

Sustainability Report 2020



Hifab

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Hifab is leading the construction of tomorrow's sustainable society

In 2020, Hifab has raised its sights and laid a new strategic foundation for the company's sustainability activities – both in assignments for clients and its own operations.

Covid-19: Hifab changes

The year 2020 has been dominated by the Covid-19 pandemic. Hifab's operations have been greatly affected and have had to be adapted to the prevailing circumstances. Hifab's great focus has been on finding new ways, together with our clients, to continue to implement projects safely. Among other things, this has led to reduced travel and increased working from home. However, we have maintained a delivery rate where 99% of Hifab's employees feel that they have succeeded in delivering according to the client's expectations. To counter isolation, Hifab has worked to preserve the community by introducing digital tools and developing meeting techniques where everyone is involved in discussions. An employee survey shows that 78% of our employees believe that Hifab has satisfactorily succeeded in maintaining social cohesion.

How Hifab responds to new conditions in the construction sector

Next to the pandemic, the public debate has mainly been about reducing carbon dioxide emissions and the importance of creating circular material cycles. Powerful activities in these areas is changing how buildings and infrastructure are designed and constructed. Thus, conditions in the construction sector are also changing. To understand the new business aspect and our clients' needs, Hifab conducted a renewed materiality analysis in the autumn of 2020. Results show that Hifab's clients prioritize reduced emissions of carbon dioxide and create circular material cycles. They also prioritize health and wellbeing and responsible procurement. These issues have therefore been given extra weight in the strategic business plan for the period 2021 to 2024. The focus will be on helping our clients to reduce carbon dioxide emissions from projects and increase the proportion of materials used with a circular life cycle. Moreover, Hifab's sustainability activities is shifting with an emphasis on reducing carbon dioxide emissions from our business trips. It is also increasing the proportion of office purchases with products that consist of re-used or recycled materials.

Achievements during the year

It has been an intensive year with a focus on sustainable development. We hope that our completed activities in 2020 will be a starting point for the coming years' strategic activities. In addition to a renewed stakeholder and materiality analysis including the establishment of new and clearer sustainability goals,

in 2020 we have continued to invest in training. For example, we have completed our annual anti-corruption training with more than 90% participation rate. We have also completed the anti-corruption program Integrity Compliance Program (ICP). It is now fully implemented in our international operations.

One area where resources have unfortunately not been sufficient in 2020 is in communication. We have not been able to fully reach our goal on the sustainability activities that have been carried out and the strategic direction that we have taken. In future, we need to increase communication and dialogue with our clients and employees to a greater extent. If Hifab wants to contribute to change in the industry, we must show what we can do and what we stand for.

Sustainability – a common thread through Hifab's 2024 strategy

During the autumn of 2020, Hifab prepared a new business strategy that extends until 2024. A new vision (Hifab leads the construction of tomorrow's sustainable society) has been adopted to clarify Hifab's ambition to be an active player that drives forward societal development.

With our new vision, updated quality, environmental and sustainability policy, and clearer sustainability goals, we want to make visible how central sustainability activities are to our business. New follow-up goals (KPIs) for Hifab's sustainability activities have been established to ensure that we are on the right track.

In summary, in 2020 we have taken a new direction in order to be able to realize our business concept of contributing to our clients' success and a sustainable society. The goal for us in all our projects is to be able to offer clear and results-orientated leadership in environmental and sustainability issues.



Patrik Schelin, CEO, Hifab Group AB



An introduction to Hifab

Hifab are specialists in project management with associated consulting services. We exist for those who own, develop, manage, and use properties and facilities. We actively contribute to our clients' success and sustainable society.

Our business model

We have private and public clients all over the country. They engage us as specialists or for entire project management organisations. We are our client's independent partner, with no self-interest, and are happy to participate in projects from an early stage to ensure effective implementation.

Our employees have the skills required to plan and manage all types of construction and civil engineering projects. All employees have access to our collective expertise through our operating system, internal networks, and IT support. We continuously develop methods and tools so that our experience can be reused.

Internationally, Hifab offers project management service in projects from ten countries. These projects are primarily financed by international financial institutions and donors.

Hifab Group AB is listed on the Nasdaq First North Growth Market.

Sustainability – an increasingly important part of our business

Hifab is a service company whose greatest potential for sustainable development is primarily through our services and in assignments from our clients. To meet our clients' increasing needs in the area of environment and sustainability in projects, we are working to develop our employees' competence. Hifab's specialists have broad environmental and sustainability expertise to plan, coordinate, follow-up, and investigate environmental and sustainability issues in, for example, construction and civil engineering projects. We also offer strategic services for social and ecologically sustainable business development in companies, organizations, and the public sector.

Vision

Hifab is leading the construction of tomorrow's sustainable society.

Business concept

Hifab is specialised in project management with associated consulting services. We exist for those who own, develop, manage, and use properties and facilities.

We actively contribute to our clients' success and a sustainable society.

Core values

Our core value is based on three key words that guide our daily activities – cooperation, commitment, and professionalism. Our core values, together with our vision and business concept, form the foundation of our business.

- **Cooperation** – Our work is important. We work together to solve problems, share our knowledge, and reuse smart solutions. Together we are stronger.
-
- **Commitment** – We are responsive and understand clients' wishes and expectations. We feel proud of our colleagues, our company, and what we deliver. We actively contribute to the success of our clients.
-
- **Professionalism** – We are open and reliable in our relationships with colleagues, clients, and partners. We value our deliverables. We are aiming for the future and taking a leading position in our markets.

Services in Environment & Sustainability

Examples of some sustainability investments implemented in 2020, see page 15.

