



Annual Review & Sustainability Report

# Midroc Europe 2019



**Statutory Sustainability Report**

In accordance with the Annual Accounts Act, Chapter 6, § 11, Midroc has chosen to prepare the Sustainability Report for 2019 as a separate report from the Annual Report.

The report comprises both Midroc Europe AB with subsidiaries and Granitor Invest AB with subsidiaries.

**Midroc Europe**  
Telegrafgatan 6A  
SE-169 72 Solna  
[www.midroc.se](http://www.midroc.se)  
[info@midroc.se](mailto:info@midroc.se)  
+46 10 470 70 00

# Content

<b>Midroc – the company</b> .....	4
This is Midroc .....	4
Our business operations .....	5
2019 in brief .....	6
2019 – a record year for Midroc.....	8
<b>Our view on sustainability</b> .....	11
Our strategy to create a better future for people .....	12
Apprehending the world’s expectations .....	14
The world’s demand for sustainability strengthens our ability to grow .....	16
Midroc’s value chain: We want to make a positive difference at all stages .....	17
Well-balanced risks are beneficial to all parties .....	18
Close collaboration and digital tools facilitate major projects .....	22
When profitability goes hand in hand with responsible business .....	24
Unique technology generates environmentally friendly power from ocean wave energy .....	26
Sustainable use of the Earth’s resources.....	28
Midroc develops housing for all in scenic area.....	30
Nurturing culture and people.....	32
Long-term culture work generates committed employees .....	36
<b>Our business areas</b> .....	39
Invest .....	40
Properties.....	42
Contracting.....	44
Midroc Electro Gruppen AB.....	46
Midroc Electro AB .....	46
Midroc Electro Gruppen AS .....	46
Midroc Automation AB .....	46
Midroc Rodoverken Group .....	49
Midroc Mechanical AB.....	49
Alucrom AB.....	49
BAC Corrosion Control Ltd.....	49
Midroc Porject Managment AB .....	50
Midroc Ställningar AB.....	50
Midroc Environment Group.....	50
Metalock Engineering Group .....	50
Hackholmssund Konferens AB .....	52
<b>Sustainability information</b> .....	53
GRI Index.....	54
<b>Financial statements</b> .....	57
Midroc Europe.....	58
Midroc Europe AB.....	60
Granitor Invest AB .....	61
<b>Management and Ownership</b> .....	63

# This is Midroc

Midroc Europe is a privately owned Swedish company with operations in several countries and with its head office in Stockholm. In 2019, we employed 4,200 people and had a turnover of SEK 11.4 billion.

Midroc Europe consists of a variety of companies operating in several different industries. The company group is divided into three business areas: **Properties**, **Invest** and **Contracting**.

## Legal structure

We conduct our business activities through a number of companies that all offer individual services. The brand Midroc Europe mainly consists of two groups of companies that are managed by Midroc Europe AB and Granitor Invest AB, respectively.

For more information, see pages 40-45.

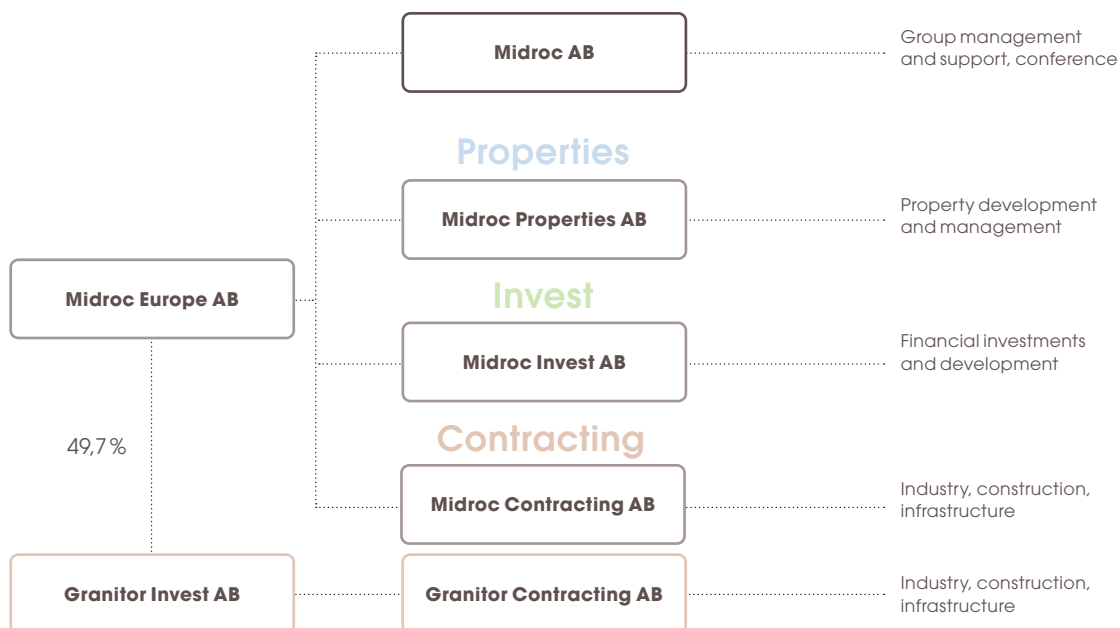
## Vision

A better future where we contribute to creating a community where people can live, grow and prosper.

## Mission

We make a positive difference every day.

## Organization



# Our business operations

We have chosen to divide our operations into three business areas: Properties; which owns and develops properties, Contracting; which offers services within contracting, maintenance, repairs and consulting services, and Invest; which invests in future technologies and necessities. The business operations also include Midroc Europe's shared support functions and a conference facility.

“We contribute to creating a community where people can live, grow and prosper.”



## Properties

**Property development and management**

Within Properties, we offer both new construction of housing and offices, as well as commercial premises.



## Contracting

**Services and contracting**

We develop customized solutions for tomorrow's community and industry.



## Invest

**Investments**

Through investments in ground-breaking technologies, we contribute to sustainable innovations with the potential to make a real difference.

For more information about the business areas, see pages 40-45.

# 2019 in brief

In 2019, Midroc contributed in different ways to creating a community where people can grow and prosper. Midroc makes a positive difference through investments, collaborative projects and development of business operations. Here are some of the highlights of 2019.



## Development of business operations

- Streamlining our business proposals within the business area Contracting
- Midroc has taken the next step in the sustainability work by appointing a sustainability manager for the Group
- The Midroc adaption to the 2030 Agenda has started on a wide front.
- Midroc Safety Day has been extended to Midroc Safety Week

**Midroc Safety Day extended to Midroc Safety Week** In 2018, Midroc organized company-wide activity days on workplace safety – Midroc Safety Day. The initiative increased the knowledge of security issues and subsequently the number of risk observations increased significantly. It was so successful that the days were extended to a full Safety Week in 2019.

## Key Ratios\* (including Granitor Invest AB, SEK)

Net sales	Income before tax	Total equity
<b>11,4</b> billion	<b>2 485</b> million	<b>4,9</b> billion
Total assets	Owner's financing	Employees
<b>11,4</b> billion	<b>5,5</b> billion	<b>4 200</b>

\*Key ratios are the sum of Midroc Europe AB and 100 percent of Granitor Invest AB's operations together with property value and market value of listed shares.

## Collaborative projects

- Construction start of tenant-owner association property "West" in Västra Hamnen, Malmö
- Residents move in to Bulltofta Friluftstad, Malmö [\(read more on pages 30-31\)](#)
- Turnaround, Preem in Lysekil
- Ryhov County Hospital in Jönköping [\(read more on pages 22-23\)](#)
- Flue gas condensation system in Silkeborg, Denmark

**400 people**  
**250,000 hours**  
**0 accidents**

**Turnaround Preem** Midroc was the largest contractor when Preem in the autumn of 2019 undertook a major turnaround at the refinery in Lysekil.

## Collaborations & networks

- Midroc Properties' collaboration with FC Rosengård
- Swedish Green Building Council
- "Håll Nollan" (Initiative to promote zero accidents in the construction industry)
- Local road map for a climate-neutral construction and civil engineering sector in Malmö 2030
- Midroc Properties' collaboration with the foundation Botildenborg in Malmö

**FC Rosengård** Midroc Properties and FC Rosengård have signed a three-year collaborative agreement where Midroc will contribute to the club's vision of an equal Malmö that includes all districts and people. Midroc wants to support social sustainability and offer both girls and boys an opportunity to pursue football, both on a broad and elite level.

## Investments & acquisitions

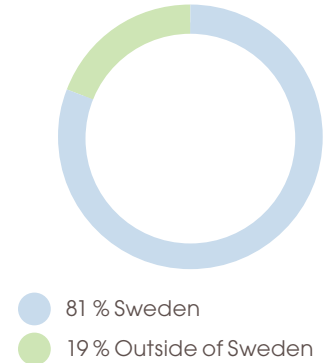
- Midroc Project Management acquired Idhammar Produktion AB
- Construction start for Nordic Swan eco-labelled housing under Midroc Properties' brand Lyckos
- Midroc Electro Gruppen AS continues to expand on the Norwegian market
- Midroc Invest invests in CorPower Ocean [\(read more on pages 26-27\)](#)

**We have many reasons to celebrate** In 2019, Midroc was awarded the position as Sweden's best employer by the employer branding company Universum. This is something that we are very proud of. In addition, Midroc Properties, together with Växjö-bostäder, won the Växjö Municipality's building award for the wooden building project Vallen. Wood is a renewable material that binds carbon dioxide, which is favourable for the climate.

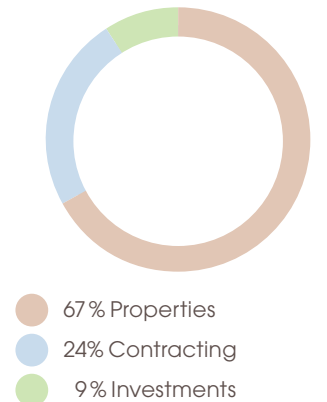


## Key ratio allocation

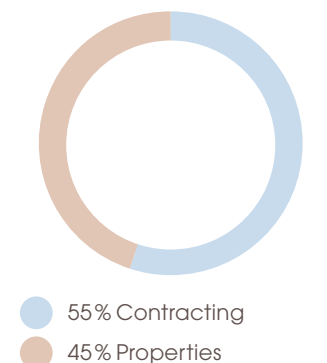
Employees  
4,200



Assets  
11,400 MSEK



Revenue  
11,400 MSEK



# 2019 – a record year for Midroc

The year 2019 was a record year in many ways. It was characterized by a strong growth and all three business areas – Contracting, Invest and Properties – reported their best result ever. 2019 also showed several admirable testimonies that the long-term culture work has proven to be lucrative.

– We are very proud to yet again break all financial records within our three business areas. Despite a large project loss, Midroc Contracting still has performed better than ever before. We also see a great increase in value in properties for Midroc Properties' and Midroc Invest's portfolio companies, says Roger Wikström, one of Midroc's Group CEOs.

Two large sales during the year have had a very positive effect on the result.

Midroc Properties sold one property in Stockholm and Midroc Invest sold a large stake of the holdings in PowerCell.

– But even without the extraordinary results, the operations as a whole has set a record. We are very proud of these great achievements and that our companies continue to conduct responsible business.

– Another very satisfying record is that we were appointed as Sweden's best employer by the employer branding company Universum. In recent years, we have climbed steadily on their list and we have now reached the top position, says Christer Wikström, also a Group CEO.

Universum's survey was carried out on the three engineering companies within Midroc: Midroc Automation, Midroc Project Management and Midroc Property Development.

– We can see in general that there is great support within our companies for our management philosophy and an including culture. We believe in doing things together, and that a strong company and project culture contributes

to making the work more enjoyable, more inspiring and makes us more competitive.

It is always satisfying to hear that our culture is one of the main reasons that people want to work with us, says Roger.

## Culture for responsible business

The ambition to always conduct responsible and sustainable business from an ecological, social and economic point of view permeates the culture at Midroc.

It is mainly achieved through, our organization that starts with those who work closest to the customers and where freedom with responsibility for the employees is the key to success.

– We believe that those who work closest to the customers are those who can influence the most and make a major difference. That is why we describe our organization as a horizontal arrow, where those who work closest to the customer are at the front, while management is at the back as a support function, says Roger.

To succeed with a common culture in a Group with many companies, active in different industries, it is necessary to have common thought models and processes.

– We have worked for several years to form and refine the culture that we have and where we put great importance on individual and group development. We have a management platform that is intended as a recipe for how we with the help from our shared culture can reach our objectives, and we always strive to

make the world a little better. The fact that every employee contributes to our shared culture has turned out to be a recipe for success. It is extremely important that we create an including environment, where people perceive themselves as seen and listened to. You should feel comfortable to express your opinion, even if it does not sit well with others. It will make us better together, says Christer.

The Group provides its employees with opportunities to both individual and group development through Midroc Business School, which offers leadership programs, employee information days as well as other training sessions.

– We are incredibly proud and excited about the competence that our business school has. Here, we can put our main focus on developing cooperation and group dynamics.

– When the companies put together different teams, they can lay competence puzzles to gain broad competence and diversity. We find the strength in diversity by forming teams consisting of people with different competences and perspectives. But we also need to look at how we can attract more women to our traditionally male-dominated businesses. Further, it is important that we have good processes for quickly integrating co-workers from other nationalities, so that they can become a part of Midroc, says Roger.





Roger Wikström and Christer Wikström.

### **Digitalization that facilitates**

– We always strive to find sustainable solutions in everything that we do. For example, we work continuously to utilize new technologies when it comes to digitalization. Here, we have already come a long way but now we need to focus on creating additional value for our employees and customers, not just administratively but also when it comes to production. This is something that we have very good prerequisites for.

For many years now, we have continuously invested in a modern digital platform, and we have inclusive work methods that help us become successful, says Roger.

– A great example of this is the fact that many of our companies have continued to work with their digital vision statement regarding how they would like to work if there were no limitations. It is very enjoyable to see that some of the companies are already starting to implement these solutions in their daily operations. For example, Midroc Electro and Midroc Automation have implemented a new business system for projects further out in production, while focusing on customer benefits and production efficiency when selecting system solutions, says Christer.

“We work long-term with our culture that we create together, and we put great importance on individual and group development.”

## Inclusive work methods lead to development

Digitalization has also been as a driving force in the Midroc scenario process. The work differs a little between companies, but the basic principle is to gather the employees three times a year to look ahead, ensure that we are heading in the right direction and consider possible adjustments or adaptations.

– Even if you have a strategy that spans over several years, it is still important to continuously analyze to determine if something needs to change. To work agile and stop and reflect is extremely important today when everything is moving at a high pace.

It creates space for innovation, says Roger.

– The scenario process is a way to make sure that no stone is left unturned and to see if there is anything that we need to change. The work becomes so much better when we do it together and allow more employees to contribute.

To ask employees who work close to the customer of their opinion is extremely valuable, and the employees can in a tangible way contribute to changes or improvements for the company as a whole, Roger continues.

– In 2019, we really made great progress with our scenario work. We see more and more of inclusive leadership out in our companies, and that is very satisfying, says Christer.

## Working sustainable – a matter of fact at Midroc

The UN:s global goals in the 2030 Agenda are the most ambitious agenda for sustainable development that the world's countries have ever adopted – to achieve a sustainable world by the year 2030. It builds on the ambition to end extreme poverty, reduce inequalities, promote peace and take action against climate change. These four cornerstones have been broken down into 17 global goals.

– We set the bar high and see the global goals in the 2030 Agenda as a very clear inspiration to try to live up to. We have already made great progress in our sustainability work, but it is short-lived. You can never be satisfied, every step that we take leads to improvement, says Roger.

