

“We want to be involved and contribute to a better, more inclusive, society and positive urban development – and improved public health. We are convinced that this approach is good for the community and the local businesses.”

Ola Serneke







Cruyff Court, Biskopsgården

## A strong community involvement

Serneke wants to take an active role in community development. By virtue of our size, we have both an opportunity and a responsibility to be involved and make a difference. Our commitment is demonstrated by our projects and in our extensive commitments alongside our strictly operational activities. Through our projects, we want to contribute to the positive development of society, safe residences and common buildings and places for activities, recreation and relaxation. In addition to the direct operational activities, we offer various forms of targeted support. In accordance with the guidelines for community involvement, Serneke prioritizes initiatives related to its values, competence and operations. Projects or initiatives related to child and adolescent health and learning are the first priority. The projects should contribute to a positive development of the individual, the Group and the local markets in which we operate. The support can be given either in the form of financial contribution or through the transfer of knowledge.

### Partnerships with social overtones

Serneke is involved in several projects in which social responsibility is an important part. Among other things, Serneke is involved in a project with the City of Gothenburg that aims to provide young people in one of Gothenburg's problem areas hope for the future by offering guiding practical placements. Another social engagement project is in conjunction with a private property manager, in which Serneke has an active role in the employment of 5–10 unemployed youths who will be recruited as apprentices during the construction phase and who will, upon completion of the apprenticeship period, be granted the opportunity for permanent employment. Moreover, the youths will be given the opportunity to gain access to their own apartment after completing the training.

### Plans for the future

Serneke is one of the main sponsors of IFK Göteborg's "Plans for the future" project. The project, which is being conducted together with the organization Cruyff Foundation, aims to create better conditions for children and young people by promoting health, community and security. In cooperation with the Johan Cruyff Foundation, IFK Göteborg and Serneke are building three soccer fields in the Gothenburg suburbs of Hammarkullen, Biskopsgården and Bergsjön.

The plans are called courts and are significantly smaller than regular soccer fields. They are built up in urban environments that are natural gathering points for children and young people. The areas will invite both organized activities and spontaneous sports and be framed by the rules and values prepared by the Johan Cruyff Foundation. Today, the concept is in 21 countries and to-date, around 200 courts have been built throughout Europe.

# Sustainability

**At Serneke, we believe that focused sustainability work and strong community involvement go hand-in-hand with long-term growth with good profitability. By virtue of our size, we have both an opportunity and a responsibility to contribute to a more sustainable development. Through our activities, we contribute to the development of towns, cities and society as a whole.**

One of the construction and civil engineering industry's biggest sustainability challenges is to reduce the environmental impact related to construction and production. The construction industry uses large amounts of material resources and energy. Assessments from IVA (Royal Swedish Academy of Engineering Sciences) and the Swedish Construction Federation indicate that the overall environmental impact of the construction processes in Sweden is about 10 million tons of carbon dioxide per year, 4 million tons of which comes from housing projects and 6 million tons from construction projects. This is the same size as the emissions from all passenger cars in Sweden, and more than all trucks and buses generate together. In addition to the direct impact during the construction phase, there is then an impact from use as well as from demolition.

For several years, Serneke has made active efforts to continuously make improvements in all stages of the value chain. These efforts are conducted within our own organization, but also in collaboration with customers, partners and suppliers.

Other sustainability areas that are highly relevant for the construction and civil engineering industry are social responsibility, ethics and anti-corruption issues. There are also structured efforts being conducted regarding these issues in connection with all activities carried out within the Group.

## Priorities and overall objectives

The central parts of Serneke's sustainability work focus on an active commitment to society and minimizing the risk of injury to persons, property and the environment, as well continuously reducing the direct and indirect impact on the environment. In addition, the operations are conducted in a way that ensures financial sustainability, thereby enabling continued value creation for customers, employees, communities and shareholders – in the short and long term. A strong employer brand and the confidence of all stakeholders are crucial for achieving objectives.

