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Destia is a Finnish service company in the infrastructure and construction sector. We design, build and maintain not only traffic routes, railways and traffic and industrial environments but also complete living environments. Our services cover subterranean construction, extensive overground operations, energy and engineering construction.

Our customers include industrial companies and commercial enterprises, cities and towns, and government organisations. Our comprehensive network of offices in Finland ensures that we are always close to the customer.

Destia is a company of experts, where people enjoy a supportive atmosphere and the greatest opportunities in the infrastructure sector to make use of and develop their competence. With our diverse expertise, we create the conditions for safe and smooth traffic, building the bigger picture, piece by piece.

In 2016, Destia’s revenue was MEUR 493.2 and the number of personnel was 1,492 on average.

Destia’s wide range of services covers the entire infrastructure life cycle from design to implementation and maintenance. Thanks to our diverse expertise, we can carry through subprojects or large projects in their entirety on the turnkey principle.

DESTIA IN BRIEF

BUILDING THE BIGGER PICTURE IN FINLAND WITH CENTURIES OF EXPERIENCE

Destia’s history goes back over 200 years, to the Royal Finnish Rapids Clearing Committee established by Gustav IV Adolf of Sweden. The operations have been extended over the centuries to cover the building, repair and maintenance of the road network, bridges, railways, harbours, ferries and telegraph lines. Destia has always played a key role in building Finland’s infrastructure. We are determined to create a better and more functional Finnish society today and in the future.

Destia is building the bigger picture in Finland to ensure that the makers of the future have a strong foundation and open routes to wherever they wish to go.
Favourable market conditions promoted Destia’s growth

The Finnish economy showed signs of recovery after an extended recession. The positive trends in the construction and infrastructure markets strengthened during the year. This contributed to an increase in our revenue and operating profit. Our order book remained at a good level. We took significant steps in implementing our strategy and strengthened our position in the spearheads of our growth. Our strong investments in the development of customer work also performed favourably. Our substantial investments in employee competence and occupational safety also produced good results.

<table>
<thead>
<tr>
<th>Key figures (IFRS), MEUR</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>493.2</td>
<td>462.8</td>
</tr>
<tr>
<td>Operating profit</td>
<td>14.1</td>
<td>12.9</td>
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<tr>
<td>% of revenue</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Result for the reporting period</td>
<td>5.7</td>
<td>6.7</td>
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<tr>
<td>% of revenue</td>
<td>1.2</td>
<td>1.5</td>
</tr>
<tr>
<td>Return on investment, %</td>
<td>11.1</td>
<td>9.4</td>
</tr>
<tr>
<td>Earnings per share, EUR</td>
<td>50.13</td>
<td>56.14</td>
</tr>
<tr>
<td>Equity ratio, %</td>
<td>33.5</td>
<td>31.2</td>
</tr>
<tr>
<td>Net gearing, %</td>
<td>35.3</td>
<td>32.6</td>
</tr>
<tr>
<td>Average personnel</td>
<td>1,492</td>
<td>1,505</td>
</tr>
<tr>
<td>Accidents resulting in absence *</td>
<td>5.9</td>
<td>7.6</td>
</tr>
<tr>
<td>Order book at the end of the reporting period</td>
<td>708.0</td>
<td>717.4</td>
</tr>
</tbody>
</table>

* Accidents per one million working hours, the figure covers Destia Ltd’s and Destia Rail Ltd’s services.
Destia’s key events in 2016

JANUARY
26/1 Destia signs contracts for bridge repair in the Uusimaa region, as well as for bridge maintenance with Uusimaa Centre for Economic Development, Transportation and the Environment (ELY Centre) and the City of Vantaa.

FEBRUARY
19/2 Destia is involved in the development of central Tampere.

MARCH
2/3 Kt51 Länsiväylä motorway, Länsimetro connections construction site wins third place in a regional occupational safety competition in Uusimaa.

22/3 Acquisition of majority interest in ITS-Vahvistus, a company specialising in foundation, engineering and rock construction, with the name of the company changed to Destia Engineering Oy.

23/3 Destia is awarded a contract to design the new railway terminal in Kouvola.

APRIL
1/4 Destia is selected as the main contractor for the container wharf extension project at the Port of Rauma.

7/4 Contract awarded for the construction of the Viiskulma roundabout in Äänekoski.

8/4 Destia’s construction sites were selected as the safest infrastructure construction sites of 2015 in overground construction.

18/4 A consortium led by Destia wins excavation contract for the Espoonlahdi station and track in the Länsimetro project.

JUNE
13/6 Destia strengthened its railway business with a new universal tamping machine.

26/7 Renovation begins at the historic Hakkiila bridge in Vantaa.

JULY
16/8 Contract signed for the Main road 14 Laitaatsalmi project.

18/8 Contract signed for the Pohjois-baana construction project in Helsinki.

SEPTEMBER
12/9 The best dissertations honoured in Destia’s annual infrastructure dissertation competition.

OCTOBER
7/10 Destia’s Winter Maintenance Management Centre celebrates its 25th anniversary.

18/11 Destia becomes the market leader for railway maintenance, when it is chosen for the maintenance on the Ostrobothnia track (maintenance area 9).

18/11 Destia’s work to create an alternative habitat for the Chequered Blue butterfly at an excavation site in Lohja is recognised in a sustainable development competition organised by the European Aggregates Association UEPG.

DECEMBER
12/12 Destia starts cooperation with the Saimaa University of Applied Sciences.

21/12 Destia redeems the EUR 65 million bond for the full outstanding amount and is delisted from Nasdaq Helsinki.
A positive year in a recovering market

For Destia, 2016 was better than the previous year. The construction industry boosted the entire Finnish economy. In late 2015, the infrastructure market showed slight signs of recovery after a period of long economic downturn, and this positive trend strengthened in 2016. This had a favourable impact on Destia’s revenue development. Market recovery also contributed to securing our order book, and we managed to keep the order book at a good level. Despite the increasing overall demand, the competitive situation remained challenging due to intense competition for tenders.

Large road projects requiring special expertise and infrastructure maintenance constitute our core business. In the first quarter of 2016, we made an acquisition that strengthened our expertise in foundation, engineering and rock construction. The acquisition supports Destia’s service portfolio and helps us reach our strategic objectives. It allows us to serve our customers more diversely in providing demanding infrastructure solutions. Our competence and strong team spirit have been noticed outside of the Destia organisation as well: our professionals are cooperating across unit boundaries in a growing number of projects.

Destia’s strategy extending until 2022 is divided into three three-year operating periods. The year 2016 marked the end of the first three-year operating period. Of our key areas of growth, railway construction and maintenance as well as rock construction strengthened their market positions as planned during the period. In railway maintenance, we exceeded our target and we are now the market leader. The goal now is to consolidate our position in these growth spearheads. In energy infrastructure, we are continuing our efforts to achieve the market position we are aiming for.

Our strong investments in the development of employee competence, customer work and occupational safety have yielded good results. We have made progress towards realising our vision of being the preferred choice for our customers and number one in the infrastructure sector.
Our investments in customer work are evident, first and foremost, in the improvement of customer satisfaction. High quality is guaranteed by our consistent and responsible way of working. Our quality, as every other aspect of our operations, is built on safety. We have taken a determined approach to developing our occupational safety. We achieved an excellent level of occupational safety during the year: 5.9 occupational accidents per million working hours.

**Determined Business Development to Continue**

The infrastructure sector is facing great changes. Changes in our operating environment, urbanisation, climate change and, in particular, questions of responsibility concerning the environment and safety create opportunities for growth for us. We respond to these changes and opportunities by utilising and developing our strong service package, vast expertise and operating practices.

