

# Satisfying the needs of tomorrow

Constructing, maintaining and developing the built environment creates a better society and better conditions today and for future generations. At the same time, this requires that NCC continuously improves methods and processes for being able to reduce energy usage and emissions, optimize choices of materials and increase the reuse of materials. Our role is to be experts in developing the construction process so that it meets the requirements of today and tomorrow.



In the Mindemyren project in Bergen, NCC is expanding the Bybanen light rail line. The ambition is to certify the project according to CEEQUAL, a certification system for civil engineering projects, and a key action in the electrification of machinery and equipment. The experiences are being used in other projects. In this photo, we see the world's first battery-operated drill rig.

## SCOPES 1, 2 AND 3

### Scope 1

All direct emissions from an organization's operations or the ones it controls. This includes fuel combustion at the site; such as fuel for the company's own vehicles and fuel for production plants and construction sites.

### Scope 2

Indirect emissions from electricity, district heating and district cooling purchased and used by the organization. Emissions arise during the generation of energy and are included in data for the party that uses the energy.

### Scope 3

All indirect emissions from an organization's operations and from sources that it does not own or control, such as emissions from built-in materials and transport.

Today, it is obvious that new buildings and facilities have to be energy-efficient in order to reduce carbon emissions. The focus is now on how materials and methods can be improved to lower their climate impact. Society has clear expectations about the need for adjustment and there are distinct targets and forthcoming legislation and regulations that we have to take into account. Due to known risks and opportunities, such as rising temperatures, climate policies and new technology, it is important to remain competitive and to look for competitive benefits in the face of increasing requirements from customers and laws.

### Climate and energy targets

NCC is working to become climate neutral by 2045. From 2015 to 2020, the target was to reduce direct emissions from operations (Scopes 1 and 2) by 50 percent. In this five-year period, we achieved a reduction of nearly 50 percent, or of 42 percent measured as tons of carbon equivalents per SEK M of sales.

NCC is proud of this result, since the work to achieve it was focused and informative, and it equipped us with the knowledge we require to continue our transition toward climate neutrality. In late 2020, new targets were formulated in the Climate and Energy area:

- 60-percent reduction in CO<sub>2</sub>e (Scopes 1 and 2) by 2030 (base year 2015). This will be measured in terms of tons of carbon emissions per SEK M of sales.
- 50-percent reduction in CO<sub>2</sub>e (Scope 3) in the four areas with the greatest climate impact: concrete, steel, asphalt and transport. NCC is conducting agile work within Scope 3 and we will increase the scope as our proficiencies mature.

## CLIMATE AND ENERGY

Between 2015–2020, we reduced our carbon footprint by 42 percent, measured as tons of carbon equivalents/SEK M of sales. A central feature of this effort was to replace fossil energy sources with renewable ones, and to make our processes and production energy efficient. The kWh amount of fossil-based electricity has been reduced by 91 percent since 2015 and the use of fossil fuels by 26 percent. An important measure has been to convert asphalt plants to the use of biofuel.

# Environmental efforts are implemented in the operations

## Energy audit

As a result of NCC's continuous work with energy audits, we are continuously reducing both our climate impact and energy consumption. The energy audit includes site visits, measurements and calculations, and is implemented at a selection of our asphalt plants, rock pits, and construction and civil engineering sites. Based on the audit, measures that reduce our climate impact can be identified and the experiences scaled up and applied in other parts of NCC.

## Climate impact assessments

In the field of climate impact assessments, we are noticing increased interest and demand from our customers. NCC has long experience of conducting climate impact assessments and has built up an in-house center of excellence with climate impact assessment experts. Intense work is currently under way to develop the climate impact assessment process towards increased digitization. The aim is to be able to cost effectively offer our customers high-quality climate impact assessments. We are also focusing on producing benchmark values for various types of buildings to increase our knowledge of the impact made by the various choices. Climate impact assessments were conducted for about a dozen projects in 2020 and the aim for 2021 is to perform such assessments in the majority of our Swedish projects.

## Launch of EPD

Through Environmental Product Declarations (EPDs), customers obtain a transparent, comparable life cycle analysis of a product or service. In the NCC Industry business area, we have formulated a certified EPD process for our stone and asphalt



NCC is building a visitor center at the Onsala space observatory in Halland, Sweden. This procurement was secured totally on the basis of carbon equivalents and required extensive reuse of materials.

products. The EPDs are also location and product specific, which means that in addition to the transparent information customers receive about their products' environmental impact, they also enable us to use the EPDs in-house for making fact-based climate and environmental improvements in our processes.

## THE CLIMATE JOURNEY: SIX FOCUS AREAS FOR CLIMATE-SMART CONSTRUCTION

In Sweden, NCC has participated in work to formulate a "Roadmap for a climate neutral and competitive construction and civil-engineering sector," within the framework of the Swedish Government's Fossil-free Sweden initiative. As a feature of this, NCC is working in the Building Sweden business area on six focus areas for climate-smart construction and reduced climate impact, whereby NCC can contribute to both its own development and that of customers.

- Climate impact assessment
- Materials and design choices
- Circular construction
- Sustainable worksites
- Transport
- Energy efficiency

Climate-smart decisions and close early-phase dialogue with customers are decisive. To develop and create buildings that contribute to a lower climate impact, collaboration and a close dialogue between NCC and its customers is vital, so that NCC's expertise in the entire construction process can help to achieve sound choices and smart solutions.

# Continuous learning in a safe working day

Enhancing a high-performance corporate culture has been assigned a prominent position in NCC's new strategic focus. NCC is a knowledge-based company with unique competencies in implementing complex construction processes on behalf of customers. The foundation for NCC's success is an ability to attract and develop the right competencies and experiences. To create the best workplace in the industry, the focus is on skills development and a safe, developmental work environment.

## Safety above all

One of NCC's principal priorities is to maintain a safe and healthy work environment. We strive for zero accident worksites with favorable psychosocial prerequisites. The objective is always to have a 100-percent safe operation.

As a result of systematic work combined with increased digitization of reporting of close calls, incidents and accidents, NCC currently has a better basis than ever for analysis and setting priorities. In 2020, we implemented a comprehensive analysis of the factors underlying all serious and potentially serious accidents.

## NCC AWARENESS DAY



In 2020, NCC arranged its Awareness Day for the tenth consecutive year. Awareness Day is a day during the year when the entire NCC organization stops and jointly focuses on health and safety matters, and reflects on attitudes and behaviors that create safe and secure worksites. During the coronavirus-adapted Awareness Day held in 2020, the focus was on leadership, positive feedback and safe behaviors.

## ACCIDENT FREQUENCY



Accident frequency rate – worksite accidents that lead to one day or more of absence from ordinary work per million hours worked.

The results are leading to sharper priorities and better targeted actions for 2021.

During autumn 2020, NCC also updated its reporting system Synergi in order to simplify the internal reporting of incidents. The purposes are to obtain more data for analysis and to make it easier for the employees to become involved in their work environment.

Maintaining an unchanged safety level in the operations in the face of an ongoing coronavirus pandemic became an unexpected focus area in 2020. NCC's established occupational health and safety (OHS) organization and a high degree of digitization contributed to the projects' ability to continue to deliver. Targeted communication measures, support for managers and the possibility of virtual manager follow-ups and ongoing telephone guidance from safety officers are examples of activities implemented during the year.

## Skills development a part of the workday

NCC is a knowledge-based company and providing the employees with access to the right measures for their individual development is of vital importance to our success.

With more effective measures, NCC wants to stimulate workday learning and to simultaneously offer opportunities for individual training and development within the framework of the NCC Academy. The aim is to create an attractive workplace and also to increase the customer value of cooperating with NCC.

In 2020, skills development was concentrated to three areas:

1. Training programs involving management and upskilling of key competencies were expanded. New programs were launched and existing programs welcomed new participants and teams during the year; for example: The Mega Project Management Program was expanded with two new rounds of participants. The program is of vital importance to NCC's competitiveness and attractiveness.
2. NCC's industry-unique effort to map the competencies of individuals in key positions, the Assessment Development Initiative. This initiative continued in 2020 in order to offer customized programs connected to units and individuals by combining workday learning with training activities. This initiative will continue next year through the expansion of the mapping to include more business-critical occupational groups and by expanding the number of alternatives for development adapted to the individual.
3. Experience-based learning. NCC has launched a new type of development support for workday learning, since research and experience show that learning mainly occurs at the workplace. By consciously integrating experience-based learning into daily work, NCC satisfies the individual's need for continuous development to a greater extent.



### Development programs that challenge even the most experienced managers

The Project Management Academy was formed two years ago to develop our ability to manage and conduct projects more successfully. Joel Ahlqvist, who attended one of the programs, is currently project manager for one of NCC's major projects, the Häggvik Interchange, a complex bridge and tunnel project by one of the most heavily trafficked places in Sweden.

#### What did you gain from the training that you can use in your daily work?

"The training increased my understanding of management through others and of thinking strategically. You cannot be involved in every detail, but you must be committed to your employees and communicate clear expectations, guidance and encouragement. The training also taught me about other parts of the operations and I built up a new network of colleagues throughout NCC.

Joel Ahlqvist  
Current role: Project manager  
Joined NCC: 1996

#### Skills development is business critical

Maintaining a high level of skills development is regarded as business critical at NCC. Training activities were therefore quickly switched to virtual solutions during the year and were thus able to satisfy the restrictions resulting from the ongoing pandemic. We continuously assess how each training element can be implemented in a safe and effective manner. As a result, NCC succeeded in maintaining a high level of implementation of ordinary training programs, at the same time as launching new initiatives. Our already high digitization level has been a success factor.

#### A strong culture based on shared values and behaviors

Enhancing a high-performance corporate culture has been assigned a prominent position in NCC's new strategic focus. To increase profitability and customer value, utilize synergies within the Group and raise NCC's overall skills level, a new framework of behaviors has been formulated. Four new Star behaviors are intended to guide the employees' actions, facilitate change and make NCC an even stronger and better company to work for and work with. Rollout of the new framework for the company's 150 most senior executives has already been launched and implementation will continue throughout 2021 and involve all employees.

#### Motivation and work satisfaction drive good performances

Committed employees and efficient work teams are of the utmost importance to NCC's success in retaining and improving an already high performance level and delivering customer value. An inspirational workplace is also an attractive workplace and the results of the NCC Pulse employee survey show that employee commitment has increased every year since 2017. Our results are higher than the industry average. The same positive trend is also noticeable in the employees' willingness to recommend NCC as an employer – NCC's reputation as an employer brand. The response rate for NCC Pulse is also high, with 84 percent of NCC's employees completing the survey.

#### Diversity supports development

NCC's core competency is to manage and deliver complex projects to our customers. Solving complex assignments requires a broad composition of skills, experiences and perspectives. Diversity and inclusion are key features of NCC's ability to deliver better performance and to maintain its innovativeness. NCC wants to reflect the communities in which it operates and when the current societies change, we must be able to attract, recruit and develop in a broader group of different individuals than we do today. We therefore work with targeted initiatives to strengthen awareness and knowledge of diversity and inclusion in all aspects of the HR process.

### COMMITMENT

#### Committed employees who recommend NCC to others



NCC Pulse is NCC's annual employee survey. Commitment and the employees' willingness to recommend NCC to others are two parameters that we monitor carefully. Employee commitment at NCC has increased every year since 2017. The same positive trend is also noticeable in the employees' willingness to recommend NCC as an employer. This is in line with our ambition to offer the best workplace in the industry.

