

Sustainability Report 2014



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ABOUT THE SUSTAINABILITY REPORT

This is Peab's fourth sustainability report in accordance with the GRI (Global Reporting Initiative). The report describes Peab's work on issues of sustainability and covers the calendar year 2014, unless stated otherwise in the text. Like last year's report, which was published in April 2014, this year's report follows the GRI's latest G4 guidelines and in our view it satisfies the criteria for the base level core. The report has not been examined by external auditors.

Since Peab signed up to the Global Compact 2012, the Sustainability Report has also served as the COP report (Communication on Progress), as work on the ten principles of the UN Global Compact is described in the text. Unless otherwise specified, the report is valid for the whole of Peab's business in Sweden, Norway and Finland. The report also deals with suppliers that have activities outside the Nordic region. Hired businesses, part-owned subsidiaries and leased facilities, such as some of our office premises where other companies are responsible for operations, are not included in the report. The reason for this is that the report focuses on Peab's core business.

In accordance with GRI-G4, the report focuses on the areas identified as most important in the materiality analysis. This year's prioritised areas are based on the wide-ranging stakeholder dialogue that was conducted in 2013 combined with the in-depth stakeholder dialogues conducted in 2014 with customers and suppliers.

More information about Peab is available on the website: www.peab.com. If you have any questions regarding the report or Peab's work on sustainability, please contact Kristina Gabrielli, Sustainability Manager at Peab, by email: kristina.gabrielli@peab.se or by phone on +46 (0) 733 375690.

A locally engaged community builder

Peab is one of the leading Nordic construction and civil engineering companies with over 13,000 employees and net sales exceeding 43 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. The share is registered at Large Cap, NASDAQ Stockholm. The head office is located in Förslöv, on the Bjäre Peninsula in Skåne, Sweden.

PEAB HAS A COMPLETE CUSTOMER OFFER

With our local knowledge and four specialized and cooperating business areas, we carry out both small local projects, as well as large and more complex ones. Everything planned and implemented is fully in line with Peab's ethical guidelines and designed responsibly and for the long term. In this way, Peab takes environmental, economic and social aspects into consideration.

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
- Reliable

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 in the Nordic region. 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.



Interesting events in 2014

A HOLISTIC APPROACH TO EQUAL OPPORTUNITY AND DIVERSITY



An internal project was carried out during 2014 that resulted in a strategy containing clear objectives for how Peab is to work with equal opportunity and diversity. Read more on page 17.

CONTINUED FOCUS ON THE WORKING ENVIRONMENT



The working environment is always high on the agenda at Peab. For the third year in a row, Peab organised a focus week during which management groups all around the Group visited 566 workplaces in order to discuss and highlight the importance of a safe, secure working environment. Read more on page 15.

CONVERSION OF ASPHALT PLANTS INCREASES SHARE OF BIO-OIL



In order to cut carbon dioxide emissions, during 2014 Peab Asphalt started to use a carbon dioxide-neutral bio-oil instead of traditional fuel oil at the asphalt plants in Veberöd, Lekhyttan and Västerås. Read more on page 24.

MAX IV VOTED BEST FUTURA PROJECT



Max IV is a unique project in Lund that will, when completed, offer world-class research. Max IV was voted the Best Futura Project at Mipim, the international real estate fair. The project is owned by Peab and Wihlborgs, who have jointly formed the real estate company AB ML4. Responsible architects are the Norwegian firm Snøhetta and FOJAB Architects. The construction project is expected to be completed in 2016 and will be certified in accordance with BREEAM Outstanding.

SURVEYS INDICATE PROUD EMPLOYEES



Peab's employees are proud and Peab is strong as an employer brand. This is proven by the results from this year's employee survey and the Sweden's Best Employers survey, where Peab was ranked 21st. Read more on page 17.

NORDIC CLIMATE DISCLOSURE LEADERSHIP INDEX FOR THE FIRST TIME



Every year Peab reports its carbon dioxide emissions and the company's climate impact to CDP Nordic Report, which analyses the quality of the company's responses and awards points for them. In 2014 Peab was among the ten per cent with the highest number of points for the way they report, 96 out of a possible 100. This means that for the first time Peab is included in the Nordic Climate Disclosure Leadership Index.

LAUNCH OF TRAVEL PORTAL



2014 saw the launch of a travel portal at Peab, where employees can book hotels, trains, flights and car hire ahead of their business trips. The travel portal will in due course provide better monitoring of the environmental impact of business travel. Read more on page 24.

Heading towards integrated sustainability

During 2014 Peab underwent a process of reorientation following the major package of measures that had been implemented at the end of the previous year. New structures and allocations of responsibility have been evaluated in day-to-day operations, while some adjustments are still being made to work methods. These measures have been successful, and the trend indicates a stabilised, more efficient business with improved profitability.

Peab operates in a sphere that is being affected ever more quickly by fluctuations in the global economy. The debate about climate change and environmental impact is on the international agenda, and in our business we are constantly experiencing stricter requirements from customers and legislators. Attitudes and expectations among employees and the public are changing, and the construction industry as a whole is undergoing a change, as the map is being redrawn with stronger foreign

competition and a battle for resources such as competent labour. We must respond to all of this in order to strengthen Peab's own and our customers' competitive strength in the long term.

Sustainability at Peab draws directly on our vision and core values. We carry out sustainability work in a way that is down to earth, developing, personal and reliable, to live up to the vision of being the Nordic Community Builder. We continue to extend and monitor our work in accordance with the UN Global Compact. Since we signed up to it in 2012, we can see that an enhanced focus on these issues in the company has produced progress. What more do we do to integrate sustainability into our business operations? I would like to highlight some important approaches:

WE ASSUME RESPONSIBILITY

Peab influences society and the environment for the people who live with what we build and install, both now and in the future. Peab is currently the biggest construction and civil engineering company in Sweden in terms of net sales and the number of employees. We are a large employer with strong local roots and many opportunities, and we must never forget that this brings major responsibility. Peab contributes to a more sustainable society and works continuously to reduce the business' impact on the environment. We want to be involved in driving developments in a positive direction, both on our own and in partnership projects such as, for example, HSB Living Lab and Nordic e-Construction.

WE ARE OPEN

It is Peab's ambition to report openly on how much progress has been made in our work on sustainability and what the challenges are – it is all about credibility. In 2014, as a result of transparent reporting, Peab was for the first time included in CDP's Nordic Climate Disclosure Leadership Index for its reporting of climate impact.

WE LISTEN

Views put forward in the structured stakeholder dialogues that have been held for the last few years have proven extremely valuable, partly in providing a basis for



“We want to be involved in driving developments in a positive direction, both on our own and in partnership projects.”

prioritisation. In 2014 these dialogues were intensified, we measured SCI (Satisfied Customer Index) to a greater extent than before and an employee survey was conducted among all employees. It is of course equally important to listen actively to preferences and expectations in day-to-day relations.

WE INTEGRATE

Peab wants to view work on sustainability as a natural element of daily operations, which requires making use of the engagement and various competences of employees, as well as making sure that responsibilities and mandates are in place. Integrating sustainability is not easy and it will take time. It must be allowed to take time, as the change is based largely on insights and attitudes among people. I expect us to take further steps in this respect in 2015.

WE FOCUS AND DEVELOP

In order to facilitate development, the organisation, structure and work method should be evaluated on an ongoing basis. In addition, prioritization is required in order to achieve an impact. The stakeholder dialogues and the materiality analysis indicate which areas are most important for Peab. These focus areas contain both opportunities and challenges:

Health and working environment represent a constant challenge for companies in the construction industry. Peab has set a goal of halving the number of accidents at the workplace during the period 2015-2017. At more than 560 workplaces, dialogues about safety between managers and employees were conducted during the annual focus week on the subject of working environment.

Peab's employees can embark on a personal journey that develops both competence and career. We are planning further initiatives for **skills and career development**. It is becoming increasingly important to attract and retain employees as competition becomes tougher in the labour market. It is pleasing to note that both internal and external surveys reveal that Peab has a strong employer brand among employees.

It is in the area of **equal opportunity**

and diversity that Peab perhaps has furthest to travel on its journey. The goal for 2014 was to adopt a holistic approach to draw up strategies and objectives. These are now in place, with actual measures to come in the years ahead.

Peab works consciously to achieve long-term relations and good business ethics. We welcome more **collaborative projects** in the industry and with customers and suppliers. The sustainability dialogues above all show a request for collaboration during the early stages of a project, as this benefits resource management and the total cost for all parties.

Responsibility in the supply chain is an increasingly important focus area where there is much more that can be done. Peab's Code of Conduct, which is based on the UN Global Compact, is an important cornerstone of the purchasing process. Digital support in the form of a purchasing and supplier portal was put in place in 2014, which will facilitate ongoing monitoring work.

Work on **ethics and against corruption** is about the brand, confidence and secure business transactions for Peab and everyone around us. We adopt a preventive approach towards training at Peab, and make sure that breaches have consequences and are made visible. A decision was made during 2014 to implement an external whistleblowing system in 2015.

Improved **resource efficiency** is necessary in our energy-, material- and transport-intensive industry. We can see measures close to production reducing the impact on the environment, while at the same time the links to financial savings and business opportunities are obvious. In order to be able to offer sound, healthy environments, Peab plays an active role in a number of industry-wide initiatives that

“We are a large employer with strong local roots and many opportunities, and we must never forget that this brings major responsibility.”

aim to phase out **substances that are hazardous to the environment and health**.

Peab's local roots create opportunities for social **responsibility and involvement** in the local community. If you want to make a difference, it is a good idea to choose an area where you have the competence and genuine engagement.

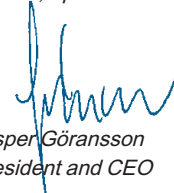
At Peab we put an extra focus on **supporting young people** in various ways, including in partnership with Mentor Sweden.

PROUD, BUT NOT SATISFIED

Peab wants to offer employees the best workplace, we want customers to be satisfied and we want good profitability, so that Peab can continue to develop in the long term in a sustainable way. The industry is a complex one that is undergoing a major change, but when our competent employees come together and work towards the same goals, we will succeed in achieving them.

We already have much to be proud of, but we cannot be satisfied, as there is still hard work to be done. In 2015 we will be pursuing the next stage of the journey of change for a sustainable Peab.

Förslöv, April 2015



*Jesper Göransson
President and CEO*

An insight into Peab's operations

Peab was founded in 1959 by the brothers Mats and Erik Paulsson and is now one of the Nordic region's biggest construction and civil engineering companies, with operations in Sweden, Norway and Finland. The head office is in Förslöv, on the Bjäre Peninsula in Skåne, where the business first began. In just 50 years, Peab has grown from being a small local contractor to become the Nordic Community Builder, characterised by local roots. This section provides a picture of the values and the structure and organisation on which the business is based.

PEAB AS A COMMUNITY BUILDER

Peab is involved in everything from building hospitals, offices and homes to the construction of roads, bridges and railways. The business thus contributes to adding value to the whole community. By understanding local conditions, assuming social responsibility and challenging old truths with new solutions, Peab develops modern communities where people want to settle, live and work. Together with trade and industry, industry players and the public sector, Peab

strives to create and develop the sustainable communities of the future.

OPERATIONAL BUSINESS

The operational business is divided into four business areas: Construction, Civil Engineering, Industry and Project Development. On 31 December 2014 there were 267 wholly owned companies and 59 partly-owned companies in the Peab Group. See note 41 in the annual report for a list of companies in the Group. Operative net sales for the full year 2014 totalled SEK 43,820 million, an increase of around two per cent compared with 2013.

Cost-efficient organisation – local entrepreneurship

A wide-ranging programme of measures was implemented during the financial year 2013 in order to focus on customers, employees and production. This programme has laid the foundation for a more efficient business and a more profitable Peab. Profit-related effects were already being seen in production in 2014, in the form of both reduced costs and higher earnings. At the same time, the programme of measures has enhanced the local presence that

enables Peab to manage both varied and extensive projects.

