

SUSTAINABILITY REPORT 2023

FUTURE ADAPTIVITY

Adapteo.



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ABOUT THIS REPORT

This is the annual sustainability report of Adapteo Group Oy (FI31736424) for the financial year of 2023 (January 1 – December 31, 2023). This report has been prepared in accordance with the GRI Universal Standards 2021. This is part of our Communication on Progress (CoP) to the UN Global Compact. It also includes initial steps towards alignment with the new CSRD reporting requirements.

For questions about the report contact: sustainability@adapteo.com

01.

INTRODUCTION

IN TIMES OF GREAT UNCERTAINTY, FUTURE ADAPTIVITY CAN CHANGE EVERYTHING

We are Adapters.
We create spaces fit for life.

Society functions like a beating heart, continuously pumping energy into the flow of people, vehicles, and resources. It is in a constant state of flux, forever evolving. So, how can we expect it to ever achieve a state of perfect equilibrium or composition, given its inherently dynamic nature?

As society continuously evolves, so does needs, ideas, and ideals, leading to ever-changing demands for spaces and buildings. What was deemed perfect yesterday might be insufficient or even obsolete today. In planning for tomorrow, our only certainty lies in the unpredictability of what lies ahead.

As the leading provider of social infrastructure spaces – spaces where people can live, work, play, heal, and thrive – everything we do must be fit for life. Our approach to deliver on this massive task is to place future adaptivity at the core of everything we do.

Adapteo’s circular business model and intelligent, adaptable building concept are designed to create spaces precisely when and how they are needed. Our ‘fit-for-life’ concept not only focuses on creating beautiful, purposeful spaces for people to thrive in but is also a commitment to circular resource use, the decarbonisation of our operations and products, and maintaining a more sustainable supply chain.

FIT FOR LIFE MEANS WE ARE

- Generating positive impact within societal and social ecosystems.
- Delivering products and services that provide exceptional value.
- Establishing exemplary sustainability benchmarks.

All while fully incorporating these principles into our business.

Flexible and future-adaptive solutions and services, designed with long-lasting materials for enduring multiple lifecycles and extended afterlife – that is our formula for building resilient societies where both people and planet can thrive without compromising quality.

By evolving the concept of flexibility into an adaptive mindset across all our operations, we ensure robustness and readiness for growth during changing times, needs, and conditions, while maintaining our commitment to quality. Our buildings may be square, but our thinking is not. Our modular buildings, pivotal in life’s many stages, provide spaces where stories unfold, young minds are nurtured, friendships blossom, and the future is secured.

By realizing spaces that cater to the needs of individuals, organisations, communities, and the planet, we enable a thriving tomorrow.

CEO LETTER

A YEAR OF STRATEGIC ACCELERATION

2023 marked a significant chapter for Adapteo. Despite facing economic downturns and geopolitical uncertainties, alongside the emergence of a new industrial landscape in Northern Europe, we not only persevered but thrived. It's evident to me that our offerings are not only integral to shaping the future of Europe but also poised to facilitate the rapid expansion of green and socially responsible infrastructure.

To accelerate this transformative journey, it's imperative for us to understand the role we play within our complex world and how we can scale our impact. We are steadfast in our commitment to lead our industry forward in circular social infrastructure solutions while staying within the boundaries of our planet. This isn't merely about achieving leadership status; rather, it's about being a vital component in propelling society towards circularity, low-impact space solutions, and equitable access to essential services such as healthcare, education, and accommodation.

For over 30 years, Adapteo has developed a system aimed at maximising the use and reuse

of building solutions. Recognizing the evolving needs of society, the built environment must be as versatile- repurposed and resized. Upon project completion, our buildings are seamlessly disassembled and refurbished, primed for their next purpose. Our dedication to circularity and sustainability is not just a business strategy but an integral part of our long-term vision.

What was once merely a cost-efficient and adaptable space solution has now become a catalyst for transformation. For me, it has become abundantly clear that our potential stretches far beyond individual projects. Whether it's a school, office, elderly care facility, or temporary accommodation, we have the capacity to enhance their value and foster sustainable practices.

Leading by example, we empower our customers and end-users to embrace change simply by adopting a curious and open mindset. Each step we take towards sustainability and circularity paves the way for others to join us in this transformative journey. >>



JOHANNA PERSSON
President and CEO
Adapteo Group

CEO LETTER

I FEEL EXTRA PROUD when I talk about one particular case of added sustainability value. In spring 2023, we introduced an exciting opportunity for our customers to integrate solar panels as a service onto their Adapteo spaces. This initiative not only helps to reduce the climate impact of our buildings in operation but also contributes additional renewable energy to the grid. It’s a win-win scenario, emblematic of our vision of responsible business practices. We believe in harnessing positive impacts while driving business growth – a strategy we view as essential for the future

We also underwent a significant transition in the year, shifting from a standalone sustainability strategy to a more comprehensive approach to sustainable business. This change was prompted not only by compliance with the Corporate Sustainability Reporting Directive (CSRD) but also by the upcoming requirement for conducting a double materiality assessment. Rather than merely meeting these standards, we chose to innovate, introducing a new approach that incorporates enterprise value as a third dimension to our assessment. This triple materiality approach underscores our dedication to embedding sustainable development into our business model.

I invite you to explore our Triple Materiality approach further on [page 25](#) of this report.

Reflecting on our performance in 2023, despite facing recession and market volatility, Adapteo

achieved a 23 percent growth in rental sales at group level in 2023. Our core strategy has always revolved around fostering adaptable societies. We collaborate closely with municipalities, industry sectors, and private companies to proactively address challenges rather than simply reacting to them. Our 2022 Swedish municipality study highlights the anticipation of new space demands over the next decade, emphasizing the importance of incorporating flexible buildings into urban planning.

I firmly believe that our future-adaptive approach, centred on modular and flexible building solutions, is pivotal in efficiently delivering essential social functions amidst evolving societal needs. And as the icing on the cake, this approach aligns seamlessly with Europe’s ambitious climate goals, including reducing emissions by 55 percent by 2030 and achieving net-zero emissions by 2050.

To ensure we meet our own climate targets effectively, we are developing a comprehensive science-based decarbonisation plan. In December 2023, we submitted our Commitment Letter to the Science Based Target initiative, pledging to achieve net-zero emissions by 2040.

TO CONTINUE ACCELERATING the shift towards adaptable societies and organisations, we must attract the best talent available. Despite undergoing significant organisational changes and experiencing rapid growth in the past year, Adapteo has seen

“To every school, office, elderly care facility, or temporary accommodation we can add still more value and enable sustainable behaviours. When we lead by example, we empower all our customers and end-users to be a part of the transformation – simply by having a curious and open mindset to change.”

an increase in team engagement and commitment. Our dedicated employees are the bedrock of our success, and it’s their unwavering efforts that drive our continued progress.

In 2023, we unveiled our new [not-so-square] people promise, which embodies the authentic ethos of being an “Adapter.” An Adapter is someone who embraces change, possessing the innovation and flexibility needed to adapt to the challenges of the future. They thrive on and adapt to change, shaping our path forward with their willingness to explore beyond conventional boundaries—Or as one Adapter put it: “We dare to think outside [and inside] the box.”

Looking ahead to 2024, I envision a year where Adapteo can significantly advance the transition to circularity. Our circular space solutions represent both an immediate response and a crucial long-term element of sustainable societal development.

A key focus in 2023 was strengthening our internal capabilities. In the spring, I appointed a Chief Sustainability Officer to our Group Management Team, and we established a dedicated team of sustainability and QHSE specialists. We also enhanced our process mapping and expanded our procurement team to develop clear roadmaps for suppliers and markets. With improved traceability and comprehensive supplier data, we’re well-positioned to maintain a transparent supply chain aligned with our sustainability plan.

Our persistent efforts were duly recognized in 2023 with two EcoVadis Gold medals, awarded to Adapteo Sweden and Adapteo Group, marking us as the first company in our industry to achieve this distinction at group level. This achievement serves as a testament to our dedication and will serve as a strong motivator as we continue to strive towards our mission of fostering thriving societies in an ever-changing world. ■

THIS IS ADAPTEO

WE ARE THE LEADING PROVIDER OF MODULAR BUILDINGS

Our portfolio includes premium, modular spaces tailored to the evolving needs of schools, daycares, offices, housing, and beyond.

Through our circular business model, we collaborate closely with our customers, gaining a deep understanding of their needs, and guiding them towards optimal solutions.

By offering adaptable buildings that prioritise people while minimising environmental impact, we empower societies to enhance their resilience and sustainability.

TOTAL FLEET: 1.5 MILLION m²

2022: 1.4 million m²

NET SALES: 351.1 MEUR

RENTAL SALES: +23%

Compared to 2022

GROUP ACHIEVEMENT: ECOVADIS GOLD

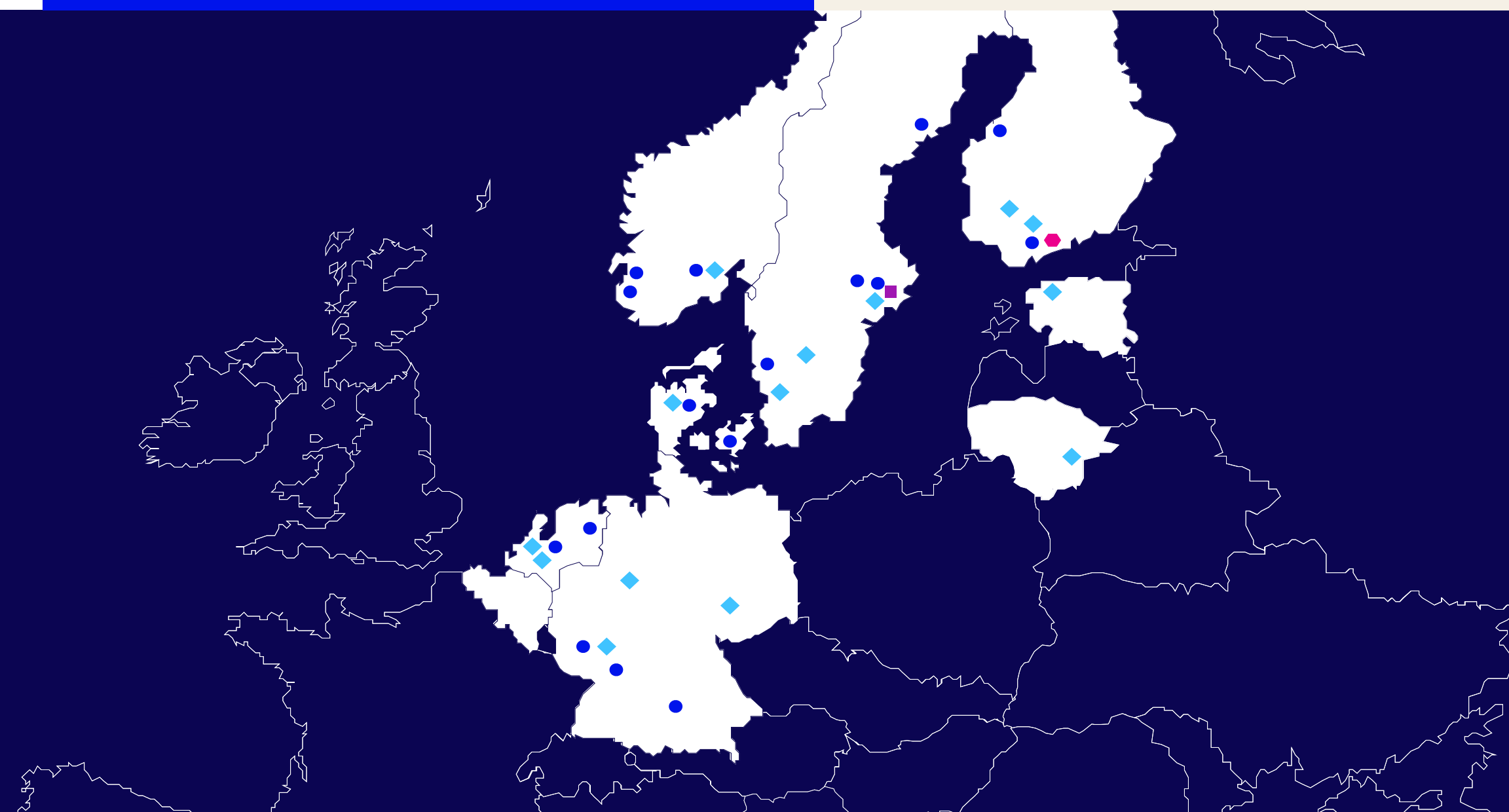


FULL TIME EMPLOYEES: 585

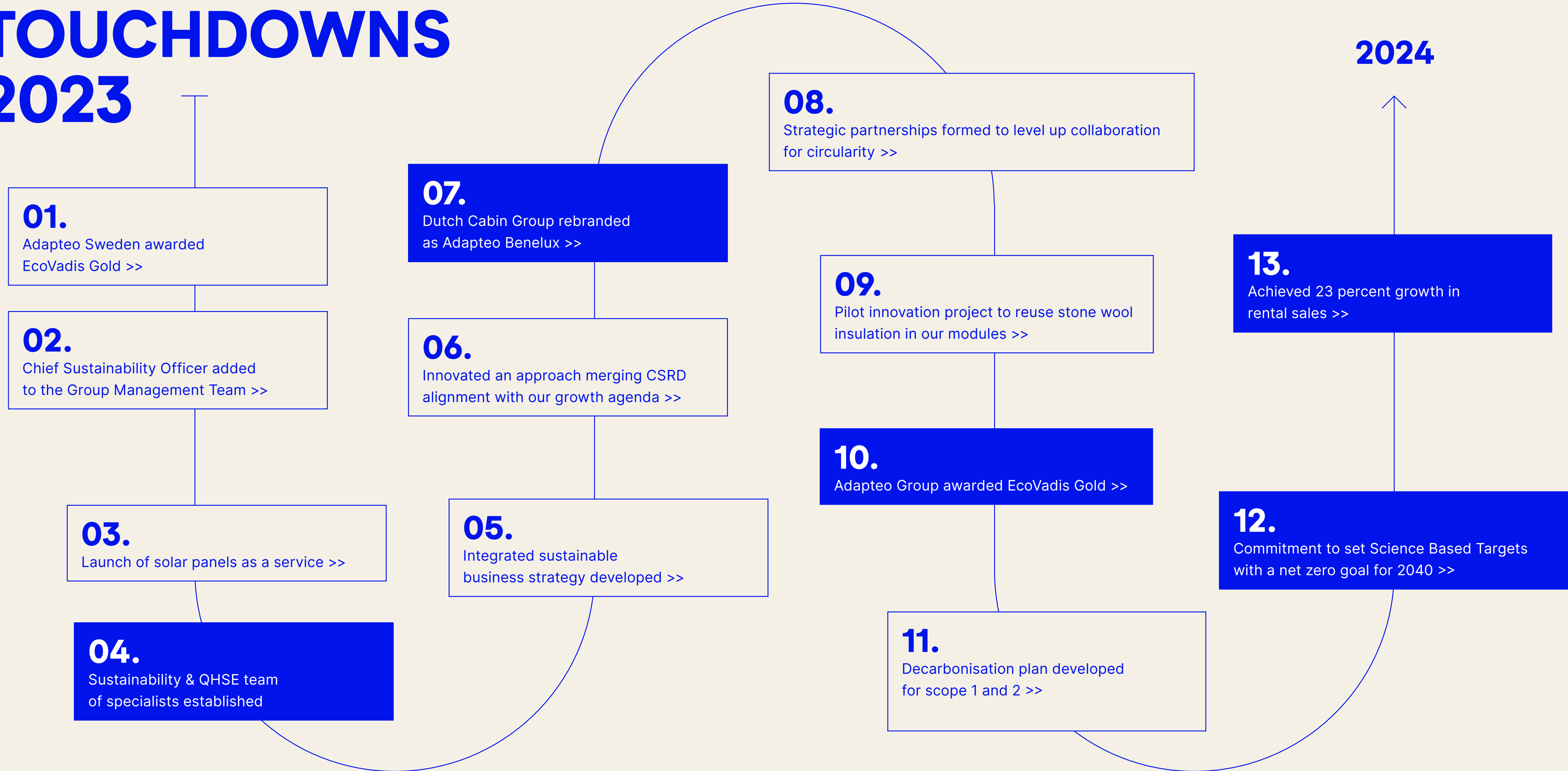
2022: 497

MARKET PRESENCE:

- ◆ Headquarter: Vantaa, Finland
- Operational Headquarter: Solna, Sweden
- Office
- ◆ Refurbishment hub



TOUCHDOWNS 2023



OUR CONTEXT

CIRCULAR SOLUTIONS ARE KEY TO SOLVING CLIMATE, RESOURCE, AND SPACE CRISES



The uncertainties of 2023, stemming from political, economic, and social instability, underscore the urgent need for sustainable practices to ensure equitable access to high-quality welfare. The need for flexibility and adaptability has never been more pronounced.

2023 will be remembered as a year marked by uncertainty. Our primary markets grappled with the repercussions of inflation, interest rate hikes, and geopolitical instability, resulting in heightened concerns about the cost of living, job security, and tightening budgets. Certain sectors, such as construction, have experienced declines in activity or even come to a standstill.

This interruption in societal progress poses not only a risk to businesses but also threatens equitable access to essential social infrastructure as our society continues to expand.

At the same time, the impacts of climate change are increasingly evident, even in the far north. Over the past year, municipalities across our markets have struggled with extreme weather events such as floods, storms, and wildfires. Climate adaptation and long-term resilience have emerged as top priorities for European societies, governments, and businesses alike.

CORE NEED NOW: CIRCULARITY AND DECARBONISATION

The consequences of global warming also affect all businesses with resource dependencies and externalised, global supply chains. Even if Adapteo has remained unaffected by major disruptions so far, we must be ready for a change of situation. Risk management throughout the value chain is

essential to ensure future business stability. But most importantly, the core need is for circularity and decarbonisation.

With the European Union’s new reporting directive CSRD – pushing businesses to transition faster into a carbon-neutral paradigm – there is not only an absolute necessity, but an opportunity to scale long-term and future adaptive solutions.

In the construction and real estate industry, this transformation is expected to be slow. This is due not only to the economy’s impact on the industry, but also to the lack of innovative alternatives to high-emission materials like concrete and steel. Additionally, there is an almost complete reliance on virgin materials.

EQUAL ACCESS TO WELFARE AT RISK

As our markets undergo transformation, demographics shift, and new industries emerge, Europe’s construction and real estate sector faces rapid evolution. The unpredictable nature of lifestyle trends and migration patterns presents challenges for municipalities and local service providers. Meeting the demands for suitable living arrangements, education, and healthcare has become increasingly complex.

To address these societal challenges effectively, a shift towards flexible and circular solutions is absolutely essential. Municipalities, organisations, and businesses must embrace adaptability to ensure equitable access to high-quality welfare and address the ever-evolving requirements for social infrastructure.

Only then will they become resilient to fluctuations in the market and future changes. ■

OUR CONTEXT

THE NEED FOR FUTURE ADAPTIVITY

Amidst rising urbanization and population growth, the construction and real estate sector is presented with opportunities to innovate and embrace sustainability to meet the growing demand for space.

Europe’s cities need to remain productive and purposeful, while also becoming more climate and resource resilient. According to the Energy Performance of Buildings Directive, the EU mandates that by 2030, all new construction must achieve net-zero emissions. Member States are tasked with ensuring that new buildings are solar-ready, capable of accommodating rooftop photovoltaic or solar thermal installations. This directive also emphasizes the need for substantial upgrades to existing buildings, aimed at enhancing energy efficiency and achieving a net-zero carbon footprint.

The limitations of relying on permanent buildings to adapt to changing demands are becoming increasingly apparent. This situation is testing society’s level of flexibility and adaptivity.

URBAN RESILIENCE THROUGH MODULARITY

Urban resilience should proactively anticipate and address challenges, not just react and manage them.

A future adaptive approach, putting modular and flexible building solutions at the heart, is becoming a crucial pillar to ensure that vital social functions can continue to operate effectively. As society continues to evolve and demographics shift, predicting the need for social infrastructure has become increasingly challenging.

Municipalities and other providers of social services face mounting pressure to provide solid and equal societal welfare and simultaneously plan for the ever-changing needs of new schools, daycare centres, and care facilities. And the need is only escalating according to our market research.

Ensuring the resilience of social infrastructure is vital for economic growth and improving living standards. While a significant portion of the built environment already exists and can be repurposed, our role remains crucial in facilitating dynamic societal expansion and reshaping urban landscapes to align with social and climate objectives, primarily through the integration of modularity. >>



FLEXIBLE STRUCTURES VITAL FOR EU'S 2030 CLIMATE GOALS

Adapteo's Swedish municipality study¹ from 2022 clearly shows that a majority of municipalities anticipate new space requirements within the next decade. However, due to old habits, a lack of awareness, or unsustainable procurement practices, are expected to keep traditional and permanent construction as the predominant approach.

There is no question that allocating a 10–20 percent share to flexible buildings in any city or community, will not only mitigate the sustainability impacts, but also significantly improve their adaptability to future space changes spatial needs.

Through this future adaptive approach – creating efficient and balanced space use – Europe's cities can revive their vibrancy, connectivity, and diversity. ■



“There is a backlog of renovations of school buildings built in the 70s around Europe, that has now reached a breaking point. Major renovations, and in some cases even demolition, are inevitable. A very good solution in these cases are modular buildings that can form a temporary bridging solution, with lower footprint and possible to quickly establish. We also even see a growing interest in using modular building technology for more long-term projects.”

JOHANNA PERSSON
President and CEO, Adapteo Group



1. <https://adapteo.se/hallbart-byggande/> (only available in Swedish)

02.

OUR STRATEGY FOR SUSTAINABLE BUSINESS

OUR STRATEGY

OUR BLUEPRINT FOR IMPACT

WITH THE BIG GAP between societal needs and sustainable building solutions, we are committed to becoming the market leader in circular social infrastructure solutions while staying within the planetary boundaries.

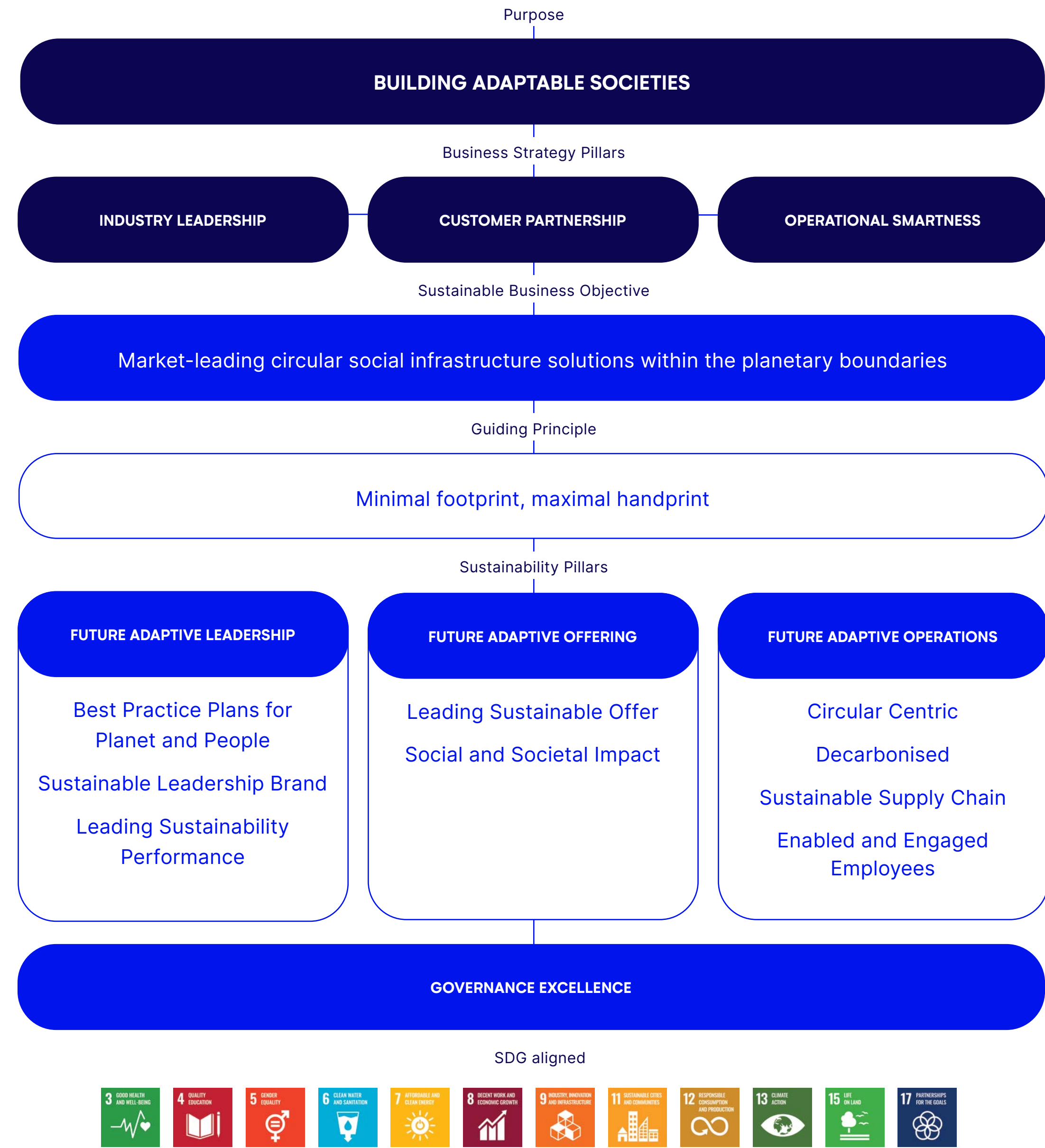
This year, we shifted our organisational mindset from a sustainability strategy to a strategy for sustainable business.

As a business, we are dedicated to aiding society in becoming future adaptive. Combining the sustainability and the business perspective are key to our business goals and the pace of transition.

Grounded in the three strategic pillars of our corporate strategy, we have merged our sustainability focus into a truly integrated strategy for sustainable business. By doing this, we have secured both business well-being and sustainable growth within the same strategy.

Our theory of change puts future adaptivity at the core. We believe that resilience for us, our customers, and the world as a whole, will come from always having an agile and flexible approach to change.

With flexibility already at the heart of our product, we have broadened this mindset to encompass everything we do and structured it around three pillars addressing diverse areas ■



OUR STRATEGY

THREE IMPACT PILLARS

Our corporate strategy outlines our ambitions for growth and leading value proposition across three pillars: industry leadership, customer partnership, and operational smartness.

Sustainability adds layers of longevity and ripple effects to a business strategy, shining a light on risks, opportunities and consequences beyond financial data alone. By adding a future adaptivity perspective on all three pillars, and cross-referencing with the global goals for sustainable development, we have embedded sustainability deeply into our strategy.

