Peab is one of the leading Nordic construction and civil engineering companies with over 13,000 employees and net sales exceeding 44 billion. Through local familiarity and four specialized and coordinated business areas Peab handles small local as well as large more complex projects. The Group’s subsidiaries have strategically located offices in Sweden, Norway and Finland. The head office is located in Förslöv, on the Bjäre Peninsula in Skåne, Sweden.

PEAB TAKES RESPONSIBILITY FOR THE FUTURE

Peab affects the community and environment for people who now or in the future will live with what we develop, build and construct. Peab is also a large employer with local roots and this comes with a big responsibility.

Peab is a catalyst in developing a more sustainable society. This means that Peab complies with external demands and expectations and at the same time acts to create new business opportunities.

Peab’s operations contribute to society by developing and building new homes and offices, public schools, libraries and hospitals as well as infrastructure such as roads and bridges. We make a difference in everyday life in both small and large communities this way.

Long-term relationships with customers and suppliers lead to better financial, social and environmental projects that benefit all of society. Stable profitability provides the means to develop Peab’s business and generate returns for shareholders.

Peab is a lasting and secure employer that prioritizes health and a safe work environment and which offers personal development opportunities in a company culture based on respect for equal rights and characterized by our core values Down-to-earth, Developing, Personal and Reliable.

ORGANIZATION

Peab is characterized by a simple, flat and cost-efficient organization with four cooperating business areas: business area Construction, business area Civil Engineering, business area Industry and business area Project Development, whose operations are based on local entrepreneurship close to the customer. The business areas have a regional structure that works together with central resources and they profit from support functions on business area and Group levels in sharpening their competitive edge.
Interesting events in 2015

PEAB WORKS ACTIVELY FOR GREATER INTEGRATION AND POSITIVE COMMUNITY DEVELOPMENT

During the year Peab signed a letter of intent with the Swedish Employment Service stating our ambition to during a three-year period give at least 100 newly arrived refugees employment, a trainee spot or make an assessment of their skills. In addition, in the autumn of 2015 the decision was made to start a new course at Peab’s independent upper secondary school, the Peab School, Language introduction for 100 newly arrived youths at the Peab School in Gothenburg. Read more about Peab’s social engagement on pages 29-31.

REFLECTION DAY FOR FOCUS ON SAFETY AND HEALTH

The 28th of April is World Day for Safety and Health at Work which Peab 2015 observed under the name Reflection Day. Employees and subcontractors at Peab’s worksites paused production to share reflections. Read more about Peab’s efforts for safer worksites on pages 16-17.

INDUSTRY AGREEMENT AGAINST BRIBES

In December 2015 Peab and several leading players in Swedish construction signed an agreement to fight bribes and corruption within the publicly financed construction and real estate sector. Read more about how Peab works with ethics for good relations on pages 22-23.

PEAB IMPLEMENTS A NEW SYSTEM FOR WHISTLE-BLOWING

The new whistle-blower system which was introduced into all Peab’s operations in Sweden, Norway and Finland allows someone reporting a transgression to be anonymous. Reporting goes through an external web-based system. Read more about Peab’s new whistle-blowing system on page 23.

INDUSTRY OPERATIONS UPGRADE EQUIPMENT AND VEHICLES WITH THE ENVIRONMENT AND WORK ENVIRONMENT IN MIND

Peab’s Industry operations are the first in Sweden with a concrete mixer truck that is run solely on renewable fuel. Both the environment and the work environment gain from the drop in noise levels and hazardous emissions. Read more about Peab’s work to reduce negative climate and environmental impact on pages 24-28.

MAX IV IS SHOWERED WITH AWARDS IN 2015

During the largest Nordic conference on sustainable construction – Sweden Green Building Conference – the research facility Max IV in Lund received two awards when it was named the best project in both GreenBuilding and BREEAM. The research center, built by Peab, was completed in 2015.

CLIMATE REPORT RECEIVES TOP GRADES

Peab reports annually on carbon dioxide emissions and the company’s climate impact to the organization CDP which analyzes and grades the quality of the report. With 99 points out of a possible 100 Peab was registered on the Nordic Climate Disclosure Leadership Index for the second year in a row. Read more about Peab’s work with climate and the environment on pages 24-28.

PEAB MOVES INTO SUSTAINABLE OFFICES

In the spring of 2015 Peab moved into the newly constructed office building Lyckholms in Gothenburg. Focus has truly been on sustainability and the building is now certified according to BREEAM. During the year construction was also begun on the new Finnish headquarters Ultimes Business Garden with the intention to certify the building at the highest level of the environmental certification LEED. Peab expects to move in during the spring of 2016.
A strong Swedish housing market has provided Peab with good marketing conditions during 2015. There is a huge need for new housing and we can see some great opportunities ahead. We have built a stable platform for our business the past few years. Our financial position continues to improve despite the effects of the project Mall of Scandinavia. Our goal is to become the best business in the industry but we have a number of hurdles along the way.

THE MARKET
Even though the conditions for construction vary between Sweden, Norway and Finland the market prospects for Peab the coming years look good. Most of our business is in Sweden where we are primarily exposed to a market experiencing strong economic growth. The burgeoning population and years of insufficient housing construction is steadily making the housing shortage in Sweden worse. According to the Swedish National Board of Housing, Building and Planning more than 700,000 homes need to be built in Sweden by 2025. This would entail annual volumes that far exceed current ones as well as the Swedish construction industry’s capacity. The way this situation is solved will have a heavy influence on growth in Sweden. We believe this requires long-term political measures that stretch far beyond political parties’ terms of office and that, in the end, resources are what it’s all about.

RESULTS AND ORDERS
The transition work of the past few years at Peab has primarily been directed at reducing costs, improving profitability and freeing tied-up capital. Now we can see the positive effects of our efforts.

Operative net sales, excluding the write-down of the project Mall of Scandinavia, grew in 2015 to SEK 45.1 billion (43.8), which was an increase by 3 percent. Operative operating profit, excluding the write-down of the Mall of Scandinavia, was SEK 1.9 billion compared to SEK 1.8 billion the previous year, which means an unchanged operative operating margin of 4.1 percent.

A strong cash flow resulted in lower net debt amounting to SEK 3.1 billion. The reduced net debt together with low interest rates has led to radically improved net interest.

The underlying net sales and the margin in business area Construction were unchanged. We still have a ways to go in achieving a satisfactory margin level but the important thing is that business in all our regions has stabilized. After a couple of years of declining volumes net sales in business area Civil Engineering rose by 5 percent and the margin improved. The net sales in business area Industry were on par with 2014 but the result was lower, in part due to a drop in transportation operations for the mining industry in northern Sweden. Net sales in business area Project Development were lower due to fewer production starts in Housing Development but the margin in Housing Development improved. There were no significant result effects from property sales in Property Development in 2015 while the previous year was affected positively by property divestments. Profit from partly owned companies in Property Development improved during the year.

Orders received in all the business areas increased largely as a consequence of a strong housing market. There is a wider geographic spread of orders received for housing during 2015 compared to last year when most of them were concentrated to the Stockholm region. Orders received in 2015 amounted to SEK 37.8 billion compared to SEK 31.7 billion in 2014.

The deciding factors when choosing a project are having the right skills and resources for it as well as having handled the risks connected to the project. Today we have a well-defined process and structure for decisions concerning tenders. Our current order backlog consists to a higher degree of smaller and mid-sized projects with shorter production times and lower risk profiles.

MALL OF SCANDINAVIA IN SOLNA
The project has been reviewed after the mall was opened on 12 November 2015 and thereafter written-down by SEK -800 million. The write-down charged business area Construction in the fourth quarter of 2015. The project has been extremely challenging from the moment the contract was signed at the end of 2011. The structure of the construction contract, the major alterations in the project and an inadequate dialogue with our customer has made the project much more expensive. The write-down is based on accounting rules and has nothing to do with the discussions we are holding with our customer.

BEST COMPANY IN THE INDUSTRY
Peab is currently the largest Swedish construction company in terms of net sales...
Our ambition is to become the best company in the industry.

During the year Peab established a new Sustainability Council that I chair and together with the other members we coordinate the overriding work on sustainability and create the right conditions for integrating it into every aspect of our business.

**WE CONCENTRATE AND DEVELOP**

Our ambition is to offer the best workplace in an industry where the challenges surrounding health and the work environment are still significant. Our goal is to halve the number of workplace accidents during the period 2015-2017. Achieving this requires working systematically and strengthening our safety culture through dialogue and reflection around health and safety on our worksites. The Group Reflection Day and Focus Week get people at workplaces involved in work environment and safety issues.

The entire industry suffers from a lack of resources which makes long-term and perseverant recruitment essential. Being the best company in the industry is also our point of departure when we develop our employees or recruit new ones. If we want to be best we have to build the best team. Peab’s employees should have the best skills for their job and be committed to our core values. Based on these simple principles we welcome everybody and exclude no one. This is also the basis of our work on equality and diversity. Peab then invests in each employee based on their individual factors and Peab’s needs.

Peab strives to have the most satisfied customers while being the most profitable company in the industry. Lasting customer relations and close cooperation provide us with the opportunity to develop both the customer’s and our own business. We have noted that the percentage of partnering projects, which are based on tight collaboration, has increased in 2015. Regular SCI surveys inform us how customers experience contact with Peab and how well our deliveries meet their expectations. According to the latest survey we are moving in the right direction but we have more to do. One focus area that holds great potential is the entire supply chain.

When it comes to environmental work we are streamlining our resource use. One challenge we face is continuing to develop our work methods and making systematic improvements. By conserving resources and taking measures to increase the use of renewable energy sources we contribute to reducing climate impact. We participate in an industry-wide initiative to phase out health and environmentally hazardous substances and collaborate with suppliers to advance the phasing out process.

In 2015 we formulated new goals for Peab in three areas: educating young people, local community building projects and mentoring. Investing in our youth is an investment in our future skills supply and growth. The refugee situation characterized 2015 and Peab is taking responsibility by contributing to greater integration. In Sweden we work together with the Swedish Employment Service and others to give newly arrived refugees employment, a trainee spot or make an assessment of their skills.

**WELL-EQUIPPED FOR THE FUTURE**

As we enter 2016 we have a good underlying business, a well-dimensioned development rights portfolio and a higher level of orders received. Our capital structure is better and we have a strong financial base for the future. The changes in Peab in the past few years have resulted in a tremendous shared effort throughout the Group. We have our adept employees to thank for that who, with their skills and enthusiasm, are Peab’s greatest asset.

As we continue to develop our employees and company culture we have every reason to believe that we can keep building on our success and become the best company in the industry.

“...
A few years ago a major restructuring program was initiated meant to take Peab from being the biggest construction company in Sweden to the best. The Group now has a more efficient organization with four specialized business areas positioned closer to the customer.

