

Quality and Responsibility Report



DESTIA

Destia – connecting northern life

Destia is a Finnish infrastructure and construction service company that creates tomorrow’s infrastructure for its customers, the society and its people. We create a sustainable foundation for innovations and urbanisation as well as intelligent infra solutions that enable the flow of people, goods, services, and energy as a natural part of northern life and the world economy. Our services cover the entire life cycle of the infrastructure from design to construction and maintenance covering subterranean construction, extensive overground operations, and range from demanding foundation engineering projects to energy and engineer construction.

Creating tomorrow’s infrastructure

We, the Destia people, have a unique sense of infrastructure; the ability to think differently, to solve the challenges by combining different skills, to utilise technology in an open-minded way and we keep developing ourselves. The deep understanding of customer needs enables the most appropriate solutions both reliably and responsibly. Our clientele comprises industrial enterprises and businesses, municipalities and cities and

government organisations.

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 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.

Destia is committed to promoting the UN Global Compact initiative’s 10 principles related to human rights, labour, the environment and anti-corruption.

About this report

This quality and responsibility report describes Destia’s operating methods as a company as well as in each project. The responsibility and quality of our operations are integral aspects at all levels of our operations: values and goals, operating strategies, leadership and day-to-day work on individual projects.

Our operations are guided by our integrated management system, which consists of this report,

descriptions of processes and functions, procedures, descriptions of methods, forms and models, operating plans, quality plans and reference materials. We agree on the target together with the customer and make it happen the best we can – efficiently, economically, safely and with minimal environmental impact.

Destia Group Plc’s entire share capital is owned by the private equity firm 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.



Key figures from 2018



Contents

Destia
 Foreword by the CEO..... 3
 Becoming a stronger urban developer..... 4
 Solutions for the whole life cycle..... 5
 We create value..... 6
 Responsible leadership.....7

Customer centricity
 Reliably the number one choice for customers 9
 High-quality execution of services..... 10

Competence
 Professionals at your service12
 Continuous improvement.....14
 Successfully together15
 Active and open interaction.....16

Safety
 Safety for everyone17

Environment
 Responsible environmental solutions.....19

Responsibility and quality are at the heart of all our operations

Our purpose is to connect Northern life. We create solutions that meet the needs and expectations of our customers, facilitating people’s interaction and enable a smooth life. We are constantly developing better northern connections for international traffic, cargo and energy flows, thus founding the way for current and future economic prosperity and sustainable success.

Our new values published at the end of 2018 form the basis of our operations: fairly, together, renewing and successfully as well as our leadership promise, “Coaching the winning team”. Together with our ethical guidelines, policies and strategy, these are the starting points for all our operations. We constantly monitor the perceptions of our success from our customers and amend our operations accordingly.

As a company, we want to develop and respond even better to the changing market conditions and ever-changing circumstances. From our perspective, the best living environments for the good of the planet – sustainable development, growth and prosperity – give possibilities for infrastructure. We want to be there to solve these challenges to guarantee functioning living environments for the future generations. As a company, we have committed ourselves to promoting the ten fundamental principles of the UN Global Compact based on human rights, working life, the environment and anti-corruption. Responsibility and quality are at the heart of all our operations.

Destia is a house of experts. In addition to every employee mastering their work, it is important to offer them learning experiences on a daily basis. The key to our success is teamwork with our customers, partners and other stakeholders on all levels: in infrastructure design, construction and maintenance as well as in business support.

With high quality and responsible cooperation, we succeed.



Tero Kiviniemi
 President and CEO

Becoming a stronger urban developer

In 2018, we revised our strategy in cooperation with our personnel. According to the new strategy, Destia will grow into a stronger urban developer in a changing, increasingly demanding operating environment. Destia will chart new business opportunities in Northern Sweden and Northern Norway. The new strategy covers the years 2019–2023.

The operating environment is changing due to factors such as urbanisation, digitalisation, climate change, the ageing of the population and the depletion of natural resources. In other Nordic countries, and especially in their northern areas, the markets are expected to

continue to grow. In Finland, however, the economic trends in infrastructure construction are predicted to be more challenging than in the other Nordic countries.

Destia is looking for a more prominent role in the sector's value chain. Its strategy

is to secure the competitiveness of its core business and international growth in the selected strategic areas as well as to introduce more refined business and urban development together with its partners.

Our core business comprises large road projects and infrastructure maintenance

requiring special expertise. Our strong expertise and the Destia spirit—our harmonised, ethically sustainable and responsible way of doing business—provide a firm foundation for the implementation of our strategy.

The creation of Destia's strategic competitive advantage

Destia's competitive advantages

Customer centricity	<ul style="list-style-type: none"> • Thorough customer understanding • Proactive customership management • User-orientation
Sense of infrastructure	<ul style="list-style-type: none"> • Customer-driven concepts • Planning and project development • Innovative cooperation models
Smart production	<ul style="list-style-type: none"> • Profitable project management • Development and internationalisation of acquisitions • Real-time and efficient production management
Inspiring leadership	<ul style="list-style-type: none"> • Values as the basis for leadership • Development of top expertise • Attractive employer image



Services for the whole life cycle

ROAD CONSTRUCTION
With robust expertise and extensive experience, we carry out road construction projects of various sizes throughout Finland, from small local undertakings to large and demanding projects.

FOUNDATION AND FIELD ENGINEERING
Our foundation and field engineering professionals carry out diverse projects ranging from earth structures for infrastructure to projects taking place inside buildings or other confined spaces.

