

# INFRASTRUCTURE FOR PEOPLE

**DESTIA**

A COLAS COMPANY

ANNUAL REPORT

**2022**





# DESTIA

A COLAS COMPANY

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# FINLAND'S BIGGEST INFRASTRUCTURE SERVICE COMPANY

REVENUE

603.4

€ million

COMPARABLE  
OPERATING PROFIT

20.0

€ million

CUSTOMER  
SATISFACTION

49

Net Promoter Score

PROJECTS

over 1000

per year

PERSONNEL

1639

Destia employees  
(31 December 2022)

EMPLOYEE  
SATISFACTION

37

eNPS average  
in 2022

OCCUPATIONAL  
SAFETY

6.1

accidents per million  
working hours



# HIGHLIGHTS

## TRAMLINE INSTALLATION WORK BEGAN IN KALASATAMA

In July, we started rail installation work on the first tramline sections of the Kalasatama–Pasila project in Helsinki. The alliance project includes the construction of a tramline between Kalasatama and Pasila as well as work on adjacent streets, green lanes, pedestrian and cycling routes, and municipal engineering.



## HÄMEENKYRÖNVÄYLÄ OPENED TO TRAFFIC A YEAR AHEAD OF SCHEDULE

The project, which was opened to traffic in November, involved us building 10 kilometres of new national road, three multi-level interchanges and 11 bridges.



## KAISANTUNNELI WAS RECOGNISED AS THE BEST STREET CONSTRUCTION SITE FOR THE SECOND TIME

The City of Helsinki again selected the Kaisantunneli site as the winner of the award given to the best street construction site of the year. The criteria included the exemplary management of temporary access routes, communication and accessibility, for instance.



## COLAS

During the year, we welcomed many guests from the global Colas organisation. They visited us to acquaint themselves with our people, operations and digitalisation expertise.

Some of them worked in integration streams with Destia employees. All of the streams, except for the stream focusing on IT integration, completed their work in late 2022, six months ahead of schedule.

The Kalasatama–Pasila tramline project and the Kaisantunneli bicycle tunnel project in Helsinki were popular sites for visits, but we also had visitors at our sites in other parts of the country, all the way up to Sodankylä.





## SINIMÄKI SUBSTATION COMPLETED IN ESPOO

We built a new substation for Caruna in Espoo's Sinimäki district. A large proportion of the electricity consumed in Espoo passes through the substation. It serves 15,000 local residents and indirectly ensures the supply of electricity for over 140,000 residents. The substation supports the City of Espoo's carbon neutrality strategy.



## NEW ROAD MAINTENANCE CONTRACTS

At the beginning of the new winter maintenance season, we started six new road maintenance contracts for the period 2022–2027: Oulu, Alavus, Pielavesi, Kiuruvesi, Siikalatva and Viinijärvi. Our market share of the maintenance areas in Finland is currently approximately 47%.



## GROWTH IN THE ELECTRIC CHARGING BUSINESS

We grew our electric charging business in 2022. We implemented various electric vehicle charging solutions for clients including the taxi company Menevä and the bus operator Helsingin Bussiliikenne.

**We placed first in Oikotie's survey on sustainability in working life in the category of organisations with over a thousand employees.**

## SUSTAINABILITY

We reduced our own direct emissions by 28% compared to 2020, which exceeded our target of 12.5% by a clear margin. The reduction in emissions was particularly attributable to our transition to using renewable electricity and fuel.

We placed first in Oikotie's survey on sustainability in working life in the category of organisations with over a thousand employees. Our sustainability index score was 4.08 (scale: 1–5).

Our employee Net Promoter Score was 37. Based on the results of the Destia Spirit personnel survey, Destia was recognised as one of Finland's most inspiring workplaces for the third consecutive year.

**We reduced our own direct emissions by 28% compared to 2020.**



## PRESIDENT AND CEO'S REVIEW

## A GOOD RESULT IN A CHALLENGING OPERATING ENVIRONMENT

The year 2022 was a year of changes. Our integration into our new owner, Colas Group, progressed rapidly. Our revenue continued to grow steadily and our actions on the path towards a carbon-neutral Destia produced good results. At the same time, the year was overshadowed by the geopolitical crisis, energy crisis and inflation, particularly in the form of rising fuel and material costs. In spite of the challenging operating environment, we were able to maintain a stable level of profitability that was again one of the best in our entire history.

Maintenance services are the foundation of our business. Our market share in road maintenance contracts has remained relatively stable and is now at 47 per cent. We have also maintained our share in the maintenance of street networks for municipalities and cities.

In line with our strategy, we continued the development of railway construction together with Colas. Our largest current project, the Kalasatama–Pasila tramline in Helsinki, is progressing according to plan. During the year under review, we also successfully completed the Kontiomäki–Pesiokylä track superstructure contract in Kainuu. Our market share in railway maintenance remained stable.

Our position in urban infrastructure construction was further strengthened as progress was made on

the construction of the Kaisantunneli bicycle and pedestrian tunnel at Helsinki's central railway station, for example. The City of Helsinki again recognised the project as the best street construction site of the year. During the year under review, we also began construction on the Laakso Joint Hospital, which is implemented using alliance contracting.

The Energy Services business is continuously growing in significance for Destia. We are focusing particularly on renewable energy construction as well as the construction of power lines and electricity networks. For example, during the review period, we signed an agreement with OX2 on the construction of wind farm infrastructure at the Niinimäki wind farm in Pieksämäki. When completed, it will be the largest wind farm in





eastern Finland. We have also made progress with our electric charging business. We carried out several projects, including a charging site for the taxi company Menevä.

## TOWARDS A CARBON-NEUTRAL DESTIA

The construction of renewable energy and electric charging infrastructure are examples of society's preparations for the energy transformation. The built environment and its maintenance have a significant carbon footprint, which is why we seek to reduce our negative impact on the environment. Our goal is to be

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carbon-neutral by 2030.

carbon-neutral by 2030. In 2022, we reduced our own direct emissions by 28 per cent compared to 2020 and exceeded our 12.5 per cent reduction target for 2022 by a clear margin.

The use of renewable fuel has a significant impact on our fleet-intensive operations. Emission reductions arising from the use of renewable fuel in the Kalasatama–Pasila alliance project enabled the achievement of the direct emission targets of the Destia organisation as a whole.

I am particularly proud of our carbon-neutral infrastructure project concept. It covers carbon footprint

calculation and reporting, active reduction measures such as low-carbon and zero-emission energy sources and low-carbon construction products, and the offsetting of the remaining carbon footprint. We will start to apply the concept in all of our new projects by 2030.

As part of our integration with Colas, we aligned our sustainability targets with Colas Group's ambitious sustainability commitments, which are aimed at reducing the company's emissions in accordance with the Paris Climate Agreement.

## INTEGRATION PROGRESSED FASTER THAN EXPECTED

The year under review was our first full year as a part of the international Colas Group. During the year, we got to know each other, harmonised our operating practices and shared best practices and expertise.

The integration process was implemented through 15 integration streams. With the exception of the one focused on IT, all of the streams completed the integration phase by the end of 2022, ahead of schedule. We are now continuing our shared journey as part of normal day-to-day operations.