BUSINESS THAT CREATES VALUE
Peab’s operations are influenced by and influences many different parties. It is therefore important to understand the challenges and opportunities that can be found in our own operations and in the world at large and how these effect society, employees and customers. In order to understand expectations of Peab stakeholder dialogues are conducted regularly. The dialogues are focused on how Peab, together with the stakeholders, can contribute to the development of a sustainable society. Peab contributes by developing and constructing housing and public schools, hospitals, malls as well as roads and railroads. Since Peab is a community builder and a large employer its business affects many people every day.

Employees
At Peab employees are encouraged to participate in creating their own positive development and that of the company, customers and society. Peab’s leadership and company culture are built on Peab’s core values and respect for everyone’s equal rights.

Customers
Long-term customer relations create the basis for financial, social and environmental solutions that benefit society as a whole. Peab’s broad range of customers encompasses single homeowners, private companies, municipalities, authorities and government agencies.

Suppliers
Peab strives towards openness, high business morals and long-term relations with its suppliers and contractors. A sustainable supply chain is built on quality at every stage and a common responsibility in following international conventions and laws along with other demands from customers. A prerequisite for creating value together is greater cooperation.

Society
The result of Peab’s operations generates value for the society for instance through new housing, offices, workplaces, research facilities and new construction or maintenance of infrastructure. Due to Peab’s local roots it is often an important employer that contributes to the local development and labor market. The common denominator in Peab’s social commitment is the education of young people, local community building projects and mentoring.

Owners
Through stable profitability Peab has the means to develop its business and generate dividends for the owners. Shareholder value is created long-term through share developments and annual dividends.

FUNDAMENTAL VALUES AND BRAND
Down-to-earth, Developing, Personal and Reliable - are Peab’s solid core values the brand is built on.

Peab, originally Paulssons Entreprenad AB, is one of the strongest brands in Sweden and the name represents the strength in our offer – total quality in every step of the construction process.

There are a number of strong brands in the Peab Group such as Lambertsson, Swerock, Clifton, Skandinaviska Bygg, Glacell, ATS Kraftservice, Lätt, klinkerbetong, MBR, Virtanen, Kranor and Ferdigbetong.

OPERATIONS
Peab has a flat and cost efficient organization with four cooperating business areas. The business areas are structured according to the conditions of each market and divided according to geography and product segment. Peab’s local units strengthen their competitive power by taking advantage of central support functions. Peab can therefore take on both smaller local projects as well as more complex construction and civil engineering projects.

Business area Construction provides construction related services for both external and internal customers.

Our 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
We work across borders with the goal 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.

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

Business concept
Peab is a construction and civil engineering company that puts total quality in every step of the construction process first. Through innovation combined with solid professional skills we make the customer’s interest our own and thereby build for the future.

Core values
Down-to-earth, Developing, Personal and Reliable - Peab’s fundamental core values that our brand is built on. Our core values describe what kind of people we are, what we stand for, how we work, what we can achieve and how we want to be seen. We work actively with our core values in every part of our business because how we are and how we work is fundamental to our success. It is also the basis of our development of customer and supplier relations, our employees and our business from a long-term, sustainable perspective.
Peab’s definition of sustainable community building

Everything we plan and carry out will be completely in line with our ethical guidelines as well as responsibly and lastingly constructed. In this way we will accommodate environmental, financial and social aspects.

Stakeholders

Industry associations
Employees
Shareholders
Customers
Authorities and administrations
Politicians
Research and institutes of higher education
Employees’ organisations
Suppliers
The local community
NGOs and lobbyists
Fund managers and analysts
Peab
Students
Media
nal and internal customers. The business area consists of 15 regions; 11 regions in Sweden, two in Norway and two in Finland. There are specialized housing production regions in Stockholm, Gothenburg and the Øresund region. In Sweden there is also a national Construction service region. Other regions perform all kinds of construction projects in their geographical area.

Business area Civil Engineering is a leader in civil engineering in Sweden and also has operations in Norway and Finland. Peab’s civil engineering operations build and maintain roads, railroads, bridges and other infrastructure. Operations are primarily directed towards the local market and are organized in geographical regions and specialized product areas. Customers are mainly authorities and state companies, municipalities and local businesses.

Business area Industry is run in seven product segments: Asphalt, Concrete, Gravel and Rock, Transportation and Machines, Foundations, Rentals, and Construction System (Industrial construction) as well as in a large number of brands geared towards the Nordic construction and civil engineering market. Customers are mainly public clients such as authorities and municipalities as well as private businesses like industrial companies and other construction companies.

Business area Project Development is run in two segments, Housing Development, which develops housing concepts for private homebuyers, and Property Development that acquires, develops and divests commercial property where business is mainly run through wholly owned and partly owned companies.

On 31 December 2015 there were 294 companies in the Group. See note 40, page 86 in Peab’s Annual Report for a complete list of Group companies.

BUSINESS MANAGEMENT SYSTEM
In 2013 Peab began developing a group-wide, level-adjusted business management system. A level-adjusted business management system is one in which the responsibility for Peab’s work methods is allocated to each strategic level: group-wide, business area specific and product specific. The purpose is to ensure that business is profitable with the aid of an efficient organization focused on the needs of customers, other stakeholders and operations. One success factor in this work is well-functioning leadership. A large part of Peab’s operations are certified according to ISO 9001 and ISO 14001.

COST EFFICIENT ORGANIZATION
Profitability has been the focal point since the action plan was initiated in 2013. The transition to greater focus on customers, employees and production has worked out well and is now a platform for a more efficient and profitable business. The effects could be seen already in 2014 with lower costs and higher earnings. The Group now has a stable financial base and is working continuously on strengthening profitability in each project and unit, although adjustments in work methods are still being made. As a part of the company strategy Peab now has a broader and more diversified project portfolio with more smaller and medium sized projects and as a result a lower risk profile.

GROUP STRATEGIES
Peab’s six Group strategies inform how the company should develop operations and reach the goals in the business plan.

- Cost efficient business
- Strengthen and develop Peab’s customer relations
- Best workplace
- Long-term profitable operation
- Sustainability integrated in Peab’s operations
- To be seen and heard

Cost efficient business
Cost efficiency and good earning power are essential to developing a long-term competitive business. Cost efficiency means productivity and the right overhead level. As a result of the earlier reorganization Peab firmly established a satisfactory overhead level in 2015 and is now focusing on increasing productivity in all operations.

Strengthen and develop Peab’s customer relations
Strong customer relations are the key to positive cooperation and more efficient production with lower costs and higher quality. By explicitly focusing operations on customer relations, and coupled with continuous surveys, Peab shifted in the right direction in 2015 and strengthened relationships with its most important stakeholders.

Best workplace
Peab is its employees and it is their commitment and professional skills that are
the basis of the company’s success. In the coming years Peab will need to attract many new qualified employees with different areas of expertise. Peab works to ensure greater equality and diversity according to established Group goals. In 2015 Peab concentrated on implementing plans to achieve the ambitious work environment goal, i.e. to reduce to number of work accidents by half from 2015 to 2017.

**Long-term profitable operation**

Long-term profitability is necessary for Peab’s value creation. Profitability is fundamental since it allows Peab to continue to grow and develop. The company’s strategic direction take both margin and return goals into account. Read more about Peab’s financial goals in Peab’s 2015 Annual Report on pages 10-11.

**Sustainability integrated in Peab’s operations**

The work to ensure that all aspects of sustainability – financial, environmental and social – are integrated into operations is ongoing. Responsibilities and rights are delegated to business areas where they are supported by experts on different levels of the organization.

**Financial summary**

<table>
<thead>
<tr>
<th></th>
<th>Jan-Dec 2015</th>
<th>Jan-Dec 2014</th>
<th>Jan-Dec 2013</th>
<th>Financial Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operative net sales, MSEK</td>
<td>44,252</td>
<td>43,820</td>
<td>42,765</td>
<td></td>
</tr>
<tr>
<td>Net sales, MSEK</td>
<td>44,376</td>
<td>43,630</td>
<td>43,127</td>
<td></td>
</tr>
<tr>
<td>Operative operating profit, MSEK</td>
<td>1,052</td>
<td>1,783</td>
<td>593</td>
<td></td>
</tr>
<tr>
<td>Operative operating margin, %</td>
<td>2.4</td>
<td>4.1</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Operating profit, MSEK</td>
<td>1,009</td>
<td>1,752</td>
<td>614</td>
<td></td>
</tr>
<tr>
<td>Operating margin, %</td>
<td>2.3</td>
<td>4.0</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Pre-tax profit, MSEK</td>
<td>906</td>
<td>1,230</td>
<td>383</td>
<td></td>
</tr>
<tr>
<td>Earnings per share, SEK</td>
<td>2,71</td>
<td>3,48</td>
<td>1.01</td>
<td></td>
</tr>
<tr>
<td>Dividend per share, SEK</td>
<td>2.60</td>
<td>2.25</td>
<td>1.80</td>
<td>&gt;50%</td>
</tr>
<tr>
<td>Return on equity, %</td>
<td>9.9</td>
<td>13.1</td>
<td>3.8</td>
<td>&gt;20%</td>
</tr>
<tr>
<td>Equity/assets ratio, %</td>
<td>28.8</td>
<td>28.2</td>
<td>24.0</td>
<td>&gt;25%</td>
</tr>
<tr>
<td>Cashflow before financing, MSEK</td>
<td>1,787</td>
<td>2,803</td>
<td>624</td>
<td></td>
</tr>
<tr>
<td>Net debt, MSEK</td>
<td>3,118</td>
<td>3,886</td>
<td>5,948</td>
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<tr>
<td>Orders received, MSEK</td>
<td>37,812</td>
<td>31,690</td>
<td>34,292</td>
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<tr>
<td>Order backlog, MSEK</td>
<td>26,991</td>
<td>24,922</td>
<td>28,164</td>
<td></td>
</tr>
</tbody>
</table>

1) Operative net sales and operative operating profit are reported according to percentage of completion method. Net sales and operating profit are reported according to legal accounting.
2) Board of Directors’ proposal to the AGM for 2016.

For more information, we refer to Peab’s 2015 Annual Report.

**Going from biggest to best**

To become the best company in the industry we have three target areas which will be continuously followed-up through SCI surveys (Satisfied Customer Index), employee surveys and our financial outcome. These target areas are:

- Most satisfied customers in the industry
- Best workplace in the industry
- Most profitable company in the industry

**Operative net sales**

<table>
<thead>
<tr>
<th>by business area</th>
<th>by customer type</th>
<th>by geographical market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Development, 14% (15%)</td>
<td>Public 30% (30%)</td>
<td>Finland 7% (7%)</td>
</tr>
<tr>
<td>Construction, 46% (46%)</td>
<td>Private 70% (70%)</td>
<td>Norway 9% (9%)</td>
</tr>
<tr>
<td>Industry, 20% (20%)</td>
<td></td>
<td>Sweden 84% (84%)</td>
</tr>
<tr>
<td>Civil Engineering, 20% (19%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Corporate governance

Corporate governance is the decision-making systems that owners use to govern the company directly or indirectly. On the one hand these systems consist of external laws and regulations such as the Company Act and other relevant laws, the regulations for Nasdaq Stockholm issuers and the Swedish Code of Corporate Governance and on the other hand they consist of Peab’s Articles of Association as well as Peab’s own internal regulations and policies that the Board of Directors and executive management decide on.