## VALUES

Together with the Code of Conduct, Serneke's core values comprise the overall guidelines for all activity within the company. A common approach makes it easier to make the right decisions, and increases transparency to the outside world and attractiveness among both current and future employees. The core values are the most important foundation in the quest to be the next generation of construction groups. An employee at Serneke is:

- Committed & courageous
- Uncomplicated & able to act
- Honest & respectful
- Visionary & solution-oriented

## ABOUT THE SUSTAINABILITY REPORT

This statutory sustainability report is submitted by the Board of Serneke Group AB, but does not form part of the formal annual report. Serneke's business model is presented on page 15. The sustainability framework is presented on pages 26–28, Work environment aspects on page 29, environmental aspects on page 32, human rights on page 30 and anti-corruption on page 34. Risk descriptions can be found on pages 53–55. Unless otherwise stated, the information relates to the entire Serneke Group, including subsidiaries.





**A STIMULATING WORKPLACE**

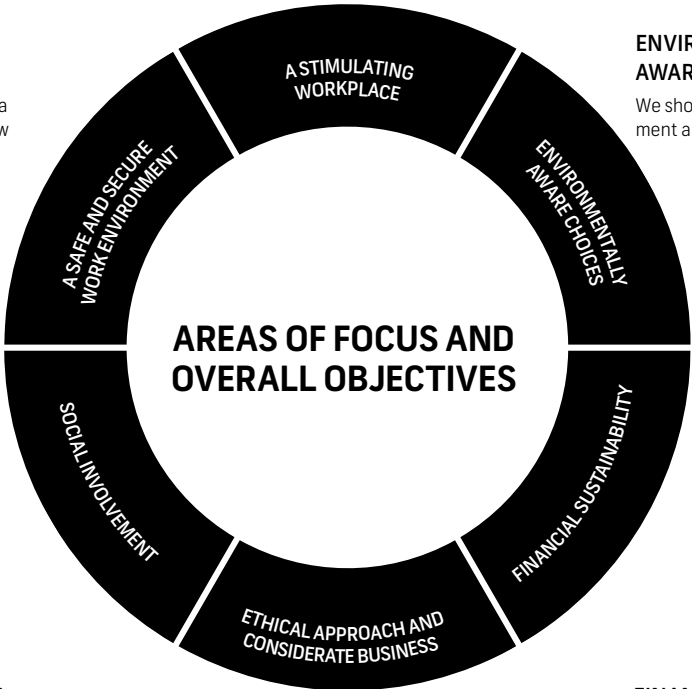
It is stimulating to work at our workplaces and our employees are encouraged to take responsibility and strive for development.

**A SAFE AND SECURE WORK ENVIRONMENT**

At our workplaces, we have a high safety culture and show each other consideration.

**ENVIRONMENTALLY AWARE CHOICES**

We show consideration of the environment and future generations.



**AREAS OF FOCUS AND OVERALL OBJECTIVES**

**SOCIAL INVOLVEMENT**

We are drivers of creating the next generation of society with the help of innovation, novel thinking and genuine consideration.

**ETHICAL APPROACH AND CONSIDERATE BUSINESS**

Legally and ethically correct transactions and delivery of the right quality are a given.

**FINANCIAL SUSTAINABILITY**

Through a market-adapted product portfolio and high delivery reliability, we obtain a financial development that ensures resources for continuous investments.

# Governance and Framework

As a complement to the existing legislation, Serneke's Board of Directors and management have together formulated and adopted a framework that sets the guidelines for Serneke's actions as a responsible company and employer. The framework consists of both internal regulations and guidelines as a link to external principles and recommendations. Key regulations and guidelines are presented below.

## Code of Conduct

The Code of Conduct describes Serneke's guidelines for employees, suppliers and partners. The company's attitude to gifts and bribes is described here. It applies to the Board of Directors and all employees of Serneke. All employees must abide by its principles in their daily work. Serneke's Group Management is responsible for compliance with the Code. Monitoring is continuous within the framework of the ongoing operations.

