in accordance with the Finnish RTS environmental classification. The carbon footprint calculated for the project life cycle was a third smaller than in similar sites.



IT IS IMPORTANT THAT BUILDINGS SERVE THE NEEDS OF THE CLIENT AND USERS AS EFFECTIVELY AS POSSIBLE OVER THE LONG TERM."

In 2021, Fira had one project in progress in accordance with an environmental rating system (RTS). Additionally, several projects with environmental rating were in bidding phase or being started. In early 2021, we entered into a seasonal agreement on the use of renewable energy, and we will purchase certified hydropower from a verified origin.

During the year, Fira's employees in various positions participated in the work of the various committees of Green Building Council Finland (FIGBC), contributing to the development of our environmental responsibility.

CASE: #BUILDINGLIFE

WE ARE COMMITTED TO THE #BUILDINGLIFE PROJECT

In late 2021, we joined the #BuildingLife commitment of Green Building Council Finland. Through the project, we are committed, in line with the common goals of the real estate and construction sectors, to working towards a carbon-neutral built environment by 2035, as well as to preparing an action plan to achieve carbon-neutral business operations.





DEVELOPMENT OF MATERIAL AND ENERGY EFFICIENCY AND THE CIRCULAR ECONOMY

Reducing construction and demolition waste and improving the recycling rate play a key role in our environmental work. Reducing waste and sorting it carefully save both the environment and money.

Wood, metal, mixed and energy waste, as well as pallets, plasterboard, aggregates, cardboard and plastic (LD-PE film), are sorted on Fira's construction sites. An environmental plan is prepared for all our new construction sites. The plan also covers waste management.

In April 2021, we set a target for the recycling rate of our construction and demolition waste at Fira's construction sites: 70% . At the end of the year, our recycling rate was almost 67% , so we were very close to our target.

Our cooperation with Remeo, our waste management partner, continues in 2022. Remeo provides our construction sites with valuable support and guidance for more efficient waste management. Remeo's new recycling plant, which promotes the circular economy, provides improved opportunities for the efficient recycling and further processing of waste, as well as for increasing the recycling rate.

We expand environmental thinking throughout the supply chain

We have identified a responsible and transparent supply chain as one of Fira's material sustainability themes. Expanding environmental thinking to cover the entire supply chain and product life cycles helps us to develop our own and our partners' operations.

During the year, we began to compile green procurement guidelines to support environmental responsibility in our purchases. We provided procurement professionals with training in environmental responsibility, and we are planning to introduce supplier self-assessments and audits related to environmental responsibility themes in 2022.

We have a pre-selection process in place to ensure the eligibility of potential new suppliers. We only work with suppliers that meet the statutory requirements and Fira's ethical requirements and have a sustainable financial footing. We continuously monitor changes in supplier and subcontractor information, and the information in our supplier register is always up to date. The supplier register enables us to make purchases from approved suppliers.



WELL-BEING AT WORK IN A SAFE AND EQUAL WORKPLACE

Fira is known as a pioneer and innovator in the construction sector. We are boldly looking for new ways of working, and we invest in people, because we believe that people make a difference.

Only with competent, enthusiastic and satisfied employees can we reform the construction sector. It is therefore extremely important for us to take care of our employees' well-being and prevent any challenges and problems related to well-being at work. Ensuring safety and coping at work has become even more significant during the prolonged coronavirus pandemic.

At the beginning of the year, we introduced an electronic well-being portal that provides our employees with information about well-being benefits, as well as coaching to support coping at work and mental

FIRA AS A WORKPLACE IN 2+21

- Total number of employees 254, of whom 57% on construction sites and 43% at the office
- Men 85%, women 15%
- A third of our personnel are owners of Fira
- Average age: 38 years
- 51 new employees
- 26 trainees
- New tasks for 14 employees through job rotation
- Employee turnover 13%



well-being. These are available for all our employees. Our employees' health percentage is a key indicator of well-being. It indicates the proportion of employees with no sickness absences during the year. Fira's employees have a high health percentage: 77% in 2021. We also focus on good management, which is reflected in our employees' high level of satisfaction with supervisory work (4.5/5).

