

# Sustainability Report 2012



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## ABOUT THE SUSTAINABILITY REPORT

This is Peab's second separate Sustainability Report, and it follows GRI's framework version G3.1 and satisfies the criteria for level C. The report has not been examined by external auditors. The Sustainability Report describes social, environmental and financial perspectives of Peab's sustainability work and covers the full calendar year 2012. The first Sustainability Report, in respect of the calendar year 2011, was published in April 2012. Peab intends to continue to publish a Sustainability Report on an annual basis in connection with the publication of the annual report. As Peab signed up to the UN Global Compact in 2012, as from this year the Sustainability Report will also serve as our COP report (Communication of Progress) for the UN Global Compact.

Unless otherwise specified in the text, the report is valid for the whole of Peab's business in Sweden, Norway and Finland. Hired businesses, part-owned subsidiaries and leased facilities such as office premises where other companies are responsible for operations are not covered by the report. This year we have increased the number of indicators in the Sustainability Report to include PR5 and LA3, and for these indicators we report statistics for 2012 without comparative data from 2011. In text and tables, figures and results from the previous year are presented in brackets. All indicators are reported for the whole Group, except for the environmental indicators EN3 and EN16, which do not include the Finnish business as there are not any systems for collecting data. All financial values are expressed in Swedish kronor. Kronor are expressed as SEK.

More information about Peab is available on our website: [www.peab.com](http://www.peab.com). If you have any questions about the report or about Peab's sustainability work, please contact Kristina Gabrielli, who chairs our internal Sustainability Council and is Environmental Manager at Peab, by email: [kristina.gabrielli@peab.se](mailto:kristina.gabrielli@peab.se) or on tel.: +46 (0)733 375690.

# Highlights during 2012

- Peab signed up and joined the UN Global Compact.
- Peab set up a Sustainability Council to work strategically on sustainability issues.
- Peab started a strategic initiative involving stakeholder dialogues with a focus on sustainability, and conducted a materiality analysis.
- Eight overarching sustainability focus areas were drawn up by the sustainability council. These focus areas were based on, among other things, the materiality analysis and were adopted by the management group.
- Peab adopted a new sponsorship policy with a focus on social benefit, social development and social involvement.
- The Peab School opened in Gothenburg. This is the fifth Peab School in Sweden.
- Nine ISO certificates were renewed during the year and two certificates were issued for the first time. There are now a total of thirteen ISO certificates among Peab's construction divisions and industrial companies.
- A major initiative on the working environment was carried out during the year throughout the whole business.
- Two of Peab's construction projects were selected for participation in a pilot project to develop a Swedish manual for BREEAM, a sustainability certification system for buildings. In all, four projects will be included in the pilot project.
- Peab Civil Engineering was involved in a pilot project to develop a Swedish version of CEEQUAL, a sustainability certification system for land and civil engineering projects.
- Prizes and awards during the year:
  - The Peab Schools in Solna and Upplands Väsby were awarded the quality label as industry-recommended schools by the Swedish Construction Industry Training Board (BYN). (The Peab Schools in Ängelholm and Malmö were awarded the quality label in 2011).
  - The Tervapääskynen project in Helsinki, Finland, received the award for "Sustainable Stone Building 2012", an annual award made by a council consisting of six of the industry's partnership companies.
  - The Peab School won both gold and silver in the Skåne Professional Championships for Woodworkers in Construction.
  - Peab's asphalt team in Oppland, Norway, was one of three asphalt teams to receive the award as best asphalt team in 2012 from the Norwegian Public Roads Administration.
  - The Planning and Building Board in the city of St Karins, Finland, awarded the prize for Construction Project of the Year 2012 to Peab Housing in Finland for homes for the elderly.
  - During the year, Peab's workgroup at Oslo University, Norway, received two awards for their work on safety, health and the working environment by the proprietor Statsbygg, which inspects its workplaces twice a year. In the first half of the year Peab was awarded a diploma, the second-highest award. In the second half of the year Peab received the Golden Helmet, which is the highest award for work on safety, health and the working environment.
  - Peab's Mandolinen project in Åkersberga near Stockholm received the housing industry's highest SCI (Satisfied Customer Index) in 2012.



# High ambitions for the Nordic Community Builder

**Peab's ambition to be the Nordic Community Builder involves a clear commitment in which we contribute to sustainable development. Being a community builder means that we are involved in influencing the environment and the world in which current and future generations will live, and also that we assume responsibility for what we do.**

There are a number of current trends in the society that are affecting developments for Peab. The major movement of people to big cities, the need for renewed and extended infrastructure, the shortage of housing, the change in the population's age structure, stricter energy requirements, the climate issue and the earth's limited resources, views of companies' social responsibility, and so on. The list is a long one.

There are major expectations of us as an active member of society, in which we must assume responsibility in both the short-term and the long-term perspective. Strategic, long-term work on sustainability gives us an opportunity to develop as a company, and this contributes to our competitiveness and views of us as an attractive employer. Our customers and other business partners set out requirements for clearly defined sustainability work that is adapted to our various businesses and is firmly accepted by all in our organisation.

It is together with customers, employees and other stakeholders that we find new opportunities and innovative solutions for sustainability issues. One keyword in this process is collaboration. Sustainability work

involves everyone and is based on common sense and good judgement. The corporate culture that has emerged at Peab down the decades creates good conditions for this. Our core values – Down to Earth, Developing, Personal and Reliable – create a solid foundation for ethical, open business activities. Everyone in our organisation must know what it means to work at Peab, and everyone must know which rules apply. If the current rules are observed, we avoid ethical problems. We therefore hold regular training sessions for employees on issues relating to ethics and anti-corruption. Breaches, regardless of at which level they take place, result in consequences.

Peab has a long tradition of social engagement. We support many socially beneficial organisations, in particular activities that are aimed at young people. In autumn 2012 we opened our fifth Peab School, this one in Gothenburg. There were already Peab Schools in Ängelholm, Malmö, Solna and Upplands Väsby, with approximately 450 students. Education is provided in partnership with trade and industry, with work placements primarily at Peab's workplaces. The theoretical element of education is often integrated into practical work in the

school's building hall, which, together with individual adaptation, increases the students' motivation to learn. The first Peab School opened in 2006, and since then developments have exceeded all expectations.

It is our objective that Peab shall be the best workplace in the Nordic region. During the expansion of the last few years, we have undergone a significant generation change and welcomed many new employees and businesses. This makes major demands on our organisation and our leadership, where there are many impulses and corporate cultures that have to be brought together under the Peab brand. We must therefore be a learning organisation in which clarity and adaptation form the backbone. We view the job satisfaction, health and safety of all as a precondition for a good working climate and engagement.

One of the most important issues of all that we work with every day is how we can minimise the number of accidents and incidents at our workplaces. Issues relating to the working environment were given extra priority at Peab during 2012. This initiative involved a focus week in which manage-



**"While we have to be sensitive and capable of changing, lasting is one of Peab's mottos"**

Jesper Göransson, CEO and acting President



ment groups visited workplaces around the business. We have tightened our Order and Safety Rules and put a lot of effort into a dialogue about safety. Preventive safety work must always be at the top of the agenda. If everyone observes the current Order and Safety Rules, the number of accidents can be reduced to a minimum. One important element of leadership is communicating this to everyone at the workplace.

2012 was in many ways a challenging year for Peab. Demand slowed down in the Nordic construction market. The rate of production was high, while at the same time profitability was far too weak in our construction business. We will therefore be stepping up the tempo of work to achieve the desired level of profitability, while at the same time we must intensify the process for the Group's cost-efficiency. We must integrate sustainability issues in this work, and we are resolute in our intention that this

will contribute to improved profitability in a constructive way.

We have made some progress in sustainability work, but we still have much to do, as we have high ambitions. To emphasise the fact that sustainability issues are a central element of our business, in 2012 Peab signed the UN's Global Compact. This means that we support the ten internationally recognised principles that deal with human rights, labour law, the environment and anti-corruption, and at the same time guarantee that these principles will be a self-evident part of our day-to-day business activity. Signing up to the Global Compact also means that we undertake to issue a development report, Communication on Progress, and this report is integrated into our Sustainability Report for 2012. Peab's executive management has also decided to set up an internal Sustainability Council, which will work strategically on sustaina-

bility issues. A dialogue has been started with selected stakeholder groups, and this will be further enhanced in the years ahead. Listening, both internally and externally, helps us to set the right priorities.

Collaboration, openness and resource optimisation are becoming increasingly important in society, and therefore also in our sustainability work. This is a matter that concerns the entire Peab Group, and everyone must be aware of what systematic work on sustainability involves.

*Förslöv, April 2013*



*Jesper Göransson  
CEO and acting President*





## This is Peab - The Nordic Community Builder

Peab was founded as a family business in 1959 on the Bjäre Peninsula in Skåne by the brothers Mats and Erik Paulsson. Peab AB is now publicly listed and one of the Nordic region's biggest construction and civil engineering companies, with operations in Sweden, Norway and Finland. Together with other players in society, we develop modern communities where people will settle, live and work. We understand local conditions, assume social responsibility and challenge old truths with new solutions. This is what makes us the Nordic Community Builder.

### OPERATIONAL BUSINESS

Peab has business operations in Sweden, Norway and Finland. The head office is located in Förslöv on the Bjäre Peninsula in Skåne, where the business was started up more than 50 years ago. With a view to creating a platform for continued growth in order to develop the customer offering, rationalise the organisation and clarify the control structure, in January 2012 the business was divided into four Nordic business areas Construction, Civil Engineering, Industry and Property Development. In the Construction and Civil Engineering business about 2,000 new projects started during 2012, around 3,400 projects were completed and as of 31 December 2012

approximately 6,400 projects were in progress. The number of companies in the Peab Group on 31 December 2012 was 288. Total operating turnover during the year was SEK 45,997 million (SEK 43,777 million). Peab's total assets in 2012 were SEK 32,073 million (SEK 31,349 million), liabilities SEK 24,088 million (SEK 23,402 million) and equity SEK 7,985 million (SEK 7,947 million).

### Civil Engineering

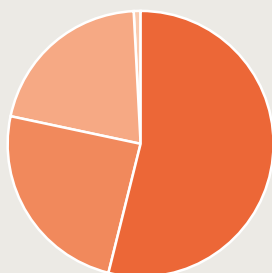
Business area Civil Engineering works with the construction of larger infrastructure and civil engineering projects and smaller projects on the local market. Civil Engineering also operates and maintains roads and

municipal facilities. The operations are run in geographical regions in Sweden, Norway and Finland. Customers are the Swedish Transport Administration, municipalities and local businesses.

### Construction

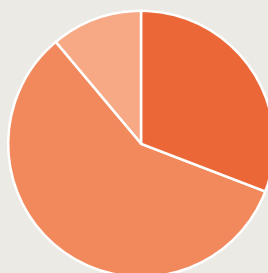
Business area Construction comprises the Group's construction related services and own housing projects. Operations are run in five geographic divisions in Sweden, one division in Norway, one division in Finland and a Nordic division, Special projects, which is specialized in larger, more complex projects. Production is primarily comprised of housing for external customers and our own housing developments but also public

Operating turnover by business area, 2012



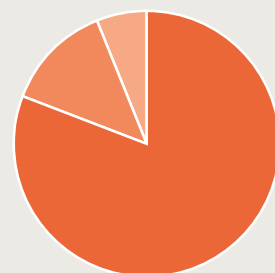
Construction 54%  
Civil Engineering 24%  
Industry 21%  
Property Development 1%

Operating turnover by customer category, 2012



Public 31%  
Private 58%  
Others 11%

Operating turnover by country, 2012



Sweden 81%  
Norway 13%  
Finland 6%



and commercial premises and buildings. Customers are private property owners, municipalities and companies as well as business area Project Development. Operations in Construction also include construction related services such as construction maintenance and repairs.

