
Sustainability Report 2020

The sustainability report describes the impact of Veidekke's operations on the environment, climate and society, the effect of climate change and the transition to a low-emissions society on Veidekke's operations, and the group's response to resulting financial risks and business opportunities. Veidekke reports in accordance with the principles developed by the Global Reporting Initiative (GRI).

SUSTAINABILITY AT VEIDEKKE

The basis of sustainability

Sustainable development is about taking responsibility for ensuring that future generations have the same opportunities as we do today. This responsibility is shared by society as a whole. Companies who want to succeed in the transition to a low-emissions society have to operate sustainably and must provide sustainable solutions. This is where the interests of Veidekke and its customers overlap. By systematically integrating sustainability into our operations, our projects and our supply chains, we help our customers to achieve their sustainability objectives.

Veidekke's sustainable development responsibility extends to all aspects of ESG:

- Environment: greenhouse gas emissions, climate risk and other environmental factors.
- Society: human rights, skills-development, sick leave, injuries and gender equality.
- Governance: materiality analysis, reporting standards, supplier monitoring, whistleblowing, corruption risk, the board's role in ESG monitoring, strategic ESG opportunities.

By the end of 2020, Veidekke had adopted quantitative targets for several areas, with a particular focus on:

- reducing greenhouse gas emissions in accordance with the Paris Agreement;
- avoiding serious injuries and reducing the number of injuries by 20% per year;
- promoting diversity within Veidekke.

Veidekke is increasingly incorporating sustainability considerations into its strategies and processes. In 2020, the group included sustainability targets in its loan agreement with SEB.

Priority topics

Veidekke's sustainability work is based on a materiality analysis conducted in accordance with the GRI. The analysis describes opportunities and risks facing the company, as well as Veidekke's most important stakeholders and their key concerns. The latest analysis, which was conducted in the autumn of 2018, asked internal and external stakeholders to rank 50 topics in the areas of finance, environment, climate, society and ethics. Based on the stakeholders' responses, Veidekke identified six material topics: health and safety, productivity, compliance, expertise, climate impact and customer satisfaction.



Organisation of sustainability efforts

Governance and responsibility

Sustainability is integrated into group strategies and all components of Veidekke's management systems. Ultimate responsibility rests with the group's board of directors, while day-to-day sustainability work is undertaken by the group management team.

In accordance with the group ESG policy, Veidekke established an inter-disciplinary sustainability council in 2020 to work on sustainability and social responsibility initiatives on behalf of group management.

The sustainability council is mandated to ensure that Veidekke handles sustainability issues and its social responsibility in an integrated and uniform manner, by:

- recommending focus areas and targets for topics identified as important by the group, monitoring work being done and making status reports to group management;
- ensuring that the group has a shared understanding of sustainability-related terminology;

- monitoring developments and guidelines on ESG reporting and developing principles for Veidekke's own reporting;
- developing standards and templates for sustainability and ESG.

The operations are responsible for implementing and monitoring measures to ensure that the group's sustainability and ESG targets are met. The business areas develop their own key performance indicators (KPIs), and actions plans to achieve these. It has been decided that sustainability and innovation should be included in the decision-making basis for the assessment of major projects. The group's policies, requirements and values – to be professional, honest, enthusiastic and ground-breaking – provide considerable scope for local flexibility.

Group management decided that these six topics should be given equal importance, and should be the focus of the group's sustainability efforts as of 2019. Veidekke is a major purchaser of goods and services which themselves have financial, environmental, climate and societal impacts. The six material topics are therefore relevant in both Veidekke's own operations and cooperation with suppliers.

The material topics also constitute the basis for the group's sustainability reporting. The thematic chapters in this report describe group-wide objectives and activities in four prioritised areas. The other two topics – productivity and customer satisfaction – are covered in the annual report.

In 2020, Veidekke followed up on the materiality analysis by initiating dialogue with a broad selection of key customers to survey their views on sustainability and what these views imply for Veidekke. The customer feedback was reviewed by the management teams of the operational areas and made further available through dedicated tools for use in management teams.

Climate risk

In early 2020, Veidekke's former industrial operation completed an assessment of climate risk in accordance with principles formulated by the Task Force on Climate-related Financial Disclosures (TCFD). This work is now continuing at group level in the form of the customer dialogue mentioned on the previous page. Also in 2020, a third-party assessment of how Veidekke should respond

to the EU's new classification system for sustainable economic activity was completed. This taxonomy is regarded as a material factor with respect to the company's climate risk. Collectively, these measures have given group management and the board of directors important governance tools, including for strategy development.

The EU taxonomy for sustainable activities

The EU is currently implementing a classification system – also referred to as a taxonomy – which sets out criteria for determining whether an activity qualifies as sustainable. The system will become effective on 1 January 2022, and includes reporting as of 2021.

In 2020, Veidekke worked on identifying the future impact of the EU taxonomy on the group. Together with the Skift Business Climate Leaders organisation, the company co-hosted a hub on the topic at the ZERO conference in November, and also contributed to the NHO "Climate problem solvers" conference, where the taxonomy was a key topic. Towards the end of 2020, Veidekke piloted project screening based on the taxonomy in preparation for full reporting as of 2021. It has also been confirmed that Veidekke is compliant with the taxonomy's social criteria.

Membership of and support for sustainability initiatives

Veidekke is involved in industry and environmental organisations and other initiatives which promote sustainability objectives. These include:

- Skift Business Climate Leaders – Veidekke is a member of the organisation and a signatory of the Guide against greenwashing, and is participating in other initiatives that promote sustainability targets.
- Zero Emission Resource Organisation – Veidekke is a strategic partner.
- UN Global Compact – Veidekke became a member in 2020, and will implement the UN Global Compact's 10 principles for responsible business conduct.
- Färdplan 2045 in Sweden – Veidekke has adopted and is committed to implementing the action plan.

Reporting

The purpose of Veidekke's sustainability reports is to demonstrate how the group's operations affect the environment, climate and society, the effect of climate change and the transition to a low-emissions society on Veidekke's operations, and the group's response to resulting financial risks and business opportunities. Veidekke reports in accordance with the principles developed by the Global Reporting Initiative (GRI).

A GRI index can be found on pages 179–185 of this report. The index is also published on veidekke.com, along with links to information on the reporting principles and indicators defined in the GRI Standards. In Veidekke's view, the content of this report and the GRI index collectively achieve the "Core" level specified in the GRI Standards. Unless otherwise stated, the sustainability report relates to the group as a whole. When a new business is acquired, it is included in Veidekke's reporting from the time of acquisition.



Torvbråten school in Asker municipality, a Nordic Swan Ecolabel building.
Image: Hundven-Clements Photography.

UN Sustainable Development Goals

The UN's 17 Sustainable Development Goals (SDGs) constitute an action plan for eradicating poverty, combating inequality and stopping climate change by 2030. Veidekke supports the SDGs and is cooperating with a range of stakeholders to achieve the goals within and outside its own supply chains. Based on the six material topics for Veidekke's sustainability work, the following SDGs have been identified as particularly relevant:



Goal 4: Quality education

Through the Expertise material topic, Veidekke contributes to the achievement of target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Veidekke is a training organisation for skilled manual workers and engineers. The group has adopted the target that apprentices should make up 10% of its manual workforce, and provides summer jobs and development programmes for students and recently graduated engineers.

Goal 5: Gender equality

Through the Expertise material topic, Veidekke contributes to the achievement of target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life. Veidekke is working actively to increase the proportion of women in the company and has adopted various targets in this regard, for example to increase the proportion of women in operative management roles to 20% by 2025.

Goal 8: Decent work and economic growth

Through the Health and safety and Compliance material topics, Veidekke contributes to the achievement of target 8.8: Protect labour rights and promote safe and secure

working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. Veidekke's target is zero serious injuries and an annual reduction of 20% in the total number of injuries.

