



**CONSTI GROUP PLC CORPORATE
SOCIAL RESPONSIBILITY REPORT**

2018



CONSTI

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INTRODUCTION

1.1. CONSTI GROUP PLC

Consti Group plc (Consti) is Finland's leading company concentrating on the renovation construction of properties and building technology services. Consti offers comprehensive building services, pipeline renovation, renovation contracting and building facade repair services, both for residential buildings and for various commercial- and public premises.

In the year 2018 the activities of Consti were divided into three business units: Building Technology, Building Facades and Renovation Contracting. In addition, Consti meets the service and maintenance requirements of these business areas. At the end of 2018 Consti had operational centres in Helsinki, Tampere, Turku, Oulu, Lahti and Hämeenlinna. Consti operates only in Finland.

The parent company is Consti Group Plc. In 2018, the business units operated in three subsidiaries, owned entirely by the parent company, they are: Consti Technical Building Services Oy (Technical Building Services), Consti Building Facades Oy (Building Facades) and Consti Renovation Contracting Oy (Renovation Contracting).

Responsibility means being responsible for our own employees and those of our partners, for customers and the end-users of properties, as well as developing the whole industry.

As of 18 February 2019, Consti's business consists of four operating segments: Renovation services for housing companies ("Housing Companies"), Renovation services for corporations and investors ("Corporations"), Renovation services for the public sector ("Public Sector"), Building technology installations and maintenance ("Building Technology").

The objective of the organisational change is to improve customer service and to reinforce operations.

The turnover of Consti Group in 2018 was 316 million euros approx. and the average number of employees was 1093. Consti Group plc has been listed on the Helsinki Stock Exchange main list since December 2015.

1.2. MANAGING CORPORATE SOCIAL RESPONSIBILITY

The mission of Consti is to use excellent renovation construction expertise to improve the value of the building stock and people's quality of life. The satisfaction of customers and partners, as well as the well-being of the employees form the basis for our operations. According to the vision of the group those representing Consti Group have a passion for renovating and developing the built environment in a sustainable and sensible manner. Responsible activities are a concrete element in Consti's strategy. The strategy includes, for example, the objective of becoming increasingly involved in the value chain of renovation and participating in the development of methods and technologies that are new, more efficient, healthier, safer and therefore less damaging to the environment.

Responsible operation also means risk management – for example environmental risks, unreported employment risks, and human rights risks can lead to wide-ranging impacts. Risk management is dealt with in more detail in the Consti Group plc Annual Report and on the homepages of the group www.consti.fi/en -> investors -> corporate governance.

Over a history involving several acquisitions Consti has adopted and blended various different corporate cultures, and the rate of development and change has also been rapid through organic growth. Integrating, throughout the organisation, the uniform practices and ethical guidelines defined by the group has been an essential part of corporate social responsibility management.

Consti's goal is to be responsible in everything we do. Responsible business in Consti means openness, honesty and trustworthiness. Responsibility means caring for our own employees and those of our partners, for customers and the end users of premises, and developing this concept all the time.

Responsibility is a part of the business management, which is the responsibility of Consti Management Team. The Managing Team defines the guidelines and activities for responsibility and ethics, while the implementation of the resulting decisions is left to the managers of the business units. Professionals responsible for employees, development issues and for communication are involved in the development, coordination and guidance of responsibility issues. Also a group-level Safety Team participates in this activity.

1.3. CSR AND NON-FINANCIAL REPORTING

Consti has published Corporate Social Responsibility (CSR) reports about its activities since the year 2014. The first report followed on from group work based on the ISO 26000-CSR standard. On the basis of this work the four following themes were chosen as the most important responsibility themes for Consti:

- 1 Health and safety
- 2 Labour practises
- 3 The environment
- 4 Values and ethics

Consti’s Corporate Social Responsibility Report presents Consti’s principles for responsible operations and provides information on the group’s responsibility issues in day-to-day work. The reporting of corporate social responsibility itself has also contributed to the development of responsible operations. Consti’s personnel and development activities division takes on the task of drawing up the report, doing so on the basis of the guidelines of the Management Team.

Since the year 2017 stock exchange listed companies have been under an obligation to also report non-financial information. In this regard, information of a non-financial nature must be provided at least on environmental issues, social responsibility and employees, on the respect for human rights, and on the prevention of corruption and bribery.

The Consti Corporate Social Responsibility Report for 2018 continues on the reporting started in 2014, while also including the reporting of non-financial information according to the EU Directive.

Consti’s Board of Directors approved this report in its entirety on April 2nd 2019.

Consti’s CSR Policy

	Health and safety	Labour practises	Environment and sustainability	Values and ethics
Our own employees and those of our partners	We offer a safe and healthy working environment.	We take care of orientation and development of expertise, we develop our activities together.	We improve the environmental awareness of our personnel and minimise the negative impacts of work sites.	We operate ethically, treat everybody equally, and demand the same of our partners.
The residents and users of properties	The health and safety of residents and users is of primary importance, both on work sites and in completed premises.	We train our employees to treat residents and users with consideration.	We promote the sustainable use of premises at all stages from renovation through to maintenance when in use.	We act ethically and in an exemplary manner towards residents and users.
Society	We improve the health, safety and functionality of the built environment.	We favour permanent employment contracts support work-based learning, and offer internships throughout Finland.	We improve the energy efficiency, lifespan and usability of the built environment.	We influence the development of practices, ethics and quality issues of the whole construction industry.