### Industry

Business area Industry is run in seven product segments; Asphalt, Concrete, Gravel and Rock, Transportation and Machines, Rentals, Foundations and Industrial Construction. All of them work on the Nordic construction and civil engineering markets. Customers are mainly the Nordic Construction and Civil engineering companies. Most of the business is generated on the Swedish market. The business is run in a larger number of companies and under a number of different brands. The biggest brands are Swerock, Clifton, Lambertsson, Skandinaviska Byggelement, Peab Asfalt and Peab Grundläggning.

### Property Development

Group operations revolving around acquisitions, development and divestiture of commercial property and rental property in the Nordic region are run in business area Property Development. During the year the business has been followed up in three areas; Listed holdings, Associated companies and Wholly owned subsidiaries and projects. Listed holdings during the year has primarily consisted of shares in Brinova and Catena. Both holdings were divested in 2012. Associated companies and joint ventures consists of, for instance, Peab's ownership in Tornet, in Centur, in compa-

nies connected to the development of Arenastaden in Solna as well as other holdings. Wholly owned subsidiaries and projects consists of a number of holdings that include everything from land for development where zoning is being worked out to completed projects ready for sale.

### GOVERNANCE

At Peab we are striving to integrate our work on sustainability into all parts of the business. Responsibilities and mandates are delegated to the line organisations, and support is provided by specialist expertise in the areas of the environment, ethics and social issues at various levels in the organisation, as well as a number of steering and supporting documents. Since 2012 Peab has also had a Sustainability Council, charged with the task of drawing up objectives and action plans for Peab's ongoing work on sustainability. The Council deals with ongoing sustainability issues in the Group and prepares matters for decisions at executive management level.

### Shareholder structure

Peab AB is a publicly listed company, with the share listed on the NASDAQ OMX Stockholm Stock Exchange, in the Large Cap list. As of 31 December 2012 there were approximately 31,800 shareholders in Peab. Mats Paulsson and his companies constituted the biggest single shareholder with 15.9 per cent of capital and 22.3 per cent of votes. Erik Paulsson and his family and companies were previously the second biggest shareholder with 8.1 per cent of capital and 22.2 per cent of votes. In 2012 Erik Paulsson, through his company Backa-

hill, sold most of his shareholding in Peab. All Class A shares were sold to Sara Karlsson via companies and to Svante Paulsson via companies, and the Class B shares sold were acquired by, among others, Mats Paulsson via companies. At the year-end, the total shareholding associated with the company's founders, Mats and Erik Paulsson with their families and companies, totalled 29 per cent of capital and 65 per cent of votes.

### Policies

A number of policies constitute steering documents in the field of sustainability. Peab's Code of Conduct, which is a general policy based on the UN's Global Compact, covers environmental, social and anti-corruption issues. It is rooted in the general company policy, which is an integrated environment, quality and working environment policy. The Code of Conduct is supplemented by a number of underlying policies and guidelines such as Peab's ethical guidelines, the policy against alcohol and drugs, sponsorship policy, an equal treatment plan in accordance with legal requirements with an appendix covering victimisation and a manual for entertainment and petty cash.

### Assuming responsibility in the value chain

It is Peab's ambition to assume responsibility for sustainability aspects in the entire value chain. We have adopted models describing how new suppliers are to be assessed and existing ones evaluated. In the first instance we are defining the available range of subcontractors and construc-



tion materials of good quality in the countries where we operate. If and when the alternatives cannot compete in terms of price and quality, we look for solutions from other countries. Our Code of Conduct specifies how we behave towards our suppliers, and this is included when contracts are signed in order to make sure that suppliers and subcontractors can behave in the same way. It is our ambition to develop our work on follow-up and partnerships with suppliers in the whole area of sustainability in our future work. Peab's basic requirement is to observe international conventions and national laws. According to our Code of Conduct, we do not accept any form of crime against human rights, discrimination, child labour or corruption. Products and services that Peab buys must be manufactured or provided by people who have chosen freely to work, who have the right to work in a working environment that is in accordance with national working environment legislation and to form unions and organise themselves as they wish. In

Sweden we also have an ongoing partnership with the Swedish Tax Agency to improve checks on our suppliers and to combat financial crime. The partnership with the Swedish Tax Agency means that Peab, as an element of its supplier evaluation, has access to the Swedish Tax Agency's information in respect of suppliers' payment of taxes and employers' contributions. This information is then reconciled against the activities run by the supplier, which facilitates the identification of rogue enterprises and increases the opportunities to exclude criminal elements.

#### VISION AND CORE VALUES

Peab has been a competitive, successful company in the construction and civil engineering industry for more than 50 years by combining long-term, strategic work with a strong corporate culture. To achieve the vision of becoming the Nordic Community Builder, Peab works according to six Group-wide strategies, with a work method that is deeply rooted in our core values. By

means of responsible behaviour, Peab builds its credibility and creates added value for customers, shareholders and society at large.

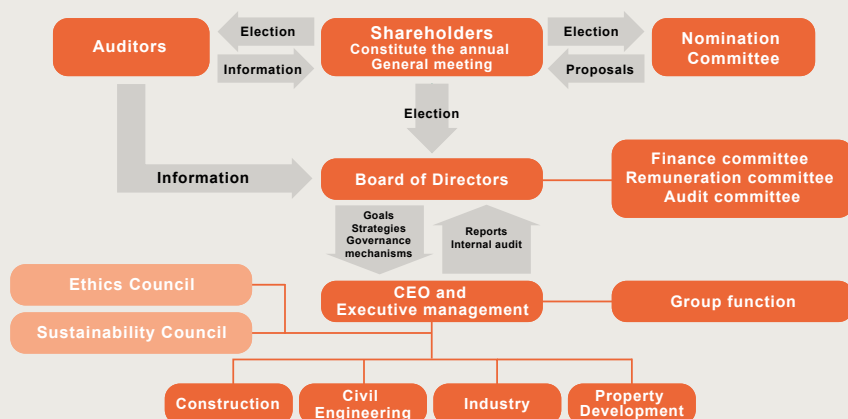
#### Vision – The Nordic Community Builder

##### Peab builds sustainable communities for the future:

We are the obvious partner for community building in the Nordic region. We come up with ideas, take initiative and break new ground. We conserve resources and our climate smart solutions have spearheaded developments. Our work is sustainable throughout its entire life cycle.

##### Peab is the nordic company for construction:

Our entire organization works together to exceed our customers' expectations. Peab is always close to our customers no matter whether they operate locally, nationally or globally. Satisfied customers contribute to our success in the entire Nordic region.



#### Shareholders

All shareholders, including minority interests, can influence the company by exercising their voting rights at the Annual General Meeting, Peab's ultimate decision-making body. The Annual General Meeting provides a forum for shareholders to ask questions and submit comments on the company's sustainability work. At the AGM in 2012 questions were asked about, among other things, when we plan to sign up to the Global Compact and how we are striving to achieve greater gender equality in the company. We signed the UN Global Compact in autumn 2012, and we will be reviewing our internal processes and drawing up action plans to work towards a more equal gender distribution, which is a challenge facing the whole industry.

#### Nomination committee

The nomination committee consists of four members: the Chairman of the Board and three members representing Peab's large and small shareholders. One of the nomination committee's main tasks is to nominate candidates for election to the Board of Directors at the AGM. The election committee has stated that knowledge in the field of sustainability is important for all members of Peab's Board of Directors.

#### Auditors

The AGM selects the auditors. The auditors examine Peab's financial statements.

#### Board of Directors

Peab's Board of Directors is ultimately responsible for the business, and thus also for work on sustainability. The Board of Directors comprises a total of eleven members and two deputies. Eight of the members are elected by the AGM and three permanent members and two deputies are appointed by employees' organisations. Of the eight members elected by the AGM, five are considered to be independent and three dependent in relation to the company and company management and in relation to the company's major shareholders. Employees have an opportunity to influence Peab's business via their employees' representatives.

#### Finance committee

The finance committee, which consists of three Board members, handles and makes decisions on financial matters in accordance with the adopted Finance Policy.

#### Remuneration committee

The remuneration committee, which consists of three Board members, draws up guidelines and frameworks for senior executives in respect of salaries and other remuneration, in accordance with the Remuneration Policy adopted by the AGM.

#### Audit committee

The audit committee consists of the eight Board members elected by the AGM. The committee prepares the work of the Board of Directors to quality-assure the company's financial reporting, defines

guidelines for the procurement of services from the auditors other than the audit, maintains ongoing contact with the company's auditors, evaluates the audit assignment and represents the nomination committee in the preparation of proposals for and payment of fees to the auditors.

#### Executive management

The President, who is also the CEO, manages the business in accordance with the framework adopted by the Board of Directors and is responsible for the ongoing administration and control of the Group. In 2012, Peab's executive management consisted of eight people, none of whom is a Board member. The President has appointed One person in executive management has special responsibility for sustainability issues. This person is also a member of the Sustainability Council and who is charged with the task of compiling and presenting results and preparing base data for decisions. Executive management deals with sustainability issues on an ongoing basis.

#### Administrative functions

Peab has a number of Group-wide administrative functions. There is leading-edge expertise in areas such as the environment and energy, purchasing, business development and ethics to provide support for sustainability issues. The Group functions for HR, safety and legal affairs make up the ethical council, which deals with any breaches of Peab's ethical guidelines.

#### Business areas

The business area managers are responsible for integrating work on sustainability into the line organisation by delegating responsibilities and mandates, thus making sustainability issues an integral part of daily operations.

#### Sustainability Council

Peab's Sustainability Council is charged with the task of drawing up objectives and action plans for Peab's ongoing sustainability work. The Council deals with ongoing sustainability issues in the Group and prepares matters for decisions at executive management level. The Council includes a representative of executive management in the form of the HR Director. The chair of the Council is Peab's Environment Manager, and the other members are the Group Legal Advisor, the Purchasing Manager, the Head of Business Development and one Project Manager.





**Peab attracts talented people:** We are the number one Nordic employer. Our values are simple and clear. Our personnel is deeply engaged and our leaders committed to helping people develop. When our employees grow, Peab grows.

#### Group-wide strategies

To realise our vision, we work with six Group-wide strategies.

- Cost-efficient business.
- Investment in profitable growth in the Nordic region.
- Be seen and heard in the Nordic region.
- Pioneers in sustainable community building.
- Strengthen and develop our customer relations.
- Be the best workplace in the Nordic region.

#### Peab's core values

**Down to earth:** We want to work close to our customers. Before taking on an assign-

ment we need to be sure that we have access to the resources required to do a good job. We must be recognised for our down-to-earth way of working with short decision-making paths, and be sensitive to our customers' interests.

**Developing:** We must be innovative, flexible and constantly improving ourselves. We must appreciate our employees' competence and offer good opportunities for development, training, promotion and preventive healthcare. We want our employees to be dedicated and involved in the business, and to contribute to our positive growth. At Peab we must have an opportunity to influence our work situation.

**Personal:** We must be the personal company. By means of an honest, trusting dialogue with our customers and suppliers, we must create and maintain good, long-term relations. We must strive to ensure

that the work we do is compatible with family life and leisure interests. We want good communication, a good atmosphere and respect for the individual to prevail at Peab.

**Reliable:** Our customers must feel secure when engaging Peab. This means that we must always apply good business ethics, competence and professional expertise. We must plan well, get it right from the outset, eliminate risks and meet promised deadlines. We must comply with laws and requirements, choose the best possible techniques, prioritise renewable resources and avoid environmentally harmful substances.

#### Sustainable Building of Communities – Peab's Definition

Everything we plan and implement must be fully in line with our ethical guidelines, and also designed in a responsible, long-term way. This shall enable us to satisfy environmental, financial and social aspects.