ENGINEER CONSTRUCTION
We build, maintain and repair bridges of all types and sizes, from large and challenging bridges to small basic bridges, including bridges over waterways, railway bridges and bridges of historical value.

ROCK CONSTRUCTION
With extensive experience and special expertise in excavation and concrete structure construction, we design and construct tunnels and underground facilities together with our broad network of partners.

ENERGY INFRASTRUCTURE
We are a nationally significant operator in energy construction and the market leader in the maintenance of road lighting. We also offer services related to the use of electric vehicles.

RAILWAYS
Our railway construction and maintenance services cover the full life cycle of rail infrastructure. We are responsible for over half of the maintenance areas in Finland.

MAINTENANCE
We are a versatile expert in maintenance services. We create the conditions for safe and smooth traffic around the clock throughout Finland.

AGGREGATES
We supply high-quality CE certified aggregates for the construction of roads and buildings as well as for concrete products and surfacing.

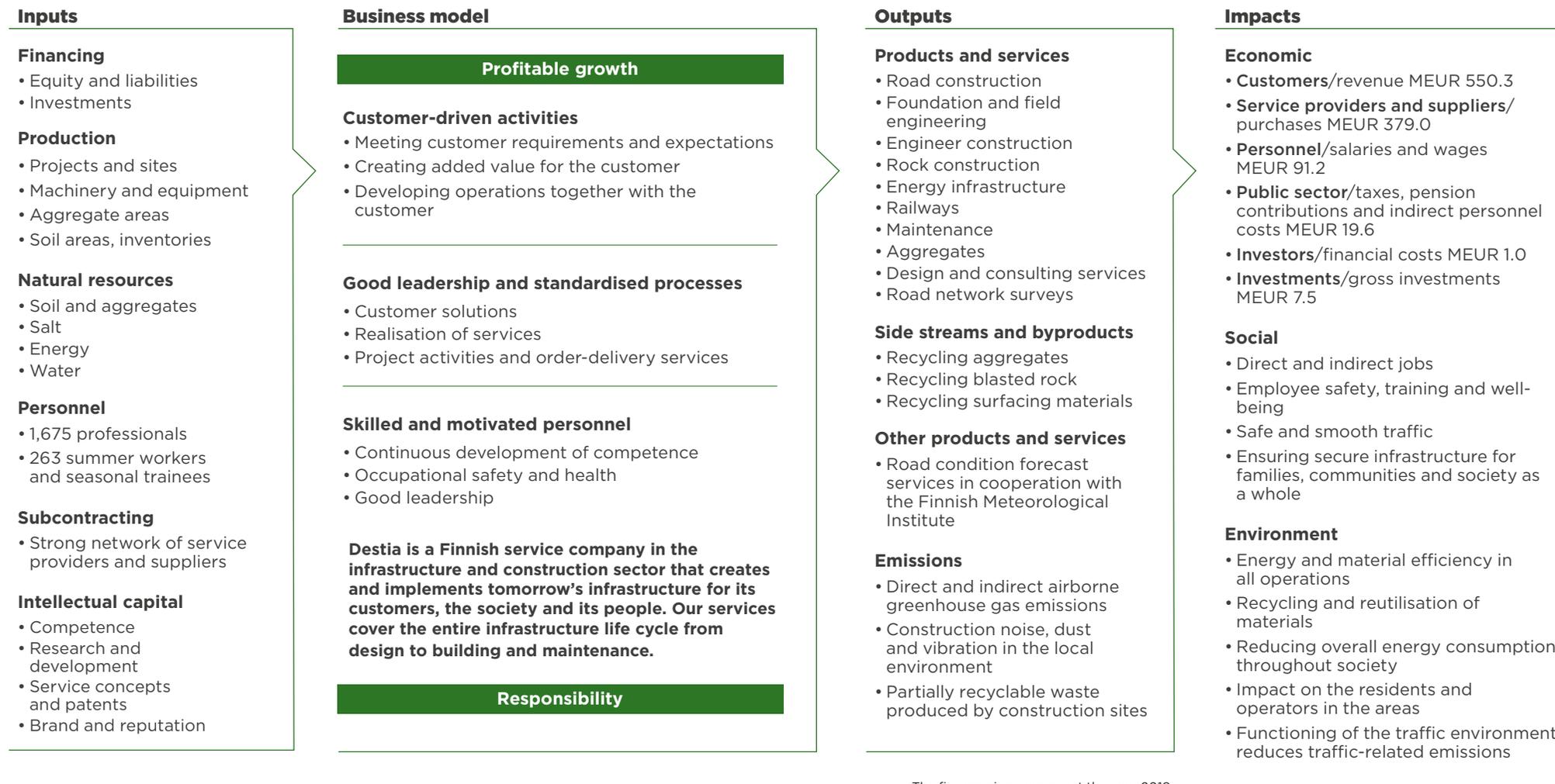
DESIGN
We provide a diverse range of infrastructure planning services customised according to customer needs: road, street, railway and regional planning as well as traffic, environmental, geo-technical, bridge and rock construction planning related to infrastructure projects.

ROAD NETWORK SURVEYS
We are the leading supplier of analysis, survey and quality control services relating to traffic route and environment investments in Finland.

Find out more about our services: <https://www.destia.fi/en/services>

We create value

We are the biggest company focusing on infrastructure in Finland. Our services cover subterranean construction, extensive overground operations, and range from demanding foundation engineering projects to energy and engineer construction. These services create value for all of our stakeholders.



The figures given represent the year 2018.

Responsible leadership

Destia's operations are based on values, strategy and ethical guidelines. Destia is a responsible company whose direction is derived from the needs and expectations of its customers and its owner.

