Expertise and cooperation in the climate transition

NCC constructs, maintains and develops the built environment. This work is based on know-how, data and expertise concerning how materials, methods and processes impact the environment and the climate, and society in general. Establishing a joint roadmap to reduce the negative climate effects of concrete-based construction was a focus area in 2022.

The climate transition places major demands on the construction industry in general but also represents major opportunities. The transition of society in a sustainable direction and a necessary adjustment to climate change provide potential for investments in infrastructure, the development of energy solutions, upgrades and adaptations of existing buildings and infrastructure, and new investment in buildings.

The climate transition has changed the conditions, and requires innovation and a shift by the entire industry. NCC aims to play a leading role in this shift, based on our customers' needs. In this area, NCC can contribute its high level of expertise – we are specialists with in-depth knowledge and wide-ranging experience and are willing to help our customers with insightful solutions. We understand that tackling climate issues must permeate our business at a profound level, and we view decentralization and responsibility among our units as fundamental.

To contribute to the climate transition, cooperation and dialogue with customers, suppliers and other stakeholders in the industry is also necessary. We must work together to resolve the challenges and reduce the climate impact by developing work methods, materials, products and solutions.

NCC works to reduce carbon emissions, increase the efficiency of energy consumption, use resources responsibly and increase the recycling and reuse of materials. We provide data, expertise and digital information about processes and products, thus contributing to traceability while also facilitating positive change.

To date, the work to achieve the objective of reducing emissions in the value chain has focused on four prioritized areas:

- Concrete
- Steel
- Asphalt
- Transportation.

Read more about NCC's sustainability work in the Sustainability Report section on pp 82-120.

Prioritized area

Concrete is currently the most widely used construction material in the world. According to the Research Institutes of Sweden (RISE), 25–30 billion tons of concrete are used every year. Concrete offers many benefits – it is cheap, robust, long-lasting, versatile, flexible, moldable, fire-proof and strong. It is a central material in many construction projects, in everything from building construction to infrastructure, such as bridges, water treatment plant, wind turbines and cogeneration plants. At the same time, it has a major climate impact.

Concrete consists of ballast (sand, stones, gravel), cement, which is used as binding agent, and water. More than 90 percent of the climate impact of concrete derives from the manufacture of cement, from which large amounts of carbon dioxide are emitted.

For this reason, NCC has identified concrete as an prioritized area and has set a target of halving its climate emissions from concrete by 2030. Up to 2022, we had only collected data for a minor amount of the concrete that was used, ready-mix concrete, but work is under way to expand data collection. Since 2015, CO_2e emissions from ready-mix concrete have been reduced by 16 percent.

Group-wide roadmap

NCC works on the basis of a Group-wide roadmap for concrete-based construction at both a Group level, where coordination is conducted, and in each business area. The aim is that all employees will be involved and be aware of the transition that is required and thus be able to contribute to the transition. This effort requires close cooperation with suppliers and other players in the value chain, while it is also important that regulatory aspects are considered.

NCC's roadmap complies with both national and international roadmaps. The work has two phases: Minimize and transform.

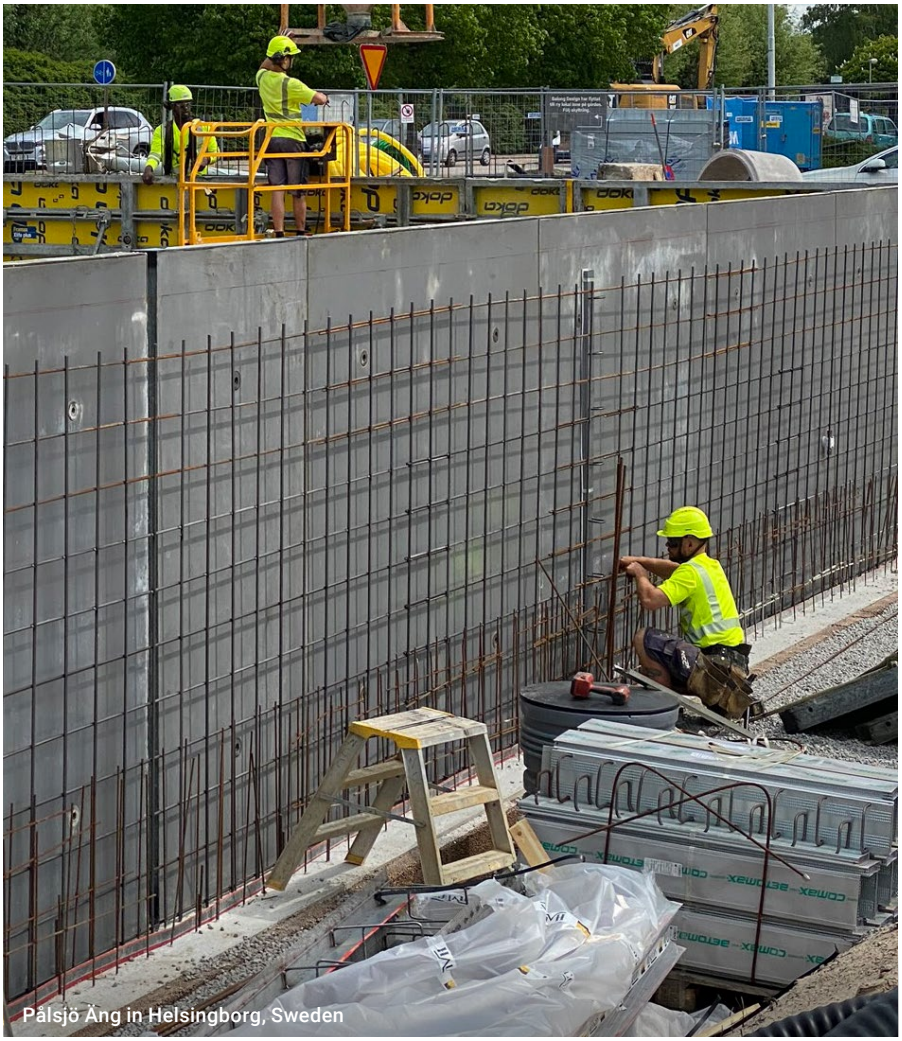
New concrete formula reduces cracks and carbon emissions in upgrade of Lilla Edet hydropower plant

On behalf of Vattenfall AB, NCC is upgrading the Lilla Edet hydropower plant in order to raise safety and manage larger water flows. The new dam is being constructed using eco-friendly concrete, which reduces both carbon emissions and the risk of cracks in the concrete. The new concrete formula has been developed in cooperation with Vattenfall and Thomas Betong. By replacing a part of the cement with fly ash and using larger ballast grains, the carbon footprint of the concrete has been reduced by 30 percent compared with the previously prescribed formula for the plant. This is the first time that fly ash has been used to this extent and in this type of structure. The concrete formula has been devised in order to minimize cracks that arise when the concrete hardens. The fly ash and the larger ballast grains help to reduce heat development for the concrete, which also results in lower temperature fluctuations. This means that less cooling is required to manage these fluctuations.

National initiatives

NCC participates in a range of national initiatives for reducing the climate footprint of construction, such as:

- In Denmark, NCC is a partner in the "Bæredygtigt Beton Initiativet," which consists of 35 proposals for reducing CO_2emissions from building and infrastructure project contracting
- In Finland, NCC, together with other industry players, is a member of a government initiative aimed at developing sector-specific roadmaps for reducing CO_2 emissions
- In Norway, NCC has joined "Eiendomssektorns veikart mot 2050," so that the property sector will promote a society that will be sustainable by 2050
- In Sweden, NCC is a partner in "Roadmap for fossil-free competitiveness – Construction and Civil Engineering sector," whereby NCC will take responsibility for its part in achieving a climate-neutral value chain by 2045



Pålsjö Äng in Helsingborg, Sweden

Minimize climate impact of concrete-based construction

Efforts to minimize climate impact are conducted from three perspectives.

- Right concrete in the right place: Not using a concrete grade that exceeds the requirements of the different components of various structures but that still satisfies requirements in respect of function, strength and durability.
- Minimize the amount of cement in concrete:
  Increase the use of "eco-friendly concrete". This entails replacing part of the cement with materials that resemble cement but that have a lower carbon footprint, such as slag or fly ash, which are by-products of other industrial processes.
- Minimize the volume of concrete:
  Optimize the design and minimize all components of a structure. NCC is reviewing the design of its structures to ensure an efficient use of resources and to minimize the amount of concrete, and is working to reduce waste in production.

Transform concrete-based construction

Halving our climate footprint is possible within the framework of contemporary knowledge, known available technology and existing standards. To eventually achieve climate neutrality, we need to identify efforts and techniques that can generate long-term effects. Implementing these, which includes new methods and materials, is the second aspect of NCC's roadmap: transforming concrete-based construction. This effort remains at an early stage, but it includes supporting development and promoting the use of such techniques as carbon capture from cement production for recycling or storage, the development of innovative technical solutions for construction, and promoting increased recycling and reuse of concrete.

Reduced climate footprint of building projects

In Sweden, there are several examples of NCC participating in construction projects that have succeeded in reducing the climate footprint of concrete. The Building Sweden business area decided in 2022 that all of its projects will use eco-friendly concrete as their point of departure as part of the implementation of the Group-wide roadmap.

At Pålsjö Äng in Helsingborg, NCC is building 73 rental apartments in three multi-family buildings and 11 row houses, as well as supplementary buildings, on behalf of Helsingborgshem. In the procurement of this project, the focus was on reducing the climate impact during the construction process. The buildings will be provided with solar panels and there are plans for sedum roofs. This project will include an optimized structure that will be poured on site, as well as concrete with a lower carbon footprint than conventional concrete. Carbon emissions from production will be 10 to 45 percent lower. Some of the joists have been cast using concrete with less than 100 kg CO_2e/m^3, which is very low in this context.

At the Kungsörnen residential housing project in Helsingborg, NCC has focused on lowering the carbon footprint by reducing the amount of concrete, minimizing waste, optimizing the use of concrete and streamlining the design. In large parts of the project, NCC has used eco-friendly concrete, based on about 40 percent slag. Through this structured and target-oriented work, the climate impact was reduced to nearly half, compared with other corresponding construction projects.

Read more in the Sustainability Report on pp 94–97

Expertise throughout the construction process

During 2022, NCC's 12,500 employees, together with our customers, developed and pushed the progress of construction projects forward throughout the Nordic region. Expertise and experience enable our project teams to anticipate and manage the challenges and opportunities that arise during a construction process, and to propose proactive solutions to the customer.

Attracting and developing the best talents in the industry is decisive for NCC's competitiveness. Common values and behaviors are a cornerstone of NCC's strategic direction. During 2022, we have continued to build a successful culture based on NCC's Star behaviors - four behaviors that guide all employees on a daily basis and at the same time describe what customers can expect from NCC. Two years after the launch, we are now starting to see positive effects on our culture in several areas, such as collaboration, customer orientation and knowledge sharing.

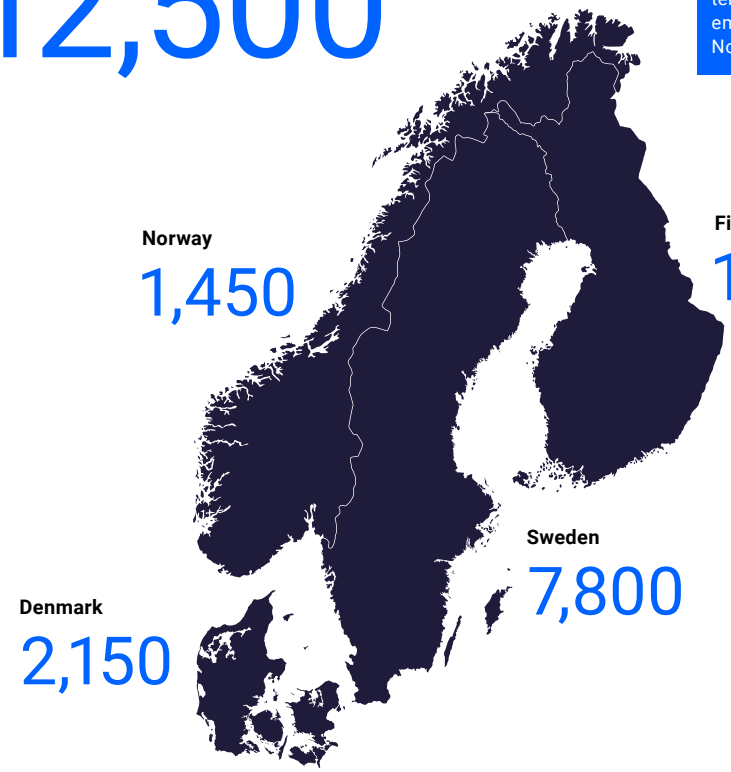
We have a good reputation among our candidates, which gives NCC high ratings in the follow-up of the recruitment process. The employee survey shows high commitment and a willingness to recommend NCC as an employer. During the year, NCC launched a new, modernized employee survey which, through such features as increased frequency and transparency, focuses on continuous improvements and on the performance of the team.

NCC wants to recruit and retain the best talents in the industry. An increasingly complex construction process requires specialists and experts in many different areas. To satisfy the growing demand for skills, we need to reach largest and most relevant skills base possible. Diversity and inclusion are therefore a prerequisite for success. NCC applies zero tolerance to discrimination, no employees should be impeded in their development and careers due to unfair treatment and we strive for a balance between women and men in NCC's management teams and monitor this.

Number of employees in the Nordic region

12,500

NCC is a long-term and stable employer in the Nordic market.



High employee engagement

7.9/10

From NCC's employee survey, above external benchmark.

Good reputation among candidates

8.9/10

"NCC offers good career opportunities" Feedback from candidates in NCC's recruitment processes.

Zero tolerance of discrimination

8.7/10

"I am secure in the knowledge that I will not be discriminated against, harassed or bullied at NCC." From NCC's employee survey, above external benchmark.

NCC Site Introduction

NCC Site Introduction is a new, safe and efficient digital induction tool targeted at the more than 100,000 who are introduced to NCC's production worksites each year. The new Group-wide process simplifies the compulsory steps that all NCC employees, sub-suppliers and their partners need to complete prior to starting work at any of NCC's sites. Before arriving at a site, everyone must have completed and passed NCC's site introduction. Rollout commenced in Sweden during 2022 and will continue in the other Nordic countries in 2023.

We develop the best project teams in the business

The increased specialization and complexity of construction projects imposes high demands on skills, leadership ability and customer understanding. NCC places great importance on developing its own employees and today it has an extensive portfolio of industry-specific skills and leadership programs. A sound balance between internal and external recruitments to various key positions secures continuity and development.

NCC has a large number of young talents in the company and wants to develop them into future leaders and specialists. All business areas have their own talent programs, which are combined with Nordic network meetings for knowledge sharing.

Concurrently, we offer high-quality development programs to the most experienced managers. One example is the Mega Project Management Program, which is aimed at experienced project managers and has been continuously developed since its inception in 2018. In 2022, cooperation with Oxford Global Projects, world leaders in research on mega-projects, was initiated in order to further strengthen our capabilities in leadership and the construction process.

For division and department heads, there is the Senior Executive Program, a leadership program in collaboration with IMD Business School in Lausanne and an important part of NCC's work with succession.

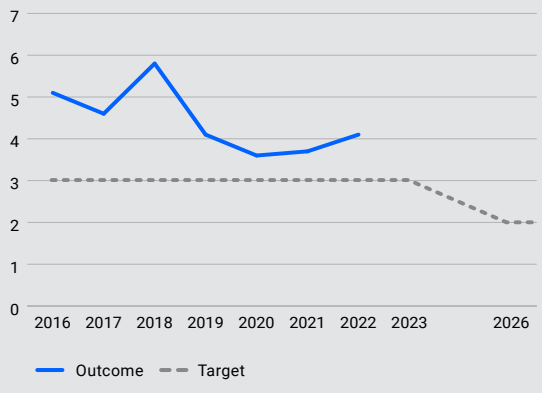
A safe and healthy work environment has the highest priority at NCC

All employees at NCC's worksites must contribute to a safe and healthy work environment, so that everyone returns home from a workday free from injury. The occupational health and safety work always involves suppliers and subcontractors. NCC has set a target of reducing common accidents and eliminating serious incidents and accidents with a potentially fatal outcome. In recent years, NCC has succeeded in steadily reducing its accident frequency rate at production worksites, albeit with a small increase in 2021–2022. In 2022, NCC launched NCC Site Introduction, a new digital program focusing on worksite safety. When it is fully implemented, everyone who works at our worksites will have undergone high-quality safety training prior to coming to and starting work at a worksite.

Accident frequency

NCC has a Group-wide occupational health and safety (OHS) target for the number of work-related accidents resulting in more than four days of absence per million working hours (Lost Time Injury Frequency, LTIF4). In 2022, the LTIF4 rate was 4.1, which was higher than in 2021.

The target for 2022 was 3.0.



Read more in the Sustainability Report on pp 101–103

Sustainability Report

NCC is one of the leading construction companies in the Nordic region. The Group engages in construction and civil engineering projects, production of asphalt and stone materials, and commercial property development in Sweden, Denmark, Norway and Finland.

This Sustainability Report encompasses NCC's work to pursue and develop operations to ensure that they generate long-term value – financially and in respect of the environment and climate, human health and wellbeing, and on the basis of sound ethical and governance principles.

In addition to this Sustainability Report, NCC also issues a separate investor report for the company's Green Bonds and reports its climate emissions to CDP. During 2022, NCC updated its green financing framework. NCC issued green corporate bonds, which are listed on Nasdaq Stockholm, as early as 2019. The green framework has been verified by the Center for International Climate and Environmental Research (CICERO) according to the Shades of Green method. It is classified as Medium Green. During 2022, NCC also linked its sustainability targets to an existing loan facility.

In September, NCC issued green bonds to a value of SEK 1 billion.

Sustainability framework

NCC has a sustainability framework as a foundation for the Group's work. This rests on a basis consisting of NCC's core in the form of its purpose, values and Star behaviors. Aside from long-term value generation, there are an further seven impact areas. Data and expertise is a special impact area that is based on NCC's purpose: being a knowledge-based company whose mission is to take the customer through the complex construction process to ensure a positive end-result for all stakeholders. Assigning resources and priority to collecting, using and developing expertise is therefore an impact area that has a value in itself for a knowledge-based company; meanwhile, it provides a basis for decision making and activities in the other six areas. Three areas relate to environmental issues: Climate and energy, Materials and circularity, Natural resources and biodiversity. Two areas relate to important social dimensions concerning human health and human resources: Health and safety, People and team. One area focuses on how the company conducts its operations: Ethics and compliance.

Targets

NCC has Group-wide targets in two areas: Climate and energy and Health and safety. We also report and follow up work in other areas at Group level. Each business area then has relevant goals and governing parameters for its own operations

Sustainable Development Goals

NCC supports Agenda 2030 and the Sustainable Development Goals (SDGs). NCC's potential to contribute is integrated in the sustainability framework and the Group's overall work to develop the business. NCC intends to continue to implement the SDGs in the business, primarily in the business areas' operations.

Positive impact through core business
NCC's core business – building and developing the physical environment – has the potential to contribute to achieving the SDG 7 (Affordable and clean energy), 9 (Industry, innovation and infrastructure), 11 (Sustainable cities and communities) and 12 (Responsible consumption and production).

Resource management
NCC has the potential, through its offerings, to contribute to developing products and work methods that improve the situation for both people and the environment. In this context, NCC has the potential to contribute to SDG 3 (Good health and well-being), 6 (Clean water and sanitation), 13 (Climate action), 14 (Life below water) and 15 (Life on land). These are fundamental parts of the operations.

