

# Sustainability Report

# 2019



Hifab

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# Business ethics in continued focus

Following the materiality analysis conducted in 2017–2018, Hifab has continued to work on the identified issues during 2019. The work includes the introduction of an improved internal framework to prevent corruption. We have initiated an extensive training programme on business ethics and anti-corruption for all employees of Hifab.

During 2019, the Swedish public debate continued to focus on solving climate and sustainability challenges. These global goals have become established in the Swedish action plan for Agenda 2030, and thus the issues have become more important. This is especially noticeable in the built environment where Hifab operates. The global and national goals are translated into concrete measures in both construction and infrastructure projects. For example, the amount of renewable and recyclable building materials is increasing, and more and more energy-efficient buildings are being constructed and supplied with renewable energy. Also, in social sustainability focus, there is a clear shift in the creation of safe urban environments and measures to improve human health both in the outdoor and indoor environments. As Sweden's leading project management company, Hifab has a great opportunity to be an active participant and drive development forward for the best of society. Through our dedicated employees, we can support our clients in planning, coordinating, monitoring, and investigating environmental and sustainability issues of their socially important projects. Hifab's biggest contribution to sustainable development is to influence, in the early stages, the projects we carry out together with our clients. Our way of doing business and our action are also important. We want to be a good role model and be able to feel proud of ourselves and how we act.

During the year, activities have continued to focus on business ethics, anti-corruption, and regulatory compliance. In 2018, Hifab conducted a survey to review our internal project routines. The work meant that we improved our internal project processes, developed a risk analysis tool and supplemented our Code of Conduct with an integrated anti-corruption policy.

To introduce and raise awareness of all these changes, a comprehensive training effort was carried out during the year for all of Hifab's employees. In addition to our training activities, we have developed an anti-corruption programme called the Integrity & Compliance Programme (ICP). The routines within the ICP provide project managers with support for project implementation and guidelines for internal follow-up.

2019 has been a year focusing on Hifab's values and culture. During the year we carried out structured efforts to strengthen our corporate culture by working with our valued workforce. A manager development programme has been developed in collaboration with an external party. The training has provided managers with the tools and skills needed to create a deeper form of participation, commitment, and responsibility among the employees in their team.

Hifab's vision is to be the market's leading project management company and the first choice of our clients and employees. To achieve this, we need to continue our development efforts on sustainability. In 2020, we shall integrate sustainability even more clearly into our business strategy for 2024. The goal is that in all our projects we should be able to offer clear and results-orientated leadership in environmental and sustainability issues.



Patrik Schelin, CEO, Hifab Group AB



*Hifab's Sustainability Report has been prepared to comply with the requirements for sustainability reports in accordance with the sixth chapter of the Swedish Annual Accounts Act. The Sustainability Report includes the Hifab Group (see GRI Index on page 22 and Note 16 in Hifab's 2019 Annual Report).*

# An introduction to Hifab

Hifab is Sweden's leading project management company. We offer services for project management and strategic consulting in the construction industry and actively contribute to the success of our clients.

## Our business model

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

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

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

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

## Sustainability – an increasingly important part of our business

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

## Vision and mission

### Our mission and our offer

We offer project management services and strategic advice in the construction and civil engineering industry. We lead projects and processes towards set goals and actively contribute to the success of our clients.

### Our vision and target

Hifab is the market's leading project management company - the first choice of our clients and employees.

## Core values

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

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

## Services within Environment and Sustainability

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

For examples of some sustainability initiatives implemented in 2019, see page 18 onwards.



# Hifab's essential sustainability issues

In 2017, Hifab carried out a stakeholder and materiality analysis. In the following year, a supplementary risk analysis was carried out. These analyses formed the basis for Hifab's sustainability work during the period 2017–2019. An explanation of the significant issues that were identified and how Hifab worked in 2019 to deal with these issues are given here. For information on completed activities in 2017 and 2018, please look at the respective sustainability report.

## Stakeholder analysis

For our sustainability work to be relevant to our stakeholders, we need to find out their expectations regarding our sustainability activities. We have regular dialogue with our priority stakeholders - clients, employees, owners and suppliers - who have the greatest impact on our activities and who we affect the most through our business.

In 2017, a stakeholder dialogue was conducted in the form of several interviews with some of our clients, employees, and owners. The dialogue with our clients clearly showed that some of them demand high competence in environmental and social sustainability at a competitive price. Other issues that were highlighted as important were, among other things, the need for quality assurance of sustainability activities in projects and the demand to use initiative to propose sustainable solutions from Hifab's consultants. Hifab's owners argued that Hifab must have high competence in the area of sustainability to create added value as a company, for Hifab's clients and above all for the environment.