## Group policies

Serneke has several policies to clarify regulations and instructions. Among these are the aforementioned Code of Conduct and purchasing policy that clarify ethical posi-

tions, internally as well as for our suppliers. The environmental policy describes Serneke's comprehensive approach to environmental issues and overall principles for the management and monitoring of the environmental work. The work environment policy describes the framework for the physical and psychosocial work environment. The diversity and equal opportunity policy describes Serneke's ambitions with regard to gender equality, diversity and equal opportunity issues. The alcohol and drug policy describes Serneke's view of alcohol and drugs.

## Global Compact

Serneke adheres to both the UN Global Compact and the Universal Declaration of Human Rights. The Global Compact was introduced in 1999 by the UN former Secretary General Kofi Annan and is currently, with over 6,000 corporate members from 135 countries, the largest global initiative for corporate responsibility and sustainability issues. Corporate members commit themselves to live up to ten principles on human rights, environment, labor standards and anti-corruption, and respect these throughout the value chain.

## ILO Core Conventions

Serneke follows the International Labor Organization's (ILO) eight Core Conventions regarding a minimum standard for working conditions worldwide. This regards basic human rights in the workplace.

## Industry-wide agreements

In addition to the aforementioned framework, Serneke adheres to a number of industry-wide agreements and guidelines. Among them are the "Keep the zero" (collaboration to prevent accidents in the construction industry), the shared road map for how the construction and civil engineering sector can enable a transition to a fossil-free Sweden and an industry-wide agreement that aims to combat bribes and corruption in the publicly financed construction and property sector.

## Certifications

Serneke Bygg AB and Serneke Anläggning AB are certified in accordance with ISO 14001:2015 (environment), ISO 9001:2015 (quality), EN 1090:2 (construction steel). A hotel in Serneke Fastigheter is certified according to the Green Key environmental certification.

## ORGANIZATION AND RESPONSIBILITY

Serneke is a nationwide company with several business areas that operate in close cooperation with one another. The Group's operations are divided into four business units, which operate on the basis of a regional structure. The ongoing sustainability efforts are primarily carried out within the business areas and in close cooperation with clients and customers. Collaboration between the business areas and the central support functions enables high quality and a continuous exchange of experience. The CEO is responsible for the continuous reporting to the Board of Directors. The responsible managers in each business area are responsible for implementation.

## MONITORING AND CONTROLS

The construction and civil engineering industry is subject to extensive regulations and continuous external review regarding environmental and technical aspects as well as safety and working environment laws. Along with the internal regulations and clear processes regarding internal control, these control procedures ensure a consistently high level of quality. The principal external controls include audits in relation to ISO certification and re-certification, inspections by the Swedish Work Environment Authority and the Swedish Tax Agency's control of personnel ledgers and the trade unions' job site and workplace inspections and ongoing monitoring.

# A safe and secure work environment

The construction and civil engineering operations include work activities that may be associated with risks for the individual employee. Serneke conducts extensive efforts to minimize the risk of serious incidents and accidents to the greatest degree possible. Systematic work environment efforts with primarily preventive risk identification with action plans, continuous follow-up and competence-improvement measures for the employees form the basis of this work.

Work environment-related issues, physical as well as social, constitute an integral part of daily operations and are in focus both at the Group and Business area levels and in the projects. There is collaboration at all levels in terms of health and safety aspects.

## Preventative measures

Identification of potential risks and a distinct safety culture form the basis for effective safety efforts. Serneke works actively to identify risks, both overall and in each project. The work is based on a regular annual overall risk analysis, in which different types of operational risks are analyzed and monitored. Collected data on incidents and acci-

dents, as well as outcomes from employee surveys and health surveys are used as a basis. The risk analysis is then used to develop the relevant measures and a plan to implement them. In addition to annual follow-up procedures, structured and regular monitoring of incidents and accidents takes place at both the Group and Business Area level. Within the project, a risk analysis is always done of all work steps and actions are taken to help or minimize the risks.

