

Building the bigger picture.



Annual Report

2016

2017

2018 2019 2020

DESTIA

Year 2017

 Destia had a good year in 2017 in the highly competitive infrastructure market. Our operating profit developed favourably and our order book remained at a good level. In strategic projects, we advanced according to our goals by, among other things, digitalising our processes and adopting new tools for supporting customer work and occupational safety. We also began the development of a corporate culture based on coaching leadership and open interaction.

Key figures (IFRS)

MEUR	2017	2016
Revenue	478.7	493.2
Operating profit	13.1	14.1
% of revenue	2.7	2.9
Operating profit, comparable	15.1	12.5
% of revenue	3.2	2.5
Result for the reporting period	12.6	5.7
% of revenue	2.6	1.2
Earnings per share, EUR	146.60	50.13
Return on equity, %	15.9	7.6
Equity ratio, %	34.5	33.5
Return on investment, %	10.7	11.1
Net gearing, %	28.5	35.3
Average personnel	1,572	1,492
Occupational accidents resulting in absence from work.*)	10.5	5.9
Order book at the end of the reporting period	696.2	708.0

*) Occupational accidents per one million working hours.

Building the bigger picture

We build the bigger picture sustainably and responsibly with regard to people, the environment and the economy. This report summarises our efforts in this area in 2017.

The annual report includes a review of the past year, reporting on corporate responsibility, corporate governance statement and financial statements. The annual report includes a report on corporate responsibility in compliance with the Global Reporting Initiative (GRI) guidelines and their G4 version at the core level.

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Destia is a Finnish service company in the infrastructure and construction sector. We design, build and maintain not only traffic routes, railways and traffic and industrial environments, but also complete living environments.

Our services cover subterranean construction, extensive overground operations and range from demanding foundation engineering projects to energy and engineer construction. Thanks to our comprehensive expertise, we at Destia implement advanced solutions on a large scale. We create advanced solutions that promote safe and smooth mobility. We build the bigger picture, piece by piece.

Destia's clientele includes industrial enterprises and businesses, municipalities, cities and government organisations. An extensive network of regional offices in Finland ensures that Destia is always close to its customers.

478.7
Revenue,
MEUR

13.1
Operating profit,
MEUR

Destia strengthened the foundation for profitable growth

Buoyed by the continued high level of activity in the infrastructure construction market, Destia had a good year overall in 2017. Construction activity was focused on growth centres, but measures to reduce the repair backlog brought work to other parts of Finland as well. We were again able to keep our current contracts and secured significant new contracts. Operating profit developed favourably on track for profitable growth.

The year 2017 also marked the start of a new business planning period for Destia, with the focus areas for strategic growth being the strengthening of profitable growth, personnel development, improving the prerequisites for production, for example by digitalising operations, and strengthening the market position in the capital region. We will pursue success in these areas throughout the business planning period via three-year development projects. With the Tositoimi projects, we ensure the implementation of best practices and new procedures throughout the company, while also enhancing the competence of personnel.

I became Destia's acting President and CEO at the beginning of August. At that time, we launched *Time to Act* programme to accelerate the Tositoimi projects and develop Destia's management culture. The first part of the programme was completed in the autumn. A number of development

measures were put into practice, including more active communication both face-to-face and across digital channels, and implementing measures aimed at ensuring efficient project activities and the recruitment of new talent.

Major efforts were required during the year with the deployment of a new ERP system in the first quarter and a new CRM tool to support customer and sales work in the final quarter.

We continued to implement good operating models and practices, and we maintained our determined efforts to ensure occupational safety throughout the organisation. The digital transformation provides new tools for improving occupational safety: in the final quarter of 2017, we introduced the Destia TLY application (in Finnish, TLY stands for safety, quality and environment), which makes it easier to submit and process information such as safety observations using mobile devices. Unfortunately, our accident frequency figure of 10.5 for the year was not on par with the record low (5.9) we achieved in the previous year. Improving the accident frequency is one of our focus areas for 2018.

Moving forward together

When I took up my post, I knew there was a great deal of expertise, competence and potential in Destia's personnel. A little over six months later, I am pleased to say that we have worked very well together



in a fairly short time to put this energy to good use in making Destia an even more open organisation than before. This year, we will focus on developing our customer work, internal cooperation and coaching management. We will continue work together to make Destia the clear number one in its industry.

I want to thank all Destia employees for the past year. I would like to thank our customers, subcontractors, owner and other partners for confidence in us. I look forward to continuing this successful cooperation together with you all.

Arto Pohjonen
Acting President and CEO



Aiming for industry leadership

According to **Hans Sohlström**, President and CEO of Destia's owner, Ahlström Capital, and Vice Chair of Destia's Board of Directors, Destia has the potential to significantly improve its growth and profitability.

"Ahlström Capital is a long-term investment company that develops the companies it owns with strong expertise. We want to invest in companies that have the growth and development potential to become leaders in their industries."

"The needs and expectations of Destia's customers determine the direction of the company's business development. Our goal is for Destia to achieve a clear position of leadership in the Finnish infrastructure market. To accomplish this objective, Destia must be the industry's most cost-competitive operator as well as the most sought-after employer and the preferred supplier among its customers."

We achieve profitable growth through strong customer work, expertise and technology

Destia's operating environment and competitive landscape are evolving rapidly. As an industry leader, we see significant opportunities for growth and renewal in these changes. We utilise these opportunities through strong customer work, expertise and technology. Investing in these areas will enable us to operate efficiently and provide our customers with sustainable and competitive cooperation models, services and solutions.

According to our strategy, which extends until 2022, large road projects requiring special expertise and infrastructure maintenance constitute our core business. This strategy is supported by our strong expertise and the Destia spirit – our harmonised, ethically sustainable and responsible way of doing business.

We implement our strategy in three-year business planning periods. The current period covers the years 2017-2019.

Our strategy

- We grow profitably in the infrastructure market through good customer work and by making good use of our in-house expertise.

Accelerating our growth in 2017-2019

- We enhance operational efficiency and profitability.
- We strengthen our position as a company of experts.
- We reinforce our market position in the capital region.

Our mission

Building the bigger picture.

Our vision

We are the number one choice for our customers and number one in the infrastructure sector in Finland.