By clearly defining how our operations, products, services, and governance ensure both immediate business success and long-term resilience, we can move forward at full speed.

HOW WE AIM TO LEAD

01. FUTURE ADAPTIVE LEADERSHIP

We want to lead our industry while maximising our contributions to sustainability. This is achieved by creating and acting on plans focused on climate, people and nature, aligned with best practices and science-backed trajectories.

We also want to use our voice and brand platform to drive circular transformation and value creation for people and planet in social infrastructure and the building sector. As a frontrunner and voice for our industry, and valuable partner in the building sector, we want to forge partnerships and create a movement for transformation at scale.

OBJECTIVES & TARGETS

- Committed to set science based targets for climate 2023
- Full decarbonisation plan in place 2024
- Social Impact strategy in place 2025
- Ecosystem strategy in place 2025
- Advocating for circular transformation of the built environment
- Implementing an integrated approach for enterprise – and sustainability value
- Aiming for top ESG ratings
- Striving to be customers' top choice partner for sustainable solutions

HOW WE PROVIDE VALUE

02. FUTURE ADAPTIVE OFFERING

We believe that by partnering with our customers and assisting businesses, organisations, and municipalities we can create a larger impact for people, planet – and business.

Moving towards offering the most sustainable portfolio of products and services on the market, we can minimise lifecycle carbon footprint and maximise circularity with resource-efficient solutions.

We believe that our modular buildings hold the power to contribute to the transition wherever we are present, helping people, communities, and ecosystems thrive.

OBJECTIVES & TARGETS

- Contribute to the sustainable transformation of regions, cities and communities
- Maximise circularity and minimise the footprint of our offering
- Offer the most sustainable portfolio of products and services on the market
- Provide ecosystem-positive services
- Enable sustainable behaviours and lifestyles

HOW WE OPERATE

03. FUTURE ADAPTIVE OPERATIONS

For us, operational smartness means equipping our co-workers with the skills required to meet both our customers' needs and the demands of the transition. And just as important is the creation of an engaging company culture that invites people to grow and evolve.

We have a bold ambition of becoming fully circular. This encompasses adopting circular solutions, products, and materials, and a steadfast commitment to reducing our climate impact following the Paris Agreement. Furthermore, we are dedicated to developing a more transparent supply chain and responsible sourcing practices. These efforts ensure our operations are clever, resilient, and adaptive to future challenges.

OBJECTIVES & TARGETS

- Striving to become fully circular
- Using 100% circular materials 2030
- Zero waste to landfill or incineration 2030
- Optimising utilisation rate of our modules
- Fossil-free operations, vehicles and transports 2030
- Net-zero climate impact 2040
- ESG assessment of all key suppliers
- Zero Lost Time Injuries
- Gender-balanced management teams 2028
- Employee engagement consistently above global benchmark

OUR CIRCULAR BUSINESS MODEL

Our modules are produced in series, optimising economies of scale such as material use and energy efficiency. This benefits both environment and the economy.

In the Nordics, our modules are fundamentally wood-based. Wood is a renewable material and a carbon sink¹, as opposed to non-renewable, high-emissions materials such as concrete.

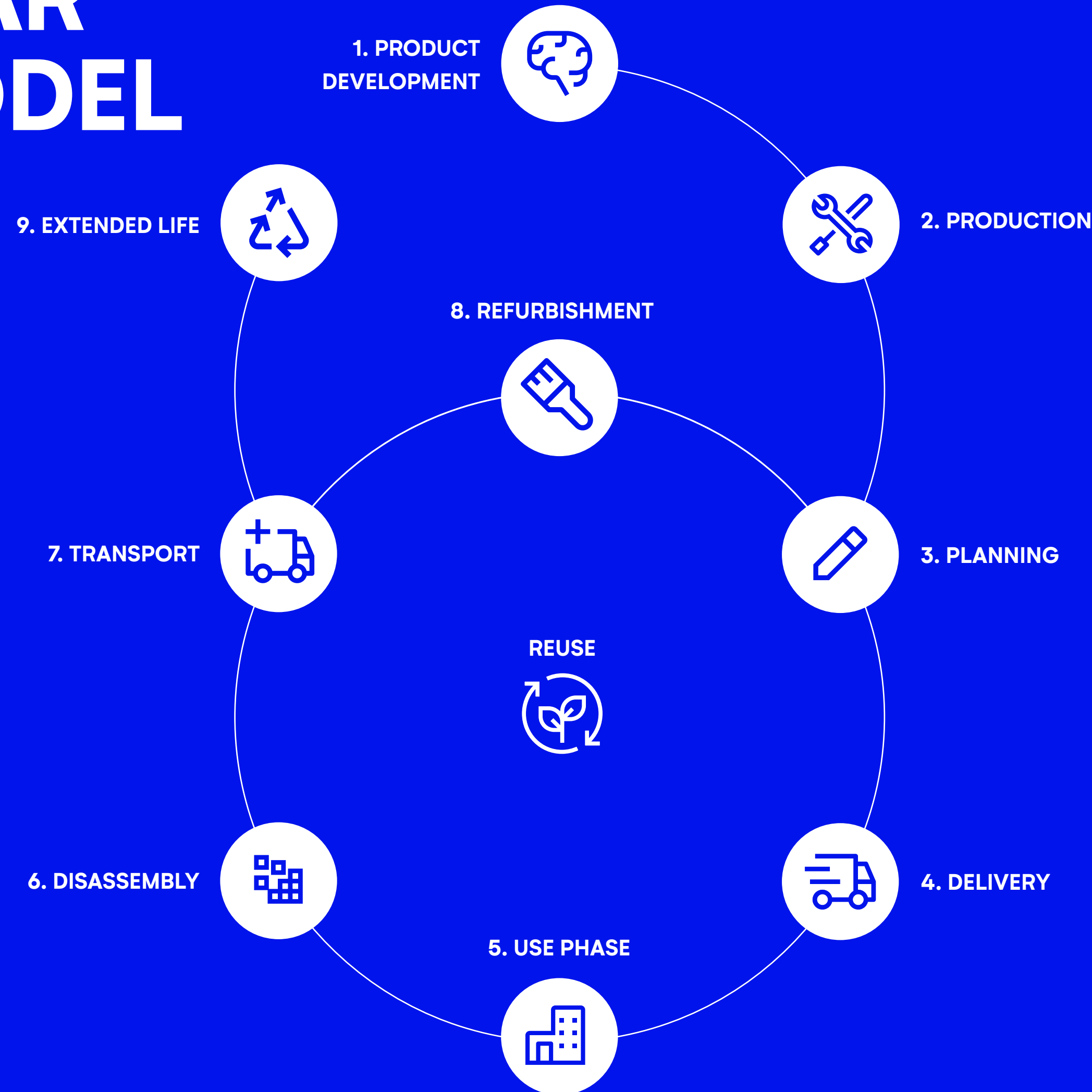
Steel is a durable, fully recyclable material. For our steel-based modules, improvement areas include sourcing recycled or green steel, and optimising overall use.

When Adapteo buildings are moved, we use local service hubs to refurbish them, and well-planned transport routes to reduce climate impact.

We aim to constantly improve our reuse and recycling rate and work to minimise waste by using standardised materials and formats.

Our buildings can be placed on any flat surface without the need for excavation or casting concrete foundations. This is resource efficient and reduces climate impact.

We offer energy-efficient heating systems, waterborne heating, smart ventilation, and solar panels, to all our markets.



1. PRODUCT DEVELOPMENT

We design for circularity, energy and resource efficiency, prioritising renewable, lightweight and low-carbon materials, and solutions that promote sustainable development.

2. PRODUCTION

Our standardised, efficient indoor production of modules ensures high quality, optimal resource utilisation, and minimal waste.

3. PLANNING

We collaborate with our customers to analyse needs and design tailored solutions, ensuring optimal fit and sustainability.

4. DELIVERY

Our delivery process prioritises low-impact transportation and foundation works, coupled with efficient assembly practices.

5. USE PHASE

Our solutions promote energy-efficient and convenient use. We ensure longevity and quality through well-suited solutions and dedicated service.

6. DISASSEMBLY

We carefully dismantle the modules, ensuring they are preserved for refurbishment and further use.

7. TRANSPORT

Post-disassembly, we ensure efficient transportation of modules and materials, minimising carbon footprint while moving towards the next usage phase.

8. REFURBISHMENT

Modules are meticulously refurbished, with a focus on upgrading and revitalising materials and interiors for renewed use.

9. EXTENDED LIFE

Beyond the rental lifecycle, our modules are sold, donated for further use, or responsibly disassembled and recycled.

REUSE

We maximise the lifespan of materials and interiors by refurbishing, upgrading, and reusing our modules in various applications.

¹ [Potsdam Institute for Climate Impact Research](#)

PRODUCTS AND SEGMENTS

MAKING SPACE TO SERVE COMMUNITY NEEDS



There is a growing need for more schools and daycares in Europe. As societies grow and evolve, the need for social infrastructure grows equally. This can be met with a business-as-usual mindset; that is, constructing new permanent buildings, or combining it with a smarter agile space approach.

The unpredictability in lifestyle and moving patterns creates challenges for municipalities and local service providers. Needless to say, the changing needs are not only societal but also planetary.

The construction sector needs to integrate a more circular-centric mindset into its engineering, planning, and policy work. The need to realise the potential of reusing instead of building new, and the advantage of renting over owning, is becoming increasingly important.

Improving societal flexibility is both more sustainable and cost-efficient, as reflected in our enduring contracts and the loyalty of our returning clients. Our adaptable buildings can be used to serve short-term and long-term needs and are offered to several segments with focus on the public sectors – but also the private.

They are safe and welcoming with a fast setup and meet all the quality standards of a traditional building. When the building is no longer needed, we will dismantle, refurbish and reuse it again. ■

PRODUCTS AND SEGMENTS

MAKING ROOM FOR...

... SOCIETY TO THRIVE

Our mission revolves around supporting thriving communities through social infrastructure and value. Creating space for vital community functions and welfare stands as our most significant contribution to shaping a better future. While permanent space solutions may take years or decades of planning, development, and construction processes, the demand for high-quality interim spaces remains an absolute necessity.

Our offering includes schools, daycares, elderly care centres, and multipurpose spaces designed for living, working, and creating lasting memories. But we also prioritise fundamental aspects such as ensuring good indoor climate and optimising space for efficiency and comfort.

Our services cater to the evolving needs of societal development and expansion. This includes providing on-site accommodation for construction

workers on large infrastructure projects, as well as supplying temporary facilities during the construction, reconstruction, or renovation of permanent buildings. ■

We provide schools, daycares, elderly care, offices, and accommodation for growing, living, working, and creating memories.



DAYCARE

SCHOOL

OFFICE



HEALTH CARE

ELDERY CARE



ACCOMMODATION

PRODUCTS AND SEGMENTS



WOOD

C15

A16

C90



STEEL

F50

DS



STEEL + WOOD

HYBRID

We offer a variety of module types, suited to different uses and markets. Our core fleet in new production is made up of a handful of module series, representing some of our bestselling wood- and steel based modules, as well as a hybrid series. The Hybrid is a stepping-stone solution to modules with a higher share of renewable materials, aimed at our steel-dominated markets.

A FLEET THAT SERVES TOMORROW'S NEEDS

Our adaptable fleet is upgraded continuously. Every time a new project is built, whether from new, first lifecycle modules, or refurbished, reused modules, it fulfills the same quality standards as a new building.

The design, choice of materials, and construction for flexibility and mobility add to a high-quality space solution. For our end-users, the result is premium spaces, that often provide better indoor climate or work environment than older permanent buildings – but more importantly – faster, more tailored to their specific needs and also at a competitive price.

With a clear end goal of providing a fully circular solution to the market – from design to usage to afterlife – we are taking the necessary steps to get there.

This implies upgrading design briefs, setting new procurement directions for our suppliers, and collaborating within our supply chain to access and

reuse recyclable materials. It is hard work, but the benefits for society in the short and long run will be worth it.

As a starting point, we will conduct upgraded life cycle assessments (LCA) of module series in our core fleet in new production during 2024. This will provide us with the necessary insights to take big leaps forward for a more sustainable and circular fleet.

In addition, we've been actively and continuously qualifying and improving our supply chain knowledge for higher traceability. This step is critical for setting new design directions, fostering innovation and R&D, and uncovering new business opportunities. With a more purposeful and circular approach, we're well-positioned to redefine future building standards, including our rental offerings. ■

PRODUCTS AND SEGMENTS

WHEN QUALITY EQUALS SUSTAINABILITY



C90

Our C90 modular building solution is an example of excellent functionality meeting outstanding quality.

C90 is characterised by a modern design where function, indoor environment and energy efficiency has shaped a highly versatile solution, suitable for a broad array of customer and end user needs. C90's energy efficiency stems from its multilayer insulation and heat exchangers. The choice of materials and our lean industrial production minimises material spillage. This is the essence of Adapteo's circular business model where we create value for societies by solving customer needs with adaptable solutions.

- Made from 42 percent wood
- Approximately 10,000 units in use, covering 300,000 m²
- Suitable for multiple segments and multi-storey solutions
- Sleek exterior fitting in both urban environments and green park settings

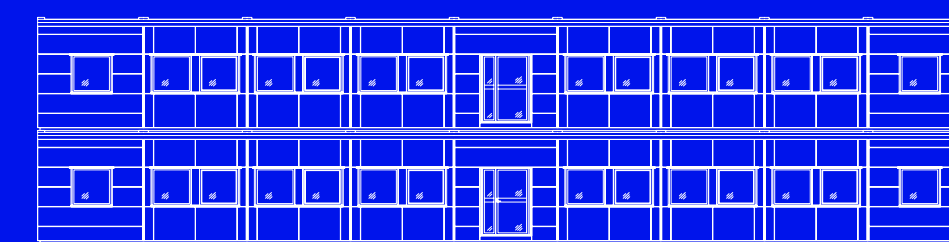
“Our guiding principle during design and development is to create flexible building solutions that not only match but exceed the quality of traditional site-built houses.”

ALEKSI HILLMAN
Head of Product Development, Adapteo Group



FACTS: C90

- Possible uses:** School, daycare, office, accommodation
- Length:** 9.6–11.3m
- Width:** 2.96–3.95m
- Height, exterior:** 3.47m
- Height, interior:** 2.70m
- Area:** 28–44m²
- Construction:** Wooden framework and components
- Construction capacity:** 3 storeys



PRODUCTS AND SEGMENTS

ENERGY-EFFICIENT SCHOOL WITH HEALTHY INDOOR CLIMATE



“Now 12 individual heat pumps operate in the rooms, each with a capacity of 1.7 kW. This brings enormous savings and a carbon dioxide reduction. Gas is no longer needed.”

MARIA HERNANDEZ
Project Manager, Adapteo Germany



HYBRID

The Hybrid is one of Adapteo’s latest models and represents a unique combination of wood and steel, challenging the markets where steel is the predominant material.

With Adapteo Germany, the city of Sarstedt built a high-quality energy-efficient interim school. In just three months, a two-storey modular facility for approximately 125 children was in place. The implementation of our energy-saving concept resulted in a significant reduction in climate impact and electricity costs for the city. We transitioned from gas, the initially planned energy source, to heat pumps, contributing to energy conservation. Additional measures such as installing triple-glazed windows, enhancing

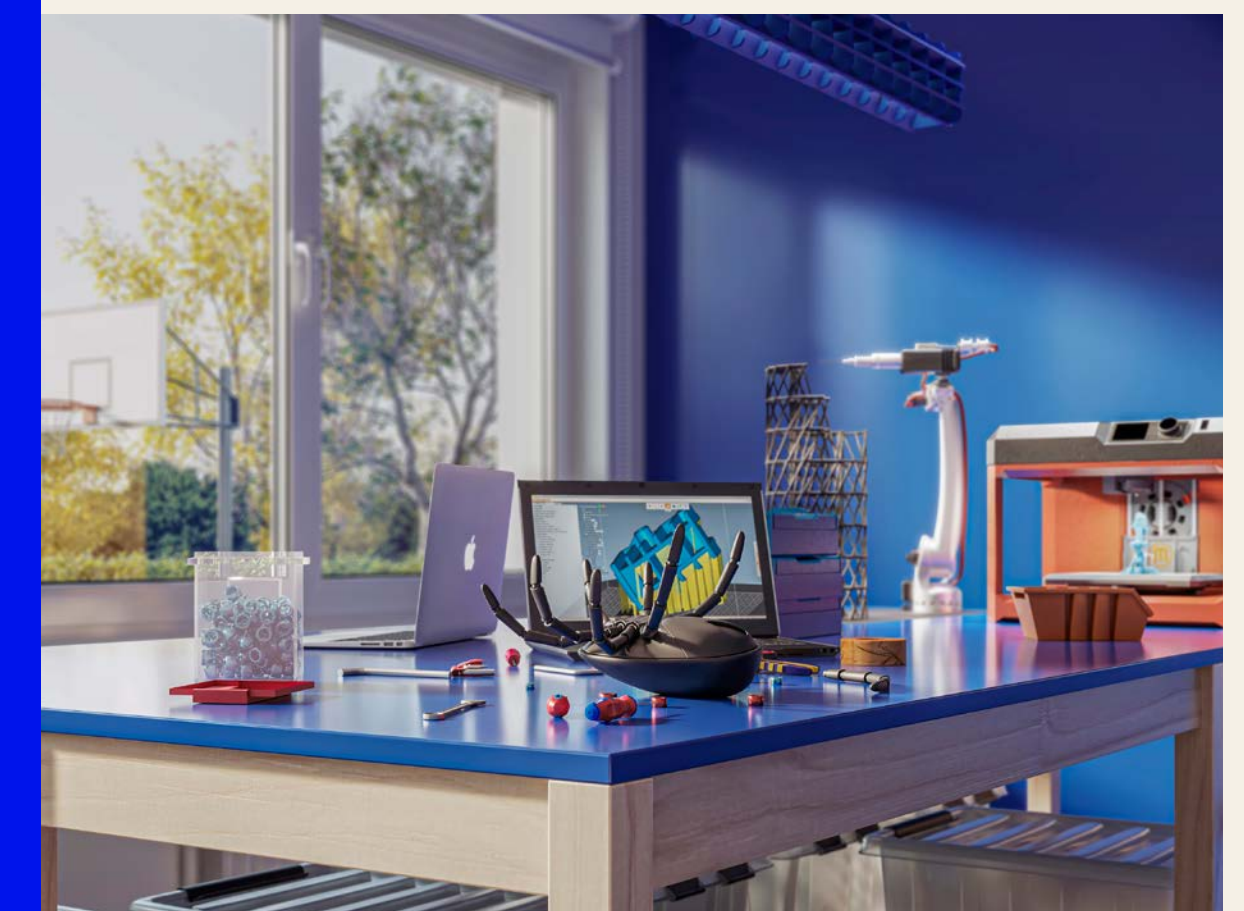
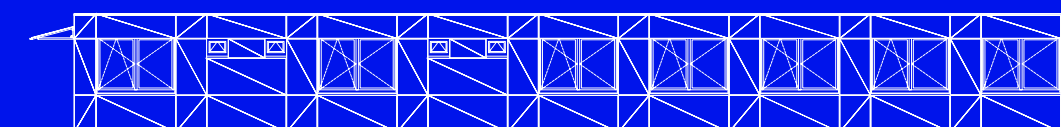
insulation, and implementing smart lighting systems synchronised with the natural day cycle further bolstered our efforts. To ensure a good indoor climate, emission-low materials like mineral wool for wall insulation, and rubber floors were used. The interim school will be dismantled by Adapteo and used elsewhere once a permanent school building is in place.

- Combines the advantages of steel with the sustainable qualities of wood
- Suitable for schools, daycare centres, universities, office buildings, and canteens
- Meets the requirements of the German Building Energy Act (GEG) for energy efficiency

[Read the full story here](#)

FACTS: HYBRID

- Possible uses:** School, daycare, office, accommodation
- Length:** 6.06m to 8.44m
- Width:** 2.99m
- Height, exterior:** 3.25m
- Height, interior:** 2.75m
- Area:** 18m²<
- Construction:** Three-dimensional, welded steel frame (invisible) with wooden components.
- Construction capacity:** 3 storeys



PRODUCTS AND SEGMENTS

“The ongoing trend is clear: there’s a strong and steady demand in the educational sector, particularly in schools and daycare centres. The healthcare sector is also experiencing a sustained need, reflecting the ongoing shifts in demographics and societal priorities.

We see a growing interest in alternative accommodation solutions. This is partly due to some sectors relocating back to Europe in response to geographical risks. Additionally, the long-term shift in demographics is driving the demand for dedicated elderly care facilities. These trends underscore the importance of adapting our infrastructure to support the green transition, catering to these evolving societal needs.”

ALEKSI HILLMAN

Head of Product Development, Adapteo Group



2023 VALUE DASH- BOARD

TOTAL FLEET:

1,506,000m²

GREENHOUSE GAS EMISSION INTENSITY:

76 kg CO₂e/m²

1,250 SOLAR PANELS INSTALLED

PROJECT SIZES, FROM SMALLEST TO BIGGEST:

7m² – 30,000m²

AVERAGE PROJECT SIZE: 500m²

SEGMENT SHARES, BASED ON DEPLOYED SQUARE METRES:

EDUCATION:

53%

INDUSTRY:

19%

INFRASTRUCTURE:

11%

OTHER PUBLIC SERVICES:

9%

HEALTHCARE:

8%

11.7%

LESS WASTE PER SQM VS 2022

86.9% OPERATIONAL
TIME UTILISATION RATE

NET RENT SECTOR SPILT:

71%

PUBLIC SECTOR

29%

PRIVATE SECTOR

ONGOING PROJECTS:

SCHOOLS

657

WORKER VILLAGES

50

DAYCARES

423

OFFICES

478

ENABLED EDUCATIONAL HOURS IN ONE YEAR:

6.7M

83 EMPLOYEE ENGAGEMENT SCORE

GLOBAL BENCHMARK: 81

TOTAL SOCIAL
INFRASTRUCTURE
EXPOSURE:

81%

93% eNPS RESPONSE RATE

03.

FUTURE ADAPTIVE LEADERSHIP

OBJECTIVES AND TARGETS

- Committed to develop science-based targets for climate 2023
- Social Impact strategy in place 2025
- Ecosystem strategy in place 2025
- Advocating for circular transformation of the built environment
- Implementing an integrated approach for enterprise – and sustainability value
- Achieving top ESG ratings
- Striving to be customers' top choice partner for sustainable solutions

Adapteo is a mission-driven business with a bold ambition to enable society to thrive. It is a mission beyond just making profits or enabling growth. It is about taking the lead in our industry's development and making sure high-quality rental models also equal true sustainability and circular excellence.

We believe leadership is about going beyond compliance. The business paradigm we want to be a part of, paves the way for better, more resilient, and future-fit results. Making it our business to enable people, organisations, and society as a whole, to continue flowing in times of constant change.

We do it by setting bold roadmaps to deliver results for climate, people, and nature. We do it by advocating for new practises, new ideals, and better, circular solutions to develop our industry and society at the same time. We do it by being generous with our expertise and trying our hardest to be the best partner for circular, sustainable solutions.

STEERING FOR INDUSTRY LEADERSHIP

We are growing rapidly as a company. To build our business resilience and take the lead as a dedicated impact company, we need a robust action plan with clear goals and transparent status tracking. Our progress, successes and learnings can also help others. We believe our own and the industry's joint winnings will ultimately have huge positive impacts on society as a whole.

PLANS FOR PEOPLE AND PLANET

To demonstrate our impact and track progress, we have committed to have our climate goals approved as Science Based Targets. The development of a full decarbonisation plan in scopes 1, 2 and 3 has been initiated during 2023. Our long-term commitment is to reach net zero emissions by 2040.

During 2024, we will start developing strategies for social and ecosystem impact, respectively, inspired by best practice approaches and methods.

SUSTAINABLE LEADERSHIP BRAND

Creating impact throughout our value chain and beyond, includes a need for a strong and clear voice, advocating for circular and sustainable transformation of cities and communities. Being recognised as an engaging and proactive actor in relevant forums will create collaborations and partnerships that can speed up our progress.

In 2023, we joined Nordic Circular Hotspot as a partner and IQ Samhällsbyggnad (The Swedish Centre for Innovation and Quality in the Built Environment). We share our views and our expertise, taking part in the public discourse.

We have taken CSRD from compliance to value creation with our innovative Triple Materiality approach, combining the mandated mapping of ESG impacts with our own business plan. The resulting Sustainable Business Platform gives us an integrated strategy and we have launched 13 prioritised initiatives that will create both enterprise and sustainability value.

LEADING SUSTAINABILITY PERFORMANCE

Through independent ratings, we benchmark ourselves with peers and identify our challenges and development areas. Although measurable factors need to be balanced with benefits that may be elusive in metrics, our growth is integrated with a rising ESG performance, and we have a plan to achieve top ESG ratings.

During 2023, we completed our first EcoVadis and GRESB Infrastructure Assessments for Adapteo

Group. The outcome was a Gold Medal from EcoVadis, placing Adapteo among the top five percent best performing companies in the world with regards to ESG. For GRESB Infrastructure, we garnered a three star rating.

We aim to be the top-choice partner for circular solutions, presenting the most comprehensive sustainable portfolio for our customers. ■

EcoVadis rates companies based on 21 sustainability criteria across four core themes: Environment, Labor and Human Rights, Ethics, and Sustainable Procurement.

A Gold medal places Adapteo in the top 5% of over 125,000 assessed companies globally.



TAKING CSRD FROM COMPLIANCE TO VALUE CREATION – ADAPTEO'S TRIPLE MATERIALITY APPROACH

In 2023, Adapteo embarked on the journey to comply with the new European Corporate Sustainability Reporting Directive. But in order to move beyond compliance alone, we used the new requirements as a springboard to value creation.

