

phm*

All-stars in local property service.

PHM Group Holding Oyj Annual Report 2022



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PHM Group 2022*

In this section

CEO's review

PHM Group in brief

Strengths

Highlights of the year

Key figures

Successes and growth in a time of uncertainty

PHM Group took several steps in its development in 2022. We continued our strong growth in spite of the year being very challenging on the whole.

The impacts of the pandemic were still very evident, particularly in the form of a high rate of sickness-related absences in the early part of the year and towards the end of the year. Russia's invasion of Ukraine and the resulting energy crisis and economic uncertainty cast a dark shadow over the whole world. In spite of all the uncertainty and unpredictability, we were able to develop as a company and achieve a number of successes. The credit for that belongs, above all, to our committed and highly competent employees.

We maintained a high level of acquisition activity throughout the year. We made 34 acquisitions during the year under review: 13 in Finland, three in Sweden, 10 in Norway and seven in Denmark. We also expanded to Germany by acquiring Schulz Gruppe. One notable development during the year was our strong growth in Sweden, where our successful acquisition activity has enabled us to build the foundation for a strong country-level organisation and operations. Our organic growth also remained strong, particularly in Finland, and we were able to develop the operational performance of

the companies we acquired during the year as planned.

Our like-for-like revenue grew significantly and amounted to EUR 550.1 million for the full year 2022. Like-for-like revenue growth was accelerated by the active winter season in Finland, price increases and the growth of the contract customer base across all of our countries and services. We managed to improve our like-for-like profit in spite of the exceptional economic circumstances. In December, we carried out a bond issue of EUR 70 million under the company's EUR 200 million bond framework. The company has a good amount of financial room for manoeuvre with regard to both acquisitions and investments.

One of the most significant events of the year under review was our expansion – in line with our growth strategy – beyond the Nordic region, to Germany, by acquiring the property services company Schultz Gruppe, which



operates in the Hamburg region. Established in 1904, Schultz Gruppe is a family company that serves a wide range of commercial, industrial and residential properties, offering cleaning and maintenance services, technical maintenance services and building management services. The acquisition of Schultz Gruppe gives us a good opportunity to continue the execution of our growth strategy in a new market.

Our strategy work progressed according to plan. We continued to implement development measures included in our strategic focus areas throughout the year and across the entire Group. Thanks to our strong local expertise, customer insight and the flexibility and operational reliability of a large group of companies, we were able to respond to our customers' needs and provide high-quality service to our customers. In addition, we launched PHM Group's updated corporate identity in the early summer, which increases our brand awareness and the sense of cohesion throughout the Group.

Corporate responsibility is one of our strategic development projects. In accordance with the corporate responsibility strategy we updated in the summer, we aim to develop new sustainable business models. We have identified how we can contribute to sustainable development through our actions. Our corporate responsibility efforts focus on three key areas: the development of good governance, a safe and diverse workplace, and the climate and the

environment. One of our most important corporate responsibility targets is to achieve climate neutrality by 2035. To that end, we established a Nordic Climate Working Group in the autumn. We discuss the results of our corporate responsibility efforts in more detail in the Corporate Responsibility Report included in the Annual Report.

I am proud of how successfully we responded to the events and challenges of a year that was unpredictable in many ways. I want to take this opportunity to express my warmest thanks to all of our employees for their work and commitment in 2022. PHM Group's employees provide services that are indispensable in all circumstances. I also want to thank our customers for their trust and constructive cooperation.

We will continue to develop our operations and execute our growth strategy in 2023 by focusing on our selected strategic priorities in all of our operating countries and by ensuring smooth, comfortable and safe daily life every day of the year.

Ville Rantala

CEO

PHM Group in brief

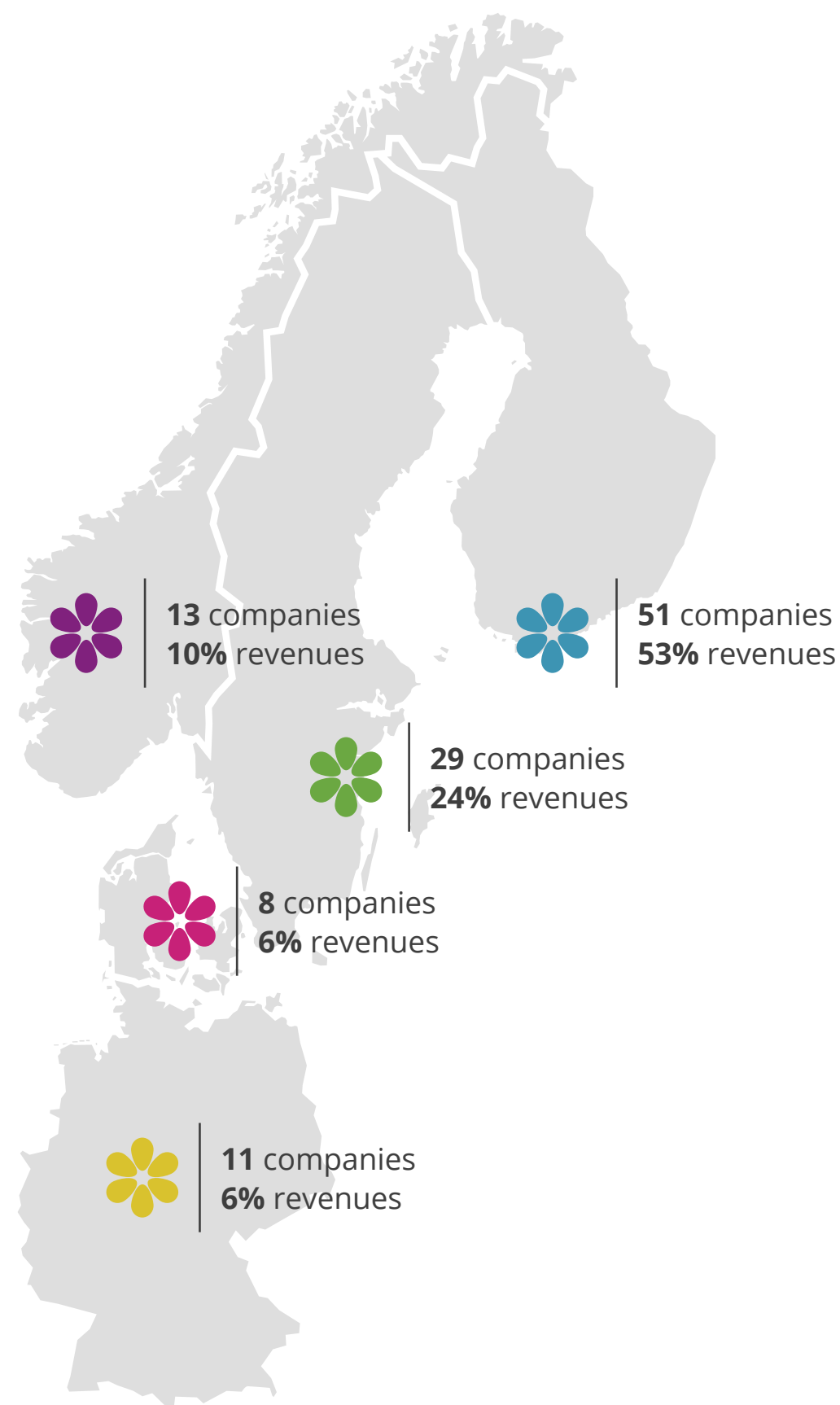
Big or local? Why not both?

PHM Group is a property services provider that operates in the Nordic countries and Germany. We care for people by caring for their surroundings.

PHM Group consists of the best local enterprises which share the same values: entrepreneurship, fairness and responsibility. We believe that the only thing better than local service is local service with big resources. With PHM, the customer does not need to choose between a familiar local entrepreneur or a large group of companies as its service partner. We offer the best of both worlds.

We currently operate in Finland, Sweden, Norway, Denmark and Germany, and we had approximately 6,800 employees at the end of 2022. We are a growth company and are constantly expanding into new areas. In 2022, the Group expanded its operations beyond the Nordic region, to Germany.

PHM Group is owned by funds managed by Norvestor and an Intera fund, together with the company's senior management and key personnel.



EUR 550
MILLION

LFL REVENUE 2022

~ 26,000
CUSTOMERS

112
LOCAL
COMPANIES

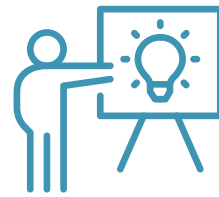
~ 6,800
PROFESSIONALS

Strengths

- ★ We are a property services group that is made up of strong local companies and Group-level and country-level expert units.
- ★ We serve our broad customer base by providing a diverse range of property maintenance services, management services and technical services locally in Finland, Sweden, Norway, Denmark and Germany.
- ★ Our business is seeing strong growth both organically and through acquisitions.
- ★ Stable local property services markets provide us with opportunities for success even in times of general economic uncertainty. Our operating cash flow has remained stable.
- ★ We have a clear growth strategy that provides us with opportunities to grow faster than the market.
- ★ The fragmented markets in which we operate present us with plenty of opportunities to take advantage of our low-risk acquisition strategy.



Highlights of the year



Service development and digitalisation

We developed our services and operations in cooperation with our customers. We successfully improved our cooperation between units, which benefits our customers in the form of improved efficiency and quick service. We developed our integration practices and started a Group-wide development project to launch a digital service portal for housing companies in Finland and Norway in addition to Sweden.



Corporate responsibility

We developed our corporate responsibility related policies and guidelines throughout the year. We updated our Code of Conduct and group policies and introduced the “Responsible Actor” training series for top management and middle management in Finland. We created online training on the Code of Conduct in the latter part of the year and launched it in early 2023. We updated our health, safety and environmental requirements and conducted an internal safety audit in nearly all of our units in Finland. We also drafted PHM Group’s safety strategy and safety targets in late 2022 and established a Nordic Climate Working Group.



Developing employee competence and job satisfaction

During the year under review, we focused particularly on strengthening our common leadership practices and developing supervisor skills, expanding our training activities and developing key processes and harmonised operating practices. We surveyed employee satisfaction in Finland, Sweden and Norway in late 2022. According to the results, our strengths include having an appropriate balance between employees’ skills and the demands of their work, enthusiasm for work, and supervisory work, for example. The development areas identified in the survey included the collaborative development of new operating practices, receiving feedback from supervisors, and recovery from work.

Highlights of the year



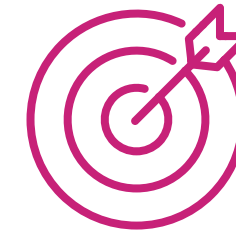
Bond issue

We strengthened our financial position in 2022 by substantially increasing the amount of financing available to the Group. In February, we issued new notes in the amount of EUR 40 million under the existing EUR 450 million notes framework. The notes were listed on Nasdaq Helsinki in June 2022 in accordance with the terms of the notes framework. In addition, we issued new notes in the nominal amount of EUR 70 million, under a new framework of EUR 200 million, in December 2022.



Investments

We invested in the renewal of our fleet during the year. We invested in vehicles and tools, which helps us ensure efficient and high-quality service production for our customers, as well as safe and comfortable working conditions for our employees.



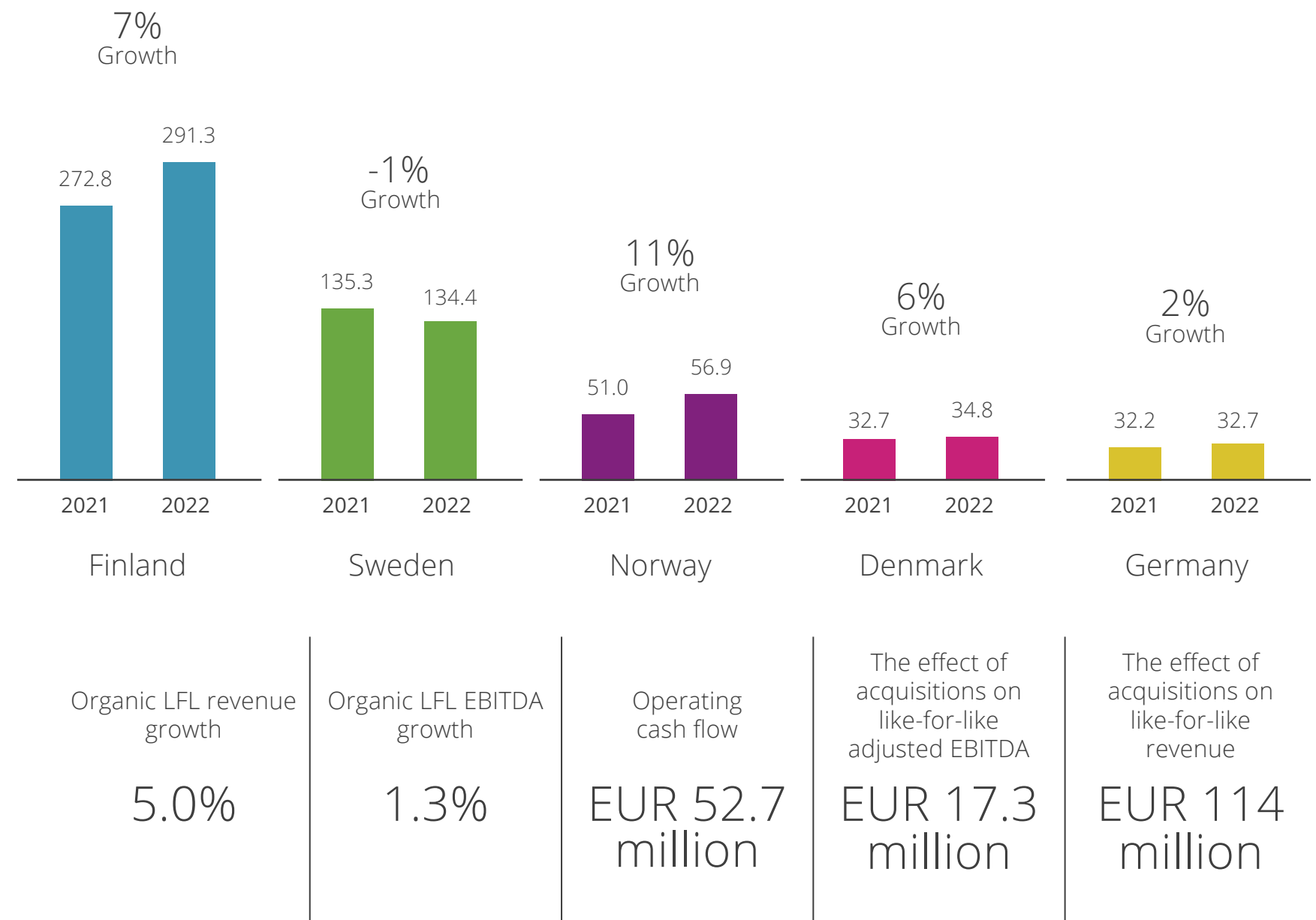
Brand renewal

In May, we published PHM Group's new, consistent brand image and identity. Our strong local companies – PHM partners – together constitute PHM Group, a team of all-stars in property services. As a part of PHM Group, a PHM partner is always local but never alone.