- Construction environment, e.g., environmental inventory for demolition, reconstruction, radon measurement, and moisture
- Environment and working environment in the construction process, e.g. environmental coordination, Quality-Environment-Working Environment coordination (in Swedish: KMA), environmental certification, and safety coordinators for planning and design (in Swedish: BAS P and BAS U)
- Soil and water, e.g., soil and groundwater surveys, risk assessment, remediation management
- Strategic sustainability, e.g., systematic sustainability activities according to ISO standards, strategic advice, sustainability reporting, environmental review of transactions. (environmental due diligence)
- Environmental impact assessment (EIA) and social impact assessment (SIA)
- Premises development, e.g., use of sustainable and recyclable materials, office furnishings, and healthy indoor climate
- Energy, e.g., energy efficiency and the use of renewable energy types
- Cultural environment, e.g., restoration and renovation of cultural and historical buildings
- We also offer specialist services within social sustainability in the design of urban areas and the circular economy for industry and the construction industry.



Hifab's essential sustainability issues

Hifab's sustainability activities in 2020 was based on previously conducted stakeholder dialogue and materiality analysis from 2017 and supplementary risk analysis from 2018. Here is an account of the significant issues that were then identified and how Hifab has worked to deal with these. For information on completed activities from 2017 to 2019, please refer to the respective sustainability report. In addition to the in-depth stakeholder analysis, Hifab has ongoing external monitoring

in the form of dialogue with our priority stakeholders such as our clients (directly in the projects and through client surveys), our employees (annual employee survey and development interviews), and owners (board meetings). Hifab is also part of several organizations. These organizations provide both external monitoring and the opportunity to influence and share knowledge with our experts in the area of sustainability. In 2020, Hifab was a member of the following organizations:

Membership 2020	
Society of Energy and Environmental Technology	RE:Source
UN Global Compact	Sweden Green Building Council (SGBC)
Fossil-free Sweden	Stockholm Chamber of Commerce
Innovation companies (Sustainability Council)	The Stockholm Climate Pact
The Swedish Association for Sustainable Business (NMC)	The West Swedish Chamber of Commerce

Stakeholder dialogue

The result of the previous stakeholder dialogue showed that several of our clients demanded high competence in environmental and social sustainability at a competitive price. They also demanded the ability to initiate proposals for sustainable solutions in the projects. Another important issue that was highlighted was the need for quality assurance of sustainability

activities in the projects. Hifab's owners want Hifab to have a high level of expertise in the area of sustainability in order to create added value as a company, for Hifab's clients and, above all, for the environment. The results of this dialogue are presented in the table below.

Hifab's priority stakeholders	Form of dialogue	Important questions
Clients	<ul style="list-style-type: none"> • Client surveys (NPS) • Meetings, fairs, and conferences 	<ul style="list-style-type: none"> • Sustainability • Client satisfaction • Ongoing project • Trends
Employees	<ul style="list-style-type: none"> • Working environment committee meetings • Department meetings • Daily reconciliation and interaction • Dialogue meetings with the unions • Quarterly CEO info • Staff meetings and conferences • Annual employee survey • Annual employee interviews 	<ul style="list-style-type: none"> • Anti-corruption • Working environment and health • Attract new employees • Attract and develop existing employees • Committed employees • Human rights • Code of Conduct
Owners	<ul style="list-style-type: none"> • Annual General Meeting • Interim reports • Sustainability reporting • Press releases • Board meetings • Annual report 	<ul style="list-style-type: none"> • Economic position • Profitability • Target achievement • Strategic focus
Supplier	<ul style="list-style-type: none"> • Supplier meetings • Procurement/purchasing 	<ul style="list-style-type: none"> • Cooperation • Code of Conduct

Risk analysis

All business activities, including Hifabs, are associated with different types of risks. In the most recent risk analysis carried out by Hifab's management team and head of sustainability regarding environmental and sustainability, risks were

identified mainly in the areas of environment, personnel, social conditions, human rights and counteracting corruption. The risk analysis is still relevant and the risks identified in 2018 are summarized below.

