

SENSE OF INFRASTRUCTURE

DESTIA

ANNUAL REPORT

2020



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FINLAND'S BIGGEST INFRASTRUCTURE SERVICE COMPANY

REVENUE

563.8

€ million

COMPARABLE
OPERATING PROFIT

16.4

€ million

CUSTOMER
SATISFACTION

53

Net Promoter Score

NUMBER OF PROJECTS

over **1,000**

projects per year

PERSONNEL

1,626

Destia employees
(31 December 2020)

EMPLOYEE
SATISFACTION

27

eNPS 2020 average

OCCUPATIONAL
SAFETY

13.1

accidents per million
working hours

REPUTATION

3.11

Reputation & Trust survey
2020 by T-Media

Destia is owned by Ahlström Capital Oy.
Destia Group (hereinafter referred to as "Destia") comprises the parent company Destia Group Plc and a sub-group consisting of Destia Ltd and its subsidiaries.

AN EXCEPTIONAL YEAR

Year 2020 was a time of change. The impacts of the COVID-19 pandemic were felt in our industry despite economic stimulus decisions. However, its direct effects on Destia's business and projects were relatively moderate due to successful preventive measures. We achieved a solid result, positively impacted by the successes of the Maintenance Services business and strong development in the Urban Development and Design Services business.

However, the result was not achieved without challenges. Even though we have made progress in project management, there is still room for improvement and there were some unprofitable projects this year as well. In addition, we had to adjust the number of employees to reflect the declined revenue.

For Destia, last year was also a year of development and renewal. We continued to implement our strategy. It requires ensuring the competitiveness of our core business and improving the added value for our customers in design, construction and maintenance projects requiring special competences. Additionally, we aim to grow as an even stronger urban developer and expand geographically.

Winning the Kalasatama alliance bid as a member of the Sörkan spora consortium and progressing the Kalasatama development phase with Helsinki City Transport HKL and other alliance partners was one of the highlights of last year. Destia's multidisciplinary competences will be fully utilised in the project over the next four years as Destia brings together its earth and rock services, railway services and design services.

As an infrastructure constructor and urban developer, we look to the future. We aim high especially in urban development and railway construction. In the medium term, the infrastructure market in Finland and related investments will likely decline further.

As a leading utiliser of digitalisation in the construction sector, Destia is nevertheless well-positioned to build the infrastructure of tomorrow.

In 2020, we continued the development of Destia's sustainability work by defining three main areas of sustainability: environmental responsibility, social responsibility and corporate responsibility. Through our sustainability activities, we further commit to the UN Sustainable Development Goals.

Our success is built on a strong corporate culture and our personnel. The basis for our winning team is balanced values, inspiring leadership and happy people. The positive development in employee feedback makes me happy: the employee Net Promoter Score is already 27. I am also delighted that we were recognised as one of the most inspiring workplaces in Finland (according to the Destia Spirit personnel survey) and as one of the most responsible workplaces offering summer jobs in the category of companies having more than 1,000 employees.

There has been excellent development in terms of our reputation: In T-Media's Reputation & Trust survey, our reputation took a leap forward. Of the construction sector companies included in the survey, Destia was able to develop its reputation the most. In addition, our customers' satisfaction has developed positively; last year's Net Promoter Score was 53.

We continue to use our insight into infrastructure to design, construct and maintain infrastructure for cities, traffic and energy with our customers and partners. We aim to connect northern life and enable the continued development of a functional society.

Tero Kiviniemi
President and CEO



DESTIA IN BRIEF

Destia is the biggest service company in the infrastructure sector in Finland. Our services cover the entire infrastructure life cycle from design to construction and maintenance. We build and maintain roads, streets, bridges and railway tracks. Our service portfolio also covers underground and urban construction, and our service offering includes services for the construction of energy grids and substations. We seek growth especially in urban projects, railway construction and renewable energy.

With our diverse expertise, we implement tomorrow's infrastructure that enables the transport of people, goods, services and energy as a natural part of northern life.

Destia is owned by Ahlström Capital Oy.

SENSE OF INFRASTRUCTURE

At Destia, we have unique sense of infrastructure: the ability to think outside the box and solve challenges by combining different skills, open-mindedly utilising technology and renewing to meet the needs of an evolving society.

A deep insight into the customers' needs enables feasible, reliable and responsible solutions. Our customer base comprises industrial enterprises and businesses, municipalities and cities and government organisations.

SUSTAINABILITY

As the leading infrastructure company in Finland, we play a key role in ensuring and creating functional and safe traffic and industrial environments as well as complete living environments. Our operations affect society, the environment and all of our stakeholders.

We have defined three main areas of sustainability: environmental responsibility, social responsibility and corporate responsibility. Through our sustainability work, we commit to the UN Sustainable Development Goals. In addition, we are committed to

promoting the UN Global Compact initiative's principles related to human rights, labour, the environment and anti-corruption.

The responsibility and quality of our operations are integral aspects at all levels of our operations: values, objectives, operating strategies, leadership and day-to-day work on individual projects.

A WINNING TEAM

Our success is based on a winning team – our personnel. We build our success on our corporate culture and people. Our operations are guided by our integrated management system, which consists of process and function descriptions, instructions, forms and models and project-specific operating and quality plans. We complete our projects with our customers with high-quality and we get it right the first time – efficiently, economically, safely and with minimal environmental impact.



Photo: Lauri Antola

MEGATRENDS IN OUR OPERATING ENVIRONMENT

In 2020, our operating environment was impacted by the global COVID-19 pandemic, with its direct effects on Destia's business and projects nevertheless being relatively moderate due to successful preventive measures.

Our operating environment changes and evolves constantly in accordance with megatrends. The trends guiding our strategy include, for example, urbanisation, digitalisation, climate change, the ageing of the population and the depletion of natural resources.

The overall infrastructure construction market in Finland was strong in 2020. This was due to factors such as government investments in fundamental road maintenance and investments by large cities and housing construction, which continued at a relatively active level despite the pandemic.

In the near future, there will be fewer large infrastructure projects, which will result in a decrease in the infrastructure market in Finland compared to the current level. The continuation of good growth development would require additional economic stimulus, for example, through additional recovery funds from the EU.

The strong growth in the Swedish and Norwegian infrastructure construction markets is expected to continue.



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The trends guiding our strategy include, for example, urbanisation, digitalisation, climate change, the ageing of the population and the depletion of natural resources.