Key figures (IFRS)

EUR million, unless otherwise specified	2022	2021
Reported		
Revenue	483.3	364.2
EBITDA	71.9	57.0
Adjusted EBITDA	78.1	62.8
Adjusted EBITDA margin -%	16.2%	17.2%
Adjusted EBITA	56.8	36.6
Adjusted EBITA margin -%	11.8%	10.0%
Profit for the period	14.2	-4.1
Like-for-like (LFL)		
LFL Revenue	550.1	523.9
LFL EBITDA	80.8	79.6
LFL adjusted EBITDA	86.5	85.4
LFL adjusted EBITDA -%	15.7%	16.3%
LFL adjusted EBITA	62.4	52.3
LFL adjusted EBITA -%	11.4%	10.0%
Balance sheet		
Equity ratio, %	20.6%	23.2%
Net interest-bearing debt (NIBD)	421.2	346.3
Leverage, x	4.81	4.84
Operating cash flow before acquisitions	52.7	42.0
Cash conversion, %	73.4%	73.7%
Other		
Average number of employees, LFL	6,794	-
Average number of employees, reported	5,615	4,138

LFL Revenue (EUR million) by country and growth y-o-y (%)



Strategy and business operations

In this section

Strategy
Business operations
Finland
Sweden
Norway
Denmark
Germany
Personnel

PHM's mission, vision and strategic cornerstones

Our job is to take care of people by taking care of their living environment. This is our mission. We serve our customers by providing a broad range of property maintenance services, management services and technical services locally in Finland, Sweden, Norway, Denmark and Germany.

Our vision is to grow into a leading local property services partner in all of our operating countries. The large but fragmented Nordic property services market provides a good starting point for our company's expansion both organically and through acquisitions. Our objective of growth is also supported by megatrends, including urbanisation, the ageing of the building stock and the increasing use of service outsourcing.

VISION

We will be market leader across all our markets. Town by town.

Mission

We care about people by taking care of their surroundings.

Values

Entrepreneurial
Fair
Responsible

Strategic cornerstones

Organic growth
Efficiency of operations
Acquisitions
Employee experience
Responsibility and good governance

Our way: Always local. **Never alone.**
Our promise: Big or local? **Why not both.**

To achieve our objective, we have defined five key cornerstones for our strategy. They represent the areas in which we aim to succeed.



Organic growth

We will grow nationally by leveraging our extensive local expertise. We know our customers. Familiar local contact persons provide flexible and quick service to our customers. They are backed by the service offering and resources of a large corporation. This enables us to deliver an unrivalled customer experience. We systematically develop our sales efforts and take advantage of cross-selling across our broad range of services. In accordance with the one-stop shop principle, our customers benefit from our extensive service selection that meets the various needs of their properties.



Efficiency of operations

Competitive and efficient operation and continuous development make us the most profitable service company in the market. We have set high quality criteria for our operations – we are professional and we do what we promise. We simultaneously take advantage of the economies of scale of a large company and the agility of local operators. Our centralised support functions and management model enable the sharing of resources and best practices in response to local needs. The advantages of digitalisation are part of our efficiency and agility.



Acquisitions

We grow and create value by actively making acquisitions to expand our business geographically and in terms of our range of services. We ensure that the acquired businesses are smoothly integrated and managed through our efficient integration process. We provide centralised resources and procurement expertise to all PHM Group companies. We maintain the entrepreneur-led character of acquired companies and ensure the continuity of local operations by engaging the commitment of key personnel to the company.



Employee experience

Excellent leadership, smooth daily life and a safe and inspiring workplace environment make us the best employer in our industry. We offer the career opportunities and stability of a large corporation combined with the local organisational culture of a small company. We value an entrepreneurial approach to work, which provides diverse and independent job descriptions as well as freedom and responsibility.



Responsibility and good governance

We are a responsible and reliable company that operates in accordance with ethical business principles. We do not compromise on compliance with laws and shared rules. We provide our customers with services that promote sustainable development. We take a transparent and serious approach to our responsibility for people and our shared environment. The support and optimised resources of a large corporation ensures the reliability and efficiency of operations from both the sustainability perspective and the business perspective.

Business operations

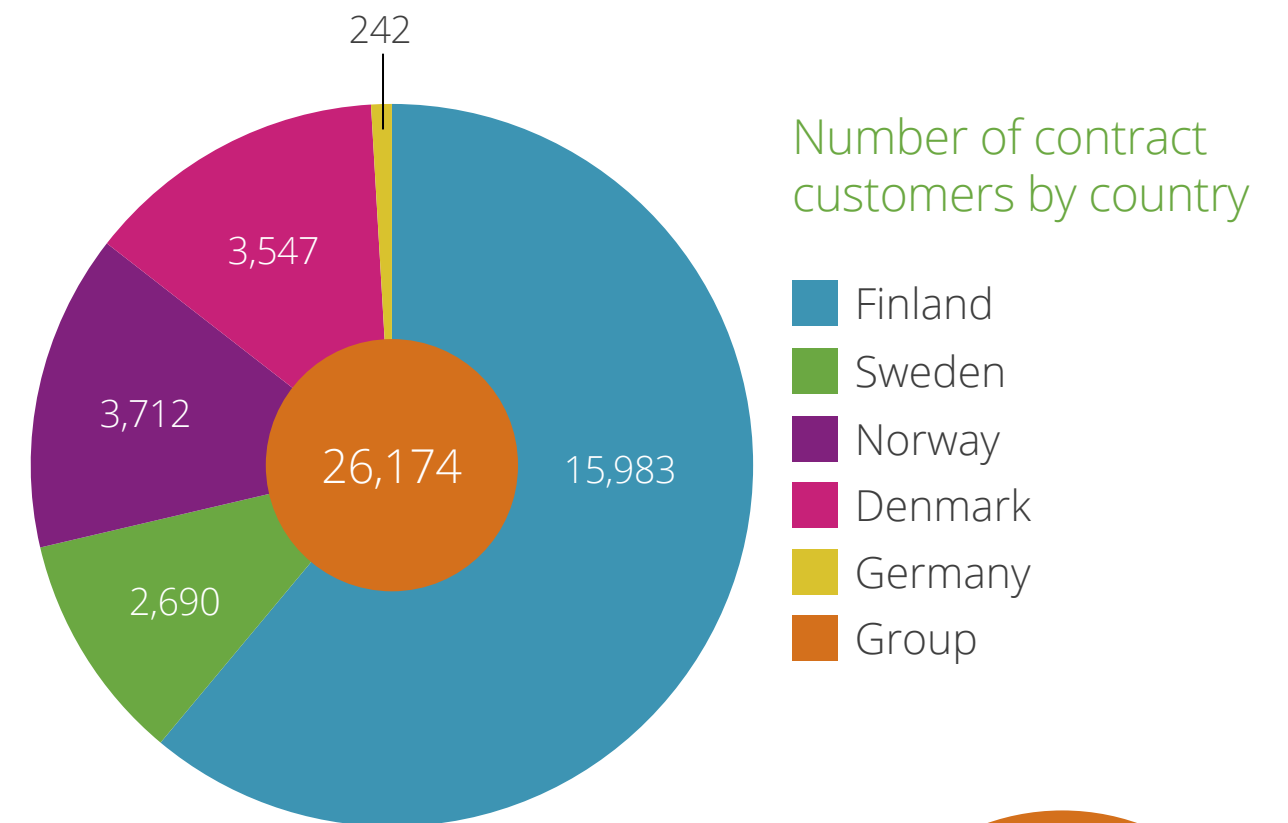
We produce property services in Finland, Sweden, Norway, Denmark and Germany. The PHM Group consists of companies that serve locally.

Our job is to take care of people by taking care of their living environment. We also serve customers in retail, office and industrial property environments in various sectors. Our goals are always the safety of our customers, ensuring that properties are comfortable for their residents and users, as well as preserving the value of the properties and extending their technical life-cycle.

Acquisitions are a key element of PHM's strategy. The competitive field in the property services market is fragmented, which is why the number of acquisitions made by PHM is typically high. In 2022, PHM made acquisitions in all of its operating countries: 13 in Finland, three in Sweden, 10 in Norway, and seven in Denmark. We also expanded our operations to Germany in 2022 by acquiring Schultz Gruppe, a company that operates in the greater Hamburg area in northern Germany.

PHM's corporate responsibility is built around three focus areas: good governance, a safe and diverse workplace, and the climate and the environment. It was around these focus areas that we built the Group's corporate responsibility strategy, complete with targets and actions, in summer 2022.

At PHM Group, we continuously develop our operations with the aim of improving efficiency. This enables us to ensure profitable growth, the reliable delivery of services to customers, and strong cash flow for investors. We improve the efficiency of our operations by sharing best practices between the Group's units, by optimising our personnel and fleet resources, and by developing the efficiency of our units in accordance with the Group's common practices and operating models. The operations of the local units are also supported by the Group's centralised support functions, as well as advanced digital solutions that support the local business operations.



Average contract size/annum
(thousand euros)

10.6

CASE

Property maintenance with a focus on energy efficiency

The cooperation between PHM Liikekiinteistöt and Pelican Self Storage includes property maintenance, the maintenance of outdoor areas and technical services for Pelican's operating locations in the capital region and Turku.

"Improving the energy efficiency of properties is one of the most significant issues today. Developing energy efficiency requires not only broader competence at the company level but also professional expertise and a proactive approach on the part of individual property maintenance employees. Even small actions can ultimately lead to significant advantages and savings," says **Jermu Kolsi**, Facility Manager at Pelican Self Storage.

Kolsi is satisfied with the close collaboration with their contact person at PHM, which involves almost daily cooperation. He considers it important that the service provider is able to take proactive and quick action in response to various changes. He also appreciates the fact

that he can contact a clearly designated contact person regarding any day-to-day matters.

"When you have a single contact person, things get taken care of quickly and flexibly. Our cooperation is smooth in every way. Help is always readily available, and things are swiftly taken care of even when a quick response is needed. That is important from our perspective as the customer."



Jermu Kolsi
Facility Manager
Pelican Self Storage

Pelican Self Storage is a leading Nordic brand within private and business self storage. The company currently has 34 operating locations in Finland, Denmark and Sweden. New locations are being planned.

PHM Group in Finland

A year of strong growth

The year 2022 was a challenging period. The war in Ukraine, economic uncertainty and rising costs and fuel prices made 2022 a highly exceptional year in every way. In addition, the sickness-related absence rate remained fairly high throughout the year due to the continued effects of the COVID-19 pandemic. In spite of the absences, we were able to carry out the work that we had promised to our customers. All of our employees deserve a great deal of credit for that. As is the case in many other sectors, the property services industry suffers from labour shortages that hinder growth.

Despite all of the challenges, we achieved strong growth during the year. We continued to execute our growth strategy both organically and through acquisitions, thanks to our systematic and successful sales efforts. Our key strength in our highly competitive market is the way we operate and grow. We combine the strengths and expertise of local companies with the synergies offered by a large group. We developed the efficiency and operations of our local companies together with our group functions. Our geographical coverage increases our cost-efficiency by enabling us to combine and utilise resources between units. In 2022, we also focused on improving cooperation between units, and these development efforts will continue.

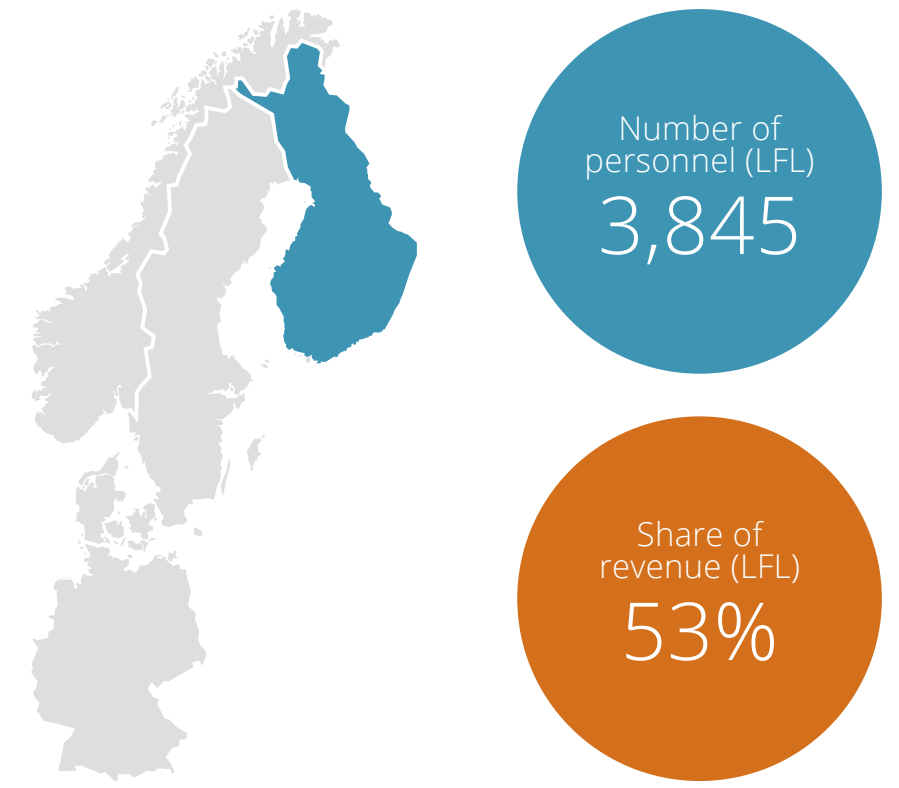
One of the big positives during the year was the supervisor training programme that we started in 2022. The feedback from the participants has been excellent. We will continue to develop supervisor and leadership skills in line with our strategic objectives. We also made signif-

icant investments in our fleet and vehicles, which has a direct positive impact on our environmental and climate targets. We established PHM Liikekiinteistöt to respond to service needs related to the maintenance of retail, office and industrial properties. The operations have got off to a good start, and we see clear space in the market for a national operator such as ourselves.