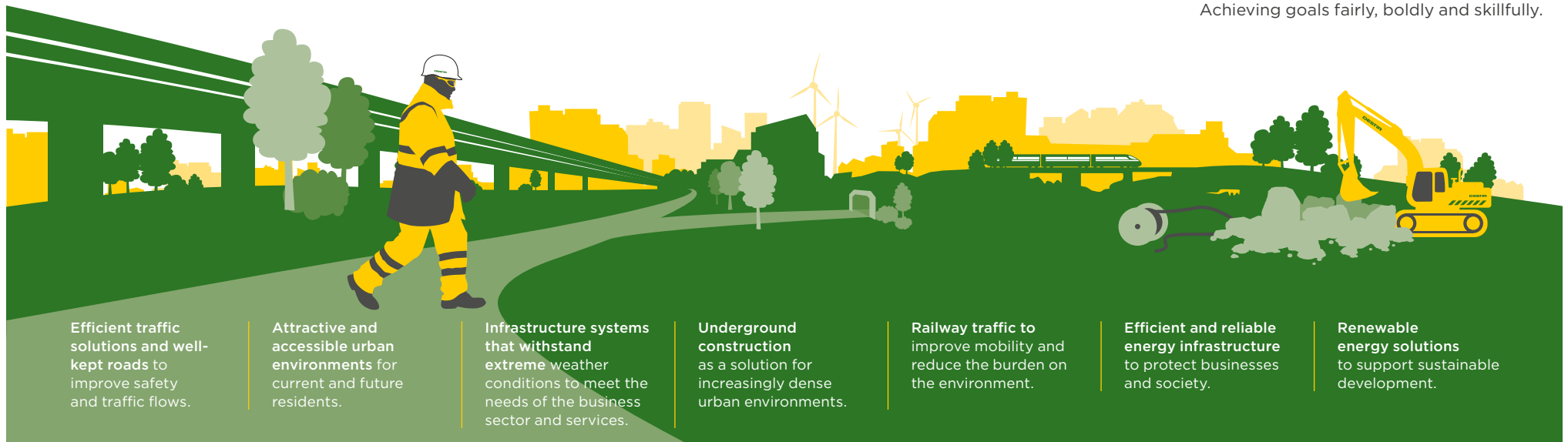
Our strategic intent

We are the most profitable, best customer service providing and most reliable producer of complete infrastructure services. A significant part of our stock of contracts is made up of long-term projects and service contracts with both the public and private sectors.

Our values

Achieving goals fairly, boldly and skillfully.

We take advantage of the opportunities created by megatrends and changes in the operating environment



Efficient traffic solutions and well-kept roads to improve safety and traffic flows.

Attractive and accessible urban environments for current and future residents.

Infrastructure systems that withstand extreme weather conditions to meet the needs of the business sector and services.

Underground construction as a solution for increasingly dense urban environments.

Railway traffic to improve mobility and reduce the burden on the environment.

Efficient and reliable energy infrastructure to protect businesses and society.

Renewable energy solutions to support sustainable development.

Tositoimi projects boost profitable growth

Destia ensures its competitiveness and profitable growth through efficient operations and strong expertise. We invest systematically in competence development as well as new and cost-efficient production models.

Destia pursues renewal as a leader in the infrastructure industry. We are accelerating our renewal with the strategic Tositoimi projects which continue through the whole

three year operating period. The projects emphasise the importance of continuously enhancing competence, leadership and work performance as well as the development of customer quality.

Much of the work to develop our digital operating models and methods is carried out in close cooperation with our customers, to ensure that our solutions enhance the practices used by the customer and the industry as a whole.

We enhance our competitiveness by streamlining, digitalising and automating processes. One example of this is the deployment of a new ERP system in 2017 to support harmonised operating practices throughout Destia. The ERP system's tools enhance our business operations and each individual project in day-to-day work by facilitating tasks, particularly the project management and reporting.

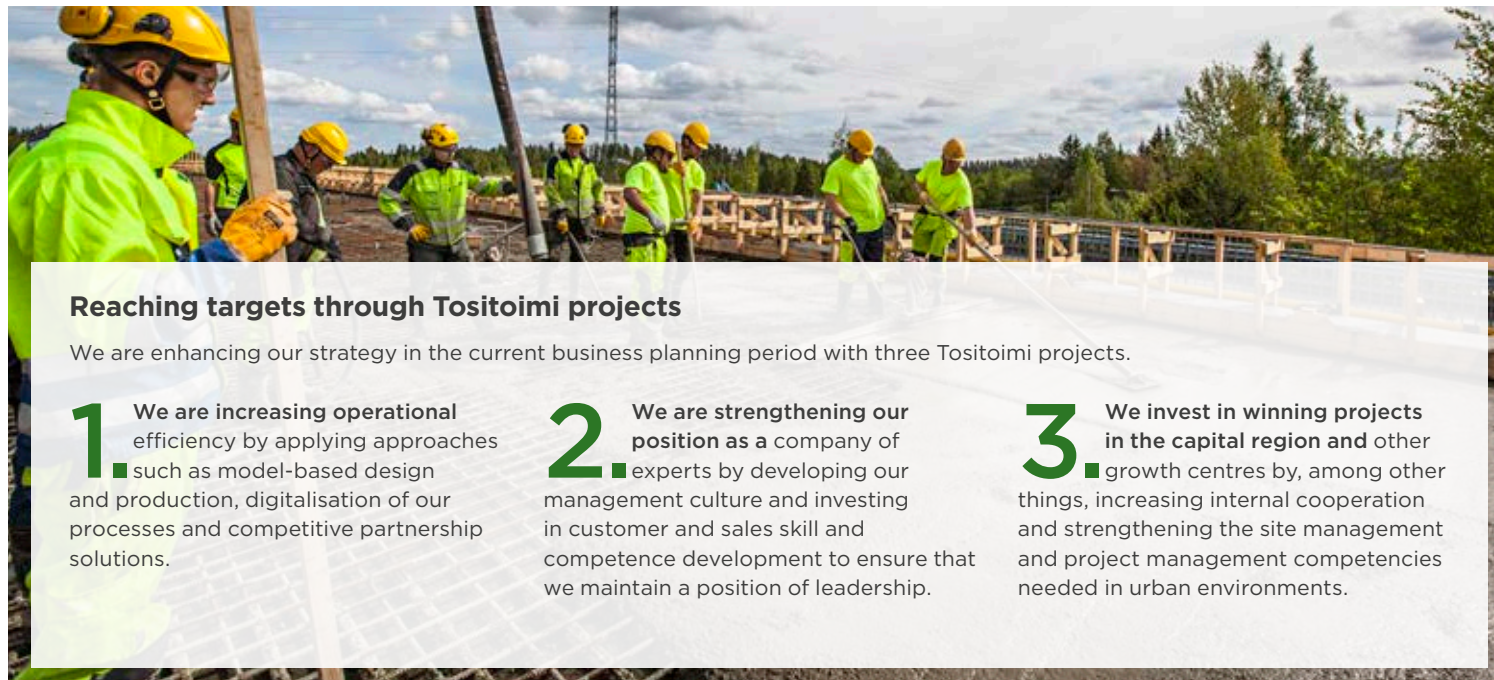


Shaping the next one hundred years

According to **Minna Heinonen**, Executive Vice President, Destia's Southern Finland business unit, urbanisation places new requirements on infrastructure. Lack of space, congestion, noise, accessibility and climate load provide Destia with opportunities.

“We have invested in securing high technical engineer construction and subgrade reinforcement expertise. We can offer solutions which combine our broad range of services for projects implemented in challenging building environments and areas with busy traffic starting from design.”

“Continuous recruitment is underway. In particular, there are lots of jobs in the capital region. The trainee programme plays an important role as we are educating new people at real work.”



Reaching targets through Tositoimi projects

We are enhancing our strategy in the current business planning period with three Tositoimi projects.

1. We are increasing operational efficiency by applying approaches such as model-based design and production, digitalisation of our processes and competitive partnership solutions.

2. We are strengthening our position as a company of experts by developing our management culture and investing in customer and sales skill and competence development to ensure that we maintain a position of leadership.

3. We invest in winning projects in the capital region and other growth centres by, among other things, increasing internal cooperation and strengthening the site management and project management competencies needed in urban environments.



