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Turnover

EUR 291.3 million 13,144

Number of personnel

Customer satisfaction visits

3,144 21,506

1 Introduction

SOL is a Finnish family company.

We want to constantly develop our operations and make our services more sustainable and responsible, taking into consideration the needs of our customers and stakeholders. SOL has reported on its responsibility separately since 2010. This year's responsibility report follows the GRI framework, as applicable.

The figures reported below are those of the SOL Group, unless otherwise stated in the text. The Group's internal turnover has been eliminated in the Group's turnover figures. The segments are the Finnish and foreign subsidiaries, and the services are the business lines of SOL Palvelut Oy:

- Cleaning and facility services,
- SOL Kiinteistöpalvelut Oy (on 2 May 2020, the property maintenance, technical building systems and security services comprising retail space or facility specific security guarding offered to retail and residential properties were transferred to the company established through a partial demerger),
- SOL Pesulapalvelut Oy's laundry services, and
- Temporary staffing, recruitment and outsourcing services by SOL Henkilöstöpalvelut OY and SOL Logistiikkapalvelut Oy.

The 66 per cent holding in an IT company of SOLEMO's subsidiary Consultor Finland Oy has been taken into account in the financial and personnel figures. At the start of 2021, Consultor Finland transferred fully to Solemo Oy's (SOL's) ownership through a share transaction.

SOL group companies:

- SOL Palvelut Oy, Helsinki
- SOL Kiinteistöpalvelut Oy, Helsinki
- SOL Pesulapalvelut Oy, Helsinki
- SOL Henkilöstöpalvelut Oy, Helsinki
- SOL Logistiikkapalvelut Oy, Helsinki
- SOL Baltics OÜ, Estonia
- OOO SOL, Russia
- Solreneriet AB, Sweden
- Tekniclean A/S, Denmark
- Reneriet Estonia OÜ, Estonia
- Consultor Finland Oy, Helsinki
- SOL Facility Services AB, Sweden
- UAB Yglė Pastatų Valdymas, Lithuania

As a Finnish family business that operates on the international market, we want to ensure the well-being of our employees, customers, our society and the environment.

At SOL, responsible business operations mean spontaneous responsibility that supports the company's business and is determined by the company's values and objectives, while also taking into account key stakeholders.

We have over 13,000 employees, and we take responsibility for their working environment and job satisfaction. We have extensive knowledge in working life training, and we develop the expertise of our personnel systematically to ensure the best expertise in the field. We invest in service management and fair personnel policy by offering work opportunities to diverse individuals. We want to be the superior service partner for our customers and take care of their needs with the help of technology. We work hard to maintain and develop our customer relationships. In addition to SOL's Management Team and task-specific development groups, the entire personnel works for and towards responsibility. The work of a responsible corporation involves us all. Trust is the prerequisite for our cooperation, and we earn it through everyday acts.

2 Owners' greetings

The crisis highlighted the importance of our work

Our services and operations are valued in a whole new way. We started the year 2020 with confidence, planning to extend our operations. As a whole, 2020 turned out to be an exceptional year for us. The pandemic spread wider than we expected, touching each and every one of us, both at work and home. The exceptional circumstances also changed our ways of working, thinking and, to a large extent, our lives.



2 Owners' greetings

The pandemic had immediate impacts on the hospitality and event sector, which was also reflected in SOL's operations, cleaning services, in particular. Many of our full-service laundries were temporarily closed or had limited opening hours during the exceptional times, which resulted in smaller turnover and profitability. Quick reacting and adjustments allowed us to adapt to the new situation soon. Thanks to our extensive and agile training organisation, we managed to train our personnel to meet the changed requirements. The effects of the COVID-19 pandemic varies by business segment and, for example, the growth of e-commerce had positive effects on the logistics sector, increasing the demand for SOL's logistics services.

Although the year was full of uncertainties, we played a major role in combatting the COVID-19 pandemic. Cleanliness and hygiene have become more important than ever, and our work and efforts are valued like never before. We have received a lot of positive feedback on the expertise and service-minded attitude of SOL employees. People understand and respect the importance or our work better than before, and our role in society has become more meaningful.

Digital investments

We continued the extensive renewal of our internal digital information systems. In the spring, we improved our internal communication tools by renewing our intranet system. We also renewed our CRM and invoicing systems, and our ERP systems were upgraded with a new financial planning and logistics system. During the year, we also invested in our recruitment process and implemented a modern recruitment system that supports our current needs better.

In the spring, we demerged our property maintenance, building technical and security services and formed a separate company, SOL Kiinteistöpalvelut Oy. The aim of this restructuring is to improve the level of our property services and to invest strongly in the training of our personnel. In the future, the services will cover not only the remote monitoring of building automation but also the monitoring of indoor climate and energy consumption.

In international operations, 2020 was an excellent year, considering the circumstances. The turnover and result grew in the Russian, Baltic and Danish businesses from the previous year. When calculated, in euros, the turnover and result of the Russian business decreased as a result of the weaker rouble. Based on the figures, the Swedish subsidiary was the only business that suffered because of the state of emergency caused by the COVID-19 pandemic, although the pandemic also troubled the other companies.

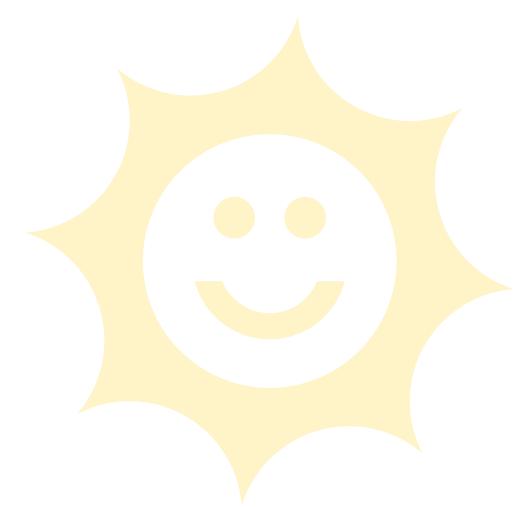
Our role and competence will become more important in the future

The COVID-19 pandemic has had a major effect on our business sectors and society. The role and competence of our business sectors will become even more important in the future. We are an important link in the chain that prevents the spread of the virus and guarantees a safer environment. Now and in the future.

We have selected responsibility actions as the theme for 2021. This year, SOL will take local actions for responsibility. Our goal is to find locally important areas of development that support the local community. We also participate in climate change mitigation, and we are committed to reducing our carbon footprint. SOL has made a promise to become carbon neutral by 2035.







Happy and sunny SOL

Our mission is to strengthen our customers' corporate image with the services we provide. We act in a responsible manner and we are a valued employer. All our activities and decision-making are based on shared values: sunny and satisfied customers, reliability, enterprising spirit, everyday creativity and the joy of working. We are here to serve our customers. Happy working clothes of red and yellow symbolise the SOL values and brand. The striking colours also improve occupational safety.