Serneke has a Quality, Environment and Work Environment department (KMA) that visits the Group's projects to monitor and identify improvement areas. Once a year, joint meetings with safety officers are held to review procedures and improvement areas.

## A new system for reporting and follow-up

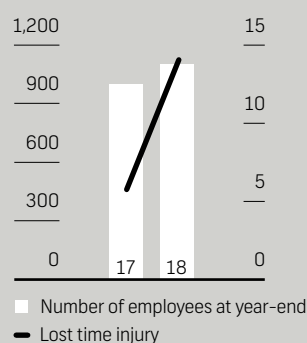
To create a further overview, it was decided in 2018 to introduce a new support system, IA, with a focus on reporting and follow-up of work environment events. The system makes it possible within the Group to share information on work environment events, investigations and measures – and thereby learn from both their own and others' expe-

riences. Implementation of the system, which enables statistics and further analysis in real time, was begun in 2018 and will be completed in 2019.

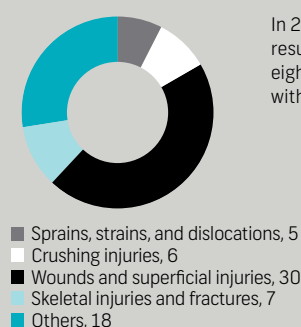
## “Keep the zero”

Since 2018, Serneke has been affiliated with the collaboration project “Keep the zero” with the overall purpose of preventing and eliminating accidents in the construction industry. A number of actors are behind the project that in various ways are involved in the various phases of a building project, both entrepreneurs and developers. Among the main focus areas are leadership and culture, knowledge and expertise, common approaches and standards, requirement setter and client.

### ACCIDENT RATE



### THE MOST COMMON KIND OF ACCIDENTS AND INJURIES IN 2018



In 2018, 25 accidents occurred that resulted in absence of more than eight hours and/or medical treatment with subsequent sick leave.

# A stimulating workplace

Serneke has a strong employer brand characterized by clear values and ambitious objectives. The pursuit of continued growth provides a good opportunity for those who want to develop and grow in responsibility.

Competition among talented, experienced and dedicated employees is high. Serneke's ability to identify, develop, attract and retain the right employees with the right skills and attitude is crucial to the Group's continued success. Employees' skills and performance are crucial for achieving set goals and continuing to develop as a company.

At Serneke, continuous work is conducted to develop the employee offering. This is partly done by striving to offer market-based terms of employment and benefits, as well as by offering good opportunities to develop skills, as well as a stimulating, safe and healthy work environment. In addition to extensive external recruitment, goal-oriented work is also carried out to enable internal mobility and career development.

## Continued strong growth in 2018

At year-end, the number of employees in the Group was approximately 1,150. In recent years, recruitment rates have been high, and in 2018 the number of employees grew by about 150 people. Reinforcements have been made in all areas of the Group, both in the business areas and centrally. The high portion of white-collar employees, around 67 percent of the average number of full-time employees, provides good possibilities to govern and control the entire process from tender to delivery.

## Skills development

Continuous professional development is offered for both blue-collar and white-collar employees. In addition to the compulsory courses in areas such as health and safety and environmental protection, opportunities for further training are offered based on function and skills profile.

The courses are based on both a surrounding world analysis and a structured skills inventory.

All courses required and offered for the respective position are described in a common course catalog. In 2018, the number of implemented training hours increased sharply, not least as a result of higher investments in contract law and internal business systems. During the year, a major investment in leadership training was also begun for selected managers. In addition to this, a preparatory course for prospective managers is also being planned.

## Human rights

Serneke supports and respects the UN's Universal Declaration of Human Rights and the International Labor Organization's (ILO) international program on the elimination of child labor (IPEC).