## INFRASTRUCTURE IS NOW MORE CRITICAL THAN EVER BEFORE

The infrastructure construction market declined in 2022. The decrease in large infrastructure projects will also create downward pressure on volumes in the infrastructure market going forward. The infrastructure repair backlog continues to grow. High-quality infrastructure is essential for society's development

and competitiveness. That is why it is vital to ensure funding for fundamental road maintenance and development projects.

Particularly in these times of uncertainty, setting the appropriate level of preparedness and securing critical infrastructure, such as transport and energy infrastructure, are significant issues of national concern. Destia prepared a Road and Rail Vision 2050 for six business sector organisations, emphasising the importance of good main road and rail connections to the border between Finland and Sweden.

## THE POWER OF COOPERATION

We build infrastructure for Finns sustainably together with our customers and partners. I want to take this opportunity to thank them for their good cooperation.

Destia would not exist without our strong corporate culture and highly competent professionals. With their help, we design, build and maintain infrastructure for people. I am grateful for the contribution and commitment shown every day by everyone at Destia. Together, we do work that matters.

I am confident about the future, even as the uncertainty and unpredictability of our operating environment poses challenges for our operations. As Finland's largest infrastructure construction company, and with the support of an international owner, we are in a good position to continue to build Finnish society and connect Northern life in 2023.

**Tero Kiviniemi**  
President and CEO





## WE BUILD INFRASTRUCTURE FOR PEOPLE

We are the largest service company in the infrastructure sector in Finland and part of the global Colas Group. We design, build and maintain essential infrastructure, such as electricity networks, bridges, roads and railways. We play a significant role regarding the security of supply in Finland. We develop cities, telematics and lighting solutions, and offer comprehensive services for electric and smart traffic and infrastructure management.



## INFRASTRUCTURE FOR PEOPLE WITH A SENSE OF INFRASTRUCTURE

At Destia, we have a unique sense of infrastructure. It emerges from each Destia employee's special expertise, skills, attitude and mindset as well as their ability to utilise and understand the benefits of digitalisation for customers and society. We use our sense of infrastructure to build and maintain infrastructure for people.

Every park bench, road, bridge, crossing, stop and station can improve people's quality of life. The choices and decisions we make in designing and building infrastructure have a direct impact on the quality of life of people in Finland.

These hundreds of decisions are not made in a vacuum. They are always focused on people. We use our sense of infrastructure to assess the impacts that all of our calculations, solutions, plans and projects have on people.

We solve our customers' needs reliably and sustainably. Our customer base comprises industrial enterprises and businesses, municipalities and government organisations.

## SUSTAINABILITY

As the largest infrastructure company in Finland, we play a significant role in ensuring the functionality and safety of traffic and industrial environments as well as creating complete living environments. Our operations have a significant impact on society, the environment and our stakeholders.

Our sustainability efforts are guided by the Colas Group's sustainability commitments, which are known as ACT – Act and Commit Together. More information on

these commitments is provided on page 26.

The built environment and its maintenance have a significant carbon footprint. We are committed to achieving carbon neutrality by 2030 and being climate positive by 2035. In 2022, we reduced our own direct emissions by approximately 28% compared to 2020.

Our aim is to be a sustainable leader that creates sustainably profitable business, is a safe, inspiring and successful workplace, and is a sustainable construction industry operator and a developer of corporate responsibility.

As part of our sustainability efforts, we are committed to the UN's Sustainable Development Goals. Through our operations, we are committed to promoting principles concerning human rights, labour, the environment and anti-corruption.

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

## CUSTOMER-ORIENTED PERSONNEL

We ensure high-quality solutions for our customers and build our success on our personnel and corporate culture. Our corporate culture is based on balanced values, inspiring leadership and happy people. Together we build a winning team.

We pursue development and renewal together with our customers. We have the willingness and ability to listen to our customers and solve their challenges in various projects. We serve our customers efficiently, economically, safely and with minimal environmental impact.



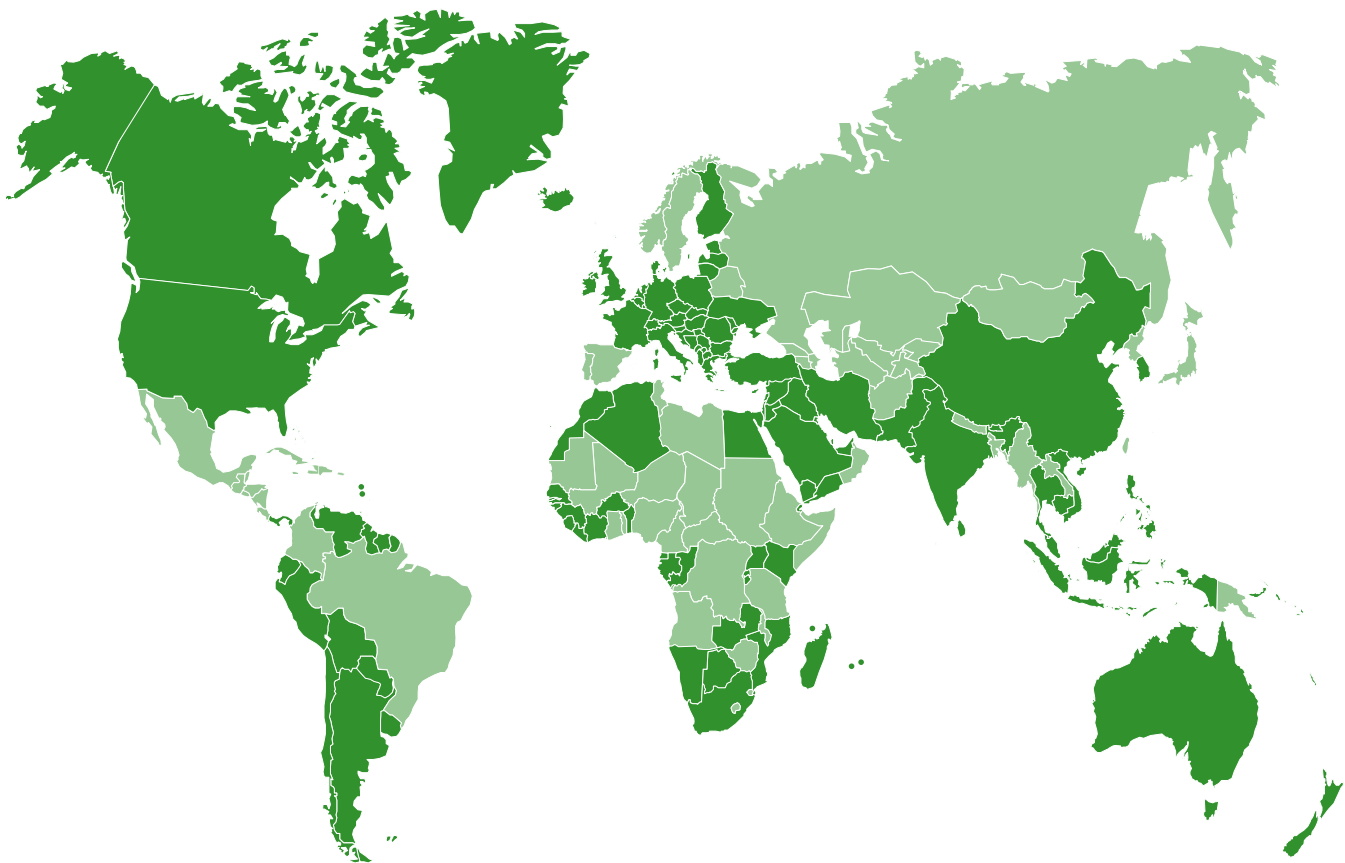


## OUR OWNER COLAS

Our owner, Colas, is a world leader in the construction and maintenance of transport infrastructure. Colas develops sustainable solutions to future mobility needs. Colas is part of the Bouygues Group, which operates in the energy, media and telecommunications businesses in addition to the construction business.