The results of this dialogue are given in the following table.

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

To ensure good external monitoring in terms of sustainability issues, for getting the opportunity to share our expertise, and

to create networks; we are members of the following organisations:

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

## Risk analysis

All business operations are associated with a certain degree of risk-taking. Hifab's operations are affected by several different factors, some of which are within the company's control while others are not. Based on the risk workshop conducted in 2018, an update was made of our materiality analysis and we have

continued to work on the company's sustainability risks and uncertainties in the areas: environment, staff, social conditions, human rights, and counteracting corruption.

## Risk management

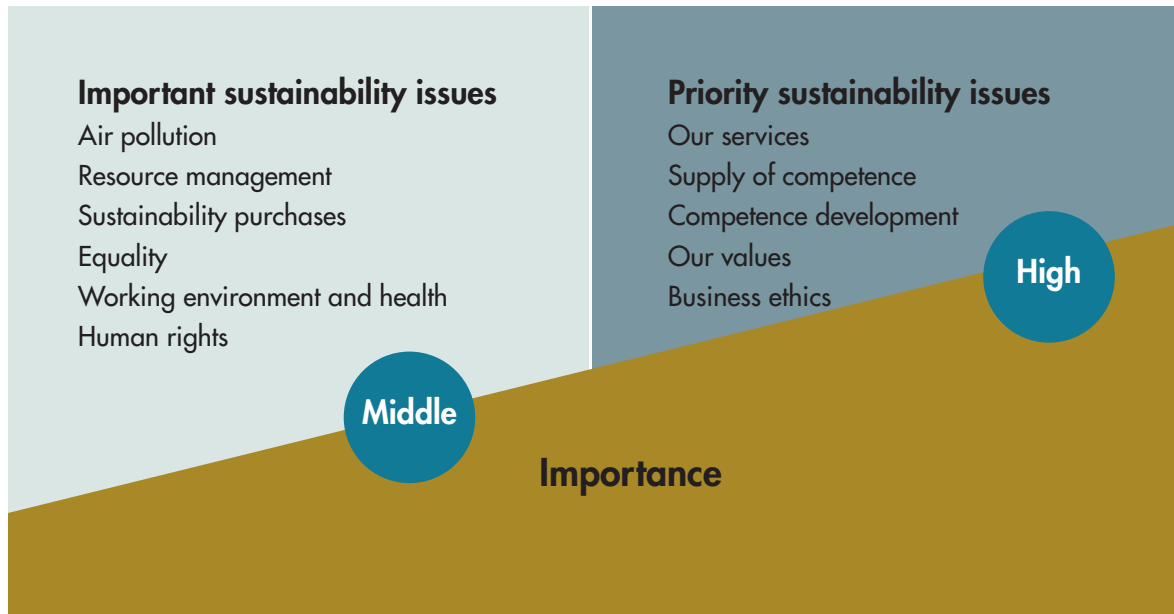
Area	Description of risk	Mitigation
<b>Environment</b>	Emissions of environmentally hazardous substances to soil/water linked to our business in industry.	<ul style="list-style-type: none"> <li>• Ensure that industrial operations routines include environmental risks and their management.</li> </ul>
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

## Materiality analysis

In 2017, Hifab conducted a materiality analysis to identify and prioritise the company's significant sustainability issues. It consisted of external analysis, stakeholder dialogue with priority stakeholder groups (see page 6), and a workshop with company management. During the workshop, the major sustainability issues were prioritised based on its impact on the environment/people and Hifab's brand/profit. In 2018, an update was made

of our materiality analysis based on the risk analysis that was done in the same year, see page 7. The goal of the update was an increasing focus on business ethics.

We have chosen to focus on our priority sustainability issues in our sustainability report. These issues are highly important for our business based on our impact on sustainable development.





# Hifab's sustainability management

## Hifab's operating management

Through Hifab's operating system (HVS - Hifab's Verksamhetssystem), we can work in a structured and efficient way in sustainability work and the group's other operations. Management is involved in the activities through setting goals and ensuring that follow-up takes place. At the annual review, the management monitors the results of goal fulfilment as well as adherence to routines and working methods. Before the following year, decisions are made on improvement measures and targets are adjusted. If necessary, policies are updated which the CEO approves and signs.

For the individual employee, Hifab's operating system is central to the process of clarifying how the environment and sustainability should be considered early in a project. The system helps, among other things, with checklists used in the start-up and implementation process of the project.