During the year we continued and launched several development projects that will harmonise our operating practices and create a foundation for profitable growth. The most significant of our development projects is the ERP project, which involves increasing our operational efficiency and improving our competence through the digitalisation and automation of our processes. The opportunities presented by digitalisation will help us increase the efficiency of our production operations. As an industry pioneer, we have engaged in the strong development of information model-based design and production as well as work machine automation. Digitalisation is also making the industry more attractive to the younger generation.

Much like the rest of the construction industry, we will face a growing shortage of competent professionals in the coming years. Destia is strongly involved in increasing the number of new professionals in the sector by offering interesting challenges to graduates and students throughout the entire life cycle of infrastructure.

Last summer, Destia employed a record number of more than 200 trainees and summer workers. The company’s safe and wide-ranging work environment also arouses more extensive interest among future experts: Destia was one of the climbers in 2016 when students of technology and natural sciences ranked Finland’s most attractive employers in a survey. Our ranking improved by 40 places from the previous year.

Our trainee programme has proved to be our best recruitment channel. We now fill 70% of our vacancies for permanent positions in technical roles with professionals who have completed our in-house trainee path.

**Thank You for 2016**

I want to take this opportunity to thank our customers, subcontractors, owner and other partners for their confidence in us. I look forward to continuing this successful cooperation in 2017.

I also want to thank all of Destia’s professionals for the past year. Your fairness, boldness, skills and commitment have helped move Destia forward. We are well positioned to continue building the bigger picture in 2017.

Hannu Leinonen
President and CEO
High-quality total solutions in response to customer needs

ROAD CONSTRUCTION
We carry out large and demanding, as well as smaller local road and street projects, with a high level of professionalism and decades of experience. Large road projects requiring special expertise are among our core competencies. We implement projects using various contracting models. Our comprehensive range of services allows us to manage not only the design and implementation of roads and streets, but also their maintenance.

FOUNDATION AND FIELD ENGINEERING
We build the demanding infrastructure foundation structures using the latest technology in the field. We are already using model-based production at some 50 sites every year. Our demanding foundation engineering services include fortification of excavations, groundwork, concrete structures, deep stabilisation, pile driving, as well as fortification and repair of foundations and ground structures including load-transferring structures.

ENGINEERING CONSTRUCTION
The construction, maintenance and repair of concrete structures such as bridges, water towers, multi-storey car parks and piers are our fields of expertise. We maintain and service most of Finland’s bridges and we also have considerable experience in the restoration of aqueducts, railway bridges and museum bridges. In engineering construction projects, we use the sector’s latest methods and equipment, which we are also continuously developing.

ROCK CONSTRUCTION
Together with our broad partner network, we plan and construct tunnels and underground facilities, and complete open pit mining to underground mining as well concrete structures from reinforcement and compaction to rock facility fittings. Underground construction continues to grow in popularity in growth centres, and other projects also increasingly include the construction of tunnels.

ENERGY INFRASTRUCTURE
We are a national operator in energy construction. In investment and line construction projects, Destia can take responsibility for parts of the project or implement the entire project on the turnkey principle. We offer services in the construction, renovation and design of electricity distribution networks, lighting, district heating networks, natural gas networks and wind farm projects.
MAINTENANCE
Our maintenance services cover the winter maintenance of traffic routes and the living environment, as well as the maintenance of gravel roads, bridges and the traffic environment in general. Our high-quality operations are based on the high-quality weather and road weather forecasts produced by Destia’s Winter Maintenance Management Centre, experienced personnel, and sophisticated working methods and equipment. With timely operations and efficient working methods, we create the conditions for safe and smooth traffic around the clock, all year round.

RAILWAY CONSTRUCTION AND MAINTENANCE
Our railway services cover the entire life cycle of railway maintenance throughout Finland. Our railway work varies from demanding superstructure contracts over many kilometres to smaller bridge, culvert and mass changing works. We are responsible for more than half of the 12 maintenance areas in Finland’s network of railway tracks.

AGGREGATES
We have about 300 soil areas around the country. Destia offers high-quality aggregates needed in the construction of roads and buildings, as well as for concrete products and all types of surfacings. Our nationwide sales and supply network enables us to deliver CE certified aggregate to any location in the country. It is very important to take the environment into consideration in providing aggregate, and we comply with the ISO 14001 environmental system.

DESIGN
Our expertise in infrastructure design is wide and comprehensive: we carry out road, street, railway and regional planning as well as traffic, environmental, geo-technical, bridge and rock construction planning related to infrastructure projects. We also offer services for international consulting projects. In our planning, we utilise the opportunities presented by digitalisation, and we are already using information model-based planning in most of our projects.

ROAD NETWORK SURVEYS
We are the leading supplier of analysis, survey and quality control services relating to traffic route and environment investments in Finland. Our specialists are the most experienced in the country in analysing road condition and traffic. Our highly competent employees, diverse analytical equipment and testing methods and extensive cooperation network ensure the success of even the most demanding analysis and survey assignments. We also offer services for international consulting projects.
Our core business comprises large road projects and infrastructure maintenance requiring special expertise. Human resource development is one of our strategic areas of focus. In that, we are particularly investing in the development of customer work. Our strong expertise and the Destia spirit, our harmonised, ethically sustainable and responsible way of doing business, form the firm foundation for the implementation of our strategy.

CORPORATE RESPONSIBILITY AS PART OF DESTIA’S STRATEGY
Our aim is to be the number one choice for our customers and number one in the infrastructure sector in Finland. Putting our strategy into practice requires responsible actions from us, our partners and those working with us. The corporate responsibility programme guides our day-to-day corporate responsibility work and leadership. The underlying themes of our strategy are the Destia spirit, ensuring the right conditions and winning on the market. Securing strong operating conditions covers a wide range of significant themes related to people and the environment. We endeavour to win markets through innovative and strongly customer-driven activities.

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STRATEGY AND TARGETS

Profitable growth by winning market share
The key target of Destia’s strategy for 2014–2022 is to achieve profitable growth on the infrastructure market through excellent customer work and making use of the company’s own expertise.

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

OUR MISSION:
Building the bigger picture
We at Destia build, maintain and design our living environment so that it is efficient and safe. We create advanced solutions and services with great professional skill, utilising the latest working methods in the industry.

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

OUR VALUES:
Achieving goals fairly, boldly and skilfully
Our operations are based on fairness, boldness and skill, and through these we achieve our goals. We are fair with our customers, partners and each other. We create responsible infrastructure solutions with boldness and skill, building the bigger picture, piece by piece.
STRATEGIC DEVELOPMENT DURING THE PERIOD 2014–2016

We have divided our strategy into three three-year business planning periods. Destia’s business operations developed in line with the strategy during the first of these periods, from 2014 to 2016. Of the growth spearheads for the past period, railway construction and maintenance as well as rock construction strengthened their market positions. In railway maintenance, in particular, we exceeded our target: we are now the market leader and responsible for more than half of the railway network maintenance contracts in Finland. In energy infrastructure, we achieved growth in maintenance and created the foundation for growth in construction.

The order volume and customer satisfaction of private sector customers increased, reflecting the success of our efforts to develop our customer work and sales. The number of projects implemented with Destia solutions and comprehensive services also increased, with several of our different services now being comprehensively utilised in many projects. Contracting models in the industry have developed, and the number of Destia’s projects carried out using the alliance model increased during the period.

We strengthened our pioneering role in model-based design and production as well as work machine automation. We utilise model-based production automation in almost all of our projects. We streamlined our offering by divesting our survey, drilling and laboratory services and making an acquisition that strengthened our expertise in demanding foundation and engineering construction.

Our strong investments in developing employee competencies and occupational safety also yielded good results. Based on our personnel, our managerial work has improved each year and our trainee programme has progressed according to the targets set for it.