OPERATIONS IN  
OVER

50  
countries

COLAS GROUP EMPLOYS

58,000  
people

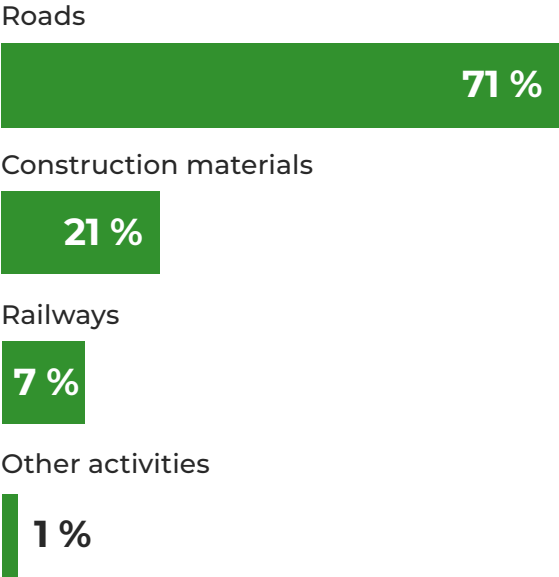
COLAS GROUP'S  
REVENUE 2022

15.5  
€ billion  
(60% of the Colas Group's revenue  
comes from outside of France)

Colas seeks growth in certain stable geographical regions, such as Northern Europe. Destia has provided Colas Group with the opportunity to enter the Finnish market.

For Destia, Colas brings versatile experience in large projects, strengthens the competitiveness of our core business and improves our opportunities to expand our operations in the Nordic countries. In addition, it gives our employees opportunities to build international careers.

BREAKDOWN OF THE COLAS  
GROUP REVENUE BY BUSINESS  
SEGMENTS IN 2022





# TRENDS GUIDE OUR STRATEGY

In 2022, the world and our operating environment were shaken up by the war in Ukraine and the continued global COVID-19 pandemic. The changes and events also led to accelerating inflation and rising costs, which had an impact on Destia's business operations and projects. The total impact of the higher costs was moderate, as part of it was compensated through improving operational efficiency and negotiations with customers.

Our operating environment changes and evolves constantly in accordance with megatrends. The particular trends we have identified to guide our strategy include urbanisation, digitalisation, climate change and the depletion of natural resources.

In Finland, the overall infrastructure construction market declined in 2022 due to factors such as lower

budgetary appropriations for road construction, the growth of railway construction being slower than previously anticipated, and the reduced level of activity in the construction of apartment buildings, which has led to a decrease in foundation engineering work.

The decrease in large infrastructure projects creates downward pressure on volumes in the infrastructure

market, and the continuation of stronger growth would require additional funding and stimulus measures.

In Sweden and Norway, activity in the infrastructure construction market is expected to remain high, and robust growth is anticipated to continue.







## CONNECTING NORTHERN LIFE

Our objective is “Connecting northern life” and our strategy is to ensure the competitiveness of our core business, to grow in new services and urban development in cooperation with partners and to grow internationally in our selected strategic areas.

**D**estia is a subsidiary of the international Colas Group which, in turn, is part of the international Bouygues Group. As a world leader in the infrastructure sector, Colas brings added strength and expertise to the development and implementation of Destia's business. The cornerstones of Colas' strategy include international growth in developed and low-risk countries, the development and implementation of low carbon solutions and industrial solutions, and leveraging the digital transformation to drive the development of quality, competitiveness and new services.

We will continue to execute our previously defined strategy under Colas Group's ownership.

### A BROADER ROLE IN THE VALUE CHAIN

Our objective is to ensure the competitiveness of our core business and improve the added value for our customers in design, construction and maintenance projects requiring special competence in our home markets in Finland. In our core business, we see particular growth markets and opportunities in railway construction, urban construction and energy services. In the energy sector, there are significant opportunities in areas such as renewable energy construction and in solutions related to the transmission and storage of electricity.

Our strategic objective is to continue to grow as an increasingly strong urban developer together with our partners and networks. We seek to take on an even broader role in the sector's value chain by providing our customers with services of higher added value.

We are also investigating business opportunities in Sweden and Norway, although the progress of new international strategic initiatives has been moderate due to factors such as hindrances related to the pandemic.

### WE IMPLEMENT OUR STRATEGY THROUGH DEVELOPMENT PROJECTS

Our versatile expertise, strong values and 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 that create Destia's competitive advantages. In 2022, we continued to develop our corporate culture and value-based leadership and deepened our business division-specific business plans and their implementation.





## We promoted the achievement of our strategic objectives through the company-level development programmes

- Forerunner in productivity, which focuses on the development of the quality and standardisation of project management, smart production and procurement.
- Growth builder, which creates the conditions for business growth in our key sectors and supports the development of Destia's sales and customer work.
- Sustainable leader, which aims to reduce Destia's carbon footprint and achieve carbon neutrality by 2030.





# OUR BUSINESS DIVISIONS

## MAINTENANCE

We are the largest road maintenance service provider in Finland. We offer a wide range of services for around-the-year maintenance of traffic routes, gravel roads, bridges and the traffic environment in general.

We are experts in winter maintenance, with our operations supported by the weather and road condition forecasts provided by the Winter Maintenance Management Centre, a joint operation of Destia and the Finnish Meteorological Institute, and experienced employees utilising modern work methods and equipment.

The maintenance contracts extend over several years. Destia started the following new five-year road maintenance contracts in 2022: Oulu, Alavus, Pielavesi, Kiuruvesi, Siikalatva and Viinijärvi. Destia's market share of all road maintenance contracts is 47%.

## ROAD SERVICES

Our core competence lies in large road and street projects requiring special expertise as well as bridge construction, but we also implement smaller projects with expertise. We offer services from design to construction, utilising diverse data on the road network data.

In 2022, we were engaged in Finland's largest national road projects. We completed the Hämeenkyröväylä project on the section of national road 3 between Kyrökoski and Hanhijärvi one year ahead of schedule. On national road 8, we completed an overtaking lane project in Eurajoki. We also carried out a number of bridge contracts during the year, including the construction of the new Jeesiöjoki bridge on national road 4 in Sodankylä and improvements to several bridges in the Uusimaa region.

## RAILWAY AND URBAN SERVICES

In 2022, we combined the Railway Services business division with the Earth and Rock Services business division to create the Railway and Urban Services business division. The aim is to ensure that we can leverage the growth potential of railway and urban construction as well as alliance business.

Our railway services cover rail construction and maintenance. We are Finland's leading company in the maintenance of superstructures and safety equipment for railways. We maintain approximately 3,400 kilometres of the state railway network. At the end of 2022, we were responsible for the maintenance of regions 3, 5, 6, 7 and 8.