Value-guided points of departure: Honesty, respect and trust
NCC also works with distinct and valuedriven principles to promote SDG 4 (Quality education), 5 (Gender equality) and 8 (Decent work and economic growth). Cooperation and partnerships with various stakeholders are prerequisites for making the transition to a sustainable world by 2030, as reflected in SDG 16 (Peace and justice strong institutions) and SDG 17 (Partnerships to achieve the goal).

Read more at www.ncc.com/globalgoals

Sustainability targets and outcome

Health and safety

LTIF4
Work-related accidents resulting in more than four calendar days of absence per million working hours.

Target 2022	Outcome 2022
3.0	4.1

Climate and energy

NCC will be climate neutral by 2045

Scope 1 & 2

Target 60-percent reduction in CO_2e[1] (Scope 1 and 2) by 2030 (base year 2015), measured as tons of CO_2e/SEK M.

Outcome 2022: Emission intensity amounted to 2.5 CO_2e tons/SEK M, corresponding to a reduction of 52 percent compared with 2015.

Target 2030	Outcome 2022
–60 %	–52 %

Scope 3

50-percent reduction in CO_2e (Scope 3) by 2030 (base year 2015), from concrete, steel, asphalt and transportation, measured as kilograms of CO_2e/purchased volume

Target 2030	Ready-mix concrete[2] Outcome 2022	Asphalt[2] Outcome 2022	Steel reinforcement[2] Outcome 2022	Transportation[3]
–50 %	–16 %	–31 %	–38 %	–

1) Carbon dioxide equivalents, i.e. GHG emissions expressed as the equivalent amount of carbon dioxide.
2) To date, this metric refers only to ready-mix concrete, steel reinforcement and internally purchased asphalt.
3) Emissions from transportation are not reported for 2022.

NCC’s sustainability framework

NCC’s sustainability framework is the starting point for the Group’s sustainability work.
In addition to the Group-wide sustainability targets, the business areas set operations-specific sustainability targets.

NCC’s sustainability framework
NCC’s Sustainability Framework is the starting point for the Group’s sustainability work. During 2021, NCC updated its sustainability framework with the aim of better illuminating which areas and issues are most important for NCC to work with and where the impact is the greatest. The framework is divided into eight impact areas: Data and expertise, Natural resources and biodiversity, Materials and circularity, Climate and energy, Health and safety, People and team, Ethics and compliance and Economic performance. Healthy and sustainable profitability is a precondition for long-term sustainability work.
The foundation for the sustainability work comprises the Group’s values and Star behaviors.

The value chain
NCC's work to contribute to a sustainable society does not only concern its own operations, but the entire value chain. The value chain identified by the NCC consists upstream of two types of materials: recycled or reused materials and extraction of raw materials. Processing takes place from recycled and extracted raw material.

Material goes both directly to NCC through its own extraction, recycling or reuse, as well as via suppliers. This upstream material flow includes contractors, consultants and transport. Upstream there are also financial suppliers.

Downstream, there are primarily customers, then users of buildings and facilities. In the last stage there is destruction of buildings and facilities, which in turn is connected with recycled and reused material upstream.

Impact in the value chain
In the value chain, NCC is and is affected in all identified focus areas.

Upstream within Natural resources and biological diversity, Materials and Circularity, Climate and energy in the selection of materials as well as processing of materials and in transportation processes.

Within the organization through Materials and Circularity, Climate and energy, Health and safety, People and Teams and Ethics and compliance.

Impact areas

Data & Expertise	Natural resources & Biodiversity	Materials & Circularity	Climate & Energy	Health & Safety	People & Team	Ethics & Compliance
✦ Certified constructions and buildings ✦ Products and concepts with sustainability profiles ✦ Environmental product declarations and climate calculations	✦ Biodiversity ✦ Raw materials ✦ Water	✦ Design and material selection ✦ Recycling and reuse ✦ Waste	✦ Greenhouse gas emissions ✦ Energy ✦ Climate adaptation	✦ Occupational health and safety	✦ Diversity and inclusion ✦ Employee engagement ✦ Non-discrimination ✦ Learning and development	✦ Anti-corruption ✦ Fair competition ✦ Human rights ✦ Supplier assessment

Economic performance

Stable, sustainable financial performance

Our core

Our core
Our ability to manage the complexity of a construction process

Our purpose
To take the customer through the construction process to ensure a positive end-result for all stakeholders

Our values
Honesty / Trust / Respect

Our Star behaviors
Act with passion to perform / Build together / Follow through and follow up / Act with care

Sustainability governance

NCC pursues a fundamental principle that its sustainability work shall be governed and followed up in the same way as all operations in the Group. This means that the CEO is ultimately responsible for the activities.

The NCC Board is continuously informed about the work of various parts of the Group, including the aspects encompassed by the sustainability framework. Various elements of this work are presented at the Board's meetings with Group functions or business areas. The Board reviews and follows up to ensure that NCC is working in line with the Group's targets. In 2022, NCC did not have any specific committee within the Board of Directors with responsibility for sustainability activities. As of 2023, the Board's Audit Committee will specifically manage issues related to sustainability reporting.

NCC's Senior Management Team (SMT) regularly addresses the Group-wide work and every meeting includes some form of reporting of issues covered by the sustainability framework. In 2022, this work focused, inter alia, on developing roadmaps for reducing the climate impact of concrete and transportation, and following up the strategic focus concerning health and safety as well as skills development. The SMT also arranged joint exercises relating to anti-corruption and compliance. Risk reviews and reviews of climate-related risks are also reported to and discussed in the SMT.

Each business area has responsibility for its respective sustainability work. Operations-wide targets are set in each business area and are followed up during regular business reviews.

In 2022, NCC had a Group-wide Sustainability Board with representatives from all business areas and the relevant Group functions. It is responsible for coordinating work within the sustainability framework concerning the environment and climate.

There are specialist functions with responsibility for coordinating activities in other areas. The overall occupational health and safety work (OHS) is coordinated by the Group's Head of Health and Safety. Each business area has a health and safety manager, as well as specialists focusing on health and safety. The responsibility for systematic OHS work at the worksite is delegated to managers with HR responsibility. Work on compliance-related issues is conducted via the NCC Group Head of Compliance together with selected representatives from Group functions and all business areas. NCC's purchasing organization and HR function are responsible for the process for monitoring human rights compliance.

Policies and governing documents

NCC has a series of policies and governing documents of relevance to its work on matters encompassed by the sustainability framework. All policies, directives and governing documents are collected in the Group Management System (GMS), where they are available to all employees. Each business area can have its own governing documents, in which case these are collected in the relevant system.

NCC'S Code of Conduct describes the type of conduct that NCC expects from its employees, management, Board of Directors and business partners. It is based on NCC's values, Star behaviors and on voluntary initiatives adopted by the Group. 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 SMT is responsible for ensuring compliance with the Code of Conduct, which is continuously followed up within the framework of operating activities.

NCC also applies a Code of Conduct for Suppliers. This applies to all entities that 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.

Read more in the section Ethics and compliance on pp 104 and under Minimum Safeguards pp 115.

Important policies and governing documents

Policy	Area
Code of Conduct	Environment, social issues, governance and regulatory compliance
Code of Conduct for Suppliers	Environment, social issues, governance and regulatory compliance
Sustainability and Environmental Policy	Environment, social issues, governance and regulatory compliance
Health and Safety Policy	Social issues
Health and Safety Directive	Social issues
Compliance Directive	Governance and regulatory compliance
Directive on Alcohol and Drug Use	Social issues
Tax Policy	Governance and regulatory compliance

Stakeholder engagements

NCC engages in ongoing dialogue with its stakeholders to gain insight into the type of issues that are most important to them and to find out what activities they expect and need from NCC. The principal stakeholder groups are customers, employees, suppliers and subcontractors, shareholders, investors and the financial market, as well as the surrounding society in the form of experts and representatives of various groups in society. These groups have been known to NCC for many years, with the point of departure being the extent by which they influence or are influenced by the Group's work.

NCC has ongoing contact with the stakeholder groups within the framework of operating activities and also implements structured surveys, including customer surveys and employee surveys. Based on a set plan, NCC has also implemented targeted and in-depth dialogues with various stakeholder groups, focused specifically on expectations regarding the Group's sustainability work. In 2021, the focus was on shareholders/investors, and Group-wide suppliers. During 2022, NCC engaged in dialogues with customers, in which questions concerning NCC's sustainability work were addressed specifically. During the year, these were implemented in the Infrastructure, Building Sweden, Building Nordics and Industry business areas in the form of interviews and roundtable discussions.

The customer dialogues arranged in 2022 emphasized the importance of collaboration and cooperation in the value chain. Important matters that were highlighted included the climate issue and the need to reduce emissions, materials and circularity, also with a focus on reuse. The issue of biodiversity also increased in importance. Other important matters included sound working conditions, efficient anti-corruption work and good control over the value chain.

NCC also participates in industry-wide collaborations and initiatives promoting sustainable business in all markets, and actively participates in the work of, for example, industry associations, business organizations and chambers of commerce, where we are active. Furthermore, NCC has become a signatory to, or committed to, among others:

- UN Global Compact
- Task Force on Climate-Related Financial Disclosure
- CDP (formerly Carbon Disclosure Project)
- Fossil-free Sweden
- Strakstiltak for the climate and environment for the Norwegian construction and civil engineering industry.
- Agreement on counteracting bribery and corruption (ÖMK)

Here follows a selection of the organizations in which NCC is an active member or has a position on the board:

- Industry associations – Byggföretagen (Sweden), EBA (Norway), Di Byggeri (Denmark) and the Confederation of Finnish Construction Industries RT (Rakennusteollisuus RY)
- Sweden Green Building Council, Green Building Council Denmark, Green Building Council Finland, Norwegian Green Building Council
- Entreprenørforeningen Bygg og Anlegg (Norway), Foreningen for Byggeriets Samfundsansvar (Denmark), Sveriges Bergmaterialindustri (The Swedish Aggregates Producers Association)
- The Anti-Corruption Institute (IMM), Transparency International
- The Stockholm Chamber of Commerce, The Chamber of Commerce and Industry of Southern Sweden, The West Sweden Chamber of Commerce

Here follows a summary of NCC's ongoing dialogues with various stakeholder groups.

Stakeholder group	Issues in focus	Type of dialogue
Shareholders, investors, banks and other representatives of the financial market	Long-term economic value growth. Responsible ethical enterprise with a focus on sound working conditions, anti-corruption efforts and human rights. Health and safety of employees Ongoing risk assessment and risk management.Work to reduce climate impact, increased circularity and better use of materials.	Annual General Meeting, analyst meetings in conjunction with quarterly reporting, replying to various questions and questionnaires from investors and analysts, and individual meetings with shareholders and investors. Participation in seminars arranged by players in the financial market; in 2022, including ones on biodiversity and on climate-mitigating measures. During the second half of 2021, targeted interviews were conducted with representatives of shareholders and analysts
Employees	Safe and secure workplaces. Skills and career development. Responsible ethical enterprise. Long-term economic value growth. Good leadership. Equal treatment, diversity and inclusion.	Daily workplace dialogues, employee surveys, work environment measurements, work environment dialogues, safety rounds at workplaces, workplace meetings, in-house training, incident follow-ups, performance reviews and student relations. Program for younger talents, in which they are provided with an opportunity to contribute to the company's development and to give their perspectives. In 2022, NCC developed a new employee survey to increase participation and transparency and facilitate more frequent and faster surveys. A new platform and a new way of working was launched in autumn 2022 and will be evaluated further.
Customers	Sound working conditions. Health and safety. Control over the supply chain. Active work to reduce climate footprint, including energy efficiency, circularity, reuse and biodiversity.	Personal meetings, partnership projects, customer surveys. During 2022, interviews and roundtable discussions have been carried out, see above.
Suppliers and subcontractors	Sound working conditions with respect to human rights. Climate impact. Circularity and inclusion. Long-term economic value growth that generates development opportunities.	Procurement processes, supplier assessments, personal meetings, meetings with suppliers, supplier audits and partnership projects. In 2021, dialogues with Group-wide suppliers were conducted in a team format
Society	Good dialogues with the surrounding community prior to, during and after the construction and work process, to achieve a favorable end result for all stakeholders. Participating in the development of new know-how through relationships with experts.	Dialogues with local inhabitants, which frequently occur in collaboration with NCC customers. Cooperation with colleges and universities.

Materiality analysis

NCC uses insights from stakeholder dialogues, regular dialogues with the company's stakeholders, analyses of NCC's strategic issues, risks, challenges and goals, as well as macro-trends and driving forces in society to define the most significant sustainability issues. The method for defining these material topics follows the principle of identification, prioritization and validation. In a dialogue with the stakeholders, the sustainability framework has formed the basis for validating material topics. A change in the customer dialogues arranged in 2022 is that the area of biodiversity has been defined as being of material importance also for the stakeholder group of customers. NCC's sustainability framework and related material topics have been validated by the SMT.

In 2022, this work started with an in-depth look at the materiality analysis along the entire value chain as a preparation for forthcoming requirements.

			Significant impact		
NCC's impact areas	NCC's material topics	Corresponding topics according to GRI Standards	among suppliers	in NCC's operations	among customers
Data and expertise	Certified constructions and buildings	Own topic	x	x	x
	Products and concepts with sustainability profiles	-		x	x
	Environmental product declarations and climate calculations	-		x	x
Natural resources and biodiversity	Biodiversity	Biodiversity		x	x
	Raw materials	Material	x	x	
	Water	Water and emissions		x	
Materials and circularity	Design and material selection	Material	x	x	x
	Recycling and reuse	Material	x	x	x
	Waste	Waste	x	x	x
Climate and energy	Greenhouse gas emissions	Emissions	x	x	
	Energy	Energy		x	x
	Climate adaptation	Economic performance		x	x
Health and safety	Occupational health and safety	Occupational health and safety	x	x	
People and team	Diversity and inclusion	Diversity and equal opportunity		x	
	Employee engagement	Occupational health and safety	x	x	
	Non-discrimination	Non-discrimination		x	
	Learning and development	Training and education		x	
Ethics and compliance	Anti-corruption	Anti-corruption	x	x	x
	Fair competition	Anti-competitive behavior	x	x	x
	Human rights	Supplier social assessment	x		
	Supplier assessment	Supplier social and environmental assessment	x		
Economic performance	Economic performance	Economic performance		x	

NCC's impact areas

Data and expertise

NCC-1 Company-specific disclosure: Certified constructions and buildings

NCC provides data and expertise to its stakeholders to support data-informed and sustainable decision-making, thereby contributing to positive change.

Reliable data and expertise are keys to handling the complexity of a construction process and to contributing to its development. Data and expertise is a separate impact area as its helps both NCC and its stakeholders to make well-founded and sustainable decisions. Accordingly, developing and presenting data in such forms as environmental product declarations and climate calculations is a prioritized method that enables NCC to contribute to its customers' processes.

A data-informed work method

NCC's stated purpose is to take the customer through the construction process in order to create a positive result for all stakeholders. Over the course of the process, there are multiple occasions when access to data and expertise contribute to informed choices. NCC strives to be involved in the process at an early stage.

A group of NCC's size creates enormous amounts of data. For the knowledge to be shared as efficiently as possible, it is essential that the information is structured, easily available and simple to share. By working in a data-informed manner, NCC improves its own sustainability performance and that of its customers, and thus contributes to productivity improvements and increased competitiveness, while facilitating sustainable solutions. By accumulating and sharing expertise, NCC also contributes to knowledge development in the areas of sustainable solutions and work methods for the entire industry.

With expertise in materials selection and construction processes, NCC helps its customers and other stakeholders to make sustainable choices and informed decisions ahead of and during the construction process. Access to reliable and qualitative sustainability data is a competitive advantage, which enables NCC to make a difference and achieve change, and to be an even better guide for customers throughout the construction process.

With the help of reliable, relevant and transparent data, NCC is able to use climate calculations and environmental product declarations to formulate the actual climate impact of projects and products, simplify work to obtain sustainability certifications, improve the development of products and concepts involving sustainable profiles and to measure, examine and follow up sustainability activities at the worksites.

Digitization and standardization

Digitization is a prerequisite for NCC's ability to leverage the collective information, data, knowledge and expertise and to increase the efficiency of and develop its sustainability work. A higher degree of digitization and standardization is also required for knowledge sharing with other players in the industry, to drive change and succeed in the climate transition, to use resources efficiently and to achieve traceability and control in the value chain.

Ongoing development

NCC's strategic focus is based on using the strength of the large company and developing expertise. This is formulated in the following priorities:

- Build a knowledge-based company and a culture based on shared values and behaviors.
- Work in a data-informed manner, which requires that NCC invests in IT and digitization.
- Be proactive in relation to the customers in order to manage the complexity of the construction process and utilize and develop NCC's expertise and experience.
- Leverage the Group's collective expertise in order to develop the construction process. NCC is pursuing this as part of a number of strategic initiatives, including NCC Academy, the Group's training and education initiative.

Climate calculations

NCC is involved in focused efforts to implement climate calculations in construction projects, whereby the calculation process is becoming increasingly digitalized in order to ensure high quality. Examples of this are BIM models, One Click and ByggLCA.

The purpose of climate calculations is to gain an overview of and control the total climate impact of a project. This includes data and related carbon emissions associated with the use of materials, energy consumption and waste. This is also an important step on the way to formulating the climate declaration that is statutory in Sweden, whereby a building's climate

Sustainability-certified constructions and buildings

Certification systems	Nordic Swan Ecolabel			BREEAM			LEED			DGNB			MILJÖBYGGNAD			BREEAM Infrastructure (CEEQUAL)			RTS		
			Number		Grade	Number		Grade	Number			Number		Grade	Number		Grade	Number			Number
			3		Pass	–		Bronze	–		Bronze	–		Bronze	–		Pass	–			1
					Good	–		Silver	–		Silver	–		Silver	8		Good	–			–
					Very good	–		Gold	1		Gold	1		Gold	1		Very good	–			–
					Excellent	5		Platinum	2		Platinum	–					Excellent	–			–
					Outstanding	–											Outstanding	–			–
	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**	2020	2021	**2022**
Total	2	4	**3**	3	5	**5**	2	0	**3**	3	4	**1**	17	9	**9**	1	1	**0**	0	0	**1**

Constructing buildings 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.Preliminary certifications are not included in the table; only certifications completed during the year in question.

impact is identified and quantified using actual supplier data. The same type of statutory climate declarations are also about to be introduced in the other countries where NCC is active.

Customer interest in and demand for climate calculations is increasing. In 2022, efforts aimed at involving customers, which were initiated in 2021, continued in the form of customer meetings. NCC also has an in-house center of excellence with climate calculation experts. The in-house expertise in both lifecycle assessments (LCAs) and climate calculations continues to grow and deepen in several business areas.

In 2021, NCC initiated work to produce benchmarks for various types of buildings to increase knowledge of the impact made by the various choices. In 2022, the results of this work included NCC developing a climate guide intended, for example, to show how materials selection affects both the climate and finances. Using this, NCC can guide its customers to achieving a cost-effective reduction in climate-impacting emissions.

The Industry business area has also initiated a preliminary study – Green dimension – in order to map the information requirements that customers have in respect of climate issues related to asphalt.

Environmental product declarations

Customers are increasingly requesting and demanding that products should have environmental product declarations (EPDs) and these are being formulated for an ever-increasing share of products produced by NCC.

EPDs are third-party verified and include transparent and comparable environmental impact information throughout a product's lifecycle, from the extraction of stone and other raw materials to delivery to customers and, ultimately, recycling.