1.6 km
of bicycle route in Helsinki



14
million kg
concrete deck in Savonlinna



187
measures
to prevent moose-related
traffic accidents



The Myllysaari underpass
showcases the skills of
Destia's versatile competence



**Market leader in
railway maintenance**

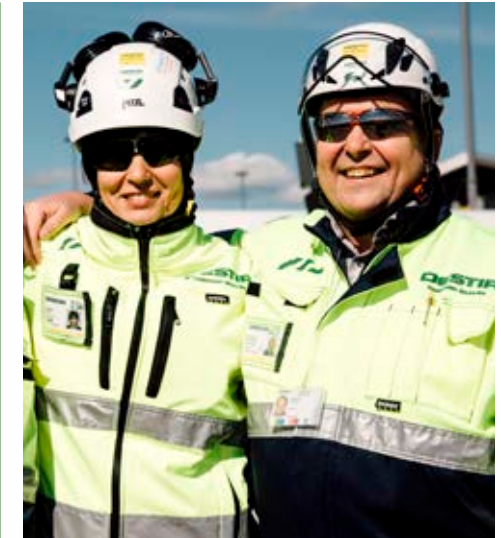


45,000 km
of maintained roads
and streets



New ERP
was deployed

**Honourable mention for
the promotion
of digitalisation
in the Project of the Year
competition**




1,572
professionals



34%
more applications for
summer jobs and trainee
positions



Responsibly building a more functional Finland

 Destia specialises in infrastructure and is involved in the responsible construction of a more functional Finland in cooperation with its customers. As a company, we make sure that our projects are high quality and safe for people, the environment and the economy.

As the biggest company focusing on infrastructure in Finland, we play a significant role in ensuring the functionality and safety of traffic and industrial environments as well as complete living environments. Our operations affect Finnish society, the environment and all of our stakeholders. We recognise the aspects of our corporate responsibility that are essential to various stakeholders and

develop them in active engagement with our stakeholders.

The focus areas of our development efforts in the current operating period are customer work, employee well-being and competence, a supportive management culture, internal cooperation and increasing environmental awareness.

Corporate responsibility integral part of Destia culture

Corporate responsibility integral part of Destia culture and it plays a role at all levels of our operations: goals and values, operating strategies, leadership and day-to-day work on individual projects.

[> Read more on our website](#)



Focus areas in the development of corporate responsibility 2017–2019

CUSTOMER-DRIVEN ACTIVITIES

Customer-driven activities constitute the foundation of our operations and services: in implementing services we follow the objectives set, efficiently and economically.

SAFETY

We aim to guarantee safe and healthy working conditions for all of our employees and the subcontractors who work at our sites. We also ensure the safety of those who move in the vicinity of our sites.

COMPETENCE

Long-term human resource development is the best way to ensure our future competitiveness. We value continuous learning and good management, with the aim of having motivated and committed employees with a high level of well-being and job satisfaction.

ENVIRONMENT

We build environmentally efficient infrastructure that serves the needs of citizens and businesses. We carry out all of our projects in compliance with detailed safety, quality and environmental standards.



We create value

Inputs

Financing

- Equity and liabilities
- Investments

Production

- Projects and sites
- Machinery and equipment
- Aggregate areas
- Soil areas, inventories

Natural resources

- Soil and aggregates
- Salt
- Energy
- Water

Personnel

- 1,572 professionals
- 240 summer workers and seasonal trainees

Subcontracting

- Strong network of service providers and suppliers

Intellectual capital

- Competence
- Research and development
- Service concepts and patents
- Brand and reputation

Business model

Profitable growth

Customer-driven activities

- Meeting customer requirements and expectations
- Creating added value for the customer
- Developing operations together with the customer

Good leadership and standardised processes

- Customer solutions
- Realisation of services
- Project activities and supply chain services

Skilled and motivated personnel

- Continuous development of competence
- Occupational safety and health
- Good management

Destia is the biggest company focusing on infrastructure in Finland. Together with our customers we build the bigger picture.

Responsibility

Outputs

Products and services

- Road construction
- Foundation and field engineering
- Engineer construction
- Rock construction
- Energy infrastructure
- Railways
- Maintenance
- Aggregates
- Design and consulting services
- Road network surveys

Side streams and byproducts

- Recycling aggregates
- Recycling blasted rock
- Recycling surfacing materials

Other products and services

- Road condition forecast services in cooperation with the Finnish Meteorological Institute

Emissions

- Direct and indirect airborne greenhouse gas emissions
- Construction noise, dust and vibration in the local environment
- Wastewater and solid waste at sites

Impacts

Economic

- **Customers/revenue** MEUR 478.7
- **Service providers and suppliers/purchases** MEUR 323.2
- **Personnel/salaries and wages** MEUR 80.4
- **Public sector/taxes, pension contributions and indirect personnel costs** MEUR 18.2
- **Investors/financial costs** MEUR 0.9
- **Investments/gross investments** MEUR 8.8

Social

- Direct and indirect jobs
- Employee safety, training and well-being
- Safe and smooth traffic
- Ensuring secure infrastructure for families, communities and society as a whole

Environment

- Energy and material efficiency in all operations
- Recycling and reutilisation of materials
- Reducing overall energy consumption throughout society
- Impact on the residents and operators in the areas
- Functioning of the traffic environment reduces traffic-related emissions

The figures given represent the year 2017.

Reliably the number one choice for customers

Destia's customers value responsible and contractually-compliant operations as well as innovation and a strong service offering. We develop all of these areas systematically in order to be the number one choice for customers: the most reliable and competent partner to help them achieve their goals.

We want to provide the best customer service in all areas of Finnish infrastructure, across the full life cycle. To achieve this goal, we develop our operations on a customer-driven basis in accordance with the goals and expectations of public and private customers. We engage in a great deal of long-term development with our customers,

subcontractors and other partners. Successful cooperation with customers and partners has a significant effect on customer satisfaction, which is the foundation of our sustainable business.

We implement our customer service in the best possible manner with respect to safety, costs, quality and the environment. We plan and implement all of our projects in accordance with the customer's management system, our integrated management system and the relevant regulations. Destia's own integrated management system has been developed with a long-term approach and it is certified under multiple external certification frameworks.

We assess the development of customer satisfaction based on quarterly reports of project feedback, which also constitutes an important tool for project management. In 2017, project feedback improved with a score of 4.1 (4.0) on a scale of 1-5.

Can do!

The continuous development of our customer work and project management is expedited by listening to and understanding the customer, having a "Can do" attitude and looking for solutions to the customer's challenges.



Trust is earned

Destia is implementing the National Road 14 Savonlinna project in which the deep-water channel is being moved to Laitaatsalmi. The project involves the construction of national roads and roads as well as the dredging of water channels. The scaffolding, formwork, casting and rebar work of two concrete bridges 500 metres long with a clearance of 24.5 metres form the biggest part of the project. The contract is part of a project to make traffic in the centre of Savonlinna smoother and safer.

According to **Hannu Nurmi**, project manager at the Finnish Transport Agency, it was an easy decision to choose Destia as the partner for implementing the Laitaatsalmi concrete bridges. Trust had already been earned in the Savonlinna parallel route contract that left positive memories.

"The schedules keep when both the client and the contractor have diverse professional skill in implementing infrastructure projects of this magnitude."