CONNECTING NORTHERN LIFE

Destia's objective is "Connecting northern life", and our 2021–2025 strategy is to ensure the competitiveness of the core business, to grow in new services and urban development in cooperation with partners and to grow internationally in the selected strategic areas.

SERVICES WITH HIGHER VALUE-ADD

We continued to implement Destia's strategy in 2020. Our objective is to ensure the competitiveness of our core business and improve the added value for our customers in our home markets in Finland and in design, construction and maintenance projects requiring special competence. Infrastructure and the related design, construction and maintenance are our core business.

Our objective is to grow as an increasingly strong urban developer together with partners and networks. With its strategy, Destia is aiming for a broader role in the sector's value chain. This enables us to provide services with more added value to our customers, for example, in urban and project development and in diverse solutions for construction and maintenance.

We are investigating new business opportunities in Sweden and Norway, particularly in the northern regions, although we progressed new international strategic initiatives conservatively due to factors such as hindrances related to the COVID-19 pandemic.

WE IMPLEMENT OUR STRATEGY THROUGH MUST-WIN BATTLES

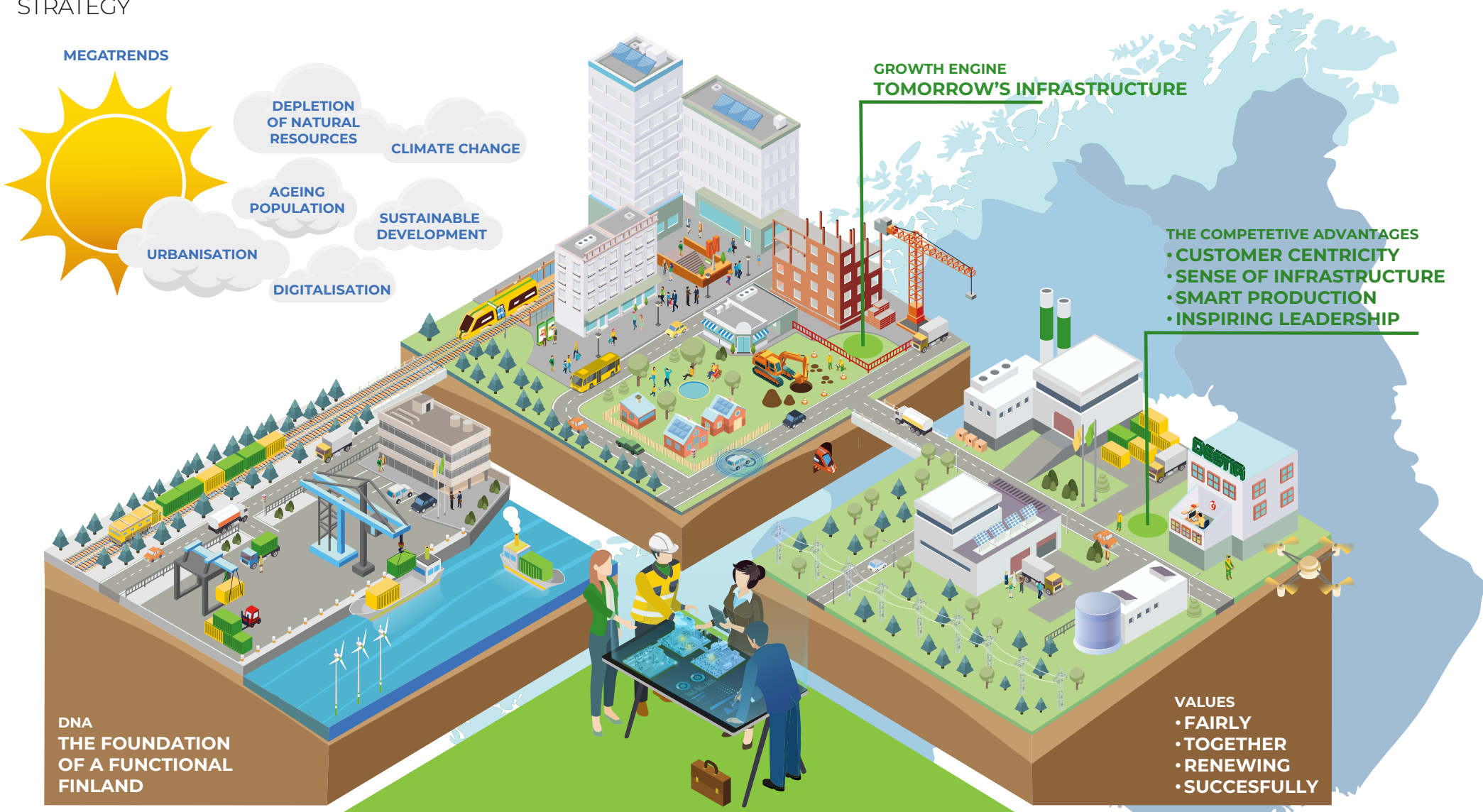
Our strong expertise, strong values and our harmonised, ethically sustainable and responsible way of doing business provide a firm foundation for the implementation of our strategy. Customer orientation, sense of infrastructure, smart production and inspiring leadership are the factors creating Destia's competitive advantages. In 2020, we continued to develop our corporate culture and value-based leadership and deepened division-specific business plans.

The strategic objectives are promoted through the must-win strategic battles at the company level: Productivity Pioneer, Nordic Facilitator, Innovative Urban Developer, Winning Team and Sustainable Leader.



Photo: Lauri Hänninen

STRATEGY



DESTIA'S GOAL CONNECTING NORTHERN LIFE

OUR BUSINESS AND HIGHLIGHTS IN 2020

MAINTENANCE SERVICES

We are the largest road maintenance service provider in Finland. We offer a wide range of services for around-the-year maintenance of traffic routes, gravel roads, bridges and the traffic environment in general. We are experts in winter maintenance, with our operations supported by the weather and road condition forecasts provided by the Winter Maintenance Management Centre, a joint operation of Destia and the Finnish Meteorological Institute, and experienced employees utilising modern work methods and equipment.

The maintenance contracts extend over several years. Desentti, a service alliance established in 2019 covering the centre of Turku, is a good example of a new type of a cooperative contract. Destia's market share of all road maintenance contracts was 51 per cent in 2020.