As a result, customers obtain a transparent and comparable lifecycle assessment of the product. Customers gain access to objective and reliable data, and can thus assess the products' environmental performance. This makes it easier for the customers to make environmentally conscious choices and reduce their climate footprint.

NCC's EPDs are location and product-specific, which also enables NCC to use the EPDs internally to make fact-based climate and environmental improvements in its production processes.

To date, NCC has published 31 EPDs for stone materials, of which 26 have been published and apply to EPDs for stone materials at EPD International and five to EPD Norway, as well as 23 that have been published and apply to EPDs for asphalt at EPD International.

In late 2022, 23 of NCC's 27 asphalt plants in Sweden, about 85 percent of them, had an EPD. In Norway and Denmark, there are EPDs covering asphalt from several asphalt plants; however, these are not published by the EPD operator but are used solely in direct communication with customers.

Environmental product declarations

Number EPDs	Total YTD	2022	2021	2020	Country
Asphalt	23	5	16	2	SE
Stone materials	31	11	11	9	DK, FI, NO, SE
Concrete piles				1	SE

NCC Industry formulates plant and quarry-specific EPDs for asphalt and stone materials. NCC has now published EPDs for 23 of our 27 permanent asphalt plants in Sweden. NCC has also published EPDs for stone materials from a total of 31 of the rock pits and gravel quarries: 17 in Sweden, six in Denmark, six in Norway and two in Finland. NCC plans to continue to producing EPDs for more plants and quarries. One EPD was produced in 2020 for concrete piles that NCC manufactures in two of the Group´s factories.

Sustainability certifications

NCC offers its customers all the types of environmental certifications that are available for buildings and civil-engineering structures, both nationally and internationally.

Nordic Swan Ecolabel, Miljöbyggnad, CEEQUAL, BREEAM, LEED, DGNB, WELL, RTS, Citylab and NollCO$_2$ are used for housing and infrastructure projects, as well as whole city districts. BREEAM, DGNB, Citylab and NollCO$_2$ are used for the projects that NCC develops itself. Having verified data for the projects makes it easier to get buildings and structures certified.

During the past year, NCC projects received three Sweden Green Building Awards. These projects were an e-shopping warehouse in Gothenburg for ICA, which was named BREEAM Building of the Year, the Stenängsskolan school in Huddinge, which was named Green Building of the Year (årets Miljöbyggnad) and the Fyrspår project in Lund-Arlöv, which received the year's award for sustainable infrastructure from the Sweden Green Building Council.

Products and concepts with an environmental profile

NCC has a number of products and concepts with sustainability profiles, such as "Smart choices for a better world" within the stone materials and asphalt operations.

These are products and solutions for reducing the environmental impact from a lifecycle perspective, such as NCC Green Asphalt, NCC Machine Sand and environmentally optimized parking buildings, as well as products and solutions for managing the negative impact of climate change, such as drainage products and NCC Armour Stone.

NCC also has a method for increasing biodiversity in NCC's quarries; refer to Natural resources and biodiversity on pp 89-90.

Sustainable / Responsible sites

NCC has its own work method, known as Sustainable Site and Responsible Site in Denmark. This method entails that all of NCC's workplaces have a shared foundation upon which to base their sustainability activities, regardless of country or operation, from planning and throughout the course of a project. This work method is subject to checklists for ensuring that a number of sustainability requirements are fulfilled in relation to both environmental and social sustainability.

The use of Sustainable/Responsible Site is mandatory for all projects in the business areas Building Sweden (with a project value exceeding SEK 20 M), Infrastructure (projects exceeding SEK 100 M), Building Norway (projects exceeding NOK 40 M) and Building Denmark (projects exceeding DKK 50 M); they are also used to some extent in Building Finland. NCC Industry's quarries, division Stone Materials, also use Sustainable Site (it is voluntary, but 44 quarries currently apply Sustainable Site). Sustainable Site continued to be developed during the year, to further support the projects' focus on climate and other sustainability issues. Work has also been under way to address more stringent requirements from sustainability certifications, which impact various parts of NCC. The application of Sustainable/Responsible Site is monitored during environmental rounds and internal audits.

Environmental sustainability

NCC regards environmental considerations as a key aspect of operations. NCC generally works in an environment where meticulous demands for environmental considerations and reporting are placed by regulating authorities and by customers. The impact areas in NCC's sustainability framework that can be related to environmental sustainability are Climate and energy, Natural resources and biodiversity and Materials and circularity. Environmental sustainability work will be described through these impact areas.

It is also reflected in the overall impact area of Data and expertise, which describes NCC's approach to this work. NCC's point of departure is to use this data and expertise to ensure that the right choices and informed decisions are made and to direct focus on developing ways to compile, utilize and share data and expertise.

Natural resources and biodiversity

GRI 303 Water and effluents, **GRI 304** Biodiversity

NCC strives for resource stewardship of natural resources, to help secure well-managed ecosystems and responsible use of natural resources. Proactive efforts are also under way to reduce adverse effects on biodiversity and to increase the positive effects.

Governance

To support effective governance, all NCC business areas are certified or work in accordance with ISO 14001 and ISO 9001, and base their actions on NCC's Sustainability and Environmental Policy and its sustainability framework.

Natural resources

Since NCC's business is resource-intensive, it is important that these resources are used as effectively as possible, and that the greatest possible share is included in a circular flow without having a detrimental effect on the quality of the resources. To achieve this, product and process development is constantly ongoing to facilitate higher efficiency and circular material flows. Ongoing work with raw materials, the mass balance and water is presented in this section.

Raw materials

Although NCC strives to increase its circular resource flows, the majority of the materials used in operations are so-called raw materials. To minimize this type of use of resources, NCC endeavors to use its raw materials as effectively as possible and to develop products and solutions so that, with retained quality, resource stewardship is achieved while work is performed efficiently. NCC prioritizes the use of raw materials over which the Group has control of the extraction process.

Stone materials

NCC strives to extract stone materials responsibly, which is done at quarries in Sweden, Denmark, Norway and Finland. NCC primarily uses crushed gravel (stone materials) rather than natural gravel.

One of Sweden's environmental objectives is that the use of natural gravel should be avoided to preserve eskers for future water supply. NCC develops substitute products from crushed rock material in order to reduce the use of natural gravel, for example, in the production of concrete.

Sand is a natural resource that is important in construction and production. NCC has developed something called machine sand products as substitutes for natural sand and natural gravel in construction. NCC's machine-made sand is based on rock material that is crushed, screened and processed to satisfy customer requirements for various applications. Machine sand replaces natural sand and gravel in the production of concrete and asphalt, and in building and infrastructure projects. It can also be used in, for example, the sanding of winter roads. The production of machine sand is also a way for NCC to achieve a mass balance in its quarries.

Mass balance

The objective of achieving a mass balance in quarries is to utilize all stone materials that are extracted from a quarry. By aiming to achieve mass balance, NCC gains a market for its fine-grained material, as a substitute for natural gravel and sand. What was previously considered a residual product is washed, processed into a more customized form and used primarily in concrete products. Close cooperation with customers to satisfy their requirements is a prerequisite for successful work to achieve mass balance.

In infrastructure projects too, NCC is conducting a comprehensive initiative to handle excavation mass in a circular manner and in relation to mass balance with the aim of reducing its climate and environmental impact. Read more on p. 91-93.

Water

Meticulous water management is key, primarily for infrastructure projects. Ahead of every project start, NCC performs thorough analyses and risk assessments concerning the impact on water; how groundwater and natural receptacles are affected and how runoff occurs.

NCC devises measures for how the projects will be conducted in a manner that manages surface water, minimizes the removal of particles and substances and in other ways reduces the impact on water. The solutions are designed on the basis of project-specific requirements.

In 2022, NCC worked to map its use of water in order to manage, report and reduce usage. This work is continuing in 2023.

Biodiversity

Biodiversity is one of NCC's impact areas and is an aspect where its operations have both a positive and negative impact. NCC has expertise in the area of biodiversity, and is something that is integrated into all of NCC's construction projects. Through primarily four types of initiatives, NCC works to reduce the negative – and increase the positive – impact on biodiversity. 1) NCC Kielo, 2) property development, 3) Building Denmark and Building Norway, which aim to implement at least one bio-

diversity measure in all new projects and 4) that all construction and infrastructure projects are to be certified according to BREEAM and BREEAM Infrastructure (formerly CEEQUAL).

NCC Kielo – for promoting biodiversity in quarries

NCC works to promote biodiversity at places where gravel pit operations are conducted, both during the production phase and during post-processing in conjunction with pit closures.

The extraction of stone materials results in changes in nature. To counter the negative impact, NCC has developed a method that promotes biodiversity in quarries, known as NCC Kielo. Using the NCC Kielo method as the starting point ensures that NCC approaches biodiversity in a structured manner on the basis of relevant criteria.

This work benefits both animal and plant species in the unique micro-climate that quarries can create. It could involve favorable conditions for endangered bird species, insects, amphibians or plants that require infertile soil or other special habitats to thrive and reproduce. The NCC Kielo method is also a way to develop NCC's expertise in nature conservation, and to provide in-house guidance underlying commercial decisions that also take biodiversity into account.

To be classified as an NCC Kielo quarry, a systematic inventory, objectives, a plan, an examination and follow-up of the work, as well as a summary of the biological results for the quarry, are required.

Kielo-approved quarries

NCC has a total of about 200 quarries in the Nordic region, of which 11 have been approved as Kielo quarries. Of these, four are in Denmark, three in Finland, two in Norway and two in Sweden. No new Kielo quarries were added during the year. NCC has instead focused on further developing the tools and work processes, and on simplifying the method within the organization. NCC has a workgroup that will continue to focus on these issues.

Kielo-approved quarries	Number
Sweden	2
Denmark	4
Norway	2
Finland	3

Property development

The Property Development business area takes biodiversity into account on the basis of each project's specific conditions. Suitable initiatives are created with this as the starting point.

These initiatives are usually included as a feature of BREEAM certification. An example is the installation of green roofs in the form of sedum roofs or biotope roofs.

Certification according to BREEAM

All construction and infrastructure projects are sustainability-certified according to BREEAM and BREEAM Infrastructure (formerly CEEQUAL), and biodiversity is an indicator in these certifications. In NCC's projects, biodiversity is addressed on the basis of the requirements and conditions of the specific project. This could take the form of fauna measures under and over roads, ranging from enabling moose to safely cross over roads to frog tunnels and dormouse passages under road structures. It could also involve moving the over-wintering habitats of frogs or auditing of tree stocks when areas are being developed.

NCC offers in-house training for project managers that addresses the topic of species protection and the measures required when protected species are found. During the year, training in the handling of invasive species was also implemented.

NCC Kielo

Materials and circularity

GRI 301 Materials, **GRI 306** Waste

Targets

Circular materials shall be a feature of all projects

The plastic delivered to all of NCC's worksites in Building Sweden must consist of at least 30 percent recycled materials and be 100 percent recyclable.

NCC strives to close the loop and prioritizes the use of sustainable material and product selection, minimizing and responsibly managing the waste that is created in the construction process, and building to enable recycling and reuse.

Governance

To support effective governance, all NCC business areas are certified or work in accordance with ISO 14001 or ISO 9001, and base their actions on NCC's Sustainability and Environmental Policy, and its sustainability framework.

NCC works to maximize recycling and reuse, and facilitates this through active collection and analysis of data. For waste, NCC compiles statistics via waste-management suppliers and summarizes this information per unit (division or business area). The statistics are subsequently aggregated and summarized at Group level.

NCC follows up and governs the waste activities conducted at the construction sites through regular checks of waste statistics, at production meetings and during environmental rounds. NCC has established partnerships in all countries for handling the waste that arises at construction sites.

In addition, NCC has developed specific control tools for increasing the proportion of recycling and reuse in its projects. In construction projects, for example, specific materials choices are made based on the projects or the customer's requirements, needs and wishes. Certain certification systems can also set requirements for material choices.

Various code systems are used to increase traceability. In Sweden, NCC works with, for example, Global Trade Item Numbers (GTINs), which includes registration in logbooks. In Denmark and Norway, NCC uses supplier systems that are based on European waste codes. These are included in the report basis for designs.

Design and material selection

Work on issues involving materials, circularity and waste is performed on the basis of each business area's specific conditions and operations, and is designed to reduce the use of materials with a negative impact on the climate, environment, and human health.

Efficient resource utilization, purchases of materials with the lowest possible environmental impact and increased recycling are essential in this work.

The materials that have the greatest climate impact are concrete, steel and asphalt, although circular material flows are also of great importance in the use of other materials, such as rock and soil material.

NCC applies the precautionary principle to the selection of materials and several development projects are under way.

Concrete

Concrete is the most widely used construction material in the world today. The climate impact of concrete structures (concrete and steel) is related to the amount and quality of the concrete that is used. More than 90 percent of the climate impact of concrete derives from the manufacture of cement, a component in concrete, from which large amounts of carbon are emitted.

NCC conducts thorough and sustained work aimed at implementing continuous improvements in operations to enable efficient resource utilization.

NCC has formulated a roadmap, including structures and processes, with the aim of achieving climate-neutral concrete-based construction. On the basis of this roadmap, NCC works at Group level, where coordination is conducted, and in each business area.

The roadmap is designed to minimize climate impact and transform concrete-based construction, to achieve climate neutrality.

Efforts to minimize climate impact are conducted from three perspectives: using the right concrete in the right place, minimizing the amount of cement in concrete and minimizing the volume of concrete. Based on these perspectives, NCC is reviewing the design of its structures to ensure an efficient use of resources, to minimize the amount of concrete and to reduce waste in production.

For NCC, transforming to achieve climate neutrality includes working to identify initiatives and techniques that generate long-term effects. Implementing these, which includes new methods and materials, is the second aspect of NCC's roadmap: transforming concrete-based construction.

Internal cement directive

During the year, the Building Sweden business area implemented an internal cement directive with associated activities, connected to the Group-wide roadmap for concrete.

The directive includes requirements to use eco-friendly concrete in all projects, using the right concrete in the right place, minimizing the volume of concrete and optimizing the quality of concrete in respect of drying.

In addition, NCC is cooperating with suppliers, customers and other players in the industry in the areas of product development and innovation. Collaborations with concrete suppliers include initiatives for reducing the proportion of cement in concrete, and using machine sand to replace natural sand or gravel in the production of concrete. Read more on p. 89.

Steel

NCC strives to source steel reinforcement with a low climate impact. To maintain control over the climate impact of the material, NCC mainly purchases steel reinforcement covered by EPDs and, in large-scale infrastructure projects, NCC is subject to the requirement of only purchasing steel reinforcement covered by EPDs. Most of the steel reinforcement purchased in Sweden, Denmark and Norway is covered by EPDs. The recycling and reuse of heavy building components, in order to reduce climate impact, includes steel elements, such as sheet piling. Read more under the section Climate and energy on pp.94-96.

Asphalt

NCC and its customers aim to use recycled asphalt (reclaimed asphalt pavement, RAP) to the greatest extent possible. Asphalt essentially consists of two components: crushed stone materials and the oil-based resin bitumen, and is 100 percent recyclable. The use of recycled asphalt reduces the consumption of bitumen and virgin stone materials.

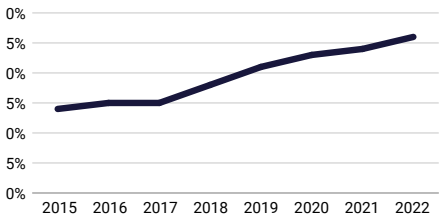
Recycling occurs by mixing used as-

phalt into the new asphalt manufactured in asphalt plants. The asphalt can also be recycled on site during the paving of roads, using what is known as the repaving or remixing method. The degree of recycling is mainly determined by rules and regulations, and by the method chosen and the capacity of the asphalt plants.

All of the paving that is removed in connection with repaving or maintenance, where NCC can determine the degree of recycling, is recycled. NCC uses as much of the recycled asphalt as is permissible by rules and regulations and authorities, and continuously improves the methods and the recycling capacity of its asphalt plants.

In 2022, recycled asphalt accounted for 26 percent (24[1]) of the total production of asphalt. The inclusion of recycled asphalt means that GHG emissions are approximately 16,800 tons of CO_2e lower per year, compared with if the asphalt had been produced using conventional technology without having the recycled asphalt mixed in.

Reclaimed asphalt pavement (RAP), %



As a result of the increased amount of recycled asphalt, the climate impact of NCC's total asphalt production in 2022 was about 7,300 tons of CO_2e lower than in 2015.

Rock and soil material

The circularity of rock and soil material is a complex yet important area where the intention is to reduce the climate impact related to extraction, excavation and transportation of rock and soil masses, and preventing the depletion of natural resources.

The Industry business area is working to promote the reuse and recycling of stone materials, soil masses, gravel, concrete, asphalt and garden waste, and both purchases and receives materials from NCC's other business areas, and from external customers. The business area aims to increase the volume of materials received for reuse and recycling and to increase the volume of sold recycled materials.

Recycling and reuse

The construction waste generated at construction sites represents great potential because it can be used in other projects. NCC engages in internal cooperation between various functions and business areas, and also with suppliers, to develop new ways of reducing construction waste and reintroducing it into production, and reusing and recycling materials.

Cooperation concerning circularity also occurs between property development and contracting operations, on the basis of the projects' specific conditions.

Traceability

NCC aims to only use materials and products that are sound from an environmental and health perspective. Ultimately, the aim is to be able to recycle all input materials in buildings when the service life of the building expires.

A crucial link in the transition to the use of more recyclable products and materials is to impose requirements on suppliers and to work with traceability throughout the value chain.

NCC's digitization work supports the Group's sustainability ambitions. Digital models and tools are a prerequisite for this work, for example, to minimize production waste, make the right selection of materials while considering their lifecycle impact, manage chemical contents and increase recycling of building materials in connection with renovation and demolition.

Circular handling of excavation mass

In connection with infrastructure projects, NCC aims to not excavate more rock and soil material than is necessary, and the company strives to increase the reuse of excavation masses that were previously sent to landfill.

This reuse shall occur either within the specific project or in a closely located project that needs filler materials, and where the excavation mass has the technical and environmental qualities that are required. Measures include a systematic sampling and chemical analysis of the rock to identify suitable projects for receiving the material. This method has been used, for example, in the handling of excavated rock from the expansion of the Stockholm subway.

Waste

NCC is working actively to adapt to circular flows and to minimize the waste that arises throughout the construction process. NCC collaborates with various players in the value chain in order to adapt to a circular and sustainable construction process, and to minimize the negative impact on people and the environment, such as the waste that construction gives rise to.

Impact of waste on people and their surroundings

Following mining, construction and civil engineering is the sector in the Nordic region that generates the most waste. Construction and demolition waste causes large amounts of GHG emissions throughout the value chain, from the extraction of natural resources and production of materials to waste management during construction and demolition.

Construction and civil engineering products contain hazardous substances that can result in damage and inconvenience for people's health and the surrounding environment. For example, there is a risk of leakage to soil and water caused by poor waste management practices.

To offset this and other waste-related risks, NCC works to promote the efficient use of materials and chemical products from a lifecycle perspective and bases its work on the EU's waste ladder. This entails that the order of priority is primarily to prevent the generation of waste followed, in a falling scale, by reuse, materials recycling, energy recovery and the final recourse disposal; i.e. depositing waste in landfills.

Preventive work at early stages of the process is important to achieve favorable results. This involves legal and customer requirements, as well as ensuring well-functioning design, planning and project engineering in which targets and actions for circularity and waste are integrated.

All of the business areas are conducting active work in the area of waste. This includes using more recovered materials, ensuring the use of non-hazardous materials, standardized construction with made-to-measure and prefabricated products to reduce waste, and designing the buildings so that it is possible to reuse and recycle.

