

Sustainability effort aimed at development

OUR APPROACH IS BASED ON OUR VALUES

HONESTY

We are true to ourselves and our stakeholders. We conduct business in a prudent manner and the customer can always rely on the information provided by NCC.

RESPECT

We respect each other. Everyone's opinions are valuable; people can have different opinions and still respect each other and work toward an established objective.

TRUST

We trust each other and behave so as to gain the trust of others. Everyone supports NCC and the company's values as a basis for strong development.

FOCUS

We focus on creating added value for our stakeholders.

SIMPLICITY

Doing business and having a business relationship with NCC should be easy.

RESPONSIBILITY

We take responsibility. Building the environments of the future and thus contributing to sustainable social development is a major responsibility.

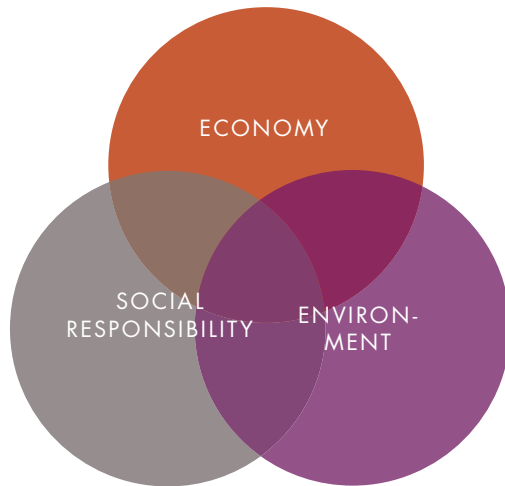
NCC develops and builds future environments for working, living and communication. In other words, NCC is a society builder in the true sense of the word. This is an immense responsibility that provides an opportunity for NCC to contribute to sustainable social development.

Responsibility is one of NCC's core values and is the foundation for the company's strategic approach toward bringing about sustainable development in all aspects: economically, environmentally and socially. Given NCC's operations and decentralized organization, responsibility comprises a natural part of the employees' daily working lives. Social responsibility, especially in terms of the work environment, is something that both employees and the company consider particularly important.

The foundation for NCC's approach to sustainable development is NCC's Code of Conduct, which describes the requirements that NCC has to meet in terms of behavior and conduct and that NCC in turn expects its business partners to respect. The Code of Conduct is

based on NCC's values and complies with internationally recognized guidelines. NCC joined the World Economic Forum Partnering Against Corruption Initiative (PACI) in 2005 and signed the UN Global Compact in 2010. As of 2010, NCC reports its sustainability efforts in accordance with the guidelines of the Global Reporting Initiative (GRI) at level C (see the explanation below).

Key overriding measures in NCC's sustainability efforts in 2010 included reporting in accordance with GRI, processing of calculations of NCC's carbon footprint, recruiting a new position of VP Environmental Affairs for the Group and, naturally, all of the specific products and services with a focus on sustainability that NCC is developing.



“NCC focuses on energy-efficient solutions, environmentally compatible production and its employees' competence and welfare”

ABOUT THIS REPORT

This is NCC's first sustainability report and pertains to the 2010 fiscal year. NCC has elected to apply GRI's voluntary guidelines for the reporting of sustainability information and complies with level C. Although this sustainability report has not been reviewed by a third party, NCC deems that the information in the 2010 Annual Report and sustainability report, combined with informa-

tion at NCC's website, fulfill GRI's information requirements for compliance at level C.

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

A complete GRI index is available at NCC's website www.ncc.se/griindex

Environment – *NCC helps its customers take environmental responsibility*

NCC's ENVIRONMENTAL OBJECTIVES:

- Create healthy developed environments
- Reduce climate impact
- Reduce the use of harmful substances
- Contribute to recycling

NCC's role as a society builder generates vast opportunities to contribute to sustainable development. The focus is on energy-efficient solutions and environmentally compatible production.

Through its operations, NCC's ability to contribute to improved environmental conditions and reduced climate impact is considerable, in part by developing and constructing energy-efficient buildings and in part by providing efficient infrastructures such as roads, bridges and wastewater systems. NCC focuses on its environmental initiatives and, increasingly, perceives this as a prerequisite for even being considered for many assignments. For several years, NCC's environmental work has been shaped by four overriding environmental objectives. For NCC, 2010 was eventful in the environmental arena, with a number of new initiatives taken.