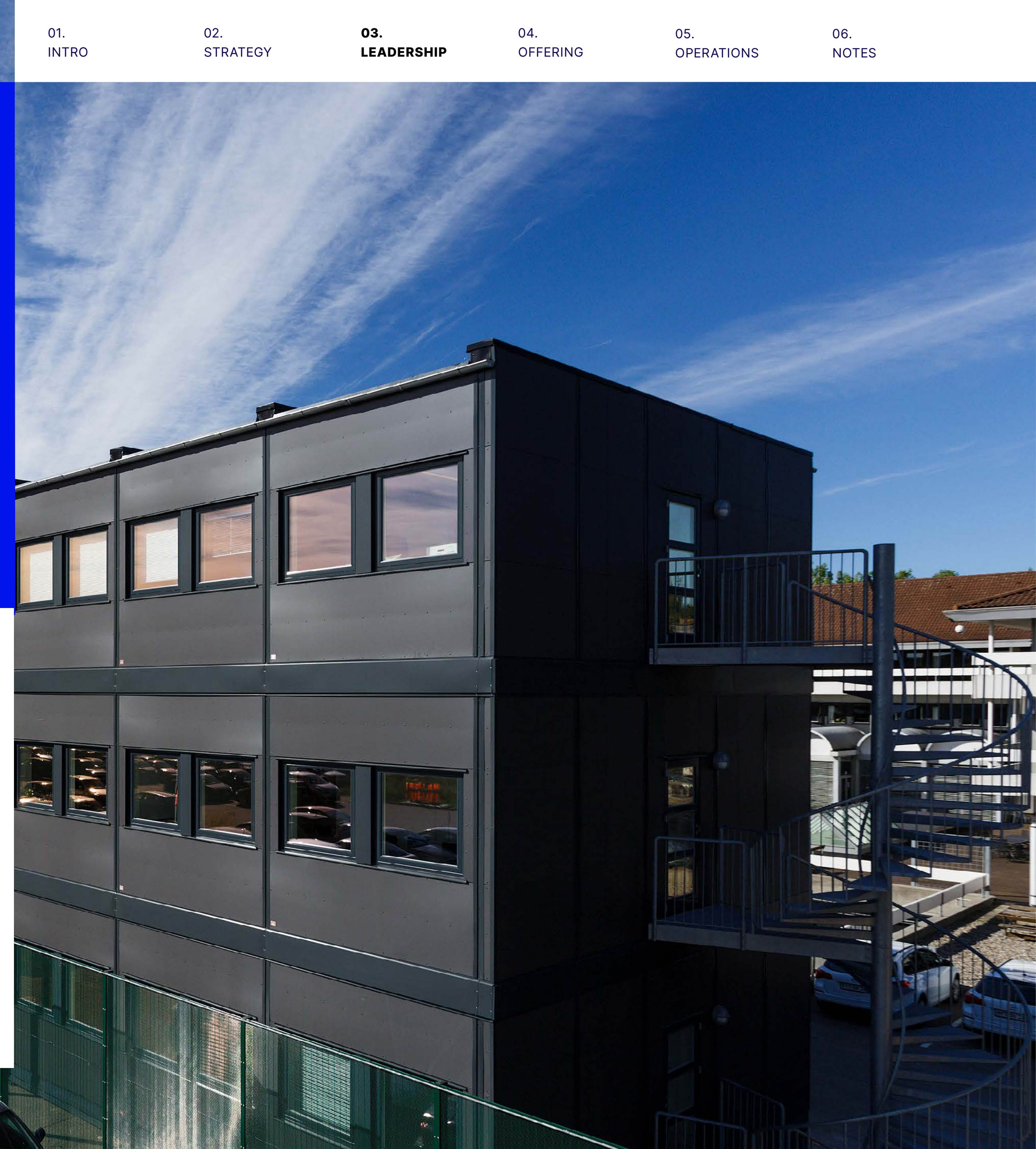
The new, ambitious CSRD directive makes it clear that all aspects of a business must transform. Business models, operations, and working practices must align with and contribute to the sustainable, circular, net-zero transformation.

The Double Materiality Assessment (DMA) is central to the CSRD and forms the basis for future reporting. It instructs companies to map out their

sustainability impact, but also the impact of ESG aspects on the business. The DMA sheds brutal light on all the strengths and weaknesses of a business. It provides a diagnosis – but not the remedies.

We wanted to use the insights of the DMA to make our company stronger, or in other words: to find the remedies. Our answer was a Triple Materiality approach.

We conducted a DMA as per CSRD instructions and then combined the findings with a third layer: Adapteo's ambitious business plan for growth. This allowed us to identify activities with a double impact, both on financial and non-financial results. >>



ADAPTEO'S TRIPLE MATERIALITY APPROACH

FROM DIAGNOSIS TO CURE

Our ambition was to define business cases, addressing both our most material business and sustainability drivers. This is the essence of triple materiality.

With this three-dimensional analysis, the management team invested time and insights in a series of workshops. The outcome was over 50 initiatives and ideas that all carry the potential to contribute to both our company's growth and to the sustainable transformation.

From the long list of ideas generated, we prioritized a shortlist for actioning. These ideas span the entire value chain and involve cross-functional ownership internally. They are also diverse in terms of efforts needed to succeed, time, costs and scalability of impacts – both on the business and the sustainability indicators.

The first 13 value-adding initiatives have been launched and are progressing. Throughout the process, the vision of creating both sustainability and business value at once has resonated with

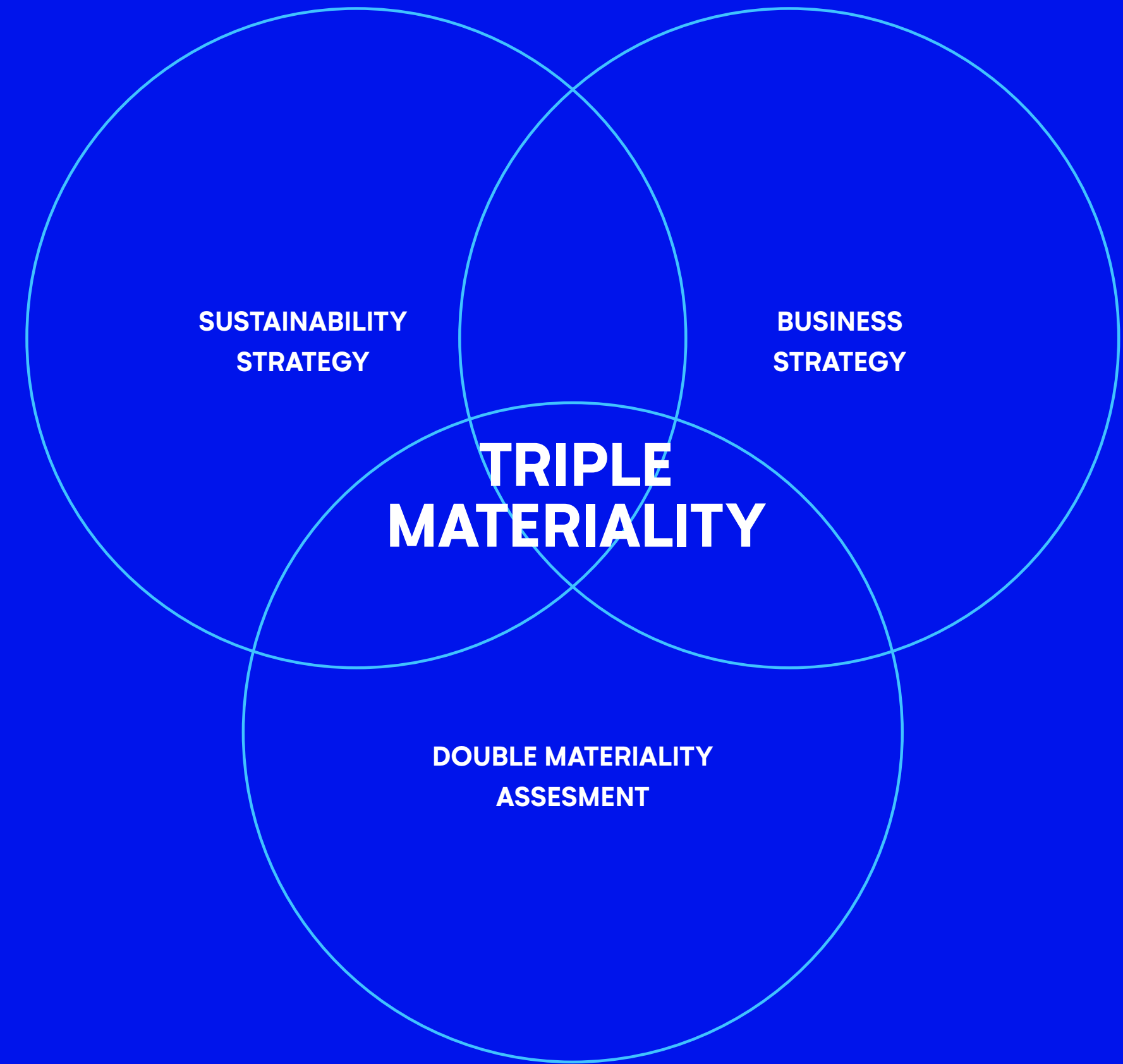
everyone in the organisation, whether motivated by growth and revenue targets or by simply doing the right thing for the future.

THE SUSTAINABLE BUSINESS PLATFORM

In an annual cycle, we will repeat the process, reviewing our DMA and our triple materiality, continuously identifying, prioritising and starting new initiatives. This constitutes what we call our Sustainable Business Platform.

The approach has sparked excitement and commitment, and has helped resolve conflicts of objectives and allowed the initiatives to be seamlessly integrated into existing operations.

These initiatives vary in complexity, ranging from boosting and deepening ongoing activities to more multi-faceted projects. The mix of initiatives offers both immediate and longterm results so our integrated approach can be effective on many levels.



ADAPTEO'S TRIPLE MATERIALITY APPROACH

“Our employees are enthusiastic now that the initiatives are in progress. It matches our agile mindset of wanting to do everything all at once. The initiatives harness this energy effectively; it is a way to capture and channel the enthusiasm but also build consensus and encapsulate it into a structured framework.”

LINA K WILES

Chief Sustainability Officer, Adapteo Group



EXAMPLES OF SUSTAINABLE BUSINESS INITIATIVES

Based on our first triple materiality assessment, we developed initiatives that will deliver both sustainability and enterprise value. These are some examples.

- **Increased lifespan of modules and design for circular materials**
Extending the life span as well as the circularity of our modules, reducing the need for new production while boosting profitability.
- **Advocating for change**
Engage with policymakers and stakeholders to lead the conversation on circularity as a key to sustainable infrastructural and urban development. >>
- **Phase out upstream fossil energy**
Making phase-out plans for all fossil energy in our own facilities, as well as across our value chain. >>
- **Sustainability sales education**
Empower our sales force with a deep understanding of sustainability and the added value to customers. >>

INITIATIVE	MATERIALITY IMPACT				Estimated impact	TANGIBILITY Intangible ←————→ Tangible	ESTIMATED EFFORT LEVEL
	Brand resilience	Sustainability growth	Resource efficiency	Data and digitalisation			
INCREASED LIFESPAN OF MODULES		●	●	●	📊	←————€————→	●
DESIGN FOR CIRCULAR MATERIALS	●		●	●	●	←————€————→	●
THOUGHT LEADERSHIP IN SUSTAINABLE AND CIRCULAR BUILDINGS	●			●	📊	←————€————→	📊
ADVOCATING FOR CHANGE	●	●	●		●	←————€————→	📊
PHASE OUT UPSTREAM FOSSIL ENERGY	●	●		●	📊	←————€————→	📊
PHASE OUT ADAPTEO'S USE OF FOSSIL ENERGY	●	●		●	📊	←————€————→	📊
SUSTAINABILITY SALES TRAINING	●	●			●	←————€————→	📊

○ Low ● High 📊 Sustainability € Enterprise Value

SUSTAINABLE BUSINESS INITIATIVES

KNOWLEDGE IS POWER: SUSTAINABILITY EDUCATION FOR OUR SALES TEAM



“Successful training, with increased awareness among our sales team about sustainability, will lead to a rise in demand for our offering of sustainable solutions.”

JEFFREY DE CLERCQ
Chief Commercial Officer, Adapteo Group

As knowledge is power, we are investing in sustainability training for the sales teams across all markets.

This training is one of our prioritised Sustainable Business Initiatives. Sustainability training is crucial for our sales team to communicate the sustainable benefits of our solutions – and to do it with confidence and consistency.

Why is sustainability training important for the sales team?

Training ensures that our sales representatives have deeper knowledge when they communicate the sustainability and circularity aspects of our offerings.

The overall purpose is to increase customer interest in sustainable development and how it is related to their needs while strengthening our position as a provider of sustainable solutions.

How will the training be implemented?

The sales education will be rolled out in all our markets throughout the following year.

We have identified and aligned the sustainability benefits of our offerings, which in turn allowed us to develop comprehensive training materials for our sales team.

We are now empowering our sales team to advise customers on sustainability issues and believe this will increase the interest in the products and services that promote more sustainable solutions.

To this end, it is crucial to develop clear methods to demonstrate benefits like the actual energy savings of our products and services, to ensure customers fully grasp the impact.

As knowledge is fluid, staying updated is crucial. We are introducing easy ways for the sales representatives to continuously stay informed about the latest news and progress in sustainable development.

What is the expected impact of this initiative?

Successful training, with increased awareness among our sales team about sustainability, will lead to a rise in demand for our offering of sustainable solutions.

We believe this will lead to more business with existing clients as well as attracting new ones. In turn, it will enable us to scale up our efforts to develop products and services with even better sustainability performance. And a higher share of sustainable space solutions and VAPS deployed with customers will result in an overall improved sustainability performance for us – to the benefit of the customer, and the planet. ■

SUSTAINABLE BUSINESS INITIATIVES

ADVOCATING FOR CHANGE

To scale and accelerate society's transition to circularity, we aim to drive change and influence industry standards.

ENABLING A CIRCULAR SHIFT

Growth happens everywhere. The number of children in schools and daycare, the increase in the elderly population, and the demand for office spaces and worker accommodations due to reindustrialisation – all are on the rise.

The existing built environment requires rethinking, renovation, and decarbonisation. Every single day, until this transition is complete, access to the fundamental building blocks of a healthy, naturally evolving society remains crucial.

However, the solution is not simply to build more static structures. Not only because of the substantial resource and climate impacts – but also because of the long planning and construction timelines, the challenges in making the right long-term bets on future needs.

A new and more agile approach to space is crucial. Still, most procurement criteria are not equipped

for this. Relying on old knowledge, standards and traditional solutions is the preset in many cases. Therefore, the shift to new alternatives often depends more on chance than on business or sustainability rationale.

To enable the shift to more circular, flexible and sustainable solutions, we see the need to engage with many stakeholders in society; from lawmakers setting the rules for public procurement, to decision-makers in municipalities and organisations, buyers and end-users.

Moving away from old ways and solutions is never done easily. Adapteo can scale and accelerate the shift to circularity.

Our sustainable building solutions are the immediate answer and a necessary long-term addition to a sustainable societal development.

BENDING THE LINEAR

In most industries, regulations and standards are designed for linear business models. Often, they counteract or directly hinder circular solutions. In general, factory-new buildings are favoured while refurbished and reused are sidelined.

To succeed in changing this unsustainable conduct, we must join forces with the construction industry, community developers, our peers and customers.

Procurement processes are a good example. Whilst the public sector typically includes climate considerations in their requirements, factory new modules can still be a prerequisite. Perhaps relying on the misconception that “new equals better” and being unaware of the fact that our circular products fulfill the same quality standards as new, permanent buildings. Therefore, we want to advocate awareness that reused and refurbished modules are the solution for more sustainable procurement and being able to unlock even more climate impact.

Centering the procurement processes on quality, resource efficiency, and function would significantly change the negative impacts of societal space

development. With a favorable shift in standards and practices, we can elevate environmental performance across the industry.

WE INNOVATE TO HELP SOCIETY EVOLVE

A mind-shift to what is perceived as a desirable space solution is also needed amongst customers and end-users. A modular, temporary space solution is sometimes thought of as a subpar alternative to a permanent building, when in fact – it is most often the direct opposite.

Living up to the same strict requirements as for any new building construction, our temporary modules often provide a higher standard and indoor climate than old buildings. ■

“The truth is, the same high-quality requirements apply to circular buildings like Adapteo’s – reused or not – as on new, permanent buildings.”

04.

FUTURE ADAPTIVE OFFERING

FOCUS AREAS AND OBJECTIVES

- Contribute to the sustainable transformation of regions, cities and communities
- Maximise circularity and minimise the footprint of our offering
- Offer the most sustainable portfolio of products and services on the market
- Provide ecosystem-positive added services
- Enable sustainable behaviours and lifestyles

Our modular building solutions serve a purpose far beyond just providing spaces for organisations, schools, or elderly care.

We want them to generate benefits and outputs that support individuals, society, nature, and ultimately, the planet. With a circular business model, we understand the necessity of long-term relationships and creating value beyond walls, floors, and roofs.

It's a bold ambition. But if we put our minds to minimising resource and environmental footprints and maximising value creation by integrating impact solutions, our portfolio of adaptable buildings can create far-reaching effects like ripples on water.

The benefits will extend well beyond the walls of our buildings, positively impacting people and the planet.

Our goal is to provide a world-class offering that enables our customers to use our modules in smarter, more sustainable ways. This includes increasing access to and use of renewable energy and ensuring healthy environments for end-users as well as the broader community, outside the front door.

By doing so, we aim to create both indoor and outdoor spaces that are truly fit for life.

SUSTAINABLE OFFER

EMPOWERING CUSTOMERS TO REDUCE IMPACT

With energy-efficient offerings like solar panels and smart building technology, we are making it easier for our customers to reduce their climate impact when renting our buildings. Over the past year, we have focused on raising awareness about sustainable usage and Value Added Product Services (VAPS). Our strength lies in combining user needs with long-term energy efficiency and innovation.

To raise customer awareness of sustainable VAPS, we have defined offerings for each of our markets. Our strategy is to have local ownership of these products and services to secure long-term success in sales and development.

For each market, we are creating an education kit designed to train our sales teams on our portfolio of VAPS that strengthen the sustainability performance of our buildings. The education of the sales team is in progress and this initiative is further explained on [page 29](#).

In 2024, we are enhancing marketing efforts for sustainable VAPS and developing further offerings.

OUR PORTFOLIO OF VAPS FOR HIGHER SUSTAINABILITY PERFORMANCE

This is our portfolio of resource-efficient products and services that strengthen the sustainability performance of our buildings.

- Energy-efficient solutions like solar panels as a service where the customers produce their own electricity and have the opportunity to sell the surplus.
- Smart building technology such as monitoring sensors, for planning and reducing energy consumption.
- Products and services promoting circularity and reuse like rental of furniture, kitchens, and educational and office equipment.
- Extensions of a business like groundwork, landscaping, and catering. To free up customers' time we offer facility management.
- We can ensure that the required safety and security equipment is in place and we offer damage waivers for better cost control.

ON THE AGENDA: CONNECTIVITY AND CHARGERS

To become a full-service provider for our customers and to add further value to our offering, we are looking to expand our existing VAPS portfolio with solutions to reduce our customers' climate impact and maximise societal effect.

- Connectivity and network services for controlling lights, heating and ventilation to optimise energy consumption.
- Installation of chargers for electric vehicles, with the opportunity to earn additional income by allowing external users to access the chargers.



CASE STUDY

SOLAR PANELS REDUCING THE NEED FOR GRID ELECTRICITY

A great example of Adapteo’s commitment to making modular buildings more sustainable, is our Solar panels as a Service solution.

Solar panels as a Service represent an enormous untapped potential for climate mitigation and added value for the customers and communities. Since its launch in the spring of 2023, Adapteo has implemented several solar panel projects with customers with promising results.

To fully understand the impact, here’s a spotlight on the inspiring solar project in Rødby, Denmark.

ACCOMMODATION FOR 1,200 TUNNEL WORKERS

In the small historical town of Rødby on Denmark’s southern coast, Adapteo has taken on a significant undertaking. Adjacent to it, the construction of the 18 km long Fehmarn Belt tunnel between Denmark and Germany is due for completion by 2029.

To accommodate workers relocating temporarily for the construction project, Adapteo assembled a complex utilising 500 modules.

LARGE SCALE MODULE VILLAGE WITH SOLAR PANELS

To provide energy to the modular village, traditional district heating systems were side-

stepped. Instead, 1,200 solar panels were installed, delivering up to 548,000 kWh per year.

Adapteo takes care of everything from mounting and dismantling the system, as well as installation, to ensure it’s ready to produce electricity.

The solar panels are installed on flat roofs with optimal sun exposure. The system can be mounted, dismantled, and re-mounted again, creating a circular solution, as is central to all Adapteo operations.

REDUCED CLIMATE IMPACT AND LOW-ENERGY COMPLIANCE

The Rødby project has made a tangible impact, achieving a 50 percent decrease in grid electricity demand and substantially reducing its climate impact.

Thanks to its use of solar panels and heat pumps, the modular worker village complies with the framework for low-energy construction under Danish building regulations, requiring the modules to use just under 30 kW/m² per year.

[Read More](#)



BEYOND THE BUILDING

ENABLING PEOPLE AND SOCIETY TO THRIVE

When we have established a project, whether it is a school, office, elderly care facility, or temporary accommodation, there is still more we can do. Beyond the square metres, we are committed to adding more value to local environments and improving the well-being of communities.

Improving social infrastructure does not have to imply radical changes. Our projects add layers that contribute to a more well-functioning and resilient society.

Douglas Källsbo, Project Manager at Adapteo Sweden, provides perspective on the potential of Solar panels as a Service.

“If our module C90 has solar panels and an air-to-water heat pump, the energy consumption can be cut in half compared to direct energy.”

BOOSTING SOCIAL INFRASTRUCTURE

When we provide Solar panels as a Service, it helps mitigate the climate impact of a building in use and adds more renewable energy to the grid. By offering additional benefits such as energy efficiency, we are boosting the operational sustainability performance.

We aim to improve the well-being of individuals and enable sustainable behaviours and lifestyles. Not only do we want our tenants to enjoy great indoor environments, but we also want to inspire and facilitate better choices, leading by example.

There are numerous opportunities to contribute to more sustainable communities. Some possibilities include providing connectivity solutions for more efficient management, access to electric vehicle charging points, expanding the use of renewable energy, or strengthening local biodiversity and ecosystems by thoughtful landscaping. It is a social upgrade via intelligent space solutions.

BEYOND THE BUILDING

INDOOR CLIMATE FOR GOOD HEALTH AND WELLBEING

The quality of the indoor climate is essential for our health and productivity. This applies in all areas, and not least in schools and preschools.

Natural light, sound levels and air quality are some of the most important factors for a good working environment.

- **Light.** Well-planned lighting is a powerful tool to create inspirational, healthy and energy-efficient environments where people are happy.
- **Sound.** A good acoustic environment creates a better working environment for both teachers and students and contributes to a more equitable school.
- **Air.** The right temperature, relative humidity, good ventilation and a low particulate level are crucial for efficiency and the ability to concentrate, as well as to stay healthy.

Creating a good indoor climate that is also energy efficient is a complex task that we take great pride in. Happy and satisfied people are the best testament to our efforts.



LANDSCAPING AND SOCIAL INTERACTION

Creating a sustainable society is not just about building strong walls. Social sustainability goes beyond the physical space. It strives to promote the overall well-being of individuals.

The outdoor environment is an important part of social interaction, well-being and play. The surrounding landscape can be seen as an extension of the building's core function.

We acknowledge the importance of the surroundings and aim to strengthen the status of local communities. Done right, it can even boost local biodiversity and ecosystems. We offer various options for outdoor environments, including landscaping, playgrounds and space for outdoor recreation.

CASE STUDY

HOUSING FOR UKRAINIAN REFUGEES

Copenhagen municipality has made a great effort to house Ukrainian refugees who have come to the city. In early 2023, Adapteo Denmark won a tender to supply a total of 95 modules to house 200 new residents.

The temporary flexible city in Sydhavnen will serve as accommodation for approximately 800 Ukrainian refugees for the next three years.

[Read the full story here](#)

IN PARTNERSHIP WITH CITIES

Many of Adapteo's customers are public institutions. Through our partnerships, we have the capacity to facilitate—or even drive—transitions. By collaborating closely with municipalities and other stakeholders, we enhance the flexibility of infrastructure, enabling societies to thrive in the face of sudden needs and changes.

The limitations of static buildings in responding to sudden demands can be alleviated by incorporating flexible solutions into overall plans. The unsustainable and inefficient practice of demolishing and rebuilding can be avoided. To ensure the uninterrupted operation of vital social functions, the inclusion of adaptable building solutions is paramount.



05.

FUTURE ADAPTIVE OPERATIONS

OBJECTIVES AND TARGETS

- Striving to become fully circular
- Using 100% circular materials 2030
- Zero waste to landfill or incineration 2030
- Optimising utilisation rate of our modules
- Fossil-free operations, vehicles and transports 2030
- Net zero climate impact 2040
- ESG assessment of all key suppliers
- Zero Lost Time Injuries
- Gender balanced management teams 2028
- Employee engagement consistently above global benchmark

We take great pride in constantly refining and upgrading how we do things. Our aim is to be a cherished employer for our co-workers and a trusted partner to our suppliers.

We believe that maintaining a value chain perspective in every strategic decision is an absolute cornerstone for any company aiming to build resilience in a complex world.

Taking good care of people – as well as resources – is, and will always be, the foundation of a business that is truly fit for life.

By rethinking, reducing, and renewing every resource flow, pushing our plan to decarbonise our operations and value chain, and developing a responsible and resilient supply chain, we will ultimately ensure that our solutions and operations are fit for life.

OUR CIRCULAR-CENTRIC AGENDA

OUR CIRCULAR-CENTRIC AGENDA

The global climate goals outlined in the Paris Agreement require a dual approach for attainment. One aspect involves transitioning away from fossil fuels, while the other entails moving away from the linear take-make-waste economy. This shift is imperative as the current model depletes resources, generates significant waste, and contributes substantially to carbon emissions.

While the transition to renewable energy sources is making tremendous progress – COP28 in Dubai saw the inclusion of language referring to a ‘shift away from fossil’ – the circular transformation has made very little progress to date.

According to the latest Circularity Gap Report¹, the world is becoming less circular every year. Well over 90 percent of the resources used in the world today are virgin. The need for rapid transformation is enormous.

The construction and real estate industries contribute approximately 39 percent of global energy related carbon emissions. A third of the waste generated in the EU comes from this sector.

To reverse this trend, the construction industry and building sector must focus on using more renewable, recyclable, recycled and reused materials.

One way of doing so is to use more circular, flexible, reusable building solutions. Embracing circular business models can significantly cut the footprint of the built sector. By using more circular solutions, up to 60 percent of emissions from new constructions and renovations could be reduced, according to a recent EEA report².

A shift from a linear to a circular economy starts with a change of focus and perspective on what is the norm. From product to function. From owning to having access – for instance by renting.

Challenging the conventional linear approach in construction, and actively pursuing the more sustainable path make business sense. Adapteo exemplifies this shift.

Our journey and progress in becoming a fully circular business serve as a model for the industry, demonstrating the viability and benefits of this approach. ■

¹Circularity Gap Report²EEA report

OUR CIRCULAR-CENTRIC AGENDA



OBJECTIVE:

Material and design choices aside, another key to increase our circularity is to maximise the utilisation and lifespan of our products. The better we are at managing and maintaining our existing fleet, the smaller our resource and climate footprints can be.

PROGRESS:

Time utilisation rate is 86.9% and the average lifespan is 30 years.

OBJECTIVE:

Long term, we are aiming for a fully circular business.

PROGRESS:

We initiated work in 2023 to define and develop methods and metrics to track and guide our efforts. This work continues, alongside our efforts to make lifecycle assessments of our core module types.