#### Age and gender distribution

	Number of members	Number of women	Number of men	People aged < 30	People aged 30-50	People aged > 50
Board of Directors (incl. deputies)	13 (13)	3 (3)	10 (10)	0 (0)	4 (5)	9 (8)
Executive management	8 (4)	1 (0)	7 (4)	0 (0)	4 (1)	4 (3)
Finance and remuneration committees	3 (3)	0 (0)	3 (3)	0 (0)	0 (0)	3 (3)
Audit committee	8 (8)	2 (2)	6 (6)	0 (0)	2 (3)	6 (5)
Auditors (incl. deputies)	4 (4)	0 (0)	4 (4)	0 (0)	1 (1)	3 (3)
Nomination committee	4 (4)	0 (0)	4 (4)	0 (0)	1 (0)	3 (4)



# Examples from our business



## Gothia Towers – logistical solutions at a high level

Peab is building a six-storey extension and a new, third hotel tower of 29 storeys while conference and hotel operations continue at Hotel Gothia Towers in Gothenburg, an advanced logistical exercise at a high level. Since construction work started in 2012, the objective has been to have the new buildings certified in accordance with the BREEAM certification system. With BREEAM certification and high-class standards, Peab is involved in creating a facility that is absolutely world class.



## Nya Överby Handelsplats – pilot project for BREEAM-SE

In Trollhättan, in partnership with the City of Trollhättan, Peab is developing the Nya Överby Handelsplats retail centre; this project is one of a total of four projects for the Swedish BREEAM manual. The building proprietor is Peab Fastighet-sutveckling AB, who will be offering a sustainable, modern retail centre for wholesale shopping that meets strict environmental targets. A total of 65,000 sq.m. of sustainable retail space will become available in two to three stages over the next few years. At the same time, new road links are being created to the Stallbacka bridge in partnership with the Swedish Transport Agency, thoroughfares, an area of wetland for sustainable surface water recycling and the new creation of attractive stream biotopes instead of building culverts.



## Kaunisvaara – reduced environmental impact from transport operations

In Sweden's latest mining project in Kaunisvaara, where Northland Resources started trial deliveries of iron ore in October 2012, Peab prepared operations and built the enrichment plant as well as premises for administration and accommodation. Peab subsidiary Clifton Mining was contracted by Northland Resources to transport iron ore concentrate from the mine in Kaunisvaara to Pitkajärvi, where transshipment will take place for onward transport by rail to Narvik. Lots of new jobs were created, and to minimise the environmental impact the concentrate is being transported on specially designed, licensed vehicles with a total weight of 90 tonnes, which cuts fuel consumption in full operation by about 32 per cent compared with using standard vehicles with a total weight of 60 tonnes.



## First wooden apartment block in Finland

In PuuViikki, in Northern Helsinki, Peab has built an entire district of apartment blocks made of wood. The district, which covers approximately 12,000 square metres, has five 3-4-storey wooden buildings and more than 100 apartments and is the first of its kind on such a scale in Finland. Construction work started in July 2011 and was completed in summer 2012.



## Dredging spoils are solidified and reused in the Port of Gävle

Peab is working on the extension of the Port of Gävle in a partnership project with Gävle Hamn AB. The port has seen a significant increase in volumes in recent years and therefore needs new quays, bigger and wider port areas and greater opportunities for continued expansion. Dredging spoils are contaminated with heavy metals and have to be taken ashore to be encased (solidified). In Peab's specially constructed design – ProSol 2010 - binders are mixed with the dredging spoils in order to solidify the contaminants and stabilise the spoils. The spoils can then be reused in the extension of the port, an alternative that is cheaper and causes less environmental impact than transporting the spoils and placing them in landfill sites.



## Arenastaden – a vibrant district

In Solna, in partnership with Fabege, Jernhusen, the City of Solna and the Swedish Football Association, Peab is developing a vibrant district with a blend of shops, offices, homes, leisure venues and a hotel. The hub of the district will be the Friends Arena and the Mall of Scandinavia, which combine with the hotel to enclose the Arenatorget square. About 2,000 homes and 10,000 new jobs will be created in the district. The Mall of Scandinavia will have BREEAM certification.



## E4 Sundsvall pilot project for CEEQUAL

In a pilot project under the auspices of the Development Fund of the Swedish Construction Industry (SBUF), potential tools for the Swedish certification of sustainability work in the construction industry are being evaluated. Peab's E4 Sundsvall project has been chosen to take part in a preliminary study in accordance with CEEQUAL, a manual for grading on the basis of environmental and social impact. Despite the fact that the study was conducted when the project had already been under way for a while, the evaluation produced a high grade, an indication that in-house sustainability work is already of high quality.



## Sustainable stone building for Tervapääskynen in Helsinki

Tervapääskynen in Helsinki was awarded the prize for Sustainable Stone Building of 2012. This award is presented every year to people and companies that have been involved in projects made using bricks and concrete cast in situ. Tervapääskynen comprises 65 apartments as well as cellar and attic spaces. The challenges faced included the different forms of the frame and the façade, as well as bringing together the old and new styles of the façade to create an effective whole. According to the jury, Tervapääskynen is architectonically surprising yet still harmonic.

# Dialogue with the world around us

As one of the biggest community builders in the Nordic region, Peab influences and is influenced by a number of different stakeholder. We strive to achieve long-term relationships and collaboration that are based on credibility and receptiveness. In 2012 we started work on sustainability-focused stakeholder dialogues and we conducted our first materiality analysis. This formed the basis of the production of eight general focus areas for our future sustainability work.

## IDENTIFICATION OF STAKEHOLDER GROUPS

It is extremely important for Peab's continued success that the company can live up to the expectations that the world around us has of us as community builders, and can offer competitive solutions that generate added value for all stakeholders.

In August 2012, a workshop took place with executive management and the central administrative managers. The aim was to define stakeholders and to produce an internal prioritisation of sustainability issues, which could then be compared with the areas that our stakeholders ideally want to see us working on in a materiality analysis. The workshop was chaired by an independent third party to guarantee an external perspective.

Eleven general stakeholder groups were identified during the workshop. These groups were evaluated on the basis of their effect on Peab and their interest in our sustainability work.

## DIALOGUE WITH STAKEHOLDERS

Peab has a long tradition of collaborating with stakeholders in various forums in order to strengthen relationships and be receptive to preferences and expectations. This takes place in the form of, for example, customer meetings and customer surveys, participation in networks, information meetings in residential areas and dialogues with

Stakeholder group	Selection	Response rate	Prioritised areas
Business customers	Biggest customers	21 (38)	<ul style="list-style-type: none"> <li>• Rationalised resource utilisation</li> <li>• Compliance with laws and business ethics</li> <li>• Energy efficiency</li> </ul>
Employee organisations	Representatives from employee organisations within Peab.	22 (29)	<ul style="list-style-type: none"> <li>• Assuming responsibility</li> <li>• Compliance with laws and business ethics</li> <li>• Energy efficiency</li> </ul>
Shareholders and capital market	Board of Directors, investors, analysts and banks	22 (30)	<ul style="list-style-type: none"> <li>• Compliance with laws and business ethics</li> <li>• Productivity</li> <li>• Responsible employer/health and working environment issues</li> </ul>
NGOs	Stakeholder groups in area of sustainability issues/community-building	5 (17)	<ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Sustainability requirements in the supplier chain</li> <li>• Minimise substances harmful to the environment or health</li> </ul>

authorities and administrators. Our local connections mean that we conduct an ongoing dialogue with stakeholders at a local level, and we also have regular contacts at a regional and national level. In 2012 we also started a dialogue focusing on sustainability with some of the stakeholder groups we had identified. In a web-based questionnaire, we asked representatives from all over the Nordic region within four of these stakeholder groups - business customers, employee organisations, shareholders and the capital market

together with Non-governmental organisations (NGOs) – to prioritise which areas of sustainability work they would prefer Peab to further develop. We plan to extend this dialogue and to discuss sustainability with more of our stakeholder groups in future.

## MATERIALITY ANALYSIS

Once the internal and external prioritisations had been made, the results were compiled. The areas considered most relevant by both our stakeholders and our management group are shown in the top





right-hand box in the figure below; these areas also constitute the main content of this report.

The dialogue with our stakeholders gave us a valuable foundation on which to stand ahead of ongoing work to prioritise focus areas and develop a sustainability strategy. It also provided us with an insight into the fact that we need to be clearer in what we include in each area of sustainability ahead of ongoing work with more, in-depth stakeholder dialogues. Our proactive anti-corruption work, for example, is part of an area we used to call "Compliance with laws and business ethics", and this is one of the areas we will be further clarifying in future.

#### GENERAL FOCUS AREAS IN SUSTAINABILITY WORK

On the basis of stakeholder dialogues, the materiality analysis and experiences from the Sustainability Council, general focus areas were suggested for future sustainability work at Peab. These were adopted by executive management at the end of 2012 and now form the framework of Peab's ongoing sustainability work. They will also form the basis of work that has already started to formulate clear sustainability targets.

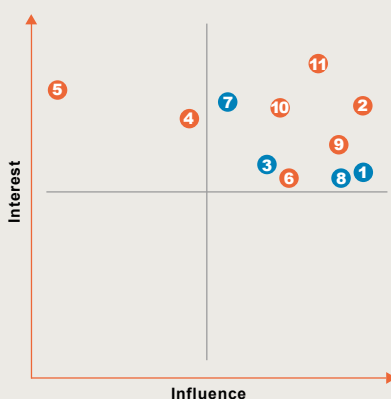


### Almedalen 2012: dialogue on sustainable urban development

Collaboration, with clearly defined rules of play between State, municipality and construction company, is required in order to produce sustainable urban development. That's how the discussions at the panel discussion organised by Peab in Almedalen in 2012 can be summarised. Some of the most prominent experts in Sweden were invited to discuss issues such as how to plan urban development of the future, whether economic realities are slowing down development, who is responsible for development heading in the right direction and how we can minimise energy consumption in the cities we build.

- Sustainability issues shall be fully integrated into the operational business.
- We shall be perceived as an ethical, transparent company in our commercial business.
- We shall have competent, clear leadership with responsibility for sustainability issues.
- Employees shall have good knowledge of and a high level of engagement in sustainability issues.
- We have a zero vision in respect of accidents at the workplace.
- We shall assume responsibility for sustainability aspects of the value chain
- We shall continuously reduce our environmental impact by means of correct material choices, more efficient resource utilisation and minimising waste and emissions.
- We shall support and contribute to the development of the communities in which we operate.

#### Stakeholder identification



1. Customers
2. Existing & potential employees
3. Employees' organisation
4. Employers' organisation
5. Research & higher education
6. Suppliers
7. Non-governmental organisations (NGOs)
8. Shareholders & capital market
9. Authorities & administrations
10. Politicians
11. Media

● Stakeholder groups involved in Peab's stakeholder dialogue during 2012

#### Materiality analysis – External and internal priorities



# Employees - our main asset

The commitment and professional skills of our employees form the very core of Peab. We want to offer the best workplace in the Nordic region, which is why we place great emphasis on creating a developmental, pleasant working environment. With a focus on our employees, we create a profitable Peab.

## EMPLOYEES

During 2012 Peab's overall workforce decreased by 830 people, from 14,830 employees in 2011 to 14,000 on 31 December 2012. 10.7 per cent of Peab's employees are female and 89.3 per cent male. The charts below present further statistics about Peab's employees.

## SYSTEMATIC WORK ON THE WORKING ENVIRONMENT

Peab's working environment policy, which is integrated into the company policy, forms the basis of our strategic work on the working environment. Peab has long been working systematically on health and working environment issues, fully in accordance with the requirements of the regulations in current legislation in the countries where we operate. In Finland we decided to certify our working environment system in accordance with OHSAS 18001, in Sweden we follow the requirements of AFS 2001:1 and in Norway we work in accordance with the Working Environment Act and the current regulations for the construction and civil engineering industry.

## WORKING ENVIRONMENT ORGANISATION

Work on the working environment at Peab is organised under the Human Resources function. Strategic work is carried out at Group level by a Working Environment Manager and a Working Environment Coordinator. Responsibilities and mandates have been delegated to the line organisation and are an integral element of daily operations. All business areas and divisions have working environment managers, and regions, companies and units also have additional support in the form of production coaches and QEW coordinators (Quality, Environment and Working Environment) to support operations. In parallel with this, there are also health and safety officers appointed by employees to represent personnel on working environment issues in every single project. At present there are about 575 health and safety officers in the Swedish business, 44 in Norway and 40 in Finland.