## Equality and diversity

Everyone within Serneke, regardless of gender identity, ethnicity, sexual orientation, age, religion or other beliefs is given the same opportunity of recruitment and career development. Diversity and equality are undisputed values and a clear position strengthens Serneke's brand in relation to both customers and employees.

The proportion of women in the organization is still relatively low, but increased from 10 percent in 2015 to 17 percent. The stated objective is that both sexes should be represented among final candidates in all recruitment processes. The goal for 2020 is to reach a 40 percent gender distribution in all recruitment and senior positions. In 2018, the percentage was 28.5 percent.

## Anonymous reporting of incidents

If an employee discovers something that violates Serneke's Code of Conduct, values, policies or applicable law, there is the possibility of anonymously and through a third

party reporting improprieties. The purpose of the function is to ensure that any irregularities are brought to the attention of Serneke in the event the normal communication channel via the immediate supervisor or HR function is not possible. In 2018, no cases were received with a bearing on Serneke's operations, employees or management.

## Health promotion

At Serneke, movement is encouraged. In addition to health care contributions, a variety of exercise opportunities are provided. The Company's own sports association Serneke IF arranges ski trips, running training, yoga and cycling, as well as the possibility to participate in many different exercise competitions.

In the continued efforts for health and fitness, a Health Promotor was employed in 2018 with the task of continuing to develop the health promotion work, increasing knowledge and understanding and inspiring a sound lifestyle.

## Regular employee surveys

A great focus is placed on measuring and following up the employees' attitude and the initiatives undertaken within the Group. Regular employee surveys are an important part of this work. Previously, a more extensive survey has been conducted every two years. In 2018, the work was begun to replace the traditional survey with web-based pulse measurements at more frequent intervals. Continuous follow-up, greater transparency and more possibilities of rapidly applying the right kind of measure were thereby made possible.





PROPORTION OF BLUE-COLLAR WORKERS TO WHITE-COLLAR WORKERS



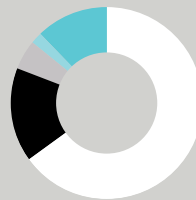
- Blue-collar workers, 33%
- White-collar workers, 67%

PERCENTAGE OF WOMEN AND MEN



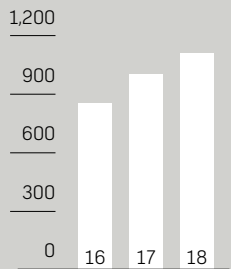
- Women, 17%
- Men, 83%

PERCENTAGE OF EMPLOYEES BY BUSINESS



- Construction, 65%
- Civil Engineering, 16%
- Project Development, 5%
- Property Management, 2%
- Other divisions, 12%

NUMBER OF EMPLOYEES





# Environmentally aware choices

Serneke strives to continuously reduce consumption of resources and environmental impact in all business areas. The work occurs at all levels of the organization and is an integral part of all activities within the Group, from purchasing that takes this into consideration to sorting and handling of waste.

The environmental impact of construction and civil engineering projects comprises a direct impact from the project itself and an indirect impact as a consequence of the operation and use of the property or building. Serneke's focus is on minimizing environmental impacts during construction. However, through the planning, active choices and documentation, environmental performance is optimized for the use and demolition stages as well. In the investment properties, continuous work is conducted to streamline energy use and minimize the environmental impact in the operations by providing good sorting possibilities for waste.

The processes with the highest environmental impact in construction and civil engineering comprise energy consumption in projects and at workplaces, material use and production, and waste and transport.

## Climate impact

In 2018, Serneke began work to map and measure climate impact from the opera-

tions. Primarily the direct climate impact was mapped. Focus in the future is to find effective measurement methods for the indirect climate impact. For the calculation of greenhouse gas emissions, translation from consumption to emissions was done according to the Greenhouse Gas Protocol's guidelines.