From 1 April 2019, The Destia organisation consists of six national business units and support functions:

- 1. Road Services** focus on road and street construction;
- 2. Maintenance Services** focus on street and road maintenance;
- 3. Railway Services** focus on railway construction and maintenance;
- 4. Earth and Rock Services** focus on area, foundation, rock and mine engineering as well as aggregates and the circular economy;

- 5. Construction Technology Services** focus on industrial construction, power grids, renewable energy and bridges;
- 6. Service Concepts and Urban Development** consists of concept development, urban development, design services and road network surveys.

The support functions are grouped under the **Finance unit, Human Resources unit** as well as **Business Support and Development unit**.

Management and responsibilities at Destia

MANAGEMENT

Destia's management is responsible for ensuring compliance with the values, strategy and ethical guidelines in day-to-day operations throughout the organisation. Destia's management principles are based on good management practices as well as the systematic setting and monitoring of targets. By setting an example, the management creates the foundation for compliance with the integrated management system. Destia's management promise is "coaching a winning team".

President and CEO

Destia's President and CEO sets targets for the business divisions in conjunction with annual planning and monitors their achievement.

Executive Vice Presidents

The Executive Vice Presidents in charge of the business divisions set targets for unit managers and monitor their achievement.

Targets

In addition to financial targets, there are targets related to customer work, sales, managerial duties, safety, quality and the environment, among other things. The targets take concrete form in, for instance, the business groups' operating plans and personal scorecards, the results of which are monitored.

SAFETY MANAGEMENT

Occupational safety committee

Destia's occupational safety committee decides on safety-related matters in the company. The committee is chaired by Destia's President and CEO.

Executive Vice Presidents

Executive Vice Presidents are responsible for issues related to safety, quality and the environment within their divisions in line with the harmonised operating practices defined by the Group.

Quality and safety managers

Quality, environment and safety managers support the divisions in matters related to safety, quality and the environment.

RISK MANAGEMENT POLICY

With risk management we ensure that the customer's and Destia's targets are attained.

- We systematically lead and develop risk management.
- We classify risks in market and operating environment risks, operational risks, damage risks as well as economic and financial risks. We also recognise positive opportunities as part of risk assessment.
- Risk management measures extend from the Group level to the risk management of business divisions and individual projects.
- Risk management responsibilities have been defined and documented as authorisations and operational authorisations in to our rules of procedures and the integrated management system.
- Everyone at Destia is responsible for the identification and prevention of risks as well as communicating information on the risks in the organisation.

The development of corporate responsibility

Focus area	Key achievements in 2018	Key targets in 2019
<p>Customer centricity Customer-driven activities constitute the foundation of our operations and services: in implementing services we follow the objectives set, efficiently and economically.</p>	<ul style="list-style-type: none"> • Customer work -coachings for middle management • Determining the current state and target state of the customer experience • Renewing the project feedback process • Taking into account the (Global Data Protection Regulation) in operations • Development of the procurement system 	<ul style="list-style-type: none"> • Developing the customer experience • Introduction of the renewed project feedback process • Customer-oriented productivity development • Introduction of the procurement system and development of the partnership network
<p>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.</p>	<ul style="list-style-type: none"> • Defining the corporate culture target state and introducing the new values and leadership promise together with employees • Middle management coaching sessions • Introduction of a web-based learning environment • Introduction of the internal RIIHI innovation channel • Renewing the recruitment system 	<ul style="list-style-type: none"> • Development of project management • Exporting new values and leadership promise into practice as planned • The development of the trainee programme and educational cooperation • Reforming the organisational structure to support the targeted corporate culture and strategy implementation
<p>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.</p>	<ul style="list-style-type: none"> • Systematic safety promoting practical work • Introduction of the safety guidelines • Update of the personal protective equipment guidelines • Update of the crisis communications guideline • Update of the edge protection solutions guideline • Expanding the TLY (Finnish abbreviation for Health, Safety, Environment, Quality, HSEQ) app to cover workmachine overhauls 	<ul style="list-style-type: none"> • Introducing the construction industry's general safety e-induction • Further development of the TLY app and integrating it with other systems • Further trainings for site management • Improving (diminishing) the accident frequency by 30% in accordance of the minimum goal set by The Confederation of Finnish Construction, RT
<p>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.</p>	<ul style="list-style-type: none"> • Implementing Destia's Siistix project to improve environmental cleanliness in projects and bases • Installing NFC tags on vehicles to develop environmentally friendly operating practices • Landscaping measures for aggregates extraction areas • Participation in the national campaign for bird nests (Miljoona linnunpönttöä) • rganising an internal driving skills competition for more responsible driving 	<ul style="list-style-type: none"> • Updating the responsibility programme • Biodiversity trainings • Taking part in European Aggregates Associations' (UEPG, Union Européenne des Producteurs de Granulats) sustainability competition • Expanding circular economy expertise throughout Destia



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 our operations systematically in order to be the number one choice for customers: the most reliable and competent partner to help them achieve their goals.

Thanks to our comprehensive expertise, we can carry out subprojects and entire projects on the turnkey principle. We want to provide the best customer service in all areas of infrastructure, across the entire 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. Our strong and diverse expertise, high quality references

and competitive solutions ensure that cooperation with us turns into long-term partnerships.

We implement our services 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 needs, our management system and the relevant regulations. We assess the development of customer satisfaction based on quarterly

reports of project feedback, which also constitutes an important tool for project management.

Customer satisfaction based on project feedback in 2018

4.1

on a scale of 1-5 (2017: 4.1)

QUALITY POLICY

We always work with customer in focus.