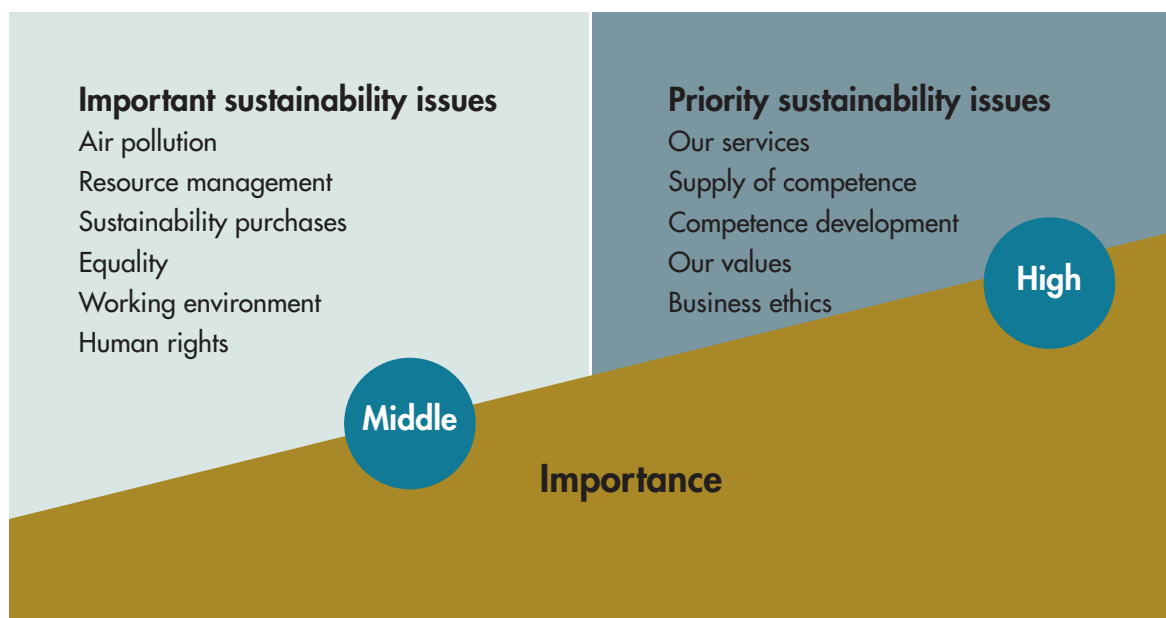
Risk management

Area	Description of risk	Handling
Environment	Emissions of environmentally hazardous substances to soil/water linked to our business in industry.	<ul style="list-style-type: none">• Ensure that routines in operations include environmental risks and their management.
Staff	Our employees and their skills are our most valuable asset – a lack of skills in the industry creates challenges in recruiting, attracting and retaining competent employees.	<ul style="list-style-type: none">• Attractive employee offer• Skills and leadership development• Strengthen our corporate culture by working with value-based workforce• Succession planning
Social conditions	Risks of accidents, physical and mental injuries/illness.	<ul style="list-style-type: none">• Working environment policy• Wellness activities and health checks• Work on the systematic working environment• Follow-up via employee survey (once/year) and employee interview (twice/year)• Code of Conduct
Human rights	Risk of discrimination, abusive discrimination, and harassment.	<ul style="list-style-type: none">• Policy against abusive discrimination and harassment• Work on the systematic working environment• Follow-up via employee survey (once/year) and employee interview (twice/year)• Code of Conduct
Counteracting corruption	Risk of improper conduct in connection with business dealings.	<ul style="list-style-type: none">• Code of Conduct and anti-corruption policy for employees and partners• Training initiatives• Introduction of a risk-based business system against corruption in international operations• Participation in external forums for activities against corruption• Whistleblower function

Materiality analysis

According to the information from the completed stakeholder dialogue and risk analysis, Hifab's most significant sustainability issues were identified based on their impact on people, the environment and Hifab's business operations. Some of these priority areas have been selected based on their

timeliness and Hifab's resourcefulness of the issues. These are the priority sustainability issues that are reported in Hifab's sustainability report. We work with other important sustainability issues systematically and the work is followed up internally.



Strategic activities ahead

During the autumn of 2020, a renewed stakeholder dialogue was conducted among Hifab's main stakeholders (our clients, employees, and owners) to better understand what needs these stakeholders have and what expectations they have on Hifab as a company. The results from the dialogue were analysed in a so-called materiality analysis to identify the sustainability areas that are most important for Hifab to prioritize. The results of

the analysis will be presented in next year's sustainability report and have formed an important basis for Hifab's new business strategy for the period 2021–2024. This business strategy was established in the autumn of 2020. Our stakeholders' needs and expectations of Hifab have been integrated into the strategy and thus lay the foundation for our future sustainability activities.

Hifab's sustainability management

Hifab's business management

Through Hifab's operating system (HVS), we can work in a structured and efficient manner in sustainability activities and the group's other operations. Hifab's Board of Directors is ultimately responsible for the group's overall sustainability activities. The management team determines the group's positions in policies for quality and environmental activities, working environment, and purchasing, as well as the group-wide Code of Conduct. Group management decides on goals for the business and continuously monitors the group-wide sustainability activities. The strategic and operational responsibility for sustainability issues lies with the respective operations manager and the sustainability manager. In 2020, group management has, among other things, adopted a new quality, environmental, and sustainability policy.

For the individual employee, Hifab's operating system is central in the work of clarifying how the environment and sustainability should be considered early in projects. In 2020, a review of tools and templates was made to ensure that they are up-to-date.

Hifab has been quality certified according to ISO 9001 since 1996 and environmentally certified according to ISO 14001 since 2001. Based on these two standards, we work to promote the best possible technology, with the highest quality, and minimize risks in our assignments. To maintain our high quality, secure our routines and maintain the certificates, Hifab undergoes external ISO audits annually. Since 2004, our operating system (HVS) has been certified according to ISO requirements and covers both quality and the environment. The operating system also includes the requirements in AFS 2001: 01 regarding systematic working environment activities.

In 2020, Hifab has implemented an Integrity Compliance Program (ICP), which primarily concerns operations abroad. It aims to prevent and manage corruption in connection with our operations and our assignments. The program is based on the World Bank's Integrity Guidelines and ISO 37001 Anti-Bribery Management Systems.

As a complement to the operating system, Hifab has a number of sustainability-related policies, for example:

- Working environment policy
- Quality, environmental and sustainability policy (updated 2020)
- Personal Data Policy (GDPR)
- Policy for diversity on the board

- Policy against abusive treatment and harassment
- Representation policy
- Travel policy
- Code of Conduct and anti-corruption policy
- Whistleblower policy (new 2020)

Hifab's Code of Conduct

Our Code of Conduct serves as a guide for all employees and is used as a tool in our everyday activities – both in external assignments and internal projects. The Code of Conduct clarifies the principles that support us in the role of employer and employees. It also clarifies the relation to other employees, clients, and cooperation partners. The Code of Conduct is based on the Global Compact and can be read in its entirety on our website.

The Code of Conduct includes our anti-corruption policy, a framework for how we should act, and which rules are applied in our business. By anti-corruption, we mean to actively prevent all forms of corruption, such as offering or receiving bribes, influencing business dealings, non-sensical financing of bribes, conflicts of interest, blackmail, and/or money laundering.

Application and follow-up

Hifab's Code of Conduct covers all employees regardless of position and is discussed from the board downwards in the organization. All managers have a special responsibility to work for the enforcement of the Code of Conduct.

We have an ongoing dialogue about the situations we are faced with. Deviations from the Code of Conduct are reported to the immediate manager, to someone in group management, or through our anonymous whistleblower function. Hifab's whistleblowing is accessed via Hifab's intranet or website and allows everyone to inform about suspicion of irregularities or serious misconduct. Our whistleblower function acts as a warning system to reduce risks. Read more on page 13, in the business ethics section.