Through the Productivity material topic, Veidekke contributes to the achievement of target 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Goal 13: Climate action

Through the Climate impact material topic, Veidekke contributes to the achievement of goal 13: Take urgent action to combat climate change and its impacts. Veidekke is targeting a 50% reduction in the group's greenhouse gas emissions by 2030, and a 90% reduction by 2050.

Goal 16: Peace and justice

Through the Compliance material topic, Veidekke contributes to the achievement of target 16.5: Substantially reduce corruption and bribery in all their forms. Veidekke is concentrating particularly on measures to combat corruption and ensure compliance with laws and regulations throughout the construction and civil engineering supply chains.

Stakeholder dialogue

The table below summarises the most important stakeholders, the topics important to them, the types of dialogue Veidekke is conducting with stakeholders and how Veidekke is following up on these dialogues.

Stakeholders	Topics important to stakeholders	Arena for dialogue	Regularly	Annual	As required	Veidekke's implementation
Shareholders	Corporate governance	Quarterly presentations	✓			Reporting on sustainability work Sustainability report News updates published online
	Veidekke's goals and guidelines	Meetings with investors and analysts	✓			
		General meeting		✓		
Staff	Involvement and dialogue	Day-to-day dialogue with managers	✓			Involving staff through line management
		Employee reviews		✓		Involving staff through internal communication channels
		General staff meetings	✓			Running a general introduction programme for new staff
		Involvement of employee representatives in the board of directors and different forums	✓		✓	Developing management tools to build sustainability knowledge and facilitate action
Customers	Challenges and opportunities in interactions with Veidekke	Customer meetings, seminars and events			✓	Customer satisfaction surveys Customer dialogues/interviews with key customers regarding sustainability, the environment and climate
		Online channels for dialogue with residential customers ¹⁾			✓	Customer dialogue in projects and focus groups Participation in specialist and industry forums
Suppliers	Cooperation concerning HSE and compliance	Dialogue meetings	✓		✓	Involving suppliers at an early stage, with a focus on cooperation, safety and the environment Pre-qualification of suppliers
	Securing reliable suppliers with a compliance focus	Industry forums	✓		✓	Supplier audits and follow-up through site visits and direct dialogue Cooperation with suppliers and other stakeholders to facilitate more environmentally-friendly maritime transport, e.g. infrastructure for hydrogen-based operation.
Local and central authorities	Compliance	Industry forums	✓			Placing important issues on the agenda Initiating dialogue and participating in public debates on topics relevant to environmental and climate goals, compliance, permanent employment and increased residential construction ¹⁾
	Good working conditions	Political events	✓			
	Efficient construction and regulatory processes	Contact with politicians and authorities through trade organisations			✓	
	Framework conditions and financing for increased residential construction ¹⁾	Dialogue meetings in municipal and regional forums			✓	
		Municipal and regional urban development forums			✓	
		Communication with local authorities re individual projects			✓	
Industry	Industry cooperation to improve safety, compliance and environmental performance	Dialogue meetings	✓			Actively working to strengthen industry cooperation on topics such as achieving the goal of zero injuries, measures to achieve environmental/climate goals and increased diversity
		Participation in industry forums	✓			
		Participation in industry committees	✓			
Society	Impact of Veidekke's activities in the form of job creation, noise and environmental consequences	Member organisations	✓			Cooperating with business and industry and authorities on initiatives such as Skift Business Climate Leaders, the roadmap for the Swedish construction and civil engineering sector, the Norwegian Green Building Council, the Sweden Green Building Council, etc.
		Participation in industry forums	✓			
		Open meetings			✓	
		Public meetings			✓	
	Consistency between Veidekke's strategy and official objectives	Hearings			✓	Formalised cooperation with the environmental organisation ZERO about i.a. fossil-free construction sites, renewable materials and hydrogen as an energy carrier Actively participating in and contributing to Skift Business Climate Leaders and signed up to the Guide against greenwashing Signed up to the UN Global Compact as of 2020, and will implement the Compact's 10 principles for responsible business conduct

1) Applies primarily to Veidekke's property development operation in Norway and Sweden. This operation was sold on 1 September 2021.



HEALTH AND SAFETY

Veidekke's occupational health and safety (OHS) work is primarily guided by the objective that working for Veidekke should be safe, and that everyone should arrive home safely from work every day. In addition, safe work is a prerequisite for winning contracts and delivering projects on time.

Veidekke gives equal emphasis to OHS targets and financial targets. OHS performance is reported to group management monthly, and quarterly to the board of directors, based on rolling project reports.

The group's OHS work incorporates the principles defined in Veidekke's OHS policy and safety plans derived from the OHS strategy. All operations have OHS responsibility for their own organisations, while the group OHS function assists with the implementation of requirements and initiatives and monitors target achievement.

Veidekke established a safety council in 2018 to strengthen its safety efforts. The council, which comprises the group OHS director and selected OHS managers from the individual operations, heads up Veidekke's safety improvement drive on behalf of group management, proposing improvement projects and measures to group management for possible implementation. In 2020, the safety council worked on the "0 in 700" improvement project, which is focusing on standardising key safety processes in the group.

Veidekke's safety work reflects its organisational structure and workforce.

The organisational approach to safety involves ensuring that project plans facilitate the safe and efficient performance of work, using the right equipment and on time. All projects have an assigned OHS manager whose task it is to ensure that these framework conditions are in place.

The workforce approach to safety focuses on attitudes, expertise and culture. Veidekke equips its employees to work safely every day, in the form of requisite knowledge, positive attitudes and care for one another. For the past four years, these efforts have set the agenda for the group's annual OHS week.

Sub-contractors undertake to act in accordance with the principles, plans and requirements applicable to Veidekke's own employees. These requirements are incorporated into Veidekke's contracts with suppliers, and all persons working on the group's projects are provided with information and training on Veidekke's requirements and expectations before they start work.

In its proactive work to promote good health, Veidekke gives particular emphasis to the prevention of muscular and wear-and-tear injuries, to which workers in the construction and civil engineering sector are particularly prone.

Safeguarding production through clear management and planning

Halfway through the construction of a new four-lane stretch of the E6 motorway between Arnkvern and Moelv in Innlandet County, Veidekke was ahead of schedule but the client, Nye Veier, was dissatisfied with the number of minor personal injuries and potentially serious incidents. Something had to be done.



Safety talk before work at E6.

Veidekke knew that injuries and incidents are normally due to poor planning and poor choices, and that behaviour-focused measures were needed. However, the best approach was unclear.

It is known that evaluating planning processes and conduct can help prevent serious incidents. The E6 project therefore added proactive measurement parameters – in the form of visible and clear management actions – to the reactive indicators it was already evaluating on a weekly basis through the registration of injuries and incidents. In addition, new OHS action plans were prepared, including for visible management presence on site. Managers were assessed on their dialogue with manual production staff using the “Samtale om sikkerhet” (Safety talks) tool. A further assessment point was whether meetings were held in accordance with lean construction principles.

In practice, the changes involved moving morning meetings into production spaces and holding smaller meetings at which individual foremen reviewed the day’s tasks, required safety

equipment, etc. Smaller groups and closer proximity to daily tasks made it easier for staff to ask questions and discuss specific challenges, increasing the meetings’ relevance for everyone involved.

All line managers participated in implementation of the new approach, and site and project managers reserved a weekly slot for OHS work. Results were presented and followed up on using digital tools that gave management ongoing feedback on performance relative to adopted plans.

These changes resulted in a significant reduction in the number of work-related personal injuries and serious incidents. The pace of reporting increased, and the project logged more than 1,000 safety talks in 2020. In addition, 52 information sheets were produced which are benefiting both Veidekke and the industry as a whole, and the road builders gained valuable experience which they will utilise in future projects. The Arnkvern–Moelv stretch of the E6 was delivered to Nye Veier in October 2020, several months ahead of schedule.

Targets, activities and results in 2020

In 2014, group management decided that Veidekke's OHS work should focus on the target of zero serious injuries by the end of 2020. The number of serious injuries has been reduced by more than 90% since 2014, and is now very close to target. Three fatal accidents occurred during this six-year period, far fewer than the 11 fatal accidents recorded in the preceding six years.