NCC'S CARBON FOOTPRINT

The climate is a key issue, which NCC takes very seriously. Through its service and product offering, NCC continuously renews itself so that it is able to offer its customers climate-efficient solutions for buildings and infrastructure projects. Since part of this work includes gaining an assessment of NCC's own carbon emissions, NCC initiated the measurement of its own emissions in 2010. A calculation was made of the scope of the direct impact of NCC's operations on carbon emissions according to the Greenhouse Gas Protocol ("Carbon Footprint") measurement method. During the year, NCC began to learn about the process and created a systematic approach for its efforts. In other words, 2010 was a training year and this work will continue in 2011.

As an initial step, NCC focused on measuring the impact of its proprietary production, which can be called phase one and two of the "footprint measurement." Much of society's energy consumption occurs in the user phase of the environments that NCC develops and constructs. The emissions in phase three, which NCC considers indirect, were not included in the measurement conducted.

The NCC product areas that have the greatest direct carbon impact are its asphalt and aggregates operations. This is primarily due to the nature of these operations, since asphalt manufacturing currently depends on the oil product bitumen, which is heated using crushed rock in an energy-intensive process, which also requires fuel. NCC has been working for several years on the development of alternative methods involving lower energy consumption. NCC also has many products with lower greenhouse-gas emissions than traditional asphalt, such

as the NCC Green Asphalt product. This is an asphalt product that is prepared using 20 percent less energy and that generates 30 percent lower carbon emissions compared with normal production. NCC also uses recycled asphalt granules when manufacturing asphalt and offers a stone-rich asphalt paving with significantly extended durability, a concept known as VIACO.

The second greatest sources of carbon at NCC are the various types of vehicles used in its operations.

GREEN INITIATIVES

The demand for energy-efficient solutions has increased significantly in recent years and NCC was early to successively develop a variety of offers to meet the needs of customers and thus reduce their environmental impact.

In 2010, the NCC Construction business area launched what are known as Green tenders. This entails that for each tender exceeding SEK 50 M, a green alternative is to be submitted simultaneously.

When the customer chooses a Green tender, the proposed solution contributes to making the project as climate efficient as possible. The actual tender is climate compatible in that it offers the customer a climate-declared project. For those areas in which the company's own measures are not sufficient, climate compensation for the project is offered. Climate compensation is made through contributions to UN- and EU-approved climate projects. NCC offers a compensation solution that is certified under international standards, but also includes local climate initiatives.

For NCC, it is naturally important to reduce its own climate impact in projects, through such measures as using more energy-efficient production equipment, including the fleet of machinery and portable cabins. In Sweden, NCC applies the GreenBuilding concept, which means that workplaces are adapted using energy-efficient machinery and portable cabins. Other activities to reduce the environmental impact include environmentally compatible vehicles, need-based lighting and eco-labeled electricity.

NCC GREEN ASPHALT

Through the application of Green Asphalt, NCC has developed an environmentally compatible solution at the same quality as traditional asphalt. By developing the methods for manufacturing and mixing, NCC has managed to lower the temperature for hot asphalt while maintaining quality. The environmental gains include reduced carbon and nitrogen oxide emissions. Lowering the temperature of asphalt production to 120 degrees reduces energy consumption and carbon emissions.

GREEN BUILDING INCLUDES

- Environmentally labeled electricity
- Energy-efficient portable cabins
- Need-based lighting
- Energy-efficient machinery
- Efficient transports
- Environmentally compatible handling of waste products



CLIMATE-COMPENSATED INDOOR SPORTS ARENA IN VÄRMDÖ, OUTSIDE STOCKHOLM

When Värmdö Municipality, east of Stockholm, wanted a new indoor sports arena for such activities as handball, environmental considerations were taken seriously. The new indoor sports arena fulfills the requirements of the Swedish Environmental Building label and the international GreenBuilding system. This entails 30 percent less energy consumption than is required under the prevailing construction regulations. With NCC's guidance, the municipality has opted to compensate for the 316 tons of emissions that arise during the construction process.

This is being done by replanting forest in Uganda. "It is very gratifying to see Värmdö Municipality's significant commitment to the environmental issue at such close range. This makes Värmdö the first municipality to accept a Green tender from us. Värmdö Municipality not only helps NCC become greener but is also sending an inspirational signal to the rest of the construction industry", says Erik Eken, Technical Specialist at NCC Construction Sweden.