## PREVENTIVE WORK ON THE WORKING ENVIRONMENT AT WORKPLACES

Peab has a zero vision for accidents at the

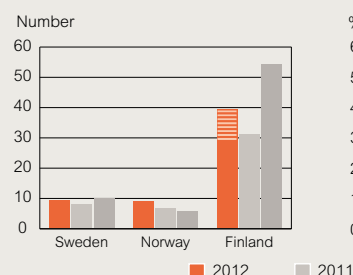
workplace. We want to offer safe, secure workplaces for both our own employees and hired staff and subcontractors. Peab works preventively to avert accidents by providing safe equipment, quality-assured work methods and training in this field. When employees and subcontractors arrive at a new workplace, they are given an introduction to and a review of risks at the workplace. We also offer targeted information packages that describe how we at Peab work to create safe, secure workplaces.

Statistics on accidents at the workplace are based on accidents that have caused an absence of at least eight hours. In 2012 the ratio of accidents at the workplace per one million hours worked increased slightly in all countries. One of the reasons for this increase is that the Industry business area in Norway and the Industry and Civil Engineering business area in Finland is now included in the statistics, which was not previously the case. The Industry business area has a slightly higher ratio of work-related accidents per hour worked than the other business areas. The Finnish way of applying rules for sick leave in connection with accidents at the workplace differs from

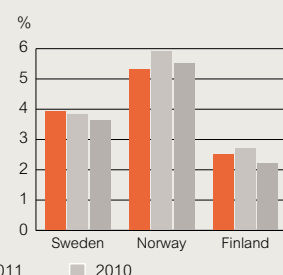
## Number of employees by country, gender and individual category

	Sweden		Norway		Finland		Peab in total	
	Women	Men	Women	Men	Women	Men	Women	Men
Salaried staff in managerial positions	96	1,474	10	161	16	79	122	1,714
Other salaried staff	945	2,188	109	279	65	213	1,119	2,680
Skilled workers	200	6,964	32	746	19	404	251	8,114
<b>Total</b>	<b>1,241</b>	<b>10,626</b>	<b>151</b>	<b>1186</b>	<b>100</b>	<b>696</b>	<b>1,492</b>	<b>12,508</b>

## Workplace accidents per 1 million hours worked



## Sick leave



As from 2012, the statistics from Finland relate to all business areas, which explains the high figure for 2012. The figures from Finland for 2010 and 2011 were based on the construction business alone. The comparative figure for 2012 for the construction business is 29.

## Types of employment for all employees

	Women	Men
Permanent employees	1,343	11,786
Project/temporary employees	149	722

## Type of employment for permanent employees

	Women	Men
Full-time employees	1,198	11,693
Part-time employees	145	93



the practice in Norway and Sweden, hence the higher figures for Finland.

There were two fatal accidents during the year. In Norway a contract employee suffered a fatal accident, as did one of our subcontractors in Sweden. The crisis organisation is trained by MSB, the Swedish Civil Contingencies Agency. All accidents are investigated meticulously and appropriate action is taken to avoid any recurrence.

#### FOLLOW-UP AND IMPROVEMENT WORK

All incidents and accidents are reported and followed up. In Sweden this takes place via a web-based system for the reporting and registration of accidents (OTR - Accident and Incident Reporting), in

Norway they use a similar web-based system known as RUH (Registration of Undesired Events) and in Finland reporting takes place directly to the Working Environment Manager. A number of workplace audits are also conducted every year. Peab analyses the results annually and identifies causal relationships from employee statistics, employee surveys, employee appraisal meetings, workplace audits and the occupational healthcare services. This then forms the basis of decisions on prioritised areas of action, objectives and measures.

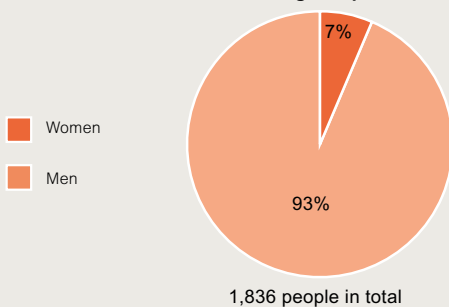
The working environment is a prioritised area at Peab. Throughout 2012 we worked hard to further enhance the working environment in the company by means of communication initiatives to raise aware-

ness, revisions of the order and safety rules and clear commitment from management. Management groups made several visits to workplaces in order to put a focus on the importance of a good working environment.

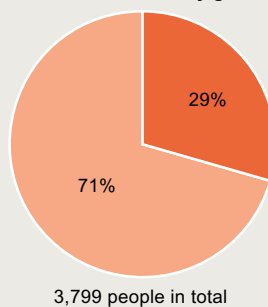
#### WORK TO PROMOTE HEALTH

Work continues on an ongoing basis to make Peab the best workplace in the Nordic region. We want to be a company that attracts, develops and retains skilled employees. This means that a work method that promotes health is an important strategic issue for Peab. Our objective is to have the industry's healthiest, most satisfied employees, and we work systematically on supportive, preventive and rehabilitating health work.

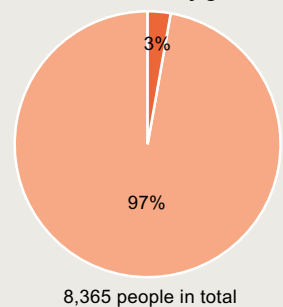
Salaried staff in managerial positions by gender



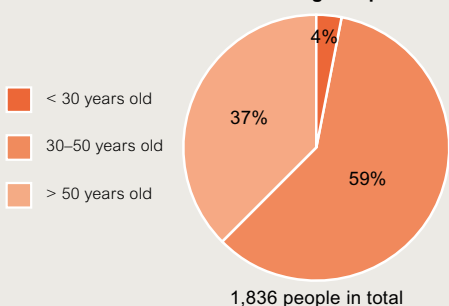
Other salaried staff by gender



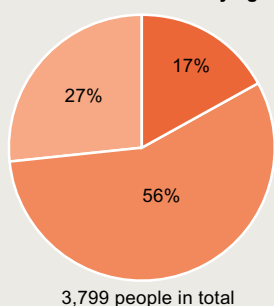
Skilled workers by gender



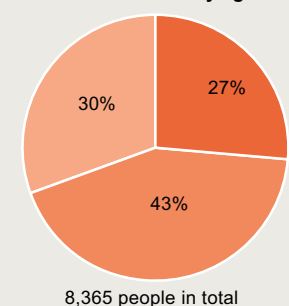
Salaried staff in managerial positions by age



Other salaried staff by age



Skilled workers by age





Job satisfaction and well-being are important factors in being able to do a good job. In Sweden we have hired health developers who work to support and develop an attitude that promotes health at our workplaces. A balance between work and leisure is a precondition for good health. All employees in Sweden are offered activities within Peab Leisure, an organisation that aims to encourage and stimulate a healthy lifestyle and a sense of community. Employees can also be offered subsidies for activities such as giving up smoking, dietary advice and exercise. The organisation that promotes health in Norway is known as BIL, through which Norwegian employees have the opportunity to become involved in various kinds of sport. In Finland, the company supports leisure clubs, whose operations and activities are defined locally by employees, and range from evenings at the theatre to open-air activities.

Sick leave in Peab fell slightly in Norway and Finland compared with 2011, but increased marginally in Sweden.

#### SKILLS DEVELOPMENT

In order to develop Peab and our employees, and to make sure that we always have the right competence for the assignments we take on, we work actively with skills development in the company. Peab has its own skills development operation - The Peab Academy. This offers a number of wide-ranging development programmes that aim to develop employees' skills so that they can take on new jobs.

There is a major focus on the area of sustainability, including leadership, the environment, the working environment and ethics. Development work is taking place in 2013, partly in order to further enhance the sustainability aspect of the programmes, primarily by reinforcing those blocks that deal with leadership, diversity and social sustainability. In addition to these programmes, all employees are offered various skills development measures, including

both straightforward courses and also initiatives to enhance informal learning. Skills development at Peab must always be closely associated with the business and strike a good balance between theory and practice.

#### EQUAL TREATMENT

The basic view in Peab is that all people have the right to be themselves, without being victimised by others. To combat discrimination and achieve equal opportunities for all within Peab, regardless of gender, age, sexual orientation and ethnicity, Peab has an equal treatment plan that covers not only employees, but also students, trainees, borrowed or hired staff and job applicants. Peab accepts no form of harassment or victimisation. If a situation arises, we act in accordance with Peab's action plan against victimisation.

#### EMPLOYEE SURVEY

"The Handshake" is the name of Peab's employee survey. It is conducted every other year by an independent organisation in the form of an anonymous questionnaire. The purpose of The Handshake is to identify areas for improvement by finding out how employees perceive their working environment, opportunities for development, leadership and Peab as an employer. All employees are informed about the result and are offered an opportunity to conduct a dialogue about prioritised areas for improvement and measures, as well as about strengths that are important to preserve. The most recent survey was conducted in 2011. The response rate then was 87 per cent, an increase of one per cent since the survey in 2009. The survey, which contains about one hundred questions, shows, among other things, that 77 per cent of employees are happy to recommend Peab as an employer to others and that 63 per cent believe that they work in an environmentally aware way at their workplace, an increase of three per cent since the 2009 survey.

#### EMPLOYEE APPRAISALS

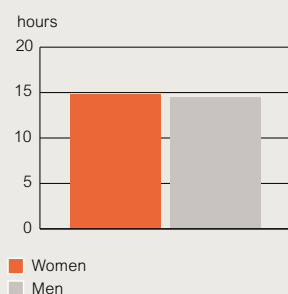
The employee appraisal is an important element of Peab's business development process and one of the most important management tools. All employees must be offered an employee appraisal every year. This is also an opportunity to discuss the employee's potential skills development needs in order to be able to achieve the objectives set out in the business plan. Successful appraisals lead to continuous development of the company, the workplace, managers and employees. To make sure that all employees have been consulted, follow-up on this is included in the employee survey The Handshake. The results of the latest survey showed that about 80 per cent of male employees and 90 per cent of female employees were offered an employee appraisal in 2011. The material used for employee appraisals was updated in 2012, while at the same time managers were offered training in how to conduct the appraisals. Development work on the employee appraisal will continue in 2013 and be linked even more clearly to the skills development process. We hope to be able to see results from the initiative in the form of improved figures in the next Handshake.

#### EMPLOYEE BENEFITS

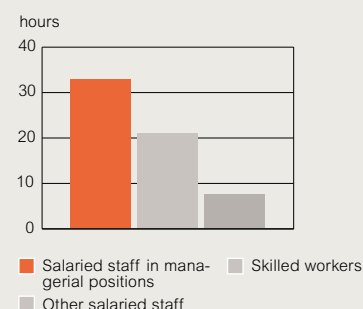
Peab offers benefits to its employees in all three countries in the form of healthcare, personal injury and invalidity insurance cover, and parental leave, regardless of type of employment. Life insurance and shares are not offered as benefits in any of the countries.

In Sweden, where most of our business takes place, all employees except holiday workers have access to the Benefit Box. This is a service that offers a number of discounts and benefits that promote well-being and a healthy lifestyle. These include discounted prices for everything from customised spectacles and public transport passes to exercise passes and advice on health.

Average number of training hours per employee and gender in 2012



Average number of training hours per employee and employee category in 2012



# Working environment a high priority

In 2012 the issue of the working environment was a top priority issue throughout the whole of Peab. A number of initiatives were carried out during the year to disseminate knowledge, affect attitudes and identify any deficiencies with the objective of achieving 100 per cent compliance with Peab's Order and Safety Rules.

The focus week at the beginning of the summer was one of the more wide-ranging activities carried out. In order to highlight risks and create a dialogue about health and the working environment, Peab executive management and divisional teams visited many of Peab's workplaces in the Nordic region. These meetings with committed employees generated valuable guidance on how attitudes can be improved and how lessons can be learned from past events, which will contribute to creating good conditions for ongoing work on the working environment.

