

**DESTIA**



**Quality and  
Responsibility  
Report 2019**

# Responsibility and quality go hand in hand

At Destia, we are building the infrastructure of tomorrow. As an infrastructure constructor and urban developer, we look into the future, even decades ahead. Responsibility is an integral part of building the future and the same applies to quality. What we design and build should last from father to son and from mother to daughter.

Today, nearly 1,700 Destia employees participate in the building of a well-functioning future living environment. This group of professionals implements every day the promises that our company gives concerning both responsibility and quality. Therefore, motivated and healthy employees are the foundation for our operations. Winning Team is one of the must-win battles defined in our strategy. It is built through three routes, which include balanced values, inspiring leadership and happy people. They are good reflections of the culture we aspire to.

Our customers value responsible and contractually compliant operations, innovation and strong and smooth service. 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.

Destia is committed to the UN Global Compact (UNGC) initiative's ten principles related to human rights, labour legislation, the environment and anti-corruption. In this review, we provide information on the most important things related to Destia's quality and responsibility. We hope you enjoy reading it.

**Tero Kiviniemi**  
President and CEO



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# Destia – building the infrastructure of tomorrow

**Destia is a Finnish infrastructure and construction service company, which implements tomorrow’s infrastructure for its customers, the society and its people. We aim at connecting northern life.**

We create urban construction innovations and smart infrastructure solutions that are built on a sustainable foundation. They facilitate the movement of people, goods, services and energy as part of northern life and the world economy. Our services span the entire infrastructure life cycle from design to construction and maintenance. Our competence covers subterranean construction, extensive overground operations, and range from demanding foundation engineering projects to energy and engineer construction.

## Sense of infrastructure

At Destia, we have unique insight into infrastructure: the ability to think outside the box and solve challenges through a combination of skills, open-minded utilisation of technology and renewing in the best possible way. 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.

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. As a company, we make sure that our operations and projects are of high quality while ensuring responsibility. We recognise our key responsibility areas regarding our various stakeholders and develop them through active interaction with our stakeholders.

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

## About the quality and responsibility report

The quality and responsibility report provides an overview of our methods. 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.

Our success is based on a winning team, and 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, method descriptions, forms and models and project-specific operating and quality plans. We complete our projects with our customers with high-quality and get it right the first time – 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 for 2019:

### Revenue

**569.9 MEUR**

(2018: 550.3 MEUR)

### Operating profit

**12.3 MEUR**

(2018: 16.7 MEUR)

### Number of employees

**1,651**

(2018: 1,676)

### Accident frequency

**5.6**

(2018: 5.8)  
(occupational accidents/million working hours)

# Strategy implementation started

**Destia’s strategy was renewed towards the end of 2018, and the new, service area-based organisation clarified the strategy implementation in 2019. Destia’s objective is “Connecting northern life”, and our 2020–2024 strategy is to ensure the competitiveness of the core business, to grow internationally in the selected strategic areas and to grow in new services and urban development in cooperation with partners.**

Our 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 Finland, there has been a downswing in infrastructure construction, but growth is estimated to take place due to, for example, the investments in fundamental road maintenance that have been included in the government programme. The strong growth in the infrastructure construction markets in Sweden and Norway is expected to continue.

We began the implementation of Destia’s new strategy at the beginning of 2019. 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 in design, construction and maintenance projects requiring special competence.

Our strategic objective is to grow as an increasingly strong urban developer through cooperation with partners and networks. In addition, the company is also investigating new business opportunities in Sweden and Norway, particularly in the northern regions. With its strategy, Destia is looking for a more prominent role in the sector’s value chain by offering its customers services that have higher added value.