Continuously, Hifab makes extensive efforts to ensure that our employees know the content of our Code of Conduct and anti-corruption policy. Through education and continuous dialogue, we create a good environment for all our employees to live according to Hifab's values and guidelines. The section on business ethics, on page 13, describes how the knowledge-enhancing efforts are designed to reach our target groups effectively.

2020 Results

The following chapter describes the ongoing work on Hifab's five priority sustainability issues and the results of activities during 2020.

Our Services

Our assignments, and thereby our services, is the sustainability aspect where we have the greatest impact.

Environmentally controlled projects

To create measurability in our services, we have chosen an indicator based on the proportion of our assignments that are carried out in what we call "environmentally controlled" projects. To be categorized as an environmentally controlled project, at least one of the following parameters must be met:

- there are environmental requirements from the client
- there is an environmental program or other governing documents for environmental activities in the project
- one or more environmental studies or projects are or will be established within the framework of the project
- there is or will be a follow-up of the environmental activities during the project

In 2020, a total of 1,240 (1,279 in 2019) projects were started within Hifab's operations (Hifab AB, DU-Teknik, Hifab International and HOY). Of these, about 47% (35%) were so-called environmentally controlled assignments. Measurement of the proportion of environmentally controlled projects takes place in Hifab's operating system, where all new assignments are registered.

The result for 2020 shows that we are back at the previous level and that the trend is slowly rising, which reflects the development in the industry where the focus and demands on environmental management are increasing.

Indicator	2020	2019	2018	2017
Proportion of new assignments in environmentally controlled projects	47%	35%	44%	41%

NPS – increased client satisfaction

To ensure that we deliver services that are in line with our client's expectations, we have up to and including half-year 1 (H1) 2020 measured client satisfaction according to the key figure Net Promoter Score (NPS). The measurements have been made quarterly for the assignments that have recently been completed. The result has been presented as a key figure according to NPS based on the question, "How likely is it that you would recommend Hifab to an industry colleague?"

Hifab's target figure for NPS is 20, where the outcome for H1 2020 was 29, compared with 20.7 in 2019. The results from the last five years show a trend with increased client satisfaction. However, the response rate has been low for several years, which means that the result is not as representative as desired. During the autumn of 2020, we, therefore, chose to discontinue the current way of making our measurements with client satisfaction. Instead, work has begun to identify other ways to increase client dialogue, measure our clients' satisfaction and meet their expectations.

Indicator	H1 2020	2019	2018	2017	External comparison
NPS	29	20.7	19.1	27.6	–

Supply of competence

Attracting existing and new employees, and thus being an attractive employer, is a prerequisite for our supply of competence.

Attractive employer

As indicators of competence supply, we have metrics based on Hifab as an attractive employer. For our existing employees, we have chosen to measure employee index (MI), leadership index (LI) and to what extent our employees recommend Hifab as an employer (eNPS, Employee Net Promoter Score).

MI is still clearly above the industry average, although we can see a slight decrease of 2% in 2020 to 74 (76). This can be partly explained by the challenges posed by the covid pandemic. The annual employee survey showed that the pandemic situation had an impact on employees' physical and mental health. Many believe that the management has taken adequate measures and that the managers have given good support. The leadership index is unchanged from 2019 and continues above the industry average by 7%. The result for eNPS increased by 1% and are also above the industry average.

Indicator	2020	2019	2018	2017	External comparison*
Employee Index	74	76	72	73	68
Leadership Index	80	80	78	77	73
eNPS	14	13	10	15	11**
Number of new employees	38	87	44	67	–

Measurement of employee indexes, leadership indexes, and eNPS takes place in Hifab's annual employee survey.

** External comparison is statistics from the Zondera database between 2015–2019. Zondera is the responsible publisher for Hifab's employee survey.*

*** Average figures from industry average in Sweden from 2019.*

The response rate to this year's employee survey is 90% (91%), which shows a high level of commitment among our employees. Based on the results of the survey, plans are made for how we will work to remain an attractive employer. The starting point is made based on the strengths highlighted in the survey. The highlighted areas are, among others, the experience of meaningful activities, good development opportunities, and solidly established values. A generally good atmosphere within the company and the managers' appreciation are the basis for being an attractive employer.

We work to ensure that Hifab's employees in their daily activities feel that they are working towards clear goals, that the cooperation between the departments is to be developed, and that all new employees receive a proper introduction to Hifab.

Two indicators that we use to ensure that Hifab remains an attractive employer are partly the number of new employees and partly our staff turnover. The growth investment in Sweden, which began in 2019, has slowed down during the year. In the first place, we have given priority to ensuring existing operations and selective recruitment of key people. As the market and order intake give us the right conditions, we will resume the growth investment. Staff turnover for 2020 was 17.2%.

During the year, we acted quickly to be able to comply with the authorities' directives and restrictions. At the same time,

we maintained a high delivery rate in our projects and a safe working environment for our employees. We have previously made large investments in efficient IT solutions, which has led to us being both more digital and mobile than before. We have benefited greatly from this digital lead in 2020. Thanks to flexible digital platforms, it has been possible for our employees to work from home and thus avoid exposing themselves and others to risk. Through mobile functions for efficient digital meetings, we have been able to be fully involved and support our clients even at a distance.

In 2020, most of Hifab's employees have worked from home. This has meant that issues of working environment and leadership at a distance have become more relevant than ever. In the autumn of 2020, Hifab conducted an independent web survey that was sent out to all employees. This survey is a so-called temperature measurement. The results showed that almost all employees (99%) feel that, despite working from home, we continue to deliver to clients and meet our clients' expectations in the current situation. We therefore continue to deliver remotely with a lot of creativity and new solutions that prepare us for the future. The results also showed that many people think that cooperation with colleagues continues to work well. On the other hand, many people state that they miss the social community.

Several initiatives have been implemented to capture the working environment when working from home. Great emphasis has been placed on creating opportunities for social-digital meetings as many are not in the office to the same extent. Managers have been encouraged to take initiatives in the following areas to create prosperous and sustainable employees and managers.