2. HEALTH AND SAFETY

2.1. EMPLOYEES

We offer a safe and healthy working environment.

2.1.1. Safety is emphasised in the construction industry

It is the responsibility of the employer to provide a safe and healthy working environment. Safety matters are emphasised in the construction industry, where the risks of accidents and occupational diseases are high.

The group-level security activities are coordinated by the Consti Safety Team, which meets up every two months. This includes the group's Human Resources Manager, Development Manager, Safety Manager and the chairman of one of the business units. Occupational safety teams of the subsidiaries also promote a safe and healthy working environment.

The Safety Team assesses the risks at the company level and monitors any measures taken to improve safety. The Safety Team assessment report also acts as a guideline for carrying out work site-based safety risk analyses.

Security risks are divided into five categories, based on the classification of the Ministry of Social Affairs and Health:

- Risks of accidents
- Mental health risk factors
- Physical risk factors
- Chemical and biological risk factors
- Ergonomic risk factors

The most recent developments have concentrated on the reduction of such minor accidents that can be avoided by the use of protective equipment or by acting carefully. On this basis, for example, employee protection guides have been upgraded, as has the procedure for their procurement and maintenance.

Safety-related indicators, such as accident frequency and the level of weekly safety measurements (so-called TR measurements) are regularly monitored. Safety issues are discussed at the monthly meetings of the group's Management Team.

2.1.2. Maintenance and development of occupational safety

SAFETY PROCEDURES OF WORK SITES

Safety procedures of work sites play a key role in accident prevention. Work site safety management is based on the risk assessment of each business area (subsidiary) and on site-by-site risk analysis. The measures are described both in the construction site safety plan and in other plans for the production and working phases, such as spatial plans, project plans and task plans. If seen as necessary, separate safety plans are prepared for critical work phases, these can be fall protection plans, hot work plans or demolition plans.

Monitoring construction site safety is one of the key daily tasks of the site supervisor. At Consti, special attention is paid to racking and work platforms, as well as to the general tidiness, which is often a challenge in renovation sites. Construction site working safety is checked as a part of weekly TR-measurements, and any deficiencies observed are dealt with immediately.

With the aid of the Site Manager -enterprise resource planning system the TR measurements can be carried out on mobile devices, in which case they are immediately available for use by those in the company responsible for safety and are reported onwards. Site Manager also includes forms for making observations on security issues and near misses, which speeds up and simplifies their processing and reporting. Both company personnel and external individuals are encouraged to report deficiencies in safety. Any employee or outside person who comes into the sphere of influence of a work site can make a report of a safety issue on-line via the teehavainto.fi portal.

Work orientation practices also play a key role. In addition to personal work orientation Consti avails of the ePerehdytys- procedure, which is a common tool for the whole industry. The goal is that every employee on the work site, whether our own or from a subcontractor, performs the electronic safety training orientation. Different language versions also help to ensure that foreign workers become familiarised with Finnish work safety practices.

Occupational disease Risks related to Consti's activities are from exposure to stone dust,



Picture by Juho Kuva.

which is prevented by steps taken as part of the work site's dust management plan; and from the use of epoxy, which is prevented by Consti's model protection guidelines, that were developed in 2016. In addition, in demolition work there is a risk of exposure to asbestos or other hazardous substances. In the year 2018 no occupational disease cases were reported.

PREVENTION OF ACCIDENTS

In Consti, the monthly frequency of accidents, which describes the ratio between accidents and hours worked, is monitored. This ratio is calculated per million working hours. According to the established practice in the construction industry, as accidents all events are counted that result in at least one day of sick leave in addition to the day of the accident.

The yearly frequencies of accidents in the Consti Group:

- 2015 accident frequency : 26
- 2016 accident frequency : 22
- 2017 accident frequency : 20
- 2018 accident frequency : 19

A lot of measures to reduce the frequency of accidents have been implemented in recent years and the work still goes on. The accident rate in Consti is at an average level for the industry. In recent years, for example, the practice of accident discussions has been introduced - the aim of this is to determine the causes of accidents and to improve those conditions that first lead to the accident occurring. In 2018, Turvavartti-info (Safety quarter of an hour info sessions) held by foremen were introduced.

Consti has been involved in Turvapuisto (Safety Park) activities since the beginning of 2015. Turvapuisto in Espoo is a common training track for companies involved in the construction industry, the aim of which is to improve occupational safety in the sector. In the security park there are concrete examples of danger situations and their consequences, as well as providing familiarity with safe working practices. Consti has its own occupational safety site in the park, where typical work site situations for Consti are demonstrated. All of the employees, even including summer trainees, attend training in the Turvapuisto Safety Park.

The project support system and the intranet provide guidelines for safety-related operating models, and Consti also has, for example, detailed protective equipment guidelines that take into account the demands of the various working tasks. In addition to the general operating models, every employee at Consti work sites is obliged to look after their own use of personal protective equipment and to care for the safety of the common working environment.