ADAPTEO'S CIRCULAR CORE

At the heart of our operations lies our circular core – our business model. By offering space as a service, we adopt a fundamentally circular approach. This allows us to have full control over every aspect, from design and sourcing to production, transport, usage, refurbishment, and ultimately, the end-of-life of our products.

The strength and stability of our business are rooted in our capacity to manage our portfolio of products and services with utmost resource and cost efficiency. As a beneficial outcome, this approach also leads to a reduced carbon footprint.

For over 30 years, Adapteo has been refining a system that maximises the use and reuse of building solutions. Designed for longevity, our buildings can be repurposed and resized to adapt to evolving needs. To facilitate mobility, we opt for lightweight

construction materials like wood. Complementing this, we use steel frames for their stability and flexibility – they are not only recyclable but, in the future, could increasingly be made with renewable energy or from recycled materials.

Innovation aimed at sustainability is key in Adapteo's business strategy. Our goal is to achieve climate-neutral production and utilise 100 percent circular materials – renewable, recyclable, recycled, reused, and reusable – by 2030.

Our circular business model is holistic, encompassing the entire product lifecycle. We prioritize durable products and the principle of reuse to preserve material value, minimise waste, and maintain profitability, all while safeguarding our planet's resources. ■

OUR CIRCULAR-CENTRIC AGENDA

IT STARTS AND ENDS WITH WASTE REDUCTION

Minimising waste is crucial for circularity. Our construction process is designed to significantly reduce waste production, treating all by-products as valuable resources for reuse in the circular economy.

OBJECTIVES:

Our target is zero waste to landfill or incineration without energy recovery, by 2030.

PROGRESS:

59% of our resource outflow is reused or recycled. Total waste was reduced by 5.4%, and waste per square metre was reduced by 11.7%, compared to 2022.

REUSING STONE WOOL – A SUCCESSFUL PILOT

In 2023, Adapteo initiated a pilot study to reuse stone wool insulation that otherwise would be scrapped. The trials were successful, showing savings in carbon, cost and waste.

Adapteo’s reuse of stone wool insulation is an example of how we can treat scrapped material as a valuable resource in the circular economy and reduce our carbon footprint.

Insulation from used modules was removed, transported, and ultimately reused in brand new modules. We found that each lorry load could carry enough stone wool to replace the floor insulation of

25 modules. The reused insulation does not affect the module’s lifespan. As long as the insulation is kept dry it can be reused. We anticipate the reuse will save about 4.3 kg CO₂e/m².

In a module with a material carbon footprint of 4,500 kg CO₂e it would reduce the carbon footprint by almost two percent.

This circular initiative also brings financial benefits as reusing material saves costs from waste removal expenses and from purchasing new, virgin stone wool.

ENDING LINEAR MATERIAL USE

We focus on sustainable design and renewable materials like wood. When a project is complete, we disassemble and refurbish modules in preparation for their next use cycle.

The outdated linear approach, consuming finite natural resources, must shift to a sustainable, circular flow, enhancing both economic and environmental benefits.

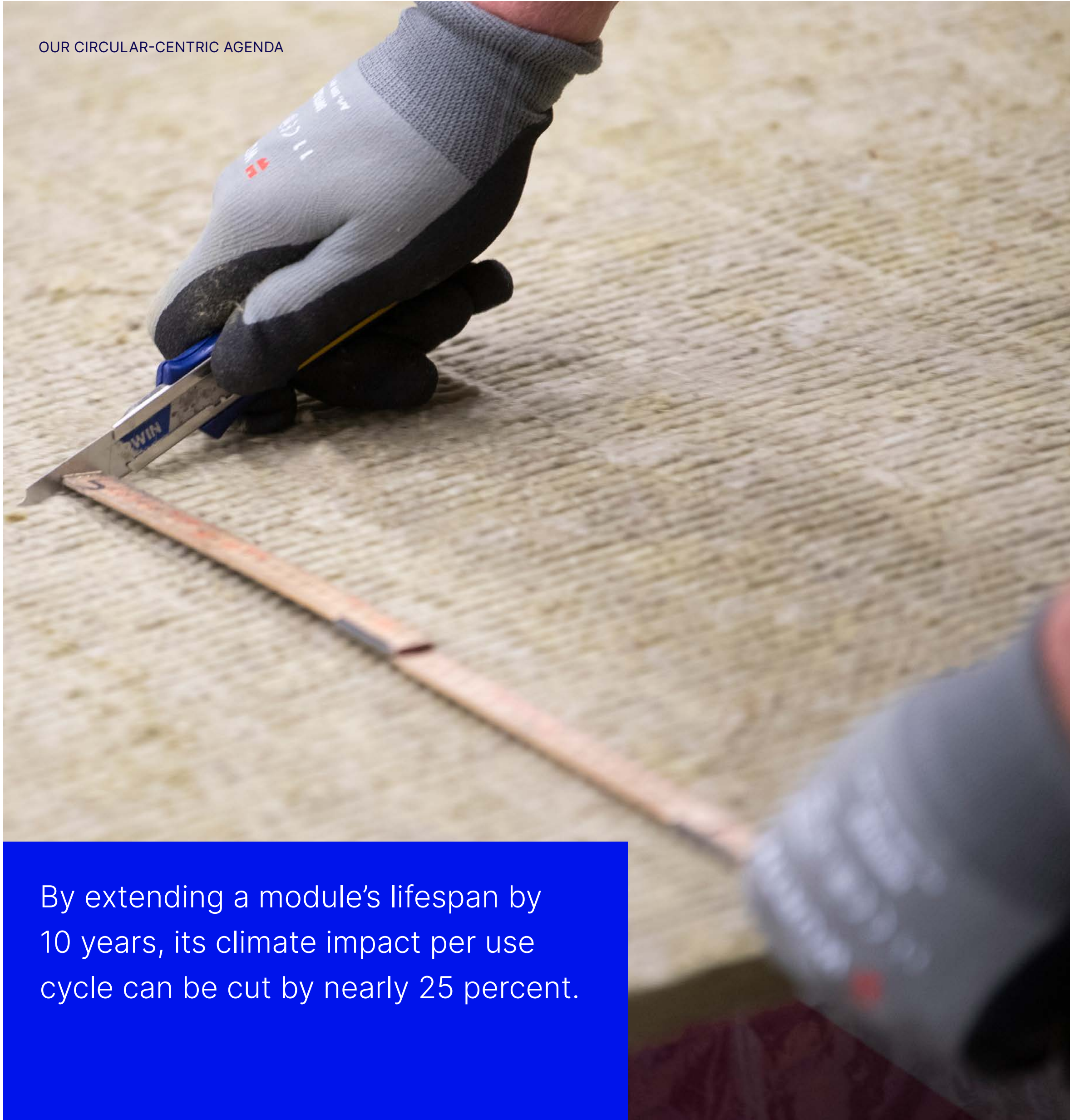
OBJECTIVES:

Our target is to use 100% circular materials by 2030.

PROGRESS:

We are developing methods and metrics for circularity to measure impact.

OUR CIRCULAR-CENTRIC AGENDA



By extending a module's lifespan by 10 years, its climate impact per use cycle can be cut by nearly 25 percent.

LIFE CYCLE PERSPECTIVES

Adapteo sees life cycle assessments (LCA) as an essential tool to guide reduction of the climate and resource footprint of our modules.

Adapteo has commissioned LCAs for some module series (C90, A16 and DS), and though the methodologies, scopes and limitations of these LCAs are not directly comparable, some overall conclusions can be drawn:

- Material use in product manufacturing and energy consumption during the use phase are the main emitting stages across the life cycle.
- Hence, choosing reused modules drastically cuts the carbon footprint by as much as 80–90 percent linked to primary construction.
- Longevity and energy-efficiency are key factors to consider for a low life cycle footprint, as well as the choice of materials. One study shows that prolonging the lifetime of a module by ten years can cut the climate impact per use cycle by approximately a quarter.

- Materials with the highest carbon footprint include steel, insulation, plasterboards and building boards.
- An increased share of wood content reduces embodied carbon of a building by replacing higher-emitting non-renewable materials. In addition, wood constitutes biogenic storage of carbon, as trees sequester CO2 from the atmosphere into biomass. This carbon is released if and when the wood is burned. Hence, responsibly sourced timber, where harvested timber is replaced by new growth, is key to reaping the climate benefits of wood.

Our ambition for 2024 is to establish an LCA methodology, based on the European framework for sustainable buildings (Level(s)), that will be used to analyse our core fleet. The results will enable robust comparisons and conclusions on performance, and guide our continued efforts to develop our module designs on our journey to net zero climate impact and increased circularity. ■

SPOTLIGHT ON REGULATIONS: EUROPE'S SHIFT TO A CIRCULAR ECONOMY

The EU Circular Economy Action Plan¹ is driving change towards sustainable growth and reduced natural resource use. Its principles are now embedded in national policies across Europe.

The action plan pushes for waste reduction and making sustainable products the EU norm. This aligns with our practices of using recyclable materials and designing buildings for disassembly and reuse. As a result, we believe the demand for sustainable building solutions will increase and our market will grow.

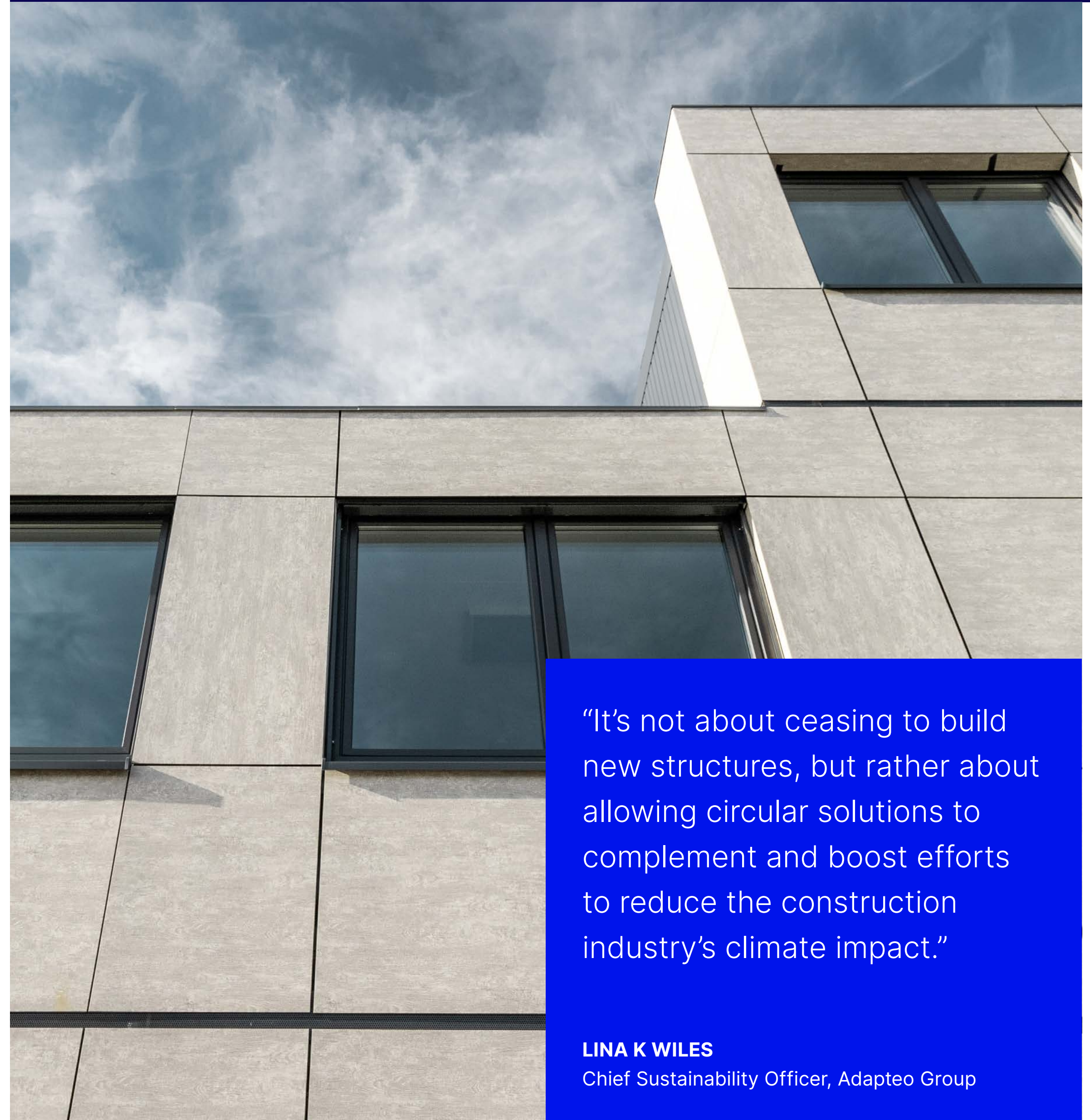
ADAPTEO'S PROACTIVE APPROACH

We aim to be the first company in the construction and real estate industry with a fully circular business model. We have a long journey ahead, and to this end, we develop our leadership, offering and operations to promote circularity and compliance with changing regulations.

NATIONAL INITIATIVES

- Sweden mandated climate impact declarations for new buildings in 2022.
- Finland's 2022 Building Act, effective from 2024, demands accounting for a building's climate impact across its lifespan.
- Norway requires greenhouse gas calculations for new constructions since July 2022, encouraging material reuse.
- Denmark adopted new laws in 2023 for lifecycle assessments on new constructions.
- Germany outlined a roadmap in 2021 for a circular economy transition, focusing on reduced waste and better resource use.
- The Netherlands aims for a fully circular economy by 2050.
- Lithuania introduced its environmental strategy in 2023, "Lithuania 2050", likely to reshape regulatory frameworks.

¹ EU Circular Economy Action Plan



“It’s not about ceasing to build new structures, but rather about allowing circular solutions to complement and boost efforts to reduce the construction industry’s climate impact.”

LINA K WILES
Chief Sustainability Officer, Adapteo Group

OUR CIRCULAR-CENTRIC AGENDA



SPOTLIGHT ON WOOD: A LOW IMPACT, HIGH PERFORMING — AND FUTURE-FIT MATERIAL

Wood is a low-impact high-performing construction material. It is one of the primary materials used in Adapteo’s buildings, highlighting our commitment to responsible sourcing.

As of 2021, 100 percent of all the wood used in Adapteo’s production is certified by the Forest Stewardship Council (FSC®), or Programme for the Endorsement of Forest Certification (PEFC), when FSC is not available. It has been our goal since 2020, to only source from responsibly managed forests.

We know that FSC certification is not a guarantee, but we firmly believe that engaging in close dialogue and collaboration with our suppliers is the only way forward.

We value wood as a material because it is a renewable, lightweight, carbon-sequestering material, which makes us less dependent on finite resources. Wood is also a durable and flexible construction material, which can be recycled and reused making it a low-footprint material with qualities crucial to a circular-centric mindset like ours. ■

CLIMATE

OUR CLIMATE COMMITMENT

We are committed to reducing our carbon footprint across our entire value chain to honour the Paris Agreement. In December 2023, Adapteo submitted its Commitment Letter to the Science Based Target initiative (SBTi), committing to a net zero target by 2040, with a short-term reduction target for 2030.

Our emission reduction goals for greenhouse gas (GHG) emissions in scopes 1, 2 and 3 will be calculated according to SBT aligned methodology with the base year 2022, and a long-term target of zero emissions by 2040. A climate budget for annual emissions reductions towards the near- and long-term targets is being developed.

The decarbonisation plan for scope 1 and 2 emissions was completed in 2023, ready to be actioned from 2024 onwards. A carbon emissions budget until 2030 has been developed, which includes mobile and stationary combustion, heating, and electricity.

In 2024 we intend to switch to 100 percent renewable electricity, and devise plans for phasing out fossil energy in operations and fossil fuel vehicles by 2030.

For Adapteo's indirect upstream and downstream emissions (scope 3), the decarbonisation plan will follow SBTi's sector specific guidelines for Forest, Land and Agriculture (FLAG) and Buildings. As the latter was not yet published by the end of the year 2023, this work will carry over and continue in 2024.

According to the SBT process, the targets and emissions reduction plans will have to be approved by December 2025, at the latest. Our ambition, however, is to complete this work in 2024.

For 2024, we have set an annual target for mitigation and emissions reduction activities in the scopes 1 and 2, with a linked bonus target for the Group Management Team. ■



CLIMATE

OUR ROADMAP TO NET ZERO

To effectively meet climate targets, detailed planning is essential – and time is scarce. In 2023 we set out to qualify our previous emission calculations and develop a complete science-based decarbonisation plan by thoroughly assessing our current climate footprint and analysing solutions for transition.

CARBON FOOTPRINT PER SQUARE METRE

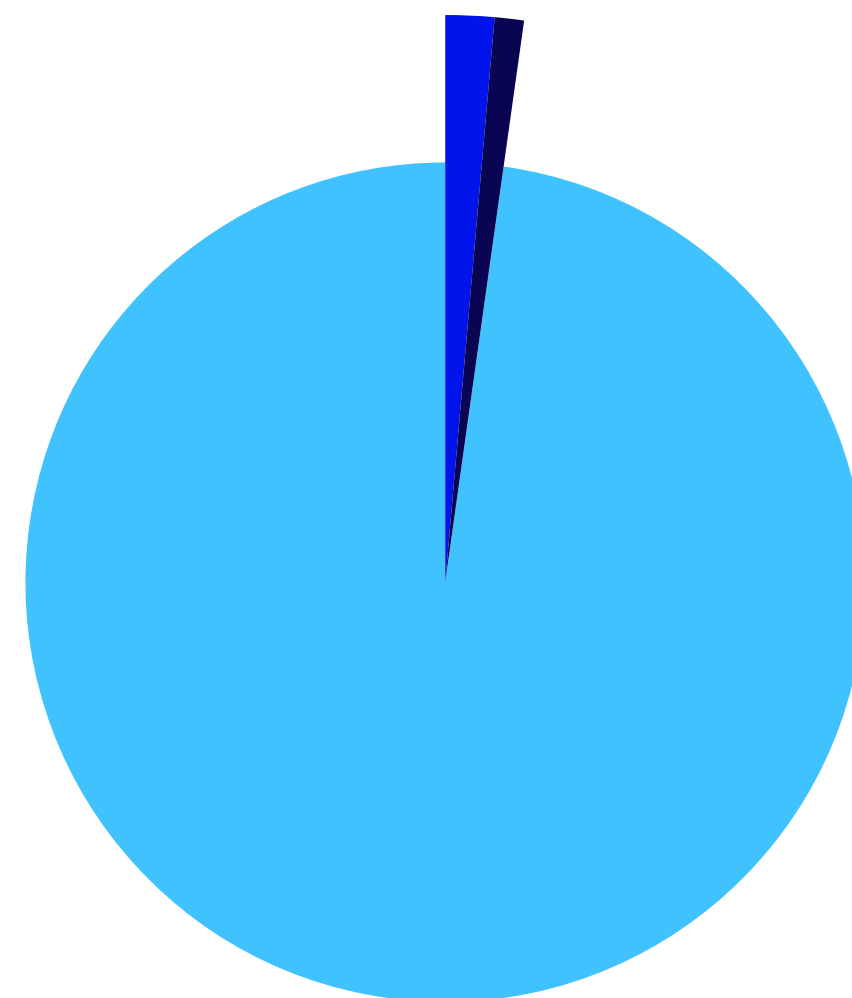
76

kg CO₂e/m²

CARBON FOOTPRINT PER MEUR NET RENT

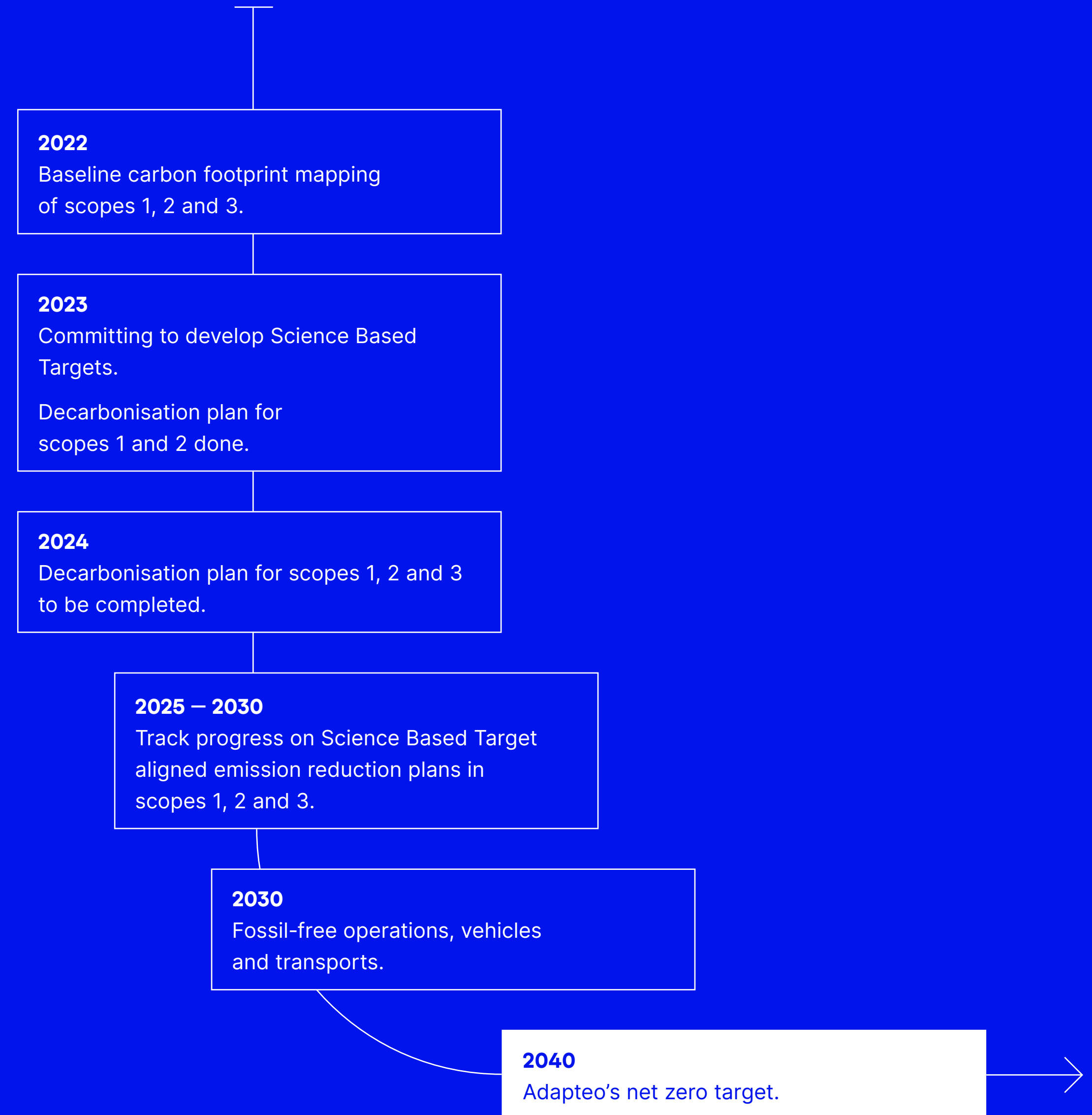
595

tonnes CO₂e/MEUR



ADAPTEO'S CARBON FOOTPRINT 2023 (TONNES CO₂e)

● SCOPE 1: 2,007 ● SCOPE 2: 617 ● SCOPE 3: 112,113



PAVING THE WAY FOR A SUSTAINABLE SUPPLY CHAIN

2023 marks the beginning of Adapteo’s expanded procurement department. To achieve our future supply chain management goals, we dedicated much of 2023 to developing our capabilities and refining our process mapping. Our digitalisation roadmap and the ongoing expansion of our procurement organisation are two key components for reaching our targets.

In 2023 Adapteo updated its overall risk analysis, identifying key risks within our supply chain. As a result, we are refining our processes for systematic supplier risk assessments to enable full transparency across the supply chain.

Our work is still in progress, but our investments in the procurement organisation have allowed us to establish a solid base for successful implementation.. With improved traceability and supplier data at hand, we will be able to further develop our sustainability requirements for our suppliers.

A MORE TRANSPARENT SUPPLY CHAIN

We have set two targets to enhance material traceability and to ensure our suppliers use renewable energy in their production. Further, we have implemented category management for our most critical spend categories, governed by cross-functional category teams, with sustainability representation as an integral part. Greater transparency in our supply chain will allow us to identify opportunities to improve our sustainability performance.

BUSINESS PARTNER CODE OF CONDUCT

Sustainable development is a partnership effort with our suppliers and other stakeholders.

It is a priority that anti-corruption, human rights protection, and non-discrimination are guaranteed not only in our own operations but also throughout our supply chain. Our Business Partner Code of Conduct includes clear statements on these issues, along with other areas such as environmental protection. We review the endorsement and compliance of the Business Partner Code of Conduct annually and conduct informal audits of our key suppliers.

Currently, we are updating our auditing methods, and with the implementation of new tools and full digitalisation, we anticipate a more precise reporting. ■

OBJECTIVE:

A transparent supply chain

PROGRESS:

Mapping of key suppliers is underway

OBJECTIVE:

ESG-assessed key suppliers

PROGRESS:

Assessment procedures are being developed, to be deployed during 2024

CASE STUDY

MODERN LOW-IMPACT GROUNDWORK WITH OLD TECHNOLOGY



To look to the future, we must first look back upon the past. In this project, we looked back on one of the oldest forms of foundation – screw foundations. >>

CASE STUDY

MAINZ-MOMBACH HIGH SCHOOL

6,400 M²

SOLAR PANELS

SCREW FOUNDATION

4-YEAR RENTAL

The city of Mainz commissioned Adapteo Germany to build a modular interim high school with three floors and a two-story cafeteria. In May 2023, preparatory work began for the Mainz-Mombach high school.

ADAPTEO'S HYBRID SOLUTION

The interim school is made up of our Hybrid building solutions, which combine different materials, like the durable properties of steel with the renewable qualities of wood.

Our Hybrid module series is native to Adapteo Germany and characterised above all by its high energy efficiency and spacious feeling.

“With this extensive project, we can showcase the possibilities of a less invasive foundation and the assembly of a 6,400 m² building area, featuring energy-efficient hybrid modules and a renewable energy supply, including solar panels.

FREDERIK ILLING

Executive Vice President, Adapteo DACH



ANCIENT TECHNOLOGY FOR MODERN, LOW-IMPACT GROUND-USE

The foundation of the buildings employs a method with minimal ground intervention: screw foundations, among the oldest forms of foundation. This does not seal the ground, allowing water to seep through.

The modules themselves do not require a concrete foundation and can be placed directly on wooden blocks on asphalt or gravel surfaces, which significantly reduces environmental impact.

Without any complex groundwork or concreting work, 880 massive ground screws were installed by our partner Deutsche Schraubfundament GmbH. At the end of the project lifecycle, the ground screws are simply removed and the subsoil can be used directly and serve new purposes.