At construction sites

At the construction sites, NCC works to reduce the use of materials and prevent the occurrence of waste.

NCC has stringent demands for the sorting of waste in its operations and has solutions for re-introducing construction waste and materials within the operations. Significant activities include ensuring that surplus purchased materials can be reused, protecting weather-sensitive materials, minimizing packaging through intelligent transport solutions and having a well-developed sorting system.

In respect of chemicals, a list of chemicals is formulated to ensure they are managed correctly from a waste perspective. Organizational aspects include having a designated person in charge of waste management for projects, having a waste management plan and holding regular meetings.

In addition, NCC employees receive regular training and information. NCC's requirements pertain to both its employees and all subcontractors who work at NCC's construction sites.

1) A recalculation has been made for 2021 as a result of the sale of the asphalt operations in Finland.

The principal categories of materials that give rise to large amounts of waste are gypsum, plastic, concrete, bricks, wood and metals. The most common types of residual products that are returned through circular flows are pallets, flooring waste, gypsum, brick and plastic. By expanding cooperation with suppliers, there is great potential to increase the circular use of the various residual products that arise, such as packaging material.

Business models and partnerships in the value chain

NCC collaborates with such players as suppliers, hauliers and waste contractors in order to increase circular flows and minimize waste, and to work for resource-efficient management of the waste that arises. This includes development work and initiating various pilot projects. NCC also participates in research projects in this area.

Targets and plans moving forward

Working for increased circularity, such as sustainable materials and design choices, is of great significance to the Group's success in achieving its target of climate neutrality.

For example, Building Nordics has set a target that circular material flows will be integrated in all projects by 2045. By 2030, the aim is that the plastic delivered to NCC's worksites in Building Sweden will consist of at least 30 percent recycled materials and be 100 percent recyclable.

NCC reports its waste from the production of buildings and constructions (Building Sweden, Building Nordics and Infrastructure) according to the categories in the table above.

Amounts of waste by type and disposal method

Residual product and waste category	2022 Total weight, tons	2022 %	2021 Total weight, tons	2021 %	2020 Total weight, tons	2020 %
Non-hazardous waste						
Sorting	6,204	12	5,961	11	8,189	17
Energy recycling	5,592	11	7,617	14	9,023	19
Reuse/materials recycling	38,690	73	37,036	69	27,563	58
Plastic	1,325		1,069			
Wood	13,736		14,149			
Gypsum	3,453		3,825			
Metal	9,644		11,664			
Concrete, bricks, tiles	9,096		1,546			
Other reuse/recycling	1,435		4,783			
Landfill	1,896	4	2,445	5	2,194	5
Hazardous waste						
Special treatment	702	1	608	1	611	1
Total amount	**53,085**		**53,667**		**47,580**	

In 2022, the proportion of recycled/reused materials increased by 4 percentage points compared with 2021. Continuous efforts are made to increase this share even further. The figures include typical construction waste above ground. Soil, stone and fill materials that depend on the projects' geography are usually handled separately and are not included in the statistics. Concrete, bricks and tiles/clinkers are recycled to some extent and are reported for parts of the operations. This fraction fluctuates depending on the number of refurbishment/demolition projects. The increase in the amount of hazardous waste was due in part to several projects where old impregnated wood (creosote and heavy metals) had to be removed from construction sites.

Asphalt paving work

Climate and energy

GRI 302 Energy, **GRI 305** Emissions

Targets

Climate neutrality 2045

60-percent decrease in CO_2e emissions (Scope 1 and 2, base year 2015), measured in tons of CO_2e per SEK M of sales

50-percent decrease in CO_2e emissions (Scope 3, base year 2015) from concrete, asphalt, steel and transportation, measured in tons of CO_2e per purchased volume.

NCC strives to eliminate GHG emissions from the entire value chain, increase energy efficiency and enable adaptation to climate change. NCC's target is to become climate neutral by 2045.

The construction industry accounts for considerable GHG emissions and the climate is a high-priority issue for NCC. To lower its climate impact, NCC focuses on materials and transportation used by the Group and works to increase the use of renewable fuels and electricity, improve energy efficiency and implement process improvements.

Governance

To support effective governance, all NCC business areas are certified or work in accordance with ISO 14001 and ISO 9001, and base their actions on NCC's Sustainability and Environmental Policy and its sustainability framework.

Reporting principles – climate

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. The location-based calculation method is also reported, but this does not form the foundation for measurements concerning the climate targets. NCC does not use climate compensation.

Information on purchases of fuels, electricity, heating energy, ready-mix concrete, steel reinforcement and asphalt is collected from NCC's suppliers. An internally developed digital tool has been used to compile the statistics that form the basis for the reported climate data. In those cases where NCC does not use supplier-specific emission factors, emission factors from DEFRA (2022) or the Swedish Environmental Protection Agency (2021) are used, depending on applicability.

During 2022, work to request specific data from suppliers in the Nordic region continued to be intensified in order to obtain a comprehensive impression of NCC's climate footprint. The potential for what is possible to request concerning historical figures varies among countries and suppliers.

Figures concerning concrete include data on ready-mix concrete. Underlying data on volumes, including connected EPD-based emission factors for specific products, was obtained from the various suppliers for the Swedish market.

In other markets, volumes derive from suppliers; however, in those cases where product-specific emission factors are lacking, industry-specific, or official generic, emission factors for the various resilience category have been used.

Emission levels are directly related to technical requirements for various types of building structures, and the project portfolio varies over time.

2015 has been chosen as a base year to correspond to the base year for energy, asphalt and steel. Work is in progress to develop a base level that reflects our product mix and variations among countries, as well as to comply with a forthcoming industry base level.

Using materials more efficiently and reducing the use of materials through, for example, design optimization and reduced waste is a key feature of the work to reduce the climate impact of the construction sector. Accordingly, the base level for concrete will be supplemented with a performance indicator, so that the impact of reduced volumes is included.

For asphalt, the climate impact is calculated according to the standard for environmental product declarations (EPDs). For 2022, data is reported for internally purchased asphalt, which accounted for about 76 percent of the total volume of purchased asphalt. Work is in progress to be able to report quality-assured data about the total volume of purchased asphalt.

For steel, NCC's base level for reinforcement is based on a summary of the figures obtained from clients, industry organizations and steel reinforcement producers in Europe and their EPDs.

The levels of CO_2e for steel vary considerably depending on the amount of waste metal used in production, and the energy efficiency of the producer. The base level for steel reinforcement has been set at 1,000 kg of CO_2e/ton and the base year is 2015. The climate impact is shown as of 2017, because no previous data is available. Data from Finland has been excluded from the report, because no quality-assured EPD figures have been reported for Finland.

Data with figures recalculated from purchasing volumes is not included, due to inadequate reliability. NCC also purchases other types of steel, such as structural steel used in frameworks. Work is in progress to be able to also report the climate impact of these types of steel.

Reduced climate footprint

NCC works in a focused and determined manner to eliminate carbon emissions from the entire value chain, which is essential to achieve climate neutrality. Analysis, cooperation and dialogue with customers, suppliers and other stakeholders for the implementation of measures and changed work methods is of the utmost importance.

NCC's target is to reduce emissions from its own operations (Scope 1 and 2) by 60 percent measured in tons of CO_2e/SEK M of sales by 2030 (base year 2015). Emission intensity in 2022 amounted to 2.5 CO_2e tons/SEK M, corresponding to a reduction of 52 percent compared with 2015.

Carbon dioxide emissions related to purchased electricity, district heating and district cooling are unchanged during the year compared to 2021. This was largely due to energy efficiency improvements, and an increased use of electricity from renewable sources.

Carbon dioxide emissions related to fuels have decreased as a result of an increase in the share of renewable fuels.

Scope 3

A mapping and analysis of Scope 3 emissions, which was initiated in 2021, continued in 2022. This work will continue in 2023.

The four areas where the climate impact is the greatest involve emissions related to concrete, steel, asphalt and transportation. In Industry, the transportation of stone materials and asphalt mass to customers accounts for the largest share in Scope 3.

In 2021, NCC mapped its climate emissions in these categories, which resulted in roadmaps for concrete and transportation with the aim of reducing emissions in accordance with set targets. Read more about the roadmap for concrete on p. 8 and about transportation on p. 96.

Work still remains to collect further quality-assured data for concrete, asphalt, steel and transportation. The target for concrete, asphalt and steel is to reduce CO_2e emissions by 50 percent by 2030, measured as kilograms of CO_2e per purchased volume, compared with 2015. Initially, volumes for ready-mix concrete, steel reinforcement and internally purchased asphalt are reported.

NCC's ambition is to include more products in the above-mentioned categories, as well as additional categories, in order to steadily cover an even larger share of the Group's Scope 3 emissions.

The target for transportation is to reduce CO_2e emissions by 50 percent by 2030, compared to 2015. Work is under way to analyze and measure emissions from transportation.

Concrete

In order to achieve the target of halving emissions from concrete and becoming climate neutral by 2045, NCC has formulated a Group-wide roadmap for concrete-based construction.

The roadmap with associated measures is designed to minimize climate impact and also to transform concrete-based construction, to thereby achieve climate neutrality. Read more about concrete under Materials and circularity on pp 91–93.

Asphalt

NCC's asphalt production accounts for 31 percent (31[1)]) of the Group's carbon emissions (Scope 1 and 2). The asphalt division's total carbon emissions from both asphalt production and paving accounts for 47 percent (50[1)]) of the Group's total emissions (Scope 1 and 2).

The primary measure to reduce the climate emissions is a continued conversion of asphalt plants to the use of biofuels. All asphalt plants in Sweden have been converted for the use of biofuel. In Sweden, the target is that at least 95 percent of the energy used in the asphalt plants will come from biofuel (primarily wood pellets), as of 2024. This can be compared with 2015, when the proportion of biofuels was 53 percent.

In Norway, NCC intends to convert all asphalt plants from being heated only by fossil LPG and heating oil to being heated with biofuel. Two of the asphalt plants in Norway are now fueled by wood pellets. The target is that all asphalt plants in Norway will be converted by 2030.

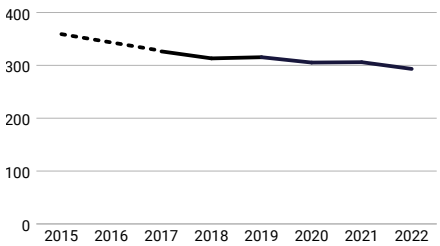
NCC is also working to replace fossil bitumen with bio-resins in asphalt.

GHG emissions from NCC's operations

Market-based calculation method	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016	2015
GHG emissions,[1)] CO_2e (thousand tons)	**135**	**–50%**	**151**	**161**	**189**	**202**	**217**	**232**	**271**
– of which, Scope 1[2)]	131	–40%	148	155	182	192	190	188	217
– of which, Scope 2[3)]	4	–93%	4	6	7	10	26	44	54
Net sales, SEK M	54,198	4%	53,414	52,994	57,294	56,376	53,452	51,984	52,155
Emission intensity, CO_2e (ton)/SEK M	**2.5**	**–52%**	**2.8**	**3.0**	**3.3**	**3.6**	**4.1**	**4.5**	**5.2**
CO_2e (ton)/MWh	**0.147**	**–32%**	**0.151**	**0.160**	**0.173**	**0.185**	**0.200**	**0.209**	**0.215**
Location-based calculation method, CO_2e (tons)	8,190	–66%	9,619	11,217	12,184	11,360	11,078	8,929	24,280
GHG emissions Scope 3[5, 6)] CO_2e (thousand tons)	149	–	144	174	106	135	143	–	–

1) Greenhouse gases N_2O, CH4 and CO_2 are included in the calculations. The greenhouse gases for 2015-2021 have been recalculated as a result of the sale of the asphalt operations in Finland, according to the Greenhouse Gas Protocol Corporate Standard.
2) Refers to direct emissions from NCC's operations, of which 1.1 (tons 000) derived from the combustion of biofuel (2022).
3) Refers to indirect emissions from electricity and heat.
4) The net sales for 2015-2021 have been recalculated as a result of the sale of the asphalt operations in Finland, in accordance with GHG Protocol Corporate Standard.
5) Includes >80% of purchased amount of ready-mix concrete, steel reinforment and asphalt as of 2017. Baseline for KPIs has been set based on industry average figures for 2015.
6) All GHG are included in the calculations.

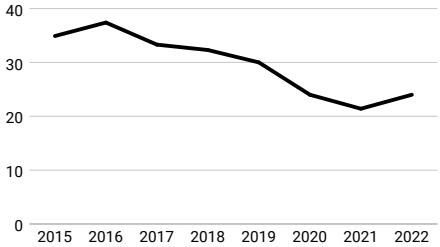
Ready-mix concrete (kg CO_2e/m^3)



Outcome 2022: –16 percent from 2015

The above graph shows the mean value for emissions from ready-mix concrete in CO_2e/m^3. Work on collecting data is under way. The report is based on data from Sweden for 2017–2021, Denmark for 2020–2022, Norway for 2017–2021 and Finland for 2020–2022. The base level for concrete is based on a compilation of values from customers, trade associations, manufacturers and various others.

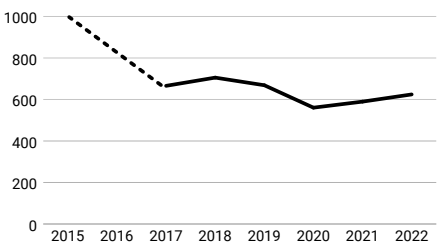
Asphalt (kg CO_2e/ton)



Outcome 2022: –31 percent from 2015

The above graph shows the volume of internally purchased asphalt, which corresponds to about 76 percent of the total volume. The internally purchased asphalt has a lower climate impact per ton than the industry average.

Steel reinforcement (kg CO_2e/ton)



Outcome 2022: –38 percent from 2015

The above graph shows data on steel reinforcement in 2017–2019 for Sweden and Norway. Data on Denmark is also included for 2020, 2021 and 2022. The base level for steel reinforcement derives from a summary of the figures obtained from clients, industry organizations and steel reinforcement producers in Europe and their EPDs; for more information, refer to Reporting principles above.

1) A recalculation has been made for 2021 as a result of the sale of the asphalt operations in Finland.

Green Asphalt
NCC aims to develop asphalt products with a lower climate impact and increase the portion of recycled asphalt in production. NCC Green Asphalt is the collective name for NCC's method of producing asphalt that results in lower carbon emissions than conventionally produced asphalt.

The method involves the mixing in of reclaimed asphalt pavement (RAP), a lower manufacturing temperature and the use of biofuel. All of NCC's asphalt plants produce NCC Green Asphalt.

Steel
In order to halve the climate impact of steel reinforcement, well-informed purchasing from producers who provide products with a lower climate impact is crucial. Environmental product declaration (EPDs) for materials are used in the supplier assessment to ascertain whether the suppliers fulfill the requirements of NCC and its customers.
To achieve this target for steel, NCC cooperates closely from an early stage with both steel suppliers and customers. NCC depends on its customer to provide specific emissions requirements and information on product performance.

Reinforcement made from recycled steel is also an integral part of NCC's journey toward climate neutrality. By using recycled steel, energy consumption can be reduced by up to 75 percent compared with production of ore-based steel. In order for steel reinforcement to be made fossil-free, new technologies are needed for the production of steel.

Transport
NCC is working to reduce carbon emissions by optimizing its logistics chains and increasing the efficiency of transportation. Major efforts are required to meet the target of a 50-percent cut in carbon emissions.

NCC engages a large number of sub-suppliers for transportation, and it is essential that work on data collection and emissions reduction includes these and thus also promotes the climate work of all players.

During the year, NCC continued its efforts to analyze transport emissions, both its own and those from purchased transportation.

NCC has also undertaken to, inter alia, introduce new types of transportation in Denmark and emissions-free construction sites in Norway. However, in order to reduce emissions from transportation, work remains in the form of formulating relevant targets and KPIs. A key part of work to reduce the climate impact of machinery and transportation is the continued optimization and reduction in the number of transport journeys. Civil engineering projects in which NCC, using digital tools, optimizes truck loads – thereby resulting in fewer transport journeys, reduced emissions and lower costs – are an example of this.

Digital tools are an important element of efforts to collect this type of data in a structured manner and provide insights that can lead to better planning of transport work and simplified administration.

Work to map and collect quality-assured data on transportation will continue in 2023.

Climate risks and opportunities

A TCFD (Task Force on Climate-related Financial Disclosures) analysis has been conducted for the second consecutive year. The purpose of the analysis is to both highlight the opportunities and risks associated with the climate, and to develop better guidelines for reporting climate-related risks and opportunities. The Sustainability Report complies with the TCFD guidelines and contains information on how the company manages climate-related risks and opportunities in its strategy, management, risk management and assessment and reporting. Read more on p. 29.

Energy

Central to efforts to reduce the carbon footprint include the energy efficiency of processes and production, and replacing fossil energy sources with renewable ones. Carbon emissions related to purchased fuels, and electricity, district heating and district cooling, have been reduced continuously since 2015.

To continue to reduce carbon emissions, NCC is working with a series of initiatives such as continued energy-efficiency improvements in the operations and in property development, an increased mix of renewable fuel in machinery, a continued transition to green-labeled electricity and electrification of machinery and worksites. Read more about electrification on p. 97.

Asphalt plants
An important measure to reduce emissions was the continued phase-out of fossil fuels and continued conversion of asphalt plants to enable the use of biofuel, whereby fossil fuels have primarily been replaced by wood pellets.

NCC is also working to cut back on the number of starts and stops of asphalt plants in order to reduce energy consumption. Additional actions include reducing moisture in the stone materials mixed into the asphalt and to keep them dry, in order to reduce energy consumption in connection with asphalt production.

Energy audit
NCC continued the energy audit of its own operations in Sweden in order to identify possible energy-saving potential in production. The audit includes worksite visits, measurements and calculations at asphalt plants and quarries, as well as at construction sites. On the basis of the audit, actions to reduce energy consumption can be identified and taken.

Fuel use[1] in the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
Renewable fuels	178,893	104%	192,683	164,725	137,273	111,879	114,206	87,893
Fossil fuels	557,266	–39%	751,719	746,055	854,982	889,356	951,544	906,966
Fuels, total	**736,159**	**–26%**	**944,402**	**910,780**	**992,255**	**1,001,234**	**1,065,750**	**994,854**

[1] 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 39 percent, due largely to the conversion to biofuels in Swedish and Norwegian asphalt plants.

Total energy consumption[1] in the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
Energy consumption, total	**915,780**	**–27%**	**1,143,487**	**1,112,013**	**1,206,097**	**1,201,831**	**1,268,992**	**1,256,865**

[1] Total energy consumption is a sum of reported energy usage for electricity, district heating and cooling, and fuels.

Renewable electricity
NCC has set a target of only purchasing renewable electricity. In 2022, the portion of renewable electricity was 95 percent (95) of the total consumption of electricity. The Property Development business area's ambition is that every building should produce local energy on site.

Increased electrification
Efforts are continuing across the Group to electrify machinery and tools as well as entire production worksites in order to reduce the climate footprint. Actions taken during the year include the installation of electricity at gravel and rock pits to enable mobile rock crushers to be run on electricity instead of diesel. The continued electrification of mobile crushers results in significant energy savings and has generated major climate effects in the form of reduced emissions. The permanent crushers used in rock pits in Sweden and Norway are already run on electricity.