The business management system

The Peab Group has since 2013 worked to develop a level customised, group-wide business management system. The work has progressed during 2014, with emphasis on the needs of both customers and the Group itself. Level customisation implies that each business area is given greater responsibility to ensure a profitable business with the help of an efficient organisation. A large part of our business is currently certified in accordance with ISO 9001 and ISO 14001.

Civil Engineering

The Civil Engineering business area undertakes assignments such as the construction of major infrastructure projects and civil engineering works, as well as smaller projects in local markets. Civil Engineering also carries out the operation and maintenance of roads and municipal installations. The business is run through geographically-based regions in Sweden, Norway and Finland. Clients are Transport Administrations, municipalities and local businesses.

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
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Vision – The Nordic Community Builder

Peab builds the sustainable communities of the future

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Peab attracts talented people

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Sustainable Building of Communities – Peab's Definition

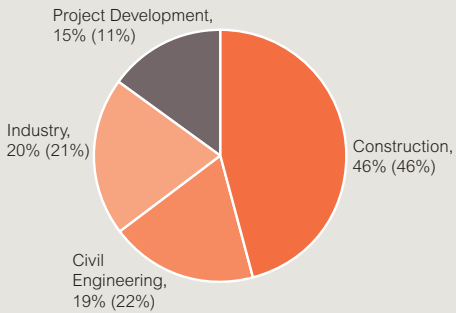
Everything planned and implemented is fully in line with Peab's ethical guidelines and designed responsibly and for the long term. In this way, Peab takes environmental, economic and social aspects into consideration.

Group strategies

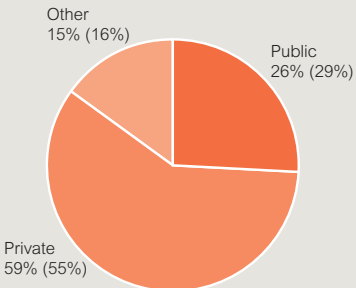
- Sustainability integrated in Peab's business
- Strengthen and develop Peab's customer relations
- Best workplace
- To be seen and heard
- Long-term profitable operation
- Cost efficient business



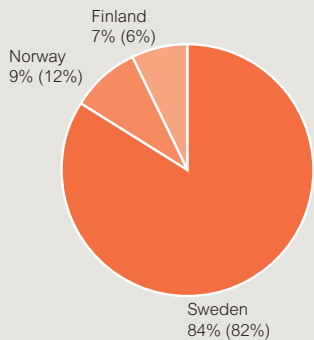
Operative net sales by business area, 2014



Operative net sales by customer type, 2014



Operative net sales by geographical market, 2014



Construction

The Construction business area covers the Group's resources with regard to construction-related services. Construction undertakes contracts for both external and internal customers. The main internal customer is the Project Development business area. The business is run through eleven regions in Sweden, two in Norway and two in Finland. Of the Swedish regions, three specialise in residential production in the metropolitan areas Stockholm/Mälardalen, Gothenburg and the Öresund region. The other regions run all kinds of construction activities within their geographical area. Construction service activities are run in a national region with a primary focus on the metropolitan areas.

Industry

The Industry business area is run through seven product segments: Asphalt, Concrete, Gravel and Rock, Transport and Machinery, Foundations, Leasing and Industrial Construction. All of the product segments focus on the Nordic construction and civil engineering market. The business is run in a large number of companies and under various brands. The biggest brands are Swerock, Clifton, Lambertsson, Skandinaviska Byggelement, Peab Asphalt and Peab Grundläggning.

Project Development

The Project Development business area includes all Peab's development of homes and properties. Project development takes place in the form of wholly owned projects or in collaboration with other partners or via joint ventures. The business is run in two sections, Residential Development and Property Development. Residential Development develops all kinds of homes, such as apartment blocks for tenant-owners, owners and tenants as well as certain types of small houses. Property Development carries out activities in respect of the acquisition, development and disposal of commercial properties. The business includes projects in wholly owned and partly-owned companies.



FROM BIGGEST TO BEST

Peab is the biggest construction company in Sweden in terms of net sales and the number of employees. The Group is now taking the next step and aims to go from biggest to best. To be the best in the industry, there are three specific target areas that will be measured and monitored continuously through the Satisfied Customer Index (SCI), the employee survey and economic results. These are:

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

SUSTAINABILITY GOVERNANCE

Sustainability is integrated into Peab's vision and business strategies, and work to integrate sustainability into all areas of the business continues on an ongoing basis. Responsibilities and mandates are delegated to the business areas, and support is provided by specialist competence in the area of sustainability at various levels in the organisation, and by steering and supporting documents. The Group function CSR – Social responsibility has worked to coordinate and develop the Group's messages, processes and strategies in the area of sustainability during 2014. This work has been carried out in collaboration with Peab's four business areas and other Group functions.

Policies

A number of policies constitute steering documents in the field of sustainability. Peab's Code of Conduct is based on the principles in the UN Global Compact, and is a general policy covering environmental, social and anti-corruption issues. The Code of Conduct is translated into various languages in order to make it easily accessible to all subcontractors and suppliers. It is supplemented by a number of underlying policies and guidelines, such as Peab's ethical guidelines.

The Code of Conduct is rooted in the general company policy, which is an integrated environment, quality and working environment policy. The company policy meets the requirements of the quality management system ISO 9001:2008, the environmental management system ISO 14001:2004, as well as the requirements contained in the Swedish Work Environment Authority's provision AFS 2001:1.

SHAREHOLDER STRUCTURE

Peab AB is a public company. The class B share is registered at Large Cap, NASDAQ Stockholm. There was a change in ownership during 2014. Mats and Erik Paulsson with their families and companies are the biggest shareholders with a total of 25.6 per cent of capital and 57.6 per cent of votes.

Financial summary

	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2012 ¹⁾
Operative net sales, MSEK ²⁾	43,820	42,765	45,997
Net sales, MSEK	43,630	43,127	46,840
Operative operating profit, MSEK ²⁾	1,783	593	1,004
Operative operating margin, % ²⁾	4.1	1.4	2.2
Operating profit, MSEK	1,752	614	1,057
Operating margin, %	4.0	1.4	2.3
Pre-tax profit, MSEK	1,230	383	815
Earnings per share, SEK	3.48	1.01	2.47
Dividend per share, SEK ³⁾	2.25	1.80	1.60
Return on equity, %	13.1	3.8	9.2
Equity/assets ratio, %	28.2	24.0	24.9
Cashflow before financing, MSEK	2 803	624	974
Net debt, MSEK	3,886	5,948	6,470
Orders received, MSEK	31,690	34,292	38,743
Order backlog, MSEK	24,922	28,164	28,056

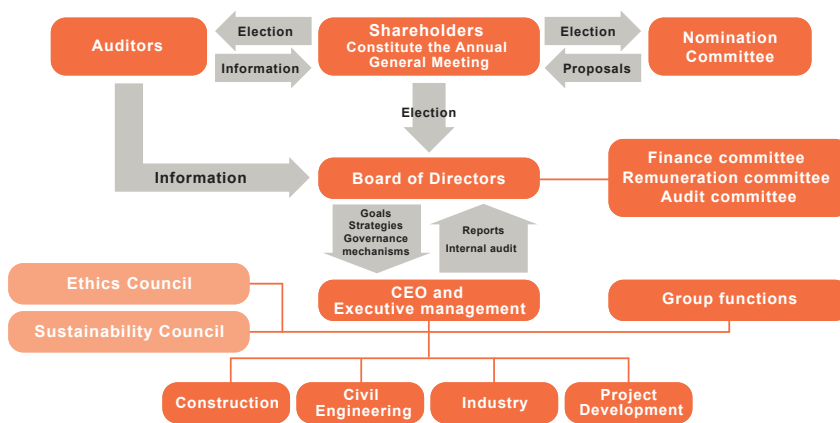
For more information, we refer to Peab's 2014 Annual Report.

¹⁾ Not translated according to IFRS 11, Joint Arrangements.

²⁾ 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.

³⁾ Board of Directors' proposal for 2014.

CORPORATE GOVERNANCE IN PEAB



Shareholders

All shareholders, including minority interests, can influence the company by exercising their voting rights at the Annual General Meeting (AGM), Peab's ultimate decision-making body. The Annual General Meeting provides a forum for shareholders to ask questions and submit comments on Peab's activities and work on sustainability.

Nomination committee

The nomination committee consists of four members: the Chairman of the Board and three members representing Peab's large and small shareholders. One of the nomination committee's main tasks is to nominate candidates for election to the Board of Directors at the AGM.

Auditors

The Annual General Meeting elects an auditor to examine Peab's financial reporting. As of the 2014 meeting, Peab no longer has individually elected auditors. The elected auditor is KPMG AB.

Board of Directors

Peab's Board of Directors is ultimately responsible for the business, and thus also for work on sustainability. The Board of Directors comprises a total of ten members and two deputies. Seven of the members

are elected by the AGM and three permanent members and two deputies are appointed by employees' organisations. Of the seven members elected by the AGM, five are considered to be independent and two dependent in relation to the company and company management and in relation to the company's major shareholders. Employees have an opportunity to influence Peab's business via their employees' representatives.

Finance committee

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

Remuneration committee

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

Audit committee

The audit committee consists of the seven Board members elected by the AGM. The committee prepares the work of the Board of Directors to quality-assure the company's financial reporting and define guidelines for

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

Executive Management

The President, who is also the CEO, manages the business in accordance with the framework adopted by the Board of Directors and is responsible for the ongoing administration and control of the Group. Peab's executive management team in 2014 consisted of six people, none of them a member of the Board.

Group functions

There are a number of Group support functions that serve to manage and develop the various Group support processes.

Business areas

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

The Sustainability Council and the Ethical Council

Work previously carried out by the Sustainability Council was performed by the CSR function in 2014. During 2014 Peab reviewed which competences and areas of responsibility should be included in the Group's proposed Sustainability Council. A new structure for the composition of the council will be implemented in 2015.

The Ethical Council deals with any breaches of Peab's ethical guidelines. The Ethical Council is composed by a representative of the executive management, three representatives of the Group functions (HR, Safety and Legal Affairs) and, when appropriate, the manager (Business Unit Director or Chief Operations Manager) in charge of the operations to which a specific topical issue belongs.

Age and gender distribution 2014 (2013)

	Number of members	Percentage of women (%)	Percentage of men (%)	Percentage of people aged < 30 (%)	Percentage of people aged 30-50 (%)	Percentage of people aged > 50 (%)
Board of Directors (incl. deputies)	12 (13)	25 (23)	75 (77)	0 (0)	42 (38)	58 (62)
Executive Management	6 (6)	17 (17)	83 (83)	0 (0)	67 (67)	33 (33)
Finance and remuneration committees	3 (3)	0 (0)	100 (100)	0 (0)	0 (0)	100 (100)
Audit committee	7 (8)	29 (25)	71 (75)	0 (0)	29 (25)	71 (75)
Auditors (incl. deputies)	1 (4)	0 (0)	100 (100)	0 (0)	0 (0)	100 (100)
Nomination committee	4 (4)	0 (0)	100 (100)	0 (0)	25 (25)	75 (75)

Stakeholder dialogues about sustainability

Every year Peab conducts dialogues focusing on sustainability with some of the stakeholder groups which affect or are affected by the business. These dialogues provide an enhanced understanding of the stakeholders' expectations and how they view Peab's business, the role of community builders and the work on sustainability being carried out at Peab. The results contribute to development and form the basis of what is described in this sustainability report.

LISTEN TO STAKEHOLDERS

Peab's business affects and is affected by a number of different stakeholders. Listening is an important tool that enables us to develop, to build long-term relations and to create good collaboration.

Collaboration is a prerequisite for Peab's business, and every day the employees meet stakeholders in various forums in order to reinforce relations and listen to desires and expectations that are put forward. There are well-established channels for meetings, communication and feedback for many of the stakeholder relations. Meetings with customers and clients, for example, take place on an ongoing

basis in daily operations, and customer surveys are conducted in order to obtain viewpoints on cooperation. Employee surveys, shareholders' general meetings, information meetings in residential areas, student fairs, supplier meetings and partnership projects are other examples of contexts in which Peab meets and listens to stakeholders.