Photo: Jami Vähäsöini

ROAD SERVICES

Large road and street projects requiring special expertise are our core competence, but we also implement smaller road and street projects with expertise. We offer services from design to construction and utilise the road network data collected through our Infrastructure asset management service. As of 1 January 2021, bridge construction is part of our Road Services division.

In 2020, we were engaged in Finland's largest national road projects, such as the Lahti southern ring road and national road 4 between Kirri-Tikkakoski. The renovation of Hämeentie in the centre of Helsinki was an example of the demanding urban construction we do.



Photo: Reijjo Kuisma

RAILWAY SERVICES

Our diverse railway services cover rail construction and maintenance throughout Finland. We are Finland's leading company in the maintenance of superstructures and safety equipment for railways. In addition, we have strong experience in metro, tramline, safety equipment and electric railway construction and the renovation and improvement of operating points and shunting yards. We also offer our services for the maintenance and construction of private tracks.

In 2020, our major railway projects included the construction of the raw wood terminal in Akaa, the repair of the Tottola railway tunnel, the construction of the Vartius operating point, the warning light structures for Lahti-Heinola and winning the Kalasatama alliance bid and promoting its development phase.



Photo: Tero Hurttu

OUR BUSINESS AND HIGHLIGHTS IN 2020



URBAN DEVELOPMENT AND DESIGN SERVICES

We strive for a broader role in the value chain for construction by investing in urban and project development. We offer diverse design services, such as road, street, urban and regional planning as well as traffic, environmental, geotechnical, bridge and rock construction planning. We also provide traffic system design and research and quality management services related to traffic routes as well as charging infrastructure solutions for electric vehicles. We work on urban and project development together with our partners.

Destia is the leading utiliser of digitalisation, and the highlights in 2020 included the deployment of the new, neural network-based solution for identifying road damage and the contract with Helsinki Regional Transport Authority (HSL) covering the delivery of a charging service for electric buses. During 2020, we also participated in the successful bidding and development related to the Kalasatama alliance and developed our Maantiekylä site in Tuusula for logistics use and sold it.



EARTH AND ROCK SERVICES

We offer services for demanding foundation engineering, such as building pits and support, concrete structure work, pile driving and base reinforcement as well as fortification and repair of foundations. We plan and construct tunnels and underground facilities, such as parking areas, goods and freight stations and civil defence shelters. Our foundation engineering unit also operates in Sweden and Norway.

Our services include open pit and underground mining, concrete structure work, reinforcement, compaction and rock facility fittings. We can offer CE certified aggregates. We take the environment into account in our operations and adhere to the ISO 14001 environmental system.

Winning the Kalasatama alliance bid as a member of the Sörkan spora consortium and progressing the Kalasatama development phase with Helsinki City Transport HKL and other alliance partners was one of last year's highlights not only for the Earth and Rock Services but also for Railway Services and Urban Development and Design Services businesses. We also started the pile-driving work for Hämeenkyrönväylä and the development of Kaisantunneli, a tunnel passing under the Helsinki railway station.



CONSTRUCTION TECHNOLOGY SERVICES

We seek for growth especially in renewable energy and energy grids. We design and build electricity distribution networks, substations and wind power projects. We build and maintain road lighting.

We specialise in concrete construction, such as parking facilities, jetties, dams, water towers, cast-in-place structures and related maintenance and repairs. We offer our comprehensive expertise for the needs of industry, such as mining operations, production plants and power plants.

The highlights in 2020 included building the largest electricity storage in the Nordic countries for the French company Neoen in Ylikkälä, Lappeenranta, and starting the construction of Metsälinja, a 400-kilovolt transmission line for Fingrid, Finland's transmission system operator.



HIGH-QUALITY INFRASTRUCTURE FOR OUR CUSTOMERS' NEEDS

We aim to continuously develop high-quality solutions and services for our customers, so that they can achieve their objectives in a sustainable and competitive manner. We strive for continuous improvement in customer satisfaction and operations.

QUALITY

Our harmonised operating methods and the nationwide scope of our operations enable us to deliver uniformly high quality in all of our projects throughout Finland. We ensure customer satisfaction through project management methods, through cost-effective and high quality project implementation and by choosing the best method of execution with respect to safety and the environment. Quality is ensured through Destia's integrated management system and our safety management system applied to the railway business.

WE ENSURE AND DEVELOP OUR OPERATIONS IN VARIOUS WAYS

The core of our quality implementation is our project personnel working in accordance with our values. They are responsible for quality assurance planning, implementation and timely reporting in projects. We ensure our ability to provide high-quality projects by investing in employee competence development and systematic development of skills.

External and internal audits enable us to ensure unified methods that comply with our integrated management system and they also help ensure that the requirements related to management system certificates are met. We monitor project implementation through self-evaluation and, for example, through weekly site maintenance inspections and civil engineering and railway construction measurements. We cooperate with authorities, such as fire and rescue authorities, Regional State Administrative Agencies, the Finnish Safety and Chemicals Agency, the Radiation and Nuclear Safety Authority and environmental authorities. We carry out supplier and subcontractor audits.

We use a single system to document non-conformity reports and safety, quality and environmental observations. We use the data entered in the system for both project-specific and more extensive operational development. All Destia employees are responsible for making observations on our operations, and everyone has access to the entries.

Our top management reviews and develops the functionality of our quality management system through management reviews that are implemented as continuous activities throughout the year. Monitoring and anticipating changes in our operating

environment and the utilisation of the latest technology ensure our leading position in quality management also in the future.

IDENTIFYING THE NEEDS OF CUSTOMERS AND END USERS

High-quality implementation and end results are created by identifying the needs of customers, stakeholders and end users and through fair cooperation. In service development, it is essential that we understand these needs, engage the various parties and provide the best solution that creates value.

KEY CERTIFICATIONS OF DESTIA'S OPERATIONS

- Scope of the ISO 9001 and 14001 quality and environmental system certificate (Det Norske Veritas):
 - Destia Ltd: infrastructure construction, care, maintenance and specialist services, aggregate services and design and implementation services for energy networks. For the time being, the foundation engineering unit only holds the ISO 9001 certificate. The objective is to extend certification to ISO 14001 in 2021.
 - Destia Rail Ltd: infrastructure construction, maintenance and care services.
- We observe OHSAS 18001-compliant operating practices with regard to occupational health and safety. In 2021, we will adopt the ISO 45001 standard.
- Destia Rail Ltd:
 - Railway operator's safety certificate granted by Traficom.
 - Traficom approved railway drivers' supplementary training institution.
- Destia Ltd: our aggregates are CE certified (Inspecta Certification).
- Destia has several certificates of competence in the infrastructure industry issued by the Construction Quality Association (Rakentamisen Laatu RALA ry) and special certificates of competence related to bridge contracting.