Fira offers its employees wider than statutory occupational health care services, and the personnel is also insured with leisure accident insurance.

Our employees recommend Fira as a workplace

Fira has a strong corporate culture. Our motto is: "If you want to go fast, go alone. If you want to go far, let's go together." Our corporate culture is characterised by an atmosphere that encourages cooperation and openness, and by agility and a constant desire to develop and improve.

We measure the employee experience twice a year, and the response rate in these surveys continued to be high (83%) in 2021. In the construction business, our employee experience index was 4.0/5 (3.9 in 2020), and our recommendation index was +41 (+31 in 2020). These results are at a very good level, and nearly 50% of the respondents recommend Fira as an employer. The positives included a good team spirit and flexible ways of working, among other aspects. Giving feedback and maintaining a sense of community during the pandemic were listed as development needs.

In 2021, we hired 26 trainees, and nearly all of them recommended Fira as an employer. Some trainees served as Fira's social media ambassadors alongside their work, sharing their experiences on Fira's Instagram account, for example.

We do not tolerate discrimination under any circumstances. We are committed to treating our employees and other stakeholders equally, regardless of gender, belief, nationality, ethnic origin, opinions, family relationships, age, health or other personal characteristics. Fira's equality plan is available on the intranet.

Safety at work

As a construction company, we take responsibility for the safety of everyone on our construction sites. In addition to our own personnel, we employ more than 21,000 people working for around 1,000 subcontractors and partners.

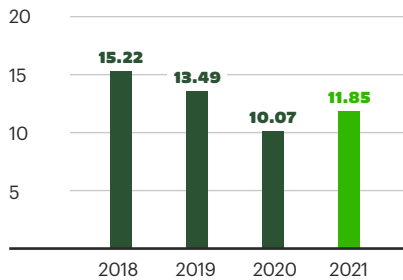
Our goal is fewer than ten accidents per million hours worked. A total of 23 occupational accidents leading to absence occurred on Fira's sites in 2021. The accident frequency rate (number of accidents per million hours worked, including own personnel and subcontractors) was 11.85 (10.07 in 2020).

We have integrated safety thinking into our construction site management, and we use the maturity model to measure our performance. The maturity model is part of our management system. It indicates how effectively the safety process is being implemented in practice. Digital tools are used for TR measurements and safety observations, as well as for issuing hot work permits. TR is a safety observation method for measuring occupational safety at construction sites. A total of 2,365 safety observations were made on Fira's construction sites in 2021, which is more than in the previous year.

We continued our systematic long-term efforts to prevent accidents and strengthen the safety culture. The level of cleanliness and orderliness on construction sites improved during the year, and the average of TR measurements reached 95%. In the autumn, we observed the national Occupational Safety Week, during which Fira's management conducted safety walks on construction sites. The stricter requirements introduced by the Government Decree on the Prevention of Work-related Cancer Risks for quartz dust were implemented in all our four construction lines.

Fira actively offers its personnel occupational safety training.

The number of accidents at Fira's construction sites per million hours worked (including incidents involving Fira's own personnel and subcontractors)



We responded quickly to the coronavirus pandemic

The global coronavirus pandemic continued, but our construction sites successfully managed the challenging year. We responded to changes quickly, and we created clear and effective safety practices that enabled us to ensure continued production and work on construction sites despite the challenging conditions. We also created a digital pandemic snapshot to monitor the situation on construction sites.

Around half of our employees work at construction



FIRA IS THE BEST WORKPLACE I'VE HAD DURING MY CAREER. THE ATMOSPHERE IS DYNAMIC AND ENCOURAGES DEVELOPMENT."

sites, and the other half work at the office. Our digital tools enabled smooth remote work, even in many construction site roles. We followed a strong remote work recommendation during the first half of the year. With the general vaccination coverage increasing in the autumn, we changed to hybrid working for a while before the Omicron variant reached Finland.

While the focus was on remote work during the year, we sought to maintain a sense of community within each team and through our traditional Orientation Day event, which was held virtually for the second time for safety reasons.