– Our investments in new companies within Cleantech and Life Science through Midroc Invest contribute in a very concrete way to a better world.

When it comes to properties, Midroc Properties is great at socially, ecologically and economically sustainable construction.

There is also an incredible number of everyday examples that you might not think about, for example our maintenance services where we prevent faults, improve and increase the endurance of our customers plants, says Roger.

– We also help our customers find efficient work methods to get good results of long-term investments in the industry. Sustainability to us is not just what we can do ourselves, it is what we can contribute with. We are very proud of our sustainability work and we want to become even better at reporting it continuously over the years, says Christer.

## Continued growth and focus on collaboration

– When we are looking ahead, we continue the work to strengthen our position as a successful community and industry developer. We also want to remain in our position as our customers' and employees' first choice by making the most of the strength in diversity, continue to invest in digitalization and always conducting responsible business.

We need to ensure that we are doing our best to contribute to a sustainable world, says Roger.

– Also, we will continue to expand in areas where we are strong and ensure that we remain strong when the state of the market changes. We want to continue developing our operations so that they can reach their full potential.

Today, we are very broad, and we need to become narrower and possibly streamline our entire business operations to become even more competitive as a community and industry developer, says Christer.

– We also see how our ability to collaborate further with our customers can strengthen us in the future, we are very good at that. We help each other across department and company borders to an increasing extent and we really utilize our competences in a great way.

Because of this, we see opportunities to develop and broaden our work methods in larger collaborative projects so that we can apply them to other types of projects in the future, says Roger.

– We have a very positive outlook on the future and considering last year's great result, we are well-equipped for the changes that we predict will be the result of a changed market situation in the following years.



Christer Wikström



Roger Wikström

# **Our view on sustainability**

# Our strategy to create a better future for people

We want to contribute to a better future with our solutions for sustainable communities and industries. We want to be a role model for sustainable development with responsible businesses. We want to be an actor and an employer that people will proudly recommend.



## WE SUPPORT

A global network of companies with mandate from the UN to work for social responsibility and sustainable business.



## THE GLOBAL GOALS For Sustainable Development

17 global goals, adopted by the UN in 2015, to achieve social, economic, and ecologic sustainability by the year 2030.

The three statements above represent Midroc's vision and describe who we are and what we want to be in a wider context. Our objectives (p. 13) are highly set and are permeated by sustainability, a concept that is at the top of UN:s agenda and which also characterizes our business. With sustainability as our guiding principle, we have decided to make a positive difference in everything that we do in our three main areas – construction and contracting, consultancy services and investments.

For Midroc, sustainable development means contributing to a better future together with our stakeholders. The basic foundation is undertaking responsible business and where the responsibility must be carried by each and every employee. We want to make a positive difference through our operations.

Our daily work has for a long time been characterized by sustainability aspects, (p. 14). In recent years our structure for this has improved and we now work purposefully and methodically. In 2016, we started to systemize the work to gain the understanding and insight of all employees for these aspects. At the same time, the systematic work methods of our companies ensure that we follow laws and regulations.

The third purpose is that we want to report our work in accordance with the GRI Standards, which we are doing to a greater extent now than before, (pp. 54-55).

The next step in our journey was taken in

2017 when we joined the UN Global Compact and revised our sustainability policy. We continued with our materiality and stakeholder analyses (pp. 14-17) to identify and prioritize Midroc's most important sustainability issues.

Thanks to the dialogue with our main stakeholders (read more on pp. 14-15), we could pick up on which issues they considered to be the most important for Midroc to continue working with.

During 2018 and 2019, we continued to set general and Group-common objectives, which then our three business areas have specified and adapted to suit their operations. All units within Midroc implement scenario analyses three times a year to determine our current position and future opportunities.

As part of these analyses, there is continuous assessment of the sustainability goals and the subsequent modifications to work procedures.

In 2018, we began measuring several parameters in the environmental field, which continued through last year and findings are presented in this report (p. 29).

Last year, we enhanced our organization by appointing a dedicated sustainability manager for the Group who drives, supports and follows up on our companies' sustainability work.

In 2019, we have outlined how Midroc's operations impact the UN:s 17 global sustainable development goals, which has provided us with an increased understanding

of our operations. We continue our work with the UN sustainability goals, where we focus on areas where our companies can make the most positive difference through different collaborations.

We continue to build on our strong business culture together with our employees, customers, and the community in general. Participation creates commitment and motivation, which in turn creates profitability (pp. 32-37).

What is meaningful to our employees is crucial to Midroc as it will promote the flow of new ideas and thus generate development – from everyday development to investments in new technology and new collaborations.

Our customers are inspired by cross-industry solutions. Here, Midroc has a competitive advantage – we operate in many industries and to us it comes natural to transfer solutions from one industry to another.

## Long-term targets



### Best profitability to all stakeholders

- We have a sustainable, organic and profitable growth of 10 % on a yearly basis.

### Sustainable use of the Earth's resources

- We reduce energy consumption yearly (in relation to total operations).
- We reduce greenhouse gas emissions yearly (in relation to total operations).
- We phase out hazardous substances.
- We contribute to sustainable innovations.

### Nurturing culture and people

- We generally have a solid increase of women in our companies, especially in management positions.
- We have a Vision Zero for serious accidents and a 50 % decrease of LTI (Lost Time Injury).
- We have no incidents of harassment or discrimination.
- We are the most attractive employer for both our existing and future employees.

# Apprehending the world's expectations

Understanding the expectations of the surrounding world is crucial. With our materiality assessment, we can ensure that we cover the most important topics and views expressed by our stakeholders.

The foundation of any sustainability report can be found in the materiality assessment. It identifies priority issues and is the basis of our GRI report. We define how essential the issues are based on:

- Their significance to our stakeholders.
- Their potential impact on our operations and our key stakeholders.
- To what extent Midroc can impact the issue.
- Midroc's vision.

The graph below shows the eleven most relevant sustainability issues currently expressed by our stakeholders, with bearing on all our business areas' value chains.

These eleven issues are divided into three focal areas; economic, ecologic and social sustainability, expressed as Best profitability to all stakeholders, Sustainable use of the Earth's resources and Nurturing people and culture.

In 2018, we started to report twelve important GRI topics, as outlined in the model on pages 54-55.

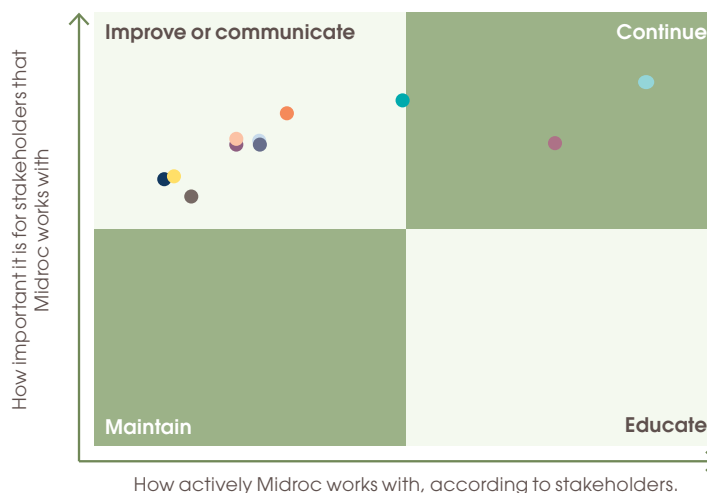
Our materiality assessments affect the group's performance targets and the corresponding indicators in our periodic scenario reporting. In 2018, we defined targets related to our essential sustainability aspects. Midroc's sustainability targets can be found on page 13.

During 2020, we will take another step in our work with the 17 sustainable development goals that are a part of the 2030 Agenda. We have outlined which goals we already comply with, along with the issues we need to address in order to adapt fully to the goals in the 2030 Agenda.

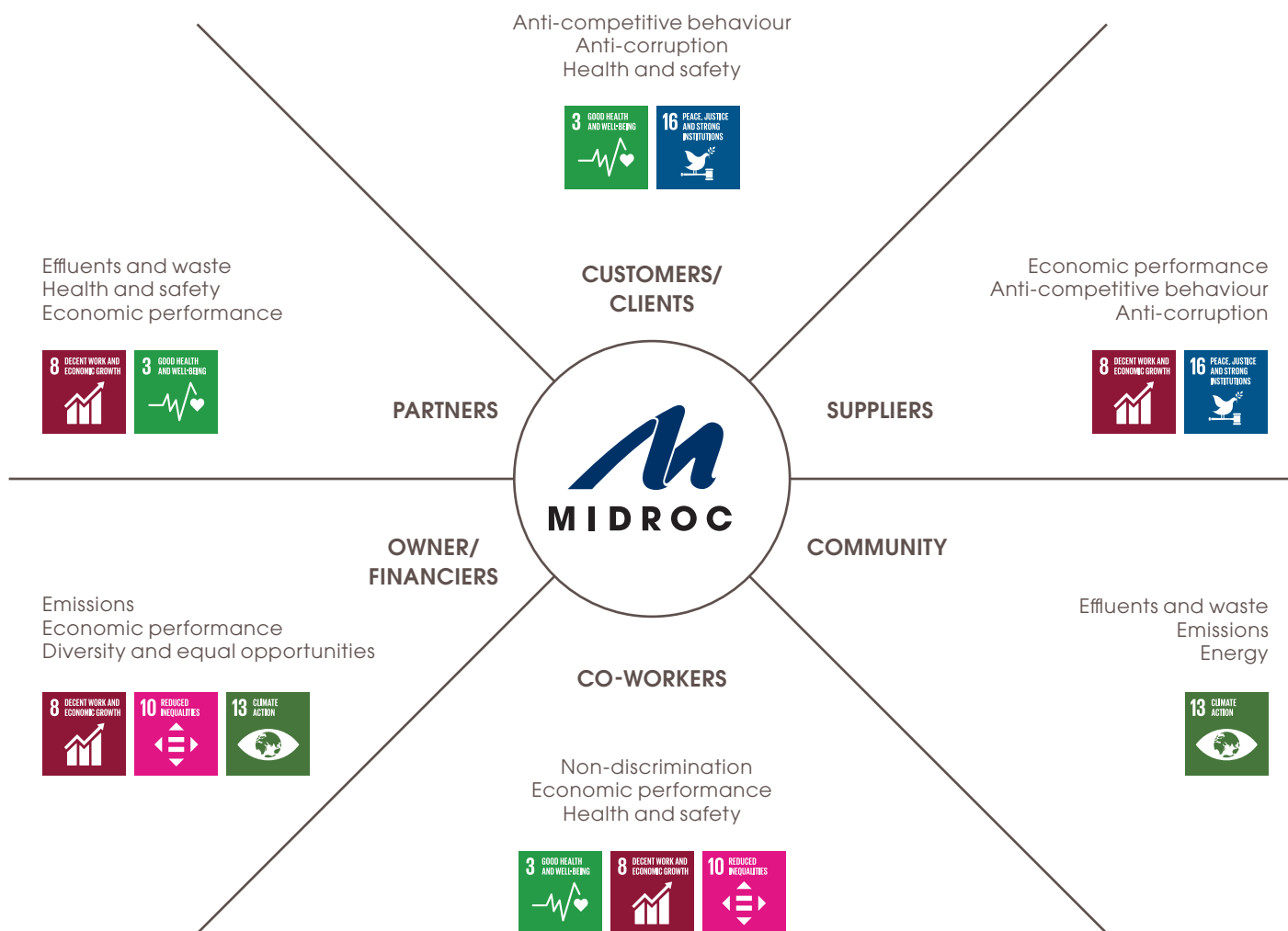
Our first Group materiality assessment was performed in 2017. We continuously review and update it to detect changes in our business activities as well as any social, economic and ecologic impact of significance. The next analysis will be carried out in 2020, and the ambition thereafter is to reassess it every two years.

## Sustainability aspects

- Counteracting corruption
- Counteracting discrimination
- Ensuring a safe work environment
- Following international rules and regulations
- Following local rules and regulations
- Promoting diversity and equality
- Promoting fair competition
- Promoting health and well-being of employees
- Providing skills development for employees
- Reducing greenhouse gas emissions
- Waste management



Finding out what our stakeholders expect from us, both as a business partner and as part of the community, helps us grow. The illustration below shows our key stakeholders, our dialogue with them and which sustainability topics that are most important to them.



We communicate with our stakeholders through an ongoing dialogue as well as other channels, for example:

- meetings with customers, employees, trade unions and board of directors
- project meetings
- public meetings
- events with customers, partners and employees
- website
- social media
- surveys
- client meetings
- conferences
- client support
- annual performance reviews
- skills development
- training programs

# The world's demand for sustainability strengthens our ability to grow

We have a continuous dialogue with our key stakeholders. Understanding what they expect from us as a company and as a part of the community will help us grow. We know what is important to them in terms of ecological, social and economic sustainability.

Our main stakeholders consist of six categories: employees, clients, partners, suppliers, owners/financiers, and the community as a whole. Our knowledge of which sustainability issues they consider to be important comes from surveys and posts on social media and our website.

The dialogue also takes place in meetings in various formats: training sessions, participation in conferences, collaborative projects, and more.

Our client surveys are carried out continuously and systematically in all operations, either when the projects are close to completion or recurring throughout projects that span over several years. We constantly receive new information through our daily meetings with customers, carried out locally by our most important actors, our employees.

One example of this ongoing work with dialogues comes from Midroc Automation, which has a sustainability certification in accordance with the CSR Performance Ladder standard. Every year, a number of clients are asked 33 questions about social, economic and ecologic sustainability. The work was initiated in 2016, and the company is now certified in accordance with level four on the five-degree maturity scale.

Every two years, Midroc carries out employee surveys, which are followed up through dialogues with each team based on objectives and areas of improvement. Some companies, for

example Midroc Project Management, also use pulse survey tools where questions are asked regularly based on different themes.

The opinion of prospective employees is of great importance when it comes to Midroc's future as an attractive employer with the opportunity to recruit the best in each category.

Future employees can be found in many places, and one of those is among students. For the past three years, we have arranged student meetings at Nösnergymnasiet in Stenungsund. We also attend fairs, for example the Maintenance Trade Fair in Gothenburg and the Royal Institute of Technology' student fair.

“We constantly receive new information through our daily meetings with clients, carried out locally by our most important actors, our employees.”







# Well-balanced risks are beneficial to all parties

All business operations are associated with opportunities and risks. By conducting responsible business with balanced risk-taking, we contribute to creating long-term values for Midroc and our stakeholders.

Identifying risks is a priority for Midroc. Three times every year, all profit centers within the group carry out scenario processes to detect market changes well in advance to be able to mitigate any negative impact on our business.

We group risks into categories based on Midroc's strategies for responsible business. For each identified risk, an assessment is made of both probability and consequence to establish the risk level: low, medium or high. A more detailed description of the process can be found in the image on the next page.

One of several risks that we have decided to monitor more actively since 2019 is how climate changes influence where and how we build and maintain our properties. A building generates considerable amounts of carbon dioxide emissions during its life cycle and we work continuously to reduce the negative impact that our facilities and properties have on climate change.

We also map how the world's threats and opportunities could impact our business, as well as distinguishing how our weaknesses and strengths could impact our stakeholders. Furthermore, we have extended our review of suppliers within Midroc Property Development and Midroc Electro, and in 2019 we added the risk of deficiencies in the supplier chain to include delivery capacity and behavior.

In our work to reform our Code of Conduct, we started an initiative in 2019 to invest more in training and information, which will continue in 2020. We will also maintain our training program *Naturally Sustainable*, which was developed by Midroc Properties.