- Create new good routines to be sustainable as a manager and employee.
- Create belonging and cohesion. When employees are not seen regularly, it becomes important to be heard, be sensitive, communicate and build important team spirit.
- Creating opportunities for the group to perform at a distance and pick up individual working conditions. To capture individual perspectives and conditions, it becomes even more important to have short individual one-to-one follow-up meetings.
- Create meaningful and productive virtual meetings.
- Set aside time for the social side – even in digital channels.

Competence development

Having good knowledge of our clients' needs and having the right competence to meet these is the starting point for our competence development.

As an indicator of competency development, we have chosen to measure how much our employees understand the needs of our clients and how well they feel about the right skills to meet these needs. The employee survey of 2020 shows that 92% (89%) consider themselves to have a good understanding of our clients' needs, and 79% (86%) consider themselves to have the right skills to meet these needs. The reason why fewer people consider themselves to have the right skills to meet our clients' needs is not entirely clear. One reason can be traced to the reduced number of, for example, industry seminars, trade fairs, and events that have arisen during the pandemic. Something that may also have affected it is the reduction of learning and knowledge exchange among colleagues. These have become more difficult because of working from home. The natural path for competence development has thus become more difficult.

Indicator	2020	2019	2018	2017	External comparison*
Understanding our clients' needs	92	89	86	88	–
The right competence to meet the needs of our clients	79	86	82	82	–

Measurement takes place in Hifab's annual employee survey.

** External comparison is missing as the question is adapted from Hifab's perspective and not from Zondera's core stock of questions.*

Training investment

In 2020, we continued to develop Hifab's internal joint training activities, Hifab Pro, with a focus on online digital training. Training initiatives include a new assignment responsibility training that was carried out during the year. Through efficient assignment management, we increase the value for our clients. We also get improved quality and delivery in our assignments by this.

In 2020, another training initiative in systematic working environment activities, a central area for creating sustainable employees, was implemented. The training was conducted for managers and safety representatives. The purpose was to increase knowledge and competence in the subject and to create cooperation by sharing experiences and learning from each other.

In addition, the following training initiatives were implemented:

- Hifab's mentorship program. This program is aimed at employees who want to develop within the company in some way. It can, for example, be an employee who is about to take greater responsibility in a project, become an assignment manager, start working on a new type of project, or immerse themselves in one of Hifab's specialist areas. The mentor program must be based on experience-based learning, i.e. practical experiences and challenges in ongoing projects are in focus during the program.
- The Knowledge Channel. In Hifab's digital knowledge channel we share our experiences and expertise. About once a quarter, an employee from the business gives a presentation via the Knowledge Channel.
- Manager forum. Hifab's executives have gathered in a digital forum for leadership development and joint dialogue on five occasions. Topics covered have included: information security, Hifab's activities connecting with Covid-19, strategy activities for 2024, and payroll audits.
- Teams. Continued implementation and development of Teams throughout the organization.
- New to Hifab. Hifab's introductory day for new employees was held this year via Teams. On two occasions, Hifab's new additions to the business are introduced, a total of about 40 people participated.
- Hifab's Code of Conduct. Training in the Code of Conduct for all employees and for subcontractors, see the business ethics section below under international operations.

The Knowledge Channel

During the year, we launched the Knowledge Channel – a digital gathering place for all Hifab employees. Through digital Team's meetings, all employees can share their experiences, provide inspiration and tips, and increase our knowledge transfer. Hifab's employees possess knowledge and experience through this. The Knowledge Channel is a way to share all these good examples that we encounter every day in our projects. In 2020, we utilized the Knowledge Channel on five different occasions, and about 40 employees participated in every meeting. The topics covered ranged from partnership and risk management to digital security and a review of the new regulations for climate declarations.

Our values

Our values and core principles are something that guides us in the choices we make every day and something that sets us apart from our competitors.

As an indicator of our values, we have chosen to measure the extent to which employees understand our values and whether they believe that their manager has a consistent behaviour with the core values. Here we see a positive trend in results and that we are above the industry average.

Indicator	2020	2019	2018	2017	External comparison*
Believe in Hifab's values	82	82	77	82	80
Hifab's managers have behaviour that is consistent with our core values	90	91	85	87	81
"I think Hifab is instilled with these values"	62	60	56	61	60

Measurement takes place in Hifab's annual employee survey.

** External comparison is statistics from Zondera database between 2015–2019.*

Zondera is the responsible publisher for Hifab's employee survey.

Hifab's sustainability profile

Our ambition is to be an active player in the development of a sustainable society. The work we do must permeate our projects and reach out to our clients and partners. It is also important that our employees gain knowledge about Hifab's sustainability activities. In 2020, we therefore worked with various information initiatives to strengthen Hifab's sustainability profile internally. Some of these are briefly given below:

- Included a section on sustainability in the introductory training for all new employees.
- In cooperation with Sida and the UN Global Compact Sweden, conducted an awareness-raising seminar focusing on preventive anti-corruption activities in aid projects.
- Highlighted projects with a clear sustainability foundation.
- Conducted seminars in the Knowledge Channel with, among other things, a focus on lifecycle analysis in construction projects.
- Monthly newsletters from the sustainability manager.

In Hifab's employee survey, we have questions about whether our employees believe that we have a clear sustainability profile. Between 2019 and 2020, the proportion of employees who

think that Hifab has a clear sustainability profile has fallen by 5%. One of the reasons for this reduction can be identified by the fact that sustainable activities from the point of view of communication has been somewhat overshadowed during the pandemic. Instead of prioritizing information to stakeholders, a significant part of the sustainability activities has been replaced on the anti-corruption program for international operations and the shaping of Hifab's future strategy. Both initiatives will be more visible later in the business, and in 2021 more emphasis will be placed on communicating about our activities – both internally and externally.

Indicator	2020	2019	2018	2017	External comparison*
Hifab is a company with a clear sustainability profile	55	60	48	54	–

Measurement takes place in Hifab's annual employee survey.