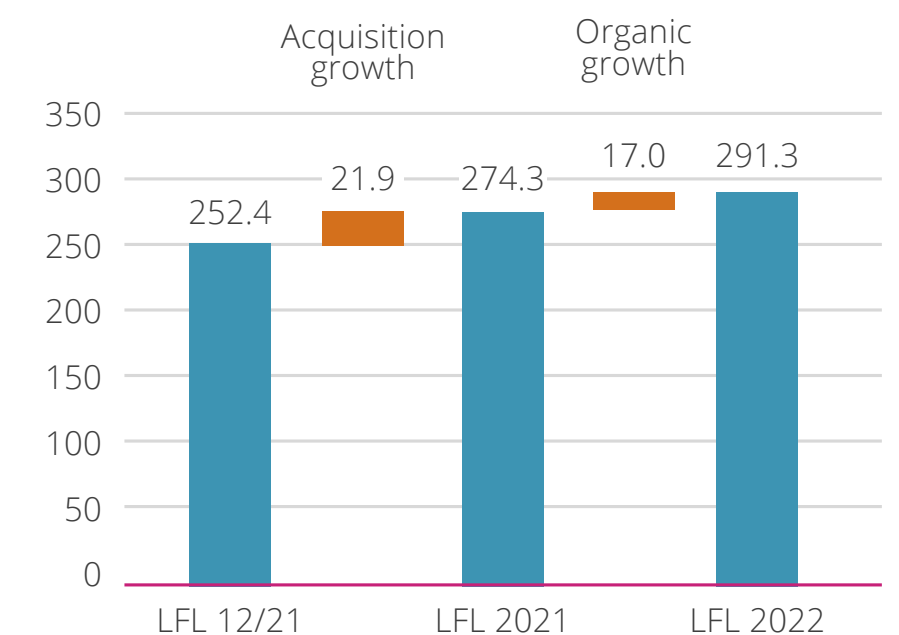
I am proud of the performance and flexibility of our personnel through the various challenges encountered during the year. This enabled us to maintain a good service level and even improve our customer satisfaction. We will continue our development efforts to improve employee satisfaction as well as customer satisfaction in accordance with our strategy and development plans.



Toni Mannila
Country Director
Finland



Finland
LFL revenue development (EUR million)



CASE

Cooperation leads to efficient services for customers

PHM Group consists of local companies, known as PHM partners, in all of its operating countries. In the Turku region, the PHM partner network consists of six local companies. In addition to property maintenance and cleaning services, they offer renovation services, vacuum truck and sewer imaging services, snow clearing and maintenance services, as well as various building technology services, including electrical installation services.

“Cooperation provides a wide range of benefits. Being able to take advantage of broad local expertise enables us to serve our customers better. We achieve synergies with regard to competence, fleet utilisation and human resources,” says **Sakari Pietilä**, Operative Director at PHM Group.

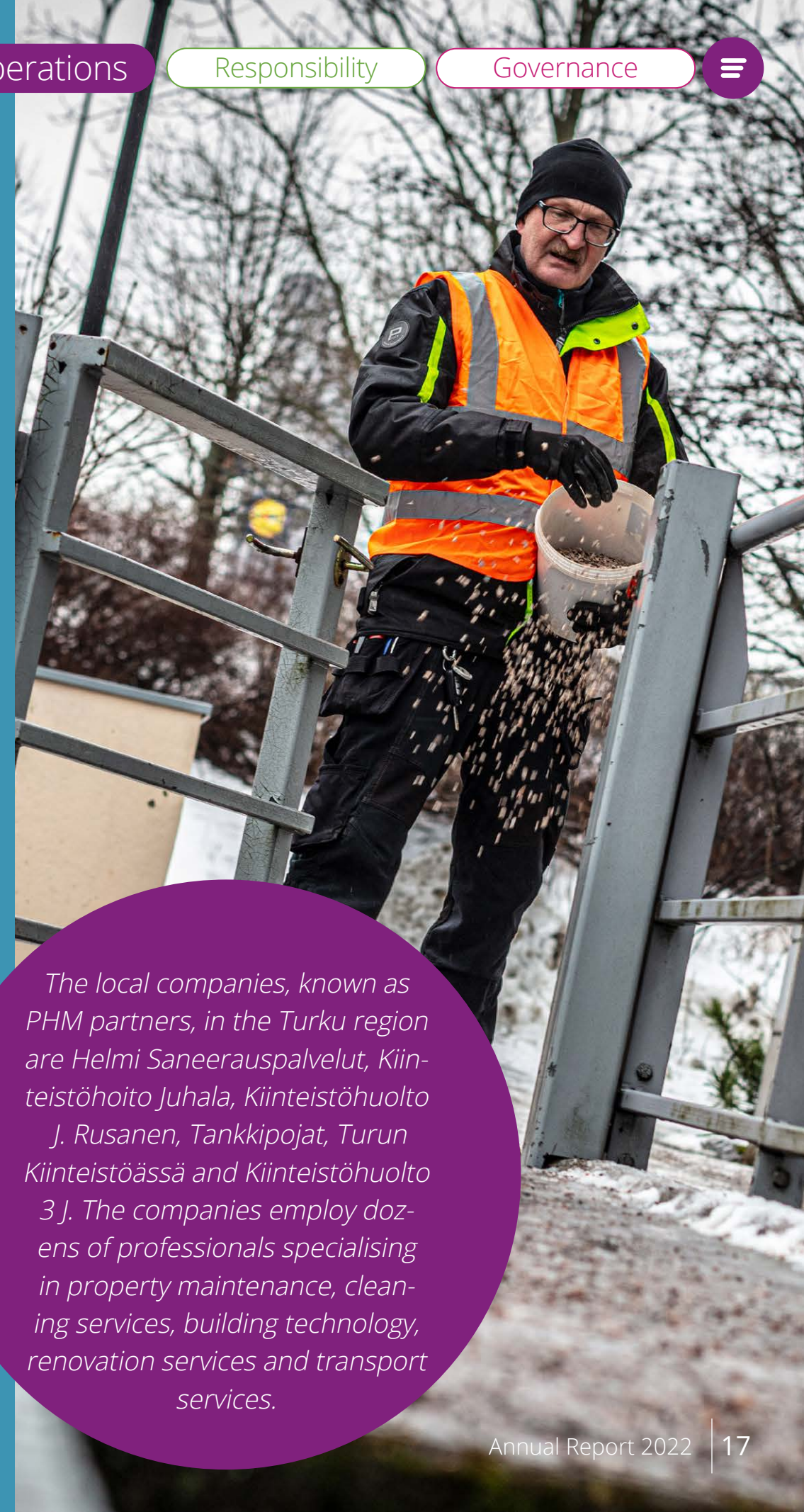
Various seasonal, damage-related and on-call services are efficiently delivered alongside routine tasks, when professionals from the same local organisation handle their normal duties while also providing special expertise when needed. Cooperation also enables us to make larger centralised purchases, which improves our operational reliability and efficiency.

“Our goal is to further develop our local cooperation between companies. For our customers, our local cooperation is primarily reflected in smooth services,” Sakari Pietilä concludes.



Sakari Pietilä
Operative Director
PHM Group, Finland

The local companies, known as PHM partners, in the Turku region are Helmi Saneerauspalvelut, Kiinteistöhoito Juhala, Kiinteistöhuolto J. Rusanen, Tankkipojat, Turun Kiinteistöässä and Kiinteistöhuolto 3J. The companies employ dozens of professionals specialising in property maintenance, cleaning services, building technology, renovation services and transport services.



PHM Group in Sweden

Successful acquisitions

The highlights of the year included the acquisition of three growth companies in business areas that we need to strengthen. We also managed to build a strong acquisition pipeline that is based on the expertise of the managers in charge of our local units and is led by a designated person responsible for acquisitions. In 2022, we also concluded the migration of our largest unit to a new ERP system. We will use the same model for other companies going forward.

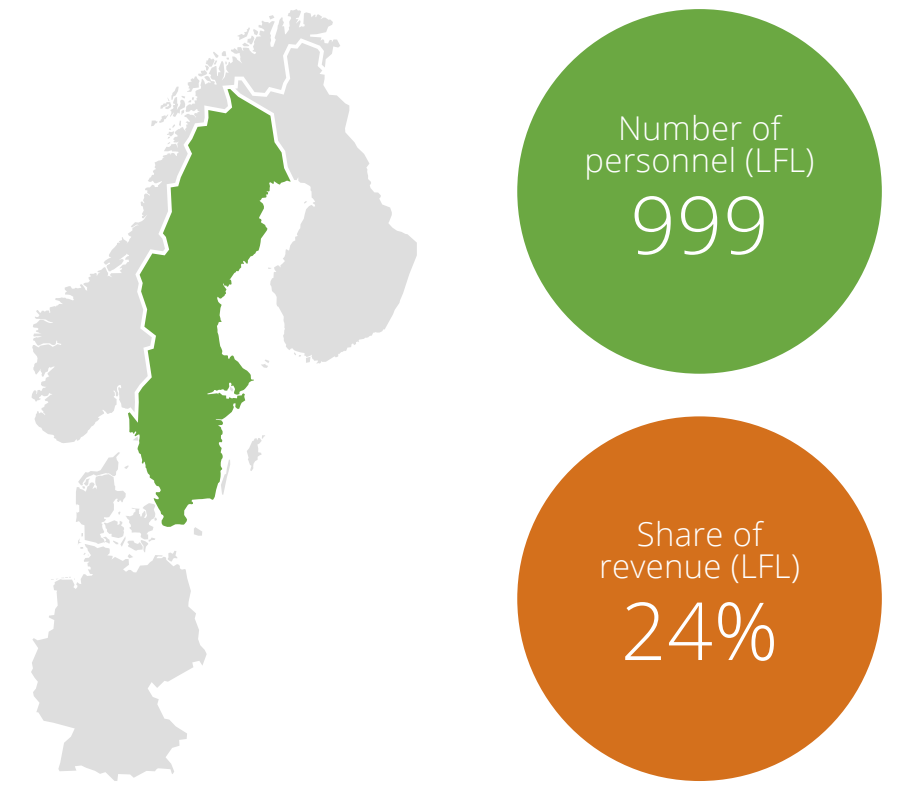
Our challenges in 2022 included the low snowfall in the early months of the year, which led to low trade receivables, and the need to react to the sharply rising fuel costs. We focused on the integration of several local companies and supporting their strengths. This required careful planning and execution, and it also created the need to answer various questions that emerged during the integration process, such as “What is going to happen with our old, trusted company brand?”.

While we maintained a high level of employee satisfaction and customer satisfaction, we must not rest on our laurels. We have already prepared action plans to further increase our satisfaction scores during the new year. The potential economic slowdown gives us the opportunity to focus even more on the harmonisation of operations by maintaining our local business strengths while integrating back office activities.

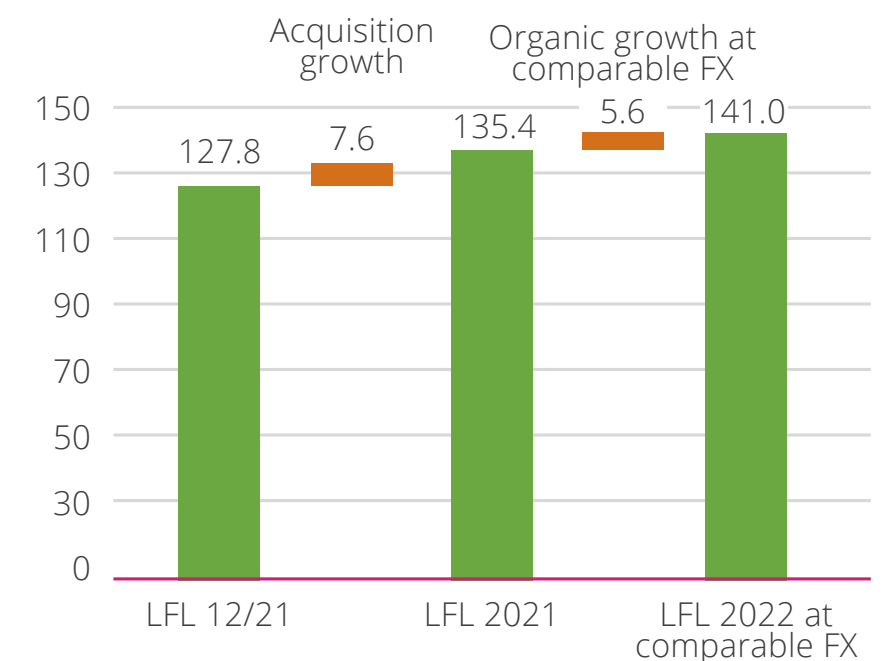
I am proud of the fact that we managed to increase our profitability in spite of the rising fuel costs, high inflation and impending recession. I am also satisfied with our ability to create profitable growth in spite of the challenges we faced during the year. Our profitable growth was based on our focus on developing our back office activities and leveraging synergies and economies of scale.



Andreas Westin
Country Director
Sweden



Sweden
LFL revenue development (EUR million)



CASE

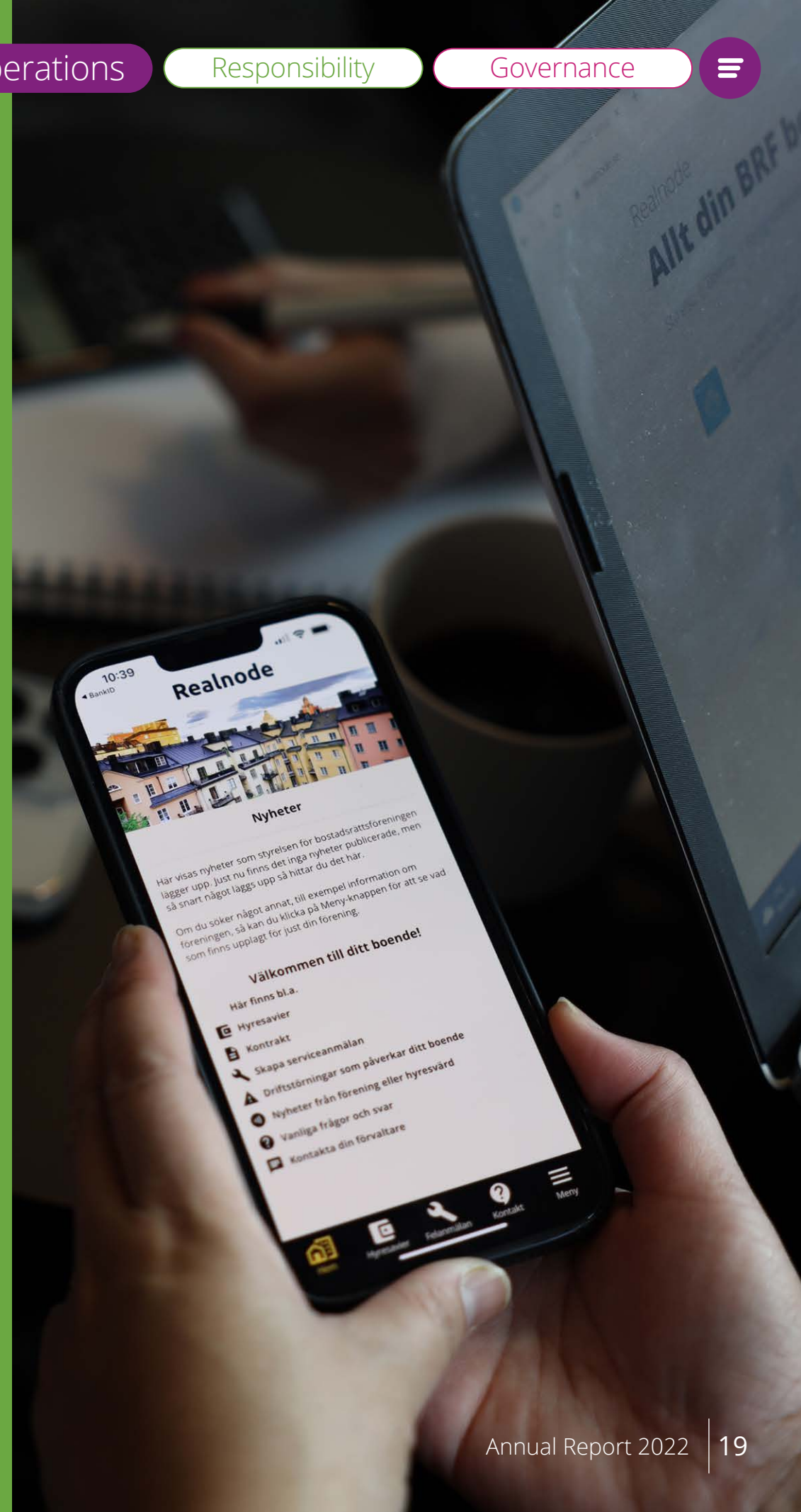
Realnode makes the management of housing companies smoother

Brf ICON Växjö 1, a large housing company located in Växjö, Sweden, uses PHM's Realnode service for a wide range of needs. The features they use include meeting reservations, housing company meeting invitations, the management of minutes of meetings, maintaining a register of residents, signing resident agreements and applications, and maintaining historical records of invoicing and meetings.