Integrating our main sustainability issues and risk management into everything we do is essential to us, and we will emphasize this further in 2020. We always strive to lead by example and practice as we preach.

A few examples:

- We follow the Swedish Corporate Governance Code. We also have Codes of Conduct, both for internal use and for our partners. By participating in a sustainable chain, where each supplier in turn sets requirements for their suppliers, Midroc can take a stand for responsible business. Occupational injuries or environmental damages, discrimination, corruption and other serious risks are prevented. This will create safe and sound businesses for all parties involved.
- Most of our companies are certified in accordance with one or more of the international ISO standards for environment, quality, or work environment management. Risk identification and risk management are integrated and followed up with internal and external audits.
- Whistle-blowing is a Midroc web service to which all our employees anonymously can report suspected breaches of the Code of Conduct.
- Our sustainability work is reported in accordance with the Global Reporting Initiative Standards (GRI).
- We follow the UN Global Compact's ten principles for responsible businesses.

Taking responsibility throughout the entire value chain and managing the business efficiently are crucial factors when creating value. A decentralized decision-making model provides our subsidiaries with the necessary flexibility to keep functioning well and following market trends. We want our employees to feel included in the Midroc family and that they have the authority to make daily decisions that are necessary for us in reaching our goals.

We work every day for our long-term targets: creating the best profitability to all our stakeholders, using the Earth's resources responsibly and making Midroc the natural choice for our customers and future employees.

# Our risk management model

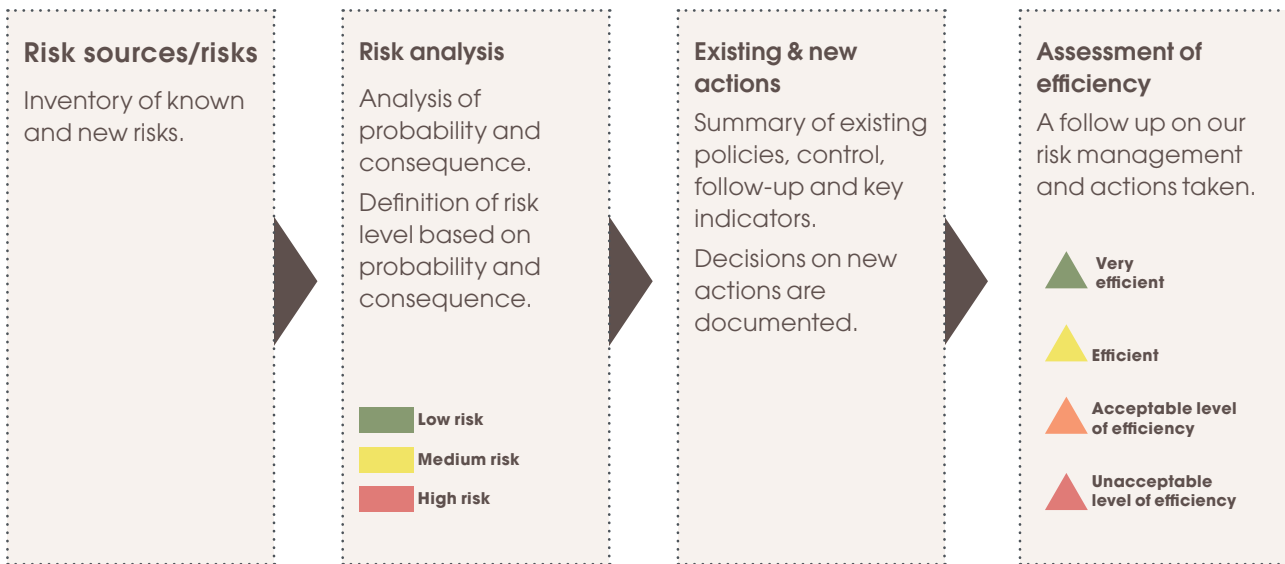
We group risks into the same four categories as in our annual report: strategic risks, operational risks, regulatory risks and financial risks.

For each identified risk, an assessment of probability and consequence is performed to establish the risk level. An analysis is carried out and decisions are made on necessary actions and their corresponding time plan.

Each business unit is well-equipped to manage its own

specific risks and opportunities in the most suitable way. Each company's board of directors follows up on incidents and possible legal disputes every four months, or more frequently if necessary.

Larger projects require specific risk analyses. It is our ambition to constantly improve our risk management and we work actively with knowledge exchange and skills development to strengthen our units.



## Definition of risk category

### Strategic risks

*Threat against:*

- Business concept
- Long-term objectives and strategies
- Business model

#### Examples

- Values
- Brand
- Employees
- Management
- Markets
- Global changes

### Financial risks

*Threat against:*

- Midroc's financial status
- Midroc's assets

#### Examples

- Financing
- Asset management
- Macro-economic alterations in terms
- Counterparty terms

### Operational risks

*Threat against:*

- Business plan
- Short-term targets
- Productivity

#### Example

- Project and investment plan
- Tender processes
- Contracts
- Incidents and accidents
- Data breaches/sabotage

### Regulatory risks













*Threat against:*

- Contractual risks
- Compliance with laws and regulations, internal rules or policies





#### Example

- Rules and regulations
- Code of Conduct
- Contract/Agreement

















## Strategic risks

Risk area and description	Analysis of the current situation and existing control/management	Risk level	Assessment of action
<b>Declining markets and market conditions.</b>	<p>Continuous monitoring through structured business intelligence and strategic talent management. Distribution of business risks through a diversity of portfolios and different propositions within each respective portfolio. Order stock distributed over time.</p> <p>Diversified value propositions within Midroc Contracting, from concept and design through project implementation to maintenance and business development.</p> <p>Within Midroc Properties, the project portfolio comprises both residential and commercial projects, including offices, commerce, hotels, storage and industry. We have also launched the housing concept Lyckos, with well-designed residential properties for a widespread audience. The first projects were commenced in 2019.</p> <p><b>Actions 2020-2021:</b> Continuous monitoring of operations and markets.</p>		
<b>The effects of climate change on our properties.</b>	<p>Midroc Properties, which owns and manages the majority of our properties, contributes to community development in close collaboration with municipalities, trade and industry, and local communities.</p> <p>Prerequisites for great locations and sustainable investments include proximity to service, communications, schools, preschools and commerce. Prioritized actions in 2018-2019 were continued training, "naturally sustainable", for our own employees, and local collaborations such as the LFM30 to reduce the climate impact of the construction and property sectors. Broad competence in choice of construction methods and materials for viable communities. Close collaboration with insurance companies for new investments.</p> <p><b>Actions 2020-2021:</b> Development of methods for risk analysis.</p>		
<b>Inability to attract and retain the right competence (ability to lead and cooperate, understand business, industry and technology).</b>	<p>Our strategy is to create a sustainable, decentralized organization ("the Management Arrow") where the backbone consists of self-sufficient profit centers with their own business responsibilities. Based on this, we work with strategic competence maintenance and create prerequisites for active development on both individual and group level through Midroc Business School. Midroc actively participates in selected initiatives of external partnerships for training as well as apprenticeships.</p> <p><b>Actions 2020-2021:</b> Continued development of the Midroc culture based on dialogue with employees.</p>		
<b>Lack of leadership.</b>	<p>The Management Platform is a leadership guide to all employees. Continuous leadership training initiated in 2008 by Midroc Business School. In 2019, the main focus was on training CEO:s and HR managers in operational leadership.</p> <p><b>Actions 2020-2021:</b> Continued training following the intention of the Management Platform.</p>		
<b>Midroc falls behind in necessary investments, business or profitability.</b>	<p>Scenario process with four-month cycle of budget work, implemented in all operations.</p> <p>By listening to our customers, employees, partners and other stakeholders, and by performing the right analysis, we ensure an efficient follow-up and analysis.</p> <p><b>Actions 2020-2021:</b> Further involvement of employees.</p>		
<b>Political decisions that change trade conditions.</b>	<p>Current examples that can affect Midroc's export activities: Brexit, trade wars. The risk is monitored continuously through structured business intelligence and strategic talent management.</p> <p><b>Actions 2020-2021:</b> Continuous monitoring of operations and markets.</p>		


## Financial risks

Risk area and description	Analysis of the current situation and existing control/management	Risk level	Assessment of action
<b>Changed view on properties as a safe investment.</b>	<p>Changes mainly affect Midroc Properties. Demography, capital market and growth have fluctuated since 2018-2019 and there are still uncertainties, mainly in the Stockholm region. By the end of 2019, Midroc's property assets are mainly concentrated around the Öresund Region.</p> <p><b>Actions 2020-2021:</b> Continuous monitoring of operations and markets.</p>		
<b>Increased costs, such as rising prices, overheated markets.</b>	<p>Risks mitigated by insurance cover and tender processes well adapted to business models and units.</p> <p><b>Actions 2020-2021:</b> Increased competence for strategic procurement. Skills development in control and project management.</p>		
<b>Difficulties in obtaining external financing.</b>	<p>With our high credit rating and solid balance sheet, we have very good relations with our financiers. We keep an ongoing dialogue with financial institutions about expectations as well as external reporting of responsible businesses.</p> <p><b>Actions 2020-2021:</b> Increased focus on the framework for green lending (i.e. "green financing") to expand the network of potential investors in Midroc Properties' green projects.</p>		

## Operational risks

Risk area and description	Analysis of the current situation and existing control/management	Risk level	Assessment of action
<b>Insufficient safety culture in hazardous production environments.</b>	Safety is a guiding principle for the whole business and is a natural part of everyday life. Midroc's safety specialists set requirements on safety behavior and follows up on hazardous production environments. <b>Actions 2020-2021:</b> Continuous improvement of the operations. Safety week in October 2020 for our Contracting companies.		
<b>Unsuccessful in creating an inclusive culture where employees feel committed and involved.</b>	The right corporate culture is when we live and develop our culture, strategy and work methods together. With the right corporate culture, we can meet a changing market with new profitable businesses and be the first choice for all our stakeholders. Our strategy is to create a sustainable culture and a dynamic working environment that ensures safety, supports cooperation and encourages new ways of thinking. <b>Actions 2020-2021:</b> Prioritized activities in 2020 and 2021 are to continue with training along the management arrow (the entire organization), such as operative leadership and employee information days, as well as establishing and developing our unique partnering model.		
<b>Inability to meet demands for new technology and digitalization.</b>	Strategic talent management. Market research. Established processes for knowledge sharing change management. Continuous development of our digital platform where we work in an efficient way to share information and "best practice". <b>Actions 2020-2021:</b> Competence reinforcement within digital change management to keep developing in an efficient and business-oriented way.		
<b>Inefficient project implementation.</b>	Project management models adapted to each individual business model. Experience feedback between projects. Unique method for collaboration with project partners. <b>Actions 2020-2021:</b> Continue developing our project ability.		
<b>Insufficient delivery capacity.</b>	In quality assured processes adapted to each portfolio and business model, both opportunities and risks are identified at an early stage to ensure the best solution for each part of the project. An organization that is flexible, efficient and built with the right resources ensures the right start, implementation, experience feedback and closing. Apart from the companies' operations within our three business areas, we also work with creating a good project culture in collaborative contracting. <b>Actions 2020-2021:</b> Further development of our project ability.		
<b>Energy leakage in production plants and properties where energy-saving investments are counteracted by other more urgent parameters.</b>	Under its life cycle, a building causes significant greenhouse gas emissions, and this is therefore a prioritized issue for us. Energy consumption assessment, measurement, follow-up and reporting of energy consumption have been implemented by Midroc specialists since 2017. Within Properties, aiming for third party energy certification is default in all projects and in property management. <b>Actions 2020-2021:</b> Actions in line with implemented energy assessments.		
<b>Deficiencies in our partners delivery capacity.</b>	The right prerequisites mean that we have both the right competence and capacity to deliver in accordance with the contract. This includes the right suppliers and partners and that we have the right tools, competence puzzles and resources so that we can get the right start, implementation and closing. All contracts are preceded by an analysis of delivery capacity and survey of partners. <b>Actions 2020-2021:</b> Increased communication of Midroc's Code of Conduct for business partners was initiated in 2019 through digital channels.		
<b>Failing to practice what we preach could lead to damage in trust.</b>	Our Management Platform permeates all our communication and our decisions along the entire management arrow. Mandate "at the head of the arrow" to enable the right decisions in the right place. <b>Actions 2020-2021:</b> Investments in training and dialogue along with communication with business partners will enhance compliance with our Code of Conduct.		

## Regulatory risks

Risk area and description	Analysis of the current situation and existing control/management	Risk level	Assessment of action
<b>Political or government decisions that counteract Midroc's intentions.</b>	Local management in each business operation with good insight in each country's and region's political landscape. Technology developments and new ideas in our customer projects and collaborations can be obstructed by slow political permit processes. <b>Actions 2020-2021:</b> Improved scenario process with analyses of opportunities and risks every four-months.		

# Close collaboration and digital tools facilitate major projects

Midroc Electro is one of the key actors in Jönköping County's large extension of the county hospital Ryhov. Together with the main contractor NCC, Midroc Electro applies the latest digital solutions to deliver a state-of-the-art hospital.

The Jönköping Region has expanded rapidly and the capacity of the emergency care at the current regional hospital is only dimensioned for half of today's population. The hospital is almost thirty years old and in need of modernization, and there is a major shortage of doctors in the region. This is the reason behind Jönköping County's investment in the county hospital Ryhov.

NCC and Midroc Electro recently undertook another successful hospital project together in Eksjö, which is why Midroc Electro was appointed to be in charge of the electrical installations in the Ryhov project.

The project is a partnering contract, where client, contractor and subcontractors collaborate under a joint budget in an open working environment and with complete transparency between the parties. In January 2018, the groundwork was commenced, and the whole construction is estimated to be completed by the turn of the year 2020/2021.

The project started in April 2017 with a kick-off for the participants, and a partnering declaration was agreed upon.

– Around 40 people from Jönköping County, NCC, the architects Liljewall and all the consultants sat down together. All parties presented their ideas on how to carry out the collaboration, and we established mutual rules for how we should work and act, says Gert-Inge Andersson, project engineer at Midroc Electro.

Shortly thereafter, the project planning was in progress.

– The deadline was tight, since we have a whole floorplan with training facilities for medical students that had to be ready early on. Thanks to our close collaboration, the project planning went very smoothly and in record time, says Gert-Inge.

For the project planning, NCC has set up a project studio – a physical office at the construction site where the key actors of the project plan and coordinate their work. All consultants must be on site a couple of days every week to solve problems quickly.

– We have a very successful concept here. Working closely with the main contractor and the end user saves a lot of time. It

allows us to make quicker decisions and it is practical for the client who has the opportunity to communicate requests and be involved in the project, says Gert-Inge.

## Competence puzzle for diversity

Building a hospital require special competence, something that Midroc Electro has obtained after executing several hospital projects.

– There is a lot of advanced technology and many different systems in hospitals, which makes the installations more integrated than in other installations. There are a lot of sensitive electronics that require several back-up systems to ensure that there is always power supply, says Stefan Svensson, Project Manager at Midroc Electro.

To ensure broad competence and dynamics, there is great diversity among the members of the team.

– All of us have different qualities and experience, and when it comes to competence, we complement each other. We have a great crew. I think that the collaboration is incredibly good, says Leif Eriksson, Project Leader.

Leif is one of the people who contribute with long experience from hospital projects. For the project engineer Martin Sejdhage, however, Ryhov is his first hospital project, but he has broad experience in digital projects. And this project happens to have a very high ambition when it comes to digitalization. For example, the entire building was first constructed in a digital 3D-model first, and all items that should be fitted were entered into the model. It saves a lot of time and facilitates planning and offers early collision detection.