Comprehensively certified operations

Recognised external standards are part of Destia's customer-driven integrated management system and operating practices.

- Combined ISO 9001 and 14001 quality and environmental certification covers all services of Destia Ltd and Destia Rail Ltd: infrastructure construction, infrastructure maintenance, consulting and aggregates services and the railway business.
- The operations of Destia Engineering Ltd are covered by an ISO 9001 certificate.
- We follow ISO 18001 compliant operating practices with regard to occupational health and safety.



Quality for the benefit of the customer

 Destia systematically develops the quality of its operations. Our aim is to be the number one choice for our customers.

We implement every project with high quality. Our high-quality and efficient operations help our customers achieve their targets sustainably and competitively.

Quality is a priority that everyone at Destia is responsible for. Everyone is responsible for the quality of their work and, ultimately,

the quality of the service or product. We plan and implement our projects in accordance with the agreement and our integrated management system. Our harmonised operating methods and the nationwide scope of our operations enable us to deliver uniformly high quality in all of our services throughout Finland.



High-quality maintenance also promotes safety

Destia has been successfully responsible for the maintenance of the outdoor areas at the SSAB Raahе steel mill for the past 15 years. The practices of the production plant have changed over that period and resulted in more detailed requirements for the maintenance of roads and the area.

SSAB's Area House Manager **Taina Kallio** points out that maintenance not only ensures the uninterrupted operation of the steel mill but also affects the occupational safety of the more than 2,200 people who work there. Keeping 60 hectares of coil fields and parking lots and 50 kilometres of roads and driveways safe and operational requires the maintenance service provider to be able to see the big picture.

High-quality maintenance requires foresight and monitoring. Weather forecasts, the road weather stations in the area and Destia's in-house Winter Maintenance Management Centre are in continuous use.



WE DELIVER DESTIA QUALITY

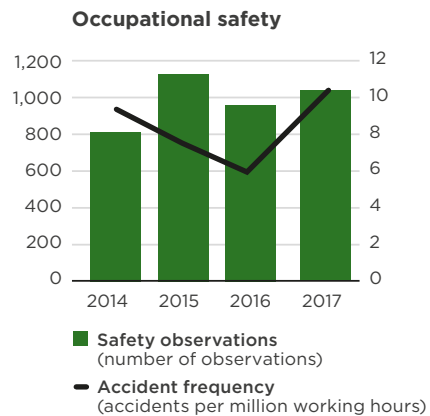
- We minimise potential risks before we get to work.
- We do things right the first time.
- We operate efficiently and economically.
- We use safe working methods.
- We minimise our environmental impacts.

WE DEVELOP DESTIA QUALITY

- Based on customer feedback.
- Based on suggestions and innovation.
- Based on auditing and benchmarking.
- Based on non-conformity reports and self-assessment.

Safety at the core of our operations

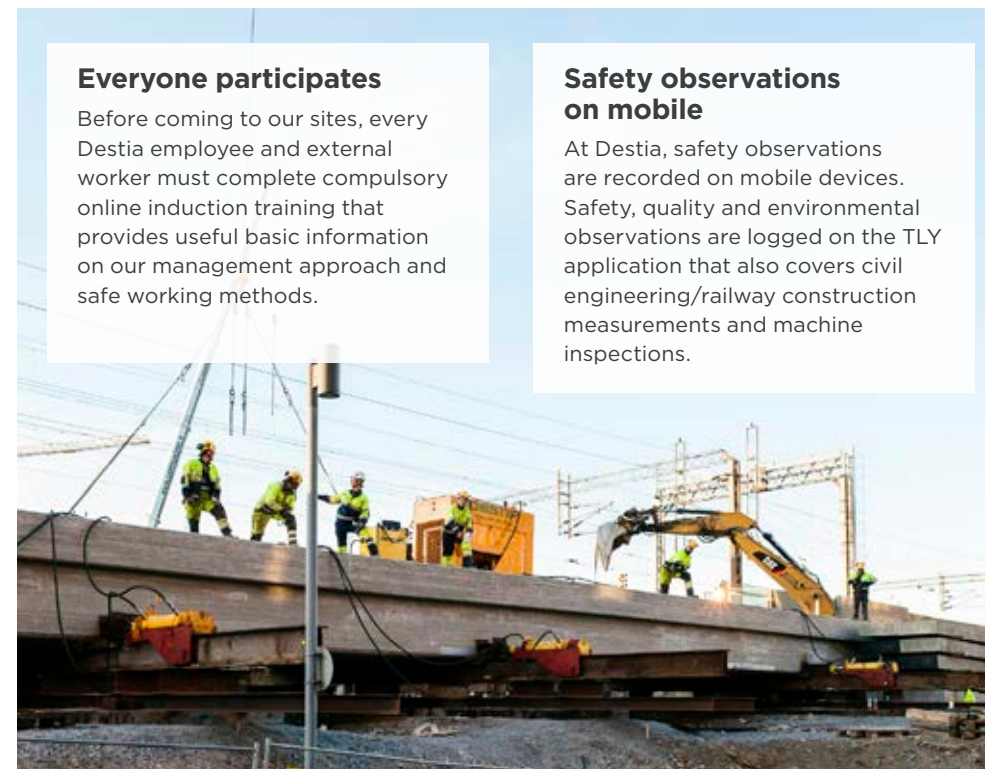
Safety is at the centre of all operations at Destia – only safe work has a future. We aim to guarantee a safe and healthy working environment for all of our employees and others who work at our sites. We also take care of the traffic safety of third parties.



Destia encourages safety observations: noting down more observations has been found to translate into fewer accidents.

The starting point of our safety activities is to exceed the legal, regulatory and permit-related requirements concerning occupational safety to serve as a trend-setter for the industry as a whole. Our goal is to operate accident-free sites, which is also reflected in our commitment to the Zero Accidents in the field of Construction 2020 project by the Confederation of Finnish Construction Industries.

The safety of our projects, sites and work stages is based on induction training, systematic foresight and compliance with instructions and guidelines. Everyone has the right and the obligation to look after their own safety as well as the safety of others. We monitor and measure safety very closely, and we reward our top performers in the area of safety.



Working to ensure safe projects

According to Destia's Safety and Environmental Manager **Janne Pekkarinen**, the safety of Destia's projects and sites is among the best in the infrastructure industry. One of the factors behind this achievement is the principle of planning from the general to the specific.

"In addition to our common safety procedures, we consider project-specific safety issues from the perspective of the entire project and examine them in more detail for each phase of the project."

"Because many of our projects are carried out along traffic routes, traffic safety is a particular priority for us. We ensure safety with properly planned and implemented traffic arrangements at the sites for the benefit of vehicle traffic and employees. When necessary, these arrangements also cover rail and water traffic. In maintenance operations, we ensure traffic safety by having appropriately marked vehicles and equipment and by scheduling our operations correctly."

We support our existing professionals and bring in new recruits

Having adequate and appropriate competence in the rapidly developing competitive climate and labour market landscape is a key factor in Destia's success. We have strengthened the measures we use to ensure the long-term development of the competence of our professionals, a supportive workplace culture and successful recruitment.

Destia's goal is to be the most valued and sought-after employer in the infrastructure industry. According to our most recent personnel survey, we have succeeded quite well in this respect: approximately 80 per cent of Destia employees responded that they are both excited about their work and are prepared to recommend Destia as an employer. On a scale of 1-5, the average score in the 2017 personnel survey was 3.92 (2016: 3.91).