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

Destia's customer-oriented business operations



Our standardized processes are customer solutions, service production and business management.

High-quality execution of services

Our high-quality and efficient operations help our customers achieve their goals sustainably and competitively.

Quality is a priority that everyone at Destia is responsible for. Our business divisions are responsible for customer solutions and the realisation of services in accordance with Destia's integrated management system. Every Destia employee 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.

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 AND ENSURE DESTIA QUALITY

Inspections by the authorities

- Inspections by Regional State Administrative Agencies
- Inspections by the Radiation and Nuclear Safety Authority of Finland (nuclear power plants)
- The environmental authorities reviews
- Fire and rescue authorities reviews

External audits

- ISO 9001 and 14001 audits
- CE audits of aggregates
- Self-evaluation inspections by the Finnish Transport Infrastructure Agency
- Third-party safety assessments
- Audits of bridge barrier installation and painting

Internal audits and other quality monitoring

- Project audits
- Track safety management system audits
- Integrated management system audits
- Internal inspections
- Civil engineering calibration rounds and safety walks
- Reviews according to the operating system

Other quality monitoring

- Work ability steering group
- Development groups (maintenance, track and engineer construction)
- Integrated management system team
- Supplier audits
- Electronic TLY (HSEQ) system
- Inspections of products and services

KEY CERTIFICATIONS OF DESTIA'S INTEGRATED MANAGEMENT SYSTEM

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 (Det Norske Veritas).
- ISO 9001 certification covers the operations of Destia Engineering Ltd (Bureau Veritas).
- We observe OHSAS 18001 compliant operating practices with regard to occupational health and safety.
- Our aggregates are CE certified (Inspecta Certification).
- On 25 April 2001, Destia Ltd was approved for inclusion in the qualified supplier register maintained by the Construction Quality Association RALA (www.rala.fi). Destia has several certificates of competence in the infrastructure industry issued by RALA.

The certifying institutes conduct annual follow-up audits.



Destia realises most of its services in the form of projects. We execute projects in accordance with harmonised project management procedures. The goal of our project management procedures is to ensure customer satisfaction by choosing the best method of execution with respect to finances, quality, safety and the environment.

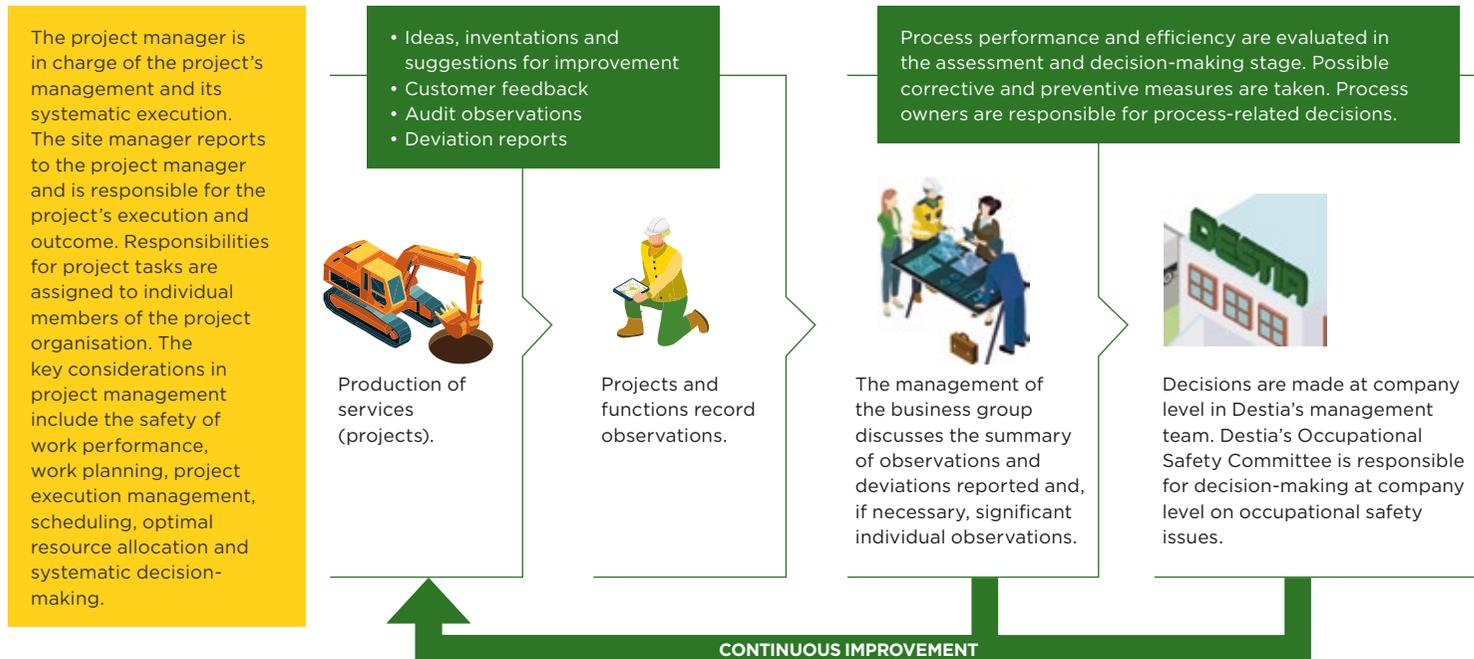
We draw up project-specific plans in accordance with the relevant legislation,

customer requirements and Destia's integrated management system. They include project-specific procedures pertaining to safety, quality and the environment, among other things.