Operating period 2017–2019

Destia’s focus areas of strategic growth in the coming three-year period are the strengthening of profitability, personnel development, ensuring the prerequisites for efficient production, for example by digitalising operations, and the strengthening the market position in the capital region.

OUR FINANCIAL TARGETS FOR THE 2017–2019 OPERATING PERIOD:

- Average revenue growth of 4% per year
- Operating profit (EBIT) ratio over 4%
- Return on investment 15%
- Equity ratio 35%.
OPPORTUNITIES PRESENTED BY MEGATRENDS

A pioneer in a changing operating environment

Efficient traffic solutions and well-kept roads for better safety and traffic flows
Attractive and accessible urban environments
Underground construction as a solution for the shortage of space in cities
Renewable energy solutions
Infrastructure systems that withstand extreme weather conditions
Railway traffic to prevent congestion and reduce the burden on the environment
Efficient, environmentally friendly, reliable energy infrastructure

The Finnish infrastructure and construction sector is currently in a period of major changes. Destia is constantly developing its operations and services to respond to the needs of a rapidly changing world. Piece by piece, we create a more efficiently functioning society and the conditions for safe and smooth movement. In all our operations, we consider the welfare of the environment and the safety of our own personnel and that of society as a whole. Our service portfolio, vast expertise and operating practices create a solid foundation for growth, created by the trends in our operating environment.

WE BUILD EFFICIENT URBAN ENVIRONMENTS

Urbanisation is creating the need to develop infrastructure. Of the Finnish infrastructure market, nearly 60% is now in the sub-regional units of the six largest urban areas. Our work in cities takes place in densely built environments, where the terrain for construction is often difficult and local traffic volumes are high. We design, build and maintain roads and streets to ensure accessible and smooth transport. We create tunnels and underground facilities, such as parking areas, goods and freight stations and civil defence shelters, bringing more space to congested urban environments. Working in urban environments also requires a high level of diverse technical expertise in engineering construction. The construction, maintenance and repair of concrete structures such as water towers and railway bridges and multi-storey car parks are among our fields of expertise. We maintain and look after most of the bridges in Finland. In traffic solutions, congestion prevention and environmental aspects favour an increase in rail traffic. Our expertise in the railway business covers the entire life cycle of railway maintenance throughout Finland, from planning and design to maintenance.

WE DEVELOP INFRASTRUCTURE SYSTEMS THAT WITHSTAND EXTREME WEATHER CONDITIONS

Climate change demands the development of infrastructure systems. They must be capable of adapting to changing and extreme weather conditions, such as high heat and heavy rain. We modernise old energy networks and take them underground to safeguard the security of supply. We also develop our foundation...
and field engineering solutions and maintenance services in response to the new needs created by extreme weather.

WE INVEST STRONGLY IN SAFETY
Increased environmental awareness and international environmental agreements are reflected in the development of responsibility and sustainability in business operations as well as communications concerning responsibility. Ensuring safety during construction and end use is the starting point in all our road construction projects. Our planning and consulting services cover traffic safety planning services from regional plans to preliminary surveys and traffic safety assessments of the plans. We also have long term experience of analysing road conditions and traffic. We have a wide range of measuring equipment and test methods at our disposal, producing reliable information on the current state and future needs of the road network.

Construction site safety is a key element of our social responsibility. We aim to guarantee safe and healthy working conditions for all of our employees and subcontractors working at our sites. We set targets related to safety and monitor their achievement using various indicators.

WE TAKE CARE OF THE WELFARE OF THE ENVIRONMENT
Efficient infrastructure serves the needs of citizens and companies but is also environmentally effective. Our aim is to minimise the environmental impact of our own operations and solutions, and to constantly improve resource efficiency, material efficiency and energy efficiency. In order to achieve this goal, we have developed solutions, for example, for the protection of groundwater, the conservation of rivers and streams and reducing the electricity consumption of roads. Efficient operations also reduce the load on the environment: we are a pioneer in utilising work machine automation. The aim is to boost the performance and precision of work and to reduce material waste.

WE OFFER SOLUTIONS FOR THE NEEDS OF AN AGEING POPULATION
As life expectancy increases and the birth rate declines, the average age of the population is rising. An ageing population needs accessible and safe living environments, and we develop different types of solutions to preserve and build them. Alongside our regional road-maintenance contracts and the Winter Maintenance Management Centre, we are developing services to support safe traffic and to improve the availability of goods and services in sparsely populated regions, where ageing is a special problem.

CREATING A NEW CITY DISTRICT
The new Kalasatama district is being created by the sea, close to the heart of Helsinki. Destia’s employees and subcontractors are kept busy by excavation work as well as the construction of foundations on solid rock as well as access tunnels. In addition, Destia's contract covers enforcement work for the entire excavation, the construction of the metro bridge and moving the bridge, the demolition of Itäväylä and the construction of a detour bridge and diversion.
We build the bigger picture

Destia designs, builds and maintains not only traffic and industrial environments but also complete living environments. The company’s operations have a significant impact on the society, the environment and the company’s stakeholders, making our field of corporate responsibility multifaceted.

Our corporate responsibility work is based on Destia’s mission, vision, values and strategy. Our values define that we strive to achieve our goals fairly, boldly and skillfully. Our vision of being the number one choice for our customers and the number one in the infrastructure field in Finland requires responsible operations, both from us and from those who work with us.

In corporate responsibility reporting, we follow the Global Reporting Initiative (GRI) reporting guidelines and their G4 version at the core level.

CORPORATE RESPONSIBILITY PROGRAMME AND ETHICAL GUIDELINES GUIDE THE IMPLEMENTATION OF RESPONSIBILITY

Destia’s corporate responsibility programme and ethical guidelines guide the implementation of responsibility in day-to-day work and management. The corporate responsibility programme is based on the themes fundamental to responsibility as outlined by us and our stakeholders. The ethical guidelines describe the operating principles accepted in our com-

Essentiality chart presenting Destia’s corporate responsibility

Corporation's corporate responsibility programme and ethical guidelines guide the implementation of responsibility in day-to-day work and management. The corporate responsibility programme is based on the themes fundamental to responsibility as outlined by us and our stakeholders. The ethical guidelines describe the operating principles accepted in our corporate office. Our values define that we strive to achieve our goals fairly, boldly and skillfully. Our vision of being the number one choice for our customers and the number one in the infrastructure field in Finland requires responsible operations, both from us and from those who work with us.

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company, which create a common basis for our decision-making and operations. Our common operating principles define the Destia spirit: our shared ethically sustainable and responsible way of doing business.

The form and significance of stakeholder engagement are determined by the nature of Destia's business operations and value chain.

ESSENTIALITY CHART REFLECTS CORPORATE RESPONSIBILITY AS A WHOLE

Our corporate responsibility efforts are guided by the essentiality chart generated by combining the views of Destia's own professionals with those expressed in stakeholder dialogue. It is our primary tool for formulating and managing corporate responsibility policies, and it serves as the foundation for our corporate responsibility programme and its development.

The aspects of our corporate responsibility considered the most important are located in the upper right section of the chart. They constitute the key content of our corporate responsibility and GRI reporting, and we annually set targets, measures and indicators for them.

CLOSE INTERACTION WITH STAKEHOLDERS

Destia designs, builds and maintains traffic and industrial environments. We are part of a value chain that comprises a large group of players and stakeholders. The vital interaction takes place between us and our customers. Many of our projects have a direct impact on the everyday life of the infrastructure users as well as the people and businesses in the vicinity.

Our stakeholders

CUSTOMERS AND CLIENTS
Our customers include government organisations, municipalities, cities, industrial enterprises and other businesses. A significant part of our stock of contracts consists of long-term projects and service contracts with both the public and private sectors.

OWNER AND FINANCIERS
Our goal is to increase our shareholder value.