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. Customer orientation, sense of infrastructure, smart production and inspiring leadership

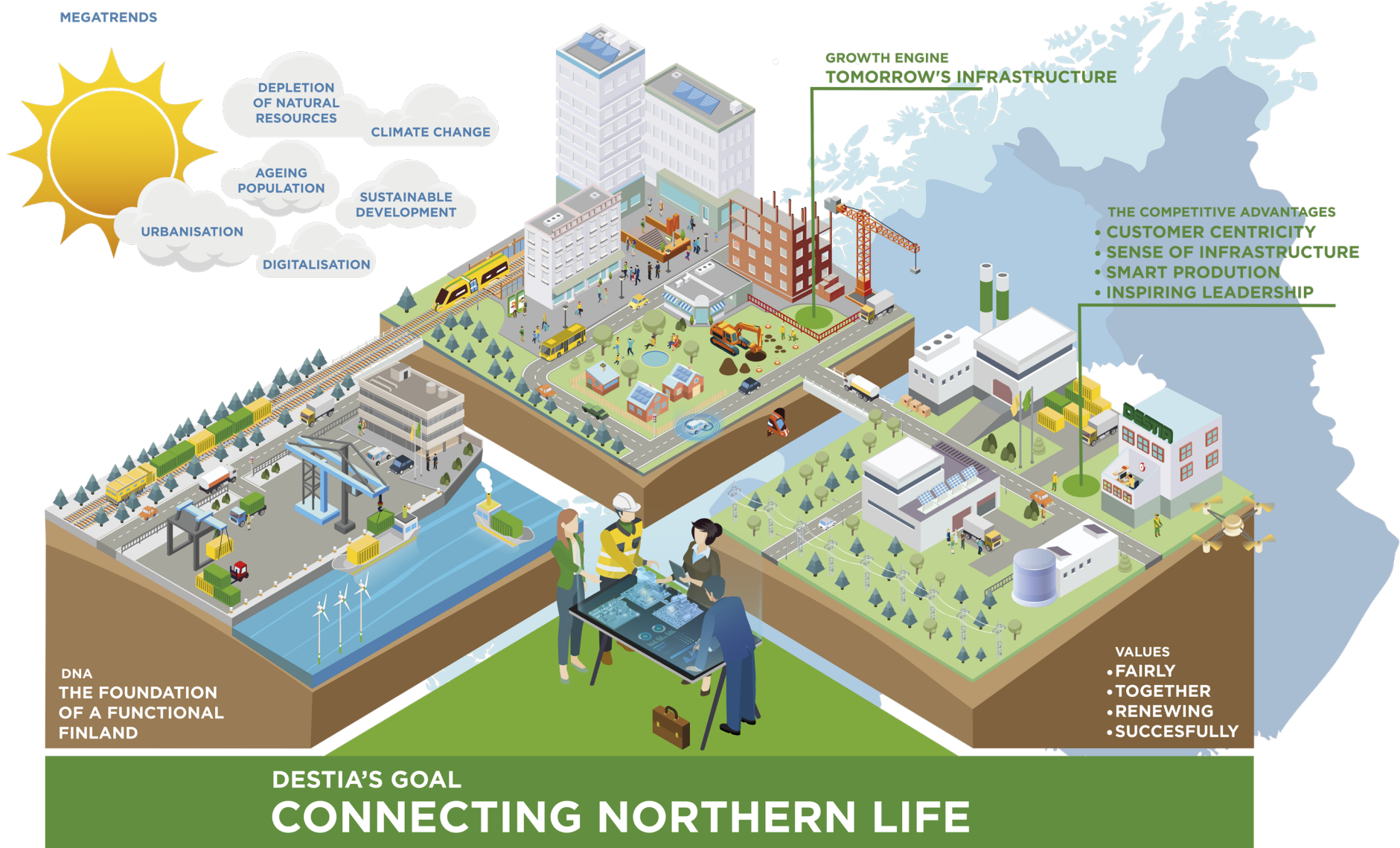
are the factors creating Destia’s competitive advantages.

During 2019 we launched strategic projects promoting the implementation of our strategy, kicked off the renewal of corporate culture, reorganised and elaborated our business group-specific business plans. The reaching of strategic objectives is promoted through the must-win strategic battles at the company level: Forerunner in productivity, Playmaker in the Nordic area, Innovative urban developer and Winning team.