The project's operational and financial risks are managed in the project tendering, preparation, execution and finalisation stages. Before the start of a project, the director of the business unit sets project targets, ensures that the conditions for

starting the project are in place and gives the green light for the project to begin. Project monitoring is used to ensure the timely monitoring of operational and financial risks as well as any measures that need to be taken. In small and recurring delivery projects, the project management procedures are applied where applicable.

Destia's continuous improvement model



CONTINUOUS IMPROVEMENT

- Customer satisfaction** is assessed by means of project-specific feedback surveys, also end user feedback is monitored.
- The process for non-conformities** with customers is based on openness. A non-conformity report is produced on all observed non-conformities that require action. Close calls related to safety are also processed as non-conformities. In the Consulting Services unit, non-conformities are recorded and processed together with the customer as part of project execution. Observed nonconformities and nonconformities identified in customer complaints are rectified, their causes are determined and decisions are made on potential corrective action to prevent their recurrence. Based on project-specific risk analyses, the necessary proactive measures are initiated to prevent non-conformities from happening.
- Internal and external audits** are key aspects of the development of operations and the harmonisation of operating methods.
- Process performance** is evaluated on a quarterly basis. However, corrective action is taken immediately after a problem is observed.
- Benchmarking** is used to develop operations, which involves comparing the Group's operations with internal units and/or external organisations.
- Annual management reviews** are conducted by management to ensure customer satisfaction, process efficiency, the functioning and effectiveness of the integrated management system and the practical implementation of operating policies.

Professionals at your service

We are a company of expert professionals. We continuously develop our expertise and operations to ensure that our customers can feel confident in choosing Destia as a reliable and competent long-term partner.

Destia respects all internationally recognised human rights and requires the same from all of our partners.

As part of our commitment to non-discrimination and equality, we have joined the Work Does Not Discriminate campaign of the Confederation of Finnish Industries.

Corporate culture driven by core values

Destia's corporate culture is based on the Group's new core values announced at the end of 2018: fairly, together, renewing and successfully, as well as the leadership promise "Coaching a winning team". In line with Destia's strategy, our goal is to be the most valued and sought-after employer in the infrastructure industry. We recognise our responsibility as an employer. Destia's ethical guidelines and

operating policies guide our operations.

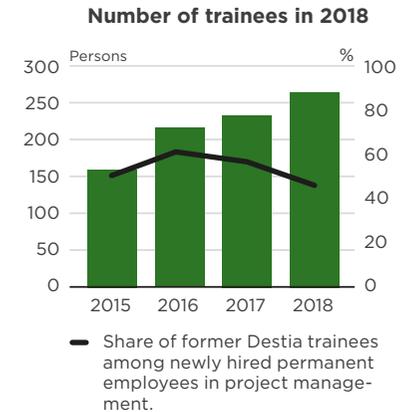
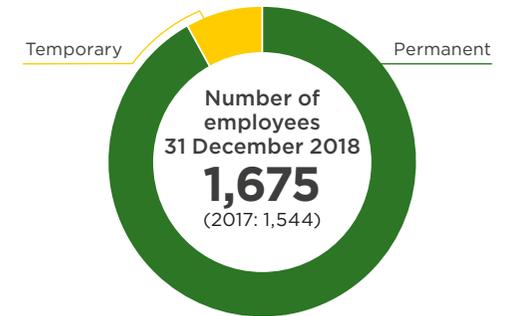
The development of job satisfaction among Destia's personnel is monitored by means of annual employee surveys. The most significant areas of development are incorporated into annual targets and scorecards. The number of personnel, employee competencies and the relevant development needs relating to Destia's strategic development efforts are planned on a unit-specific basis as part of the annual planning process.

Focus on leadership

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. We continuously develop our corporate culture based on our values and strategy.

In our service production, we ensure an adequate number of personnel as well as the necessary competencies and qualifications for each project. In the initial stage, the Executive Vice President ensures that the designated project manager (or other manager in a corresponding role) and site manager (or other manager in a corresponding role) has the necessary training, experience and competence related to the service that will be delivered. The project manager is responsible for ensuring that the personnel who participate in the project have the necessary competencies and qualifications for high-quality performance. Induction training is provided for everyone



From strategic objectives to well-rounded values and leadership



Survey score for the quality of supervisory work at Destia
3.88
 on a scale of 1-5 (2017: 3.88)

Mutual assistance between employees
4.21
 on a scale of 1-5 (2017: 4.18)

participating in service production.

Induction is essential for making work smooth and safe. We use an online learning environment to facilitate induction training and familiarise our employees with Destia's operating practices. Every Destia employee is required to regularly complete general induction training related to the company as well as training on occupational safety. We also carry out smaller and more focused training programmes with the help of our professionals.

Trainee programme as a path to a professional career

Trainees and summer workers are an important resource and a way of training

new professionals for Destia. A significant proportion of our summer workers stay on as hourly or permanent workers after their training period. 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.

Many opportunities for development

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.

The necessary employee competencies and qualifications are identified annually in performance and target review discussions held between employees and their managers. The qualifications required by customers, the authorities and Destia are maintained and monitored by means of a registry of qualifications.