** External comparison is missing as the question is adapted from Hifab's perspective and not from Zondera's core stock of questions.*

Business ethics

We believe that good business ethics is the basis for a company's sustainability activities. We expect good business ethics from our clients, partners, suppliers, and employees.

Business ethics is an important part of Hifab's operations and one of Hifab's prioritized sustainability issues. In 2020, we fully implemented the anti-corruption program Integrity Compliance Program (ICP) in international operations. All affected employees have been introduced and trained in the program. The routines within ICP provide support for project implementation for project managers and provide guidelines to managers on how to support employees with clear leadership.

During the year, the following initiatives, among others, were made:

- Completed annual training in Hifab's Code of Conduct and anti-corruption policy.
- Consistent implementation of risk assessment regarding the integrity of the business partners with whom Hifab carries out assignments in its international operations.
- Establishment of a new whistleblower policy.
- Implementation of two internal audits in March and December of the international operations to evaluate the implementation of ICP.
- Continued development of written routines, templates,

and tools.

- Implementation of a new documentation structure on Teams.

Before 2021, new performance targets for ICP have been developed, but in 2020, reporting is made according to a previously decided indicator for business ethics, namely completed training in the relevant area. The training aims to ensure that our employees know Hifab's business ethics activities and values and how we counteract corruption in everyday life.

Training in Code of Conduct and anti-corruption

Hifab's training in Code of Conduct and anti-corruption aims to ensure that all our employees have knowledge of Hifab's business ethics activities and values and how we counteract corruption in everyday life.

Since 2019, Hifab has conducted an annual digital training that guides employees through areas such as corruption, bribery, and Hifab's Code of Conduct. The training provides an understanding of what corruption is and how the employee can avoid it. The education is updated annually with current and realistic dilemmas from our operations. The goal is for 100% of our employees to complete the training every year. The training is also mandatory for the key personnel at our partners and sub-consultants in the international operations. In 2020, a total of 90% (75% in 2019) of all Hifab's permanent and temporary employees completed the annual digital anti-corruption training. Among Hifab's permanent employees in international operations, the participation was 100%.

In December 2020, a teacher-led online training course was conducted for Hifab's project managers in the international operations, which included changes in the main routines for project implementation; the Project Operations Manual (POM). The changes included, among other things, a completely new chapter on preventive anti-corruption activities in project implementation. A total of 12 people, of whom five were project managers, participated in the training.

In addition to the training initiatives mentioned above, we focus a little extra on our new employees. A new employee at Hifab meets our Code of Conduct for the first time in a digital introduction. Thereafter, the employee receives additional information about Hifab's Code of Conduct and sustainability activities in connection with the introductory training courses, which are carried out approximately twice a year. By giving our new employees insight into Hifab's Code of Conduct,

we raise their awareness. We create good conditions for all our employees to enable them to work and live according to Hifab's values.

Indicator	2020	2019	2018	2017
Teacher-led training in Code of Conduct*	–	49	41	22
Digital e-learning with focus on anti-corruption**	296	191	–	–
Teacher-led new training in Project Operations Manual (POM) for project managers in international operations	12	–	–	–

* Teacher-led training for our international operations and managers in the Swedish operations in Hifab's Code of Conduct. No such training was completed in 2020.

** Digital general training for all Hifab employees introduced in 2019

Hifab's whistleblower function

Since 2019, Hifab has had a whistleblower function that enables anonymous reporting of any irregularities in Hifab's projects, both in and outside of Sweden. The whistleblower function can be used by everyone involved in Hifab's projects, both employees and external stakeholders. It can be used by the general public also. The service is easily accessible via our website. It can be used to provide information about a concern that is not in line with our values and ethical principles, which can seriously affect our organization or a person's life or health. Reported information to the whistleblower function is received and investigated by the person responsible for compliance and the HR manager.

No notification was given in 2019 or 2020 through the whistleblower function.

Sustainability in focus 2020

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After the pandemic, both society and Hifab are getting ready to restart our sustainability activities. Together with other players in our industry, Hifab will work actively to reduce greenhouse gas emissions and contribute to more circular material flows in the coming years.

*David Lindgren
Hifab's Sustainability Manager*



The Downtown Camper Hotel reaches LEED Gold



Scandic's signature hotel, Downtown Camper, located in one of Stena real estate's buildings in central Stockholm, has achieved LEED certification level Gold. It is the first hotel to achieve such a high rating level during a renovation and the fifth hotel building in total to be certified according to LEED in Sweden. Hifab has facilitated the certification process.

LEED, Leadership in Energy and Environmental Design, is an internationally established certification system for properties. LEED makes it possible to compare environmental performance internationally.

In the project with Downtown Camper, Hifab has provided a certified LEED Accredited Professional (AP). A LEED Accredited Professional is an expert in the LEED system that leads and assures the quality of the certification activities. Together with Ramboll, Hifab has led the LEED certification process from the principal documentation stage until obtaining the certificate. The project contributes to Stena's ambition to enable those who live and work in their properties to make as good an impression as possible for a sustainable future.

Extensive environmental activities during the hotel's renovation

During the renovation, a 3-story extension was made where a new entrance system, a new wellness section as well as meeting and event areas were created for the hotel business.

The environmental activities and LEED certification have replaced all ventilation, cooling, and heating systems. It has contributed to improved air quality and thermal comfort. Environmental and health-assessed building materials have been used to further contribute to a good and healthy indoor climate. Installation of water-efficient mixers significantly reduces water use by up to 40%. To a large extent retaining existing facades, floor joists, and interior walls, the project has actively worked with resource management. Lighting and sun protection systems have been replaced, which contributes to an improved light and daylight environment. The building's central location enables public transport use, and bicycle accessibility has been improved through expanded bicycle parking. All activities that have been carried out together has contributed to a significantly reduced climate footprint.