HEALTHY AND SAFE WORKING PREMISES

Consti operations for the most part occur on work sites in old properties. The design and quality standards of social facilities abide by government regulations.

Moisture and dust management play a significant role in the safety of renovation sites. There are models in Consti for drawing up moisture and dust management plans, and plans are made on a site-by-site basis when required. The need for such a plan is expressed in the project plan or at the latest at the kick-off meeting. The plan contains descriptions of the major risk factors, how they are anticipated for and the different tasks and responsibilities involved. The plans are updated and monitored throughout the lifetime of the site. The cleanliness of the construction site and the degree of freedom from dust is monitored with the aid of weekly TR-measurements.

2.1.3. Supporting fitness for work

Acting in close co-operation with occupational health- and pension insurance companies is of importance in identifying and preventing fitness for work problems. Other ways to support fitness for work are by developing supervisor work and ensuring that tools are looked after appropriately.

The success of measures to support fitness for work is monitored by steering groups where Consti, the occupational health services and the pension insurance companies work together.

Occupational Health Services consist of joint activity, as defined by the Occupational Health Care Act, which helps to maintain and promote the health of workers, the safety of the working environment and the smooth functioning of the work community, as well as to prevent work-related illnesses and accidents.

Consti's occupational health facilities are purchased from an external organisation, and the service agreement defines a health service level for the employees that covers more than the minimum statutory level.

Consti avails of an early support model, for which written operational guidelines have

been drawn up. These written guidelines are distributed to all employees and are implemented by all the units of Consti.

Consti also promotes the well-being of its employees by supporting the activities of Consti Urheilury -Sporting Association, which was set up by the employees themselves; also different sports and leisure activities are supported. Common physical training activities also increase the sense of belonging together.

2.2. PROPERTY RESIDENTS AND USERS

The health and safety of residents and users is of primary importance, both on work sites and in completed premises.

2.2.1. Moisture and dust control, indoor air

Some of Consti's renovation sites are ones where a part of the building in question is in use during the renovation period, either as a residence, an office, or as a retail premises. Consti does its best to minimise inconveniences during the renovation period and to provide the users with an appropriate level of information. Such inconveniences usually involve noise, dampness and dust control.

The control of moisture during renovation is also important in terms of the future use of the property. It is of utmost importance to prevent moisture from entering the structures, to ensure sufficient drying times, and to store materials in such a manner that they are not exposed to moisture. It is also important to prevent harmful substances from remaining within the completed structures. For example, air channels are blocked during the working period and cleaned before taking it into use.

It has increasingly become one of the aims of renovation construction and building technology solutions to improve the indoor environment of the building. Measures related to indoor air quality are outlined in the site planning documents and in the environmental and dust management plan for the site. Consti reviews the plans and contacts the commissioner if it comes to our attention that the plans or their implementation involve solutions that could for example pose a risk to indoor air quality.

Consti Kodikas is a play-based tool for housing associations to plan renovations. Picture by Ville Vappula.



2.2.2. Instructions for usage and maintenance

Through renovation construction the conditions for healthy use of the property are created, taking environmental factors into account; maintenance and life cycle management are also addressed. A requirement for this is that the operating conditions remain good and, among other things, the energy consumption of the property is maintained at an appropriate level.

Smart features for property systems and the related user interfaces are being developed at a rapid rate. Both property operating and maintenance staff, and the users must be able to operate the property's systems, and to use its spaces and equipment correctly. In large projects, usage instructions are designed specifically for that property, together with the customer and user organisations.

