

**GRK**

# Versatile infrastructure builder

**Annual and sustainability report 2023**



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GRK in brief

# GRK had a financially strong year



GRK IN BRIEF

# Versatile infrastructure sector operator

GRK designs, repairs, maintains and builds roads, highways, tracks and bridges to make everyday life run smoothly, get people to meet each other and make the future more sustainable. GRK's expertise also includes environmental technology.

We have more than 1,000 professionals in Finland, Sweden and Estonia. Our revenue in 2023 was approximately EUR 546 million.

We are a forerunner in sustainable construction, we find the most innovative and functional infrastructure solutions and carry out our projects so that our customers do not have to worry about anything. The more versatile the project, the better it suits us.

VALUES

01

**We take responsibility.**

02

**We are not afraid.**

03

**We do not waste time.**

04

**We do not just go to work.**

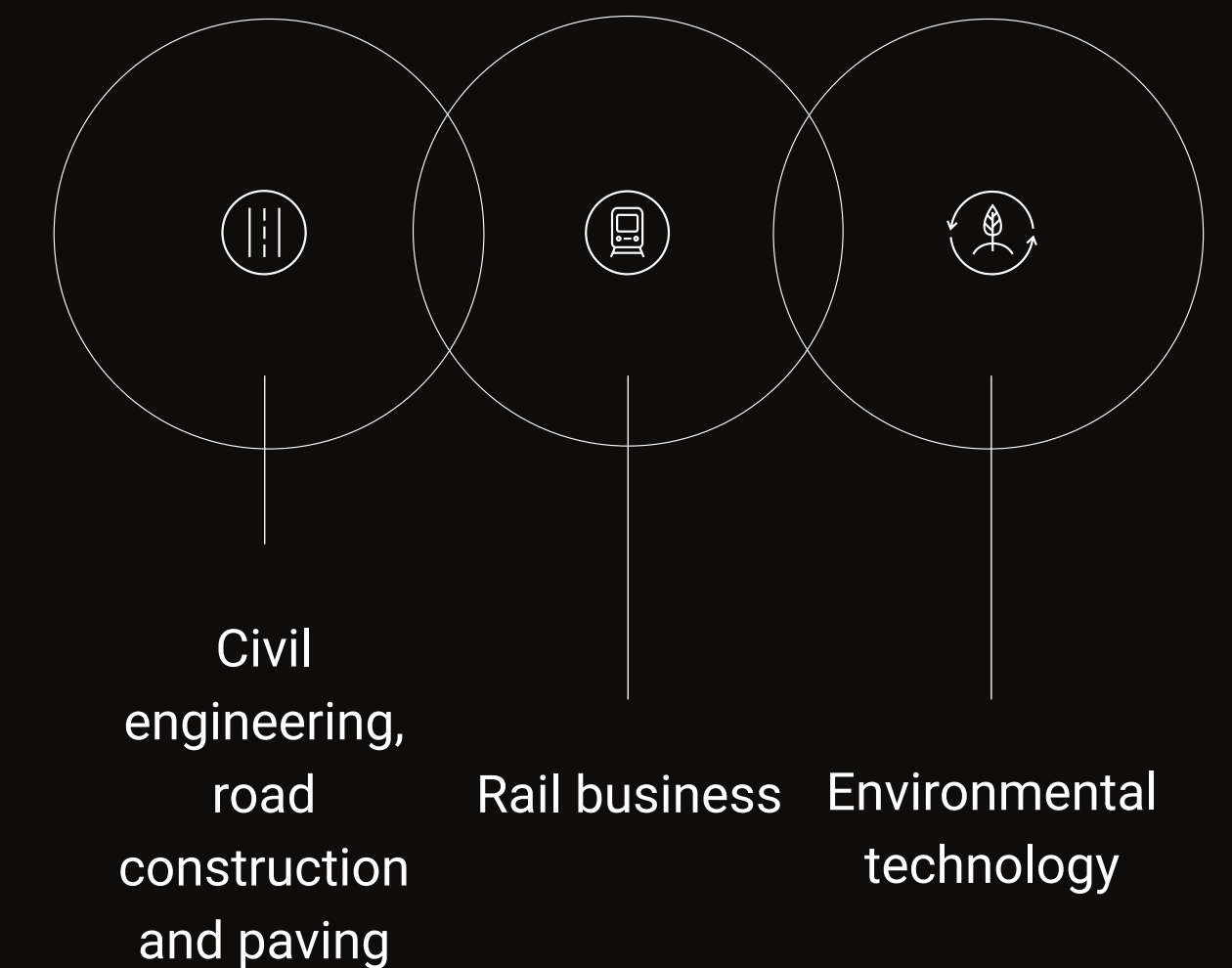
05

**We succeed together.**

OUR SERVICES

GRK's core competencies include the implementation of diverse infrastructure construction projects, project management of large projects and extensive track expertise.

GRK offers services from design to construction and maintenance. Our customers include the state administration, municipalities, cities and the private sector. GRK works on several projects in cooperation with other companies in the infrastructure sector.



## ECONOMIC REVIEW

# Strong improvement of profitability in a difficult market situation

GRK had an exceptionally strong year. Our revenue increased, our profitability improved, the order backlog rose to a record-high level, and in addition, our financial position is very good. In our industry and considering the difficult market conditions, the result can be considered to be an excellent performance.

In 2023, our net sales increased by approximately 21 per cent to a historic record of EUR 546.2 million. The actual growth leap took place in accordance with GRK's strategy in Sweden, but the positive development concerned all of our operating countries and businesses.

## GRK GROUP'S KEY FIGURES

GRK Group	1-12/2023	1-12/2022	1-12/2021
Revenue (EUR million)	546.2	450.5	430.6
EBITDA (EUR million)	37.7	24.4	32.6
EBITDA %	6.9%	5.4%	7.6%
Adjusted EBITDA (EUR million)	38.0	26.3	34.0
Adjusted EBITDA %	7.0%	5.8%	7.9%
Operating profit (EUR million)	24.2	11.4	20.7
Operating profit margin, %	4.4%	2.5%	4.8%
Adjusted operating profit (EUR million)	24.9	13.7	22.6
Adjusted operating profit margin, %	4.6%	3.0%	5.3%
Profit for the financial period (EUR million)	20.1	7.0	15.7
Equity (EUR million)	88.9	77.0	78.2
Return on equity, %	24.3%	9.0%	21.9%
Equity ratio, %	39.9%	41.9%	43.6%
Order backlog at the end of the year (EUR million)	568	381	382
Average number of personnel	1,012	946	888