# Sustainability report

The construction industry has a considerable impact on society and, as one of the leading construction and commercial property development companies in the Nordic region, NCC plays an important role in the transition toward a more sustainable society throughout the value chain. Each generation needs to develop and maintain the physical environment to be able to meet changes in society. This work needs to be conducted so that it has a generally positive impact on society and continuously evolves in a sustainable direction. As a construction company, we are proud of the finished result of our work, but equally proud of the road that got us there.

NCC is a knowledge-based company in which sustainability is a key competency and a business-critical factor. Being at the forefront of sustainable solutions for our customers, maximizing the positive impact of our work and continuously working to minimize negative effects are integrated in our way of working. In order to succeed, one important aspect is to actively listen and communicate with customers and other stakeholders so that we understand their needs and objectives and are thereby able to integrate sustainability in the most efficient way into all parts of the operations.

NCC aims to proactively contribute to reducing carbon emissions throughout the value chain, reducing the use of virgin materials and ensuring that our products are built sustainably and can be reused. Through the construction process and manufacturing, NCC will create value for all stakeholders in the value chain. For NCC, sustainability involves considering the needs of current and future generations, identifying competitive advantages in a sustainable construction process and taking long-term responsibility in day-to-day operations.

Our sustainability targets must be of the utmost relevance to NCC's stakeholders and guide our decisions and priorities within the company. NCC applies internal objectives in a number of sustainability areas. Effective 2021, the company has set external targets in two areas: Health and Safety and Climate and Energy. These are two high-priority focus areas for the entire operation in respect of our aim to proactively work to promote sustainable development for all stakeholders.

## Reduced climate impact in practice

Through NCC's five business areas, we have excellent potential to lower the climate impact of our own manufacturing of materials and production as well as of the operation and maintenance of the finished products. NCC Industry's asphalt production accounts for the major part of the Group's own carbon emissions. By switching from fossil to renewable

fuels, the business area's climate impact has been reduced by 43 percent in recent years. NCC Building and NCC Infrastructure have developed standard solutions, prefabricated products and processes in order to ensure that exact amounts of materials are ordered, thus reducing the waste generated at construction sites. NCC prioritizes sustainable materials and products and enables the recovery and reuse of the waste generated in the construction process.

NCC is also a leader in constructing commercial properties and housing with low energy requirements. Through the NCC Property Development business area, we can provide support to urban planning concerning the health and wellbeing of people in both office buildings and their surroundings.

In 2020, NCC published its first investor report for Green Bonds and also initiated an assessment of its operations in relation to the EU's taxonomy for identifying environmentally sustainable investments.

No significant changes impacting our reporting in 2020 occurred in the organization, the share capital structure or the supply chain.

## Continued focus

In 2020, we saw additional initiatives and activities in the form of roadmaps and objectives at national, regional and local levels that match the Nordic countries' ambitious climate targets. Industries are also uniting behind joint roadmaps and are thus placing pressure on themselves and also indirectly on other players. As part of the construction industry's desire to reach the emissions targets that have been set, we will see an increased focus on renovation of existing buildings and infrastructure, on energy use at construction sites, on the energy needed to produce building materials and on heating and cooling. We also note increasing market requirements for circular processes – the reuse and recycling of materials. The accelerating threat against biodiversity is another that was further actualized in 2020, whereby companies were subjected to take greater responsibility.

NCC thus needs to work even more proactively on how the Group can produce and use materials more efficiently. In 2020, NCC initiated work to set targets and to systematically measure parts of our Scope 3 emissions, and link the data to projects and their virtual models that enable us, for example, to trace materials, increase circularity and build in a resource-efficient manner.

Although the coronavirus pandemic put the entire world under great pressure in 2020, we have not noted any reduced interest or lower expectations in any sustainability areas.

## The SDGs and NCC's sustainability framework

### UN's Sustainable Development Goals become important tools

The UN and leaders of the world have united behind 17 goals and 169 targets to tackle the most urgent social, economic and environmental challenges in the period up to 2030.

For NCC, the Sustainable Development Goals (SDGs) are a tool to, firstly, identify whether we are on the right track and, secondly, predict the challenges and opportunities of the future. Agenda 2030 and the SDGs thereby help to ensure that NCC's business strategies create long-term value for the company and for the societies in which the company is active.

NCC has selected four SDGs where the Group has the greatest potential to contribute through various societal solutions, and another 11 SDGs that are fundamental to our operations and for the Group's offerings. NCC has also evaluated the SDGs at the target level and selected 50 of the 169 targets as relevant and guiding.

NCC intends to continue its efforts to implement the SDGs in its operations, in part by developing new solutions and involving more functions in business areas and their operations in order to increase commitment and participation.

### Focus on positive impact through core business

NCC's expertise, know-how and solutions will influence sustainable development in places where people live, work, travel and spend their

spare time together. Accordingly, NCC has an important role to play in the Nordic contribution to achieving the SDGs 7, 9, 11 and 12. By planning and shaping the physical environment, we can increase safety, security, well-being and inclusion. [We will achieve this, for example, by creating inclusive societies with housing and infrastructure that remove physical and mental barriers.] It will also involve building resilient solutions and communities that can manage climate changes in the form of, for example, rising temperatures and higher sea levels. Work to increase resource efficiency, develop new circular material flows and reduce amounts of waste, as well as our efforts towards independence from fossil fuels, are also important aspects in reducing NCC's environmental impact and increasing its operational efficiency.

### Resource management

The Group has long been proactive in its work to formulate offerings and work methods that improve the situation for both people and the environment. Accordingly, NCC regards the SDGs 3, 6, 13, 14 and 15 as fundamental to its operations and a prerequisite for the long-term retention of the natural resources needed by NCC.

The health and well-being of people can be promoted by intelligent buildings and sustainable infrastructure. By integrating green areas into urban environments and promoting various species in our quarries, NCC also contributes to increasing biodiversity and sustainable ecosystems.

## NCC's positive impact through its core business



NCC's resource management



NCC's foundation



Although we in the Nordic region currently have relatively favorable access to clean water, NCC regards clean water and life below water as important goals to promote, for example, through ecosystem services and water efficiency throughout the value chain.

### We are guided by our values

NCC is a value-guided company and this includes implementing activities aimed at achieving the SDGs 4, 5, 8, 10, 16 and 17. In areas within the company, we raise awareness and competencies through in-house training. NCC complies with principles for equality, reduced inequality, decent labor conditions and economic growth, which can be directly linked to the SDGs 5, 8 and 10. Operations are characterized by trust and cooperation, without corruption and other unethical methods, and ethics are high on the agenda. The company will also continue to promote employment for young people, ensure a safe work environment and proactively work to end all types of discrimination. Cooperation and partnerships with various stakeholders are fundamental to make the transformation to a sustainable world by 2030, as reflected in the SDGs 16 and 17. Read more at: [www.ncc.group/globalgoals](http://www.ncc.group/globalgoals).

### The sustainability framework

NCC's sustainability framework provides the foundation for the Group's sustainability work in order to create conditions for people to work, reside, travel and live in a sustainable manner, and simultaneously to increase value for shareholders, customers and society as a whole. NCC's sustainability framework has served as a foundation for the Group's sustainability work since 2016. It illuminates the most important areas: Health and Safety, Social inclusion, Materials and Waste, Climate and Energy, Compliance and Portfolio performance. These areas link closely with the SDGs and demonstrate that NCC has an important role to play in the transition of society.

The targets and outcomes for the year are reported on p. 82. As of 2021, NCC has set new sustainability targets. The new targets focus on Climate and Energy and Health and Safety.

## SELECTION OF MEMBERSHIPS, INITIATIVES AND NETWORKS INVOLVING SUSTAINABILITY

### Signed undertakings

- UN Global Compact
- Agreement on counteracting bribery and corruption (The Swedish Anti-Corruption Institute)
- Fossil-free Sweden
  - Sveriges Bygg- och anläggningssektor* (Swedish construction and civil-engineering sector)
  - Sveriges Bergmaterialindustrin* (The Swedish Aggregates Producers Association)
  - Betoginitiativet* (Concrete)

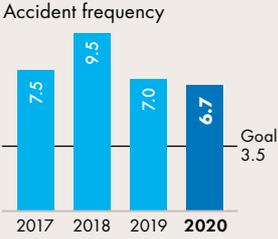
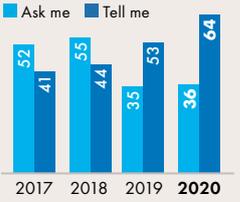
### Memberships for which NCC has a seat on the Board of Directors

- Sweden Green Building Council
- Southern Sweden Chamber of Commerce
- Western Sweden Chamber of Commerce
- Urban Land Institute (ULI)
- Gate 21
- Föreningen for Byggeriets Samfundsansvar (Danish Association for Responsible Construction)

### Other memberships, networks and support for initiatives

<b>Overall focus</b>	• Byens netværk • Stockholm Chamber of Commerce • Byggesocietetet (Danish construction and real estate trade organization) • ErhvervsKlyngen for Byggeri & Anlæg
<b>Climate impact</b>	• CDP • TCFD • Næring for klima (Business for Climate) • Bygg 21 signatøren • Climate partnerships
<b>Environmental focus</b>	• Confederation of Finnish Construction Industries (CFCI) • Gate 21 • Combibent
<b>Circularity</b>	• Circular Sweden • Nordic Innovation

# Targets and outcomes

Focus area	Description and examples of areas	Outcome 2020	Comments on outcome
 <p><b>Health and Safety</b> We work in a zero accident environment</p>	<ul style="list-style-type: none"> <li>Safe and secure worksites</li> <li>Design and choices of materials that promote good health for all stakeholders in the value chain</li> </ul>	<p>Accident frequency</p>  <p>2017 2018 2019 2020 Goal: 3.5</p>	<p><b>Target until 2020:</b> 50 % reduction compared with 2015 and ≤3,5 in number of accidents<sup>1)</sup>.</p> <p>Accident frequency declined from 7.0 in 2019 to 6.7 in 2020, which is the lowest level recorded since the measurement began. NCC is working proactively and NCC's work is described in the section on Health and Safety. Occupational health and safety continues to be one of our long-term targets and after 2020 we will measure and present the outcome in LTIF 4<sup>2)</sup>.</p>
 <p><b>Social inclusion</b> We are an empowering partner in an inclusive society</p>	<ul style="list-style-type: none"> <li>Better quality of life for workers, customers and society</li> <li>Diversity and equality of workforce</li> <li>Increased social sustainability in procurement processes</li> <li>Empower local communities</li> </ul>	<p><b>Target for gender:</b> No gender should represent a higher share of a team than 70 %. <b>Outcome 2020: 48 % (45 %).</b></p> <p><b>Target, diversity:</b> The team should mirror society regarding ethnicity. <b>Outcome 2020: 47 % (46 %).</b></p> <p><b>Target, age:</b> No age group (≤34, 35–49, ≥50 years old) represent a higher share of a business area than 70 %. <b>Outcome 2020: The target has been fulfilled at business area level.</b></p>	<p>Since 2019, management groups from the Senior Management Team to department management or the equivalent are included in the survey on gender diversity. NCC has come closer to the goal of reflecting society. In 2020, NCC's Senior Management Team comprised three women and four men.</p>
 <p><b>Materials and Waste</b> We close the loop</p>	<ul style="list-style-type: none"> <li>Sustainable materials</li> <li>Circular supplies</li> <li>Resource efficiency and waste minimization</li> </ul>	<p>Ton waste per turnover, SEK M</p>  <p>2017 2018 2019 2020</p>	<p><b>Outcome 2020:</b> <b>Sorting: 58 %</b></p> <p>NCC has increased its sorting and reduced the total amount of waste. We have noted a great success by minimizing total waste by 40 % in relation to sales.</p> <p>As a result of targeted action and commitment within the organization, the amount of construction waste was reduced in 2020, in both absolute terms and in relation to sales of the construction operations. The total amount of waste decreased by 29 percent compared with 2015 and 5 percent compared with 2019. The amount of waste per unit of sales was reduced from 1.64 tons in 2015 to 0.98 tons/SEK M in 2020, or by 40 percent in relation to sales.</p>
 <p><b>Climate and Energy</b> We are climate neutral</p>	<ul style="list-style-type: none"> <li>Reduced energy use and less GHG emissions</li> <li>Climate adaptation</li> <li>Biodiversity as an asset</li> </ul>	<p>Emissions of greenhouse gases from its own operations per turnover, CO<sub>2</sub>e (tonnes)/SEK M</p>  <p>2017 2018 2019 2020 Goal: 2.9</p>	<p><b>Outcome 2020:</b> <b>Reduction in CO<sub>2</sub>e emissions: 42 %</b></p> <p>Carbon emissions, related both to purchased fuels and to electricity, district heating and district cooling have declined since the base year 2015. This was due to energy-efficiency improvements, an increased use of renewable fuels and a transition to electricity from renewable sources. Relative to sales, NCC's greenhouse gas emissions from own operations have been reduced by 42 percent since 2015.</p>
 <p><b>Compliance</b> We are a trustworthy partner acting with high ethical standards and transparency</p>	<ul style="list-style-type: none"> <li>Fair business and no corruption</li> <li>Greater transparency and control of supply chains</li> <li>Sustainable purchasing</li> </ul>	<p>Number of Ask-me questions and Tell-me matters</p>  <p>2017 2018 2019 2020</p>	<p>Index rating in NCC Pulse</p>  <p><b>80 (79)</b></p> <p>High rating: 75–100 Average rating: 60–74 Low rating: 0–59</p> <p>The index comprises questions about NCC's values: honesty, trust, respect and pioneering spirit. The index also includes the reliability of reporting of irregularities, and how well individuals use NCC's Code of Conduct as a guide for how we should conduct ourselves at NCC.</p>
 <p><b>Portfolio performance</b> We provide superior sustainable solutions</p>	<ul style="list-style-type: none"> <li>Provide superior sustainable solutions to our customers and the society</li> </ul>	<p>To be able to track NCC's portfolio performance in line with the market's increasing demand for sustainable products and services, NCC measures the company's portfolio performance by monitoring net sales of sustainable products, services and concepts.</p>	