PERSONNEL
Our skilled and motivated personnel serve our customers and infrastructure users daily all over Finland. Human resource development is one of our strategic areas of focus.

SUBCONTRACTORS AND PARTNERS
We work with thousands of suppliers every year. Our procurement operations are mainly with local service providers. In our operations, we make use of a network of reliable suppliers.

INFRASTRUCTURE USERS, NEIGHBOURS
We pay particular attention to the safety of and communication with the users of the infrastructure and the multitude of people living and working in our vicinity.

AUTHORITIES
In our field of business, quality, safety and environmental aspects are some of the key elements considered in providing services. We comply with the general requirements as set out in the legislation and the special requirements of each project or service contract.

DECISION-MAKERS
Infrastructure is an essential element of Finland’s success and smooth everyday life. Political decision-makers contribute to creating the operating environment in which we offer our services nationwide. Public spending is controlled through transparency and strict rules for competitive tendering. We do not support any political parties.

RESPONSIBILITY IN ACTION: MAIN ROAD 5, MIKKELI

The contract comprised road improvements and the construction and renovation of bridges and junctions, but environmental considerations also played a significant role. The project involved extensive groundwater protection measures, as the City of Mikkeli uses a nearby groundwater area for the municipal water supply. The project was completed largely ahead of schedule in 2016.
Creating prosperity for stakeholders

Destia’s mission is to build the bigger picture, so naturally our operations have wide-ranging impacts. Our financially responsible operations aim to generate well-being through the creation of sustainable added economic value. We develop and deliver high-quality services for our customers. By selling them profitably, we can respond to the owner’s profit expectations through a good return-on-investment ratio and a healthy equity ratio.

We also want to provide jobs, create financial well-being for various stakeholders by means of our procurement and investments as well as ensure that taxes and tax-like liabilities are paid. For us to be able to achieve these targets, our business needs to grow, show a profit and be cost-effective. Moreover, it is typical of the infrastructure and construction sectors that satisfying customer needs and creating financial well-being for stakeholders require perseverance from companies.

In the construction industry, the concept of financial responsibility also means that companies are responsible for ensuring that customers receive the services and structures that they need at the agreed price and quality and on schedule. Throughout the entire life cycle, the infrastructure created must be able to meet the changing needs of its users.
Customer driven activities and responsibility as the cornerstones of operations

Destia has a key role in the Finnish society. Thanks to our large service portfolio and an extensive network of offices, our operations affect the lives of nearly all Finns. We design, build and maintain not only traffic and industrial environments but also complete living environments. In the production of services, we make use of the most advanced work methods and the opportunities afforded by digitalisation.

Customers are the foundation for everything we do in producing our services. This involves keeping customer promises and implementing services following the objectives set, in an efficient, high-quality and economic fashion. Customer surveys show that our services are considered of high quality and we are seen as a reliable operator, that also participates in the further development of the entire field.

Responsible methods are part of our everyday project operations. We pay special attention to the transparency of our operations, and we have zero tolerance for misconduct.

Destia’s services are comprehensively certified. We hold the international combined ISO 9001 and ISO 14001 quality and environmental certificate, covering all of Destia Ltd’s and Destia Rail Ltd’s services, namely infrastructure construction, infrastructure maintenance, consulting, aggregates and railways services. Our operations fully comply with the certification requirements, by which we can ensure for our customers and other stakeholders that the operations are of top quality and take environmental aspects into consideration. In addition, our operating practices comply with the OHSAS 18001 occupational health and safety standard.

In corporate responsibility reporting, we follow the Global Reporting Initiative (GRI) guidelines and their G4 version at the core level. The GRI content index is part of our annual report.
Reliable partner customers’ preferred choice

Destia aims to be the preferred choice of its customers as well as a pioneer in its industry. We want to be a trusted partner for our customers, one they turn to whenever they need a reliable and diverse expert in the infrastructure and construction industry. We also want to be the most attractive partner for our entire cooperation network. The aspiration to high customer satisfaction is laid down in Destia’s strategy, and it is also a starting point for the company’s responsible operations.

AIMING FOR SATISFIED CUSTOMERS
Customer satisfaction is one of the key indicators of the success of our operations. Its development is monitored systematically, and clear project-specific and Group-level objectives have been set for it. We carefully analyse the customer feedback we receive and, on that basis, we take the necessary development steps, on which we also report internally.

Our key indicators of customer satisfaction are the quarterly-reported project feedback and the net promoter score, which is calculated once every two years. In 2016, on a scale of 1 to 5, project feedback remained on a par with the previous year at 4.0 (4.0 in 2015). The survey that Destia uses to determine its net promoter score is conducted once every two years. The next survey will take place in 2017.

In 2015, the net promoter score was 12. Improvement in customer satisfaction is linked to our strategic indicators.

Based on the feedback we receive from customers and partners, our stakeholders expect from us above all responsible operations, adhering to the terms set out in contracts, innovation and a successful service package.

YES WE CAN
We believe that the job satisfaction of our personnel plays a crucial role in customer satisfaction. Accordingly, we annually measure the satisfaction of our employees with their job, supervisor, work community and the company as a whole.

We pay particular attention to the service attitude of our personnel. Encouraging the adoption of a ‘Yes, we can!’ attitude and encouraging employees to listen to the customers and resolve their challenges are important elements of the development of customer work and project management. At the core of the Destia spirit is the principle of doing patient and good work honestly and fairly – always taking the customer’s perspective into consideration.

GOOD MAINTENANCE ENSURES SMOOTH OPERATIONS AT THE STEEL MILL
Destia has been responsible for the maintenance of outdoor areas at the Raahe steelworks for 15 years. Timely and effective maintenance ensures that the production facility can operate without disruptions and it also contributes to the workplace safety of the more than 2,200 people who work there. All this requires a partner that is able to adapt, and Destia is perceived as a reliable and flexible partner.
Safety at the centre of all operations

Destia wants to guarantee safe and healthy work conditions for all its employees and subcontractors working at its sites, and also takes care of the traffic safety of road users. Safety is a key element of our social responsibility and our aim in all our operations.

In recent years, our occupational safety has clearly improved and this good trend continued in 2016. The accident frequency, or the number of workplace accidents leading to at least one day of absence per one million working hours, dropped to the record low figure of 5.9 (7.6 in 2015), the figure covers Destia Ltd’s and Destia Rail Ltd’s services. Some 7.3 work days were lost due to sickness or accidents per person year, meaning the sickness absence rate was 2.9%.

THE PRINCIPLE OF PLANNING FROM GENERAL TO SPECIFIC ENSURES PROJECT SAFETY

Our business operations are project-based, and they are typically carried out at different sites and in varying conditions. We strive to ensure safety at the sites in accordance with the principle of planning from general to specific. This means that, in addition to our common safety procedures, all safety matters related to a project are first examined from the perspective of the entire project and then specified in more detail for each phase of the project.

Because many of our projects are carried out along traffic routes, traffic safety is a particular priority for us. Safety is ensured with properly planned and implemented traffic arrangements at the sites for the benefit of vehicle traffic and employees. If necessary, these arrangements also cover rail traffic. In maintenance work, traffic safety is ensured by, for example, marking the fleet clearly and performing the work at appropriate times.

SAFETY MONITORED CLOSELY AND MEASURED WITH PRECISION

Quarterly, the measures related to occupational safety and the allocation of the related responsibilities are decided on by the Occupational Safety Committee chaired by Destia’s President & CEO. The Occupational Safety Committee is also responsible for monitoring the measures affecting occupational safety; the responsibility for imple-
menting these measures, however, lies with the line management. Safety issues are processed regularly by our management teams and reported on a monthly basis.

Four times a year, all our staff are sent a safety bulletin, which contains topical messages from the Occupational Safety Committee, follows the development of the key figures related to safety, discusses accidents and safety observations that have taken place, and gives advice on how to avoid accidents.