Good supervisory work is one of our key strategic focus areas and one criterion in our supervisors' incentive system. Destia's entire management culture and work culture are based on good supervisory work. It supports our existing professionals and attracts new talent to the organisation. In the 2017 personnel survey, the index measuring supervisory work was 3.88 (3.87).

During the three-year business planning period, we will invest in the Company of Experts project covering all employees. In addition to supporting the development of competence and individual skills, the project promotes the company's internal mobility, increases commitment through career paths and incentives and enhances recruitment. Destia was more popular than ever among summer workers and trainees in 2017. The number of applications increased

by 34 per cent on the previous year.

We also actively take part in the industry's shared education and recruitment projects aimed at ensuring the infrastructure sector's development potential. During the past year, we also attracted new professionals to Destia through conversion training programmes, among other measures.

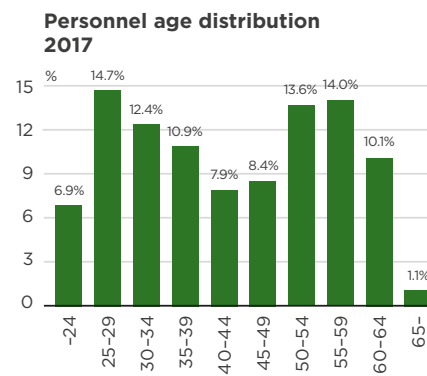
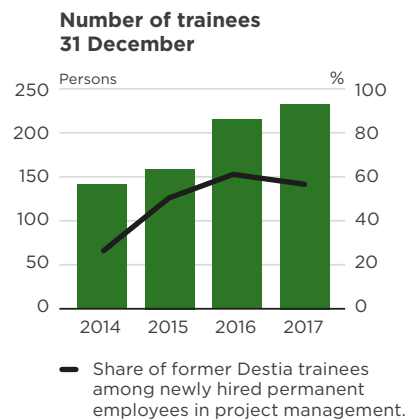


A record year for summer trainees

Destia employed a record-high 240 summer trainees in 2017. The company's trainee programme is a path to professional life for a growing number of graduates.

Destia was also one of the main partners of the Responsible Summer Job campaign for the first time in 2017. The campaign hands out a Summer Worker of the Year award to a trainee who has made a strong impression, and last year's winner was **Jonne Ruopsa**, who spent his second summer at Destia.

"At Destia, the work gets done with a dose of humour, but there are no compromises on quality. I have always received the assistance I need and I have had the opportunity to try a wide range of tasks to improve my professional skills."



Building effective infrastructure eco-efficiently with respect for biodiversity

We engage in systematic efforts to improve our eco-efficiency, minimise the environmental impacts of our operations and conserve biodiversity.

We design, build and maintain the infrastructure environments needed by citizens, businesses and society as a whole. Their construction and maintenance is strictly regulated by legislation, permit conditions and other regulations because they use up a substantial amount of natural

resources during their life cycles. Regulatory compliance is the foundation for our ecologically sustainable operations. Destia's environmental management system is compliant with the ISO 14 001 standard. The system promotes environmental efficiency, as well as our quality and environmental policies and the practical plans, measures and monitoring arrangements that are based on the policies. All of our actions related to nature are aimed at preventing environmental damage and minimising the impacts of our operations. Where possible,

we also strive to improve the condition of natural environments.

Our operating principles, practices and goals also apply to all of our partners and subcontractors. We monitor our performance at the project level as part of our work with customers. In 2017, our customers gave our management of environmental issues an average rating of 4.0 (4.1) on a scale of 1-5.



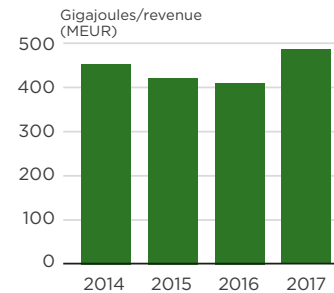
Focus areas of environmental efficiency

MATERIAL EFFICIENCY	ENERGY EFFICIENCY	BIODIVERSITY
<ul style="list-style-type: none"> Improving production efficiency and accuracy through work machine automation. Recycling crushed concrete and waste asphalt as well as reutilising old structural layers. Making more precise use of, and potentially recycling, all construction materials, preventing material waste and the creation of waste. 	<ul style="list-style-type: none"> Making logistics more precise with GPS technology. Integrating and utilising data on usage and fuel consumption. Reducing fleet transfers Energy reviews of properties and practical energy saving measures. 	<ul style="list-style-type: none"> Systematic monitoring of the nature values of soil and aggregate areas*). Voluntary conservation of valuable animal and plant species in extraction areas and construction sites. Effective post-use management of decommissioned soil and aggregate areas and other sites.

*) Destia uses approximately three million tonnes of soil and aggregates annually. We have over 300 aggregate extraction areas around Finland, approximately a third of these were in active use in 2017.

Destia's energy intensity

Overall energy consumption in proportion to revenue



Increasing use of recycled materials in construction

Destia has signed a sales and marketing agreement with Outokumpu for OKTO construction products. OKTO construction products are environmentally safe recovered materials using which also helps conserve exhaustible natural materials. All OKTO products are CE-certified construction products under the Product Liability Act. Their use is not subject to environmental permits or notifications.

The thermal insulation capacity of OKTO insulation material allows for thinner street and road structures.

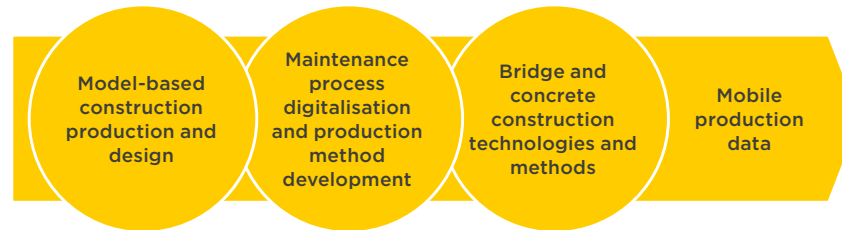
Digitalisation is transforming operating models

 Digitalisation and other megatrends create new opportunities across the entire infrastructure and construction sector. New technology supports the evolution of working methods in response to the challenges of a changing world. Project planning, execution and monitoring are benefiting from the new tools. At the same time, the quality of operations as well as interaction between various parties are improving.

Our research and development activities can be divided as follows: model-based construction production, maintenance process digitalisation and production method development, as well as bridge and concrete construction technologies and methods. These areas are also linked to a fourth development area: real-time mobile information collection and sharing.

In our field, we are a pioneer in model-based construction production. We utilise working machine automation in nearly all our projects. In autumn 2017, our National Road 8 Luostarinkylä project received an honourable mention in the Project of the Year competition. In this project the method of implementation was used to a greater extent than in any other infrastructure project in Finland to date. In addition to the comprehensive utilisation of work machine automation as well as model-based quality control procedures, the project also developed and piloted the production of digital handover materials for

Elements of Destia's R&D activities



the customer. The project enabled model-based and interactive design guidance. The model based working methods were also developed in pilot projects related to the digitalisation project of the Finnish Transport Agency.