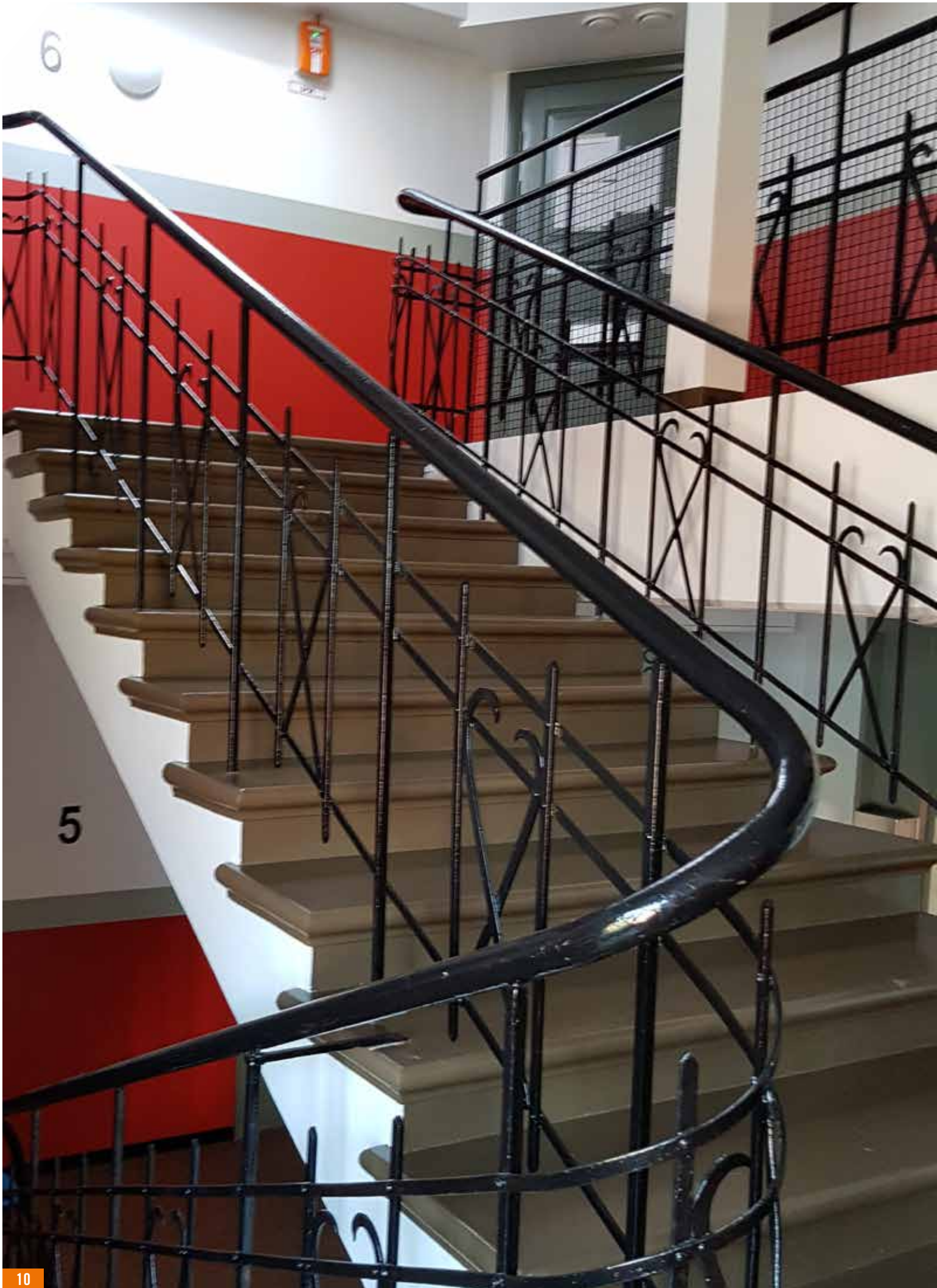
In the case of housing association renovations Consti mainly tells the residents about new solutions and how to use them early on in the renovation process. Also in 2018, the Consti Kodikas ("Cosy") service concept was introduced, in this the committee and residents of the housing association get to discuss any needs for repairs and other solutions related to living there with experts at Consti before drawing up the project plan.

2.3. SOCIETY

We improve the health, safety and functionality of the built environment.

According to the ROTI -condition of the built environment report for 2017, every fifth public building is damaged and, according to the Ministry of the Environment, about 600,000 to 800,000 Finns are exposed daily to poor quality indoor air. The starting point for renovation construction, especially in the case of public premises, has increasingly become the improvement of indoor air quality.

The safety of premises is also improved by increasing their accessibility to all users. Consti has been involved, among other things, in the launching and development of the common construction industrial ePerehdytys orientation methodology. The company also participates in other joint workplace safety improvement schemes, such as the annual Occupational Safety Week.



The staircase of a renovated valuable property in Franzéninaukio in Kallio, Helsinki. Picture by Minna Vierula.

3. LABOUR PRACTISES

3.1. PERSONNEL

We take care of work orientation and the development of expertise, we develop our activities together.

3.1.1. Employment and working conditions

BEST PROFESSIONALS

Best Professionals is one of the strategies defined by Consti in order to achieve growth objectives. The key to achieving the objectives is through skilled and motivated personnel, whose favourable working conditions and comfort we want to provide for. In 2018, support for supervisors was strengthened within the framework of personnel management.

A biennial survey of personnel has shown that the level of commitment among Consti personnel to their employer is higher than average. In the year 2018 the research organisation Corporate Spirit, on the basis of a personnel survey carried out the previous year, awarded Consti for being one of the most inspiring workplaces in Finland. According to results of the research, particular emphasis has been placed on developing supervisors' interaction skills, as well as on communication and cooperation between the Group's subsidiaries.

THE NATURE OF EMPLOYMENT CONTRACTS

It is the principle of Consti is to commit to employment contracts for an indefinite period. In 2018, 97 percent of Consti's employment contracts were valid until further notice. Development in the share of fixed-term employment contracts as a proportion of all employment contracts can be found in Annex 1 of the report.

The criteria for fixed-term employment contracts are:

- substitutions
- seasonal work
- project work
- summer employment
- work practise periods
- according to the wishes of the employee

INCENTIVE SCHEMES

Consti has a personnel bonus scheme, which is aimed at committing employees and encouraging excellence in activities by rewarding good work performance. The system focuses on three different professional categories: regular personnel, site managers, work and installation managers, and similar business area managers. The incentive scheme is based on both quality-and financial-based objectives.

Our incentive scheme is complemented by a long-term incentive programme based on shares, which was introduced in 2017. It offers the key target group individuals the opportunity to earn Consti shares as a reward, whereby their annual bonus, or half of it, is converted into company shares. At the end of 2018, the share-based incentive scheme applied to 53 key personnel.