In addition to operating in partnership with the Finnish Transport Infrastructure Agency, we also offer our services for the maintenance and construction of private tracks.



To support our growth targets, we complemented our modern and efficient railway fleet by commissioning a new universal tamping machine.

We have extensive experience with various superstructure contracts. We executed the largest superstructure project in Finland in 2022 on the Kontiomäki–Pesiökylä track section. We have also made new moves in safety equipment contracting by winning our first safety equipment contract, which is part of the Iisalmi wye project. We have promoted electric railway and safety equipment construction in cooperation with Colas Rail, particularly in tramline projects.

We also offer services for demanding foundation engineering, such as building pits and support, concrete structure work, pile driving and base reinforcement as well as fortification and repair of foundations. Our foundation engineering unit also operates in Sweden and Norway.

We plan and construct underground facilities, such as parking areas, goods and freight stations and civil defence shelters. Our services include open pit and underground mining, concrete structure work, reinforcement, compaction and rock facility fittings. We offer CE certified aggregates.

We were involved in a number of significant projects in 2022. We continued construction on the Kaisan-tunneli project underneath Helsinki's central railway station, which will improve the conditions for cyclists and pedestrians in Helsinki city centre. We also began above-ground infrastructure construction on the Laakso Joint Hospital and continued to work on foundation engineering and track installation on the Kalasatama–Pasila tramline project.



## ENERGY SERVICES

Our vision is to be a strong Nordic energy infrastructure developer. We design, maintain and implement power lines, electricity networks, substations and wind power infrastructure. We also build and maintain road lighting. In power line and substation construction, we serve our customers in 110 kV and 400 kV projects.

In 2022, we built a new substation for Caruna and two 110 kV cable connections in Espoo's Sinimäki district. We implemented lighting for the Oritkari wye in Oulu, renewed the Kauppila substation in Kangasniemi, expanded a switchyard in Espoo and, in Kontionlahti, implemented a switchyard expansion and added a shunt reactor. In Kemijärvi, we built power lines in the Nuolivaara wind farm project area.

## URBAN DEVELOPMENT AND DESIGN SERVICES

We design roads, streets, bridges and entire areas. We also offer traffic, environmental, geotechnical and rock

construction planning services. We develop cities and construction projects. We offer measurement, survey and quality control services relating to traffic routes and traffic environments.

Our offering includes telematics solutions, such as variable speed, warning and information signs, road weather stations and traffic monitoring cameras.

We build and maintain traffic lights and electric vehicle charging infrastructure. We continued our growth in electric charging services in 2022 and implemented a number of charging systems for buses, commercial enterprises, transport service providers and passenger cars. Examples of the customers include the Helsinki Regional Transport Authority, Helsingin Bussiliikenne, commercial enterprises and taxi operator Menevä.

In design services, we made progress on the tramline project from Kalasatama to Pasila and implemented a number of general plans and construction plans for roads and railways.





## NEW SERVICES

We are known for roads and road maintenance, but we offer comprehensive infrastructure services and develop new solutions to the changing needs of our customers and society. We also offer electric charging and telematics services and artificial intelligence solutions.



### ELECTRIC CHARGING AS A SERVICE

We implement electric charging solutions mainly for professional transport operators, the public sector and companies. Our comprehensive electric charging service consists of the electrical infrastructure, charging devices and their remote management and maintenance. We create customised service packages to suit our customers' needs. In 2022, we implemented several electric charging solutions for bus operators, logistics companies, vehicle manufacturers and taxi companies.



### TELEMATICS FOR THE DEVELOPMENT OF THE TRAFFIC ENVIRONMENT

We are one of the leading builders and maintainers of road telematics in Finland. We offer telematics maintenance and construction services for cities, Fintraffic and industrial operators. The developing traffic environment increases the need for communication between road users and the parties responsible for road maintenance. We use telematics to ensure up-to-date traffic data and information about the prevailing conditions for all parties. Examples of telematics systems that generate data include variable speed, warning and information signs, road weather stations and traffic monitoring cameras.

In 2022, we maintained approximately 300 traffic light intersections in the Northern Ostrobothnia, Kainuu and Vaasa regions.

The telematics business also includes the Liila device for counting the number of pedestrians and cyclists. The data helps maintain statistics on changes in the popularity of routes over the long term. It enables cities to make routes more attractive and to use data on road users in their decision-making as well as share information with road users. The Liila counting device is in use in Oulu and Lahti



## IMPROVING ROAD SAFETY WITH ARTIFICIAL INTELLIGENCE

We also use artificial intelligence to monitor the condition of roads and traffic safety in real time. We provide our customers with services that enable the identification of even minor road damage and changes that need to be addressed. We have developed a damage

detection system that detects, assesses and, using image interpretation, marks road surface damage and locations where gravel roads become difficult to traverse due to seasonal weather conditions.

We also offer the iLiitu service, which is Finland's best-known online traffic safety tool. It is a versatile accident analysis tool that is used to process and compile



accident data across Finland. We use the service to prepare reports and analyses for our customers to facilitate local decision-making to improve traffic safety. The service also provides visual illustrations of traffic accidents over the long term. The data we collect in the service is sourced from the police authorities, rescue authorities and the Finnish Wildlife Agency. The data can be examined in broad overviews and filtered according to accident type, date or the time of day, for example.



## CUSTOMER-DRIVEN QUALITY

We strive for satisfied customers and continuous improvement. We continuously develop our solutions so that our customers can achieve their objectives in a sustainable and competitive manner.

Our harmonised operating methods and the nationwide scope of our operations enable us to deliver uniformly high quality in all of our projects throughout Finland. We ensure customer satisfaction through project management methods as well as through cost-effective and high-quality project implementation. In addition, we choose the best method of execution with respect to safety and the environment, always taking customer-specific needs and requirements into account.

### WE ENSURE AND DEVELOP OUR OPERATIONS WITH A SYSTEMATIC APPROACH

Our project personnel working in accordance with our values is the foundation of our high-quality implementation. They are responsible for quality assurance planning, implementation and timely reporting. We ensure our ability to provide high-quality projects by investing in employee competence and by systematically developing our project management practices.

We use a certified management system and audits to ensure the consistency of our operating methods.

We monitor project implementation through self-evaluation and, for example, through weekly site inspections. We also engage in active cooperation with the public authorities relevant to our business.

The focus of our operational development is on customer work and the systematic processing of audits, observations and non-conformities. Our top management reviews and develops the functionality of our quality management system through management reviews that are implemented as continuous activities throughout the year. Monitoring and anticipating changes in our operating environment and the utilisation of the latest technology ensure our leading position in quality management in the upcoming years as well.