REVENUE, M€

546.2

OPERATING PROFIT, M€

24.2

ORDER BACKLOG, M€

568

PERSONNEL

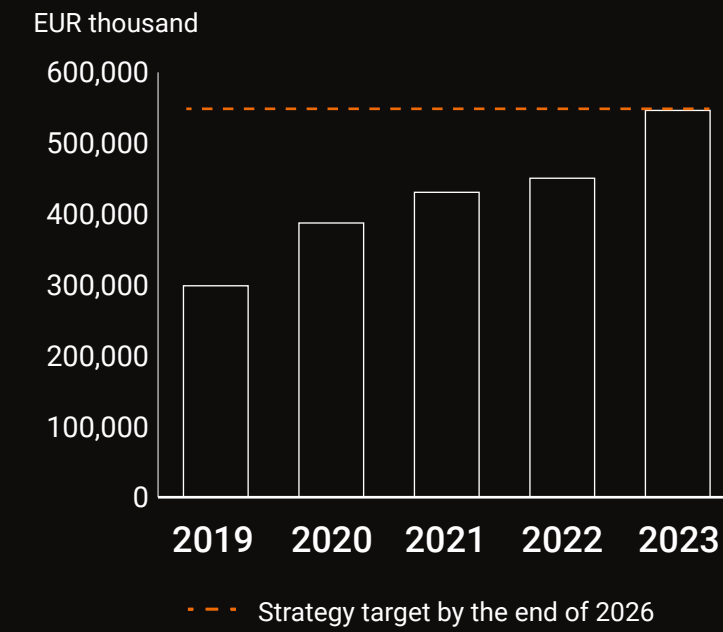
1,012

GRK IN BRIEF

# Key figures

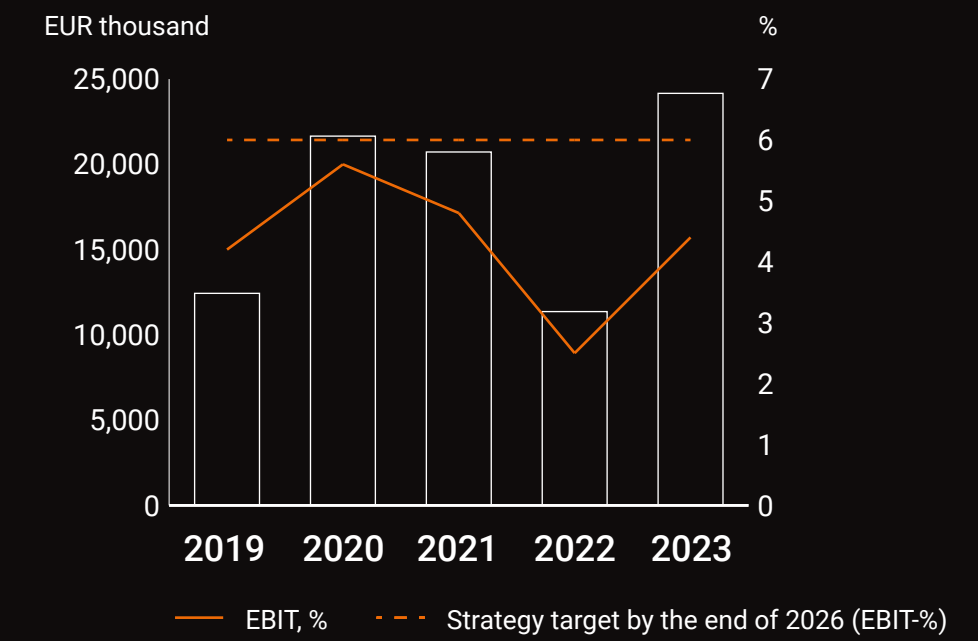
REVENUE, M€

## 546



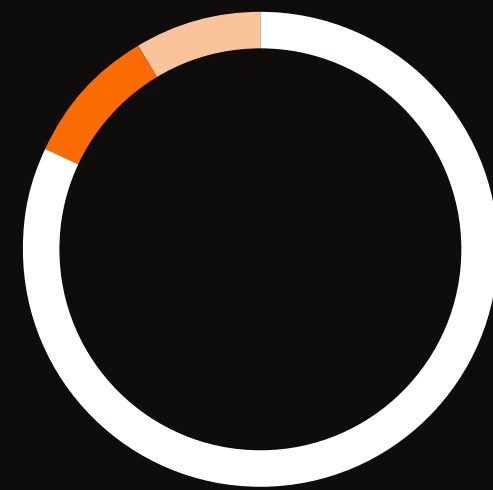
OPERATING PROFIT (EBIT), M€

## 24.2



PERSONNEL PER COUNTRY 31 DECEMBER 2023

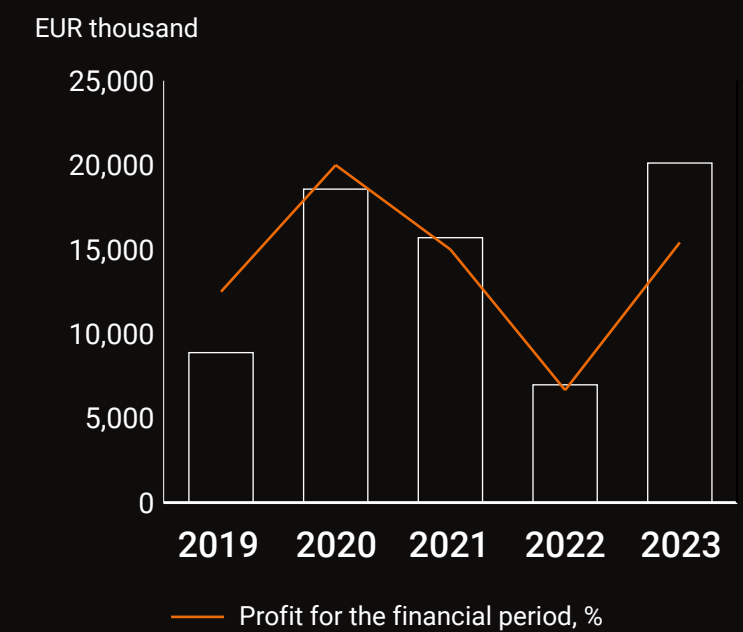
## 1,025



● Finland 841 ● Sweden 98 ● Estonia 86

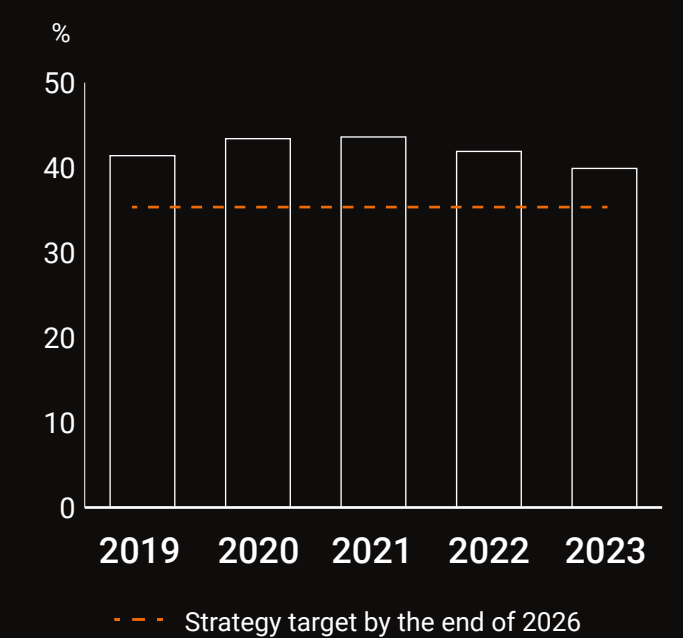
PROFIT FOR THE FINANCIAL PERIOD, M€

## 20.1



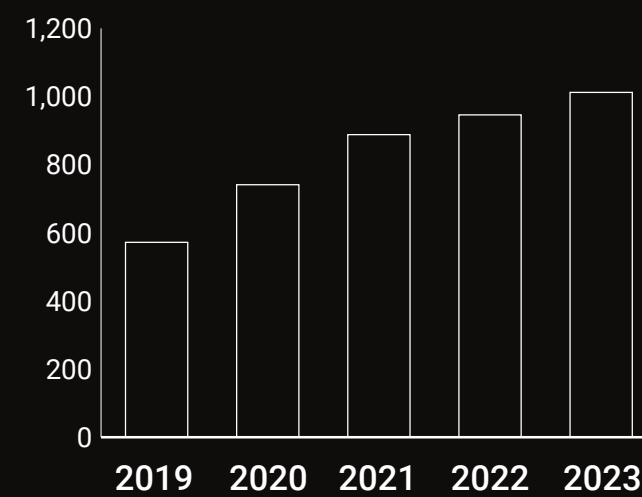
EQUITY RATIO, %

## 39.9%



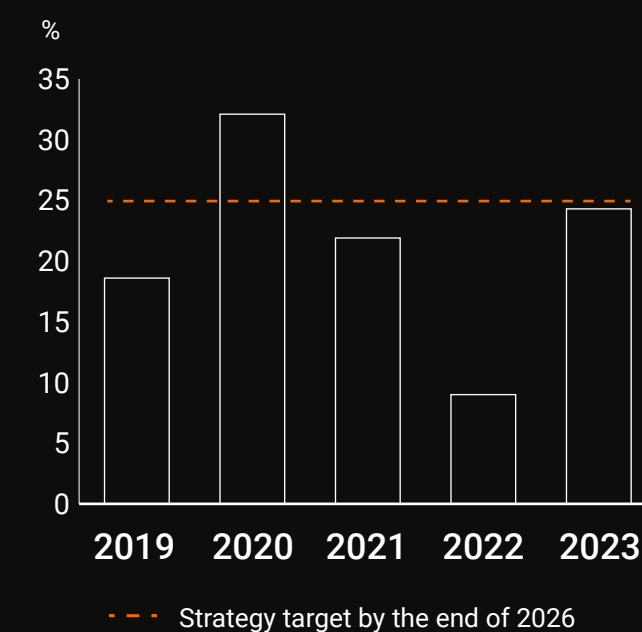
PERSONNEL 31 DECEMBER 2023

## 1,025



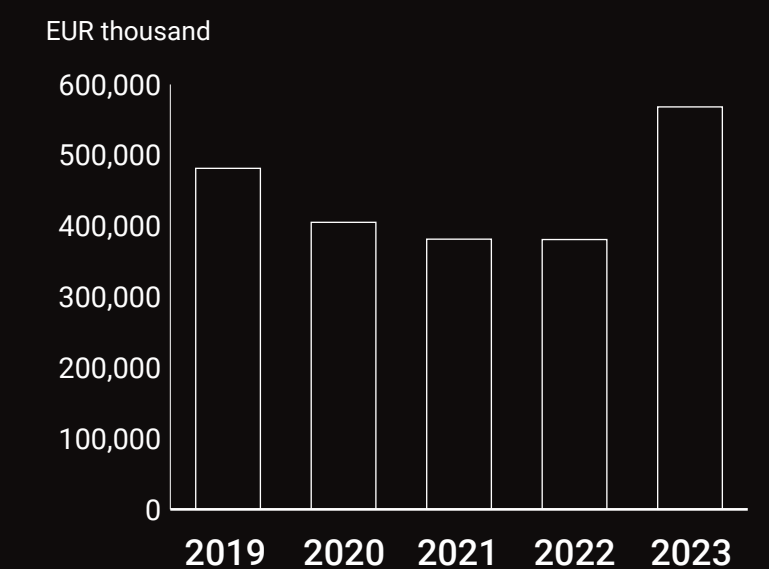
RETURN ON EQUITY (ROE), %

## 24.3%



ORDER BACKLOG AT END OF THE PERIOD, M€

## 568



## GRK IN BRIEF

# Highlights of 2023

## SIGNIFICANT AGREEMENT

GRK seeks growth from the private sector. We received the largest order in our history from the Swedish company H2 Green Steel. Following it, we are carrying out the foundation and earthworks of a new hydrogen and steel plant in northern Sweden.

[Read more ↘](#)

## GROWTH IN THE NUMBER OF PROFESSIONALS

GRK's personnel exceeded one thousand.

[Read more ↘](#)

## TOUGH GOAL

GRK updated its values, and they reflect cooperation and sustainability more strongly than before. The new strategy also includes a new target: committing to the Science Based Targets initiative (SBTi).

## EXCELLENT CUSTOMER SATISFACTION

GRK's customer promise of constructing infrastructure to the highest quality and right first time was implemented successfully: the customer satisfaction increased to 4.3/5.\*

\*Includes customer satisfaction across the GRK Group. Customer satisfaction across the entire group. In 2022, customer satisfaction was 4.45, but this figure only included operations in Finland.

# 4.3

[Read more ↘](#)

## CARBON NEUTRALITY BY 2030

GRK's strategy emphasises corporate responsibility: our goal is to become a forerunner in sustainable infrastructure construction and make the company's own operations carbon-neutral by 2030. We have reduced the emissions of our construction sites for example by using biofuels and electrifying equipment. With these measures, we have decreased our carbon intensity, taking into account revenue growth. Our carbon intensity was 29.9 tCO<sub>2</sub>/ M€, significantly lower than in 2022 (40.8 tCO<sub>2</sub>/M€).

[Read more ↘](#)

## CEO'S REVIEW

# Strong growth and profitability in a difficult market situation

Last year was exceptionally strong for GRK. Our revenue increased, our profitability improved especially in Sweden, the order backlog rose to a record-high level, and in addition, our financial position is very good. In our industry and in these market conditions, the result can be considered to be an excellent performance.



The core of our strategy is healthy profitability. We seek growth in the future, for example, in the environmental technology sector.

I am particularly happy that the positive development concerned all of our operating countries and businesses. Naturally, the performance also reflects the exceptionally difficult reference year 2022, when the impacts of Russia's war of aggression against Ukraine, such as the rise in the prices of materials and energy, undermined our profitability. However, we were able to react to the change quickly, for example, through project selection and contract pricing.

During 2023, our revenue increased by approximately 21 per cent to a historic record of EUR 546.2 million. The actual growth leap took place in accordance with our strategy in Sweden, where revenue increased by 146 per cent to EUR 165.9 million. In Sweden, the biggest contract in GRK's history contributed



to the business volume in particular. GRK is building earthworks and foundation reinforcement works for the H2 Green Steel factory project in northern Sweden. H2 Green Steel is building steel and hydrogen plants for the production of green steel in Boden, northern Sweden. The contract worth approximately SEK 2 billion was signed in early 2023, but we have received new additional contracts from the client during the year.

In Finland, our revenue increased slightly. GRK succeeded in increasing the revenue of both civil engineering and road construction and rail business. Currently, construction activity has slowed down in Finland, but the need for infrastructure construction is high especially in growth centres and, for example, rail investments are progressing in many cities. In late 2023, we received a new significant project in our order backlog when we were selected to carry out the Espoo City Rail Link regional contract worth approximately EUR 100 million.

GRK operates in all areas of infrastructure construction in Estonia, but the growth comes from railway projects. The Rail Baltica traffic project is currently under way, involving the building of a 1,000-kilometre-long railway connection through the Baltic countries from

Tallinn to Poland and the electrification of Estonia's existing rail network. GRK won two significant Rail Baltica subcontracts in 2023. In addition, Eesti Raudtee (Estonian Railways) selected GRK to electrify the Aegviidu–Tapa–Tartu railway line.

At the end of 2023, our order backlog of EUR 568 million was at a strong level and evenly distributed. New orders secured after the end of the financial period in January–February demonstrate our ability to thrive in a difficult market situation.

Thanks to the favourable development, we have had the opportunity to hire dozens of new professionals, so by the end of the year, there were already more than 1,000 of us. The positive development can be seen in recruitment also otherwise, as we can hire up to 100 trainees to work for GRK next summer. I hope that as many of them as possible will come to work for us after graduating.

In 2023, we updated our strategy. Its core is healthy profitability. We only seek growth in certain areas, one of which is environmental technology. In 2023, we started the production of biochar, and our biochar has been used at our construction sites in Finland and Sweden. We are planning to continue investing in new plants.

Corporate responsibility also stands out strongly in our strategy, as the construction sector has a significant impact on the environment. We have already outlined that we are aiming for carbon neutrality in our operations by 2030. The new strategy also includes a new target: committing to the Science Based Targets initiative (SBTi).

The year 2023 could actually be summed up in these words: we had a great year despite the difficult market situation. The market situation remains challenging, as public infrastructure construction is declining in Finland, Sweden and Estonia, but there are also market opportunities that GRK is ready to seize.

I would like to thank every one at GRK members for the excellent results achieved last year. I also want to thank our customers, for whom we have had the opportunity to do diverse and demanding work.

**JUHA TOIMELA**  
CEO, GRK



Strategy

**We build for  
tomorrow and  
the future**



## OUR VISION FOR 2026

# The most versatile infrastructure sector operator

The strategic intent is that in 2026, GRK will be the most versatile company in the infrastructure sector that grows profitably, is a forerunner in sustainable construction and has the most dedicated team.

GRK's Board confirmed the company's updated strategy in late 2023. The Group's updated strategy is for 2023–2026. There were no major changes to the previous strategy, but it was refined in many respects.

The strategy was updated mainly due to geopolitical changes and the economic outlook, but megatrends were also examined. It was perceived that the economy will decline in the next few years and the price of energy will be high. At the same time, road investments will decline in Finland and Estonia, but increase in Sweden. In addition, sustainability criteria are becoming increasingly important, and investments in renewable energy are increasing.

The strategic intent is that in 2026, GRK will be the most versatile company in the infrastructure sector that grows profitably, is a forerunner in sustainable construction and has the most dedicated team.

The strategic intent will be reached by GRK growing, especially in Sweden, and ensuring healthy profitability across the board. GRK will invest in the profitable growth of environmental technology. The goal of GRK is an entrepreneurial and unified culture that attracts and retains the best experts.

Financial targets have been updated along with the new strategy, and profitability is pursued instead of a significant growth leap. Growth will be pursued in operating countries and business operations where we have high profitability. In terms of countries, this means Sweden, and for businesses, the growth target particularly focuses on environmental technology. Sustainability must be integrated in the business operations and opportunities for action brought from there.

GRK MEASURES THE SUCCESS OF ITS STRATEGY BY MONITORING THE GROUP'S FINANCIAL TARGETS, WHICH THE COMPANY AIMS TO ACHIEVE BY THE END OF 2026:

REVENUE, M€

**over 550**

OPERATING PROFIT

**over 6%**

RETURN ON EQUITY

**over 25%**

EQUITY RATIO

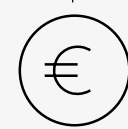
**over 35%**

STRATEGY

# One GRK – the most versatile operator in infrastructure industry

## The most versatile operator in infrastructure industry

### Megatrends and geopolitical changes



The economy will decline in the next 1–2 years and the price of energy will be high.



Road investments will decline in Finland and Estonia, but increase in Sweden.



Investments in renewable energy will increase.



The significance of sustainability criteria will increase.

### GRK's strategic choices and means 2023–2026

We operate entrepreneurially and we have a shared culture

We ensure healthy profitability throughout the line

We will grow especially in Sweden

We attract and retain the best talents

We will invest in the profitable growth of environmental technology

### Vision for 2026: The most versatile infrastructure sector operator



The most dedicated team



Profitable growth



Forerunner in sustainable construction

## STRATEGY

# Values updated and aligned to reflect current operations

The year 2023 included an update of the values. Our values provide a solid foundation for our corporate culture. GRK employees have always shown courage, taking action and caring. In connection with the update, the descriptions of these value statements, that is, what they mean in more depth, were clarified. GRK operates in increasingly diverse projects, where responsibility and the importance of working together are emphasised. On the other hand, the operating environment has changed and the expectations of customers and other stakeholders have evolved.

The value work began with the GRK Day for employees, asking how the values correspond to the current activity. The update of the values was started in workshops in different businesses. The results of the workshops were summarised and the new values were outlined. Based on the workshops, it was seen that two new values were needed, emphasising collaboration and responsibility.

Our operations are based on the principles of fair operations, and the values of our operations guide the way we all operate. From the point of view of GRK, it is essential that everyone aligns with the values and corporate culture as well as possible and acts in accordance with them, thereby creating a safe and effective working environment. In the autumn of 2023, the values were regularly reviewed at personnel events and during the GRK Day for employees.

**Our values are:****We take responsibility.**

We are proud to take responsibility, whether it's about each other, our work, or the future. The results of Our work can be seen for up to hundreds of years and affect the lives of thousands of people on a daily basis. Our operations ensure sustainable solutions for nature and built environment.



**“If you are going to do a job, you have to do it properly, and no one can do it alone. You always need to have a team that you can trust and who you can move forward with.”**

**“That in 10 years you can point the finger at some work and say: I made that.”**



#### **We are not afraid.**

We do not shy away from work, challenges, or making choices. We boldly embark on new adventures, seize opportunities, and never say no to new ideas. We trust our competence. The more challenging and versatile our customer's project, the better it suits us.

#### **We do not waste time.**

The secret to our success is speed and straightforwardness – both in words and actions. We operate with an agile and productive approach. We have the courage to make decisions, matters move forward, and work gets done. For our customer, this is reflected in quick response times and smooth progress of work.

#### **We do not just go to work.**

An entrepreneurial spirit lives strong in us: we give our employees as much freedom and responsibilities as they can carry – and this applies to new professionals, too. We focus on what's important to ensure the best possible outcome. Our success is based on the continuous development and renewal of our operations. We are proud of what we do.

#### **We succeed together.**

We work closely together both inside the company and with our customers and partners. Our customers can see this cooperation as carefree projects, users can see this as functional solutions, and employees can see this as a strong team spirit. This is what GRK stands for.




#### **Highlights**

Many GRK employees were involved in updating the values. When the values were published, a survey related to them was also conducted. At the same time, the employees were asked how the values are visible to them and how they implement the values in their work. Here are some answers.