Also in 2014, the group adopted the target of reducing the total number of injuries by 20% a year. Since then, the total number of injuries has been reduced by 14%, meaning that the target was not achieved in any subsequent year. In 2021, Veidekke will evaluate the preceding strategy period and adopt a new strategy for the period to 2025.

The "0 in 700" improvement project

In February 2019, Veidekke launched a two-year improvement project designed to ensure permanent achievement of the zero serious injuries target by the end of 2020, i.e. zero serious injuries in 700 days. The "0 in 700" project consists of three improvement programmes and 11 sub-projects. The aim is to operationalise all sub-projects fully in the course of 2021 – i.e. to complete both group-level development work and implementation at operational level – and to provide all necessary training. The three improvement programmes are:

1. Prevent the recurrence of injuries and undesirable incidents

This programme area includes process improvements and refinement of tools for ensuring learning throughout the organisation in response to undesirable incidents. The following measures had been implemented by the end of 2020:

- shared digital tool for effective experience-sharing
- shared standard for accident investigations
- shared integrated learning process
- responsibility matrix for management follow-up and clear decision-making structure for following up on OHS non-conformances.

2. Eliminate risk before work starts

The objective of this programme area is to ensure that all activity plans target the lowest possible risk level through improved processes, new tools and clearer requirements:

- Requirements related to six types of technical equipment were implemented by the end of 2020.
- Shared methodology and digital tools for risk management. A final decision will be made in Q1 2021, with potential implementation starting in Q2 2021.
- Shared requirements and digital tools for safe lifting operations. A final decision will be made in Q1 2021, with implementation to be completed by the end of 2021.

3. Collective safe behaviour

Human error creates dangerous situations and is an important contributory cause of very many accidents. Veidekke's aim for this programme area is to develop a safety culture in which everyone takes responsibility for everyone else and all staff are committed to the safety of others and to helping each other to make good decisions.

- The Safety talks initiative will be fully implemented in the course of 2021.
- Veidekke's OHS agreement, which is signed by all employees and suppliers, contains a binding commitment to observe Veidekke's requirements and expectations related to safe work. Implementation was completed in 2020.

Due to the Covid-19 pandemic, Veidekke's annual OHS week (normally held in week 22), was replaced by OHS days on 3 and 4 November. As in 2019, the topic was "Safety talks", and the objective was to provide training on holding safety talks. A film and a digital activation game were developed. The game allowed staff to compete at being the best at giving safety talks. While the OHS days could take place as planned in Norway and Denmark, the pandemic unfortunately made it impossible to hold the event in Sweden.

Injuries

Three serious injuries were registered in 2020, compared to six in 2019. The total number of injuries was 315, compared to 350 in 2019. Of the total number of injuries, 42% involved Veidekke employees, 51% involved sub-contractors and the remainder involved hired personnel. The group's LTI rate (the number of absences due to injury

per million hours worked by own staff) was 4.4 in 2020, compared to 4.0 in 2019.

The national LTI rates for Veidekke's operations were 2.6 (Norway), 8.5 (Sweden) and 6.7 (Denmark).

Sick leave

The group's sick leave rate increased to 5.2% in 2020, from 4.0% in 2019. The increase is linked to higher short-term sick leave among Danish and Swedish skilled manual workers, as well as increased short- and longer-term absence among manual staff in Norway. The increase in short-term leave is attributable to the Covid-19 pandemic, and has generally mirrored the infection situation in the three countries. The increase in long-term absence among manual workers in Norway may be due to changed hospital priorities following the outbreak of the pandemic, which

have entailed the downgrading of all non-critical health care and thus the deferment of many planned surgeries. As a result, staff have remained on sick leave for longer than they would have under normal circumstances.

The group's injury-reduction, lost-time injury (LTI) and sick leave trends are also discussed in the board's annual report; see pages 26–27.

Objectives, results and measures

HEALTH AND SAFETY					
Main objective: Zero serious injuries and 20% annual reduction in the total number of injuries					
Description of key metrics	Sub-goal 2021	Sub-goal 2020	Results		
			2020	2019	2018
Number of serious injuries	0	0	3	6	13
Number of injuries	Minimum 20% reduction	Minimum 20% reduction	315	350	366
Measures 2020			Measures 2021		
Implement a process for learning from OHS non-conformances	OK				
Implement a procedure for safe lifting operations	To be completed in 2021				
Continue implementation of the Safety talks initiative	OK				
			Complete the "0 in 700" improvement project and implement group-wide.		

Since 2014, the number of injuries recorded by Veidekke has developed as planned. The number of serious injuries has been reduced substantially, and is now at a very low level.

Improving injury statistics through safety cooperation

When Veidekke bought Trøndelag-based Grande Entreprenør in 2018, both parties agreed that the new subsidiary's injury rates were too high. Veidekke and Grande therefore launched a successful turnaround project involving integration of Veidekke OHS systems into Grande's company culture.

Grande had a strong position and culture at the local level, but lacked systems, in-house processes, management resources and a safety culture in line with Veidekke's requirements. Grande quickly decided to adopt Veidekke's safety culture and systems while retaining the values and measures underpinning its local reputation.

Grande started by phasing in Veidekke's OHS systems, methods and processes in new projects. Veidekke's OHS standards for construction work were adopted, with an emphasis on involvement, training and facilitation to ensure that projects fulfil applicable standards. Preparations were also made for relevant ISO certifications, which are now in place.

It was decided that all Grande employees should complete Veidekke's 40-hour OHS course, and more than 50% of staff had done so by the end of 2020. Staff secondments to other Veidekke operations in the region have also facilitated learning

and skills-building. Where personal injuries do occur, systems are now in place for arranging alternative work.

In addition, activities and initiatives which play an important part in Grande's local role have been maintained. These include long-term recruitment initiatives spanning from daycare centres to upper secondary schools, an apprenticeship scheme, work placement cooperation with the Norwegian Labour and Welfare Administration (NAV) and industry-specific language courses for staff with a non-Scandinavian first language. These measures serve two primary purposes: improved safety at work and staff retention.

Since becoming part of Veidekke, Grande has improved its LTI (lost time injury) rate by 100%, while the number of personal injuries has fallen by 69%. This turnaround was rewarded with Veidekke's OHS award for 2020.

CLIMATE IMPACT

People's way of life is having a negative impact on natural diversity and making the climate less predictable and more dangerous. The construction and civil engineering industry accounts for 40% of global greenhouse gas emissions, is a major consumer of energy and natural resources, produces large waste volumes and impacts biodiversity through its activities. The industry therefore has a great responsibility – and corresponding opportunities – to support a more sustainable development path.

Veidekke wants to be part of the solution by promoting sustainability both in its industry and in the context of urban and social development. The group has adopted specific targets to achieve substantial reductions in its own greenhouse gas emissions, and aims to phase out fossil fuels entirely in the longer term. Veidekke is also working on reducing climate impacts throughout the construction and civil engineering supply chain (scope 3), which is responsible for major emissions in connection with the production and transportation of materials such as concrete and steel, the operations of sub-contractors and further use of products following delivery to customers.

The ambition of being an industry leader in the area of environmental management best practice is set out in Veidekke's environmental policy, and expresses Veidekke's intention to lead industry efforts to reduce emissions and safeguard the environment. The policy and related targets are operationalised through the business areas' analysis of their activities, identification of key performance indicators (KPIs) and implementation of concrete action plans to reduce emissions and other negative climate impacts. Veidekke strives for continuous environmental improvements, and the different business areas have integrated environmental and climate considerations into their management systems. The majority of Veidekke's operations are ISO 14001 certified.

For the third year in a row, CDP Climate Change awarded Veidekke a top 'A' grade for its annual report on its work on climate risk and greenhouse gas reductions. To achieve a top grade, companies must meet increasingly stringent requirements in areas such as thoroughness of reporting, climate risk management and implementation of environmental management best practice. The number of Norwegian companies among the 270 A-grade entities on the CDP list increased to nine in 2020.