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

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

- Anti-Corruption Policy
- Working environment Policy
- Environmental and quality policy
- Privacy Policy (GDPR)
- Policy for diversity on the Board
- Policy against victimisation and harassment
- Representation policy
- Travel policy
- Code of Conduct

## Hifab's Code of Conduct

Our Code of Conduct serves as a guide for all employees and is used as a tool in our everyday lives - both in assignment-related and internal projects. The Code of Conduct clarifies the principles that support us in the role of employer and employees. It also clarifies the relationship to other employees, clients, and cooperation partners. The Code of Conduct is based on the Global Compact and our seven main principles, see page 10.

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

## Application and follow-up

Hifab's Code of Conduct covers all employees regardless of position and is discussed from the board downwards in the organisation. All managers have a special responsibility to work for the enforcement of the Code of Conduct and we maintain an ongoing dialogue about the situations we are facing. Departures from the Code of Conduct are reported to the nearest manager, to someone in group management, or through our anonymous whistleblower function. Hifab's whistleblowing function is accessed via Hifab's intranet or website and allows everyone to inform about suspicion of irregularities or serious misconduct. Our whistleblower function acts as a warning system to reduce risks. Read more on page 16, in the business ethics section.

Continuously, Hifab makes extensive efforts to ensure that our employees know the content of our Code of Conduct and anti-corruption policy. Through training and continuous dialogue, we create good conditions for all our employees to live according to Hifab's values and guidelines. The section on business ethics, on page 15, describes how the knowledge-enhancing efforts are designed to reach our target groups effectively.

## The seven core principles of the Code of Conduct



### Integrity

All employees should avoid situations where their personal or financial interests may conflict with the company's. Together, we take responsibility for not disseminating information that could harm anyone or the company and are responsible for protecting the company's assets from loss, theft and abuse.



### Equality and diversity

Our fundamental position is that all people are of equal value and that all employees should have the same basic opportunities, rights and obligations. Our working environment should be characterised by respect and fair relations between individuals and groups. No one should be discriminated against.



### Freedom of speech and association

We respect our employees right to choose whether or not they want to be represented by trade unions in collective bargaining. No employee shall be discriminated against for exercising this right.



### A good working environment

All employees must be offered a good, safe and healthy working environment where everyone contributes to well-being, efficiency and safety. A good working environment is not only safe, it should also lead to personal development and job satisfaction.



### Personal development

We want to retain and develop our employees. By offering continuous development opportunities, each employee should receive the skills development required to achieve results and ensure our business commitments.



### Communication

We have an open and constructive dialogue based on respect for each individual. All employees have access to information about the company's overall goals, strategies and have a dialogue with their immediate manager about how their own efforts contribute to the whole. All managers and employees have a shared responsibility to ensure access to the information needed for each employee to perform their activities in an effective way.



### Unjust conditions & coercion

We do not accept any form of exploitation of children or other vulnerable groups in the labour market.



### Global Compact

The ten basic principles of the UN Global Compact are, among other things, based on the UN Declaration on Human International Rights. The ten principles cover the areas of human rights, labour law, environment and corruption.

# 2019 Results

In the following chapter, we describe how we work on our five priority sustainability issues and the results of our work during the year.

## Our services

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

### Environmentally controlled projects

In order to create measurability in our services, we have chosen an indicator that is based on the proportion of our assignments carried out in environmentally controlled projects. To be categorised as an environmentally controlled project, at least one of the following parameters must be met:

- there are environmental requirements from the client
- there is an environmental programme or other governing document for environmental work in the project
- one or more environmental studies are, or will be, established within the framework of the project
- there is, or will be, a follow-up of the environmental work during the project

In 2019, a total of 1,279 (915 in 2018) projects were started for Hifab's operations (Hifab AB, DU-Teknik, Hifab International and HOY\*). About 35% (44%) of these were environmentally controlled assignments.

The results in 2019 shows that the number of environmentally controlled projects that Hifab is involved in decreased for the first time in two years. One possible explanation may be that the proportion of assignments where the environmental requirements are not applicable has increased. Examples of such assignments are within the inspection and construction economics calculations.

Indicator	2019	2018	2017	2016	2015
Proportion of new assignments in environmentally controlled projects	35 %	44 %	41%	–	–

*Measurement of the share of environmental projects is carried out in Hifab's operating system where all new assignments are registered.uppdrag registreras.*

## NPS – increased client satisfaction

To ensure that we deliver services that are in line with our clients' expectations, we measure client satisfaction according to the key figure, Net Promoter Score (NPS).

Hifab's client satisfaction measurements are carried out quarterly for recently completed assignments. The result is presented as a key figure according to NPS based on the question "How likely are you to recommend Hifab to an industry colleague?".