## Destia’s competitive edge

<b>Customer centricity</b>	<ul style="list-style-type: none"> <li>• Thorough customer understanding</li> <li>• Proactive customership management</li> <li>• User-orientation</li> </ul>
<b>Sense of infrastructure</b>	<ul style="list-style-type: none"> <li>• Customer-oriented solutions and services</li> <li>• Planning and project development</li> <li>• Innovative cooperation models</li> </ul>
<b>Smart production</b>	<ul style="list-style-type: none"> <li>• Project management, added value and efficiency</li> <li>• Development and internationalisation of procurement</li> <li>• Real-time and efficient production management</li> </ul>
<b>Inspiring leadership</b>	<ul style="list-style-type: none"> <li>• Values as the basis for leadership</li> <li>• Development of top expertise</li> <li>• Attractive employer image</li> </ul>



# We create value

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

## Inputs

### Financing

- Equity and liabilities
- Investments

### Production

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

### Natural resources

- Soil and aggregates
- Salt
- Energy
- Water

### Personnel

- 1,651 professionals
- 259 summer workers and seasonal trainees

### Subcontracting

- Strong network of service providers and suppliers

### Intellectual capital

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

## Business model

### PROFITABLE GROWTH

#### Customer-driven activities

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

#### Good leadership and standardised processes

- Service production
- Business management

#### Skilled and motivated personnel

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

Destia is a Finnish infrastructure and construction service company, which implements tomorrow's infrastructure for its customers, society and people. Our services span the entire infrastructure life cycle from design to construction and maintenance.

### RESPONSIBILITY

## Outputs

### Products and services

- Urban development and consulting services
- Road and street construction
- Maintenance: roads, areas, yards
- Railway construction and maintenance
- Earth and rock services
- Construction technology services

### Side streams and by-products

- Recycling aggregates
- Recycling blasted rock
- Recycling surfacing materials

### Other products and services

- Road condition forecast services together with the Finnish Meteorological Institute

### Emissions

- Direct and indirect airborne greenhouse gas emissions
- Construction noise, dust and vibration in the local environment
- Sortable and partly recyclable waste from sites

## Effects

### Economic

- **Customers/revenue** 569.9 MEUR
- **Service providers and suppliers/purchases** 405.4 MEUR
- **Personnel/salaries and compensation** 89.0 MEUR
- **Public sector/taxes, pension contributions and indirect personnel costs** 20.0 MEUR
- **Investors/financial costs** 1.5 MEUR
- **Investments/gross investments** 15.3 MEUR

### Social

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

### Environment

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

Figures given are based on 2019 figures.

# Responsible leadership

Destia's success is built on strong corporate culture and people. The strong, shared value system guides our actions and decision-making. Profitability and competitiveness are the cornerstones of Destia's business. Financially responsible business is a prerequisite for ensuring that operations are also otherwise responsible and ethical.

Destia's organisation consists of six national divisions, and three support functions:

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

**5. Construction Technology Services** focuses on industrial construction, power grids, renewable energy and bridges;

**6. Urban Development and Consulting Services** includes Design Services, Urban Design and new services and Project Development.

The support functions are grouped under the **Finance unit, HR unit and Business Support and Development unit.**

## Management and responsibilities at Destia

### MANAGEMENT

The management is responsible for ensuring that the organisation acts in accordance with the corporate culture, values, strategy and ethical guidelines. By setting an example, the management creates the foundation for compliance with the corporate culture and values. Destia's leadership promise is "Coaching a winning team".

#### President and CEO

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

### 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 units

#### Executive Vice Presidents

The Executive Vice Presidents in charge of the divisions set targets for project managers and/or unit heads and monitor their achievement.

#### Targets

In addition to financial targets, there are strategic targets and targets related to human resource development. The targets take concrete form in the divisions' operating plans and personal scorecards, the results of which are monitored on a quarterly basis.

in line with the harmonised operating practices defined by the Group.

#### Quality and safety managers

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



### Report of an offence

In 2019, two cases of misconduct were discovered in relation to Destia's construction projects. They were discovered in Destia's own internal audit, and the suspects were Destia's employees. The persons are no longer employed by the company. Destia has submitted a request for investigation to the police, and investigations are still ongoing. The acts do not in any way represent Destia's way of working. All employees of the company must act in accordance with the common values and our ethical guidelines. Destia has a Whistleblowing reporting channel that supports ethical ways of working.