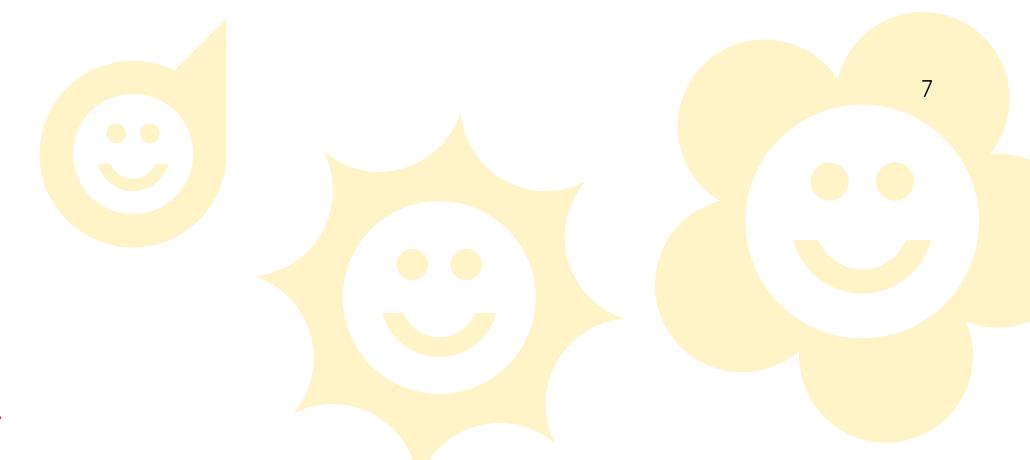
We at SOL believe in a positive image of humankind, where everyone wants to work and succeed in their work and each of us is a different, creative, thinking, acting and feeling human being. We want to encourage and give feedback in order to develop in our work. Success and praise, in particular, are important to us and essential for work motivation.

Our vision is to be a superior partner for our customers across all services. In line with our mission, we allow our customers to focus on their core business. We want to grow by utilising our service concepts and employing qualified personnel, in cooperation with our customers. The end result is a profitable, financially sound and excellently-managed SOL with sunny and satisfied customers and personnel. The SOL corporate image is projected to the market and to all our stakeholders. The cornerstones of our brand are cheerfulness, yellow sunniness, enthusiastic service, skilled professional personnel, flexibility and ease.

4 Ethical rules

SOL's operations are guided by values that emphasise economic, social and environmental responsibility. Each SOL employee must comply with our values in their work:

- Sunny and satisfied customers
- The joy of working
- Everyday creativity
- Enterprising spirit
- Reliability



Responsibility is central to SOL's values

At SOL, we believe that everyone wants to do their job well and succeed in their work. We encourage independence and the acceptance of responsibility.

Everyone at SOL must act responsibly with regard to our stakeholders. SOL's responsibility covers all stakeholders: customers, personnel, shareholders, subcontractors, partners, authorities, the company's own business sectors and their organisations, the media and cooperation with non-profit organisations.

These rules are part of the SOL Responsibility Report. The rules apply to all SOL's subsidiaries in Finland and abroad. Each SOL employee is responsible for playing by the rules.

The ethical rules and legislation guide our operations

SOL and its employees act legally and in accordance with current, generally accepted business practices. As a member of the Real Estate Employers, we develop the industry by complying with the <u>ethical rules</u>. Each SOL employee is responsible for acquiring the necessary information on the legislative regulations concerning their work.

Supervisors must ensure the employees receive adequate onboarding training about these rules. If in doubt, SOL employees should always turn to their supervisor for help. SOL supervisor must ensure full compliance with laws, regulations and good business practices. If an employee notices any breaches of regulations, they must immediately notify their supervisor, who will take the necessary actions at once and report the matter to the Group management. In international recruitments, we apply the recruitment rules concerning foreign employees in the personnel services sector.

Our management model promotes trust and work community support

At SOL, we aim towards service-minded and coaching leadership. Giving responsibility, trust, and supporting a functional work community are some of the essential mindsets.

The parent company's Board of Directors comprises Juhapekka Joronen, Chair, and ordinary members Peppi Kaira, Anja Eronen and Oona Kaira. SOL's Management Team comprises Anja Eronen, Chair of the Board, the Managing Directors of the Finnish companies, Timo Sairanen, Director, HR and Legal Issues and Mika Martila, Director, Development Group. The Management Team also includes representatives of senior salaried employees, salaried employees and other employees.

Juhapekka Joronen is the Managing Director of SOL Palvelut Oy. Elina Jalonen is the Managing Director of SOL Pesulapalvelut Oy. Juhana Olkkola is the Managing Director of SOL Henkilöstöpalvelut Oy, Peppi Kaira is the Managing Director of SOLEMO Oy, and Juha Savolainen is the Managing Director of SOL Kiinteistöpalvelut Oy. SOL Logistiikkapalvelut Oy's Managing Director is Juhana Olkkola.

The company's auditor is KPMG Oy Ab, Authorised Public Accountants, with Toni Aaltonen as the lead auditor.

Risk management

We have evaluated our key risks in cooperation with our insurance provider OP:

Market position risks

- Operative process risks
- Personnel risks
- Information system risks

Risks are prioritised according to the importance of the risk by evaluating the influence and likelihood of risks and the level of risk management. When evaluating the influence of risks, the effects on the well-being of people, the environment, and the reputation of SOL are taken into account in addition to the financial effects.

Tools in accordance with the Operating System are used in SOL risk evaluations. There are appointed persons in charge of risk management at SOL, who are responsible for the planning, execution and monitoring of procedures. The defined procedures are attached to the action plans and monitoring systems. Risk management procedures are directed at the most significant risks in terms of influence with cost-efficient and purposeful procedures.

The management at SOL regularly monitors the success of risk management and reports on the risks and the development of risk management procedures. The sufficiency and influence of procedures is evaluated as a part of business monitoring. Corrective action will be taken as necessary.

We comply with the EU's General Data Protection Regulation (GDPR), and data protection officers have been appointed for every company.

Responsibilities to customers – high-quality service in a timely manner

SOL offers high-quality services in a timely manner, as agreed in the contract. We meet our contractual obligations, and the customer can monitor them in almost real time through the electronic services provided by Vastuugroup. The services are developed in accordance with the customer's expectations and preferences.

Productivity and efficiency are important goals in developing SOL's processes.

All our service sectors in Finland have a personnel recruitment and substitute system in electronic format.

5 Management model

Stakeholder cooperation

SOL's social responsibility covers all stakeholders: customers, personnel, subcontractors, partners, shareholders, authorities, the company's own business sectors and their organisations, the media, and cooperation with non-profit organisations. We comply with the laws, regulations and guidelines of local authorities in all our operating countries. We diligently take care of our taxes and payments, which are further used for maintaining social services and public infrastructure.

Responsibilities to employees – personnel play a key role

At SOL, employees have a key role in everything we do. SOL bears responsibility for safeguarding employment also in the future. The company's workforce consists mainly of people in permanent employment relationships, some of which may be part-time due to the nature of the work. The proportion of temporary staff will increase with the expansion of SOL Henkilöstöpalvelut Oy's and Logistiikkapalvelut Oy's operations.