Hifab's target figure for NPS is 20, where the outcome in 2019 was 20.7, compared with 19.1 in the previous year. If we look at the results from the last six years, we can see a trend with increased client satisfaction. However, the response rate is relatively low at 11% (12% in 2018), which means that the result shows only how a small number of our clients experienced Hifab's services and delivery.

To increase the number of satisfied clients, Hifab has carried out development activities under the name 'effective processes' to improve Hifab's work processes in assignments. The work began in 2019 and is expected to start to take effect in 2020.

Indicator	2019	2018	2017	2016	2015
NPS	20,7	19,1	27,6	18,1	11,3

*\* HOY is Hifab's Finnish subsidiary, Hifab Oy*

## Supply of competence

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

### Attractive employer

As indicators of skills supply, we have metrics based on Hifab as an attractive employer. For our existing employees, we have chosen to measure employee index (MI), leadership index (LI) and to what extent our employees recommend Hifab as an employer (eNPS, Employee Net Promoter Score). We can see a positive trend in 2019 where the employee index (MI) has increased by 4% and the leadership index (LI) has increased by 2% compared to the previous year. We will thus continue to be above the industry average. The result for eNPS increased by 3%, so even in this area we are slightly higher than the average. Part of the explanation for the improved results is the management development programme that was implemented during the year (for more information, see the 'Our values' section on page 14).

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

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

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

\*\* Average figures from industry average in Sweden from 2019. The industry average has been increased; the average was 9 in 2018.

This year's employee survey had a response rate of 91% (92%), which shows a high level of commitment among our employees. Based on the results of our employee survey, plans are drawn up for how to work to remain an attractive employer. In the implementation, we use as a springboard the strengths raised in the survey such as high commitment and the development opportunities that exist within Hifab. Other strengths that emerge in our survey are the interesting projects that the employees can participate in and lead, competent colleagues, and the good family atmosphere at Hifab. We also work to ensure that our managers have enough time for their employees and look at how collaboration between our departments can be further improved.

Another indicator that we use to ensure that Hifab remains an attractive employer is the number of new employees. Sweden had strong organic growth in 2019 and the number of new employees was 87, compared to 44 in 2018. Growth has been organic in places with strong long-term markets and high demand for our services. The investment means that we have started a new market area division and hired many consultants throughout the country. At the same time as recruitment has gained momentum, staff turnover continues to decline, which means that the growth rate has increased. During the year, the number of employees in Sweden increased by over 17%, which is a break in trend. We can also see general increased interest in Hifab, as each service that is advertised receives on average more applications.

The work of being an attractive employer is ongoing. Some concrete efforts that have taken place during the year are:

- Development of our joint training package, Hifab Pro, including a new management development programme with a focus on culture and workforce, training on systematic working environment and certification of project managers in PMP. PMP stands for Project Management Professional, and is one of the world's most established project management certifications. The certification is issued by the Project Management Institute (PMI).
- New digital introduction process for onboarding.
- Introductory training for all new employees with extra focus on business ethics.
- Discussions with new employees after three months to follow up on how their introduction and their first few months was.
- Invitation to Alumni Meetings.
- Implementation of Teams throughout the organisation.
- Implementation of a new structured process around People Plan and succession planning (see the 'Competence development' section on page 13).
- Systematisation of exchange of experience through, among other things, the Knowledge Channel, a digital collaboration platform via Teams.
- Mentorship programme.
- Manager's forum for dialogue with managers and leadership development.

## Competence development

*Knowing our clients' needs and having the right skills to meet them is the starting point for our competence development.*

As an indicator of competence development, we have chosen to measure the extent to which our employees understand our clients' needs and to what extent they feel they have the right skills to meet those needs. The employee survey in 2019 shows that 89% (86%) of employees believe they have a good understanding of our clients' needs and 86% (82%) of employees believe they have the right skills to meet those needs.

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

*Measurement takes place in Hifab's annual employee survey.*

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

## Education Focus

In 2019, we also continued to develop our training activities, Hifab Pro, with a clearer package aimed at our various target groups.

Among the training initiatives, we can highlight practical project management; training that leads to PMP certification. With a certified working method, quality assured implementation is offered that distinguishes us and creates security in our deliveries.

In 2019, a comprehensive management development programme was also implemented for all managers (for more information see the 'Our values' section on page 14). In addition, several training courses were carried out in business skills on assignments, which included a full day concerning our common business culture focusing on how we act on assignments. The goal of the training is profitable assignments, satisfied clients and additional sales. The content was a combination of lectures, group work and discussions.