SUSTAINABILITY-ORIENTED DIALOGUES

Since 2012 Peab has been conducting an annual stakeholder dialogue on sustainability that focuses on how Peab, together with the stakeholders, can contribute to sustainable social development. This serves many purposes: the results provide valuable input into continued work on sustainability, it contributes to Peab's development and defines the content of this sustainability report. At the same time, it offers an opportunity to highlight the importance of sustainability-related issues among stakeholders, which Peab undertook to do when signing the UN Global Compact. Hopefully it also contributes to a greater focus on sustainability in the industry.

A wide-ranging dialogue on sustainabil-

ity took place in 2013 in which Peab, by means of both interviews and contacts, made contact with a total of 180 stakeholders from nine of the stakeholder groups in the illustration below. As customer and supplier relationships were highlighted as important areas for work on sustainability, this year Peab has continued the dialogue with these groups in greater detail. Interviews were conducted with 14 suppliers and 17 business customers, all with a link to one or more of Peab's business areas. Business customers were involved in interview form in both 2013 and 2014. In 2013 it was primarily those responsible for sustainability who were interviewed, while this year's dialogues took place with representatives closer to operations, such as business area managers and project managers. This provided a new perspective and an opportunity to listen to those who have daily contact with Peab.

The interviews dealt with areas including how the stakeholders perceive Peab's work on sustainability, how they themselves work on sustainability, what they expect of a community builder, whether they consider Peab to be outstanding or deficient in any areas and, finally, what they believe Peab should prioritise in future.

Stakeholder inventory 2014





CONCLUSIONS FROM THIS YEAR'S DIALOGUES

This year's sustainability dialogues have been fruitful and insightful. The work of customers and suppliers in the area of sustainability has proven to be varied in nature, but everyone agrees that these issues are business-critical. Experiences of collaborating with Peab vary, and many make the point that it is the individuals in each project organisation that decide how the partnership works and how sustainability-related issues are handled. This emphasises the importance of high levels of competence in all employees.

"What is expected of a community builder?" This was one of the questions put to customers and suppliers. Contributing to the physical construction of all components in the social structure, infrastructure as well as construction works, was mentioned by most. Many also emphasised the fact that a community builder is expected to assume responsibility in the local community, to take part in the social debate and to contribute to long-term social development.

When asked "How is Peab's work on sustainability perceived?", many replied that the term 'sustainability' is rarely discussed at workplaces. The focus is rather on dealing with factual issues such as the working environment, quality and the environment. For many of the contact persons this was the first time they had been asked to talk about sustainability as a general concept, which according to them signalled the fact that Peab takes the matter seriously. Many mentioned the fact that Peab's core values (Down-to-earth, Developing, Personal and Reliable) pervade the business – employees at Peab keep their promises and are skilled producers.

As for Peab's strengths and areas for development, the responses varied. Strengths mentioned regularly were primarily the local presence, a pervasive entrepreneurial spirit, short decision-making paths and the fact that Peab can be relied upon when it comes to production, finances and scheduling. Employees at Peab encourage an open climate of cooperation and are receptive to preferences and new thoughts and ideas.

Areas for development mentioned included many general challenges facing the industry. Suppliers stated a number of times that they would like to be involved at earlier stages so that the shared experience can improve the project's prospects. A clear specification of requirements and monitoring are also something that suppliers exclude demand, as they believe this would exclude rogue operators. The fact that the industry is characterised by small margins was highlighted by many as a challenge when it comes to driving certain sustainability-related issues, while others made the point that sustainability is a precondition for continued competitiveness. According to the stakeholders, Peab can develop its communication about what is being done in the area of sustainability and thus position itself as an attractive business partner in projects with a focus on sustainability. Peab is also considered to have potential for development when it comes to taking advantage of its size and propose innovative solutions and concepts. ▶▶

REPORT CONTENTS

The dialogues with stakeholders and internal prioritisation of sustainability areas have enabled Peab to define the areas that make up the content of this report. All areas are relevant for the whole business and

have been raised by most contact persons during the interviews. To simplify the structure of the report, the important areas have been divided into four general sections about Peab's work on sustainability: The Employees, The Business, Climate and

Environment, and Social Engagement. See the illustration below for the areas identified as most important within each section.

THE EMPLOYEES	THE BUSINESS	CLIMATE AND ENVIRONMENT	SOCIAL ENGAGEMENT
<ul style="list-style-type: none"> Health and working environment Skills and career development Equal opportunity and diversity 	<ul style="list-style-type: none"> Customer and supplier collaboration Responsibility in the supply chain Ethics and anti-corruption 	<ul style="list-style-type: none"> Resource efficiency Phasing out of substances hazardous to the environment and health 	<ul style="list-style-type: none"> Assuming responsibility and participation in the local community Focus on young people Mentoring

Areas of highest priority according to stakeholder groups				
Construction business area	Selection	Number of interviews	Areas with highest priority	
			1-3 years	5-10 years
Business customers	The interviews were conducted with public and private real estate and housing companies in the Swedish, Norwegian and Finnish markets respectively.	7	<ul style="list-style-type: none"> Health and working environment Energy efficiency Ethics and anti-corruption Substances hazardous to the environment and health Social engagement Efficiency improvement methods 	<ul style="list-style-type: none"> Health and working environment Energy efficiency Efficiency improvement methods Innovation and development Ethics and anti-corruption
Suppliers	Interviews were conducted with major suppliers to the construction business in Sweden, Norway and Finland.	6	<ul style="list-style-type: none"> Health and working environment Ethics and anti-corruption Energy efficiency Efficiency improvement methods Customer and supplier collaboration 	<ul style="list-style-type: none"> Energy efficiency Health and working environment Efficiency improvement methods Equal opportunity and diversity Ethics and anti-corruption Innovation and development
Civil Engineering business area				
Business customers	The interviews were conducted with public and private orderers of civil engineering services in the Swedish and Norwegian markets.	6	<ul style="list-style-type: none"> Health and working environment Substances hazardous to the environment and health Energy efficiency Ethics and anti-corruption Efficiency improvement methods 	<ul style="list-style-type: none"> Health and working environment Efficiency improvement methods Transport and carbon dioxide Substances hazardous to the environment and health Energy efficiency
Suppliers	The interviews were conducted with major suppliers to the Swedish civil engineering business.	4	<ul style="list-style-type: none"> Health and working environment Ethics and anti-corruption Customer and supplier collaboration Substances hazardous to the environment and health Transport and carbon dioxide 	<ul style="list-style-type: none"> Transport and carbon dioxide Health and working environment Social engagement Energy efficiency Substances hazardous to the environment and health
Industry business area				
Business customers	The interviews were conducted with public and private orderers of services from Peab's industrial companies in the Swedish market.	4	<ul style="list-style-type: none"> Ethics and anti-corruption Health and working environment Substances hazardous to the environment and health Customer and supplier collaboration Resource utilisation and waste 	<ul style="list-style-type: none"> Customer and supplier collaboration Ethics and anti-corruption Resource utilisation and waste Innovation and development Energy efficiency Transport and carbon dioxide
Suppliers	The interviews were conducted with major suppliers to the Industry business area based in the Swedish market.	4	<ul style="list-style-type: none"> Health and working environment Energy efficiency Ethics and anti-corruption Innovation and development Customer and supplier collaboration 	<ul style="list-style-type: none"> Customer and supplier collaboration Innovation and development Energy efficiency Efficiency improvement methods Skills and career development

Customers and suppliers to the Project Development business area did not participate in this year's stakeholder dialogue.



The Employees

Responsible managers and inclusive employeeship are decisive for Peab's continued success. It is also important to provide employees with an opportunity to develop and a safe workplace. Peab's employees continuously undergo skills development in order to meet the market's requirements, but also to understand different customers' conditions and needs.

HEALTH AND WORKING ENVIRONMENT

Health and the working environment is, and has long been, a priority issue at Peab. It is also one of the areas that stakeholders highlight as being one of the most important. The physical work carried out in the industry involves certain risks, but by means of risk assessments, systematic work and feedback of knowledge it is possible to reduce or entirely avoid accidents.

During 2014, minor organisational changes were made in health and working environment. The purpose was to improve work methods, coordination and interfaces between different central functions, and to create better conditions to support line managers. In December, Executive Management made an ambitious decision on a goal in the working environment area: the number of workplace accidents shall be

halved during the period 2015-2017. One immediate consequence of this decision is that monitoring work and measures will be further intensified.

Systematic work on the working environment

Peab's working environment policy is integrated into the company policy and forms the basis of strategic work on the working environment. Work on the working environment is a part of the business management system, and Peab works in accordance with the requirements of each country's current legal regulations. In Sweden, the requirements of AFS 2001:1 are observed, and in Norway Peab works in accordance with the Norwegian Working Environment Act as well as current regulations for the construction and civil engineering industry. The Finnish business is certified in accordance with OHSAS 18001.

Working environment organisation

There is a high degree of competence in the working environment at all levels in the organisation. Strategic work is run at Group and business area level. Responsibilities and mandates for issues relating to the working environment have been delegated to the line organisation and are an integral element of daily operations. In addition to the 115 (73) employees who work on working environment issues in various

parts of the organisation, there are also health and safety officers appointed by employees who represent employees on working environment issues in every single project. Peab has 698 (580) health and safety officers in the Swedish business, 83 (100) in Norway and 46 (45) in Finland. Also working at Peab are 59 so-called HAMare (case officers in issues relating to the working environment, trade union position). Together, the health and safety officers, HAMare and those who work on working environment issues on a daily basis make up approximately eight (six) per cent of all employees at Peab. 100 per cent of employees at Peab are covered by collective bargaining agreements.

At the turn of the year 2013/2014 an agreement was reached regarding Peab's health and safety officers. The agreement was concluded between Peab's Swedish business and both Byggnads and SEKO, which represent the majority of employees at the workplaces. The aim of the agreement is to further secure good health and safety operations at Peab's workplaces by means of engaged, active health and safety officers with good competence and clear mandates.

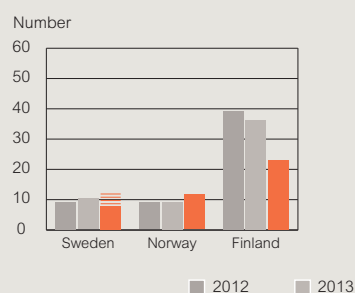
Preventive work on the working environment

Peab works preventively to avert accidents

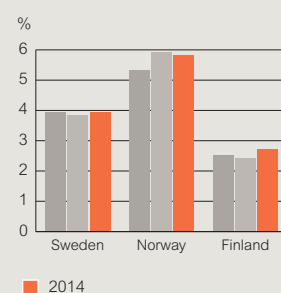
Number of employees by country, gender and personnel category – 13,213 in total, of whom 10.8 per cent are women

	Sweden		Norway		Finland		Peab in total	
	Men	Women	Men	Women	Men	Women	Men	Women
Salaried employees in managerial positions	1,443	95	128	15	119	6	1,690	116
Other salaried employees	2,157	948	386	83	134	66	2,677	1,097
Skilled workers	6,235	192	838	4	341	23	7,414	219
Total	9,835	1,235	1,352	102	594	95	11,781	1,432

Workplace accidents per 1 million hours worked



Sick leave



Contracts of employment for all employees

	Men	Women
Permanent employees	11,111	1,271
Project/temporary employees	670	161

Type of employment for permanent employees

	Men	Women
Full-time employees	11,005	1,162
Part-time employees	106	109

Statistics on accidents at the workplace are based on accidents that have caused an absence of at least eight hours. In previous years, statistics has been based on data from internal systems for Norway and Finland, whereas for Sweden it has been based on data retrieved from the Swedish Work Environment Authority. From 2014 and onwards, statistics for Sweden will be based on data from the internal system as well, as a result of improved work methods. The discrepancy between internal and external statistics is marked through the hatched bar area. The explanation for the discrepancy is that the statistics retrieved from the Swedish Work Environment Authority is entirely based on severe accidents (visit www.av.se), while the internal system intercepts all accidents having caused eight hours absence.