### IDENTIFYING THE NEEDS OF CUSTOMERS AND END USERS

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





## KEY CERTIFICATIONS

Our integrated management system has been awarded the following certifications:

### ISO certificates (Det Norske Veritas)

(cover all of Destia's operations):

- ISO 9001 quality management system
- ISO 14001 environmental management system
- ISO 45001 occupational health and safety system

### Certificates of competence issued by RALA:

- Destia has several certificates of competence in the infrastructure industry issued by RALA and special certificates of competence related to bridge contracting (visit [www.rala.fi](http://www.rala.fi) for more information)

### Certifications in the railway business:

- Fusion welding quality certification in accordance with the SFS-EN ISO 3834-2 standard (Det Norske Veritas)
- Railway operator's safety certificate issued by Traficom
- Traficom-approved training institute for providing supplementary training to railway drivers

### Power lines and substations

- Qualification A issued by Fingrid

### CE marking:

- Our aggregates are CE certified (Inspecta Certification)





# CONTINUOUS IMPROVEMENT MODEL

Continuous improvement is an integral part of our operating model and we also commit to it in our policies. Project managers are responsible for continuous improvement in projects, with all employees participating actively. We systematically analyse and measure our operations. If we observe any deficiencies in operations, we assess implementation options, redesign our operations and monitor implementation.

## CONTINUOUS IMPROVEMENT

<ul style="list-style-type: none"><li>Development ideas and inventions</li><li>Customer feedback</li><li>Audit observations</li><li>Deviation reports</li></ul>		We regularly evaluate process performance and efficiency. We take corrective and preventative measures based on assessments.	
Production of services.	We document observations and deviations on projects and functions.	The division management addresses the business-specific observations and deviations and decides on follow-up actions.	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

Our customer-driven approach produces high-quality services.

- Our goal is to deliver a successful customer experience and provide solutions to the customer's needs.
- We identify the requirements associated with our customers, regulations, the public authorities and our key stakeholders and commit to meeting those requirements.
- We continuously develop our operating practices and engage our employees to participate in continuous improvement.
- We bear social responsibility and use responsible partners.
- We require our partners to operate in accordance with Destia's values and ethical guidelines.

Everyone at Destia is committed to operating in accordance with our jointly agreed practices.





## TOP-LEVEL RESEARCH AND DEVELOPMENT

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



We pursue active and wide-ranging development of our operations, technologies and working methods. This also contributes to the execution of our strategy. We carry out development activities with a practical approach in conjunction with service delivery, but they are structured as projects with centralised management. All of our business 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, we fund and steer the digital professorship for infrastructure at Tampere University.

In 2022, we also shared best practices related to our advanced digitalisation with the Colas Group's country companies.

## DIGITALISATION AS AN ENABLER

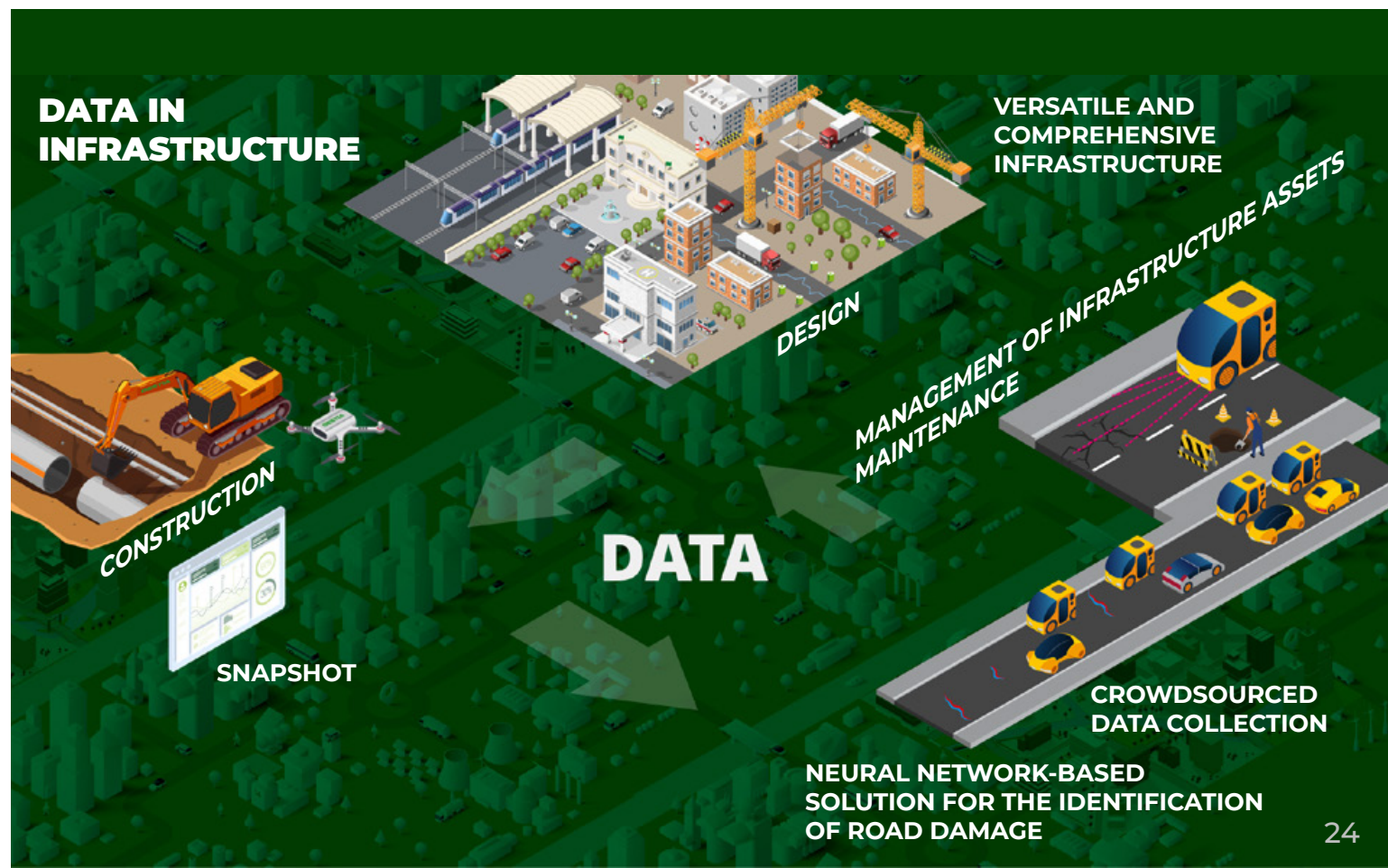
The key focus area in terms of our operations is the development of digital models and production methods utilising them, which enables us to serve our customers in a more transparent and efficient manner. We are an industry pioneer in data model-based construction: digital model-based designs are wirelessly transferred for use in work machines and by the project management of various parties in nearly all of our projects. Digital operating models produce data that we utilise in the various stages of design, construction and maintenance.

The systems we use allow us to monitor project execution and quality assurance in almost real time.

Regular and comprehensive drone footage of sites documents the situation in various phases and, above all, helps plan the work. 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. We produce real-time data on maintenance activities as part of the operations.

All of our maintenance units use mobile data collection to generate up-to-date reports for customers and, increasingly, for 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.







## DESTIA'S FOCUS AREAS IN RESEARCH AND DEVELOPMENT

### DATA MODEL-BASED DESIGN AND PRODUCTION

We use digital data models in construction transparently while collecting information on the actual implementation.

### SMART PRODUCTION MANAGEMENT

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

### DIGITALISATION OF MAINTENANCE

We analyse the condition of roads automatically and use the data in work supervision.

## SMART PRODUCTION

Our development strategy is based on the vision of smart production. It is based on data model-based production, which we enrich through the collection and analysis of unique, real-time production data. This enables us to build a platform that utilizes data analytics to automatically create a comprehensive overview of production for project management and at the company level.