Shareholders, the Annual General Meeting and the Nomination Procedure

The Annual General Meeting (AGM) is the highest decision-making organ in Peab. All shareholders can use their right to vote at the AGM. The shareholders also have the right to ask questions and have opinions about Peab’s business at the AGM.

The procedure of preparing the nomination of members of the Board of Directors and for the AGM follows the nomination procedure established at the previous AGM.

Owner structure

Peab AB is a public company. Its B share is listed on Nasdaq Stockholm, Large Cap. The principle owners of the company are Mats and Fredrik Paulsson with families and companies that own or control a total of 25.6 percent of the capital and 57.6 percent of the votes.

The Board of Directors and its work

Peab’s Board of Directors is ultimately responsible for the business and this also includes sustainability work. According to Peab’s Articles of Association the Board of Directors must be made up of no fewer than five and no more than nine members in addition to the statutory employee representatives. The members of the Board of Directors are elected annually by the AGM. It was decided at the 2015 AGM that the Board of Directors should consist of seven members chosen by the AGM. The members of the Board of Directors receive the remuneration decided at the AGM.

The Board of Directors held eight meetings in 2015. Members of executive management have given reports at the Board meetings. The principle company accountant was present at two Board meetings. The Board’s work follows the work program adopted by the Board of Directors. The Board evaluates its work on an annual basis.

The audit committee

The audit committee prepares the work of the Board of Directors by ensuring the quality of company financial reports, establishing guidelines for which other services besides auditing the company may procure from the company accountants, maintaining regular contact with the company accountant regarding the scope and focus as well as their view of company risks, evaluating the auditing work and informing the nomination committee of the evaluation and assisting the nomination committee in producing proposals for auditors and remuneration for auditing work. The auditing committee met twice in 2015. All members of the committee attended the meeting as well as the principle company accountant. The audit committee regularly reports to the Board of Directors.

The finance committee

The finance committee handles and makes decisions on financial matters in accordance with the Finance Policy established by the Board of Directors. Executive management representatives give reports to the finance committee meetings. The finance committee met six times during 2015. All members attended all meetings, except for one when the Chairman could not be present. The finance committee regularly reports to the Board of Directors.

The remuneration committee

The remuneration committee prepares guidelines and the framework for Group executives regarding salaries and other terms of employment and it provides the Board of Directors with a proposal regarding the CEO’s salary and other terms, in accordance with the remuneration policy established each year by the AGM. The remuneration committee also decides the salaries and other terms for other members of executive management based on proposals from the CEO. The remuneration committee met twice in 2015. All members of the committee participated. The remuneration committee regularly reports to the Board of Directors.

Auditors

Under Peab’s Articles of Association one or two auditors with an equal number of deputies are elected by the AGM. At the AGM in 2015 KPMG was elected the company auditor with the authorized public accountant Thomas Thiel as principle company accountant until the AGM 2016.

In addition to auditing, the accountant has only provided services for Peab in the form of accounting and tax advisement and certain analyses in connection with acquisitions and divestments over the last three years.

Executive management

The President and CEO leads the company according to the framework established by the Board of Directors and is responsible for the administration and control of the Group. Executive management consists of the CEO, the CFO, the HR Director, the Business Area Manager of Construction and COO, the Business Area Manager of Civil Engineering and Industry, and the Business Area Manager of Project Development.

Executive management meetings are held once a month and address issues of strategy and tactics to improve operations. Heads of Group staff teams and other officers are called to attend meetings when needed.

Business governance

Executive management sets overriding goals and strategies for the business in the Group’s business plan. This then is broken down and worked with in the different business areas, regions and companies that make their own business plans.

Peab’s organization is characterized by its clearly decentralized production focus and delegation of authority and responsibility in order to achieve efficient management and control in each business area.

Control is ensured through a clear line of decision authority for every type of major decision-making including

- the requirement of special approval by executive management, or an organ delegated by it when acquiring/divesting development property, businesses and other major investments,
- predetermined levels for bidding for individual positions,
- and principles for board appointments and signing for the company, which are centrally determined.

Business areas

Group operations are run in four business areas: Construction, Civil Engineering, Industry and Project Development. Each
business area has a management team led by the BA Manager and consisting otherwise of operational managers in the business area and staff members. The BA Managers are responsible for running the business and for relaying sustainability work down the line organization by delegating responsibility and authorizations. BA Managers are responsible for integrating sustainability issues into everyday operations.

**GROUP FUNCTIONS**
The Group functions, which support both executive management and operations in the business areas, strategically and in day-to-day operations, are divided into the following teams;

- Finance and treasury
- Communication
- HR
- Production

**THE SUSTAINABILITY COUNCIL**
Peab Sustainability Council coordinates the overall sustainability work and creates the prerequisites for integrating sustainability work into the business. The Group CEO is the Chairman of the Sustainability Council and the other members are: COO, CFO, HR Director, Head of Communication, Head of Sustainability, General Counsel, and Head of Competence Development. The Sustainability Council met five times in 2015.

**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, Group function manager or HR manager) under whose business area the area in question belongs. 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. The function and work of the Ethical Council was evaluated in 2015 and the development of the function will continue in 2016.

**ETHICAL GUIDELINES**
Peab founded its ethical work on Peab’s core values; Down-to-earth, Developing, Personal and Reliable many years ago. These core values form the basis of Peab’s ethical guidelines established by executive management. We work continuously to spread and root Peab’s ethical guidelines throughout the organization.
Sensitivity and responsibility in a world of change

As one of the leading Nordic construction and civil engineering companies with a vision to be the Nordic community builder Peab is focused on the future. Peab follows the trends that affect society and the environment and thereby the prerequisites for building a future sustainable society. Our ambition is to both meet external expectations of the company and contribute to developing the industry. Decisive steering and integrating sustainability into every aspect of our business is a necessity to achieve this goal.

GLOBAL TRENDS THAT AFFECT THE COMMUNITY BUILDING SECTOR

In many ways construction is a very local business and at the same time the community building sector has a huge impact on both society and the environment in the long term. This is why taking global trends and stakeholder viewpoints into consideration is necessary to drive sustainable development.

Urbanization

Today more than half of the earth’s inhabitants live in cities and urbanization is only expected to increase. This trend raises questions about how to solve the problems of supplying housing and infrastructure, how segregation and social exclusion can be overcome and how to build attractive communities. The growing urbanization will require densifying and developing cities. As a result the community building sector has to solve issues like refurbishing older housing projects and how supply systems like stormwater management and sewer systems can be made to handle the rising capacity demands.

Demographic changes

It is a well-known fact that world demography is changing and populations are getting older, which makes demands on many welfare functions. As the proportion of senior citizens expands we will most likely need to work longer. This means the importance of a good physical and mental work environment will become increasingly important. As the average age of populations grows older so do the demands on accessibility in our communities. Active seniors’ desires regarding housing, service, transportation and the layout of their neighborhood will have to be met. An aging population also creates the need for other kinds of homes, local service, elderly care and healthcare.

Climate change

One of the most obvious effects of not conserving natural resources is climate change. Innovative solutions are fundamental in reducing the community building sector’s considerable climate impact and thereby slowing climate change. To handle the climate changes we already face community builders have to adapt existing buildings and grounds as well as new buildings and facilities to these changes. More efficient use of resources and developing renewable energy can reduce the sector’s direct impact. By contributing to building more sustainable cities Peab can also make it easier for people to both live and move around with small ecological footprints.

Migration and integration

We live in times of vast human migration where large groups of people are forced to flee from their homes in search of refuge, and many of them head for the Nordic region. The challenge of taking care of both those applying for, and those who have already received, asylum demands a great deal of employers and the housing sector. A prerequisite for successful integration is homes and jobs as well as new Swedes being given the chance to learn the language. The challenge here is to create a socially sustainable city where high tolerance levels, meeting places and the forces for good work together.

Digitalization

Developments in digitalization have changed the way we work and communicate. It requires a high level of transparency. At the same time competition on a global plane, for resources and producing and consuming goods and services, is intensifying. On the other hand digitalization enables streamlining resource management. For example, construction and running the constructed environment can be revolutionized, especially through the use of Building Information Modeling (BIM).
Focus areas for sustainability

THE EMPLOYEES
- Health and work environment
- Skills supply
- Equality, diversity and equal treatment

THE BUSINESS
- Customer and supplier cooperation
- Responsibility in the supply chain
- Ethics and anti-corruption

CLIMATE AND ENVIRONMENT
- Climate impact
- Streamlining resource use
- Phasing out environmentally and health hazardous substances

SOCIAL ENGAGEMENT
- Educating young people
- Local community building projects
- Mentoring

STAKEHOLDER DIALOGUES AND THE MATERIALITY ANALYSIS

Peab’s business affects and is affected by a number of different stakeholders. Peab’s employees meet stakeholders in a variety of forums every day to strengthen relationships and listen to their wishes and expectations. We have well-established channels for many of our stakeholder relations. Meetings with customers and subcontractors are part of the flow of daily operations and customer surveys take place continually. Employee surveys, the Annual General Meeting, neighborhood information meetings, student fairs, supplier meetings and partnering projects are other examples of forums where Peab meets, listens to and works together with stakeholders.

In order to develop work with sustainability issues and the company’s communication Peab has established stakeholder dialogues focused on sustainability. Interviews and questionnaire surveys were conducted in 2012, 2013 and 2014 with stakeholder groups that affect and are affected by Peab’s business. The purpose of the dialogues is to get stakeholders’ perspectives on sustainability issues and Peab as a company. The stakeholders also point out which sustainability issues they prioritize, what they consider to be Peab’s strengths and areas of improvement as well as how they compare Peab to other players in the industry. The content in Peab’s sustainability report is based on the results of stakeholder dialogues and they also form our work on development.
Milestones in Peab’s work with sustainability

2009
- Peab adopts a Code of Conduct based on the UN Global Compact
- First CDP report conducted
- Agreement with the Swedish Tax Agency to counteract economic crime
- Launch of the Ethics Round, an educational program about business ethics

2010
- Work on vision “Peab – Nordic Community Builder”
- Definition on what sustainable community building means to Peab

2011
- Executive decision to environmentally certify Peab’s in-house projects
- Comprehensive approach to sustainability

2012
- Publication of the first Sustainability Report according to GRI-G3
- First year with stakeholder dialogues and materiality analysis
- UN Global Compact signed
- First year with focus week on the work environment

PEAB SUSTAINABILITY REPORT 2015
services. The competition for the skills Peab needs is fierce which makes it a top priority. Peab’s goal-oriented work with equality, diversity and equal treatment is a part of how the company handles risks connected to skills supply while contributing to increasing diversity in the industry.