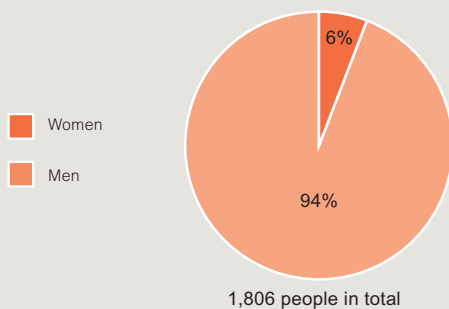
We are better together

For the third year in a row, Peab organised a Group-wide focus week on the subject of the working environment. During the focus week of 2014, 566 workplaces in Sweden, Norway and Finland were visited by the company's managers and management groups. The purpose of the focus week is to create a dialogue and engagement around issues relating to the working environment and the areas of the working climate, employeeship and leadership. During these visits, experiences were shared and areas for improvement were discussed together. Engaging all employees in working environment issues is a precondition for the creation of safe, secure workplaces.

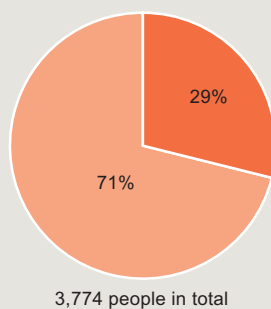
It emerged from the dialogue that Peab's procedures for morning meetings, incident reporting, work preparation schedules and planning are much-appreciated tools in day-to-day work on the working environment. In addition, the result of Peab's new employee survey, conducted during the same period as the focus week, reveals that the work on the working environment is well functioning and that employees feel that they have access to the tools and the protective equipment they need.

Working with the lessons from these visits and from the employee survey makes it possible to further enhance Peab's working environment. Each business area is informed of specific improvement areas and the opportunity to develop preventive measures in the field of the working environment. One decisive factor in development work is that all of us must assume responsibility – we contribute to each other's working environment and the improvement work is done together.

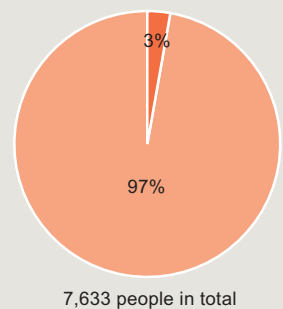
Salaried employees in managerial positions by gender



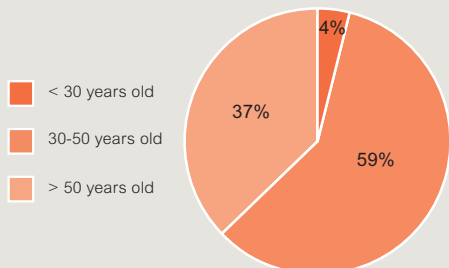
Other salaried employees by gender



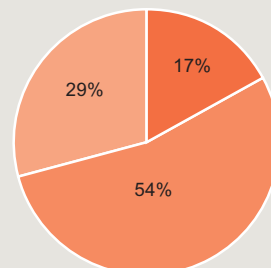
Skilled workers by gender



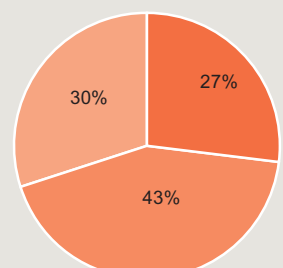
Salaried employees in managerial positions by age



Other salaried employees by age



Skilled workers by age



at the workplaces by providing safe equipment, quality-assured work methods and training in this field. When employees and subcontractors arrive at a new workplace, they are given an introduction to and a review of risks at the workplace. Work continued in 2014 to distribute safety warnings in the organisation when serious incidents or accidents had occurred. A safety warning consists of brief information about what happened and advice on how similar events can be prevented. Peab's crisis organisation, which has been trained by the Swedish Civil Contingencies Agency, is involved in the event of serious accidents. All accidents are investigated meticulously and action is taken to avoid any recurrence. There were no fatal accidents at Peab's workplaces during 2014.

Follow-up and improvement work

All incidents and accidents are reported and followed up so that lessons can be learnt from what has occurred. In Sweden and Norway, incidents and accidents are registered through an online system, and in Finland reporting takes place directly to the Working Environment Manager. A number of workplace audits are also conducted every year in all countries. The results are analysed on an ongoing basis, which combined with results from employee statistics, employee surveys, employee appraisals and the occupational healthcare scheme makes it possible to identify causal connections. This then forms the basis of decisions on priorities, goals and measures.

Work to promote health

Apart from preventive and rehabilitative work on health, Peab focuses on further developing work methods to promote health. When employees are happy and have a good work/life balance, the conditions are created for motivation and job satisfaction, which are crucial for the business's success. Peab offers employees a broad range of activities in the areas of exercise and culture, as well as keep-fit subsidies and other benefits.

The number of occupational illnesses registered in the company fell during 2014, from 71 to 43. Peab's current system does not have the facility to identify what kind of occupational illness causes sick leave, and the statistics only cover Sweden. The Swedish Work Environment Authority has conducted an investigation into occupational illnesses in the industry and identified loading factors as the biggest cause (65 per cent) of occupational illnesses. Peab has for a number of years been training site managers and health and safety officers in ergonomics. This training is provided by our partner company for occupational healthcare and consists of theory, group sessions and an ergonomic inspection of their own workplace.

SKILLS AND CAREER DEVELOPMENT

Having the right competence in the company is crucial for being able to meet customers' requirements and expectations. In the same context, it is also important that Peab can offer employees the continuous development they demand. This means that skills development is an important area in the field of sustainability, with a strong link to both the business and the brand.

Personnel supply became skills supply

A wide-ranging analysis was conducted during 2014 in connection with the annual personnel supply process, in which the current status, future needs and potential approaches to skills supply were considered. One of the conclusions was that Peab needs to adopt a new approach to supplies in future, and a new, integrated function was set up at the end of the year: skills supply.

Group-wide induction day

The purpose of a Group-wide induction day is to provide all new employees with a greater understanding of the business and to enable them to settle into their work quickly. The day offers an overall view of Peab's business, featuring everything from history, core values and operations in the various business areas to work on the

working environment and ethics. A total of 458 new employees attended the introduction day during the year, and in 2015 the development of the employee introduction as an overall concept will continue.

Skills development

Extensive development work was carried out during 2013 on a new skills development model at Peab, based on the 70-20-10 skills model. The aim is that 70 per cent of our skills development takes place in day-to-day work, 20 per cent through networks, sharing and collaboration and 10 per cent through formal training. Formal training and courses are important for framework skills and specialist knowledge, but knowledge and skills develop best when learning is a part of work. The consequence is that the number of hours spent on courses is reduced, while the number of development hours increases.

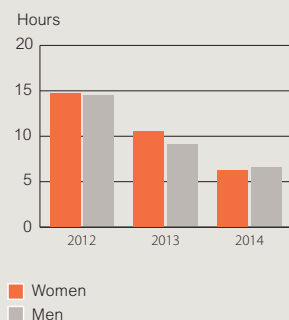
Peab's new development offering was launched in 2014. The first to be made available were job-specific programmes that aim to prepare employees who are to take up a new managerial role. The programmes are structured with three main elements: Peab's fundamental values and work methods, leadership and specialist competence.

In addition to the programmes, there is a wide range of individually adapted, free-standing development opportunities in both specialist areas and leadership. The development of Peab's skills development offering will continue in 2015, with a greater focus on specialist areas, skills development opportunities for skilled workers and the Nordic perspective.

Goal and development appraisals

The model for the employee appraisal has been developed during the year. A more clearly defined work method based on goals and performance reduces the risk of subjective assessments, while improving levels of equality and quality in the appraisals. A pioneer group was appointed to test the new model. Evaluation will take place during spring 2015, after which a

Number of training hours per employee and gender



Number of training hours per employee and employee category



During 2014, the number of training hours per employee has fallen as a consequence of the introduction of the 70-20-10 model, and the fact that Peab directs its training initiatives more at target groups.



quality-assured appraisal model can be designed for all employees. In 2014, 70 per cent of all employees stated that they had had employee appraisals (89 per cent of salaried employees in managerial positions, 81 per cent of all other salaried employees and 56 per cent of skilled workers). The ambition is to increase the number of development appraisals during 2015. Holding regular discussions about goals and development with their employees is a key element of the manager's job at Peab. The holding of employee appraisals has therefore been introduced as a threshold value for managers with a bonus entitlement.

Strong employer brand

A new process for Peab's employee survey, Handslaget, was developed during the year. The aim was to achieve broader acceptance among all employee groups and a greater focus on organisational development and monitoring work. The number of questions was reduced compared with previous years and indexes were created for the working climate, leadership and engagement. In order to guarantee the integrity of employees, the survey was made totally digital. Almost 10,000 employees participated, which at the time of the survey represented 77 per cent of all employees (93 per cent of the salaried employees and 67 per cent of the skilled workers).

The results of the survey were pleasing, as Peab achieved high values in all index areas. Peab's employer brand is very strong according to the international NPS (Net Promoter Score) index. This is also confirmed by Universum's and Metrojobb's annual "Sweden's Best Employers" survey, in which employees assess their current employer on the basis of three factors: internal identity, satisfaction and loyalty. With its 21st position, Peab is one of the best employers in the country.

Looking ahead, we focus on maintaining the good working climate. Continued development areas mainly involve reducing the gap between salaried employees and skilled workers, and working even more with clear management by objectives.

Inclusive employeeship 2015

After the results from the employee survey Handslaget had been processed, it was decided that HR work should be enhanced with a focus on including the skilled workers' perspective in HR processes. HR work in 2015 will be characterised by not only a greater focus on skills supply, but also work to develop an inclusive approach to employees. Peab's core values together with the employee and managerial profiles comprise clear guidelines in this work, and the introduction of placements at construction sites for salaried employees is part of this work. The Nordic development process shall be characterised by a diversity perspective, and the aim is to erase the old dividing lines between employee groups.

EQUAL OPPORTUNITY AND DIVERSITY

Equal opportunity and diversity are challenges and core issues for the whole industry, and also for Peab. These issues are amongst the Group's focus areas for the period 2015-2017, with clear goals and a specific plan for a fundamental change in culture and understanding. A project plan was drawn up during the year with objectives, and these will be specified and translated into action plans during 2015.

The Group's goals in this area are:

1. At least 40 per cent of all newly qualified engineers recruited are women.
2. The proportion of employees with a foreign background corresponds to at least 12 per cent of the total number of employees at Peab.
3. The proportion of women in each management group within a commercial/production-related business is at least 16 per cent.

Skills development of managers and employees in this area is an issue for the whole industry and will be treated as such by Peab playing an active role in the Swedish Construction Federation's group for diversity in the industry. An industry-wide training programme will be developed

during 2015 and elements of it will be integrated into Peab's management development programme.

A resource will also be appointed in 2015 with the task of revising and developing Peab's equal opportunity plan.

Equal pay

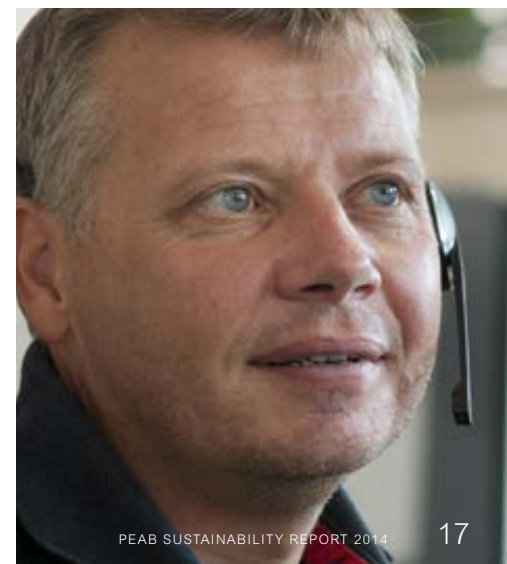
Legislation in each country governs work on equal pay in the Peab Group. For the Group, this means that pay for women and men is set in the same way regardless of gender, and it must be the type of work, performance and competence that determine the individual pay level.