A new project responsibility training programme has been developed during the year, and will be implemented in 2020. Through effective project management, we increase the value for our clients and get an improved quality and delivery in our assignments.

## People Plan

In 2019, Hifab implemented a new, structured process for strategic review of the company's long-term competence needs, a so-called People Plan. It is a long-term skills development plan and succession planning based on the business growth goals that the company has, the current organisation and identified leadership candidates.

## The Knowledge Channel

During the year, we launched the Knowledge Channel. Hifab's Knowledge Channel will be a meeting place for the whole of Hifab where employees can share their experiences via digital team meetings, provide inspiration and tips and increase our knowledge transfer. All our employees at Hifab possess great knowledge and experience and the Knowledge Channel is a way to share all these good examples that we encounter every day in our projects.

## Our values

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

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

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

*Measurement takes place in Hifab's annual employee survey.*

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

## Hifab's management development programme

2019 began with structured activities to strengthen our corporate culture by working with value-based workforce. The company SESI conducted qualitative interviews with managers and employees at Hifab and then customised a leadership programme with the aim of strengthening Hifab's internal culture based on the key concept of teamwork. The management development programme originated from all of Hifab's managers as they are key people, bearers of norms and strong culture in such a process.

The training provided managers with the tools and skills needed to create a deeper form of participation, commitment and responsibility among the employees in their teams. The programme's ambition was thus to develop both the manager and the team combined, while at the same time consolidating our values, new norms and proactive collaboration throughout the organisation.

We see a noticeably improved result in our specific leadership issues from the employee survey in 2019. This gives us a clear indication that the management training has borne fruit, that its tools are used in the managers' everyday lives, that Hifab's employees have become more involved and participatory, as well as that our core values have been incorporated in a concrete way. Areas where we are far above the industry average involve issues such as: my manager creates positive team spirit,

has behaviour that is consistent with our values, and has an open and honest communication style.

## Hifab's sustainability profile

Our ambition is to be an active participant in the development of a sustainable society. The work we do should permeate our projects and reach out to our clients and partners. But it is also very important that our employees gain knowledge of Hifab's structured sustainability work. To strengthen Hifab's sustainability profile internally, we have worked actively with different information efforts during 2019.

A brief summary of some of these efforts are:

- Included a section on sustainability in the introductory training for all new employees.
- Joined Fossil-free Sweden and communicated its implications internally. Read more on page 20.
- Conducted a knowledge-enhancing seminar focusing on the Global Goals 2030 and invited both employees and clients to participate. Read more on page 19.
- Circulated Hifab's 2018 Sustainability Report internally and lectured on its results.
- Highlighted projects with a clear sustainability foundation.
- Started the Knowledge Channel with a focus on spreading good examples and experiences. Social sustainability has been first on the agenda.

In Hifab's employee survey, we ask whether our employees feel that we have a clear sustainability profile. We see that our increased communication about our sustainability work has given good results - a large proportion of our employees are aware of our work today and believe that Hifab has a clear sustainability profile.

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

*Measurement takes place in Hifab's annual employee survey.*

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

## Business ethics

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

Business ethics is an important part of Hifab's operations and one of Hifab's priority sustainability issues. In 2019, we continued to develop our activities in business ethics with a focus on internal training, knowledge-enhancing efforts and to further develop our risk assessments and systems for regulatory compliance. As a part of the fight against corruption, we have also implemented an anti-corruption programme.

### Training in Code of Conduct and anti-corruption

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

In 2017, we began the work of updating our Code of Conduct to clarify and guide our employees in how we interact with each other in our everyday lives. In connection with this, a training programme was developed. The training was introduced to our international operations in a first stage and included teacher-led discussions and dialogues on ethical dilemmas. Sixty-three people were trained during 2017-2018. The training included 100% of our employees in our international operations.

In 2019 we have further developed our training efforts. To reach out to Hifab's employees to a greater extent, an e-learning programme in anti-corruption and core values has been developed - digital training that guides employees through areas such as corruption, bribery and Hifab's Code of Conduct. The e-training provides an understanding of what corruption is and how to avoid it.

Our digital training in core values and anti-corruption will be offered once a year to all our employees. The training is constantly updated with current and real-life dilemmas from the business. The goal is for 100% of our employees to complete the training every year.

Our partners and sub-consultants can also carry out our digital training in the field of core values and anti-corruption. In our foreign operations, the training is offered to all our partners.