## Digitalization simplifies work

Together with NCC, Midroc Electro has developed a mainly digitalized work process, from planning to quality control.

– We use several digital tools in the project to support the work. We spotted early on that one of the challenges could be possible design changes during the construction phase. New medical technology could be developed, and political decisions

“Smart solutions that simplify work, along with short decision-paths and inclusive work methods, have resulted in a workplace with a high feel-good factor.”

could affect the work as well. A digitalized design greatly simplifies the handling of changes. If and when there is a change, we can inform the project team quickly. It saves a lot of time, reduces the risk of errors and ensures that everyone always has the latest design version at hand, says Martin Sejdhage.

Another example where a digital solution has improved efficiency is a cloud-based system for self-monitoring, developed in-house.

– We have received very positive feedback from the Quality Controllers. To be able to walk around with your tablet, taking a picture of a deficiency and then in real-time verify when it has been corrected, speeds up and simplifies the work process, says Martin.

For the main contractor NCC, the ability to use efficient digital solutions in the project was a prerequisite when selecting partners.

– At NCC, we want to work efficiently with digital work processes, and to do that we need mature co-players. Midroc has a high level of maturity and understands the benefits this provides. The resources allocated to this project are competent and want to learn more, and question things in a good way so that we can adjust and improve the processes together. That is a great strength in a collaboration, says Tommy Mossberg, chief of staff for Ryhov at NCC.

A great advantage of using digital tools more is that it will increase the accessibility and improve project transparency for everyone involved, which further enhances the benefits of the partnering.

– This is a huge project with many parties involved, and there is often a lot of people on site. We work closely together which creates a team spirit that is good for to the project. With our digital processes in place, where we can share important information, also benefits the collaboration a great deal, says Tommy.



From the left: Leif Eriksson, Gert-Inge Andersson, Stefan Svensson and Martin Sejdhage

### Inclusion and commitment

Smart solutions that simplifies work processes, along with short decision-paths and inclusive work methods, have resulted in a workplace with a high feel-good factor.

– We have our office on site and have daily contact with all employees, which makes the work very efficient. We have a very open dialogue within the group, and we have weekly meetings where all employees participate. We carried out a workplace survey where we asked if they were enjoying the project – and almost everyone has given us the highest rating, says Stefan.



## Best profitability to all stakeholders

! We have a sustainable, organic and profitable growth of 10% on a yearly basis.

# When profitability goes hand in hand with responsible business

Nurturing Midroc's good reputation is crucial in maintaining confidence from the market. Through responsible business we create profitability and economic sustainability. Our three business areas provide deliverables that make a positive difference for all stakeholders.

Our behavior matters, both in small and larger things. Midroc erects buildings with a long lifespan and improves the life length of our customers' plants. We invest early in ground-breaking ideas and technology. The respective business models of our companies ensure both profitability and economic sustainability.

As a business group, Midroc's incentive is to develop economically, ecologically and socially sound companies that thrive. At the moment, we have a sustainable, organic and profitable growth of more than ten percent on a yearly basis, which is well in line with one of Midroc's three long-term targets (see image on p. 13).

To always be sustainable and up to date, we must be prepared to adjust our business models so that they are in tune with the demands from the clients, the community and the environment. A few examples of what we do:

- In 2019, we streamlined and re-organized our business operations within our business area Contracting, to better reflect the value that our employees create when working with customer collaborations.
- We have expanded our successful partnering collaborations (pp. 22-23).
- Midroc Automation has provided know-how on safety, reliability, environmental performance and climate for our clients on the Scandinavian market.
- Midroc Properties has broken the ground with our Nordic Swan eco-labelled housing concept Lyckos.
- Together with several other stakeholders in Malmö, we continue to plan for the Embassy of Sharing, a project based on the idea of shared value.



Each day, we develop, construct and manages properties in projects that have intelligent energy solutions, invite to cooperation and offer digital innovations for both ourselves and our partners.

Midroc's management approach is "together to get there". We realize our ambitions together, within the company as well as with our customers and partners.

Internally, we strive to always sharpen our ability to build competence and learn from each other's experiences.

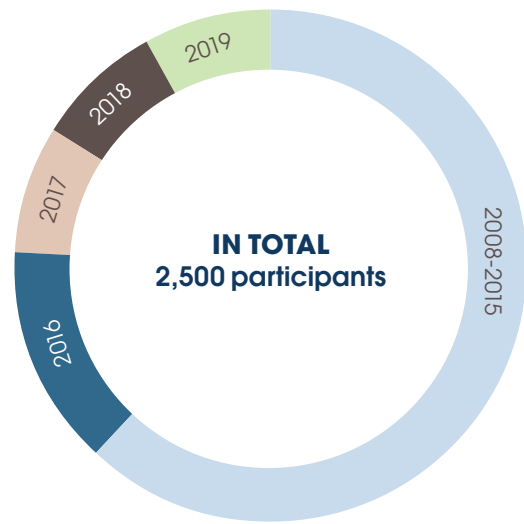
We help each other to become better through constructive feedback and we share our knowledge and experiences with pride.

Together with our customers and suppliers, we build competence and learn from each other's experiences. Cooperation creates sustainable solutions, products and services.

We believe that our strive to focus on process targets and behavior instead of performance targets is the road to success. When everyone takes responsibility and contributes to the common good, then we will become even more successful.

We have three core values that strengthens our shared culture, and which influence our behavior in all relations: Passionate, Innovative and Competent.

**The Employeeship Information Days are for all employees and have been implemented since 2008**



### **Our Code of Conduct**

Our Code of Conduct guides us towards a high ethical standard in everything that we do. We respect human rights, have zero tolerance for corruption and emphasise responsibility in all our activities. We have the same demands on our partners and suppliers.

**Read more about our key financial indicators on pages 58-61**

# Unique technology generates environmentally friendly power from ocean wave energy

One of our time's greatest challenges is the conversion from fossil to renewable energy. Swedish CorPower Ocean's unique wave energy converters have the capacity to contribute radically to the change. The ground-breaking technology generates electricity from waves – more efficiently and at a lower cost than what has ever been possible before.

Ocean waves hold great power. Electricity generated from wave power is a renewable energy source, as well as a reliable complement to sun and wind power. Studies show that wave power could generate up to 10–20 percent of the world's power supply.

But until now, there has been major obstacles for a large-scale launch of the production of electricity from waves. To manage the tough weather conditions, wave converters have previously been too big, too heavy and too expensive in comparison to the amount of power that they generate.

– A lot of people have said for a long time that we should harness wave energy, but no one has been able to manage the economy. Now we have this radically different technology that turns out to be economically sound even before it is completely developed. That really is unique, says Göran Linder, CEO at Midroc Invest.

## Technology inspired by the heart

Midroc Invest's portfolio company CorPower Ocean develops wave power converters that with the help from buoys on the water surface harness the energy momentum from the waves. The technology is based on the cardiologist and inventor Stig Lundbäck's knowledge of the heart's pumping functions and his research on wave energy.

Through intelligent control technology, the buoys follow the waves at an optimal pace, which greatly enhances the energy absorption. CorPower's wave energy converters can generate five times more energy per ton installed equipment than previous solutions, even at small waves. Also, innovative solutions make it possible for the converters to endure even large storm waves without being torn apart.

– The ideal span of the wave height is basically unlimited; the weather is seldom so rough that you cannot harness the energy. All in all, this is a very reliable technology, says Göran.

## Reliable and stable

Something that makes the technology even more reliable is that you can have a rolling service schedule. When a converter buoy needs maintenance, you simply replace it with a buoy that has already been overhauled, practically eliminating the need for maintenance stoppages. This is enabled by a modular way of thinking where the wave park is built on many units, which also means that methods for volume production is driving the costs down.

Oceans waves are shaped weather systems over several days, which is why the surface is never completely calm. This means that the energy extraction from waves can be predicted with much more certainty than from the sun or wind.

– Wave power will play a key part in the global energy conversion by producing electricity in a more stable way, even when it is not windy or sunny, says Göran.

## Well tested technology

CorPower Ocean already has a history of several years of test data from active power plants. Soon, the first full-scale plants will be launched outside the coast of Portugal. There are strategic development contracts with several parties already in place, if this is successful, beginning with commercial deliveries to Ireland and the UK.

– Our ambition is to invest in ground-breaking technologies with the capacity to contribute in a radical way to the conversion to a sustainable energy production. The technology that CorPower has developed fits with ambition very well, says Göran.



# Sustainable use of the Earth's resources

We always put people at the center when we deal with environmental issues. All companies within the Midroc group focus on the end user's perspective, preferably in collaboration with other forces for good in the community and business sector.

Starting in 2018, Midroc has developed explicit sustainability targets that apply until 2020. The targets were originally formed based on the Midroc Group's impact on all things essential. Each business area has then decided areas of improvement based on the aspects that matter the most to them. Therefore, the targets have different focus.

Our contracting and service companies have in the past two years focused on identifying and measuring energy consumption, so that they can take action in reducing the consumption.

For our real-estate companies, the energy consumption during the management phase (its entire life cycle) is a priority issue, and we have extensive knowledge in this area. All properties that are constructed under our management are certified in accordance with Swedish or international standards. Our commitment is emphasized by the fact that we are actively participating in industry networks to lead development and innovation in the area.

As a developer, we have great opportunities to influence the selection of materials and the use of chemical products. Within Midroc Properties, we are committed to making wise decisions when it comes to purchasing and choice in materials in all areas, from development and construction to the management of properties. We participate in industry networks in these areas as well, to make a positive difference. We collaborate with authorities and universities to develop and disseminate good practice.

Midroc's core activities can contribute to slowing down climate changes. We erect sustainable buildings with a long life cycle and we invest in ground-breaking technologies. In 2019, we contributed with our expertise in two of Sweden's test facilities for Bio-CCS (carbon capture and storage) and managed several reconstruction projects of district heating plants that are converting from fossil to biobased fuels.

Measuring our climate-impacting emissions from travel is a challenge in our diversified and geographically dispersed business activities. We weigh benefits against costs when travelling, we create the best possible prerequisites for digital meetings, and we choose the best possible mode of transport based on our working situation.

In our company Alucrom, we monitor and measure emissions from our paint shops.



## Sustainable use of the Earth's resources Midroc's priority areas

- 1 We reduce energy consumption yearly (in relation to total operations).
- 2 We reduce greenhouse gas emissions yearly (in relation to total operations).
- 3 We phase out hazardous substances.
- 4 We contribute with sustainable innovations.

“Midroc’s core activities can contribute to slowing down climate change. We erect sustainable buildings and invest in ground-breaking technologies.”



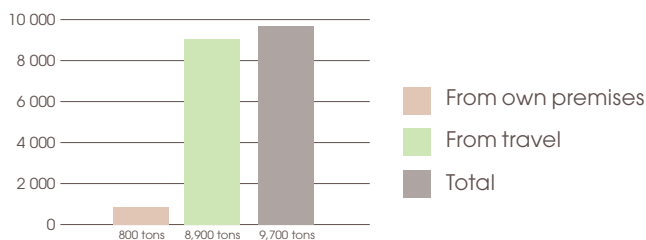
### As a developer, Midroc Properties has high demands for waste management

- ✓ Construction waste should be reduced in both design and production.
- ✓ Construction waste should be reused or recycled; if not, energy recycled.
- ✓ 100 %\* of waste must be sorted and no more than 10 %\* deposited as landfill.

\*Percentage by weight

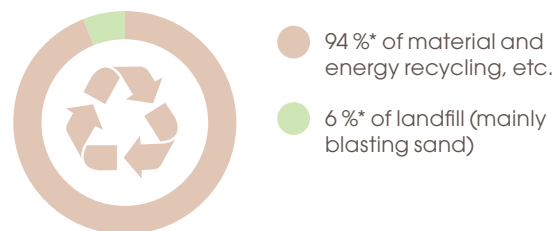
#### CO<sub>2</sub> emissions\*\* (tons)

\*\*Data for CO<sub>2</sub> emissions refer to Midroc’s Swedish operations.



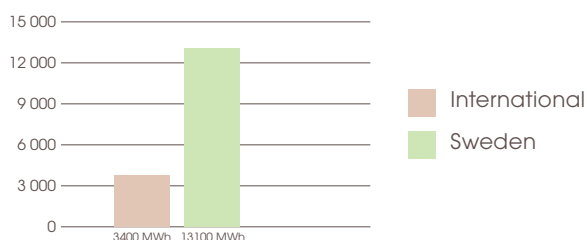
#### Waste by category and waste management method Sweden (%)

\*Percentage by weight



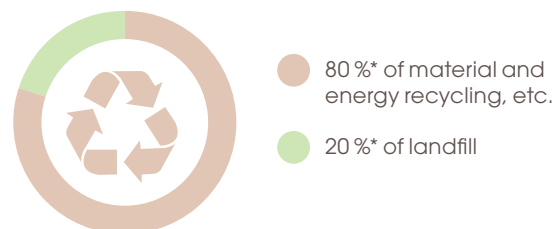
#### Energy consumption\*\*\* (MWh)

\*\*\*Refers to own premises.



#### Waste by category and waste management method internationally (%)

\*Percentage by weight



# Midroc develops housing for all in scenic area

Just outside central Malmö by the city's largest park, Bulltofta recreation area, Midroc Properties develops a whole new district. A mix of space-efficient apartments in various sizes, suitable for a wide target group.

In 2003, Midroc Properties bought the lot in Husie outside of central Malmö where Egmont Publishing previously had its printing house. In the initial development plan, the lot was intended for commercial businesses. However, Midroc Properties saw another potential – that it would make an attractive housing area.

Next to the lot is the Bulltofta recreational area, complete with a large park with tracks, outdoor gym, football fields, tennis courts and miniature golf. The district also offers great communications and you can travel by bicycle all the way to central Malmö on nice bikeways.

– After acquiring the lot, we initiated discussions with the municipality. We designed a new development plan and acquired new permits to build something new, vibrant and attractive in the area, says Peter Syrén, CEO of Midroc Properties.

## A brand-new district emerges

Midroc Properties' strategy includes the construction of sound and attractive housing for everyone, and the development of entire areas. Over the years, Midroc and other stakeholders have developed Bulltofta Friluftstad into a brand-new district with housing, service and commerce that complement the previous residential houses in the area.

When the area is completed, there will be 500 new homes, business premises and municipal services. The area already includes preschools, primary schools, convenience stores and other commerce.

Construction has been in progress since 2016.

Midroc has completed three tenant-owner apartment projects, a parking garage and a central property that is leased to the municipality. Midroc's final housing project in the area, "Vingen", is currently under construction. Three houses, with 69 apartments ready for occupancy in the spring of 2021, are being constructed in the area. The construction of the final stage, a profile building, starts in 2021. Intended for both living and commerce, the building will be a future landmark in the area.

## Affordable apartments

The largest housing project is called Startfältet and consists of 128 space-efficient apartments in various sizes, mostly smaller. The project offers affordable, newly produced homes to a target group that otherwise might not have been able to buy new production. The apartments are bright with attractive floor plans, and a lot of attention has been put into details.

– We primarily target young people who are about to move away from home, or who are moving from a rental apartment to their first tenant-owner apartment. We mainly offer one-bedroom apartments of 54 m<sup>2</sup>, in which one or two people can live comfortably. It is a very affordable accommodation that enables a lot of people to take the plunge and buy their first home. It is very satisfying to be working with this project because there is a great demand from the community, and you feel that you can contribute with something, says Project Manager Eva Johnsson.

– The project is completely in line with Midroc's vision to make a positive difference in the areas where we operate. By paying particular attention to social sustainability in the development of the district, we contribute to more people being able to participate in a well-functioning housing market, says Peter Syrén.