"Realnode is very easy to use. The necessary information – such as contact details and invoicing information – is always easy to find. The system makes it easy for new Board members to review the relevant minutes of meetings and historical information, for example," says **Nermin Imamovic**, the person in charge of technical services at Brf ICON Växjö 1.

Brf ICON Växjö 1 has used Realnode for about a year now. The new platform has streamlined many of the housing company's administrative practices. There is no longer a need to send documents back and forth. The full chain of document management can be handled in Realnode.

Realnode is a digital platform for all of the information on a housing company. It is a comprehensive solution that simplifies property management and makes life easier for the building manager and the housing company's Board of Directors. The platform also responds to the residents' service needs and enhances communication with the residents.



PHM Group in Norway

Growth and development

We began building our country organisation by recruiting a Country Director and CFO, and by strengthening the relationships and synergies between units. The successful acquisitions made during the year nearly doubled our revenue, and we became a significant player in the Norwegian market. The results of our employee survey were one of the highlights of the year. Our high score in the employee satisfaction survey is proof that our employees are satisfied with working at PHM Norway.

I am proud of the fact that we have built an organisation and a culture that has clear goals and strategic guidelines. They provide the foundation for our adaptability, which is necessary for the harmonisation of our operations as a company. The acquisitions made by PHM Group in Norway are large companies with a good reputation, structure and expertise. This benefits the entire organisation. I would also like to highlight the positive attitude of our unit managers and their motivation to make PHM a success in Norway.

We saw strong growth during the year, driven by acquisitions. While our units achieved good revenue growth, maintaining margins was challenging due to rising costs. We also suspended certain minor internal projects due to the general economic situation.

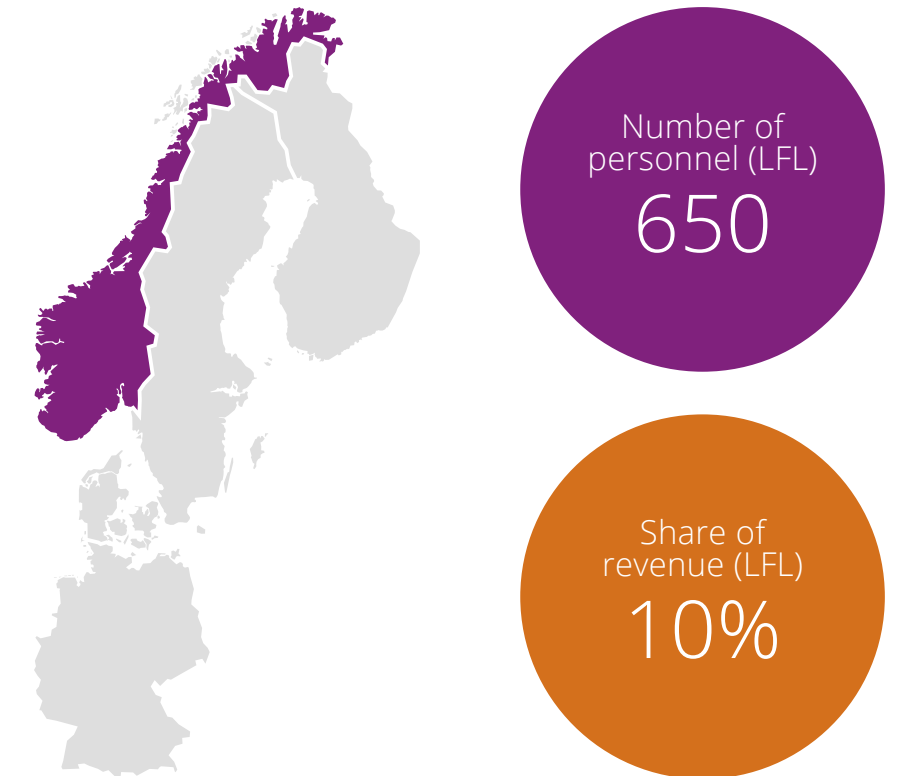
We conducted our first employee survey in 2022, and the overall results indicated a very good level. We need

to focus even more on improving our operations in certain areas and units, and we have drawn up separate action plans to that end. Our first customer satisfaction survey in Norway will be conducted in the first quarter of 2023.

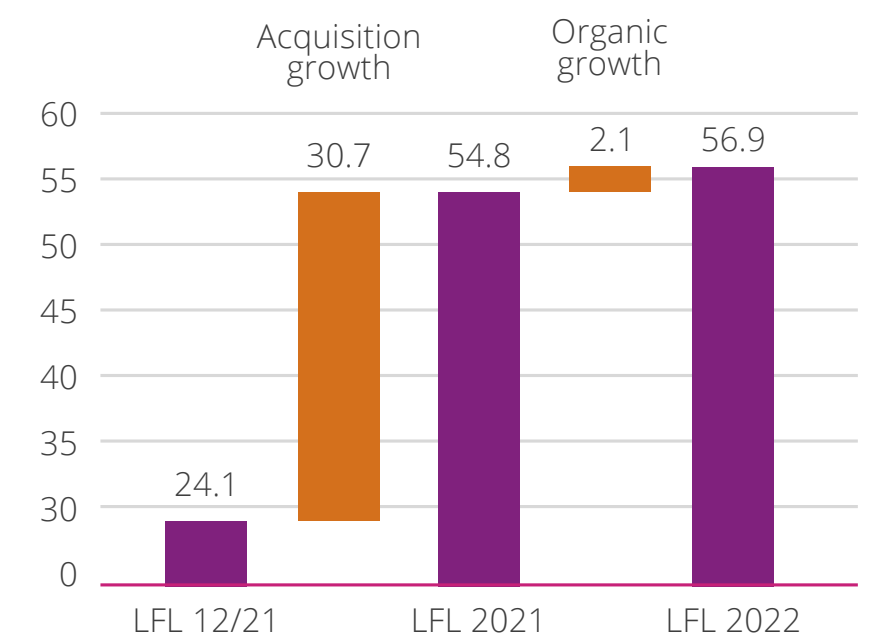
In 2023, we will focus on the integration of our harmonised ERP system, the development of HSEQ-related operating practices and reporting, as well as the development of our internal organisation with regard to accounting, payroll management and IT functions.



Jon Eldon
Country Director
Norway



Norway
LFL revenue development (EUR million)



CASE

The strengths of a local operator and the advantages of a large group

“We help our customers to solve their problems, no matter how difficult they are. We have achieved strong growth thanks to our highly skilled employees, diverse competence, stable customer relationships and good reputation,” says CEO **Trond Tørhaug** from Din Vaktmester AS.

The company's customer base consists of public sector customers, corporate customers and housing companies. The service range includes property maintenance, landscaping, carpentry and cleaning services. Din Vaktmester has signed several public sector frame agreements, which provides the company with continuity and stability.

Based in Trondheim, Din Vaktmester is one of the largest property maintenance companies in Norway. As a PHM Partner, Din Vaktmester can work together with the Group's other local companies to produce services throughout Norway.

“Being part of PHM Group has provided us with numerous benefits. The Group offers complementary support functions, procurement-related advantages and economies of scale. In addition, the Group's management and

specialists work continuously to develop the company as a whole and make it a safe workplace for the employees,” Trond Tørhaug explains.

“We work together as a Group to develop our operations in a consistent manner. We also share our experiences and expertise to develop further and make the local companies even more profitable. The strength of PHM Group lies in allowing the local companies to make decisions and manage their operations as they see best. At the same time, the Group provides assistance with regard to systems, the environment, employees, development and quality, which ensures our continued competitiveness in the future.”



Trond Tørhaug

CEO

Din Vaktmester AS, Norway

Din Vaktmester is a comprehensive property maintenance service provider for commercial properties, public buildings, housing co-operatives and housing companies in Trondheim and the surrounding area. The company's services also include cleaning, gardening and construction services. The company has extensive experience, strong expertise and a high-quality fleet.



PHM Group in Denmark

Growth in the metropolitan area

We took a significant growth leap in Denmark in 2022 by making seven acquisitions. The expansion took place mainly in the Copenhagen metropolitan area.

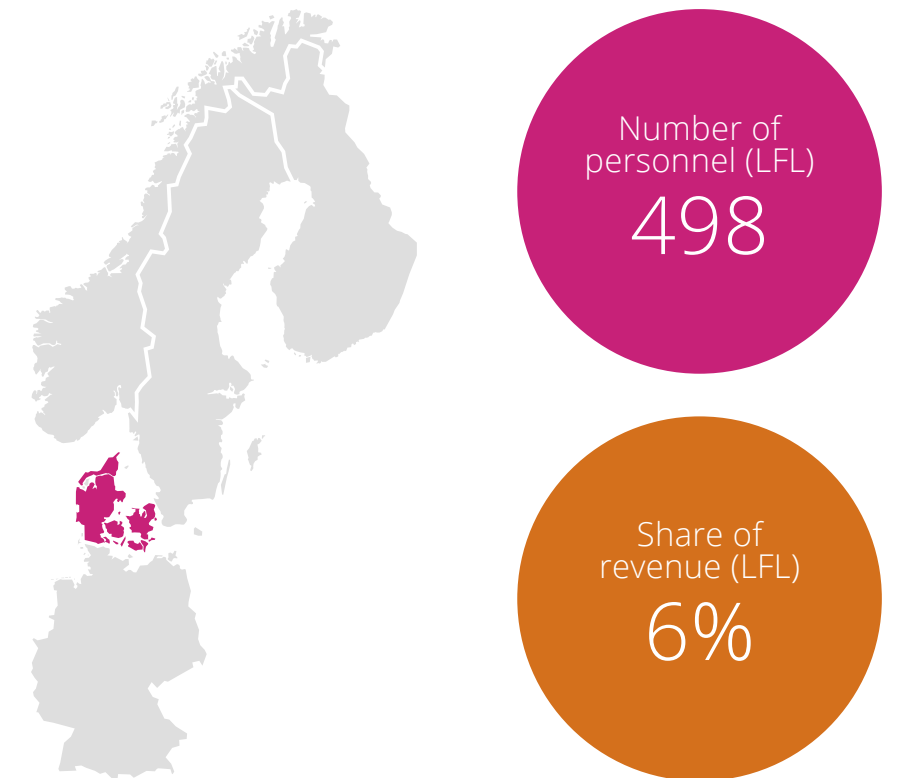
In June–July, we acquired two large pairs of companies that provide cleaning services: Altiren and Alt i Polering, and OK Rengøring and KRS Service. After the summer, we strengthened our building management expertise in Copenhagen by acquiring WA Administration. We also took our first step outside Copenhagen by acquiring the Grindsted-based company Grindsted Vinduesservice.

In 2022, we started the development of centralised services by establishing a financial service centre for our companies in Denmark. We also decided to recruit a Country Director. The Country Director for Denmark will join the company in June 2023.

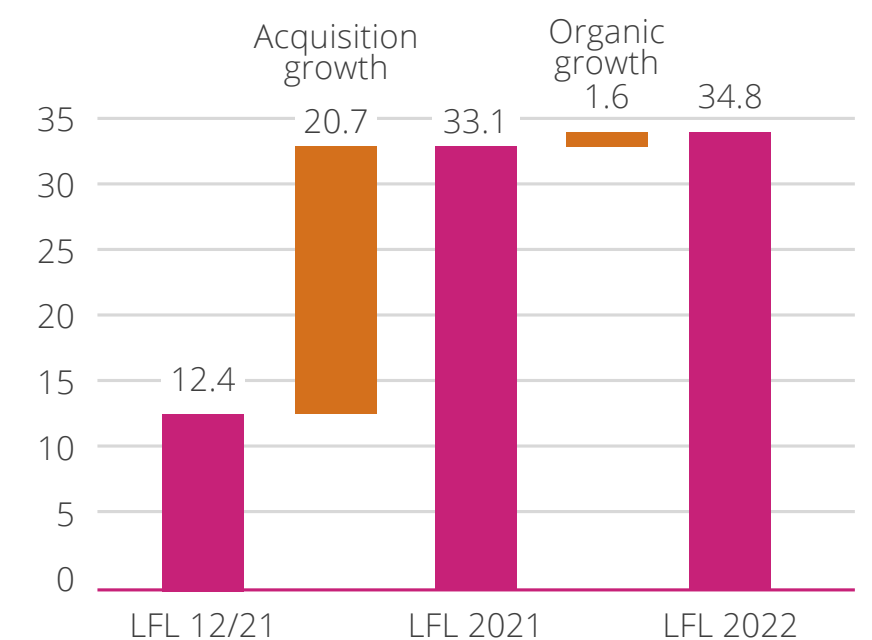
Business continued to develop favourably in 2022. Our contract-based revenue increased by 6% during the year. There were both positive customer wins and a few lost accounts during the year but, on the whole, the development of our customer base was positive and in line with our strategy, with increasing emphasis placed on local customer relationships.