<sup>1)</sup> Work-related incidents resulting in one or more days of absence per million hours worked. (LTIF1)

<sup>2)</sup> Work-related incidents resulting in four or more days of absence per million hours worked. (LTIF4)

# Sustainability governance

Sustainability work in NCC is governed, inter alia, by the Group’s framework for sustainability, the Code of Conduct and other policies, such as a Sustainability Policy featuring an Environmental Policy, a Health and Safety Policy and a Diversity Policy. NCC supports the UN’s Global Compact initiative and has thus taken a stance in relation to issues involving human rights, labor conditions, the environment and anti-corruption. NCC also complies with the UN declaration on human rights, the ILO’s declaration on fundamental principles and rights at work, the OECD’s principles and norms for multinational companies and the Rio Declaration on the precautionary principle, which entails that NCC undertakes to prevent and minimize risks in the environmental area.

In 2020, NCC decided to integrate sustainability closer to the business. This means that we have completed a review of how sustainability is governed and have created new structures for how sustainability targets are set and followed up. Both internal and external goals will be followed up several times per year by the Senior Management Team through business area managers and function managers. In order to succeed, activities that support progress will be linked to each target and the outcome will be followed up continuously during the year. As a support for following up the targets, we use an inhouse-developed digital collection system, whereby NCC’s suppliers can directly provide NCC with information on purchased volumes and other relevant data, such as emissions. This will enable NCC to robustly and thoroughly monitor the information and take adequate actions in the event of deviations.

## Code of Conduct

NCC’s Code of Conduct describes the expected conduct of all parties concerned – employees, managers, Board members and business partners – and is based on NCC’s values and the voluntary initiatives undertaken by the Group, such as the UN Global Compact. Principles for human rights, work methods, the environment and anti-corruption are stated in these initiatives. All employees receive regular training in the Code of Conduct’s fundamentals and are expected to comply with these principles in their daily work.

NCC’s Senior Management Team is responsible for compliance with the Code of Conduct, which is continuously followed up within the framework of operating activities. Awareness of the Code of Conduct is very high at NCC. According to NCC’s employee survey, NCC Pulse, employees believe to a continued increasing extent that NCC’s values and Code of Conduct provide guidance in their work. No cases of anti-competitive behavior led to legal action in 2020.

## NCC’s Code of Conduct for suppliers

NCC’s business partners play an important role in the operations and NCC expects that they will also respect and live up to the Group’s values and sign NCC’s Code of Conduct for Suppliers. The Code of Conduct applies to all parties who supply NCC with products, personnel or services, including direct and indirect suppliers, service suppliers, subcontractors, intermediaries and agents, as well as, where relevant, employees of suppliers and their subcontractors and agents.

## NCC Compass

NCC Compass serves as a support to managers and employees in their daily work and to make the right decisions NCC have the NCC Compass. The tool is easily accessible on the company’s intranet and, in addition to requirements, guidelines and general advice, also features an Ask Me and a Tell Me function.

The Ask Me function was created to assist employees in making the right decisions. This function is managed by specially trained employees, Navigators, who are available throughout the company to answer questions in the local language. All questions are documented and followed up to enable procedures and guidelines to be clarified and developed wherever uncertainty prevails. Tell Me is a whistleblower function through which employees and other stakeholders, anonymously if they so wish, can report their suspicions about behaviors and actions that contradict the Code of Conduct. All reports are investigated in an impartial and thorough manner by specially trained internal resources jointly, when needed, with external expertise, to guarantee legally secure treatment.

Information on how the Group manages personal data and any inquiries and incidents in accordance with GDPR is available on both NCC’s external website and intranet. NCC continuously provides compliance, anti-corruption and GDPR training to its employees.

## Sustainability organization

The CEO is ultimately responsible for NCC’s sustainability efforts and NCC’s Senior Management Team takes decisions concerning which of the Group-wide sustainability targets are to be followed up. The sustainability work is conducted in the five business areas and is coordinated regularly both by country and at the Group level when relevant. Operations-specific targets are set in the business areas and, if a Group-wide focus is relevant, joint targets have been formulated. Sustainability Reporting and Control is the Group unit responsible for reporting the Group-wide targets, while the managers of each business area report, in collaboration with their sustainability organization, the outcome of their targets. Following the reorganization in spring 2020, parts of the responsibility for sustainability were also migrated from the Group organization, and functions will now take responsibility for their sustainability-related activities; for example, such functions as communications, purchasing and HR. In 2020, and further into 2021, cooperation was established between business areas, the Group’s sustainability team and functions, and forums, responsibilities and activities were continuously created and formalized. As part of the reorganization, NCC reviewed its governance of sustainability and which collaborations are effective, and will continue to evaluate our work methods and make the requisite changes. The above-mentioned forums are responsible for these matters.

## Sustainability training for employees

Sustainability is a high-priority area for NCC and, since the launch of sustainability training in 2017, just over 4,600 white collar employees at NCC have completed or started a virtual interactive course in sustainability comprising the six components of NCC’s sustainability framework.

## Compliance organization

NCC’s compliance efforts are conducted via the NCC Group Compliance Officer together with selected representatives of Group staff functions and all business areas.

## Health and safety organization

The occupational health and safety work is headed by the Group head of health and safety in collaboration with the Group’s Health and Safety team, which includes work environment developers, representatives of the communications and purchasing organization and health and safety managers in each business area. The organization and its work are described in greater details on pp. 84–86.

## NCC’S POLICIES

Area	Anti-corruption	The environment	Social issues incl. HR and human rights
<b>Policies</b>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Code of Conduct for Suppliers</li> <li>NCC Compass</li> <li>Tax policy</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Code of Conduct for Suppliers</li> <li>Sustainability Policy featuring an Environmental Policy</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Code of Conduct for Suppliers</li> <li>NCC Compass</li> <li>Health and Safety Policy</li> <li>Diversity Policy</li> <li>Directive on alcohol and drug use</li> </ul>
<b>Main areas</b>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Compliance and tools for business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Environmental responsibility</li> <li>Product and service development</li> <li>Precautionary approach</li> </ul>	<ul style="list-style-type: none"> <li>Human rights</li> <li>Occupational Health and Safety</li> <li>Recruitment</li> <li>Training and education</li> </ul>

# Our focus areas



## Health and safety

GRI 403 Occupational health and safety  
GRI 404 Training and education

As part of efforts to ensure a safe and secure work environment, good health and safety is one of NCC's key priorities and guides all of our occupational health and safety work. NCC's occupational health and safety work is based on our vision: Zero accidents.

### Management system

NCC's systematic occupational health and safety (OHS) work is governed by the Group's OHS management system. NCC's health and safety policy and directives, our processes and procedures are integrated into the management systems used by the Group and our business areas. They are based on ISO 45001, under which Infrastructure in Denmark and Norway, Building in Denmark and Building in Finland's Special Projects department are certified. The management approach to occupational health and safety work is based on the EU directive 89/391/EEC (including Norway), which has been included in national laws and ordinances, as well as other national regulations.

The management system for health and safety encompasses everyone who works at NCC's worksites; i.e. NCC employees, in-sourced

personnel, suppliers and sub-suppliers. A total of 15.2 percent of NCC's employees work in operations that are certified according to ISO 5001. NCC's internal OHS organization maintains the management system. Internal audits occur regularly, while those parts that are ISO 45001 certified are also audited externally.

OHS work is headed by the Group's Head of Health and Safety in collaboration with the Group's work environment team, which includes work environment developers, representatives of the communications and purchasing organization and health and safety managers in each business area. The team meets regularly and establishes joint targets, while following up OHS work. OHS tasks are delegated and documented in the organization, with ultimate responsibility resting with the CEO. Day-to-day health and safety work is conducted in NCC's business areas, where responsibility for systematic OHS work is delegated to managers with personnel responsibility. NCC's crisis line and crisis procedures ensure that NCC's management is always informed of serious accidents and incidents, and that the related knowledge is communicated to the operations.

### Work-related injuries<sup>1)</sup> in relation to absence

		Lost-time injuries		Injuries not leading to lost time		Other injuries	
		2020	2019	2020	2019	2020	2019
Sweden	NCC employees	103	116	399	418	16	32
	Subcontractors	86	133	197	223	5	1
Norway	NCC employees	6	10	49	76	1	0
	Subcontractors	5	4	11	14	0	0
Denmark	NCC employees	33	28	133	117	6	12
	Subcontractors	19	28	32	16	2	2
Finland	NCC employees	13	20	28	117	20	12
	Subcontractors	57	53	28	34	7	9
Total	NCC employees	155	176	609	728	43	56
	Subcontractors	167	218	268	287	14	12

<sup>1)</sup> Dislocation, strain and stretch injuries, broken bones, sores and other superficial injuries are the most frequently occurring injuries in all countries. Most accidents in ages of 25-30 years.

### Absentee rate<sup>1)</sup>, NCC employees

	Sickness leave, % All types of illness and poor health	
	2020	2019
Sweden	3.5	2.9
Norway	5.8	4.7
Denmark	3.7	3.6
Finland	4.2	3.8
Total	3.6	3.1

<sup>1)</sup> From NCC systems for OHS and payroll systems.