CASE: JOB ROTATION

WE ENCOURAGE DEVELOPMENT AND NEW OPPORTUNITIES

Antti Peltonen, MSc (Tech.), has worked for Fira for five years. He recently changed jobs from sourcing engineer to site engineer.

"My wish was to transfer from the office to construction sites. I expressed my wish, and it came true. It's important for me that my work continuously challenges me to develop and improve, and that my responsibilities grow or at least change," Peltonen explains.

At Fira, learning and training are based on each employee's interests. For example, employees can broaden their knowledge by attending the Fira Academy, where training is provided by the company's own and third-party experts.

"Some employees are seeking more responsibility, while others prefer to deepen their knowledge in their current role. Everyone has their individual development path," says **Sylvia Hyry**, HR Manager at Fira.



Site engineer Antti Peltonen joined Fira through a trainee programme. "Although I didn't have any previous experience, I instantly felt that I was trusted, and that I could always ask my more experienced colleagues for support."

CASE



Kirsi and Liisa were involved in the group construction process for Sompasaarenlaituri 12 from the very beginning. "Our wishes were heard very well during the construction of our homes. The results meet my expectations, or are actually even better than I expected," says Kirsi.

PERSONAL HOMES AND A STRONG SENSE OF COMMUNITY

Group construction is Fira's way of producing homes that residents can have a say in from the beginning of the construction process. They can discuss ideas in a dedicated Facebook group and have a housewarming party with their neighbours, which creates a strong sense of community.

In 2021, Fira completed two group construction projects: in Sompasaari and Koskela in Helsinki. Completed in July, the Sompasaarenlaituri 12 building is Fira's second group construction project, and the residents are very happy with the project implementation and their new homes. In a customer survey, the Net Promoter Score (NPS) was high, at +58. The residents of the Lehmus building in Koskela are also very pleased with the project. Lehmus is Helsinki's first housing cooperative, which is a concept developed by Fira.

In line with Fira's group construction principles, the group of residents is formed well before the beginning of construction, so that the residents can affect their future homes, beginning with the floor plans. The residents have a separate fund for creating shared spaces.

"This is an excellent way to purchase a home and create a community in the process. I strongly recommend this. It's extremely important that the focus is on the people," says Kirsi, a resident of Sompasaarenlaituri 12.

Residents can use Fira's bridging loan service to pay for their self-financing proportion, which is only 10% during construction.



THIS PROJECT WAS
ENJOYABLE, AND I CAN
STRONGLY RECOMMEND FIRA
AND GROUP CONSTRUCTION."

A resident of Sompasaarenlaituri

PROFITABLE BUSINESS OPERATIONS AND GOOD GOVERNANCE

By ensuring business profitability and good governance, we are taking responsibility for our employees, partners and owners. Profitable and well-managed business operations also enable environmental and social responsibility. We always comply with laws, regulations and international agreements and seek to tackle the shadow economy.

Profitable business operations create value for all our stakeholders, from employees to shareholders. Our strong result in construction and good outlook for 2022 lay a solid foundation for continued business profitability. Satisfied customers are a cornerstone of good business, and our customer satisfaction (Net Promoter Score, NPS) is very high: +62 in 2021.

We work to ensure that our employees also benefit from Fira's success. Since 2020, all our employees have been offered the opportunity to become owners of Fira through a reward fund, and more than a third of our employees are owners of Fira. Through the reward fund, we want to commit our employees and reward them for Fira's success.

Fira is committed to compliance with the Finnish tax laws and regulations in all its business operations. In 2021, the company paid EUR 1 million in taxes in Finland.

Combating the shadow economy

Tackling the shadow economy is an important focus for Fira. In 2021, our construction site register included more than 21,000 employees, who were working for some 1,000 subcontractor and partner companies. We introduced a supplier register in 2020 to focus purchases more systematically on reliable and proven partners. In 2021, we continued to further specify our guidelines and processes for tackling the shadow economy and prepared an online training programme that will be published during the first half of 2022.