**“You are never in such a hurry at the construction site that you do not have the time to listen to the sorrows of another person.”**

CORPORATE STRUCTURE AND SERVICES

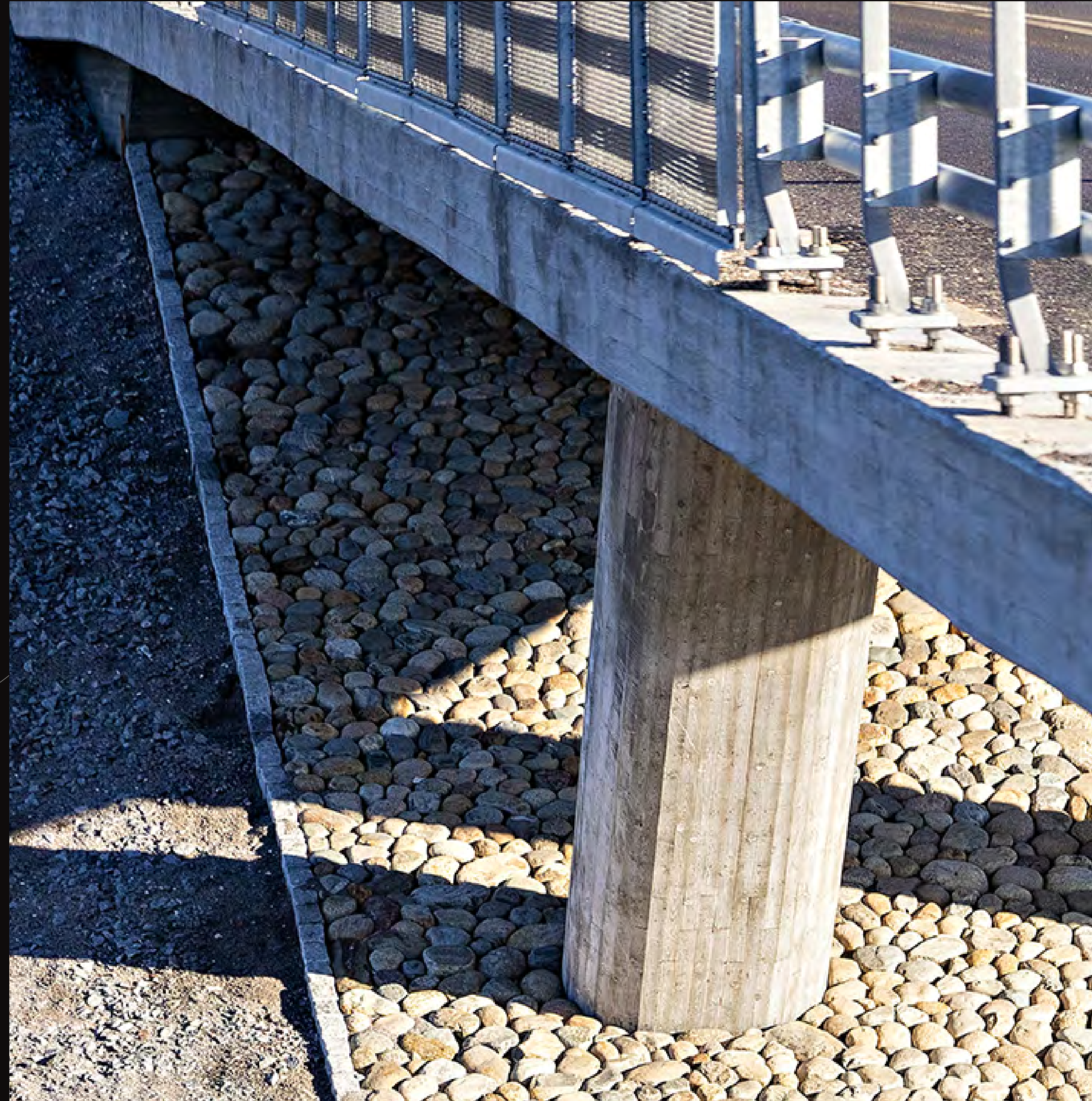
# Local companies and services

	Finland	Sweden	Estonia
<b>BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA</b>	EUR 335.2 (329.7) million	EUR 165.9 (67.5) million	42.1 (51.4) million
<b>REVENUE PERCENTAGE IN 2023*</b>	Approx. 61%	Approx. 30%	Approx. 8%
<b>SERVICES</b>	<ul style="list-style-type: none"> <li>• Civil engineering and road construction</li> <li>• Paving</li> <li>• Rail construction</li> <li>• Environmental technology</li> </ul>	<ul style="list-style-type: none"> <li>• Civil engineering and road construction</li> <li>• Paving</li> <li>• Rail construction</li> </ul>	<ul style="list-style-type: none"> <li>• Civil engineering and road construction</li> <li>• Paving</li> <li>• Rail construction</li> </ul>
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>• The public sector, such as the Finnish Transport Infrastructure Agency, Ely Centres, cities and municipalities</li> <li>• Private customers, such as businesses and households</li> </ul>	<ul style="list-style-type: none"> <li>• Public sector, e.g. Swedish Transport Administration (Trafikverket), cities and municipalities</li> <li>• Private customers, e.g. companies</li> </ul>	<ul style="list-style-type: none"> <li>• Public sector, e.g. Eesti Raudtee, cities and municipalities,</li> <li>• Rail Baltica project</li> </ul>
<b>MARKET SITUATION</b>	<p>Road construction and paving are expected to decline in Finland, but at the same time, investments in large cities have remained at a high level and several large tram projects are expected to start in the next few years.</p> 	<p>Public infrastructure construction is declining in Sweden, but opportunities are emerging from private energy-related construction projects, especially in the Norrbotten region, which is important for GRK, where construction is expected to grow following significant investments.</p> 	<p>Public road and highway construction is declining in Estonia, but railway projects are progressing at the same time. The extensive Rail Baltica project, which will build a new rail connection from Estonia to Poland, is currently under way in Estonia. There are also investments related to the electrification of the Estonian railway network.</p> 

\* Revenue from other countries approximately EUR 2.9 million.

Services

# Diverse projects and extensive expertise





## SERVICES

# Civil engineering, road construction and paving

GRK builds roads, streets and civil engineering infrastructure and improves existing transport infrastructure. We specialise in demanding bridge construction work, such as waterway and railway bridges. Our services cover area construction related to road construction, as well as concrete, steel and composite structures, foundations, industrial construction, bridge and tunnel construction and repair, as well as excavation, shoring and quarrying. Civil engineering and road construction business also includes paving.

## EXAMPLES OF OUR PROJECTS IN 2023



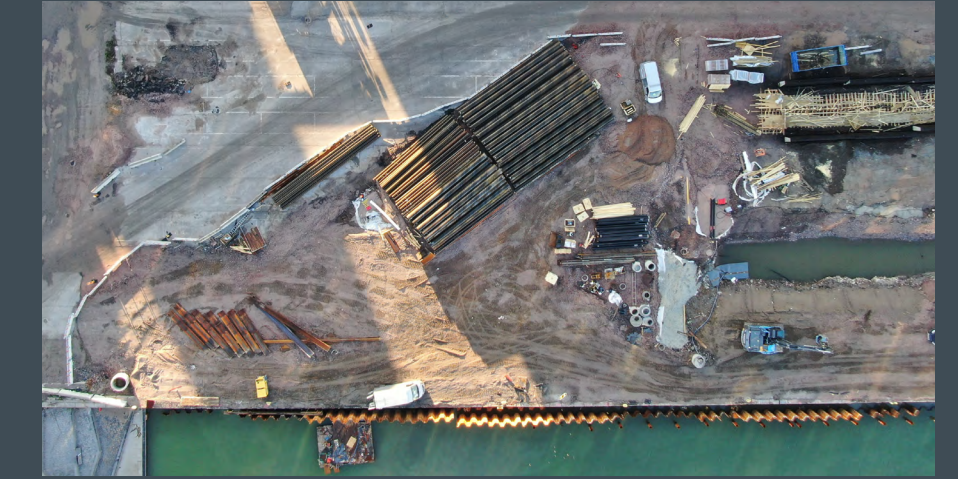
### H2 Green Steel, 5/2022–1/2025, Boden (Sweden)

GRK Infra AB carries out the foundation and earthworks of H2 Green Steel's new hydrogen and steel plant. The value of the contract exceeds SEK 2 billion, or close to EUR 200 million. GRK and H2 Green Steel signed a contract on the project in May 2022, on the basis of which it was agreed to carry out preparatory work. The actual contract was signed in January 2023, after the building permit had been granted. The project will continue until early 2025. This is the largest contract in GRK's history, in which piling, soil cutting and soil transfer, among other tasks, are carried out in the factory area.



### Aurajoki bridges, Turku, 9/2022– 2025

GRK is carrying out the renewal of the railway bridge crossing the Aurajoki river in Turku. The contract is part of the Finnish Transport Infrastructure Agency's more extensive Kupittaa–Turku railway project. The contract includes the demolition of the current Aurajoki river railway bridge and the construction of a new one, as well as the construction of the Nummi underpass crossing Helsinginkatu. The value of the agreement is almost EUR 26 million.



### Saukonkanava and Saukonlaituri, Helsinki, 7/2023–11/2024

The contract located in Jätkäsaari, Helsinki, involves constructing the 3rd phase of the Saukonkanava canal and the Saukonlaituri pier. The contract includes the construction of streets, water supply, municipal technology, pier, canal and bridge structures. The value of the contract is approximately EUR 6 million.

## SERVICES

# Rail construction

GRK's comprehensive rail construction services cover the entire life cycle of rail construction. GRK offers all services from design to construction and maintenance. The areas of expertise in rail construction cover systems and structures for railways, metro lines and trams. Our services cover track engineering, track electrification, safety equipment and demanding structural engineering projects from foundations to telecom tower structures. GRK is responsible for the maintenance of tracks in several regions.

## EXAMPLES OF OUR PROJECTS IN 2023



### The Kalasatama–Pasila project, 5/2020–6/2024

GRK is involved in an urban development project to plan and build a 4.5 km tramway Helsinki. GRK and AFRY form the Karaatti alliance. Karaatti will implement the northern part of the project from the northern part of Hermannin rantatie to Pasila and the tramway electricity supply stations. The value of the project is approximately EUR 100 million.



### Maintenance

GRK is responsible for track maintenance in Uusimaa and Southwest Finland and electric track and high-current system maintenance in Western Finland. An alliance comprising GRK Suomi Oy, the Finnish Transport Infrastructure Agency and Finrail Oy is responsible for the maintenance of the Uusimaa railway and safety equipment until March 2025 at the earliest. The maintenance contract covers the entire railway network of Uusimaa, and its value is approximately EUR 155 million. GRK started the maintenance of the southwest coast railway and safety equipment on 1 April 2022. The agreement expires in 2027. The value of the agreement is approximately EUR 55 million.



### Rail Baltica, Ülemiste railway station area, Estonia, spring 2023–autumn 2026

Rail Baltic Estonia selected GRK to construct the new Ülemiste railway station area and its surrounding area in Tallinn. The construction work will be done for the upcoming Rail Baltica railway and passenger terminal. The value of the project is approximately EUR 27 million. Rail Baltic Estonia OÜ signed the project agreement with GRK on 29 March 2023. The goal of the project is to rebuild the existing railway infrastructure of the Ülemiste railway station area. The project also includes the construction of track systems, such as catenaries and aspects.

## SERVICES

# Environmental technology

GRK offers circular economy services to various industries and waste producers. GRK carries out area building projects using recycled materials and, if necessary, takes care of additional planning and permit applications. GRK receives and handles waste and industrial by-products both at its own and its customers' locations. GRK accepts reusable, classified and processable industrial mineral rejects, fly ash, bottom ash, and bottom and foundry sands, among others. In addition, environmental technology includes the bioproduct business, such as the production and sale of biochar.

## EXAMPLES OF OUR PROJECTS IN 2023



### Biochar production

GRK's first biochar plant started operations in Utajärvi. The biochar it produces has been taken into use at GRK's construction sites in Finland and Sweden. GRK's biochar was introduced in the summer of 2023 in the green area of Helsinki's Pyöräbaana cycling lane, more specifically, at the Oravapuisto construction site in Herttoniemi. More on this on page 36.



### Ruutikangas Shooting Center

GRK carries out groundworks in the construction of the shooting center. GRK's contract, which started in 2017, includes the area's roads, parking areas, protective ramparts and track areas. Recycled materials such as crushed concrete, slag, and tires are extensively used in the construction. GRK's earthworks are scheduled for completion in 2024. In the future, the center will include shooting shelters, a competition restaurant, maintenance buildings, and track technology. Upon completion, Ruutikangas will be one of the largest and most versatile shooting sports centers in Northern Europe. The area of the center is approximately 97 hectares, with a total of 57 shooting ranges.

Image source: Ruutikangas Oy



### Pellet

In 2023, GRK began construction of a pellet plant in Utajärvi, alongside a biochar plant. The aim is to produce domestic pellets. Production commenced in the first half of 2024. Pellets are densely compressed sawdust, wood chips, and other by-products of the sawmill and woodworking industry. This is a domestic and renewable resource used, for example, for heating purposes.

Sustainability

**We build  
sustainable  
infrastructure  
to be used by  
everyone**



## SUSTAINABILITY

# Sustainability at the heart of operations

GRK builds and maintains infrastructure vital to our society, such as road, rail and utility networks. GRK is strongly involved in the implementation of construction projects that enhance the security of energy supply and the circular economy. Corporate responsibility is actively promoted by providing sustainable services and ensuring the sustainability of our own operations. GRK also sees to managing the client's responsibility risks as a trustworthy partner.

Corporate responsibility is therefore an integral part of our strategy and our role as a pioneer in infrastructure construction. GRK's approach is also supported by the CSRD sustainability reporting directive, binding on



The goal is for GRK to report key, comparable, and reliable information regarding sustainability-related risks, opportunities, and impacts concerning its operations.



us from the beginning of 2025. The Directive aims to ensure that customers, employees, investors and other stakeholders receive more transparent information about the impacts of companies on people and the environment. The aim is that GRK will report comparable and reliable information about the sustainability-related risks, opportunities and impacts material to its operations.

#### **In the background**

All this is underpinned by the European Green Deal, which aims to make the EU carbon neutral by 2050 while guiding the EU economy to a sustainable footing. The programme is divided into several areas through which it is possible to achieve

- climate neutrality
- the transition to a circular economy
- clean, reliable and affordable energy
- sustainable transport
- energy-efficient buildings
- sustainable use of natural resources
- a clean and toxic-free Europe
- modern agricultural policy
- a competitive and digital industry.

The purpose of the European Green Deal is to accelerate the green transition and create legislation that will bring about change. The legislation consists of several directives, the first of which is the CSRD sustainability reporting directive.

EU-level sustainability reporting covers all aspects of sustainability. It contains 12 reporting standards, which are divided into four different groups:

- general
- environmental
- social
- governance.

Earlier, we talked a lot about the goals and the results we selected ourselves. The CSRD will harmonise the reporting, and we will focus on what has been done and how GRK has succeeded in its operations.

### Materiality analysis

As a large company in the construction sector, GRK's business concerns several stakeholders. Thus, taking into account the sustainability-related views and expectations of different stakeholders, current and future customers, current and future employees, partners and shareholders is essential to GRK. Through continuous dialogue with our stakeholders, we develop and can jointly develop the entire construction industry to become more responsible.

At GRK, we want to better understand our impact on our stakeholders, and therefore we have prepared for sustainability reporting by conducting a dual materiality analysis together with Upright. The Upright model is a science-based impact assessment that highlights topics for reporting. Based on the materiality analysis, we worked on GRK's key sustainability themes. We will continue to work on them in 2024. This allows us to raise those matters which have a significant impact on our financial performance or on which we as a company can have an impact as essential

matters to be reported. A topic is classified as material if it poses risks and/or opportunities to GRK's business or if it is relevant on the basis of environmental and social impacts.

The thematic areas that emerged from the materiality analysis are presented in more detail on the following page. From these themes, we derived GRK's most significant sustainability themes:

- workplace communities and leadership
- partnerships and procurement
- environment
- financial goals
- low-emission products and services.

These five objectives have clear metrics that we monitor regularly. We also build the reporting framework required by the sustainability reporting directive around these themes.