Successes are also rewarded on work sites. The best work sites are rewarded every year in a competition between sites, where quality, safety, customer feedback, keeping to the deadlines and economic issues. Personal rewards can be received as a result of getting the best customer feedback. There is a separate incentive scheme for innovation by employees.

CASES OF DISPUTE

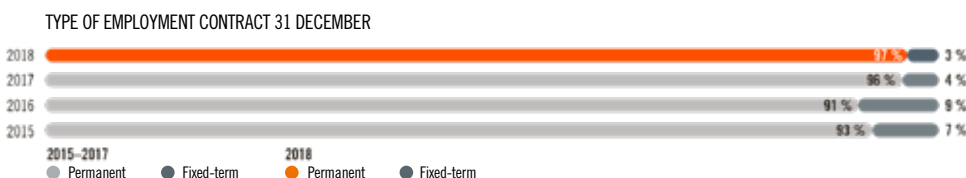
In all our activities we try to prevent the development of disputes. If problems are encountered, the employee may ask for advice from an occupational safety representative, an occupational safety manager or a shop steward.

Inappropriate treatment of anyone is not accepted, and in case of this there are guidelines for both prevention in advance and for the solution of observed cases.

WORKING CONDITIONS

Consti complies with applicable Finnish labour legislation and collective agreements. Employment contracts are made in writing.

Consti does not approve the use of child labour, forced or slave labour under any circumstances. A significant portion of the products used in renovation construction are made in



Finland, but if information about ethical problems related to any of the materials produced abroad come to light, the matter is addressed without delay.

With regard to foreign employees, Consti has an operating model whereby it is ensured that the individual's residence and / or work permits, as well as tax matters, are in order, and that the necessary declarations to the authorities are made.

For the tracking of working time, data stored in the access control system is used, in addition to working time declarations. These are then monitored in cooperation between supervisory staff and the payroll office.

EQUALITY AND DIVERSITY

Equality prevails in the Consti workplace and discrimination is not tolerated. The recruitment of personnel is always on the basis of the skills that the position in question requires.

Equality and non-discrimination plans deal with promoting equality in issues of age, nationality, language, religion or conviction, opinions, political activity, trade union involvement, family relations, health, disability, sexual orientation and gender. The plan includes agreement on their implementation, publicising and monitoring. These plans are part of Consti's human resources strategy and are updated when it is regarded as necessary. How equality is carried out in practise is monitored through such things as personnel questionnaires.

3.1.2. Development and training

WORK ORIENTATION

In recent years, Consti has grown quite rapidly, both organically and as a result of acquisitions. The work orientation of new employees is an essential part of both familiarising them with common organisational practices and with safety issues.

Const has its own orientation materials for every different employee group. The orientation material takes into account local- and unit-specific work practices, but at the same time it allows for the same kind of orientation into every Consti unit. Those responsible for the orientation are the supervisors of the new employees, they have written instructions for how to carry out the orientation activities. In addition to this initial stage, general orientation days are organized 3-4 times a year.

DEVELOPING EXPERTISE

Consti organises training for its employees to meet both its current needs and those foreseen for the future according to our strategy.

Training plans and maintenance of training information are taken care of at business unit level. Training registers and information on the validity of different certificates is all managed in the Group's common HR system.

In 2018 there was a particular focus in training activities on the work of supervisors, on project management and on quality.

CAREER DEVELOPMENT DISCUSSIONS

Career development discussions are part of the supervisor work and serve as an important management tool. Supervisors are under instructions to organise such discussions with their staff at least once every year.

Supervisors are required to hold career development discussions with employees and to keep a record of them. Work site employee development discussions have proved challenging to organise, especially since the work sites change frequently and so also do the supervisors. A more compact version of the career development discussion has been tailor-made for work site employees.

3.2. PROPERTY RESIDENTS AND USERS

We train our employees to treat residents and users with consideration.

3.2.1. A customer-oriented approach

At Consti, we put a high value of customer orientation, on reliability and honesty, on professional expertise and experience, as well as on the enthusiasm to take on a range of different jobs.

Customer orientation is emphasised in renovation construction in many ways in comparison with new construction. It is part of the policy of Consti to work together with the customer to identify the objectives that are important to the customer and include them in the objective construction contract of the work site personnel.

A customer-oriented approach is also needed for work sites, since the premises are often renovated while they are still in use. In addition to technical expertise and problem-solving capacity, Consti employees have the skills to work in homes, offices, and business premises, while constantly taking into consideration the users of these premises.



Picture by Pasi Salminen.

3.2.2. Quality products and partners

The use of high quality and approved construction materials is essential in order to guarantee high quality final results. Consti's procurement guidelines and supplier agreements require the use and delivery for construction sites of only approved building products that are CE marked and / or certified.

As contract partners we choose trusted organisations from the sector, with whom we aim to develop business models and deepen our business partnership, in order to ensure an optimal price level, while guaranteeing the best service and availability conditions.

Not counting trainees, 97% of them worked on a permanent employment basis. Among these permanent staff there are also many professionals in the sector who have moved to Finland from abroad.

In the course of the year, Consti offered either a summer job or an internship to more than a hundred students of the sector, and efforts were made to offer permanent employment after graduation to good summer workers and trainees

Co-operation with educational institutions also includes providing thesis topics, having Consti's representatives as lecturers, and being involved in joint development projects. Consti also supports student association activities. By supporting work-based learning and by organising the training of personnel, Consti participates in the development of expertise in the sector.