In addition to supporting the development of competence and individual skills, the Group places a high priority on promoting internal mobility, increasing commitment through career paths and incentives, and enhancing recruitment.



on a scale of 1-5

Destia's values

<p>FAIRLY</p> <ul style="list-style-type: none"> • The customer's most reliable partner • Good results through responsible methods • We carry our responsibility for the living environment 	<p>TOGETHER</p> <ul style="list-style-type: none"> • 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 	<p>RENEWING</p> <ul style="list-style-type: none"> • We always work with the customer in focus • Continuous improvement guides us every day • We boldly develop our skills and our operating methods 	<p>SUCCESSFULLY</p> <ul style="list-style-type: none"> • The customer's success is also our success • Our goals are set high and we aim to exceed them • Winning spirit builds up by exceeding goals together
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Reports on unethical or unlawful behaviour

Similar to the previous year, there were no reports of unethical or unlawful behaviour in 2018. If someone observes a compliance breach, they must report the matter to their supervisors. Familiarity with the ethical guidelines is part of induction and performance management.

Continuous improvement

Destia strives to ensure that its operations are goal-driven and high in quality. We are continuously improving our operating methods in response to the challenges of a changing world by making use of new technology.

Destia engages in active and diverse development efforts that contribute to the implementation of the Group's strategy. Development activities are carried out in conjunction with the realisation of services, but they are structured as projects and managed on a centralised basis. We are also actively involved in the industry's joint development efforts.

The digital transformation creates opportunities

To ensure that we continuously improve our capacity to serve our customers, we invest significant resources in using

digital operating models and production practices that take advantage of them. We are an industry pioneer in information model-based construction: digital model-based designs are wirelessly transferred for use in work machines and by management in nearly all of our projects. The systems we use allow us to monitor project execution and quality assurance in almost real time. Work machine automation makes operations more efficient, improves quality and reduces material waste. The use of automation also generates digital project material that can be subsequently used in planning

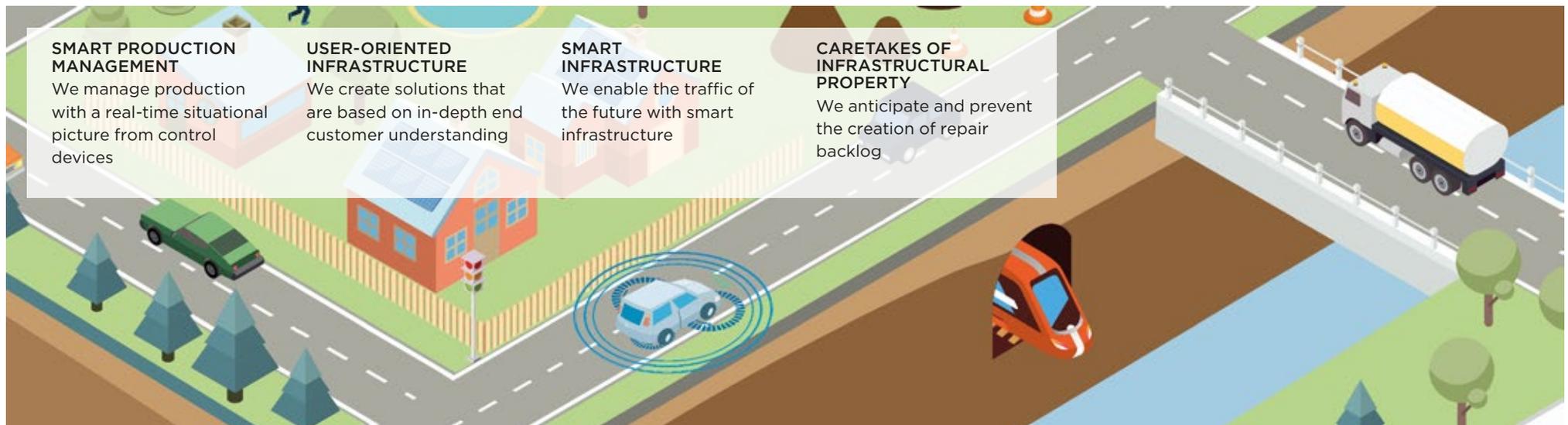
repair work in the maintenance phase, for example.

Digitalisation also 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 road 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 take advantage of information collection and reporting systems that have been customised for use by Destia.

Changing tools

Project planning, execution and monitoring are enhanced by new tools and technologies. Destia is replacing manual processes with digital ones to enable forms to be filled on mobile devices and make information faster to access. High-quality ICT solutions are introduced at Destia's sites for shared use with customers. The availability of real-time information helps improve the quality of operations and facilitates effective interaction between the various parties involved.

We utilise the possibilities of digitalisation



SMART PRODUCTION MANAGEMENT

We manage production with a real-time situational picture from control devices

USER-ORIENTED INFRASTRUCTURE

We create solutions that are based on in-depth customer understanding

SMART INFRASTRUCTURE

We enable the traffic of the future with smart infrastructure

CARETAKES OF INFRASTRUCTURAL PROPERTY

We anticipate and prevent the creation of repair backlog

Successfully together

Destia has more than a 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 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.

Responsibly sourced high-quality materials

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 of our partners to observe international human rights as well as 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 at Tilaaajavastuu.fi.

Each year, we purchase a substantial quantity of 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 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 and safety.

Cooperation with local operators

Our partnership programme is a concrete tool for the continuous development of our cooperation network. The aim of the partnership programme 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

subgrade 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.

Our total volume of procurement from service providers and suppliers in 2018

379.0 MEUR
(2017: 323.2)



Active and open interaction

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 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)
- General Industry Federation YTL
- The Confederation of Finnish Construction, RT

Infra projects in social media

Easy-to-use social media mobile applications offer new opportunities for communicating with the residents and users in the proximity of a infra project. In Destia, social media is already being used in a number of projects, both in maintenance and construction. Easily accessible mobile applications offer information quickly and easily, for example, on traffic arrangements.