Hifab investigates eutrophication of Södertälje's lakes

Now the eutrophication in Södertälje's lakes should be stopped. It is a part of the activities to achieve the national environmental goals: Sweden's lakes and watercourses will reach good status by 2027. The first step to investigate the status of Södertälje's lakes is an assignment carried out by Hifab's environmental department.

In 2018, Södertälje municipality adopted a water resources plan to reduce eutrophication in the municipality's lakes and watercourses. The municipality itself invests 1 million SEK per year and has received grants from, among others, the County Administrative Board, the Swedish Maritime Administration, and the Swedish Environmental Protection Agency.

Hifab will investigate the nutrient load in three of the municipality's lakes. The first step of the investigation is how large the nutrient load is of nitrogen and phosphorus. Hifab's environme-

nt department has been awarded the assignment to examine the lakes to analyse the load in both water and sediment (material that has sunk to the bottom of the lake). During the autumn of 2020, Hifab's environmental team took samples to check, among other things, whether eutrophication was due to internal or external causes. Sampling water and sediment, sea level measurement with sonar and laboratory analyses are included in Hifab's activities.

Development of Dag Hammarskjöld's Way



Dag Hammarskjöld's Way is one of the larger entrances to central Gothenburg. It is a motorway now, but the plan is that it will be a city street. There will be space for housing, businesses, offices, and services.

The real estate office in Gothenburg wants to transform the busy motorway into a boulevard. The boulevard will have new homes and a new tram line through the area. Therefore, the Real Estate Office has produced an implementation plan for the urban transformation of Dag Hammarskjöld Town.

On behalf of the City of Gothenburg, Hifab's environmental department has surveyed the risk of contaminated land. The survey has included approximately 90 properties owned by the municipality within the future planning area. Historical records form the basis for assessing the risk of contamination in the soil on each property linked to remediation cost. The survey

provides the municipality with a basis for detailed planning for how each property can be used sustainably regarding land use, such as housing, schools, offices, etc., depending on the type and extent of pollution suspected to occur within the current property. It also provides an opportunity for the municipality to make more effective earthworks management by being able to assess the approximate extent of excavated earthworks that can potentially be reused within the planning area.



Offices in Umeå are certified according to Sweden Green Building Council Gold

Hifab is the environmental building coordinator when an office building outside Umeå is certified, according to Sweden Green Building Council Gold. The building is one of the first in Umeå to be certified according to the gold level.

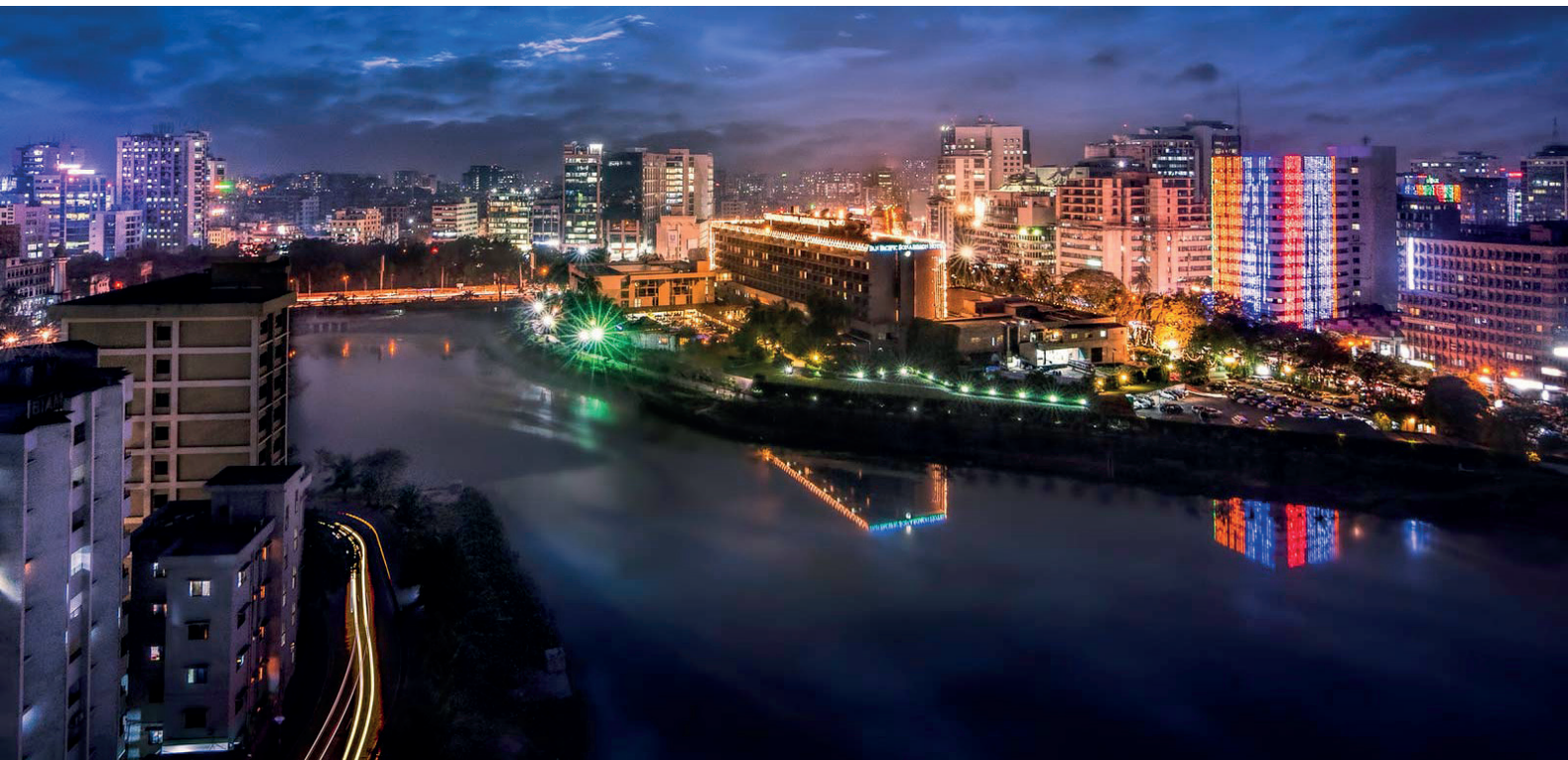
Since January 2020, Hifab has been commissioned as an Environmental Building Coordinator for the renovation and extension of an office building just outside Umeå. The client and property owners are the municipal company Däva Landfill and Waste Centre. The office building must be certified as Sweden Green Building Council Gold. It is Hifab's task to ensure that the requirements are met during both design and production. The design activities have been completed, and the project has received a preliminary certificate.