In 2016, the development of occupational safety was supported particularly through communication. The communications related to the on-site safety sessions were enhanced with animated videos that highlighted a current topic related to occupational safety each month. Destia also boosts occupational safety through remuneration. Periods of 120 consecutive days with no accidents leading to sick leave are rewarded with a no-accident bonus at the operational business unit level. The Group also gives out an annual “Safest Operator” award to the business unit that achieves the best result in occupational safety.

**COMPULSORY ONLINE INDUCTION OFFERS BASIC INFORMATION ABOUT SAFETY ISSUES**

In the construction business, the careful induction of employees in their jobs and work locations is particularly important, as people must be able to perform their work safely. In a variety of ways, we ensure that all those working at our sites are familiar with our safety principles.

Before starting work at a Destia site, all Destia personnel and subcontractors’ personnel are required to complete an online induction course that provides the fundamentals on our company and its approach to management and safe work. In addition to our permanent staff, all our summer workers also participate in induction events that cover the principles of safe working. We also teach occupational safety issues at different institutes.

**CONSTRUCTION INDUSTRIES’ 2020 COMMITMENT**

Destia has signed the Confederation of Finnish Construction Industries RT’s “zero accidents in the field of construction 2020” commitment. The management’s occupational safety commitment and the principles of safe work are:

- An accident-free site is a matter of honour to us.
- Our goal is to reduce accidents by 30 per cent each year.
- We enhance occupational safety systematically.
- We examine each accident and dangerous situation.
- We have all the necessary resources in use for taking care of occupational safety matters.
- We compile statistics and report accidents according to shared instructions.
- We also require compliance with these goals and demands from our contracting parties.

**OCCUPATIONAL SAFETY PLAYS AN IMPORTANT ROLE IN RAILWAY WORK**

Working in the track area is demanding and highly regulated. In particular, the safety must be paid close attention to as for example working with the electrified track include high risks. When doing railway construction onsite, one must pay close attention not to damage neither the track nor the safety devices or their technology in order for the railway traffic to stay uninterrupted. For several years now, Destia has invested in the railway work safety, and the development has been good – in 2016 the railway occupational safety achieved a new record in accident: 5.4.
SKILLED AND THRIVING DESTIA PERSONNEL

Competence is the key to success

Megatrends and digitalisation are influencing the structures and operating methods in the infrastructure and construction sector. The increasing use of digital tools, in particular, requires that the companies engage in the continuous and long-term development of employee competencies.

Destia focuses special attention on the development of customer relationship management, engineering construction and site automation expertise. A prime example of the development of the expertise of our personnel is the Tositoimi training organised for many years now, focusing on the development of common operating practices and customer work. In our sector, important qualifications include those to do with road safety, railway work safety, the occupational safety card and a professional lorry driver qualification.

SATISFIED PERSONNEL HOLD A KEY ROLE

We annually measure the satisfaction of our employees with their job, supervisor, work community and the company as a whole. Other key themes of the survey are well-being and motivation at work.

On the scale of 1 to 5, the overall average in the 2016 survey was 3.91 (3.81), the

SATISFACTION WITH SUPERVISORS
(scale 1–5, 3.87 in 2015)

SATISFACTION overall average
(scale 1–5, 3.81 in 2015)
index measuring supervisory work was 3.96 (3.87), and the well-being at work and commitment index was 3.94 (3.85). Staff were also asked how well, in their opinion, Destia takes into account environmental responsibility and social responsibility. The score for environmental responsibility was 4.08 (3.98), and for social responsibility it was 3.95 (3.79). The response rate was 78% (76%).

Every year, we process the results of the personnel survey unit by unit and team by team and, based on discussions, we select 1 to 3 measures for implementation in order to further improve the results.

**THE SUPERVISOR SUPPORTS**

We invest in ensuring that all of our employees are motivated and committed to their work. Supervisors play a key role in this regard, and also in the well-being and job satisfaction of employees. Accordingly, good supervisory work is an area of focus in our strategy and one criterion in our supervisors’ incentive system.

Supervisors play a key role in creating a positive and open work culture. They are responsible for ensuring that there is frank, open and constructive discussion on all work-related matters, and that participation in such discussion is a right and an obligation for every Destia employee.

Supervisors also set a good example in the implementation of responsible work practices and intervene in any issues requiring correction. Each supervisor must hold regular development discussions with their subordinates.

**WE COMPLY WITH ETHICAL PRINCIPLES**

Destia’s corporate culture is guided by responsibility, which takes concrete form for us in the high ethical requirements related to the work of the company’s Board of Directors, management, other personnel and partners.

We respect our employees’ basic rights and the collective and other agreements that bind us. We select employees on the basis of suitability for the job, experience and education. We treat everyone equally and assess our personnel based on work performance. Decisions on an employee’s employment relationship and its financial rewards adhere to the guidelines given and always at least to the ‘one over’ principle, which means that, in these matters, the decision-maker is the supervisor’s supervisor.

**FOCUS OF COMPETENCE DEVELOPMENT IN THE COMING YEARS**

Developing the competence of our employees is a strategic focus area for us. During the business plan period from 2017 to 2019, competence development will be one of the three Tositoimet development projects that cover the entire Group. As competence is crucial to our success, we want to ensure that we employ a sufficient number of the right kinds of professionals in the right roles.

Our “Company of Experts” development project is aimed at achieving this goal. The methods we have defined for ensuring adequate expertise in a qualitative, quantitative and geographical sense include systematic competence development, promoting moves across organisational and geographical boundaries, promoting employee engagement and commitment through methods related to remuneration as well as the content of work and career opportunities, and effective recruitment.

**Trainees at Destia**

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>Project managers newly hired in 2013-2016 on permanent contracts had previously been trainees at Destia as follows:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>140</td>
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<td>2015</td>
<td>159</td>
<td></td>
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</tr>
<tr>
<td>2016</td>
<td>214</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RESPONSIBLE SUMMER JOBS**

Destia hired a record number of 214 summer workers and trainees last summer. Many of them will continue their careers at Destia in the coming years. One of them was Miika Tapaninen, who worked in the Vt5 Mikkeli motorway project. It was his third summer with Destia.

Destia takes part in the Responsible Summer Job campaign for the fourth time. In 2017, Destia will be one of the campaign’s main partners for the first time.
Creating jobs among local service providers

In Finland, Destia operates nationwide and cooperates with thousands of suppliers. We supplement our own fleet and expertise by extensive subcontracting. We often select the partners in our supply chains from local, skilled subcontractors. According to the feedback received from stakeholders, we are considered a significant local employer.

The partnerships of “Destia’s Designated Partner” form a collaboration network supplementing our expertise, enhancing the efficiency of project implementation and ensuring a high-quality end-result for our customers. The partnership programme is aimed at developing deeper cooperation with trusted, mostly local, operators and to provide more continuity for Destia’s Designated Partners. We continuously extend our network.

MATERIALS FROM RELIABLE SUPPLIERS
We mainly procure materials from external suppliers. Before concluding an agreement, we evaluate all material suppliers both in Finland and abroad and check their production plants or areas. The manufacture of products or materials and the operations of production plants are frequently monitored by a third party. In procuring materials, we also ensure that the construction products we use are CE-certified and in line with the customer’s specifications. The obligation for CE certification concerns the aggregates that we produce and the products that we procure, provided that there is a harmonised standard in effect for the product in question. Examples of materials and products that we procure include various steel products and road salt to prevent slipperiness. CE certification has been mandatory since 2013. It indicates that the manufacturer declares that its product meets the requirements of the relevant EU directives and has undergone any inspections that may be required.