This way, we are preparing the ground for the seeds of the future.

A HIGH SCHOOL THAT WILL SERVE FOR 4 YEARS

The result on site is 6,400 m² of school space, including an elevator, science rooms and a solar panel system.

During a period of four years, the students will be taught and cared for here, and it will be the working environment for teachers and school staff.

Reflect on the time span of four years and consider the impact of a school building. For many students, the years spent in these spaces might be the most transformative of their educational journey.

Therefore, we are working with determination for the well-being of the people who spend time in our buildings, as well as to find energy-efficient solutions.

[Read the full story here](#)

EQUIPPED AND ENGAGED EMPLOYEES

“Our buildings may be square – but our thinking is anything but. We are a dynamic group of people with a strong desire to evolve – constantly. An Adapter is someone who embraces change. And when innovation and flexibility come from within, we have the mindset to be agile and adaptive for the future.”

SIMON PERSSON, Chief Human Resources Officer, Adapteo Group

EQUIPPED AND ENGAGED EMPLOYEES

MEASURING OUR EMPLOYEE ENGAGEMENT

Driving change towards more sustainable and adaptable societies, we must start by looking inward. Now more than ever, empowered and engaged employees will help grow and evolve Adapteo as a company. Ensuring that everyone feels safe, welcome, and valued is our key to success.

We conduct annual anonymous employee engagement surveys to measure engagement levels, and half-year surveys on key aspects, including discrimination. All reported discrimination cases are monitored and evaluated, with systematic follow-up and action plans developed by relevant managers.

The higher the response rate we are able to obtain in the employee engagement survey, the more reliable the result. In 2023, we had an outstanding response rate of 93 percent.

Despite an eventful year with many changes, the latest survey scores show that we are stable, and even improving in most areas compared to the previous year. Our ambition is to score consistently above the global benchmark when it comes to employee engagement. This target was achieved again in 2023, with an Adapteo score of 83, in comparison to a global average of 81. We recognise a slight drop in our overall eNPS score. To improve ahead, affected teams are addressing this with local actions.

*SOCIAL SUSTAINABILITY INDEX

The index covers questions regarding employees' perception of Adapteo as an inclusive and encouraging workplace, free from discrimination and victimisation. Read more on [page 72](#)



eNPS
+2 /100 2022: +9

Leadership
79 2022: 76

Engagement
83 /100 2022: 82

Social Sustainability Index*
90 /100 2022: 87

EQUIPPED AND ENGAGED EMPLOYEES

WE ARE ADAPTERS [NOT SO SQUARE]

Our key values – Proactive, Collaborative and Committed – guide us in everything we do. Our people promise helps build a strong identity and internal pride, retain coworkers, and attract the right talent.

In 2023, we developed and launched our people promise– an ode to our dynamic brand. It describes what Adapteo represents and paints a picture of what our employees can expect of us – and what Adapteo expects in return. The task ahead

is to continue implementation across Adapteo Group and engaging all Adapters to build on our progressive identity together, to implement it across the company and engage everyone to build a progressive brand together.

Operating in various markets, we face the challenge of defining a shared identity that we all can gather around.

We adopted a bottom-up methodology and invited representatives from all Adapteo markets to participate in workshops and interviews, sharing their views of the company.

This collaborative approach helped us capture common perspectives and it formed a foundation for the People Promise and our common identity We are Adapters [not so square]

The outcome is a dynamic and [not so square] Playbook, built on insights from within our company and presenting an authentic image of our identity and values. This collective effort led to the definition of our four core messages. ■

Better together

Hunger for growth

Power to adapt

Making society thrive



“I like the speed of the business, there’s a lot of projects going on. I like to be in a zone where things happen.”

Adapteo co-worker in Benelux

EQUIPPED AND ENGAGED EMPLOYEES

SAFE, INCLUSIVE AND EQUITABLE OPERATIONS

IN THE SPOTLIGHT: HEALTH AND SAFETY

During 2024, we are making a co-ordinated effort to uplift and establish group-wide ways of working with regards to quality, health, safety and environment.

This will ensure a solid framework level for all entities and employees to support or share lessons learned within the group. The framework will be incorporated into Adapteo’s integrated management system that supports and governs our way of working with the customer, environment and great place to work in focus, which is important for a long-term successful and sustainable business.

Lost time injuries (LTI), minor accidents, and near misses reflect the fallout of our safety work, while safety observations, risk assessments and safety walks make up our preventive work. Read more on [page 71](#).

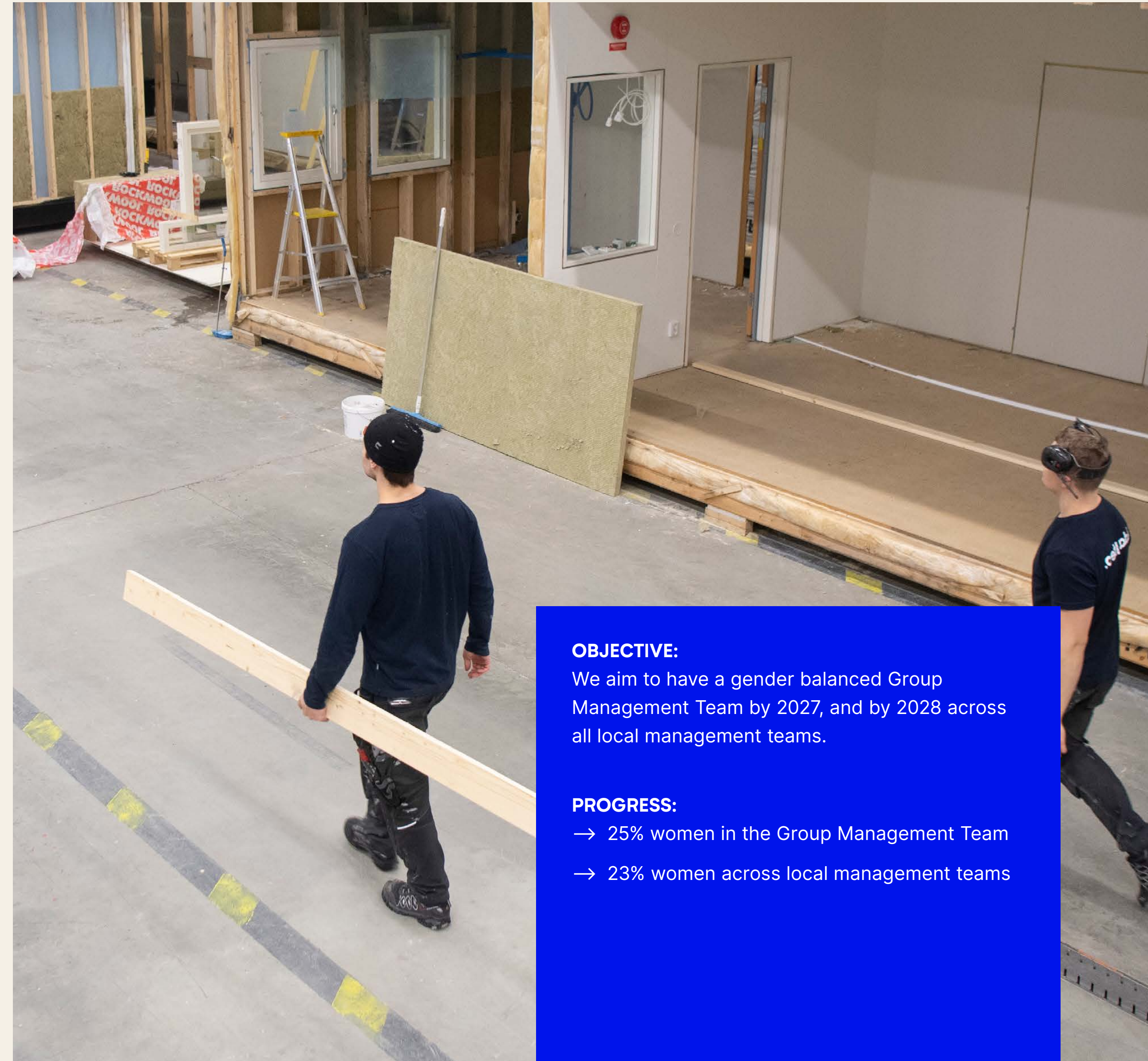
NEW POLICY FOR DIVERSITY, EQUITY AND INCLUSION

In December 2023, we approved our Diversity, Equity, and Inclusion (DEI) policy, highlighting DEI as a key focus area. We have actively worked to increase female representation, using recruitment tests and assessments designed to reduce unconscious bias. A positive shift is noted, with the percentage of women in the company rising from 24 to 26 percent.

WHISTLEBLOWING

Our Whistleblowing Policy outlines reporting channels and mechanisms on how employees, suppliers or other stakeholders, can report suspected or actual violations of our financial, ethical, or personal conduct standards.

A confidential reporting system ensures thorough investigations and protects whistleblowers from retaliation. Our whistleblowing channel is open to anyone and available on our corporate website. ■



OBJECTIVE:

We aim to have a gender balanced Group Management Team by 2027, and by 2028 across all local management teams.

PROGRESS:

- 25% women in the Group Management Team
- 23% women across local management teams

06.

SUSTAINABILITY NOTES

GENERAL INFORMATION

GENERAL INFORMATION

GENERAL BASIS FOR PREPARATION OF THE SUSTAINABILITY STATEMENT

This is the annual sustainability report of Adapteo Group Oy (FI31736424) for the financial year of 2023 (January 1 – December 31, 2023). This report has been prepared in accordance with the GRI Standards 2021. Adapteo Group is a signatory to the UN Global Compact since 2020, and this is part of our Communication on Progress (CoP). The sustainability statement has been prepared on a consolidated basis, and the scope of consolidation is the same as for the financial statements. The sustainability notes cover areas of Adapteo’s upstream, as well as downstream value chain.

DISCLOSURES IN RELATION TO SPECIFIC CIRCUMSTANCES

Adapteo has for the 2023 fiscal year started to prepare for the upcoming introduction of the European Sustainability Reporting Standards (ESRS). The sustainability notes will evolve over the coming years, as Adapteo will not be covered by mandatory CSRD reporting until the fiscal year 2025 with the report publishing in 2026.

Sustainability data includes data from all countries of operation. Greenhouse gas (GHG) emissions are based on data provided by invoices and activity data and are calculated according to the GHG Protocol. The data originates from suppliers and internal systems.

The result from Life Cycle Assessments (LCAs) and volume calculations of our newly produced modules has been used to calculate material inflow and carbon footprint. One wood module (C90) and two steel modules (F50 and F75) have been used to estimate the material inflow connected to the 2023 production of new modules. Given that LCAs have not been conducted for all of our module series, we have made educated assumptions and extrapolated these findings to the rest of our fleet.

Environmental data has been reported through the data system provider Normative, and includes data from all countries of operation. GHG emissions figures include emissions from scope 1 (mobile and stationary combustion), scope 2 (electricity, heating & cooling), and scope 3 including categories purchased goods

& services, capital goods, business travel, transportation, fuel and energy related activities, and waste. Transaction data has been used to calculate emissions from purchased goods and services, capital goods, and fuel and energy related activities. Calculations have been made using Normative’s database; following the GHG Protocol Standard. The Normative methodology utilises sources such as DEFRA, Exiobase and AIB to calculate and validate the emission data for Adapteo.

For the development of Adapteo’s decarbonisation plan, in preparation for setting near-term company-wide emission reductions in line with climate science, i.e. Science Based Targets (SBT), existing data has been extrapolated and additional data has been collected. 2022 is set as the base year of the SBT calculations.

Social and governance data have been extracted from central and local HR systems at the end of the reporting year and reported as head count. Data regarding consultants are reported as Full Time Equivalents (FTE). Some data is not available through our HR systems, and some information has not been disclosed due to legal restrictions. Since Adapteo has decentralised Human Resources and salary functions, annual compensation ratio for Adapteo Group is not reported.

The reporting year 2023 is the first year we report according to our updated Future Adaptive Strategy for Sustainable Business. Immediate focus in 2023 and continuing in 2024 will be building processes for data coverage, data quality and data availability. Adapteo will also need to develop processes, such as a due diligence process, to comply with upcoming EU legislation, e.g. CSDDD.

STRATEGY, BUSINESS MODEL AND VALUE CHAIN

Adapteo’s flexible modular buildings make room for cities, communities and societies to grow, evolve and thrive. While the permanent built environment slowly adapts to rapidly changing circumstances and requirements, our solutions can quickly cover the temporary gaps and social infrastructure needs, while providing the same standards and high quality as new, permanent buildings. Adapteo creates and provides modular buildings that are designed for adaptability, reusability, and easy disassembly, reducing waste and extending the lifespan of materials. Based on customers’ changing needs, we develop, build, rent out and sell adaptable buildings that can be transformed, repurposed, and scaled up and down. By providing space for essential functions, such as schools, daycares, healthcare centres, offices and accommodation, we create value in society. Adapteo’s fleet consists of several module series, and we are a full-service provider, e.g. by performing on-site maintenance.

We continuously refine and develop existing customer offerings, and develop new ones, including products and services that strengthen the sustainability performance of our buildings. With energy – and resource-efficient solutions, we enable our customers to reduce their climate impact during the use of our buildings, e.g. by providing optional solar panels. Read about these offerings on [page 33](#).

ADAPTEO’S MARKETS

Adapteo has a portfolio of 1.5 million square metres, operates in nine markets, also referred to as business units, and employs 585 people in Sweden, Finland, Denmark, Norway, Germany, the Netherlands, Belgium, Lithuania and Estonia. Adapteo’s headquarters is located in Vantaa, Finland with a commercial headquarter in Solna, Sweden. Adapteo serves social infrastructure needs in the public and private sectors. Rental contracts generate the majority of Adapteo’s revenues. Some buildings are sold with a take-back model if the customer no longer needs them.

During 2023 Dutch Cabin Group was re-branded as Adapteo Benelux along with our branch in Belgium. In 2023, Adapteo also established a branch in Estonia. With the exception of Stord Innkvartering in Norway, all business units now operate under the Adapteo brand.

THE VALUE CHAIN

Our adaptable buildings can be moved, transformed, and reused, again and again. With our concept, we use minimal resources to provide maximal value for our customers and society.

Globalisation, climate change, supply chain complexity and resource scarcity are defining issues of our time and put sustainability governance in the spotlight. Acknowledging these challenges, we are determined to keep developing our circular business model and enhance our efforts across our value chain.

0. RAW MATERIAL

Adapteo's production of modules depends heavily on raw materials. Our goal is to achieve full circularity in materials for both new production and refurbishment. We continuously evaluate and seek to source more sustainable materials like wood, steel, insulation, and gypsum, which have a significant climate impact. Our efforts include sourcing FSC-certified wood and reusing insulation. With a global supply chain, maintaining traceability is crucial for ensuring both quality and sustainability among our suppliers.

1. PRODUCT DEVELOPMENT

Adapteo focuses on designing modules that align with our circularity goals. This involves specifying designs that facilitate easy assembly, disassembly, refurbishment, and reuse. We work closely with our outsourced production partners to ensure these designs are practical and sustainable. Key considerations include selecting materials that are durable, sustainable, and conducive to creating healthy indoor environments. Our procurement processes are integral to this stage, ensuring that our designs meet our high standards for quality, environmental sustainability, safety, and resource efficiency.

2. PRODUCTION

The industrial production of Adapteo's modular units boosts productivity and minimises material waste. Our prefabricated building structure enable us to optimise material use and only order necessary quantities, limiting waste generated at production sites of Adapteo and our long-term suppliers. Our partners ensure energy-efficient module production, fair working conditions, and responsible waste management.

3. PLANNING

We work closely with customers to understand their needs and

provide tailored solutions. This involves aligning our module designs with specific requirements, ensuring quick and effective deployment while adhering to relevant building standards and certifications.

4. DELIVERY

We focus on minimizing the environmental impact during transportation and on-site setup, including efficient use of resources in site preparation. Adapteo strives for zero accidents in our operations, including delivery.

5. USE PHASE

Our modules are designed for energy efficiency, and offer added features like heat pumps and solar panels to further reduce the carbon footprint. Maintenance support ensures longevity and quality throughout the rental period, maximising module utilisation.

6. DISASSEMBLY

We dismantle and refurbish buildings carefully, ensuring efficient reuse and maximizing the lifespan of the units. We engage in take-back programs with suppliers, aim for high material recycling rates, and zero waste targets.

7. TRANSPORT

We continuously review how we can streamline our transportation and aim to use modules that are in closest range to destination of use. Through partnerships with our transport suppliers, we aim for fossil free transport by 2030.

8. REFURBISHMENT

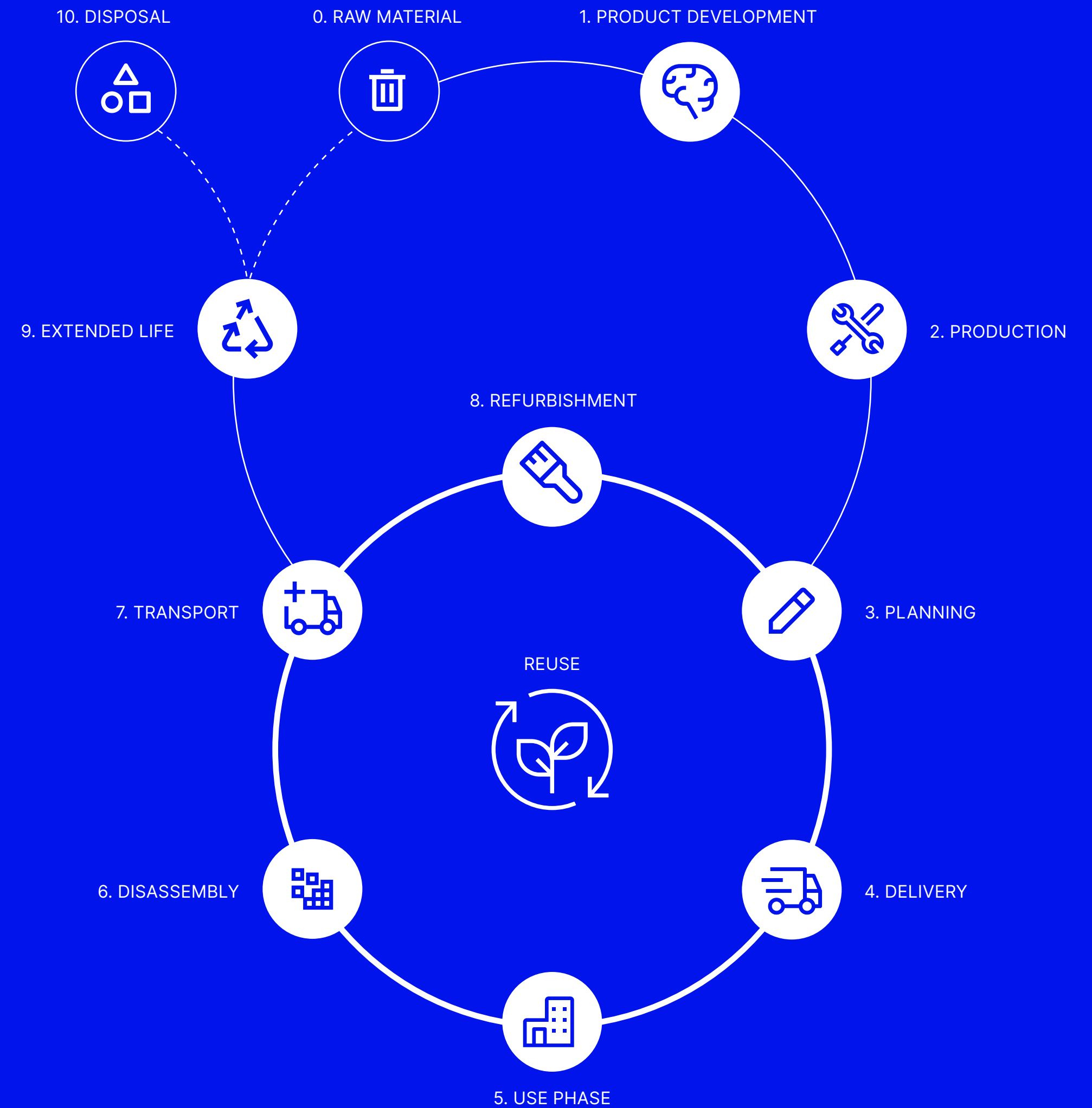
Modules are meticulously refurbished, with a focus on upgrading materials and interiors for renewed use. For each new deployment, quality on par with new permanent buildings or modules is a given.

9. EXTENDED LIFE

At the end of the rental lifespan, buildings are either sold or donated for continued use. The last resort is disassembly for material recycling to the greatest extent possible.

10. DISPOSAL

Adapteo follows the waste hierarchy, minimising waste, prioritising reuse, and recycling of components that cannot be reused. Non-recyclable materials are processed for waste-to-energy, or landfill as the last option. Our goal is zero waste to landfill or incineration by 2030.



INTERESTS AND VIEWS OF STAKEHOLDERS

By engaging with different stakeholder groups across Adapteo’s value chain, we are provided a holistic view of the impacts, risks and opportunities across the value chain.

Adapteo’s key stakeholders are listed in the table to the right, along with dialogue methods used to communicate around key sustainability issues. To understand what matters to our stakeholders and to be able to develop our efforts, we are transparent and constantly listening and communicating with them. We keep regular dialogues with our owners, and we are continuously working with key suppliers and business partners, supporting them in their sustainability efforts.

STAKEHOLDER	KEY ISSUES – SUSTAINABILITY	COMMUNICATION AND COOPERATION
CUSTOMERS AND END-USERS	<ul style="list-style-type: none"> — Customer and end user welfare and product safety — Business ethics and anti-corruption — Circularity — Energy efficiency 	<ul style="list-style-type: none"> — In-person contact — Surveys — Social media, website
EMPLOYEES AND MANAGEMENT	<ul style="list-style-type: none"> — Employee wellbeing, health and safety — Employee engagement — Ethics and anti-corruption — Equality and diversity in the workplace — Competence development — Employer branding and talent retention 	<ul style="list-style-type: none"> — Reoccurring manager-employee meetings — Annual performance reviews with all employees — Employee survey — Management meetings — Sustainability council meetings — Intranet, town hall meetings and internal conferences
OWNERS AND INVESTORS	<ul style="list-style-type: none"> — Long-term sustainable value creation and growth — Transparency and risk management 	<ul style="list-style-type: none"> — Sustainability Report — Continuous dialogue — Board, owner and investor meetings — Sustainability report
PUBLIC	<ul style="list-style-type: none"> — Publications on sustainability topics — Engagement in the public discourse 	<ul style="list-style-type: none"> — Opinion editorials, Adapteo website — Events, conferences, networks, public forums — Industry monitoring — Media monitoring — Sustainability Report
REGULATORY AUTHORITIES	<ul style="list-style-type: none"> — Legal and regulatory compliance 	<ul style="list-style-type: none"> — Continuous contact with public authorities in areas related to workplace health and safety, environment, and product regulations
SUPPLIERS	<ul style="list-style-type: none"> — Supply chain management — Human and labour rights — Ecosystem impact — Business ethics and anti-corruption — Circularity — Energy and resource efficiency — Transport and logistics 	<ul style="list-style-type: none"> — Meetings, site visits, in-person contacts — Audits — Development projects

IDENTIFYING AND ASSESSING MATERIAL IMPACTS, RISKS AND OPPORTUNITIES

In 2023, Adapteo conducted its first Double Materiality Assessment (DMA), in accordance with the new Corporate Sustainability Reporting Directive (CSRD). To ensure a comprehensive assessment of impacts, risks, and opportunities, Adapteo follows a stakeholder engagement process, described on the previous page.

In the DMA, Adapteo created a longlist of Adapteo's most material sustainability topics based on European Sustainability Reporting Standards (ESRS) requirements and mapping against prior materiality assessments, GRI, and SASB standards. This was done to ensure that all potential material issues were covered. When new topics appeared during the stakeholder engagement, these were mapped against ESRS and added to the longlist. Any topics that were deemed as immaterial during engagement with stakeholders and the assessment, were excluded.

From the longlist, a shortlist was generated, and the material topics were ranked based on likelihood and severity, both from a financial and impact perspective. Impact materiality considers the positive/negative impact and its actual/potential nature, scoring on ranges of scale, scope, irremediability, and likelihood. Financial materiality assesses risks and opportunities, scoring on the magnitude of financial effect and likelihood. If one material topic was deemed as both a risk and an opportunity, then the assessment was made from the perspective where the financial effect would be largest.

Stakeholder engagement with internal and external stakeholders, including in-depth interviews, as well as desktop research of both internal and external sources were used as a basis for the reasoning and scoring. The interviewees were selected to cover large parts of the value chain. Dependencies on natural, human, or social capital related to the material topic have also been taken into consideration. Both own operations and the value chain were assessed, as well as where in the value chain the risk and/or opportunity and impact is the highest.

VERY HIGH PRIORITY

- Climate impact
- Resilient and flexible societies
- Resource inflows and resource use
- Energy usage and efficiency
- Circular design and process
- Climate change adaptation

HIGH PRIORITY

- Biodiversity
- Health and safety for workers in the value chain
- Labor and Human Rights in the value chain
- Resource outflows and waste
- Employee working conditions
- Diversity, inclusion and equal treatment
- End-user welfare
- Rights of affected communities
- Business ethics and anti-corruption
- Supply chain management

- Environment
- Social
- Governance

The Group Management Team (GMT) was involved in the materiality assessment through workshops and interviews and signed off on the final materiality assessment. The materiality assessment will be revised yearly in conjunction with the risk management process, sustainability reporting cycle, and whenever there are material changes to any of the sustainability topics, in Adapteo's external environment or within the organisation.

In the 2023 report, Adapteo declares the material topics of the classification **Very high priority**. Most of the Social and Governance labelled material topics of **High priority** will be disclosed as legally required reporting topics. Adapteo will develop the material topic Biodiversity during 2024. Adapteo reports the impact, risks, and opportunities for each material topic under Environment, Social and Governance in the Sustainability Notes.

TRIPLE MATERIALITY

By combining the DMA results with a third perspective – Adapteo's ambitious strategy for growth – we were able to design the business case for sustainability. We call it Triple Materiality. Triple Materiality highlights key areas addressing business goals and sustainability ambitions simultaneously while considering the highest risks and opportunities in the DMA. By adding an enterprise value perspective on top of the DMA, we defined value-creating activities.

SUSTAINABLE BUSINESS PLATFORM

By combining Adapteo's business plan, growth plan and targets along with the DMA, the GMT identified a longlist of sustainability initiatives that will generate results, both for business and sustainability. Of these, 13 were selected as key value-driving initiatives for 2023–2024.