Work related accidents at Peab’s construction sites can lead to employees or subcontractors getting hurt or at worst killed. To prevent accidents at worksites Peab develops quality-ensured work methods and trains personnel in this area. Ethical risks can entail Peab employees not following the Code of Conduct or Peab’s ethical guidelines and becoming involved in irregularities, bribes or corruption. This can lead to fines, legal sanctions and a damaged brand. Peab requires that subcontractors live up to Peab’s Code of Conduct regarding human rights, work conditions, the environment and anti-corruption. Systematic ethic work focused on preventative education and strict consequences for transgressions are the foundation of a strong brand and healthy competition.

Peab is also exposed to environmentally related risks. Serious environmental accidents at Peab’s construction sites can have a considerable effect on the local environment, lead to fines and damage its brand. Extreme weather can cause problems and delays on worksites and in the supply chain. Higher costs for energy and the emission of greenhouse gases can have a negative effect on Peab’s profitability. Peab works with prevention focused on climate impact, streamlining resource use and phasing out environmentally and health hazardous substances.
Peab is successful thanks to skilled and engaged employees. Peab’s goal as an employer is to offer the best workplace, where leadership and company culture is founded on Peab’s core values and equality. Peab works systematically and lastingly to make the work environment safe and foster good health. At the best workplace employees are co-creators of their own, the company’s, customers’ and the community’s positive development.

HEALTH AND THE WORKING ENVIRONMENT
Health and the work environment are highly prioritized at Peab. There are a number of risk factors in the construction industry but through risk management, systematic work and exchanging knowledge and experience it is possible to diminish or avoid accidents. Each quarter Peab checks on the Group goal of during the period 2015-2017 halving the number of workplace accidents (ones that cause at least 8 h absence per million work hours) and what is being done to achieve the goal. This is measured in each business area and in the entire Group. The goal is challenging and requires intensifying our efforts in the coming years. During 2016 Peab will establish a common work method focused on labor-related issues that affect psychosocial health.

Systematic work environment management
Peab’s work environment policy is integrated into the company policy and is the basis for our strategic work environment measures which are included in the business management system and Peab follows the laws and regulations of each country. The requirements set out in AFS 2001:1 are observed in Sweden and in Norway Peab works according to the Work Environment Act and follows valid regulations for the construction and civil engineering industries. Finnish operations are certified according to OHSAS 18001.

Work environment organization
Work environment issues are part of daily operations. Strategic work is done on the Group and business area levels and relevant competence in work environment matters can be found on every level of the company. Assignments and mandates have been delegated to the line organization. In addition to the 78 (115) employees who work with work environment matters in different parts of the company, employees are represented by health and safety officers (elected by the employees) in every individual project. There are 713 (698) health and safety officers in Sweden, 97 (83) in Norway and 35 (46) in Finland as well as a number of employees 81 (59) who are appointed by the trade unions and work with work environment matters. These three groups of employees that work with environment issues all told make up 7.4 (8) percent of the employees at Peab.

Peab and trade union representatives collaborates on the work environment and health on every level of the company. Union organizations carry out their own investigations and come with suggestions for improvement. All (100 percent) of Peab’s employees are covered by collective bargaining agreements.

Peab’s crisis organization is activated in the event of a serious accident. It consists of 111 employees in Sweden and Norway specially trained by the Swedish Civil Contingencies Agency.

Prevention for health in the work environment
In order to prevent accidents at worksites Peab continually develops quality assured work methods and trains personnel in this area. When employees and subcontractors come to a new workplace they are given an introduction with a review of the regulations and risks on the site. Peab continued to spread safety

“Good planning, order and organization are crucial to safety.”

Christian Helmström, site manager

Working together for safe worksites
The 28th of April is World Day for Safety and Health at Work which Peab 2015 observed under the name Reflection Day. Employees and subcontractors at Peab’s worksites paused production to consider: How do we make our workplaces safe and achieve our goal of halving the number of accidents at Peab? During the meeting everyone thought about how they could contribute to greater safety:

“I can contribute by not backing down and always speak up when I see something that isn’t safe,” said Alexander Augustin, carpenter.

“I can improve my own behavior by keeping things in better order and throwing the trash away every day,” said Mikael Warting, ventilation installer.

“We can try even harder to create a common vision and consensus. Good planning, order and organization are crucial to safety. Good planning reduces stress,” said Christian Helmström, site manager.

Executive management communicated its message through the managers: The work environment is one of the most important focus areas in Peab. We can never accept accidents at our workplaces. We all need to reflect on – what can we do better?

Reflection Day will be held in 2016 again. Peab also has an annual work environment week.
warnings throughout our organization in 2015. Safety warnings contain information about actual incidents or accidents and provide advice on how similar situations can be avoided.

Peab has noted that more knowledge about the fundamental factors behind accidents and sickness is needed. The need to take measures was charted by examining Peab’s operations. We have also pinpointed the measures that improve safety behavior in managers and employees, improving thereby Peab’s safety culture in the long run as well. A project that will develop work methods, tools, and an investigation methodology was started in 2015 in all three countries along with a short and long term action plan.

**Follow-up and improvement work**
All incidents and accidents are reported as they happen and form the basis for measures aimed at preventing these occurrences. There were no fatal accidents at Peab’s worksites in 2015. Incidents and accidents are registered through an online system in Sweden and Norway and in Finland reports are made directly to the Work Environment Manager. When the measures in the above mentioned development project have been implemented the work methods, tools, and an investigation methodology will be the same in all three countries, which supports knowledge exchanges.

A number of workplace audits are also conducted annually in Sweden, Norway and Finland. The results are analyzed in connection with the audit which, combined with results from employee statistics, surveys and development discussions as well as Peab’s occupational healthcare provider, makes it possible to identify causes and connections. This then forms the basis of decisions on priorities, goals and measures.

**Promoting health**
Peab focuses on further developing work methods to promote health. Employees that are happy and have a good balance between work and leisure more often feel motivated and job satisfaction. Peab offers employees a broad range of activities in exercise and culture as well as keep-fit subsidies and other benefits.

The number of occupational illnesses registered in the company rose from 43 to 66 in 2015. Occupational illnesses among skilled workers are primarily caused by

### Employment forms for all employees

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permanent employees</td>
<td>10,881</td>
<td>1,387</td>
</tr>
<tr>
<td>Project/temporary employees</td>
<td>839</td>
<td>193</td>
</tr>
</tbody>
</table>

### Type of employment for permanent employees

<table>
<thead>
<tr>
<th></th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time employees</td>
<td>10,816</td>
<td>1,302</td>
</tr>
<tr>
<td>Part-time employees</td>
<td>65</td>
<td>85</td>
</tr>
</tbody>
</table>

**Sick leave**

Sick leave statistics refer to all absence due to illness (short and long term absence).
Employees divided into personnel categories, gender and age

<table>
<thead>
<tr>
<th>White-collar workers in managerial positions by gender</th>
<th>Other white-collar workers by gender</th>
<th>Skilled workers by gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 2,000 employees</td>
<td>Total 3,735 employees</td>
<td>Total 7,565 employees</td>
</tr>
<tr>
<td>92% Women</td>
<td>69% Women</td>
<td>96% Women</td>
</tr>
<tr>
<td>8% Men</td>
<td>31% Men</td>
<td>4% Men</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>White-collar workers in managerial positions by age</th>
<th>Other white-collar workers by age</th>
<th>Skilled workers by age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 2,000 employees</td>
<td>Total 3,735 employees</td>
<td>Total 7,565 employees</td>
</tr>
<tr>
<td>58% &lt; 30 years old</td>
<td>37% &lt; 30 years old</td>
<td>31% &lt; 30 years old</td>
</tr>
<tr>
<td>31% 30–50 years old</td>
<td>26% 30–50 years old</td>
<td>27% 30–50 years old</td>
</tr>
<tr>
<td>5% &gt; 50 years old</td>
<td>19% &gt; 50 years old</td>
<td>42% &gt; 50 years old</td>
</tr>
</tbody>
</table>

strain and among white-collar workers they are often due to organizational and social factors. In 2016 Peab will work on raising awareness among more managers and employees about ergonomics as well as the organizational and social work environment than previously.

**SKILLS SUPPLY**

Having employees with the right know-how is crucial to Peab’s success. Competition for the skills Peab is looking for is fierce and that means efforts to acquire these skilled workers has top priority. In 2015 Peab reviewed the current competence in the company. This was aimed at registering which skills Peab has today and which will be needed tomorrow, and creating the basis for an action plan to bridge any gaps in between. The most apparent need is engineers closely involved in production and various trade-related specialist functions.

**Employer offer**

Well-defined values and a strong brand are factors for success in competition. An extensive project aimed at examining, analyzing and further developing Peab’s employer offer led to a new strategy. By carefully listening to internal and external sources an image of how Peab is currently seen as an employer emerged as well as the image the company would like to have in the future. An Employer Branding specialist was recruited at the end of 2015 charged with developing Peab’s employer brand based on the new strategy.

**Introduction for new employees**

In 2015 Peab launched an updated introduction program for new employees aimed at providing them with a better understanding of the Group’s core business. For this reason the group-wide section of the introduction was supplemented by a visit to a construction site. Training a week on a worksite plays part for positions, primary manager or specialist, that affect production. In 2015, 601 (458) people participated in the group-wide introduction program.

**Skills development**

It is vital that Peab can offer skills and career development on every level. Implementation of Peab’s new model for skills development heavily focused on learning while working continues. Managers and co-workers alike have become more aware of Peab’s concepts and methods and during 2015 formal education and courses have been combined with structured learning at employees’ worksites. One example is the new development program for young engineers just starting in construction. Similar development concepts close to operations are in the making. Position descriptions, individual development plans and skills charting will decide what skills development will be offered.

Peab’s new uniform leadership program is being carried out throughout the entire Group and leadership is being reinforced on both individual and Group levels. The positive effects are visible after a year’s work and the program will be implemented on yet another management level in 2016. Slightly more than 500 managers from Sweden, Norway and Finland participated in the internal development program during 2015.

**Goal and developmental discussions**

A new tool was implemented for goal and developmental discussions in 2015. All told the pilot project encompassed around 1,000 employees in Sweden. Implementation of a fully developed web-based tool is expected to take place on a large scale in 2017. With the new tool employees take greater responsibility and form their goals for their development themselves. Thanks to the electronic tool superiors and employees can go back to their shared notes and easily follow up developmental discussions which insures the quality of the employee’s development.

The last employee survey in 2014 showed that 70 percent of Peab employees had participated in goal and developmental discussions (89 percent of white-collar workers with managerial positions, 81 percent of other white-collar workers, and 56 percent of the skilled workers), and it appears the same level was true for 2015. The next survey will be held in 2016. Holding regular discussions about goals and development with their employees is a key element of a leader’s job at Peab.
fore a threshold value based on holding goal and developmental discussions has become a bonus criteria for managers.