STAKEHOLDER	EXPECTATIONS	ENGAGEMENT
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

Safety for everyone

At Destia, safety is at the centre of all operations because only safe work has a future.

In accordance with the UN Global Compact, we aim to guarantee a safe and healthy working environment for all of our employees and others who work at our sites. 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 starting point of our safety activities is to exceed the legal, regulatory and permit-related requirements concerning occupational safety to serve as a trendsetter for the industry as a whole. We also require our partners and subcontractors to comply with the occupational safety guidelines and

requirements stipulated by legislation, industry guidelines and Destia's own operating instructions.

Induction training plays a key role

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.

Before coming to our sites, every Destia employee and external worker must complete compulsory online induction training that provides useful basic

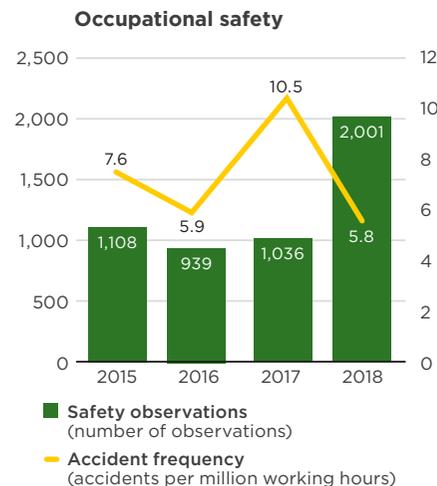
information on our management approach and safe working methods. Induction training then continues on site, first with a general site induction followed by training on each work phase and, if necessary, the equipment used on site. Induction training ensures that everyone who works on the site is familiar with the mutually agreed operating practices. Effective induction training is in everyone's interest.

The induction training process also includes verifying that each employee has the necessary formal qualifications. Working without the necessary qualifications is not allowed, and the same applies to our subcontractors.

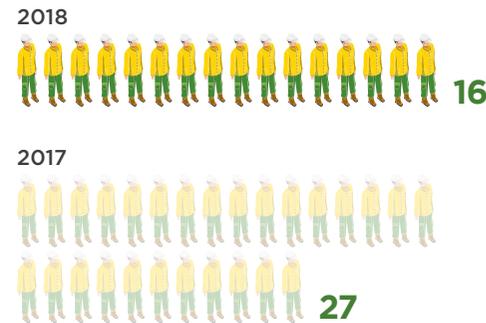
OCCUPATIONAL HEALTH AND SAFETY POLICY

We are responsible for our own and others' safety and health.

- Our personnel are competent and understand their responsibility for occupational safety.
- We anticipate risks with high-quality planning and manage risks through good management.
- We act ethically, in accordance with laws, regulations and our own safety objectives. We demand the same from our subcontractors and partners.
- We care for each other by intervening in deviations.
- We operate safely in the railway environment and master the railway system and its requirements.
- Continuous improvement in safety guides us every day.



Accidents resulting in absence



Working in heavy traffic areas

Destia's construction work often requires employees to work in heavy traffic areas. Plans for temporary traffic arrangements in busy areas are designed with the users of the environment in mind. Changes to traffic arrangements are carefully planned with a high priority on the safety of pedestrians, cyclists, drivers and the workers on site. Traffic signs and other equipment used to direct traffic indicate restrictions and warnings to other road users. They direct traffic past the site in a safe and smooth manner while also ensuring employee safety.

Safety is everyone's concern

Destia aims to continuously develop a safety culture based on taking responsibility for occupational safety at the site level. For example, this means having the courage to take action when a colleague works in a manner that compromises safety.

Access to sites is controlled and people who are intoxicated are never allowed on site. Everyone is required to have the necessary personal protective equipment. Clean high-visibility clothing is an important element of employee safety. We also urge our employees to apply the 10-second rule when starting

a work phase: taking a moment to think before taking action helps ensure that safe working methods are used, and using the right equipment can save lives.

Continuous monitoring

Safety is ensured by carrying out inspections. Everyone is also obligated to report safety observations on any deficiencies they identify. Reports of good examples of safe work are also encouraged.

Destia uses a mobile application that makes it easier to report observations related to safety, quality and environmental issues. The application also

supports civil engineering measurements and fleet deployment inspections. We monitor trends in accident frequency not only in our own operations, but also those of our subcontractors and partners.

The score in a survey conducted in 2018 for the question "How are safety aspects taken into consideration in the project?"

4.1

There were no significant deviations from safety mentioned in project feedback. (2017: 4.0)

Safety and the environment are addressed in our projects by taking the following measures, among other things:



- Obtaining the required permits and submit the necessary notifications
- Ensuring the regulatory compliance of the planned activities
- Agreeing on the monitoring of safety and environmental issues and conducting the necessary inspections
- Using the necessary personal protective equipment and high visibility clothing
- Taking steps to prepare for potential injuries and accidents
- Ensuring that the necessary insurance cover is in place.
- Agreeing on the responsibilities and duties related to safety and environmental issues

- Assessing risks and plan safe execution, also from the environmental perspective and with regard to hazardous work
- Ensuring safety in the use of chemicals
- Agreeing on the responsibilities and duties related to safety and environmental issues
- Providing the personnel with appropriate induction training on safety and environmental issues and ensuring that the necessary qualifications are valid

Responsible environmental solutions

Destia's aim is to build environmentally efficient infrastructure which also serves the needs of citizens and businesses as well as possible. We take nature values into consideration in our operations and operate sustainably, for example in the restoration of aggregate extraction sites. 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.

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

ENVIRONMENTAL POLICY

We carry our responsibility for the living environment.