Personnel are rewarded for good work performance, which is followed up by customer satisfaction and other weighted indicators. Rewards for successful work performance have been given, for instance, to the service district of the year, the vendor of the year, the service instructor of the year, the service supervisor of the year and the service director of the year. SOL organises an annual Quality Award competition with separate categories for service supervisors, service districts and sales

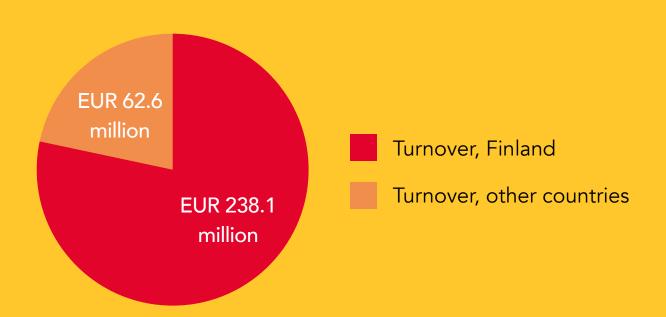
personnel. Awards are also given for the environmental and well-being at work categories. Competition entries are submitted in the form of applications showing budgets, results and the previous year's figures. The Quality Award is based on a competition by the Finnish Quality Association, which has been adapted to suit SOL's needs.

We have launched a messaging channel for our employees, encouraging them to report both success stories and any misconduct they might observe. The HR and legal teams review the messages with the management and consult the person in charge, if needed.

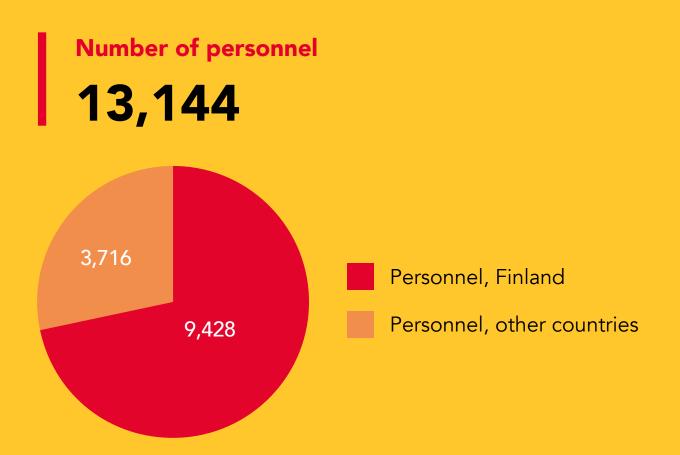
Our priority is a sunny, satisfied and loyal customer

SOL's operations are divided into local service districts that are responsible for their own customers and are as close to the customer as possible. SOL has nearly 10,000 registered customers. In line with our operating system, we aim to prevent problematic situations and to rectify and continuously improve our services. Customer satisfaction and customer retention are monitored in all our activities every month. A continuous customer feedback and questionnaire procedure is in use and it is conducted monthly with some of the customers. This procedure is based on the SOLE guidelines and on an annual plan. SOL's customer satisfaction has been at an excellent level for many years. The end-user of SOL's services is a private customer whom we serve to the best of our ability.

Group turnover EUR 291.3 million



The Group's internal turnover has been eliminated in the Group's turnover figures.





Responsible owners with a face

In a family business, the owners of SOL have a key role and long traditions of developing the company and its operations. The owners expect from the company responsible operations that correspond to its values. SOL is an active member of the Finnish Family Firms Association, which promotes an operational framework for and responsible ownership of family enterprises.

We select our partners carefully

SOL's partners include a number of suppliers of services and goods. Our partners are expected to be reliable, professional and responsible, and SOL invests in cooperation with them. For further information, please see the section on Social Responsibility. Our aim of cost effectiveness will also challenge SOL's partners.

Developer of the business sector

SOL's roots in Finland's business community are deep. The first operations are considered to have started in 1848 when dye master C.A. Lindström founded a textile dye house and laundry on the hill where Finland's Parliament House currently stands. SOL has significantly improved the sector's image with its reputation as a good employer and provider of quality services. SOL is well-known for transforming the property business into a service sector.

SOL is an active opinion leader in the Confederation of Finnish Industries and Real Estate Employers, SOL Henkilöstöpalvelut is an active member of Palta Oy, and SOL Logistiikkapalvelut is a member of the Finnish Media Federation. We also participate in the work of other bodies and accept positions of trust and expert tasks offered.

Increasing our global role

Individual rights and shared responsibility are evolving. We will have an increasing role in employing labour coming from less developed countries and also in improving the conditions of their countries of origin. In 2012, we signed the Diversity Charter Finland and made a pledge to offer equal opportunities. We will recognise and utilise individual skills and needs. We will manage the personnel and customers fairly. We will provide information on our goals and accomplishments. SOL has a multicultural development group, which reports directly to the Management Team. In 2020, more than 34 per cent of the employees of SOL Palvelut were not Finnish citizens.

SOL is a member of FIBS and a partner of the Responsible Summer Job campaign.



Onboarding and employee support are important focus areas in cleaning and facility services

SOL Palvelut Oy's services comprise cleaning and facility services. We offer our customers solutions for cleanliness and a high hygiene level. We serve Finnish businesses in all sectors, as well as public administration and municipalities.

Last spring, the COVID-19 crisis made the economic outlook of the property services sector quickly negative. The outlook took a positive turn temporarily in the autumn, but it remains negative (-9), according to the Confederation of Finnish Industries' economical cycle barometer for early 2021. Our services in hotels, restaurants, event centres and on ships have been minor since spring because these services have been closed or open only to a limited extent. We started the adjustment measures caused by the pandemic early in March and managed to adjust our operations to the new situation. The increased hygiene requirements in our customer sites enabled our personnel to retrain themselves to new sites.

We developed the expertise of our personnel systematically and offered new onboarding to employees at sites with high hygiene and cleanliness requirements. We focus on onboarding and on-site customer-specific training, which ensures that our employees are committed to and understand the required quality level.

SOL's cleaning personnel represent no fewer than 73 different nationalities. Employees from countries such as Bangladesh, the Philippines and Nepal often come to Finland alone. SOL's multicultural working group has carried out analyses and created a procedure for helping the employees and their families. The working group helps with the visa applications of

foreign employees' spouses because, in general, the income of two adults is also usually enough for getting the children to Finland. SOL's assistance in family reunification makes the employees more committed to Finnish society and SOL as an employer. We have identified a need to train foreign employees and support their onboarding and acculturation to Finnish society. We have increased the acculturation training by organising a weekly webinar in English on employment relationship matters. As part of our acculturation programme, we trained two service instructors from a foreign background to work as tutors in onboarding. We have also developed an extensive shift planning programme to make it suit our service better. It will allow us to improve the working hours of our personnel and minimise errors related to salaries.

Future outlook - the role of hygiene becomes more important

Although the economic cycle barometer looks negative, we look to the future with high hopes. The role of cleaning and cleanliness and our competence will become even more important in the future. The need for hygiene has been identified, and the growth prospects of cleaning services are good. We will continue to invest in Al and robotics-based functions to make our work smoother. However, the core of our operations will remain the same: we focus on personal service relationships and encounters and a flexible way of working.



7 SOL Personnel and Logistics Services

SOL Personnel and Logistics Services had a strong year of growth

SOL Henkilöstöpalvelut Oy provides the industrial and construction sectors with temporary staffing, recruitment, head-hunting and other customised services of the private employment sector in all areas of Finland. SOL Logistiikkapalvelut is one of the largest operators in the logistics sector. Our customers include companies that operate both nationally and locally.