### Work-related injuries, injury frequency and fatalities

		Work-related fatalities <sup>4)</sup>		Frequency	Very serious work-related injuries <sup>3)</sup>		Frequency		Injuries resulting in one day or more days of sickness absence		Injury frequency per million hours worked <sup>2)</sup>	
		2020	2019		2020	2019	2020	2019	2020	2019	2020	2019
Sweden	NCC employees	0	0	0	4	3	0.29	0.02	103	116	7.4	7.5
	Subcontractors	1	1	0.11	0	0	0	0	86	133	9.3	14.4
Norway	NCC employees	0	0	0	0	0	0	0	6	10	2	3
	Subcontractors	0	0	0	0	0	0	0	5	4	0.9	0.6
Denmark	NCC employees	0	0	0	4	0	1.13	0	33	28	9.3	8
	Subcontractors	0	0	0	0	0	0	0	19	28	5.1	8.9
Finland	NCC employees	0	0	0	2	2	0.80	0.07	13	20	5.2	7.2
	Subcontractors	0	0	0	0	0	0	0	57	53	13.7	13.3
Total	NCC <sup>1)</sup>	0	0	0	10	5	0.42	0.02	155	176	6.7	7.0
	Subcontractors	1	1	0	0	0	0	0	167	218	7.4	9.5

<sup>1)</sup> Total NCC employees, including Safida Montage.

<sup>2)</sup> From NCC systems for OHS and payroll systems.

<sup>3)</sup> Any differences in time between a return to work and the time it takes to fully recover are not reported.

<sup>4)</sup> All fatalities have occurred in production operations.

### Risk work

NCC's OHS work is based on risk identification and elimination. Risk assessments are conducted to identify risks in various situations, such as when changes are made in work processes and in the operations. Daily safety briefings are the procedure used at our production worksites to make everyone aware of current/potential risks for the work to be performed during the day, and to ensure that these risks are addressed before work commences. NCC's Time Out procedure also provides employees with a mandate to call for a Time Out if a new, unexpected situation arises, and to thereafter make all perceived risky and/or unhealthy situations safe and thus be able to resume work in a safe manner.

NCC's Group-wide OHS reporting tool is used to collect, evaluate and analyze data in order to take actions and prevent the recurrence of incidents. Analyses are performed and measures are proposed in the OHS organization. As required, Group and business area management teams take decisions concerning actions.

Reporting encompasses accidents, incidents and positive and negative observations. Data is validated by the OHS organization, which is also responsible for ensuring the quality of the validation process. This occurs by means of maintaining and developing the process, and ensuring that the system users have sufficient competencies.

Members of the OHS organization have OHS qualifications according to the national education system or equivalent expertise, and receive the skills development required to continue to manage the risk and risk-assessment process.

NCC has taken specific actions to reduce contagion from the coronavirus and to ensure that we have contagion-free workplaces. A large number of information measures, together with risk-assessment tools and systematic management of contagion risks and outbreaks of the disease, have enabled us to keep NCC's production workplaces active and open.

### Employee involvement

An important tool for creating inclusion and commitment, and for influencing the employees' own work environment is NCC's OHS reporting system. It is based on the observations and reports made by those working at NCC's worksites. Everyone who works at a NCC worksite has the opportunity to anonymously make reports in NCC's reporting system for OHS. All matters are followed up and communicated through, for example, weekly meetings. Additional ways of influencing the employees' own work environment are through audits, through OHS representatives, such as safety officers, and through NCC's OHS Councils. The OHS Councils consist of representatives of all trade unions and encompass all employees who have influence over decision making on NCC's OHS matters. NCC also has Tell Me, a whistleblower function that enables anonymous reporting of work-related incidents. The Awareness Day theme day and the Health & Safety Week, which are aimed at promoting safe behavior, are arranged annually to further create engagement and involvement among employees.

### Work environment partnerships

To alleviate negative effects on OHS and create favorable conditions for improving the work environment, NCC cooperates both internally and externally. For example, NCC has a Code of Conduct for Suppliers and suppliers of products and services linked to projects are subjected to clear-cut stipulations and requirements. NCC participates in several external forums at international and national levels aimed at generating positive effects on the work environment and exchanging experiences. These include the ENCORD European network, Håll Nollan in Sweden and the Danish collaboration Business Panel at the National Research Centre for the Working Environment (advisory board for research institution).

### Occupational healthcare

Occupational healthcare is provided by NCC at a national level through external care providers. The service is provided at least at the minimum level stipulated in each country's social insurance legislation. We ensure that the organization's need of support is fulfilled through dialogue and continuous follow-up meetings. At a minimum, NCC is provided with annual evaluations. All personal data is processed according to GDPR. Personal health and medical care is provided during the employees' working hours.

Frisklinjen (Health Line) is an example of a service provided in Sweden. This service adds structure and support for the handling of sickness and health reports. Frisklinjen gives employees access to professional healthcare advice, identifies early signals of ill health and thus increases the potential to take action at an early stage. With data from Frisklinjen, the healthcare provider can also call attention to repeated short-term absence and

work-related illness. NCC requires trade union agreements in which health and medical care is included for workers who are not directly employed.

### Health and safety training

At NCC, OHS training is based on laws, regulations and risk analysis, as well as NCC's strategic focus and corporate values. It could, for example, pertain to increased awareness of personal protection equipment, machine safety, being prepared for emergency situations, ergonomic workplaces, chemicals and fire safety. The training encompasses various formats such as lectures, group discussions and activities, workshops or online courses. Decisions concerning training, evaluation and frequency are made by the OHS Councils as well as trade union representatives. The lowest level of this training is provided free of charge by NCC. The impact of the training is followed up through KPIs from OHS reporting tool and employee survey and from OHS statistics.

### Skills development

Access to the right competencies is a key issue for the entire industry. As a knowledge-based company, NCC's ability to attract, develop and retain employees with the right skills is decisive to the operation's success. NCC offers its employees a sustainable career through continuous skills development adapted to the individual's and NCC's needs.

The formats for training and development vary from traditional teaching and e-learning to composite training programs. Many of the training programs are offered as e-learning, in part to increase the scope to participate in training and in part to increase the efficiency of implementation. Other training and programs offer on-site participation, whereby networking and learning from one another are key elements. During the year, NCC systematized methods and developed training modules for experience-based learning linked to the employee's ordinary workday and assignments. Research shows that a significant part of the individual's learning occurs through practical experiences at work, such as by collaborating with others, accepting challenges and learning from mistakes. There are also mentor programs where employees receive advice and support provided by an experienced NCC colleague. During the year, NCC expanded its efforts to enhance the skills of key personnel in the production workforce. A comprehensive mapping of the competencies of more than 300 managers in production was implemented to be able to adapt skills development at an individual and team level. Since it proved to be highly effective in being able to offer the right development opportunities to the right individual, the initiative will be extended into the following year.

### Individual development opportunities

All employees who start working at NCC must have an onboarding plan that ensures that the individual has all of the training/education of relevance to his/her current position. Subsequently, planning of the employee's skills development is switched to a development plan. It is evaluated and updated at the annual performance review. NCC offers a large range of skills development in various areas: technical knowledge, leadership, work environment, project management and accounting. Certain training is mandatory for certain positions. The range of training is designed to satisfy the individual's need to develop in his/her current position, while also offering opportunities to take new steps and retain his/her attractiveness in the labor market.

NCC can offer individual skills-enhancement training based on a comprehensive catalog of courses. The range also includes longer training programs, composite courses that focus on giving opportunities to develop into new roles in the company. Since sufficient access to good managers and leaders is a key factor in developing both the company and the individual, NCC has management programs for various phases in the executive's development. Manager-training programs include the Supervisor Academy, where blue-collar employees are given an opportunity to train as supervisors, and the Site Manager Program, where supervisors or the equivalent can take the next step in their careers and train to become site managers. To be able to develop employees with key skills, NCC has formulated the Group-wide NCC Mega Project Management Program. This program is targeted at those employees who are able and want to take the step to heading large-scale, complex construction projects, which is a core competency at NCC. The Strategic Leadership Program is intended for future management talents at NCC and, during the year, NCC, in collaboration with IMD Business School in Lausanne, developed a Senior Executive Program. Another example is Practical Leadership, a training program aimed at strengthening the managers' skills in dealing with everyday situations.

**Comments on statistics**

The number of work-related lost-time injuries per million hours worked is reported on a quarterly and annual basis according to the International Labor Organisation. In cases where OHS responsibility has been delegated to a party other than NCC, any incidents or accidents among subcontractors are not included in the reported statistics.

High-risk areas for illnesses that have been identified in production are working with asbestos, strain injuries and working with quartzite

dust. Organizational and social health is a risk throughout the organization. NCC takes action on the basis of country-specific legal requirements for identified high-risk areas for illnesses. NCC conducts broad-based work to further strengthen the safety culture and eliminate accidents and close calls. These include testing and evaluating NCC's virtual and physical safety barriers and reviewing the implementation of further barriers.

**Social inclusion**

**GRI 405** Diversity and equal opportunity  
**GRI 406** Non-discrimination

NCC endeavors to be a driving force in efforts to achieve an inclusive society. By cooperating with other players in society and via increased dialog with citizens, NCC enables the construction of healthy, safe and secure and inclusive environments. This is exemplified by NCC's Socially Sustainable Projects concept, which defines and clarifies projects in respect of work involving social aspects.

**Diversity and equal opportunity**

Diversity and equal opportunity are important elements of NCC's efforts to offer an inclusive worksite where employees perform, develop and have job satisfaction. This also constitutes a key issue in terms of satisfying NCC's recruitment and competency needs. The guiding framework for efforts to promote diversity and equality comprises the Group's Diversity Policy, NCC's Code of Conduct and NCC Compass.

NCC's Diversity Policy is based on the conviction that diversity contributes to increased business value, and that NCC will become a better business partner for customers if the company reflects the society that we are involved in building. The Code of Conduct and NCC Compass clarify how NCC supports and respects international human rights conventions. Equal treatment and providing the same opportunities must apply regardless of gender, transgender identity or expression, sexual orientation, ethnicity, religious beliefs, functional disability or age. NCC does not accept any form of discrimination and acts forcefully when incidents are reported.

**Initiative for increased diversity**

NCC pursues a number of proactive initiatives for increasing diversity and equality, both in the construction industry and in the Group. One example is NCC's Diversity Councils that supports management teams and spreads good examples to increase diversity and inclusion in our operations. NCC conducted systematic work on its corporate values in 2019 and 2020. Nearly half of the employees in NCC Infrastructure in Sweden and NCC Building Sweden have attended value-based workshops. A total of 100 moderators from these two business areas have been trained in holding these workshops and will thereafter act as ambassadors in core values-related activities, while disseminating and enhancing knowledge of diversity, inclusion and NCC's values within the organization. In 2020, a virtual continuation of value-based workshops was launched in all areas of the Swedish operations. This training is designed to introduce new employees to NCC's values and also serves as a natural follow-up and reminder to all employees who have previously attended value-based workshops.

**Gender diversity<sup>1)</sup> at NCC**

PROPORTION, %	2020		2019	
	Women	Men	Women	Men
Board of Directors	43	57	50	50
Senior Management Team	43	57	25	75
Management teams	34	66	32	68
Managers	18	82	17	83
Employees	16	84	15	85
White-collar employees	27	73	26	74
Blue-collar employees	2	98	2	98

<sup>1)</sup> As of 2019, the number of management teams in the survey has been expanded to include all management teams from the Senior Management Team to department management or the equivalent.

**Age diversity<sup>1)</sup> at NCC**

PROPORTION, %	2020			2019		
	<30 years old	30–50 years old	>50 years old	<30 years old	30–50 years old	>50 years old
Board of Directors	0	29	71	0	13	87
Senior Management Team	0	43	57	0	38	62
Management teams	1	57	42	0	58	42
Managers	2	59	39	2	59	39
Employees	15	50	36	16	49	35
White-collar employees	10	56	34	11	56	33
Blue-collar employees	20	42	38	21	41	37

<sup>1)</sup> In 2020, NCC reports the breakdown of ages on the basis of new age spans that are GRI adapted. In the summary above, figures for 2019 have also been broken down on the basis of new age spans.