3.3. SOCIETY

We favour permanent employment contracts, support work-based learning and offer internships throughout Finland.

3.3.1. Consti as an employer

Consti is a significant employer in Finland, both through its own personnel and via its subcontracting network. During the year 2018 Consti employed 1093 people on average.

3.3.2. The supply chain and contracts

It is a part of Consti's policy that major procuring activity, deliveries, work tasks or services are tendered in a transparent and honest manner. We strive towards establishing long-term cooperation arrangements with good partners that are committed to high quality work.

In the case of procurements, written contracts or orders are always made.

The main library of Seinäjoki "Apila" is an example of Consti's glass construction.



4. THE ENVIRONMENT AND SUSTAINABILITY

Consti complies with all possible environmental laws related to construction, the use of materials, storage, recycling and disposal, as well as other, regulations, permit conditions, and official regulations.

The most significant environmental risks are due to environmentally harmful emissions that may occur, for example, during the handling or disposal of demolition waste. Also noise, vibrations, and building dust may occur in the immediate vicinity and during the period of our operations.

Environmental risk management is an important part of Consti's strategy. This means that risks are anticipated and the negative environmental impact is minimised. Risk management is also dealt with in Consti's Annual Report and at www.consti.fi/en -> investors.

From an environmental viewpoint, for Consti the reduction of harmful environmental impacts caused by work sites is given special priority, and this mainly means minimising work-related disturbances and emissions.

4.1. EMPLOYEES

We improve the environmental awareness of our personnel and minimise the negative impacts of work sites.

Consti strives to minimise the environmental damage caused by its operations, which mainly derives from the work site phase.

The shorter the implementation period lasts, the lower the negative environmental impact tends to be. Reducing the implementation time plays a key part in Consti's development of its competitiveness. This is achieved by an efficient streamlining of scheduling, as well as by using pre-manufactured components and industrial installation models whenever possible. The Lean-based production model speeds up the implementation and improves logistics, which in turn reduces negative environmental impacts during the working period.

Employees are encouraged to minimise waste and energy consumption and to prevent negative environmental impacts as part of their day-to-day work.

4.2. PROPERTY USERS AND RESIDENTS AND THE NEARBY ENVIRONMENT

We promote the sustainable use of premises at all stages from renovation through to maintenance when in use.

In order to minimise the negative environmental impacts of work sites, in particular the noise, dust and waste caused by on-site traffic, demolition and construction work all need to be kept to a minimum. In addition to these, substances which are hazardous to the environment must be handled carefully.

The environmental risks of the site are identified in site-specific environmental plans and there are measures taken to avoid harmful impacts. All impacts, such as noise caused by renovations, on all users of buildings and on operators in surrounding areas, cannot be completely prevented, but their negative effects can be reduced, through such things as effective information campaigns.

4.3. SOCIETY

We improve the energy efficiency, lifespan and usability of the built environment.

4.3.1. Energy efficiency

One result of Consti's operations is that the negative environmental impacts of the built environment are in principle reduced, as the energy consumption of the renovated sites decreases. The improvement of energy efficiency is included as part of the building

regulations for renovation activity, and is always taken into account during the building permit phase.

As part of renovation construction activity, energy efficiency is improved, especially through facade renovation and in the updating of building technology. Consti has expertise not only in the implementation of repairs and building services, but also in the improving of the energy efficiency of buildings.

According to a review carried out in Consti's own offices, and based on the Energy Efficiency Directive, the developing of energy consumption monitoring is an essential part of improving energy efficiency. By far the greatest energy consumption location among Consti's activities occurs at work sites.

4.3.2. Material efficiency

The significance of material efficiency in environmental and responsibility policies is on the increase as the abundance of many important raw materials is declining, causing a decrease in their availability is. The use of materials is optimised through good design, the reduction of waste and by favouring recycling.

Within Consti, material efficiency means construction projects with the most efficient, low-waste approach to material flow and the use of materials. The smart planning of material flow also brings economic benefits and is well suited to Consti's short cycle production principle. This is promoted by learning from industrial production models such as the Lean Principles that are also being developed by Consti as part of a joint development project for the construction sector.

Particularly in installation work, where the equipment and materials being installed are usually valuable, waste is minimised by ordering the products needed in small batches and on time, so that the materials do not degrade on the site and any surpluses are immediately detected. Consti always tries to use any surplus materials at other work sites.

The waste management plan included in Consti's operating system identifies the types of waste generated at work sites, how it is treated and the responsibilities involved. The final disposal of waste is documented through archiving of consignment notes and documents from the whole supply chain.

Consti has a contract for the transport of waste with a reliable partner, which improves and standardises the monitoring and reporting involved, thereby contributing to the proper handling and traceability of its waste streams.

5. VALUES AND ETHICS

5.1. EMPLOYEES

We operate ethically, treat everybody equally, and demand the same of our partners.

The activity of Consti is based values of reliability and honesty, customer orientation, profession expertise and experience, on profitable growth and on enthusiasm.