In 2020, our personnel services focused on temporary staffing and recruitment in the growing industrial and construction sectors, serving also the public sector. Particular areas of focus were the development of customer experience, personnel experience and internal processes. A new role of development manager was set up for this purpose. We are the first job for many young employees, offering assistive duties in logistics, industry and construction, and we receive almost 50,000 job applications every year.

We reacted to the change in the operating environment caused by the pandemic by focusing on areas selected after

analysing our customer base, increasing internal interaction, in new business, in particular, and by investing in the occupational safety and work ability of service experts.

The outlook for 2021 is positive, and it is based, in particular, on uncertainty in the sector, which makes the companies unwilling to invest in fixed personnel costs.

SOL Henkilöstöpalvelut Oy has supported the operation of Raide ry financially. Raide Oy's primary operations consist of preventive substance abuse work in cooperation with schools.

SOL Logistiikkapalvelut Oy demerged as a separate company

On 2 May 2019, the logistics service was demerged for strategic reasons to form a new subsidiary.

Logistics services focus on temporary staffing and outsourcing in the logistics sector. The year under review was the first full calendar year for the company, and its turnover and profitability increased significantly. The company gained many new customers, and the share of outsourcing services in the turnover grew.

In 2020, we started cooperation with Sigma Trukit Oy, which extended the scope of our service concept to cover the optimisation of material flows.

In accordance with the service concept, the customer is offered an outsourced workforce and equipment optimisation service that is based on changes in volumes and priced per performance.

Future outlook

In 2020, the combined turnover and market share of SOL Henkilöstöpalvelut Oy and SOL Logistiikkapalvelut Oy grew significantly, and the organic growth is expected to continue. We also looked into growth opportunities through acquisitions.

The outlook for 2021 is positive, and it is based, in particular, on uncertainty in the sector, which makes the companies unwilling to invest in fixed personnel costs, on competitive outsourcing service concepts, and on the alleviation of the effects of COVID-19 in the industrial sector.



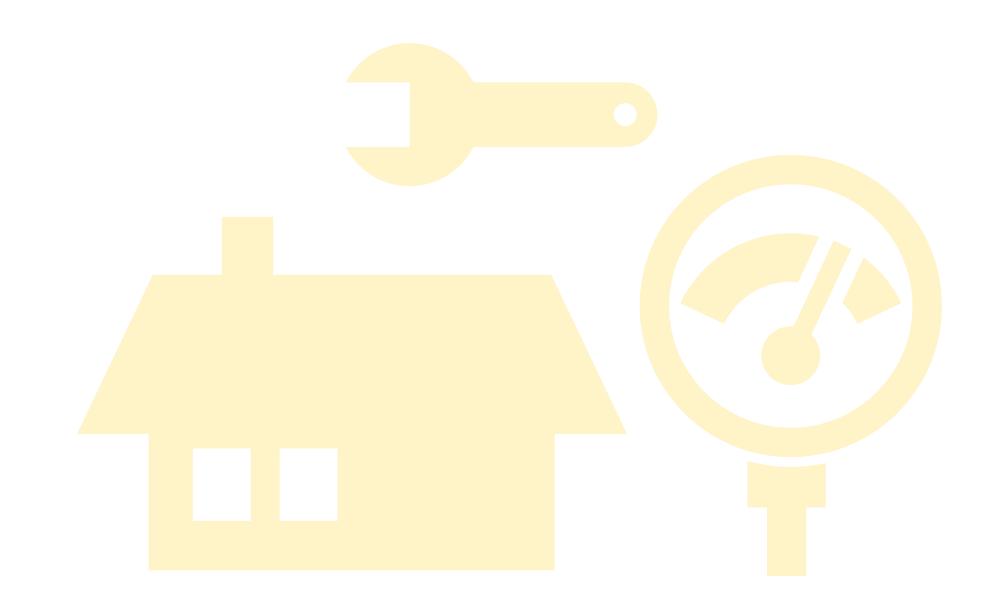
Our property services want to help the customers to meet their responsibility targets.

SOL Kiinteistöpalvelut is responsible for the overall maintenance of properties, taking into account technical maintenance and safety. The remote monitoring of properties allows us to track and optimise technical building systems, energy consumption monitoring, traffic control, camera surveillance and security. Our lifecycle services cover all the different stages of properties, from new buildings to challenging renovation projects.

On 4 May 2020, SOL Palvelut Oy was partly demerged, and the property and security services of SOL Group were transferred to the newly established SOL Kiinteistöpalvelut Oy.

This strengthened the market position and growth of SOL Kiinteistöpalvelut further, and the aim was to increase the visibility of property maintenance and security services and enhance professional specialisation.

The business strategy of SOL Kiinteistöpalvelut was specified further during 2020. The professional skills, commitment and involvement of personnel are the keys to business growth and operative development. We continued to improve these areas through renewed, extensive training programmes and personnel surveys.



Future outlook

The company's outlook for 2021 is fairly positive, and the operations are developing as planned. The turnover is expected to remain at the 2020 level, but the operating profit is expected to grow. We continue to map out growth prospects through acquisition.

Responsibility matters are becoming more and more important also in property maintenance and security services. In 2021, we will invest, in addition to our own service provision, more in our ability to help customers achieve their own environmental and responsibility targets.



The sustainability of our laundry services is based on domestic work, local operations, quick services and continuous personnel training

SOL has 48 full-service laundries in Finland, serving private customers, companies and communities. In addition to dry cleaning, SOL's laundries offer special wet cleaning, the washing of carpets and curtains, leather, linen and household textiles, and repair services.

Due to the COVID-19 pandemic, many of our full-service laundries were temporarily closed in the summer and autumn. The opening hours of full-service laundries were reduced as an adjustment measure. Despite the adjustment measures, the pandemic affected the company's turnover and profitability.

In 2020, the Aurikonpesula laundry that served business customers in Konala moved its operations to Hämeenlinna. The SOL laundry in Seinäjoki moved from Puskantie to Keskuskatu. The full-service laundries in Pori, Tikkurila in Vantaa, Malmi in Helsinki, Skanssi in Turku, and Hyvinkää were closed.

As part of the adjustment measures, we have tried new service concepts to make up for the decreased demand for laundry services. Based on the results of the SOL Tulevaisuuden pesula personnel survey, we continued to focus on improved communication, local service coaching and sales training.



Sustainable operations

At the moment, about 45 per cent of all dry cleaning machines are modern machines that use environmentally friendly, non-toxic and biodegradable detergents. The Association for Finnish Work granted SOL Pesulapalvelut the key flag symbol for its services that promote employment in Finland. The circular economy has become more important in the purchasing decisions of consumers in the textile and clothing industry. People buy their clothes more responsibly and invest in the quality of the clothes and textile products. Consumers have started to consider their own consumer habits and clothes are taken better care of, since people have started to wash and repair them. Clothing rental venues for high-quality clothes, today's clothes shops, have appeared in cityscapes. This phenomenon of the new era is believed to increase the need for laundry services.

Future outlook

Despite the weak outlook for the future, we look ahead with confidence. We continue to look for functional and suitable business premises and potential acquisitions. We will still focus on the competence of our personnel, customer satisfaction and environmental matters. The high quality of our personnel's professional competence and customer satisfaction continue to be our success factors also in the future. Local and fast services and employment in Finland are the cornerstones of our operations.