DESTIA'S CONTINUOUS IMPROVEMENT MODEL

The project manager is in charge of the management of the project and its systematic execution. The site manager reports to the project manager and is responsible for the project's execution and outcome. Responsibilities for project tasks are assigned to individual members of the project organisation. The key considerations in project management include the safety of work performance, work planning, project execution management, scheduling, optimal resource allocation and systematic decision making.

QUALITY POLICY
We always work with the customer in focus.

- We care for each other as well as for our customers and partners.
- Our cooperation is based on openness.
- The customer's success is also our success.
- Our unified methods guarantee high-quality results.
- Continuous improvement guides us every day.
- We boldly develop our skills and our operating methods.

- Ideas, innovations and suggestions for improvement
- Customer feedback
- Audit observations
- Deviation reports

Process performance and efficiency are evaluated in the assessment and decision-making stage. Possible corrective and preventive measures are taken. Process owners are responsible for process-related decisions.



Production of services.

Projects and functions document observations and develop the operations of the ongoing project.

The management of a division reviews the summary of observations and deviations reported and, if necessary, significant individual observations.

Decisions are made at company level in Destia's management team. Destia's Occupational Safety Committee is responsible for decision-making at company level on occupational safety issues.

CONTINUOUS IMPROVEMENT

TOP-LEVEL RESEARCH AND DEVELOPMENT

We invest in our operations to ensure that we use state-of-the-art technology and contribute to the renewal of the methods used in the infrastructure industry in cooperation with our customers and other industry players. We continuously develop work methods and ways of working to ensure that they meet the challenges of a rapidly changing world, particularly through using the means of digitalisation.

Destia engages in active and diverse development efforts that contribute to the implementation of our strategy. Development activities are carried out with a practical approach in conjunction with service delivery, but they are structured as projects with centralised management. All of our divisions have dedicated development managers and service development teams.

We actively participate in the development work in the industry, such as in the activities of the cooperation forum buildingSMART Finland and the development work for General Modelling Requirements (YIV), in addition to which we fund and steer the digital professorship for infrastructure at Tampere University. In 2020, we also participated in creating a vision for modelling the maintenance of built infrastructure.

DIGITALISATION AS AN ENABLER

The key focus area in our operations is the development of digital models and production methods utilising them, which enables us to serve our customers in a more transparent and efficient manner. We are

an industry pioneer in data model-based construction: digital model-based designs are wirelessly transferred for use in work machines and by the project management of various parties in nearly all of our projects.

The systems we use allow us to monitor project execution and quality assurance in almost real time. Regular and comprehensive drone footage of sites documents the situation on a site in various phases and, above all, it helps plan the work. With model-based production, digital handover material is created in projects, and this material can later be used for the management and maintenance of infrastructure assets.

Digitalisation plays a significant role in road and rail maintenance. Real-time data on maintenance activities is produced as part of the operations; all of our maintenance units use mobile data collection to generate up-to-date reports for customers and, to an increasing extent, road users. In addition to utilising a number of innovations relating to methods and equipment, road and rail maintenance services also use information collection and reporting systems customised for Destia.



We are an industry pioneer in data model-based construction.



SMART PRODUCTION

Our development strategy was renewed with the strategic vision of smart production. The backbone of smart production is the above-mentioned computer-based production, which we enrich through the collection and analysis of unique, real-time production data. Data analytics enables us to automatically create a comprehensive overview of production through dashboard views available for the project management and at the company level. Model-based production process and the collection of production data has been extended to cover special construction competences.

In the digitalisation of road maintenance, new digital solutions were widely adopted. Crowdsourced data collection enables the collection and analysis of an enormous amount of image and sensor data on the condition of road surfaces, which facilitates work supervision and the identification of road sections requiring maintenance. Mobile work supervision helps supervisors, people carrying out the work and customers obtain a better overview of matters related to contract implementation, such as schedules and status reports.

In railway maintenance, we have taken significant steps in the utilisation of digitalisation and implemented new tools for managing situations and to support maintenance management.

DESTIA'S FOCUS AREAS IN RESEARCH AND DEVELOPMENT

DATA MODEL-BASED DESIGN AND PRODUCTION

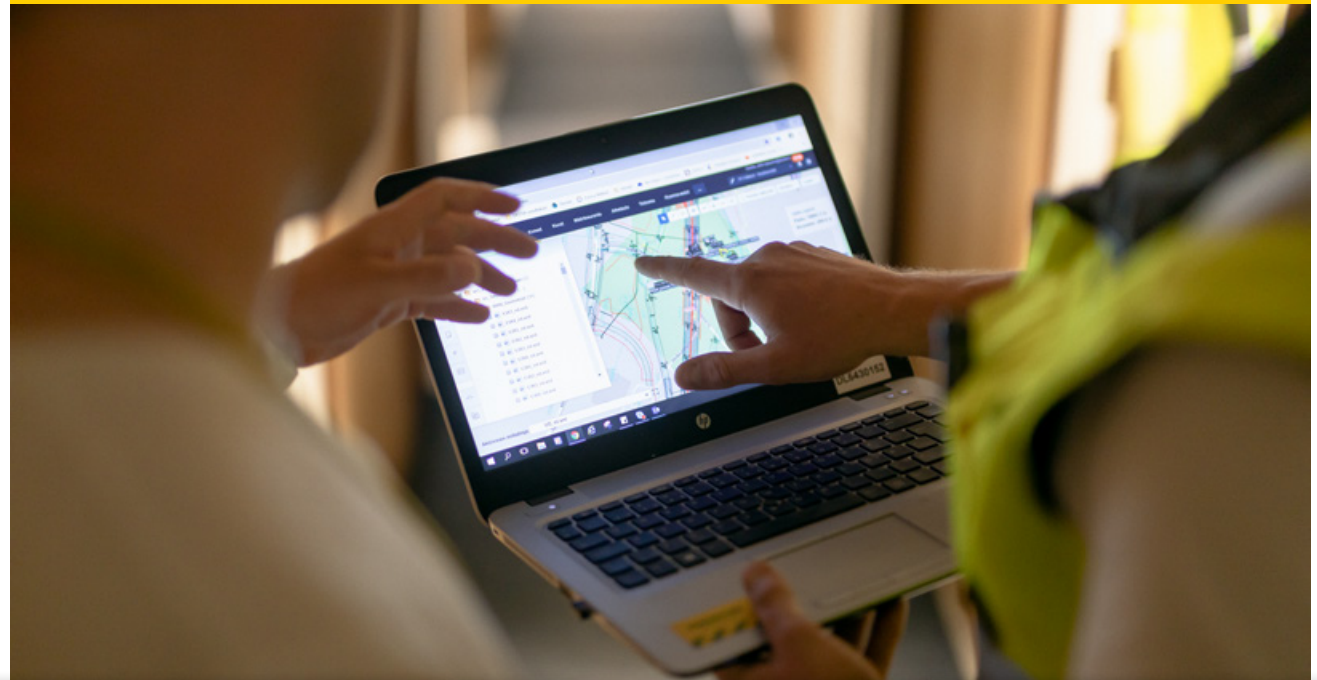
Construction uses digital data models transparently, while collecting information on the actual implementation