Ville Rantala
CEO
PHM Group



Denmark
LFL revenue development (EUR million)



CASE

Strong growth for TipTop in Denmark

TipTop is a PHM partner that operates in Denmark. It is a full-service property services company that offers a wide range of property and maintenance services, including cleaning, resident communications, outdoor area maintenance, repairs and seasonal services (landscaping and snow clearing) for residential and commercial properties.

TipTop has a unit that specialises in office cleaning, which is responsible for cleaning services offered to companies, shops and day-care centres, for example.

"Our helpful and highly competent employees provide a comprehensive service to our customers, and our customers can always trust us to keep our promises. We are also very pleased to have an excellent team spirit amongst our personnel," says **Christian Meid**, CEO at TipTop Ejendomsservice ApS.

TipTop had a strong year in 2022. It acquired two service companies, Sundby and Daseko, and successfully integrated them into TipTop. During the year, TipTop's local head office moved to larger and better premises, and the company also strengthened its organisation by re-

cruiting new, experienced service managers for each of its service units.

Christian Meid values the support provided by PHM Group: "We appreciate PHM's management model. It enables us to carry out our day-to-day production activities and business operations while knowing that we can always turn to the Group for assistance and guidance. It is great to know that PHM has the experience and expertise to help us with any situation."



Christian Meid

CEO

TipTop Ejendomsservice ApS, Denmark



PHM Group in Germany

Schultz Gruppe became part of PHM Group

One of the highlights of the year was the expansion of our operations to Germany. In autumn 2021, the Board of Directors decided that we would assess our opportunities to expand to continental Europe, and we carried out a market survey of the European property services markets. We came to the conclusion that, due to its market size, dynamics and culture, Germany would be the natural first step for PHM Group's expansion to continental Europe.

We identified Schultz Gruppe as a suitable partner in spring 2022 and started the first discussions. The negotiations led to the signing of an agreement in October 2022 that saw PHM Group acquire the entire share capital of Schultz Gruppe. In one fell swoop, PHM Germany became a force to be reckoned with in the property service market of northern Germany.

Following the intensive acquisition process, Schultz Gruppe has already taken many measures to adapt to PHM Group's reporting requirements and management model. Dieter Lenuweit was appointed as the new CEO of Schultz Gruppe effective from 1 January 2023. He was previously in charge of Schultz IGM, which is Schultz Gruppe's largest business. The former CEO and owner,

Axel Schultz, remains involved in the role of Senior Advisor for PHM Germany, assisting with the integration process and future expansion goals.

One of the most significant business moves in Germany in 2022 was the increased depth of the company's partnership with Hamburger Sparkasse. Schultz Gruppe and Hamburger Sparkasse signed a significant new agreement on property cleaning services, which is expected to increase the business volume in 2023.



Ville Rantala
CEO
PHM Group



Number of
personnel (LFL)
802

Share of
revenue (LFL)
6%

Personnel

The development of leadership and supervisory skills is a driver of success

PHM Group employed over 6,800 professionals at the end of 2022. Our aim is to be the most sought-after employer in our industry: we want to provide a safe and inspiring workplace environment as well as diverse career paths for the most competent professionals in the property services industry.

During the year under review, we focused particularly on strengthening our common leadership practices and developing supervisor skills, expanding our training activities and developing key processes and harmonised operating practices. In 2022, we carried out our personnel development measures primarily in Finland, which is the largest and most developed of PHM's country organisations. Due to our high level of acquisition activity and expansion into new markets, the harmonisation of HR practices and personnel development is progressing over several stages in our various operating countries. In 2023, we will focus on harmonising our HR practices and reporting particularly in Sweden and Norway.

We take care of our employees. It is important to us that everyone has good conditions for work and the opportu-

nity to develop in their work. We value initiative, fairness and responsibility.

Supervisor training supports day-to-day leadership

The development of leadership skills and supervisory work was one of our most important focus areas in 2022, and we invested heavily in this area. We started supervisor training in Finland as planned. The supervisor training is a three-day interactive and participatory training programme. In 2022, over 200 PHM employees in supervisory positions participated in the training. The training includes practical exercises, discussions and talks on leadership and supervisory work. The supervisor training will continue in 2023 in various locations.

CASE

"It was nice to have the opportunity to share experiences with others. The training programme gave me new insights. It strengthened my supervisor skills and provided me with support."

New ideas

One of the participants in the supervisor training was **Marko Karvonen**, who works as a supervisor of property maintenance and outdoor area maintenance operations in Kuopio, Finland. Having already completed one supervisor qualification previously, Karvonen describes PHM Group's supervisor training as a concise and productive programme.

Karvonen is pleased that the training included plenty of practical and participatory exercises and discussions related to leadership and supervisory work. One of the goals of the training programme is to increase cooperation between supervisors across units.

"During the training days, we covered a diverse range of topics related to leadership. It was nice to have the opportunity to share experiences with others. I realised that we all deal with the same kinds of situations in daily life, regardless of whether you are a new supervisor or an experienced leader."

Our aim is to establish a common foundation for leadership and ensure consistent supervisor skills to strengthen our culture and facilitate the successful execution of our strategy. Supervisor training provides concrete tools for day-to-day situations as well as opportunities for networking and sharing best practices with colleagues. Good leadership at the immediate supervisor level is a precondition for smooth day-to-day operations and it provides important support for the workplace community as a whole."



Eeva Tielinen
HR Director
PHM Group

The participants in the supervisor training have given excellent feedback on the training programme. They feel that the training provided them with tools and new ideas for day-to-day supervisory work and leadership.

Feedback as a resource for the workplace community

We carried out a comprehensive personnel survey in Finland, Sweden and Norway in 2022. The topics covered in the survey included the respondents' work, the effectiveness of the workplace community, the actions of supervisors, competence and

renewal, functional capacity, and the use of resources.

The results of the personnel survey indicate that PHM Group's personnel feel that they are able to respond to the demands and expectations of their work. The employees mostly feel that the quality of supervisory work is good: the average score for supervisory work was 3.84 (on a scale of 1–5). The employees also feel that they are able to put their skills and expertise to use in their work. The development areas identified in the survey included the continued improvement of cooperation and leadership skills, as well as focusing on recovery from work and the development of solutions related to the management of work. The average score of the responses was 3.79 on a scale of 1–5.

Supervisors review the results together with their teams. Units and teams use the results to prepare their respective development plans and actions, which will be monitored during the new year. We also make use of the results in planning Group-level development measures and the themes of supervisor training, as well as in our actions related to the management of work ability.

PHM offers career paths

PHM Group's growth also offers opportunities for professional growth and development for employees. The company's

CASE

Moving on a career

Appointed as PHM's Country CFO for Finland in late 2022, **Iida Palmola** has been involved in many things during her time at PHM. The company has achieved strong growth over the years, which has also enabled Iida to make progress on her career path.

Iida's career at PHM Group began in June 2017. Armed with an M.Sc. in Economics and previous experience working as an auditor, Iida joined PHM Group as a Business Controller. The company's growth and the expansion of the organisation has given Iida the opportunity to take on reporting duties concerning the business areas as well as Group functions.

"Going from a specialist to an executive is both a challenge and an excellent opportunity for development."

When Iida moved on to the Group Finance function, she took on a supervisory role for the first time in her career. PHM's growth has enabled Iida to take on new responsibilities, as it has created the need for new tasks and roles.

"I have a strong desire to grow and develop in a supervisory role. I am motivated by having the opportunity to be involved in building a team and developing the operations of the finance unit. I am also inspired by the change of role from being a specialist to being an executive and a supervisor. It requires me to take on new paradigms."

Iida leads her team with a great deal of motivation and feels that she also gets crucial support from her own supervisor. "One reason why I decided to take on the position of CFO – and had the courage to do it – was having extremely good support from my supervisor. I can share my thoughts with my supervisor and get help and support for my work."

expansion and growth opens up new positions and responsibilities for the personnel. At PHM Group, we encourage our employees to participate in development and creating something new. For employees with enthusiasm and motivation, PHM Group offers a wide range of opportunities to develop the company's operations in a broader sense.

Development on a broad front

In 2023, we will continue to develop our key HR services, consistent operating practices, leadership and supervisory work. We will strengthen our competencies related to the management of work ability. These development measures, and the actions we are taking in response to the results of personnel surveys, constitute an extensive development effort, with various measures to be taken in all of our operating countries in accordance with local action plans. Many of the development projects that were started in 2022 will take on more concrete form and depth in 2023.

The industry's typical challenges concerning employee turnover and the availability of competent professionals require us to continuously improve our recruitment and induction training methods. We also promote the competence of our existing employees and the development of well-being at work and leadership by using harmonised operating practices across all of the Group companies.

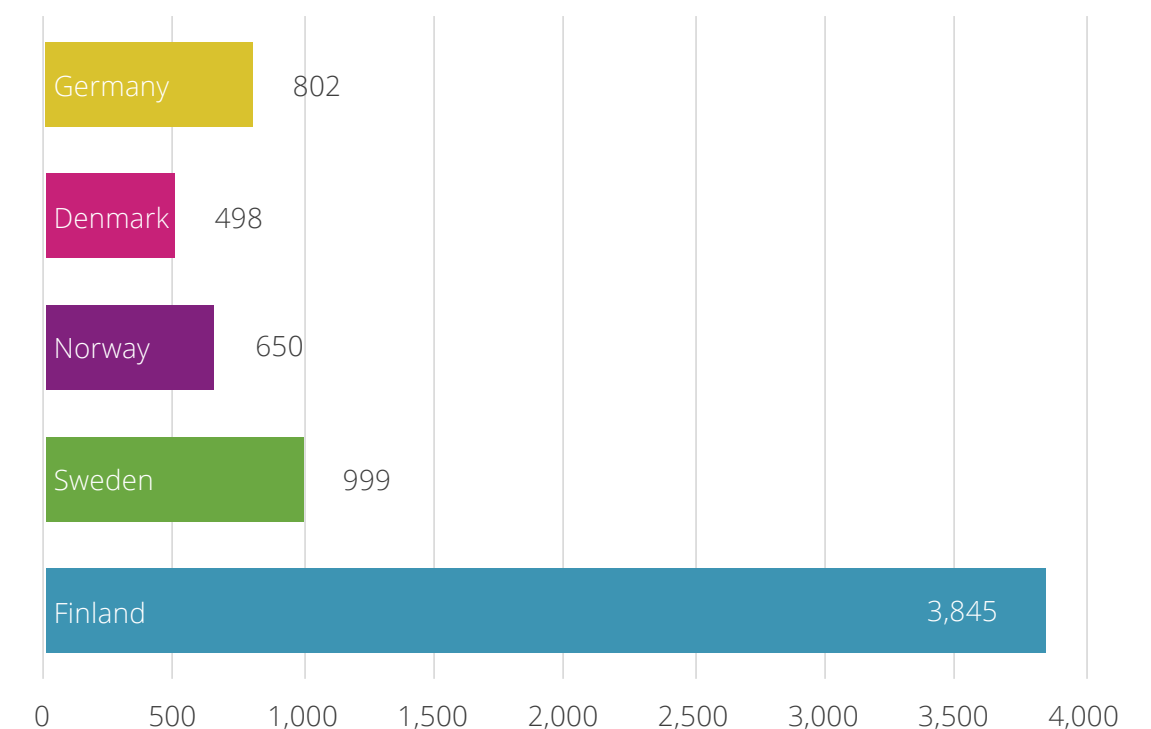
In Finland, our supervisor competence development efforts will continue in the form of supervisor training and other training activities that support supervisory work. Training programmes aimed at all of the personnel and delivered via PHM's e-learning environment in Finland include, for example, Code of Conduct training, data protection training and chemical safety training. The next step will be to expand the use of online training to Sweden and Norway.

We also offer opportunities for employees to complete vocational qualifications in property maintenance and cleaning services. The new degree programmes that began in 2022 included vocational qualifications in cleaning services as well as vocational qualifications for immediate supervisors in cleaning services. These programmes will continue in 2023. Dozens of employees from various parts of Finland have participated in these groups.

In Finland, we have worked together with the local Centres for Economic Development, Transport and the Environment to offer employment opportunities through the RekryKoulutus programme to new property maintenance and cleaning professionals. The programme includes both teaching and supervised learning on the job. Our other activities in response to the recruitment-related challenges have included participation in recruitment fairs and providing supported induction training to immigrants in the initial

stages of employment. During the year, we also assessed our opportunities to offer work to Ukrainians fleeing the war. A few of our units were successful in this important undertaking. They offered work to persons coming to Finland from Ukraine through cooperation with local educational institutions and by taking advantage of their employees' contacts.

Number of personnel 2022



Corporate responsibility



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Good governance

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We look after people

Our basic mission has always been to look after our customers. We work every day to ensure that our customers' daily lives are safe, smooth and comfortable.

We provide a wide range of services in the field of property maintenance and cleaning. Our services include, for example, the maintenance and cleaning of indoor areas, the maintenance of icy yards in winter, snow clearing, lighting and visibility services, and services related to electrical, fire and chemical safety. We also provide services related to building technology, renovation and repair services, landscaping and earthworks, sewer maintenance and electrical installations. In some of our operating countries, we produce financial management services for housing companies. The outcome of our responsible work is a satisfied customer.

The cornerstones of corporate responsibility are created from consistent operating practices and rules. We have promoted these by focusing particularly on three areas: good governance, a safe and diverse workplace, and the climate and the environment. It was around these focus areas that we built the Group's new corporate responsibility strategy, complete with targets and actions, in summer 2022.

Key sustainability targets and projects

Focus area	Target	Key achievements in 2022
Good governance	All PHM employees have completed training on the Code of Conduct.	<ul style="list-style-type: none"> We updated our Code of Conduct and Group policies at the turn of the year 2021–2022 We introduced the “Responsible Actor” training series for senior management and middle management in Finland. We created online training on the Code of Conduct in the latter part of the year and launched it in January 2023.
A safe and diverse workplace	The number of occupational accidents will decrease by 50% each year, compared to the previous year.	<ul style="list-style-type: none"> We updated our health, safety and environmental requirements. We conducted an internal safety audit at 55 units in Finland, covering almost all of our units. We drafted PHM Group's safety strategy and safety targets in late 2022.
The climate and the environment	PHM will be climate-neutral by 2035.	<ul style="list-style-type: none"> We established a Nordic Climate Working Group for PHM. We drafted a preliminary plan for our path towards climate neutrality. We started our first measures in the latter part of the year, which included the updating of our fleet policies



UN Sustainable Development Goals

In connection with drafting our corporate responsibility strategy, we examined our business in relation to the UN Sustainable Development Goals (SDGs). We recognised that, through our operations, we want to contribute to the following SDGs in particular:

- Peace and justice: We want to be a well-managed, responsible and reliable corporate citizen.
- Good health and well-being & Decent work and economic growth: We want to provide our employees with a safe, engaging and inclusive workplace and take care of our customers by taking care of their surroundings.
- Climate action: We are on the path to carbon neutrality, and we help our customers do the same.