In Norway, NCC has a number of fossil-free construction sites, and also works with fossil-free machinery and transportation. An example of this is Fredensborgveien in Oslo, where two electric diggers and two electric dumpsters are used. Projects involving emissions-free machinery in Sweden include the Bergsbyn business park in Skellefteå, where various energy storage solutions are also being evaluated

The testing and implementation of electric machinery for paving works is also continuing, and the subsidiary Hercules, which engages in foundation engineering, installed the world's first battery-powered pile driver during the year. An additional pile driver will be purchased during 2023.

NCC has also started work to establish a Group-wide center of excellence for electrification, to facilitate knowledge sharing, innovation and development.

Targets and plans moving forward

NCC's target is to become climate neutral by 2045. The interim targets are:

- 60 percent reduction in CO_2e emissions (Scope 1 and 2) by 2030 (base year 2015), measured as tons of CO_2e emissions per SEK M of sales.
- 50 percent reduction in CO_2e emissions (Scope 3) by 2030 (base year 2015), from concrete, asphalt, steel, and transportation measured as kilograms of CO_2e per purchased volume.
- Initially, volumes for ready-mix concrete, steel reinforcement and internally purchased asphalt are reported.

Outcome and comments
Emission intensity amounted to 2.5 CO_2e tons/SEK M in 2022, which means that emissions related to Scope 1 and 2 have been reduced by 52 percent since 2015.

For the outcome for Scope 3, see p. 95. Carbon emissions related to purchases of electricity, district heating and district cooling declined during the year. The share of renewable electricity remains high and accounted for 95 percent (95) of purchased electricity during 2022. The share of renewable fuels also increased during the year.

In total, a reduction in scope 1 is seen due to a reduction in the total amount of purchased fuels, as well as an increase in the proportion of purchased renewable fuels.

District heating/district cooling use within the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
District cooling	–	-100%	–	75	598	624	22	1,286
District heating	24,162	-51%	23,931	29,560	42,508	29,156	29,207	48,933
District cooling/district heating, total	**24,162**	**-52%**	**23,931**	**29,635**	**43,106**	**29,780**	**29,229**	**50,219**

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 of the project. Comparable data for 2021 has been adjusted from previous year's report due to new information from a supplier, which has led to a lower value.

Electricity use in the organization

MWh	2022	Change compared with base year 2015, %	2021	2020	2019	2018	2017	2016
Electricity from renewable sources[1)]	147,347	35%	156,888	159,561	157,204	152,259	118,754	108,927
Other electricity	8,112	-92%	9,001	12,037	13,535	18,559	55,259	102,861
Electricity, total	**155,459**	**-27%**	**165,890**	**171,598**	**170,736**	**170,817**	**174,013**	**211,787**

[1)] Hydroelectric and wind power. Comparable data for 2021 has been adjusted from previous year's report due to new information from a supplier, which has led to a lower value.

Health and safety

GRI 403 Occupational health and safety

Targets

NCC shall have a safe, secure and healthy work environment. NCC's long-term objective is to completely eliminate accidents with a serious or fatal outcome, and to reduce the total number of accidents. The target for 2022 was to achieve an accident frequency rate for LTIF4 (work-related accidents resulting in more than four calendar days of absence per million working hours) of 3.0, measured based on NCC's own employees.

NCC's operations are conducted in an environment exposed to risks. Accordingly, health and safety work is a crucial factor for the company.

Strategic direction

In 2021, NCC formulated a new strategic direction for OHS work in order to reduce accidents in general and eliminate serious accidents and incidents.

The aim is to prevent serious accidents by focusing on activities primarily related to the three high-risk areas: heavy lifting by cranes, working at heights and working close to and around heavy machinery. The activities are based on fundamental causes related to planning, safe behavior and technical safety barriers.

In 2022, the business areas analyzed and formulated fact-based activities for the operations of each business area. Action plans for these areas have been prepared and are now being implemented in all business areas.

Risk work

Analyzing and identifying risks according to fact-based data, and thus being able to eliminate work elements or situations that create accident risks, is of fundamental importance to occupational health and safety (OHS) work.

NCC is working to ensure that all employees and those employed by subcontractors demonstrate good risk awareness. Every work aspect starts with a daily safety briefing to make employees aware of potential risks connected to the day's work, and to ensure that the risks are addressed before work commences.

Sickness absence[1] NCC employees

	Sickness absence % All types of illness and poor health		
	2022	2021	2020
Sweden	4.3	3.3	3.5
Norway	5.2	5.3	5.8
Denmark	4.7	4	3.7
Finland	**3.6**	2.7	4.2
Total	**4.7**	**3.6**	**3.6**

[1] From NCC's payroll system.

Close calls and observations[1]

		2022	2021	2020
Sweden	NCC employees	2,913	11,648	10,520
	Subcontractors	9,400		
Norway	NCC employees	1,165	4,658	6,023
	Subcontractors	4,439		
Denmark	NCC employees	2,620	9,935	8,723
	Subcontractors	5,813		
Finland	NCC employees	**722**	11,342	11,641
	Subcontractors	**11,305**		
Total	**NCC employees**	**7,420**	**37,583[2]**	**36,907[2]**
	Subcontractors	**30,957**		

[1] From NCC's OHS system.
[2] Refers to both NCC employees and subcontractors.

Work-related injuries, injury frequency and fatalities

		Work-related fatalities			Accident frequency rate for work-related fatalities			Very serious work-related injuries[1]			Accident frequency rate for very serious work-related injuries		
		2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Sweden	NCC's employees	1	0	0	0.08	0	0	12	7	4	1.3	0.55	0.29
	Subcontractors	0	1	1	0	0.05	0.11	15	8	0	1.6	1.06	0
Norway	NCC's employees	0	0	0	0	0	0	1	1	0	0.8	0.33	0
	Subcontractors	1	0	0	0.22	0	0	1	0	0	0.4	0	0
Denmark	NCC's employees	0	0	0	0	0	0	7	1	4	2.1	0.30	1.13
	Subcontractors	0	0	0	0	0	0	5	0	0	1.3	0	0
Finland	NCC's employees	0	0	0	0	0	0	3	1	2	1.7	0.47	0.80
	Subcontractors	0	0	0	0	0	0	5	5	0	1.7	1.74	0
Total	**NCC's employees**	**1**	**0**	**0**	**0.05**	**0**	**0**	**23**	**10**	**10**	**1.1**	**0.46**	**0.42**
	Subcontractors	**1**	**1**	**1**	**0.05**	**0.05**	**0.04**	**26**	**13**	**0**	**0.6**	**0.69**	**0**

Subcontractors also include hired staff. Data for NCC's employees is collected from NCC's system for OHS and payroll system. The total number of hours worked for NCC's employees and subcontractors is 45,500,000 hours. For NCC employees, worked hours are based on actual hours; hours worked by external personnel are based on rough estimates
[1] Injury with permanent impact or over 30 days of absence.

There is also NCC's Time Out concept, which empowers all employees to have work suspended if a new, unexpected risk or unhealthy situation arises, and to have the matter addressed and thus enable work to be resumed in a safe manner. Management of risks and preventive work is built into NCC's procedures; for example, a risk assessment must be performed for the entire project before any project commences. The risk assessment must also include a safety analysis of every hazardous work element. A daily safety briefing is also conducted, which means that all employees are aware of the risks associated with various work elements and how these can be performed safely.

The greatest illness risks for employees working in production are connected to work involving asbestos and quartzite dust, as well as strain injuries.

Psychosocial work environment

Viewed over the entire organization, organizational and psychosocial health is a risk that has to be considered. Work is continuously under way to map and prevent mental illness in all of NCC's operations. Focused work is also conducted with such aims as managing and preventing alcohol and drug abuse.

Data and expertise contribute to increased safety

Data-based facts, with thorough measurements and follow-ups, are essential features of the work of implementing the right measures to prevent accidents and to have a safe place of work, and reporting is a key aspect in making the worksites safer.

All accidents, close calls, observations and incidents are to be reported in NCC's Group-wide OHS reporting tool. This can be done online or via a mobile app. The system can be used by anyone who is present in any of NCC's worksites.

In this system, a report of an accident is sent to the manager in charge, who has been assigned to follow up and formulate safety improvements. The system also includes a feature for reporting both positive and negative safety observations. This reporting promotes the employees' commitment to safety work and provides the organization with potential to identify any risks at an early stage and to highlight role models. Data in the incident reporting system is also used at a general level to assess risks and formulate joint solutions.

Work environment partnerships

NCC engages in well-established cooperation with trade unions, including safety officers. NCC's joint forum comprises representatives of all trade unions and encompasses all employees.

NCC participates in a number of external forums and industry-wide initiatives that work to promote increased safety and a positive impact on OHS in the construction industry. The experience exchanges 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

NCC provides occupational healthcare through external care providers in accordance with each country's social insurance system. All personal data is processed according to GDPR. Occupational healthcare is provided to employees during working hours.

In Sweden, there is, for example, the Frisklinjen (Health Line) service, which is included in occupational healthcare. This service provides employees with access to professional healthcare advice. This also provides NCC with support for addressing the employees' health, for example, when the healthcare provider, through information from Frisklinjen, can draw attention to repeated short-term absence and work-related illness.

NCC's subcontractors manage their employees' health and medical care issues according to their respective trade union agreements.

Training and commitment

A crucial factor for systematic occupational health and safety activities is collecting data and sharing knowledge, and ensuring that the people who are to perform the work have the right training. For this reason, it is mandatory for all NCC employees and those of subcontractors to undergo safety training before work is started at a production worksite.

In addition to basic training, worksite-specific and assignment-specific training programs must also be implemented.

High-level expertise in the OHS organization is ensured through formal training/education and long experience.

During 2022, implementation of the digital support developed by NCC was initiated, in order to conduct training programs and register completed ones, and to facilitate the introduction to production worksites. This digital support, in turn, will be synchronized with access cards at construction sites to ensure that those who work there have the right skills.

In 2022, a pilot project involving this digital support was successfully implemented in Sweden. In 2023, pilot projects and implementation of NCC's digital support will be conducted in all of the countries where NCC has operations.

To encourage additional commitment and raise safety awareness, while strengthening the joint safety culture, NCC arranges an Awareness Day each year. This is a day when the entire organization downs tools in order to jointly reflect and focus on OHS issues. NCC also arranges a Health & Safety Week, when all employees, including those employed by subcontractors, carry out various awareness-raising health and safety activities.

Work-related accidents/injuries, accident frequency rate and fatalities, cont'd.

		Accidents/injuries resulting in one day or more of sickness absence			Accident frequency rate for accidents resulting in one day or more of absence from work per million worked hours			Injuries not leading to lost time		
		2022	2021	2020	2022	2021	2020	2022	2021	2020
Sweden	NCC's employees	94	95	103	7.4	7.5	7.4	305	288	399
	Subcontractors	104	76	86	11.3	25.3	9.3	186	179	197
Norway	NCC's employees	5	11	6	3.9	3.7	2	62	53	49
	Subcontractors	3	5	5	0.9	1	0.9	25	10	11
Denmark	NCC's employees	48	28	33	14.4	8.6	9.3	135	120	133
	Subcontractors	49	29	19	13.2	7.7	5.1	57	34	32
Finland	NCC's employees	12	14	13	6.6	6.6	5.2	26	22	28
	Subcontractors	65	43	57	22.3	15	13.7	31	47	28
Total	**NCC's employees**	**159**	**148**	**155**	**7.6**	**6.9**	**6.7**	**528**	**483**	**609**
	Subcontractors	**221**	**153**	**167**	**10.8**	**8.2**	**7.4**	**299**	**270**	**268**

Target

NCC has a corporate OHS target for the number of accidents in relation to hours worked, LTIF (Lost Time Injury Frequency). LTIF4 is defined as work-related accidents resulting in more than four calendar days of absence per million working hours.

NCC's target for 2022 was an accident frequency rate of 3.0 for accidents resulting in more than four calendar days of absence per million working hours. During 2022, this accident frequency rate was 4.1, which means that the target was not achieved. Work is continuously conducted in the business areas to identify causes and prevent accidents, with a specific focus on and support to units that have experienced an increased in the accident frequency rate. The target for 2023 is to achieve an LTIF4 rate of 2.75.

An overall objective is to eliminate serious incidents with the potential for serious injuries or a fatal outcome. The follow-up of actions designed to prevent and manage serious incidents includes all employees and everyone who works at NCC's worksites.

Governance

To support effective management, NCC works in accordance with ISO 45001. The following units are currently certified for ISO 45001: Infrastructure in Denmark and Norway, Building in Denmark and Special Projects in Building in Finland.

NCC's OHS policy and directive is Group-wide and applies to everyone who works at NCC's worksites. NCC's OHS policy and directive are integrated into the management systems used by the Group and business areas.

The management system for health and safety encompasses everyone who works at NCC's worksites; i.e. NCC employees, in-sourced personnel, suppliers and subcontractors. NCC's internal OHS organization maintains the management system. Internal audits occur continuously, while those units that are ISO 45001 certified are also audited externally.

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, and other national regulations.

People and team

GRI 404 Training and education, **GRI 405** Diversity and equal opportunity, **GRI 406** Non-discrimination

Targets

- Recruit, develop and retain the most competent people in the industry
- Support the progress of high-performing teams
- Work actively to ensure that no one is excluded unfairly or due to unconscious biases

NCC strives to recruit, develop and retain the most competent employees in the industry, support the progress of high-performance teams and work actively so that no one is excluded unfairly or due to unconscious biases. NCC's values connected to honesty, respect and trust guide the employees' in their behaviors and choices.

NCC's Star behaviors are the foundation of our culture. They explicitly express which behaviors NCC want to encourage and at the same time clarify which behaviors we do not accept. They aim to create added value for customers, generate synergies between the businesses, raise competencies and create knowledge.Thay are:

- Act with passion to perform: We challenge ourselves and each other to constantly improve and outperform our targets and results.
- Build together: We work actively to ensure effective collaboration internally, in and between units, and with our customers
- Follow through and follow up We take data-informed decisions, communicate them clearly and always act on what's decided
- Act with care: We take responsibility for our actions and use of resources. We mitigate risk and act with integrity to ensure safe, high-quality sustainable operations

Diversity and inclusion

NCC needs the most competent, knowledgeable and experienced employees in the industry in order to continue to grow and achieve success. Accordingly, it is important to be an attractive choice for all target groups that have the expertise that NCC requires.

NCC pursues a number of initiatives for increasing diversity in the Group. In Sweden, there is, inter alia, a Diversity Council that focuses on various initiatives to promote inclusion and diversity, such as during the managers' OHS follow-ups and the onboarding of new employees.

Examples of initiatives in Sweden in 2022 are a knowledge-raising theme day in discrimination and harassment, participation in the external mentoring network Pepp, and NCC's long-established women's network Stella, which celebrates its 25th anniversary in 2023.

In Norway, NCC is an active partner in the Diversitas network – the leading network in the industry with the goal of increasing diversity and equality. In 2022, mandatory diversity training will be introduced for all employees in Norway.

NCC also highlights role models and people with different backgrounds and experiences in connection with recruitment.

Non-discrimination

NCC does not accept any form of discrimination and acts forcefully when incidents are reported. No employee should be discriminated on the grounds of gender, transgender identity or expression, sexual orientation, ethnicity, religious beliefs, functional disability, age or anything else. Should any form of harassment, discrimination or bullying be discovered, NCC has a well-established process and actions plans so that suitable measures can be taken.

NCC's Ask Me function and the Tell Me whistleblower function are available for all types of issues, both external and internal, where events that are perceived as in breach of NCC's Code of Conduct can be reported anonymously.

Three matters involving discrimination, harassment or bullying were reported through the Tell Me function during the year. NCC always takes actions, such as disciplinary measures, whenever appropriate.

In 2022, the NCC launched a new employee survey that also covers issues related to discrimination. On the question of employees' perceived security of not being exposed to discrimination, harassment or bullying, NCC has an average value in 2022 of 8.7 out of 10, which is above the external benchmark.

Collective agreements and employees

NCC has collective agreements that regulate minimum wages, working hours and employees' rights in relation to the employer in all markets. In total, 91 percent of NCC's employees are covered by collective

Age breakdown[1] at NCC

	2021			2022		
Proportion, %	<30	30–50	>50	<30	30–50	>50
Board of Directors			100%			100%
Senior Management Team		45%	55%		27%	73%
Management teams[1]	1%	58%	41%		55%	45%
Managers	2%	59%	39%	3%	57%	40%
Employees	14%	50%	36%	14%	50%	36%
White-collar employees	9%	56%	35%	9%	57%	34%
Blue-collar employees	20%	42%	38%	20%	43%	37%

[1] The management teams include all management teams from the Senior Management Team to department management or the equivalent

Gender breakdown[1] at NCC

	2021		2022	
Proportion, %	Women	Men	Women	Men
Board of Directors	43%	57%	33%	67%
Senior Management Team	55%	45%	55%	45%
Management teams	34%	66%	34%	66%
Managers	18%	82%	19%	81%
Employees	16%	84%	17%	83%
White-collar employees	28%	72%	29%	71%
Blue-collar employees	3%	97%	3%	97%

[1] The management teams include all management teams from the Senior Management Team to department management or the equivalent

agreements. In Sweden and Norway, all employees are covered. In Denmark and Finland, collective agreements are applied, but also local agreements to some extent.

NCC has 12,408 employees (at the end of 2022). Like other companies in the industry, NCC uses subcontractors and consultants when required. Subcontractors are mainly found in Infrastructure, Building Sweden and Building Nordics.

NCC buys assignments and contracts from subcontractors. This means that for personnel who work at NCC's workplaces and are employed by our subcontractors, the employer's responsibility lies with the hired companies. NCC work to have a responsible supply chain where operations are conducted according to healthy working conditions and in an environmentally and socially sustainable way. The work is based on the group's code of conduct for suppliers, which all suppliers must undertake to follow. NCC requires that all employees and employees of subcontractors undergo NCC's induction and safety training before starting work at a production workplace.

NCC mainly has full-time employees, with a small percentage of part-time employees. Otherwise, NCC has summer employees or interns with pre-agreed working hours.

Employment contracts 2022

Number of employees, %	Full-time		Part-time	
	Men	Women	Men	Women
Sweden	6,351	1,310	47	54
Norway	1,250	171	4	10
Denmark	1,832	249	18	42
Finland	825	225	10	10

[1] Employee data in the table pertains to the number of employees at the end of 2022 and was collected from the Group's HR and payroll systems.

Employee engagement

NCC implements regular employee surveys to capture opinions about such matters as leadership, development and job satisfaction. The surveys also include questions concerning NCC's Code of Conduct.

In 2022, two employee surveys were conducted. A number of questions and results can be connected to, inter alia, the individual's perception of diversity and inclusion. Certain formulations have been amended since 2020 when the latest employee survey was conducted, which makes it difficult to compare responses. NCC continues to monitor employee engagement. For 2022, the average is 7.9 out of 10, which is above the external benchmark.

During 2022, employee engagement included in-house training, workplace meetings and performance reviews, which were offered to all employees.

Individual development opportunities

Employees who start at NCC receive a onboarding plan in order to get into their professional role in the best way. Thereafter, the planning of the employee's skills development is switched to an individual development plan, which is evaluated and updated at the annual performance review.

The employee performance review is the tool that NCC prioritizes to support the employee's individual development. It is a mandatory managerial responsibility to offer all employees an annual employee review and to have a follow-up interview during the year. The performance review covers several parts, where both the individual's work situation and the conditions to perform as well as an individual development plan are included. Planned activities are followed up, updated and supplemented if necessary.

NCC offers skills development in such areas as technical knowledge, leadership, work environment, project management and accounting. Some of the training is mandatory for certain positions. The training programs are intended to meet NCC's need for excellence, satisfy the individual's need to develop in his/her current role in terms of personal development, and ensuring that NCC retains its attractiveness in the labor market.