In 2021, the project will enter the construction phase. Hifab's role will then be to check that the requirements are also met during construction so that the preliminary certification can

be verified in about two years. So far, there is only one other building in Umeå that has been certified according to Sweden Green Building Council Gold, so Hifab is very proud to participate and support this project.

A certification means that the building's environmental properties are assessed by a third party, independent of its project organization and administration. It is a way to ensure the quality of the building and assess the building's environmental performance. More and more property owners are choosing their buildings to be environmentally certified. The demand for environmental certification is also increasing among tenants and investors.

Sustainable urban development in Bangladesh



In Bangladesh, Hifab is working with its client LGED on sustainable urban development in four major cities, including the capital city Dhaka.

The project, City Region Economic Development Investment Program – Phase II, is part of larger investment program that aims to develop these cities in a sustainable way. Investments are made in infrastructure such as roads, drainage systems, water supply, and waste management. All efforts are planned to support economic growth and at the same time provide the city's residents with sustainable infrastructure and services.

Some concrete results that we are extra proud of:

- A planning process that has captured local needs and that has given the residents a strong voice. Local institutions at the neighbourhood level are involved in choosing the type of infrastructure they want, how it should be designed and how the projects should be implemented. This has led to increased knowledge and a sense of inclusion and ownership.
- Streetlamps powered by solar cells. This is a result of working women expressing a desire for lighting so that they can feel safe while going to their homes and jobs.
- Clear responsibilities for different types of waste from households and industries, including medical waste from health clinics. This has led to better waste management and less impact on the environment.
- Careful plans and projects for drainage of every block in the cities, which is important in a country where floods are part of everyday life. The projects include everything from flood protection to wastewater control strategies.

GRI Index 2020

Reporting according to the table below is inspired by Global Reporting Initiatives (GRI) Standards.

Standard no	Description	Information / Answer
102-1	Name of organization	Hifab Group AB
102-2	The organization's main brands, products and services	Annual Report (AR) p. 3
102-3	Location of the organization's head office	Sveavägen 167, 3rd floor, Box 19090, 104 32 Stockholm
102-4	Location / countries where the organization operates	AR p. 42, note 16
102-5	Ownership and legal form	AR p. 8-9
102-6	The organization's business areas and clients	AR p. 10-13
102-7	Scope of organization (number of employees, turnover, etc.)	AR p. 5, 11, 33
102-8	Information about employees, type of employment, gender etc.	AR p. 33
102-9	Description of the organization's supply chain	Hifab's services are primarily provided by its own employees; alternatively, sub-consultants are hired. Hifab AB and Hifab DU Teknik have cooperation agreements with 122 subconsultants
102-10	Significant changes within the organization and its supply chain	No significant changes
102-11	Application of the precautionary principle	The precautionary principle is part of the Global Compact, the principles of which Hifab applies
102-12	External initiatives and principles that the organization has joined	Hifab has been a signatory member of the Global Compact since 2016
102-13	Membership in industry and interest organizations, national and international	p. 6
102-14	Statement from the organisation's senior representative on the importance of sustainability and the strategy for addressing sustainability issues	p. 3
102-16	Description of basic values and guiding principles within the organization	p. 4
102-18	Management and organizational structure	AR p. 10
102-40	List of stakeholders	p. 6
102-41	Percentage of employees covered by collective agreements	Hifab AB is covered by collective agreements
102-42	Identification and selection of stakeholders	p. 6
102-43	Stakeholder Involvement Process	p. 6
102-44	Essential issues raised by stakeholders	p. 6
102-45	Activities included in the accounting/accounts	Hifab Group AB including subsidiaries
102-46	Process for defining significant sustainability issues and implementing accounting principles	p. 8
102-47	List of essential sustainability issues	p. 8
102-48	Corrections to reported information in previous annual reports	No corrections to previously reported information have been made in the 2020 report.
102-49	Significant change in reporting compared to previous years	No significant changes in reporting compared to previous years have been made in the 2020 report
102-50	Reporting period	1 Jan 2020 to 31 Dec 2020
102-51	Date of previously submitted report	April 2019
102-52	Reporting Cycle	Annually
102-53	Contact person for questions regarding the sustainability report	David Lindgren, Sustainability Manager. david.lindgren@hifab.se, 010-476 60 00
102-54	Citation of how the reports correspond to GRI Standard	The Sustainability Report has been prepared with Global Reporting Initiative standards as inspiration
102-55	GRI index	p. 21
102-56	External verification of report	p. 22
103-1	Motivation for essential sustainability issues and boundaries	p. 8
103-2	Description of how the organization handles its essential sustainability issues	p. 10-14
103-3	Evaluation of the organization's management of significant sustainability issues	p.10-14

Auditor's opinion



The auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of Hifab Group AB, corporate registration number 556394–1987.

It is the Board of Directors who is responsible for the Sustainability Report for 2020, and it has been prepared in accordance with the Annual Accounts Act.

Our review was conducted following FAR's recommendation RevR 12 *The auditor's opinion on the statutory sustainability report*. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Stockholm

Johan Telander

Chartered Accountant

**Hifab is leading
the construction
of tomorrow's
sustainable society**

Hifab