The digitalisation of road maintenance services means that new technology is leveraged and operating models are redesigned from start to the end. We are developing new solutions for the entire industry, for example, in our regional road maintenance contract in Ii, where we help develop quality assurance and management tools through digitalisation and automation: by utilising crowd-sourced imagery and by combining it with the collected sensor data we are able to produce a versatile snapshot of the road situation. In 2017 we developed and launched a mobile service portal aimed at site management, which helps them to react to the needs of the maintenance work faster. In addition, Destia is involved in the Aurora project, which aims at developing

capabilities for using automated cars and the demands this places on winter road maintenance.

We are utilising the opportunities presented by new technology also in bridge and concrete construction for example in the National Road 14 site at Laitaatsalmi. There we use a system, with which we can explore the bridge's construction plans with a virtual reality headset.

D10 makes processes digital

The D10 platform brings several of Destia's key services together in a more user-friendly form that can be accessed also by mobile devices. The platform increases the efficiency of operations by combining the necessary information in various databases.



Digital solutions in design, production and quality documentation

According to Destia's R&D Director **Pasi Nurminen**, Destia has been a pioneer for several years in information model-based production, whereby the road models and digital designs of earth structures produced by designers can be transferred to production by means of work machine automation.

"The production method increases efficiency, improves quality and reduces material waste. It also allows customers to stay up to date on project progress.

We also have completed pilots on model-based design inspection procedures and digital handover materials. Digital handover materials replace the traditional quality documentation practices used at the conclusion of projects and enable the subsequent use of the materials in model-based systems."

Reliable partners help ensure project success

We supplement our expertise and fleet by using competent subcontractors and high-quality suppliers of materials. We take a long-term approach to developing our partnership network across Finland with companies that are able to verify the sustainability of their operations and products and commit to our mutually set goals.

Destia has more than 1,000 active projects each year. In most of these projects, we supplement our fleet and expertise by reliable procurement and partnership solutions. We systematically develop our procurement processes with the aim of improving quality and competitiveness, from our perspective as well as that of our partners. By engaging in long-term and development-oriented cooperation, we position ourselves as a preferred partner for competent and responsible subcontractors as well as other suppliers and service providers. Our win-win approach helps us ensure the success of the project and our entire supply chain, all the way to the end customer.

We have created the Destia's Designated Partner programme as a concrete tool for the continuous development of our cooperation network. It supplements our

in-house expertise and enhances project implementation. The aim of the partnership programme is to supplement our own expertise, create new innovation and enhance the project implementation time. The members we select for the programme are competent and reliable partners who commit to Destia's values and operating models. We strive to provide our partners with continuity of work, opportunities for development and new innovation, as well as visibility through several communication channels. We are a significant local operator, and together with our partners, we employ a considerable number of infrastructure industry professionals across Finland.

Our values and the Act on the Contractor's Obligations are our starting points

Our entire procurement process adheres to our values, ethical guidelines and the principles of fair competitive tendering. In addition to compliance with Finnish legislation and regulations, we also require all of our partners to adhere to Destia's safety and environmental policies.

In our operations, we observe the Act on the Contractor's Obligations and Liability when work is contracted out, by which we endeavour to combat the grey economy

and promote compliance with the terms and conditions of employment, among other things. In our service procurement contracts we require our subcontractors and suppliers of materials to be registered in the Reliable Partner system at Tilaaavastuu.fi.

Each year, we purchase a substantial quantity of materials, supplies and other products from Finland and abroad. Examples of significant procurement items and categories include various steel construction products and road salt. When procuring materials, we ensure in accordance with our procurement process that the materials meet the customer's requirements and the statutory requirements for quality.



Developing procurement through cooperation

Matias Honkarila, Destia's new Head of Procurement appointed in 2017, perceives procurement as an integral aspect of the full range of Destia's operations, from tendering to project implementation.

"We are always looking for ways to do things better. Openly sharing information also helps us minimise risks."

Procurement is developed in cooperation with other industry operators. We aim to increase the dialogue with subcontractors and suppliers of materials, thereby developing high-quality long-term partnership agreements that benefit both parties.

"We tender, win and implement projects together. Effective cooperation increases competitiveness."

Active communication and open engagement with stakeholders

Destia's stakeholders have a strong presence in our day-to-day operations. We are part of a value chain that comprises a large group of players and stakeholders. Through active communication and open engagement, we can understand the expectations, challenges and possibilities of our stakeholders and take them into account in our own operations.

Our stakeholder engagement is defined by our wide-ranging role as an operator that plans, implements and maintains traffic, industrial and living environments. Our customers and personnel are the stakeholders we engage most. As many of our projects have direct impacts on infrastructure users as well as local businesses and communities, they are also significant stakeholders for us. Dialogue with the authorities is another essential aspect of our operations. We systematically develop and activate our internal communications and engagement to promote more successful dialogue with our external stakeholders.

Our stakeholder engagement is as open, honest and timely as possible. Among other things, we are involved in various associations and organisations to transparently promote issues that are relevant to our business.

- Our key memberships include:
- FinNuclear Association
 - Infra Contractors Association in Finland
 - Finnish Tunnelling Association
 - Service Sector Employers Palta
 - The Nordic Road Association Finnish Division
 - BuildingSMART Finland
 - The Association for Finnish Work
 - Finnish Quality Association
 - Finnish Association Of Consulting Firms SKOL
 - Tieveteraanit ry (Road veterans)



Finns appreciate smooth traffic

Up to 75% of Finns consider smooth traffic flows quite or very good when the construction of roads, streets and railways is in progress.

STAKEHOLDER	EXPECTATIONS	ENGAGEMENT IN 2017
Customers and clients	Innovative and sustainable high-quality solutions and services that are in line with customer specifications, delivery reliability, competent project management, added-value services and products	<ul style="list-style-type: none"> • One-on-one meetings, events • Proactive and interactive communications • Customer surveys and publications • Joint development of services and solutions
Owners and investors	Increasing shareholder value, cost-efficient operation, openness and providing timely information	<ul style="list-style-type: none"> • One-on-one meetings, events • Financial communications, sustainability communications
Personnel	Safe workplace, development and equal treatment, openness of the organisation, sharing responsibility	<ul style="list-style-type: none"> • Interactive internal communications and building an open corporate culture • Leadership and managerial development • Continuous improvement of occupational safety • Personnel survey and performance reviews
Subcontractors and partners	Profitable business, systematic subcontracting and equal treatment, long-term partnerships	<ul style="list-style-type: none"> • Active and personal communication • Development of the partner network • Service quality standards • Joint development • Customer surveys • Local service procurement • Fair tendering practices
Citizens	Safety, effectiveness and comfort of traffic and residential environments, noise prevention and active communication	<ul style="list-style-type: none"> • Information sessions, hearings and discussion events • Proactive communication, media relations • Interaction on social media • Personal on-site interaction
Authorities	Compliance with laws, regulations and agreements, voluntary environmental initiatives, innovation in the ways land and the environment are used	<ul style="list-style-type: none"> • Regulatory compliance in operations • Satisfying project-specific and service-specific requirements • Ongoing communication, active engagement and the development of cooperation • Project-specific internal communication groups and channels • Project crisis communication organisations and drills • External communications
Decisionmakers	Transparency of operations, responding to changes in the operating environment, cost-efficient use of public funds	<ul style="list-style-type: none"> • Transparency of operations • Meetings, continuous communication • Interaction via industry organisations • Cost-efficient use of public funds • External communications