Consti strives to extend its value throughout the entire supply chain. Subcontracting carried out in the name of Consti obliges the entire supply chain to comply with Consti's internal guidelines and operating model, as well as with relevant laws and regulations.

Through new cooperative methods of project delivery we strive to improve the quality and clarify the responsibilities in construction.

5.2. PROPERTY USERS AND RESIDENTS

We act in an ethical and exemplary manner in dealings with residents and users.

According to Consti's commitments to customers, we listen to them, do what we promise and take care of things straight away.

Responsibility towards users of properties means high-quality final results that are produced in a cost-efficiently manner.

In order to ensure quality in all business units of the Consti Group have so-called RALA certification, granted by the Finnish Construction Quality Association, (Rakentamisen Laatu ry). Consti Renovation Contracting Oy and Consti Building Facades Oy have RALA certification and Consti Technical Building Services Oy has SFS-EN ISO 9001:2015 certification for quality management, issued by DNV.

5.3. SOCIETY

We influence the practises, ethics and quality development of the entire construction sector.

5.3.1. Combatting the grey economy

In all its activities, Consti strives to combat the grey or shadow economy. The group encourages its employees and partners to intervene immediately in any observed cases of inappropriate handlings.

Consti complies with the Finnish Act on the Contractor's Obligations and Liability and is part of the Reliable Partner Programme maintained by Suomen Tilajavastuu Oy. Consti requires its contracting partners and subcontractors to comply with the Act on the Contractor's Obligations and Liability.

Consti employs a smartcard called Valtti, with bar- and chip codes containing cardholder information, for controlling access to construction sites. The data is transferred to Consti's systems in electronic form, thereby improving control of access to the work sites. The tax numbers of employees have been reported to the national register maintained by the Tax Administration.

As the main contractor and buyer Consti reports contract information for each work site to the Tax Administration.

5.3.2. Anti-corruption activity

Weeding corruption out of the construction sector is an essential part of the combat against the grey economy. Forms of corruption in the construction sector include dealing in false receipts and bribery. The large number of operators and large sums of money involved in projects can lead to different kinds of abuse. In Consti we do not accept corruption, bribery or attempts at them in any form. The fight against bribery and corruption is written into Consti's ethical guidelines which are, for example, gone over during the orientation phase.

In 2018, there were no problems identified relating to Consti's compliance with the ethical guidelines and there was no call for action against cases of bribery or corruption to be taken.

Consti does not attempt to influence the activities of political parties and did not give any financial support to political parties in 2018.

Luxury hotel St. George, Yrjönkatu, Helsinki. Arkval Taite Architects.



5.3.3. Developing the built environment

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

In 2018, Consti was the largest renovation company in Finland, with services covering the renovation of homes, commercial and public premises and other buildings, as well as smaller internal and external renovation activity. Together with renovation work, the energy efficiency of buildings is almost always improved by adding insulation to their facades, by such actions as renewing windows and balconies, by upgrading the building systems for heating and ventilation. In that way, improving both the living environment and living comfort, as

well as the existing building stock, all belong to Consti's day-to-day activities. Also, retaining or restoring the original visual appearance and architecture of a building is increasingly included in renovation projects.

Consti is involved in both the renovation of individual buildings and in group and regional construction activity. Consti is often involved with the commissioner right from the project development phase.

Consti also has strong expertise in the modification of the use of properties, such as by converting commercial premises into apartments. Expertise in changing of the uses of properties is especially needed in the context of urbanisation, increasing migration and demographic changes through the aging of the population.

We do what we promise

- We never promise more than we are able for.
- We stand by our commitments to our customers.
- We treat others as we would ourselves.
- We react without delay to unexpected changes.

Fixed in a flash - quickly and reliably

- We look out for everyone's safety.
- Consti aims to perform its own work faultlessly and get the best customer feedback.
- Things are fixed on the first attempt and in the fastest and most cost efficient way.
- We think first, and then act.
- Consti brings along the right attitude, methods, tools and materials.

We listen, we understand and we offer solutions

- Consti listens and presumes nothing.
- Consti's professionals are proud of their expertise.
- Consti always thinks and acts for the benefit of the customer.
- Consti has a unique and renowned service range.
- Consti finds solutions through cooperation.

Consti - the human factor

- We are always considerate of users and customers.
- We looks after everyone's safety
- A smile and polite behaviour doesn't cost anything.
- Our presence is clean – clothes, cars and work sites.

5.3.4. Developing the sector

It is the aim of Consti to be a pioneer in its sector in developing operations that are responsible and serve all of society. The industrial renovation methods developed and introduced by Consti, like those in bathroom renovation and so-called Facelift Renovation, have also attracted wider interest in the industry. In 2018, the Consti Kodikas-service for housing companies was developed – through this the housing company can take advantage of Consti's extensive expertise already at the project planning stage.

Consti is involved in joint development projects in the industry and is active in collaborative networks and cutting-edge projects, influencing the development of productivity, services and quality throughout the construction industry. Consti has representatives of in such organisations as The Confederation of Finnish Construction Industries RT (CFCI) and the Finnish Association of HPAC Technical Contractors.

Consti has participated actively both in urban renewal development and enhancement of various types of renovation projects. Examples of urban renewal have been carried out within the Lähiöt kuntoon- Forum for suburban development. The development of new forms of project implementation has been pursued in cooperation with the Ministry of the Environment.