The prioritised sustainability initiatives were launched as Adapteo's Sustainable Business Platform. It constitutes a tactical plan to realise the intended sustainability strategy while securing consideration and support for business targets, growth ambitions and market leadership. Simultaneously it secures a proactive approach to reach CSRD compliance and being able to report progress in prioritised topics.

Each of these initiatives has defined responsibilities, including a responsible manager, GMT Sponsor and assigned steering group members to ensure that we deliver on planned activities. To be able to track the progress of each initiative, a project format has been created, describing planned activities, time plans and deliverables. These are to be reported quarterly by the responsible manager. We believe this approach will help us keep our eyes on our overarching objective: To deliver market-leading circular social infrastructure solutions within the planetary boundaries.

THE ROLE OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Adapteo was acquired by Goldman Sachs Asset Management in 2021, and the company’s circular business model and high sustainability ambitions were key factors for a successful partnership. Environmental, social, and governance (ESG) is a high priority for Goldman Sachs and the Board of Directors. Goldman Sachs has a team and an extensive network of sustainability experts that provide value and support to portfolio companies for the full duration of their ownership.

Adapteo’s Board of Directors consists of eight members (non-executive). Three of the Board members are independent, and the rest were appointed by our owners Goldman Sachs Asset Management and Interogo Holding. Two board members are women, and six are men, and the ages vary between 36 and 61 years. Adapteo’s Board Chair, and all other members of the Board, are not part of Adapteo’s Group Management Team (GMT).

The Board of Directors is responsible for adopting and overseeing the implementation of Group-wide policies, such as the Code of Conduct and the sustainability policy. The Board of Directors also reviews and approves the sustainability report and is informed about other sustainability matters such as the sustainability strategy and materiality analysis, which contributes to the advancement of their collective sustainability knowledge.

Adapteo’s Board has an Executive Development and Remuneration Committee (RemCo) consisting of the Chair of the Board and two other board members. As a general rule, the meetings are also attended by Adapteo’s President and CEO and Chief HR Officer, when needed other members of the company’s management or external experts may be heard at the meeting.

The RemCo is responsible for reviewing and preparing matters related to Adapteo’s remuneration principles, the performance and remuneration of the GMT and personnel, as well as executive management appointments and reviewing appropriate succession planning procedures and individual development plans for executive management. The RemCo is also responsible for reviewing, evaluating, and making proposals to the Board on

the short and long-term targets relevant to remuneration of the President and CEO, and the GMT, and remuneration and incentive schemes of the Group’s executive management and personnel.

The RemCo reviews and prepares recommendations to the Board with respect to the Adapteo’s remuneration policies, schemes, and plans of the personnel, as well as annually reviewing the achievement of the incentive targets and making recommendations to the Board on applicable pay-outs, if any. The Committee also oversees and follows the development of compensation and incentive schemes in relevant industries internationally.

The Charter of Board of Directors, and the Charter of the Remuneration Committee are the main governing documents for the work of the Board.

The remuneration of the members of the Board of Directors is annually decided by the Annual General Meeting. Board remuneration consists of fixed compensation and Board members are not in an employment relationship or service contract with the company. Board members do not participate in Adapteo’s variable pay, pension or benefit plans. Fixed compensation is, for example, in the form of an annual fee subject to approval at the Annual General Meeting.

The Board of Directors decides on the remuneration of the CEO and the other members of the GMT based on a proposal by the RemCo within the confines of the Remuneration Policy. The remuneration of the CEO and the other members of the GMT may consist of fixed salary, short and long-term incentives, pension, and other benefits. The Board of Directors decides on other types of remuneration to meet the overall aims and objectives of the company, including remuneration of a one-off or extraordinary nature.

Adapteo’s Board Chair is not part of Adapteo’s GMT. Adapteo takes conflicts of-interest seriously, and should there arise any risks related to that, these would be reported and handled by the CEO, the General Counsel, or other relevant persons in the group management. No critical concerns were filed during the reporting year.

BOARD NOMINATION PROCESS

Adapteo’s majority owners as of 2021 are Goldman Sachs Asset Management with appointed Board members during their ownership. Board members are appointed/re-appointed during the annual meeting. Criteria for selecting Adapteo’s Board members include views of stakeholders, diversity, independence, and relevant competencies such as sustainability.

The Board plays an active role in deciding the selection criteria. The Board is selected by the owners. To ensure the efficiency and quality of the work that the Board performs, the Board evaluates itself annually, including on issues related to sustainability. In 2023, Adapteo’s sustainability team grew, a result of the Board’s evaluation of Adapteo’s ability to deliver on its sustainability agenda.

SUSTAINABILITY GOVERNANCE

The overall sustainability work is overlooked by Adapteo’s GMT, including decisions on strategy, targets, Group-wide activities, and follow-up. This work is led by the Chief Sustainability Officer (CSO), who was appointed in 2023 as a direct report to the President and CEO, to accelerate the company’s circular transformation and sustainability journey.

The GMT are continuously involved in assessing material risks, opportunities and impacts related to ESG within the organisation and in the company’s value chain. The sustainability team prepares and monitors planned sustainability activities, which are implemented by the business units and Group functions. One GMT member is part of each steering committee for key sustainability initiatives, launched through Adapteo’s Sustainable Business Platform. This emphasises the importance of sustainability as an integrated part of the business agenda. The Sustainability Council, made up of representatives from Adapteo’s markets and functions across the organisation, supports in executing the sustainability plans. In each of the business units, there are employees responsible for implementing Group-wide policies and complying with local sustainability regulations.

Impacts, risks and opportunities are mainly communicated in the Double Materiality Assessment (DMA), the Sustainability plan and the Sustainable Business Platform. The latter followed up according to the company’s Program Management Office (PMO) process.

With a complete DMA and an added layer in the Triple Materiality assessment, Adapteo updated its sustainability plan which is now based on the three pillars of the corporate strategy, creating an integrated strategy for sustainable business. The Future Adaptive Strategy for Sustainable Business is also based on the DMA and the UN Sustainable Development Goals. Three sustainability pillars have been identified and focus areas and targets have been set under each pillar. Short and long-term targets and activities, including those in the Sustainable Business Platform, have been launched and will be further detailed in 2024. Governance Excellence is a cross-cutting area that stretches over all pillars. In order to succeed and meet our targets across all three pillars, we need to build robust governance processes and improve our risk and regulatory compliance work. This includes enhancing data availability and quality.

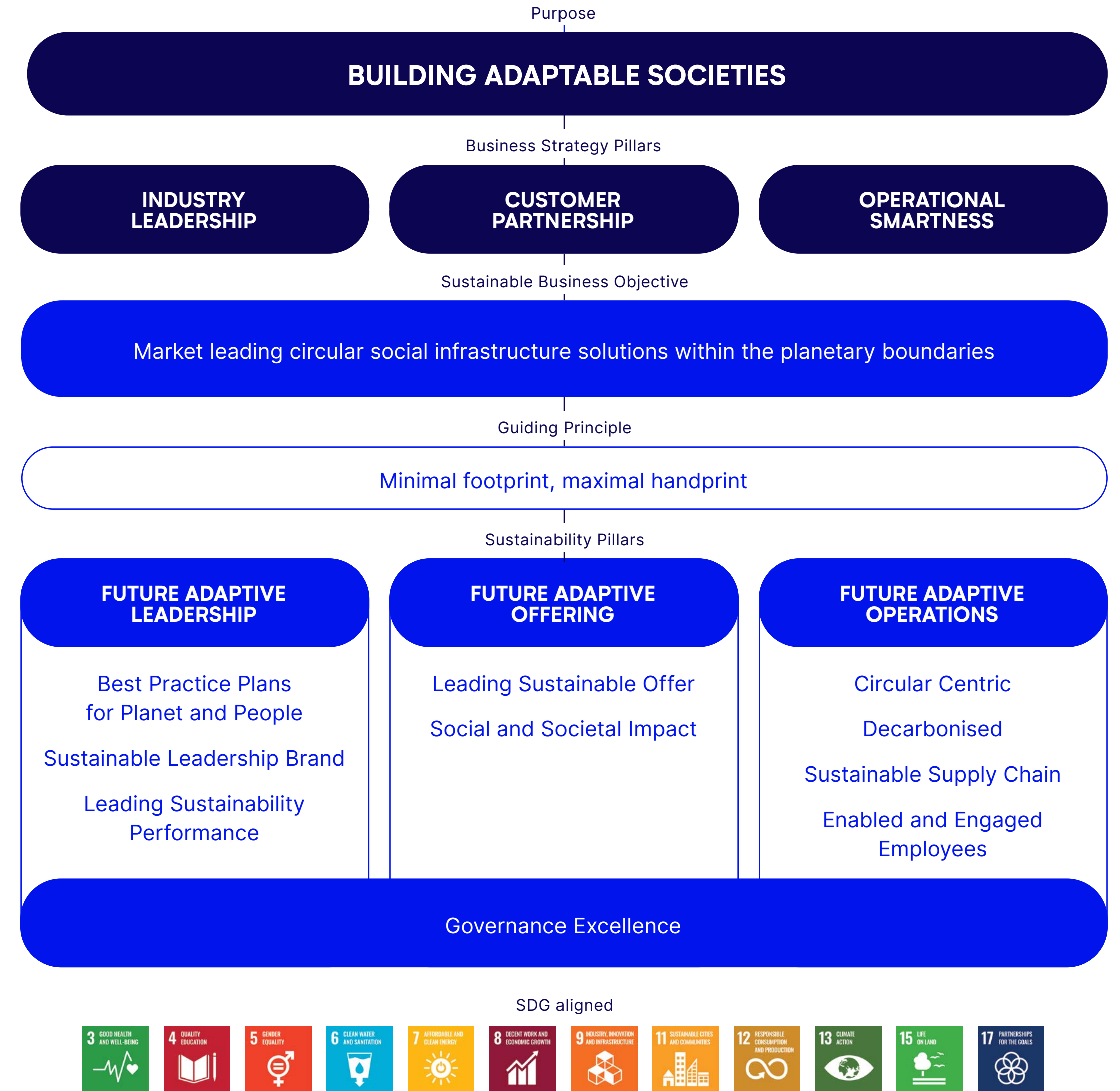
INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

During 2023, the CSO had a bonus target related to sustainability. For 2024 and onwards, a decision was taken to incorporate ESG targets in the annual bonus programme for the President and CEO, all other GMT positions and all members of local management teams eligible for participation in the company's short-term incentive arrangements.

RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

During 2023 the Enterprise Risk Management (ERM) process was updated to emphasize ESG in the risk register. The Double Materiality Assessment (DMA), and the risks identified in the DMA in particular, has served as input to the ERM process. The risk register reflects ESG risks. The Board of Directors reviews and approves the sustainability report, sustainability plans and targets, and the risk register, and is informed about other related matters including the DMA results.

Starting in 2024, the DMA will be revisited annually. The risks from the DMA are subsequently taken into account in the annual ERM process and risk register update, in accordance with the ERM policy.



POLICIES ADOPTED TO MANAGE MATERIAL SUSTAINABILITY MATTERS

Adapteo has adopted several policies that support the work with material sustainability topics. Adapteo's Code of Conduct, HR Policy, Diversity, Equity and Inclusion (DEI) Policy, Whistleblower Policy and Anti-Bribery and Corruption Policy outline the rights and responsibilities of employees and are implemented to ensure a safe working environment, fair treatment and ethical business practices across Adapteo.

Adapteo's Code of Conduct is based on the UN Global Compact and the OECD Guidelines for Multinational Enterprises and is systematically communicated and anchored throughout the organisation. The Chief HR Officer (CHRO), together with the CEO and other members of the GMT, is responsible for overseeing implementation adherence to Code of Conduct.

Adapteo's Environmental Policy and Sustainability Policy, owned by the CSO, apply to both internal and external parties, including employees and business partners. Adapteo applies the precautionary principle in relation to environmental matters.

Adapteo's business partners shall adhere to the company's Business Partner Code of Conduct (BPCoC), based on UN Global Compact and the OECD Guidelines for Multinational Enterprises, stipulating the minimum requirements we expect from the company's business partners regarding ESG. The policy gives us the right to evaluate and audit our suppliers. The Vice President of Strategic Sourcing manages key supplier relationships and ensures that the BPCoC is communicated to and signed by all key suppliers. Adapteo is developing its process for follow-up of its implementation and expanding the due diligence process to the entire value chain. Manuals and routines have been developed to support the implementation of Adapteo's policies. Local policies applicable to a Business Unit such as Quality, Environment and Work Environment Instructions complement Group-wide Policies. These are managed and owned by managers in each entity.

Adapteo's internal policies and routines are available on the company's intranet. All new employees receive a link to the policy package and are required to confirm that they have read it. All employees participate in mandatory e-learning in sustainability and circular economy, as well as compliance and corruption to ensure understanding of the fundamentals of the company policies.

Policies concerning external parties can be found on Adapteo's website. This includes a link to the whistleblowing channel, that provides a way for all employees and external parties to report suspicions of misconduct towards any of the company policies or business processes.

ENVIRONMENTAL INFORMATION

→ CLIMATE CHANGE

→ RESOURCES AND CIRCULAR ECONOMY

CLIMATE CHANGE

Climate change is a very high priority for Adapteo. In the Double Materiality Assessment (DMA), three topics related to climate change were assessed as material: *Climate Impact, Climate Change Adaptation and Energy Usage and Efficiency.*

IMPACT

Adapteo's impact on climate change is both positive and negative. The beneficial impact stems from our circular business model, which promotes resource efficiency and, in turn, a lower carbon footprint. Further contributions to minimising the negative environmental impact are:

- Use of renewable materials such as wood, which also act as carbon sequestration.
- Use of lightweight materials.
- Buildings not requiring extensive groundwork, or concrete and steel construction.

With repeated use cycles and extended lifespan, the lower a module's overall climate impact becomes. Furthermore, Adapteo contributes to climate benefits on a societal level, by providing flexible and temporary solutions that facilitate and enable development, adaptation, and renovation, of the permanent built environment. Adapteo also contributes to speeding up the process of new industrialisation, which can support the transition to a sustainable society, by quickly being able to deploy necessary social infrastructure.

94 percent of emissions occur upstream in our value chain, largely related to construction materials, production and transport of our modules. This is the embodied carbon footprint of our module fleet. The choice of materials is therefore of significant importance to reduce the life cycle climate impact.

According to LCAs previously commissioned by Adapteo, around one-third of the modules' emissions are generated during the user phase. These emissions are not included in our carbon mapping to date. Moreover, they are greatly influenced by the choice of energy used by the tenant, as well as the climate of the region where a building is located. To reduce energy use in the buildings, Adapteo

offers e.g. heat pumps, waterborne heating systems, and solar panels as a service – providing solar power as an alternative energy source. Adapteo also develops smart technology (IoT solutions) with monitoring sensors to plan and optimise energy consumption.

RISKS

Adapteo is navigating potential future financial risks linked to, e.g. new building regulations and a growing customer preference for lower climate impact solutions, which could require further module modifications. Responding to these external demands and making the requisite investments will incur costs. Moreover, EU climate-related regulations, such as the Carbon Border Adjustment Mechanism (CBAM), may lead to cost hikes for certain materials, impacting Adapteo. For the next one to five years, the projected costs associated with aligning with the Science Based Targets initiative (SBTi) and implementing measures to reduce our climate footprint are expected to be relatively moderate, or could be balanced by cost savings related to improved efficiency. While we anticipate an increase in these costs over time, the development of new, more affordable technologies is expected as society continues its decarbonization journey.

An increased demand for renewable sources may pose an increased risk of rising raw material prices of key raw materials such as wood and recycled steel. Rising energy and fuel prices are another risk for Adapteo.

OPPORTUNITIES

In a future where climate change will cause extreme weather events, such as flooding, storms, and wildfires, Adapteo can play a pivotal role in society by providing quickly established, flexible solutions. The advantage of delivering flexible solutions, compared to traditional buildings, lies in Adapteo's ability to accommodate the unpredictable consequences of climate change.

Adapteo's range of flexible solutions may also leverage other market interests and needs, including customer-driven shifts towards renewable energy, fossil-free steel production, and housing with dignity for refugees. Furthermore, there exists an opportunity in sectors requiring substantial investments, where temporary and flexible building spaces are in demand – namely the kind of solutions that Adapteo can provide. Read more about opportunities and areas for expansion on [page 32](#).

Adapteo offers a variety of energy-efficient options, as alternatives to traditional electric heating, to the benefit of customers, cost, and climate. The solutions offered include water-borne underfloor heating, heat pumps, solar panels and smart connectivity solutions.

The future holds an increasing demand for energy and energy efficiency solutions as societies and businesses prioritise decarbonisation and the transition to fossil-free alternatives, such as electric alternatives. Energy efficiency solutions may not only lead to direct cost savings but also offer higher profit margins. This incentivises clients to potentially pay a premium for modules that demonstrate superior energy-saving capabilities or higher energy efficiency. Therefore, energy efficiency becomes a compelling selling point, appealing to sustainability concerns, cost of ownership, and improved operational costs for customers. The latest updates on the Energy Performance of Buildings Directive, which impacts the entire construction and real estate sector in the EU, pose interesting opportunities for Adapteo's business. For instance, the directive states that all new buildings in the EU need to be net zero-emission, solar-ready buildings in a not too distant future.

TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

Adapteo is committed to reducing the carbon footprint across its entire value chain to honour the Paris Agreement. Adapteo submitted its Commitment Letter to the SBTi in December 2023 and is committing to a net zero target by 2040 alongside a short-term emissions reduction target by 2030.

Adapteo's emission reduction goals for GHG scopes 1, 2 and 3 will be calculated according to SBTi methodology with the base year 2022, and with the long-term target of zero emissions by 2040.

A climate budget for annual emissions reductions towards the near- and long-term targets is being developed. The decarbonisation plan for Adapteo's scopes 1 and 2 emissions was completed in 2023, ready to be actioned from 2024 onwards. A budget for CO₂e emissions reduction has been developed until 2030, covering scopes 1 and 2 emissions from mobile combustion, stationary combustion, heating, and electricity. Adapteo's plan to achieve its climate target for 2024 includes switching to 100 percent renewable electricity and devising plans for phasing out fossil energy in operations and fossil fuel vehicles by 2030.

For scope 3, the decarbonisation plan will adhere to FLAG and Buildings guidelines from SBTi, pending publication of final version in 2024. This work will hence carry over and continue in 2024. According to the SBTi process, the targets and emissions reduction plans will have to be approved by December 2025, at the latest. Adapteo's ambition, however, is to complete this work in 2024.

For 2024, an annual target for mitigation and emissions reduction activities in scopes 1 and 2 has been devised, with a linked bonus target for the GMT.

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Adapteo’s instrument for managing climate change mitigation and adaptation is covered in the chapters “Environmental principles on procurement” and “Energy and greenhouse gas emissions” in the Adapteo Group Environmental Policy, as well as in the Sustainability Policy. These policies are reviewed yearly.

ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

During 2023 Adapteo’s sustainability team grew from one to four full-time employees. In addition, investments in external expertise e.g. climate calculations and reporting, have been made to support Adapteo’s climate ambitions.

TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

In December 2023, Adapteo submitted a Commitment Letter as a first step in the process to have its climate goals approved as Science Based Targets (SBTi). Adapteo is committing to reach net zero emissions by 2040, alongside a short-term reduction target by 2030. Base year is set to 2022. Data from 2022 has been requalified and data quality improved during 2023.

Adapteo’s operations, vehicle fleet and procured transports will be fossil-free by 2030. To reach these targets, Adapteo has developed a decarbonisation plan, with annual reduction targets covering emissions scopes 1 and 2. Enforcing the fossil-free target has the potential to reduce emissions in scope 1 and 2 by approximately three quarters until 2030.

As of 2024, all electricity used across Adapteo Group’s operations will be renewable. In addition, detailed plans will be developed for the phase-out of fossil energy from vehicles and stationary combustion across the Group.

The development of a full decarbonisation plan covering scopes 1, 2 and 3 for Adapteo Group is ongoing.

ENERGY CONSUMPTION AND MIX

The total energy consumption has increased from 2022, which can be explained by the growth of our business. Since 2022, we have increased the use of company cars and related fuels. We have increase enegy consumption at our hubs, and the use of heat and steam grew substantially. It should also be noted that data between 2021–2023 is not fully comparable due to data gaps and changes in methodology between years.

Calculations have been made using available data from our Business Units. Where energy data has not been available, conversion rates have been used to, for example, convert kilometres driven, litres of fuel used or cost to MWh. In the case of renewable electricity, the percentage of renewables in respective country’s energy mix has been used if no other data was available. Natural gas is used for onsite heating in Finland, Germany and the Netherlands, wood chips are used for heating at one of Adapteo Sweden’s sites, and one Finnish site uses oil. In addition, Adapteo sites uses district heat or electric heating.

The increase in energy use overall is due mainly to higher reported mobile combustion, i.e originating from company cars.

TABLE 1. ENERGY USAGE (MWH)

	2023	2022
Fuel	8,712	4,745
Electricity	2,309	2,236
Heat and Steam	385	190
Cooling	23	28
Total	11,429	7,492

The table includes energy use at Adapteo’s operational sites and in company cars. Fuels include (non-renewables) oil, natural gas, diesel, petrol and (renewable) wood chips. For 2023, completeness of mobile combustion data has been significantly improved, contributing to the increase compared to 2022.

TABLE 2. RENEWABLE ELECTRICITY AND ENERGY USE IN OPERATIONS (%)

	2023	2022
Renewable Energy	16	28
Renewable Electricity	56	66

Renewable energy figures include electricity, heating, cooling reported as scope 1 and 2 emissions. All figures have been converted to kWh for reporting the share of renewable energy and electricity. Our growth is skewed towards markets where renewable energy is less integrated, which may explain the drop in renewable share. Data accuracy has improved for 2023, but further actions are taken during 2024 to ensure data quality going forward.

GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

Our carbon footprint, shown in table 3, comprises consolidated CO₂e emissions in scope 1, scope 2 and scope 3. The data used consists of a mix of several sources. At the heart lies scientifically vetted emission factors to translate Adapteo’s business activities into carbon dioxide equivalents (CO₂e). For outsourced activities, such as purchased electricity, heating, transportation, and waste generated, Adapteo engaged directly with related suppliers and asked for emissions data. In 2023, our total GHG emissions increased compared to 2022, the biggest increase generated in scope 3. This is predominately due to the growth of our business which has resulted in additional company cars, increased energy use and, most significantly, additional purchased goods and services. It is also partly due to a change in values reported – where weights, distances and volumes have been replaced by GHG figures – resulting in different GHG-intensity factors. As we have obtained more accurate data for mobile combustion and more GHG inputs, emissions in scope 1 and scope 2 in 2023 are not fully comparable to 2022. Another compounding factor is inflation, leading to higher emission factors in 2023. For some key categories including e.g steel and wood, emission factors were on average 30 percent higher in 2023 versus 2022.

We are committed to accuracy and transparency and we are constantly refining our sources of data. During 2024 and onwards we will further focus on the data quality where processes and routines will continue to be developed. Our ambition is to continuously include more activity-based data, and hence reduce reliance on transaction data.

As Adapteo has had double-digit growth in several markets, purchased goods and services have increased. As transaction data has been used to calculate these, price fluctuations may have impacted the estimated emissions, contributing to increased scope 3 emissions.

Our carbon footprint shown in table 3 comprises emissions in scope 1 (mobile and stationary combustion), scope 2 (electricity, heating, and cooling), and scope 3 (Purchased Goods and services*, Capital goods*, Business Travel, Transportation, Fuel and energy related activities*, Waste Generated in operations). For some

TABLE 3. GREENHOUSE GAS EMISSIONS AND INTENSITY
(Greenhouse gas emissions, tonnes CO₂e)

	2023	2022	Δ CO ₂ e	Δ %
Scope 1 GHG emissions (t CO ₂ e)	2,007	1,548	459	30%
Scope 2 GHG emissions (t CO ₂ e) *	617	435	182	42%
Scope 3 GHG emissions (t CO ₂ e) **	112,113	92,602	19,511	21%
Total GHG emissions (t CO₂e)	114,737	94,585	20,152	21%

GHG INTENSITY

Carbon footprint per sqm (kg CO ₂ e/m ²) ***	76	68	9	13%
Carbon footprint per € net rent (t CO ₂ e/M€) ****	595	533	62	12%

Greenhouse gas (GHG) emissions are calculated based on the GHG Protocol, using emissions factors from DEFRA and other sources such as Exiobase and AIB. The increase in total emissions is linked to the growth of our fleet and operations. Another driver is inflation, leading to higher emission factors in 2023. For some key categories including e.g steel and wood, emission factors were on average 30 percent higher in 2023 vs 2022.

* Scope 2 emissions have been calculated using the market-based method.

** Scope 3 including business travel, transportation and waste generated in operations is based on activity data, while emissions for purchased goods and services, capital goods, fuels and energy related activities are based on transaction data.

*** Total square metres 2023: 1.5 million, 2022: 1.4

**** Net rent 2023: 192.9 MEUR, 2022: 177.5 MEUR

categories in Scope 3, marked with an asterisk (*), transaction data has been the basis for calculations. Our ambition is to continue to include more activity-based data, and hence reduce reliance on transaction data and improve accuracy of the calculations.

As shown in table 4, we have an increase in company cars in total, which correlates to the growth of the business and organisation. Since 2022 the share of hybrid and electric vehicles has increased from 25 to 30 percent, as a step towards fossil free operations and transport by 2030.

TABLE 4. COMPANY CARS

	2023	2022
Diesel	124	108
Petrol	95	30
Hybrid	44	32
Electric	50	15
Total	313	185

WHY IS OUR CARBON FOOTPRINT GROWING?

Adapteo is dedicated to meticulously mapping our carbon emissions across our value chain to build a robust foundation for our decarbonisation strategies. Though our journey is ongoing, we commit to reporting our progress transparently.

Reasons our carbon footprint is growing:

- **Growth:** Adapteo is pursuing ambitious growth goals, leading to an increased fleet size and operational scope, which raises our total carbon footprint in the near term. In 2023, a 23 percent increase in rental sales was paired with a 21 percent increase in absolute carbon footprint. Our carbon intensity grew less, by 12 and 13 percent. Our aim is to gradually decouple our growth from our carbon footprint, striving for a near-zero carbon intensity.
- **Inflation:** Inflation can indirectly elevate greenhouse gas emission factors. For some key materials, including steel and wood, emission factors were on average 30 percent higher in 2023 versus 2022. Relying on spend-based data makes carbon footprint calculations more sensitive to inflation. Transitioning from spend-based to activity-based data will improve the robustness of our footprint calculations over time.
- **Completeness:** This year, we’ve enhanced the verification and qualification of our climate data and filled some previous data gaps, such as emissions from company cars. We are now prioritising the estimation of emissions linked to use phase energy, which are not yet captured. Initially, this will increase our reported emissions, but will offer a more accurate representation of our impact.

