

# UN Global Compact

## Communication on Progress, 2011

### Statement of continued support

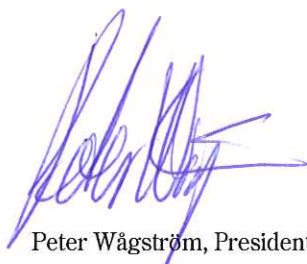
#### CONFIRMING OUR COMMITMENT

NCC signed the UN Global Compact in 2010 and has thus undertaken to adopt an active approach to issues involving human rights, working conditions, labour rights, the environment and sound business ethics in its operations and partner relationships. It is necessary that NCC act in a responsible way in order to gain trust from our stakeholders.

The areas covered by Global Compact's ten principles are also covered by NCC's Code of Conduct, which guides NCC's business operations. The Code of Conduct describes NCC's values, business principles, approach to competition and conflicts of interest, human rights and work principles, as well as our environmental responsibility. The Code of Conduct complies with internationally recognized guidelines. In 2011, the Code of Conduct was revised to emphasize NCC's values and value-driven management.

We honour the principles of transparency on NCC's overall sustainability performance and support the Global Compact ten principles, and regularly disclose information to our stakeholders.

Through this Communication on progress, NCC express our continued support for and our commitment to the UN Global Compact's ten principles. We welcome you to take part of our sustainability report in order to learn more about the NCC values, our Code of Conduct, our approach, and our most important issues and how these are managed as well as the NCC sustainability performance in 2011. The NCC Annual report 2011 can be found on our website ([http://www.ncc.se/Global/About\\_NCC/ir\\_en/annual\\_reports/NCC\\_AR11\\_ENG\\_andringsskyddad.pdf](http://www.ncc.se/Global/About_NCC/ir_en/annual_reports/NCC_AR11_ENG_andringsskyddad.pdf))

A handwritten signature in blue ink, appearing to read "Peter Wågström".

Peter Wågström, President and CEO  
Solna, November 13, 2012

## Human Rights

Our approach is based on our values; Honesty, Respect, Trust, Focus, Simplicity and Responsibility, in which human rights are included. The areas covered by Global Compact's ten principles are also covered by NCC's Code of Conduct, which guides NCC's business operations. In 2003, we adopted our first Code of Conduct, which is updated regularly according to demands, changes of law and our preferences. The latest update was done in 2011. It is necessary that NCC act in a responsible way in accordance with our Code of Conduct in order to gain trust from our stakeholders.

NCC conducts most of our operational activities in the Nordic countries. We have determined that a potential risk of violation of international guidelines lies in the supply chain in Eastern Europe and Asia. Accordingly, NCC's purchasing organization works proactively to ensure that the Group's suppliers meet NCC's requirements.

Just as we impose requirements on our product suppliers, NCC also imposes requirements on service suppliers. The purchasing templates used by each purchaser include requirements for subcontractors concerning the work environment and working conditions. To be authorised to deliver services to an NCC construction site, these requirements must be fulfilled.

Every manager has an obligation, within his or her area of responsibility, to ensure that employees are informed of the contents of NCC's Code of Conduct and the need for compliance with it. Managers within NCC must always set a good example. Each employee is encouraged to report any disrespectful behaviour. NCC has a whistle blower routine in place. The routine enables the reporting co-workers to remain anonymous if preferred.

To monitor the adherence with our values and policies regarding e.g. human rights, we conduct an annual study, the Human Capital Index survey (HCI). Employees from all countries and business areas participate and anonymously answer questions regarding values, daily work, immediate manager, working climate discrimination, health- and safety issues and personal development. Results are accumulated for the whole company, as well as for business areas and specific departments. The results are presented and used as a tool for further dialogue and development of our company and our employees. All managers, with a unit large enough to guarantee the individuals anonymity, will receive the results from the survey.

## Labour

NCC supports and respects international conventions concerning human rights, which includes compliance with labour laws in the respective country where we operate. NCC does not accept any form of mental or physical punishment, threat of punishment, discrimination in employment opportunities or work, bullying at the work-

place, sexual or other form of harassment, forced labour or other types of involuntary work. NCC values a healthy balance between work and leisure and works actively to ensure that our employees achieve this. The operations and the projects in which NCC is involved shall be characterized by a safe, healthy and hygienic work environment. Our health and safety work includes a zero vision when it comes to work-related accidents.

Obligations toward our employees under national laws and agreements on social security must be respected and followed. Pay and other benefits shall at least fulfil national laws, applicable collective and/or local agreements and generally accepted standard for the industry. Child labour is not permitted. Employees must have turned at least 15 years of age or have reached the age for completing compulsory schooling, if that is higher than 15 years. Employees' rights to organize themselves in optional employee organizations and to negotiate collectively must be respected. Employee representatives must be given the opportunity to perform their duties.

NCC endeavours to establish good relationships with trade-union organizations, as reflected in the joint committees established at several organizational levels within the company and in all geographical locations.

As a member of the Business Social Compliance Initiative (BSCI), NCC supports this quality assurance organisation in the work with conducting audits at the premises of suppliers, to enable the establishment of ethical supply chains. For significant international suppliers, NCC demands that they have passed the BSCI audit. Through BSCI's supplier audits we safeguard that our suppliers follow our code of conduct in regard to the principles that are relevant in a case to case basis.