Corporate responsibility management at PHM Group

Developing good governance and corporate responsibility is one of PHM Group's strategic development projects. We monitor the progress of corporate responsibility in the Group Management Team on a monthly basis. In the Group Management Team, the Director of Corporate Responsibility and Communications is in charge of corporate responsibility. Corporate responsibility issues are also discussed by the country-level management

teams as necessary. PHM Group's Board of Directors monitors the development of corporate responsibility at least once every six months.

PHM Group's impact on society

We are a growth company that operates in Finland, Sweden, Norway, Denmark and, starting from autumn 2022, also in Germany. PHM Group companies had, on average, a total of 6,794 employees (LFL) in the five operating countries in 2022. Adjusted for the periods of time the various companies were part of the Group, the average number of personnel was 5,615. We are growing rapidly, both organically and through acquisitions. We carried out 34 acquisitions in 2022.

For us, economic responsibility means – among other things – responding to customer and shareholder expectations sustainably and creating economic well-being in society through our direct and indirect employment effect. We maintain our goal of profitable growth even in economically uncertain times, as was the case in 2022.

PHM Group's key stakeholders include customers and employees, among others. We regularly conduct customer satisfaction surveys, and the Net Promoter Score (NPS) is one key indicator of customer satisfaction. We also carry out an annual personnel survey to measure employee satisfaction and work ability. Employee satisfaction is also measured by means of other indicators on a unit-specific basis as necessary.

Economic value for stakeholders

Direct economic value generated and distributed, EUR million		2022
Economic value generated		
Reported revenue	From customers	483.3
Economic value distributed		
To service providers and suppliers	Materials, services and other operating expenses	189.5
To employees	Wages, other remuneration and pension contributions	206.1
To the public sector	Income tax, social security contributions	19.9
To the financial sector	Financial items	22.7
Total economic value distributed		438.2

Good governance

In all our operations, PHM Group complies with the applicable legislation and regulations issued by the authorities, and we require the same from our employees, subcontractors and other partners. We are committed to operating with integrity.

At the turn of the year 2021–2022, we updated the Group's Code of Conduct and key policies, such as the policy concerning compliance with competition law, guidelines for the prevention of corruption and bribery, our non-discrimination and workplace diversity policy, and our guidelines concerning charity, sponsorship and donations. The implementation of the Code of Conduct and the other policies began in the first half of 2022 by means of the "Responsible Actor" training series aimed at the senior management and middle management, among other activities. We will introduce online training on the Code of Conduct for all of our employees in Finland in early 2023.

PHM Group's Management Team monitors compliance with the company's Code of Conduct and policies. The primary responsibility for monitoring compliance lies with the Group Legal Counsel and the Director of Corporate Responsibility and Communications. We provide regular training to our personnel on compliance with the Code of Conduct and our policies. The prevention of corruption and bribery is part of the training aimed at

senior and middle management. In Finland, we invited approximately 80 representatives of senior management, middle management and the management of our support functions to participate in anti-corruption and anti-bribery training. Most of the invited persons completed the training, and those who did not will complete it in 2023.

We comply with the law and our Code of Conduct

We respect human rights and workers' rights. We treat each other and job applicants with respect and equality and without discrimination. We do not condone any form of bullying, harassment or inappropriate conduct. We do not discriminate against anyone based on age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relations, health, disability, sexual orientation or other personal reasons.

We comply with labour law, collective agreements, occupational health and safety regulations, and other obligations. All our employees have a written contract of em-

ployment. Our employees enjoy freedom of association. We observe consistent HR practices, operating principles and policies. We use professional payroll calculation to ensure consistent wage payment practices.

We do not condone bribery of any form in our business operations. All PHM Group employees are required to act with integrity and transparency.

PHM Group has an internal whistleblowing channel for reporting suspected misconduct in the manner stipulated by the applicable legislation. The use of the whistleblowing channel will be expanded further in 2023.

We also commenced a development effort related to supply chain sustainability in late 2022. We will deploy a new supplier portal in 2023, which will enable us to more effectively manage the fulfilment of sustainability requirements and other contractual obligations, for example. Due to the sanctions imposed against Russia, we also enhanced our own monitoring activities related to sanctions.

CASE

“Responsible Actor” training improved certainty in managerial work

In 2022, PHM launched the “Responsible Actor” training series aimed at strengthening competencies related to good governance and ethical business practices in our company. The training covers six topics: the Code of Conduct, competition law, anti-corruption and bribery, sponsorship and charity, diversity and non-discrimination, and data protection. The training series was aimed at senior management, middle management, the management of support functions, and other key employees.

Roope Pehkonen, Kotikatu’s Regional Director for Central Helsinki, Finland, completed the entire training series during the year. His region consists of eight local units and just over 80 property maintenance employees, cleaners and white-collar workers.

“The training covered many topics that I was already familiar with, but it did give me more certainty in my work. As a manager and supervisor, I now feel even more confident about my ability to take the correct action, even in diffi-

cult situations. It is good to know that we have consistent guidelines and we can always ask for help,” Pehkonen says.

According to Pehkonen, the training was implemented effectively. The compact training activities were organised on Teams, which made it possible to fit the training into his busy schedule. The training activities also included opportunities for discussion.

“Having the opportunity to develop your professional skills through this type of training increases your motivation at work. It is also important to know that you never have to face any challenges alone. You can always rely on the support of your colleagues and the company’s specialists.”

In 2022, the total number of individual participations in “Responsible Actor” training in Finland was 436. We also intend to expand the training activities to Sweden and Norway in 2023.



Roope Pehkonen
Regional Director
Kotikatu Central Helsinki

A safe and diverse workplace

For us, social responsibility primarily means responsibility for our employees. PHM Group companies had, on average, a total of 6,800 employees (LFL) in Finland, Sweden, Norway, Denmark and Germany in 2022. We are a significant employer and, as a growing service company, the number of people we employ will grow further in the future.

Satisfied and committed employees provide the best service to customers. We offer diverse duties, support the career development opportunities of our employees and look after their well-being. We provide our employees with healthy and safe working conditions.

A year of development in occupational safety

Our employees occasionally work in challenging conditions, and they regularly use various types of machines, vehicles and tools. We also handle various chemicals in our maintenance and cleaning operations. For these reasons, occupational safety is one of our highest priorities. We comply with the occupational safety and health legislation that applies to our operations.

We focused heavily on the development of occupational safety in 2022. We updated the health, safety and environmental requirements for our units and further specified our descriptions of responsibilities. We also conducted an internal safety audit at 55 of our units in Finland, covering almost all of our units. Based on the audits, we recorded a total of 625 safety deficiencies, development areas and other observations. We began taking corrective actions in response to the observations in 2022, and this will continue in 2023.

We carry out occupational safety-related hazard identification and risk assessments at the Group level at intervals of two or three years, as needed. The next Group-level round of risk surveys will be conducted in 2023.

Our target is to reduce the number of occupational accidents by 50% each year, compared to the previous year.

In 2022, we made preparations for the deployment of a new safety reporting tool. The tool was put into use at the beginning of 2023. It enables the reporting and centralised processing of safety observations, near misses, threatening and violent incidents, and occupational accidents. All notifications are processed by the management of the local unit or, where necessary, with the support of the Group-level safety organisation.

Near the end of the year, we drafted PHM Group's safety strategy and targets for 2023–2025. All of the Group's functions and personnel in Finland are within the scope of the Group's safety management system. In the other operating countries, the harmonisation of safety management will begin in stages in 2023.

Development of safety-related competencies and reporting

In late 2022, we updated the Group's internal safety training for employees. In 2023, we intend to produce training content on various key aspects of occupational safety. The first of these to be completed will be online training on chemical safety in early 2023.

In addition, our company provides employees with various training opportunities as necessary and as required by their jobs. Examples of these include occupational safety card training, hot work certifi-

CASE



Cecilie Jernberg
HSEQ Manager
Ren Service AS

Gamified safety training at Ren Service AS

Ren Service AS is a property services company that specialises in cleaning and operates in eastern Norway. Quality, eco-friendliness and safety are key priorities for the company. The company has an ISO 9001 quality certificate, an ISO 14001 environmental certificate, an ISO 45001 occupational health and safety certificate, and a Norwegian Eco-Lighthouse certificate.

At the beginning of 2022, Ren Service AS introduced a training programme built on the Motimate platform, focusing on the themes of safety and ergonomics.

"We wanted to create an interactive and fun way to learn. Motimate enables the use of diverse learning content, including text, pictures, videos, role-playing, quizzes and short games," says the company's HSEQ Manager **Cecilie Jernberg**.

The target was for 90% of Ren Service AS employees to complete the training during the year. A very high completion rate was achieved.

"We observed that the gamified elements made the training a popular topic of discussion among our employees, and they even started to compete with each other, which enhanced their motivation to complete the training."

According to Cecilie, the training has made it easier to communicate on safety and increased awareness among the employees.

"Our employees are now even more active than before when it comes to safety and ergonomics. We believe that, in the longer term, this will be reflected in reduced sickness-related absences, for example."

cation training, first-aid training and information security certification training.

We developed the Group's occupational safety indicators and reporting capabilities in 2022, and this work will continue in 2023. PHM Group's lost time injury frequency (LTIF) in Finland was 26.0 in 2022. As the harmonisation of accident reporting had not yet been completed in 2022, the indicator is not available for the other countries.

The most common types of accidents included slipping and tripping, knocks and impacts, and slashes and cuts. Combined, these three categories of occupational accidents represented approximately 75% of all accidents. The other individual categories of occupational accidents represented less than 10% of all accidents.

A diverse workplace community

We employ people who represent different cultures and age groups and have diverse educational backgrounds or previous career experience. To enable our growth, we have a continuous need to recruit competent professionals, which is why we aim to be a motivating and diverse workplace for professionals regardless of their background.

In 2022, we drafted a non-discrimination, diversity and inclusion policy for the compa-

ny and launched related training as part of the "Responsible Actor" training series. The training activities stimulated a lot of discussion on the management of diversity in particular. In 2023, we intend to explore this topic more in relation to supervisory work and the organisation of work, especially in Finland.

We carried out a survey on labour shortages in our Finnish units in 2022. Approximately 44% of the respondents indicated they have experienced a lot of challenges related to labour availability, and 38% said they have experienced such challenges to some degree. Labour availability challenges are common throughout the industry. Based on the survey, we will strive to provide even better support to our units with regard to both recruitment and orientation training. We also support our units in developing co-operation with local educational institutions and experiment with participation in various employment projects.

In 2022, we focused particularly on the development of supervisory skills in Finland. Supervisors' HR and employment-related competencies will also be a focus area in our competence development efforts during the new year. More information is provided in the [Personnel section](#) of our Annual Report.

Employee diversity 2022*

Age group	Management	White-collar workers	Employees	% of all employees
Under 30	0%	13%	28%	25%
30–50	86%	56%	41%	44%
Over 50	14%	27%	31%	30%
Not specified**	0%	4%	0%	1%

Gender	Management	White-collar workers	Employees	% of all employees
Men	71%	48%	69%	66%
Women	29%	52%	31%	34%

* Data is only available for Finland. More information on the reporting principles and boundaries is provided in the section "Our reporting principles".

** The "Not specified" group includes employees of companies acquired during the end of the year, whose detailed personal data had not yet been added to the HR system.

The climate and the environment

We operate locally, but we have the strength of a large group of companies. With this in mind, we are aware that our operations may have a significant impact on the environment. We comply with environmental legislation and the regulations issued by the authorities in all circumstances, and we require the same from our subcontractors.

We have identified the environmental impact of our business and are steering our operations towards a less environmentally damaging direction. Reducing greenhouse gas emissions from fuel consumption is our main environmental challenge. With that in mind, we made a commitment in 2022 to achieve climate neutrality by 2035. To support the achievement of this goal, we established a Nordic PHM Climate Working Group. The first concrete steps will be taken in 2023, and they will include updating our fleet-related policies, for example.

We are always close to the customer, which minimises the distances travelled and reduces fuel consumption. Our fleet

consists of thousands of vehicles, including vans, cars, lorries, snow removal vehicles and other mobile machines. We take ecological considerations into account in route planning and optimise the structure of our operating areas and units in accordance with potential changes in our contract portfolio. As a rule, we invest in low-emission vehicles and machines.

Individual group companies have previously had their own environmental programmes and targets, and some of the units are further along in their environmental and climate efforts.

Our goal is to achieve climate neutrality by 2035.

PHM Group's carbon footprint*

	2022	2021
Direct greenhouse gas emissions (Scope 1), tCO ₂ e	23,700	17,400
Indirect greenhouse gas emissions (Scope 2), tCO ₂ e	2,400	1,700
Total emissions (Scope 1 and 2), tCO ₂ e	26,100	19,100
Emission intensity (total emissions relative to reported revenue)	54	52

* PHM Group made 34 acquisitions in 2022. The absolute growth in greenhouse gas is therefore mainly attributable to the strong growth of business operations.

* PHM Group's emission calculations for 2022 take into account the emissions generated by the operations of the Finnish and Swedish country organisations. More information on the reporting principles and boundaries is provided in the section "Our reporting principles".

CASE

Gröna Gården looks to the future

Gröna Gården is a property services company that operates on the southwest coast of Sweden. Its roots are in outdoor maintenance and landscaping design, but it is increasingly providing a broad range of property maintenance services. The unit's operating area extends from Malmö to Helsingborg.

Gröna Gården keeps a close eye on industry developments and megatrends and aims to be one step ahead. This also applies to environmentally friendly operating practices.

"Our customers expect eco-friendly services from us, which is why we seek to reduce the emissions generated by our operations," says **Kristian Nylander**, CEO at Gröna Gården AB.

Approximately one-fifth of the unit's vehicles are electric, and the aim is to gradually phase out fossil fuels entirely.

"Having a modern fleet is also important for our employees. Electric vehicles and tools create less noise and exhaust gases, which makes work more pleasant. We want to be an attractive employer that invests in a good future."

In addition to electric vehicles, Gröna Gården also actively explores other energy solutions. The unit installed solar panels on the roof of its office in cooperation with the owner of the building.

"The transition to fossil-free operations takes time, and we are moving towards that goal one step at a time."