GRI content index 2017

Code	GRI Standard Disclosures	Reporting
GENERAL STANDARD DISCLOSURES		
Strategy and Analysis		
G4-1	President and CEO's review	President and CEO's review
G4-2	Description of key impacts, risks and opportunities	Strategy Tositoimi projects
Organisational Profile		
G4-3	Name of the organisation	Destia
G4-4	Primary brands, products, and services	Destia is a service company in the infrastructure and construction sector. We design, build and maintain not only traffic routes, railways and traffic and industrial environments but also complete living environments. The services cover subterranean construction, extensive overground operations and demanding foundation engineering projects as well as energy and engineering construction. Destia's customer base includes industrial enterprises and other businesses, municipalities, cities and government organisations.
G4-5	Report the location of the organisation's headquarters	Vantaa, Finland
G4-6	Number of countries in which the organisation operates, and names of countries in which either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Destia operates nationwide throughout Finland.
G4-7	Nature of ownership and legal form	Corporate governance statement
G4-8	Markets served	Destia provides services in Finland in the areas of road, foundation and field construction, energy infrastructure, railway construction and maintenance, infrastructure maintenance, aggregates, infrastructure design, consulting services and road network surveys.
G4-9	Scale of the organisation	Key figures and Financial statements
G4-10	Total number of employees by employment contract and gender	Total number of employees on 31 December 2017: 1,544 of whom 1,435 permanent and 109 temporary, 1,455 full-time and 89 part-time, 1,345 male and 199 female. Due to the seasonality of the business, the number of personnel varies during the year, peaking in the summer.
G4-11	Percentage of total employees covered by collective bargaining agreements	All Destia employees are covered by collective bargaining agreements, with the exception of those who based on their employer role are outside the agreements' scope.
G4-12	Organisation's supply chain	Procurement and partnerships

Code	GRI Standard Disclosures	Reporting
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	No significant changes.
G4-14	If and how the precautionary approach or principle is addressed by the organisation	The precautionary approach is addressed according to legislation and contractor's requirements.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Safety
G4-16	Memberships of associations and national or international advocacy organisations	Engagement
Identified Material Aspects and Boundaries		
G4-17	Entities included in the organisation's consolidated financial statements or equivalent documents	Destia Group Plc was established on 22 April 2014 in connection with the ownership arrangement of Destia Ltd and owns 100% of Destia Ltd's shares. Destia Group has continued the business operations of Destia. The financial statements report on the financial development of Destia Group during the period 1 January 2017–31 December 2017, with comparison figures presented for the period 1 January 2016–31 December 2016.
G4-18	Process for defining the report content and the Aspect Boundaries	In corporate responsibility reporting, Destia follows the reporting guidelines of Global Reporting Initiative (GRI) and its G4 version at the core level. Corporate responsibility reporting is incorporated into Destia's annual report. In addition, a GRI content index has been produced for 2017.
G4-19	Identified Material Aspects	Customer-driven activities, ethical and profitable business operations, procurement and partnerships, skilled and thriving Destia personnel, safety, new solutions and development of the field, engagement and social participation, environment
G4-20	Aspect Boundary within the organisation	The Aspect Boundary is Destia Group Plc.
G4-21	Aspect Boundary outside the organisation	No data collected from outside Destia's organisation.
G4-22	Restatements of information provided in previous reports	No significant changes.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	The report shows time series for several indicators, and no significant changes have taken place.
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged by the organisation	Customers and clients, owner, personnel, subcontractors and partners, infrastructure users, neighbours, authorities, decision-makers.
G4-25	Basis for identification and selection of stakeholders	Value creation

Code	GRI Standard Disclosures	Reporting
G4-26	Approach to stakeholder engagement	Destia is a Finnish infrastructure and construction service company that seeks to create a living environment that works better. Ethical guidelines and operating principles form the basis of our stakeholder engagement. Responsibility is part of Destia's corporate culture. It also means upholding high ethical standards in the activities of the company's Board of Directors, management, other employees and cooperation partners. Ethical activities are founded on Destia's values, vision and strategy.
G4-27	Key topics and concerns raised through stakeholder engagement	Engagement
Report Profile		
G4-28	Reporting period	Year 2017.
G4-29	Date of most recent previous report	Destia's annual report 2016 was published on 2 March 2017.
G4-30	Reporting cycle	Yearly.
G4-31	Contact point for questions regarding the report or its contents	tiedotus@destia.fi
G4-32	GRI content index	Destia's material aspects in relation to the GRI G4 responsibility aspects.
G4-33	Policy and current practice with regard to seeking external assurance for the report	The corporate responsibility report has not been externally assured.
Governance Structure and Composition		
G4-34	Governance structure	Board of Directors and its Committees
G4-35	Process for delegating authority for economic, environmental and social topics	Report of the Board of Directors
G4-36	Executive-level position(s) with responsibility for economic, environmental and social topics	Destia's Board of Directors is responsible for the strategic management and supervision of corporate responsibility. The President and CEO and the Management Team are responsible for the goals and results of Destia's corporate responsibility programme. Matters pertaining to corporate responsibility are regularly reviewed by the Management Team.
G4-38	Composition of the highest governance body and its committees	Board of Directors on 31 December 2017
G4-39	Report whether the Chair of the highest governance body is also an executive officer	Board of Directors and its Committees
G4-40	Nomination and selection processes for the highest governance body and its committees	Board of Directors and its Committees

Code	GRI Standard Disclosures	Reporting
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed	Board of Directors and its Committees
Highest Governance Body's Role in Setting the Purpose, Values and Strategy		
G4-42	Highest governance body's role in the development, approval and updating of the organisation's purpose, value or mission statements, strategies, policies and goals	Board of Directors and its Committees
Highest Governance Body's Role in Risk Management		
G4-45	Highest governance body's role in the identification and management of risks and opportunities	Risk management
G4-46	Highest governance body's role in reviewing the effectiveness of the organisation's risk management processes	Board of Directors and its Committees
G4-47	Frequency of the highest governance body's review of risks and opportunities	Risk management
Highest Governance Body's Role in Sustainability Reporting		
G4-48	Approval of the sustainability report	The corporate responsibility report is approved by Destia's CEO.
Remuneration and Incentives		
G4-51	Remuneration policies for the highest governance body and senior executives	Board of Directors and its Committees, Destia's President and CEO and Management Team
G4-52	Process for determining remuneration	Report of the Board of Directors (Financial Statements)
Ethics and Integrity		
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and codes	Destia's values: Achieving goals fairly, boldly and skillfully. Destia's ethical guidelines
G4-57	Mechanisms for seeking advice on ethical and lawful behaviour	Destia's ethical guidelines
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	If someone observes a compliance breach, they must report the matter to their supervisors. In unclear situations, the procedure approved in the Group must be confirmed with the supervisor or internal audit in advance. Every Destia employee must report obvious breaches to internal audit. Every supervisor is responsible for ensuring that the employees and partners are familiar with the content of the guidelines and requirements for compliance with them. Familiarity with the ethical guidelines is part of induction and performance management.