In 2022, we expanded the model-based produc-

tion process and the collection of production data to cover emissions monitoring. Production data monitoring provides information on where and when fuel is consumed, and for what purposes, as well as the progress of work stages and the quality of work.

In the digitalisation of road maintenance, we extensively use new digital solutions. We expanded the digitalisation of road maintenance to also cover CO2 calculations. We introduced new artificial intelligence

solutions for anti-skid treatment. Mobile work supervision helps supervisors, people carrying out the work and customers obtain a better overview of matters related to contract implementation, such as schedules and status reports.

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



# SUSTAINABILITY

We are committed to the comprehensive development of sustainability through our ACT programme. The ACT programme comprises eight sustainability commitments. ACT is short for Act and Commit Together.

Our commitments are as follows:



1. Offer our customers and users solutions that meet the challenges of sustainable development in local communities.
2. Roll out a low carbon and biodiversity strategy to preserve the planet.
3. Promote circular economy solutions to preserve natural resources.
4. Reduce the impact of our activities to bolster acceptability.
5. Attract, develop and retain talent through managerial excellence.
6. Foster a strong health and safety culture to protect lives.
7. Build a responsible supply chain rooted in sustainable performance.
8. Consolidate an exemplary culture of ethics and compliance.





# DESTIA’S SUSTAINABILITY PRINCIPLES



## ENVIRONMENTAL RESPONSIBILITY

- Low carbon
- Circular economy
- Biodiversity



## SOCIAL RESPONSIBILITY

- Health and safety
- Competent personnel
- Inclusivity
- Sustainable development



## CORPORATE SOCIAL RESPONSIBILITY

- Responsible delivery chain
- Sustainable management
- Ethics



## ENVIRONMENT

## THE ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

We build environmentally efficient infrastructure which serves the needs of citizens and businesses as effectively as possible. We take nature values into consideration in our operations and operate responsibly and sustainably. We engage in systematic efforts to improve our eco-efficiency, minimise the environmental impacts of our operations and conserve biodiversity.







**W**e design, build and maintain the infrastructure environments needed by citizens, businesses and society as a whole. Their construction and maintenance are strictly guided by legislation, permit conditions and other regulations because they use up a substantial amount of natural resources during their life cycles.

Regulatory compliance is the foundation for our ecologically sustainable operations. We promote environmental efficiency through an ISO 14001-compliant environmental management system and through separate instructions related to quality and the environment, which take into account practical plans, measures and follow-up. All of our actions related to nature

are aimed at preventing environmental damage and minimising the impacts of our operations. Where possible, we also strive to improve the condition of natural environments.

Our operating principles, practices and goals also apply to all of our partners and subcontractors. We monitor our performance at the project level as part of our customer work.

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

## ENVIRONMENTAL POLICY

Sustainability is part of our day-to-day work.

- We operate in compliance with the UN Sustainable Development Goals and act sustainably in cooperation with our stakeholders.
- Climate change and low-carbon activities guide our choices and operations throughout the lifecycle of our services.
- We observe environmental legislation and regulations in our operations and participate in their development.
- We promote circular economy and the sustainable use of resources.
- We are committed to continuously improving the environmental management system and the level of environmental protection.
- We take biodiversity into account in our operations by actively maintaining and promoting it.

Everyone at Destia takes into consideration the environmental impacts of their actions and commits to protecting the environment.



## LOW-CARBON

- Development of carbon calculation and piloting of low carbon sites

## CIRCULAR ECONOMY

- Recycling of mineral materials and use of recycled materials in construction
- Making more precise use of, and potentially recycling, all construction materials, preventing material waste and the creation of waste

## BIODIVERSITY

- Voluntary conservation of valuable animal and plant species
- Effective post-use management of decommissioned soil and aggregate areas and other sites
- Cooperation with stakeholders

# ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility is one of the components of our sustainability efforts. It is divided into three sub-projects: low-carbon, circular economy and biodiversity.



Our reduction in emissions in 2022, compared to 2020, was 28% for Destia's own direct emissions.

In the low-carbon project, we developed our carbon calculation practices and piloted low-carbon and carbon-neutral construction projects, for example. In the circular economy project, we improved mass coordination and the recycling of mineral materials, and promoted the reuse and recycling of construction materials.

In 2021, we announced our commitment to achieving carbon neutrality in terms of our own emissions by 2030 and being climate positive by 2035.

In 2022, we continued to work towards our carbon neutrality goals. Our reduction in emissions in 2022, compared to 2020, was 28% for Destia's own direct emissions. The annual emissions reduction target of 12.5% was exceeded by a large margin.

We made a number of successful changes to achieve our sustainability objectives in 2022. We invested in the use of renewable energy, incorporated automated CO2 calculations into the tender calculation of construction projects, developed emissions monitoring tools

and begun the electrification of our fleet. We also engaged in diverse cooperation with various parties to identify and adopt lower-emission alternatives for fuels as well as construction materials. We are also continuously developing new solutions to reduce our indirect emissions.

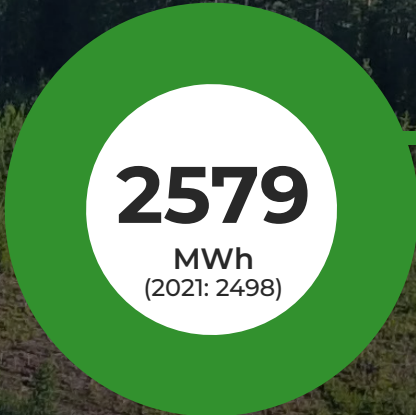
We are committed to reducing indirect emissions from third parties by 30% by 2030, using 2020 as the baseline. These emissions include the greenhouse gas emissions arising from third parties' fuel consumption and the production of concrete, steel and asphalt.

To achieve the goal of climate positivity with respect to the company's own emissions, we will increase the number and size of carbon sinks to sequester more carbon dioxide than we release into the atmosphere. In addition, we will reduce the above-mentioned indirect emissions by 50% by 2035, using 2020 as the baseline.



# DESTIA'S ENERGY CONSUMPTION IN 2022

DESTIA'S OWN ELECTRICITY CONSUMPTION  
(megawatt-hours)



Renewable  
energy sources  
**100 %**  
(2021: 33.1)

Fossil energy  
sources  
**0 %**  
(2021: 29.5)

Nuclear  
power  
**0 %**  
(2021: 37.4)

DESTIA'S  
ENERGY INTENSITY

**279.8**

gigajoules/revenue (€ million)  
(2021: 302.9)

DESTIA'S DIRECT  
FUEL CONSUMPTION

**4.7**

million litres  
(2021: 4.8)

DIRECT GREENHOUSE GAS EMISSIONS  
FROM DESTIA'S OWN ENERGY

**11 531**

tonnes  
(2021: 12,720)

Spruces  
**1400**

Pines  
**6210**

**7610**  
trees  
planted

ENVIRONMENTAL  
OBSERVATIONS

**2080**

(2021: 1445)

REDUCTION IN EMISSIONS

**28%**

compared to 2020





## PEOPLE

## OUR PERSONNEL

It is important for us to attract top professionals, keep them satisfied and enable them to develop their expertise further. Our values – fairness, togetherness, renewal and success – are the foundation for our actions and decisions.