Strategies to reduce our emissions:

- **Increasing circularity:** Optimizing fleet utilisation and focusing on reuse and refurbishment, will minimise our dependence on new materials, reducing our footprint. With an operational utilisation rate of 86.9 percent and one-third of our total delivered space in 2023 being virgin fleet, there is room for improvement.
- **Designing out embodied carbon:** Revisiting our construction materials and methods, prioritising low-emission options, will reduce emissions. By increasing the use of wood, along with a focus on longevity and responsible sourcing, our buildings can also increasingly become carbon sinks.
- **Phase out fossil:** Eliminating fossil energy and materials from our operations and supply chain is essential. We can also enhance our efforts to provide energy-efficient solutions and increase access to renewable energy to our customers, supporting our commitment to climate action.

RESOURCE USE AND CIRCULAR ECONOMY

Resource use and circular economy is a material matter for Adapteo. In the DMA, three topics were assessed as material: *Resource Inflows and Resource Use*, and *Circular Design and Process* and *Resource Outflows and Waste*.

Adapteo is built on a circular core concept, essentially offering buildings as a service. Adapteo’s business model is based on providing flexible, adaptable, moveable, reusable buildings for social infrastructure needs, in a full-service rental concept. It is a model that inherently contributes to increasing circularity and reuse, as well as minimising the carbon footprint of the construction industry and the built environment.

Increasing circularity and decreasing reliance on non-circular, high-emissions materials such as concrete, is an absolute necessity if the global and European climate goals are to remain within reach. Adapteo can contribute to that with resource-effective solutions, low-impact buildings, and circular expertise, focused on reuse and resource efficiency. This business model also allows for speedy solutions to demographical and societal fluctuations and needs, allowing cities and communities to change and develop faster.

Adapteo is committed to optimising resource utilisation and embracing circular economy principles. This involves addressing the negative environmental impacts associated with our manufacturing processes and materials. By adopting close partnerships with key suppliers, manufacturing practices, and a circular business model, Adapteo aims to minimise waste, maximise material utilisation, and prioritise sustainable materials.

IMPACT

Core circular economy principles entail maximising the value creation of minimal resources. Adapteo’s circular business model, providing space as a service, is key to minimising resource, environmental, and climate footprints. Moreover, Adapteo’s expressed ambitions to keep expanding on its circular principles, striving to become more circular over time, will serve to reinforce these benefits.

Adapteo recognises the need to prioritise the use of renewable, recycled, recyclable, and certified materials and products. By setting a target of using 100 percent circular materials by 2030, Adapteo aims to minimise both total resource use and environmental impacts. We know there are improvements we can make. All materials have some negative environmental implications and a carbon footprint during their extraction, production processes, and at the end-of-life. However, Adapteo’s circular business model, which involves reusing modules, components, and materials, helps minimise the overall negative impact. The company’s regional-focused purchasing practices and European manufacturing of the module fleet further limit the scope of environmental consequences.

RISKS

Adapteo faces a range of risks related to resource use and circular economy. These risks include:

- **Regulatory Changes:** Changes in regulations, such as those related to environmental standards or circular economy practices, could impact Adapteo’s operations, manufacturing processes, material sourcing, and fleet.
- **Resource Scarcity:** Adapteo relies on primary construction materials to expand and refurbish its fleet of modules. Many of these materials are subject to potential scarcity. Resource depletion could lead to shortages or rising costs, affecting the availability and affordability of materials for modular construction.
- **Supply Chain Management:** Adapteo has a global supply chain and is reliant on materials, components, and suppliers for the construction of modules. Disruptions in the supply chain, such as delays, quality issues, or a lack of sustainable suppliers, may impact production and impede Adapteo’s ability to meet sustainability goals.
- **Traceability:** Ensuring the traceability of materials used in Adapteo’s modular buildings is essential for verifying their origin, and assessing circularity, and enables avoiding materials with a high environmental impact. Lack of traceability can pose reputational risks and hinder compliance with regulations and customer expectations, and impede improvement efforts.
- **Geopolitical Circumstances:** Adapteo operates on a global market, and geopolitical factors, such as trade disputes or changes in import/export regulations, can impact the availability and cost of materials. Political instability or regional conflicts can disrupt supply chains and affect Adapteo’s operations
- **Carbon Border Adjustment Mechanism (CBAM) Impact:** The European Union’s CBAM, which aims to tackle carbon leakage, could potentially affect Adapteo’s operations. The mechanism may impose additional costs on imports of materials such as aluminium, steel and concrete into the EU, which in turn might impact pricing and competitiveness.

OPPORTUNITIES

The EU’s Circular Economy Action Plan (CEAP) is one of the main building blocks of the European Green Deal, that will help streamline the regulatory framework towards products that are durable, reusable, and repairable. The building industry has been identified in the CEAP as a key sector for climate change mitigation, yet the construction industry is far from circular today and represents about 38 percent of global climate impact and 35 percent of waste generated in EU. In this context, Adapteo’s modular concept and rental business model provide a strong advantage.

Adapteo recognises a promising opportunity to maximise circular flows, enhance module utilisation and lifespan, and effectively manage resources overall. The company’s circular business model is well-positioned to meet global trends, changing customer demands, and upcoming legislation. The quick pace of change in society makes Adapteo’s offering even more attractive and useful.

By leveraging this opportunity, Adapteo aims to realise enhanced financial performance, achieved through more optimised circular flows, improved module utilisation, and efficient material usage. Moreover, with predicted future resource scarcity, Adapteo’s circular processes will become even more valuable. This strategic approach enables Adapteo to manage costs and face a volatile market more effectively than traditional companies in the real estate and construction sector.

POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Adapteo has a Sustainability Policy and an Environmental Policy that complement each other in how the company is committed to sustainable production and consumption and addresses material impacts in the operations and value chain.

We are committed to managing our resources efficiently, minimising waste, maximising utilisation, designing for circularity, and using circular materials, being renewable, reused, reusable, recycled, recyclable, and certified. We state we shall reduce, reuse, refurbish and recycle products and materials, prioritised in that order. We are committed to prolonging the lifetime of products by maintaining, refurbishing, and reusing building units. When a module has reached the end of its rental lifecycle, the building is either sold or donated to serve another purpose, or, as a last resort, disassembled for recycling and energy recovery.

ACTIONS AND RESOURCES

RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Though Adapteo has a circular business model, many steps remain to become fully circular.

To move from virgin, fossil, non-renewable and/or non-recyclable materials to more sustainable materials such as recycled, renewable, recyclable, or certified materials is a transition that takes time and that is dependent on market availability and comprehensive collaboration across the supply chain. For Adapteo, wood is a preferred material in the Nordic market, due to its renewable, lightweight, and carbon sequestering qualities. Our target is to source 100 percent FSC® or, as a second choice, PEFC-certified wood. Sourcing recycled and/or fossil-free steel and aluminium, investing in takeback and recycling schemes for e.g. insulation and flooring, and working with our suppliers to reduce reliance on fossil resources and virgin materials will be in focus over the coming number of years.

Our modules are produced in series, optimising economies of scale such as material use and energy efficiency. This benefits both the environment and the economy.

When Adapteo buildings are moved, we use local service hubs to refurbish them, and well-planned transport routes to reduce climate impact. We aim to constantly increase our reuse and recycling rate and work to minimise waste by using standardised materials and formats.

Our buildings can be placed on any flat surface without the need for excavation or casting concrete foundations. This is resource efficient and reduces climate impact. We offer energy-efficient heating systems such as waterborne heating, smart and efficient ventilation, and solar panels.

It is our ambition to create modules with a long lifespan, and it is crucial to retrofit used modules to meet updated regulations. Requirements on energy, acoustics, or fire safety are the ones most often subject to updates. By comprehensive fleet management planning, we can keep modules in use and extend their lifespan as much as possible.

TARGETS RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Our long-term ambition is to become fully circular. Going forward, Adapteo is developing metrics and methods, to help track progress to becoming an increasingly circular business.

Adapteo has a target of using 100 percent circular materials by 2030. Circular materials include renewable, reused, reusable, recycled, recyclable, and certified materials. To follow up on the performance of this 2030 target, as well as the long-term goal to become fully circular, Adapteo is developing processes and capabilities.

Moreover, we aim to enhance the circular design and production of our modules, including improving possibilities to reuse, refurbish and recycle modules and components, and extending the total lifespan and utilisation of modules.

These targets are strongly supported by the Circular Economy Action Plan and related directives such as the Eco-design Directive, the revised Construction Products Regulation and the EU taxonomy.

RESOURCE INFLOWS

Adapteo resource inflow is the material inflow related to production of new modules. The estimated total resource inflow related to all new modules produced for Adapteo in 2023 was just over 62 000 tonnes. Table 5 Resource inflows shows how this tonnage is split between key construction materials by weight. The total inflow and split between materials was based on the material composition of some of our core module series, representing both wood and steel based modules. Overall, renewable materials represented approximately 17 percent of the material inflow 2023. Over 80 percent of these key materials are recyclable.

TABLE 5. RESOURCE INFLOWS

ADAPTEO TOTAL MATERIAL INFLOW, BY WEIGHT	
Wood	17%
Steel	40%
Plastic	2%
Gypsum	8%
Cement board	8%
Insulation	24%
Renewable material	10,599 tonnes
Non-renewable material	51,493 tonnes
Estimation of total material used for new building units in 2023	62,092 tonnes

The materials are based on module series C90, F50, F75 and Hybrid. The calculations are based on average weight by material type and the average material composition has been used to calculate total resource inflow covering all new modules produced by Adapteo in 2023.

RESOURCE OUTFLOWS

Waste is a valuable resource that can be used in circular flows, and our industrial building technique limits the waste generated. Our modules are reused over and over, which also applies to materials and components. 64.5 percent of the rented fleet deployed in 2023 was reused, corresponding to over 36,000 tonnes of materials. Most of the waste is generated at our project sites during assembly, and in our hubs when refurbishing our modules. In the coming year, we will further analyse our waste streams to identify opportunities to increase reuse and recycling rates.

Activities to reduce waste include circular design, increased refurbishment and reusability which is part of Adapteo's business model and aims to close the loop of materials, enhance the profitability through durability, as well as reducing the outflow of waste and other materials.

The resources outflow produced by Adapteo 2023 is shown in Table 6 Resource outflows. In 2023, the total waste generated decreased by 5.4 percent from 2022, and waste per square metre was reduced by 11.7 percent. During 2023, we have improved the mapping of our material outflow and waste treatment. A majority of our waste (91 percent) is non-hazardous, and 7 percent hazardous, leaving only 2 percent as unspecified.

Adapteo has a target of zero waste to incineration without energy recovery or landfill by 2030. We follow the waste hierarchy and aim to reuse as much as we can, something that is also manifested as the core of Adapteo's business model of reusing modules for multiple projects. Components or materials that cannot be reused should be recycled to the extent possible. What cannot be recycled is incinerated with energy recovery. As a last option, waste is sent to landfill or final storage. Waste to landfill has increased, which in part can be explained by increased business and project assembly in 2023. The work to improve reuse, recycling and waste management will remain in focus over the coming years.

TABLE 6. RESOURCE OUTFLOW

	2023		2022	
WASTE GENERATED PER SQM (KG)	1,59		1,80	
WASTE GENERATION	Tonnes	%	Tonnes	%
Non-hazardous	2,169	91	1,694	67
Hazardous	161	7	26	1
Unspecified	48	2	793	32
Total waste	2,378		2,513	
WASTE TREATMENT				
Reuse	38.8	2	145	6
Recycling	1,361	57	1,525	61
Total recycling and reuse	1,400	59	1,670	66
Energy recovery	548	23	561	22
Landfill	430	18	282	11
Total energy recovery and landfill	978	41	843	34

Data covers available information reported by Adapteo's business units, covering hubs, offices and project sites.

ANTICIPATED FINANCIAL EFFECTS FROM MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED RISKS AND OPPORTUNITIES

Adapteo runs an ongoing project to reuse insulation that results in reduced costs and lower environmental impact. With the knowledge that insulation is one of our most climate-impacting materials, a business case was developed to find alternative insulation materials. The reuse of stone wool insulation is an example of how Adapteo treats scrapped material as a valuable resource in the circular economy and reduces the carbon footprint. It brings financial benefits as reusing material reduces the waste removal expenses and the need to purchase new, virgin insulation. Instead, scrapped insulation is removed, transported and used in new steel modules. Each transport carries enough material to replace the insulation on the floor of 25 modules. We expect the reuse will save about 4.3 CO₂e/m². In a module with a material carbon footprint of 4,500 kg, it reduces the footprint by almost two percent.

SOCIAL INFORMATION

- OWN WORKFORCE
- WORKERS IN THE VALUE CHAIN
- AFFECTED COMMUNITIES
- CONSUMERS AND END-USERS

OWN WORKFORCE

Our own workforce is a high-priority for us, but it is also a material aspect, as determined by the DMA's identification of *Employee and Working Conditions*, along with *Diversity, Inclusion, and Equal Treatment* as key material topics.

Adapteo aims to be a workplace that enables all employees to perform their best, and where all employees have clear mandates, roles and responsibilities. Adapteo's key values – Proactive, Collaborative and Committed – are the north star, guiding us in everything we do.

We are committed to the well-being of our workforce and creating a positive and inclusive working environment where employees feel motivated, inspired, and proud to work. By providing good working conditions, and career development opportunities, and by fostering diversity and equal treatment, we aim to create a workplace where everyone feels valued and welcome.

IMPACT

Adapteo's employees are our most valuable assets and make it possible for us to realise the company's business plan and goals. We recognise the importance of creating a welcoming and equitable work environment as a key to success and in attracting and retaining top talent. We invest in leadership programmes, transparent communication, and career development opportunities and we prioritise secure employment, fair wages, and collective bargaining to ensure stable and fulfilling careers for our employees. Regular hazard identification and risk assessments, along with appropriate training are necessary to ensure a safe working environment. Adapteo follows safety regulations and monitors work environment conditions to mitigate the risk of accidents.

RISKS

The construction and building industry is male dominated. Adapteo recognises the risk of gender-based discrimination and is dedicated to fostering diversity and equal treatment. Perspectives on diversity and inclusion may vary across the organisation, requiring a focused effort to promote a more heterogeneous and inclusive work environment. Attrition rates and associated financial risks pose challenges to workforce stability and financial performance. We continuously work to address these risks and promote employee retention.

Our procurement and sales departments may be more susceptible to potential risks with corruption due to their frequent interaction with suppliers and other external entities. Frequent training in compliance and anti-corruption practises have been put in place to reduce this risk.

OPPORTUNITIES

Embracing diversity, inclusion, and equal treatment allows us to attract and retain highly skilled talent, contributing to cost-effectiveness and innovation in our projects. By adopting a proactive and structured approach to diversity and inclusion, including educational initiatives, Adapteo has the opportunity to foster a more inclusive culture. Committing to strive for gender balanced management teams, reflecting our commitment to gender equality across all our organisational teams. Measuring the Employee Net Promoter Score (eNPS) helps us gauge employee satisfaction and take necessary actions to improve their experience.

We value engaged employees and utilise surveys to measure employees' perceptions of the work environment, enabling us to identify areas of improvement. Through continuous improvement and proactive measures, we strive to be an attractive employer for new talents and for employees within the workforce.

TABLE 7. DIVERSITY METRICS (%)

	Female	Male	<30 years	30–50 years	>50 years
Board of Directors	25	75	-	-	-
Group Management Team	25	75	0	100	0
Managers	24	76	4	71	24
Local Management Teams	23	77	0	81	19
Employees, total	27	73	18	46	36

* BoD have not been reported on in terms of age spans due to its few members.

TABLE 8. GENDER REPRESENTATION OF ADAPTEO'S EMPLOYEES (#)

	Permanent employees		Temporary employees		Full-time employees		Part-time employees		Total	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Benelux	17	100	10	33	10	118	17	12	27	133
Estonia	0	1	0	0	0	1	0	0	0	1
Denmark	8	31	0	1	7	31	1	1	8	32
Finland	25	46	1	6	25	47	1	5	26	54
Germany	35	105	2	4	37	109	0	0	37	109
Lithuania	0	5	0	2	0	5	0	2	0	7
Norway	11	17	0	0	11	17	0	0	11	17
Sweden	40	79	0	2	40	80	0	1	40	84
Total	136	383	13	48	130	407	19	21	149	436

POLICIES RELATED TO OWN WORKFORCE

Adapteo has Group-wide policies such as the Adapteo Code of Conduct, HR policy, DEI policy and whistleblowing policy as well as underlying manuals and routines. Adapteo’s Code of Conduct (CoC) is based on The OECD Guidelines for Multinational Enterprises, and as a signatory member to the UN Global Compact, Adapteo’s CoC adheres to the ten principles of the UNGC that are derived from: the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. The Code of Conduct prohibits forced or compulsory labour throughout the value chain, including child labour.

The Code of Conduct, the HR Policy, and Adapteo’s Diversity, Equity and Inclusion (DEI) policy prohibits discrimination and harassment of all forms, whether due to gender, age, ethnic origin, sexual orientation, religion, trade union activity, pregnancy, or other legally protected characteristics. The DEI policy applies to all employees at Adapteo, subsidiaries and subcontractors of Adapteo. The DEI work will continue in 2024 with the development of an action plan and KPIs to secure implementation, through communication and education of the DEI work across Adapteo. Breaches against the DEI policy should be reported to managers or through Adapteo’s anonymous whistleblowing scheme, see below, “Processes to remediate negative impacts and channels for own workforce to raise concerns”.

A zero-tolerance policy for workplace reprisals ensures transparency and accountability.

We encourage employees to report suspicions of misconduct, that is, actions that are not in line with Adapteo’s company policies and which may harm individuals, the company or the environment. Adapteo does not tolerate retaliation. Reports can be made through the anonymous whistleblowing channel.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR OWN WORKFORCE TO RAISE CONCERNS

Any reported cases of discrimination are monitored and evaluated, with systematic follow-up processes in place to employ appropriate measures when necessary. Relevant managers are responsible for building an action plan based on the findings of the survey and/or if any case reports are filed by employees directly to a manager or through the whistleblowing system.

If an employee or worker discovers a work-related hazard, they should report it to their closest manager or through Adapteo’s externally managed whistleblowing channel through which anonymous reports can be filed. Adapteo has a zero-tolerance policy towards reprisals and all whistleblowers are protected by the company’s Code of Conduct and whistleblowing policy. All cases reported through the whistle-blowing channel or other means are reviewed and handled depending on the severity of the incident, including remediation when applicable.

If any employee is subjected to, or witness victimisation, they are encouraged to report to their manager, senior management, HR and/or through the whistleblowing channel. Information on the whistleblowing system and how to file anonymous reports is shared from time to time on Adapteo’s intranet and in training material for employees.

No cases of harassment or discrimination were reported in 2023 that required any legal action. One report was filed through the whistleblowing system in 2023, revolving around a potential conflict of interest. The case was assessed and resolved internally, with no further actions necessary.

TAKING ACTION ON MATERIAL IMPACTS ON OWN WORKFORCE, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO OWN WORKFORCE, AND EFFECTIVENESS OF THOSE ACTIONS

Adapteo has an integrated management system covering all operational markets and Adapteo’s employees. A majority of these markets have certified Adapteo’s management system according to ISO 9001, 14001 and 45001. Work is underway to expand coverage of ISO 9001, ISO 14001 and ISO 45001 across the Group’s operations and we aim to achieve a Group-wide certification for all three in 2025.

This will ensure a solid framework level for all entities and employees regarding the QHSE standards and a direct visual process to support or share lessons learned within the whole Adapteo Group. The QHSE framework is to be incorporated into daily operations and evaluated by monthly trend analysis and internal audits on regular basis to ensure safe employees, responsible operations and continuous improvements.

In some of the countries where Adapteo operates, there are health and safety committees where employees and management convene. In 2023, Adapteo appointed a Group QHSE Manager to further develop the work with QHSE.

The Chief HR Officer, who reports to the President and CEO, leads the work with employee-related issues. Adapteo’s business units have local ownership and responsibility for compliance with local laws and regulations.

Adapteo adopts a steering model to empower and enforce strong and independent business units across different geographies with local ownership and responsibility. This is to ensure compliance and excellence also in local legislation and circumstances relating to occupational health and safety and labour rights. The HR organisation and other corporate functions such as QHSE, are supporting their effort in ensuring compliance and excellence within these areas.

TABLE 9. ISO AND OTHER CERTIFICATIONS

	Baltics	Benelux	Denmark	Finland	Germany	Norway	Stord Innkvartering	Sweden
ISO 9001 (Quality)		•	•	•	•	•	•	•
ISO 14001 (Environment)		CO ₂ Ladder*	•	•	•	•	•	•
ISO 45001 (Occupational Health and Safety)		VCA**		•	SCC***		•	•

*CO₂ Performance Ladder: A green public procurement instrument to certify companies’ climate action

**VCA: Safety, Health and Environment Checklist for Contractors

***SCC: Safety Certificate for Contractors

Hazard identification and risk assessments are conducted annually and in accordance with the requirements of each relevant jurisdiction. The Business Unit Manager of each legal entity is responsible for collaborating with managers with staff responsibilities to conduct these assessments. The functions involved in the hazard and risk assessments receive adequate training. Employees handling heavy machinery complete adequate training to ensure the health and safety of the workplace and each employee.

PROCESSES FOR ENGAGING WITH OWN WORKFORCE AND WORKERS' REPRESENTATIVES ABOUT IMPACTS

Adapteo conducts annual, anonymous employee engagement surveys and half-year pulse surveys. The annual survey measures Engagement, Leadership, Organisational and Social work environment, Culture, Attractive employer (eNPS), Team Efficiency, Social Sustainability and Management. The half-year pulse measures engagement, leadership and eNPS. In 2023, there was a response rate of 93 percent to the annual survey for Adapteo in total.

Equal treatment is a particularly important area for Adapteo and we are glad to see that Adapteo continues to perform better than the global benchmark. Adapteo scored 90/100 in its social sustainability index measuring employees' perception of Adapteo as an inclusive and encouraging workplace, free from discrimination and victimisation. Adapteo's GMT has initiated the work of setting focus areas and initiatives to improve the overall results ahead.

One initiative in this work is the launch of Adapters Academy, Adapteo's [key] talent programme in which 22 talents have been chosen to develop and future-proof Adapteo, starting in 2024. Another area that will be in focus is to evaluate and develop internal communication to enhance clarity in the organisation.

Performance and development reviews are held with each employee on an annual basis. All Managers are encouraged to organise 1:1 meetings with employees on a monthly or bi-monthly basis.

Occupational health and safety practices are about preventing accidents, protecting the welfare of Adapteo's employees and people who work for us, and creating attractive work environments. We aim to provide employees with good opportunities for competence development, job enrichment and broader responsibilities. Adapteo reports on accidents and near accidents through a deviation system. Accidents are followed up accordingly. Adapteo's business units Finland, Sweden, Germany, Norway, Benelux and Stord Innkvartering A/S have certified Adapteo's management system covering health and safety according to ISO 45001 or corresponding standard. This covers a total of 501 employees (86 percent to date) of Adapteo and 97 consultants.

During 2023 a new e-learning series for compliance and sustainability was developed to disperse basic knowledge of compliance, business ethics and sustainability to all Adapteo employees. Read more about our trainings on [page 73](#).

NON-EMPLOYEES IN THE ADAPTEO'S OWN WORKFORCE

The majority of employees are directly employed by Adapteo, with additional long-term consultants at Adapteo Group and Business Units. Consultants support Adapteo's functions such as legal and IT.

COLLECTIVE BARGAINING COVERAGE AND SOCIAL DIALOGUE

Adapteo respects the right of all employees to form and join trade unions of their choice and to bargain collectively and individually. We aim to facilitate these rights in places where freedom of association and collective bargaining are restricted. 53 percent of Adapteo employees are covered by collective bargaining agreements or equivalent contracts in the countries where collective bargaining agreements are local market practice.

For markets that do not have collective bargaining agreements, working conditions are regulated and insurance among other things is provided according to local jurisdictions and market practice.

TABLE 10. CHARACTERISTICS OF ADAPTEO'S EMPLOYEES

	New employee hires	Employee turnover
Female	52	23
Male	121	47
<30 years	47	12
30–50 years	84	29
>50 years	40	29
Total	344	140

TABLE 11. NON-EMPLOYEES IN ADAPTEO'S OWN WORKFORCE

	Consultants
Benelux	23
Denmark	3
Estonia	5
Finland	33
Germany	2
Norway	4
Lithuania	2
Sweden	35
Total	102

Figures reported as Full time equivalents and regard long-term consultants at Adapteo, registered in our HR-system. Non-employees do not encompass workforce subcontracted for installation of our buildings.

ADEQUATE WAGES

All employees are paid adequate wages, in line with applicable benchmarks and/or collective bargaining agreements or above.

SOCIAL PROTECTION

Social protection with regards to sickness, employment injury and acquired disability, parental leave and retirement is regulated by local jurisdictions and systems. Collective bargaining agreements often cover pension plans, reorientation support, unemployment benefits and insurance related to reorganisations, among other things. In markets where Adapteo does not have collective bargaining agreements, there are other insurances which are common practices.

TRAINING AND SKILLS DEVELOPMENT METRICS

Access to career development and performance reviews are fundamentals to building an engaged workforce.

In 2023, Adapteo’s e-learning platform was activated. A training set on Adapteo’s Code of Conduct, Internal control principles, Anti-bribery and corruption, Anti-money laundering, Sanctions, Antitrust, and Competition were launched as a part of Adapteo’s compliance uplift programme. The first part of a sustainability and circular economy training was also launched at the end of the year and will be followed by additional sustainability training in 2024. The training launched is mandatory for all employees and consultants at Adapteo. All employees are regularly trained in IT security through micro e-learning. Employees handling heavy machinery and tasks requiring specific skill sets complete adequate training to ensure the health and safety of the workplace and each employee.

HEALTH AND SAFETY METRICS

Our target is zero Lost Time Injuries (LTI). In 2023, we had 23 work-related injuries involving Adapteo employees, and 13 injuries involving non-employees reported across our organisation. The injuries were of minor physical character, including cuts, slips, and sprained ankles at construction and hub sites, resulting in lost time injuries (LTI) for the full year 2023. 10 injuries occurred in the Netherlands, 6 in Finland regarding non-employees. 4 injuries occurred in Sweden and Finland, but did not result in lost days. Our health and safety focus in 2024 will revolve actions to eliminate.

INCIDENTS, COMPLAINTS AND SEVERE HUMAN RIGHTS IMPACTS

We are dedicated to being an open, inclusive, and equal workplace. Any conflicts that occur are managed by relevant parties depending on the severity and scale of the conflict. Minor incidents and complaints are managed by the nearest manager. Open dialogue and necessary actions are taken to resolve the matters. External experts may be included in cases of severe incidents such as harassment requiring legal action. No incidents related to human rights were reported. No fines or penalties were issued.