**EQUALITY, DIVERSITY AND EQUAL OPPORTUNITY**

Modernizing the construction industry’s perspective regarding equal opportunity and diversity is a slow process and many challenges have yet to be overcome. Vital to changing the generally held view of equality and diversity is getting people to better understand the issue and the key to that is, as always, responsible leadership. For this reason Peab continued to work on employee inclusion during the year.

**For equal opportunity and against discrimination**

A new group-wide plan for equal rights and opportunities and an action plan against discrimination were completed in 2015. When drawing up the plans Peab consulted external experts to ensure high quality and correct formalities while an internal survey provided information on the current situation and the desired situation.

Equality, diversity and equal opportunity, and the managerial responsibility connected to that, are included as part of the education comprised in Peab’s leadership program. Other measures aimed at enhancing skills in this area were initiated in the autumn of 2015 and will continue throughout 2016 as a step in changing the culture around these issues. Peab has chosen a down-to-earth method that emphasizes the individual’s own responsibility. The method is based on workshops containing discussion and participation as well as policy documents that give managers an important role. Peab has to ensure that leadership has the proper competence and support to take responsibility for equality, diversity and equal opportunity issues.

**Equal pay**

At Peab the nature, performance and skills level of an employee’s job decide their pay level, independent of gender, age or ethnic background. According to Swedish law a wage review must be conducted every third year containing an analysis of wages paid to women and men. The purpose of this analysis is to identify, rectify and prevent non-subjective differences in pay and other terms of employment for the same or equivalent positions. Non-subjective differences must be rectified. In the review of 4,330 individuals that Peab conducted in 2015 a total of 28 non-subjective pay differences were identified. The wages of these individuals have been adjusted afterwards. Legislation in Norway and Finland have similar requirements for an analysis of wages and ensuing measures. Inclusion in Peab’s various incentive programs is based on an individual’s position and no difference is made between men and women in the occupational group.

**“Rooted in reality”**

Peab wants new employees to receive the best possible introduction and suited to their situation. Training a week on a worksite plays a part for positions, primary manager or specialist, that affect production. The purpose is to provide a deeper understanding of Peab’s core business.

Ida Edström, work environment specialist, talks about a rewarding training week.

“I got the chance to follow different roles on the worksite, supervisor, purchaser, site manager and skilled craftsmen. This experience will be very useful to me in my usual role. It’s important to have a realistic perspective when I draw up work methods and strategies for Peab, that I’m firmly rooted in reality. I had the most fun being together with our skilled craftsmen and trying a few things myself. I felt super welcome right from the start.”

As of 2015 Peab has an updated group-wide introduction concept for new employees. Study visits, an expanded common program and production training are the most important new features.

**Number of training hours**

<table>
<thead>
<tr>
<th>per employee and gender</th>
<th>per employee and personnel category</th>
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<tbody>
<tr>
<td>Hours</td>
<td>Hours</td>
</tr>
<tr>
<td>20</td>
<td>30</td>
</tr>
<tr>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
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<tr>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>2014</td>
</tr>
<tr>
<td>Women</td>
<td>Women</td>
</tr>
<tr>
<td>White-collar workers in</td>
<td>White-collar workers in</td>
</tr>
<tr>
<td>managerial positions</td>
<td>managerial positions</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>Skilled workers</td>
</tr>
<tr>
<td>Other white-collar workers</td>
<td>Other white-collar workers</td>
</tr>
</tbody>
</table>
A sustainable business

During 2015 Peab began the shift from being biggest to being best. Peab’s goal is to have the most satisfied customers, be the best workplace and the most profitable company in the industry. Sustainability has been given a key role through these goals and Peab is working to integrate sustainability aspects in both our business and value chain.

Long lasting customer relations

Long lasting customer relations create opportunities to develop the company and better understand customers’ needs and wishes. This improves Peab’s ability to satisfy customers which strengthens Peab’s brand and leads to new business opportunities. Peab has a flexible way of working in order to fulfill the desires and demands of the company’s wide range of customers that include everything from single home buyers to privately owned companies, municipalities, authorities and government agencies.

Paradigm shift in the construction industry

Both customers and suppliers are taking a growing interest in the more profound cooperation that comes with partnering. Peab sees partnering as a way to modernize and streamline the, in many respects, conservative construction industry. Peab advocates this type of collaboration which can be used in any kind of contracting. Being in better sync with each other saves time and money and contributes to higher quality while putting new demands on an organization and leadership regarding social and communicative skills. During 2015 Peab has better structured the work with partnering by, among other things, developing better tender documents for partnering projects.

In addition to shared good planning between us as customers, Peab and other contractors, an important advantage is that onsite management is responsive not only to our views but to the needs of our tenants as well. Anders Eriksson, Project Manager, Helsingborgshem

Follow-up for better performance

Shifting from the biggest to the best requires continual improvement, especially when it comes to customer relations. In addition to the stakeholder dialogues described on pages 12-14 Peab conducts surveys to see how customers experience contact with the company and how the delivered product or service lives up to customers’ expectations. Peab’s SCI surveys (Satisfied Customer Index surveys) are sent to external and internal business clients (B2B) and housing customers (B2C).

In 2015 the weighted average of the SCI result for the Group was 73 (72) on a scale of 1-100. There were over 2,000 (1,400) respondents, which is equal to an average response frequency of 42 percent. Results from the surveys are used in internal work on improvement and are included in the operative business plans that support the Group strategy to strengthen and develop Peab’s customer relations.

Social procurement

Many forces in society are acting to make production of products and services more sustainable through aware purchasing choices. Municipalities and other government agencies are taking a growing interest in procurements that promote a more sustainable society. Social considerations in public purchasing can lead to procurement criteria that contribute to jobs, greater equality, integration etc. The criteria can also include demands like systematic follow-up of the supply chain and that the supplier, in this case Peab, adds to local employment during the project.

This provides Peab with yet another chance to affect societal development in a positive direction.

Partnering

Partnering is a structured form of collaboration built on close cooperation and trust between all the stakeholders in a project. This method creates the platform for a more profound collaboration than in traditional contracts since the general contractor and the customer, together with subcontractors, architects, consultants and other key players organize the construction process based on a common goal. Shared processes, plans and activities form the foundation for better dialogue and greater trust.
SUSTAINABLE CONSTRUCTION PROCESS
Peab works with the entire construction process through its four business areas. However, construction processes are complex and involve both internal and external parties and the company has to use subcontractors for certain areas. This underlines the importance of a work method that promotes quality and sustainability throughout the process.

Controlling construction sites
In 2015 a new regulation called general contractor responsibility came into force for the entire construction industry. The general contractor is responsible for ensuring that everyone, including subcontractors, follow the rules at construction sites. The purpose is to weed out rogue players from the labor market, promote healthy competition and avoid workers being taking advantage of. It is also intended to, as far as possible, eliminate work environment problems and safety breaches.

During the year UE2015 took effect and compared with the previous version UE2004, it focuses more on the entire subcontractor chain on a construction site. This means that every subcontractor is now obliged to provide information upstream in the chain and, among other things, guarantee that they have collective bargaining agreements, hold an F-tax certificate and that there are no wage or other compensation disputes with employees.

Peab uses attendance records that are usually linked to the so-called ID06 system. Attendance records significantly increase the chances of discovering rogue subcontractors. In addition to following the legislation concerning electronic attendance records requirements, Peab participates actively together with the Swedish Construction Federation and its suppliers in the work to develop ID06’s technical solutions in order to make it more user friendly, effective and create more added value for ID06.

Preventing robberies and break-ins at construction sites
Through the initiative of Peab’s security department and supported by the Swedish Construction Federation South and the Development Fund of the Swedish Construction Industry, in the autumn of 2014 Malmö University and the Department of Criminology began a study to chart robberies and break-ins at construction sites.

Peab is erecting four buildings containing 121 apartments, a daycare center, offices and gym in the housing project Lindängen in Malmö for Trianon Fastighet AB. When Malmö City distributed the land it required recipients to take a social responsibility. Ten fulltime positions had to be recruited from the city’s longtime unemployed.

“Naturally this was a challenge,” says Linus Svensson, assistant construction manager at Peab. For some of the recruits the transition of working at a construction site was more than they could handle and some of them quit. Nonetheless so far the project has generated three jobs with subcontractors which is a good result.

Peab feels that landowner Malmö City is doing a good thing by discounting the land rental fee in return for land renters taking social responsibility. This gives contractors an opportunity to contribute to improving a neighborhood, in both its physical and social environments.

“We get a chance to learn more about the area and can change prejudices regarding the older housing projects,” Linus continues. The fact that people living there get job opportunities creates added value in the form of a feeling of responsibility for the area and a higher tolerance for new construction from those living close to it.
The majority of Peab’s purchases are made in the Nordic region.

40,000 suppliers

Peab had around 40,000 suppliers in 2015. A supplier is defined as a business partner Peab has received at least one invoice from with a unique company ID number during the year. Reliable data is lacking for the number of new suppliers for 2015. This data will be available as of 2016.

SUSTAINABLE PURCHASING

Peab expects their suppliers to live up to the same demands the company makes on itself. In addition to existing legislation and valid regulations as well as traditional requirements concerning quality and total costs Peab demands suppliers live up to our Code of Conduct.

Peab has established a process and tool through the in-house developed purchasing and supplier portal for structured supplier assessments, evaluations and purchasing and support measures for better statistics and follow-up. The portal makes it easier to identify suppliers that do not live up to the company’s demands and at the same time facilitates internal steering.

In 2015 Peab changed the supplier of customer and supplier data which made it easier to discover potential improprieties.

Peab works closely with The Swedish Tax Agency in order to improve controls of subcontractors and fight economic crime. This cooperation facilitates the identification of rogue companies and increases the possibility of eliminating criminal elements.

Suppliers are barred through Peab’s system because of criminal behavior, suspicion of dishonest activities, insolvency/ bankruptcy or the like.

An evaluation is performed at the end of a project of the suppliers deemed to have had an essential influence on it and their commitment to the customer with an emphasis on quality and the environment. The purpose of the evaluations is to ensure that knowledge and experience are exchanged and to contribute to the supplier’s development.

Supplier evaluations as well as measuring and following up purchasing is essential for a big company in the construction and civil engineering industries, in order to run a sustainable business and have control over finances. It is a challenge for all big companies to get those involved to follow procedures and use existing tools. Peab has the instruments in place and works actively to further develop the right conditions through work teams charged with developing user friendliness and functionality in procedures and tools. In 2016 the key ratios concerning sustainability aspects in purchasing will be developed.

ETHICS FOR GOOD RELATIONS

Peab’s work with ethics and against corruption is aimed at building confidence, averting brand risks and creating secure and profitable deals for everyone involved. By preventing, monitoring and managing risks they can be turned into opportunities that generate long-term values for customers, the company and society in general. Systematic work on ethics which is focused on preventative education, and clear-cut consequences when transgressions occur are the foundation of a strong brand and healthy competition.