In 2013 the effects of this year's working environment initiative will be measured in the form of achievement of the objective of 100 per cent compliance with our Order and Safety Rules.





# Environment and Energy

Strategic environmental work is an integral part of Peab's business. For us, well-established procedures and processes, awareness of the company's impact and continuous improvement work are crucial elements to minimise our negative environmental impact.

## ENVIRONMENTAL ORGANISATION

Peab's environmental and energy work takes place at all levels of the organisation and is an integral part of the business. The central environmental function has ultimate responsibility for developing Peab's environmental and energy work, and for guaranteeing that Group-wide procedures are in place. The business areas are responsible for ongoing environmental work. Environmental work in the operational business is passed on to subcontractors and suppliers when we sign agreements, by means of project plans and day-to-day work.

## SYSTEMATIC ENVIRONMENTAL WORK

Peab's environmental policy forms the basis of our strategic environmental and energy work. The policy is integrated into Peab's company policy and is in harmony with our Code of Conduct, which is based on the principles of the UN Global Compact. The environmental policy also satisfies all of the requirements of ISO 14001:2004. Peab works systematically on environmental issues in accordance with the precautionary principle. We are aware that our industry has traditionally had a significant impact on the environment, and we work to reduce our negative impact.

## ENVIRONMENTAL MANAGEMENT SYSTEM AND ISO CERTIFICATIONS

Peab's environmental management system is integrated into the business management system in each business area. The Industry business area has business management systems with integrated environmental systems at company level, a number of companies with environmental certification in accordance with ISO 14001 and the objective is that all companies will have an environmental management system by the year 2014. Peab's environmental management system for the construction and civil engineering business is an integral part of their general business management system that satisfies the requirements of both ISO 14001 and ISO 9001. Many construction divisions are currently certified in accordance with ISO 9001 and 14001, and the aim is that all construction divisions will have environmental certification by 2014 at the latest. In Norway, extensive further development of business management systems is under way, also including environmental management systems. The aim of this system upgrade is to achieve ISO 9001 and 14001 certification. At the same time, they have gradually started to certify the departments in accordance with the "Miljøfyrtårn", a well-known Norwegian system for the environmental certification of

companies, in order to achieve a better focus in day-to-day activities. The table below shows which units/divisions/companies within Peab have environmental certification in accordance with ISO 9001 and ISO 14001.

## ENVIRONMENTAL CERTIFICATION FOR PRODUCTS

The environmental certification of buildings is a trend that has really boomed over the last few years. There are also environmental certification systems for districts and civil engineering projects, although implementation of these has not made as much progress as those for buildings. The scope of these standards varies, with some covering only energy aspects, while others include the entire sustainability perspective.

## Group decision on certifications

In 2011 Peab decided that all properties built by the company itself are to have environmental certification. In Sweden, homes are certified in accordance with "Miljöbyggnad" and commercial properties in accordance with BREEAM. We are focusing on BREEAM certifications of commercial properties, primarily in metropolitan areas. In Norway, "Energimerkning" is used for residential projects and BREEAM-nor for commercial properties, and Peab in Finland uses LEED certifications. In projects where Peab works on behalf of an external client, and the client has a clear view of which system they want to use, Peab complies with their wishes. In cases where the client has not decided on a system in advance, the possibilities of various certification systems are discussed in order to determine which is most suitable. Additional information about the number of certification projects started and completed may be found in the table on the next page.

## Development of environmental certification systems

Peab is a member of the national Green Building Councils that exist in all three countries where we operate, NGBC (Norwegian Green Building Council), SGBC

ISO certifications in Peab		
	ISO 9001	ISO 14001
<b>Business Area Construction, Nordic Region</b>		
Division West	Yes, renewed 2012	Yes, renewed 2012
Division North-East	Yes	Yes
Finland - Peab OY	Yes	No
<b>Business Area Industry, Nordic Region</b>		
Swerock	Yes, renewed 2012	Yes, renewed 2012
Rådasand	Yes, renewed 2012	Yes, renewed 2012
Peab Asfalt	Yes	Yes, renewed 2012
Asphalt surfaces in Boden	Yes	Yes, renewed 2012





(Sweden Green Building Council) and FIGBC (Green Building Council Finland). All Green Building Councils strive to develop environmental and sustainability work in the construction industry and are responsible for the administration of certification systems.

Together with other industry players, Peab is taking part in development work for the sustainability certification of civil engineering projects. In an initial stage, an investigation is being conducted into whether and how international certification systems, for example CEEQUAL, can be adapted to Swedish conditions. The development project also aims to result in proposals for a possible implementation. In a second phase, CEEQUAL will be tested in current Swedish projects, and Peab's E4 Sundsvall project has been selected as one of the pilot projects in the preliminary study.



### Max IV in Lund – pilot project for BREEAM – SE

The MAX IV facility is currently being built in Lund, and in future it will be offering absolutely world class research into synchrotron light. The proprietor is Fastighets AB ML4, with Peab and Wihlborgs as owners and Lund University as tenant. In total, the facility comprises over 20 individual buildings and a gross area of 50,000 sq.m. GFA. There are strict environmental objectives, and it is particularly pleasing that the facility can also be used to contribute to the development of the Swedish application of BREEAM.

Since 2009 we have also been involved in an industry partnership together with SGBC, who have drawn up criteria for the Swedish manual for the BREEAM system for commercial buildings, BREEAM – SE. Peab is contributing two of the four pilot projects in all to test the Swedish manual. Peab is also taking part in the project HCS that aims to develop a Swedish manual for sustainability certifications of communities and is coordinated by SGBC.

### SIGNIFICANT ENVIRONMENTAL ASPECTS

Peab is constantly identifying and analysing the business's environmental aspects from a life cycle perspective. The environmental aspects then form the basis of Peab's continuous improvement work to minimise the business's environmental impact. Five

#### Number of projects with environmental and sustainability certification

	Sweden in progress	Sweden completed	Norway in progress	Norway completed	Finland in progress	Finland completed
Environmental Building	24 (14)	1 (2)	0 (0)	0 (0)	0 (0)	0 (0)
Breeam	4 (4)	0 (0)	0 (1)	1 (0)	0 (0)	0 (0)
Breeam Communities	1 (1)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
LEED	2 (2)	1 (1)	0 (0)	0 (0)	2 (1)	1 (0)
Green Building	4 (3)	1 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Energimerke	0 (0)	0 (0)	0 (0)	391 (97)	0 (0)	0 (0)

The table shows the number of ongoing and completed certification projects in 2012 within Peab; projects that were certified before 2012 are therefore not included in the table. A project in progress is one that has been registered with the organisation responsible for the certification system. A project that is completed is one that has received certification, although not necessarily the final certification that is provided after a certain verification period. The table includes both projects carried out in-house in which Peab is responsible for certification and projects in which Peab is building for a client, who in turn assumes responsibility for certification. Energimerke is a statutory, mandatory label for all projects built in Norway, the other certifications are voluntary. Each separate apartment in an apartment block must have the Energimerke label; the figure in the chart therefore denotes the number of apartments awarded the Energimerke label in 2012.

significant environmental aspects have been identified for the construction and civil engineering business:

- Resource and material utilisation.
- Waste.
- Substances harmful to the environment or health.
- Transport operations.
- Energy.

Within the Industry business area, the significant environmental aspects have been identified at company level, as the companies run different kinds of operations.

### RESOURCE AND MATERIAL UTILISATION

Resource and material utilisation at Peab is all about choosing products with little environmental impact and at the same time reducing the total volume of material consumed. We work to develop technical solutions while at the same time creating procedural work methods and processes in order to rationalise resource and material utilisation.

To mention one example, we reuse large volumes of excavated material in the civil engineering business. Natural materials that are left over after detonations and excavation works are used as filler in neighbouring areas. Over the last three winter seasons, Peab Operation and Maintenance in Stockholm has also reused grit from the streets. The grit is sieved and processed in a number of stages in order to make sure that it can be safely reused during the next



### 95 per cent recycling in Seinäjoki

The Itkanmäki area is an important development project for the expansive town of Seinäjoki in Finland. Here Peab is demolishing the old factory buildings one kilometre away from the centre and creating a new district with homes, offices, restaurants and other cultural venues. This demolition project, the biggest in Peab's history, will see the recycling of enough demolition waste to fill one thousand trucks. Only five per cent of the waste will go to landfill. A total of approximately 17,000 tonnes of concrete waste and 13,000 tonnes of brick waste have been collected in the area. Some of the waste is crushed on site and used to build yards and noise barriers.

winter season. It was possible to reuse no less than 25,000 tonnes of grit from the last winter season.

### WASTE

The construction sector currently accounts for a large proportion of waste generated in

society. This means that work to reduce our waste is of major significance for all of society. Work with waste is closely related to resource and material utilisation. For Peab, it is a matter of achieving overall resource efficiency that aims to minimise both the extraction of finite natural resources and the volume of waste generated. One important element of this work is making it possible to reuse as much material as possible.

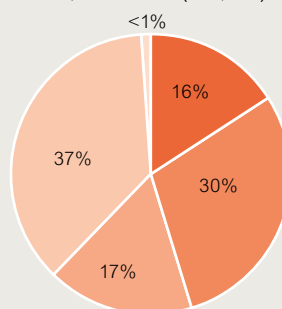
In recent years Peab has developed and improved the waste sorting ratio significantly, especially in the Swedish business. We have been measuring the sorting ratio in Sweden for a long time now, and developed close collaboration with two waste suppliers under a national agreement. Following successful collaboration, this agreement was recently renewed. The sorting ratio in the Swedish construction business increased from 63 per cent in 2010 to 68 per cent in 2011, and in 2012 it rose further to 71 per cent. The sorting ratio was 75 per cent for the whole Swedish business in 2012. These figures are based on the waste processed by the two waste suppliers with which we have agreements. The sorting ratio in Norway for 2012 was 70 per cent. In Finland we recently signed a central agreement with two waste suppliers, instead of several local ones, which will facilitate follow-up on waste statistics and sorting ratios in future. Our long-term objective is to achieve 100 per cent sorting, as well as reducing our total waste volume, in particular the fractions that go to waste disposal and incineration.

#### Total volumes of waste in tonnes

	Sweden	Norway	Finland	All countries
Total	125,458 (158,345)	5,755 (2,871)	6,700 (20,000)	137,913 (181,216)
Non-hazardous waste	122,806 (155,760)	5,629 (2,837)		
Hazardous waste	2,652 (2,585)	126 (57)		

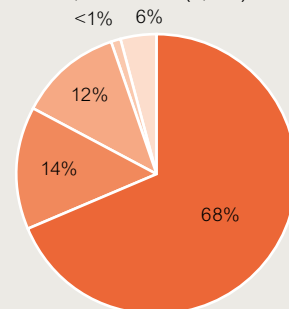
#### Processing method, non-hazardous waste

Non-hazardous waste in Sweden and Norway  
128,435 tonnes (158,597)



#### Processing hazardous waste

Hazardous waste in Sweden and Norway  
2,778 tonnes (2,642)



The statistics on waste processing methods in these charts refer to Sweden and Norway, and are limited to the waste processed by our contract partners. A large proportion of our civil engineering and industrial business activities are based on reusing excavated material, which is not processed by waste suppliers and is therefore not included. In the 2011 accounts, we included the volumes reused in the volumes for recycling; this is why comparative figures for reuse and recycling are not reported.

■ Landfills ■ Incineration ■ Recycling ■ Reuse ■ Composting



### SUBSTANCES HARMFUL TO THE ENVIRONMENT OR HEALTH

In our efforts to minimise the use of substances that are harmful to the environment or health, we use industry standard systems and tools. In Sweden, Peab uses BASTA and the Building Material Assessment (BVB). BASTA is an industry-wide system that aims to phase out hazardous substances in building products. Suppliers are offered the opportunity to sign agreements to register their products in BASTA. The Building Material Assessment system assesses building products from a life cycle perspective and publishes these assessments in a database. The criteria for the content of substances are identical in both systems.