For the business in Sweden, legislation states that a wage review including an analysis of women's and men's pay must be conducted every three years. The purpose of this analysis is to identify, rectify and prevent non-subjective differences in pay and other terms of employment for equal, equivalent positions for women and men. If the review identifies any non-subjective differences in pay, Peab must adjust these. There is similar legislation in Norway and Finland, including requirements for a pay review and associated action.

Entitlement to inclusion in Peab's various incentive schemes is based on position and there is no differentiation between men and women within the same occupational group.

MentorBygg

In 2014 Peab joined MentorBygg, a national mentoring programme under the auspices of the Swedish Construction Federation, which aims to increase the proportion of female managers in the construction industry. The intention is that the mentoring programme will contribute to the future supply of managers in the industry and increase the industry's ability to attract and retain its talents by developing and making use of the competence of women.



The Business

Issues of sustainability are business-critical from both a risk and an opportunity perspective. Long-term profitability requires work on sustainability that meets requirements and expectations from those around us, while at the same time creating new business opportunities. Good business ethics is a cornerstone of Peab's business.

COLLABORATION AND DEVELOPMENT

There are many benefits of collaboration, and they feature financial, environmental and social aspects. There is much to gain from close collaboration in the early stages, as was highlighted by virtually all participating stakeholders during the year's sustainability dialogues. Together we can create better conditions for planning, efficiency improvement and resource management. This makes it possible to achieve benefits such as reduced and guaranteed total costs, increased quality and a shorter, predictable project period. Collaboration also provides an opportunity for learning and development.

The market is in the process of changing its structure, and various kinds of collaboration are becoming increasingly common. One reason is that partnerships result in more solid business relations. Other positive effects that reinforce this collaboration trend relate to price, quality, time savings and a more stimulating working environment. Peab often takes part in industry-wide development projects. The whole industry needs to move forwards in order to be able to contribute to more sustainable social development. Collaborative work at Peab took on a more structured

form during 2014, and this will become evident during the financial year 2015.

LONG-TERM CUSTOMER RELATIONS

Peab strives to achieve long-term customer relations. Customers that make use of the opportunity to collaborate in some form are often involved in driving social developments. This means that Peab by collaborating not only gains a better insight into what the customer is demanding, but also awareness of why these requirements are important, so Peab's business can be adapted according to the customer's priorities. With preparation and insight, we can put forward suggestions of alternative solutions, customised to meet the customer's needs. A satisfied customer passes on a positive view of Peab's brand, and vice versa.

Satisfied Customer Index (SCI)

SCI surveys are used to investigate how customers perceive their contact with Peab and how well the product/service supplied meets their expectations. SCI surveys follow an international standard and are coordinated by an independent organisation. Customer surveys are sent to business customers, both internal and external, and to residential customers who have moved into homes developed by Peab and in those occasions where Peab has carried out measures under guarantee. This year's survey included business customers of all Peab's business areas. The SCI surveys deal with a number of different areas. Customers evaluate areas such as Peab's work method, documentation, business ethics, value for money, reliability and time planning. In 2014, the weighted average of the SCI result for the Peab Group was 72 on a scale from 1-100. The results are

analysed at various organisational levels, and the trends vary from region to region. It is therefore not relevant to make general conclusions regarding trends for the Peab Group. The results are instead processed within each region.

SUSTAINABLE SUPPLY CHAIN

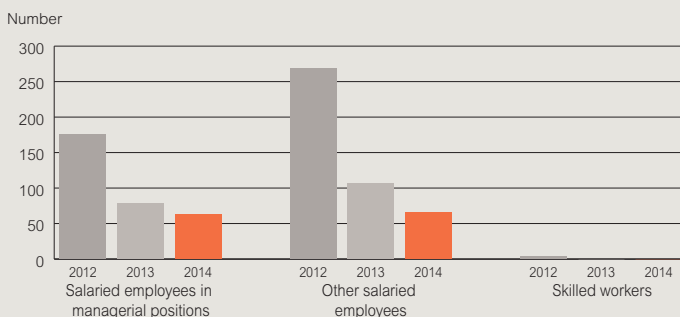
Peab's business concept is based on quality in the construction process. The Group contains the whole chain of production resources required to carry out the construction process, with the companies in the Industry business area offering supplies of raw materials and services for Construction and Civil Engineering. In addition, Peab depends on external suppliers and subcontractors. A sustainable supply chain requires input in all stages of the chain, and from all parties. It is therefore Peab's ambition to develop work on supplier assessments, evaluations and bodies for monitoring and support.

Requirements and monitoring

Peab's basic requirement is that all suppliers must comply with international conventions and national laws, as well as Peab's Code of Conduct, which is based on the UN Global Compact. The Code of Conduct is included in general contract regulations for both project and general agreements.

Peab's purchasing process contains procedures with supporting templates for the assessment of suppliers before purchases and evaluation after purchases. The assessments to be carried out before a supplier is engaged represent one stage of securing the project's requirements in areas such as quality, environment, working environment and total cost. In connection with the end of the project, an evaluation must

Number of employees trained in ethics and anti-corruption



The statistics on ethical training include the number of people who completed Etikundan (three-hour course on ethics) and Basblocket (1.5-hour session on ethics). In 2014 Peab put a lot of emphasis on the introductory training programme for new employees, which includes a brief section on ethics. About 460 new employees, half of them skilled workers, completed the introductory training programme during the year. The introductory training programme is not part of the statistics presented in the diagram on the left hand side.

Collaboration on housing innovation

As a partner of HSB and a participant in the HSB Living Lab project, Peab is involved in driving research into sustainable forms of housing for the future. The "living laboratory", which will be built at Chalmers University of Technology in Gothenburg, will become a mobile building with five floors, where the environment is constantly changing. It is expected to be ready for occupation during 2015.

The building will contain a residential area for students and visiting researchers, as well as an exhibition section with offices, show-rooms for research results and much more. Over a ten-year period, people will be moving into and living in the experimental building while new technical and architectonic innovations are tested and evaluated. These include anything from replaceable façades to housing modules that adapt to the temperature and human activity. Peab is a business partner throughout the whole research period and has signed a collaborative agreement until 2025. Peab has also signed a partnership agreement in respect of construction work.

How do we create sustainability that matches our climate now and in future? How can we save resources and energy? These are some of the questions that should be answered during the course of the project. HSB has developed the project together with Chalmers University of Technology and Johanneberg Science Park. Peab is working in collaboration with a number of different companies to create an arena for knowledge of sustainability and technical solutions that can be used in housing production of the future.



be performed of the suppliers that are considered to have a decisive influence on the project and customer undertaking with an emphasis on quality and environment. The main purpose of these evaluations is to facilitate the feedback of knowledge and where appropriate to support the supplier's development.

The Purchasing and Supplier Portal

2014 saw the launch of a purchasing and supplier portal, which was developed in-house. Assessments and evaluations can here be collated digitally, available to everyone working with purchasing at Peab. The system is not yet being used to its full extent, which has limited the possibility of compiling statistics from 2014. As more suppliers are registered in the Purchasing and Supplier Portal, it will be possible to improve current work on documentation and monitoring. The process of improving governance and guaranteeing quality control of suppliers has involved Peab's contract register being linked to the

Purchasing and Supplier Portal. For the same purpose, a report containing updated supplier data relating to credit, VAT and corporation tax is provided daily via an external information system.

Collaboration with the Swedish Tax Agency

In Sweden, Peab has since 2009 had an agreement with the Swedish Tax Agency to improve checks on subcontractors and to combat financial crime. The partnership provides Peab with access to information about suppliers' payments of taxes and employer's contributions. This helps with the identification of rogue businesses and increases the possibility of excluding criminal elements. Suppliers are blocked for two reasons: pure criminality or suspicions of rogue activities, insolvency/bankruptcy, etc.

The supply chain

Most of Peab's first tier suppliers are based in the Nordic countries, which have extensive regulations covering child labour and forced labour, human rights and the working

environment. It is Peab's assessment that the biggest risks for suppliers in the first tier relate to financial crime such as illicit work and tax evasion. The challenges may be different further down the chain. Work is under way to investigate suppliers in more tiers.

International purchases

Supplier assessments are conducted ahead of any purchases outside the Nordic region, often in connection with a site visit to the company in question. International purchases outside the Nordic region were made to a value of around SEK 647 million during 2014. This represents around 1.6 per cent of the total purchasing volume. 23 site visits were made during 2014 ahead of potential purchases outside the Nordic region, nine of which were to new suppliers, eleven to existing suppliers and three to suppliers' secondary suppliers. These visits involve an exhaustive review of the company's work in areas such as environment and quality, working environment, human rights and finance.



ETHICS AS A CORNERSTONE OF THE BUSINESS

Work on ethics and against corruption at Peab is about building trust and preventing risks to the brand, and aims to create secure, profitable business for all concerned. By preventing, checking and handling risks, these can be developed into opportunities and create long-term value for the customer, the company and the community. Crucial elements of this work are preventive training on ethics and making sure that any breaches have consequences and are made visible. A systematic work on ethics have repercussions in the form of a stronger brand, greater competitive strength and reduced costs.

The Ethical Council

Peab has an Ethical Council that consists of one representative of executive management, three from Group functions (HR, Safety and Legal Affairs) and, where applicable, the senior manager (business area manager or Group function manager) under whose business area the issue in question belongs. The Ethical Council reports directly to executive management. The 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. In collaboration with Peab's Security Department, a decision basis is prepared on what measures should be taken in the event of a breach. The consequence of an ethical breach can be anything from a verbal warning to a written reminder, the serving of notice, dismissal and reporting to the police. The Ethical Council makes sure that incidents that occur in the Group are handled in the same way, regardless of within which part of the business they occur and the position of the person who committed the breach.

Peab's ethical guidelines

Peab's work on ethics is based on the ethical guidelines, which summarise how Peab's employees shall behave in the

company, in business activities and in the community. Peab must stand for good business ethics and transparency. To achieve this, everyone at Peab is encouraged to assume personal responsibility for their behaviour. Peab's ethical guidelines are attached to each employment contract. By signing the contract, employees themselves undertake to observe, and where appropriate in their managerial role to communicate, the values on which Peab's ethical guidelines and Code of Conduct are based. Supplementary documents, such as the manual for entertainment and procedures for the approval of invoices, contain rules on how Peab employees should behave in specific matters. If anyone is unsure about how to behave in a given situation, help is available from their manager, from Peab's Group functions or from the Ethical Council.

Peab has for a number of years been able to report suspected breaches to the Ethical Council or to the Group's Security Department, through either an open or an anonymous process. A decision was made in 2014 to implement an external whistleblowing system. It will then be possible to submit reports of suspicions via an IT system that is outside Peab, which allows anonymous correspondence with the reporter if there is any need for supplementary information, as well as monitoring and feedback of individual cases. It is expected that the new system will be implemented during spring 2015.