**Based on the materiality analysis, GRK's key sustainability themes were developed**

THE SUSTAINABILITY THEMES THAT EMERGED IN THE MATERIALITY ANALYSIS:

<p><b>Societal infrastructure – the most significant positive impact</b></p>	<p><b>Circular economy – significant positive environmental impact</b></p>	<p><b>Climate change mitigation – significant negative environmental impact</b></p>	<p><b>Equal treatment and opportunity for Own workforce</b></p>	<p><b>Secure employment, Working time, Health and safety for Workers in the value chain</b></p>
<ul style="list-style-type: none"> <li>GRK's by far most significant positive impact on the world around – the majority (+80%) of business is positively related to maintaining society's infrastructure                             <ul style="list-style-type: none"> <li>This category provides an opportunity for GRK to talk about the role and importance of business in society</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Materials play an important role in the environmental impact of the construction industry due to their emissions and long value chains</li> <li>In this theme, GRK has a positive impact, which is not common in the industry, through the recycled materials business</li> </ul>	<ul style="list-style-type: none"> <li>By far the most significant negative impact – 100% of the business is related in some way to this</li> <li>Emissions are not only generated from own operations, but in every part of the value chain                             <ul style="list-style-type: none"> <li>A comprehensive and honest description of emissions caused by business operations and a plan to monitor and reduce them becomes a key theme in this respect in reporting</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Women are under-represented in the construction industry, which has been shown to increase the risks of inequality and harassment</li> <li>Even if things are going well at GRK, this is a theme that is of increasing interest to stakeholders – good monitoring and reporting is relevant</li> <li>A factor that can make GRK stand out in the sector when this is handled particularly well</li> </ul>	<ul style="list-style-type: none"> <li>Due to GRK's typical subcontractor-driven business, as is typical of the sector, the working conditions and safety of subcontractors become significant themes</li> <li>A factor that can make GRK stand out in the sector when this is handled particularly well</li> </ul>



SUSTAINABILITY

# Sustainability work and strategy

GRK's sustainability work supports the strategic goals: The most committed team, Profitable growth, A forerunner in sustainable construction.

WE MEASURE THE SUCCESS OF OUR STRATEGY WITH THE FOLLOWING OBJECTIVES:

ONE GRK		
The most committed team	Profitable growth	Forerunner in sustainable construction
<p><b>We have a bold entrepreneurial culture. We are the most committed and eager team in the industry.</b></p> <ul style="list-style-type: none"> <li>• Employee satisfaction (eNPS) &gt; 40</li> <li>• Intern eNPS &gt; 40</li> </ul>	<p><b>We are financially solid and the most profitable company in our industry. We are a responsible value creator and modestly the best.</b></p> <ul style="list-style-type: none"> <li>• Revenue &gt; 550 million euros</li> <li>• Operating profit &gt; 6%</li> <li>• Return on equity &gt; 25%</li> <li>• Equity ratio &gt; 35%</li> </ul>	<p><b>We are a forerunner in sustainable construction and a desired partner.</b></p> <ul style="list-style-type: none"> <li>• Safety (accident frequency rate) &lt; 5</li> <li>• Customer satisfaction &gt; 4.5 out of 5</li> <li>• Environmental business operating profit growth &gt; 50% per year</li> <li>• Carbon neutral by 2030 (own operations)</li> <li>• No environmental incidents</li> </ul>



GRK'S NET IMPACT

**+ 3%**

GRK impacts the daily lives of numerous people through the infrastructure it builds.

## SUSTAINABILITY

# GRK's net impact

GRK's net impacts have been determined by using the Upright model. This approach explains the value we create and the resources we use. The model takes into account global impacts, and it is comparable between companies.

GRK has assessed its societal impact using the Upright net impact model for 2023. The analysis is based on GRK's business, i.e. the products and services provided, and takes into account the entire value chain of those products. The Upright model focuses not only on the construction phase but also the more extensive impacts of the environment built by GRK on society. Based on Upright's analysis, GRK is a net neutral company. GRK's net impact ratio is +3% (+1% in 2022) net neutral, indicating that its positive and nega-

tive impacts are balanced. GRK assessed its impacts in 2022 and 2023. GRK's impact improved slightly in 2023, which is attributable to the growth in revenue, among other things. Due to the strong growth in GRK's revenue (+21%), the total volume of positive impacts has increased in all areas. GRK's revenue has grown more than the number of employees, which means that one employee now generates more turnover than in the previous year. This has led to a minor decrease in the relative impact on jobs. The growth in the volume of rail business has a positive impact, as the construction, maintenance and planning of rail traffic is related to low-emission public transport.

### GRK has impacts on people's lives through the infrastructure it builds

Based on artificial intelligence, scientific research and public databases, the model measures and benchmarks the positive and negative net impacts of companies' core operations in the framework of four dimensions: the environment, health, society and knowledge. In practice, the net impact quantifies the benefits and negative impacts caused by the company and assesses whether the company creates more value than it uses resources. GRK has impacts on society in all of the four categories. GRK's most significant impact on society is through the infrastructure it builds, which benefits everyone. GRK uses a significant amount of energy and raw materials in its construction activities. They cause harmful climate emissions. At the same time, we consume virgin natural resources.

#### Environment

Construction consumes raw materials and materials that require, for example, rock

excavation, the production and processing of materials and their transportation. Construction also requires a lot of energy, for example due to the use of fuels in machines. The environment is also affected by the emissions and waste generated by the operations. Therefore, we take several environmental measures to mitigate these negative impacts. This work is described in the section on environmental affairs, which contains information about the use of fuels, for example. The Upright model focuses not only on the construction phase but also the more extensive impacts of the environment built by GRK on society. For example, roads and roads will be deployed by society after GRK's work. As a result, GRK's environmental impact also reflects road transport emissions, which are still mainly dependent on fossil fuels. This means that the electrification of road transport should also improve GRK's environmental impact. The construction of roads and railways also affects biodiversity, for example through the fragmentation of ecosystems.



**Society**

Like all businesses, GRK has a positive impact on society by creating jobs and paying taxes, thereby promoting society's shared resources. GRK employs about 1,000 employees and generates tax revenue. It is positive that almost all of GRK's products and services contribute to all other construction work.

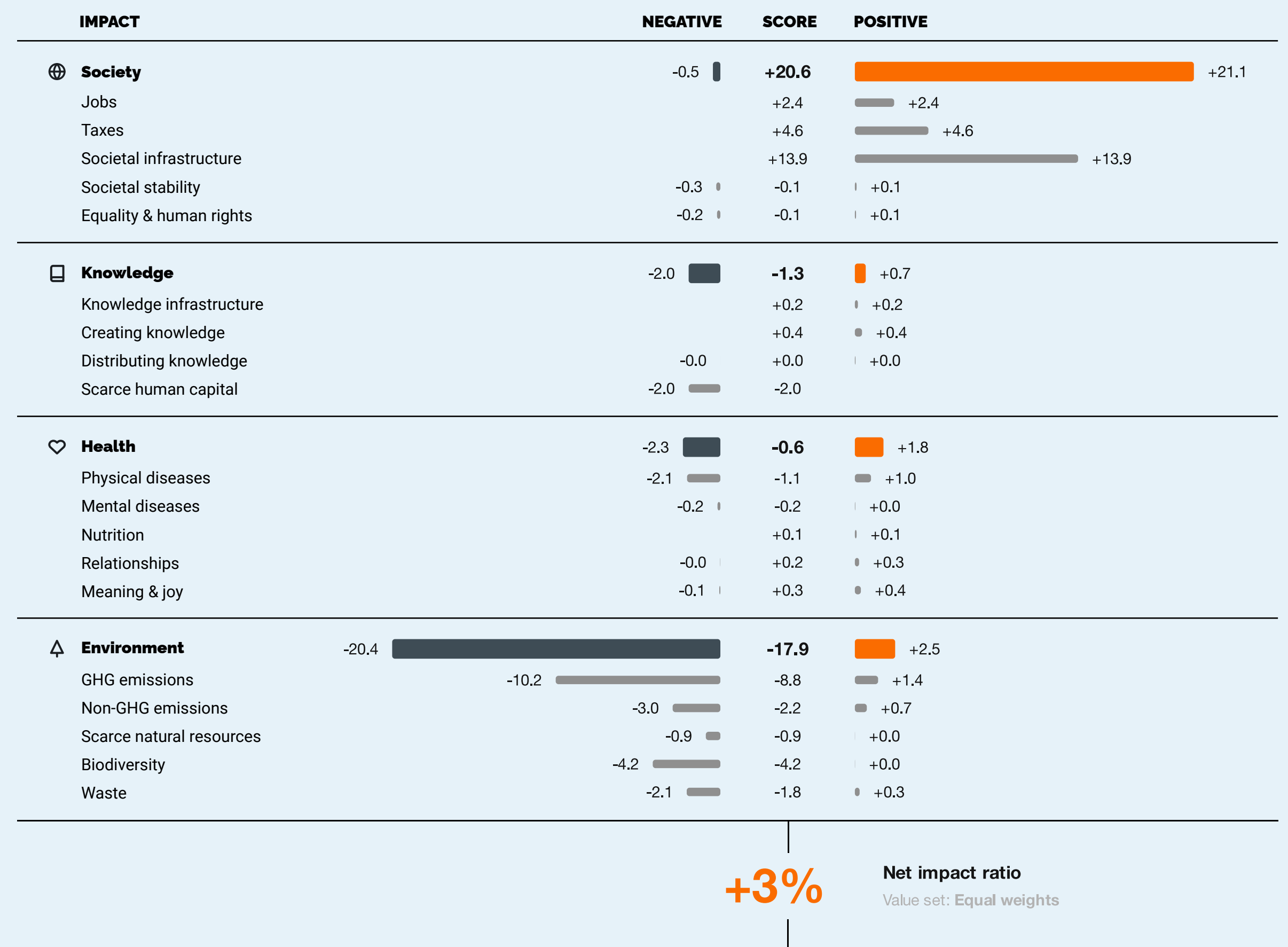
**Health**

The environment built by GRK has implications for human health. GRK builds and services important civil engineering infrastructure, such as water supply, with a positive impact on people's health by improving hygiene and ensuring the availability of clean water. Bicycle and pedestrian route networks facilitate an active lifestyle and have a positive impact on people's health. On the other hand, the construction of streets and motorways facilitates the use of motor vehicles, which in turn negatively affects people's health due to accidents and pollution.

**Knowledge**

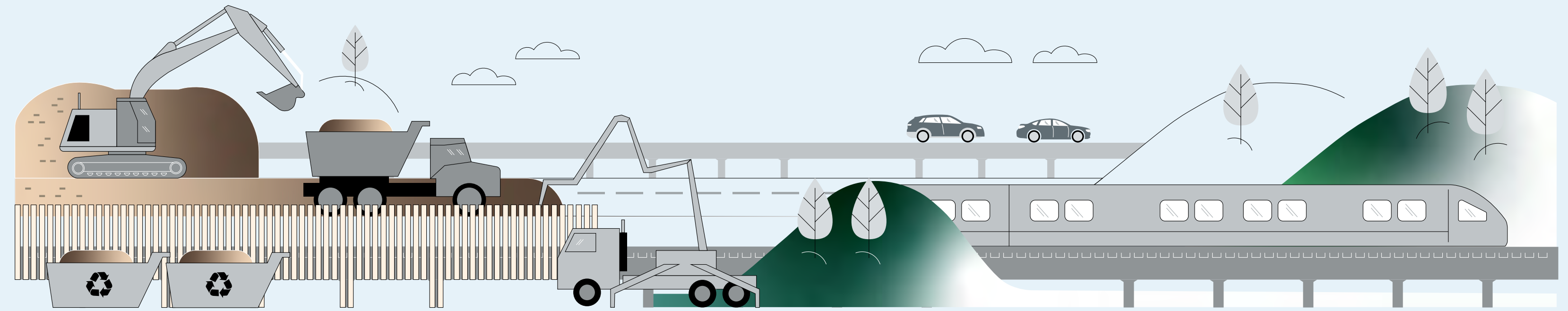
GRK's rail construction planning services produce new information that enables the construction and safety of railways.

**NET IMPACT PROFILE**



VALUE CREATION

# One GRK – constructing infrastructure



## Resources

### Superior competence

- Strong professional pride and excellent project competence
- Extensive offerings and cooperation with different areas of service
- Active service development and innovative solutions
- Strong focus in environmental business

### Company culture that promotes responsibility

- Entrepreneurial operation in accordance with the principles of fair play
- Development of quality and resource efficiency
- Careful monitoring of each project

### Well-being of the personnel

- Personnel satisfaction eNPS 29
- Rewarding wages

### Good networks

- Functional customer relationships
- Extensive partner network

## Business operations

### Services



Planning      Construction      Maintenance

### Stable financial position

- Equity ratio 39.9%
- Net investments EUR 17.4 million

### Reputation as a trustworthy operator

- Recognised and trusted brand
- Sought-after cooperation partner for clients and subcontractors
- Forerunner of infrastructure construction in accordance with sustainable development

## Outputs and impacts

### For the personnel

- Wages and salaries, including social security costs: EUR 92 million
- Increased experience and competence
- Working environment that promotes well-being

### For partners

- Procurement EUR 396 million.
- 13 locations receiving waste material in Finland

### For the society

- Taxes: EUR 25.0 million
- Active cooperation with the public sector to develop the industry's competence

### For the environment

- Decreasing the amount of waste and developing materials
- Carbon intensity decreased to 29.9 tCO<sub>2</sub>/M€, and our CO<sub>2</sub> emissions were 16,332 t CO<sub>2</sub>-eq.
- The use of recycled materials remained at a good level at 487,000 t.
- Recycled and reused raw materials for metal and steel industries and fertilisers.
- The carbon handprint was 4,400 t CO<sub>2</sub>-eq.

### For owners and financiers

- Dividends: EUR 6.3 million.
- Financial items, net 0.1 MEUR

## SUSTAINABILITY

# Sustainability objectives and results in 2023

	MEASURES	2022	2023	TARGET 2023
<b>PERSONNEL</b>	Employee satisfaction	23	29	40
	Sickness absence	2.9	1.97	< 2.5%
	Working days lost due to accidents	194	250	
	Safety observations	1,257	1,882	
	Accident frequency rate	11.6	13.1	< 5
<b>CUSTOMERS AND PARTNERS</b>	Customer satisfaction	4.45	4.3	> 4.5
	Number of Complaints	5	21	
	Warranty work	Not measured	0.08% (of revenue)	
	Resource-wise development work	Research projects	Research projects, energy efficiency agreement, biochar	
	Trustworthy subcontractor and supplier networks	Approximately 50 supplier valuations, 4 audits	120 supplier evaluations, 1 audit Contractor's liability audit and subcontract agreement	
<b>FINANCES</b>	Revenue	450.5 M€	EUR 546 million	> 500 M€
	Share of continuous operations	10%	9%	> 10%
	Operating profit	2.5 % (11.4 M€)	4.3% (EUR 24 million)	> 6%
	Return on equity	9.0 %	24.3%	> 25%
<b>ENVIRONMENT</b>	Own carbon footprint	18,360 CO <sub>2</sub> t	16,322 CO <sub>2</sub> t , -11 %	-10%
	Use of recycled materials	551,000 t	487,000 t	
	Environmental incidents	0	0	0
<b>SOCIETY</b>	Cooperation with educational institutions	Multiple educational institution events and continuous contact	Multiple educational institution events and continuous contact	Corporate social responsibility and recruitment
	Number of interns	> 100	102	100
	Support for society	Several individual athletes.	Jukola, several individual athletes. Updated sponsorship guidelines.	Corporate social responsibility
	Built infrastructure		More than 100 km of roads and walkways More than 50 bridges More than 800 km of track maintenance 13 environmental technology locations in Estonia and in Finland.	