SMART PRODUCTION MANAGEMENT

We manage production with the help of real-time snapshots and analytics

KUNNOSSAPIDON DIGITALISAATIO DIGITALISATION OF MAINTENANCE

The condition of roads is automatically analysed, and the data is used in work supervision



SUSTAINABILITY



Destia's sustainability work was continued in 2020 by defining what sustainability means at Destia. Sustainability is divided into three areas: environmental responsibility, social responsibility and corporate responsibility. In addition, all three areas have their own sub-projects with more detailed definition of objectives. We aim to be a sustainable leader that

- Creates profitable business sustainably.
- Maintains a safe, inspiring and successful workplace.
- Is a responsible player in the construction industry, developing corporate social responsibility.

We have defined key performance indicators for our sustainability work, with the KPIs used for monitoring and developing our progress. We are also committed to the UN Sustainable Development Goals.

DESTIA'S SUSTAINABILITY PRINCIPLES

We implement our strategy through must-win battles, one of which is being a **Sustainable Leader**.



ENVIRONMENTAL RESPONSIBILITY:

- Low carbon
- Circular economy
- Biodiversity



SOCIAL RESPONSIBILITY:

- Health and safety
- Continuous learning
- Diversity



CORPORATE RESPONSIBILITY:

- Responsible delivery chain
- Good governance
- Business continuity

THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

Destia builds environmentally efficient infrastructure which serves the needs of citizens and businesses as well as possible. We take nature values into consideration in our operations and operate responsibly and sustainably. 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 are strictly guided 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. We promote environmental efficiency through an ISO 14001-compliant management system for environmental issues and through separate instructions related to quality and the environment, which take into account practical plans, measures and follow-up. 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 customer work.

Destia's most significant environmental aspects are related to the infrastructure construction and maintenance services. A project's environmental considerations depend on the project. They are affected by factors such as customer requirements, the nature of the project and service, as well as the location.

ENVIRONMENTAL POLICY

We assume responsibility for the living environment.

- We adhere to the environmental legislation and decrees in all of our operations. We participate in the development of legislation.
- We promote the circular economy.
- We operate in compliance with the principles of sustainable development and act responsibly in cooperation with our stakeholders.
- We use the best possible technology and develop our competence in order to ensure environmental safety.
- We consider biodiversity in our operations throughout the service life cycle.



Photo: Sini Partinen

ENVIRONMENTAL RESPONSIBILITY

In 2020, we continued our sustainability work, with environmental responsibility being one aspect of that work. Environmental responsibility is divided into three sub-projects: low carbon, circular economy and biodiversity. Last year, we defined key performance indicators for monitoring the progress of our sustainability work.

LOW CARBON

- Development of carbon calculations and piloting of low carbon sites.
- Integrating and utilising data on usage and fuel consumption.
- Reducing idling of equipment and the number of fleet transfers.
- Energy reviews of properties and practical energy saving measures.

CIRCULAR ECONOMY

- Improving production efficiency through mass coordination and accuracy improvements through work machine automation.
- Recycling of mineral materials and utilisation of recycled materials in construction.
- Making more precise use of, and potentially recycling, all construction materials, preventing material waste and the creation of waste.

BIODIVERSITY

- Pilot projects related to biodiversity.
- Voluntary conservation of valuable animal and plant species.
- Effective post-use management of decommissioned soil and aggregate areas and other sites.
- Cooperation with stakeholders.

DESTIA'S ENERGY CONSUMPTION IN 2020

DESTIA'S ENERGY INTENSITY

335

gigajoules/revenue (€ million)
(2019: 364)

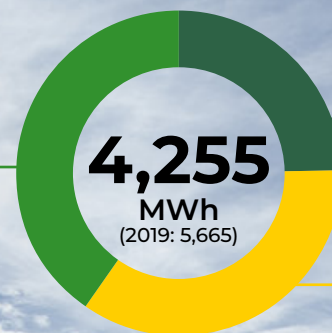
DESTIA'S DIRECT FUEL CONSUMPTION

5.2

million litres
(2019: 5,7)

DESTIA'S OWN ELECTRICITY CONSUMPTION (megawatt-hours)

Nuclear power
40.4%
(2019: 44)



Renewable energy sources
24.45%
(2019: 12.7)

Fossil energy sources
35.15%
(2019: 43.4)

DIRECT GREENHOUSE GAS EMISSIONS FROM DESTIA'S OWN ENERGY CONSUMPTION WERE

13,656

tonnes
(2019: 14,895)

PEOPLE

RENEWING TOGETHER

Destia is a continuously renewing company, where all employees can feel they are doing important work as part of a winning, professional team which our customers can trust. Our objective is to be a sought-after employer among students and professionals in the infrastructure industry.

We build our success on our corporate culture and people; the building blocks of our winning team are values, inspiring leadership and happy people. Our values – fairly, together, renewing and successfully – and leadership promise guide our behaviour, decision-making and managerial work in all situations in everyday life.