Other examples of initiatives to enhance diversity are:

- Stella, NCC's network for highlighting women at NCC by exchanging experiences, helping them to develop in their roles and ensuring that more women assume senior positions at NCC. Stella was founded in 1998 and currently has more than 500 members.
- Participation in the Diversitas network, Norway's leading network for diversity and equal opportunity in the industry.

## Employment contracts and collective agreements 2020

NUMBER OF EMPLOYEES <sup>1)</sup>	Number of employees	PERMANENT EMPLOYMENT		TEMPORARY EMPLOYMENT		EMPLOYEES WITH COLLECTIVE BARGAINING AGREEMENTS	PERCENTAGE WITH COLLECTIVE AGREEMENTS
		Men	Women	Men	Women		
Sweden	8,539	6,892	1,338	268	41	8,539	100
Norway	1,440	1,213	159	58	10	1,440	100
Denmark	2,269	1,945	280	37	7	1,325	58
Finland	1,393	1,079	276	32	6	1,200	82
<b>Total, NCC</b>	<b>13,641</b>	<b>11,129</b>	<b>2,053</b>	<b>395</b>	<b>64</b>	<b>12,504</b>	<b>92</b>

<sup>1)</sup> Employee data pertains to the number of employees at the end of 2020 and was collected from the Group's HR and payroll system.

## Employment contracts, white-collar workers, 2020

NUMBER OF EMPLOYEES <sup>1)</sup>	FULL-TIME		PART-TIME	
	Men	Women	Men	Women
Sweden	3,218	1,244	35	67
Norway	473	135	2	7
Denmark	744	235	13	28
Finland	670	231	14	11
<b>Total, NCC</b>	<b>5,105</b>	<b>1,845</b>	<b>64</b>	<b>113</b>

<sup>1)</sup> Employee data pertains to the number of employees at the end of 2020 and was collected from the Group's HR and payroll system.

## Non-discrimination

No confirmed cases of violations of human rights were reported during the year. In NCC's anonymous employee satisfaction survey, NCC Pulse, 5 percent (5) responded that they had experienced discrimination due to gender or age, harassment or bullying during 2020. However, fewer employees responded yes to this question compared with 2019. NCC has formulated an action plan to counter harassment, discrimination and bullying. The discrimination issue is also illuminated

in conjunction with value-based workshops in management teams and workshops in operating activities. NCC's Ask Me/Tell Me functions are available for all types of issues, both external and internal, where events that are not perceived as being compliant with NCC's Code of Conduct can be reported anonymously.

A risk of human rights crimes in NCC's value chain also exists and this could also arise at the purchasing level in risk areas. NCC has a thorough process for supplier assessment in third countries, which includes assessing and ensuring that we do not do business with suppliers who do not respect human rights. No violations were reported during the year.

## Employees

NCC has collective agreements that regulate minimum wages, working hours and employees' rights in relation to the employer in all markets. 92 percent of NCC's employees are covered by collective agreements. In Sweden and Norway, all employees are covered by collective agreements. In Denmark and Finland, fewer are covered by collective agreements; local agreements are applied instead. Like other companies in the industry, NCC uses subcontractors and consultants when required. Subcontractors are most prevalent in NCC Building Sweden and NCC Building Nordics but are also used in other business areas.



## Materials and waste

GRI 301 Material  
GRI 306 Waste

The construction process is material intensive and considerable resources are required for completing a building or a structure. Thus, it is of great importance that resources are used as effectively as possible. NCC's long-term objective is to close the loop by prioritizing sustainable materials and products and minimizing and responsibly managing the waste that arises from the construction process, as well as by means of project engineering and design that facilitates reuse and recycling. The aim for 2016–2020 is to increase the proportion of materials sent for reuse or materials recycling while reducing the total amount of waste. After 2020, NCC has decided to focus on waste minimization and circularity in the various business areas. The business areas have set relevant goals and support activities, which are followed up in the Senior Management Team through business area managers. NCC compiles statistics via the waste-management suppliers and they are summarized per unit (division or business area). The information is then summarized for NCC.

## Traceability throughout the production chain

NCC aims to produce buildings and civil engineering structures that are content-declared and only comprise products that are sound

from an environmental and health perspective. Ultimately, the aim is that buildings will increasingly be designed to allow for their input materials to be recycled when the service life of the building expires. In addition to applying the rules and regulations set forth by the EU, such as REACH, NCC uses various tools and databases that provide guidance on how to phase out the most hazardous substances. A crucial link in the transition to sound and recyclable products is to impose appropriate requirements on suppliers and to work with traceability throughout the production chain. NCC's work in the digitization area also supports our sustainability ambitions and drives development in the right direction. Our digital models support these efforts by, for example, minimizing production waste, helping to make the right choices of materials while considering their lifecycle impact, managing chemical contents and increasing recycling of building materials in renovation and demolition.

## Circular initiatives

The construction waste generated at construction sites represents great potential because it can be used in other projects. By cooperating both cross-functionally within NCC and with suppliers, new ways of

reducing construction waste and reintroducing it into production are being developed. NCC's Reused by NCC platform enables projects to share surplus materials with other projects within the Group. NCC also participates, together with suppliers, in a number of external initiatives designed, for example, to take care of pallets and waste flooring. NCC also contributes to research projects in collaboration with other players concerning the recycling of flat glass, concrete, plastics and gypsum and is an active partner in strategic innovation initiatives, such as Smart Built Environment, InfraSweden2030 and Re:Source.

Together with the Group's waste-management partners, NCC collaborates in a number of areas to enable the recycling or reuse of materials. Examples include the use of recovered concrete as construction materials in the reinforcing and bearing structure, garden waste that becomes new topsoil, metal scrap that is recycled into new metals, corrugated board that becomes new paper and shrink wrap that is used in the production of new plastic.

NCC also continuously improves its recycling capacity in a growing number of asphalt plants, enabling more ecologically adapted operations. In 2020, recycled asphalt granulate accounted for 26 percent (25) of hot mix asphalt production.

### Recycling of construction pallets

Every year, NCC handles large amounts of construction pallets, which are occasionally disposed of in containers at construction sites. The program initiated by NCC Building Sweden and NCC Infrastructure to increase the proportion of pallets resold to the Byggpall returnable system continued with favorable results in 2020. The Byggpall returnable system is an industry initiative aimed at collecting and recycling construction pallets. The initiative contributes to financial savings through reduced container costs and compensation for returned pallets, while also reducing the amount of waste at construction sites and carbon emissions from the production of new pallets. In 2020, NCC returned just over 38,200 pallets.

### Mass control

NCC MassControl is a virtual tool for planning and following up the transport of waste building materials during civil engineering projects. Using this tool reduces lead times, increases productivity and optimizes load amounts. Having the right load amount results in fewer transports and thus reduces carbon emissions. Working digitally improves NCC's follow-up and the reporting of waste building materials is simplified significantly.

### Comments on outcome

NCC is continuing to reduce the amount of waste. This is an excellent result and, in relation to our sales, the reduction has been 40 percent since 2015. Focusing on waste and what NCC generates provides us with a platform for cooperating with our suppliers and for identifying waste streams with the potential to be circular. We did not achieve our sorting target of 70 percent. NCC has actively chosen not to include inert materials, which would improve the statistics. We look at our success and derive knowledge from it, ahead of a continued focus on waste minimization and circular flows.

### Amounts of waste<sup>1)</sup> by type and disposal method

	2020		2019	
	total weight, tons	%	total weight, tons	%
<b>Non-hazardous waste</b>				
Sorting (mixed waste)	8,189	17	9,802	19
Energy recycling (combustible waste)	9,023	19	8,894	18
Landfill	2,194	5	2,887	6
Reuse/materials recycling	27,563	58	27,662	55
Special treatment (hazardous waste)	611	1	813	2
<b>Total amount of waste</b>	<b>47,580</b>		<b>50,058</b>	

<sup>1)</sup> The data has been collected from NCC's waste-management partners.

The total amount of waste decreased by 29 percent compared with 2015 and 5 percent compared with 2019. The amount of waste per SEK 1 M of sales was reduced from 1.64 tons/SEK M in 2015 to 0.98 tons/SEK M in 2020. Work is continuing to reduce the amount of waste and to ensure that the rate of sorting continues to increase during 2020. The statistics cover traditional construction waste. Soil, stone and fill materials, which are directly dependent on the projects' geography, are sorted separately and reused to a large extent and are thus not included in statistics on tons of waste per SEK M. Nor do the tables include inert materials such as concrete and bricks. The tables only show on-site amounts and the waste collected by NCC during 2015-2020. This means that complete compliance with GRI is not in place; however, NCC will start work to study the potential for this.

### Waste recycled by handling method

TONS	Total 2020	2019	2018
<b>Hazardous waste</b>	0	0	0
<b>Non-hazardous waste</b>			
Being prepared for reuse	27,563	27,662	26,548
<b>Total</b>	<b>27,563</b>	<b>27,662</b>	<b>26,548</b>

### Waste that is not recycled, by handling method

TONS	Total 2020	2019	2018
<b>Hazardous waste</b>			
Special treatment	611	813	629
<b>Non-hazardous waste</b>			
Combustion with energy recycling	9,023	8,894	12,112
Landfill	2,194	2,887	3,863
<b>Total</b>	<b>11,828</b>	<b>12,594</b>	<b>16,604</b>



## Climate and Energy

GRI 302 Energy  
GRI 305 Emissions

The construction industry emits considerable amounts of greenhouse gases, resulting in a major climate impact. The climate issue is thereby a prioritized area for NCC, which is now expanding the current target for Scopes 1 and 2 to a reduction in carbon emissions of 60 percent by 2030 compared with base year 2015. We are also adding targets for Scope 3 and setting our sights on reducing indirect emissions by 50 percent by 2030. Accordingly, NCC will contribute to lower climate impact throughout its value chain. The outcome of the sustainability targets in the climate area are followed up in the Senior Management Team, together with activities that will help us achieve the targets.

### Towards climate neutrality

To reduce the Group's climate impact, we continued to focus on the fuel mix, energy efficiency, renewable electricity and process improvements, but also on initiatives to reduce the climate impact of the materials and transport used by NCC. These measures also contribute to increased competitiveness and reduced costs for the Group's customers. Through our focus on reducing our climate impact from Scope 3, NCC will influence suppliers and thus the industry to deliver products with a lower climate impact and more efficient transport.

In 2020 and 2021, we will map our Scope 3 and identify processes and measures for achieving the established targets.

NCC has participated in Fossil-free Sweden since 2018. This initiative forms a platform for collaboration and dialogue among more than 300 players intent on making Sweden independent of fossil fuels. In April 2018, the construction and civil engineering industry submitted a joint roadmap, signed by NCC, to the Swedish government showing how the industry can use existing technology to halve its emissions by 2030. Work on implementing the roadmap continued in 2020 and, internally, NCC Building Sweden and Infrastructure launched an action plan that will lead to climate neutrality. NCC is also involved in efforts in Denmark, Finland and Norway designed to move the industry toward climate neutrality. Sveriges Bergmaterialindustrin (The Swedish Aggregates Producers Association) has formulated a roadmap that relates to NCC's aggregate operations.