Kristian Nylander
CEO
Gröna Gården AB

Our reporting principles

PHM Group Holding Oyj's corporate responsibility report has been prepared with reference to the Global Reporting Initiative (GRI) framework. This report is PHM Group's first corporate responsibility report with reference to the GRI. The reporting period is 1 January 2022–31 December 2022. PHM Group publishes a corporate responsibility report once a year in connection with annual reporting. The Annual Report and the Corporate Responsibility Report are published in the week starting on 24 April 2023 (week 17).

As a rule, all of the companies that are within the scope of PHM's financial reporting are included in our corporate responsibility report, except where otherwise mentioned in connection with performance indicators, for example. Due to the high level of acquisition activity, PHM Group constantly has subsidiaries whose integration into the Group has not been completed yet. In addition, the country organisations are in very different stages of development, which is why the corporate responsibility reporting on 2022 is focused mainly on Finland, and partly on Sweden and Norway. Among our countries of operation, the integration and harmonisation of operations in Denmark and Germany was not yet fully commenced in 2022. The combined reported revenue from operations in Denmark and Germany represented seven percent of PHM Group's total revenue in 2022.

PHM Group's corporate responsibility reporting is based on the guidelines, principles and calculation methods specified by the GRI. Reporting boundar-

ies are mentioned in connection with the reported performance indicators. Due to the Group's strong acquisition-driven growth and the different development stages of the country organisations, at the time of reporting PHM Group is not able to report on the figures and information of all of its operating countries in a fully consistent manner. Incomplete harmonisation processes, for example, have a material impact on PHM's current reporting capabilities. PHM Group strives to continuously develop its corporate responsibility reporting.

PHM Group's corporate responsibility report has not been subject to external assurance. The corporate responsibility report has been approved by the company's Board of Directors.

Identification of material topics of corporate responsibility

PHM Group's corporate responsibility efforts focus on three key areas: good governance, a safe and

diverse workplace, and the climate and the environment. We built the company's corporate responsibility strategy, targets and actions around these focus areas in 2022.

The identification of the material topics of corporate responsibility was based on internal interviews, analysis of sustainability trends, benchmarking and the UN Sustainable Development Goals. This assessment produced a list of themes that were prioritised and digested to form the three key focus areas depending on their significance to our business operations and PHM Group's long-term development.

The materiality assessment will be updated as necessary. We are open to feedback regarding the focus areas and results of our corporate responsibility efforts. The person in charge of the development of sustainability and corporate responsibility at PHM Group is the Director of Corporate Responsibility and Communications Hanna Haapakoski, hanna.haapakoski@phmgroup.com.

PHM Group and the EU taxonomy

In this section, PHM Group discloses information in accordance with the following regulation: Regulation (EU) 2020/852 of the European Parliament and of the Council, issued on 18 June 2020, on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy Regulation).

Pursuant to the Taxonomy Regulation, companies that are subject to an obligation to report in accordance with the Directive on non-financial reporting (2014/95/EU) are required to observe the reporting requirements set out in the Taxonomy Regulation. PHM Group is subject to this obligation.

The EU's sustainable finance classification system, known as the EU taxonomy, aims to establish criteria for what kind of economic activities are environmentally sustainable, and thereby direct money to sustainable activities. Sustainable finance and sustainable capital markets are necessary for the achievement of the EU's climate and environmental objectives.

The taxonomy eligibility of companies is examined by determining whether their business operations fall within the scope of the economic activities described in the taxonomy. Taxonomy alignment is examined by comparing a company's economic activities with the technical screening criteria of the EU taxonomy. In addition, companies must show that the minimum social safeguards are met in its operations. Legally valid screening criteria have already been released for economic activities that promote climate change mitigation and climate change adaptation. Screening criteria are being drafted with regard to four further environmental objectives: the sustainable use and protec-

tion of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

PHM Group's taxonomy eligibility and taxonomy alignment have also been evaluated against the criteria concerning climate change mitigation. PHM carried out its first assessment of taxonomy eligibility and taxonomy alignment for its activities in 2022.

As a whole, the taxonomy criteria are still a work in progress, and the conclusions drawn by PHM may change as the criteria are developed further.

Taxonomy eligibility

In examining taxonomy eligibility, three economic activities were identified that are relevant to PHM's business operations: 7.3. Installation, maintenance and repair of energy efficiency equipment, 7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings, and 9.3. Professional services related to energy performance of buildings.

Activity 7.3. was interpreted as particularly including the installation and replacement of energy-efficient lighting sources carried out by PHM's units, the installation and

maintenance of heating, water and ventilation systems, and the installation of low-energy water supply solutions.

Activity 7.5. includes the installation and maintenance of thermostats, smart thermostat systems and sensor devices by PHM's units, as well as the maintenance of energy management systems at properties, lighting control systems, and smart electricity meters, among other things.

Activity 9.3. includes, in particular, energy surveys and energy efficiency assessments carried out by PHM's units as part of technical property services.

Taxonomy alignment

To assess taxonomy alignment, PHM has evaluated whether the criteria for making a substantial contribution to climate change mitigation are met. Most of PHM's business operations are related to contract-based services comprising various essential property maintenance and cleaning services. These services include activities that fall within the scope of the aforementioned taxonomy-eligible activities.

However, determining the share of individual taxonomy-eligible and taxonomy-aligned activities within the broader services is challenging at present due to reporting technicalities. Consequently, PHM's share of taxonomy-eligible

and taxonomy-aligned activities indicated in this report is low. The market has also not yet established clear interpretations for the application of the criteria in the property services business. Nevertheless, PHM aims to develop its reporting capabilities in the coming years.

Part of the assessment of taxonomy alignment is that companies must do no significant harm to the achievement of the EU's other environmental objectives. In accordance with the "do no significant harm" criteria, the company is required to carry out a comprehensive assessment of climate risks and vulnerabilities. While PHM takes climate risks into account in its operations, the company has not carried out climate risk assessments based on science and climate scenarios to the extent required by the taxonomy. With regard to pollution prevention and control, activity 7.3. is also subject to the requirement that the company must not manufacture, use or bring to the market any hazardous substances or compounds listed in certain EU Regulations and Directives. PHM complies with the relevant legislation in its procurement and operations, but unit-specific information on compliance with the boundary values for hazardous substances has not been reported. PHM's taxonomy-eligible activities are not subject to other "do no significant harm" criteria aside from climate change adaptation and pollution prevention.

The EU taxonomy requires companies to observe minimum social safeguards with regard to human rights, fair competition, the prevention of corruption and bribery, and taxation. PHM takes these themes into consideration in its business operations in accordance with its corporate

responsibility strategy. More information on PHM's social responsibility practices is provided on pages 33–35 of the Corporate Responsibility Report.

Taxonomy indicators

Taxonomy eligibility and alignment was assessed in terms of three financial indicators: turnover, capital expenditure and operating expenditure. As not all of the taxonomy criteria are met in the company's business operations due to the reasons mentioned above, PHM reports only the taxonomy-eligible share of the aforementioned indicators. PHM has determined that 1.2 per cent of its turnover (LFL) and 0.8 per cent of its operating expenditure (LFL) is taxonomy-eligible. No taxonomy-eligible capital expenditure was identified for PHM.

Turnover

PHM's taxonomy-eligible turnover (LFL) has been compared to PHM Group's total turnover. The taxonomy-eligible turnover for activities 7.3. and 7.5. is related to the sales of additional services related to electricity, heating, water and ventilation systems by PHM's maintenance units, as well as the turnover of specialised units providing technical electrical and ventilation services. The activity-specific allocation of turnover is based on an estimate, as the additional service sales of PHM's units have not been categorised in the company's own accounting in a manner that corresponds to the economic activities specified in the taxonomy. PHM aims to increase the accuracy of its assessment methodology within the next few years. Turnover corresponding to activity 9.3. is generated from the energy consulting services provided by PHM's units in Sweden.

Capital expenditure

PHM's taxonomy-eligible capital expenditure has been compared to PHM Group's total capital expenditure. In the Delegated Regulation supplementing the Taxonomy Regulation, capital expenditure is defined as covering additions to property, plant and equipment and intangible assets during the financial period. No taxonomy-eligible capital expenditure was identified for PHM.

Operating expenditure

PHM's taxonomy-eligible operating expenditure (LFL) has been compared to PHM Group's total operating expenditure excluding labour costs (personnel and subcontracting). In the Delegated Regulation supplementing the Taxonomy Regulation, operating expenditure is defined as covering direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. PHM's taxonomy-eligible operating expenditure was identified as the material expenses associated with sales of additional services related to electricity, heating, water and ventilation systems by PHM's maintenance units. The calculation is based on the assumption that the material expense is distributed between the different types of services in the same ratio as taxonomy-eligible turnover.

	Turnover (LFL)		Capital Expenditure		Operating Expenditure (LFL)	
Economic activities	M€	%	M€	%	M€	%
Taxonomy-eligible but not taxonomy-aligned activities	6.3	1.2	0.0	0.0	0.9	0.8
7.3 Installation, maintenance and repair of energy efficiency equipment	1.2	0.2	0.0	0.0	0.2	0.1
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	3.7	0.7	0.0	0.0	0.5	0.4
9.3 Professional services related to energy performance of buildings	1.4	0.3	0.0	0.0	1.4	1.2
Non-taxonomy-eligible activities	543.7	98.8	17.7	1.0	117.5	99.2
Taxonomy-eligible and taxonomy-aligned activities	0.0	0.0	0.0	0.0	0.0	0.0
7.3 Installation, maintenance and repair of energy efficiency equipment	0.0	0.0	0.0	0.0	0.0	0.0
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	0.0	0.0	0.0	0.0	0.0	0.0
9.3 Professional services related to energy performance of buildings	0.0	0.0	0.0	0.0	0.0	0.0
Group, total	550.1	100.0	17.7	1.0	118.5	100.0

GRI index

GRI standard	GRI code	GRI content	Location
GRI 2: General Disclosures 2021	General disclosures		
	2-1	Organisational details	Annual Report
	2-2	Entities included in the organisation's sustainability reporting	Reporting principles
	2-3	Reporting period, frequency and contact point	Reporting principles
	2-5	External assurance	Reporting principles
	2-6	Activities, value chain and other business relationships	Annual Report
	2-7	Employees	Personnel
	2-16	Communication of critical concerns	Good governance PHM Group has an internal whistleblowing channel for reporting suspected misconduct in the manner stipulated by the applicable legislation. The whistleblowing channel can be accessed via the company's intranet, and the employees have been informed of the channel. For the time being, the whistleblowing channel is only available to the company's employees. The Group's HR and legal departments process the notifications submitted via the channel anonymously. In 2022, the Group received less than five notifications via the whistleblowing channel. The notifications concerned inappropriate conduct and suspicions of working without the required permits. The units organised training for both managers and employees in response to the notification concerning inappropriate conduct. The company did not receive more detailed information via the channel regarding the issue concerning permits. In addition to using the whistleblowing channel, suspected misconduct can be reported to the Management Team.

GRI standard	GRI code	GRI content	Location
GRI 2: General Disclosures 2021	General disclosures		
	2-17	Collective knowledge of the highest governance body	We look after people
	2-22	Statement on sustainable development strategy	CEO's review
	2-23	Policy commitments	Good governance , Safe and diverse workplace , The climate and the environment PHM Group's policies and guidelines are internal. The policies and guidelines are available to the personnel via the company's intranet. The employees are also provided with training to support the practical implementation of the policies. For suppliers and subcontractors, the Group's policies and operating practices are incorporated into purchase agreements.
	2-24	Embedding policy commitments	Good governance , Safe and diverse workplace , The climate and the environment
	2-26	Mechanisms for seeking advice and raising concerns	Good governance PHM Group has an internal whistleblowing channel for reporting suspected misconduct in the manner stipulated by the applicable legislation. The whistleblowing channel can be accessed via the company's intranet, and the employees have been informed of the channel. For the time being, the whistleblowing channel is only available to the company's employees. The Group's HR and legal departments process the notifications submitted via the channel anonymously. In 2022, the Group received less than five notifications via the whistleblowing channel. The notifications concerned inappropriate conduct and suspicions of working without the required permits. The units organised training for both managers and employees in response to the notification concerning inappropriate conduct. The company did not receive more detailed information via the channel regarding the issue concerning permits. In addition to using the whistleblowing channel, suspected misconduct can be reported to the Management Team.
	2-27	Compliance with laws and regulations	Good governance , Safe and diverse workplace , The climate and the environment During the reporting period, PHM Group Holding Oy and its subsidiaries were not ordered to pay any penalties for legal violations, nor were any claims made to that effect.
	2-28	Membership associations	PHM Group is a member of the Finnish Business & Society network (FIBS) and the Taxpayers Association of Finland. Individual local companies may be members of organisations or associations in the Group's various operating countries.
	2-29	Approach to stakeholder engagement	We look after people , Reporting principles
	2-30	Collective bargaining agreements	As a rule, PHM Group's personnel are within the scope of universally binding collective agreements in accordance with the personnel category they belong to.

GRI standard	GRI code	GRI content	Location
Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	We look after people
Anti-corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Good governance
Emissions			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	The climate and the environment
	305-2	Energy indirect (Scope 2) GHG emissions	The climate and the environment
	305-5	Reduction of GHG emissions	The climate and the environment
	205-2	Communication and training about anti-corruption policies and procedures	Good governance

GRI standard	GRI code	GRI content	Location
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Good governance In 2022, PHM Group assessed suppliers and subcontractors on the basis of environmental criteria in connection with the Group's largest centralised purchases. PHM Group will develop supplier and subcontractor assessments and the setting of requirements in 2023.
	308-2	Negative environmental impacts in the supply chain and actions taken	The climate and the environment In 2022, PHM Group assessed suppliers and subcontractors on the basis of environmental criteria in connection with the Group's largest centralised purchases. PHM Group will develop supplier and subcontractor assessments and the setting of requirements in 2023. PHM Group was not informed of any environmental violations in the supply chain in 2022.
Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Personnel In 2022, the exit turnover in the Group companies (Finland) was 19.7%.

GRI standard	GRI code	GRI content	Location
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Safe and diverse workplace
	403-2	Hazard identification, risk assessment and incident investigation	Safe and diverse workplace
	403-3	Occupational health services	Personnel
	403-5	Worker training on occupational health and safety	Safe and diverse workplace
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safe and diverse workplace
	403-8	Workers covered by an occupational health and safety management system	All PHM Group employees are covered by occupational health and safety activities.
	403-9	Work-related injuries	Safe and diverse workplace There were no fatal occupational accidents in the Group in 2022. There was one serious accident.
	403-10	Work-related ill health	Safe and diverse workplace PHM Group was not informed of any work-related illnesses or occupational diseases in 2022.
Training and Education			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 404: Training and Education 2016	404-2	Programmes for upgrading employee skills and transition assistance programmes	Personnel
	404-3	Percentage of employees receiving regular performance and career development reviews	All PHM Group employees are within the scope of performance and career development reviews.