### RISK MANAGEMENT POLICY

**We use risk management to ensure that the customers' and Destia's objectives are met.**

- We manage and develop risk management systematically.
- We classify risks as market and operating environment risks, operational risks, risks related to personnel and damage risks as well as economic and financial risks. In addition, we identify positive opportunities as part of risk evaluation.
- Risk management measures extend from the Group level to the management of business units and individual projects.
- Risk management responsibilities are defined and documented in the form of decision-making and operational authorisations and in the integrated management system.
- Everyone at Destia is responsible for the identification and prevention of risks as well as for communicating risks to the organisation.

# The most competent partner for customers

**Destia's customers value responsible and contractually compliant operations, innovation and strong and smooth service. 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.**

Our extensive infrastructure planning, construction and maintenance competence – our sense of infrastructure – enables us to respond to the wide-ranging needs of our customers. We offer our strong and versatile competence, high-quality references, competitive solutions and the best customer service in all infrastructure-related areas. We aim to establish long-term partnerships with our customers.

We implement our services in the best possible manner with respect to safety, schedule, costs, quality and the environment. We plan and implement our projects in accordance with the customer's needs and our integrated management system. Customer feedback and measuring customer satisfaction are the key tools in the development of project management and customer experience.

## Infrastructure projects on social media

Easy-to-use social media applications provide new possibilities for providing local residents and people visiting the area with information on infrastructure projects. Destia is already utilising social media in several maintenance and construction projects. For example, information on traffic arrangements can be provided to the local residents and other road users quickly and easily through the readily available mobile applications.

**NPS  
40**

## Our service areas

- **Urban development and consulting services**
- **Road and street construction**
- **Maintenance: roads, areas, yards**
- **Railway construction and maintenance**
- **Earth and rock services**
- **Construction technology services, such as bridges, energy solutions and networks, industry**





## CUSTOMER CENTRICITY

# Quality is a shared responsibility

**Our high-quality and efficient operations enable our customers to meet their objectives sustainably and competitively.**

Quality is a priority that everyone at Destia is responsible for. Our divisions are responsible for customer solutions and the realisation of services in accordance with Destia's integrated management system and the safety management system applied to the railway business. Recognised external standards are a part of Destia's integrated management system and safety management system. The objectives are increased customer satisfaction and continuous operational improvement.

Destia realises most of its services in the form of projects. 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. Customer satisfaction is ensured through project management methods, through cost-effective project implementation with high quality and by choosing the best method of execution with respect to safety and the environment.

## We ensure and develop quality in various ways

Our projects and project personnel are the key to delivering Destia quality. Destia employees working in projects are responsible for quality assurance planning, implementation and timely reporting. We ensure our ability to provide high-quality projects by investing in employee competence development and systematic development of skills. Both internal and external benchmarking is carried out regarding best practices.

External and internal audits enable us to ensure unified



## KEY CERTIFICATIONS OF DESTIA'S INTEGRATED MANAGEMENT SYSTEM

- 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.
  - Destia Rail Ltd: infrastructure construction, maintenance and care services.
- Scope of the ISO 9001 certificate for Destia Engineering Ltd: foundation engineering and rock construction and the related specialist work (Bureau Veritas).
- Railway operator's safety certificate – issued by Traficom.
- Approval of railway drivers' supplementary training program and competence test – granted by Traficom.
- We observe OHSAS 18001 compliant operating practices with regard to occupational health and safety. In 2020, we will adopt the ISO45001 standard.
- 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](http://www.rala.fi)). Destia has several certificates of competence in the infrastructure industry issued by RALA.

**CUSTOMER CENTRICITY**

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 civil engineering/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 audits and subcontractor audits.

We use a single system to document non-conformity reports and safety, quality and environmental observations. We can filter the data entered in the system and analyse root causes and use the data 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.

**Destia's continuous improvement model**

The project manager is in charge of the project's management 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.

Our top management reviews and develops the functionality of our quality management system through management review practices 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 in the upcoming years as well.

**Identifying the needs of customers and end users**

What does high quality mean in terms of implementation and end products? The answer can be found by identifying the needs of customers, stakeholders and end users. When developing services of high quality, it is essential that we understand these needs, engage the various parties and create the best possible package that creates value.