The members of our winning team learn from each other and through work. We develop our winning team through three sub-projects: Balanced Values,

Inspiring Leadership and Happy People. We also promote value-based recruitment, well-functioning results-based management and various practices related to human resources management that support our development towards being the most sought-after and respected employer in the infrastructure sector. All Destia employees contribute to our winning team, as it cannot be achieved spontaneously – a winning team is built together.

BALANCED VALUES CONTRIBUTE TO EVERYDAY LIFE

In our Balanced Values subproject for the Winning Team, our objective for 2020 was that all Destia employees understand what our values – fairly, together, renewing and successfully – mean concretely in everyday life. In 2020, we promoted the development of our



Fairly, together, renewing and successfully.

corporate culture through leading by example, internally designated playmakers and cooperation workshops, where the importance of values in the implementation of corporate culture was discussed.

The development of our employee satisfaction is monitored, for example, through personnel surveys conducted every two years and through pulse surveys taking place on a quarterly basis.

Our personnel survey Destia Spirit was carried out in autumn 2020. In the survey, we introduced a new framework, with the dedication of personnel being the key aspect. High dedication is linked to good employee experience and, through that, to things such as better customer satisfaction. Destia's dedication index was 78/100, above the external benchmark. The response rate in the personnel survey was 71%.



SUCCESSFUL AND INSPIRING WORKPLACE

- Higher customer satisfaction
- Fewer absences
- Lower employee turnover
- Increased attractiveness as an employer
- Improved productivity and profitability

SUSTAINABILITY

Based on the personnel survey, Destia is one of the most inspiring workplaces in Finland. Eezy Spirit grades organisations (C-AAA) based on personnel surveys, with companies receiving the best grades granted the award for Finland's most inspiring workplaces. Destia received the grade AA.

This acknowledgement means that our investments in our corporate culture and people are starting to show. We continue our work to develop inspiring leadership and an engaging, target-oriented and responsible culture where people work together and everyone is important. A winning corporate culture creates happiness, and this is reflected in Destia's high dedication index.

In accordance with its strategy, Destia intends to grow into a stronger urban developer in a changing, increasingly demanding operating environment. On our growth journey, we will need a wide range of experts from various fields, who can actively implement modern methods in their own work and emphasise the importance of sustainable development in various projects.

In 2020, we implemented internal and external measures related to target group marketing, cooperation with educational institutions and value-based, applicant-friendly recruitment. This has been acknowledged, for example, with Destia being number 8 (37 in 2019) in Oikotie's campaign for responsible summer employers. It is also worth mentioning that in the campaign, Destia shared the first place for the recruitment phase results (a total of seven different phases are assessed in the campaign). This and a lot of other positive feedback

on Destia's applicant-friendly recruitment process show that our development investments in terms of implementing value-based recruitment have taken us in the right direction towards reaching our goals as a sought-after employer.



**In 2020,
the average employee
Net Promoter Score was**

27

COACHING A WINNING TEAM

In the Inspiring Leadership sub-project for our Winning Team, we create the basis for systematic and continuous development of leadership. Inspiring leadership enables us to establish a clear direction through leading by example, delegation of responsibility, presence and encouragement. Coaching leadership that is in line with our leadership promise enables renewal and success in accordance with Destia's values.

In 2020, we worked on managerial competence areas to be discussed in management coaching and clarified our views on good leadership. The key factors in terms of good leadership were defined to include, for example, good self-knowledge, good attitude, value fit, the ability to use methods that engage people and the ability to act in a solution-oriented manner. We organised virtual morning coffee sessions for supervisors to communicate current topics.

The first Leadership Card I training started in the autumn, with the training aimed at new supervisors and individuals who have not previously received management training.

The development of leadership is measured through Pulse surveys and the leadership index obtained through personnel surveys. In addition, the newly introduced 360 assessment will help identify the strengths and development needs of supervisors. Individuals assessed based on a 360 assessment and feedback obtain comprehensive and systematically measured information on how others see their actions.



IMPROVING PROJECT MANAGEMENT IN OPERATIONS

When Destia offers, launches and implements infrastructure construction or maintenance services, we ensure an adequate number of personnel as well as the necessary competencies and qualifications for each project. Induction training is provided for everyone participating in the projects. Competence and qualification management is supported through our HR system, which makes it easier to keep competence and qualification information up to date.

In spring 2020, we launched project management training, with participants including more than 300 employees working in construction and maintenance projects and business support functions. The training was transferred to remote mode due to the COVID-19 pandemic. In this training, we emphasise Destia's common working methods, sharing of best practices, determined leadership and the importance of customer work in projects. In the spring, we discussed the renewed project management process, cost management and management of risks, opportunities and schedules. In the autumn, the training themes included management of engineering and planning, procurement management and customer work in projects.

GROWING YOUNG TRAINEES FOR A CAREER IN DESTIA

We need a wide range of talents from various fields now and in the future. Destia's cooperation with educational institutions and our trainee programme stem from our objective of being a sought-after and credible employer in the infrastructure sector. We recognise our social responsibility and take an active role in the industry's shared education and recruitment projects aimed at ensuring the infrastructure sector's development potential. We cooperate with several educational institutions in the field of infrastructure, as professional individuals play a key role in Destia's success.

The infrastructure sector is continuously developing, but many young people are not adequately familiar with it. The objective of cooperation with educational institutions is to increase students' knowledge of Destia, our sector and the diverse professions, competence needs and services as early as possible before students select their specialty field. We also strive to encourage young people to choose studies in the infrastructure sector and, through this, to come and work for Destia. One may find employment at Destia based on a wide range of training and work experience. After their training period, a significant proportion of our summer workers stay on as hourly workers or permanent workers after graduation. In 2020, we employed more than 250 trainees.

FOCUS ON THRIVING PERSONNEL

We monitor the work ability and well-being of our personnel systematically and take measures in accordance with our annual plans. We cooperate closely with pension insurance companies and occupational health care, which enables us to react proactively when any challenges arise. We also participate in the “Work does not discriminate” campaign organised by the Confederation of Finnish Industries.

In 2020, we emphasised the importance of monitoring mental health problems and added short-term psychotherapy services in our toolbox for mental well-being. Regarding musculoskeletal disorders, we lowered the threshold for seeking treatment by enabling direct consultation with a physiotherapist. We established three groups focusing on lifestyle changes, the purpose of which was to help find ideas for permanent weight management and strengthen the motivation for nurturing well-being.