## CLIMATE AND ENVIRONMENT

# Emissions were further reduced

Construction plays a crucial role in mitigating climate change and adapting to it. In infrastructure construction, the biggest sources of emissions are machinery, concrete, asphalt, transport and aggregates.

## Carbon footprint

We have reduced emissions from GRK's construction sites by using biofuels and electrifying the machinery. In 2023, we used a total of 950,000 (900,000) litres of renewable fuels. This is 17 per cent of our total fuel usage. The electricity we used was also mainly (84%) green. Our use of LPG remained at a good level, amounting to 1.9 million kg in 2023 (2.2 million kg in 2022). With these measures, we have been able to reduce our carbon intensity, taking into account the growth in revenue. Our

carbon intensity was 29.9 tCO<sub>2</sub>/M€, which is significantly lower than in 2022, 40.8 tCO<sub>2</sub>/M€. The carbon footprint of our own operations was a total of 16,332 (18,360 \*) tonnes of CO<sub>2</sub> equivalent in 2023. The accounting takes into consideration Scope 1 and 2 emissions of the Greenhouse Gas Protocol (GHG).

In addition to GRK's total emissions, we have implemented carbon footprint calculations at individual construction sites in Finland and Sweden. In these calculations, we have taken into account the total emissions of the construction site, that is, in addition to our own operations, the carbon footprint of materials. The public CO<sub>2</sub>data.fi/infra database, where almost all of the necessary emission factors can be found, has been of much use in this. By calculating the CO<sub>2</sub> emissions of construction on a project-by-project basis and by maintaining the calculation in real time,



**The construction industry has a significant impact on the environment, as it is a major consumer of raw materials and energy, as well as a land user.**



we can make decisions on the introduction of lower-emission materials or the development of work phases during the project.

### **Carbon handprint**

The carbon handprint describes the opposite of the carbon footprint, that is, the positive impacts of activities on climate. The carbon handprint calculation provides information on how the solutions provided by GRK can reduce the carbon footprint of our customers. In 2023, GRK's carbon handprint was 4,400 tonnes of CO<sub>2</sub> equivalent (10,800 t in 2022). The recycled and reused raw materials produced by us have been taken into account in the calculation of the carbon handprint. We delivered a total of 1,700 tonnes of magnetic metals and 720 tonnes of precious metals, such as aluminium and copper, to the steel and metal industry for reuse. As a result of an asset deal, our waste incineration bottom slag processing operations ended in summer 2023. In addition, after the end of construction waste processing, we did not deliver recycled fuels for energy production during 2023.

The change in these services had a negative impact on our carbon handprint.

Currently, our circular economy business network consists of 12 locations. In 2023, GRK's network of long-term locations grew by three new locations: Nurmijärvi, Lempäälä and Ii. At the sites, we accept and use surplus soil and a wide range of recycled raw materials, including concrete, ash, slag, tyres and industrial rejects. A few sites have been closed down after the end of the slag processing operations and the completion of the sites.

Thanks to the active approach of the circular economy business and construction sites, the use of recycled materials remained at a good level at GRK in 2023. At our construction sites, we used a total of 487,000 tonnes of asphalt, concrete, ash, slag, tyres and other reused materials. In particular, in the production of asphalt, we used a significant amount of recycled asphalt, more than 121,000 tonnes. The use of reused materials replaces the use of virgin materials, which has significant nega-

tive environmental impacts, such as lower biodiversity loss and greenhouse gas emissions. The use of reused materials has not been taken into account in the calculation of the carbon handprint.

On the whole, it is essential to note that the carbon handprint has not been deducted from GRK's carbon footprint.

\* The baseline figure for 2022 has been revised in the calculations. The previously reported carbon footprint was 14,367 metric tons of CO<sub>2</sub> equivalent. The revision of the baseline is due to a correction in the amount of liquefied petroleum gas used.



FOCUS AREAS 2024

THEME	GOAL	2024 MEASURES
<b>WORK COMMUNITY AND MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Committed and satisfied employees</li> <li>Safety first</li> <li>Profitable growth</li> <li>Sought-after employer</li> <li>The best place for an internship</li> </ul>	<ul style="list-style-type: none"> <li>Employee eNPS &gt; 40</li> <li>Sickness absence &lt; 2.5%</li> <li>Accident frequency rate &lt; 8</li> <li>Number of safety observations and working days lost,</li> <li>No onerous contracts, 0</li> <li>Vacant positions, unfilled for over 6 months, 0</li> <li>Intern survey eNPS &gt; 40</li> <li>Interns/unit &gt; 10% of the headcount</li> </ul>
<b>PARTNERSHIPS AND PROCUREMENT</b>	<ul style="list-style-type: none"> <li>Partnership and project risk management improves</li> <li>Sustainability certificate</li> <li>GRK is a sought-after partner</li> <li>The employees take part in social and environmental matters that are significant to them</li> </ul>	<ul style="list-style-type: none"> <li>We introduce criteria for sustainable procurement</li> <li>Supplier evaluations, 1–5% of significant partners</li> <li>Ecovadis Certification</li> <li>Customer satisfaction &gt; 4.5 out of 5</li> <li>Warranty works, €</li> <li>Number of complaints</li> <li>Company volunteer work, hours per year, h/year</li> </ul>
<b>ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>Our emission reduction target is committed to the 1.5 degree target (SBTi)</li> <li>Carbon neutral by 2030, our own operations</li> </ul>	<ul style="list-style-type: none"> <li>Emission reduction target 2030 (own operations) -100%</li> <li>Emission reduction target 2050 (own operations &amp; materials), -90%</li> <li>Use of fuels, litres</li> <li>Use of energy, kWh</li> <li>Fixed asphalt stations operating with gas, 100%</li> <li>Waste recycling rate, %</li> <li>Environmental incidents, 0</li> </ul>
<b>ECONOMIC TARGETS</b>	<ul style="list-style-type: none"> <li>Profitable growth</li> </ul>	<ul style="list-style-type: none"> <li>Revenue &gt; EUR 550 million</li> <li>Operating profit &gt; 4%</li> <li>Return on equity &gt; 25%</li> <li>Equity ratio &gt; 35%</li> <li>Profitable order backlog &gt; 500 million euros</li> <li>Combined costs of production and management &lt; 4.5% of revenue</li> </ul>
<b>LOW-EMISSION PRODUCTS AND SERVICES</b>	<ul style="list-style-type: none"> <li>Forerunner in sustainable construction</li> </ul>	<ul style="list-style-type: none"> <li>Amount of reused materials (FI) &gt; 350,000 t</li> <li>Biochar production &gt; 4,500 t</li> <li>Increasing biomass &gt; 25 hectares</li> <li>Energy production &gt; 8,000 t</li> </ul>

## CASE

## THE CONSTRUCTION INDUSTRY NEEDS LARGE AND SMALL ACTIONS TO PREVENT BIODIVERSITY LOSS

The construction sector has major impacts on nature, as the sector is significant as a consumer of raw materials and energy, and also as a land user. The sector uses 32 per cent of the raw materials used in Finland, and the carbon footprint of the built environment accounts for 30 per cent of the carbon footprint of Finland. In fact, the construction sector has the sixth-largest impact on biodiversity loss among Finnish industries.

The biodiversity roadmap compiled by the Confederation of Finnish Construction Industries RT shows the major impact of the construction sector on biodiversity loss in Finland, but also presents lots of ways for the sector to participate in stopping biodiversity loss. According to the roadmap's vision, the sector must be broadly involved in the changes, so that nature will be visibly and measurably recovering in 2030. Reforms are needed throughout the construction value chain.

Efforts in the construction sector must aim at reducing the use of land, sea and natural resources, mitigating climate change, reducing pollution and disturbances to nature, and preventing alien species.

“Companies in the sector must incorporate environmental impacts into their decision-making and business operations. In practice, companies can do this by restoring the surface area and taking

measures to renew the natural values of local nature, as well as by reducing waste, disturbances, emissions and the use of alien species. A good example could be in the construction of green spaces in connection with walkways in the infrastructure sector – could, for example, the planting along roads be from Finland and Finnish species?”, asks Juha Laurila, Director of Confederation of Finnish Construction Industries RT, who worked on the map.

Despite the significant nature impacts, construction companies alone have only limited opportunities to influence where and how construction takes place in Finland. This is why the work requires the involvement of decision-makers, designers, customers, financiers, users of the built environment and other industries – everyone.

“Nature-positive solutions, such as the use of recycled materials, must become the new normal and economically viable. This requires that we develop regulation, land use and, for example, licensing practices and incentives related to the circular economy in Finland. For example, infrastructure construction such as road construction projects require procurement criteria that promote biodiversity. The state, counties and municipalities, among others, make decisions regarding the use of areas,” Laurila says.

The biodiversity roadmap for the construction sector was prepared by the Confederation of Finnish Construction Industries RT in cooperation with its stakeholders and Gaia Consulting Oy. The project is part of the roadmap work of various industry associations in accordance with the Government Programme and part of Finland's climate and energy strategy.



## CASE

## THE KALASATAMA–PASILA PROJECT USED RECYCLABLE MATERIALS

Did you know that the circular economy can be excellently implemented in construction? Neither did I, until I got involved in the tramway project from Kalasatama to Pasila.

A tramway will be built between Kalasatama and Pasila, as well as related street areas, green lanes, pedestrian and cycling routes and municipal technology. The track section is approximately 4.5 km long and the aim is to start service on the track in autumn 2024.

So how did we do? The key has been to set ambitious goals and link finances to the solution for achieving the goal. The aim of the project has been to develop a high-quality, sustainable, energy-saving and easily maintained construction solution. The end result must be low-carbon and comfortable for residents and users. The aim has been to manage the life cycle impact by using recycled and reused materials whenever possible.

At the beginning of the last year of construction, more than 90% of recyclable materials had been used in the project. We have reused, for example, kerb stones, boulders, growing media, topsoil, old structural layers, concrete structures demolished from the areas and threshold soil. The idea of recycling and reusing materials has been known to everyone since the tendering phase of the project. Success was tied to the key performance areas of the project. When the achievement of a goal affects the result, the necessary people are also allocated to planning, implementation and monito-

ring. It was also important to build tools for the real-time monitoring of circular economy objectives. When information about the use of materials could be continuously checked, up-to-date information reached all parties.

However, the success has not been just a walk in the park. The first prerequisite is that the quality of the recycled and reused materials must meet the required criteria. The materials reused from the Kalasatama–Pasila project are inspected for harmful substances, and in the case of recycled growing media, a biologist checks the soil for any alien species. The storage of materials also requires significant intermediate storage areas, and their availability in an urban area is often challenging.

The project organisation's active approach and willingness to pioneer has made it possible to build materials storages in nearby areas, supporting the project objectives in terms of both low-carbon and recycling. Close cooperation and exchange of information on the materials available and needed both within the project and between operators and construction sites in the surrounding areas, has also been a factor in the success. Together we succeed, it has become clear in this project as well.

This article is part of a blog published by the project, authored by Business Development Director Riina Rantsi.



## CASE

**USE OF BIOCHAR AT CONSTRUCTION SITES**

GRK's biochar was introduced in the summer of 2023 at the Oravapuisto construction site in Helsinki.

The construction site built the Itäbaana main connection for bicycle traffic between Herttoniemi and Itäkeskus.

The green area next to the cycling lane serves as the first showing of GRK's biochar in Finland, as biochar was used in the growing media of planted trees at the site. With the planted trees, it is possible to find out the effects of biochar on the construction of green areas in the infrastructure sector, when their growth is compared to trees that have not been planted using biochar.

In May 2023, new trees and shrubs were planted on the side of the cycling lane and walkway park. One in three of them, or 36 trees, had 10 per cent of biochar in their growing media. The plantings were carried out in May 2023 and the first growth estimate was made in October.

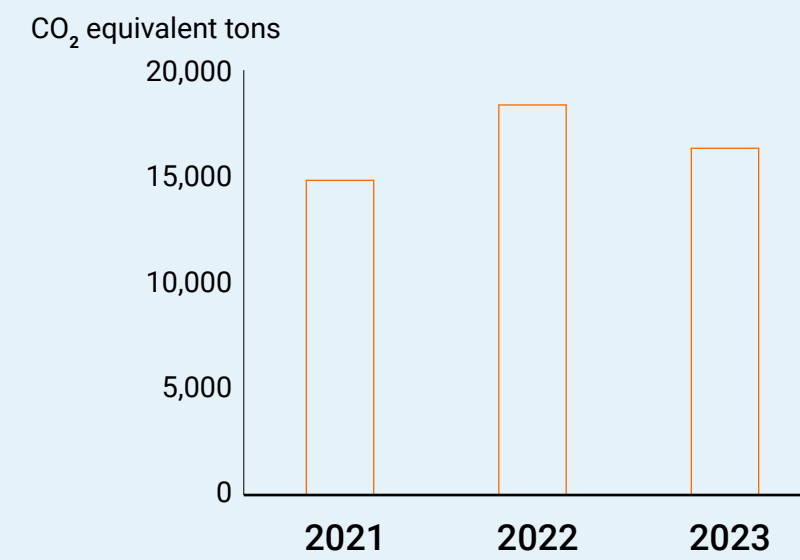


SUSTAINABILITY

# Environment

CARBON FOOTPRINT

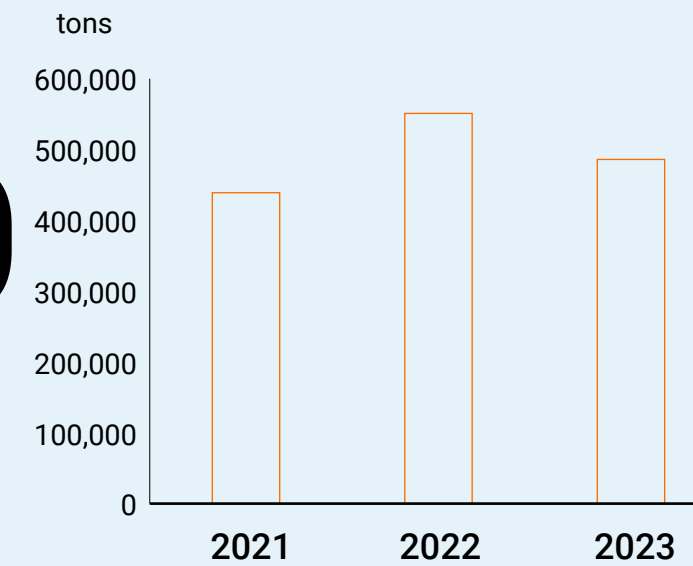
**16,322**



\* The 2021 figure includes only Finnish operations, the figures for 2022 and 2023 cover the entire Group. The figures are not therefore fully comparable with each other.