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



**Production of services.**



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



**The management of the divisions discusses 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.**



**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.

# Considering nature values and sustainable development

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. 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 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

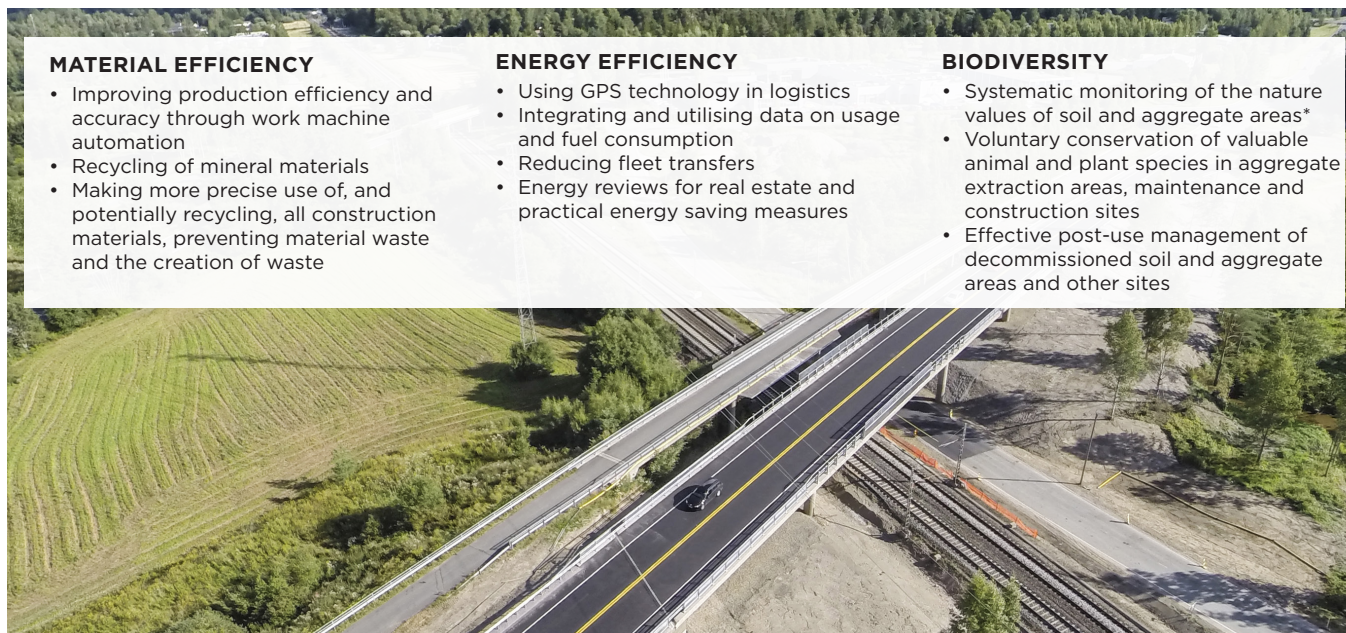
standard. The system promotes environmental efficiency, as well as our quality and environmental policies and the practical plans, measures and monitoring arrangements that are based on the policies. All of our actions related to nature are aimed at preventing environmental damage and minimising the 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.

## 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

- Using GPS technology in logistics
- Integrating and utilising data on usage and fuel consumption
- Reducing fleet transfers
- Energy reviews for real estate 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 aggregate extraction areas, maintenance and construction sites
- Effective post-use management of decommissioned soil and aggregate areas and other sites

## 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.

\*) 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 2019.

ENVIRONMENT

Destia's energy intensity

**364 GJ**

Gigajoules/revenue (MEUR)  
(2018: 360)

Destia's direct fuel consumption

**5.7 million litres**

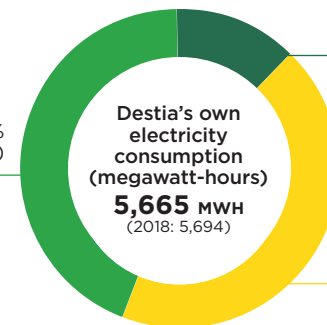
(2018: 5.5)

Greenhouse gas emissions from Destia's direct energy consumption in 2019

**14,895 tonnes**

(2018: 14,427)

Nuclear power 44%  
(2018: 41.4)



Destia's own electricity consumption (megawatt-hours)

**5,665 MWH**  
(2018: 5,694)

Renewable energy sources, 12.7%  
(2018: 18.3)

Fossil energy sources, 43.4%  
(2018: 40.3)



COMPETENCE

# A winning team for the future

We continuously develop our operations to ensure that our customers can feel confident in choosing Destia as a reliable and competent long-term partner, and the professionals in the industry see us as the most sought-after employer in the sector.