A large and important part of learning at NCC takes place through training, but the majority of learning takes place when the theory is put into practice. NCC therefore focuses on providing various structured ways for what is called "learning in everyday life", it can be everything from study visits, rotation service, participation in projects outside its business area, networking and in various exchanges of experience together with colleagues.

Leadership development initiatives

Access to the right competencies is crucial for NCC's continued success and growth. The ability to attract, develop and retain employees with the right competencies is therefore vital. NCC offers its employees continuous skills development adapted to the individual's and the company's needs. NCC's leadership programs encompass all stages of a manager's development with the aim of ensuring successful succession planning. The various training initiatives consist of conventional teaching and e-learning, as well as composing training programs and longer courses.

The internal training programs include:

- NCC Mega Project Management Pro-

Employment contracts 2022

Number of employees[1]	Number of employees			Permanent employment				Temporary employment			
	2022	2021	2020	2021		2022		2021		2022	
				Men	Women	Men	Women	Men	Women	Men	Women
Sweden	7,762	7,784	8,539	6,077	1,227	6,194	1,338	408	72	204	26
Norway	1,435	1,438	1,440	1,186	155	1,222	171	78	19	32	10
Denmark	2,141	2,001	2,269	1,704	256	1,830	288	34	7	20	3
Finland	1,070	1,178	1,393	922	234	817	231	15	7	18	4
Total, NCC	**12,408**	**12,401**	**13,641**	**9,889**	**1,872**	**10,063**	**2,028**	**535**	**105**	**274**	**43**

[1] Employee data in the table pertains to the number of employees at the end of 2022 and was collected from the Group's HR and payroll systems. Some seasonal variations exist.

gram for highly experienced project managers who are capable of and want to take the step to heading extremely large-scale and complex construction projects
- NCC Senior Executive Program together with IMD Business School in Lausanne, which is aimed at department and division managers.
- NCC Strategic Leadership Program for future management talents in various parts of the business
- NCC Site Manager Program, where supervisors or the equivalent can take the next step in their career and train to become site managers.
- NCC Supervisor Academy, where skilled workers are able to train to become supervisors

Activities 2022

A skills audit of all project planning managers was conducted, which resulted in individual development plans. In 2022, the fourth round of the Mega Project Management Program was implemented. Academic elements with Copenhagen Business School, Oxford Global Projects together with study visits within NCC and external mega-projects in Berlin were important elements in the total 24-days long educational program. Former participants in the program met during the year in Copenhagen, with the aim of strengthening the network within NCC and to take part in research from Global Oxford Projects.

All of the business areas have talent programs, and there is a nordic network in which the employees participating in these programs get to meet each other.

Target

The aims for this impact area are to recruit, develop and retain the most competent people in the industry, support the progress of high-performing teams and to work actively so that no one is excluded unfairly or due to unconscious biases.

Work to formulate new measurable targets is under way and is expected to be complete in 2023.

Follow-up of the goals takes place partly through NCC's employee survey, where employee commitment and perceived security among employees in not being exposed to discrimination, harassment or bullying are followed up. In addition, NCC follows gender distribution in all management groups from group management up to and including department management or equivalent. The goal is that no management group should have a distribution where one gender exceeds 70% of the group's members. Of the 84 management groups covered by the measurement, 50% live up to the distribution target regarding gender.

Governance

Work is guided by NCC's Code of Conduct and Compliance Directive. NCC's Star behaviors guide the employees in their daily work. Training programs are continuously evaluated and monitored through, for example, surveys and interviews, tests and reports.

Reporting policies

Employee data pertains to the number of employees at the end of the fiscal year and was collected from the Group's HR and payroll system.

Collective bargaining agreements 2021

	2022		2021		2020	
Number of employees[1)]	Number covered by collective agreements	Percentage covered by collective agreements	Number covered by collective agreements	Percentage covered by collective agreements	Number covered by collective agreements	Percentage covered by collective agreements
Sweden	7,762	100	7,784	100	8,539	100
Norway	1,435	100	1,438	100	1,440	100
Denmark	1,196	56	1,097	55	1,325	58
Finland	888	78	934	79	1,200	82
Total, NCC	**11,281**	**91**	**11,253**	**91**	**12,504**	**92**

[1)] Employee data in the table pertains to the number of employees at the end of 2022 and was collected from the Group's HR and payroll systems.

Ethics and compliance

GRI 205 Anti-corruption, **GRI 206** Anti-competitive behavior,
GRI 308 Supplier environmental assessment, **GRI 414** Supplier social assessment

Target

To act according to the highest ethical standards and transparency, while serving as a trustworthy partner across the value chain.

NCC shall act according to the highest ethical standards and transparency, while serving as a trustworthy partner across the value chain.

Governance

The Group's Code of Conduct is an important feature of the compliance agenda, both as an internal compass for describing how NCC's employees should act and as external communication to clarify NCC's expectations of its suppliers and business partners.

The Code of Conduct also constitutes the foundation for the Code of Conduct for suppliers, which is part of NCC's agreements with suppliers. Other stakeholders are informed about the Group's 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 business ethics. In 2022, work was initiated to clarify the consequences when someone does not comply with the Code of Conduct. This work is scheduled to be finalized in 2023.

NCC evaluates management systems for compliance by analyzing statistics from the Ask Me/Tell Me functions, employee questionnaires and the results of internal audits.

Ask me and Tell me functions

NCC evaluates management systems for compliance by analyzing statistics from the Ask Me/Tell Me functions, employee questionnaires and the results of internal audits. Through the Tell Me whistleblower function and through other reporting lines, 74 (88) suspected violations of the Code of Conduct were reported in 2022, somewhat lower than in 2020.

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, five led to dismissal and 38 to other actions, such as discussions, changes in procedures and processes or targeted communication measures.

Minimum Safeguard Principles (MSP)

These are principles designed to safeguard fundamental human rights, as well as labor law, bribery, taxation and fair competition. They can encompass the principle of the pre-eminence of human beings, the principal of independence and independent review, the principle of transparency and accountability and the principle of equal treatment and non-discrimination.

Using these principles as a basis, NCC conducted an evaluation of its operations in 2022, during which risks associated with human rights were identified. The evaluation also highlighted suitable processes and policies for taxation, corruption and competition law. Among other measures, NCC needs to implement a thorough due-diligence process covering human rights and to further develop processes, policies, roles and responsibilities related to human rights. The evaluation forms the foundation for continued work to ensure that human rights are respected at NCC.

Read more under the section Taxonomy p. 115.

Bribery and corruption, competition law and conflicts of interest

Three areas have been identified as being particularly important for ensuring compliance with NCC's Code of Conduct: bribery and corruption, competition law and conflicts of interest.

NCC is active in an industry where complex projects and supply chains as well as both private and public-sector customers lead to an increased risk of corruption. Risks of corruption may arise in relation to NCC's business partners, who include suppliers, and are also connected to the employees' conduct in relation to public-sector officials and other customer representatives.

NCC has adopted an anti-corruption policy and arranges anti-corruption training that covers all operations and countries. NCC implements annual Group-wide risk assessments in which both Group staff units and NCC's business areas evaluate and report on risks in the operations.

In certain parts of the business, corruption has been identified as a risk; although not a high risk considering that NCC's operations are conducted in countries with a low risk of corruption according to the Transparency International Corruption Perception Index. However, a portion of NCC's suppliers operate in countries with a higher risk of corruption.

NCC also conducts operations in an industry where, historically speaking, anti-competitive activities have existed. For this reason, fair competition is an impact area at NCC.

NCC continuously evaluates and improves its governance of compliance. In 2022, NCC updated a number of guidelines as a feature of its work to counter corruption and infringements of competitive laws, including the Group's Compliance Directive, which contains NCC's Anti-corruption and Fair Competition policies.

NCC's objective is to provide training in ethical behavior, anti-competitive behavior, anti-corruption and GDPR to all white-collar employees. During 2022, follow-up work was conducted to ensure that all white-collar employees receive training in compliance and anti-corruption, GDPR and competition law. In 2022, the rate of implementation was 94 percent for compliance and anti-corruption, 90 percent for GDPR and 85 percent for competition law. It is mandatory for new employees to complete these three courses during their first month of employment.

In 2021, NCC's Star behaviors were implemented among employees, with values and ethics as a key feature of the desired employee behavior, which continued to guide work at NCC during 2022.

NCC is a member of Transparency International Sweden and the Swedish Anti-corruption Institute (IMM), complies with the Code of Business Conduct issued by the Swedish Anti-Corruption Institute and has a policy and guidelines for our anti-corruption activities. In cooperation with most other industry players in Sweden, a joint policy has been formulated: "Agreement on counteracting bribery and corruption." NCC has also participated in the formation of a Swedish Ethical Trading Initiative (ETI), a joint initiative to promote good labor conditions in producing countries. NCC works continuously to counter corruption in the supply chain.

During the year, NCC investigated two cases of suspected corruption. NCC was able to confirm corruption in one of the inquiries and, in the other inquiry, the employed person had already left NCC. During 2022, no supplier agreement was terminated due to corruption, and no public legal cases of corruption occurred.

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. No transgressions of the Competition Act led to legal action in 2022.

Responsible purchasing

NCC is working to ensure a responsible supply chain, whereby the operations are conducted under sound working conditions and in an environmentally and socially sustainable manner. This work is based on the Group's Code of Conduct for suppliers, which all suppliers must undertake to comply with.

The Code of Conduct for suppliers includes guidelines for regulatory compliance and ethical behavior, as well as guidelines to counter bribery and corruption, avoid conflicts of interest, respect competition law, protect human rights, promote diversity and inclusion, and for having safe and healthy worksites and reducing the environmental impact. Most of the major framework agreement suppliers are also required to be certified under the ISO 9001, ISO 14001 management systems or the equivalent.

Broad supplier base

NCC has business relationships with several thousands of suppliers through its purchases of everything from building materials to travel and office supplies. Most of the suppliers are based in the Nordic region but are also found in such countries as Poland, Estonia, Latvia, Lithuania and China. The supplier base consists of framework agreement suppliers, international suppliers, Nordic project sourcing suppliers and internal suppliers.

Work on reducing the total number of suppliers is under way. This effort includes increasing the proportion of purchases made under framework agreements. The aims are to improve controls, increase the efficiency of purchasing work, promote a sustainability focus in the value chain and reduce NCC's purchasing costs. NCC has just over 1.400 framework agreements corresponding to 35.4 percent of the total purchasing volume in 2022. The total purchasing volume is divided into different categories, whereby the ten largest production-related categories are: Earthwork & Transportation/Civil-engineering contracts, Technical installations, Building materials/Water and sewage materials and Wholesalers, Park/Road/Railroads, Rental, Interiors, Load bearing construction, Industry production materials, Concrete/Forms/Steel reinforcement and Exteriors.

Increased cooperation

NCC collaborates with the major framework agreement suppliers with a view to develop sustainable data-driven solutions, increase productivity and conduct continuous quality development. In addition, NCC works together with the suppliers to reduce carbon emissions, promote responsible use of natural resources and increase circularity. For information about how NCC works with health and safety matters with its suppliers, refer to Health and Safety on pp. 98-100.

During the year, NCC also continued work to evaluate, develop and improve collaboration with suppliers in a more structured and uniform manner.

Audits

All of the major framework agreement suppliers are initially evaluated before any collaboration commences. To ensure compliance with NCC's Code of Conduct and that the suppliers work in accordance with ISO 9001 and ISO 14001, NCC performs audits of its framework agreement suppliers. NCC has a specific, thorough process for evaluating suppliers in geographical risk areas in order to prevent human rights crimes.

Four framework agreement suppliers were third-party audited during the year. None of these were new in 2022. All of the non-Nordic material suppliers, with active agreements in 2022, were evaluated initially before any collaboration commenced. In order to evaluate and develop non-Nordic suppliers, NCC also works with supplementary audits of how these work with social responsibility, quality, environment and health and safety. During the year, NCC conducted about 145 audits of non-Nordic suppliers.

NCC is a member of Amfori BSCI (Business Social Compliance Initiative), through which it has access to additional tools for training its suppliers. NCC's own audits of suppliers in high-risk countries (according to Amfori BSCI's definition) are supplemented by the fact that these suppliers are integrated into Amfori BSCI's processes, for training and collaboration.

NCC regularly follows up the audits of both framework agreement suppliers and non-Nordic suppliers. If any deviations or non-compliance are noted during the supplier audit, this must be corrected by the supplier according to an action plan. If the actions are not implemented, collaboration with the supplier may be terminated.

Economic performance

GRI 201 Economic performance

NCC strives to achieve a stable and sustainable improvement in financial performance and to create value for its stakeholders.

NCC creates sustainable value through building and infrastructure project contracting, commercial property development and asphalt and stone materials production. NCC is a knowledge-based company whose core competency is the ability to manage the complexity of a construction process, including its impact on the planet, the people and the surrounding community. By serving as a partner who contributes knowledge, NCC helps its customers to transition to sustainable solutions.

Economic value generated and distributed

SEK M	2022	2021	2020
Economic value generated			
Customers	54,569	53,561	53,940
Economic value distributed			
Suppliers	–41,791	–40,497	–41,092
Employees	–8,618	–8,299	–8,671
Lenders	–59	–60	–80
State (expensed tax and social security fees)	–3,005	–3,197	–2,839
Shareholders[1)]	–586	–646	–538
Economic value retained	510	862	720

[1)] Proposed dividend.

About the 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 2022 fiscal year, has been prepared according to GRI Standards. It has been prepared according to the GRI reporting principles for defining report content (Stakeholder inclusiveness, Sustainability context, Materiality and Completeness), and also constitutes NCC's Communication on Progress in accordance with the UN Global Compact. More detailed sustainability information and performance indicators are presented on pp. 82–106. For the GRI content index, refer to the following pages. Unless otherwise stated, all the information pertains to the entire NCC Group. If information or calculation methods have changed compared to previous year, it is stated in the respective table. No significant changes have occurred in the organization, the share capital structure or the supply chain during the year. Asphalt operations in Finland was divested at year-end 2021. Some comparative figures for business area Industry and climate data have been recalculated taking this into account in accordance with accounting principles and the Greenhouse Gas Protocol. This is indicated by the table.

Contact: CFO and Head of Finance & IT
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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: 2–3, 8–11, 24–29 and 82-120.

Unless otherwise stated, all 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 2022 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.

Opinions
A sustainability report has been prepared

Stockholm, March 8, 2023
PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant
Auditor in Charge

Erik Bergh
Authorized Public Accountant

Reporting according to the EU taxonomy 2022

Introducing the regulatory framework
The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. It recognizes green, or 'environmentally sustainable', economic activities that make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

The first delegated act under the EU Taxonomy on climate objectives sets criteria for economic activities in the sectors that are most relevant for achieving climate neutrality and delivering on climate change adaptation. This includes sectors such as energy, infrastructure, and buildings. All these sectors are relevant to NCC Group's daily activities.

Eligible activities
An economic activity that is described and has technical screening criteria set out in the taxonomy is called an eligible activity. Such activity is eligible under the taxonomy and all turnover, CapEx and OpEx for this economic activity is therefore taxonomy eligible.

Aligned activities
An eligible economic activity that is also making a substantial contribution to at least one of the environmental objectives, while also doing no significant harm to the remaining objectives and meeting minimum safeguards is called an aligned activity. The turnover, CapEx and OpEx for such an activity is therefore aligned.

Accounting policies EU Taxonomy
Total turnover
Turnover include revenue (net sales), which has been recognized in accordance with IAS 1 p.82a, and the reporting is only based on external revenue. To NCC, turnover and net sales both represent the same key performance indicator. For more information, refer to Financial report, Note 1 Accounting policies and Note 2 Revenue recognition.

Taxonomy-eligible turnover
NCC's operations encompass many of the categories in the taxonomy. The contracting operations, NCC Infrastructure, NCC Building Sweden and NCC Building Nordics include several economic activities. In certain cases, individual projects also include several economic activities. The identification of relevant economic activities is based on projects, which in turn have been divided into sub-projects, each of which may correspond to a Taxonomy-eligible economic activity.

For NCC Property Development business area, all sales of projects are eligible, and are recognized as Taxonomy-eligible economic activity. Rental revenues for these properties are included during the period in which ongoing or completed property projects have not yet been recognized in profit. Sales of land that take place when the land is no longer subject to project development are not classified as Taxonomy-eligible since they do not refer to new production of buildings.

The NCC Industry business area includes the production of stone materials and asphalt products, paving assignments, and small-scale earthworks, etc. The economic activities that involve the recycling and reuse of materials, such as recycled asphalt, reused excavated rock and recycled stone materials, as well as small-scale earthworks, painting and signage are Taxonomy-eligible. Assignments involving the paving of pedestrian and bicycle paths and roads for public transport in cities are also recognized as Taxonomy-eligible economic activities.

Taxonomy-aligned turnover
As a result of applying percentage of completion in line with the completion rate, the assessment of Taxonomy-aligned turnover takes place based on certain predetermined assumptions. In its assessment of projects, NCC assumes that they are carried out in accordance with the order placed. If on completion of a project NCC identifies a change in the assessment of whether the project's turnover is Taxonomy-aligned, this changed assessment is recognized on the next reporting date. For the parts of NCC's operations that recognize revenue at a point in time, an assessment of whether or not the turnover is Taxonomy-aligned is made after the project has been completed.

In its assessment of projects, NCC assumes that they are carried out in accordance with the order placed. If on completion of a project NCC identifies a change in the assessment of whether the project's turnover is Taxonomy-aligned, this changed assessment is recognized on the next reporting date. For the parts of NCC's operations that recognize revenue at a point in time, an assessment of whether or not the turnover is Taxonomy-aligned is made after the project has been completed.

Total CapEx
Taxonomy-eligible investments (capital expenditure or CapEx) includes both intangible and tangible fixed assets acquired during the year, in accordance with IAS 16 p.73 e, i and iii, IAS 38 p.118 e and i and IFRS 16 p.53 h. For more information, refer to Financial report, Note 16 Tangible fixed assets.

Taxonomy-eligible CapEx
NCC has established that CapEx attributable to owner-occupied properties, right-of-use assets – buildings, machinery and equipment and right-of-use assets – machinery and equipment are eligible activities. All CapEx are critical components for NCC's operations and a condition for compliance with the criteria for relevant economic activities, both for the operations to significantly contribute to mitigating climate change and to comply with the criteria to do no significant harm to the other environmental objectives in the taxonomy.

Since individual CapEx are used in many economic activities over their lifetimes, NCC believes that it is misleading to allocate the full CapEx amount to the economic activity conducted in connection with the investment. Accordingly, NCC has applied the same allocation of economic activities and business areas as for the key performance indicator of turnover.

Taxonomy-aligned CapEx
NCC has applied the same reasoning as for relevant CapEx, meaning that for the recognized total CapEx the allocation of economic activities per business area and the proportion of Taxonomy-aligned turnover were used as allocation keys for calculating Taxonomy-aligned CapEx.

Total OpEx
Since IFRS does not provide a clear guidance on which expenses are considered to be operating expenses, the concept of operating expenditure (OpEx) is not defined in NCC's financial reporting. Total OpEx under

the Taxonomy comprises research and development costs that have been expensed during the period, building renovation measures (owned or leased), maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of tangible fixed assets that are necessary to ensure the continued and effective functioning of such assets and expensed lease payments for short-term leases.

Taxonomy-eligible OpEx
Expenditures related to ensuring the continued and effective function of the assets used to generate Taxonomy-eligible turnover, meaning OpEx for acquiring the Taxonomy-eligible turnover are recognized as Taxonomy-eligible OpEx. NCC has not identified any OpEx attributable to economic activities other than those to which turnover is attributable.