ENERGY EFFICIENT BUILDINGS

Indirectly, NCC has great potential to influence energy consumption in society by offering energy-efficient buildings. Buildings represent nearly 40 percent of overall energy consumption and most energy is used in the operations phase. By constructing buildings that can use renewable energy sources for their heating and cooling, these fossil-based energy needs can be reduced, thus also reducing the carbon impact.

NCC has extensive experience of constructing energy-efficient buildings and civil engineering structures. NCC already complies with the EU's GreenBuilding energy classification program, which requires that the projects consume at least 25 percent less energy than the norm for equivalent buildings. All proprietary developed property projects must be GreenBuilding certified.

NCC also climate declares housing and classifies commercial premises under the BREEAM environmental classification system, which is the leading program in Europe with more than 130,000 classified buildings. Unlike other environmental assessment systems, BREEAM also takes into account a whole range of environmentally impacting factors in a property, such as transportation and the choice of location for a building. All proprietary developed property projects at NCC are constructed in accordance with BREEAM, unless the customer demands another environmental classification.

NCC also has experience of "passive buildings", which are not supplied with energy for heating, since they are primarily heated by body heat, electrical devices, lighting and sunlight. This type of building still entails a somewhat higher investment in the construction phase, although the lifecycle cost is expected to be lower as a result of reduced operating costs. In 2010, NCC increased the pace of construction of passive buildings.

In 2010, NCC launched a concept for low-energy buildings in line with Swedish passive-building criteria. Under this concept, NCC has concentrated its previous experiences and expertise in a platform that supplements NCC's technical platforms for single-family homes and apartment blocks. Accordingly, NCC can

already construct buildings pursuant to these principles, even before they come into effect and become mandatory requirements under the EU's regulatory framework, which will occur around 2020.

ALTERNATIVE USAGE OF ENERGY

Alternative energy consumption is advancing successfully and the ability to use proprietarily generated energy, such as local wind turbines and solar cells, is among the options being evaluated. NCC is developing the possibilities for locally produced green electricity through such initiatives as wind-power projects for supplying buildings with electricity. The aim is to offer customers this type of expertise concerning advice and solutions regarding energy issues. To help further reduce energy consumption, NCC is training its tenants in energy-conserving behavior.

MATERIALS AND RECYCLING

NCC also assumes environmental responsibility by, wherever possible, choosing materials with as low an environmental impact as possible. Contributing to efforts to phase out hazardous chemicals is a prioritized area for NCC in this context. This is also a far-reaching issue. The construction process encompasses a large amount of input materials. Depending on the type of construction – such as buildings, road, asphaltting work or tunnels – the input materials vary from concrete to timber, plastic and steel, as well as fuel for construction machinery. In terms of chemical-related substances, materials and products, NCC has elected to work under the BASTA system in Sweden. This is a Swedish industry partnership aimed at phasing out all particularly harmful substances from the construction process. BASTA is a selection process that requires the suppliers of goods and products to make a self-declaration and approvals in accordance with such regulatory frameworks as those applicable in the EU, including REACH, which govern the use of chemical substances. Approved substances, materials and products are included in a database that can be accessed by NCC and other companies.

ROOFTOP WIND TURBINE

On the roof of NCC's head office in Solna, north of Stockholm, is a wind turbine that contributes to the building's electricity supply. The two-meter-high turbine generates an output of 2.5 kilowatts and also produces electricity when winds are as weak as two meters per second.

"This wind turbine is a symbol of our environmental and energy efforts. We want to investigate the possibility of working more to enable solar and wind energy to contribute to the energy needs of our properties. This would reduce operating costs and alleviate the environmental impact, thus increasing the building's value", says Jonny Hellman, Environmental Manager at NCC Property Development.

The wind turbine in Solna was the first of its kind in Scandinavia. Similar turbines are currently found in a number of other locations in the country. It is soundless and emits neither magnetism nor vibrations. Several turbines can be placed next to each other.



CONSERVATION OF RESOURCES

Another key area is the use of materials and one way of reducing their use is to apply an efficient construction process, in which industrial construction and virtual construction methods are key components. This increases the possibilities for future recycling of construction materials, once the building/facility has served its use or requires renovation. Recycling is a

major factor and an average of almost 90 percent of construction waste is recycled. The recycling of previously paved asphalt is an important input material for asphalt production. On the infrastructure side, NCC also works on the development of materials that reduce the environmental impact and improve the environment, such as noise-dampening paving.