Ethical guidelines

High ethical principles are an important part of Fira's operations, and their purpose is to ensure high quality and fair conduct at Fira, on its construction sites and

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PROFITABLE BUSINESS OPERATIONS CREATE VALUE FOR ALL OUR STAKEHOLDERS, FROM EMPLOYEES TO SHAREHOLDERS.”

in its cooperation relationships. Fira's ethical principles are based on care, trust and transparency. These values inspire us to increase our efforts and our cooperation and interaction with project partners, stakeholders, partners and employees to achieve the best results.

Fira's ethical guidelines, the Ethics Bundle, provide instructions on business ethics, equality, well-being and safety at work and the prevention of corruption, bribery and the shadow economy, as well as entertainment, sponsorship and reporting issues.

The training programme in ethics was completed by 81 per cent of our employees in 2021. Its purpose is to lay a common foundation for ethics in all our operations. However, ethical guidelines alone are not enough. A culture of open conversation is also needed that encourages employees to address issues and reflect on them. We always aim for transparency on construction sites, at the office and with our customers.

Preventing bribery and corruption

Fira does not tolerate corruption, bribery or blackmail in its operations. Fira's ethical guidelines are binding on its personnel and provide clear guidelines on preventing corruption and bribery. There were no corruption or bribery cases at Fira in 2021.

Fira's internal whistleblowing channel, SpeakUp, was opened to external stakeholders in December 2021. Misconduct can be reported anonymously through the channel. We encourage everyone to report any issues. Based on reports, we will take corrective measures and ensure that there are no adverse consequences for a person submitting a report. We believe that successful companies are founded on a transparent culture that encourages employees to report any issues.

ABOUT THIS SUSTAINABILITY REPORT

Fira in brief

Fira is a construction service company that focuses on high-quality project solutions in growing construction areas, especially in the Helsinki metropolitan area. Our business is divided into four service areas: residential construction, business premises construction, modernisation and plumbing renovations. The company is headquartered in Vantaa.

Fira Oy complies with the Finnish Limited Liability Companies Act in organising its administration. The administration of Fira Oy is divided between the General Meeting, the Board of Directors and the CEO in accordance with the Finnish Limited Liability Companies Act and the provisions of the company's Articles of Association. Fira is mainly owned by the company's founders, key employees and personnel. The largest institutional investors are Ilmarinen and TESI.

Fira Oy follows the precautionary principle in its operations. The company's operating model is based

on preparing for avoiding or reducing risks and harmful effects related to the environment in all operations.

Reporting principles

This is Fira Oy's first sustainability report, and it concerns the financial year 1 January–31 December 2021. The report has been prepared as GRI-referenced, but it has not been externally verified.

The environmental indicators are based on information obtained from the company's own systems and service providers. Social indicators have been obtained from human resources management systems. The financial information is based on Fira Oy's accounting and confirmed financial statements.

Fira's essential sustainability themes have been defined on the basis of a materiality analysis carried out in autumn 2020 in the company's internal workshops. The calculation limit for sustainability themes is Fira Oy, unless otherwise stated.

GRI INDEX

| GRI standard | Name of the standard | Location of the information/ description |
|----------------|--|---|
| GRI 100 | Universal standards | |
| 102 | General disclosures | |
| | Organisational profile | |
| 102-1 | Name of the organisation | 29 |
| 102-2 | Activities, brands, products, and services | 29 |
| 102-3 | Location of headquarters | 29 |
| 102-4 | Location of operations | 29 |
| 102-5 | Ownership and legal form | 29 |
| 102-6 | Markets served | 29 |
| 102-7 | Scale of the organisation | 3, 6 |
| 102-8 | Information on employees and other workers | 24 |
| 102-9 | Supply chain | 23, 28 |
| 102-10 | Significant changes to the organisation and its supply chain | 29 |
| 102-11 | Precautionary Principle or approach | 29 |
| 102-12 | External initiatives | 4, 22 |
| 102-13 | Membership of associations | 4, 22 |
| | Strategy | |
| 102-14 | Statement from senior decision-maker | 4, 14 |