Taxonomy-aligned OpEx
NCC has applied the same logic as for aligned OpEx, meaning that for the recognized total OpEx the allocation of economic activities per business area and the proportion of Taxonomy-aligned turnover were used as allocation keys for calculating Taxonomy-aligned CapEx.

Methodology

When preparing the taxonomy reporting for 2022, NCC has involved many employees, in cross-functional collaboration teams in all four countries in order to generate a qualitative assessment of activities relevant to the business and national practices.

To evaluate the business, NCC has established a reporting process that assesses NCC's different projects and sites. The projects have been evaluated from the most granular level possible, resulting in a classification of every individual project or site according to the economic activities described in the taxonomy. When a project has been identified within an economic activity described in the taxonomy, NCC has classified this as an eligible activity. In the next step, the projects have been evaluated according to determined technical screening criteria in order to determine if the project is classified as aligned. In addition, the evaluation has also been based on agreed upon interpretations on each technical screening criteria within the applicable industry. Eligible projects have been reported as A2 in the published tables and aligned projects have been reported as A1 in the published tables. This process has also considered intercompany transactions to ensure that double counting does not occur.

Overall, a conservative approach has been applied to the evaluation where NCC recognizes room for interpretation. Main activities and larger projects within each business area has been the starting point in the alignment evaluation process. A number of NCC's projects span over multiple years and were therefore initiated before the taxonomy was introduced. Documentation has not been available, partly due to the legislation being introduced after the start of the project and partly due to the ongoing system and method development process. Complete documentation has been available for a smaller share of NCC's total business. As a result, the remaining share has been classified as non-eligible.

During the process of generating reporting for 2022, extensive effort has been put into establishing a scalable system and long-term structures for the gathering of data, analysis and evaluation as well as the overall process and ways of working. This gives NCC conditions for an extended taxonomy assessment and reporting process going forward, with a high degree of granularity, traceability and transparency.

Summarizing the taxonomy reporting for 2022

	Total (MSEK)	Share of Taxonomy non-eligible activities	Share of Taxonomy-eligible activities	Share of Taxonomy-aligned activities
Turnover	54,198	22,1%	76,5%	1,4%
CapEx	1,287	60,4%	39,0%	0,6%
OpEx	2,775	63,1%	35,7%	1,2%

Taxonomy reporting table – Turnover

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Do No Significant Harm criteria (DNSH): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Minimum safeguards	Taxonomy Aligned proportion of Turnover 2022	Taxonomy Aligned proportion of Turnover 2021	Category: Enabling activity	Category: Transitional activity
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES, %																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Infrastructure for rail transports	6.14	249	0.5%	100%	0%					–	Y	Y	Y	Y	Y	Y	0,5%		E	–
Construction of new buildings	7.1	362	0.7%	100%	0%					–	Y	Y	Y	Y	Y	Y	0,7%		–	–
Renovation of existing buildings	7.2	78	0.1%	100%	0%					–	Y	Y	Y	Y	–	Y	0,1%		–	T
Acquisition and ownership of buildings	7.7	61	0.1%	100%	0%					–	Y	–	–	–	–	Y	0,1%		–	–
Turnover for environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**751**	**1.4%**														**1.4%**			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Electricity generation from hydropower	4.5	485	0.9%																	
Transmission and distribution of electricity	4.9	400	0.7%																	
District heating/cooling distribution	4.15	233	0.4%																	
Cogeneration of heat/cool from bioenergy	4.20	11	0.0%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	887	1.6%																	
Renewal of water collection, treatment and supply systems	5.2	256	0.5%																	
Construction, extension and operation of waste water collection and treatment	5.3	754	1.4%																	
Renewal of waste water collection and treatment	5.4	200	0.4%																	
Material recovery from non-hazardous waste	5.9	298	0.5%																	
Infrastructure for personal mobility, cycle logistics	6.13	598	1.1%																	
Infrastructure for rail transport	6.14	4,247	7.8%																	
Infrastructure enabling low-carbon road transport and public transport	6.15	8,716	16.1%																	
Infrastructure enabling low carbon water transport	6.16	408	0.8%																	
Construction of new buildings	7.1	19,769	36.5%																	
Renovation of existing buildings	7.2	4,182	7.7%																	
Acquisition and ownership of buildings	7.7	24	0.0%																	
Turnover for Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)		**41,468**	**76.5%**																	
Total (A.1. + A.2.)		**42,218**	**77.9%**														**1,4%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		11,980	22.1%																	
Total (A+B)		**54,198**	**100%**																	

Taxonomy reporting table – CapEx

				Substantial contribution criteria						Do No Significant Harm criteria (DNSH)									Category	
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Minimum safeguards	Taxonomy Aligned proportion of Turnover 2022	Taxonomy Aligned proportion of Turnover 2021	Enabling activity	Transitional activity
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES, %																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Infrastructure for rail transports	6.14	5	0.4%	100%	0%					–	Y	Y	Y	Y	Y	Y	0.4%		E	–
Construction of new buildings	7.1	3	0.2%	100%	0%					–	Y	Y	Y	Y	Y	Y	0.2%		–	–
CapEx for environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**8**	**0.6%**														**0.6%**			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Electricity generation from hydropower	4.5	9	0.7%																	
Transmission and distribution of electricity	4.9	13	1.0%																	
District heating/cooling distribution	4.15	5	0.4%																	
Cogeneration of heat/cool from bioenergy	4.20	0	0.0%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	23	1.8%																	
Renewal of water collection, treatment and supply systems	5.2	6	0.4%																	
Construction, extension and operation of waste water collection and treatment	5.3	23	1.8%																	
Renewal of waste water collection and treatment	5.4	4	0.3%																	
Material recovery from non-hazardous waste	5.9	7	0.5%																	
Infrastructure for personal mobility, cycle logistics	6.13	17	1.3%																	
Infrastructure for rail transport	6.14	101	7.9%																	
Infrastructure enabling low-carbon road transport and public transport	6.15	57	4.5%																	
Infrastructure enabling low carbon water transport	6.16	17	1.3%																	
Construction of new buildings	7.1	187	14.5%																	
Renovation of existing buildings	7.2	32	2.5%																	
CapEx for Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)		**502**	**39.0%**																	
Total (A.1. + A.2.)		**510**	**39.6%**														**0,6%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities		776	60,4%																	
Total (A+B)		**1,287**	**100%**																	

NCC has market financing programs where SEK 2,350 (1,700) M are green bonds, of which SEK 1,750 (1,600) M are listed on Nasdaq Stockholm. For more information, see Investor Report 2022. During the year, SEK 0 M of the green bonds were reported as economic activities according to the EU Taxonomy. The absolute majority refers to investments in property development projects within NCC Property Development which are classified as current assets in NCC's balance sheet and thus not covered by capex according to EU Taxonomy.

Taxonomy reporting table – OpEx

				Substantial contribution criteria						Do No Significant Harm criteria (DNSH)									Category	
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention	Biodiversity and ecosystems	Minimum safeguards	Taxonomy Aligned proportion of OpEx 2022	Taxonomy Aligned proportion of Opex 2021	Enabling activity	Transitional activity
		MSEK	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES, %																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Infrastructure for rail transports	6.14	7	0.3%	100%	0%					-	Y	Y	Y	Y	Y	Y	0.3%		E	–
Construction of new buildings	7.1	20	0.7%	100%	0%						Y	Y	Y	Y	Y	Y	0.7%		–	–
Renovation of existing buildings	7.2	6	0.2%	100%	0%					-	Y	Y	Y	Y	Y	Y	0.2%		–	T
OpEx for environmentally sustainable activities (Taxonomy-aligned) (A.1.)		**34**	**1.2%**														**1.2%**			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Electricity generation from hydropower	4.5	31	1.1%																	
Transmission and distribution of electricity	4.9	7	0.3%																	
District heating/cooling distribution	4.15	6	0.2%																	
Cogeneration of heat/cool from bioenergy	4.20	1	0.0%																	
Construction, extension and operation of water collection, treatment and supply systems	5.1	34	1.2%																	
Renewal of water collection, treatment and supply systems	5.2	11	0.4%																	
Construction, extension and operation of waste water collection and treatment	5.3	30	1.1%																	
Renewal of waste water collection and treatment	5.4	7	0.2%																	
Infrastructure for personal mobility, cycle logistics	6.13	9	0.3%																	
Infrastructure for rail transport	6.14	189	6.8%																	
Infrastructure enabling low-carbon road transport and public transport	6.15	67	2.4%																	
Infrastructure enabling low carbon water transport	6.16	10	0.4%																	
Construction of new buildings	7.1	524	18.9%																	
Renovation of existing buildings	7.2	67	2.4%																	
OpEx for Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)		**991**	**35.7%**																	
Total (A.1. + A.2.)		**1,025**	**36.9%**														**1,2%**			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities		1,750	63,1%																	
Total (A+B)		**2,775**	**100%**																	

Eligible activities

4.5.Electricity generation from hydropower
NCC carries out construction of facilities that produce electricity from hydropower. Projects within this activity increase the possibility of adjustable electricity generation. Within NCC, this activity includes projects mainly connected to electricity generation, but also to safety-enhancing adjustments of dams, construction work for up- and downstream fish passes connected to existing facilities and upgrades of existing facilities.

4.9. Transmission and distribution of electricity
NCC carries out construction of transmission systems that transport electricity on the extra high-voltage interconnected systems as well as for distribution systems that transport the electricity on high-voltage distribution systems. Typical projects can aim to upgrade power lines in order to achieve a more efficient transmission of electricity. Other examples are construction of new power lines with the purpose of reaching power increases and preparing for future connection possibilities, construction of new power stations as well as ground cabling work.

4.15. District cooling/heating distribution
NCC does construction work and refurbishment of pipelines and associated infrastructure for distribution of heating and cooling. This activity includes for example projects connected to district heating, pipe laying works and expansion and refurbishment of district heating/cooling networks. An example is the project aiming to construct a connecting district heating pipeline between the two networks of Sandviken and Gävle.

4.20. Cogeneration of heat/cool from bioenergy
NCC does construction of installations used for cogeneration of heat/cool and power from biomass. Examples of projects are the plan for a new pellet-fired boiler in Knivsta, which includes ground and concrete work for the new building, and foundation work for a new wood chip boiler in Knäred.

5.1. Construction, extension and operation of water collection, treatment and supply systems
NCC carries out projects connected to the construction of water treatment systems, for example in form of water treatment plants that are situated on a number of sites. Within NCC, there are over 100 projects within this activity.

5.2. Renewal of water collection, treatment and supply systems
NCC performs renewal works of waste water treatment systems. Projects can be in the form of repair, substitution, extension or reconstruction of existing systems or parts of systems.

5.3. Construction, extension and operation of waste water collection and treatment
NCC carries out projects connected to the construction of waste water treatment systems. Projects can be in the form of construction work for sewage treatment plants in several locations. Within this activity, NCC has a number of large projects.

5.4. Renewal of waste water collection and treatment
NCC performs renewal works of waste water treatment systems. Projects can be in the form of repair, substitution, extension or reconstruction of existing systems or parts of systems.

5.9. Material recovery from non-hazardous waste
NCC operates facilities that aim to recover material from non-hazardous waste. This activity includes all types of projects connected to the operation of facilities with equipment that crush and sort non-hazardous waste such as excavated waste, concrete and construction rock on NCC's sites, into recycled materials for resell.

6.13. Infrastructure for personal mobility, cycle logistics
NCC constructs, modernises and provides maintenance to infrastructure for personal mobility, for example projects connected to roads, bridges and tunnels dedicated to pedestrians and bicycles. A substantial part of the roadworks in urban areas are linked to pedestrain and bicycle lanes.

6.14. Infrastructure for rail transport
NCC has many projects within construction, modernisation as well as maintenance of railways and subways, including bridges and tunnels, stations, terminals and rail service facilities.

6.15.Infrastructure enabling (low-carbon) road transport and public transport
Activity 6.15 includes over 100 projects in total for NCC. Within this activity, NCC has included activities as described in both environmental objectives Climate Change Mitigation and Climate Change Adaptation. NCC carries out construction, modernisation and maintenance of infrastructure required for operating urban transport. NCC also does maintenance paving of asphalt roads in cities and suburban areas on which public transport runs. Projects included in this activity are also those connected to bridges, tunnels and roads in urban areas. Projects connected to dirt roads have been excluded.

6.16. Infrastructure enabling low carbon water transport
NCC carries out construction, modernisation and maintenance connected to infrastructure that is required for low carbon water transport, for example projects connected to docks, wharfs and canals.

7.1. Construction of new buildings
The construction of new buildings is a large part of NCC's business and includes hundreds of projects, both connected to residential as well as non-residential buildings such as schools and hospitals.

7.2. Renovation of existing buildings
Alongside construction of new buildings, renovation of existing buildings is another substantial area for NCC. Examples of projects can be renovation of everything from office buildings and residential buildings to schools and hospitals, with the purpose of increasing energy efficiency, modernisation and/or adding space, or change the use of the premises.

7.7. Acquisition and ownership of buildings
Rental income that occurs before a property is recognized in profit or loss is classified within this activity.

Aligned activities

For each economic activity considered, the technical screening criteria specify the environmental performance requirements that ensures that the activity makes a substantial contribution to the environmental objective in question and does no significant harm to the other environmental objectives.

The technical screening criteria for 'substantial contribution' to an environmental objective ensure that the economic activity either has a substantial positive environmental impact or substantially reduces negative impacts on the environment.

The technical screening criteria for 'do no significant harm' ensure that the economic activity does not impede on the other environmental objectives from being reached, i.e. it has no significant negative impact on them.

Aligned activities for 2022

Code	Name of economic activity according to the EU taxonomy
6.14	Infrastructure for rail transport
7.1	Construction of new buildings
7.2	Renovation of existing buildings
7.7	Acquisition and ownership of buildings

Sector 6 – Transport

A large part of NCC's business is connected to infrastructure for transportation, for example in the form of railways and subways. NCC has aligned activities within 6.14 Infrastructure for rail transport.

Substantial contribution criteria – Climate Change Mitigation

Projects connected to railways and subways are considered as making a substantial contribution to climate change mitigation when it matches one of the following descriptions:

1. The railroad is electrified or will be so within ten years from start.
2. The infrastructure and installations concern combi terminals, i.e infrastructure and terminal buildings for transshipment of goods between modes of transport.
3. The infrastructure and installations concern interchange points for travelers between trains or from other means of transport to train.

In addition, the infrastructure is not dedicated to the transport or storage of fossil fuels.

Sector 7 – Construction & Real estate

Construction and real estate constitute a large part of NCC's business. NCC has aligned activities within 7.1 Construction of new buildings, 7.2 Renovation of existing buildings and 7.7 Acquisition and ownership of buildings. Buildings referred to in these economic activities can be both residential and non-residential.

Substantial contribution criteria – Climate Change Mitigation

The construction of new buildings is considered making a substantial contribution to the objective climate change mitigation if the project's primary energy demand is at least 10 percent lower than national requirements on energy performance applicable at the time of the building permit (reported through an energy declaration or energy calculation). This also applies to the acquisition and ownership of buildings. For larger buildings (>5000 m2) a leak testing (ISO 9972:2015) and thermal integrity (SS-EN 13187) for completed buildings also need to be conducted. As an alternative, thermal integrity testing in a completed building can be substituted with a reliable and traceable process for quality control during construction performed by a certified company. Larger buildings have also performed a Global Warming Potential (GWP) calculation, calculated for each stage in the life cycle and includes all building elements and technical equipment in accordance with Level(s) (or corresponding method accepted in the applicable country).

For renovation of buildings, the renovation needs to comply with the requirements for major renovations, according to applicable national and regional building regulations for "major renovations" (i.e the cost of renovation is higher than 25 percent of the building's total value or at least 25 percent of the facade undergoes renovation) implementing directive 2010/31/EU. The energy performance of the building or the renovated part meets the cost-optimal minimum requirements for energy performance in accordance with the respective directives. The National Board of Housing (e.g Boverket in Sweden, or corresponding in the applicable country) defines this as the current legal requirements for new construction. Alternatively, the renovation leads to a reduction in the need for primary energy of at least 30 percent (validated through an energy certificate). The 30 percent improvement is a result from an actual reduction of the need for primary energy (reduction in need for net primary energy from renewables are not taken into account) and can be achieved through a series of measures taken within a maximum of three years.

For acquisition and ownership of buildings, in addition to the energy performance being at least 10 percent lower than national requirements, it should be efficiently operated through energy performance monitoring and assessment. This is applicable when the building is a large non-residential building.

Do No Significant Harm criteria (DNSH)

1. Climate Change Mitigation

Since all aligned activities for NCC falls within the scope of objective Climate Change Mitigation, the Do No Significant Harm criteria for this objective are not applicable.

2. Climate Change Adaptationr

For an infrastructural (6.14) or building (7.1, 7.2 and 7.7) project to comply with the Do No Significant Harm criterion on Climate Change Adaptation, NCC applies the following requirements for each project or site throughout the group.

For infrastructural projects an advanced risk and vulnerability assessment regarding future climate changes for the business entire estimated lifetime are conducted. Local changes in temperature, wind, water and solid mass and both short term as well as long term changes are considered. The assessment is based on several climate change scenarios according to the latest scientific findings. The analysis should be done at an early stage of the project.

The climate risk and vulnerability assessment should be proportionate to the scale of the activity and its expected lifespan. It should be based on best practice and the most recent scientific publications.

Adaptation solutions have been integrated into the design in order to reduce physical risks from future climate changes. The measures must not involve moving the issues to other people, nature, cultural heritage or assets. Nor should they conflict with other local or national strategies and plans.

Adaptation solutions are primarily based on blue or green infrastructure. Blue and green infrastructure refers to water and plant solutions such as dams and sedum roofs. Natural solutions for adaptation and risk reduction are to be prioritized.

The adaptation solutions implemented:

a) do not adversely affect the adaptation efforts of the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities
b) favour nature-based solutions (rely on blue or green infrastructure to the extent possible)
c) are consistent with local, sectoral, regional or national adaptation plans and strategies
d) are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met.

3. Sustainable use and protection of water and marine resources

For an infrastructural (6.14) or building (7.1 and 7.2) project to comply with the Do No Significant Harm criterion on Sustainable use of water and marine resources, NCC applies the following requirements for each project or site throughout the group.

If relevant, an Environmental Impact Assessment (e.g. MKB in Sweden, or corresponding in the applicable country) should be produced within planning of each project.

For each aligned project, routines for self-inspection of the follow up of protective measures are in place.

Where installed as part of the building or renovation works, low water flow fixtures are installed fulfilling the requirements outlined in the taxonomy, Appendix E.

To avoid negative impact from the construction site, when needed an Environmental Impact Assessment is carried out in accordance with Directive 2011/92/EU of the European Parliament and of the Council and includes an assessment of the impact on water in accordance with Directive 2000/60/EG. No additional assessment of impact on water is required, provided the risks identified have been addressed.

4. Transition to a circular economy
For an infrastructural (6.14) or building (7.1 and 7.2) project to comply with the Do No Significant Harm criterion on Transition to circular economy, NCC applies the following requirements for each project or site throughout the group.

At least 70 percent (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste) generated on the construction site is prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol. Operators limit waste generation in processes related to construction and demolition, in accordance with the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.

Building designs and construction techniques support circularity. The aligned projects have descriptions, based on relevant standards, describing how the building is designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling, during as well as after the building's lifetime.