Social responsibility

Safe workplaces that promote development

Secure, healthy and safe workplaces have been assigned the highest priority at NCC. Skills development, diversity and values are other cornerstones in our effort to make NCC the best company to work for.

Think safe, work safe and be safe. These are the key words in NCC's effort to create a healthy and safe work environment. The natural vision is to have zero accidents. In 2010, the number of accidents resulting in one day of sickness absence or more per million working hours was 13.3, which was worse than in 2009 (11.8). In 2010, further action was taken to improve the safety culture. Attitudes and behavior are of the utmost importance and NCC's values – honesty, respect, trust and focus, simplicity and responsibility – are a natural basis for the approach in completing an assignment. Managers are a prioritized group, considering the importance of setting a proper example and serving as role models.

PROACTIVE EFFORT

To reduce the risk of accidents and increase safety, a number of proactive initiatives are conducted. All employees working at an NCC construction site must pass a basic introductory course in work environment

issues. This also applies to subcontractors, of which there are often many. Each workplace supervisor or site manager must ensure that everyone at the construction site concerned has reviewed and accepts NCC's procedures and requirements.

Another key component is working on attitudes and behaviors. The behavior of individuals affects safety at a construction site, thus making it decisive that all individuals know what constitutes safe behavior. In practice, this involves always having the proper equipment, never taking risks at the workplace and never taking a risk simply because it is somewhat easier or faster than performing the task safely. NCC analyzes where and how the various units react to an incident or accident. Each year, hundreds of quality and environmental reviews are performed at workplaces together with employees. These reviews show that NCC must increase knowledge, develop procedures and change behaviors, and based on this impression, actions are taken.

Subcontractors are in a special situation since they are not included in NCC's internal communications flow or in the internal training courses. It is more difficult, but certainly no less important, to ensure their competence and behavior in terms of safety. Accordingly, NCC conducts a separate effort to increase the safety of subcontractors.

STELLA

Stella was formed in 1998 for the purpose of clarifying women's skills and increasing the number of women in senior positions. About 1,000 women currently work in NCC's Swedish operations and Stella has approximately 400 members. This reflects considerable interest among female employees and also indicates the need for a specific forum. Examples of the network's specific results include the implementation of NCC parental salary, increased implementation of flexible working hours, an inventory of managers and a sharper focus on female managers during reorganizations, the development of a trainee program and bans on discriminatory images.



Maria Zimdahl,
Regional Manager
Stockholm/Mälardalen,
NCC Construction Sweden.

WORKPLACE AND SAFETY CONTROL

In 2010, NCC initiated a Group-wide effort to further emphasize work environment issues in daily work, which requires influencing various operational systems, for example.

The work environment issue is of great importance and is regularly reviewed by business area management, Group management and by NCC AB's Board. Issues are prepared by a special Group-level team for work environment and safety, which reports to senior management and convenes at least twice annually.

EXTERNAL INITIATIVES TO ADVANCE THE SAFETY EFFORT

NCC partners with industry colleagues to advance the safety effort. There are several shared challenges and, by working together, the industry can reduce risks, obstruct irresponsible players and create more stable conditions for conducting operations. In several Nordic countries, joint systems to establish the identity of individuals at workplaces are being developed as a way to ensure that everyone has reviewed the safety rules, but also to prevent illicit labor.

THE INDUSTRY'S MOST ATTRACTIVE EMPLOYER

An important factor in being an attractive employer is offering a safe work environment. Other significant factors include the ability to offer skills development and career opportunities, as well as having an amicable atmosphere at work. NCC measures how satisfied its employees are through an annual employee survey, the Human Capital Index (HCI). For NCC, this is a key indicator of whether initiatives are generating the desired results. In recent years, the HCI has been showing posi-

tive results and the level of satisfaction at NCC is high, and is also higher than or on a par with the industry average.

SKILLS DEVELOPMENT

NCC is a knowledge-intensive organization. Regular competence-development initiatives are conducted in a bid to retain qualified employees and strengthen competitiveness. In 2010, the initiatives concerning manager development, business ethics and work environment safety continued. The various projects often offer challenges in specific knowledge that NCC addresses through a joint competence-development program with other project partners. These types of partnerships are conducted within the framework of NCC Partnering.