Implementation of the environmental policy within Veidekke entails:

- operating in accordance with the Paris Agreement
- integrating an environmental perspective into all activities
- providing environmental expertise which adds value for customers
- monitoring the business's environmental impact in order to reduce it
- imposing environmental and climate requirements on partners
- contributing beyond the group's own operations, through cooperation with industry organisations, educational institutions, R&D, authorities and politicians

In 2020, Veidekke focused on:

1. Identifying the climate's impact on Veidekke in order to manage climate risk.
2. Reducing the negative impact of Veidekke's activities on climate and the environment.
3. Responsible use of materials and environmentally-friendly products.

Changes in the climate's impact on Veidekke (climate risk)

Climate change and climate policy are changing society and the economy in various ways, and can entail financial risk. However, these changes also present opportunities.

Increasingly frequent extreme weather, flooding and droughts can cause extensive damage to nature and infrastructure such as buildings and roads, and may thus impact Veidekke's operational landscape. At the same time, demand for green products and services is growing strongly as a result of stricter government requirements and the introduction of technology offering new opportunities to reduce greenhouse gas emissions.

For Veidekke, climate change entails physical risk factors, i.e. the impact of a rougher, wetter and warmer climate on products, market positions and processes; potential effects on liability risk; and financial risk linked to the transition to a low-emissions society.

In 2020, Veidekke completed a pilot project surveying climate risk in the group's industrial operation. The analysis based on the pilot project covers acute and chronic climate risk in the form of more frequent and more severe landslides, storm surges, storms and precipitation, as well as transition risk, i.e. changes in markets, policy and regulations, technology and reputation as a result of the transition towards a low-emissions society. The pilot project analysed consequences for Veidekke's industrial operation based on two scenarios: one featuring a temperature increase of 2°C in line with the Paris Agreement and one featuring an increase of 4°C (i.e. if the world continues on its present path and fails to take limiting steps). The analysis relies on quantitative and qualitative data from a variety of sources. The climate prognoses in the two scenarios are based on the Norwegian Environment Agency's "Climate in Norway 2100" report and the EURO-COREX model. Transition risk has been calculated through qualitative analysis of document data and dialogue. Both

scenarios entail considerable climate risk for the industrial operation in the short term. Physical climate risk increases with a warmer scenario and over the longer term. The most important physical climate risks are landslides, storm surges and storms. In relative terms, transition risk presents the greater risk in the short term. The most significant transition risks are increased CO₂ emissions prices, quicker political changes and new, more stringent environmental and climate requirements.

In the autumn of 2020, Veidekke extended its climate risk survey through several measures: a qualitative customer survey, an assessment of the company's liability risk and a third-party assessment of how the company should respond to the EU taxonomy. Cumulatively, these measures have provided management support for the group's strategy work. See pages 29 and 146.

Climate change also presents new business opportunities. Veidekke intends to help overcome climate-related challenges while simultaneously fulfilling the expectations of customers, society and the group itself. This objective will shape Veidekke's future strategy. The group's strong environmental expertise and broad portfolio of green products and services will enable it to pre-empt statutory changes, proactively adapt the business and utilise its insight to develop solutions which are beneficial to the environment and attractive to customers.

Going forward, identification of risks and opportunities resulting from climate change will be an important aspect of the group's ongoing risk assessments and strategic planning. Veidekke has noted a strong focus on climate risk among investors and other stakeholders, and has conducted dialogues with key investors on the topic.

Read more about our TCFD-related work on climate risk on page 16.

Sergelhuset wins LEED Building of the Year 2020 thanks to reuse and creative solutions

Strong environmental certification was a prerequisite when Veidekke contracted to refurbish parts of the Sergelhuset building in the middle of Stockholm for Vasakronan. The completed project achieved LEED's highest certification level – Platinum – and won LEED Building of the Year at the Sweden Green Building Awards 2020.



The property development company Vasakronan is aiming for climate neutrality throughout its supply chain in order to qualify for full green financing. All buildings in its portfolio therefore have to be environmentally certified. Vasakronan uses the LEED standard because it is suitable for both old and new buildings.

Rather than demolishing and rebuilding, Vasakronan wanted to create something new from the original bank building, which had stood in Sergel's Square since the 1960s. Veidekke was engaged to convert the building facing the square into a modern, high-spec, nine-storey office building of excellent environmental quality.

The project features numerous groundbreaking sustainability solutions. The concrete core of the original building has

been preserved to prevent greenhouse emissions and protect the surrounding neighbourhood against dust, noise and construction traffic. The original granite façade was dismantled, cleaned and reinstalled. Energy for heating and cooling systems comes from the groundwater below the building. Rooftop gardens feature plants which flower from spring to late autumn to provide food for pollinating insects and relaxation spaces for visitors. In addition, more than 40 tonnes of materials were recycled for use in other projects.

The Sergelhuset project, which was executed collaboratively by Vasakronan and Veidekke, has helped to develop LEED Platinum expertise and facilitated adaptation of the standard to Swedish construction practices.

Veidekke's climate impact

Veidekke is focusing particular attention on two aspects of its own climate impact, namely the reduction of greenhouse gas emissions linked to energy consumption and responsible use of materials and environmentally-friendly products.

Reduction of greenhouse gas emissions

Veidekke follows the Paris Agreement, and has adopted the targets of reducing its own greenhouse gas emissions by 50% by 2030 and 90% by 2050, using 2018 as a baseline. The targets are relative to the change in value creation. In 2020, the company launched a greenhouse gas budget broken down by operation, and will begin quarterly reporting and annual follow-up on the budget in 2021. Delivering on the climate budget has been linked with personal incentives in the bonus model for senior executives. The group has developed a general measure-analysis tool to identify how the 2030 target can be achieved, and is now working on defining indicators and developing strategies.

Like many other international companies, Veidekke has undertaken to adopt science-based climate targets that will show how much and how quickly the group has to reduce its greenhouse gas emissions to avert the worst effects of climate change. Veidekke will investigate the scope for setting climate neutrality targets for all its supply chains, i.e. scopes 1, 2 and 3, and has undertaken to verify its targets through the Science Based Target initiative (SBTi) before the end of November 2022.

In 2020, Veidekke's emissions from own operations amounted to 97,367 tonnes of CO₂, including 94,034 tonnes of scope 1 emissions and 3,333 tonnes of scope 2 emissions. This represents a reduction of approximately 11% in absolute emissions compared to 2019. The reduction is primarily attributable to reduced production volumes in the Norwegian asphalt operation. Emissions per NOK 1,000 in revenue totalled 2.48 kg of CO₂, down 14% from 2.82 kg of CO₂ in 2019. The Norwegian asphalt operation accounts for 38% of Veidekke's total greenhouse gas emissions. The 2020 emissions of the asphalt operation have been calculated at 16.77 kg of CO₂ per tonne of produced asphalt, compared to 16.07 kg in 2019. The reason for the increase is that reduced total production has entailed smaller production runs and the fact that each start-up requires extra energy.

Veidekke can achieve the greatest reduction in operational CO₂ emissions by effectivising, adopting new technology and replacing energy carriers. Specific examples of highly

effective measures include replacement of energy carriers at asphalt factories and fossil-free and zero-emissions construction sites. In 2020, Veidekke implemented a number of measures to reduce energy consumption and greenhouse gas emissions, including the following:

Renewable energy carriers in asphalt and aggregates production

Asphalt production is an energy-intensive activity and, to reduce its greenhouse gas emissions, Veidekke constantly evaluates which fossil-free energy carriers available on production sites are most effective. To date, two of the company's 30 asphalt factories have transitioned from gas to CO₂-neutral wood pellets. In 2020, it was decided that two further factories are to adopt renewable energy sources, and several factories are currently being evaluated to facilitate a decision in 2021. Veidekke is targeting an accelerated transition, but will evaluate future operational locations and the pace of technological developments before making investments.