Peab’s ethical guidelines

Peab stands for good business ethics and transparency. All employees are expected to take personal responsibility for their behavior. The company’s ethical guidelines are attached to every employment contract and describe how employees in their professional roles represent Peab by following and communicating our fundamental values, within the company and out in the community. In addition to these guidelines there are supplementary instructions and guidelines on how Peab personnel should behave in specific situations. If employees are unsure how to act in a situation they can turn to their closest supervisor, Peab’s Group functions or the Ethical Council.

The Ethical Council

Peab’s Ethical Council answers among other things questions pertaining to ethics concerning our business or from employees, communicates Peab’s stance in ethical issues internally and externally, as well as prepares different matters and decides in cases of transgressions. Together with Peab’s security department the Council prepares the documents needed to make a decision and proposes what steps should be taken in the case of a transgression. This might be anything from a reprimand to a written warning, termination, dismissal or reporting to the police. The Ethical Council ensures that incidents in the Group are handled equally, regardless of which operations or position they concern. In 2015 the Ethical Council’s function and work has

7,500 suppliers = 95% of the supplier base

The supplier base is divided into 415 categories where each category represents a suppliers market. Peab has suppliers in every area from conference facilities to industrial concrete and the nature of these categories is wildly different with unique challenges and opportunities.

The three major categories are electricity contractors, contractor machine services and construction vehicles.

In 2015 Peab barred 15 companies due to impropriety risks and 3 because of commercial risks.

30 billion Swedish krona

The Group’s total purchase volume (i.e. all external costs where internal transactions are eliminated) amounted to some S$30 billion. This means 68 percent of the turnover is external purchase volume.

Five out of Peab’s ten largest suppliers are internal Peab companies.
been evaluated and the function will be developed in 2016.

**Preventative education in ethics**

An extensive educational program for white-collar workers, the Ethics Round, was launched in 2009 to bolster our efforts to thwart corruption and breaches of Peab’s ethical guidelines. The education includes discussions about ethical dilemmas that can occur in day-to-day work. The point is to give employees the opportunity to test their own ethical compass against the norms and rules Peab has set up and provide them with a method of identifying solutions of various ethical dilemmas. Ethics are also included in other Peab internal courses such as the group-wide introduction day, position preparation programs and leadership training.

The number of incidents reported to Peab’s security department concerning economic crime has dropped considerably in the past few years. This is almost certainly due to preventative ethics work, improved internal controls and a higher level of knowledge and awareness.

**New system for whistle-blowing**

Peab strives for an open business and working climate. Employees have an important role to play in noting possibly illegal dealings and serious breaches of Peab’s core values, ethical guidelines and Code of Conduct. They therefore need a way to bring up situations that might damage individuals, the company or the environment. There are several ways to report suspicions of wrongdoing at Peab, openly and anonymously. Peab prefers open reporting but if someone does not wish to give their name a system is needed that will guarantee anonymity. The new whistle-blower system, which was introduced into all Peab’s operations in 2015, permits someone reporting a transgression to be anonymous. Reporting goes through an external web-based system that allows the investigators of the report to ask supplementary questions to the reporter and then communicate the results of the investigation via the system with guaranteed anonymity for the reporter.

**Events during the year**

During the year, no incidents of anticompetitive activities, breaches of the competition law or monopolistic behavior leading to legal action have occurred.

Peab has received four internal reports of suspected corruption/financial irregularities in 2015. All the reports were handled by the responsible manager with the support of members of the Ethical Council. In three of the cases employment law measures have been taken. The fourth case had not been concluded by the end of 2015.

In one case from 2014 the District Court acquitted a supplier but it was excluded as a Peab supplier anyway. In 2015 the supplier was found guilty of bribery by the Court of Appeals.

**Industry agreement against bribes – easier to do the right thing**

Peab takes an active role against corruption since it leads to unhealthy competition, inefficiency and in a longer perspective it is a threat to democracy.

In December 2015 several leading players in Swedish construction signed an agreement to fight bribes and corruption within the publicly financed construction and real estate sector. In addition to Peab and other nationwide construction companies the Swedish Construction Federation, the Swedish Construction Clients and The Swedish Association of Local Authorities and Regions are parties to this agreement. It has been designed to meet external demands of greater transparency and moderation and it gives practical help through examples and ethical guidance regarding, for example, representation and sponsoring. New parties are welcome to join and the hope is that it can contribute to establishing a common perspective between procurers and suppliers.

"Almost everyone wants to do the right thing and so it should be simple to do the right thing. An industry agreement with clear-cut examples provides common grounds, makes it easier to do the right thing and can also contribute to a positive dialogue about how parties can avoid getting into difficult situations," says Jesper Göransson, CEO and President of Peab.
The responsibility for slowing down the negative development that is expected in the wake of climate change will only weigh heavier on major players like Peab as time passes. Global agreements such as the one from the UN Climate Change Conference in Paris, COP21, and the UN Sustainable Development Goals are examples that point out the road ahead. Peab focuses on climate and environmental issues and works systematically to reduce the environmental impact of its entire business.

**SYSTEMATIC ENVIRONMENTAL WORK**

Peab’s climate and environmental work is performed on every level of the organization and is an integral part of the business. Coordinating climate and environmental issues takes place on Group level since many of the matters are shared by, and touch, all the business areas. The business areas are responsible for developing and running climate and environmental work in their own operations. The business areas have resources at business area, company and regional level to support the work in day-to-day operations.

Environmental studies at relevant levels in the Group identify significant environmental aspects that are the basis of the goals formulated and priorities made. The focus areas Peab has established concerning the climate and environment are climate impact, streamlining resource use and phasing out environmental and health hazardous substances. Well-functioning processes for follow-up are needed to streamline work on improvements. Measurement methods and the extent of the follow-up have to be continually developed as well. One way of achieving this is mapping energy flows and producing different types of climate and environmental reports.

Peab’s environmental management system is an integral part of the business management system. The environment policy is integrated into Peab’s company policy and is in harmony with the Code of Conduct, which is based on the principles of the UN Global Compact including the precautionary principle. The environment policy satisfies all of the requirements for ISO 14001:2004, and large parts of Peab’s business are now certified in accordance with ISO 14001 or other certification systems.

In Norway Peab works according to Eco-Lighthouse, a Norwegian environmental business certification system.

**Certifying products**

Peab works with environmental certification, both at customers’ requests and in our own development projects. Peab is also involved in developing certification systems together with other members of the industry. Environmental certification is mostly established on the market for buildings but there is a growing interest in sustainable certification of infrastructure. Peab has employees who are competent in CEEQUAL, BREEM, LEED, the Swan and Miljöbyggnad. Certification is a tool that facilitates systematic work with environmental and sustainable issues from the planning stage to construction and operation.

**CLIMATE IMPACT**

The community building sector has been identified as a key sector to succeeding in reaching national and international climate goals. The sector is very energy intensive and this means it has a high potential to affect greenhouse gas emissions. Peab strives to continually develop and implement energy efficient solutions that reduce energy consumption in production and in the projects turned over to clients. At the same time Peab promotes renewable energy sources for the energy used. In 2015 Peab began working on reviewing the energy used in the entire Group according to the Law on energy reviews in big businesses. This work will be intensified in the coming years by developing follow-up processes and measuring methods.

**Consumption and emissions**

**Fuel consumption, 466 GWh + 80 GJ**

The chart shows the fuel consumption in Sweden. The statistics are based on the number of litres purchased. The energy content (GWh/GJ) for 2015 has been calculated with the aid of conversion factors from the Swedish Petroleum and Biofuels Institute (SPBI) along with specifications from fuel suppliers. Conversion factors from GRI were used for 2013 and 2014.

**Carbon dioxide emissions, 261,736 tons**

The above chart shows Peab’s carbon dioxide emissions (CO2) for the Swedish business. The emissions from fuel consumption were calculated with the aid of the GHG Protocol. The CO2 calculations for electricity usage are based on Vattenfall’s environmental declaration for hydro power electricity. The CO2 emissions for waste management are calculated with a tool developed for the industry. The CO2 emissions for business trips include the journeys booked through Peab’s travel agent and constitute around 60 percent of the total number of train and plane trips booked in 2015. CO2 emission information for train trips has been provided by SJ (state-owned railway company), based on information via NTM (Network for transportation and the environment). CO2 emission information concerning airplane trips is produced according to the STS Standard.

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Energy efficiency

Peab continually works to cut energy consumption in areas such as transportation and running construction equipment, warming up and lighting workplaces and construction sites along with energy use in permanent facilities. Financial and environmental savings go hand-in-hand. Peab can make its production more sustainable by changing behavior and focusing more on energy matters.

Peab works to make worksites for civil engineering and construction projects more energy efficient through a number of different measures. Some examples are well-insulated trailers, control systems for regulating heating on evenings and weekends, presence-controlled lighting and LED lamps. Peab’s Finnish operations estimate that LED-based lighting solutions in construction offices save energy by as much as 70 percent of previous lighting solutions. Lowering the indoor temperature in trailers by a single degree saves about five percent of the energy used. In addition to this, courses in economical driving for machinists and truck drivers has paid out by reducing diesel consumption. According to the measurements taken in projects the total energy savings amounted to 8-10 percent. Over the last ten-year period, Peab has been working intensively to develop an energy efficient manufacturing process for asphalt aimed at conserving energy and lowering emissions. Reducing the laying temperature of the asphalt by around 30 degrees cuts energy consumption by an estimated 20 percent and carbon dioxide emissions by 30 percent. In 2015 lower temperature asphalt represented 1.9 (3.9) percent of Peab’s total asphalt laid in Sweden and Norway. The reduction is due to diminished demand from customers. In Finland Peab is participating in the research project COMBI (Comprehensive development of nearly zero-energy municipal service buildings) together with several universities and municipalities. The purpose of the project is to contribute to the development of nearly zero-energy municipal service buildings through creative solutions as a step in achieving the EU 2020 energy efficiency targets. This is just one of many examples of how Peab cooperates with different partners in developing methods to reduce climate impact.

Renewable energy sources

Peab is increasing the use of renewable fuels in several areas of production. Our goal is to continually reduce the percentage of fossil fuel used in operations. During the year Peab has begun to use 100 percent fossil free diesel. Now the company is reviewing the possibilities to replace fossil diesel with this alternative. Substantial amounts of fuel go to transportation and running construction equipment. One solution is hybrid construction equipment, which Peab supports. In 2015 Peab has invested in two new hybrid wheel loaders. The machines reduce fuel consumption since they generate energy which is then reused. The savings is thought to be at least 15 percent.

Environmental certification of buildings

The chart shows the number of ongoing certifications and the number of certified projects under the given years. An ongoing certification is a project that has been registered during the current year or earlier with the certification organization and is expected to be certified. A project that is certified is one that has received certification, although not necessarily the final certification that is provided after a certain verification period. The chart includes both Peab’s own projects where Peab is responsible for the certification and projects Peab is constructing for customers.