## Price and location determining factors

One of the young home buyers is Natalija Cincarevic. The concept with smaller apartments at affordable prices suited her perfectly.

– I used to stay with my mother so that I could save money to buy my first own apartment.

Apart from the price, the location was most important to Natalija.

She works at a boxing venue nearby, where she trains, helps young people and coaches a group of girls.

– I am passionate about training and I exercise a lot, and therefore I want to live close to great running tracks. My mother's apartment is right in the city center and when I lived there it was difficult to find good tracks, so I knew that I did not

“By paying particular attention to social sustainability in the development of the district, we contribute to a well-functioning housing market.”

want to live in the middle of the city. This location is perfect for me, and it is close to work.

She has lived in her studio apartment of 32 m<sup>2</sup> for a year now and could not be happier.

– I got a good feeling the moment I saw it, and the size suits my needs. I also have a glazed-in balcony that serves as an extra room, says Natalija.

### Great strength in own contract

Constructing high-quality apartments affordable for many is a challenge.

– We have worked with a very skilled architect who has managed to maintain high standards and quality in the architecture without increasing the costs. Our own contracting organization constructs most of the projects at Bulltofta. For the project Startfältet, we had an external contractor, but we have benefited greatly from our own experience at an early stage of the planning. We have experienced contractors in-house who become involved early in the project, which is a great strength, says Eva.

In the opinion of Linus Gustafsson, Production Manager, the internal work processes are a great advantage.

– When we in contracting are involved in the design process early on, we can influence decisions that can streamline the process. Since we at Midroc often own and manage properties ourselves, we can also find solutions that we know to be long-lasting. It is our greatest strength and what makes us successful in constructing properties with high quality to affordable prices, he says.

– For the apartments in “Vingen”, we altered the foundation to simplify the production. We replaced the traditional cast-in-situ concrete of the base by prefabricated elements. As a result, we saved at least one week in production time per building; and also saved additional costs. A less complicated foundation is easier to construct and reduces the risk of errors. The initial material costs are slightly higher, but the final costs are lower. With this solution, we also got a better finish with straighter edges and a cleaner surface with fewer joints than if we had used cast-in-situ concrete, Linus says.



From left: Natalija Cincarevic, Eva Johnsson and Linus Gustafsson



# Nurturing culture and people

The Midroc culture is based on a basic principle: People who feel confident, acknowledged and who are assigned clear roles will grow, both on a personal and on a professional level.

Midroc has developed rapidly in recent years, and what is most inspiring about this development is to see how our employees take on our challenges. Trust and ability to cooperate are important ingredients in our corporate culture. We work every day together to reach our long-term targets: creating the best profitability to all our stakeholders, using the Earth's resources responsibly and making Midroc the number one choice for our clients, employees and future employees.

The key to success is understanding the client's challenges. With Midroc's decentralized organization, unique partnership model and flexible solutions, we have a competitive market position. The fact that our employees feel included in the Midroc family and have the authority to make daily decisions, is a prerequisite for us to reach our goals as a group.

## The cornerstones of our strong corporate culture:

Firstly: **A trusting work environment.** To reach our goal to be best in class, we spend time and resources on personal development. An individual who is confident in his or her role and who understands group dynamic, is well-equipped to bring out the best in colleagues, clients and contractors. We coordinate, structure and search for synergies at group level to be in

line with our targets for health, safety, environment and quality. We conduct employee surveys on a regular basis.

We work horizontally with our partners following the model that we call Midroc's Management Arrow: At the far right of the horizontal arrow, at the head, we have the employees who meet our client's. At the back of the arrow, we have the employees who support them and enable them to implement the work in the best way.

The Management Arrow replaces the classic pyramid organizational structure, to remind everyone that it is those who work closest to the client who make the greatest difference in the client's perspective.

Secondly: **We welcome diversity.** We believe in doing things together, and we create opportunities to make the most of both differences and similarities. Adding several perspectives and experiences make us stronger as an organization. Being able to communicate this to others is important. We have zero tolerance against discrimination and there is a whistle-blower function for reporting harassment or discrimination anonymously.

We will continue our work with diversity, because we are convinced that it is a prerequisite for both innovation and development.

Thirdly: **Competence.** We work with our structured

## Sweden's Best Employer

### 2019 – 1:st place

2018 – 2:nd place

2017 – 3:rd place

2016 – 5:th place

2015 – 8:th place

Source: Universum



# #1 Midroc

Sweden's Best Employer 2019





## Nurturing culture and people Midroc's priority areas

- 1 We generally have a steady increase of women in our companies, especially in management positions.
- 2 We have a Vision Zero for serious accidents and a 50 % decrease in LTI (Long Time Injury).
- 3 We have no incidents of harassment or discrimination.
- 4 We are the most attractive employer for both our existing and future employees.

“Being the first choice for both our current – and future – employees is our top priority.”

competence puzzle to ensure that our teams benefit from different skills and expertise. The model is based on the notion that a group can perform better together than what they would have accomplished alone. To lay competence puzzles helps us compose the right overall competence for a given task and is a tool in planning the employees' personal development. After many years of working with this, we know that the inclusion of employees generates commitment and profitability. Read more about our work processes on pages 15 and 36–37.

Here, we also want to highlight Midroc Business School, which since the start in 2008 offers development in leadership together with tailored training programs in negotiation techniques, among others. Most of our employees have

participated in some form of training or development context at Midroc Business School, which can be seen in the image on page 25. New managers with line management responsibility usually participate in the training program for operational leadership during their first year in their new role. In 2019, a special effort was initiated to update our Swedish-speaking CEO:s and HR managers in the same training program.

Being the first choice for both the current – and future – employees is our top priority. In the employer branding company Universum's annual survey, we were awarded the top position as Sweden's best employer in the large companies category last year. We have steadily improved our position – which make us immensely proud!



“This year, we will do a retake to strengthen our crisis management capability and support the structures around it. We raise our ambition to anchor and reinforce our Code of Conduct, both for ourselves and our partners.”

Fourthly: **Safety.** Many of our employees work in hazardous environments, which require a systematic approach to safety. Midroc has management systems for Health, Safety, Environment and Quality issues throughout the group, and most companies have one or more ISO certificates as evidence of continuous improvements.

Worth mentioning is our successful work to establish a safety culture within our business area Contracting, where the safety days (now safety week) are a recurring tradition. Clips about this can be found on YouTube.

In 2020 and 2021, we will continue with the internal processes that were initiated in 2019. This year, we will do a retake to strengthen our crisis management capability and support the structures around it. We improve our ambition to anchor and reinforce our Code of Conduct (p. 25), both for

ourselves and our partners.

We will do this partly through exercises and training, and partly by reviewing our current agreements and by performing supplier assessments. The goal is that everyone who works for Midroc will sign our Code of Conduct.

**Finally:** Contributing to the community is an integral part of all Midroc’s activities. We have a long history of actively supporting the community with sponsorships, summer jobs for local high school students, trainee positions and we participate in projects with expertise and solutions that contribute to a sustainable development. Read more on pages 26-27 about our investments within the framework of Midroc Invest.

We have four comprehensive targets for people and cultures on group level. The individual companies then break them down into more detailed targets, adapted to their circumstances.

## Total employees

New employees

665

Employee turnover

14,7%\*

LTIF (Lost Time Injury Frequency)

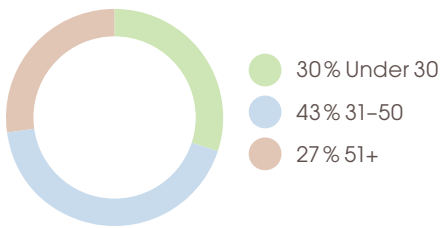
9,4\*\*

\* Including retirements, acquires and reorganizations.

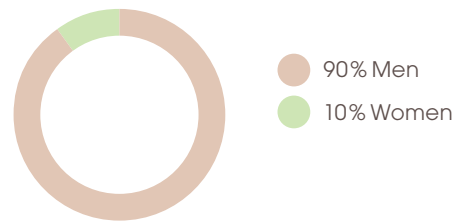
\*\*LTIF: lost time injury frequency calculated as occupational injuries that involve absence from work for at least one shift, per 1 million hours worked.

## Total employees

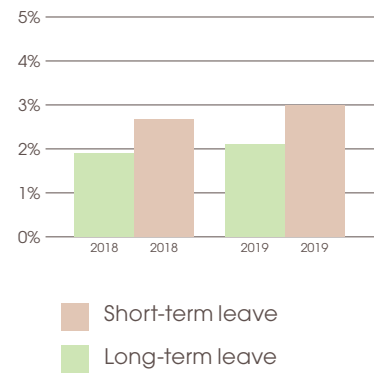
Age distribution



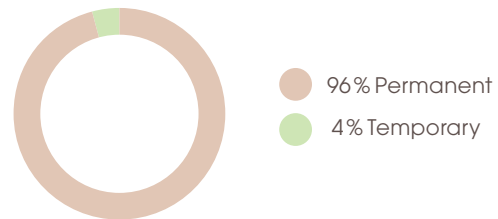
Distribution women/men



Sick leave



Form of employment

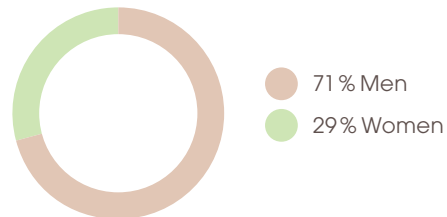


## Management

Average age

47,4

Distribution men/women

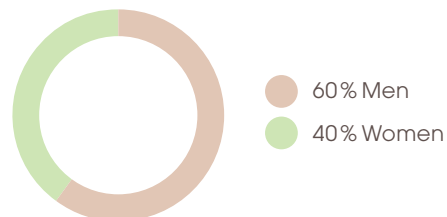


## Group management

Average age

52

Distribution men/women



# Long-term culture work generates committed employees

Short decision paths, freedom with responsibility and great development opportunities. These are some of the reasons that employees use to describe why they thrive at Midroc. In 2019, Midroc was awarded the position as “Sweden’s best employer” – a solid proof that the long-term culture work pays off.

The annual survey Sweden’s Best Employer is performed by the employer branding company Universum. In the survey, employees assess their employer based on internal identity, satisfaction and loyalty. At Midroc, the survey has been conducted at the three engineering companies Midroc Automation, Midroc Project Management and Midroc Property Development.

– Over the last five years, we have been steadily climbing the rankings, and it is very satisfying to see that we have now reached the top. That is not the goal in itself, but it is proof that our systematic work to develop the Group, the companies and our employees has started to bear fruit, says Moa Wennström, HR Manager at Midroc Europe.

Our own employee surveys, frequently conducted across the Group, also show increasingly positive results.

Continuously taking the pulse on the organization and taking advantage of insights from employees are great ways to drive commitment, Moa says.

– Our employees often emphasize freedom with responsibility and development opportunities as reasons why they thrive. I believe that our inclusive work methods create commitment. With us, the employees have the opportunity to influence their projects, their business and their personal development, Moa says.

## Continuous assessments

Midroc’s inclusive work methods include scenario processes. Three times a year, the department heads gather their employees to perform an analysis of the current business situation.

– It can be a workshop where you perform market and competitor analyses, discuss the company’s value propositions and reflect on the future. Here, the employees become involved in the business development, and the management gets the

opportunity to anchor strategies at the head of the arrow, says LiseLotte Jernberg Bate, the Group’s Culture Manager.

– The work processes may differ a little among our companies.

For example, Midroc Project Management has developed dream projects that have then become real business opportunities, says Moa.

Like many others at Midroc, Moa and LiseLotte have been active within the company for many years. Moa started as a summer intern and LiseLotte as a consultant in leadership development.

– A lot of us at Midroc have worked here for a long time. I think it is because of our great development opportunities. I started out as a trainer, and now I am part of the Group Management. If you want to accomplish something and show that you are ambitious, then the opportunities are right here with Midroc, LiseLotte says.

## Common mindset

Everyday life in the Midroc companies is characterized by short decision paths. The shared organizational structure is symbolized by an arrow where the key people who work closest to the customer is at the front, while management acts as a support function at the back.

– We have been working systematically for many years with our internal culture by creating a common mindset and joint processes, says LiseLotte.

Creating a common mindset across an entire Group requires long-term and continuous work .

– Our Group management and owners are very much involved in the Midroc culture work. There is also a great commitment for the issue among our companies, Moa says.



## Tools for creating culture

To assist in this work, there are a number of useful tools, such as the shared Management Platform. In addition, there is our in-house business school, Midroc Business School, which organizes individual and group development through leadership programs, employee information days and other training activities.

– All employees in a leadership position within the Group, get the opportunity to attend our leadership programs. We started developing programs for the Midroc companies' leaders many years ago. We have expanded the programs with more training initiatives, group development, more advanced training and employee information days. Today, all employees participate in the employee information days. They learn more about their individual driving forces so that they can communicate and cooperate with others in their team more easily, says LiseLotte, who has the overall responsibility for Midroc Business School.

## Teamwork is important

Working together for the benefit of the team, the project and the client permeates the business. Great emphasis is placed on

team dynamic and in getting the right competence by laying competence puzzles.

– When you put together a team, it is important to think about how teams work and to strive for cognitive diversity. We need different personalities, with different experiences and approaches if we want to succeed. If a team visually has great diversity when it comes to gender and age, but everyone has the same personality, the dynamic will probably not be so good anyway. Allowing each employee to analyze their driving forces is part of creating an understanding for and getting a good result from cognitive diversity, says LiseLotte.

Midroc has created a functional model which is confirmed by the fact that external companies have started to ask Midroc Business School's training manager to participate in the start-up phase of new partnering projects with different forms of group development. By creating a shared mental thought platform and rules for those who participate in the project, you can reduce the risk of later problems already at an early stage.

– We know from experience that costs are reduced, and that the quality of the work increases when you are working in a well-structured way. Partnering projects simply have better prerequisites to be successful.



**M**  
MIDROC

Ma  
Ne co

# **Our business areas**



Business Area

# Invest

Midroc Invest invests early in ground-breaking technologies with great commercial potential and of high global importance. The major part of the investments targets Swedish companies within Cleantech and Life Science. The basic idea is that the technologies have the potential to contribute to a better world.



CEO Göran Linder

The year 2019 was the best year yet in the history of Midroc Invest. Lucrative sales and commercial successes for the portfolio companies are behind the year's record result.

– Our strategy, to invest early in technologies and be active owners who contribute to development,

involves high risks. However, there are great profit opportunities. Many of our companies have now reached the level of maturity where our investments start to yield results, says Göran Linder, CEO at Midroc Invest.

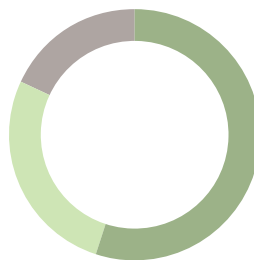
The fact that the companies have matured also means that several of the technologies are now available on the market and contribute to a better world. For example, the wave power company CorPower and the tidal energy company Minesto have finalized their first commercial contracts for the supply of electricity based on renewable marine energy to the British Isles and the Faroe Islands. The fuel cell company PowerCell has increased sales of their solutions for fuel cell systems with no emissions other than water. At the same time, development to produce a solution that can be optimized for future mass production together with the major German-based car manufacturers has been intensified.

The major part of the year's great profit comes from a successful sale of the holdings in PowerCell.

– We were one of the first and largest venture capital companies to invest in PowerCell and we have been active in the company's development since the start ten years ago. PowerCell was listed in 2014, and at the time of the sale, the share had increased with an impressive 2,300 percent.