10 Responsible management

Management model – lean SOL

The management organisation is as lean as possible in order to be close to the customer and personnel. The Development Group of each service sector is responsible for monitoring operational management and for development and improvement projects. All meeting practices are presented in the SOL Operating System. They are defined in the annual Action Plan and also scheduled according to it.

The SOL Operating System is based on the ISO 9000:2015 quality standard, the ISO 14001 environmental management standard, the ISO 45001 safety standard and the ISO 31000 risk management standard. Each company has its own operating system that complies with the Group's core system. Our customers audit our operating system, which serves as a foundation for developing operations. The Operating System of SOL Sweden is also based on the ISO 9000:2015 quality standard, the ISO 14001 environmental management standard and the ISO 31000 risk management standard. SOL's Estonian and Latvian companies have quality certificates. The well-being programme is integrated into the SOL Life well-being at work programme.

Safety instructions are an integral part of the SOL Process Management System. They are easily available on the intranet or in separate folders at our full-service laundry shops. The Group and its companies have nominated people to be responsible for data security, environmental safety, occupational safety and other safety. Updating safety instructions as well as early intervention and preventive measures are important to SOL. We emphasise the personnel's responsibility, and acting according to that responsibility, in all our communications. We never permit any form of corruption or bribery whatsoever. The guidelines for receiving gifts and for travel are documented in the SOL Operating System.





11 Financial responsibility

Financial results

Growth will be financed from income. Our equity ratio of 54.7 per cent enables cost-effective liquidity fluctuations. Good liquidity safeguards SOL's payment obligations to stakeholders and also builds in flexibility for any quick acquisitions needed. SOL's liquidity has remained at a good level.

In addition to paying employees' contributions and public payments, the Group has been able to finance investments and other acquisitions from income in accordance with set plans. SOL wants to ensure that it meets all payment obligations according to the agreed payment terms without delay, and also expects the same punctuality from customers with regard to their payments.

Our liquidity is measured with the Quick ratio, which in 2020 was 1.6, meeting our objective. All of SOL's services are produced locally, and the operations have been organised accordingly. SOL's business management, as well as the financial and HR administration of SOL City, SOL headquarters in Finland, support our local operations. Some of the financial administration operates in Seinäjoki, Kouvola and Hämeenlinna.

Market position – SOL Future forecasts our prospects

SOL Future has endeavoured to forecast SOL's prospects in the property services and temporary staffing markets up until the year 2030. SOL will be a strong contender in these future markets. Our Group-level growth target for net sales is one billion euros by 2030. Of this total, operations in Finland will represent EUR 755 million and the foreign subsidiaries' EUR 246 million. Similarly, the number of personnel in Finland is expected to grow to some 20,000 people and to also increase significantly in the foreign subsidiaries.

We anticipate that as many as 60 per cent of our employees will be of non-Finnish origin by 2030. Employees are increasingly expected to have multi-expertise where different work tasks are combined. In addition to property maintenance, key jobs will be in the sectors of logistics, industry and commerce. The skills and development of the personnel are ensured by investing in training.

Our age programme, in turn, takes into account the employment needs of different age groups. The programme connects the life situations of different groups with work tasks suited to those life situations.

The rapid digital transformation of operating methods and procedures will continue.

Taxation

Taxes to Finland and permits in order

Even the willingness to work in Finland and good professional skills are not always enough, if dealings with the authorities do not go smoothly. The permit procedures might feel unsurmountable, particularly to employees from outside the EU with no Finnish language skills. SOL leaves no-one alone in the struggle with practical matters, but helps its employees with work permits, registration, tax and KELA cards, back accounts and the finding of an apartment. The employees are also encouraged to study the language as soon as possible, and SOL provides interpretation to assist the communication between the employer and the employee at the beginning. We are also deeply involved in the onboarding.

Responsibilities to authorities

We pay our statutory obligations in accordance with the existing regulations. We take care of the payment obligations of our employees as the employer and compile reports and statistics for the authorities as agreed.

Value-added taxes, withheld tax and income tax paid by SOL's Finnish subsidiaries in 2020

EUR 65.8 million

In 2019, the corresponding amount was EUR 69.6 million

Wages and items reported as wages in 2020

EUR 183.9 million

In 2019, the corresponding amount was EUR 207.5 million

Social insurance payments in 2020

EUR 28.5 million

In 2019, the corresponding amount was EUR 34.5 million

11 Financial responsibility

Procurement practices

In our procurement, we consider the environmental impact of the products and operate in a cost-efficient manner. We use established partners and carry out supplier audits to ensure that our partners operate in an environmentally friendly manner. We use Posti Green services, which means that all our letters, parcels and logistics shipments are transported 100% carbon neutrally.

Anti-corruption

SOL employees are expected to promote SOL's interests and act in a responsible manner. SOL employees must avoid all situations that might result in a conflict of interests.

The corruption and bribery ban permeates all SOL operations. SOL and its employees may not make or offer bribes or unlawful payments to customers, managers, national of local authorities or other parties to gain or retain business, or for any other equivalent reason.

SOL does not grant direct or indirect support to political parties, organisations or individual politicians.

SOL employees may not accept personal benefits or gifts from stakeholders or suppliers which run contrary to applicable laws or local business practices. Gifts or benefits must only be accepted if they are offered in the context of regular business activities and they are ordinary, reasonable and low in monetary value.

Gifts and hospitality may be acceptable if they are:

- not offered on a regular basis, are given or received openly and without an obligation and/or expectation of a favour in return
- approved by stakeholders and able to withstand public scrutiny
- legal, ordinary and of moderate monetary value.

Before offering a gift or benefit to a partner, employees must ensure that they are aware of the rules and ethical guidelines observed by the recipient to prevent bribery.

With regard to the public sector, we follow the hospitality instructions of the Ministry of Finance.

Examples of acceptable hospitality include attendance at occasions such as birthday and retirement receptions organised by a partner. In these circumstances, gifts in keeping with convention are acceptable. Also acceptable are parties and cultural events in the context of meetings and training courses.

Gifts or benefits exceeding a value of EUR 100 offered to a SOL employee must be authorised by a Service Director, Business Director or Managing Director.

Benefits must not be accepted if:

- The value of the benefit exceeds conventional business practices
- The benefit is in conflict with SOL's interests and values
- The benefit may impair or be seen to impair the other party's independence or impartiality
- The benefit is likely to arouse suspicions regarding the giver's motives or its impact on decision-making or outcomes of business
- The benefit could generate negative publicity for SOL

As a general rule, SOL will cover the costs of any travel related to events and travels organised by external parties.

In the event of confusion regarding the appropriateness/legality of giving or receiving a gift, it must be declined.





Responsible environmental policy

SOL wants to provide services in a manner that aims to conserve natural resources and reduce environmental impacts. We are aware of the environmental impact of our services and of our responsibility as the user of products and the producer of waste, and we take these into account throughout our decision-making processes.

We follow applicable legislation and regulations of the authorities in our operations. We are committed to continuously improving our operations and reducing environmental impacts. We have taken environmental matters into account in our procurement and solutions since the beginning, which is evident in our small carbon footprint. Less than 10 per cent of our emissions originate from the user of our own premises, the materials we use and other acquisitions.