In our Happy people sub-project for our Winning Team, we develop our corporate culture and the employee experience of Destia employees. The objectives of the sub-project included developing employee experience and sense of community and supporting self-leadership. During spring 2020, the project group defined the cornerstones of employee experience based on comprehensive background material. We organised a series of online lectures for Destia’s personnel, with the lectures covering various themes related to well-being.

The development of community spirit was hard hit by the effects of the COVID-19 pandemic, and we were forced to adapt to the restrictions caused by the worldwide pandemic. We updated the existing

instructions on remote work to incorporate more flexibility, held multiple information sessions for personnel on the COVID-19 situation and organised a lecture on ergonomics. In the spring, we conducted a survey on working in the exceptional circumstances and received responses from nearly 600 Destia employees.

Based on the responses, remote work will be a permanent part of life for those who can work remotely, and the benefits of remote work have been welcomed. Employees have given Destia’s COVID-19 team positive feedback concerning communication and actions taken to mitigate the situation.

The investments in the well-being of personnel are also reflected in the results of the personnel survey conducted in the autumn – employees feel that the company provides good possibilities for comprehensive well-being.

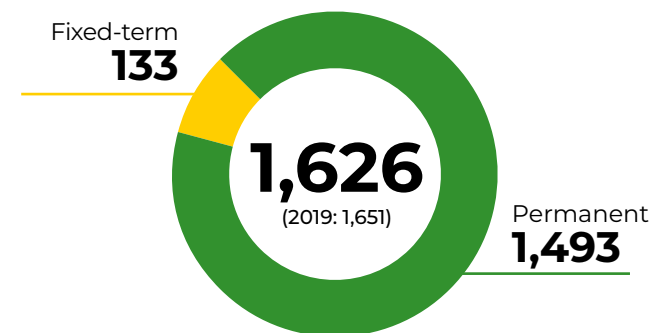
IMPACTS OF COVID-19 ON DESTIA

The financial outlook for 2021 weakened due to the COVID-19 pandemic, and we estimate that the market will take a downward turn despite the government stimulus measures. We had to initiate cooperation negotiations at Destia at the beginning of November to adjust our operations to reflect the declined revenue. Operations were rearranged to ensure our competitiveness in this challenging operating environment. As a result of the cooperation negotiations, Destia let go 64 employees out of its total personnel of over 1,600.

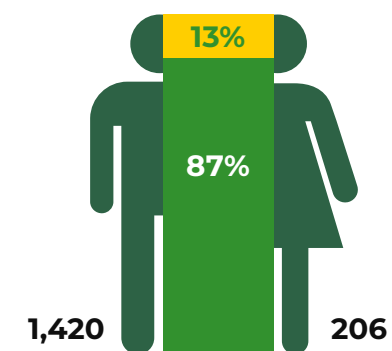
Destia supports the individuals whose employment was terminated by offering diverse and personal change coaching, which aims to promote finding employment.

NUMBER OF EMPLOYEES

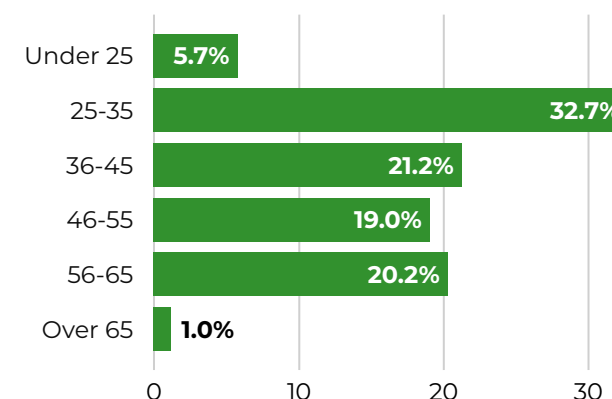
31 December 2020



MEN/WOMEN DISTRIBUTION



AGE DISTRIBUTION



DESTIA'S VALUES

FAIRLY

- We want to be the customer's most reliable partner
- We achieve good results through responsible methods
- We carry our responsibility for the living environment

TOGETHER

- We care for each other as well as for our customers and partners
- Our cooperation is based on openness
- Common interest is our highest priority

RENEWING

- We always work with the customer in focus
- Continuous improvement guides us every day
- We boldly develop our skills and our operating methods

SUCCESSFULLY

- The customer's success is also our success
- Our goals are set high and we aim to exceed them
- A winning team is created as we exceed our goals together



OCCUPATIONAL SAFETY

We aim to have zero-accident sites. Through cooperation and the responsible actions of all employees, we aim to guarantee a safe and healthy working environment for everyone who works at Destia sites. Everyone must take responsibility for their own actions and colleagues, but the power of a good example set by management must not be underestimated.

Our safety measures are based on compliance with occupational safety acts, decrees and permit conditions. They form the framework for Destia's occupational safety management. We want to contribute to the development of occupational safety in the industry.

We require that our subcontractors commit to the same strict safety standards as we do.

PREVENTIVE SAFETY WORK

Risk analysis and assessment, planning, induction and job orientation are the keywords for safe work at the project level and in individual work phases. Systematic and sharply managed operations enable us to guarantee safe working conditions at all our sites from the south to the north, from construction to maintenance and from roads to railways.

Safety observations are one important tool in preventive safety measures. Destia has made significant investments to strengthen the safety observation culture, and this is reflected in the results. In 2020, more than 8,500 safety observations were made, which was an increase of approximately 3,500 cases compared to the previous year.

SAFETY AT WORK

Destia designs, builds and maintains infrastructure throughout the infrastructure life cycle. Each job and work environment has their unique risks and stress factors. We aim to take measures that guarantee a safe and thriving workplace for all our employees and subcontractors. We do everything in our power to ensure that our sites are also safe for other stakeholders, such as road users.

In 2020, the number of accidents resulting in absence from work increased significantly compared to the previous year. The increase in occupational accidents involving subcontractors was approximately at the same level as for Destia personnel. We have learned from the mechanisms resulting in accidents, and risk management measures have been focused on the development of the risk assessment process and on ensuring that work is performed carefully.

The coronavirus brought about many challenges in terms of maintaining safety, but it also taught us new operating models. Sites invested in increasing the level of hygiene, with the comfort of construction site huts improving as a result. Employees started to work remotely instead of at the office, and we were able to test remote tools and create well-functioning methods to maintain community spirit.



