

UN Global Compact

Communication on Progress, 2016

Statement of continued support As an industry leader, we have a responsibility to drive development towards a more sustainable society. Sustainability is a key, integral component of our business and we aim to be both a leader and a pioneer in this area.

New strategy and sustainability framework

We have during 2016 launched a new proactive strategy for the period 2016-2020 to lead us towards profitable growth. Sustainable urban development is an important growth area in our new strategy and during 2016, we placed an even sharper focus on sustainability, in order to strengthen our leading position in the area. Urbanization is driving needs for solutions that are not only environmentally compatible but that above all take into account the people who are to live and work in the new areas that are emerging. No matter where we are and what we do, we use sustainable solutions as our point of departure, which is a prerequisite for any possibility of taking part in building for the future.

During 2016, a sustainability framework, with six focus areas – Health and safety, Social inclusion, Materials and Waste, Climate and Energy, Compliance and Portfolio performance – have been launched widely within the organization. Connected to all six focus areas of the framework, we have developed both short term targets for the strategy period 2016-2020 and long term directions, which extend beyond 2020. Previously communicated strategic targets of halving CO₂-emissions and occupational accidents to 2020 have hence been complemented with important targets for diversity, waste management and compliance. These sustainability targets, enables us to secure maximum leverage on our sustainability efforts and will steer us towards our vision and our long term directions in sustainability. With both short term targets and long term directions, we now have both ambition and direction for our sustainability work. During 2016, we have also taken the decision to embrace a selection of the UN Sustainable Development Goals that we believe are relevant to our business, and gradually implement them in our sustainability framework and our work forward.

One of NCC's strategic targets is to continuously reduce the company's climate impact by lowering emissions of greenhouse gases from its own operations with the long-term aim to become climate neutral. I am delighted to see that we already can measure our progress towards the target of halving our CO₂-emissions by 2020. Direct emissions from NCC's own operations have declined by 32,000 tons since our baseyear 2015. Indirect emissions from electricity and heat have decreased by 13,000 tons. This resulted in a 14% decrease in CO₂-emissions in 2016, compared to 2015. We will continue to work towards reaching our target by e.g. converting more of our asphalt plants into using renewable fuels, instead of fossil based fuels, and by increasing the share of renewable forms of energy across a broad front in our own use of energy. Regarding our health and safety target, we unfortunately saw an increase in accidents during 2016. It is also with great sorrow that I report that during 2016, one of our employees and two subcontractors lost their lives in workplace accidents in connection to a NCC project. We will do everything in our power to ensure that this does not happen again. Efforts to continue strengthening the safety culture and achieving the zero vision are in progress at an undiminished pace. Health and safety constitute one of our foremost focus areas for 2017 and our aim of halving accidents between 2015 and 2020 stands firm. Regarding our other sustainability targets on diversity, waste management and our target connected to compliance, 2016 will be our baseyear and we will during 2017 be able to compare and measure our progress within these areas. Read more about our sustainability targets and our long term directions in sustainability in our Annual Report 2016, page 13-14.

Business ethics

We work continuously to ensure compliance with our Code of Conduct and to ensure that no violations occur. In December 2016, a revised Code of Conduct was adopted, including an expanded section about anticorruption, anti-money laundering, personal information and a new section on how to behave in social media. The Code of Conduct has also been supplemented with practical advice in each area. All employees receive regular training in the Code of Conduct's fundamentals and are expected to comply with these

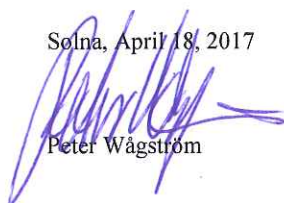
principles in their daily work. Knowledge of the Code of Conduct at NCC is very high. According to NCC's human capital survey, NCC Pulse, employees believe to a great extent that NCC's values and Code of Conduct provide guidance in their work.

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, labour rights and working conditions, the environment and sound business ethics in its operations and partner relationships. Through this Communication on progress, NCC expresses our commitment to and continued support for the UN Global Compact's ten principles.

We welcome you to take part of our annual report in order to learn more about NCC's values, Code of Conduct, sustainability targets, economical performance and more, and how we have progressed. The below table illustrates main sections regarding human rights, labour, environment and anti-corruption in NCC's Annual report 2016 and NCC's Code of Conduct, but additional information can be found throughout the Annual report as these areas are integrated in our daily work.

Solna, April 18, 2017



Peter Wågström

The NCC Annual report 2016 can be found on our website (www.ncc.group), as well as NCC's Code of Conduct (www.ncc.group/sustainability/code-of-conduct).

	Assessment, policy & goals	Implementation	Measurement of outcomes
Human Rights	Code of conduct: "Human rights" Annual report 2016: "NCC's code of conduct" (p. 38)	Annual report 2016: "NCC's code of conduct" (p. 38) and "Compliance" (p.44)	Code of conduct: "Compliance and reporting mechanism" Annual report 2016: "NCC's objectives" (p.14) "NCC's code of conduct" (p. 38) and "Compliance" (p.44)
Labour	Code of conduct: "Human rights" and "Occupational health and safety" Annual report 2016: "Review by the president"(p. 4), "NCC's objectives"(p. 13) and "Health and Safety" (p. 39)	Annual report 2016: "Health and safety" (p. 39)	Code of conduct: "Compliance and reporting mechanism" Annual report 2016: "NCC's code of conduct" (p. 38), "NCC's objectives" (p.13) and "Health and safety" (p. 39)
Environment	Code of conduct: "Environmental responsibility" Annual report 2016: "Review by the president"(p. 4) and "NCC's objectives"(p. 13-14)	Annual report 2016: "Climate and Energy" (p. 42-43) and "Materials and Waste" (p. 41)	Code of conduct: "Compliance and reporting mechanism" Annual report 2016: "NCC's objectives"(p. 13-14), "Climate and energy" (p. 42-43) and "Materials and Waste" (p. 41)
Anti-Corruption	Code of conduct: "Business ethics" Annual report 2016: "NCC's objectives"(p. 14) "NCC's code of conduct" (p. 38) and "Compliance" (p. 44)	Annual report 2016: "NCC's code of conduct" (p. 38) and "Compliance" (p.44)	Code of conduct: "Compliance and reporting mechanism" Annual report 2016: "NCC's objectives"(p. 14) "NCC's code of conduct" (p. 38) and "Compliance" (p. 44)