## Purchasing

On a larger scale, purchasing activities and supplier relationships are regulated in accordance with the applicable Code of Conduct, adopted purchasing policy and environmental policy. Environmental considerations should always be used as a parameter in each procurement process. At the project level, the purchasing work is also governed by defined requirements, environmental as well as social, from clients and customers. It can be anything from special materials to ensuring the projects at the overall level meet specific assessment criteria, such as SundaHus and Basta, or requirements of new start work and internships.

## Energy consumption and transports

Serneke conducts a systematic effort with the aim of continuously reducing energy use from the operations and minimizing the impact from transports. Energy mapping is done continuously in every part of the operations.

In 2018, an agreement was signed with Göteborg Energi for the possibility of Good Environmental Choice labeled electricity to all of the Group's properties and projects. 4GWH comes directly from the solar park in Säve. In terms of total electricity consumption, renewable electricity accounted for approximately 98 percent in 2018.

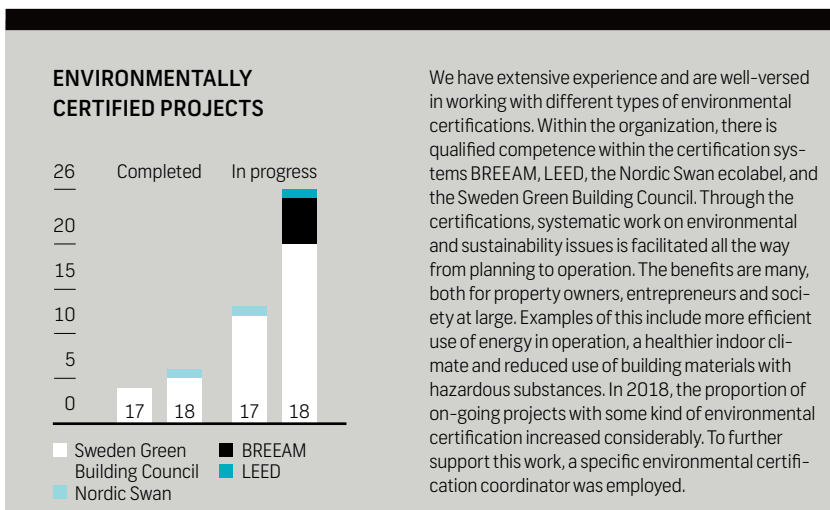
## Materials – and resource efficiency

Resource consumption and waste management constitute one of Serneke's highest priority environmental issues. The construction and civil engineering industry accounts for about one-third of all waste generated in Sweden and about a quarter of the hazardous waste. The objective of the Group is to minimize material and resource consumption, reduce waste generation and reduce the proportion of unsorted waste.

Among the more important aspects is increasing the precision of the calculation of how much materials will be needed and to choose environmentally friendly materials. Concrete is one of the common materials with a high environmental impact. In the Civil Engineering operations, major focus is therefore placed on minimizing spillage in concrete work. The objective is for the amount of spillage to be less than 2 percent. In 2018, the amount in examined projects was 0.9 percent.

## Waste management

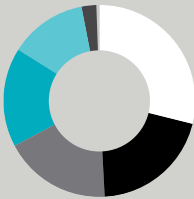
The work on waste management is conducted based on the so-called "waste hierarchy". The order of priority entails first preventing waste material, secondly reusing, thirdly recycling, and only then depositing in landfills. The hierarchy applies on the condition that it is environmentally appropriate and economically feasible.





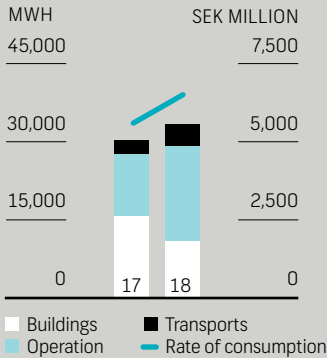
PERCENTAGE OF  
RENEWABLE ELECTRICITY 2018  
**98%**

**WASTE**



- Contaminated mass, 29.1%
- Recycling, 20.1%
- For sorting by waste handler, 18.1%
- Re-use, 16.7%
- Energy recovery, 13.1%
- Landfill, 2.5%
- Hazardous waste\*, 0.4%