Our leadership promise – “We coach our winning team by being present, giving responsibility, being encouraging, and showing example” – guides the work of our supervisors. We act in accordance with that promise to ensure that our employees have the right conditions for success.

### WE LISTEN TO OUR PERSONNEL

Destia's success is based on our company culture and people. With this in mind, it is important for us to regularly survey the views and perceptions of our personnel.

In 2022, we conducted our second OCAI survey to measure the development of our company culture. In the survey, we asked Destia employees to assess the

current state of our company culture and the direction in which they want our culture to be developed. The trend in the overall results was positive compared to the previous study conducted in 2018. Satisfaction with the current state of the company culture has clearly improved, and the wishes for changes were more moderate than in the previous survey.

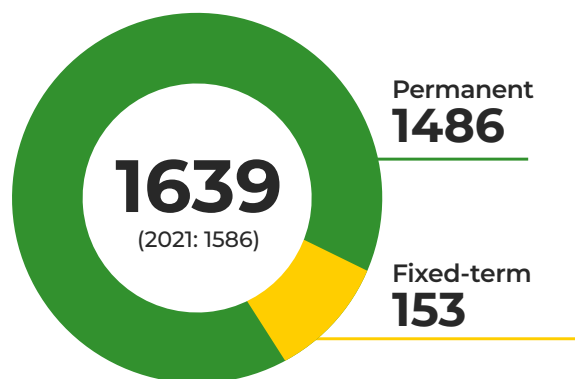
According to the survey, our company culture is well-balanced and our values are fairly well realised in our day-to-day operations.

We collect our employees' opinions and feedback by means of quarterly pulse surveys and a more extensive Destia Spirit personnel survey that is conducted every two years. We carried out a Destia Spirit survey in 2022.

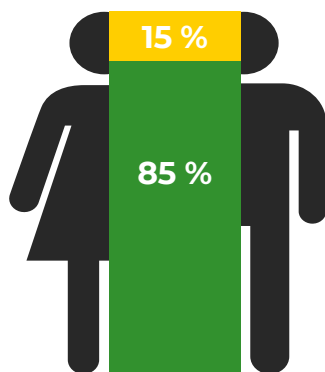


## NUMBER OF EMPLOYEES

31 December 2022



## GENDER DISTRIBUTION



One of the key performance indicators derived from the personnel surveys is the employee Net Promoter Score (eNPS), which came to 37 in 2022 and showed a substantial improvement from 2021 (30).. Based on the results of the Destia Spirit personnel survey, we were recognised as one of Finland's most inspiring workplaces for the third consecutive year.

## WE SUPPORT COMPETENCE AND GOAL ORIENTATION

We support continuous learning among our personnel by means of annual career and competence development discussions that focus on the assessment of performance, competencies and career aspirations in the short and long term. Based on the discussions, a development plan is drawn up to support the achievement of career and learning objectives. We also use 360-degree appraisals in connection with our leadership training activities. The appraisals provide supervisors with concrete input to help them develop their actions and create a development plan.

In addition to career and competence development discussions, we also conduct performance and target review discussions to ensure that each employee is aware of their targets, what those targets are related to, and what actions are expected of them regarding the targets. This provides everyone with the opportunity to have a concrete impact on their remuneration through their performance.

## WE DEVELOP THE COMPETENCE AND PROFESSIONAL SKILLS OF OUR PERSONNEL

Renewal is one of our core values. Accordingly, we encourage our employees to maintain and develop their competence and professional skills. At Destia, we focus particularly on high-quality supervisory work, a coaching approach to management, and the development of project management. We also enable the professional development of our personnel through various training activities aimed at degree qualifications.

Employees in specialist roles have the opportunity to participate in the training programme Shaping the Future, which develops strategic thinking, customer orientation, insight into corporate culture and coaching-style leadership.

To ensure that we can work effectively in the Colas Group's international environment, we commenced enhanced language training activities. In addition, a few Destia employees have already had the opportunity to participate in the Colas Group's international training programmes.

## EMPLOYEE SATISFACTION

# 37

eNPS average in 2022  
(2021: 30)



## TRAINEES AND COOPERATION WITH EDUCATIONAL INSTITUTIONS

As the largest operator in the infrastructure sector, we want to provide trainees with opportunities to apply the skills they have learned and develop into future professionals. Our annual target for the recruitment of trainees is 15% of the total number of personnel. This target was achieved in 2022 with a total of 293 trainees.

We also have an extensive cooperation network with educational institutions and partnership agreements with several institutions. In 2022, we reactivated our trainee cooperation with educational institutions after a couple of quieter years due to the COVID-19 pandemic. This included guest lectures, site excursions and participating in several recruitment fairs to highlight the next summer's traineeship opportunities at Destia. We have also developed our activities related to thesis writing by trainees and updated our thesis-related processes.

## WE ARE A RESPONSIBLE EMPLOYER

Our objective is to be the most sought-after employer among students and professionals in the field of infrastructure. In line with our company's growth targets, we recruited a total of 161 new permanent professionals in 2022.

We were one of the main partners of Oikotie's Responsible Employer and Responsible Summer Job campaigns in 2022, and we participated in Oikotie's Responsible Employer survey for the second time. The survey assessed the extent to which the principles of responsible employment – such as non-discrimination and focusing on supervisory work – are realised at



Destia from the perspective of employees.

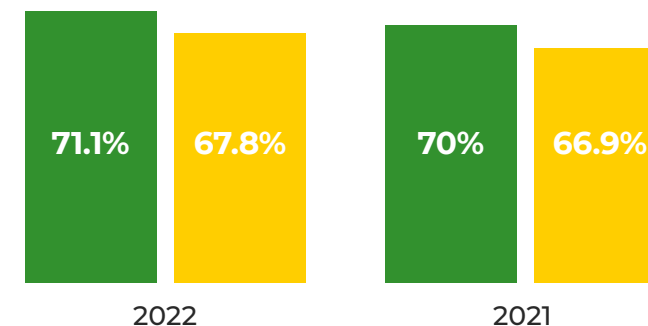
In the survey, we took first place in the category of organisations with over a thousand employees (2021: fourth place). Our sustainability index score was 4.08 (scale: 1–5). This excellent result is evidence of the development achieved in several areas of social responsibility at Destia during the year.

Over the past few years, we have focused heavily on our responsibility as an employer. For example, we have developed responsible and coaching-style supervisory work through webinars and the Supervisory Work Leadership Card 1 and 2 training programmes, which have a strong focus on responsible and coaching-style leadership.

As a responsible employer, we invest in the comprehensive occupational well-being of our personnel and

## LEADERSHIP INDEX

■ Destia  
■ The general norm for Finland



also take our employees' wishes into consideration. For example, in 2022, we added a bicycle benefit to our diverse range of personnel benefits.

In November, we organised our second Praise a Colleague campaign and collected approximately 350 expressions of praise submitted by our employees. The campaign has become well-liked.

During the year, we organised several webinars, with some targeted at all employees and some targeted at supervisors. The themes of the year were focused on mental health and the risks associated with intoxicating substances. We also helped supervisors maintain their disability management competencies through webinars and in-person training activities.

# DESTIA'S VALUES

## FAIRNESS

- 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.

## TOGETHERNESS

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

## RENEWAL

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

## SUCCESS

- 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.