In Finland we use TUKES (Finnish Safety and Chemicals Agency) safety sheets in order to make sure that we are using approved products in production and in connection with subcontractors, TUKES monitors products, services and production

systems in areas such as building products, consumer safety, the energy efficiency and ecological efficiency of products, and implements legislation in these areas.

In Norway we use an electronic system called CoBuilder/BASS. All suppliers must register goods supplied in the database in which Peab has established an automatic filter based on State criteria on hazardous substances as well as criteria defined in-house.

### TRANSPORT OPERATIONS

Peab is working on several fronts to reduce transport operations and carbon dioxide emissions. All employees are encouraged to minimise their travel by prioritising video, telephone or web conferences ahead of physical meetings. In 2012, there were 8,600 (6,284) conference hours via video and 15,417 online meetings. To further reduce the environmental impact of business travel, a new meeting and travel portal has been developed. This was tested

during 2012, and the launch is expected to take place in 2013. The meeting and travel portal will help employees to choose travel alternatives with less environmental impact and also facilitate measurement of and follow-up.

In Sweden we have also introduced financial incentives for employees to choose company cars that have less environmental impact. In 2012, a vehicle environmental tax was in force of SEK 1,000 per month for cars that emit 136-160 grams/km, SEK 500 per month for cars that emit 121-135 grams/km, while cars that emit 120 grams/km or less do not pay any vehicle environmental tax at all. Peab Vehicle Operations is responsible for Peab's vehicle fleet in Sweden, and works continuously to develop and improve environmental performance. In 2012, Peab was one of the first companies to start using light goods vehicles powered by electricity. Initially there are about ten new vehicles that are powered solely by electricity, but



there will be more as older vehicles are decommissioned.

## ENERGY

At Peab we focus on finding energy-efficient solutions for our operational business activities, and also for the homes and buildings we hand over to the customer upon completion. We strive to build homes with energy consumption levels that are lower than the standard requirements.

To guarantee energy performance in the projects we create, Peab's energy group has developed an energy follow-up process. This method and its aids provide support for energy work throughout the whole construction process and guarantee that projects' energy targets are met. The process is based on Sveby's "industry standard for energy", a programme that includes information about user data and aids for agreements on energy consumption. Work is facilitated by the appointment of an energy coordinator to projects to support the project organisation.

We operate in an energy-intensive industry, which makes it important that we do as much as possible to both reduce energy consumption and minimise the environmental impact caused by our energy utilisation. All electricity purchased by Peab



## 30 per cent lower carbon dioxide emissions with low-temperature asphalt

Over the last decade, Peab Asphalt has been working intensively to develop asphalt that has less impact on the environment and is energy-efficient to manufacture. By reducing the surfacing temperature of the asphalt by around 30 degrees, energy consumption is reduced by 20 per cent and carbon dioxide emissions by 30 per cent, while at the same time exhaust gases and dust particles are reduced by no less than 65 per cent. This reduces the environmental impact and improves both the quality of the finished asphalt surface and the working environment for our employees.

via the central agreement in Sweden is electricity with an environmental declaration from hydro power. This means that consideration has been given to the entire life cycle in the production of electricity.

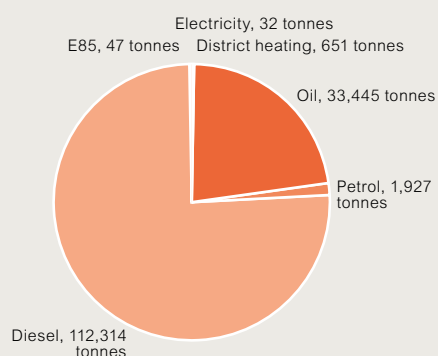
One practical example of how we are reducing energy utilisation at our workplaces in Sweden is the L-Ctrl energy optimisation system. This system makes it possible for employees at the workplace to control energy utilisation in the form of, for example, ventilation, heating and lighting via a parent system. Reducing the night-time temperature in an accommodation block can cut energy consumption by up to 20 per cent.

## LICENSABLE AND NOTIFIABLE BUSINESS ACTIVITIES

Peab operates licensable and notifiable business activities in Sweden and Finland. These comprise rock and gravel quarries, water operations, transport of waste and hazardous waste, asphalt works, concrete production and aggregate operations. Permits are renewed and supplemented on an ongoing basis. Licensable business activity constituted about 2 (3) per cent of the Group's revenue in 2012, and notifiable business activity about 6 (6) per cent.

## Carbon dioxide emissions

Carbon dioxide emissions in Sweden and Norway,  
148,416 tonnes (112,867)



## Energy sources purchased directly in Sweden and Norway

	Liter		MWh		GJ	
	2012	2011	2012	2011	2012	2011
Oil	11,532,882	9,485,336	108,795	89,480	391,663	322,127
Petrol	848,405	1,226,986	7,971	11,528	28,696	41,502
Diesel (Vehicles)	16,834,813	18,189,061	165,140	178,424	594,504	642,328
Diesel (Bulk)	25,066,604	12,248,128	245,889	120,147	885,201	432,530
E85	136,371	283,565	902	1,875	3,246	,6,750
<b>Total</b>	<b>54,419,075</b>	<b>41,433,076</b>	<b>528,697</b>	<b>401,454</b>	<b>1,903,310</b>	<b>1,445,237</b>

## Energy sources purchased indirectly

	Sweden		Norway		Finland		All countries	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Electricity</b>								
MWh	118,623	122,663	1,840	2,620	10,750	11,600	131,213	136,883
GJ	427,043	441,587	6,623	9,433	38,700	41,760	472,367	492,780
<b>District heating</b>								
MWh	21,432	29,489	489	134	5,450	8,500	27,371	38,123
GJ	77,155	106,161	1,759	482	19,62	30,600	98,536	137,243

The figures for direct energy sources purchased in MWh from 2011 have been corrected since the Sustainability Report for 2011 was published; this is because of incorrect unit calculations.

# Social engagement

Peab has a long tradition of engagement in the communities in which we operate. We want to be an involved, responsible player in society and therefore contribute experience and resources in various contexts that promote sustainable development. Activities aimed at young people are particularly close to our heart.

## SOCIAL ENGAGEMENT – STRATEGIC AND SUSTAINABLE

Being engaged in social development and being a responsible player in the communities where we operate is fully in line with our basic values and strategies. We believe that cross-sector collaboration benefits all involved and lays the foundations for building sustainable communities. By contributing knowledge and resources in various forms of social engagement, we not only help the target group for a specific initiative, we also believe that it makes our employees and customers feel a sense of pride and involvement in social development.

## NEW SPONSORSHIP POLICY

Peab has for a long time been sponsoring youth sport and youth activities. To extend the guidelines for our sponsorship, a new sponsorship policy was adopted at the end of 2012. According to the new policy, sponsorship shall focus on contexts that promote social benefit, social development, inclusion and team-building.

## A FEW EXAMPLES OF PEAB'S SOCIAL ENGAGEMENT

We want to contribute actively to helping people who for various reasons have found it difficult to be a part of society having an opportunity to do so. Below are a few practical examples of how Peab gets involved to create safe, pleasant communities for all.



## Rebuilding Utøya

In partnership with AUF – the Workers' Youth League – Peab is working to build the New Utøya. The project involves, among other things, the rebuilding and modernisation of the main building, conference hall, canteen and catering kitchen, as well as improving other facilities on the island. Utøya will be an arena that engages young people and serves as an important place for development and social debate in future, and contributing to the rebuilding process is therefore an honourable, responsible task. There are also plans for students from the Peab School to be involved in creating one of the buildings. Work started in autumn 2012 and is expected to be completed during 2014.

## Mentor

Peab is a main partner in the non-profit-making organisation Mentor, which works to prevent violence and drug abuse among young people.

## SOS Children's Villages

Peab is a mentoring company with SOS Children's Villages, supporting the positive development to which the organisation contributes by taking care of orphaned children in the poorest countries in the world. The organisation is politically and religiously independent and works in accordance with the UN's Convention on the Rights of the Child. The building of schools, health centres and centres to meet the most important needs for children's development are just some of the initiatives that the organisation contributes.

## TelgePeab

Peab's subsidiary TelgePeab builds homes in Södertälje, and aims at the same time to provide the unemployed, people on benefits and refugees with an opportunity to receive training, practical experience and work. The company was set up in 2009 by Peab and Telge within Södertälje Municipality. The first construction project, the Körsbäret district, was completed in 2012 and has 77 tenant-owner apartments. The project created work for 25 people. At the beginning of 2013, Peab Housing became the sole owner of the company and is now continuing to run it in the original spirit of financial and social sustainability. The ambition is to build between 100 and 150 homes each year on competitive terms, and at the same time to offer jobs, work placements and traineeships that can result in







people being able to support themselves and continue with a career in the construction industry.

#### **Barents Reunion**

Peab organises the Barents Reunion together with IKEA, the City of Haparanda and the City of Tornio. This is an annual event to promote cooperation between the five ethnic groups in the Barents region. A convention is held every year on various subjects, such as energy and environment, culture, entrepreneurship and education. The theme of the convention in 2012 was "Sustainable social development of Barents".

#### **Camps for children with reading and writing difficulties**

In August 2012, the Parents' Association for Dyslectic Children in Ängelholm joined forces with Peab to organise a summer camp for children with reading and writing difficulties in Ängelholm Municipality. The idea behind the summer camp was that children should have their self-esteem enhanced and be able to practise their English in a natural way in various activities. The camp lasted one week and about 20 children attended. Also on site were special-needs teachers and older students from both England and Sweden.

#### **Tennis court in Hammarkullen**

During summer 2012 Peab and a number of

other local organisations renovated a derelict tennis court in the multicultural district of Hammarkullen near Gothenburg. The tennis court was created in the 1970s, but in recent years had been used as a car park. During the summer, activities were organised on the newly renovated court for young people who wanted to try their hand at tennis. The initiative for the tennis court at Hammarkullen is a partnership project that aims to contribute to many people who might not otherwise come into contact with tennis having a chance to get involved in sport.

#### **Holiday workers from the Traffic Office**

In summer 2012, Peab Operation & Maintenance in Stockholm welcomed 220 young people aged between 15 and 17 on behalf of the Traffic Office in Stockholm. Over three periods, each of three weeks, the young people helped with various operation and maintenance jobs such as planting, cleaning and as park wardens. For many of the young people, this holiday work represented their first job and was a chance to try their hand at working in the running of streets and parks. At Peab we are delighted to be able to offer young people an insight into work; supervisors received good assessments and we hope that these young people come back to Peab when they apply for jobs in future.



### **Peab's Home-building Day 2012 – A dialogue about homes for young people**

Young people prioritise homes with a good location and low rents ahead of high standards. These are the results of a recent study. In collaboration with municipalities and authorities, Peab wants to strive to ensure that more homes are built adapted to the needs of young people, and to conduct a dialogue about more flexible legislation in this field. The main speaker at Home-building Day 2012 was Minister for Enterprise Annie Lööf.





# Participation, security and confidence at the Peab School

With a wave of retirements on the horizon Peab felt the need to ensure access to future employees. This factor, together with a deep concern for elementary students that do not have all the grades they need to go forward, was the foundation of the Peab School, launched in 2006.

The Peab School offers the secondary school Construction and Civil Engineering program and is based on a pedagogic where focus is just as much on students becoming secure, aware community members as becoming skilled workers. The key to this is participation, security and confidence. Theory is mixed with practice at Peab's own worksites and around 70 percent of students who get their diploma have begun to work at Peab.

The Peab School's pedagogic methods are based on four cornerstones:

- **Actively working with everyday values** – Ethics and values are cemented in a person's teens. We educate both community members and community builders and we take this responsibility seriously.
- **An education in reality** – All possible professional know-how that can be taught at a workplace will be taught there - in real life situations.
- **Comprehensive view and context** – All the subjects are connected together and integrated into projects.
- **The individual in focus** – Goals and demands are the same for everybody but the way to reach and meet them is different depending on circumstances. Everyone is challenged to achieve their full potential.

This innovative pedagogic has generated good results. The majority of students leave the school with a job and a complete set of secondary school grades – even the students that came with almost nothing from elementary school.