Our future is entirely based on a winning team, as we build our success on our corporate culture and people. The building blocks of a winning team are balanced values, inspiring leadership and happy people. Values and leadership affect the corporate culture. Our objective is that our values – fairly, together, renewing and successfully – and leadership promise guide our behaviour, decision-making and managerial work in all situations in everyday life. For this reason, the value card that can be found on the backside of the ID card of each Destia employee is meant for heavy use.

The winning team is built through three sub-projects. In addition to that, we are developing various human resource practices that support our development into the best workplace for all of us. The sub-projects are: balanced values, inspiring leadership and happy people.

Destia respects all internationally recognised human rights, and we expect our cooperation partners to do the same. In addition, 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. We recognise our responsibility as an employer, and Destia’s ethical guidelines and operating policies guide our operations.

### Corporate culture driven by core values

The development of Destia employees’ satisfaction is monitored, for example, through pulse surveys, which are conducted three times a year and measure, among other things, the delivery of the leadership promise,



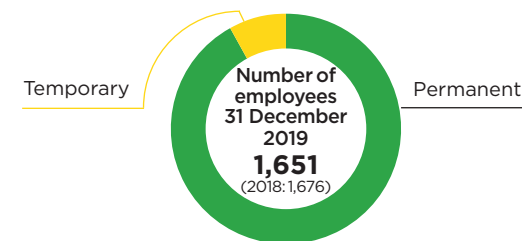
operational compliance with values and the development of culture. The most significant areas of development are incorporated into annual targets and scorecards. The number of personnel, employee competencies and the relevant development needs relating to Destia’s strategic development efforts are planned on a unit-specific basis as part of the annual planning process.

In line with Destia’s strategy, our goal is to be the most valued and sought-after employer in the infrastructure industry. We measure our reputation as an employer, for example, through the results of Universum’s Most Attractive Employees survey, and in 2019, our ranking improved from 80 to 35 in the survey conducted among technical students and from 108 to 45 in the survey conducted among technology professionals.

### Inspiring leadership is the core of managerial work

Inspiring leadership is one of our key strategic focus areas and one criterion in the incentive system for managers. Destia’s entire management culture and work culture are based on inspiring leadership, which motivates Destia’s current employees and attracts new professionals in this field. We develop our corporate culture systematically based on our values and strategy.

In our service production, we ensure an adequate



COMPETENCE



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

number of personnel as well as the necessary competencies and qualifications for each project. In the initial stage, the Executive Vice President of the division ensures that the designated project manager (or other manager in a corresponding role) and site manager (or other manager in a corresponding role) have 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 to ensure high-quality performance. Induction training is provided for everyone participating in service production. Competence and qualification management is supported through the new HR system, which makes it easier to keep competence and qualification information up to date.

Induction training is essential for ensuring that working is as safe as possible and that results are of high quality. 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 occupa-

tional safety. We also carry out smaller and more focused training programmes with the help of our professionals. In 2019, we started to invest especially in the corporate culture and in introducing our values to new employees.

**Trainee programme as the first step for a career in Destia**

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. In 2019, Destia employed a record number of over 250 trainees.

**Many opportunities for development**

Having adequate and appropriate competence in the rapidly developing competitive environment and labour market is a key factor for Destia's success. We have strengthened the measures we use to ensure the long-term development of our employees' competence, a

supportive workplace culture and successful recruitment.

Towards the end of 2019, we launched the Future professionals development programme, the purpose of which is to provide participants with a unique opportunity to reach a new level in their leadership skills and business understanding. During the programme, which was now organised for the second time, the participants work in projects that are strategically critical to Destia and they are introduced to new ways of thinking and perceiving during the training days. The programme provides them with tools for strategic thinking, models for customer-oriented business development and introduces a coaching leadership approach. In addition to the personal development of participants, one major objective of the programme is that Destia's strategy is transferred into action through the strategic project work.