Preventive training on ethics

As an element of preventive work against corruption and breaches of Peab's ethical guidelines, the wide-ranging training programme known as Etikrundan was started in 2009. Since then, about 3,700 salaried employees in Sweden, Norway and Finland have completed the course. Throughout the course, various ethical dilemmas that can take place within the business are discussed. The intention is to provide participants with an opportunity to calibrate their ethical compass against the standards and rules that apply within Peab

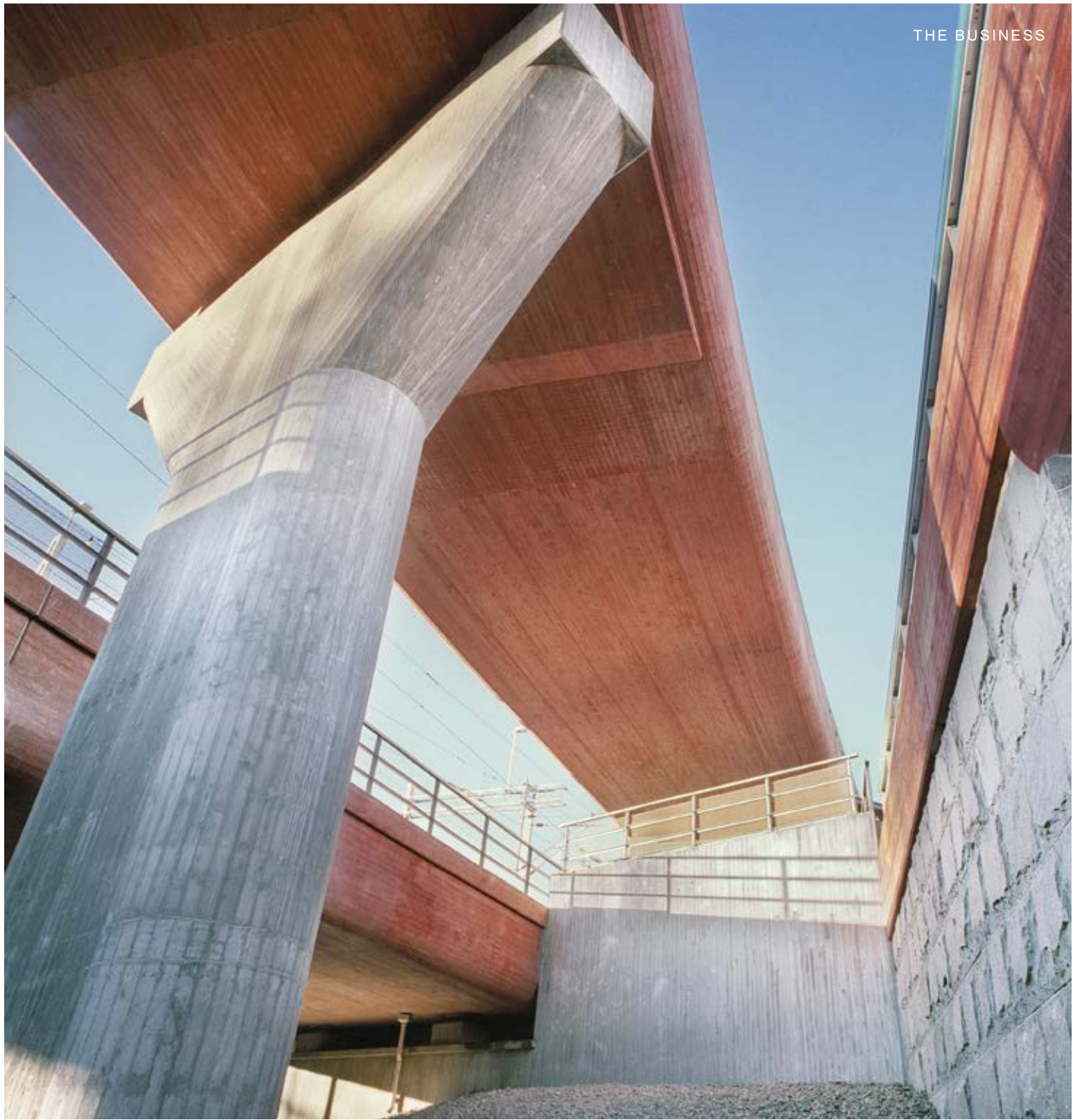
and to provide a method of identifying solutions to various kinds of ethical dilemmas. In addition, the Group-wide introduction day aimed at all new employees, as well as the job-specific training programmes, include preventive training on ethics.

Events during the year

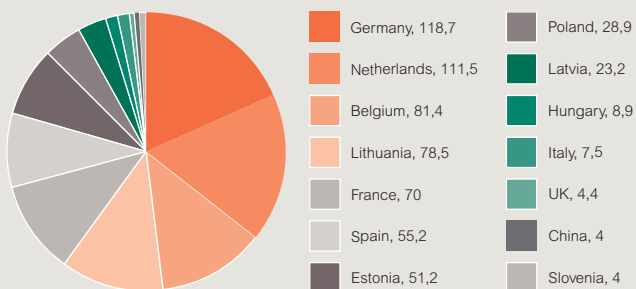
During the year, no incidents of anticompetitive activities, breaches of the competition law or monopolistic behaviour leading to legal action has occurred. In one case, a supplier was excluded from new assignments as a result of involvement in corruption.

In 2014, Peab discovered five internal incidents of suspected corruption/financial irregularities. All incidents were handled by the manager in charge with the support of the members of the Ethical Council. Two incidents have been reported to the police, whereas for four of the incidents employment law measures have been taken. An employment agency that Peab previously hired has been prosecuted and convicted of financial criminality.





Purchasing volume (SEK million) in countries outside the Nordic region



International purchases outside the Nordic region were made during 2014 to a value of around SEK 647 million, representing approximately 1.6 per cent of Peab's total purchasing volume.

PURCHASING 2014

- Total purchasing volume was approximately SEK 41 billion.
- The purchasing volume outside the Nordic region was approximately SEK 647 million, representing 1.6 per cent of the total purchasing volume.
- Most of the purchases were of contract works, i.e. including both materials and labour.
- The number of suppliers was approximately 41,000.
- About 1,700 suppliers accounted for approximately 80 per cent of the purchasing volume.

Climate and Environment

Reducing the business's negative climate and environmental impact is an obvious part of responsible community building. Efficient resource management generates both business opportunities and the potential for financial savings – while at the same time reducing the impact on the environment. Peab's systemic environmental work is integrated into the business and we work continuously on issues of improvement and development.

SYSTEMATIC ENVIRONMENTAL WORK

Peab's climate and environmental work takes place at all levels of the organisation and is an integral part of the business. The business areas collaborate on shared issues, and are responsible for developing and running climate and environmental work within their respective businesses. Through environmental impact assessments at relevant levels, significant environmental aspects are identified, which form the basis of the work with goal formulations and priorities. The business areas have resources at regional and company level to support work in day-to-day operations. Environmental work in the opera-

tional business is passed on to subcontractors and suppliers when agreements are signed, by means of project plans and in day-to-day work.

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 and 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 national certification systems.

Environmental certification of buildings and civil engineering works

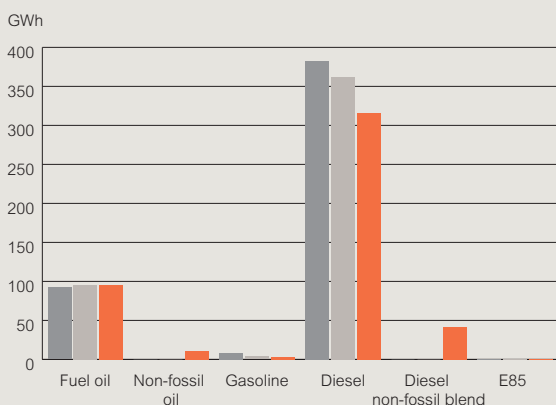
Peab works systematically with environmental certification, both at the client's request and within in-house projects. Work on environmental certification is primarily established in the market for buildings, but there is increasing interest in the certification of civil engineering projects. Amongst Peab's employees there are people with competence in not only CEEQUAL (a tool for sustainability classification of civil engineering projects), but also BREEAM,

LEED, Svanen and Miljöbyggnad (tools for the environmental certification/labeling of construction projects). Working in accordance with these environmental certification systems facilitates systematic work on the environmental issues dealt with in the various systems. Peab is involved in the development of the certification systems together with other industry operators.

RESOURCE EFFICIENCY

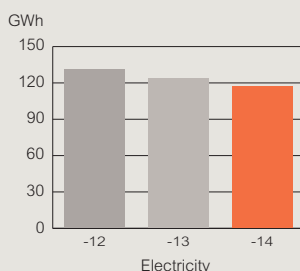
Resource efficiency is a critical issue in the energy-, material- and transport-intensive industry in which Peab operates. Developments of new solutions and stricter requirements come along quickly. Well-established procedures and processes, a high level of competence and continuous development work are therefore crucial in order to be able to rationalise resource utilisation and reduce the negative climate and environmental impact. The links between resource efficiency and financial savings are evident. By employing a resource-efficient work method, Peab sees opportunities to create competitive advantages and lower production costs. It also creates the conditions for being able to satisfy future regulations, tougher customer requirements and developments in the industry.

Fuel consumption, 415 GWh



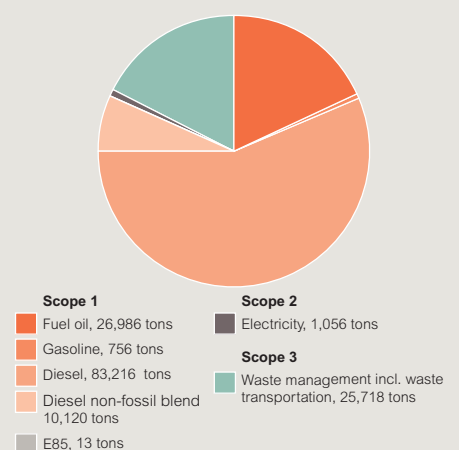
The chart shows the fuel consumption in Sweden. The statistics are based on the number of litres purchased and the conversion into GWh is performed using the conversion factors in GRI. Separate reporting of diesel with a non-fossil blend started in 2014.

Electricity usage, 117 GWh



The statistics for electricity include the business in Sweden and Finland. Electricity usage in Sweden is limited to the electricity purchased via a central contract supplier. This electricity is environmentally declared, and corresponds to around 50 per cent of the purchasing volume for electricity. The electricity usage in Finland is estimated on the basis of the finance system.

Carbon dioxide emissions, 147,865 tonnes



The above chart shows Peab's carbon dioxide emissions for the Swedish business. The emissions from fuel consumption (scope 1) were calculated with the aid of the Greenhouse Gas Protocol. The emissions from electricity usage (scope 2) are based on the environmental declaration for hydro power electricity by Vattenfall, and the emissions from waste management (scope 3) are calculated with a tool developed for the industry.

Peab first with Nordic e-Construction

The construction industry's supply chain has long been characterised by orders being placed at short notice and hence, limited communication of plans. This is why over-capacity has long been necessary in order to be able to guarantee reliable deliveries.

Peab has for about 2.5 years been running pilot projects and was the first in Sweden to use the industry standard for the electronic sharing of information for civil engineering transport operations and machine services, known as Nordic e-Construction (NeC). This standard was developed by the Swedish Construction Industry's Electronic Business Standard (BEAst) with the purpose to rationalise the ordering and payment process.

Through a digitised system which offers information in real time, an opportunity to work in the same way with all parties is given. Increased automation has contributed to less administration and thus freed up time for planning. Users and customers have concluded that the system offers more efficient routes, consolidated loading and returns. All this result in lower costs, shorter lead times and fewer errors. It can thus be confirmed that NeC brings both productivity and environmental benefits in terms of civil engineering transport operations and machine services. Standardised industry article numbers for materials, machines and services are also expected to contribute in work on environmental improvement measures, as it allows for statistics and monitoring of, for instance, fuel consumption.

Energy efficiency

Peab focuses on finding energy-efficient solutions in production, and also for the products handed over to the customer when an assignment is completed. The Construction business area invested in skills development during 2014 in order to improve knowledge of energy-efficient construction and energy monitoring. Peab strives to build homes with low energy consumption levels. We plan on the basis of 75 per cent of the energy consumption specified as requirements in standards in our in-house housing projects. Peab's energy process for construction is integrated into the business management system and is based on Sveby's "industry standard for energy". Energy Agreement 12, an industry standard for energy consumption in line with Sveby, is being applied together with certain clients.

The focus in Peab's construction and civil engineering projects is also on making the workplaces more energy-efficient by means of a number of different measures. Examples include well-insulated cabins, presence-controlled lighting and LED lamps.

Over the last ten-year period, Peab Asphalt has been working intensively to develop an energy-efficient manufacturing process for asphalt. By reducing the laying temperature of the asphalt by around 30 degrees, it is estimated that energy consumption is cut by about 20 per cent and carbon dioxide emissions by 30 per cent. In 2014, lower temperature asphalt represented 3.9 (3.3) per cent of Peab's total asphalt laid in Sweden and Norway.