- We comply with environmental legislation and regulations. We are involved in legislative development.
- We promote the circular economy.
- We act in accordance with the principles of sustainable development and in cooperation with our stakeholders.
- We use the best available technology and develop our expertise to ensure environmental safety.
- We take into account the entire biodiversity lifecycle in our operations.

Focus areas of environmental efficiency

MATERIAL EFFICIENCY

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

ENERGY EFFICIENCY

- 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

BIODIVERSITY

- Systematic monitoring of the nature values of soil and aggregate areas*
- Voluntary conservation of valuable animal and plant species in extraction areas and other sites
- Effective post-use management of decommissioned soil and aggregate areas and other sites

Instances of environmental feedback regarding Destia's operations that required measures to be taken

15

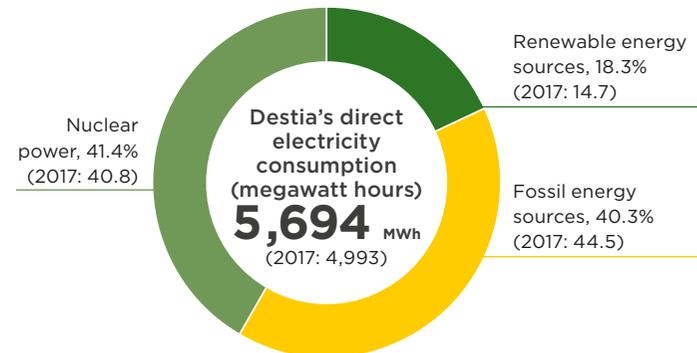
The required measures have been started. We collect feedback on environmental issues via the Destia website and from our projects. (2017: 35)

*) 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 2018.

Destia's energy intensity
360 GJ
 gigajoules/revenue (MEUR)
 (2017: 453)

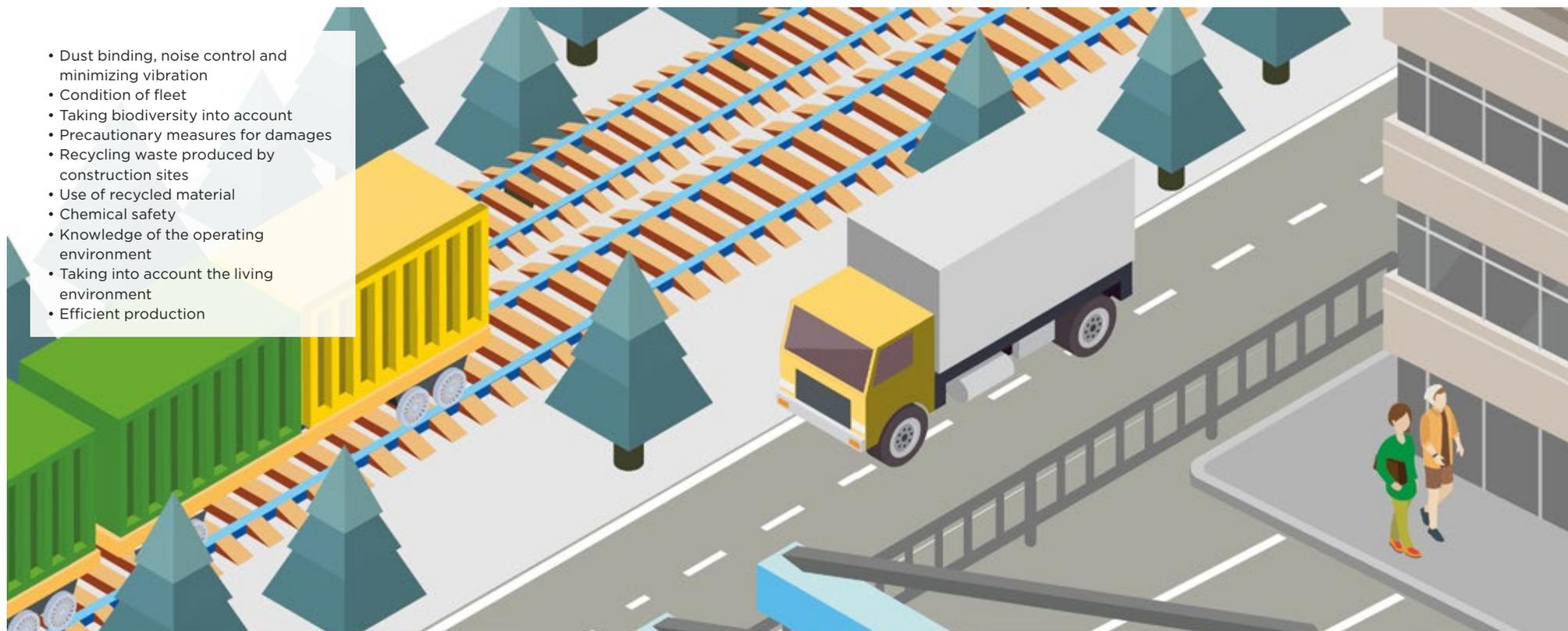
Destia's direct fuel consumption
5.5 million litres
 (2017: 6.0)

The greenhouse gas emissions from Destia's direct energy consumption in 2018
14,427 tn
 (2017: 15,738)



In Destia's project execution, environmental issues are addressed by the following measures, among other things:

- Dust binding, noise control and minimizing vibration
- Condition of fleet
- Taking biodiversity into account
- Precautionary measures for damages
- Recycling waste produced by construction sites
- Use of recycled material
- Chemical safety
- Knowledge of the operating environment
- Taking into account the living environment
- Efficient production



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