Environmental Goals according to the Climate Commitment of the Finnish Chamber of Commerce

The Finnish companies joined the Climate Commitment of the Finnish Chamber of Commerce in 2021. Under the commitment, we have prepared company-specific plans for becoming carbon-neutral by 2035.

Based on a calculation made with the Finnish Chamber of Commerce, over 90 per cent of our emissions come from

traffic, and driving for work purposes is the largest source. The calculation was based on figures from 2019 and 2020.

The year 2020 was exceptional in terms of mobility, particularly for salaried employees, which is why the figures for business travel and mobility of salaried employees were taken from 2019.

https://kauppakamari.fi/en/services/climate-commitment/

Emissions reduction target of 5 per cent

From 2021 onwards, we will use only renewable energy on the premises and properties of our Finnish companies. In 2020, the energy sources were: fossil fuels and peat 43.34 per cent, nuclear power 51.42 per cent and renewable energy sources 5.24 per cent.

In the procurement period 2021–2023, the emission limit for new vehicles is 161 g/ CO_2 /km (WLTP). The WLTP measured emissions of our cars will decrease by approximately 20 per

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cent at the start of 2021 with the purchase of new cars. In the future, all the cars we will purchase must meet the criteria of the Euro 6 emissions class.

Our Group-level target is a 5 per cent reduction in the emissions from traffic at the workplace and driving for work purposes. We support the target through supervisor incentives and monthly follow-up. We have also built our own incentive programme to encourage our employees to use public transport in their commuting. These metrics and personal rewarding ensure the commitment of each employee and help us achieve the 5 per cent target. The opportunity to work from home of salaried employees also promotes our environmental policy.

With regard to driving at work, we compare the average consumption of each car and driver to the target consumption of the vehicle. We also organise courses on economical driving in cooperation with our insurance company. Our goal is to reduce emissions by 5 per cent in 2021 and 2022.

Use of materials and detergents – environmentally conscious choices

The detergents and materials used in our own operations represent less than 3 per cent of the Group's carbon footprint. This is due to our environmentally friendly acquisitions and the requirement to take the carbon footprint into account in everything we do.

In Finland, we are ahead of schedule in achieving our target for Nordic Swan ecolabelled detergents – their share of all detergents is 92 per cent. Our target for 2025 is 95 per cent.

Our work clothes are made from recycled materials. Last year, recycled materials helped us save 16,638 kg of CO₂ compared to "virgin polyester".

We will organise textile recycling with our partner Touchpoint by 2023.

Multiple-use rubbish bags

We are currently using some 2,000 multiple-use rubbish bags. The use of permanent bags has seen steady growth, while the number of plastic bags has decreased. 11 recycled plastic bottles are used to make one multiple-use garbage bag. If it is not possible to use multiple-use rubbish bags, we choose bags made from circular economy plastic, which reduces our CO_2 emissions. The products are collected in Finland, they are recycled and reworked into raw materials and finally produced into products in Finland.

Commitment 2050

Nordic Swan ecolabel-certified hotel cleaning

SOL Palvelut was the first in Finland's hotel cleaning business sector to be awarded the Swan label. Getting the renowned

Nordic environmental labelling was one of the promises in SOL's environmental programme 'Sitoumus 2050'. Swan label is an official sign to our customers of the quality of our services. In order to obtain the Swan label, our services has to meet the very strict conditions for the whole life cycle. The evaluation took into account, among others, the origin of the materials, the energy consumption of production and use, the use of chemicals and the generation of waste throughout the whole production and consumption chain. In cleaning services, the Swan label emphasises the use of cleaning agents that have environmental labelling and the limitation of chemicals because, in the cleaning process, cleaning agents comprise the largest environmentally taxing agent. Other criteria included minimising the environmental impact of transport.

Responsible laundry services

The Group's laundry services company, SOL Pesulapalvelut, invests in eco-friendliness in both machinery and detergents. SOL Pesulapalvelut is constantly renewing its machinery and replacing old machines with more environmentally friendly technology. At the moment, about 45 per cent of all dry cleaning machines use environmentally friendly, non-toxic and biodegradable detergents. New, computer-controlled water washing machines use strictly specified amounts of detergents and water. The detergents are as environmentally friendly as possible. The use of machinery is optimised in each laundry shop and the water and electricity consumption is monitored

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with a detailed set of indicators. Several laundry shops use a recovery system for the cooling water used in dry cleaning. The cooling water is run into a separate water tank and reused in a water washing machine. The water is clearly warner than room temperature, and it can be used in final rinsing. The system also saves electricity when clothes put in a tumble dryer are first rinsed with warm water.

Compensated carbon footprint of transports

Posti Ltd is our logistics partner, and we have agreed on the compensation of all the carbon emissions caused by our transports with them. As a result, the carbon footprint of our transports is zero.

Integrating environmental knowledge into onboarding

An online course on environmental knowledge is part of our compulsory onboarding training. In addition, each area has its dedicated environmental coordinator who communicates environmental matters and development to the personnel and keeps them up-to-date on regional topics, such as waste decrees. We use the environmental audits to monitor whether

our operations meet SOL Group's Environmental Goals and measure our performance at the district, business sector and customer-specific levels. Our environmentally friendly operations are guided by the development perspective.

According to our plan, the personnel training on economical driving will be implemented during 2021. As part of our Climate Commitment with the Finnish Chamber of Commerce, we will increase our personnel's awareness of the impact of our personal selections on our carbon footprint, which will enhance their environmental awareness.

Regular customer audits

As part of our customer audits, we monitor whether the operations meet SOL's Environmental Goals and measure our performance at the district, business sector and customer-specific levels. Our environmentally friendly operations are guided by the development perspective. Environmental audits are carried out with the help of the electronic system of SOL.

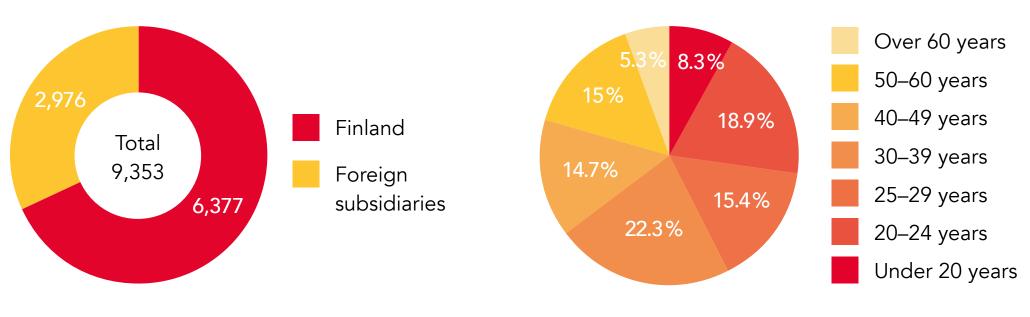




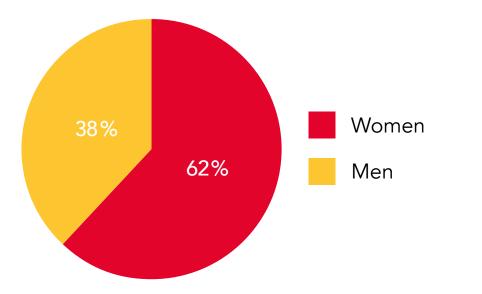
Relationship between personnel and management – management culture supports trust and creativity

At SOL, we invest in the development of our employees, and the personnel costs form the largest part of the overall costs. High priority is given to raising and maintaining the personnel's enthusiasm, willingness and readiness to serve and vocational skills, as these are the factors guaranteeing superior service to customers.