NCC's asphalt production accounts for just over 60 percent of the Group's own carbon emissions. A large share of the carbon emissions derives from the combustion of fossil fuels at the 63 stationary plants that produce hot mix asphalt. By switching to renewable fuels, such as wood pellets or bio-oil, and reducing the moisture level in stone materials and asphalt granulate, the Group's climate impact has been mitigated in recent years. In Sweden, NCC has converted 28 of a total of 29 asphalt plant for the use of biofuel. NCC is also endeavoring to develop more environmentally compatible products, in part by increasing the portion of recycled asphalt in production. Another example of environmental activities is NCC Green Asphalt, which is hot mix asphalt produced by a manufacturing method that generates significantly lower carbon emissions than conventional production of hot mix asphalt. NCC currently has some 60 facilities that can produce NCC Green Asphalt, corresponding to more than 80 percent of the stationary and mobile facilities. To reduce the Group's other carbon emissions, NCC's business areas are working on a range of initiatives such as energy-efficiency improvements, an increased mix of renewable fuel in machinery and vehicles, energy-efficient portacabins and a continued transition to green-labeled electricity. In Norway, a considerable focus is on fossil-free worksites, meaning ones that only use fossil-free fuels or electric machinery. NCC participates annually in the CDP's Climate Changes assessment, in which additional details about the Group's energy consumption and emissions are reported.

In November 2020, NCC released a Green Bond Investor Report that summarizes its initiatives for the property development projects and asphalt plants that have benefited from the green corporate bonds and the carbon reduction that they account for. The property projects are certified at BREEAM excellent or DGNB Gold and consume at least 20 percent less energy than the legal requirement. In its asphalt plants, NCC has invested in fuel conversion, measures to reduce moisture levels in recycled materials and energy-savings measures. This resulted in a reduction of 25,000 tons in carbon emissions between 2012 and 2019. Also refer to p. 92, Portfolio performance.

#### District heating/district cooling use within the organization

MWh	2020	Change compared with base year 2015, %	2019	2018	2017	2016	2015
District cooling	75	-64	598	624	22	1,286	209
District heating	29,560	-40	42,508	29,156	29,207	48,933	49,239
<b>District heating/district cooling, total</b>	<b>29,635</b>	<b>-40</b>	<b>43,106</b>	<b>29,780</b>	<b>29,229</b>	<b>50,219</b>	<b>49,448</b>

The need for district heating and district cooling varies from year to year. The amount of district heating and district cooling that is purchased depends to a large extent on the projects that were under way during the year, their placement and the phase at which they found themselves.

#### Electricity use in the organization

MWh	2020	Change compared with base year 2015, %	2019	2018	2017	2016	2015
Electricity from renewable sources <sup>1)</sup>	159,561	56	157,204	152,259	118,754	108,927	102,360
Other electricity	12,037	-91	13,535	18,559	55,259	102,861	131,120
<b>Electricity, total</b>	<b>171,598</b>	<b>-27</b>	<b>170,736</b>	<b>170,817</b>	<b>174,013</b>	<b>211,787</b>	<b>233,480</b>

<sup>1)</sup> Hydroelectric and wind power.

A key aspect of work toward achieving the target of halving GHG emissions by 2020 is improved energy efficiency, and replacing fossil-based energy with energy from renewable sources. In 2020, 93 percent of all electricity purchased by NCC was either eco-labeled as "Bra Miljöval" (good environmental choice) or origin-labeled using guarantees of origin. The amount of fossil-based electricity has been reduced by 91 percent since 2015.

#### Definitions

For calculating emissions, conversion from consumption to emissions has been conducted in accordance with the Greenhouse Gas Protocol. The market-based calculation method is used to measure GHG emissions from electricity and heating. "Location based" is also reported, but this does not form the foundation for measurements concerning our climate goals. NCC does not use climate compensation. Information on purchases of fuels, electricity and heating/cooling energy is collected from NCC's suppliers. Tolero, an in-house developed digital tool, has been used to compile the statistics, and data per user is shown here. This is then summarized for the whole of NCC and forms the foundation for our energy and climate footprint. The emission factors that form the basis for measuring carbon emissions are obtained from suppliers. In those cases where we do not use supplier-specific emission factors, emission factors from DEFRA or the Swedish Environmental Protection Agency are used, depending on applicability.

#### Measurement of carbon emissions in three scopes

NCC measures its operations' carbon emissions in Scope 1 and 2, as well as parts of Scope 3, with Scope 1 referring to emissions related to the use of fuel in asphalt plants and from own vehicles and machinery, while Scope 2 refers to emissions related to the production of the electricity, district heating and district cooling used by the operations. Scope 3 refers to indirect emissions from purchased material and external services, travel, subcontractors' vehicles and machinery, transportation, demolition of the Group's products and waste. In many industries, the largest emissions are in Scope 3, which is why it is important to also measure and set targets for these. In construction and civil engineering, considerable indirect emissions derive from key input materials and services, such as concrete, steel and transportation. NCC has started to map these emissions and has set a new sustainability target of reducing its Scope 3, within indicated important categories, by 50 percent by 2030. In 2020, NCC's digital collection system for sustainability measurements was expanded to also include Scope 3. By collecting and measuring carbon emissions in a more robust and efficient manner, we gain greater understanding of the climate impact of various choices of materials. The intention is for suppliers to report data directly in the system and to thus more clearly visualize Scope 3.

#### Risks and opportunities

Climate change is expected to affect both societies and people, and can be linked to both risks and opportunities for NCC. The Group manages this through risk assessments, climate adaptation of operations and targeted efforts to reduce our climate impact. Demand for new business models is also growing, as customers become aware of the opportunities that, for example, digitization and sharing services generate. NCC supports the recommendations that the TCFD (Taskforce on Climate-related Financial Disclosures) has formulated concerning reporting of climate-related information.

### Sustainable products and services

As awareness of climate change increases, as well as the changes this entails in cities and societies, the customers' requirements and demand for NCC's offering could change and benefit more sustainable products and services. Through strategic sustainability and product development work, the Group ensures that its offerings match the requirements of customers. Among other things, NCC has developed products that are resilient to forthcoming changes in the climate by, for example, being able to quickly deal with large amounts of water and enabling water to more easily penetrate soil. NCC is also working on site- and project-adapted solutions for outdoor environments, whereby development and construction are combined with retained diversity of natural services, such as temperature regulation, noise abatement, surface water management, aesthetics and opportunities for recreation. Furthermore, NCC continuously reviews its production processes and works to enhance their efficiency, thus diminishing the negative impact on the environment.

### Internal processes

NCC depends on a large quantity of raw materials, fuel and other resources to conduct its operations. Changes in supply, price and availability of these products due to climate change, and future taxation of fuel, energy or carbon dioxide could affect NCC's cost base. To minimize the impact, NCC endeavors to achieve a long-term reduction in its climate impact, phase out fossil fuels and move towards a more circular use of raw materials. Climate change, such as extreme weather and flooding, could also lead to changed construction processes and changed conditions for conducting construction and civil engineering operations. The risk of flooding, erosion and earthquakes could have

a negative impact the safety of employees, as well as on the storage of materials at construction sites. NCC manages this risk by performing risk assessments of all projects.

### Reduction in climate impact

Carbon emissions, related both to purchased fuels and to electricity, district heating and district cooling have declined since the base year 2015. This was due to energy-efficiency improvements, an increased use of renewable fuels and a transition to electricity from renewable sources. Relative to sales, NCC's greenhouse gas emissions from own operations have been reduced by 42 percent since 2015.

The target of achieving a 50-percent reduction by 2020 was extremely ambitious and was significant in driving NCC's transition toward fossil-free operations. Without this distinct and progressive target, our transition toward fossil-free operations would not have been pursued with the same intensity. We are very proud to have reduced our carbon dependence and our climate footprint, but we are not satisfied. We are continuing our transition and are also including Scope 3 in NCC's journey towards climate neutrality.

### Environmental product declarations and LCAs

An environmental product declaration (EPD) describes the environmental impact of a product or service and helps customers make more informed product choices. NCC has developed a process for making its own EPDs for stone and asphalt products from the NCC Industry business area, and most of the EPDs are readily available. The process was certified by Bureau Veritas in November 2019. With knowledge of a product's environmental performance, NCC can conduct systematic work to reduce the product's carbon footprint.

### Total energy consumption in the organization

MWh	2020	2019	2018	2017	2016	2015
Energy consumption, total	1,112,013	1,206,097	1,201,831	1,268,992	1,256,865	1,422,063
Reduction in energy consumption relative base year	-310,050	-215,966	-220,232	-153,071	-165,198	-

<sup>1)</sup> Total energy consumption is a sum of energy usage for electricity, district heating and cooling and fuels.

### Use of fuel<sup>1)</sup> within the organization

MWh	2020	Change compared with base year 2015, %	2019	2018	2017	2016	2015
Renewable fuels	141,137	35	137,273	111,879	114,206	87,893	104,786
Fossil fuels	769,643	-26	854,982	889,356	951,544	906,966	1,034,349
<b>Fuels, total</b>	<b>910,780</b>	<b>-20</b>	<b>992,255</b>	<b>1,001,234</b>	<b>1,065,750</b>	<b>995,859</b>	<b>1 139,135</b>

<sup>1)</sup> Fuels include purchased fuels for vehicles, heating, industrial processes and, for example, drying processes at construction sites. NCC continues to reduce its use of fossil fuels. Since 2015, use has been reduced by 26 percent, due largely to the continued conversion to biofuels in the Swedish asphalt plants.

### GHG emissions from NCC's operations

MARKET-BASED	2020	Change compared with base year 2015, %	2019	2018	2017	2016	2015
GHG emissions <sup>1)</sup> CO <sub>2</sub> e (tons, 000)	185	-41	216	227	260	267	312
- of which, Scope 1 <sup>2)</sup>	179	-30	209	217	234	223	255
- of which, Scope 2 <sup>3)</sup>	6	-89	7	10	26	44	57
Net sales, SEK M	53,922		58,234	57,346	54,608	52,934	53,116
Emission intensity: CO <sub>2</sub> e (tons)/SEK M	3.4	-42	3.7	4.0	4.8	5.0	5.9
CO <sub>2</sub> e (kg)/MWh	0.167	-39	0.218	0.227	0.244	0.268	0.274
Location based <sup>4)</sup>	9,933	-59	121 84	11,360	11,078	8929	24280

<sup>1)</sup> The greenhouse gases N<sub>2</sub>O, CH<sub>4</sub> and CO<sub>2</sub> are included in the calculations.

<sup>2)</sup> Refers to direct emissions from NCC's operations, of which 0.7 (tons 000) derived from the combustion of biomass (2020).

<sup>3)</sup> Refers to indirect emissions from electricity and heat.

<sup>4)</sup> 2015–2019 from NCC's CDP Report, 2020 from Greenhouse gas emission intensity of electricity generation in Europe — European Environment Agency (europa.eu).

Carbon emissions, related both to purchased fuels and to electricity, district heating and district cooling have declined since the base year 2015. This was due to energy-efficiency improvements, an increased use of renewable fuels and a transition to electricity from renewable sources. Relative to sales, NCC's GHG emissions from own operations have been reduced by 42 percent since 2015.

NCC uses life cycle analyses, LCAs, to formulate EPDs. Using LCA calculations, NCC is able to make simulations and then implement changes in production that reduce the environmental impact.

In Finland for the past ten years, NCC has been using an in-house-developed calculation tool to calculate carbon emissions. In 2020, NCC experienced increased demands from customers, whereby LCAs and reduced climate footprint were decisive factors in securing

projects. EPDs are an important step in NCC's endeavors to increase transparency and also enable NCC to deliver requested Scope 3 information to its customers, which few suppliers in the industry can do today.

NCC is well equipped ahead of forthcoming Swedish legislation concerning climate calculations in connection with new construction, and in 2021 will already be able to offer climate calculations combined with various solutions for reducing climate footprint.