5. Pollution prevention and control
For an infrastructural (6.14) or building (7.1 and 7.2) project to comply with the Do No Significant Harm criterion on Pollution prevention and control. NCC applies the following requirements for each project or site throughout the group.

For infrastructure, measures to reduce noise disturbances, in accordance with the conducted Environmental Impact Assessment, EIA, are implemented. If a needs analysis has concluded that the project's impact is so small that an EIA process is not required this is documented. In this case, the general rules of consideration in the Swedish Environmental Code (or corresponding practice in the applicable country) apply instead.

Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works. The Environmental Inspection Agency's guidelines for noise are followed and self-inspections are conducted. Risk management for dust and emissions are handled in the environmental plan.

NCC's internal requirement is to primarily choose recommended and accepted (green and yellow) products in Byggvarubedömningen, BVB (or corresponding practice in the applicable country). Red products (avoided) are handled as deviations and separately motivated, approved and documented.

Building components, installation systems and materials used in the construction should have low emissions of harmful substances to the indoor environment from material such as surface layers, insulation, paint, glue etc. Working according to the criteria in BVB and Basta (or corresponding in the applicable country) will support NCC in the process of gathering information on products as well as complying with the do no significant harm criteria for the environmental objectives. The work with assessing the details will continue together with other actors.

Projects being built on former industrial ground have performed a site investigation that identifies potential contaminants.

6. Protection and restoration of biodiversity and ecosystems
For an infrastructural (6.14) or building (7.1) project to comply with the Do No Significant Harm criterion on Restoration of biodiversity and ecosystems, NCC applies the following requirements for each project or site throughout the group.

Before building infrastructure for rail, roads or buildings an Environmental Impact Assessment, EIA, is always conducted. If a needs analysis has concluded that the project's impact is so small that no EIA process is required, documentation of this analysis can be used to verify that the criterion is met. In this case, the general rules of consideration in the national Environmental Code apply instead. Projects in or near protected areas are in compliance with applicable permit measures. The measures taken should ensure that the project does not have a significant impact on the conservation objectives of the protected area.

If an Environmental Impact Assessment or an investigation of the need for an assessment has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

Minimum Safeguards

For NCC, a vital part of conducting business is to ensure highest degree of ethics. As part of the EU taxonomy, the Platform on Sustainable Finance released a report on Minimum safeguards, including four aspects: taxation, fair competition, corruption, and human rights.

The safeguards are aimed to set a minimum standard for how companies are to conduct business for its activities to be considered sustainable. This means committing to no harm and of not violating any laws or regulations within abovementioned four aspects. Based on the Minimum Safeguards outlined for the EU taxonomy, NCC has during 2022 screened policies and processes and checked relevant databases for breaches related to the below four aspects and concluded that NCC is compliant with the safeguards. Details on the assessments and controls made are described in below four sections.

Taxation

Tax compliance is essential to NCC, governance and tax compliance are treated as important elements of oversight. NCC strives to comply with tax regulations in every jurisdiction in which we operate and ensures tax compliance through adequate tax risk management processes and strategies. Prudence and transparency guides decisions on tax management. NCC's tax risk management strategies and processes are described in NCC's Group Tax Policy. If necessary, for instance due to material complexity or lack of internal resources, external tax advisers, preferably at a major accounting or law firm, may be engaged for advice.

NCC Group has not been found in violations of tax laws.

Fair competition

NCC's Code of Conduct and core values Honesty, Respect and Trust form the foundation for conducting our business. NCC is committed to acting with care and conducts its business activities lawfully, with high ethical standards and in a manner that is consistent with its compliance obligations such as preventing bribery and antitrust violations. These commitments are found in the Code of Conduct, Supplier Code of Conduct, Group Compliance Directive.

NCC provides an "Ask me" function encouraging employees to ask questions before acting whenever in doubt. NCC also has available a whistleblower channel called the "Tell me" function.

NCC operates in an industry where, historically speaking, anti-competitive activities have existed. For this reason, fair competition is an area NCC actively works with. In order to ensure a sufficient level of compliance knowledge, NCC has in place risk-based compliance trainings for new and existing employees, available in several languages with focus on risk areas such as corruption and antitrust.

Corruption and anti-bribery

NCC works to counteract corruption and bribery and to ensure compliance with the highest ethical standards. These commitments are found in the Code of Conduct, Supplier Code of Conduct, Group Compliance Directive, Group Directive for Business Entertainment/Representation and Gifts.

At NCC we are committed to acting with care and have anti-corruption processes in place. We never accept bribery or antitrust violations within NCC or by means of any business partners. Bribery is defined as an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust in the conduct of NCC's business.

NCC is a member of Transparency International Sweden and the Swedish Anti-corruption Institute (IMM), complies with the Code of Business Conduct issued by the Swedish Anti-Corruption Institute and has a policy and guidelines for our anti-corruption activities. In cooperation with most other industry players in Sweden, a joint policy has been formulated: "Agreement on counteracting bribery and corruption."

NCC operates in an industry where, historically speaking, corruption activities have existed. Therefore, NCC continuously develops its internal controls, ethics and compliance programmes, and measures for preventing and detecting corruption bribery.

Human rights in NCC Group

NCC aims to conduct its business with the highest degree of ethics and is committed to respect and support international stan-

Fair competition

- Assessing whether the entity promotes employee awareness and training of senior management in relation to competition issues.
- Assessing whether the entity or tis senior management (incl. the senior management of subsidiaries), has been found in breach of competition laws.

Taxation

- Assessing whether the entity treats tax govvernance and compliance as important elements of oversight; has implemented adequate tax risk management strategies and processes (as outlined in OECD MNE Guidelines covering tax).
- Assessing whether the entity has been found gulity of tax evasion.

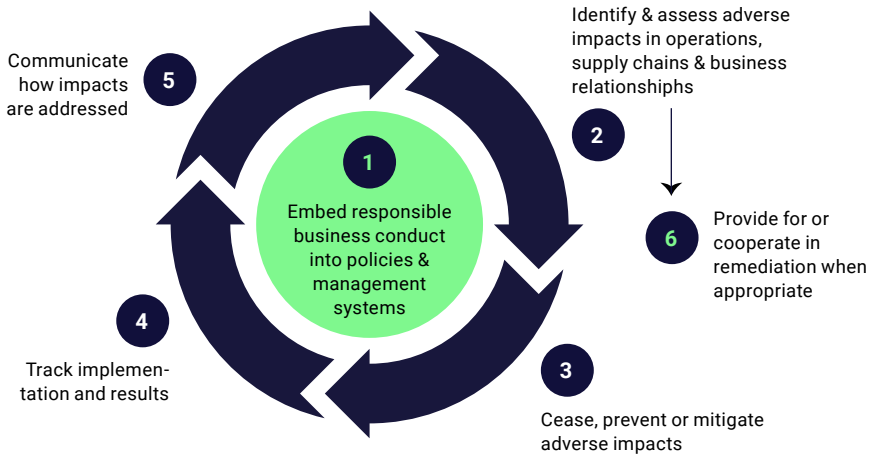
Human rights

- Assessing whether the entity respects human rights. i.e. it avoids and addresses negative impacts.
- Assessing whether the entity has the due diligence procedures that span the following steps:
  1. Embed responsible business conduct
  2. Identify & assess adverse impact
  3. Cease, prevent, or mitigate
  4. Track
  5. Communicate
  6. Provide for or cooperate

Corruption

- Assessing whether the entity has developed & adopted adequate internal controls, ethics and compliance programmes, or measures for preventing and detecting bribery.
- Assessing whether the entity or senior management (incl. the senior management or subsidiaries) has been convicted on corruption or bribery.

Figure 1. Due diligence process & supporting measures



dards and guidelines on human rights. This includes the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact.

NCC has committed to the six step Human Rights Due Diligence process as described in the OECD Guidelines for multinational enterprises, with senior level responsibility assigned to the CPU and resources committed to complete a full HRDD-cycle within 2023. NCC will further embed our commitment to respect human rights as stipulated by company Policy's by further establishing internal guidelines, instructions, and trainings to operationalize the overarching policy commitment.

Human Rights Due Diligence Process

In 2023, we will strengthen our HRDD-process by acting on identified potential and actual negative human rights impacts, measuring and following-up on actions, providing remedy where needed, and continuing to communicate on human rights in our annual reports.

To ensure that we continuously identify and manage actual and potential negative impacts on human rights, we will incorporate further human rights consideration into existing company processes and supplement the Human Rights Impact Assessment (HRIA) with additional parts of our business and value chain.

NCC will track the effectiveness of our human rights due diligence process and take necessary steps to drive continuous improvement. To ensure that we track our effectiveness of our due diligence process, we will further engage with stakeholders during 2023, and embed stakeholder engagement in relevant processes and policies.

Human Rights Impact Assessment

In 2022, NCC carried out a human rights impact assessment (HRIA) on group level to identify actual and potential negative impacts on human rights that NCC may be involved in through our activities and business relations. A third party was contracted to ensure the quality and objectivity of the analysis. The impact analysis focused on the industries, countries and business areas within our operations and value chain that are deemed to have a higher risk of human rights impacts.

The HRIA is part of NCC's human rights due diligence (HRDD) process which continues in 2023 to ensure fulfillment of the EU Taxonomy's regulations on Minimum Safeguards. The HRIA and HRDD are carried out in accordance with the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises. The following salient human rights impacts were identified for NCC in 2022:

- Non-discrimination
- Child rights
- Labour rights
- Forced labour
- Freedom of association
- Land rights

The HRIA has given valuable knowledge of prioritisation for the on-going work and continuous assessment of human right impacts in identified focus areas, supply chain, and subsidiaries where human rights impacts may be heightened. The HRIA complements our existing procedures that cover human rights, such as our purchasing process, our inclusion and diversity plan, and whistleblower procedure. NCC will review human rights impact assessments on an annual basis.

NCC operates in a high-risk industry where tragically fatalities do occur. NCC Group has not been found non-compliant with the OECD Guidelines by any of the OECD's national contact points. The Business and Human Rights Resource Centre has not accused NCC of violating human rights and labour laws.

Strengthening minimum safeguards and environmental compliance in processes

Governance and compliance

The Chief Executive Officer is responsible for ensuring that an effective compliance program is implemented within the Group. This includes ensuring that a clear tone from the top that promotes a compliance culture and adherence to the NCC Code of Conduct is communicated within NCC.

The Business Area Manager is overall responsible for compliance with applica-

Overview of NCC's identified actual and potential adverse impacts in operations and purchasing categories	
Discrimination Women Migrantworkers	Own activities Supply chain
Labour rights Health and safety: fatal & non-fatal Working conditions, fair wages etc.	Own activities Supply chain
Freedom of association Migrantworkers, subcontractors Subsidiary conutries outside Nordics	Own activities Supply chain
Forced labour Bonded labour, withheld id's, visa repayments Torture & violence in supply chain	Own activities Supply chain
Childs rights Child labour	Supply chain
Land rights Indigenous communities	Own activities Supply chain

ble laws and regulations, the NCC Code of Conduct and other compliance rules and procedures in all operating entities and subsidiaries under his/her responsibility. The Business Area Manager is responsible for ensuring that all employees in the Business Area has taken the mandatory compliance trainings. The Business Area Manager is responsible for corrective actions to ensure that the possibility of reoccurring or systemic breaches is reduced.

Embedding Human rights in processes

As established by our Code of Conduct, NCC is committed to respect and support international standards and guidelines on human rights, including the United Nations Universal Declaration of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UN Global Compact. To meet our commitment to respect human rights, NCC has adopted the human rights due diligence process (HRDD) in accordance with the UN Guiding Principles of Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The responsibility for the HRDD-process has been assigned to CPU and resources committed to complete a full HRDD-cycle within 2023. The HRDD-process will include acting on negative human rights impacts, measuring and following-up on actions, providing remedy where needed, and continuously involving vulnerable groups. NCC will communicate our progress in next year's annual report after the first full HRDD-cycle has been completed.

In 2022, as part of the HRDD, we carried out a Human Rights Impact Assessment (HRIA) which identified negative human rights impacts through activities and business relations. To establish an understanding of NCC's operations and its different stakeholders, the value chains for the different business areas were mapped through stakeholder dialogues and desktop research.

For each human rights impact, NCC assessed whether the organisation causes, contributes to, or are directly linked to an impact; the severity of the impact; and how the impact should be managed based on company connection. A review of the human rights impact assessment will be carried out annually.

Initial focus on the supply chain

NCC's value chain has been assessed against a number of parameters to identify areas where the risk of adverse human rights impacts is most significant, such as operating context, products or services involved, and impact on vulnerable groups. One of the areas of heightened risk identified in the Human Rights Impact Assessment (HRIA) is the supply chain. NCC works in an industry with many subcontracting layers and complex and global supply chains. NCC purchases from over 32,000 active suppliers. Traceability in supply chains are low, especially regarding composite products. This makes purchasing a high-risk area from a human rights perspective, as well as other ESG-risks. To mitigate these human rights risks, as well as other sustainability risks of environmental and ethical nature, NCC is further systematizing and deepening our work with supply chain management. During 2023 we have committed to an ESG-supply chain management process whereby suppliers will be categorised and prioritised according to risks, scope and leverage (spend), and single source. NCC will cross-reference business risks with human rights risks with suppliers that hold large spend or are critical for brand. With an overlay of understanding of high environmental impact. Based on this analysis, key and highly relevant suppliers will be identified and qualify for further revision and follow-up. NCC will conduct supplier site visits and audits to follow up on requirements in ESG-framework as well as a defined escalation procedure for addressing non-compliance by conducting corrective action plans. Furthermore, trainings will be conducted for purchasing teams to further integrate and improve current supplier risk assessment processes and instructions to ensure that the management system is effectively applied.

The supply chain management process complements existing work to mitigate risks in the supply chain such as international supply chain risk assessments, and a new initiative called Efficient Site Onboarding and Supplier Control. The initiative Efficient Site Onboarding aims to strenghten the compliance with NCC's requirements, legislation as well as human rights and labour rights at various sites. The initiative Supplier Control aims to strenghten the compliance with NCC's requirements and legislation for existing suppliers and include human rights and labour rights at an early stage in the purchasing process.

GRI content index

Statement of use	NCC AB is reporting in accordance with the GRI Standards for the period 1st of January – 31st of December, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standards are available yet from GRI

				Omissions		
GRI standard	Disclosure		Page reference	Requirement (s) omitted	Reason	Explanation
General Disclosures 2021						
GRI 2: General Disclosures 2021	**The organization and its reporting practices**					
	2-1	Organizational details	7, 41, 70			
	2-2	Entities included in the organization's sustainability reporting	47–49			
	2-3	Reporting period, frequency and contact point	106			
	2-4	Restatements of information	106			
	2-5	External assurance	106, 116, 121–122, 125			
	Activities and workers					
	2-6	Activities, value chain and other business relationships	2, 15–19, 50, 106			
	2-7	Employees	102			
	2-8	Workers who are not employees	102	Information about subcontractors	Incomplete information	Information on number is missing
	Governance					
	2-9	Governance structure and composition	120–121, 126–127			
	2-10	Nomination and selection of the highest governance body	120–121			
	2-11	Chair of the highest governance body	126–127			
	2-12	Role of the highest governance body in overseeing the management of impacts	21, 84, 106, 115, 123			
	2-13	Delegation of responsibility for managing impacts	122–123			
	2-14	Role of the highest governance body in sustainability reporting	86, 106, 123			
	2-15	Conflicts of interest	104			
	2-16	Communication of critical concerns	124–125	Communication to the board of directors	Incomplete information	Review process 2023
	2-17	Collective knowledge of the highest governance body	122	Training board of directors	Incomplete information	Training planned 2023
	2-18	Evaluation of the performance of the highest governance body	121			
	2-19	Remuneration policies	41, 43			
	2-20	Process to determine remuneration	41, 45, 120			
	2-21	Annual total compensation ratio	43			
	Strategy, policies and practices					
	2-22	Statement on sustainable development strategy	5			
	2-23	Policy commitments	85, 115–116			
	2-24	Embedding policy commitments	114-116			
	2-25	Processes to remediate negative impacts	87–106, 115, 116			
	2-26	Mechanisms for seeking advice and raising concerns	101–104, 114–115			
	2-27	Compliance with laws and regulations	13, 61, 104			
	2-28	Membership associations	85			
	Stakeholder engagement					
	2-29	Approach to stakeholder engagement	85			
	2-30	Collective bargaining agreements	101–102			

GRI standard	Disclosure		Page reference	Omissions		
				Requirement (s) omitted	Reason	Explanation
Material topics						
GRI 3: Material topics, 2021	3-1	Process to determine material topics	85–86			
	3-2	List of material topics	86			
Economic performance						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 106			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	14, 17–19, 57, 59, 77			
	201-2	Financial implications and other risks and opportunities due to climate change	29	Employees and managers from the local community	Information incomplete	Measured at group level. Local business
Market presence						
GRI 3: Material topics, 2021	3-3	Management of material topics	104			
GRI 202: Market presence 2016	201-1	Ratios of standard entry level wage by gender compared to local minimum wage	101–103			
	201-2	Proportion of senior management hired from the local community				
Anti-corruption						
GRI 3: Material topics, 2021	3-3	Management of material topics	120			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	104			
	205-2	Communication and training about anti-corruption policies and procedures	104–105			
	205-3	Confirmed incidents of corruption and actions taken	104			
Anti-competitive behavior						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 104–105			
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	104–105			
Materials						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 91–93			
GRI 301: Materials 2016	301-2	Recycled input materials used	92–93			
Energy						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 94–97			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	94–97			
Water and effluents						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 89–90			
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	89			
	303-2	Management of water discharge-related impacts	89–90			
	303-5	Water consumption		Information on water use	Information incomplete	Work in progress, started in 2022
Biodiversity						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 89–90			
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Information about operating locations adjacent to protected areas	Information incomplete	Work with definition, mapping and data collection
Emissions						
GRI 3: Material topics, 2021	3-3	Management of material topics	29, 86, 94–97			
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	94–97			
	305-2	Energy indirect (Scope 2) GHG emissions	94–97			
	305-3	Other indirect (Scope 3) GHG emissions	94–97			
	305-4	GHG emissions intensity	95			
	305-5	Reduction of GHG emissions	94–97			

GRI standard	Disclosure		Page reference	Omissions		
				Requirement (s) omitted	Reason	Explanation
Waste						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 91–93			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	91–93			
	306-2	Management of significant waste-related impacts	91–93			
	306-3	Waste generated	93			
Supplier Environmental Assessment						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 104–105			
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	105			
Occupational Health and Safety						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 98–100			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	98–100			
	403-2	Hazard identification, risk assessment, and incident investigation	98–100			
	403-3	Occupational health services	98–100			
	403-4	Worker participation, consultation, and communication on occupational health and safety	98–100			
	403-5	Worker training on occupational health and safety	98–100			
	403-6	Promotion of worker health	98–100			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	98–100			
	403-8	Workers covered by an occupational health and safety management system	98–100			
	403-9	Work-related injuries	98–100			
Training and Education						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 101–103			
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	101–103			
	404-3	Percentage of employees receiving regular performance and career development reviews	102	Percentage of employees who have completed a review.	Information incomplete	All employees are offered
Diversity and Equal Opportunity						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 101–103			
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	101			
Non-discrimination						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 101–103			
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	101–103			
Supplier Social Assessment						
GRI 3: Material topics, 2021	3-3	Management of material topics	86, 104–105			
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	105			
Certified constructions and buildings						
GRI 3: Material topics, 2021	3-3	Management of material topics	86–88			
Company-specific disclosure: Certified constructions and buildings	NCC-1	Type and number of sustainability certifications, rating and labeling schemes	87–88			