There are currently Peab schools in Ängelholm, Malmö, Gothenburg, Solna and Upplands-Väsby with some 450 students in total. All the schools are quality certified as a Trade Recommended School by BYN (the Swedish Construction Industry Training Board) except for the new school in Gothenburg and an application will be sent in soon for that school as well.



# Business ethics and anti-corruption work

At Peab, ethics is about our actions in relation to one another and our stakeholders. By means of good ethics and transparency, we create trust and strengthen our relations. We work with education and information about ethics and anti-corruption, and make it clear that any breaches, no matter by whom, will have consequences.

## OUR ETHICAL GUIDELINES

Peab's ethical guidelines summarise how we must conduct ourselves in the company, in society and in our business dealings. The steering document containing our ethical guidelines is updated regularly and adopted by executive management in order to guarantee a current, modern document to which everyone can relate. The most recent update took place in August 2012.

Peab strives to be the best workplace and the obvious partner in building Nordic communities. We are convinced that good business ethics and transparency strengthen our customer relations and contribute to a safe working environment. The level of ambition for our business ethics is therefore high, and the ethical guidelines go well beyond what is required under legislation and international declarations. Supplementary documents, such as the manual for entertainment and invoice attestation procedures, contain rules on how we at Peab behave in specific matters. If anyone is unsure about how to behave in a given situation, help is available from their manager, administrative functions or the Ethical Council.

## PREVENTIVE TRAINING ON ETHICS

As an element of preventive work against corruption and breaches of Peab's ethical guidelines, the wide-ranging training programme known as the Ethics Round was started in 2009. Since then, more than 3,500 salaried employees in Sweden, Norway and Finland have completed the course. The course has been customised to meet Peab's needs, and contains situations that illustrate various ethical dilemmas that can arise in the business. The intention behind the course is to provide participants with an opportunity to calibrate their ethical compass against the standards and rules that apply within Peab and to provide a method of identifying and finding solutions to various kinds of ethical dilemmas. Everyone who has completed the Ethics Round signs an undertaking to the effect that in their work they will always observe the values on which the ethical guidelines and the Code of Conduct are based. In 2012, a total of 447 (2,004) employees were trained in ethics and anti-corruption, of which 176 (1,205) were salaried employees in managerial positions, 268 (799) other salaried employees and 3

(0) skilled workers. This corresponds to 9.6 per cent of all salaried employees in managerial positions, 7.1 per cent of all other salaried employees and less than 1 per cent of all skilled workers.

There was a major initiative on training in ethics in 2011, which is why more people were trained then than in 2012. Peab will continue to train its employees in these issues during the years ahead. All senior managers also attend a one-day course on competition law.

## THE ETHICAL COUNCIL

Peab has an Ethical Council that consists of one representative of executive management, three from administrative functions and, where applicable, the senior manager (business area manager or administrative manager) under whose business area the area in question belongs.

## THE ETHICAL COUNCIL

The Ethical Council's undertaking is to answer questions of an ethical nature from the business and employees, to communicate Peab's approach to ethical issues, both internally and externally, and to prepare and make decisions on issues when laws or ethical guidelines are breached. Action that can be taken in connection with breaches can be anything from a verbal warning and information about what applies at the workplace to a written warning, the serving of notice, dismissal and reporting to the police. The Ethical Council makes sure that incidents that occur in the Group are handled in the same way, regardless of within which part of the business they occur and the position of the person who committed the breach.

## ETHICS ARE EVERYONE'S RESPONSIBILITY

At Peab, everyone is encouraged to assume personal responsibility for their behaviour. Peab's managers have a major responsibility to inform and communicate awareness among employees of the content and importance of the guidelines. It is also the job of managers to follow up and make sure that employees have become acquainted with and accepted the guidelines and that they act accordingly. All of Peab's managers must act as role models in the organisation and practise what they

preach. The principle in Peab is that if an employee is unwilling or unable to take up an issue with his or her immediate manager, they can always contact their manager's manager. There is also an opportunity to contact the Ethical Council via a form on which comments can be put forward either anonymously or openly. Peab has chosen to work with the Ethical Council as the whistle-blowing function instead of using an external party, as long experience has taught us that handling ethical issues internally builds up trust between the company and its employees, which promotes transparency and honesty in these issues and combats defamation and the spreading of rumours. The Ethical Council guarantees anonymity for anyone reporting an incident who desires it.

## EVENTS DURING THE YEAR

During 2012 two cases of suspected corruption or other financial irregularity were discovered, and these are reported below. No cases of anti-competitive activities, breaches of competition law or monopolistic behaviour leading to legal action occurred during the year. Nor has any cases of corruption resulting in terminated contracts with suppliers or sub-contractors occurred during the year.

- A supervisor within Peab used their position to arrange for Peab to pay for material and labour at the supervisor's home. The supervisor was dismissed and the event was reported to the police.
- A site manager from Peab was suspected of involvement in financial crime relating to a municipal company. When Peab was made aware of this suspicion against the site manager, the site manager was excluded from the workplace and a written warning was issued. When the preliminary investigation was completed, the public prosecutor brought charges against the site manager and three other people, two of them managers in the municipal company. The district court found the site manager guilty of serious fraud and involvement in the obstruction of a tax inspection. When the district court issued its judgement, the site manager's employment at Peab was terminated.



# Peab contributes to a more secure society

Security work is not just an internal matter for Peab. It is the task of the Security function to prevent crime, minimise the harmful effects of crime and to create the conditions for secure workplaces at Peab. In this work, Peab collaborates in projects with the Swedish Construction Federation, the Swedish Police and various companies, all with the aim of contributing to a more secure society.

Peab works actively together with the Swedish Construction Federation to combat moonlighting and financial crime in the construction industry. ID06 is a security system that only allow authorised people to access our workplaces, it is one example in which Peab is the driving force to increase usage and value. In Finland, Peab uses personal ID cards with tax numbers, and in Norway we use "Byggekort" [Building Passes] so that we know who is allowed to work at our workplaces.

- CCTV surveillance of offices and at remote workplaces transmitting moving images in real time has in many cases resulted in thefts or break-ins being prevented and perpetrators being apprehended.
- The crisis organisation, which is trained by the Swedish Civil Contingencies Agency (MSB), provides professional care for those affected by, for example, serious accidents, regardless of whether they involve employees or third parties, and cooperates on site with authorities and organisations.
- The so-called "PoFa" system (Police and Insurance Report), developed in-house, means that reports of thefts or insurance cases can be made directly at the workplace and simultaneously to the police and insurance companies. The reporting frequency is increased, and labelling and collaboration are improving the prospects of linking the perpetrator to the theft and recovering the stolen goods.
- Within "Bolyftet", Peab's concept for upgrading areas created under the environmental programme, the Security function is involved through its knowledge of how to create secure outdoor environments.
- Training is provided within Peab to raise awareness and understanding of how moonlighting takes place and how our employees can prevent the use of rogue subcontractors. Peab also makes presentations in the industry, for example to local crime prevention councils.





# Long-term financial added value

Peab's business affects many aspects of financial developments in society. For Peab, this represents a major responsibility, and we always strive to find solutions that create value for all of our stakeholders. By means of long-term planning, good relations and a financial life cycle perspective, we can build communities in a cost-efficient, sustainable way.

## EFFECT ON THE SOCIAL ECONOMY

By running a responsible business, Peab contributes both directly and indirectly to economic developments in society. We deliver financial value to our stakeholders by, among other things, paying wages and other benefits to our employees, paying taxes to the State and municipalities, buying services and products from suppliers, offering high-quality products to our customers and paying dividends to our shareholders. We contribute to technical developments in the industry, and our social engagement contributes to the local economy.

## CREATING FINANCIAL VALUE FOR EMPLOYEES

At Peab we want employees to have a good understanding of the profitability aspect and to be able to share in the company's successes. This is why we have a profit-sharing foundation that aims to stimulate employees' interest in long-term employment and to create better financial conditions for employees when they retire.

## GOOD RELATIONS AND CUSTOMER SATISFACTION

Good customer relations are based on a long-term approach, credibility and receptiveness. To find out how customers perceive their contact with us and how we are meeting their expectations, we use SCI



### Mandolinen – the industry's most satisfied customers

The workgroup in the Mandolinen project defined clear guidelines and common goals by means of a partnership on equal terms. The starting point was that we are working with homes and people, and order and foresight pervade the whole project. Mandolinen not only has the most satisfied customers, they also achieve the best results in terms of sorting waste, contractual compliance, profitability and satisfied employees.

surveys (Satisfied Customer Index). The SCI surveys follow an international standard and are coordinated by the independent organisation Prognoscentret. In 2012, for the first time surveys were sent out to our business customers in the form of a web-based questionnaire. The question-

naire is completely anonymous for respondents, who can also choose to submit written comments. It was sent to more than 2,500 business customers in the Civil Engineering, Construction and Industry business areas in Sweden and Norway. The response rate was 45.5 per cent - 1,164 respondents - and the results show that customers appreciate the contact with our employees, our products and services. These are the areas in which we received the highest marks. The survey has many aims, including to make it possible to identify areas for improvement. The results are analysed by business area and at company and project level. The results for 2012 indicate, among other things, that there is a group of projects where improvements need to be made in terms of work methods, reliability and schedules. On the basis of the results, action plans are set up so that we can better meet our customers' requirements and expectations.

We started measuring the SCI for Peab's housing customers in 2010. The survey, which is industry-wide, is also conducted together with Prognoscentret, with all of our private customers receiving a questionnaire approximately two months after moving in. In 2012 we received 539 responses, representing a response rate of 57 per cent. Since we started measuring the SCI, we have improved satisfaction among our housing buyers, even though



we still have a little way to go to reach industry levels. The result shows that the most important areas for improvement are to continue to work on our reliability and to deliver fault-free homes in accordance with customers' expectations. To supplement the index figures, the customer is given the opportunity to submit anonymous free text responses to the survey.

### PRODUCTIVITY

Productivity is a measure of the degree of target fulfilment in relation to resource utilisation in production. A high level of productivity within Peab is of major interest for both internal and external stakeholders, as it creates cost efficiency and resource efficiency. Follow-up and evaluation is a precondition for being able to identify and develop the most efficient work methods, and in Peab we work on this at several different levels in the organisation.

To improve productivity, we are working towards a standardised work method based on tried and tested methods and feedback. In the "Right from me" project, Peab has developed methods and tools that have been produced and tested at our own workplaces. The idea is simple, we use work methods and tools that reduce the amount of unnecessary work and make it easier for all of our employees to get it right from the start. PGS (Peab Gemensamt System/Peab Joint System) develops prefabricated buildings, a form of standardised building that results in high quality and competitive prices.

We work with BIM modelling to guarantee an efficient construction process. BIM Modelling, or "virtual construction", means that we use a 3D model that is linked to the tools used during the construction process. The link can be to costing, planning, preparation, purchasing or logistics, depending on the project's needs and level of ambition. A BIM model is an effective means of enabling everyone involved to quickly obtain a clear, common view of the construction process and the finished building. This creates

greater understanding, which means that more people can be involved and have an influence. At the same time it increases the quality of planning and contributes to stable, efficient production. Participation increases engagement and thereby the quality of day-to-day work and of the end product.

### LOGISTICS

Our industry is characterised by a large number of suppliers and subcontractors, who deliver products to the workplace in a continuous flow. To make it possible to do this in a cost-efficient way with the least possible environmental impact, a holistic perspective of logistical issues is a must. As the foundations for efficient logistics are laid as early as in the planning phase and in



### Well-planned logistics – increased productivity

January 2012 saw the opening of the Clarion Hotel Post, built by Peab for Home Properties. Its location on Drottningtorget in the centre of Gothenburg, with a very limited development area, small to virtually non-existent storage areas and deliveries on average every 18 minutes during the entire construction period, placed major demands on planning logistics. Logistical work, with timed slots in which all goods transport providers had a pre-booked time for unloading, was a decisive factor for reliable deliveries, minimised waiting time for materials, lower stock levels and increased productivity. By means of well-planned deliveries and reduced idling, we estimate that carbon dioxide emissions were reduced by about 19,000 kg in this project.

relations with suppliers, it is important to have a holistic perspective in logistical work.