USE OF RECYCLED MATERIALS

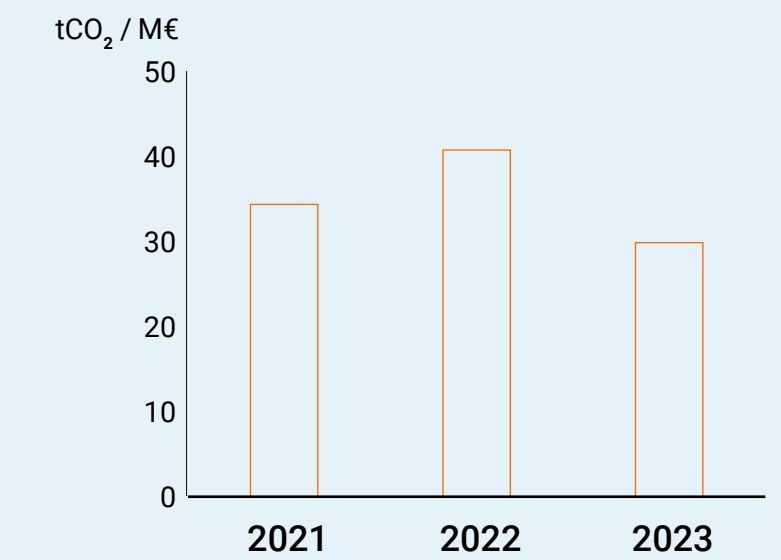
**487,000**



\* The 2021 figure includes only Finnish operations, the figures for 2022 and 2023 cover the entire Group. The figures are not therefore fully comparable with each other.

CARBON INTENSITY (emissions in relation to revenue)

**29.9**



\* The figure for 2021 is not comparable with 2022–2023, as it only includes emissions from one country of operation. The figures for 2022 and 2023, on the other hand, include the emissions of all of the Group's local companies.



SAFETY  
OBSERVATIONS

**1,882**

The number of safety observations has been successfully increased. Making them promotes safety and enhances its level. By observing the work environment, safety becomes integrated into everyone's work performance.

## PEOPLE AND SOCIETY

# Safety first

As a fair employer, GRK is a pioneer in its field, with a bold entrepreneurial culture. The strategic goal is for GRK to be a sought-after employer with committed and satisfied employees.

Employee satisfaction is measured annually using a pulse survey. In 2023, GRK conducted the Työvire personnel survey with 703 respondents. The response rate was 70%. The pulse score was 3.9 out of 5, and the average varied between 3.3 and 4.2 out of 5 between different respondent groups. The pulse score remained at the same level as in 2022, but the response rate increased.

The Työvire personnel survey is a short pulse survey, while the Employee Net Promoter Score (eNPs) is used as a strategic indicator of overall satisfaction at GRK. In 2023, GRK

Group's overall satisfaction improved, with an eNPS of 29 (23). The median eNPS of companies is about 20, of the top quartile 40 and the top decile about 60.

A regular pulse survey will also be launched in 2024 to collect monthly or quarterly data on the development of what is considered relevant. The survey includes about five questions to quickly measure how things are going at GRK.

We want to further improve our well-being, and we will plan and implement measures based on the information provided by the survey. We already have a wide range of practices and tools to promote well-being at work.

### **Safety first**

Our employees work in a wide range of jobs, so the occupational health and safety risks vary. Safety is GRK's number one priority, and

we will not compromise on it under any circumstances.

We aim to operate accident-free, and we systematically improve our safety performance. Proper instructions, compliance with them, safe equipment and the use of protective equipment contribute to accident-free working. We monitor compliance with safety requirements on our sites, and the requirements that apply to our own employees also apply to our partners.

GRK has carried out long-term safety work for several years.

One indicator is the accident frequency rate, which describes the number of accidents causing sick leave per one million hours worked.

The negative development of the accident frequency has continued. The Group's accident frequency rate was 13.1 (11.6). In 2023, GRK's personnel suffered a total of 24 (20) accidents resulting in sick leave. The accidents were mostly minor. Accidents leading to less than three days of sick leave accounted for 32 per cent and accidents leading to less than 10 days of sick leave for 40 per cent of the accidents.

For 2023, the goal was to have an accident frequency rate of less than 8, taking into account both in-house employees and the employees of and subcontractors, but the goal was not achieved.

In the next few years, GRK will strengthen the management of basic safety issues, develop the consideration of safety in all operations, train our in-house personnel in the competence and consideration of safety, quality and environmental issues. The fact that the number of safety observations has been significantly increased can be considered to be a favourable trend. A total of 1,882 (1,257) were made in 2023, and the findings have been good and of high quality.

### **Occupational health**

Our employees have access to a comprehensive range of occupational health care services, as well as health insurance. We take active steps to maintain the working capacity of our staff. The main risks to working capacity tend to come from physically demanding jobs, but mental health challenges are also increasingly proving to be a cause of sick leave. We encourage employees to report their situation as early as possible so that we can



**Construction work involves physically demanding tasks, and therefore maintaining work capacity is crucial.**

provide expert help. We mentor and encourage our managers to intervene early.

In 2023, the sickness absence rate was 1.97% (2.9%).

### **Attractive employer**

GRK's success is based on the diverse skills of its staff and their continuous development. Complex infrastructure projects require managing their entire lifecycle, from tender calculation to resourcing and scheduling, management and implementation in a cost-effective way that meets customer requirements. The development of the sector also requires the introduction of new ways of working and, in particular, more effective use of new technologies and digitalisation. We keep our staff's skills up to date and design training courses to meet the needs of the company as a whole and the individual needs of each employee.

Sectoral legislation requires that those who execute projects have certain qualifications, for example in the field of occupational safety. We ensure the qualifications of our employees by using external trainers, for example for training in occupational and railway safety.

### **A desired workplace**

Shortages of skilled labour are plaguing infrastructure companies in Finland, Sweden and Estonia and, in particular, there is a shortage of production workers. Thanks in part to its reputation of being a good employer, GRK has been reasonably successful in retaining its staff and recruiting skilled employees. The company is a desirable and sought-after place to work, offering a competitive and motivating salary. However, succeeding in the competition for talent requires continuous development. GRK is actively involved in various organisations and cooperation bodies to develop the competitiveness and attractiveness of the industry as a whole. Large investments have been launched, especially in rail construction, so the need for labour is growing.

We were involved in a joint project between TTS Kehitys and the TE Centre to train new skilled workers in the sector. We also invest in cooperation with educational institutions and offer traineeships and jobs for young people. The most experienced workers have a wealth of knowledge, and we encourage them to share it with younger workers through a mentoring programme. Fair pay and motiva-

ting incentive systems give competitive edge to GRK. The entrepreneurial way of working is reflected in the incentives that we use to reward staff for achieving both the company's performance target and unit- and site-specific targets.

### **Discrimination in the construction industry has been highlighted**

RIL, the Finnish Association of Civil Engineers, conducted a survey on discrimination and harassment in autumn 2023. Slightly under one-half of the respondents felt that they had never been treated unequally or discriminated against. On the other hand, approximately 45% of the respondents said that they have occasionally experienced discrimination. The respondents to the survey felt that the discrimination had been due to gender or age in particular. GRK does not have any research-based data on discrimination. The topic is important, so there are plans to organise DEI training in Finland.





## CASE

**HOW SHOULD GRK'S VALUES BE REFLECTED ON A DAILY BASIS? SUPERVISOR TRAINING WAS BUILT ON VALUES**

GRK's values were updated during 2023. Five values were taken as the basis for GRK's supervisor training, which involved approximately 260 managers across the organisation. The training discusses how GRK's values are – or should be – reflected in daily activities, such as working atmosphere, behaviour, appreciation of others, acceptance of differences, early intervention and feedback. There were a total of 16 training days. The coaching themes also include interaction skills, coping at work, work ability management, identification of motivation factors and many other topics that have been identified as essential in GRK's personnel surveys.

GRK has grown rapidly over the past few years, and about a couple of hundred new people have joined us over the past few years. GRK has recruited new professionals, in addition to which new maintenance areas and acquisitions have resulted in new employees joining the company. During the COVID-19 years, the organisation of joint events was not successful, so four GRK days with the same content were organised for employees in 2023. Several events were organised to give everyone the opportunity to participate in the event, taking their shifts into account.

The event discussed the strategy, common direction and values and the need to update them. Safety issues played an important role, as there has been a setback in occupational safety figures. In addition to strict facts, the GRK Days also provided an opportunity to meet and get to know colleagues working in different parts of Finland.

**260**

**managers were invited to a supervisor training where values were at the core of training.**

## CASE

## SAFETY TRAINING WAS PILOTED IN THE UUSIMAA MAINTENANCE AREA

In December, GRK started a pilot project on safety mentoring, focusing on attitude instead of facts. This pilot project is based on the idea that safety is comprised of knowledge, skill and attitude, the last of which is the decisive factor. How can it be influenced? According to Eija Laukkanen, Project Manager of the Uusimaa maintenance area alliance, six training sessions took place in 2023. During the training, various matters affecting safety were reviewed in the form of examples and pair assignments. The training was followed by a follow-up period, during which the topic is presented, for example, through a weekly safety message. Attitude is also displayed through posters. The next pilot-period trainings will take place in summer 2024.



## CASE

## GRK SUPPORTS THE HOBBIES OF ITS EMPLOYEES' CHILDREN FROM WRESTLING TO HOT AIR BALLOONING AND FROM RIDING TO FOOTBALL

In addition to its other areas of cooperation, GRK supports the hobbies of its employees' children. In 2023, a grant of EUR 20,500 was donated to this, divided into 41 different children's hobby activities. Support was also distributed to the children's hobbies of Swedish and Estonian employees.

Among the beneficiaries were a wide range of hobbies such as football, water polo, swimming, basketball, wrestling, floorball, horseback riding, racing school, cheerleading, synchronised skating, skiing, skating, competitive cycling and many more. One of the beneficiaries is the Seinäjoki-based hot air balloon club Power Balloon Team ry. The association gives small club members a chance to participate in the balloon setup, flights and patching up.



## PEOPLE AND SOCIETY

# Partnerships at the heart of sustainability

We build and maintain infrastructure that is vital to our society and the foundation of its well-being. Accordingly, the most significant value we generate for society comes from the road, rail and utility networks we build, which have impacts on the day-to-day lives of thousands of people every day.

In addition, we bring prosperity to society through taxes, jobs and increased know-how. We are involved in trade association activities and foster good cooperation with the communities living near our construction sites. We work with and sponsor various educational institutions at both local and national level.

## The goal is to improve procurement risk management

Successful partnerships and acquisitions are significant for GRK's business. GRK implements projects together with an extensive

network of partners. Knowing the cooperation partners and transparency in the subcontracting chain is particularly important to GRK, as responsible procurement is one of the cornerstones of sustainability. Partnerships and procurement have been chosen as one of GRK's essential sustainability themes.

GRK always carries out procurement in compliance with laws and regulations and GRK's internal guidelines. GRK is committed to combatting the grey economy and only deals with responsible partners that take care of their obligations. GRK requires its partners to operate as responsibly as it itself does. The partner companies are required to commit to GRK's principles of fair operations or maintain their own codes of conduct with corresponding rules.



WE AIM TO HAVE

**100**

SUMMER INTERNS

The growth of GRK has made it possible for us to recruit a large number of new professionals during the year.



GRK's partners are long-term, trustworthy and well-known. We always examine the background of new partners to know the partners. One of GRK's sustainability goals is to further improve the risk management of partnerships and procurement. This is done by introducing criteria for responsible procurement.

In accordance with its values, GRK also wants to be a sought-after partner for its partners. Joint success is reached through mutual respect and good cooperation. GRK aims to create the prerequisites for mutual success. GRK sticks to its promises, and GRK's word can always be trusted. Any problems are settled through negotiation.

## CASE

**PROFESSIONAL AND ENTHUSIASTIC STAFF!**

GRK regularly collects feedback from its customers on the success and quality of the work. In 2023, customer satisfaction remained high at 4.3/54. One of GRK's customers is the City of Vantaa, for which we have built the Kivistö bus terminal. We asked Jaakko Koivunurmi, construction manager at the City of Vantaa's Urban Environment Department, about the customer's thoughts on the construction of the terminal. He praises GRK in particular for the fact that the project had a professional and enthusiastic team, who were solution-oriented and active towards the customer. Of course, there is also room for improvement. According to Koivunurmi, communication about the construction site situation towards the customer in general could be improved. The development proposal, in turn, relates to corporate responsibility: "Personally, I would like suggestions and new ideas from infrastructure builders, for example, with regard to sustainability. In this way, the client should take a stand on them, and think about their own actions and possible changes."



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CUSTOMER SATISFACTION

**4.3**

**Our work results are visible for hundreds of years and impact the daily lives of thousands of people.**

## CASE

**HOW DOES A CONSTRUCTION SITE CAUSE AS LITTLE HARM AS POSSIBLE TO DAY-TO-DAY LIFE? DAYCARE NAPS FOR THE WIN**

Hundreds of construction sites are constantly under way in large cities – like Helsinki. For many city residents, street construction sites are a necessary nuisance that interfere with everyday life and require exceptional arrangements. Even though construction sites are temporary, some may last for years. For this reason, several measures were taken in the Kalasatama–Pasila project to ensure that the construction site interferes with everyday life as little as possible.

One concrete act was the timing of noisy work. There was a day-care centre in the vicinity of the construction site, and nap time was adjusted there to the pace of the construction site. When the children slept, no noisy work was carried out.

Another noise-related act was the use of sound barrier mats. As the name suggests, a sound barrier mat absorbs noise from the construction site, so they were adopted. For example, in Pasila, sound barrier mats were used in the construction site fence so that sound would not be carried to the ears of those passing by on the pedestrian and bicycle lane next to the construction site. Sound barrier mats have not been used much in Finland, but the experience was good.

The work phases were also considered from the users' point of view. For example, piling and other major construction works in Vallilanlaakso were carried out in the winter, when the parks in the area are not in active recreational use as much as in the summer.



# Shhh..

**One of the aims of the Kalasatama–Pasila tramway project has been to ensure that noisy work does not disturb the surrounding environment.**

## PEOPLE AND SOCIETY

# We act with integrity

GRK's ethical guidelines are aggregated into the principles of fair operations, which include the Group's common code of conduct. The principles of fair operations are based on legislation, official regulations and the company's values, based on which concrete procedures have been built for GRK's management and employees for different scenarios. GRK's goal is also to commit our partners to the principles of fair operations and to ensure that they follow similar practices in their cooperation with GRK.

Combatting the black economy and preventing bribery and corruption are part of GRK's principles of fair operations.

GRK has zero tolerance for bribery and corruption. The principles of fair operations provide guidelines for preventing bribery and corruption, examples of situations that may arise in day-to-day life and guides on what to

do in these situations.

GRK has an anonymous whistleblowing channel for anyone to report grievances or suspicions of fraud concerning the company.

The whistleblowing channel can be used to report, for example, shortcomings in occupational safety and health, breaches of equality, non-discrimination and equality, conflicts of interest, suspicions of the black economy, money laundering or terrorist financing, as well as bribery and corruption. All reported violations are investigated appropriately and confidentially.

At the beginning of 2023, GRK adopted an internal guideline on conflicts of interest. The purpose of the guideline is to ensure that decisions in GRK's operations are always made transparently and in the best interests of GRK. A conflict of interest must not affect the decisions made at work, which is why, according

to the guideline, in a conflict of interest situation, decision-making must always be delegated to the supervisor of one's own supervisor.