| GRI standard | Name of the standard | Location of the information/ description |
|-------------------------------|---|---|
| Ethics and integrity | | |
| 102-16 | Values, principles, standards, and norms of behaviour | 28 |
| 102-17 | Mechanisms for advice and concerns about ethics | 28 |
| Governance structure | | |
| 102-18 | Governance structure | 29 |
| Stakeholder engagement | | |
| 102-40 | List of stakeholder groups | 15,18 |
| 102-41 | Collective bargaining agreements | Personnel is under collective labour agreements with the exception of top management |
| 102-42 | Identifying and selecting stakeholders | 15, 18 |
| 102-43 | Approach to stakeholder engagement | 15, 18 |
| 102-44 | Key topics and concerns raised | 18 |
| Reporting practice | | |
| 102-45 | Entities included in the consolidated financial statements | The report covers the operations of Fira Oy |
| 102-46 | Defining report content and topic boundaries | 15, 29 |
| 102-47 | List of material topics | 15, 18 |
| 102-48 | Restatements of information | No previous report |
| 102-49 | Changes in reporting | No previous report |
| 102-50 | Reporting period | 1 January-31 December 2021 |
| 102-51 | Date of most recent report | No previous report |
| 102-52 | Reporting cycle | Once a year |
| 102-53 | Contact point for questions regarding the report | kukka.eerola@fira.fi |
| 102-54 | Claims of reporting in accordance with the GRI Standards | The Report is prepared as GRI-referenced by using the selected GRI Standards 102, 103, 201, 205, 206, 307, 401-404, 406 and 412 |
| 102-55 | GRI content index | 29 |
| 102-56 | External assurance | Not externally verified |
| 103 | Management approach | |
| 103-1 | Explanation of the material topic and its boundary | 15, 29 |
| 103-2 | The management approach and its components | 14, 15-17, 21, 23-25 |
| 103-3 | Evaluation of the management approach | 14 |
| GRI 200 | Economic standards | |
| 201 | Economic performance | |
| 201-1 | Direct economic value generated and distributed | 17 |
| 205 | Anti-corruption | |
| 205-2 | Communication and training about anti-corruption policies and procedures | 17 |
| 205-3 | Confirmed incidents of corruption and actions taken | 28 |
| 206 | Anti-competitive behaviour | |
| 206-1 | Legal actions for anti-competitive behaviour, anti-trust and monopoly practices | In 2021, there were no legal actions at Fira Oy related to anti-competitive behaviour |

| GRI standard | Name of the standard | Location of the information/ description |
|---------------------|---|---|
| 207 | Tax | |
| 207-1 | Approach to tax | 28 |
| GRI 300 | Environmental standards | |
| 307 | Environmental compliance | |
| 307-1 | Non-compliance with environmental laws and regulations | In 2021, there were no cases of non-compliance with environmental laws and regulations at Fira Oy |
| GRI 400 | Social standards | |
| 401 | Employment | |
| 401-1 | New employee hires and employee turnover | 16, 24-25 |
| 402 | Labour/management relations | |
| 402-1 | Minimum notice periods regarding operational changes | Fira Oy follows the notice periods defined in the co-operation law and collective labour agreements |
| 403 | Occupational Health and Safety | |
| 403-1 | Occupational Health and Safety management system | 25 |
| 403-2 | Hazard identification, risk assessment and incident investigation | 25 |
| 403-3 | Occupational health services | 25 |
| 403-4 | Worker participation, consultation and communication on occupational health and safety | 25 |
| 403-5 | Worker training on occupational health and safety | 25 |
| 403-6 | Promotion of worker health | 25 |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 25 |
| 403-8 | Workers covered by an occupational health and safety management system | 24-25 |
| 403-9 | Work-related injuries | 16, 26 |
| 403-10 | Work-related ill health | 16, 25 |
| 404 | Training and education | |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | 26 |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | 16 |
| 406 | Non-discrimination | |
| 406-1 | Incidents of discrimination and corrective actions taken | In 2021, there were no incidents of discrimination at Fira Oy |
| 412 | Human rights assessment | |
| 412-2 | Employee training on human rights policies or procedures | 17, 28 |

Fira

www.fira.fi/en