Fossil-free energy sources

In order to cut carbon dioxide emissions,

during 2014 Peab Asphalt started to use a bio-oil instead of traditional fuel oil at three of the 21 asphalt plants in Sweden. Bio-oil is a pure residual product from, among other sources, the food industry and is classified as carbon dioxide-neutral by the Swedish Energy Agency. In 2014 a total of approximately 1.2 million litres of fossil fuel oil were replaced. This measure has enabled Peab Asphalt to reduce its carbon dioxide emissions by around 3,300 tonnes, and the conversion of the asphalt plants has generated a significant increase in the proportion of non-fossil fuel oil. The switch to bio-oil has worked so well that the conversion of a number of other asphalt plants is being planned. In 2014 Swerock also applied to start using the bio-oil in a number of its concrete plants.

During summer 2014 Lambertsson Sverige AB acquired the solar power company Glacell, which works in the field of construction and consultancy relating to solar power plants. The combination of Lambertsson's and Glacell's activities in the field of solar power sees a merger of two specialist companies that share the same business philosophy, local entrepreneurship and a focus on energy solutions of the future. In Sweden, Peab has for many years had an agreement with Vattenfall to the effect that all electricity purchased through the agreement is environmentally certified electricity from hydro power.

Peab's business uses large volumes of fuel for transport, contracting machines and the production of, for example, asphalt and concrete. To reduce the proportion of fossil diesel, Peab has been testing diesel with different kinds of non-fuel blends, such as diesel produced from oil or slaughterhouse

waste. However, making the transition to alternative fuels is not without complications, as there is, for example, an increased risk of bacterial growth in connection with certain non-fossil blends, and the availability of alternative fuels varies in the Nordic region. Since the end of 2014, however, there has been a product on the market with a 20 per cent blend of fossil-free fuel, in which the risk of bacterial growth has been minimised. Peab will start using this fuel during 2015.

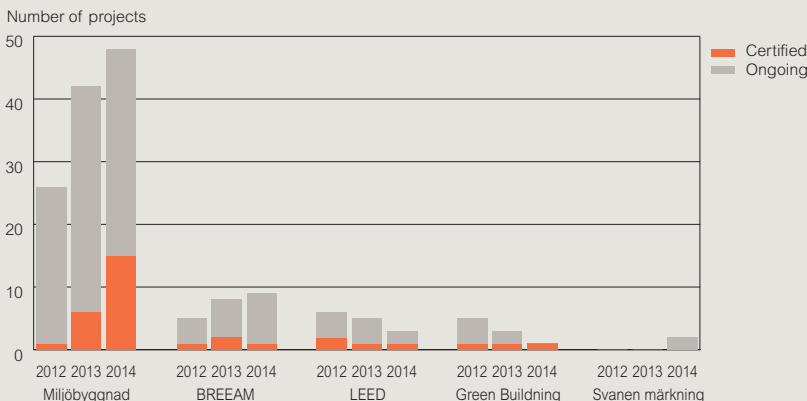
Transport and travel

A large part of the work to reduce transport operations to and from workplaces involves good logistical planning. Efficient logistics are created as early as in the planning phase in conjunction with suppliers, and it requires a holistic perspective. Peab works continuously with improvement measures in logistics planning. An example is the work with BEAst and NeC. Read more on page 23.

2014 saw the launch of a travel portal at Peab, where employees can book hotels, trains, flights and car hire ahead of their business trips. The travel portal allows for better monitoring of the environmental impact of business travel, although as all employees have not yet been introduced to the portal, statistics on carbon dioxide emissions from travel will not be included in this year's sustainability report. Waste minimisation and recycling

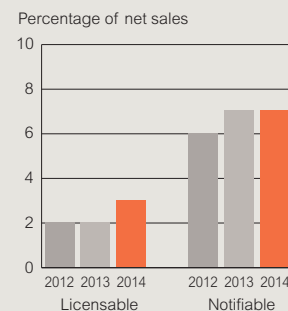
The construction and civil engineering industry is responsible for a large proportion of waste generated in society. Increasing recycling levels and reducing the total volume of waste is an issue given high priority, from a financial savings perspective,

Environmental certification of buildings



The chart shows the number of projects that are certified or where certification work is under way. An ongoing project is one that has been registered with the organisation responsible for the certification system. 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 projects carried out in-house in which Peab is responsible for certification and projects in which Peab is building for clients.

Licensable and notifiable business activities



Peab operates licensable and notifiable business activities in Sweden and Finland. These comprise rock and gravel quarries, water operations, transport of waste and hazardous waste, asphalt plants, concrete production and the receipt and storage of material for recycling. Permits are renewed and supplemented on an ongoing basis.

as well as in order to reduce the negative environmental impact.

In its asphalt production, Peab is working to increase the amount of recycled material in order to avoid using virgin material. During 2014, Peab Asphalt used 11 per cent recycled material in its asphalt production in Sweden and Norway, an increase on the corresponding figure for 2013, which was 9.4 per cent.

Peab has for a long time been focusing on sorting and minimising waste at the construction sites. The level of sorting has improved in Sweden in recent years, with agreements being signed with two waste contractors. In 2014, the Finnish business signed similar agreements with two waste contractors, which is facilitating both monitoring and sorting work on site.

Swerecycling is a newly established brand within Peab/Swerock that operates in the recycling industry. The brand is established in each region, so that it can operate efficiently, locally and close to its customers. Using its existing and planned plants as a base, Swerecycling and its experienced personnel will identify effective solutions for both external customers and those within the Group. Swerecycling for instance handles and processes pure excavation material, concrete, contaminated soil and a number of waste fractions, primarily from projects within Construction and Civil Engineering.

PHASING OUT OF SUBSTANCES HAZARDOUS TO THE ENVIRONMENT AND HEALTH

Historically, the industry has used a number of substances that have recently proven to be hazardous to people and the environment. There is now greater knowledge, and



the industry in general has a more proactive approach to substances that are hazardous to the environment and health. Peab is striving to phase out substances and groups of substances that represent a potential risk to health or the environment. Peab wants to be able to offer sound, healthy environments for all people who live and work in what we build, and we are therefore active in industry-wide initiatives to phase out hazardous substances.

Proactive phasing-out work

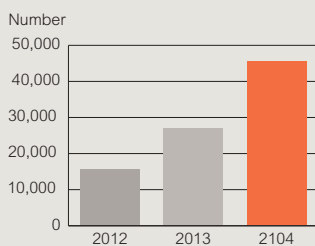
Peab primarily uses two systems for product selection in the Swedish construction business: BASTA and Byggarubedömningen (Building Material Assessment System). Both systems have property-based criteria for the phasing out of substances hazardous to the environment and health, and Peab is involved in work to develop these systems. The Norwegian equivalent is an electronic system called

CoBuilder/BASS. All suppliers must register goods supplied in the database in which Peab has an automatic filter based on State criteria on hazardous substances as well as criteria defined in-house. In Finland, the TUKES (Finnish Safety and Chemicals Agency) safety sheets are used in order to make sure that products in production comply with current legislation.

The Civil Engineering and Industry business areas have joined forces to purchase a chemicals management system that provides up-to-date safety data sheets and shows which products contain substances that pose risks. These are risks as described, for example, in lists issued by the Swedish Chemicals Agency, REACH and SIN, as well as group A and group B substances in AFS 2011:19 (Chemical Hazards in the Working Environment).

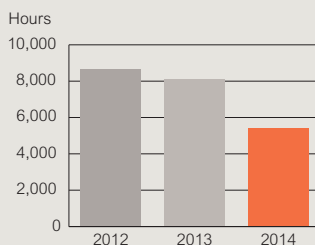
Number of online meetings and videoconferencing hours

Online meetings



The use of online meetings continues to rise, replacing many physical journeys in connection with meetings, which benefits the environment, finances and employees.

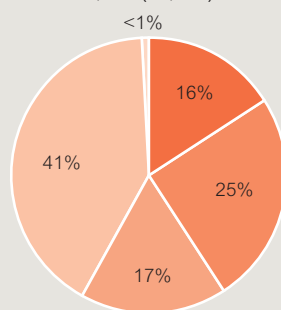
Videoconferencing hours



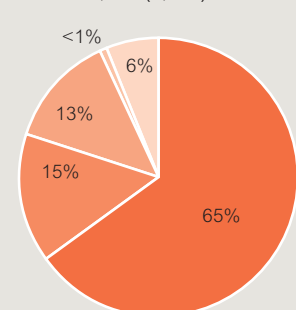
There is a fall in videoconferencing hours, one reason being that employees are replacing videoconferences with online meetings.

Waste

Processing method, non-hazardous waste in Sweden
Total 126,847 (91,961) tonnes



Processing method, hazardous waste in Sweden
Total 4,891 (2,550) tonnes



Legend: Landfill site, Incineration, Recycling, Reuse, Composting

The statistics on processing methods of waste that are reported above include the Swedish business and are limited to the waste that is processed by our central waste contractors. Excavation material and clay from civil engineering projects are heavy fractions that are being reused or recycled. These are not included as they would affect the total distribution between the processing methods significantly.

Social Engagement

The role of a community builder is strongly associated with the assuming of responsibility for social developments. This was clearly evident in this year's stakeholder dialogues and is fully in line with Peab's fundamental values and the focus on the local markets. Peab wants to be a responsible member of the community that contributes towards social development. The common thread in our engagements is young people.

PLACEMENTS AND TRAINING

With a strong sense of social engagement for young people and in order to recruit the right competence, Peab is involved in training and placements for young people through various initiatives.

Best School – Best Journey

Development work continued in 2013 within the Peab School – Peab's own independent educational company that now comprises five upper secondary schools, 450 students and almost 50 employees. It is important that educational activities are at the forefront of developments and adapted

according to the world around us, which is why work started during the early summer to define new objectives. A wide-ranging consultation process that included students, teachers, parents, the industry, authorities, municipalities and researchers resulted in a clear ambition: the Peab School shall be Sweden's best construction and civil engineering education, and the school where students can embark on the best journey based on their individual circumstances. The concept of the sustainable vocational education is known as Best School – Best Journey. The stakeholder groups identified the following ten criteria, which will be emphasised from now on:

1. An open, developmental environment where anyone who is prepared to battle has the opportunity to succeed.
2. Equality between schools and between individuals.
3. A modern vocational education at the very forefront of developments.
4. Engaged, competent employees who are passionate about their work and who can develop in their jobs.
5. Integrated teaching and active work on fundamental values.

6. A high level of employment after graduation.
7. The right staffing creates a personal school, and allows the right support and the right challenges.
8. A safe, positive, healthy environment for learning and working.
9. That little bit extra that is only available at the Peab School.
10. Sustainability and a long-term approach: Community + Peab + Peab School = ❤️

Placements

Peab offers work placements for young people who want an insight into the industry. For example, Peab Civil Engineering Central Sweden hosted around 40 summer placements in 2014. Last autumn Peab also welcomed people on placements under Teknicsprånget for the second year in a row. Teknicsprånget is an initiative in which trade and industry, the government, employers' organisations and trade unions are working together to strengthen Sweden's future skills supply and to attract more people to the engineering profession.



University projects

Peab welcomes university students who are interested in writing their university projects, as long as resources for supervision and relevant projects are available. This usually results in a mutual sharing of experiences and interesting final reports. In Finland, Peab has long had a close partnership and since 2014 an agreement with Tampere Technical University and Metropolia University of Applied Science in Helsinki. This partnership involves Peab contributing to education, offering study visits and supervision for university projects. In 2014 guidance was provided by Peab's Finnish business to more than 30 students from these universities working on their projects. For Peab, this is a good way of bringing in new employees, and many are offered jobs after finishing their projects.

SPONSORSHIP AND PARTNERSHIPS

Peab has a long tradition of supporting activities for young people that promote team sports, equal opportunity and diversity. A sponsorship policy was adopted in 2012, in which the purpose of sponsorship was specified. The focus of sponsorship shall be on contexts that benefit social development and inclusion, and engagement shall be in line with Peab's values and support the local community.