As a complement to this, in 2019 we have also conducted teacher-led training courses aimed at people in senior positions as well as staff involved in our foreign operations. This training started from our digital e-learning programme and the dilemma issues presented therein. Issues around the dilemma are also a starting point at meetings for Hifab's group management, which provides an opportunity to discuss and make decisions on issues of a group-wide nature.

In addition to the above-mentioned training efforts, we focus a little extra on our new employees. A new employee of Hifab meets our Code of Conduct for the first time in a digital onboarding. In the digital introduction, the employee gets an insight into Hifab's Code of Conduct and anti-corruption policy and commits to its content.

In the next step, the employee can go on a teacher-led introductory training course that contains different topics based on core values and business ethics. This training is conducted about twice a year with the opportunity to catch up on all Hifab's new employees. We believe that we are raising awareness of our new employees by providing them with insight into Hifab's Code of Conduct. We create a good environment for all our employees to be able to work and live according to Hifab's values.

As an indicator of our development journey in business ethics, we have chosen to look at how many of our employees are reached by our training efforts in the Code of Conduct and business ethics. The result from 2017-2018 refers to our teacher-led training in our foreign operations, while the result from 2019 is based on our e-learning (digital education) and includes all of Hifab's operations. In our overseas operations, 100% of employees have completed our new e-learning course and in the Swedish operations so far almost 75% have completed our new e-learning course. If we include those teacher-led introductory courses in the Code of Conduct and business ethics for new employees, as well as our teacher-led training for managers, we believe that almost 100% of Hifab's employees have taken part in our important activities on Code of Conduct, business ethics and core values.

Indicator	2019	2018	2017
Teacher-led training in the Code of Conduct *	49	41	22
Digital e-learning with focus on anti-corruption **	191	-	-

\* Teacher-led training for our international operations and managers in the Swedish operations.

\*\* Digital training - e-learning for all Hifab employees

### Internal audit of foreign operations

In the summer of 2018, Hifab's sustainability manager conducted an internal "Integrity and Compliance" audit in our foreign operations. The assignment under review was a SCADA project with the client Dhaka Electric Supply Company Limited (DESCO). The project was run by Hifab Oy. The audit went well, and only minor comments and recommendations were given, which were subsequently followed up.

## **Anti-corruption programme – Integrity & Compliance programme**

In 2019, Hifab continued to focus on the area "Counteracting corruption", which has been identified as a high-risk area when Hifab has operations both in Sweden and abroad (see the risk analysis on page 7). In addition to our training efforts (see previous page), we have developed a comprehensive anti-corruption programme called the Integrity & Compliance Programme (ICP) in collaboration with an external expert. Hifab has also developed new routines and updated the job descriptions for a few key roles.

Within the framework of ICP, a whole toolbox of routines and instructions has been developed for use in daily activities with both business development efforts and project implementation, mainly in the foreign operations. One of the tools is a computer programme that estimates possible risks with, for example, clients and suppliers. The estimate is made for preventive purposes, a kind of survey that is carried out prior to the tender phase in each project.

The routines within the ICP provide project managers with support for project implementation and provide guidelines for internal follow-up. For our overseas operations, Hifab has also developed a new role, Hifab's Integrity Compliance Ambassadors, whose task is the secure review of our processes and to ensure that all our routines are followed correctly in the business development and project implementation phases. The role includes daily tasks which entails continuous support and monitoring of ongoing projects.

## **Implementation of anonymous whistleblower function**

In 2019, a new and improved whistleblower function was implemented. Previously, this was handled internally. Hifab has chosen to purchase an external service for this purpose now to ensure anonymity in reporting any irregularities. The function is intended to be used wherever Hifab implements projects, both inside and outside of Sweden, and can be used by everyone involved in Hifab's projects. This includes both employees and external stakeholders, as well as the general public. The whistleblower service is easily accessible through our website and can be used to provide information about a concern that something is not in line with our values and ethical principles, which can seriously affect our organisation or a person's life or health. Information reported to the whistleblower function is received and investigated by the compliance officer and HR manager.

In 2019, routines have been developed to provide clear and detailed information on how the information is handled, what happens after a notification, and who is responsible if anyone reports through the whistleblower function.



## Other activities

We have made progress in several other areas of sustainability. Some of these efforts are described below.

### Working environment – for sustainable employees

In 2019, two major investments were made in the working environment, a central area for creating sustainable employees. One investment is training on Hifab's systematic working environment activities. The training is aimed at all managers in the organisation to increase their knowledge and skills in the subject. The idea of the training is that everyone should be able to share their experiences and learn from each other.