**ENERGY CONSUMPTION:**



**GREENHOUSE GAS EMISSIONS**

	2018
Greenhouse gas emissions CO <sub>2</sub> E (ton) (scope1+2)	1,509
Of which scope 1	1,276
Of which scope 2	233
Net sales (SEK million)	6,516
CO <sub>2</sub> E (ton)/SEK million	2.3

*For the calculation of emissions, translation from consumption to emissions was done according to the Greenhouse Gas Protocol's guidelines.*

\* Handling of hazardous waste according to the waste stairway varies depending on materials



# Major focus on ethics and anti-corruption

For Serneke, it is important to act ethically. It strengthens competitiveness and contributes to a high level of trust among employees, customers, suppliers, capital market and society as a whole.

Serneke respects the laws and regulations of the jurisdiction where we operate. We have zero tolerance for all forms of corruption, including all types of bribery and corruption. The corporate Code of Conduct describes the basic principles of how managers and employees throughout the organization are to conduct their daily work and contact with suppliers, competitors and other third parties. It also clearly defines policies on gifts, drugs and alcohol, and potential conflicts of interest.

Serneke is characterized by extensive delegation of responsibility and authority. The Group gives employees extensive freedom with their responsibility and encourages quick and aggressive leadership. The culture encourages commitment, responsibility and ethics in relationships and a positive interaction with society as a whole. Through clear governance and monitoring of the projects throughout the entire development chain, we prevent risks and ensure that the ethical guidelines are followed.

## Industry agreement on bribery

In December 2015, several major players in the Swedish construction industry signed an agreement to combat bribery and corruption in the publicly-funded construction and property sector. Apart from several nationwide construction companies, the Swedish Construction Federation and the Swedish Association of Local Authorities and Regions are parties to the agreement.

The overall aim of the agreement is to meet external demands for greater transparency. In addition to principal positions, it also provides concrete guidance on topics such as business entertainment and sponsorship. Serneke wholeheartedly supports the agreement.

# Auditor's opinion regarding the statutory sustainability report

To the Annual General Meeting of SERNEKE Group AB (publ), corporate identity number 556669-4153

## Assignments and responsibilities

The Board is responsible for the sustainability report for the financial year 2018 on pages 25–34 and for its preparation in accordance with the Annual Accounts Act.

## Focus and scope of the audit

Our audit has been conducted in accordance with FAR's recommendation RevR 12 Auditor's opinion on the statutory sustainability report. This entails that our review of the sustainability report has a different focus and a significantly lesser scope than the focus and scope of an audit under International Standards on

Auditing and good auditing practice in Sweden. We consider this audit to provide us with sufficient grounds for our statement.

## Statement

A sustainability report has been prepared.

Gothenburg, April 4, 2019  
Deloitte AB

Harald Jagner  
Authorized Public Accountant



#### SERNEKE GOALS

## Sponsorship for the next generation

Goals is the collective name of all of our sponsor activities and aim to realize goals. Our own and those set by society, associations, athletes and organizations. We actively want to contribute to a positive development in environments where people can thrive and grow, which in turn benefits society and the next generation. It is difficult to find an expression that better captures what we want to achieve with our sponsor involvement. Goals are what our athletes and teams always strive to achieve, match after match, competition after competition. But visionary and long-term ambitions that extend far beyond sports also fit within this expression.

Serneke Goals build on the three overall goals that all of our efforts shall aim for.

#### BENEFIT THE NEXT GENERATION

We want to be involved and help the next generation by creating the right conditions for their ambitions. Therefore, all of our sponsored activities shall do the same.

#### BREAKING NEW GROUND

Challenging and thinking new are in our DNA. We want the activities, associations or organizations that we sponsor to have the same ambitions.

#### JOY AND COMMUNITY

Goals and achievements may never supersede the joy of what one does. Joy should be the foundation of all of our undertakings.