PEOPLE AND SOCIETY

# Governance

Good governance is the foundation of responsibility. At GRK, good governance is implemented through a clear-cut management system and operational control. GRK's governance is based on the company's values and principles of fair operations (Code of Conduct), compliance with applicable legislation, regulations and guidelines and the company's internal operating policies.

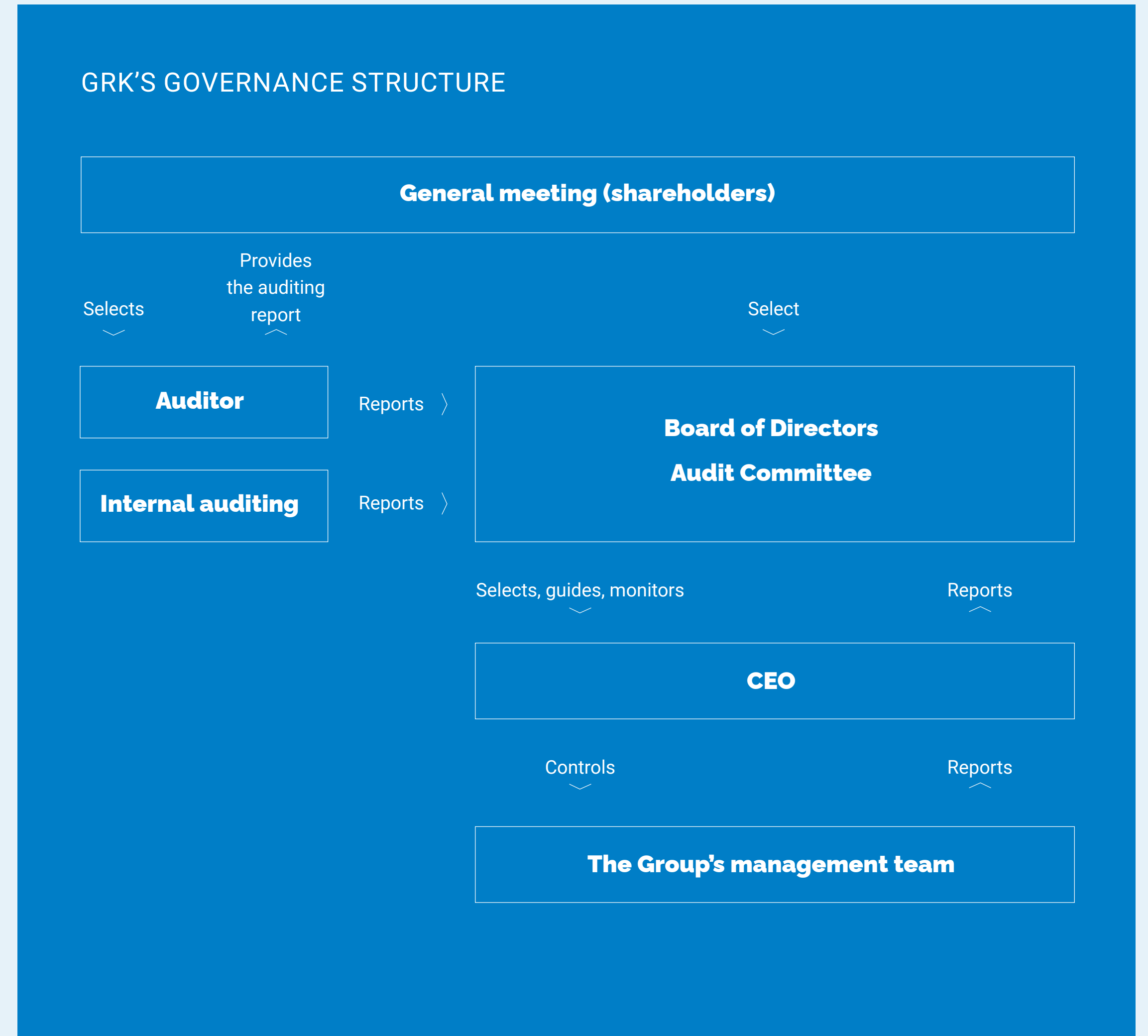
At GRK, the values are at the core, and the principles of fair operations are equally applicable to Board members, management, and all employees in all Group companies. GRK's values and principles of fair operations lay down the foundation for the Group's operations and determine GRK's way of working.

GRK's governance, management and supervision are divided between the Annual General Meeting, Board and CEO. The internal audit function, which operates under the supervision of the Board, is responsible for internal

audit, while the auditors are responsible for external audit. Operational business operations are implemented by the CEO, supported by the Group Management Team. The company's operational management is described in the company's management system, which is part of GRK's certified operating system.

### General meeting of shareholders

GRK's highest decision-making company is the general meeting of shareholders in accordance with the Limited Liability Companies Act. The Annual General Meeting decides on the distribution of profits, adopts the financial statements and decides on discharging the Board members and CEO from liability. The general meeting of shareholders elects the members of the Board and decides on their remuneration. The Annual General Meeting also elects the company's auditor and decides on the auditor's fees. The general meeting also decides on other matters falling under its





jurisdiction according to the Limited Liability Companies Act and the Articles of Association, as well as other decision proposals submitted to the Annual General Meeting.

In 2023, GRK had one general meeting of shareholders.

### Board

The Board is responsible for the Company's governance and the arrangement of its operations. GRK's Board has prepared written rules of procedure defining the key tasks and operating principles of the Board and its Chair. The Board appoints and dismisses the CEO, supervises the CEO and decides on their remuneration and other terms and conditions of employment. The Board decides on significant matters pertaining to the company and the Group. For example, it decides on the company's strategy, significant investments, mergers and acquisitions, the management system and proposal concerning profits.

The Board prepares an annual calendar for its operations and meets in accordance with a pre-agreed schedule, as well as when necessary. The Board annually reviews its activities and ways of working and develops its operations based on the results.

In 2023, the members of GRK's Board were Kari Kauniskangas, Keijo Haavikko, Johanna Korhonen, Esa Lager, Jukka Nikkanen and Tarja Pääkkönen. Kari Kauniskangas acted as Chair of the Board and Keijo Haavikko was the Vice Chair of the Board.

The Board has established a Board Audit Committee for the company and ratified its written rules of procedure. The Committee was established primarily to prepare matters concerning the company's financial reporting and supervision and audit follow-up and preparing other audit-related matters. The Audit Committee also assists the Board in preparing matters related to financial reporting, financing, internal control, internal audit and risk management.

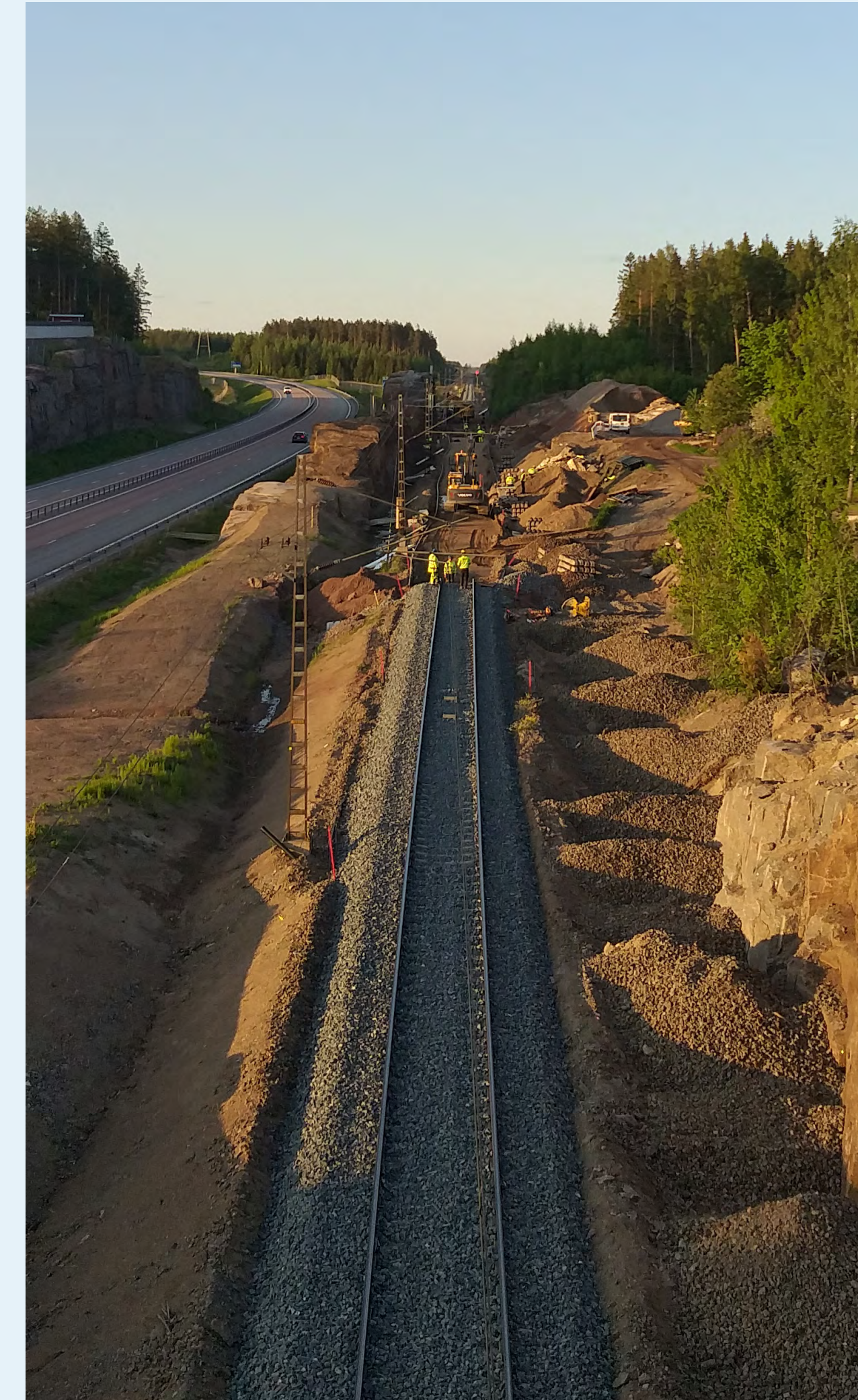
In 2023, the members of the Audit Committee were Jukka Nikkanen (Chair), Esa Lager and Kari Kauniskangas

### CEO and Management Team

The CEO manages, steers and supervises the day-to-day business operations of the company in accordance with the instructions and orders of the Board and the company's operating policies and other guidelines. The CEO is responsible for arranging the com-

pany's day-to-day administration and ensuring that the company's accounts are legal and that the management of the company's assets is reliably arranged. The CEO prepares matters to be decided on by the Board, develops the Group in accordance with the goals agreed with the Board and ensures the appropriate implementation of the Board's decisions. GRK's CEO is Juha Toimela.

The Group Management Team assists the CEO in the planning of operations, operational management and decision-making. The Group Management Team also prepares matters to be reviewed by the company's Board and assists the CEO in implementing the Board's decisions and the company's strategy. The Group Management Team reviews matters relating to business operations and the development and supervision of operations. The Group Management Team comprises the CEO and members appointed by the Board at the proposal of the CEO. Each member of the Group Management Team has their own areas of responsibility in accordance with the company's management system. The Group Management Team convenes regularly according to an annual schedule agreed in advance.



The members of the Group's management team are presented on page 55.

### Principles of internal control

Internal control contributes to ensuring that the objectives set for the Group's business operations are achieved. The purpose of internal control is to ensure that the company's operations are efficient, reliable and compliant and that the company's financial reporting is accurate and trustworthy. Internal control aims to ensure the continuity and uninterruptedness of operations and prevent deviations from the objectives or detect them so that corrective action can be taken.

The Board and CEO are responsible for the organisation of internal control. GRK's Board ensures that the Company has defined the operating principles of internal control. The Board Audit Committee monitors and assesses the effectiveness of internal control annually and reports its observations to the Board.

The CEO is responsible for the implementation of internal control. In addition, the management of each business function, Group company, unit and project is responsible for the development, implementation and maintenance

of internal control in its respective area of responsibility.

At GRK, internal control is part of management, with the Board, management and personnel taking part in it. Besides the control process of business functions, the company's internal control system includes independent control functions that support business operations. Such independent functions include Group-wide systematic risk management, compliance work and the HSEQ function. The internal audit function, independent of the business functions, assesses the Group's internal control.

The tools of internal control include GRK's policies and principles, guidelines, authorities and access rights, regular reporting and inspections, audits and self-assessments. The control measures are planned based on the business objectives and risks to them. Internal control is targeted in a risk-based manner so that the risks are under control.

It is the duty of everyone at GRK to comply with the principles of fair operations and GRK's policies, principles and work-related guidelines. It is the duty of everyone at GRK to intervene in breaches of the principles of fair

operations, and the company encourages everyone to report any abuse or improper treatment at a low threshold to either their supervisor or the CEO. GRK has an anonymous reporting channel through which violations of the principles can be reported. All reports and suspected violations are investigated appropriately and confidentially.