## SAFETY AT WORK

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

## ZERO ACCIDENTS

We always aim for zero accidents at our sites. Through cooperation and the responsible actions of all employees, we aim to guarantee a safe and healthy working environment for everyone who works at Destia sites.

Everyone at Destia is responsible for performing their duties safely and looking after their coworkers' safety. Destia's management sets an example in safety-related matters. We address safety issues without delay.

We comply with legislation and permit conditions and operate in accordance with Destia's ethical guidelines. The management of occupational safety is part of day-to-day management. We maintain awareness of occupational safety management methods in our projects through regular safety briefings that subcontractors can also participate in. We require that our subcontractors commit to the same strict safety standards as we do.

## RISK IDENTIFICATION

Risk identification and assessment starts from the planning phase. We ensure safe work performance through induction training and supervision. In risk assessments specific to work stages, we aim to obtain first-hand information from the employees who have the most practical experience in performing similar work stages. Clearly managed operations ensure a safe framework for the construction and maintenance of infrastructure.

Our safety organisation actively visits work sites to discuss occupational safety and provide guidance regarding problem areas.

We organised safety workshops in our projects in 2022. The idea was to stop for a moment to think about

the risks present in different work stages and how the various parties involved can mitigate them.

In 2022, we updated our safety rules to comply with Colas Group's safety rules. The importance of safety was communicated in many ways throughout the year, for example during Colas Group's safety week in October.

## WEEKLY INSPECTIONS

We use a digital application for conducting weekly inspections. It can also be used to record safety observations and environmental observations. We use weekly inspections to monitor and maintain safety at our work sites. The time it takes to rectify observed deficiencies is one of the most important safety performance indicators and we systematically monitor the implementation time of the measures.

## SAFETY IN 2022

The accident frequency (6.1 accidents/million working hours) decreased slightly from the previous year's level (6.5), but was higher than our target level. In terms of accidents, the year was particularly somber due to one fatal accident. We have investigated each accident and developed safer operating methods based on the findings.

Safety observations provide us with extensive information on safety hazards and risk factors in our projects. The systematic analysis of safety data enables us to address identified risks to prevent accidents. Over 11,000 safety observations were made at Destia in 2022, which corresponds to an average of approximately 6,5 observations per employee.

## OCCUPATIONAL SAFETY

# 6.1

accidents

per million working hours





## OCCUPATIONAL HEALTH AND SAFETY POLICY

A safe and healthy work environment is a shared priority for us.

- We identify and anticipate risks. We manage the risks systematically by taking timely action.
- We take into account individual working methods and the factors arising from the differences in the operating practices between our organisation and our cooperation network (human factors and organisational factors).
- We commit to the goals we set. We develop procedures and tools that enable the achievement of our goals.
- We address problems actively and without delay.
- We operate responsibly in accordance with our values. We expect the same from our stakeholders.
- We ensure our employees' ability to work and work satisfaction with regular monitoring and active development activities.

Everyone at Destia is committed to operating safely and in a manner that promotes collective well-being, taking into account the expectations, requirements and needs of internal and external stakeholders.

## TTT INDEX

Our occupational safety and health organisation conducts TTT index evaluations. The TTT index is an occupational safety and health index that we use to evaluate underlying factors that influence site safety, such as being in a hurry, safety risk identification practices, leading by example and taking a systematic approach to work. By taking such background factors into account, we can influence and prevent the occurrence of accidents and close calls.

## ISO 45001

Our safety management is based on the ISO 45001 standard, which is used in all of our business divisions. We received certification for all our operations in 2022. Together with the ISO 9001 quality management certificate and the ISO 14001 environmental management certificate, Destia's management system constitutes a clearly structured approach.

## EMPLOYEE WELL-BEING

We monitor the work ability and well-being of our personnel systematically and take measures in accordance with our annual plans. We engage in close cooperation with our occupational health care provider and pension insurance company to prevent disability risks. In 2022, we provided training to various personnel groups with regard to early support, psychological well-being and substance abuse.

While there were many cases of COVID-19 among the personnel during the year, sickness-related absences and disability indicators at Destia are at a good level compared to industry averages. Through purposeful work ability management, we have created the foundation for a Destia organisation with a high level of well-being. This is reflected in our personnel as well as the statistics collected by our occupational health care provider and pension insurance company.



## CORPORATE RESPONSIBILITY

## FOCUS ON ETHICS AND COMPLIANCE

Our operations are based on our values, ethical guidelines and the compliance rules of the Colas Group. They create a consistent foundation for our decision-making and operations. Our compliance rules cover topics including anti-corruption, conflicts of interest and competition law.

Adherence to our shared rules is everyone's responsibility. To this end, our organisation offers online courses and training activities on compliance themes, for example. We also require our contracting partners to adhere to corresponding ethical operating practices.

We have Destia-level and Group-level whistleblowing channels for reporting violations of our compliance rules and other misconduct. Persons submitting whistleblowing reports can choose to identify themselves or remain anonymous. We use the whistleblowing channels to increase transparency and openness in our organisation.

We update our shared rules and operating practices in accordance with legislation and societal development. We also regularly assess our compliance processes, the risks concerning our organisation and operations, and the measures required to address those risks.





# SUSTAINABLE AND RENEWAL-ORIENTED PROCUREMENT

We carry out most of our projects in cooperation with professional subcontractors and suppliers of materials. Sustainability is part of our day-to-day work, and ensuring sustainability is everyone's responsibility at Destia.

We continuously develop and renew our operations to improve our competitiveness and ensure quality. We engage in long-term cooperation with our partners with the aim of continuous improvement, high-quality end result and customer satisfaction. Indeed, we are a highly valued partner among subcontractors and suppliers of materials. We want to maintain the position we have achieved while continuing to improve our competitiveness.

## SUSTAINABLE INTERNATIONAL PROCUREMENT

As part of the Colas Group, we are increasingly shifting our procurement activities to the international markets. We can take advantage of the existing global procurement channels of Colas, which presents new challenges with regard to ensuring sustainability. In addition to compliance with Finnish legislation and regulations, we require all of our partners to observe international human rights as well as adhere to Destia's safety and environmental policies. We do not compromise on these requirements under any circumstances.

We take a zero tolerance approach to preventing the grey economy. All of our subcontractors must be registered with the Reliable Partner service maintained

by Vastuu Group. In addition, we identify the owners of companies and determine their risk category with the help of a partner. This enables us to ensure sustainability throughout the chain, extending all the way to the owners.

Each year, we purchase a substantial quantity of materials, supplies and other products from Finland and abroad. Our most significant procurement items include concrete and steel products and road salt.

The aggregate assets we own help ensure our competitiveness and our service production capacity.

In material procurement, we ensure quality through audits and continuous quality monitoring in our projects. We only use high-quality materials that meet customer requirements as well as regulatory standards.

## CONTINUOUS IMPROVEMENT THROUGH COOPERATION

The goal of continuous improvement is an integral aspect of our operations. We work together with our subcontractors to find new and more efficient ways of implementing projects and improving their management. We treat all our subcontractors equally and respect each other's work. Sustainable procurement contributes to the success of our projects.

OUR TOTAL VOLUME OF PROCUREMENT  
FROM SUBCONTRACTORS IN 2022

# 437

€ million  
(2021: 418)







# DESTIA

A COLAS COMPANY

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