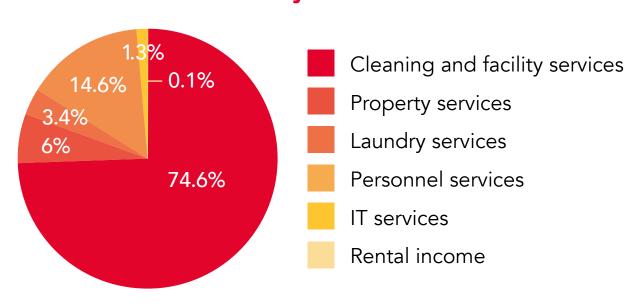
Number of personnel, permanent employment religitions biquire of personnel in Finland



Employee distribution by gender



Distribution of turnover by business sector in Finland



Number of personnel and type of employment relationships: The average number of employees each year is calculated from the average number of employees on the last day of each month, and every person is included in the figure regardless of the number of their working hours (not FTE number). The figures for each company are reported in the company-specific sections, with the exception of the figures for the parent company SOLEMO.

Committed employees comply better with unified instructions and ensure long-term operations of high-quality. Competent personnel with the right attitude in the right tasks, continuous personnel development, performance management, feedback and incentive strategy are the focus areas of the company's HR strategy. The feeling that one's work is useful is important to everyone and creates the joy of working. SOL's HR strategy

is based on a positive image of humankind, where everyone wants to do good work, to succeed and to be thinking and feeling human beings who accept individuality. Our management culture must support trustworthy interaction and an atmosphere that encourages creativity. We hold Success Discussions with our employees, discussing the employee's own view and will to develop their own actions.



Investing in personnel's work ability – SOL Life supports employees

The SOL Life Caring model helps supervisors to intervene with work ability problems at an early stage. The most important aims include preventing sickness absences, reducing the number of accidents and minimising disability pensions.

Success Discussions help in setting goals, achieving results and developing operations and they also facilitate the personnel's self-development. A scorecard is used for monitoring and controlling the achievement of the goals. The employee-specific Quality Passport, where positive customer feedback is documented with a laughter or smile symbol, continues to be used as a feedback tool. The joy barometer is the SOL employee satisfaction survey that allows the employees to influence the development of their own work. The joy barometer survey has been developed over four years with professor Marko Keski as part of the Quality of Working Life (QWL) project. In the future, the joy barometer will be conducted four times a year; three times as a pulse survey and once as a more extensive questionnaire.

The Backpack of Happiness project, which was developed as part of SOL Life, will continue in the form of workshops, and the use of well-being at work mentors has been expanded to cover all service districts, with a well-being coordinator appointed for each district. The goals of SOL's age programme are to support the work ability of different age groups, maintain good work fitness and reduce sickness absences as well as promote positive cooperation between different age groups. We pay special attention to young people and "yellow panthers", offering job opportunities to

those who have already passed the retirement age. Another goal is to increase the average retirement age. At present, the employees of SOL's Finnish companies retire on old-age pension at the average age of 62.7 years, while the average age of starting disability pension is 54.5 years.

In 2020, we continued the SOL Life Kuntokuuri programme that was launched in 2018. The focus areas and themes of the SOL Life Kuntokuuri change annually. In 2019–2020, the programme focused on weight control and a healthy diet. In 2020, SOL spent some EUR 172.7 per employee on the prevention and treatment of illnesses in Finland. SOL monitors sickness absences on the performed working hours, so-called 100%. In 2020, the sickness rate in Finland was 3.57 per cent. The most important causes of sickness absences were musculoskeletal diseases (about 50 per cent of all sickness absences). Absences due to mental health issues have not increased significantly in the Finnish companies.

During this exceptional COVID-19 year, our sickness rate remained under control, thanks to effective support measures. For example, we have compiled the special instructions related to COVID-19 as service-specific packages within the Group. In 2020, only 0.24 per cent of SOL employees were diagnosed with a COVID-19 infection.

Supervisors conducted safety risk evaluations with occupational safety representatives at worksites and customer premises, and implemented the necessary actions according to plans. In 2020, we renewed our electronic occupational safety tool that allows each SOL employee to report on near misses

at customer sites (safety observations) and share their work-related ideas. The tool is also used for completing the risk assessments of customer sites that are specified in our Operating System. The Occupational Safety and Health Committee operates nationwide and convenes five times a year. Each SOL employee is responsible for safety, and preventive measures are the foundation of safety at SOL.

The Occupational Safety Officer reviews the monthly accident statistics and adds new measures or instructions, as needed. The sickness and accident statistics are regularly presented in management reviews.

Training and development – tutors support personal development

Personnel development focuses on onboarding and training that support the employees themselves and the satisfaction of customer-specific needs. This is followed on a region, customer, employee and training-specific basis. The coaching and training sessions are supported on a personal level by competence assessment and a learning passport. Each new employee completes onboarding training online, and the supervisor and tutor ensure location-specific competence through method and on-site orientation and constant care for the well-being of the personnel. At the end of their probationary period, each SOL employee also attends the SOL IN training in their district.

For a long time, SOL has used employees trained as tutors, who also work as occupational guides to support the training process. Their role was enhanced at the beginning of 2015

to cover the implementation of location-specific training and ensuring competence. The development of salaried employees is supported through mentoring and coaching.

Our aim is to offer opportunities for job rotation and career advancement within the Group. The individual's own views and their desire and intent to develop and move forward are discussed at the 'From goals to results' discussions.

Around 30 per cent of the employees in our Finnish companies hold a vocational qualification or a further or specialist vocational qualification. SOL's trainers are qualified as teachers, in addition to knowing the subject matter and having extensive work experience. Our own experts and external training partners and educational institutions also serve as trainers.

We take the needs and requirements of the customers, companies and personnel into account in the planning of training. The plans are refined into an annual training plan that is used by supervisors to prepare a competence plan for their own personnel as part of the action plan. The number of training days amounted to an average of two days per employee in Finland, and a total of 8,500 employees attended training.

Business Akatemia coaching continued in 2020–2021. Its goal is to take management to the next level. The emphasis is on customer experience and personnel experience, communication, service-oriented leadership, lean as well as the profitable and goal-oriented management of operations.

In our concept training, we continued the onboarding programme in hygiene competence, technical cleaning and

environmental training. In addition, we implemented the Super Onboarding Game that is used in onboarding in the personnel and logistics services. Three SOL employees completed their BBA studies. We also organise thematic training and expertise days every year.

Personnel training at SOL is integrated to correspond to the basics of qualifications and, therefore, promotes the completion of practical examinations and cooperation with apprenticeship offices and institutes. In 2020, SOL trained 24 new tutors to help the supervisors guide and coach both new service providers and those who have served in the position for a longer time. The training was planned in district-specific meetings with the training organisers and the service management. They are responsible for the planning and implementation of the districts' trainings with the district and the coaches.