It is also important to partner with universities and colleges. By allowing doctoral students to be active in the organization, research and development knowledge is exchanged.

WORKPLACE RELATIONSHIPS

NCC's operations depend on the economic climate, meaning that personnel cutbacks may be necessary. In such situations, it is important that the cutbacks be made responsibly and to maintain favorable relationships with the various employee organizations. NCC views the trade-union organizations as partners in this process. Considered long term, NCC has a significant need to recruit employees, in order, among other reasons, to address the pending generational shift.

DIVERSITY AND EQUALITY

The construction industry is male dominated and NCC is a male-dominated company, with men accounting for

ACCIDENT FREQUENCY

NCC Group	2005	2006	2007	2008	2009	2010
Accident frequency ¹⁾	14.8	16.8	15.2	12.8	11.8	13.3

¹⁾ Number of accidents resulting in one day of sickness absence or more per million worked hours.

SICKNESS ABSENCE

NCC Group	2005	2006	2007	2008	2009	2010
Sickness absence, %	5.6	4.9	4.2	4.0	3.6	3.3

90 percent of the workforce. Among blue-collar/collectively employed workers, the share of women is 2 percent. At the senior manager level, the share of women is higher at 18 percent. NCC's long-term objective is for the proportion of female employees to match the number of female graduates and women enrolled in engineering programs at technical colleges, which in Sweden is about 30 percent. NCC is striving to increase the number of women in its organization. NCC has a network called "Stella," which is open to female academics and female managers at NCC in Sweden. The network is intended to create better conditions for women to become managers at NCC.

BUSINESS ETHICS AND (ANTI-)CORRUPTION

NCC's operations must be conducted in accordance with its values, meaning respectfully, honestly and responsibly. The work approach is summarized in NCC's Code of Conduct; see p. 101. Nevertheless, NCC has experienced the occurrence of risks and transgressions. In Norway, NCC is the subject of an inquiry into suspicion of price collusion. Since 2002, all managers and specialists at NCC are subject to mandatory training in business ethics and competition law. During the years in which NCC has held the training program, there have been slightly more than 3,000 participants.

Compliance with the Code of Conduct is reviewed regularly. A whistleblower function is in place, which is managed at the Group level and in certain business areas. In 2010, two serious transgressions of NCC's Code of Conduct were reported that resulted in two NCC employees being dismissed. The Code of Conduct is also applied in relation to NCC's business partners. Another tool in handling the risk of unethical behavior is to ensure a systematic approach and the existence of strong procedures in the purchasing chain. The use of

the purchasing templates applied by NCC's purchasing organization reduces the scope for improper behavior.

RESPONSIBILITY DURING PURCHASING

NCC supports and respects international conventions and guidelines concerning human rights, labor rights and labor conditions. NCC conducts most of its operational activities in the Nordic countries and has determined that the greatest risk of violations of these conventions and guidelines lies in the supply chain in Eastern Europe and Asia. Accordingly, NCC works proactively in its purchasing organization in respect of such matters as environmental and social issues. Since 2007, NCC has been evaluating all potential suppliers in accordance with their ability to live up to certain general requirements that NCC considers to be fundamental. The requirements include risk management, management of environmental impact, working conditions and labor law, health, safety and human rights.

NCC is a member of the Business Social Compliance Initiative (BSCI), which is operated by international companies with the aim of improving labor conditions in the international supply chain. In addition to accepting NCC's Code of Conduct and complying with NCC's general requirements, potential suppliers must also sign BSCI's Code of Conduct. NCC's existing suppliers are examined at least annually and, during such occasions, NCC frequently commissions the assistance of third-party auditors. In common with the demands placed on product suppliers, NCC also imposes similar requirements on service suppliers. The purchasing templates that each purchaser uses include questions concerning the work environment for contractors and subcontractors. To be permitted to deliver services to an NCC construction site, these requirements must be fulfilled.

EMPLOYEE SATISFACTION AT NCC

Key questions in the HCI employee survey are compared with the European Employee Index, enabling the measurement of NCC's results in relation to those of the industry index. The survey offers a description of the employees' job satisfaction and loyalty, and also encompasses questions regarding values, immediate superiors, motivation and commitment. NCC is better than, or on a par with, the industry index in every market.