– We sold our entire holding to Robert Bosch GmbH, a world-leading global actor within the automotive industry. We believe that the solution with hydrogen as a source of energy has a future within the automotive industry, and we have a strong belief in PowerCell. Therefore, we bought back

Assets  
1,049 MSEK



- 55% Development companies
- 27% Listed companies
- 18% Securities companies

a smaller share of the holdings so that we can still be involved in the company, while enjoying the benefits of a having strong major shareholder such as Bosch.

During the year, Midroc Invest sold or liquidated a couple of companies that had failed to gain momentum or yield profit. At the same time, other companies within the portfolio have started to flourish.

– We have a couple of companies that have turned heavy losses into real success stories. One example is EffRx, that has developed a ground-breaking drug formulation for the treatment of osteoporosis.

All in all, the success means that the business area now is in a very favorable position.

– Things are really going our way right now. In general, the entire portfolio is about to enter into a phase where the companies can generate enough sales on their own. This means that we now have the time to look ahead and focus on market development instead of chasing additional capital.

After having reduced the number of stock listings in recent years, Göran Linder now expects to increase the pace in the years to come.

– We are engaged in many young companies and being listed involves a lot of formal work; the companies have to reach a certain level of maturity to meet the requirements. We do have some companies that are approaching that level, and we are aiming for new listings by 2021.



Today, Midroc Invest has several successful portfolio companies that operate in the category of renewable and carbon dioxide-free energy.

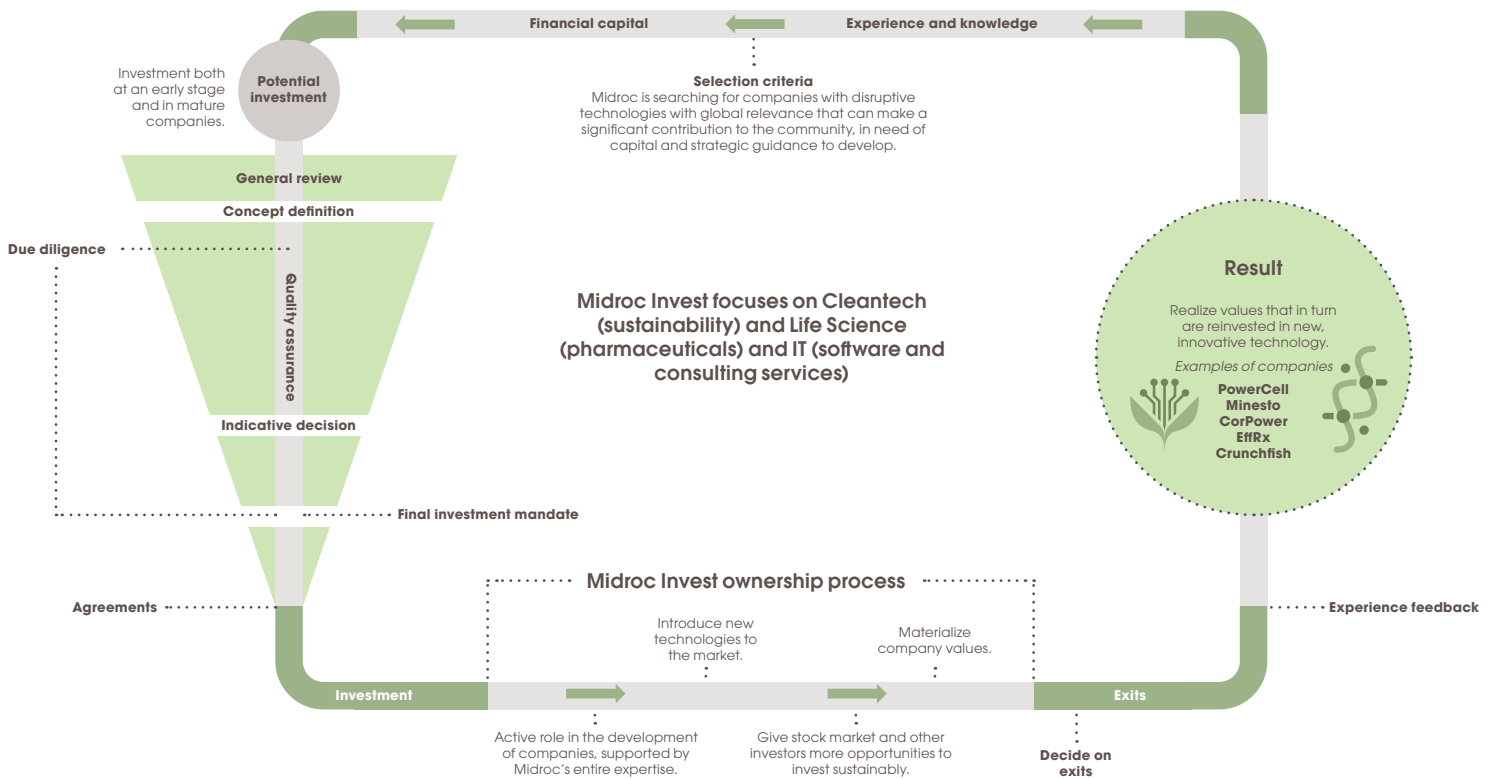
Next, we want to expand the portfolio with more interesting technologies within adjoining segments. To reach the global sustainability goals, it is not enough to only reduce greenhouse gas emissions, we have to find ways to absorb and store carbon dioxide as well. We are looking at one or several investments within this segment. Another area of interest is heavy industry, with innovative manufacturing technologies with potential to reduce or eliminate carbon and fossil emissions. Today, the steel and aluminum industry put an enormous strain on the climate.

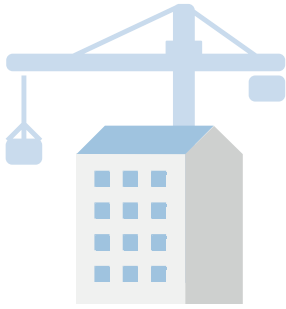
Going forward, the strategy is to continue to reduce the unpredictable risks and to shift the focal point towards a more self-sufficient portfolio, while maintaining a significant growth potential.

– With the backing of last year’s great result, we have a very positive outlook on the future. We continue to search for new technologies with good earning opportunities and great potential to make our world better.

Company	Segment	Listed
Air to Air Sweden AB	Cleantech	
Arenabolaget i Ängelholm AB	Property	
CorPower	Cleantech	
Crossborder Technologies AB	Cleantech	
Crunchfish AB	IT	X
EffRx Pharmaceuticals S.A.	Life Science	
Heliospectra AB	Cleantech	X
Jensen Devices AB	Cleantech	
Lamera AB	Cleantech	
Minesto AB	Cleantech	X
Nilsson Special Vehicles AB	Vehicle	X
Powercell Sweden AB	Cleantech	X
Promore Pharma AB	Life Science	X
Q-Group	IT	
SolarWave AB	Cleantech	
Xenella AB	Life Science	
Västra Hamnen CF	Finance	

## Value chain Midroc Invest





Business Area

## Properties

Midroc Properties develops and manages commercial and residential properties. The strategy is to be a community developer and create ecologically, socially and economically sustainable urban environments with properties that offer people and businesses opportunities to develop.

Turnover: 5,062 MSEK

Employees: 111 Offices: 4



**CEO Peter Syrén**

Last year was a busy year for business area Properties. Many construction starts, several in the implementation phase and a significant amount of completed projects contributed to a record year.

– It has been an eventful, intense and prosperous year. We have a very strong growth, rates generate a

stable property market for offices. We believe that it will remain solid.

When it comes to housing, several projects have been launched under our new brand Lyckos – a concept with designed space-efficient homes at affordable prices.

– For a while now, we have been wanting to build for a wider buyer group than the regular target group for new production. Our vision is to make a positive difference through our operations. This includes creating opportunities for people to develop and grow, and a with major ongoing investments and many future construction starts. We achieved a very good result which was also increased significantly due to the sale of a large office building in the central business district of Stockholm.

Now we are strengthening our ability to invest in new projects and proprietary properties, says Peter Syrén, CEO at Midroc Properties and Portfolio Manager for business area Properties.

In general, housing prices increased in 2019 and the housing market has recovered from the downturn that lasted from 2017 into 2018.

– The Stockholm market suffered the most from the downturn. In the Skåne region, where most of our housing projects are located, we could not see any significant downturns. The cost pattern for the market is a challenge and we are focusing on finding the right cost level while maintaining quality and good architecture. We completed approximately 450 homes in 2019 and the market remains generally stable with great demand for new production.

The production of office premises has also performed well. Two major office building projects in Malmö were completed; the World Trade Center Malmö has been expanded with an additional property and the spectacular property The Edge in Hyllie was ready for occupancy at the end of 2019.

– We continue to see a high demand for new offices.

Seen over time, new construction is in line with demand and vacancies are low, which together with favorable interest functional housing market that more people can benefit from is an integral part of this.

– Our brand Lyckos has been very well received by both clients and municipalities. We have great belief in the product, and we will continue to invest and start new projects in 2020.

The philosophy to act as a community developer and build socially sustainable is obvious in Bulltofta Friluftstad in Malmö (read more on pages 30–31).

– We have been building and developing in the area for several years now.

Here, we have also been able to offer affordable housing to those with a limited housing budget. It is great to see that the housing is in demand by a wider target group, and mainly younger people who are entering into the housing market.

In 2019, Midroc Properties and their partner Väckjöbostäder, were awarded the Väckjö Municipality construction award for the project Vallen. The motivation was its varied and well-designed architecture, where all buildings have been constructed with wood building technology. From a sustainability perspective, there are several reasons to build in wood.

It reduces energy in the construction process and wood is also a renewable source material that stores carbon dioxide throughout its entire life cycle.

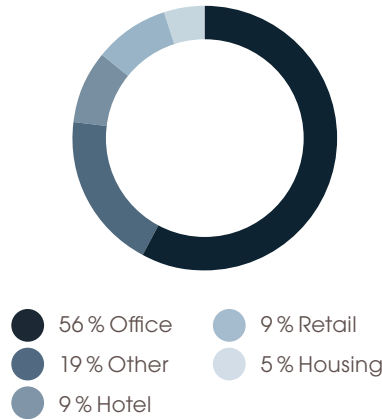
– Wood is a healthy and sound material that functions as a trap for carbon dioxide, both when it grows in the forest and as a completed building. We have many years of experience in wood buildings and we plan to keep using wood building technologies in several of our housing projects. Within the project Embassy of Sharing in Malmö, we plan to build our first

office building in wood.

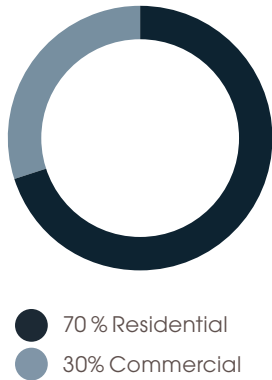
Embassy of Sharing is a project based on UN:s global sustainable development goals.

– We will build a whole town district, completely in line with our vision to create ecological, social and economic sustainable environments where people and businesses can grow. We want to find circular and resource efficient solutions with the smallest possible carbon footprint. It will be a place where it is easy to live, be active and work in ways that contribute to a better world – we put a lot of effort into the social sustainability in the area.

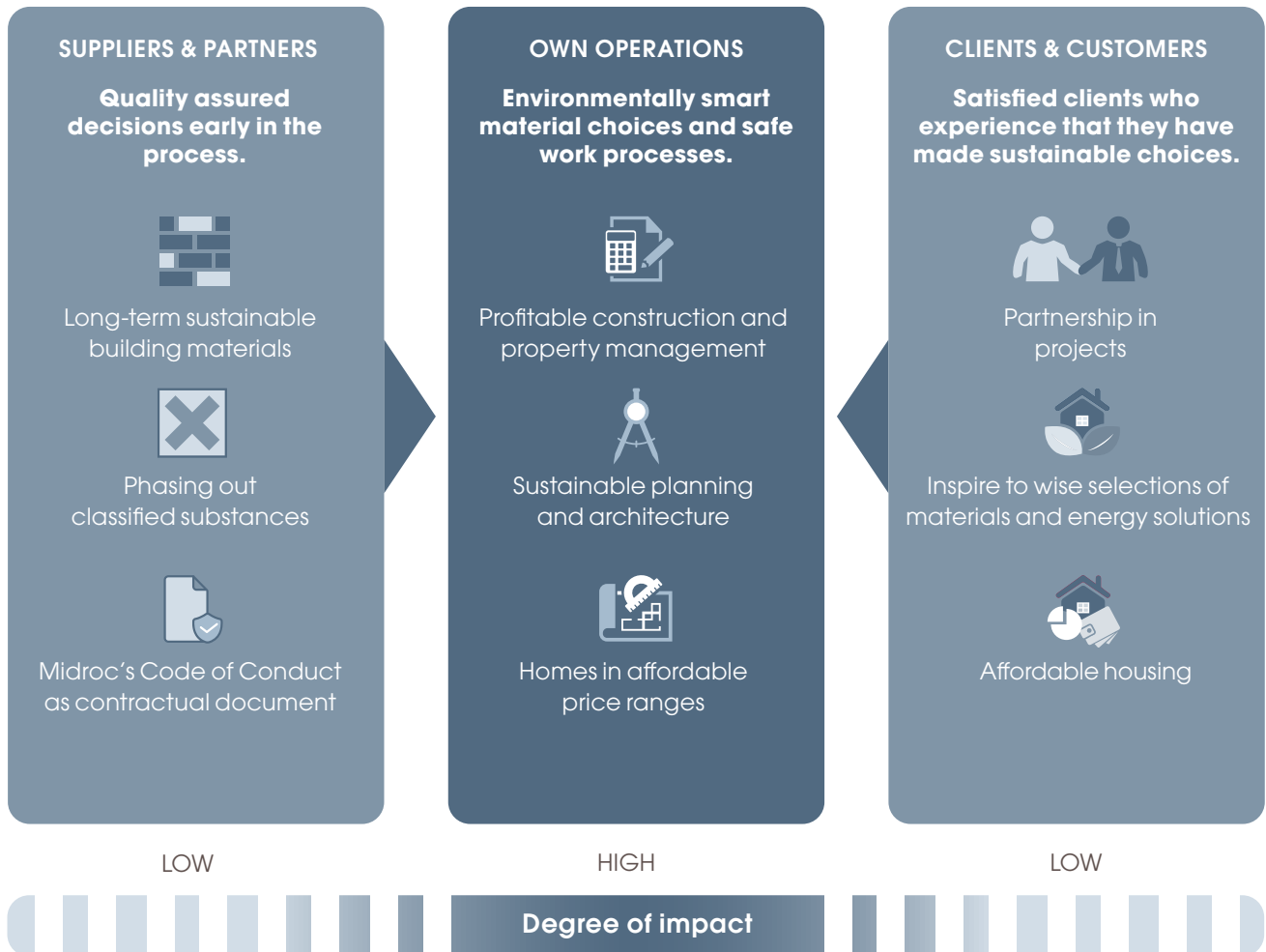
Property management  
TOTAL AREA 104,186 m<sup>2</sup>

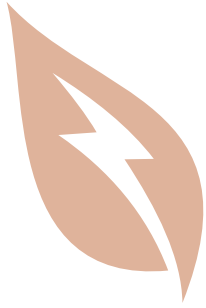


Development portfolio  
TOTAL AREA 1,100,000 m<sup>2</sup>



## Value chain Midroc Properties





Business Area

## Contracting

The companies within the business area Contracting operate in the energy, industrial, infrastructure and construction sectors. The companies offer a great variety of services within contracting, maintenance and consulting.