## Compliance

**GRI 205** Anti-corruption    **GRI 305** Supplier environmental assessment  
**GRI 206** Anti-competitive behavior    **GRI 414** Supplier social assessment

NCC will always be a trustworthy partner acting with high ethical standards and transparency. The Group's Code of Conduct is an important feature of the compliance agenda, both as an internal compass for describing how the Group should act and as external communication to clarify NCC's expectations of its suppliers and business partners. The Code of Conduct constitutes a component of NCC's agreements with suppliers. Other stakeholders are informed about the Code of Conduct through NCC's website, contracts and agreements. NCC works continuously to ensure compliance with its Code of Conduct in all of the Group's partnerships, and to ensure that no violations occur, for example, in connection with competitive situations and in terms of business ethics. We are evaluating management systems for compliance by analyzing statistics from the Ask Me/Tell Me functions, employee questionnaires such as Pulse and the results of internal audits. The Ask Me function received 36 questions (35) during the year, which was in line with the preceding year. Many questions were about business entertainment and gifts. Frequently asked questions are compiled in NCC Compass. Through the Tell Me whistleblower function, 36 (30) suspected violations were reported in 2020, somewhat higher than in 2019. A number of incidents were also reported in other ways. This resulted in a total of 64 (53) suspected violations of the Code of Conduct. The incidents involved such matters as fraud and theft, conflicts of interests and other transgressions from NCC's Code of Conduct. Of the matters closed during the year, one led to dismissal and 26 to other actions, such as discussions, changes in procedures and processes or targeted communication measures. In 2020, 1,022 employees received training in compliance and anti-corruption, including 444 in Sweden, 115 in Norway, 309 in Denmark, 138 in Finland and 16 in Poland. A total of 1,197 employees also underwent GDPR training during the year.

NCC is a member of Transparency International Sweden and the Swedish Anti-corruption Institute, we comply with the Code of Business Conduct issued by the Swedish Anti-Corruption Institute and have a policy and guidelines for our anti-corruption efforts. NCC also cooperates with industry colleagues to promote healthy business practices. In cooperation with most other industry players in Sweden, a joint policy has been formulated: "Agreement on counteracting bribery and corruption." NCC also participated in the formation of a Swedish Ethical Trading Initiative (ETI), a joint initiative to promote good labor conditions in producing countries.

Following an analysis of the risk of noncompliance with NCC's Code of Conduct, three areas have been identified as being of particular importance to NCC: Bribery and corruption, competition law and conflicts of interest. During the year, NCC investigated six cases of suspected corruption. NCC was not able to confirm corruption in any of the investigations (one investigation is still open). In one investigation, however, NCC could prove that an employee had ordered work and materials from NCC for private use without having them invoiced. The employee chose to leave NCC during the course of the investigation. Five cases

of conflicts of interest involving transactions with own companies, organizations and related parties that contravened NCC's rules were also dealt with during the year.

### Sustainable purchasing

Continuously developing sustainable and competitive purchasing is a key issue for NCC. Purchasing work is based on the Group's Code of Conduct. In 2020, NCC updated the Code of Conduct for suppliers. Read more about NCC's Code of Conduct under Sustainability governance.

NCC has business relationships with several thousands of suppliers through its purchases of everything from building materials and subcontractors to travel and office supplies. NCC has divided its total purchasing volume in a category-based model. The ten largest production-related categories are Transport/Civil-engineering contracts, Technical installations, Building materials/Water and sewage materials/Tools and supplies, Road/Park/Railways, Rental materials, Interiors, Bearing structures, Production materials industry, Concrete/Molds/Rebar and Exteriors.

NCC's supplier base consists predominantly of Nordic suppliers, but NCC also has suppliers in other regions such as Poland, the Baltic countries and China. The supplier base consists of framework agreement suppliers, international suppliers and Nordic project sourcing suppliers. Work on reducing the number of suppliers is under way and includes increasing the proportion of purchases under framework agreements. The aim is to reduce NCC's purchasing costs and to facilitate increased control. NCC has about 1,500 framework agreements, which accounted for 32 percent of the total purchasing volume during the year. NCC collaborates actively with strategic suppliers in order to develop and increase sustainable computerized solutions. In cooperation with strategic suppliers, work is also under way to reduce consumption and increase productivity.

NCC's purchasing system encompasses the entire organization. We work continuously to develop the quality of follow-ups of the Group's suppliers. According to NCC's purchasing processes, new suppliers are assessed before any cooperation commences. The scope of this assessment varies depending on the type of supplier. However, NCC still has no quantitative data to report on the follow-up of supplier assessments in terms of the entire Group. To assess, monitor and develop non-Nordic suppliers, NCC focuses specifically on audits of social responsibility, quality, environment and work environment.

To ensure compliance with NCC's requirements and advances in these areas, NCC applies a one- to three-year supplier-assessment and supplier-performance audit cycle. Non-compliances that are noted during the supplier assessment and that are not corrected according to the action plan could lead to termination of the cooperation with the supplier. For suppliers in high-risk countries (according to Amfori BSCI's definition), our audits performed by internal staff are strengthened by the tools we have access to through our membership of Amfori BSCI.



## Portfolio performance

NCC-1 Company-specific disclosures: Sustainability-certified buildings

The Group's product portfolio includes a wide range of sustainable products, concepts and services that add value for NCC's stakeholders and also help the Group achieve its long-term sustainability targets and strengthen its competitiveness and ability to generate long-term profitable growth.

### Sustainability-certified projects

NCC offers its customers all the types of environmental certifications that are available for both buildings and civil-engineering structures. Nordic Swan Ecolabel, Miljöbyggnad, CEEQUAL, BREEAM, LEED, DGNB and Citylab are used for housing and infrastructure projects, as well as whole city districts. BREEAM and DGNB are used for the projects that NCC develops itself.

### Sustainable site

NCC has also developed its own work method called Sustainable site, which entails a shared platform upon which to base the sustainability work at all NCC worksites, regardless of country or type of operation. Work methods are checked against a checklist. Sustainable Sites is mandatory for all projects in NCC Building Sweden with a project value exceeding SEK 50 M and in NCC Infrastructure Sweden for projects with a project value exceeding SEK 100 M. In 2020, NCC Industry started to map its quarries in the stone materials sector using the Sustainable Sites method, with 20 registered quarries. For quality control, sustainable worksites are checked during environmental rounds and internal audits. Implementation in Building Nordics also continued in 2020.

### Sustainable solutions and products

NCC contributes to favorable social and urban development by providing sustainable solutions. In 2020, NCC Industry continued to develop its portfolio of sustainable products, services and methods and collected them under the joint heading of "Smart choices for a better world": Examples of products and solutions within Smart choices for a better world are products for reducing environmental impact from a lifecycle perspective, such as NCC Green Asphalt and NCC Machine Sand, solutions for managing the negative impact of climate change such as NCC Armour Stone and NCC DrænStabil, and solutions for creating and retaining biodiversity, such as NCC Kielo, which is a method for increasing biodiversity in NCC's quarries.

### Green corporate bonds for green projects

NCC issued green bonds for the first time in 2019. Bonds at a value of SEK 1.6 billion were issued on Nasdaq Stockholm. Also in 2019, NCC re-financed SEK 100 M through a green private placement. The bonds have financed investments in sustainable property development projects, conversion to renewable energy sources in asphalt production, energy efficiency programs and reduced moisture levels in recycled asphalt.

The green framework for the bonds was verified by the Center for International Climate and Environmental Research (CICERO), an independent research center connected to the University of Oslo. The framework is classified as Medium Green, the second highest level in CICERO's ratings, and the governance structure was ranked as Excellent, which is the highest rating.

The NCC Green Bond Investor Report was released in autumn 2020. The report includes an assurance issued by PWC without observations and can be found at [www.ncc.com](http://www.ncc.com).

### Sustainability-certified buildings

CERTIFICATION SYSTEMS	NORDIC SWAN ECO-LABEL Number	BREEAM		LEED		DGNB		MILJÖBYGGNAD	
		Grade	Number	Grade	Number	Grade	Number	Grade	Number
NCC		Pass		Bronze		Bronze		Bronze	2
		Good		Silver		Silver		Silver	13
		Very Good	1	Gold	1	Gold	3	Gold	2
		Excellent	2	Platinum	1	Platinum			
		Outstanding							
<b>Total 2020 (2019)</b>	<b>2 (3)</b>		<b>3 (9)</b>		<b>2 (4)</b>		<b>3 (0)</b>		<b>17 (12)</b>

That buildings are constructed to satisfy ambitious certification requirements has become a matter of course in many construction projects; however, it is not equally self-evident that the building will be actually certified. As of 2019, preliminary certifications are not included in the table; only certifications implemented during the year.

# Stakeholder dialogue and materiality analysis

NCC uses the results of stakeholder dialogues, analyses of strategic issues and driving forces in society to define the most significant sustainability issues. The method for defining these significant issues follows the GRI guidelines and comprises identification, prioritization and validation. In order to understand and gain an insight into the stakeholders needs, expectations and challenges, NCC continuously engages in an open dialogue with the stakeholders. The principal stakeholder groups are: Shareholders/investors/banks, customers, suppliers/subcontractors, employees and NGOs. For example, the annual Group-wide employee questionnaire is an important tool for the internal stakeholder dialogue.

NCC's sustainability framework is rooted in a web-based survey of more than 2,800 stakeholders that was conducted in 2016 to enable stakeholders to provide feedback on NCC's material issues. The results of the survey reflected considerable commitment to NCC's sustainability work and shared views about the focus areas defined in the sustainability framework. The questions that were highlighted by the stakeholders included healthy and safe workplaces, sound business

practices and no corruption, no discrimination at NCC's workplaces, healthy buildings and designs and choices of materials based on health-related and environmental criteria.

NCC also regularly engages in other types of dialogues, such as in the form of a quarterly customer survey (Net Promoter Score) and the annual employee survey (NCC Pulse). NCC also measures the Group's reputation among decision-makers, interest organizations and the general public. Among other actions in 2020, a major survey was conducted through in-depth interviews with NCC's customers in Sweden, Norway, Denmark and Finland. The most significant aspects that were identified do not differ noticeably from the 2016 survey. In the environment area, the focus is on the climate issue, recycling and choices of sustainable materials and in social sustainability, the focus is on health and safety. Active sustainability work is a prerequisite and an expectation; it is also business critical and incorporates both business-critical aspects and future opportunities. Among investors, interest is increasing in the companies' ability to prepare for new political initiatives linked to risk minimization and new business opportunities.