Large volumes of asphalt and aggregates are transported to production sites using older, environmentally inefficient ships. Veidekke has therefore signed an agreement with the Green Shipping Programme to develop contracts with a shipping company interested in building and operating two self-loading, hydrogen-powered bulk carriers. The ships will provide a competitive maritime transport option that will increase the likelihood of winning competitive tenders, and will also reduce CO₂ emissions related to Veidekke's transport by 5,000 tonnes a year.

Low-temperature asphalt

Compared to traditional asphalt, low-temperature asphalt (LTA) offers both lower CO₂ emissions and a better working environment for asphalt layers. Veidekke is maintaining its target that low-temperature asphalt should make up 40% of all asphalt production in 2021, and 100% by 2050. In 2020, LTA accounted for 33% of Veidekke's asphalt production, the same proportion as in 2019.

New asphalt incorporating a plant-based binding agent

Veidekke's researchers have developed a more environmentally friendly asphalt that reduces greenhouse gas emissions by up to 80% through the replacement of a fossil crude oil ingredient in the binding agent with a plant-based oil. The first kilometre of the new asphalt was laid in Trøndelag in October 2020.

1) The base year has been changed to 2018 as a result of improved data collection processes. This step incorporates changes in activity levels resulting from the sale of the property development operation and acquisitions since 2013 – the previous reference year.

2) Including scopes 1 and 2.

Asphalt reuse

Reusing old asphalt in the production of new asphalt reduces the consumption of new stone and bitumen. The volume going to landfill is also reduced correspondingly. However, market access to reusable asphalt is limited. In 2020, 5.7% of newly laid asphalt came from reuse, compared to 5.3% in 2019. In August 2020, Veidekke initiated a meeting with a group of parliamentarians to discuss topics including provisions in the EU Waste Framework Directive that prevent reuse of spoil and thus increase landfill volumes.

Fossil-free construction sites

The number of fossil-free construction sites in Norway increased to 30 in 2020, from 20 in 2019. Before the Construction Oslo operation and the subsidiary Seby introduced fossil-free sites for all projects from July 2019 and 2018, respectively, it was estimated that this measure would reduce the construction operation's greenhouse gas emissions by three-quarters. Fossil-free construction sites entail a transition from fossil to renewable energy carriers such as electricity, district heating and/or sustainable, palm oil-free biofuels. The construction operation in Oslo aims to achieve zero-emissions status by the end of 2023.

In 2020, Veidekke completed the world's first tunnelling project featuring a fossil-free construction site: a cabling tunnel from Smestad to Sogn in Oslo for Statnett.

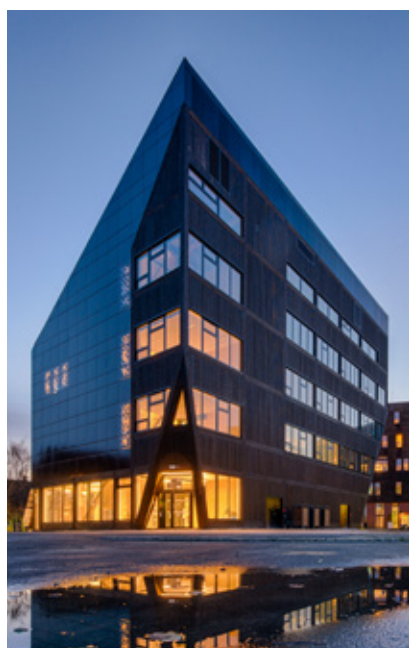
Electrification of machinery and vehicles

Veidekke is monitoring developments in the field of machinery and vehicle electrification closely, and is investing in the purchase or leasing of electrical machinery where appropriate. Current technology allows most heavy construction machinery to be powered by electrical cable, although diesel is used during repositioning. For example, most of Veidekke's tunnelling machines primarily use electricity during tunnelling operations but switch to diesel when moving elsewhere. However, all of Veidekke's machines are biodiesel compatible. A pilot project testing fully electric smaller excavators and service machinery is ongoing. At present, approximately one-third of Veidekke's motor vehicles are electric. The reason why this proportion is not higher is the current lack of good electrical models in the pick-up segment, which is extensively used within Veidekke.

Emissions in other parts of the supply chain

In recent years, Veidekke has surveyed material categories

A living laboratory for future building solutions



ZEB Flexible Lab in Trondheim is a teaching centre and research laboratory for new zero-emissions technologies. In addition, the building itself will be the subject of research into optimal energy and environmental solutions for future office buildings.

Veidekke's clients in this collaborative project, NTNU and Sintef, specified a zero-emissions building according to the ZEB-COM standard, meaning that the building's own energy production must compensate for the CO₂ emissions from production, transportation, the building site and construction activities plus 60 years' operation. The ZEB Flexible Lab will generate energy from solar panels integrated into wall and roof cladding.

The building will facilitate research into different ventilation, heating and energy supply systems. Among other things, a heat pump capable of utilising different sources of heat has been installed. Materials and designs have been selected with the zero-emissions requirement in mind, giving the building its distinctive appearance.

However, it is not the energy solutions alone which make the ZEB Flexible Lab a living laboratory. For example, the building will help to identify technical and architectural solutions that optimise the work and teaching environment, as well as how users adapt to the building and its technologies.

NTNU and Sintef took delivery of ZEB Flexible Lab in October 2020.

and emissions in scope 3, i.e. emissions from sources in the supply chain which are not owned or controlled by Veidekke. Emissions have been estimated for 2018 and 2019, and a survey has been initiated in respect of 2020. Although the estimates remain highly uncertain, the survey has provided important insight into which links in the supply chain account for large emissions. The highest

emissions arise in connection with the purchase of goods and services, and Veidekke is initiating dialogue with suppliers and partners to facilitate joint identification of more sustainable solutions that reduce emissions. Going forward, scope 3 emissions will be estimated annually and will be partly included in Veidekke's CDP Climate Change reports.

Responsible use of materials and environmentally-friendly products

Veidekke seeks to use renewable and sustainable materials, energy, water, areas and other resources, and to limit or eliminate emissions, pollution and waste. In 2020, Veidekke implemented the following measures, among others:

Environmental certification

Environmentally certified construction and civil engineering projects and renewable energy projects accounted for around 29% of the group's revenues in 2020, compared to 13% in 2019. Environmental certifications are issued by third parties in accordance with standards such as BREEAM, LEED, DGNB, Nordic Swan Ecolabel, Miljöbyggnad (Sweden Green Building Council) and CEEQUAL. The proportion of environmentally certified buildings and civil engineering projects is growing. In Ørestad near Copenhagen, Veidekke's Danish subsidiary Hoffmann is building Denmark's largest-ever office building certified to DGNB Gold standard. The client is KLP Ejendomme, and the building is due to be completed in 2021. In Stockholm, the refurbishment of the Sergelhuset building facing Sergel's Square was completed in 2020. The project, which Veidekke executed on behalf of Vasakronan, won LEED Building of the Year at the Sweden Green Building Awards, Sweden's most prestigious award for building sustainable communities. In Norway, Veidekke completed a number of projects including the MAX building refurbishment project for KLP in Trondheim (Breeam Outstanding certification) and Torvbråten School in Asker (Nordic Swan Ecolabel).

Many Veidekke employees are certified under relevant climate and environmental standards. For example, 48 staff in Norway are BREEAM Accredited Professionals (AP). The group is investing in the development of additional in-house expertise on environmental standards.

Wood as a construction material

Wood products can be reused or recycled, and are increasingly produced locally. Massive wood products bind carbon, consume few fossil fuels during production and can largely be manufactured using climate-neutral bio-energy. Several large wooden buildings were completed in 2020,

including Nordre Ål School, Torvbråten School, and the Climate House at the Natural History Museum in Oslo (FutureBuilt showcase project). A number of additional wooden buildings are currently under construction, including a student housing project in Ås, the Fantoftparken office building in Bergen and Voldsløkka School in Oslo. In 2020, Veidekke started construction of the Cederhusen district in Hagastaden, Stockholm. The construction client is Folkhem, and the project will be Stockholm's first massive wood project featuring high-rise buildings of up to 13 storeys containing commercial premises and apartments.