Turnover: 6,333 MSEK

Employees: 4,000



CEO Björn Wigström

Even though the previous year showed a slight downturn in the construction market, and a large project had a negative impact on the result, 2019 was still a great year for Contracting as a whole. The business area has been successful in the market with a good inflow of orders and a high level of activities.

– Overall, 2019 was a great year,

with good profitability and strong growth in our operations. Many of our companies operate in markets where the economy has been favorable, such as within the industrial and infrastructure sectors, says Björn Wigström, Portfolio Manager for the business area Contracting.

Another contributing factor to this year's great return is that last year, the business area experienced a positive effect of an acquisition that was made in 2018.

– Now, we can see the full effect of the acquisition of LKN Industriautomation and Midroc Electro's major investment in the Norwegian market. Those businesses have had a good development and the operations have successfully been integrated into Midroc.

Future plans include expansion both organically and through acquisitions, and the strategy is that Midroc Electro will continue to grow on the Norwegian market.

The strong sustainability trend and the market's increased focus on technology and renewable energy also provide great business opportunities for the companies within the business area Contracting.

– Our Contracting companies are involved in the construction of the infrastructure and industry for the community of the future. For example, Midroc Rodoverken, Midroc Automation and Midroc Project Management have all been involved in several energy projects that contribute to reduced emissions and sustainable energy solutions.

– We are also at the forefront when it comes to implementing new technology within industrial and building automation,



digitalization and robotics. This is a trend that will continue to accelerate.

The business area Contracting also established ambitious sustainability goals to reduce the companies' greenhouse gas emissions and increase the energy efficiency in general.

– But what is equally important is social sustainability. One of our main focal areas is our HSE work, and we always put safety first for our employees and partners.

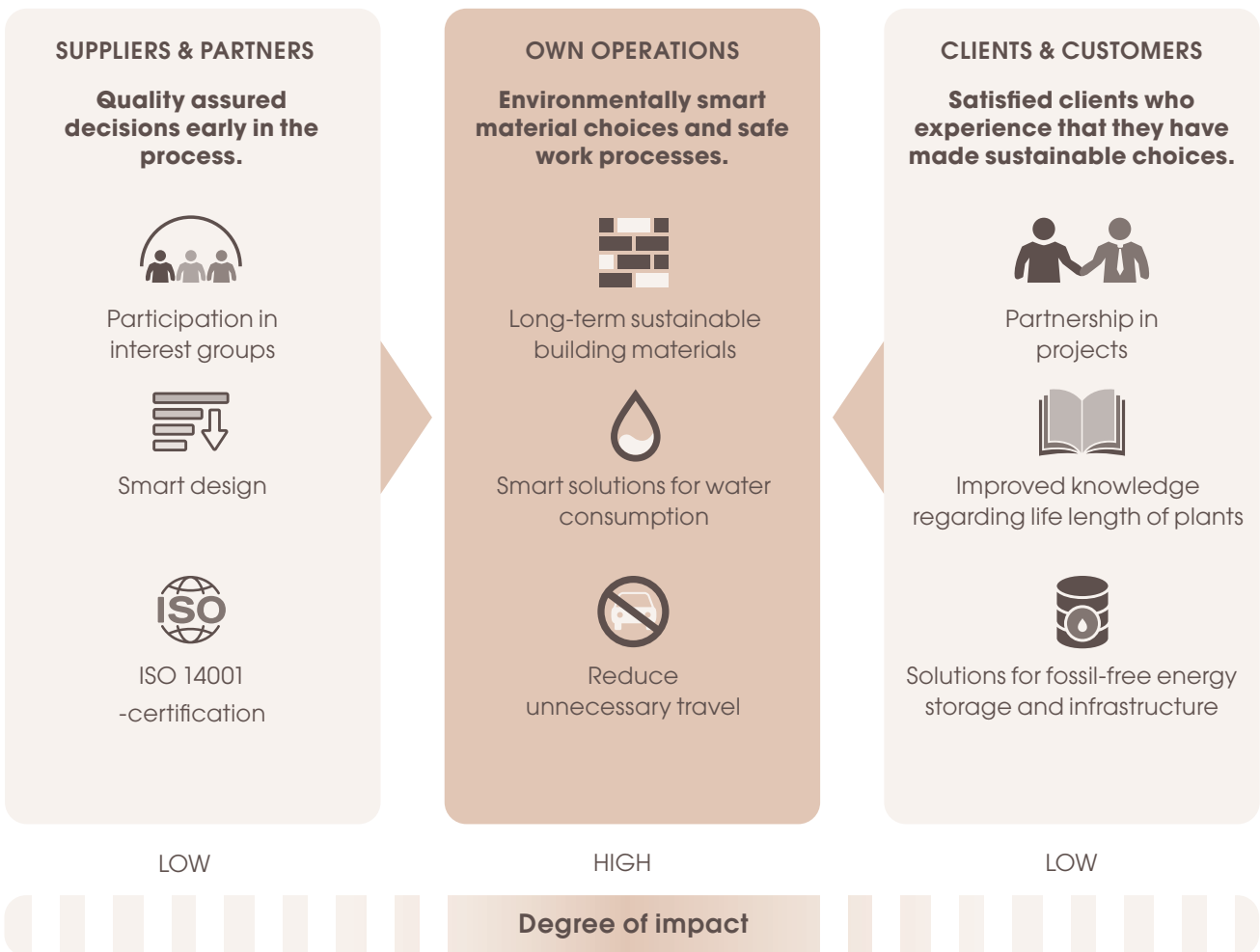
Our clients have high demands and many of our employees work in challenging environments. It is our ambition to be a

forerunner in the industry.

– When we look ahead, we are carefully optimistic. Even though we can see downward trends in the markets, we also gain ground within many areas. Many factors point towards great opportunities for additional growth for us. Our ambition does not only involve working for a better financial growth, but also to focus more on social sustainability. With the help from our culture, we want to be able to make a positive difference for our employees and in the community where we operate.

“Future plans include expansion both organically and through acquisitions, and the strategy is that Midroc Electro will continue to grow on the Norwegian market.”

## Value chain Midroc Contracting



# Midroc Electro Gruppen AB

One of Scandinavia's leading electrical installation and automation companies, with services in areas such as electrical installation, industrial automation, crane systems, electric vehicle charging stations, security systems and mechanical maintenance. Midroc Electro Gruppen comprises the companies Midroc Automation AB and Midroc Electro AB (for the Swedish operations) and Midroc Electro Gruppen AS (for the Norwegian operations). The task of the parent company is to ensure continuity and competitiveness in joint projects.



CEO Mikael Vestlund

## Midroc Electro AB

The third largest electrical installation company in Sweden and one of the fastest growing. The company offers services in electrical installation, instrumentation and electric vehicle charging stations, security, elevators, building automation and mechanical maintenance. The strategy is to operate profitable brand offices all over Sweden, with a strong local affiliation. Among its expertise areas are projects in businesses such as housing, infrastructure, power plants, steel, petrochemical and mining.

---

Sales: 2,700 MSEK      Employees: 2,100      Offices: 54



CEO Anders Bredesen

## Midroc Electro Gruppen AS

A recent market expansion of the Swedish operations and one of the fastest growing electrical installation companies in Norway. The company subsequently offers services in electrical installation, instrumentation, security and building automation. The strategy is to expand geographically in Norway with a strong local affiliation and particular focus on installation services. Among its electrical expertise areas are projects in business fields such as construction of commercial buildings, industry automation, open building automation platform and preventive service.

---

Sales: 450 MSEK      Employees: 310      Offices: 5



CEO Jonas Bergmark

## Midroc Automation AB

One of Sweden's leading industrial automation companies. The company operates in all industries, from traditional basic industry to infrastructure. The international mining business is for instance one of its major areas of operations, and the company is the first in the world to be certified as a Siemens Solution Partner in the mining industry. Through the recent acquisition of LKN Industriautomation, a leading Swedish supplier of automated production lines for the automotive industry, Midroc Automations further increased its capability to undertake major industrial projects.

---

Sales: 800 MSEK      Employees: 220      Offices: 8









CEO Johan Zettergren

## Midroc Rodoverken Group

A market leader in site-built atmospheric tanks, hot water accumulators and pressure vessels using its unique and superior spiral construction method. The customers are mainly found within energy, pulp and petrochemical industries. The supply catalogue is supplemented by maintenance services for existing tanks as well as prefabrication of steel structures for a variety of industrial installations. The company is headquartered in Sweden with a pre-fabrication subsidiary in Poland. Beyond these markets, Midroc Rodoverken also take on large tank projects across mainland Europe.

Sales: 350 MSEK

Employees: 120

Offices: 3



CEO Peter Flyckt

## Midroc Mechanical AB

The business undertakes installation and maintenance projects within Mechanical & Piping. Services are provided for major maintenance stops in process and energy intense industry but also mechanical services for maintenance of industrial plants in general. The company also undertakes pre-fabrication and erection of industrial piping systems with associated line equipment. Midroc Mechanical mainly operates on the Nordic market but can take on international assignments as well. Clients are found within oil and gas, petrochemical, steel and energy. Midroc Mechanical was formed in 2019 by the merger of similar operations, by the time distributed over several Midroc companies.

Sales: 380 MSEK

Employees: 200

Offices: 5



CEO Tomasz Gajek

## Alucrom Group

Sweden's leading contractor when it comes to surface treatment, corrosion protection and industrial coatings. Operations are conducted from the company's own paint shops in Sweden, Poland and Finland or, for unmovable objects, on-site, mainly at project locations in Sweden and Finland. Customers are found in a wide array of sectors, including the manufacturing steel industry, oil and gas, petrochemical, pulp and paper, bridges and other infrastructure as well as heavy vehicles and automotive.

Sales: 450 MSEK

Employees: 570

Offices: 15



CEO Steve Goring

## BAC Corrosion Control Ltd

A UK based market leader in cathodic protection (CP), internal corrosion monitoring, pin brazing and transformer rectifiers for the corrosion control industry. The company operates worldwide providing specialized CP products and engineering services to projects in the oil, gas, utilities, steel in concrete, marine and other sectors where critical metallic structures require corrosion monitoring and protection.

Sales: 65 MSEK

Employees: 45

Offices: 2



CEO Stefan Kronman

## Midroc Project Management AB

Takes on complex consulting assignments within the fields of energy, petrochemical, construction and infrastructure, using modern technical solutions and with the environment in focus. The company is specialized in delivering services within project management, asset management, engineering, facility shutdowns and HSE-Q implementation.

Sales: 200 MSEK      Employees: 120      Offices: 5



CEO Lembit Laks

## Midroc Ställningar AB

A full-service partner in the area of scaffolding. The company offers services in designing, dimensioning, erection and rental of scaffolding constructions. Customers are located mainly in western Sweden and the focus is on the building sector as well as the industrial sector.

Sales: 200 MSEK      Employees: 120      Offices: 3



CEO Erik Bäcklund

## Midroc Environment Group

Operates in the field of environmental remediation. The subsidiary Midroc Miljöteknik AB provides contracting services for treatment of contaminated soil, underground storages and water. The company works with client projects from the early stages of remediation planning to soil treatment and land rehabilitation.

Sales: 24 MSEK      Employees: 14      Offices: 2



CEO Martyn Green

## Metalock Engineering Group

Comprises several Metalock units that market themselves jointly as Metalock Engineering. The group provides specialist engineering services and on-site maintenance solutions to clients in the steel, power, paper, petrochemical, manufacturing, mining, marine and offshore industries all over the world. Subsidiaries are based in Sweden, Germany, the United Kingdom, South Africa, France, the United Arab Emirates, Saudi Arabia and Russia. Metalock also has offices with local partners in India and the United States.

Sales: 540 MSEK      Employees: 430      Offices: 10



# Hackholmssund Konferens AB

## A first-rate conference provider



CEO Jesper Hyseus

Peaceful surroundings, a top-notch kitchen and genuine hospitality. This is what Hackholmssund Konferens AB offers its guests. In 2019, we had the privilege of welcoming esteemed new and recurring companies and clients.

At Hackholmssund, our main goal is delivering business conference services that in a clear and measurable way contribute to our clients' business efforts. Our vision is to be Sweden's most attractive conference choice, a venue where companies can make history. We believe that this vision can be realized in the foreseeable future through purposeful work.

Peaceful surroundings, high flexibility, personalized service, a top-notch kitchen, recreation and genuine hospitality – this is what we offer our guests in an intimate, secluded and safe environment. We are professional yet personal, discrete and attentive.

In 2019, a more efficient planning of the business in combination with targeted and value-creating propositions contributed to a very positive development with both recurring

and new guests.

We welcomed several esteemed new companies and clients, a sign that Hackholmssund is seriously becoming established as a strong actor in the conference sector.

As a natural consequence of our continuous and extensive sustainability work, we continued to maintain the significant values of vital parts of the facility. We invested in technology and machinery within energy supply and ventilation, while maintaining our focus on wildlife and nature, forest and land.

As an ISO 14001-certified facility, we are expected to be at the forefront in development, which also reflects our view on sustainability in all business areas.

We enter into 2020 with great prospects for the future, and we plan to stay on that path.



# **Sustainability information**

Midroc reports its sustainability work according to the GRI standards, level Core. All reported GRI Standards modules refer to version 2016. The report describes Midroc Europe's work with sustainability issues in 2019. The starting point for the reporting is a conducted stakeholder dialogue and a materiality analysis. The report has not been audited externally. Midroc reports on an annual basis and the last Sustainability Report was published in May 2019.

