

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.