TABLE 12. WORK RELATED INCIDENTS

	Work-related injuries	Incidents	LTIR (Lost time injury rate)
Employees	Incidents with sick leave	15	16
	Incidents without sick leave	8	
Non-employees (consultants)	Incidents with sick leave	13	14
	Incidents without sick leave	0	

Data regards all Adapteo’s markets, employees and long-term consultants. LTIR is based on 1,000,000 hours worked. No fatalities or high consequence injuries reported.

WORKERS IN THE VALUE CHAIN

Workers in the value chain are material as the outcome of the Double Materiality Assessment (DMA) identified the material topics: *Labour and Human Rights in the Value Chain and Health and Safety for Workers in the Value Chain*. Both topics were identified as potential risks.

We are committed to the well-being and fair treatment of workers throughout the value chain. We promote secure employment, fair wages, and collective bargaining while managing risks related to human rights, labour conditions, and supply chain sustainability. By implementing the Business Partner Code of Conduct (BCoC) and by preparing to comply with the upcoming European Corporate Sustainability Due Diligence Directive (CSDDD) we aim to have a positive impact and mitigate potential risks for workers in our supply chain.

IMPACT

As Adapteo has a global supply chain and outsources parts of the operations, such as manufacturing and project assembly, we contribute to employment opportunities. At the same time, we have a responsibility of ensuring that workers in the supply chain are treated fairly with good working conditions. Health and safety, and human and labour rights topics, are important considerations that could reflect negatively upon the organisation's reputation and finances if not managed properly, resulting in fines or sanctions. Adapteo promotes fair treatment and payments, gender equality, training opportunities and measures against workplace violence, harassment, and discrimination, including people with disabilities. Adapteo's BCoC includes provisions for protecting human and labour rights such as freedom of association and collective bargaining.

Adapteo is working on updating the supply chain risk management process, including the implementation of a tool to evaluate suppliers on environmental, human, and labour rights and business ethical criteria. Supplier pre-screenings and site visits have been conducted to ensure compliance with Adapteo's sustainability requirements. We aim to establish an improved, robust supply chain due diligence process and systematic follow-up during the coming year.

RISKS

Risks of human rights violations and inadequate working conditions exist within the supply chain. Financial risks are associated with suppliers' ability to prioritise sustainable materials. To address these challenges, Adapteo is expanding its procurement department and updating its risk management process to ensure systematic follow-up of Adapteo's BCoC and other sustainability requirements.

In terms of subcontractors involved in the disassembly and assembly of modules downstream in the value chain, the risks for severe negative impacts are likely lower compared to traditional construction companies. Less complex constructions lead to less exposure to safety risks. However, the risks associated with workers upstream in the value chain are similar. Ensuring ethical labour practices becomes crucial, particularly when contracts are short and lack incentives for conducting audits.

Ensuring the well-being and respecting the rights of workers in the value chain is essential for their health, safety, and job satisfaction. It also contributes to better productivity and reduces the risk of labour disputes and negative publicity that could disrupt operations and harm Adapteo's reputation. While financial risks related to worker injuries exist, Adapteo maintains a diversified supplier base and has longstanding relationships with subcontractors involved in assembly and disassembly, mitigating potential financial impacts.

POLICIES RELATED TO VALUE CHAIN WORKERS

As a signatory member, Adapteo is committed to The Ten Principles of the UN Global Compact. Upholding and protecting human rights is fundamental to our work and we expect our employees and business partners to always do so.

The Adapteo BCoC stipulates the minimum requirements that we expect from business partners, including fair labour conditions and the protection of human rights in line with the ILO Declaration on Fundamental Principles and Rights at Work. The BCoC also stipulates that business partners shall provide a safe and healthy working environment and take all practical measures to prevent incidents and injuries.

All business relations between Adapteo and the business partners must be based on honesty, trust and cooperation. The business partner shall provide Adapteo with any information that Adapteo may request regarding the standards in the BCoC, including completing self-assessments and granting Adapteo personnel, or a third party of Adapteo's choice, access to relevant premises and information to conduct on-site audits of the business partner's and sub-contractor's sites and facilities.

Violation of the BCoC will cause a negative impact on the business relationship with Adapteo, including, but not limited to, the risk of contract termination. We also expect the business partners to evaluate and monitor their supply chain and collect relevant information regarding the supply chain's compliance to be given to Adapteo upon request. It is a business partner's responsibility to enforce and verify legal compliance and compliance with the BCoC within its own operations and through its supply chain. If there are any questions about how to implement the BCoC, the business partner is to make immediate contact with Adapteo.

We encourage an active dialogue with our business partners on issues related to the BCoC, or other questions concerning sustainability. The business partner should also make immediate contact with Adapteo to report any non-compliance with this Code, in its own operations or its supply chain. We encourage the business partners to report violations of the BCoC to Adapteo through the whistleblowing online service, run by a third party, WhistleB.

The BCoC Appendix sets out specific requirements concerning preferred materials, restricted substances and those of high concerns, applicable for partners using and/or providing products containing the materials stated. These requirements reflect Adapteo's circularity target and sustainable use of materials.

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

The whistleblower system is accessible on for internal and external parties and is communicated in Adapteo's Business Code of Conduct and through our website.

TAKING ACTION ON MATERIAL IMPACTS ON VALUE CHAIN WORKERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO VALUE CHAIN WORKERS, AND THE EFFECTIVENESS OF THOSE ACTIONS

In 2023 Adapteo embarked on a procurement transformation journey, including establishing a new procurement organisation. The new procurement organisation is in the process of developing the sourcing process including a revision of the supplier risk management process. Already in place is a risk pre-screening for our largest suppliers, where risk parameters such as product or service category, country of production, dependency and compliance to our BCoC have been considered. Based on the set criteria, the suppliers have been risk-rated on a three-grade scale. An escalation model as well as corrective action plan guidelines and templates are also in use, in scope for further enhancement alongside the digitalization roadmap implementation.

Three site visits were conducted in 2023 by members of the sustainability team at key supplier production sites. During the site visits dialogues were held with the suppliers on key sustainability aspects of importance. A sustainability checklist was also completed where social and environmental matters were reviewed. Observations from the visits were shared internally for future dialogue on improvement opportunities with the suppliers, no corrective actions were shared.

We aim for a fully transparent supply chain and aim to assess all key suppliers with regards to ESG as well as conduct audits at key supplier sites. New suppliers to Adapteo are required to sign and comply to our BCoC and also submit a self-assessment questionnaire, including ESG aspects. Due to the reorganisation of the procurement team, no new suppliers were screened on social or environmental criteria. A refined process for achieving a sustainable supply chain, including measurable metrics and targets, will be developed and deployed in 2024.

AFFECTED COMMUNITIES

Affected communities is a material matter for Adapteo. In the Double Materiality Assessment (DMA), two topics were assessed as material: *Resilient and Flexible Societies* and *Rights of Affected Communities*.

Adapteo is committed to minimising negative impacts and maximising positive contributions to affected communities. Adapteo aims to have a positive impact on communities by supporting their sustainable development and transition through flexible and adaptable buildings. Adapteo provides value to key functions in society, enabling education, daycare, and health care. In 2023 we built 656 schools, enabling 6.7 million educational hours. In 2024, we are initiating a project to develop a social impact strategy. We will also continue in-depth mapping and evaluation of our supply chain.

IMPACT

Adapteo's circular business model facilitates and supports the sustainable transformation of communities and society. Our flexible buildings offer solutions to challenges posed by demographic changes and unpredictable migration patterns. Adapteo's adaptable buildings can quickly meet changing needs, such as a sudden increase of students or demands for healthcare centres, enabling children to go to school, and patients to get healthcare treatment. They can also help speed up the establishment of new industries and infrastructure in the green transformation, by providing necessary social infrastructure functions, including temporary housing and offices. They can be scaled up and down over time, following the pace of the developing surrounding context.

Once no longer needed, Adapteo's buildings are disassembled, refurbished, and reused to meet other needs in new locations. This impact has the potential to generate positive spill-over effects on society, which could be amplified through growth, increased market share, and a greater share of the built environment as a whole.

RISKS

There are potential negative impacts and risks related to activities upstream in Adapteo's value chain, for example in the extraction of resources such as mining and steel production. These activities may result in land-use conflicts, water quality degradation, fish stock depletion, soil erosion, and forced relocations. Land-use conflicts between mining companies and indigenous communities, as well as violence and harassment faced by whistleblowers and opponents of mining, have occurred in environmentally sensitive areas. Illegal logging has also led to the deprivation of natural resources, disruption of livelihoods, habitat destruction, and forced displacements without adequate compensation. Adapteo aims to ensure transparent sourcing, traceability, and respect for the rights of affected communities.

OPPORTUNITIES

Adapteo's financial prospects are aligned with societal changes and trends, including circularity regulations, urbanisation, climate adaptation, and evolving infrastructure demands. Our modules offer advantages over permanent buildings, as they can be easily retrofitted and continuously updated to meet changing requirements. When modules are returned for refurbishment, there is an opportunity to enhance their efficiency beyond their previous use. By effectively communicating the benefits of our flexible and adaptable buildings, Adapteo can attract more customers and expand its market presence. This increased market share and financial success would not only benefit Adapteo but also contribute to the company's long-term sustainability and ability to drive positive change in the industry.

CONSUMERS AND END-USERS

Consumers and end users are a material matter for Adapteo. In the Double Materiality Assessment (DMA), the topic: *End-user welfare* was assessed as material with high priority.

IMPACT

Our commitment to end-user welfare is a cornerstone of our sustainability efforts. We understand the importance of ensuring the personal safety and well-being of individuals, particularly tenants and vulnerable groups like children and the elderly. These environments offer improved air quality, lighting, and temperature, creating a conducive space for learning, living, and recovery.

RISKS

However, we recognise the risks associated with building defects, such as improper chemical use and assembly, which can pose health and safety hazards for end users. We prioritise the design and construction of modules that meet stringent safety codes and regulations to prevent accidents, injuries, and legal liabilities. Our commitment to structural integrity safeguards end users from potential risks and ensures their well-being.

While we continually strive to enhance end-user welfare, we also acknowledge the financial risks and opportunities associated with our operations. Severe incidents related to module construction could have a significant impact on our reputation and finances. Given our substantial presence in hosting children within our buildings, we understand the need for utmost caution and diligence in our processes. Another risk lies within finding a balance in designing our modules for future building requirements to ensure they are long-lasting and enable reuse, at the same time as we need to keep our modules financially competitive on today’s market.

OPPORTUNITIES

We are committed to striking a balance between safeguarding end-user welfare and maximising financial opportunities. By prioritising safety, comfort, and satisfaction, we ensure the long-term success of our business while creating environments that contribute to the well-being and quality of life for all individuals who utilise our modular buildings.

POLICIES RELATED TO CONSUMERS AND END USERS

We have a priority of upholding quality and safety requirements in our highly regulated industry. Our fleet of modules meets current regulations and is upgraded and refurbished for every new deployment. Quality requirements are the same for a new permanent building, a newly produced module, or a refurbished module. Hence, refurbished modules always provide the same quality and standards as new ones. Close dialogue with suppliers, continuous monitoring and evaluations, and a strive to exceed regulative and customer needs is our approach. As a part of this, Adapteo works with building certifications and quality standards such as CE-marking of our modules. Adapteo holds ISO 9001 Quality Management certifications in most markets. Tenant manuals, including functionalities, maintenance, and support, are handed over to customers and tenants at the time of project delivery.

Customer privacy rights are of high importance. Adapteo has a policy package related to information security. Any confirmed or suspected cases of losses of personal data can be reported through an incident reporting system.

PROCESSES FOR ENGAGING WITH CONSUMERS AND END USERS ABOUT IMPACTS

Understanding the customer satisfaction level is as important as understanding their needs. Adapteo’s sales teams interact with customers every time a new project has been assembled, where the customers are asked to provide feedback on the assembly and sales process. Results are provided on a scale of -100 to + 100. In 2023, Adapteo scored +11, a positive result that we strive to continuously improve by more frequent dialogue, collaboration and customer relations

PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR CONSUMERS AND END USERS TO RAISE CONCERNS

Adapteo adheres to building regulations in all countries where the company operates. Modular buildings need to follow the same market requirements as permanent buildings. Adapteo reviews the module designs annually to ensure they adhere to changes in regulations and market practice.

Input and feedback on Adapteo’s module designs and performance, including potential impacts on the end users, are reported through the deviation system DISA. The development ideas are discussed with the product management team on an annual basis and updates to Adapteo’s module drawings and products are made thereafter. All input that leads to changes is registered through DISA.

Adapteo continuously monitors changes in legislation and market regulations in the building sector and discusses required updates and upgrades to the module design through the product management forum, which is held a couple of times per year.

Adapteo’s sales teams have regular dialogue with customers and end users about the quality and performance of the buildings. At any time, concerns can be raised by customers and end users to the sales teams, which will take necessary action based on the feedback provided.

TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END USERS, AND EFFECTIVENESS OF THOSE ACTIONS

Adapteo is attentive to customer needs and has regular dialogues with customers and end users on the functionalities of the buildings. Adapteo’s service functions conduct maintenance on project sites.

Feedback gathered through our annual customer satisfaction survey is used in discussions about the performance of our buildings and Adapteo as a company. To ensure we monitor the effectiveness of our actions and the impact this has on customers and end users, we plan to increase the number of dialogues with our customers and end users on their perception of the performance of our buildings, including social and environmental matters such as air quality, temperature, and accessibility.

More urgent matters such as quality issues that may have a negative effect on the end users are taken care of immediately, once the topics have been brought to our attention and actions are taken by the concerned functions. In the case of an accident,

Adapteo’s crisis team investigates the incident and takes appropriate measures to ensure the safety of the tenants.

In October 2023, an accident involving two end users occurred in Norway on a site owned by a joint venture between 4Service Gruppen AS and Stord Innkvartering AS. A mistake in the assembly phase led to the collapse of a platform adjoining an emergency exit. Two people fell and were treated for their injuries in hospital. The incident was handled in accordance with policy and a root cause analysis and action plan were executed to ensure our routines are always followed by Adapteo and our business partners. No fines, penalties or warnings were issued.

Our commitment to safety and well-being extends to our own employees, contractors, and end users. In the event of any unlikely incident, we have robust policies and procedures in place to ensure swift and effective response. These include thorough risk assessments, immediate incident management, and comprehensive root cause analysis to prevent future occurrences. Our action plans are designed not only to address the immediate impacts but also to safeguard against similar incidents in the future. This approach ensures that we are well-prepared to manage and mitigate any crisis, maintaining the highest standards of safety and care for all involved parties.

GOVERNANCE

→ BUSINESS CONDUCT

BUSINESS CONDUCT

Business conduct is a material matter for Adapteo. In the Double Materiality Assessment (DMA), two topics were assessed as material: *Business Ethics and Anti-corruption and Supply Chain Management*.

IMPACT

We are committed to upholding high ethical standards and ensuring the integrity of our operations. Our comprehensive system and policies for business ethics and anti-corruption are designed to prevent and address corruption and bribery. We have established key documents, including Adapteo’s Code of Conduct, Anti-bribery policy, and Anti-fraud manual, to guide employees in their conduct. Adapteo’s compliance function, led by the General Counsel, ensures adherence to anti-corruption regulations.

RISKS

Failure to uphold ethical standards and combat corruption poses the risk of reputational damage and loss of trust. Non-compliance with anti-corruption laws and regulations exposes Adapteo to legal and regulatory risks. Engaging in corrupt practices can result in financial losses, impacting financial performance.

Inadequate supply chain management poses risks related to labour rights violations, environmental non-compliance, and corruption within the supply chain. Supply chain disruptions can impact operations and financial performance. We are committed to addressing these risks through ongoing improvements to our processes, open dialogues with partners, and a continued focus on ethical practices.

BUSINESS CONDUCT POLICIES AND CORPORATE CULTURE

Adapteo’s guiding principle is: “Minimal footprint, maximal handprint”, which means the company shall always strive to have as little negative impact on people, nature and society, and as much positive impact as possible. We are committed to executing our sustainability plans with this guiding principle in mind. The Adapteo Code of Conduct, the Anti-Bribery and Corruption policy and the supplementing employee manual regarding Anti-Fraud are the primary steering documents governing business ethics and anti-corruption, supplemented by the whistleblowing system.

The Chief Human Resources Officer, who reports to the President and CEO, leads the work with employee-related issues. This includes the implementation of Group-wide policies such as the Adapteo Code of Conduct, HR policy, and Whistleblowing policy. Adapteo’s business units have local ownership and responsibility for compliance with local laws and regulations.

All whistleblowers are protected by Adapteo’s Code of Conduct and Whistleblowing Policy. All cases reported through the whistleblowing channel or other means are reviewed and handled depending on the severity of the incident, including remediation when applicable. This includes situations where we identify or become aware of negative impacts caused by our company.

In 2023, through the activation of the HR system Adapteo Core, Adapteo has e-learning capabilities that will be used for policy and values training. This has been rolled out across all markets this year, except for the operations in the Netherlands, where only the managers have been included so far. During 2024, all employees will be receiving access to the HR system. E-learning have been conducted for new hires as well as existing employees and cover areas such as anti-corruption compliance and information security. In 2024, e-learning will be followed up in the specific areas where we identify a need.

Local employee trainings, such as CPR trainings, are conducted locally on an ongoing basis. Our HR department is looking into how we can track these in our Group systems going forward.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

Adapteo continuously carries out dialogues with suppliers, to convey and explain the expectations regarding environmental management as well as the respect for human and labour rights. In sourcing processes, and meetings with key suppliers, Adapteo discusses ESG topics in line with the Business Partner Code of Conduct and sustainability plans. In addition to implementing a supplier evaluation process in 2024, we will implement further sustainability requirements for key suppliers and segments, including environmental topics, human and labour rights, health and safety, and ethical business practices, to ensure the realisation of our sustainability plans.

PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

In 2023, Adapteo launched e-learning on the company’s approach to anti-corruption and bribery, which is included in the onboarding process for all new employees. The Adapteo Code of Conduct, the Anti-Bribery and Corruption policy and the supplementing employee manual regarding Anti-Fraud are the primary steering documents governing business ethics and anti-corruption, supplemented by the whistleblowing system.

INCIDENTS OF CORRUPTION OR BRIBERY

In 2023, Adapteo had no incidents of corruption, legal actions related to anti-competitive behaviour, or non-compliance with laws, regulations, or voluntary codes. No fines or monetary sanctions were incurred. During 2023, Adapteo had one case of whistleblowing. The case was solved internally, in accordance with policy, and no further actions were taken.

GRI INDEX

This is the annual sustainability report of Adapteo Group Oy (FI31736424) for the financial year of 2023 (January 1 – December 31, 2023). This report has been prepared in accordance with the GRI Universal Standards 2021. This is part of our Communication Progress (CoP) to the UN Global Compact. It also includes initial steps towards alignment with the new CSRD reporting requirements. For questions about the report: sustainability@adapteo.com

GENERAL DISCLOSURES

GRI STANDARDS/DISCLOSURE	PAGE	OMISSION	ADDITIONAL COMMENTS
GRI 2: GENERAL DISCLOSURES 2021			
2-1 Organizational details	<u>7, 55</u>		
2-2 Entities included in the organization's sustainability reporting	<u>79</u>		Parent company: Adapteo Group Oy, Adapteo Oy, Adapteo AB, Adapteo Finland Oy, Adapteo GmbH, Adapteo AS, Adapteo A/S, Adapteo Holding AB, Adapteo Services AB, Flexator AB, Adapteo Leasing AB, Ungabostäder Haninge AB, Temporent A/S, UAB Adapteo, Adapteo OÜ, Adapteo Benelux B.V., Adapteo B.V., Adapteo Production B.V., Adapteo N.V., Stord Innkvartering AS, Ørin Overnatting AS, Modulselskapet AS, Viken Innkvartering AS, Flesland Innkvartering AS, Lahaugmoen Innkvartering AS, Forpleiningstjenester AS
2-3 Reporting period, frequency and contact point	<u>79</u>		
2-4 Restatements of information			No restatements of information have been made for the reporting period.
2-5 External assurance			This report has not been externally assured.
Activities and workers			
2-6 Activities, value chain and other business relationships	<u>55–56</u>		
2-7 Employees	<u>55, 70</u>		Adapteo does not have any non-guaranteed hours employees.
2-8 Workers who are not employees	<u>55, 72</u>		
Governance			
2-9 Governance structure and composition	<u>59</u>		
2-10 Nomination and selection of the highest governance body	<u>59</u>		
2-11 Chair of the highest governance body	<u>59</u>		
2-12 Role of the highest governance body in overseeing the management of impacts	<u>59</u>		
2-13 Delegation of responsibility for managing impacts	<u>59–60</u>		

GRI STANDARDS/DISCLOSURE	PAGE	OMISSION	ADDITIONAL COMMENTS
2-14 Role of the highest governance body in sustainability reporting	<u>59</u>		
2-15 Conflicts of interest	<u>58</u>		
2-16 Communication of critical concerns	<u>59</u>		
2-17 Collective knowledge of the highest governance body	<u>59</u>		
2-18 Evaluation of the performance of the highest governance body	<u>59</u>		
2-19 Remuneration policies	<u>59</u>		
2-20 Process to determine remuneration	<u>60</u>		
2-21 Annual total compensation ratio		Information unavailable/incomplete	No global information collected due to Adapteo's decentralised Human Resources and salary functions.
Strategy, policies and practices			
2-22 Statement on sustainable development strategy	<u>5–6</u>		
2-23 Policy commitments	<u>61, 70, 74</u>		
2-24 Embedding policy commitments	<u>61</u>		
2-25 Processes to remediate negative impacts	<u>71, 74, 76</u>		
2-26 Mechanisms for seeking advice and raising concerns	<u>71, 74, 76, 78</u>		
2-27 Compliance with laws and regulations	<u>73, 78</u>		
2-28 Membership associations			Nordic Circular Hotspot, IQ Samhällsbyggnad, Nätverket för Hållbart Näringsliv, Chamber of Commerce Stockholm and Chamber of Commerce Sydsvenska.

GRI STANDARDS/DISCLOSURE	PAGE	OMISSION	ADDITIONAL COMMENTS
Stakeholder engagement			
2-29 Approach to stakeholder engagement	<u>57</u>		
2-30 Collective bargaining agreements	<u>72</u>		
Material topics			
3-1 Process to determine material topics	<u>58</u>		
3-2 List of material topics	<u>58</u>		
3-3 Management of material topics	<u>62-78</u>		
MATERIAL TOPICS			
205 Anti-corruption 2016			
205-1 Operations assessed for risks related to corruption	<u>78</u>		
205-2 Communication and training about anti-corruption policies and procedures	<u>73</u>		
205-3 Confirmed incidents of corruption and actions taken	<u>78</u>		
301 Materials 2016			
301-1 Materials used by weight or volume	<u>67</u>		
301-2 Recycled input materials used		Information unavailable/incomplete	No global information collected.
301-3 Reclaimed products and their packaging materials		Not applicable	Not applicable to Adapteo's business model.
302 Energy 2016			
302-1 Energy consumption within the organization	<u>64</u>		
302-2 Energy consumption outside of the organization		Information unavailable/incomplete	There is a challenge in gathering all data of energy consumed outside the organisation as Adapteo is not in direct control of energy consumed upstreams or downstream the value chain. Some data regards eg. energy cosumed during utilisation by end users will be reported ahead.
302-3 Energy intensity		Information unavailable/incomplete	No global information collected.

GRI STANDARDS/DISCLOSURE	PAGE	OMISSION	ADDITIONAL COMMENTS
302-4 Reduction of energy consumption	<u>64</u>		
302-5 Reductions in energy requirements of products and services		Information unavailable/incomplete	Adapteo continuously evalutates the energy effeency of its products and aims to improve data on actions and improvements made ahead.
305 Emissions 2016			
305-1 Direct (scope 1) GHG emissions	<u>65</u>		
305-2 Energy indirect (scope 2) GHG emissions	<u>65</u>		
305-3 Other indirect (scope 3) GHG emissions	<u>65</u>		
305-4 GHG emissions intensity	<u>65</u>		
305-5 Reduction of GHG emissions	<u>65</u>		
305-6 Emissions of ozone-depleting substances (ODS)		Not applicable	No significant impact
305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions		Information unavailable/incomplete	No global information collected
306 Waste 2020			
306-1 Waste generation and significant waste-related impacts	<u>68</u>		
306-2 Management of significant waste-related impacts	<u>68</u>		
306-3 Waste generated	<u>68</u>		
306-4 Waste diverted from disposal	<u>68</u>		
306-5 Waste directed to disposal	<u>68</u>		
308 Supplier Environmental Assessment 2016			
308-1 New suppliers that were screened using environmental criteria	<u>74</u>		
308-2 Negative environmental impacts in the supply chain and actions taken		Information unavailable/incomplete	Due to a reorganisation of the procurement department, the supplier evaluation process will be put in to place 2024 during wich negative environmental impacts in the supply chain will be assessed.
401 Employment 2016			
401-1 New employee hires and employee turnover	<u>72</u>		
401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees		Information unavailable/incomplete	No global information collected

GRI STANDARDS/DISCLOSURE	PAGE	OMISSION	ADDITIONAL COMMENTS
401-3 Parental leave		Information unavailable/incomplete	No global information collected
403 Occupational Health and Safety 2018			
403-1 Occupational health and safety management system	<u>70-72</u>		
403-2 Hazard identification, risk assessment, and incident investigation	<u>70-72</u>		
403-3 Occupational health services	<u>72</u>		
403-4 Worker participation, consultation, and communication on occupational health and safety	<u>71</u>		
403-5 Worker training on occupational health and safety	<u>73</u>		
403-6 Promotion of worker health	<u>70</u>		
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<u>74</u>		
403-8 Workers covered by an occupational health and safety management system	<u>70, 71</u>		
403-9 Work-related injuries	<u>73</u>		
403-10 Work-related ill health		Legal prohibitions	Reasons for work-related ill health/illness attributed to their work or other reason is not registered due to legal restrictions.
405 Diversity and equal opportunity 2016			
405-1 Diversity of governance bodies and employees	<u>70</u>		
405-2 Ratio of basic salary and remuneration of women to men		Information unavailable/incomplete	No global information collected
406 Non-discrimination 2016			
406-1 Incidents of discrimination and corrective actions taken	<u>71</u>		
414 Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	<u>74</u>		
414-2 Negative social impacts in the supply chain and actions taken		Information unavailable/incomplete	Due to a reorganisation of the procurement department, the supplier evaluation process will be put in to place 2024 during which negative social impacts in the supply chain will be assessed.

GRI STANDARDS/DISCLOSURE	PAGE	OMISSION	ADDITIONAL COMMENTS
416 Customer health and safety 2016			
416-1 Assessment of the health and safety impacts of product and service categories	<u>76</u>		
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	<u>76</u>		
Entity-specific Resilient and flexible societies			
Number of new schools developed by Adapteo	<u>22, 75</u>		
Number of educational hours	<u>20, 75</u>		