Contact person for the report is Roger Wikström, CEO Midroc Europe AB. [roger.wikstrom@midroc.se](mailto:roger.wikstrom@midroc.se)

GRI Standard	Disclosure	Page	Comments and Omissions
<b>ORGANIZATIONAL PROFILE</b>			
102-1	Name of the organization	4	
102-2	Activities, brands, products and services	4-7, 40-52	
102-3	Location of headquarters	4	
102-4	Location of operations	4	
102-5	Ownership and legal form	4, 60-61, 64-65	
102-6	Markets served	4, 40-52	
102-7	Scale of the organization	4, 6	
102-8	Information on employees and other workers	4, 6	
102-9	Supply chain	7, 41, 43, 45	<i>Reported for each business area.</i>
102-10	Significant changes to the organization and its supply chain	-	<i>No changes.</i>
102-11	Precautionary Principles or approach	12	
102-12	External initiatives	7, 12, 40	<i>Main positive difference through Midroc Investments.</i>
102-13	Membership of associations	7, 12	<i>Midroc actively participates in partnership projects and initiatives, mainly on corporate level.</i>
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker	8	
102-15	Key impacts, risks, and opportunities	12, 15, 18	
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards and norms for desired behavior	12	
<b>GOVERNANCE</b>			
102-18	Governance structure	12-13	
102-19	Delegating authority	8, 18-19	<i>The responsibility for the sustainability work lies with each company's CEO.</i>
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholder groups	14-15	
102-41	Collective bargaining agreements	15, 25, 32-35	<i>In Sweden, 99% of Midroc's employees are covered by collective agreements.</i>
102-42	Identifying and selecting stakeholders	14-15	
102-43	Approach to stakeholder engagement	14-17	
102-44	Key topics and concerns raised	14-17	
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the consolidated financial statements	58	
102-46	Defining report content and topic boundaries	14, 58	
102-47	List of material topics	14	
102-48	Restatements of information	20-21, 29	<i>Extended description of risks and environmental performance.</i>
102-49	Changes in reporting	-	<i>New GRI indicators 307, 308, 412, 414, 419.</i>
102-50	Reporting method	54	
102-51	Date of most recent report	54	
102-52	Reporting cycle	-	<i>Annual since 2017.</i>
102-53	Contact point for questions regarding the report	54	
102-54	Claims of reporting in accordance with the GRI standards	54	
102-55	GRI content index	54	
102-56	External assurance	54	
<b>ECONOMIC DISCLOSURE</b>			
<b>201: INDIRECT ECONOMIC IMPACTS 2019</b>			
103-1 - 103-3	Management approach	24	
201-1	Direct economic value generated and distributed	6	
<b>205: ANTI-CORRUPTION</b>			
103-1 - 103-3	Management approach	18, 25	
205-1	Operations assessed for risks related to corruption	18-21	
<b>206: ANTI-COMPETITIVE BEHAVIOR</b>			
103-1 - 103-3	Management approach	18-21, 25	
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	-	<i>No measures taken in 2019.</i>

GRI Standard	Disclosure	Page	Comments and Omissions
<b>SUSTAINABLE DEVELOPMENT FOR OUR CLIENTS</b>			
Midroc's own disclosure	Development of value propositions, services and innovations that make a positive difference to the client	6-7, 26	<i>The report contains a selection of examples from Midroc's three business areas. Sustainability performance is evaluated, for example, through project plans.</i>
Midroc's own disclosure	Distinguishing deliverables that make a positive difference to the client	6-7, 22, 30	<i>The report includes a selection of Midroc's three business areas. Sustainability performance is evaluated through client surveys and experience feedback.</i>
<b>ENVIRONMENTAL DISCLOSURES</b>			
<b>301: ENERGY</b>			
103-1 - 103-3	Management approach	18, 28-29	
302-1	Energy consumption within the organization	29	
<b>305: EMISSIONS</b>			
103-1 - 103-3	Management approach	18, 28-29	
305-1	Direct (Scope 1) GHG emissions	29	
305-2	Energy indirect (Scope 2) GHG emissions	29	
<b>306: EFFLUENTS AND WASTE</b>			
103-1 - 103-3	Management approach	18, 28-29	
306-1	Waste by type and disposal method	29	
<b>307: ENVIRONMENTAL COMPLIANCE</b>			
103-1 - 103-3	Management approach	18, 28-29	
307-1	Non-compliance with environmental laws and regulations	18-21	<i>No violations reported. Compliance with legal requirements is verified, for example, in ISO certifications</i>
<b>308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
103-1 - 103-3	Management approach	18, 28-29	
308-2	Negative environmental impacts in the supply chain and actions taken	18-21	<i>Over 300 suppliers have been evaluated for sustainability performance in 2019.</i>
<b>SOCIAL DISCLOSURES</b>			
<b>401: EMPLOYMENT</b>			
103-1 - 103-3	Management approach	32-35	
401-1	New employee hires and employee turnover	34	
<b>403: OCCUPATIONAL HEALTH AND SAFETY</b>			
103-1 - 103-3	Management approach	32-35	
403-1	Occupational health and safety management system	32-35	
403-2	Hazard identification, risk assessment and incident investigation	34	
<b>404: TRAINING AND EDUCATION</b>			
103-1 - 103-3	Management approach	32-35	
404-2	Programs for upgrading employee skills and transition assistance programs	32-35	
<b>405: DIVERSITY AND EQUAL OPPORTUNITY</b>			
103-1 - 103-3	Management approach	32-35	
405-1	Diversity of governance bodies and employees	32-35	
<b>406: NON-DISCRIMINATION</b>			
103-1 - 103-3	Management approach	32-35	
406-1	Incidents of discrimination and corrective actions taken	32-35	<i>No violations reported.</i>
<b>412: HUMAN RIGHTS ASSESSMENT</b>			
103-1 - 103-3	Management approach	18-21, 24-25	
412-1	Operations that have been subject to human rights reviews or impact assessments	18-21, 24-25	
<b>414: SUPPLIER SOCIAL ASSESSMENT</b>			
103-1 - 103-3	Management approach	17	
414-2	Negative social impacts in the supply chain and actions taken	18-21	<i>Over 300 suppliers have been evaluated for sustainability performance in 2019.</i>
<b>419: SOCIOECONOMIC COMPLIANCE</b>			
103-1 - 103-3	Management approach	24, 32	
419-1	Non-compliance with laws and regulations in the social and economic area	18-21	<i>No violations reported. Compliance with legal requirements is verified, for example, in ISO certifications.</i>





# Financial statements

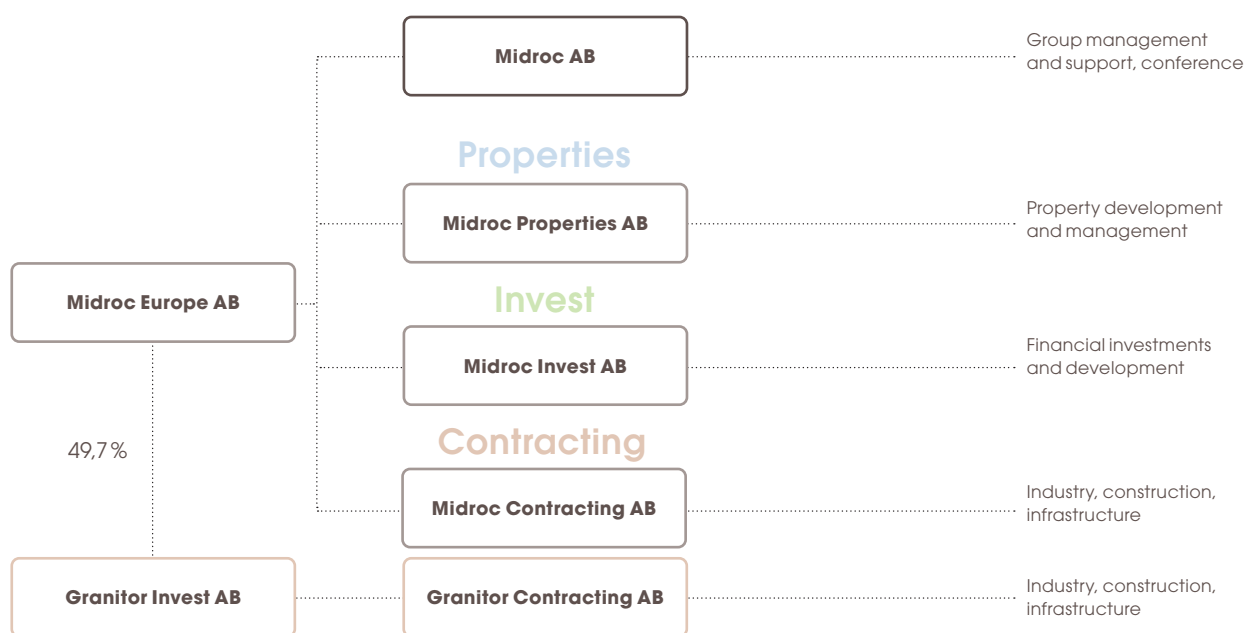
# Midroc Europe

The marketing concept Midroc Europe comprises the two sister groups Midroc Europe AB and Granitor Invest AB. As a society and industry developer, the Midroc Europe business operations are mainly found in the areas of contracting and consulting services for the industrial and civil sector, in property development with related management and in investments in business ideas that contribute to a positive development of our society. With operations principally in Sweden, Midroc Europe is also locally established in several other European countries, Russia, the Middle East, South Africa, the US, India and Indonesia.

Midroc Europe AB holds a 49,7 % stake in Granitor Invest AB and therefore reports the operations of that company as an associated company in line with the adopted equity method in its Annual Report.

To provide the reader a better understanding of the sales, result, assets and equity structure derived from the joint efforts of the business operations carried out under the brand Midroc Europe, the adjoining tables have been prepared. They show the consolidated but fictitious statements assuming that Granitor Invest AB would have been consolidated as a subsidiary of Midroc Europe AB.

## Organization



# Year-end statement 2019

## CONSOLIDATED INCOME STATEMENT

MSEK	2019	2018
Net sales	11,400	8,100
Operating expenses	-9,580	-7,666
<b>Operating income</b>	<b>1,820</b>	<b>434</b>
Financial items	665	212
<b>Income before appropriations and taxes</b>	<b>2,485</b>	<b>646</b>
Taxes	-14	-109
<b>NET INCOME</b>	<b>2,471</b>	<b>537</b>

## CONSOLIDATED BALANCE SHEET

### Assets

MSEK	2019-12-31	2018-12-31
<b>FIXED ASSETS</b>		
Intangible assets	192	202
Tangible assets	3,053	2,516
Financial assets	1,216	1,304
<b>Total fixed assets</b>	<b>4,461</b>	<b>4,022</b>
<b>CURRENT ASSETS</b>		
Inventories	81	90
Property for resale	822	1,003
Accounts receivable, etc	2,256	2,470
Liquid assets	2,753	1,048
<b>Total current assets</b>	<b>5,912</b>	<b>4,611</b>
<b>TOTAL ASSETS</b>	<b>10,373</b>	<b>8,633</b>

## CONSOLIDATED BALANCE SHEET

### Equity and liabilities

MSEK	2019-12-31	2018-12-31
<b>EQUITY</b>		
Restricted equity	0	0
Unrestricted equity	4,065	2,786
Non-controlling interest	40	41
<b>Total equity</b>	<b>4,105</b>	<b>2,827</b>
<b>LIABILITIES</b>		
Shareholder's loan	654	120
Interest bearing liabilities	2,435	3,083
Non-interest bearing liabilities	3,179	2,603
<b>Total liabilities</b>	<b>6,268</b>	<b>,5,806</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,373</b>	<b>8,633</b>

# Midroc Europe AB

## CONSOLIDATED INCOME STATEMENT

MSEK	2019	2018
Net Sales	7,518	4,837
Operating expenses	-5,869	-4,568
Income from associated companies	58	48
<b>Operating income</b>	<b>1,707</b>	<b>317</b>
Financial items	668	235
<b>Income before appropriations and taxes</b>	<b>2,375</b>	<b>552</b>
Taxes	36	-65
<b>NET INCOME</b>	<b>2,411</b>	<b>487</b>

Midroc Europe AB (registration number 556622-8838) holds a 49,7 % stake in Granitor Invest AB and therefore reports the operations of that company as an associated company in line with the adopted equity method.

## CONSOLIDATED INCOME SHEET

### Assets

MSEK	2019-12-31	2018-12-31
<b>FIXED ASSETS</b>		
Intangible assets	24	4
Tangible assets	3,008	1,968
Financial assets	1,422	1,466
<b>Total fixed assets</b>	<b>4,454</b>	<b>3,438</b>
<b>CURRENT ASSETS</b>		
Inventories	69	78
Property for resale	822	1,003
Accounts receivable, etc	1,373	1,537
Liquid assets	2,277	890
<b>Total current assets</b>	<b>4,541</b>	<b>3,508</b>
<b>TOTAL ASSETS</b>	<b>8,995</b>	<b>6,946</b>

## CONSOLIDATED BALANCE SHEET

### Equity and liabilities

MSEK	2019-12-31	2018-12-31
<b>EQUITY</b>		
Restricted equity	0	0
Unrestricted equity	3,835	2,566
Non-controlling interest	13	14
<b>Total equity</b>	<b>3,848</b>	<b>2,580</b>
<b>LIABILITIES</b>		
Shareholder's loan	550	16
Interest bearing liabilities	2,366	2,652
Non-interest bearing liabilities	2,231	1,698
<b>Total liabilities</b>	<b>5,147</b>	<b>4,366</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,995</b>	<b>6,946</b>

# Granitor Invest AB

Midroc Europe AB holds a 49,7 % stake in Granitor Invest AB (registration number 556615-2491). Although the financial reporting of Granitor Invest is separated from Midroc Europe AB, the daily business of the group is seamlessly integrated with Midroc Europe AB and operations are carried out under the Midroc brand. As Granitor Invest contributes significantly to the overall Midroc Europe concept but is not reported in the Midroc Europe AB financial statement, the reporting of Granitor Invest AB is presented separately.

The sub-group Granitor Contracting AB (registration number 555620-6768) and its subsidiaries Midroc Electro Gruppen AB and Midroc Environment AB are primarily active in contracting work in business areas such as electrical installations and related services, industrial automation and environmental services. The sub-group WP International AB (registration number 556355-2628) and its subsidiaries are mainly active in consulting services and property management.

## CONSOLIDATED INCOME STATEMENT

MSEK	2019	2018
Net Sales	3,998	3,347
Operating expenses	-3,780	-3,185
Income from associated companies	-3	-1
<b>Operating income</b>	<b>215</b>	<b>161</b>
Financial items	-3	-23
<b>Income before appropriations and taxes</b>	<b>212</b>	<b>138</b>
Taxes	-50	-44
<b>NET INCOME</b>	<b>162</b>	<b>94</b>

## CONSOLIDATED BALANCE SHEET

Assets		
MSEK	2019-12-31	2018-12-31
<b>FIXED ASSETS</b>		
Intangible assets	168	198
Tangible assets	45	548
Financial assets	21	55
<b>Total fixed assets</b>	<b>234</b>	<b>801</b>
<b>CURRENT ASSETS</b>		
Inventories	12	12
Accounts receivable, etc	883	933
Liquid assets	476	158
<b>Total current assets</b>	<b>1,371</b>	<b>1,103</b>
<b>TOTAL ASSETS</b>	<b>1,605</b>	<b>1,904</b>

## CONSOLIDATED BALANCE SHEET

Equity and liabilities		
MSEK	2019-12-31	2018-12-31
<b>EQUITY</b>		
Restricted equity	0	0
Unrestricted equity	501	437
Non-controlling interest	27	27
<b>Total equity</b>	<b>528</b>	<b>464</b>
<b>LIABILITIES</b>		
Shareholder's loan	104	104
Interest bearing liabilities	69	431
Non-interest bearing liabilities	904	905
<b>Total liabilities</b>	<b>1,077</b>	<b>1,440</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,605</b>	<b>1,904</b>



# Management and Ownership

# Group Management



From left: Roger Wikström (CEO), David Sundin (legal), Liselotte Jernberg Bate (culture), Pernilla Börjesson (group support) and Olle Kylinger (finance)

# Ownership

Mohammed H. Al-Amoudi controls Midroc Europe AB, which in turn holds a 49,7 % share in Granitor Invest AB, where the remainder is held by the Swedish Wikström family.

Al-Amoudi is an international business investor. As one of the largest foreign investors in Sweden, he has been honored twice with the Swedish Royal Order of the Polar Star in recognition of his investments in Swedish trade and industry.

Midroc Europe is part of Mohammed H. Al-Amoudi's global business operations, which employ more than 70,000 people of various nationalities in the Middle East, Europe and Africa, and cover a wide spectrum of activities, including engineering and construction, petroleum, mining, manufacturing, tourism, real estate, industrial services and trade.





# Board of Directors



From left: Christer Wikström, Thomas Mårtensson, Roger Wikström, Hassan H. Al-Amoudi, Waddah Al-Alem and Abdullah Al-Amoudi.

## **Christer Wikström**

Active director of the boards related to the Contracting and Invest business areas. Responsible for short- and long-term group development, financing and strategy.

## **Abdullah Al-Amoudi**

Based in Jeddah, Kingdom of Saudi Arabia, and Director General of the Midroc Holding company since 1998, Al-Amoudi is responsible for the global strategies of Midroc.

## **Roger Wikström**

Active director of the boards relates to the Properties and Invest business areas. Responsible for short- and long-term group development, financing and strategy.

## **Hassan H. Al-Amoudi**

Board director since 2018. Responsible for global business development and strategies.

## **Thomas Mårtensson**

Board director with special focus on short- and long-term group development, financing and strategy.

## **Waddah Al-Alem**

Dr. Al-Alem, based in Jeddah, Kingdom of Saudi Arabia, has held the position of Deputy Director General at the Midroc Holding company since 1998.