Focus on online training

The online training platform for salaried employees was renewed in 2020, and learning paths for different personnel groups will be implemented in 2021. A total of 16 new online courses were created in 2020. When necessary, we develop customer-specific online training. The goal is to develop online training further and add more short webinars that are also recorded. The training sessions are divided into targeted and long-term training, which maintains or deepens knowledge, and degree-oriented education, which is implemented as modular and online training. However, on-the-job learning plays the most important role, and the representatives of our educational institution partners also participate in it.

Degree-oriented and apprenticeship training – towards practical examinations

Our aim is to pave the way for an opportunity to take a practical examination leading to a qualification, and to identify and recognise the training provided by SOL and the competence acquired through work in the preparation of a personalisation plan. Our diverse personnel challenges us to develop our training programmes and cooperation continuously. In addition to classroom training, we invest in the development of online training and we created the following online courses for service providers in Finnish and in English:

- online course in hygiene skills
- COVID-19 course
- Inex onboarding course
- COVID-19 exit course in ship cleaning
- onboarding for personnel and logistics services

A total of 200 SOL employees participated in apprenticeship training, taking various degrees, including:

- Vocational Qualification in Textiles Care
- Vocational qualification and specialist vocational qualification of cleaning and property services
- Immediate supervisor, further vocational qualification
- Specialist Vocational Qualification in Management
- Security guard, further vocational qualification
- Specialist Qualification for Security Officers
- Specialist vocational qualification in business management
- Janitor, specialist vocational qualification

SOL also has employees who have completed the practical examiner training. They and the workplace instructors have the skills to assess employees' previous skills in relation to their duties and official degree requirements, and to evaluate the completed degrees.

Strong educational cooperation

We cooperate with significant educational institutes across Finland with regard to the vocational training and qualifications in the property services sector. Our most long-term partners are Keuda and Live. Our partnership with Keuda has lasted for 17 years and with Live 11 years.

In 2020, we continued our recruitment TE VOS training for unemployed job-seekers in Pirkanmaa with TAKK. The aim is to continue using a new vocational recruitment model that emphasises three-tier cooperation between the company, educational institution and employment services. The key objectives are to support the recruitment process and, from the student's point of view, the sufficient and appropriate content of the training. In particular, we want to monitor the success of the recruitment and develop the model further. Further career paths are enabled through apprenticeship training with TAKK. We also trained workplace instructors within the same project. In 2020, we also started the vocational qualification for immediate supervisors, which will be completed in 2021. The Manager of Training at SOL acts as the chair of the new working life committee of Cleaning and Property Services appointed by the Board of Education and as the Chair of the degree committee.

Versatile training to people with special needs

SOL has participated in many different development projects and support functions with different stakeholders as part of the vocational training reform. The cooperation models with <u>Live</u> are the <u>TEPPO project</u>, <u>Onnistuneesti työuralle</u> and the <u>Malva project</u>.

Diversity as strength in a multicultural company

SOL is a multicultural work community that offers equal opportunities to all employees. More than 34% of SOL services' employees are of foreign origin. We promote the equality of all employees and prevent discrimination in all forms. For example, discrimination due to age, origin, nationality, language, religion, conviction, opinions, political activities, trade union activities, family relations, health, handicaps, sexual orientation or other reason arising from a person is strictly prohibited.

Our multicultural development group was founded in 2007. Its objective is to promote the integration of employees from different environments into the operating culture at SOL and to improve the understanding of diversity. The multicultural work group has, for example, prepared an annual global calendar which includes the holidays of different religions. In cooperation with PAM (Service Union United), the work group has produced a video for new employees with the intent of introducing the employee to many important issues.

Freedom of association

In Finland, the provisions of the current collective bargaining agreement between the Finnish Real Estate Employers and the Service Union United PAM for employees in the property maintenance sector applies to SOL's salaried employees in the cleaning, property and facility maintenance services. The collective bargaining agreement for employees in the property maintenance sector primarily applies to SOL's security service employees. The collective bargaining agreement for the textile care industry applies to the laundry personnel, and the collective bargaining agreement for the chemical sector to the laundries' salaried employees. SOL Henkilöstöpalvelut Oy is a member of Service Sector Employers Palta and SOL Logistiik-kapalvelut Oy is a member of Finnmedia.

Two meetings that address financial issues, personnel plans and reports, and the following year's action plan and priorities, are held every year in Finland, between the chief shop stewards and the management. The personnel have full freedom to unionise in all the operating countries. Since the countries of the foreign subsidiaries do not have collective bargaining processes similar to Finland, local labour legislation and SOL's internal practices are applied to their work. SOL Palvelut Oy is a member of the employer union Real Estate Employers, SOL Pesulapalvelut is a member of the Yleinen Teollisuusliitto ry, and SOL Henkilöstöpalvelut is a member of Service Sector Employers PALTA ry.

Procurement guidelines – good contract practices are monitored through audits

SOL purchases products, services and energy for its business operations and subcontracting services that include delivery and laundry services, outdoor area property management service and a variety of made-to-order cleaning services. Products and services necessary for running the administration and operations are also purchased. SOL's General Terms and Conditions apply to all suppliers, and invoices are paid according to the terms of payment. All payments made to suppliers are based on contracts and invoices. All forms of corruption and the use of illegal ("grey") labour are strictly prohibited within SOL.

Good contractual practice is monitored by internal controls and audits in accordance with the SOL Operating System. Foreign purchases from outside the EU, service purchases within the EU, and supply purchases within the EU (production) were made only to Finland. SOL's operations have significant indirect impacts, especially in smaller towns. SOL is a primary client for many entrepreneurs and thus affects the economic well-being of subcontractors' employees.

The development of service provision is based on the health and safety of customers

SOL's responsibility is to ensure that the services it provides are safe, reliable and sustainable and that they meet the quality standards, such as the hygiene requirements. SOL prefers long-term relationships with selected suppliers, and expects from all its service providers a commitment to the requirements set for security, the environment and employment relationships.

SOL operates in the corporate and consumer markets, and the end-user is always an individual who requires reliability and safety. We require a picture ID from the personnel of our supplier partners as well as an attached tax number in order to prevent the grey economy. SOL's provision of services is carefully defined and designed. Development relies on safety, usability, functionality, durability and quality – all of which are factors needed for excellent customer satisfaction. In SOL's personnel and logistics services, the customer company is responsible for the safety of SOL's service experts. SOL's role is to recruit, train and provide orientation for service experts so that they are able to act according to customers' needs, instructions and safety regulations.

Communication and media – open communication with the media

Our business sectors interest everybody. SOL aims for transparent interaction with the media and regularly reports the Group's news directly to the media via targeted press releases, which are also available on our website.

Our communication channels in Finland include the Group's intranet and the SOLISTI customer magazine, in addition to the website and social media. Our entire website has been translated into English.

Our communications department coaches and trains the personnel and it is responsible for internal and external communications in accordance with the company's communications plan.

We are pleased to share information about our actions and results. Our experts are encouraged to make public presentations and to share their knowledge outside the group.