We have run a number of pilot projects to identify how the opportunities of logistics can be utilised to rationalise Peab's processes. In 2012, the Group's logistics project in Region Mälardalen Housing was completed, the aim of which was to identify efficient logistical solutions in the areas of planning, costing, purchasing and production. The project was carried out in close collaboration with four selected suppliers, and all six construction projects involved in the logistics project saw results in the form of less unnecessary work, reduced volumes of damaged material and a better working environment. A clear coordination of deliveries makes it easier for both suppliers and ourselves, while at the same time reducing transport costs and the environmental impact. We are also involved in an industry-wide project in Sweden, run by BEAst (Byggsektorns Elektroniska Affärsstandard - The Construction Sector's Electronic Business Standard), which aims to develop a common process and information model that will pave the way for more modern methods and electronic communication between players involved. We will continue to work with logistics from a holistic perspective and will gradually implement logistical solutions in our work procedures and processes.

### INNOVATION AND DEVELOPMENT

By contributing to innovation, technical development and creative solutions that benefit the whole industry, we also contribute to the economic development of society. We run and take part in a number of development projects, we take part in cross-sector partnerships and work in various constellations together with industry players, trade and industry, stakeholder organisations and the public sector in order to contribute to sustainable social development.

### Direkt tillskapat ekonomiskt värde

MSEK	2012	2011	2010
Revenues	47,225	43,777	38,440
<b>Distributed financial value</b>			
Operating expenses	37,892	34,491	29,820
Salaries and remuneration to employees	8,058	7,615	6,846
Payments to financiers	1,061	1,212	980
Payments to the public sector			
Sweden	94	221	-27
Norway	0	20	-9
Finland	-2	-3	-1
Denmark	2	0	0
Group total	94	238	-37
Investments in society	19	10	9
<b>Total distributed financial value</b>	<b>47,124</b>	<b>43,566</b>	<b>37,618</b>
<b>Retained financial value</b>	<b>101</b>	<b>211</b>	<b>822</b>



# Energy-smart production – The project that identifies which measures produce results

Research shows that the production phase of a road accounts for 5-20 per cent of the road's total energy consumption during its useful life (production, operation, use and decommissioning). Energy efficiency improvements in the production phase are therefore still an environmental aspect with major opportunities for development.

In the civil engineering project Active Safety Test Area, a test facility where intelligent cars are to be test driven, running in parallel with production is the Energy-Smart Production project, in which Peab is testing energy-saving measures that can be applied in the production phase.

The development project is focusing on identifying which measures actually produce results in practice; for example, energy-efficient setup and efficient fuel utilisation. The aim of the Energy-Smart Production project is to develop a selection of energy- and cost-saving measures and methods that can then be applied in future civil engineering projects.

The project, which is being run internally by Peab, is a partnership between two of Peab's four business areas, Civil Engineering and Industry.





# GRI and UN Global Compact Index

## Strategy and profile

Description		Page in Sustainability Report	Scope of reporting, full or partial	Comment (e.g. reason for omission of information)	UN Global Compact Principles
<b>1. Strategy and analysis</b>					
1.1	Statement from Managing Director on the relevance of sustainable development for the organisation and its strategy.	4-5	●		
<b>2. Organisational profile</b>					
2.1	Name of the organisation.	6, 7	●		
2.2	The most important brands, products and services.	6-7	●		
2.3	Organisational structure, units, business areas, subsidiaries and joint ventures.	6-8	●		
2.4	Location of organisation's head office.	6	●		
2.5	Number of countries in which the organisation has business operations and the names of counties where important operations are conducted or that are of particular relevance for sustainable development.	6	●		
2.6	Ownership structure and corporate form.	6-8	●		
2.7	Markets in which the organisation operates.	6-7	●		
2.8	The size of the reporting organisation.	6-8	●		
2.9	Significant changes during the reporting period in terms of size, structure or ownership.	6-8	●		
2.10	Awards and prizes received during the reporting period.	3	●		
<b>3. Information about the report</b>					
3.1	The reporting period (e.g. financial year/calendar year) for the information reported.	2	●		
3.2	Date of publication of the most recent report (if one was produced).	2	●		
3.3	Reporting cycle (annually/biannually, etc.).	2	●		
3.4	Contact persons for questions relating to the report and its content.	2	●		
3.5	Processes for defining the content of the report.	12-13	●		
3.6	Demarcation of the report.	2	●		
3.7	Describe any special limitations of the scope and demarcation of the report.	2	●		
3.8	Principle for the reporting of joint ventures, subsidiaries, hired facilities, outsourced business operations and other units that may have a significant effect on comparability.	2	●		
3.10	Explanation of the effect of and reasons for changes to information provided in previous reports.	2	●		
3.11	Significant changes made since the previous reporting period in terms of demarcation, scope or measurement methods used in the report.	2	●		
3.12	GRI Index.	31-32	●		
3.13	Policy and current application in respect of having the report attested externally.	2	●		
<b>4. Governance, commitments and stakeholder dialogues</b>					
4.1	Account of the organisation's corporate governance, including committees that report to the Board of Directors and are responsible for specific tasks such as adopting strategies or exercising supervision of the organisation, and describe any direct responsibility for financial, social and environmental issues.	7-8	●		1-10
4.2	Describe whether the Chairman of the Board is also the Managing Director.	8	●		
4.3	For organisations that only have one Board level, state the number of members of the Board who are independent and/or are not members of company management.	8	●		
4.4	Opportunities for shareholders and employees to submit recommendations or guidance to the Board of Directors or company management.	8	●		
4.14	List the stakeholder groups with which the organisation has contact.	12-13	●		
4.15	Principle for identification and selection of stakeholders.	12-13	●		

Full = ●  
Partial = ◐

Description		Page in Sustainability Report	Scope of reporting, full or partial	Comment (e.g. reason for omission of information)	UN Global Compact Principles
<b>5. Sustainability governance and result indicators</b>					
EC1	Direct financial value created and delivered, including revenues, operating expenses, remuneration to employees, donations and other social investments, retained earnings and payments to financiers and governments.	29	●		
EN3	Direct energy consumption by primary energy source.	22	●		8
EN4	Indirect energy consumption by primary energy source.	22	●		8
EN5	Energy savings through saving and efficiency improvements.	18-22	▮		8, 9
EN6	Initiatives to provide energy-efficient products and services as well as products and services based on renewable energy, as well as reductions in the energy requirement as a result of these initiatives.	18-22, 29-30	▮		8, 9
EN7	Initiatives to reduce indirect energy consumption as well as reductions achieved.	18-22, 29-30	▮		8, 9
EN16	Total direct and indirect greenhouse gas emission by weight.	22	●		8, 9
EN18	Initiatives to reduce greenhouse gas emissions, as well as reduction achieved.	18-22, 29-30	▮		7-9
EN22	Total weight of waste, per type and disposal method.	20	●		7-9
EN26	Measures to reduce the environmental impact of products and services, and the results.	18-22	▮		7-9
PR5	Procedures for customer satisfaction, including results from customer surveys.	28-29	●		
CRE8	Type and number of certifications, rankings and markings for new construction, administration, operation and renovation.	19	●		7-9
LA1	Total workforce, broken down by type of employment and region.	14	●		6
LA3	Benefits that are given to full-time employees and not to temporary or part-time employees.	16	●		6
LA7	Scope of injuries, work-related illnesses, days of work lost, absenteeism and total number of work-related fatal accidents by region.	14-15	▮		1
LA10	Average number of training and education hours per employee per year, broken down by staff category.	16	●		
LA12	Percentage of employees who receive regular assessments of performance and career development.	16	●		
LA13	Composition of Board of Directors and management broken down by gender, age group, minority group and other diversity indicators.	9, 15	●	Membership of minority groups is not reported in accordance with Swedish law.	1, 6
SO3	Proportion of employees who have been trained in the organisation's policies and procedures against corruption.	26	●		10
SO4	Action taken because of corruption-related incidents.	26	●		10
SO7	Total number of legal measures for anti-competition activities, anti-trust and monopoly practices, as well as their outcome.	26	●		10

Full = ● Partial = ▮

**GLOBAL COMPACT PRINCIPLES AND PAGE REFERENCES**

Area	Principles	Pages
<b>Human rights</b>	1. Businesses should support and respect the protection of internationally proclaimed human rights	7-8, 23-24
	2. Businesses should make sure they are not complicit in human rights abuses	7-8, 14-16, 26
<b>Labour</b>	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	7-8
	4. Businesses should uphold the elimination of all forms of forced and compulsory labour	7-8
	5. Businesses should uphold the effective abolition of child labour	7-8
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation	7-8, 14-16, 26
<b>Environment</b>	7. Businesses should support a precautionary approach to environmental challenges	18-22
	8. Businesses should undertake initiatives to promote greater environmental responsibility	18-22, 29-30
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies	18-22, 29-30
<b>Anti-corruption</b>	10. Businesses should work against corruption in all its forms, including extortion and bribery	7-8, 26-27

# Glossary

## AFS 2001:1

The Swedish Work Environment Authority's Code of Statutes on systematic work on the working environment.

## BASTA

System of requirements for the chemical content of products used in the construction industry, based on European chemical legislation.

## BREEAM

The Building Research Establishment Environmental Assessment Method is an environmental certification system for buildings.

## BREEAM COMMUNITIES

The Building Research Establishment Environmental Assessment Method is an environmental certification system for city districts.

## BVB

The Building Material Assessment is a database of building materials that have been assessed from a life cycle perspective.

## BYN

The Swedish Construction Industry Training Board is a representative body whose task it is to make sure that there are competent skilled workers in the Swedish construction industry.

## CEEQUAL

A certification system to promote and assess sustainability in land and civil engineering projects.

## COP

Communication of Progress, an annual follow-up that the UN Global Compact requires of its members in which they

report on the work they have carried out in the areas of human rights, labour law, the environment and anti-corruption.

## CO<sub>2</sub>

Carbon dioxide.

## E85

Ethanol fuel.

## ENERGIMERKE

Norwegian certification of the energy-efficiency of buildings.

## UN GLOBAL COMPACT

The Global Compact is a UN initiative that aims to make companies aware of and assume active responsibility in the areas of human rights, labour law, the environment and anti-corruption.

## GJ

Gigajoule.

## GREEN BUILDING

EU-controlled environmental programme for buildings.

## GRI

The Global Reporting Initiative is an international framework for sustainability reporting.

## HCS

Sustainability certification of city districts is a collaborative project between government agencies, municipalities, building proprietors, property owners, energy companies, consultants, architects, researchers and organisations.

## ISO 14001

An environmental management system. ISO stand for International Organization for Standardization.

## ISO 9001

A quality management system.

## LEED

Leadership in Energy and Environmental Design is a system for the environmental certification of buildings.

## MILJÖFYRTÅRN

A Norwegian environmental certification scheme for businesses.

## MWH

Megawatt hour.

## ENVIRONMENTAL BUILDING

Certification system based on Swedish construction and authority rules as well as Swedish construction practice regarding energy, indoor environment and materials.

## THE ENVIRONMENTAL LIGHTHOUSE

A Norwegian environmental and sustainability certification system for businesses.

## SCI

Satisfied Customer Index.

## OTR

Olycks- och TillbudsRapportering [Accident and Incident Reporting]. Peab's web-based system for reporting and registering accidents at the workplace.

## SHA

Säkerhet, Hälsa och Arbetsmiljö [Safety, Health and Working Environment].







Peab is the Nordic Community Builder with about 14,000 employees and turnover in excess of SEK 45 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. The head office is in Förslöv, on the Bjäre Peninsula in Skåne. The share is listed on the NASDAQ OMX Stockholm Stock Exchange.

Peab AB (publ) SE-260 92 Förslöv Tel. +46 (0)431-890 00 Fax +46 (0)431-45 17 00