Veidekke does not permit the use of tropical woods in its own projects, and also advises customers against using them. The group requires all of its timber and wood products to be FSC- or PEFC-certified.

New type of low-carbon concrete

Veidekke is testing a new type of concrete with a very small climate footprint in several projects including Oksenøya Centre, Bærum municipality's first step towards a zero-emissions society at Fornebu. The project is innovative, energy-efficient, environmentally up-to-date and climate-friendly, and satisfies all the requirements of a FutureBuilt pilot project. All poured concrete – approximately 6,800 m³ – is of type CEMIII/B, which produces far lower CO₂ emissions than ordinary environmental cements and easily qualifies for the strictest concrete designation of "low-carbon extreme".

New cooperation on circular solutions

Veidekke sees opportunities to reuse crushed clean concrete, and has launched a long-term innovation collaboration with Norsk Gjenvinning focused on achieving 100% reuse of unpolluted heavy spoil.

Fine for excavating at protected archaeological sites

In 2020, Veidekke's construction operation was fined NOK 700,000 for breaching the Norwegian Cultural Heritage Act after one of the company's projects excavated protected archaeological sites in the centre of Trondheim in February 2020.

Objectives, results and measures

CLIMATE IMPACT					
Main objective: Reduce own greenhouse gas emissions by 50% by 2030 and 90% by 2050 ¹⁾²⁾					
Description of key metrics	Sub-goal 2021	Sub-goal 2020	Results		
			2020	2019	2018
Absolute greenhouse gas emissions (scope 1 and 2) in tonnes of CO ₂ e ¹⁾²⁾	Reduction, see main objective	Reduction, see main objective	97,367	109,548	113,359
CO ₂ e emissions in kg per NOK 1,000 in revenue ³⁾	Reduction	Reduction	2.48	2.83	3.20
CO ₂ e emissions relative to value creation to be reduced by 5% annually ⁴⁾	Positive development relative to long-term goal	Positive development relative to long-term goal	Positive	Negative	Negative
Proportion of renewable energy ⁵⁾	Increased proportion	Increased proportion	31%	25%	24%
Proportion of low-temperature asphalt (LTA)	40% by 2021	40% by 2021	33%	33%	26%
Reuse percentage in asphalt production	10% by 2021	10% by 2021	5.7%	5.3%	4.7%
Number of asphalt factories running on renewable energy	Six factories by 2021	Six factories by 2021	2	2	2
Number of fossil-free/zero-emissions construction and civil engineering sites ⁶⁾	Increased number	Increased number	30	20	11
Proportion of certified and renewable projects as a percentage of group revenues ^{7) 8)}	-	-	approx. 29%	approx. 13%	approx. 14%
CDP Climate Change – score ⁹⁾	Maintain top score	Maintain top score	A	A	A

1) The climate accounts are prepared in accordance with the GHG Protocol, with emissions split into three categories; direct emissions (scope 1), indirect emissions from energy supply (scope 2) and other indirect emissions from sources not controlled by the company (scope 3) – for example related to the purchase of other goods and services, waste, transport, business travel

2) Including emissions of subsidiaries of which Veidekke owns >50%. The emissions factor for electricity has been amended (also historically) – the reference for the location-based method is the IEA (the average of the three preceding years, at country level). Scope 3 is included in Veidekke's CDP Climate Change reports. For the 2018, 2019 and 2020 results, the sale of the real estate business is taken into account

3) For the 2018, 2019 and 2020 results, the divestment of the property development operation has been taken into account

4) The base year is 2018. Ref. GEVA/Randers 2012.

5) Scope 1 og 2, location-based method.

6) The company has several hundred construction and civil engineering sites active at any given time.

7) Buildings and facilities which qualify for environmental certification, as well as engineering services and projects involving renewable energy such as wind power and hydropower.

8) The change from 2019 to 2020 is due to an increasing number of environmental certification schemes related specifically to buildings, and the inclusion of two major subsidiaries in Sweden (Arcona and BRA).

9) The 2020 CDP Climate Change score relates to the year 2019, which was reported to CDP in the summer of 2020.

Measures 2020		Measures 2021
Electrification of cars and machines in the machinery department	→	Measure to be continued
Increased use of palm oil-free sustainable biofuels where no zero-emission alternatives are available	→	Measure to be continued
Reduce the electricity consumption of the industrial operation by 2% annually	→	Measure to be evaluated
Identification of material scope 3 emissions	→	Measure to be continued. Major emissions to be estimated annually going forward
Climate-risk related work to be continued	→	Measure to be continued with the aim of becoming a regular annual process pursuant to TCFD
		Evaluate the objective of climate-neutral operation. The company's climate targets shall include scopes 1, 2 and 3 in line with the Science Based Target initiative (SBTi)
		Implementation of a climate budget



More environmentally-friendly production and transport of asphalt and aggregates

In Norway alone, annual asphalt production totals around 7.5 million tonnes, with Veidekke being responsible for almost 40% of this total. Norwegian asphalt production and laying account for approximately 460,000 tonnes of total greenhouse gas emissions per year. Veidekke is developing innovative new production methods and products which are better for the environment and working conditions.



Sustainable coastal transportation of asphalt and aggregates

At present, large volumes of asphalt and aggregates are transported along the Norwegian coast in small, older, inefficient ships. Veidekke plans to cut its annual CO₂ emissions by 5,000 tonnes by transitioning to hydrogen-powered cargo ships. Towards the end of 2020, Veidekke signed an agreement with the Green Shipping Programme to develop contracts

with a shipping company for the construction and operation of two self-loading hydrogen-powered bulk carriers. The ships will be designed specifically for the transportation of asphalt and aggregates, and will also be able to accept third-party assignments. The aim is to sign an agreement with a shipping company in the autumn of 2021.



Electrification and more efficient production processes in the aggregates segment

The Ottersbo aggregates production facility at the mouth of the Trondheim Fjord is among Veidekke's largest, and now also one of the group's cleanest following a well-planned refurbishment project. Both employees and neighbours appreciate the improvements which have been made. Reorganising the facility and replacing diesel-powered wheeled machinery with electric conveyor belts has reduced CO₂ emissions by 1,500 tonnes per year and production-related dust and noise by 90%. The facility has been digitised and can be operated from a mobile telephone or tablet. In 2020, the Ottersbo facility won Veidekke's Scandinavian environment award for the project.



Low-temperature asphalt

Low-temperature asphalt (LTA) was developed by Veidekke in cooperation with Shell in the late 1990s, and now makes up around one-third of all asphalt produced by Veidekke. LTA has the same high quality and operating life as traditional asphalt, but is manufactured at a lower temperature and thus requires less energy and produces lower CO₂ emissions. In addition, LTA produces less dust and asphalt fumes and thereby improves the working environment of those who manufacture and lay it.



New asphalt product

In October 2020, Veidekke laid the first kilometre of its proprietary new asphalt on a stretch of road between Meldal and Berkåk in Trøndelag County. Veidekke believes that the new product will facilitate emissions cuts of up to 80% in the production and laying of asphalt within the next five years, provided that sufficient biomaterial is available. Veidekke's new asphalt uses a binding agent based on vegetable oil rather than fossil crude oil. Experiences thus far indicate that the new asphalt is more durable than traditional asphalt, produces an equally smooth finish and smells like a natural product.

EXPERTISE

Veidekke is a skills business in a human resource-intensive industry in which no two projects are alike. Having the right level of expertise available at the right time is crucial for delivering high quality, maintaining positive customer relations and achieving strong profitability.



To address the challenges of each individual project optimally, Veidekke's teams must utilise both individual skills and collective expertise. Project managers, site managers, contract managers and design managers have complementary skills and knowledge which must be exploited collaboratively for the benefit of the project. The most in-demand areas of expertise are project management and various trade skills, as well as specialist knowledge for use in support functions.