The number of projects were reported in 2013 and 2014, but for each one there may have been several certifications if there were several buildings in the project. The columns for 2015 show the number of certifications instead. The purpose is to make the statistics more consistent and facilitate a better correlation with statistics from each certification organization.
Peab invested in two new hybrid wheel loaders. The machines reduce fuel consumption since they generate energy which is then reused. The savings is thought to be at least 15 percent. The machines are primarily used in gravel and rock operations.

Peab uses a bio-oil instead of traditional fuel-oil at four of its 21 asphalt plants in Sweden. This bio-oil is classified as carbon dioxide neutral by the Swedish Energy Agency. The percentage of bio-oil used in 2015 increased to slightly more than 25 (14) percent, which reduced carbon dioxide emissions by around 6,700 (3,100) tons compared to using traditional fuel-oil. Even in the energy demanding manufacture of special sand Peab only uses biofuel.

Peab can also drive sustainable development through attractive offers to customers, especially in the area of energy, where the company now has a comprehensive concept for constructing and running windpower projects as well as designing, installing and managing solar power plants. During the year Peab completed IKEA’s new office building in Malmö, which produces its own energy, in part through rooftop solar panels. The building also has a geothermal energy facility which generates heat and air conditioning and the rest of the energy used to run the building comes from its two windpower stations. This example illustrates how Peab can also contribute to reducing climate impact through the products it turns over to customers.

**Planning logistics to reduce greenhouse gas emissions**

Good planning is required to reduce the amount of transportation to and from construction sites. This planning is done together with suppliers and Peab works continually to minimize road wear and emissions by choosing the right vehicles. In our Nordic climate road wear creates significant health hazards. This road wear comes primarily from studded tires and generates high levels of coarse particles (PM10) that can cause heart and lung disease when inhaled. Commissioned by the Traffic Department of Stockholm City Peab has, among other things, applied dust control agents to reduce particle levels and thereby contribute to better air quality in central Stockholm.

**Efficient waste management**

Waste from construction and civil engineering represents a significant amount of the waste generated by society. Construction contractors are being spotlighted as communities focus on minimizing waste and conserving resources.

Peab has set its sights high when it comes to the amount of waste that gets sorted. The goal is that at least 87 percent is sorted before it leaves the worksite and only maximum eight percent goes to landfill. Drywall is a prioritized fraction in construction since recycling more of it minimizes the environmental impact, both because...
Operations subject to permits and reports

Peab runs operations subject to permits and reports in Sweden and Finland. These mainly comprise rock and gravel quarries, waste and hazardous waste transportation, asphalt plants, concrete production and ballast operations. This type of operations primarily impact the environment through excavation of a finite substance and future land use. For more information please see Peab’s 2015 Annual Report, page 41.

Biodiversity

During 2015 Peab has been engaged in several projects to safeguard biodiversity:

Business area Industry participated in the co-financed development project Greater biodiversity in pits during production and after shutdown. A manual has been created within the project framework aimed at illustrating possibilities for biodiversity in different kinds of pits. The project has been nominated as “The Innovation of the Year” by the Development Fund of the Swedish Construction Industry.

Business area Project Development collaborates with the County Administrative Board of Stockholm to preserve the very rare and endangered species the rattle grasshopper (Psophus stridulus) which is classed as critically endangered on the national red list. An action plan was drawn up in 2015 to aid the species. Restauration and improvement measures will be required for many years to come.

Interchange Spillepengen, Malmö

During the year the new bridge solution Peab built to improve capacity and safety at interchange Spillepengen was completed. The project is a good example of how Peab can minimize waste and conserve resources in production. By first categorizing the excavation material then testing, managing and immediately storing it the level of carbon dioxide per ton of handled excavation material was radically reduced. Usable material was returned to the project minimizing the amount that went to landfill. This management led to greater safety and better control since all excavation material passed through Peab’s own facility.
Waste

The biggest challenges are identifying waste occurs in the construction process and implementing changes in our systems in order to move towards circular economy. This can entail designing buildings that provide better opportunities to recycle and reuse material. This, in turn, requires choosing material that can be reused and meets Peab’s function and quality demands as well as choosing technical solutions that facilitate dismantling.

Mass material is a prioritized area in Peab’s civil engineering operations. A couple of the major challenges are mass material and logistics optimization of the vast amounts of material in varying quality and characteristics being moved around and in between projects. Excess material occurs in many projects which, depending on how it can be handled, can be classed either as waste or a resource. During the year Peab has established instructions for a way to handle mass material that occurs, is received or leaves a construction site. This way Peab can reduce the spread of undesired substances and increase the chances of recycling and reusing mass material. This work method is also aimed at achieving good profitability through streamlining resource use, withdrawing less untouched material, diminishing waste fees for mass material going to landfill and lower transportation costs. In 2015 Peab established eight new sites under the trade-mark Swerecycling that are focused on recycling mass material from civil engineering projects and this expansion will continue.

PHASING OUT ENVIRONMENTAL AND HEALTH HAZARDOUS SUBSTANCES

The work to remove environmental and health hazardous substances in construction and civil engineering has been ongoing for many years. Despite broad cooperation in the industry there are still dangerous substances on the market and new ones keep coming. Peab intends to intensify the work since we want to be able to offer healthy and sound indoor and outdoor environments. This is why Peab is also active in industry initiatives to phase out hazardous substances. Focus lies on choosing the right material and on traceability. If there are no good alternatives and the company needs to use less suitable substances they have to be traceable.

Proactive phasing-out

In order to drive the development of products that are healthier and better for the environment Peab has deepened its cooperation with several suppliers. This collaboration is aimed at making it easier for its own organization to choose the right products and its effects are already apparent, as several products containing hazardous substances have disappeared from the Swedish market.

Peab primarily uses two systems in Swedish construction operations to make material selections aimed at phasing out hazardous substances: BASTA and Byggarbetarbedsömningsstiftelset (Building Material Assessment System). The Norwegian equivalents are the electronic systems coBuilder and ProductXchange. In Finland TUKES (Finnish Safety and Chemicals Agency) safety sheets are used to ensure that products used in production comply with current legislation.

During the year Peab’s Swedish industry and civil engineering businesses have inventoried chemical products and registered them in the chemical management system iChemistry, which, among other things, provides access to all information about the products electronically. Future work will be focused on risk assessment and phasing out hazardous chemical products.
Social engagement for future growth

As a community builder Peab has both the responsibility and the opportunity to contribute to society. Peab adopted goals in the following three areas for social engagement in 2015: educating young people, local community building projects and mentoring. With a clearer focus and based on core operations our efforts can contribute to the company and the community – investing in our youth is investing in our future growth. The refugee situation characterized 2015 and Peab decided to work for greater integration.

EDUCATING YOUNG PEOPLE
Commitment to educating young people and the need for future skilled workers has been the foundation of Peab’s independent upper secondary school, the Peab School, since the first one opened in 2006. The Peab School offers an upper secondary school construction and civil engineering program in five schools in five towns involving around 450 students and nearly 50 employees in total. Every year a number of spots are earmarked for students with incomplete compulsory school grades. In addition to the national program Peab schools also offer introduction programs such as the Vocational introduction.

The students’ worksite placed learning (APL) takes place at Peab’s (in certain cases Peab partners’) construction and civil engineering sites under the tutelage of craftsmen who are trained instructors. Peab’s instructor training has been acknowledged by the Swedish Schools Inspectorate for its high level of quality and ambition. The instructors act as mentors while the students are in school and continue to be very important as the youths turn into adults and start their careers.

Work on developing the schools with the goal “Best school – Best journey”, where every student has the chance to make their best journey in development, continues. One of the challenges is to engage more female students in the construction and civil engineering industry. The Peab School in Ångelholm was nominated to SIQ’s quality award Better School 2015 for its genuine, systematic quality work. The former student and Peab School fellow Linda Löfvendahl was named Annual Road and Civil Engineering Apprentice 2015 by the Construction Industry Training Board (BYN). Peab schools are industry recommended by BYN.

Training and thesis work
Training is the first step to getting a job for many young people. Peab accepts trainees from industry-related educational programs as well as taking on skilled workers in training. In the summer of 2015 Peab accepted some 500 trainees. Every year a number of students from colleges and universities do their thesis at Peab. The students are given the opportunity to immerse themselves in an area of interest to themselves and Peab, and at the same time the two get to know each other. The result is that about half the students become employees at Peab after completing their theses. In 2015 14 theses were carried out in Sweden. Another 14 theses were carried out in Finland where Peab’s guidance of students from Tampere Technical University and Metropolia University of Applied Sciences continues.

LOCAL COMMUNITY BUILDING PROJECTS
Peab is a big employer with strong local roots. Whatever Peab constructs affects the labor market and people’s everyday lives in both big and small towns and this opens the door to broadening our engagement. Norwegian Utøya is a good illustration of how Peab wants to take our responsibility for the community, in this case by building up long-term partnerships that both the Peab School and the Norwegian Labor Party Youth League (AUF) learn from and where both parties are winners.

Since the autumn of 2011 Peab and the Peab School has been active in rebuilding Utøya. Together with AUF, students from the Peab School have built and renovated...
buildings and improved other facilities at the summer camp. New training weeks were held in the spring and summer of 2015 and together with co-workers from Peab’s Norwegian operations the students worked to make it possible for the island camp to open its doors again.

When Utøya was rededicated in August the Peab School’s representative presented a cabin built by students to illustrate the long-term partnership formed at Utøya that will be continually developed. The support to Utøya gives a lot back: the students develop their craftsmen skills at the same time they receive an education in fundamental values on a present day historical site. Taking young people to such a dramatic environment is a serious responsibility and the training is safeguarded by counselor support, many teachers and time to talk about the experience. Students who have participated tell how they grew and learned lessons for life.

MENTORING
Peab has been collaborating with the Mentor Sweden Foundation for years. Mentor Sweden is a nonprofit organization that strives to provide young people with self-esteem and the strength to grow. The purpose is to support them in making positive decisions and resisting violence and drugs. This is achieved in part through mentoring. In addition the foundation arranges a number of other activities like cooperation between schools and courses for both youths and their parents.

In 2015 Mentor Sweden held eight parental seminars and four popular workshops on the theme Everyone equal – Everyone different with students in their first year at the Peab School. Several Peab employees have become mentors to young people between the ages of 13-17. Some of them have even chosen to get involved as a Job Mentor. Through engagement in Job Mentoring Peab has contributed to inspiring 1,250 youths in their choice of education and future career.

NEW SPONSORING POLICY
Peab’s sponsoring policy was reviewed during the year which resulted in the adoption of a new policy in December 2015. The purpose was to even more tightly tie sponsoring to taking responsibility for the community and young people. The policy establishes that the focus of sponsoring should be on meaningful free time for youths which comprises both sports and cultural pursuits. Activities that promote integration, equality and diversity are prioritized. Peab’s sponsoring should support Peab’s vision and business goals and have a local connection. New in the policy is the requirement that the sponsored associations sign a partner profile that emphasizes the value foundation of social and ethical responsibility Peab expects. The sponsoring policy can be summarized into four areas presented in the facts box below.