Photo: Sini Partinen

OCCUPATIONAL SAFETY

13.1

accidents per million working hours

SAFETY IS A JOINT EFFORT

Similar to last year, we invested in the development of site safety by having the support organisation actively visit our sites. They responded to challenges together with the sites' operational management. Employees were also challenged to make observations concerning safety risks and to find solutions for minimising risks.

The objective of safety managers is to be a familiar sight at sites. We organise safety briefings and small group discussions around the themes of occupational and environmental safety during site rounds. During the last quarter of 2020, Destia's joint safety briefings were implemented completely online so that the safety training would cover all employees. In Destia Rail Ltd, managers received safety coach training, which provided them with a good basis for giving safety trainings to their own teams. The objective of the safety coaches is to increase occupational safety skills at sites, and we intend to extend the training so that it will cover the entire Destia Group.

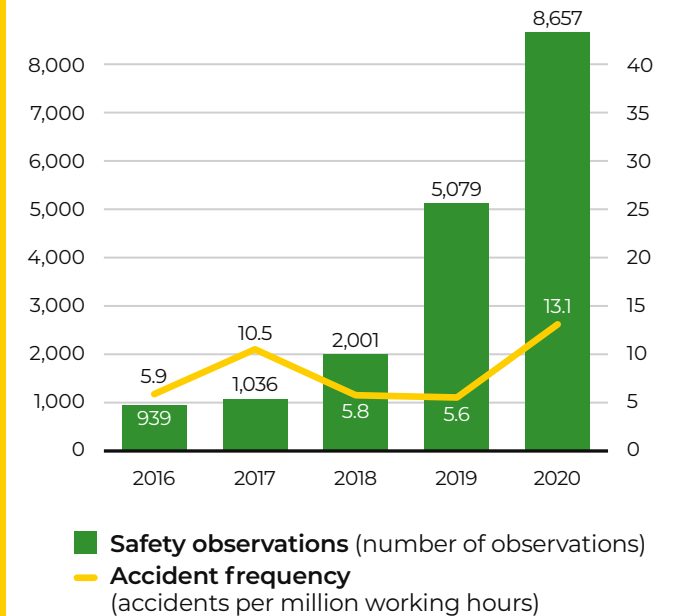
Our objective is that occupational safety culture is developed from direct orders and sanctions towards a work community where people independently consider their personal safety and the safety of colleagues. It is of utmost importance that everyone understands, in all situations, the risks that their actions pose to themselves and others.

OCCUPATIONAL HEALTH AND SAFETY POLICY

We take responsibility for our own safety and health and the health and safety of others.

- Our employees are qualified and understand their responsibilities concerning occupational safety.
- We predict risks through high-quality design and manage risks through good management.
- We operate ethically and in accordance with legislation, decrees and the safety objectives we set for ourselves. We demand the same from our subcontractors and partners.
- We care for each other by addressing defects.
- We work safely on railways and have in-depth knowledge of the railway system and the requirements it involves.
- Continuous safety improvement guides us every day.

OCCUPATIONAL SAFETY



CORPORATE RESPONSIBILITY

ETHICAL GUIDELINES DEFINE OUR OPERATIONS

Maintaining infrastructure plays an important role in the security of supply in Finland. Destia is a key player in the security of supply with responsibility to secure the transportation routes for the Finnish society.

Our operations are founded on our values and our ethical operating principles, described in our ethical guidelines. Ethical guidelines provide a consistent foundation for our decision-making and operations. Our personnel are required to complete online training on compliance once a year.

We have deployed a whistleblowing channel called RePe, through which anyone can report anonymously if they discover breaches of Destia's ethical guidelines. The instructions cover common ways of working,

legislation and regulations and the contracts applied to the Group.

We comply with local laws, regulations and agreements, and continuously track the changes in our operating environment.

We expect all our contracted partners to comply with Destia's ethical guidelines to ensure they comply with laws (e.g. competition and labor laws); ensure fair and equal working conditions and safe working environment for their employees; and operate in accordance with the principles of sustainable development.

We are committed to the principles of the UN Global Compact initiative related to human rights, labour legislation, the environment and anti-corruption.

PROCUREMENT

PARTNERSHIP MODEL FOR SUSTAINABLE PROCUREMENT

Destia has more than one thousand active projects each year. In most of these projects, we supplement our fleet and expertise by using reliable and highly competent subcontractors and high-quality suppliers of materials.

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 high-quality suppliers of materials. Our win-win approach helps us ensure the success of projects and our entire supply chain, all the way to the end customer.

RESPONSIBLE SUPPLIER BASE

All of our procurement activities are guided by our values and ethical guidelines as well as the principles of fair, competitive tendering. In addition to compliance with Finnish legislation and regulations, we also require all our partners to observe international human rights and 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. We also require our subcontractors and suppliers of materials to be registered in the Reliable Partner system maintained by Vastuu Group.

Each year, we purchase a substantial quantity of construction materials, supplies and other products from Finland and abroad. The aggregate assets we own help ensure our competitiveness and our service production capacity. Examples of significant procurement items and categories include various concrete and steel construction products and de-icing road salt.

When procuring materials, we ensure, in accordance with our procurement process, that the materials meet the customer's requirements and the quality and safety requirements laid down in legislation and decrees.

COOPERATION WITH LOCAL OPERATORS

Cooperation with our subcontractors, material suppliers and other cooperation partners is steered by a partnership approach. The objective of the partnership approach is to supplement our own expertise, create new innovation and enhance the project implementation time.

We strive to provide our partners with continuity of work as well as opportunities for development and new innovation. We are a significant local operator and, together with our partners, we employ a considerable number of infrastructure industry professionals across Finland.

SMART FLEET MANAGEMENT WITH MOBILE TECHNOLOGY

Destia produces services by using its own equipment as well as equipment provided by partners and subcontractors. Destia's own fleet consists mainly of trucks and loaders, excavation equipment and track construction machinery used in construction and maintenance as well as base reinforcement equipment.

Destia's fleet management is based on quality and efficiency. Mobile tools have been introduced in fleet management in recent years to enhance the efficiency of processes such as fleet deployment and inspections. The mobile applications also provide information to ensure that the fleet is up-to-date and efficiently utilised.

In 2020, our total volume of procurement from service providers and suppliers was

427,6

€ million
(2019: 435,8)



DESTIA

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