Corporate culture is a shared foundation for the group, and is reinforced through group structures, processes and procedures. Veidekke's culture is characterised by a positive perspective on human capabilities and strong confidence and belief that staff welcome responsibility and are driven by a desire to perform and deliver. Shared values, quality expectations and standards promote predictability, which can in turn can strengthen delivery quality.

Maintaining and refining the corporate culture is vital, and requires continuous effort. Veidekke conducts annual

employee surveys to identify key working environment factors. In 2020, the regular employee survey was replaced by a survey concentrating on information-provision, infection control and staff follow-up during the Covid-19 pandemic. Veidekke's employees reported receiving helpful and accessible information on infection control measures, and that infection control had been handled well both at project level and in office spaces. The greatest challenge was reported to be finding alternative transport to work. The organisation was highly confident that management was taking the pandemic seriously, and staff felt that they had good access to their line managers. There were no geographical, age or gender-based differences in the reported findings. The feedback indicates that Veidekke's handling of the pandemic thus far has been satisfactory, and that the same guiding principles can be followed going forward.

Believing that ownership fosters commitment and performance, Veidekke enables employees to buy shares in the company at a discount. Some 47.5% of the group's employees own shares in Veidekke.

New group-wide HR system

People are Veidekke's most important resource, and recruiting, developing and retaining staff is therefore a top management priority for the group.

The construction and civil engineering industry is human resource-intensive and demand for skilled workers is high. Veidekke therefore has to offer potential staff interesting tasks, competitive terms and a working environment that is inviting, engaging and that presents development opportunities.

Strong growth over a relatively short period of time left Veidekke with numerous different systems and approaches in different parts of the group. To address this issue, Veidekke is standardising its people processes to enable all operations to adopt best practice and become more efficient and professional. All relevant processes are being centralised in "Medarbeiderportalen", a digital platform for HR administration from recruitment until a staff member leaves – normally many years later.

The most important objective in developing the new digital platform has been to provide management with reliable streamlined processes for supporting staff development at all stages and in all parts of the working relationship, from recruitment, appointment and onboarding to ongoing learning and development, staffing plans and succession planning. Automating previously manual operations allows managers to work more systematically and efficiently. Registering data centrally and uniformly gives Veidekke a broader information basis for fact-based strategic decision-making.

Development work on the new HR system started in the autumn of 2019, and the new solution is due to be rolled out in 2021.

Recruitment

Veidekke recruits students and recent graduates, as well as younger and more experienced specialists in a broad range of engineering and technical fields. In total, the group recruited 523 engineers and specialists in 2020.

To ensure continued management recruitment and development, Veidekke runs a trainee scheme in Norway and Sweden, as well as dedicated management training gatherings for young managers from across Scandinavia. The group also invests extensively in career days at key educational institutions in the Scandinavian countries. According to the annual Universum survey, Norwegian engineering students regard Veidekke as one of Norway's top-three construction-industry employers. In addition, Veidekke won a gold Magnet Award (Norwegian employer

branding competition) for its student recruitment campaign. Young engineers with construction and civil engineering industry experience awarded Veidekke a top ranking in the Young Professional Attraction Index (YPAI), and the group ranked second in Universum's survey (up from fifth place in 2019). In Sweden, Veidekke's "Putting your heart into construction" website was crowned website of the year by Karriärföretagen (Career Companies).

Skilled manual workers are primarily recruited through the group's apprenticeship schemes. At the end of 2020, Veidekke had 297 apprentices. Of these, 218 were located in Norway, 40 in Sweden and 39 in Denmark. Many young people become aware of Veidekke through school visits or a work placement in one of the group's projects.

Diversity and gender equality

The construction and civil engineering industry is highly male-dominated. Veidekke is working to increase diversity in the industry and in its operations, with a particular focus on increasing the proportion of women.

For Veidekke, gender equality and diversity are about fairness, equal status and healthy values. The group is working to build a gender-equal and inclusive culture in which different people have the same opportunities and in which all staff feel safe, are evaluated based on their expertise, have the same rights and are met with the same expectations as others.

In Veidekke's view, having staff with a variety of skills and characteristics is beneficial for growth, development and value creation. Recruiting persons with different perspectives allows established mindsets to be challenged, potentially leading to improved decision-making and better solutions for the company, the industry, customers and society.

Qualifying more women for the group's top management levels is an important means of improving diversity within Veidekke. For the period to 2025, the group has adopted the overarching target of doubling the number of women in operational management positions, to more than 20%. With this target in mind, the proportion of women among newly recruited recent graduates will be closely monitored. A further target is that all Veidekke management groups above project level must include at least one woman member. In addition, the operations will adopt concrete targets and measures appropriate to their specific situation. Increasing the proportion of women operational managers has been included as a bonus criterion for senior executives, and operational managers are evaluated on the results achieved in their individual areas. Staff managers are assessed on the average figure for Veidekke's total operations.

A recurring characteristic of diversity and gender equality challenges is a lack of recognition that a problem exists, which in turn results in unconscious bias and discrimination. Surveys examining the risk of discrimination and other barriers to gender equality have revealed that the risk of unconscious discrimination is linked to the culture and to recruitment, development and remuneration processes. Further identified risks relate to language, job titles and the physical working environment.

Veidekke is focused on raising awareness of unconscious discrimination at all management levels. In Sweden, Veidekke has had diversity and gender equality on the agenda for several years, and the group will now draw on the experiences gained there to reinforce efforts in Norway and Denmark. Measures to strengthen diversity within the group have high

priority on the agenda of Veidekke's board of directors, and the board welcomes the measures and initiatives discussed above. In 2020, particular attention was given to ensuring that recruitment and staff development processes are skills-based and intentional, and to the choice of wording and images in advertisements and marketing materials. To reduce the likelihood of unconscious discrimination, emphasis was given to using objective selection methods at an early stage of recruitment, and to the application of intentional and objective criteria for manager evaluation and manager selection. Employees who take parental leave must attend a review meeting before and after their period of leave. All of Veidekke's project sites must have separate changing facilities for both genders. While this is already the case on major project sites, some work remains to be done in smaller projects. In 2020, a survey was undertaken of the pay conditions of administrative staff in Norway and Sweden. This did not reveal major differences between men and women. Additional benefits like pensions, bonuses and other remuneration are linked to an individual's role and position, and no differences were found between men and women. In 2021, Veidekke will take a closer look at pay and additional benefits to investigate whether there are differences attributable to gender. The conditions of skilled manual workers are based on collective agreements, and there are therefore no gender differences with respect to pay and additional benefits in this group.

Veidekke has a low proportion of part-time employees, but there are gender differences. In 2021, steps will be taken to investigate the degree to which part-time employment is involuntary. Veidekke will evaluate the results and implement any necessary measures. A risk assessment examining other grounds of discrimination – such as religion, age, disability and ethnicity – will also be conducted.

No cases involving discrimination were reported in 2020.

As at 31 December, women accounted for 12% of Veidekke employees, at the same level as in 2019. The proportion of women has been stable since 2019, with a rate of 23% among administrative staff and almost 2% among skilled manual workers. Among the group's apprentices, the proportion of women increased to almost 8%, from 6% in 2019. The group had adopted the target that women should make up half of students working summer jobs and 40% of recently graduated trainees by the end of 2020. These targets will be retained for the period to 2025 following a weak downward trend in the last couple of years. In 2020, women accounted for 38% of employees in summer jobs and 31% of recently graduated trainees.

Temporary employees Percentage of all employees: 5.3%		Parental leave Average number of weeks		Part-time employees Percentage of all employees: 2.1%	
Women	Men	Women	Men	Women	Men
8.8%	4.8%	18	12	7.4%	1.3%

Building communication from the heart with Swedish students

We commit fully to everything we do. This was Veidekke's message to Swedish students at career days in 2020. The campaign was received positively and has produced positive internal and external results.