PROCUREMENT IS GUIDED BY DESTIA’S VALUES AND THE ACT ON THE CONTRACTOR’S OBLIGATIONS
Our entire procurement process adheres to our values, ethical guidelines and the principles of fair competitive tendering. We centrally acquire all products and services that are remarkable in terms of volume. In addition to regulatory compliance, we require that our partners comply with our operating models and 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 fair competition between companies and compliance with the terms and conditions of employment. We also require our suppliers to take care of their legal obligations, and in our service procurement contracts we require them to be registered in the Reliable Partner system at Tilaajavastuu.fi. This makes it easier to check, document and monitor the obligations that suppliers have under the Act. We also require them to meet the obligation to provide notifications and reports in the construction industry as laid down in the legislation. We require our foreign service providers to supply the same reports and information under the laws and regulations that we expect from our Finnish suppliers.

In 2016, our total volume of procurement was MEUR 342.9 (324.7). Because of the nature of our business, most of our procurement is carried out in Finland, but we also procure some products and services directly from foreign suppliers. In 2016, 2.6% (2.4%) of all our procurement was made from foreign suppliers.

DESTIA’S DESIGNATED PARTNER FOR SEVERAL YEARS
The partnerships of “Destia’s Designated Partner” form a collaboration network that supplements our expertise. Local expertise helps us ensure a high-quality outcome for the customer.

Managed by Ilkka Uusitalo, P & I Uusitalo Oy has been a trusted cooperation partner since 2004. The partnership has included a wide range of activities, such as winter and summer maintenance as well as earthworks. Knowing you can rely on the partner’s expertise makes collaboration more enjoyable.
Environment

Working with respect for the environment

Destia’s aim is to build environmentally-efficient infrastructure which also serves the needs of citizens and businesses as well as possible. We constantly work to minimise the environmental impact of all our projects and to improve resource, material and energy efficiency.

The environmental management of Destia Ltd and Destia Rail Ltd is based on an environmental management system designed under the ISO 14 001 standard. This ensures that environmental protection targets are taken into consideration in all our operations and decision-making. In this way, our environmental management promotes the eco-efficiency of our own operations and reduces environmental harm throughout the life cycle of our services and solutions.

Infrastructure projects entail a great deal of regulation and activities subject to various permits. We always operate in accordance with the valid environmental legislation and regulations. As part of project management, we monitor the level of customer satisfaction towards our management of environmental issues. In 2016, we were given an average score of 4.1 on a scale of 1–5 (4.0 in 2015 and 2014) for the management of environmental issues.

NATURE VALUES ARE TAKEN INTO ACCOUNT IN THE USE OF SOIL AND AGGREGATES
We have 316 licensed aggregate areas. Each year, we use some 3 million tonnes of soil and aggregates.

In soil and aggregates extraction, we always strive to conserve natural biodiversity. When acquiring new areas, we study their natural values in advance and systematically exclude protected areas and those that are otherwise valuable from a natural perspective from our operations. Legislation specifies the most valuable species and habitats, but we also aim to conserve other valuable locations on our own initiative.

Extraction areas at the end of their life cycle are treated so that vegetation returns to them as quickly as possible. Soil and aggregates extraction is not necessarily a threat to natural biodiversity and may even increase it. For example, once our operations have ended, a quarry pond, a cliff for birds to nest on or a sunny slope for sun-loving vegetation may be created in the area.

MORE EFFICIENT WORK FOR THE GOOD OF THE ENVIRONMENT
We are a pioneer in the utilisation of working machine automation, and we use it to boost the efficiency of our work, to improve accuracy and to reduce material waste at nearly all our suitable earthwork sites.

We always recycle and reuse construction materials whenever possible. Examples of this include the reuse of crushed concrete and crushed material made from waste asphalt, as well as the use of old structural layers in road projects.

In order to optimise material efficiency and fuel consumption in project activities, we pay close attention to the planning of operating practices and logistics. We also monitor the use of our fleet of trucks using a GPS-based system. By combining operating and fuel consumption data, we get precise information about the efficiency and economy of each truck. We also monitor the efficiency of fleet utilisation in our railway business. The number of railway fleet transfers, for example, has been reduced. We regularly conduct energy reviews at our properties to identify suitable measures for reducing energy consumption.

QUALITY AND ENVIRONMENTAL CERTIFICATE GUIDES OPERATIONS
The international combined ISO 9001 and 14001 quality and environmental certificate covers all services of Destia Ltd and Destia Rail Ltd: infrastructure construction, infrastructure maintenance, consulting and aggregates services and the railway business. Through procedures which are in line with the certification requirements, we ensure for our customers and stakeholders that our operations are of high quality and take into account the well-being of the environment.

DESTIA RECOGNISED FOR CREATING AN ALTERNATIVE HABITAT
In November 2016, Destia’s work to create an alternative habitat for the Chequered Blue butterfly at the Risten excavation site in Lohja was recognised in a sustainable development competition organised by the European Aggregates Association UEPG. The chequered blue butterfly is an endangered species and subject to conservation measures.
Leading the digitalisation of the industry

The new solutions brought about by digitalisation are revolutionising the entire infrastructure and construction industry. They affect the way projects are designed, implemented and monitored. Real-time production reporting solutions boost efficiency, improve the quality of the work and end-products and make possible more effective reporting and communications between the various parties.

To take full advantage of the opportunities presented by digitalisation in our own operations and in serving our customers, we have made significant investments in developing digital operating models and production practices that leverage them. Our research and development activities can be divided into four areas: model-based production, maintenance process digitalisation and production method development, bridge and concrete construction technologies and methods, as well as real-time mobile information collection and sharing which is an aspect that is increasingly associated with all of the above-mentioned areas.

THE GROWING REQUIREMENTS OF CLIENTS PROMOTE INFORMATION MODEL-BASED PRODUCTION
In our field, we are a pioneer in information model-based production, whereby the road models and digital designs of earth structures produced by designers can be transferred to production by means of working machine automation. Our work machines are equipped with satellite positioning and a control system by which the machine operator can build very precisely using three-dimensional material. The production method increases efficiency, improves quality and reduces material waste.

Model-based material is distributed wirelessly to the work machines through a centralised information management solution. The machines are in constant contact with the server, so all of the parties concerned, from designers to supervisors and customers, can accurately monitor their location and operation online from their offices or, using mobile devices, anywhere.

Model-based construction has increased rapidly in the infrastructure industry in the past few years as clients’ familiarity with the method has increased, which in turn has led to higher demands on service providers. Long-term cooperation between industry members has played a crucial role in establishing information modelling and client practices. In 2015, the BuildingSMART Finland collaboration forum on infrastructure modelling published general infrastructure model requirements as a guideline for service providers and clients in the industry. In 2016, Destia had more than 50 model-based construction projects ongoing, and model-based production automation was utilised in nearly all large infrastructure projects.

In 2016, Destia’s multilevel interchange construction site at Main road 8 Luostarinkylä developed and piloted the production of digital hand-over materials, which concludes the model-based design and implementation process with digital final documentation to be handed over to the infrastructure client. This pioneering solution of ours will be incorporated in new customer requirements and used by the industry in building the bigger picture.

The competencies and capacities related to information modelling were significantly developed in both infrastructure design and construction. In addition to in-house training, Destia’s experts have served as instructors in various training events organised by customers and educational institutes.
Rapid development in real-time data collection and reporting in maintenance operations

The maintenance service business has also seen growing client requirements for real-time reporting. As Finland’s leading provider of maintenance services for roads, railways and traffic areas, Destia has been developing automatic data collection and reporting as part of its services since the 1990s. All of our road maintenance units use a mobile real-time monitoring and control system that facilitates data collection as well as internal and external reporting. In a significant step for our operations, starting from the beginning of October 2016, our system has reported directly through interfaces to the HARJA system used by the client to monitor maintenance events. Reporting on the quantities of salt used to make roads less slippery is also carried out automatically, directly via the equipment used to apply the salt on icy roads.