Mentoring

Peab has been collaborating with Mentor

Sweden to support young people since 2007. Mentor Sweden is a non-profit-making organisation that strives to provide young people with self-esteem and the strength to grow through mentoring. The purpose is to support them in making positive decisions and resisting violence and drugs. Peab and Mentor worked together during 2014 in the project with Tynneredsskolan described below. Other joint activities have been workshops on drug prevention, parenting courses and seminars.

Täby Badminton Club – Peab Badminton Academy

Täby Badminton Club is a club for both seniors and juniors that aims to offer all players support and development regardless of their level of ambition. With Peab's support, the club runs a badminton school, Peab Badminton Academy, at which about 250 young people and 15 coaches are active. Peab Badminton Academy holds daily practice sessions, and the club bases its activities on allowing the hall to serve as a youth centre. A safe place where everyone is welcome to practise, do homework or socialise with friends. Peab is engaged in many similar sports activities for young people. These include Brommapojkarna's football school and the Åhus Beach Handball Festival.

The Gothenburg Award for Sustainable Development

Peab supports the Gothenburg Award for Sustainable Development, which every

year is awarded to people or organisations that make significant contributions for a sustainable world. The award-winners are important role models that have translated words into action. The theme for 2014 was "Transformative Leadership for Global Business", and the jury's award was presented to Paul Polman, CEO of Unilever. Sustainable social development requires collaboration and drive, which are also factors that relate to Peab's work method, which is why it is natural for Peab to support the Gothenburg Award.

CHOOSE YOUR PRICE

Buying a home is one of the biggest transactions a private individual undertakes in life. To make the dream of a newly built apartment come true for more people, Peab Residential Development West developed a concept that offers the customer the chance to choose a price that suits their specific situation in life. Those who have not managed to build up savings, or do not want to lock their money into a home, can opt for a lower price in exchange for a higher monthly payment. By contrast, those with money they want to invest in the home can choose the opposite.

Students learn from other students

Over a period of four weeks, students from the Peab School and the Tynneredsskolan school worked together to refurbish the communal area at Tynneredsskolan. The students themselves were responsible for ideas and drawings, and for actually carrying out the refurbishment. The aim of the project was to give students in the 13-16 age group a chance to try out working life as craftsmen and women. By integrating practical reality into the school's theoretical subjects, students gained greater awareness of the different vocations in the construction industry. For the upper secondary students from the Peab School, who took on the role of supervisors, collaborating with the younger students gave them a chance to try out a new role and use the skills they had acquired during their upper secondary studies. In this role, they also had to assume responsibility for teaching.

"The most difficult part of supervising was getting the students to work. It took a few days, but in the end everyone was involved and engaged. The best thing about the project was the team spirit, and seeing the students become happier and more positive as we worked together," says Erik Lundin, upper secondary student from the Peab School in Gothenburg (in picture on the left hand side on page 26).

Assuming responsibility and collaboration were important ingredients during the project, where the parties involved were the Peab School, Tynneredsskolan, Peab and Mentor Sweden. A similar refurbishment project was carried out in 2013 at Bredängsskolan in Stockholm.



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.

BYGGVARUBEDÖMNINGEN (BVB)

BVB 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.

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.

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.

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.

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.

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.

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.

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.

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.

SWEDEN 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.

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 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 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 CENTRE FOR ZERO-ENERGY BUILDINGS

The Swedish Centre for Zero-Energy Buildings is a non-profit-making organisation that aims to play an active role in driving and stimulating developments towards low-energy buildings with minimal energy requirements and as far as possible with energy produced in-house. Peab is represented as a deputy Board member and an active member.



Glossary

AFS 2001:1

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

AFS 2011:19

The Swedish Work Environment Authority's regulations on chemical working environment risks.

BASTA

See explanation under active memberships.

BEAst

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.

CEEQUAL

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

COBuilder/BASS

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

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.

UN GLOBAL COMPACT

See explanation under active memberships.

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.

ISO

ISO stands for International Organization for Standardization.

ISO 14001

An environmental management system.

ISO 9001

A quality management system.

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.

NeC

Nordic e-Construction is an industry standard for the electronic sharing of information for civil engineering transport activities and machine services.

SCI

Satisfied Customer Index.

NPS

NPS (Net Promoter Score) is an index for employer brands, in which employees assess their employer on the basis of internal identity, satisfaction and loyalty.

OHSAS 18001

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

REACH

REACH (Registration, Evaluation, Authorisation and restriction of Chemicals) is an EU ordinance on the registration, evaluation, authorisation and restriction of chemicals.

SEKO

SEKO, the Service and Communication Union, is a trade union within LO (the Swedish Trade Union Confederation).

SIN

The SIN list contains hundreds of chemicals that comply with the EU's chemicals legislation.

SVANEN

A Nordic ecolabel for products and services, including buildings.

TUKES

The Finnish Safety and Chemicals Agency.

Global Compact principles and page references

Area	Principles	Page
Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	18-21
	2. make sure that they are not complicit in human rights abuses.	14-21
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	14-21
	4. the elimination of all forms of forced and compulsory labour;	18-21
	5. the effective abolition of child labour; and	18-21
	6. the elimination of discrimination in respect of employment and occupation.	14-21
Environment	7. Businesses should support a precautionary approach to environmental challenges;	18-25
	8. undertake initiatives to promote greater environmental responsibility; and	18-25
	9. encourage the development and diffusion of environmentally friendly technologies.	18-25
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	18-21



GRI Index

General standard disclosures

Indicator	Description	Page	Full or partial	Omission
Strategy and analysis				
G4-1	Statement from the CEO about the relevance of sustainable development.	4-5	●	
Organisational profile				
G4-3	The name of the organisation.	6	●	
G4-4	The most important brands, products and services.	6-9	●	
G4-5	Location of the organisation's head office.	6	●	
G4-6	The number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to sustainable development.	6	●	
G4-7	Ownership structure and legal form.	6-9	●	
G4-8	Markets in which the organisation operates.	6-9	●	
G4-9	The scale of the organisation.	6-9, 14	●	
G4-10	Total workforce, broken down by type of employment, gender and region. ■ Omission: As subcontractors are engaged for individual projects, i.e. not on a regular basis, we have chosen not to include subcontractors in the workforce statistics.	14-15	●	■
G4-11	Percentage of total employees covered by collective bargaining agreements.	14	●	
G4-12	Describe the organisation's supply chain.	18-21	●	
G4-13	Significant changes regarding the organisation's size, structure, ownership or supply chain.	6-9, 18-21	●	
G4-14	Whether and how the precautionary principle is applied in the organisation.	22	●	
G4-15	External economic, environmental and social principles, and standards to which the organisation subscribes or which it endorses.	4-5, 28	●	
G4-16	List of active memberships of organisations.	28	●	
Material aspects and boundaries				
G4-17	List all entities included in the financial statements.	6-9	●	
G4-18	Processes for defining the content of the report.	10-13	●	
G4-19	List all material aspects identified.	10-13	●	
G4-20	Describe any internal boundaries in the area of sustainability.	10-13	●	
G4-21	Report whether the sustainability aspects are material and their external boundaries.	10-13	●	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatement.	2-27	●	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries.	2, 10-13	●	
Stakeholder engagement				
G4-24	List the stakeholder groups with which the organisation has contact.	10-13	●	
G4-25	Principle for identification and selection of stakeholders.	10-13	●	
G4-26	Method of stakeholder dialogue, broken down by type of dialogue, stakeholder group and frequency.	10-13	●	
G4-27	Report key topics that have been raised through stakeholder engagement.	10-13	●	
Information about the report				
G4-28	Reporting period for the information provided.	2	●	
G4-29	Date of publication of the most recent report.	2	●	
G4-30	Reporting cycle (annual/biannual, etc.).	2	●	
G4-31	Contact persons for questions regarding the report and its content.	2	●	
G4-32	GRI Index.	30-31	●	
G4-33	Policy and current application in respect of having the report attested externally.	2	●	
Governance				
G4-34	Report the governance structure of the organisation, including committees of the highest governance body that are responsible for economic, environmental and social issues.	9	●	
Ethics and integrity				
G4-56	Describe the organisation's values and principles, e.g. a code of conduct or similar.	6-9	●	

Full = ●
Partial = ◐

Specific standard disclosures

Material aspects – GRI definition	Indicator	Description	Page	Full or partial	Omission
SOCIAL INDICATORS					
Occupational health and safety	G4-DMA	Disclosure on Management Approach.	10-13, 14-16		
	G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	14	●	
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	14-16	◐	
	G4-LA7	Workers with high incidence or risk of diseases related to their occupation.	16	◐	
Training and education	G4-DMA	Disclosure on Management Approach.	10-13, 14-17		
	G4-LA9	Average hours of training per year per employee by gender, and by employee category.	16	●	
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	16-17	●	
Diversity and equal opportunity	G4-DMA	Disclosure on Management Approach.	10-13, 17		
	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. ■ <i>Omission: Minority groups are not reported in accordance with Swedish law.</i>	9,17	●	■
Equal remuneration for women and men	G4-DMA	Disclosure on Management Approach.	10-13, 16-17		
	G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	16-17	●	
Supplier assessment for labor practices	G4-DMA	Disclosure on Management Approach.	10-13, 18-19		
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria. ■ <i>Omission: Refers to supplier assessments undertaken outside the Nordic region.</i>	18-19	●	■
Supplier human rights assessment	G4-DMA	Disclosure on Management Approach.	10-13, 18-19		
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria. ■ <i>Omission: Refers to supplier assessments undertaken outside the Nordic region.</i>	18-19	●	■
Anti-corruption	G4-DMA	Disclosure on Management Approach.	10-13, 19-20		
	G4-SO4	Communication and training on anti-corruption policies and procedures.	19-20	◐	
	G4-SO5	Confirmed incidents of corruption and actions taken.	20	●	
Anti-competitive behavior	G4-DMA	Disclosure on Management Approach.	10-13, 19-20		
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	20	●	
Product and service labeling	G4-DMA	Disclosure on Management Approach.	10-13, 18		
	G4-PR5	Results of surveys measuring customer satisfaction.	18	●	
ENVIRONMENTAL INDICATORS					
Materials	G4-DMA	Disclosure on Management Approach.	10-13, 24-25		
	G4-EN2	Percentage of materials used that are recycled input materials. ■ <i>Omission: Data is provided for part of our operations.</i>	24-25	●	■
Energy	G4-DMA	Disclosure on Management Approach.	10-13, 22-25		
	G4-EN3	Energy consumption. ■ <i>Omission: The statistics cover fuel consumption and electricity usage in Sweden and to some extent Finland.</i>	22-25	●	■
	G4-EN6	Reduction of energy consumption.	22-25	◐	
Emissions	G4-DMA	Disclosure on Management Approach.	10-13, 22-25		
	G4-EN15	Direct greenhouse gas emissions, scope 1.	22	●	
	G4-EN16	Energy indirect greenhouse gas emissions, scope 2.	22	●	
	G4-EN17	Other indirect greenhouse gas emissions, scope 3.	22	●	
	G4-EN19	Reduction of greenhouse gas emissions.	24-25	◐	
Effluents and waste	G4-DMA	Disclosure on Management Approach.	10-13, 24-25		
	G4-EN23	Total weight of waste by type and disposal method.	25	●	
Products and services	G4-DMA	Disclosure on Management Approach.	10-13, 22-25		
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	22-25	◐	
Supplier environmental assessment	G4-DMA	Disclosure on Management Approach.	10-13, 18-19		
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria. ■ <i>Omission: Refers to supplier assessments undertaken outside the Nordic region.</i>	18-19	●	■
SECTOR SPECIFIC INDICATORS					
Product and service labeling	G4-DMA	Disclosure on Management Approach.	10-13, 22-24		
	CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	22-24	●	

Full = ●

Partial = ◐



Peab is the Nordic Community Builder with about 13,000 employees and net sales in excess of SEK 43 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.

Peab AB (publ) • Margretetorpsvägen 84 • SE-269 73 Förslöv • Tel +46 431-890 00

peab.com

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