Stakeholder	Issues in focus	Example of dialogue form and follow-up
<b>Suppliers</b>	Responsible ethical enterprise. Code of Conduct Professional entrepreneurship, Ongoing risk assessment and risk management. Climate and environmental awareness and measures to reduce the climate and environmental impact. Responsibility throughout the value chain. Focus on resource efficiency, recycling and choices of sustainable materials.	Procurements, supplier environmental assessments, personal meetings, daily contacts, meetings with suppliers, supplier audits, sustainability dialogues and partnership projects.
<b>Shareholders, investors, banks</b>	Responsible ethical enterprise, Long-term economic value growth. Responsibility throughout the value chain. Ongoing risk assessment and risk management. Climate awareness and measures for reducing environmental and climate impact. Safety and health.	Annual General Meeting, meetings with analysts, questionnaires from ethical and environmental funds, meetings with investors, national and international estimations.
<b>Employees; current and potential</b>	Responsible ethical enterprise. Inclusive worksites. Safe and secure workplaces. Skills and career development. Good management. Equal treatment, equal opportunities and diversity. Climate and environmental awareness and sustainability. Community involvement, such as in the form of integration efforts and traineeships.	Daily dialogues, employee surveys, work environment measurements, work environment dialogues, workplace meetings, in-house training, incident follow-ups, target and performance reviews, external surveys of the employer brand, student relations and collaboration with the education sector.
<b>Customers</b>	Responsible ethical enterprise. Professional entrepreneurship. Cooperation and partnerships. Knowledge and skills. Resource capacity, quality, availability. Good working and employment conditions. Inclusive worksites. Safe and secure worksites. Certifications. Climate and environmental awareness and measures to reduce the climate and environmental impact. Focus on resource efficiency, recycling and choices of sustainable materials. Contributing through sustainable innovation and sustainable solutions. Support customers in achieving their climate and environmental targets. Contributing to local social development. Adaptation of cities and municipalities to climate change, environmental challenges and social requirements.	Personal meetings, daily contacts, networks, partnership projects, dialogue meetings, customer meetings, fairs, customer questionnaires, question forms from customers, procurements and audits. Worksite visits, partnering projects, information meetings, networks, contacts with county councils/municipalities, environmental reports and neighbor dialogues.
<b>Suppliers</b>	Responsible ethical enterprise. Code of Conduct .Professional entrepreneurship, Ongoing risk assessment and risk management. Climate and environmental awareness and measures to reduce the climate and environmental impact. Responsibility throughout the value chain. Focus on resource efficiency, recycling and choices of sustainable materials.	Procurements, supplier environmental assessments, personal meetings, daily contacts, meetings with suppliers, supplier audits, sustainability dialogues and partnership projects.

### NCC's material aspects

On the basis of NCC's sustainability framework, the Group has identified 14 material aspects according to the GRI Standards. The material aspects pervade every link of the value chain, and their significant impact on the value chain is presented in the table below.

There have been no changes in significant sustainability issues; however, as of the current Annual Report, NCC has switched to reporting on the 2018 standard for GRI 403 Occupational Health and Safety and the 2020 standard applying to GRI 306 Waste.

### Economic value generated and distributed

SEK M	2020	2019
<b>Economic value generated</b>		
Customers	53,940	58,262
<b>Economic value distributed</b>		
Suppliers	-41,092	-44,673
Employees	-8,671	-9,392
Lenders	-80	-112
State (expensed tax and social security fees)	-2,839	-3,211
Shareholders <sup>1)</sup>	-538	-540
<b>Economic value retained</b>	<b>720</b>	<b>334</b>

<sup>1)</sup> Proposed dividend.

### Material topics and boundaries

	Significant impact		
	of suppliers	of NCC's operations	of customers
<b>ECONOMIC IMPACT</b>			
Economic performance		●	
Anti-corruption	●	●	
Anti-competitive behavior	●	●	
<b>ENVIRONMENTAL IMPACT</b>			
Material		●	●
Energy		●	●
Emissions		●	
Waste <sup>1)</sup>		●	●
Supplier assessment	●	●	
<b>SOCIAL IMPACT</b>			
Health and Safety		●	
Training		●	
Diversity/equality		●	
Supplier assessment	●	●	
Non-discrimination		●	
Product and service labeling		●	●

<sup>1)</sup> Limited to NCC's building and construction operations.

### ABOUT THIS REPORT

The company reports its sustainability work annually as part of the NCC Annual Report. We have applied the guidelines of the Global Reporting Initiatives (GRI) for the reporting of sustainability information since 2010. The Sustainability Report, which pertains to the 2020 fiscal year, has been prepared according to GRI Standard level Core and also constitutes NCC's Communication on Progress under the UN Global Compact.

More detailed sustainability information and performance indicators are presented on pp. 80–92. For the GRI index, refer to the following pages. The report has not been examined by a third party. The Report on the 2020 fiscal year was published on March 8, 2021. The most recent sustainability report was published in the 2019 Annual Report. Unless otherwise stated, all the information pertains to the entire NCC Group.

Contact: CFO, Head of Finance and DOS (Development & Operations Services), Susanne Lithander, +46 8 585 510 00, susanne.lithander@ncc.se

### STATUTORY SUSTAINABILITY REPORT

This statutory Sustainability Report has been issued by the Board of Directors of NCC AB but is not part of the formal Annual Report documentation. The Sustainability Report in accordance with the Annual Accounts Act is included in the Annual Report on the following pages: 1–9, 21–23 and 80–92.

NCC's business model and sustainability framework are presented on pp. 80–81, environment on pp. 80 and 87–91, social conditions on pp. 82, 86–87 and 91, personnel on pp. 82, 86–87 and 91, human rights on pp. 80–82, 85 and 89 and anticorruption on pp. 82 and 91. Risk descriptions are presented on pp. 21–23.

Unless otherwise stated, the information pertains to the entire NCC Group, including subsidiaries.

### AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in NCC AB, corporate identity number 556034-5174

#### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2020 on the pages set out in the left hand box and for that it has been prepared in accordance with the Annual Accounts Act.

#### Scope of examination

Our examination has been conducted in accordance with FAR's recommendation RevR 12 The auditor's statement on the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinion.

#### Opinion

A statutory sustainability report has been prepared.

Stockholm 5 March 2021  
PricewaterhouseCoopers AB

Ann-Christine Hägglund  
Authorized Public Accountant  
Auditor-in-charge

Erik Bergh  
Authorized Public Accountant

# GRI index

GRI standard	Disclosure	UN Global Compact Principles	Page reference (Annual Report)	Omissions
<b>GRI 101: Foundation 2016</b>				
<b>GRI 102: General Disclosures 2016</b>				
<b>Organizational profile</b>				
	102-1	Name of the organization	10	
	102-2	Activities, brands, products and services	1, 10	
	102-3	Location of headquarters	10	
	102-4	Location of operations	1, 10	
	102-5	Ownership and legal form	20, 98	
	102-6	Markets served	1, 10	
	102-7	Scale of the organization	1, 11, 24, 25, 86–87	
	102-8	Information on employees and other workers	87	
	102-9	Supply chain	91	
	102-10	Significant changes to the organization and its supply chain	80	
	102-11	Precautionary Principle or approach	7	83
	102-12	External initiatives	81, 83	
	102-13	Membership of organizations	81, 91	
<b>Strategy</b>				
	102-14	Statement from senior decision-maker	2–3	
	102-15	Key impacts, risks and opportunities	21–22, 94	
<b>Ethics and integrity</b>				
	102-16	Values, principles, standards and norms of behavior	1–10	4, 81
<b>Governance</b>				
	102-18	Governance structure	83, 98–99	
<b>Stakeholder engagement</b>				
	102-40	List of stakeholder groups	93	
	102-41	Collective bargaining agreements	3	86–87
	102-42	Identifying and selecting stakeholders	93	
	102-43	Approach to stakeholder engagement	93	
	102-44	Key topics and concerns raised	93	
<b>Reporting practice</b>				
	102-45	Entities included in the consolidated financial statements	45, 94	
	102-46	Defining report content and topic Boundaries	94	
	102-47	List of material topics	94	
	102-48	Restatements of information		No restatements.
	102-49	Changes in reporting	94	No changes.
	102-50	Reporting period	10, 94	
	102-51	Date of most recent report	94	
	102-52	Reporting cycle	94	
	102-53	Contact point for questions regarding the report	94	
	102-54	Claims of reporting in accordance with the GRI Standards	94	
	102-55	GRI content index	95–97	
	102-56	External assurance	94	
<b>GRI 200: Economic standards</b>				
<b>Economic performance</b>				
GRI 103: Management approach 2016	103-1–3	Explanation of the material topic, its Boundary and management approach	80–81, 83, 92–93, 98–103	
GRI 201: Economic Performance 201	201-1	Direct economic value generated and distributed	94	
	201-2	Financial implications and other risks and opportunities due to climate change	89–90	
<b>Anti-corruption</b>				
			10	
GRI 103: Management Approach 2016	103-1–3	Explanation of the material topic, its Boundary and management approach	80-82, 83, 91, 93-94, 99	
GRI 205: Anticorruption 2016	205-1	Operations assessed for risks related to corruption	91	
	205-2	Communication and training about anti-corruption policies and procedures	89–91	
	205-3	Confirmed incidents of corruption and actions taken	91	
<b>Anti-competitive behavior</b>				
			10	
GRI 103: Management approach 2016	103-1–3	Explanation of the material topic, its Boundary and management approach	80-82, 83, 91, 93-94, 99	
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices, and results	83	

GRI standard	Disclosure	UN Global Compact Principles	Page reference (Annual Report)	Omissions
<b>GRI 300: Environmental standards</b>				
<b>Material</b>		7, 8, 9		
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	6, 80-83, 87-88, 93-94, 99	
GRI 301: Materials	301-2	Recycled input materials used	87-88	Material in NCC's industrial operations.
<b>Energy</b>		7, 8, 9		
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	6, 80-83, 88-89, 93-94, 99	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	88-91	
	302-4	Reduction of energy consumption		NCC recognizes total reduction in energy consumption
<b>Emissions</b>		7, 8, 9		
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	6, 80-83, 88-91, 93-94, 99	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	88-91	
	305-2	Energy indirect (Scope 2) GHG emissions	88-91	
	305-4	GHG emissions intensity	88-91	
	305-5	Reduction in GHG emissions		NCC recognizes total reduction in energy consumption
<b>Waste</b>		7, 8, 9		
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	6, 80-83, 87-88, 93-94, 99	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts		No information is available on the waste's impact relative the value chain. We are studying the potential to collect this information in the future.
	306-2	Management of significant waste-related impacts	87-88	
	306-4	Waste diverted from disposal	87-88	Information on the amount of waste handled on-site and off-site, respectively, is not available. We are studying the potential to collect this information in the future.
	306-5	Waste directed to disposal	87-88	
<b>Supplier environmental assessment</b>		7, 8, 9		
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	80-83, 91, 93-94, 99	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria		Quantitative data is not available due to limitations in the data collection. Actions have been taken to improve the possibilities of reporting on this disclosure in the future.

GRI standard	Disclosure	UN Global Compact Principles	Page reference (Annual Report)	Omissions
<b>GRI 400: Social standards</b>				
<b>Occupational health and safety</b>				
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	8-9, 80-83, 84-86, 93-94, 99	
GRI 403: Occupational Health and Safety 2018	403-1	Health and safety management systems	84-86	
	403-2	Hazard identification, risk assessment, and incident investigation	84-86	
	403-3	Occupational health services	84-86	
	403-4	Worker participation, consultation, and communication on occupational health and safety	84-86	
	403-5	Worker training on occupational health and safety	84-86	
	405-6	Promotion of worker health	84-86	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	84-86	
	403-8	Workers covered an occupational health and safety management system	84-86	
	403-9	Work-related injuries	8, 84-86	LTIF 1 is reported
	403-10	Work-related ill health	86	Risky work elements are described.
<b>Training</b>			1-10	
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	84-86	
GRI 404: Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	84-86	
<b>Diversity and equal opportunity</b>			6	
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	8-9, 80-83, 86-87, 93-94, 99	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	86-87	Age breakdown is reported in accordance with the categories in NCC's diversity objectives.
<b>Non-discrimination</b>			6	
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	8-9, 80-83, 86-87, 93-94, 99	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	86-87	No cases have been confirmed but this is reported anonymously in the employee survey.
<b>Supplier social assessment</b>			1-6, 10	
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	80-83, 91, 93-94, 99	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria		Quantitative data is not available due to limitations in the data collection. Actions have been taken to improve the possibilities of reporting on this disclosure in the future.
<b>Marketing and labeling</b>			9	
GRI 103: Management Approach 2016	103-1-3	Explanation of the material topic, its Boundary and management approach	80-83, 92, 93-94, 99	
Company-specific disclosures: Sustainability-certified buildings	NCC-1	Type and number of sustainability certifications, rating and labeling schemes	92	