The trend of digitalisation in the industry is being significantly accelerated by the three-year MEUR 35 digitalisation project launched by the Finnish Transport Agency in 2016. The project is aimed at the renewal of how traffic and road data is produced, maintained and distributed to take advantage of modern technologies and methods.

One of the focus areas in our own development efforts in the coming years is the digitalisation of quality assurance in the maintenance of main roads. The project will achieve significant savings in working hours and costs while facilitating better control over road network conditions and the maintenance measures required.

Digitalisation in the infrastructure industry

Information modelling has become an indispensable tool in infrastructure design. It ensures that all of the parties concerned are up to date on progress.

At Destia, digitalisation means, for example, that the plans and designs required for construction are located on servers that many work machines can automatically connect to. This speeds up work and also contributes to occupational safety.

Road safety in winter

- Monitoring road conditions
- Foresight
- Action plan
- Working hours
- Materials, inventories
- Contracts
- Fleet

Winter Maintenance Management Centre

Real-time monitoring and control system

HARJA system

Events (ploughing and salting)

Road users

Users
Active operator

Destia is a significant service provider in the infrastructure industry. Its actions have a substantial impact on a variety of parties, including society as a whole. We are involved in the operation of various associations and organisations in order to promote the handling of and decision-making transparently matters important to our business. Communications are part of all of Destia’s operations.

We participate in the activities of associations and organisations in the energy, construction, road building and service sectors, for example. In these, we exert influence both as a company and through personal memberships. Every Destia employee has the right to participate in social issues. The starting point of our participation is that our representative is actively involved in the activities of the association, preferably as a member of the board, a relevant working group or some other body. We do not support political or religious organisations.

INTERESTING AND INTERACTIVE COMMUNICATIONS

Our communications culture is based on diverse interaction and active dialogue with our stakeholders. We communicate openly, reliably and without delay.

We communicate to our personnel about matters concerning them openly, honestly and without delay, and each Destia employee has an opportunity to make a difference, provide feedback and make themselves heard.
The goal of internal communications is to help Destia employees understand the basic messages of our strategy, vision, mission and corporate values. Our Desnet intranet service is accessible to everyone at Destia and the mobile version makes it available regardless of time and place. We measure internal communications on the basis of grades given in annual employee satisfaction surveys for communications and the understandability of the strategy. The results have improved from one year to the next and, in the 2016 employee survey, on a scale of 1 to 5, the staff graded their own understanding of the company's strategy 3.9 (3.8 in 2015). Destia's internal communications were graded 3.6 (3.5).

**VISIBILITY INCREASED**

The goal of our external communications is that Destia is perceived as an interesting, reputable and well-known company whose voice is prominently heard in industry dialogue.

We continued the efforts we initiated in the previous year to develop our communications as a whole. Destia's own channels now have even more content by the incorporation of videos and animations to our internal and external communications. Occupational safety animations supported the success of our internal communications on occupational safety. Our more active communications also saw us featured more in the media. We activated our stakeholder engagement by developing our social media channels. Our summer workers documented the diverse jobs of the infrastructure industry in photos posted on Instagram. We achieved stable growth in followers in all of our channels in 2016.

Our publication Via was also converted to digital format last year. At the end of the year, Via was ranked the second best customer and stakeholder publication at the annual Magazine Day event organised by ProCom – the Finnish Association of Communication Professionals.

Our projects across Finland represent a significant aspect of our external communications by engaging in local communications regarding the progress of work. During the year, we continued to develop the appearance of our worksites to make our work and expertise visible at our worksites and their surroundings.

**STOCK EXCHANGE COMMUNICATIONS ENDED**

Until late in the year, our communications were governed by the disclosure obligations of listed companies. Destia Group Plc redeemed the MEUR 65 bond, issued in 2014 to institutional investors, prematurely for the full outstanding amount in accordance with the terms and conditions of the bond, and Destia’s bond was delisted from Nasdaq Helsinki on 21 December 2016.

This report, which combines annual and responsibility reporting, is our third corporate responsibility report under the G4 guidelines of the Global Reporting Initiative. We continue to further develop our responsible operations and corporate responsibility reporting.

**DESTIA'S UNDERCOVER BOSS**

Destia participated in the first season of Undercover Boss Finland. In the episode, Destia Executive Vice President Heidi Erha went undercover as Johanna Saarinen, a new Development Manager, and visited four Destia employees – Annsofi, Bilal, Jari and Ville – at different Destia construction sites.
The precautionary approach is addressed according to legislation and contractor's requirements.

No significant changes.

The report shows time series for several indicators, and no data collected from outside Destia’s organisation.

No data collected from outside Destia’s organisation.

The report shows time series for several indicators, and no significant changes have taken place.

Customer and clients, owner and financiers, personnel, subcontractors and partners, infrastructure users and neighbours, authorities, decision-makers.

Destia is a Finnish infrastructure and construction service company that seeks to create a living environment that works better. Ethical guidelines and operating principles form the basis of our stakeholder engagement. Responsibility is part of Destia’s corporate culture. It also means upholding high ethical standards in the activities of the company’s Board of Directors, management, other employees and co-operation partners. Ethical activities are founded on Destia’s values, vision and strategy.

Destia Group Plc was established on 22 April 2014 in connection with the ownership arrangement of Destia Ltd and owns 100% of Destia Ltd’s shares. Destia Group has continued the business operations of Destia. The financial statements report on the financial development of Destia Group during the period 1 January 2016–31 December 2016, with comparison figures presented for the period 1 January 2015–31 December 2015.

Corporate responsibility report is incorporated into Destia’s annual report. In addition, a GRI content index has been produced for 2016.

In corporate responsibility reporting, Destia follows the reporting guidelines of Global Reporting Initiative (GRI) and its G4 version at the core level. Corporate responsibility reporting is incorporated into Destia’s annual report. In addition, a GRI content index has been produced for 2016.

28
<table>
<thead>
<tr>
<th>Code</th>
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<th>Reporting</th>
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<tbody>
<tr>
<td>G4-33</td>
<td>Policy and current practice with regard to seeking external assurance for the report</td>
<td>The corporate responsibility report has not been externally assured.</td>
</tr>
<tr>
<td>G4-34</td>
<td>Governance structure</td>
<td>Board of Directors and its Committees</td>
</tr>
<tr>
<td>G4-35</td>
<td>Process for delegating authority for economic, environmental and social topics</td>
<td>Report of the Board of Directors (Financial Statements)</td>
</tr>
<tr>
<td>G4-36</td>
<td>Executive-level position(s) with responsibility for economic, environmental and social topics</td>
<td>Corporate responsibility</td>
</tr>
<tr>
<td>G4-37</td>
<td>Composition of the highest governance body and its committees</td>
<td>Board of Directors on 31 December 2016</td>
</tr>
<tr>
<td>G4-38</td>
<td>Report whether the Chair of the highest governance body is also an executive officer</td>
<td>Board of Directors and its Committees</td>
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<td>G4-39</td>
<td>Nomination and selection processes for the highest governance body and its committees</td>
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<td>G4-40</td>
<td>Processes for the highest governance body to ensure conflicts of interest are avoided and managed</td>
<td>Board of Directors and its Committees</td>
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<td>G4-41</td>
<td>Highest governance body’s role in the development, approval, and updating of the organisation’s purpose, value or mission statements, strategies, policies, and goals</td>
<td>Board of Directors and its Committees</td>
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<td>G4-42</td>
<td>Highest governance body’s role in the identification and management of risks and opportunities</td>
<td>Risk management</td>
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<td>G4-43</td>
<td>Highest governance body’s role in reviewing the effectiveness of the organisation’s risk management processes</td>
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<td>G4-44</td>
<td>Frequency of the highest governance body’s review of risks and opportunities</td>
<td>Risk management</td>
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<td>Approval of the sustainability report</td>
<td>The corporate responsibility report is approved by Destia’s President &amp; CEO.</td>
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<td>G4-46</td>
<td>Remuneration policies for the highest governance body and senior executives</td>
<td>Board of Directors and its Committees and Management Team</td>
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<td>G4-47</td>
<td>Process for determining remuneration</td>
<td>Report of the Board of Directors (Financial Statements)</td>
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<td>G4-48</td>
<td>Values, principles, standards and norms of behavior such as codes of conduct and codes</td>
<td>Destia’s values: Achieving goals fairly, boldly and skillfully. Destia’s ethical guidelines (destia.fi/en)</td>
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**Highest Governance Body’s Role in Sustainability Reporting**