GRI standard	GRI code	GRI content	Location
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Safe and diverse workplace
Supplier Social Assessment			
GRI 3: Material Topics 2021	3-3	Management of material topics	We look after people , Good governance , Safe and diverse workplace , The climate and the environment
GRI 414: Supplier Social Assessment 2016			Good governance
	414-1	New suppliers that were screened using social criteria	In 2022, PHM Group assessed suppliers and subcontractors on the basis of social impacts criteria in connection with the Group's largest centralised purchases. PHM Group will develop supplier and subcontractor assessments and the setting of requirements in 2023.
	414-2	Negative social impacts in the supply chain and actions taken	Good governance In 2022, PHM Group assessed suppliers and subcontractors on the basis of social impacts criteria in connection with the Group's largest centralised purchases. PHM Group will develop supplier and subcontractor assessments and the setting of requirements in 2023. PHM Group was not informed of any violations or negative impacts in the supply chain in 2022.

Corporate Governance Statement 2022*

In this section

Corporate Governance Statement

Board of Directors

Group Management Team

PHM Group Holding Oyj

– Corporate Governance Statement

PHM Group Holding Oyj (**“PHM”**) is a public limited liability company registered in Finland whose bond issue is subject to public trading on Nasdaq Helsinki Ltd. In its decision-making and governance, PHM observes the Finnish Limited Liability Companies Act (624/2006, including amendments), other applicable legislation and the rules and guidelines of Nasdaq Helsinki Ltd.

A significant proportion of the principles and norms governing PHM Group’s governance and operations are documented in the Group’s various operating policies and guidelines. Examples of these policies include the following:

- ★ Code of Conduct
- ★ Competition law policy
- ★ Insider policy
- ★ Disclosure policy
- ★ Risk management policy
- ★ Decision and approval thresholds
- ★ Security and data protection policy

Group and ownership structure

PHM is the Group’s management company. Its business operations, which are carried out primarily through the Group’s operational subsidiaries, consist of property maintenance and management of residential properties and other real estate services. On 31 December

2022, PHM had a total of 146 directly or indirectly wholly-owned subsidiaries in Finland, Sweden, Norway, Denmark and Germany.

PHM is a wholly-owned subsidiary of PHM Group Top-Co Oy (**“TopCo”**). TopCo’s three most significant shareholders in terms of shares and voting rights were on 31 December 2022 as follows: Norvestor Fund VIII SCSp, 52.7% of votes and 39.9% of shares; Intera Fund III Ky, 7.8% of votes and 10.0% of shares; and Mivi Capital Oy, 7.2% of votes and 9.16% of shares. The remaining shares and votes in TopCo are held by other investors and the key employees of PHM. TopCo’s shares and other securities are not subject to public trading. PHM’s controlling entity, as defined in Chapter 2, Section 4 of the Securities Markets Act (746/2012, as amended) is Norvestor Fund VIII SCSp, a fund managed by Norvestor Equity AS.

Annual General Meeting

The Annual General Meeting of Shareholders is the company’s supreme decision-making body. Shareholders participate in the company’s oversight and management

through decisions made at the Annual General Meeting. As a rule, the Annual General Meeting is convened by the Board of Directors. Pursuant to the Finnish Limited Liability Companies Act, a General Meeting must also be convened if the company’s auditor, or shareholders representing at least one-tenth of all issued shares, so demand in writing.

According to the Finnish Limited Liability Companies Act and the company’s Articles of Association, the Annual General Meeting must be held annually within six (6) months of the end of each financial period.

The Finnish Limited Liability Companies Act and the company’s Articles of Association set out the matters to be discussed at the Annual General Meeting, including the adoption of the financial statements, the use of the profit shown on the balance sheet, the election and remuneration of the company’s Board of Directors and auditor, and other matters that, according to the Articles of Association, are to be decided by the Annual General Meeting.

PHM's Annual General Meeting held on 16 May 2022 resolved to adopt the annual accounts for accounting period 1 January–31 December 2021 and discharged from liability the members of the Board and CEO of the company. The Annual General Meeting resolved in accordance with the Board's proposal that the loss of EUR 225,02 shown on the company's non-restricted shareholders' equity be covered with subsequent earnings and that no separate measures to adjust the shareholders' equity be taken. No dividend was distributed. The Annual General Meeting further resolved to re-elect current members of the board as the board members and re-elect KPMG Oy Ab, a firm of authorised public accountants, as auditor of the company, and Turo Koila, APA, as the auditor with principal responsibility as notified by KPMG Oy Ab. In addition, the Annual General Meeting of shareholders decided upon amending the legal form of the company to public limited liability company, increase of share capital and amendments to the articles of association.

Board of Directors

According to PHM's Articles of Association, the Board of Directors has 1–6 members. The members are elected by the Annual General Meeting. A Board member's term starts from the Annual General Meeting at which they are elected, and ends at the conclusion of the next Annual General Meeting. The composition of the Board of Directors must take into account the requirements arising from the company's operations, the company's stage of development, and the applicable legislation.

The role of the Board of Directors is to promote the interests of the company and all of its shareholders. The Board of Directors has confirmed a written Charter that specifies the Board's duties, matters to be discussed, meeting practices and decision-making procedures. In accordance with the Charter, the Board of Directors discusses, and decides on, matters that are of financial significance or business significance, or significant in terms of principles. Group CFO Petri Pellonmaa acts as the secretary to the Board of Directors.

The Annual General Meeting re-elected Karl Svozilik, Marika af Enehjelm, Ståle Angel, Svein Olav Stølen and Tuomas Sarkola as members of the Board of Directors. Ståle Angel and Svein Olav Stølen were each paid EUR 18,000/year for being members of the Board of Directors. No fees were paid to the other members of the Board of Directors.

The Chair of PHM's Board of Directors is Karl Svozilik. The Board of Directors has not established separate committees.

The principles concerning the diversity of the Board of Directors are taken into account in the election of the members of the Board of Directors. There are three different nationalities represented on the Board of Directors. Of the members of the Board of Directors, three are aged 30–50 and two are over 50 years of age. Various professional and academic backgrounds are represented in the Board of Directors. The Board of Directors has one female member and four male members.

CEO and Group Management Team

Ville Rantala is the CEO and Group CEO of PHM. The company's Board of Directors appoints the CEO and oversees their actions. The terms of the CEO's employment relationship are set out in a written service contract approved by the Board of Directors. The duties of PHM's CEO correspond to the provisions of the Limited Liability Companies Act.

The CEO is responsible for ensuring that the company's accounting complies with the law and that the management of the company's assets is appropriately organised. The CEO is in charge of the company's day-to-day operations in accordance with the strategic principles and objectives approved by the Board of Directors and the action plans and general principles confirmed by the Board (general authority to render decisions). The CEO is responsible for preparing decision proposals and matters for Board meetings and presenting them to the Board. The CEO submits a proposal on the members of the Management Team to the Board, exercises the shareholder's right to be heard and the right to vote in subsidiaries, and serves as the Chair of PHM's Management Team.

On 31 December 2022, PHM Group's Management Team consisted of Group CEO Ville Rantala and the following members: Petri Pellonmaa (CFO); Toni Mannila (Country Director, Finland); Andreas Westin (Country Director, Sweden); Jon Eldon (Country Director, Norway); Eeva Tielenen (HR Director); Juha Allonen (CIO); Joni Paananen (Group Legal Counsel); and Hanna Haapakoski

(Director, Corporate Responsibility and Communications).

Two of the nine members of PHM Group's Management Team are female. Of the members of the Management Team, seven are aged 30–50 and two are over 50 years of age. Various professional and academic backgrounds as well as three different nationalities are represented in the Management Team.

Insider issues

PHM Group Holding Oyj complies with the EU Market Abuse Regulation ((EU) 596/2014 as amended, "**MAR**") in insider issues and with the lower-lever regulation issued pursuant thereto as well as with the Finnish Securities Markets Act (746/2012 as amended, "**SMA**"), regulation and guidelines issued by the competent authorities, and the applicable rules for issuers of shares and the Guidelines for Insiders by Nasdaq Helsinki Ltd (the "**Stock Exchange**"). These are supplemented by the company's own Insider Policy, which is designed to provide clear instructions and rules for the management of insider issues, the disclosure of insider information, the maintenance of insider lists, and transactions by persons discharging managerial responsibilities and persons closely associated with them.

The company's insider manager is Group Legal Counsel. The company's insider manager is also responsible for maintaining the company's insider lists, for the management of trading restrictions and the obligation to notify and disclose transactions as well as for maintaining a

list of the company's persons discharging managerial responsibilities and their related parties. The company's CFO acts as the substitute for the insider manager.

Disclosure of inside information and delayed disclosure

The company discloses inside information at the earliest opportunity, unless a decision is made to delay disclosure pursuant to the delaying of disclosure conditions laid down in MAR. Decisions on the disclosure of inside information are made by the company's Board of Directors. The company discloses inside information by means of stock exchange releases.

Trading restrictions

The company complies with the trading restrictions stipulated in MAR with regard to persons discharging managerial responsibilities (closed window). The closed window begins 30 days prior to the publication date of financial results. The company informs the persons discharging managerial responsibilities that they are subject to the closed window.

Notification of transactions

Persons discharging managerial responsibilities and persons closely associated with them must notify the Finnish Financial Supervisory Authority (FIN-FSA) of their transactions involving the company's financial instruments without delay, and no later than within three business days of the transaction (T+3). The notifications are made using the electronic form provided on the FIN-

FSA website and submitted to the FIN-FSA in accordance with the instructions on the website.

For the company to be able to publish the received transaction notifications received within the required timeframe, the persons discharging managerial responsibilities and persons closely associated with them must notify the company of their transactions in connection with the notification to the FIN-FSA. These notifications are made by sending the form submitted to the FIN-FSA to the company. The company publishes the received transaction notifications in the form of a release without delay, and no later than within two business days of receiving the notification from persons discharging managerial responsibilities and persons closely associated with them. The company does not separately verify the accuracy of the notifications it receives.

Internal control and risk management

Internal control is part of PHM's governance and management. The responsibility for the organisation of the control function lies with PHM's Board of Directors and CEO. The chain of responsibility extends throughout the Group organisation, with every member of the organisation being responsible to their direct supervisor for carrying out the applicable control measures and presenting their observations. The most significant internal control observations are also discussed by PHM Group's Management Team and PHM's Board of Directors.

Risk management and PHM's operating principles and values are also integral aspects of PHM's governance.

PHM's risks are categorised as follows:

- ★ Risks related to business operations
- ★ Risks related to the Group's financing
- ★ Changes in the operating environment
- ★ Risks related to regulatory compliance

Risk management at PHM is a process of assessment, planning, administration and control that relates to the Group's operating environment, business operations, personnel, and sustainability. Risk management at PHM is part of the Group's strategy work, decision-making, and day-to-day management and operations.

The objective of PHM's risk management is to prevent and minimise the impact of potential risks with regard to the achievement of PHM's targets and the implementation of the Group's strategy.

Risk management process and the implementation of risk management measures

PHM Group's Management Team carries out a risk man-

agement assessment at least once a year. The assessment is reviewed by the Board of Directors. The aim of the annual risk analysis is to identify high-level risks and draw up action plans to mitigate them. In addition, the Board of Directors confirms the risk management policy and discusses PHM's most significant risks and uncertainties at its meetings as necessary.

Risk management measures are planned on the basis of the risk assessment, and they are continuously reviewed and updated by PHM Group's Management Team. The observations made regarding internal control are also taken into account in the risk management process.

Responsibility for the implementation of risk management lies with the management of the relevant business operations and PHM's Group-level functions. PHM's Management Team coordinates the risk management process and is responsible for risk reporting, as well as for identifying risks and determining risk management measures in cooperation with the businesses and the Group's support functions. All PHM employees are required to be aware of, and manage, the risks within their respective areas of responsibility.

Audit

The company's financial year is the calendar year. Pursuant to the Articles of Association, the company has one auditor, which must be an audit firm approved by the Finnish Patent and Registration Office.

According to the Articles of Association, the term of the auditor corresponds to the financial period. The term of the auditor ends at the conclusion of the Annual General Meeting following their election. In accordance with the applicable legislation, the auditor issues an auditor's report to the shareholders in connection with the company's financial statements and reports to the Board of Directors regularly on the auditor's observations. The Board of Directors is responsible for evaluating the auditor's independence and the auditor's non-audit services with regard to the company.

During the financial period 1 January–31 December 2022, PHM's auditor was the audit firm KPMG Oy Ab. The audit firm has designated Turo Koila, Authorised Public Accountant, as the auditor with principal responsibility.

Board of Directors



Karl Svozilik b. 1979

Chairman of the Board of Directors since 2020

Mr Svozilik is a Partner at Norvestor and also serves as the Chairman of the Board of First Camp and a Member of the Board of VENI Energy Group and Tyro Group.



Ståle Angel b. 1960

Member of the Board of Directors since 2020

Mr Angel is a Partner at FAM Vekst AS and Ingvarda AS and also serves as a Member of the Board of First Camp, 4SERVICE and Solcellespesialisten.



Marika af Enehjelm b. 1974

Member of the Board of Directors since 2020

Ms af Enehjelm is a Partner at Norvestor and also serves as the Chairman of the Board of Pinja and a Member of the Board of FVCA, BST, Envera, VENI Energy Group and Foxway Group.



Tuomas Sarkola b. 1988

Member of the Board of Directors since 2020

Mr Sarkola is a Partner at Intera Partners Oy and also serves as a Member of the Board of HögforsGST Oy and Cervi Talotekniikka Oy.



Svein Olav Stølen b. 1959

Member of the Board of Directors since 2020

Mr Stølen is the Chairman of the Board of Tyro Group.

Group Management Team



Ville Rantala b. 1971
CEO
Member of the Management
Team since 4/2020



Toni Mannila b. 1977
Country Director, Finland
Member of the Management
Team since 4/2021



Andreas Westin b. 1980
Country Director, Sweden
Member of the Management
Team since 6/2022



Jon Eldon b. 1972
Country Director, Norway
Member of the Management
Team since 6/2022



Petri Pellonmaa b. 1980
CFO
Member of the Management
Team since 4/2020



Eeva Tielinen b. 1978
HR Director
Member of the Management
Team since 9/2020



Juha Allonen b. 1981
CIO
Member of the Management
Team since 9/2020



Hanna Haapakoski b. 1983
Director, Corporate Responsibility
and Communications
Member of the Management
Team since 5/2022



Joni Paananen b. 1979
Group Legal Counsel
Member of the Management
Team since 9/2020



phm*

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