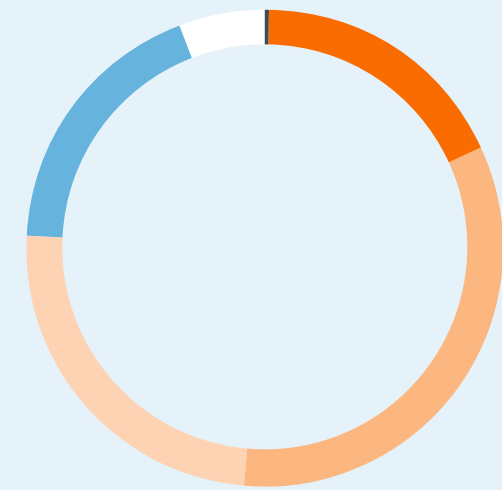


**It is the duty of everyone at GRK to comply with the principles of fair operations and GRK's policies, principles and work-related guidelines.**

SUSTAINABILITY

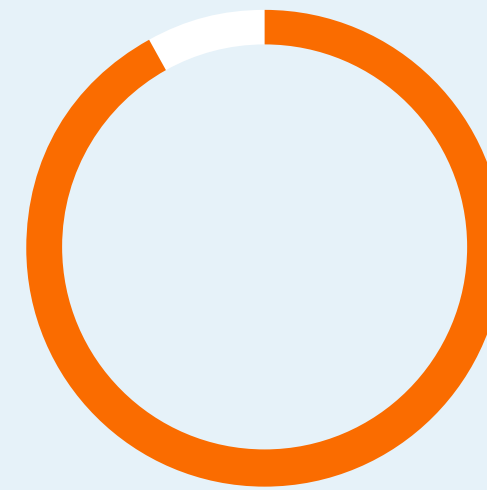
# Personnel

AGE STRUCTURE OF THE GROUP'S PERSONNEL



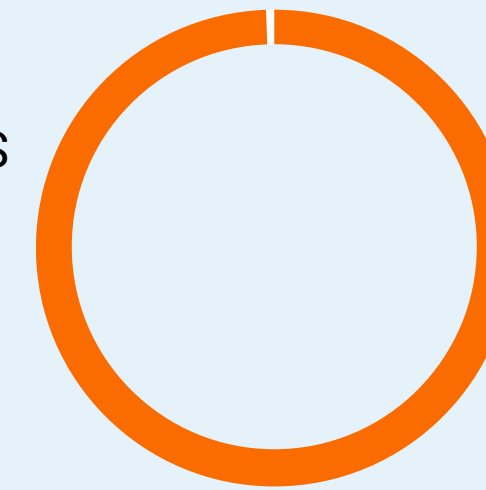
- Under 20 years
- 20-29 years
- 30-39 years
- 40-49 years
- 50-59 years
- Over 60 years

FORM OF EMPLOYMENT OF THE GROUP'S PERSONNEL



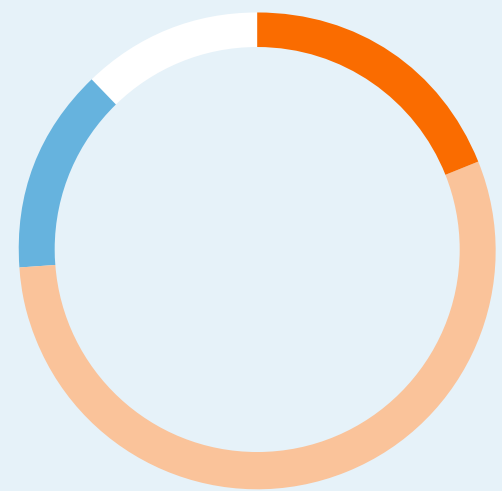
- Permanent (92%)
- Fixed-term (8%)

NATURE OF EMPLOYMENT OF THE GROUP'S PERSONNEL



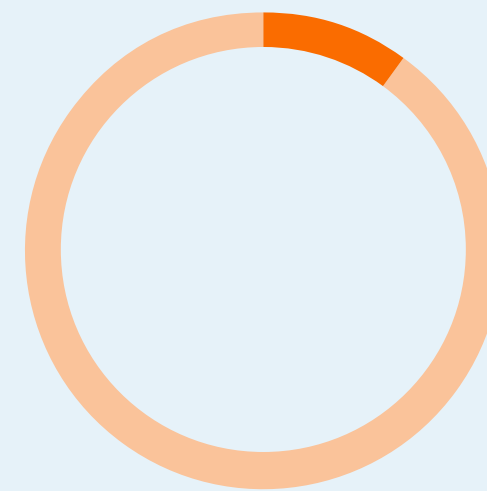
- Full-time (99.5%)
- Part-time (0.5%)

THE LENGTH OF EMPLOYMENT TENURE AT GRK



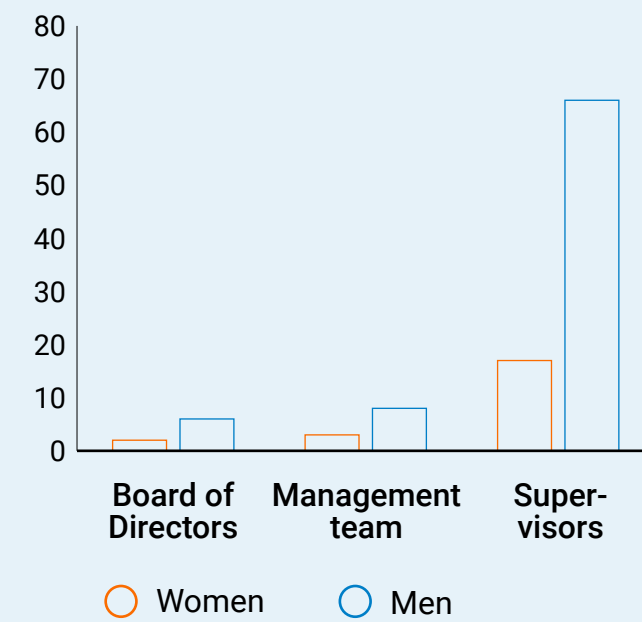
- Under a year (19%)
- 1-5 years (55%)
- 6-9 years (14%)
- Yli 10 years (12%)

GENDER DISTRIBUTION OF THE GROUP'S PERSONNEL



- Women (10%)
- Men (90%)

NUMBER OF WOMEN AND MEN IN THE COMPANY'S MANAGEMENT



NEW EMPLOYMENT RELATIONSHIPS AND TERMINATED EMPLOYMENT RELATIONSHIPS BY COUNTRY

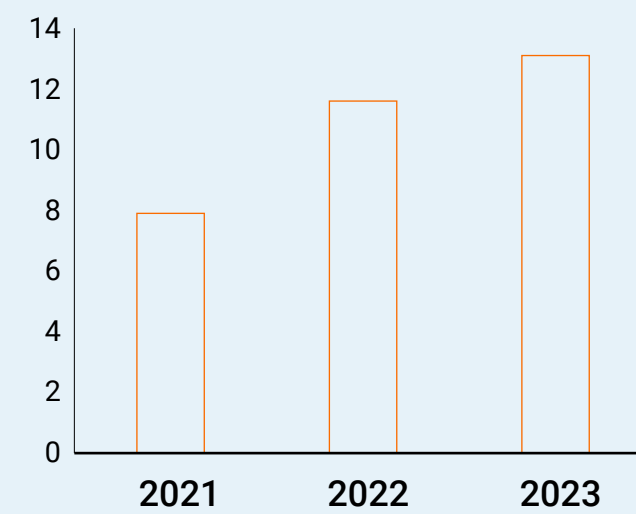
	New permanent employment relationships 2023	All terminated employment relationships 2023
Finland	178	224
Sweden	22	32
Estonia	26	27
<b>Total</b>	<b>226</b>	<b>283</b>
The turnover rate within the group	6.15%	

GEOGRAPHICAL DISTRIBUTION OF EMPLOYMENT RELATIONSHIPS 31 DECEMBER 2023

	Finland	Sweden	Estonia	Total
Full-time	827	97	84	1,008
Part-time	14	1	2	17
<b>Total</b>	<b>841</b>	<b>98</b>	<b>86</b>	<b>1,025</b>
Permanent	807	56	78	941
Fixed-term	34	42	8	84
<b>Total</b>	<b>841</b>	<b>98</b>	<b>86</b>	<b>1,025</b>

ACCIDENT FREQUENCY RATE

13.1



Accident frequency rate is an indicator that describes the number of accidents causing sick leave per one million hours worked.

AVERAGE NUMBER OF PERSONNEL 2023

	2023	2022	2021
Finland	854	819	792
Sweden	83	50	35
Estonia	76	76	61
<b>Group, total</b>	<b>1,012</b>	<b>946</b>	<b>888</b>

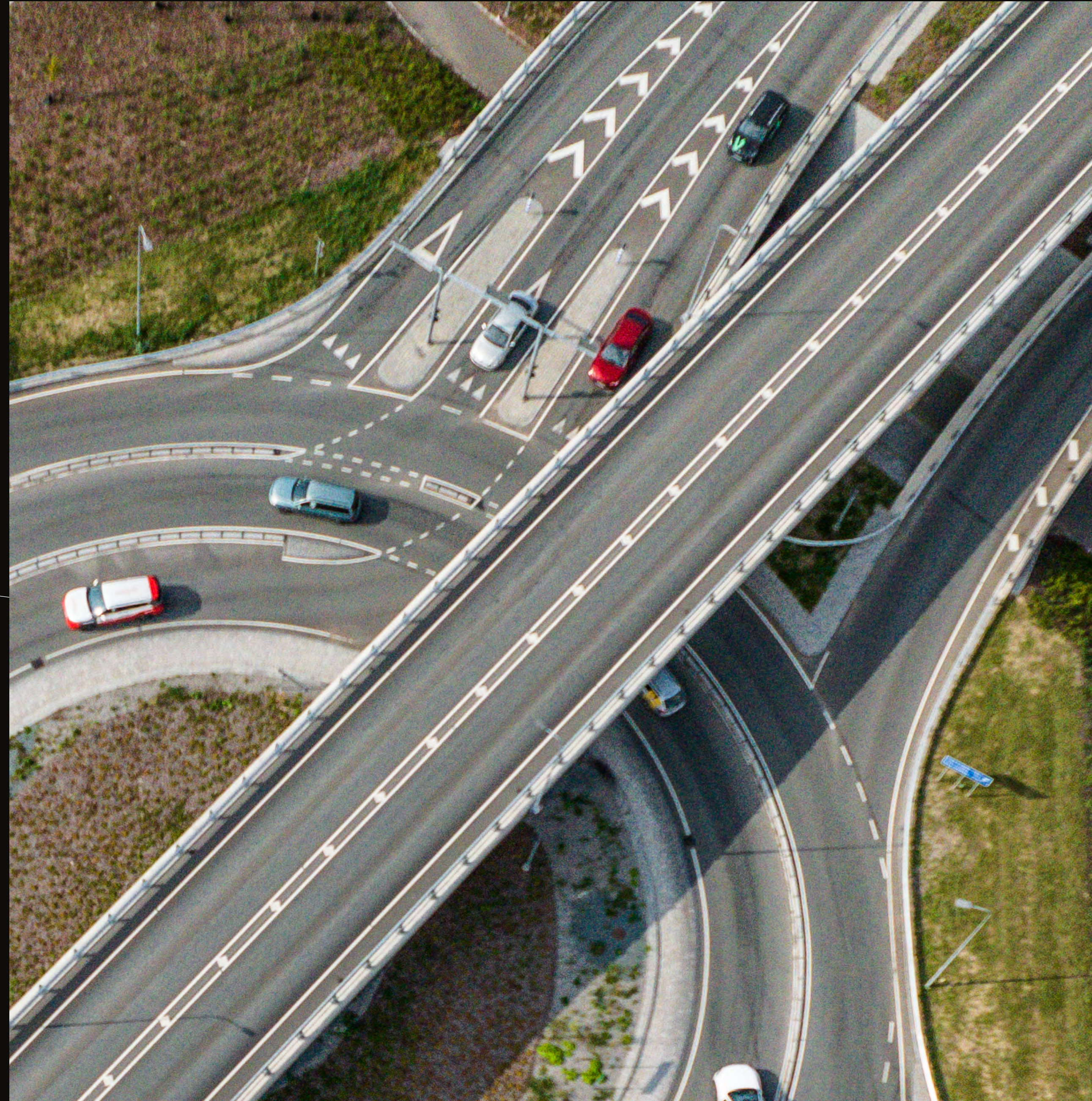
AVERAGE TRAINING HOURS AND COVERAGE OF PERFORMANCE APPRAISALS (FINLAND)

Training hours	2023
Blue-collar	43
White-collar	41
Senior salaried employees	13
<b>Total</b>	
The personnel involved in regular development discussions and the development discussions held with them (%)	34%

THE STRUCTURE OF THE PERSONNEL 31 DECEMBER 2023

	2023
<b>Finland</b>	<b>841</b>
Blue-collar	452
White-collar workers	309
Senior salaried employees	80
<b>Sweden</b>	<b>98</b>
Blue-collar	36
White-collar workers	62
Senior salaried employees	0
<b>Estonia</b>	<b>86</b>
Blue-collar	36
White-collar workers	50
Senior salaried employees	0
<b>Group, total</b>	<b>1,025</b>

# Board & Management team



BOARD AND MANAGEMENT TEAM

# Board of Directors



KARI KAUNISKANGAS

Chairperson of the Board, Member of the Audit Committee



KEIJO HAAVIKKO

Vice Chairperson of the Board



JOHANNA KORHONEN

Member of the Board



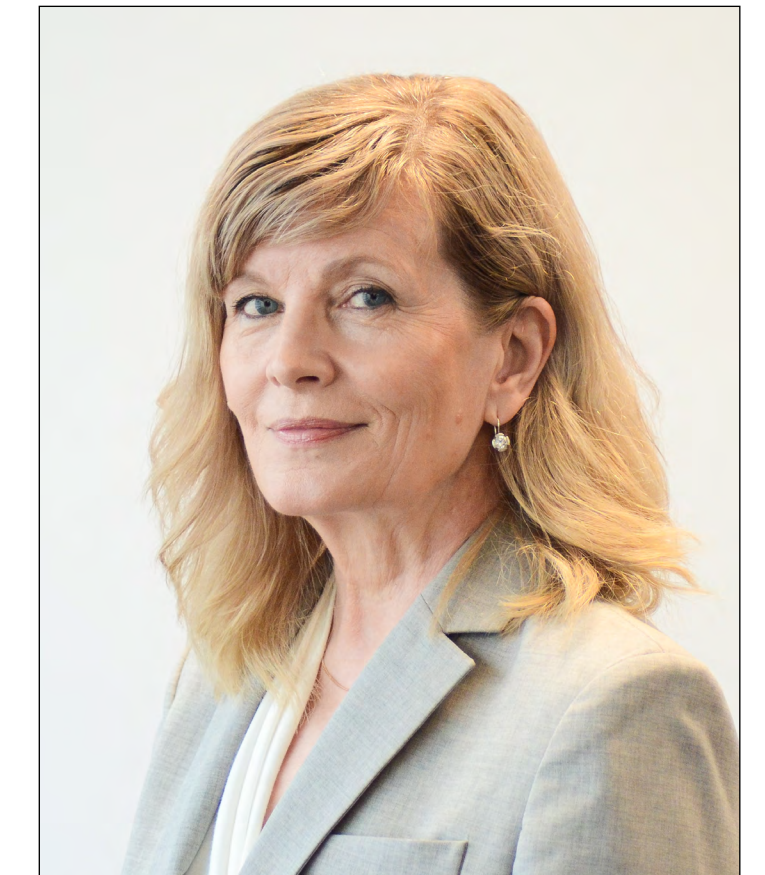
ESA LAGER

Member of the Board, Member of the Audit Committee



JUKKA NIKKANEN

Member of the Board, Chairperson of the Audit Committee



TARJA PÄÄKKÖNEN

Member of the Board

## BOARD AND MANAGEMENT TEAM

# Management team



JUHA TOIMELA  
CEO, GRK Infra Oyj and GRK Suomi Oy



KEIJO HAAVIKKO, UNTIL 31.12.2023  
Executive Vice President, GRK Infra Oyj



JOHANNA KORHONEN  
HR Director, Member of the Board



JOHANNA METSÄ-TOKILA  
General Counsel



MIKA MÄENPÄÄ  
Chief Executive Officer, GRK Sverige AB



JAAKKO MÄKELÄ  
Business Director, Civil Engineering,  
Road Construction and Paving



MIKKO NYHÄ  
Business Director, Rail Business and VP  
of GRK Suomi Oy



MARKKU PUOLANNE  
CFO



TIMO PINOMÄKI  
Chief Risk Officer



RIINA RANTSI  
Director Of Business Development



TIIT ROBEN  
CEO, GRK Eesti AS

Keijo Haavikko left GRK's daily work at the end of 2023, giving up his position in the Group's management team. Anneliina Kupiainen, Director, GRK Sverige AB, was appointed to the GRK Group Management Team with responsibility for environmental technology.



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