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<tbody>
<tr>
<td>G4-S7</td>
<td>Mechanisms for seeking advice on ethical and lawful behavior</td>
<td>Destia’s ethical guidelines (destia.fi/en)</td>
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<tr>
<td>G4-S8</td>
<td>Mechanisms for reporting concerns about unethical or unlawful behavior</td>
<td>Destia’s ethical guidelines (destia.fi/en)</td>
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**SPECIFIC STANDARD DISCLOSURES**

**DISCLOSURES ON MANAGEMENT APPROACH (DMA)**

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<tr>
<td>G4-EC1</td>
<td>Direct economic value generated and distributed</td>
<td>Division of financial benefit by stakeholder group in 2016. Customers; revenue MEUR 493.2 (462.8); Suppliers; Materials and services from external subcontractors MEUR 342.9 (324.7); Personnel; Salaries and remuneration MEUR 79.8 (71.5); Public sector; Taxes and tax-like payments MEUR 0.6 (0.5); Pension and indirect personnel costs MEUR 17.5 (16.7); Investors; Financial costs MEUR 8.7 (4.3) and Investments; Gross investments MEUR 17.0 (9.2).</td>
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<tr>
<td>G4-EC9</td>
<td>Proportion of spending on local suppliers at significant locations of operation</td>
<td>Procurement and partnerships In 2016, the total volume of procurement was MEUR 342.9 (324.7). In 2016, 2.6% (2.4%) of the overall purchases were made from foreign suppliers.</td>
</tr>
</tbody>
</table>

**ENVIRONMENTAL**

**Materials**

<table>
<thead>
<tr>
<th>Code</th>
<th>GRI Standard Disclosures</th>
<th>Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>G4-EN1</td>
<td>Materials used by weight or volume</td>
<td>Use of soil and aggregates 2.8 million tonnes (3.2) in 2016. Destia uses salt approximately 60,000–90,000 tonnes per year for preventing slippery and dusty conditions.</td>
</tr>
</tbody>
</table>

**Energy**

<table>
<thead>
<tr>
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<th>GRI Standard Disclosures</th>
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</tr>
</thead>
<tbody>
<tr>
<td>G4-EN3</td>
<td>Energy consumption within the organisation</td>
<td>Destia’s own fuel consumption was 5.8 million litres in 2016 (5.4 million litres in 2015, 5.5 million litres in 2014, 5.4 million litres in 2013). Destia’s own electricity consumption was 4,314 MWh in 2016 (4,228 MWh in 2015; 4,160 MWh in 2014; 4,423 MWh in 2013). Destia has an agreement with Oulun Sähkönmyynti Oy, a company that focuses its electricity supply strongly on electricity produced by domestic and renewable raw materials. Electricity supply from Oulun Sähkönmyynti is approximately as follows: Renewable energy sources (e.g. wood, biomass, water, wind) 16.9%, Fossil energy sources (e.g. peat, coal, natural gas, oil) 40.2%, Nuclear power 42.9%.</td>
</tr>
</tbody>
</table>

**Emissions**

<table>
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<tbody>
<tr>
<td>G4-EN5</td>
<td>Energy intensity</td>
<td>410 gigajoule/turnover (MEUR) (2015: 421)</td>
</tr>
<tr>
<td>G4-EN11</td>
<td>Operational sites owned, leased, managed in, or adjacent to, protected area(s) of high biodiversity value outside protected areas</td>
<td>29 (29) sites</td>
</tr>
</tbody>
</table>

**Corporate responsibility**

**Direct greenhouse gas emissions (scope 1)**

Direct greenhouse gas emissions from Destia’s own energy consumption were 15,097 tonnes (14,820 tonnes).
In April 2016, Tuusula District Court imposed unit fines on the three Destia employees and a corporate fine of EUR 50,000 on Destia and ordered Destia to lose the financial benefit resulting from the offence, some EUR 86,000, with regard to criminal charges pressed against Destia employees in December 2015 about environmental offences at the Harjula soil area in Mäntsälä between autumn 2010 and summer 2012. The decision is not yet legally binding as all persons convicted have appealed to the Court of Appeal where the case is still being processed.
Destia’s material aspects in relation to the GRI G4 responsibility aspects

<table>
<thead>
<tr>
<th>ASPECT CONSISTENT WITH THE GRI G4</th>
<th>RELEVANT ASPECT FOR DESTIA</th>
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</thead>
<tbody>
<tr>
<td><strong>ECONOMIC</strong></td>
<td></td>
</tr>
<tr>
<td>Economic Performance</td>
<td>Profitable business</td>
</tr>
<tr>
<td>Procurement Practices</td>
<td>Procurement and partnerships</td>
</tr>
<tr>
<td>Production of services</td>
<td></td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL RESPONSIBILITY</strong></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>Environment</td>
</tr>
<tr>
<td>Energy</td>
<td>Environment</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>Environment</td>
</tr>
<tr>
<td>Emissions</td>
<td>Environment</td>
</tr>
<tr>
<td>Effluents and Waste</td>
<td>Environment</td>
</tr>
<tr>
<td>Products and Services</td>
<td>Environment</td>
</tr>
<tr>
<td>Production of services</td>
<td>New solutions and sector development</td>
</tr>
<tr>
<td>Compliance</td>
<td>Environment</td>
</tr>
<tr>
<td>Safety</td>
<td>Ethical business operations</td>
</tr>
<tr>
<td>Production of services</td>
<td></td>
</tr>
<tr>
<td>Environmental Grievance Mechanisms</td>
<td>Environment</td>
</tr>
<tr>
<td>Environmental</td>
<td>Ethical business operations</td>
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<td></td>
</tr>
<tr>
<td>Labor practices and decent work</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>Skilled and thriving Destia personnel</td>
</tr>
<tr>
<td>Labor and Management Relations</td>
<td>Internal and external business communications</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>Skilled and thriving Destia personnel</td>
</tr>
<tr>
<td>Safety</td>
<td></td>
</tr>
<tr>
<td>Training and Education</td>
<td></td>
</tr>
<tr>
<td>Diversity and Equal Opportunity</td>
<td></td>
</tr>
<tr>
<td>Labour Practices Grievance Mechanisms</td>
<td>Skilled and thriving Destia personnel</td>
</tr>
<tr>
<td>Safety</td>
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<tr>
<td>Compliance</td>
<td></td>
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<tr>
<td>Anti-corruption</td>
<td>Ethical business operations</td>
</tr>
<tr>
<td>Public Policy</td>
<td>Procurement and partnerships</td>
</tr>
<tr>
<td>Anti-competitive Behaviour</td>
<td>Ethical business operations</td>
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<td>Compliance</td>
<td>Ethical business operations</td>
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<tr>
<td>Product and Service Labelling</td>
<td>Customer satisfaction</td>
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<td>Safety</td>
<td>Production of services</td>
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<td>Compliance</td>
<td>Production of services</td>
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