Through new cooperative forms of implementation it is aimed to improve the quality of construction and to clarify the different responsibilities involved. The Cooperation

Agreement defines the common objectives, responsibilities and the incentive measures of the project participants in each case. In defining these, there is a focus on qualitative criteria and the negotiations between the customer and the renovation company.

5.3.5. Corporate Governance

The administration and management of Consti is based on the Finnish Companies and Securities Markets Act, the Articles of Association of Consti Group Plc and the rules and instructions of Nasdaq Helsinki Ltd. In internal matters, Consti complies with the EU Market Abuse Regulation (MAR) and the regulations issued under it. Consti complies with the Finnish Corporate Governance Code.

Consti carries out its financial reporting in accordance with International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the guidelines and declarations of the accounting board. The principles, guidelines, practices and areas of responsibility for internal monitoring and risk management related to the company's financial reporting process are designed to ensure that the company's financial reporting is reliable and that the financial statements have been prepared in accordance with applicable laws, regulations and the group's own operating principles. The guidelines for publishing financial information and external communications are included in Consti's disclosure policy that has been approved by the Board of Directors; the main principles of this can be found on the company's website.

ANNEX 1 INDICATORS AND MONITORING

RESPONSIBILITY THEME	MEASURED ASPECT	MEASURE	MEASUREMENT FREQUENCY	2015	2016	2017	2018
Health and safety	Number of accidents*	Accident frequency	1 month	26	22	20	19
Health and safety	Amount of absence due to sickness	Sick absences, %	1 month	4.2 %	3.1 %	3.1%	3.3%
Health and safety	Occupational diseases / other work-related illnesses	Number / year	1 month	2	1	0	0
Labour practises	Personnel turnover percentage	% of employees leaving (monthly average)	1 month	15.2%	19.9%	15.4%	20.7%
Labour practises	Lack of employment contract disputes	Number / year	1 year	0	1	0	0
Labour practises	Number of fixed-term work contracts	% of fixed-term work contracts (annual average)	1 year	8.7%	9.0%	4.2%	3.3%
The Environment	No public environmental risks	Number / year	1 year	0	0	0	0
The Environment	No complaints on environmental impacts	Number / year	1 year	0	0	0	0
Corporate social responsibility	Regional State Administrative Agency inspections, no sanctions	Number / year	1 year	0	1	0	0
Corporate social responsibility	No infringements of the ethical guidelines	Number / year	1 year	0	0	0	0

* Includes subcontractors.

ANNEX 2 - CONSTI GROUP'S ETHICAL PRINCIPLES

In all of their operations, the management and employees of Consti Group abide by the law and the rules of ethical business. It is part of the group's risk management and it makes sense for the whole company in the long run, because a good reputation is difficult to achieve but easy to lose.

The following are concrete aspects and guidelines for ethical behaviour relating to Consti's activities.

THE PREVENTION OF BRIBERY AND CORRUPTION

Consti's companies and personnel may not offer or accept payments, gifts or other compensation beyond normal hospitality that may be expected to influence decisions regarding business transactions.

BUSINESS TRIPS AND REPRESENTATION

Personnel members can only participate in business trips of their partners if they are related to work activities. Trips need to be agreed with the supervisor and any possible need for interpreting this must be discussed at this stage. A programme must be made for the business trip, which is then presented to the supervisor for inspection.

EMPLOYEE DISCOUNTS

Employee discounts from Consti's suppliers are to be used for personal purchases by employees, where a discount agreement exists. In availing of them certain practices are agreed, such as: resale being forbidden.

No reciprocal obligations may be involved when availing of discounts.

CHARITY

Consti Group mainly provides help to organisations promoting the well-being of children and youth. Assistance is not awarded to political parties, to politicians or political groups.

COMPETITION RULES

Consti abides by fair and open competition. Any activity contrary to competition law or its spirit is forbidden. This includes: unlawful price-fixing arrangements, market sharing and unethical trading. As Consti's contract partners the industry's top players are selected, and with them business models are developed and the business relationship is reinforced

to guarantee the best levels of price, service and availability. In cases where there is no partnership or long-term contract, then major purchases, supplies or services are procured openly and honestly by competitive tender between a sufficient number of different suppliers. Written agreements must always be made for acquisitions.

EQUAL TREATMENT

Our employees are treated equally, regardless of their gender, age, or origin. The same principle is applied to our customers and other stakeholders.

PRINCIPLES OF STAKEHOLDER COOPERATION

In cooperation with our stakeholders, we follow the principles of honest and open activities. For example, with collaborating organisations in the industry we do not discuss matters of competition legislation. Also in all communication with competitors and stakeholders, we stress the importance of keeping business secrets on both sides.

CONFLICTS OF INTEREST

Consti's employees do not in their activities give rise to situations where their own personal or financial interests are in conflict with the interests of their customers, or with those of Consti or its personnel.

CONFIDENTIALITY OBLIGATION

The employees of Consti are committed by a confidentiality agreement to keep secret, and not to use the professional and business secrets of Consti, its employees or customers during the employment period or upon termination of the employment relationship. The ethical guidelines have been approved by the Consti Group Management Team.

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