MIGRATION AND INTEGRATION
From a global perspective the growing international migration is a challenge, not just because of the extent of it but the way in which it is taking place. At the same time it creates new opportunities for communities. Peab has chosen to work for greater integration and positive societal development.

In order to more rapidly and better make use of immigrants’ skills and experience Peab has signed a letter of intent with the Swedish Employment Service stating our ambition to during a three-year period give at least 100 newly arrived refugees employment, a trainee spot or make an assessment of their skills. The letter of intent is aimed at creating a far-reaching and strategic link between the immigrants coming to live in Sweden and Peab’s skills supply. There is a shortage of skilled workers in many areas of construction and since the need to recruit is growing there is a risk that this will dampen growth. By utilizing the skills of immigrants this investment can aid integration in society as well as diversity and growth in the construction industry.

In the autumn of 2015 the decision was made to start the new course Language introduction for 100 newly arrived youths at the Peab School in Gothenburg. Language introduction is a two year course consisting of classes in the Swedish language, Swedish society orientation and several other grade school subjects. Peab School’s previous experience of unaccompanied refugee youths and expertise in areas like special pedagogics match this mission well. The objective is for the students to be approved to enter the education system. Hopefully some of them will choose a future in construction or civil engineering.

“...was getting into the Peab School...”

Abbe Abdullash Abdey, Previous student at the Peab School
About The Peab School

A total of 619 students have graduated from The Peab School system since it started in 2006.

- In 2015 129 students graduated.
- In 2015 84 percent of the students received a complete degree. The figure also includes the students that had not graduated from grade school when they came to a Peab School.
- There are 401 applicants to The Peab School system for the 144 places available in the fall term of 2016.

Peab School gave Abbe and Ali hope for the future

Abbe Abduallahi Wahelye and Ali Yusefi were both unaccompanied refugee youths. Abbe came to Sweden in 2009 after fleeing for more than a year from civil war in Somalia through Ethiopia, Sudan and Libya to a hardly seaworthy rubber boat across the Mediterranean to Europe. At 15 years of age Abbe came to Malmö where he applied for asylum. It was tough in the beginning. He was alone, didn’t understand the language and unsure if he was going to be permitted to stay in Sweden. In time Abbe found his way to the Peab School.

“I have been lucky and the best luck I’ve had was getting into the Peab School,” says Abbe.

Now he has graduated, gotten a job as an apprentice in Peab’s civil engineering operations and feels more and more at home in Swedish society.

Ali was 13 when he came from Afghanistan to Sweden in 2011 after having fled the Taliban. In 2014 he applied to the Peab School even though he didn’t have a diploma from grade school.

“I liked construction so I explained that I thought I could manage both school and Swedish.”

Ali is now 17 years old, goes to the Peab School and is really happy. His ambition is to become a construction engineer.

“You can have a much better future if you study,” says Ali.

Learning Swedish has been essential, Abbe and Ali agree.

“The language is the key into Swedish society!” exclaims Abbe.
Active memberships

ASIS INTERNATIONAL
ASIS is a non-profit-making organisation for safety managers and other managers in the field of safety. ASIS makes sure that safety management is acknowledged as a profession by the industry, media authorities and the general public. Peab is a member.

BASTA
BASTA is an industry-wide system that aims to phase out hazardous substances. Peab participates in BASTA’s science council.

BEAST
BEAST is a Swedish acronym for the Construction and Property Industry’s Electronic Business Standard, and at present there are just over 90 members. It is a meeting place for anything to do with e-commerce B2B, web solutions and e-communication in the industry. A representative from Peab is Chair of the Board at BEAst.

BIM ALLIANCE
BIM Alliance is a non-profit-making organisation that works for improved community building through BIM (Building Information Modeling) – digital structured information management – by creating networks and disseminating information, as well as developing tools and support. The members consist of a number of different players within the community building sector, including Peab.

BRAINS & BRICKS
Brains & Bricks – B2 – is a centre of excellence that focuses on flows of materials and information, as well as support for decision-making and planning, to create the conditions for a cost-efficient construction industry. It is a joint initiative set up by Peab, Linköping University and Katrineholm Municipality.

BYGVARUDBÖDMINGEN (BVB)
BV B2 performs assessments of building products from a life cycle perspective. Peab is responsible for the system’s criteria group.

CENTRE FOR MANAGEMENT OF BUILT ENVIRONMENT (CMB)
CMB was formed as a collaboration between Chalmers University of Technology and the Swedish community building sector, and it is now Sweden’s biggest forum for management-related issues in the field of community building. Peab is a member of many of the CMB’s committees. One representative from Peab is a member of the BIM Management Group.

CLEAN SOIL NETWORK
The Clean Soil Network is a non-profit-making organisation that aims to promote development in the remediation of contamination in soil and water. The aim is to create greater contact between different groups in society that are affected by the issue, to promote current issues and to collaborate with Nordic and European networks. Peab is a corporate member.

COMPREHENSIVE DEVELOPMENT OF NEARLY ZERO-ENERGY MUNICIPAL SERVICE BUILDINGS (COMBI)
In Finland Peab is participating in research project COMBI for the purpose of contributing to the development of nearly zero-energy municipal service buildings. The project is led by Tampere University of Technology. Several universities and municipalities participate in the work as a step in achieving EU 2020 energy efficiency targets.

CONFEDERATION OF SWEDISH ENTERPRISE’S SAFETY DELEGATION
A network for profitable risk management. The office is at the Confederation of Swedish Enterprise. Peab is a member and has also made presentations and member meetings.

DEVELOPMENT FUND OF THE SWEDISH CONSTRUCTION INDUSTRY (SBUF)
SBUF is the construction industry’s own organisation for research and development, with almost 5,000 affiliated companies in Sweden. SBUF strives to develop the construction process in order to create better commercial conditions for contractors and fitters to make use of research and to drive development work. Peab is represented on the Board and a couple of the committees, and holds the position of Chair.

GALAXEN BYGG
Galaxen Bygg is the construction sector’s own company for preventive work on the working environment and rehabilitation. Peab is represented on the Board of Galaxen, Galaxen Council East, as well as in Galaxen’s school group.

LIFT OPERATOR TRAINING COUNCIL (LUR)
Peab is a member of LUR, which is an independent body responsible for the content and development of LLP (Lift Operator Curriculum). LUR authorises lift operator training companies that commit to observe LLP and LUR’s terms and conditions.

SVEBY
Sveby is a Swedish acronym for Standardise and verify energy performance in buildings, and is an industry-wide programme that develops tools for agreements on energy utilisation. Peab is involved as a financier and is in the steering group.

SWEDISH ASSOCIATION FOR SUSTAINABLE BUSINESS (NMC)
NMC is a non-profit-making organisation for companies and organisations that wish to improve and stimulate work on sustainable development. The association offers a cross-industry platform and strives to share knowledge, contacts and experiences between companies and organisations. Peab is a member.

SWEDISH CENTRE FOR INNOVATION AND QUALITY IN THE BUILT ENVIRONMENT
The Swedish Centre for Innovation and Quality in the Built Environment is a node and a catalyst for research, innovation and quality development in the building of communities. Peab is represented on the Board.

SWEDISH CONSTRUCTION FEDERATION (BI)
The Swedish Construction Federation (BI) is the industry and employers’ organisation for the construction industry, with around 3,200 member companies. BI’s purpose is to promote the common interests of its member companies as employers and traders in the construction industry. Peab holds the position of Chair at BI and has representatives on many of BI’s councils/committees, including the Energy and Environment Council and the working environment reference group.

SWEDISH PRECAST CONCRETE FEDERATION
The Swedish Precast Concrete Federation is a meeting place for those who manufacture concrete and those who build with it. The Swedish Precast Concrete Federation is a provider of knowledge that lobbies for the benefits of concrete from a life cycle perspective. Peab is represented on the Board and in all committees.

SWEDISH GREEN BUILDING COUNCIL (SGBC)
SGBC is a non-profit-making association owned by its members, open to all companies and organisations in the Swedish construction and property sector. The association strives to achieve green construction and to develop and influence work on the environment and sustainability in the industry. Peab is involved in most of the SGBC’s committees. Peab is also a member of the Norwegian (NGBC) and Finnish (FIGBC) Green Building Councils.

UN GLOBAL COMPACT
Peab signed the UN Global Compact in 2012, and is working strategically with the ten principles of sustainable business in the areas of human rights, labour, the environment and anti-corruption.
Glossary

AFS 2001:1
The Swedish Work Environment Authority’s Code of Statutes on systematic work on the working environment.

BASTA
See explanation under active memberships.

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

BVB
See explanation under active memberships.

BYGGNADS
The Swedish Construction Workers’ Union is a trade union for employees in the construction business.

CDP
CDP, previously known as the Carbon Disclosure Project, is an international non-profit organization that provides a global system for climate and environmental reporting. CDP works together with among others market players to motivate companies to present their impact on the environment and natural resources, and then act to reduce it.

CEEQUAL
A tool used to classify the sustainability of civil engineering projects.

CO2
Chemical name for greenhouse gas carbon dioxide.

COBUILDER/PRODUCTXCHANGE
An electronic system for choosing chemicals in the construction industry based on authority requirements in Norway.

COMBI
See explanation under active memberships.

COP
Communication on 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, the environment and anti-corruption.

COP
The UN Climate Change Conference in Paris in 2015 (COP21) took place between November 30 and December 12 in Paris. It was the 21st yearly session of the Conference of the Parties (COP) to the 1992 UN Framework Convention on Climate Change (UNFCCC).

GREEN BUILDING
EU-controlled environmental programme for buildings.

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

HAMARE
Case officer in issues relating to the working environment, trade union position.

HVO100
HVO100 is a fuel type made up by 100 percent renewable and fossil-free diesel that reduces carbon dioxide emissions by up to 88 percent.

ISO
ISO stands for International Organization for Standardization.

ISO 9001
A quality management system.

ISO 14001
An environmental management system.

ISO 26000
An international standard with guidelines for social responsibility.

LED LAMPS
LED stands for Light-Emitting Diode, an energy-efficient light source.

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

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

OHSAS 18001
An international standard that defines requirements relating to working environment management systems.

SCI
Satisfied Customer Index.

SIQ
Abbreviation for the Swedish Institute for Quality.

THE SWAN
A Nordic ecocertification for products and services, including buildings.

TUUKES

UN GLOBAL COMPACT
See explanation under active memberships.

Global Compact principles and page references

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## Social Indicators

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Peab is the Nordic Community Builder with more than 13,000 employees and net sales in excess of SEK 44 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, Sweden. The share is listed on Nasdaq Stockholm, Large Cap.