Code	GRI Standard Disclosures	Reporting
SPECIFIC STANDARD DISCLOSURES		
DISCLOSURES ON MANAGEMENT APPROACH (DMA)		
	Generic Disclosure on Management Approach	Development of corporate responsibility
ECONOMIC		
Economic Performance		
G4-EC1	Direct economic value generated and distributed	Division of financial benefit by stakeholder group in 2017: Customers; revenue MEUR 478.7. Suppliers; Materials and services from external subcontractors MEUR 323.2. Personnel; salaries and remuneration MEUR 80.4. Public sector: Taxes and tax-like payments MEUR 0.5. Pension and indirect personnel costs MEUR 17.7. Investors; Financing costs MEUR 0.9 and Investments; gross investments MEUR 8.8.
Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Procurement and partnerships Destia's total volume of procurement was MEUR 323.2, the majority of procurement takes place in Finland.
ENVIRONMENTAL		
Materials		
G4-EN1	Materials used by weight or volume	Use of soil and aggregates 3.4 (2.8) million tonnes in 2017. Destia uses salt at a level of approximately 60,000–90,000 tonnes per year for preventing slippery and dusty conditions.
Energy		
G4-EN3	Energy consumption within the organisation	Destia's own fuel consumption was 6.0 (5.8) million litres in 2017. Destia's own electricity consumption was 4,993 (4,314) MWh. Destia has an agreement with Oulun Sähkönyynti Oy, a company which focuses its electricity supply strongly on electricity produced by domestic and renewable raw materials. Electricity supply from Oulun Sähkönyynti is approximately as follows: Renewable energy sources (e.g. wood, biomass, water, wind) 14.7%. Fossil energy sources (e.g. peat, coal, natural gas, oil) 44.5%. Nuclear power 40.8%
G4-EN5	Energy intensity	453 (410) gigajoule/revenue (MEUR)
Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected area(s) of high biodiversity value outside protected areas	40 (29) sites

Code	GRI Standard Disclosures	Reporting
Emissions		
G4-EN15	Direct greenhouse gas emissions (scope 1)	Direct greenhouse gas emissions from Destia's own energy consumption were 15,738 (15,097) tonnes.
G4-EN17	Other indirect greenhouse emissions (scope 3)	Carbon dioxide emissions from business travel 2,219 (2,317) tonnes.
Effluents and Waste		
G4-EN24	Total number and volume of significant spills	No significant spills.
Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environment
Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanction for non-compliance with laws and regulations	On 13 December 2017, the Helsinki District Court handed down its decision on charges for environmental offences at the Harjula soil area in Mäntsälä. In December 2015, criminal charges were brought against three Destia employees over environmental offences. According to the charges, the employees were guilty of environmental offences at the Harjula soil area in Mäntsälä between autumn 2010 and summer 2012. The prosecutor also called for a corporate fine of at least EUR 50,000 to be imposed on Destia Ltd and called for Destia Ltd to be ordered to lose the financial benefit resulting from the offence, amounting to approximately EUR 580,000. In its decision, the Court of Appeal largely upheld the judgment issued by the Tuusula District Court in 2016, according to which unit fines were imposed on three Destia employees and a corporate fine of EUR 50,000 was imposed on Destia, and Destia was ordered to lose the financial benefit resulting from the offence, amounting to approximately EUR 86,000.
Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	We collect feedback on environmental issues via the Destia website and from our projects. We received feedback 35 (18) times regarding Destia's operations that required measures to be taken. The required measures have been started.
SOCIAL		
Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	In 2017, Destia employed an average of 1,572 (1,492) persons. The departure turnover rate of permanent personnel was 14.1% (9.5) and the hiring rate was 17.1% (13.2). Personnel

Code	GRI Standard Disclosures	Reporting
Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes	Co-determination negotiations comply with the times defined in collective agreements and by law.
Occupational Health and Safety		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Safety
Training and Education		
G4-LA9	Average hours of training per year per employee by gender and by employee category	In 2017, a total of 981 persons participated in training. Of this total, 88% were male and 12% female.
G4-LA11	Percentage of employees receiving regular performance and career development reviews	All Destia employees go through performance evaluation as well as performance and target review discussions. According to the personnel survey, 85% (85) had a personal discussion and 5% had a group discussion in 2017.
Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	In 2017, Destia's Board of Directors was comprised of 7 members, all of them male. The average age of the members was 52.3 years. In 2017, Destia's Management Team comprised 10 members, 3 of who were female. The Management Team's average age was 46.9 years.
Labour Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms	A total of 1,036 (939) safety observations were reported in 2017. No violations of ethical guidelines related to working conditions were brought to internal audit's attention.
SOCIETY		
Anti-corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	All Destia's business and group units have reviewed Destia's ethical guidelines. No significant risks identified.
G4-SO4	Communication and training on anti-corruption policies and procedures	Review of Destia's ethical guidelines is part of every Destia employees' work induction.
G4-SO5	Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption.

Code	GRI Standard Disclosures	Reporting
Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	No political contributions paid.
Anti-competitive Behavior		
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	No legal actions related to anti-competitive behavior, cartels and monopoly practices.
Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	In the year 2017 there were no fines or non-monetary sanctions against Destia related to non-compliance with laws and regulations.
Customer Health and Safety		
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	In the collected project feedback, the result for the question "How are safety aspects taken into consideration in the project?" was 4.0 (4.1) on a scale of 1-5. There were no significant deviations from safety mentioned in the project feedback.
Product and Service Labeling		
G4-PR5	Results of surveys measuring customer satisfaction	Project feedback improved in 2017 to 4.1 (4.0) on a scale of 1-5.
Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	In 2017, there were no significant fines for non-compliance with law and regulations concerning the use of products and services.

Destia's material aspects in relation to the GRI G4 responsibility aspects

Aspect consistent with GRI G4	Relevant aspect for Destia
ECONOMIC	
Economic Performance	Profitable business
Procurement Practices	Procurement and partnerships Production of services
ENVIRONMENTAL RESPONSIBILITY	
Materials	Environment
Energy	Environment
Biodiversity	Environment
Emissions	Environment
Effluents and Waste	Environment
Products and services	Environment Production of services New solutions and sector development
Compliance	Environment Safety Production of services Ethical business operations

Aspect consistent with GRI G4	Relevant aspect for Destia
Environmental Grievance Mechanisms	Environment Ethical business operations
SOCIAL RESPONSIBILITY	
Labor practices and decent work	
Employment	Skilled and thriving Destia personnel
Labor and Management Relations	Skilled and thriving Destia personnel
Occupational Health and Safety	Skilled and thriving Destia personnel Safety Procurement and partnerships
Training and Education	Skilled and thriving Destia personnel Procurement and partnerships
Diversity and Equal Opportunity	Skilled and thriving Destia personnel
Labour Practices Grievance Mechanisms	Skilled and thriving Destia personnel Ethical business operations
Society	
Anti-corruption	Ethical business operations Procurement and partnerships
Public Policy	Social participation
Anti-competitive Behaviour	Ethical business operations Procurement and partnerships Internal and external corporate communications
Compliance	Ethical business operations Procurement and partnerships Internal and external corporate communications
PRODUCT RESPONSIBILITY	
Customer Health and Safety	Safety Production of services
Product and Service Labelling	Customer satisfaction
Compliance	Production of services

Essentiality chart presenting Destia's corporate responsibility