The development of equal opportunities and diversity initiatives is crucial to becoming the most attractive employer in the industry. The construction industry is male dominated and approximately 90 percent of NCC's employees are men. Among blue collar workers, the share of women is only 2 percent. At the senior management level, the share of women is higher at 18 percent. NCC's ambition is for the proportion of female employees to match the percentage of female graduates and women enrolled in engineering programs at technical colleges, which is, as an example, approximately 30 percent in Sweden. NCC works actively to recruit and retain female employees. NCC has adopted an equality plan and in Sweden it has established a network known as "Stella," which is open to female academics and female managers at NCC. The aim of the network is to create better conditions for women to become managers at NCC.

Every year, NCC conducts an employee survey known as the HCI. NCC considers this an important tool for gathering information regarding employee satisfaction, employees' perception of management and the associated values, and the progress made in the Group's environmental initiatives.



## Environment

In its role as a society builder, NCC has an excellent opportunity to contribute to a healthier environment and help to reduce climate impact. This happens in many ways. On the one hand, NCC offers its customers energy-efficient, climate-compatible products and services and works to create healthy developed environments, where NCC reduces the use of harmful substances and contributes to the recycling of materials and products. On the other hand, we aim to contribute through our efforts to continuously reduce our own environmental impact. For the period until 2020, NCC has established four priority areas for its environmental initiatives: climate and energy, chemicals and sustainable materials, environmentally certified buildings and civil engineering structures, and waste and recycling. These areas should be reflected in both customer offerings and internal environmental work. NCC find the work with certification systems very helpful in reaching our goals in all our priority areas, since the certification systems helps NCC to consider sustainability aspects such as transports, choice of land, energy use in the construction phase and then in the user phase, indoor climate, choice of material build in etc. in our projects.

For NCC, being able to offer customers' sustainable solutions that help reduce their climate impact, is a vital objective. This is achieved through a wide range of products and services, including everything from low-energy buildings and flood monitoring to NCC Green Asphalt. To accelerate development in the construction and civil engineering sector, NCC was the first company to introduce Green Tenders in Sweden, which entail that in addition to its normal tenders, NCC also presents the customer with a Green Tender. As of 2010, NCC in Sweden always submits a Green Tender when it is involved in procurement processes valued at 50 MSEK or more. In a Green Tender, NCC offers a more climate-compatible solution than requested. In 2011 NCC submitted 120 Green Tenders in Sweden.

In 2011, a new national cooperation was launched by the Swedish Delegation for Sustainable Cities, initiated in part by NCC. The aim of this initiative is to create better conditions for coordination between the government, municipalities and private actors, an objective that must be achieved if Swedish city districts are to become socially, economically and environmentally sustainable. The long-term aim of the project is to establish a certification system with specific criteria that must be met for a city district to be certified as sustainable. The project's progress can be monitored at [www.hallplatsen.nu](http://www.hallplatsen.nu).

The environmental performance is monitored through a carbon footprint measurement as well as internal audits and key performance indicators. Initiatives concerning carbon emissions are also disclosed through Carbon Disclosure Project (CDP).

As of 2010, NCC reports its sustainability efforts in accordance with the guidelines of the Global Reporting Initiatives (GRI) at level C. Although the sustainability report has not been reviewed by a third party, NCC deems that the information in the 2011 Annual Report and sustainability report, combined with information on NCC's website, fulfil GRI's information requirements for compliance at level C. A complete GRI index is available on NCC's -website [www.ncc.se/griindex](http://www.ncc.se/griindex).

## Anti-Corruption and Anti-Trust

NCC does not tolerate inappropriate business ethics or competition-impeding activities. NCC's values and the Code of Conduct clearly stipulate what behaviour is deemed acceptable. Since 2002, more than 3,000 managers and specialists throughout the Group have undergone extensive training in business ethics and competition law, and processes have been established to ensure appropriate behaviour. All participants are after the training signing off a document stating that they have understood and that they agree to comply with the content of NCC's Code of Conduct.

All NCC employees have received the Code of Conduct in their respective language, and they are required to familiarize themselves with the Group's Code of Conduct called "Our way of being" (refer to Annual Report, p. 33), which is adopted by the Board of Directors. The Code of Conduct is a formal document that governs the actions of all employees, as well as NCC's relationships with its various business partners. The Code of Conduct was revised in 2011. A whistle-blower function is in place for reporting transgressions of the Code - only incident reported or self-initiated are diligently followed up and disciplinary actions taken when justified.

NCC has established work groups at both the Group and business area level that actively work to prevent improper behaviour and investigate all reported transgressions.

NCC is currently developing its compliance program further, which is based on a group with assessment of our potential risk exposures pertaining to our business operations. The new compliance program will provide even better support to the individual employee, enabling him/her to make sound judgements in situations of doubt, involving e.g. gifts and entertainment, fair competition and conflicts of interest. The program will provide improved proactive tools that will enable our organisation to remain compliant with laws, regulations and our Code of Conduct.

NCC also engages in a dialog with its contractors and subcontractors. The focus of this dialog varies depending on the context in which business ethics are discussed.

NCC joined the World Economic Forum Partnering Against Corruption Initiative (PACI) in 2005.