The second venture is that a new occupational healthcare and health control programme has been developed for the entire company. The purpose of the programme is to support and promote the health of our employees as well as providing an indication and health status of the entire organisation. By getting a review of employees' health status, we can plan better for the future in health and wellness initiatives. The new programme means, among other things, that a new healthcare provider has been chosen, and the controls and intervals are better adapted for the individual's needs. In addition, we offer online healthcare for all employees - a simple, safe, and efficient way to get help from doctors in the event of minor problems. The online healthcare offer applies to both the employee and the employee's family without any deductible costs.

### Environment

In the area of environment, work has begun to measure and calculate carbon dioxide emissions from the trips that Hifab's employees make in their activities. The service trips include most types of transport such as air, train, car, bicycle, on foot and public transport. The journeys are made inside and outside Sweden. Some are short, while others are medium or long-distance. Journeys are regular and recurring for some employees and irregular for others. This wide variety of journeys means that trips are purchased from many suppliers, either centrally or by the individual employee. A first step has been taken to map and identify clear travel patterns in 2019. In 2020, further investigative work is planned to take a position on whether carbon dioxide emissions from Hifab's business trips are to be measured and reported. If yes, what would be the method for the measurement of carbon dioxide emissions?

# Sustainability in focus 2019

// We see that our increased communication about our sustainability activities has produced results – a much larger proportion of our employees are aware of our work today and believe that Hifab has a clear sustainability profile.

*David Lindgren  
Hifab's Sustainability Manager*





## Knowledge-enhancing seminar series on Global Goals

In 2019, Hifab arranged a series of seminars aimed at joint knowledge development on the Global Goals and Agenda 2030.

Agenda 2030 and Global Goals are the most ambitious agenda for sustainable development that the world have ever agreed. To achieve the goals by 2030, all participants in society need to take responsibility. Broad cooperation between society and organisations must take place, both in Sweden and in the rest of the world.

With its seminar series on Global Goals, Hifab wanted to spread knowledge about what the goals are all about. In 2019, Hifab invited clients, partners, and employees to discuss the content of the global goals, how our work in the community building industry is affected and how we can work in a concrete way for more sustainable development through our operations and projects.

Hifab's seminar series has been based on Goal 11, Sustainable Cities and Communities, but we have also included themes that

link to and touch upon other goals. The themes we have chosen are climate action, biological diversity and water and innovation - areas where we see that we can have a great impact and opportunity for change through our work in the construction sector and the built environment.

The outcome of our meetings has been very positive. Over 200 clients, partners and employees have met and through good examples and projects from reality, the goals have become clearer and more relevant for all participants. Together we have done a common knowledge development. For our assistance, we have had competent lecturers from the Swedish Construction Federation, the City of Gothenburg, Familjebostäder, Circular Hub, Modesty Club, and HSB Living Lab.

Read more on our website:  
[www.hifab.se/en/about-us/sustainability](http://www.hifab.se/en/about-us/sustainability)



## Hifab joins strong industry initiative – Fossil-free Sweden

Together with around 100 participants, we are now challenging ourselves and others in the industry to meet the Swedish goal of zero emissions of greenhouse gases by 2045.

Fossil-free Sweden was started as an initiative by the government in 2015 with the goal of Sweden becoming one of the world's first fossil-free welfare countries. Linked to this initiative, participants from the construction and civil engineering industry have come together to create a roadmap for a climate-neutral and competitive construction and civil engineering sector.

In 2019, Hifab joined this powerful initiative! Together with around 100 stakeholders, we are now challenging ourselves and others in the industry to meet the Swedish goal of zero emissions of greenhouse gases by 2045. The roadmap presents great opportunities, as we have joined forces with important clients as well as competitors and partners. Some examples are Skanska, Tyréns, WSP, Familjebostäder, Gothenburg property management, Specialfastigheter, Sweden Green Building Council, etc.

Together, we have committed to develop ourselves and our market towards a fossil-free Sweden by 2045. We will need to demonstrate concrete measures and work proactively in our goal to propose solutions that contribute to climate neutrality. We hope that our work will lead to increased trust and commitment from clients, staff, and potential employees.

As a first step, we have hosted a networking meeting where clients, partners, and employees have discussed the roadmap of the construction and civil engineering sector. Sweden's construction industry, which has been the initiator of the roadmap, introduced the work behind the plan and the way forward. Employees from Hifab presented examples of how we can practically work on reducing energy use and converting it to renewable energy in the construction sector.



# Sustainable construction

Hifab's Cultural Environment division specialises in properties that are culturally protected and historically valuable. The projects vary, but include everything from consulting with the development of action programmes and maintenance plans to planning, project and construction management and inspection.