<p><b>Total average in Pulse surveys</b></p> <p><b>4.32</b></p> <p>(Scale 1-6)</p>	<p><b>Culture index</b></p> <p><b>4.26</b></p> <p>(Scale 1-6)</p>
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**SAFETY**

# Safety at work

**Occupational safety starts with committed management, which is the only possible basis for the safe building of the bigger picture. Safe sites cannot be established unless everyone working on the site takes responsibility for their own actions and for their colleagues.**

Through cooperation and exemplary actions, we can guarantee everyone working at Destia's sites a safe and healthy working environment. Destia aims to have zero-accident sites.

Our safety measures are based on knowledge of 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.

Safety is not a competitive advantage but a prerequisite. We apply the same requirements to ourselves and our subcontractors.

## 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 of 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 in order to strengthen the safety observation culture, and this is reflected in the results. In 2019, more than 5,000 safety observations were made, which is 2.5 times the number of observations made in the previous year.

## Diverse operations

Destia's operations cover nearly all infrastructure. All jobs and work environments have their unique risks and stress factors. At Destia, we take care of each employee in order to ensure a safe workplace with good employee well-being. This also covers subcontractors and other stakeholders, such as road users and other people encountering our sites.

In 2019, the number of accidents resulting in absence from work was at the same level as in the previous year. The year was a dark one for work safety, since there were two accidents claiming the life of a subcontractor at Destia's sites in 2019. One took place in connection with crushing work at a road construction site, and the other case was related to road maintenance work.

## Managed safety

One of the 2019 focus areas for the development of occupational health and safety is the improvement of site-oriented safety culture. Safety is created at sites, not from offices.

The objective of safety managers is to be a familiar sight at sites. Safety briefings and group discussions around the themes of occupational and environmental safety were organised during joint site rounds. In Destia Rail Ltd, managers received safety coach training, which provided them with a basis for giving safety trainings to their own teams. We aim to extend the safety coach training to the entire Destia Group.

The 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. Coercion is a poor motivator when it comes to occupational safety.

**In a survey conducted in 2019, the score for the question "How are safety aspects taken into consideration in the project?"**

was **4.3** (on a scale from 1 to 5).

There were no significant deviations from safety mentioned in project feedback. (2018: 4.1)

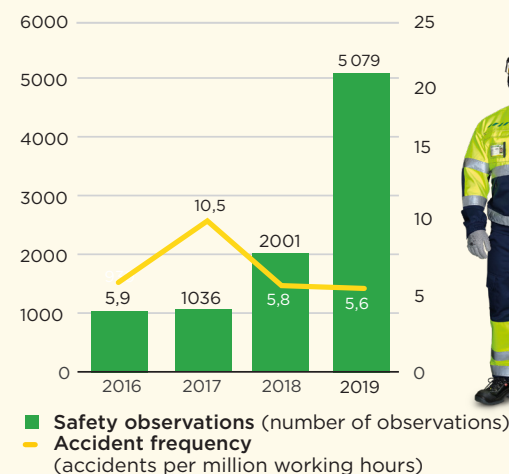


## OCCUPATIONAL HEALTH AND SAFETY POLICY

**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



# 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. Work methods and ways of working are constantly developed to ensure that they meet the challenges of a changing world, particularly through using the means of digitalisation.**

Destia engages in active and diverse development efforts that contribute to the implementation of the Group's 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.

## Digitalisation as an enabler

The key focus area in terms of 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. With model-based production, digital handover material is created in projects, and this material can then later be used for the management and maintenance of infrastructure assets.

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 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.

## 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.

We took a major step in the digitalisation of road maintenance through the extensive adoption of new digital solutions. 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.



## Destia's focus areas in smart production research and development

### DATA MODEL-BASED DESIGN AND PRODUCTION

Construction is implemented based on digital data models in a transparent manner, while collecting information on the realisation

### SMART PRODUCTION MANAGEMENT

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

### DIGITALISATION OF MAINTENANCE

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



# 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 service providers 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 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 Tilaajavastuu.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 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 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.

**In 2019, our total volume of procurement from service providers and suppliers was**

**435.8 MEUR**

(2018: 397.3 MEUR)

**DESTIA**



# SENSE OF INFRASTRUCTURE

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