Many of the buildings we work with are protected by the Cultural Environment Act. This means that the building must be serviced and maintained, and it must not be demolished. The protection thus becomes indefinite. The improvement measures we take mean that we can help the building survive, we preserve value for posterity, and we become part of an endless timeline. Hopefully, to build sustainably and long-term is something that we will see more of in the future in the construction industry. There is much inspiration to be gained from, for example, old culturally historic buildings in terms of maintenance, architecture, and long-term perspectives.

A good example is the renovation of Attmar church, a church built outside Sundsvall in the 1760s. In 2019, Hifab led the work of renovating the church externally. Both the facade and the

church windows received a major facelift. And with careful renovation, the church can remain in its full glory for another hundred years. At least!

Another good example when we use modern technology and knowledge to renovate an old building is Stugun's church in Jämtland. The church was built in 1896. In 2019, Hifab was involved as project manager when the church became Sweden's first legally protected church to have solar panels on the roof. The congregation has long worked to make the business more sustainable and with solar panels on the roof, they have taken a big step in the right direction. "It is a great ecological and economic benefit to be able to produce our own green energy," says pastor Lennart Raswill of Häsjö pastorate.

# GRI-Index 2019

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

Standard no.	Description	Information/Answer
102-1	Name of organisation	Hifab Group AB
102-2	The organisation's main brands, products and services	Annual Report (AR) p. 3
102-3	Location of the organisation's head office	Sveavägen 167, 3rd floor, Box 19090, 104 32 Stockholm
102-4	Location / countries where the organisation operates	AR p. 43, note 16
102-5	Ownership and legal form	AR p. 8-9
102-6	The organisation's business areas and clients	AR p. 10-13
102-7	Scope of organisation (number of employees, turnover, etc.)	AR p. 5, 11, 33
102-8	Information about employees, type of employment, gender etc.	AR p. 33
102-9	Description of the organisation's supply chain	Hifab's services are primarily provided by its own employees; alternatively sub-consultants are hired. Hifab AB and Hifab DU Teknik have collaboration agreements with 96 sub-consultants
102-10	Significant changes within the organisation and its supply chain	No significant changes
102-11	Application of the precautionary principle	Hifab is a signing member of the UN Global Compact, see page 10
102-12	External initiatives and principles that the organisation has joined	Global Compact since 2016 as a signing member
102-13	Membership in industry and interest organisations, national and international	p. 7
102-14	Statement from the organisation's senior representative on the importance of sustainability and the strategy for addressing sustainability issues	p. 3
102-16	Description of basic values and guiding principles within the organisation	p. 4
102-18	Management and organisational structure	AR p. 10
102-40	List of stakeholders	p. 6
102-41	Percentage of employees covered by collective agreements	Hifab AB is covered by collective agreements
102-42	Identification and selection of stakeholders	p. 6
102-43	Stakeholder Involvement Process	p. 6
102-44	Essential issues raised by stakeholders	p. 6
102-45	Activities included in the accounting/accounts	Hifab Group AB including subsidiaries
102-46	Process for defining significant sustainability issues and implementing accounting principles	p. 8
102-47	List of essential sustainability issues	p. 8
102-48	Corrections to reported information in previous annual reports	No corrections to previously reported information have been made in the 2019 report
102-49	Significant change in reporting compared to previous years	No significant changes in reporting compared to previous years have been made in the 2019 report
102-50	Reporting period	1 Jan 2019 - 31 Dec 2019
102-51	Date of previously submitted report	April 2019
102-52	Reporting Cycle	Annually
102-53	Contact person for questions regarding the sustainability report	David Lindgren, Sustainability Manager david.lindgren@hifab.se, 010-476 60 00
102-54	Citation of how the reports correspond to GRI Standard	The Sustainability Report has been prepared with Global Reporting Initiative standards as inspiration
102-55	GRI index	p. 22
102-56	External verification of report	p. 23
103-1	Motivation for essential sustainability issues and boundaries	p. 8
103-2	Description of how the organisation handles its essential sustainability issues	p. 11-17
103-3	Evaluation of the organisation's management of significant sustainability issues	p. 11-17

# Auditor's opinion

**Deloitte.**

## **The auditor's opinion regarding the statutory sustainability report**

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

### *Assignment and the division of responsibilities*

It is the Board of Directors who is responsible for the Sustainability Report for the year 2019 and it has been prepared in accordance with the Annual Accounts Act.

### *The focus and scope of the review*

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

### *Statement*

A sustainability report has been prepared.

Stockholm

Johan Telander

Chartered Accountant

**Our vision is to be the  
market's leading  
project management company –  
the first choice of our clients  
and employees**

**Hifab**