The objectives of the "Putting your heart into construction" campaign are to stand out, to raise Veidekke's profile and to become more known and attractive to students and job seekers as a value-driven, healthy company. The core campaign messages reflect Veidekke's values and ethics, the healthy state of the construction industry, diversity, OHS, involvement, co-ownership, as well as the fact that – based on employee feedback – Veidekke was ranked Sweden's fourth-best employer in 2019.

The campaign covered many topics which Veidekke considers important and which students prioritise when choosing a future employer, including that the company has objectives and values which employees can identify with and which extend beyond the company itself.

The student recruitment concept has clear visual links with Veidekke's profile. In addition, the choice of red and pink colours gave the campaign a fresh and different look and helped it stand out in an industry which is still largely male-dominated.



Veidekke offers a two-year programme for recent graduates.

Skills development

Veidekke's collective expertise is under continuous development. Employees join Veidekke with a set of individual skills which they then build on by solving problems and executing projects in a team context. Skills development primarily occurs on the job, through daily responsibilities and tasks. Performing new, challenging tasks with the support of managers and experienced colleagues is important for individual development.

Thus far during the Covid-19 pandemic, Veidekke's projects have generally proceeded as planned, and individual skills development has thus not been impacted too strongly. A large proportion of the skills development which previously took the form of classroom teaching has been transferred to digital platforms in recent years, giving staff throughout the group easier and improved access to skills-building courses.

Veidekke arranges role-specific training and networking groups to supplement the knowledge acquired through projects and new responsibilities. The Veidekke School in Norway and Sweden is the main arena for individualised training on central topics such as project management, processes, systems and leadership development. The networking groups engage in more specialised skills development in key areas, including calculations, residential construction and design.

In 2020, work started on further adaptation of the role-based expertise model, which defines a development pathway based on the responsibilities and tasks associated with different roles in Veidekke's project-based construction business. To date, little centralised guidance has been given on what skills-building measures staff should complete in the performance of their role. The establishment of a joint project and governance model for the Norwegian operations made it clear that the current training and development pathway had to be improved to meet the group's expertise requirements. The reinforced role-based expertise model will strengthen overall project execution, and development work will continue in 2021.

Veidekke's strategy is to staff key specialisms with permanently employed skilled manual workers. An important reason to maintain a high degree of in-house production is knowledge and experience transfer between the development and execution functions. Skilled manual workers make up more than half of the group's employees, and Veidekke invests in the training and recruitment of skilled workers through its numerous apprenticeships.

Activities in 2020

Veidekke's activities included the following in 2020:

Summer jobs and student dissertations

Veidekke takes a long-term approach to recruitment, developing relationships with students from early on in their studies. The group runs various activities for students and recent graduates, including summer jobs for second- to fourth-year students. These placements give both Veidekke and the participating students an opportunity to evaluate expertise and personality with potential future employment in mind. In 2020, 105 students secured a summer job with one of the group's Scandinavian operations, and many of these individuals were subsequently considered for Veidekke's trainee programme. Veidekke also supports bachelor's and master's students who wish to write dissertations on operationally relevant topics.

Events, career days and webinars

The Veidekke Day 2020 was arranged online, and was open to students at all Norwegian universities and university colleges. The purpose of the event was two-fold: to demonstrate the interesting and attractive jobs on offer at Veidekke and to support the recruitment of top candidates to the group. Around 170 students participated in the Veidekke Day 2020, which once again focused on sustainability and innovation.

Career days at major universities and university colleges give Veidekke the opportunity to talk to students about opportunities within the group. In addition to arranging its own events, Veidekke attended career days at 15 Scandinavian institutions in 2020. At the start of the year, this took the form of physical events, but from March onwards career days were held digitally. Veidekke also arranged online meetings and conversations with students from different universities and university colleges.

In September, Veidekke arranged the industry network Diversitas's first webinar on diversity, hosting 170 attendees from across the industry. Veidekke co-founded Diversitas – an industry initiative working to improve diversity and the gender balance in the construction and civil engineering industry – in 2019. Veidekke's Group CEO Jimmy Bengtsson is a member of the Diversitas Advisory Board.

Trainee programme

Veidekke's trainee programme gives young graduates systematic development opportunities over a two-year period. The programme is an important tool for attracting newly qualified engineers and civil engineers in Norway

and Sweden. In Denmark, the subsidiary Hoffmann runs the "Next Generation" scheme, which helps younger employees to plan their careers and gives them growth opportunities in the form of new tasks and responsibilities. In 2020, Veidekke recruited 165 recent graduates, down almost 10 % on 2019.

Project management training

In Denmark, eight project managers participated in digital project manager training with a focus on project planning, finance and quality in 2020, while 105 site managers, project managers and design managers in Sweden and Norway completed leadership training. Some 38% of the attendees were women, while 62% were men. All of the programmes include several gatherings and emphasise professional and personal development. In Norway, work on further professionalisation of project execution started in 2020, while related role-based expertise development will start in 2021.

Senior executives programme

In 2020, Veidekke developed a senior executives programme for its top management levels which is due to launch in 2021. The programme is designed to help build a robust organisation which achieves industry-leading profitability with high execution capacity and competitive strategies while maintaining a high level of safety. The objective is to develop a strong shared understanding of strategy and desired conduct and culture within the streamlined construction company Veidekke.

Risk management expertise

One of Veidekke's priorities is to strengthen its risk management expertise, i.e. the identification, analysis and monitoring of risk in all project phases. Skills-building occurs primarily at the project level, with individuals with risk management expertise lending support in all phases up to completion to ensure that appropriate measures are implemented and that consideration is given to the overall group and project risk profiles.

Raising the status of vocational trades

Since 2016, Veidekke has run information campaigns in Norway to raise the status of vocational trades and recruit apprentices. The keywords of the campaign are professional pride and the importance of vocational trades to society. The measures targeting this group in 2020 included cinema advertising, radio ads, editorial coverage and an opinion piece on the inclusion of more practical subjects in school.

Joint processes and systems for recruitment and employee development

Continuous learning and development are dependent on continuity and a systematic approach, and Veidekke has therefore sought to harmonise and professionalise its recruitment and employee development processes in recent

years. To reduce the amount of manual work involved, create better management tools and ensure that management information is accessible, a shared digital system was established for these processes in 2020. Implementation of the new system started at the end of 2020 and will continue in 2021. See page 167.

Objectives, results and measures

EXPERTISE					
Main objective: Retain and recruit staff with useful, forward-looking expertise and promote compliance with the group's values					
Description of key metrics	Sub-goal 2021	Sub-goal 2020	Results		
			2020	2019	2018
New administrative staff, total number and gender distribution	Not quantified	Not quantified	523 33% W 67% M	504 28%W 72%M	571 32%W 68%M
New skilled manual workers, total number and gender distribution	Not quantified	Not quantified	560 2% W 98% M	610 4%W 96%M	813 4%K 96%M
Percentage of apprentices in the workforce	8%	9%	7.7%	7.7%	8.9%
Diversity					
Students in summer jobs, percentage of women	50%	50%	38%	39%	28%
Trainees/recent graduates, percentage of women	40%	40%	31%	34%	39%
Operative managers, percentage of women	13%	Increase	10.9%	10.6% ¹⁾	9.7% ¹⁾
Employee share ownership percentage	Minimum 50%	Minimum 50%	47.5%	47.3%	49.1%
Employee survey results compared to industry benchmark (in brackets). Conducted for the first time in 2019; not conducted in 2020.					
Commitment	Above industry benchmark	Above industry benchmark	-	81 (77)	-
Team effectiveness	Above industry benchmark	Above industry benchmark	-	74 (73)	-
Management	Above industry benchmark	Above industry benchmark	-	75 (74)	-
Psychosocial working environment	Above industry benchmark	Above industry benchmark	-	75 (71)	-
Recommendation to others (net promoter score)	Above industry benchmark	Above industry benchmark	-	28 (11)	-

1) The figures have been corrected for the demerger of the property development operation.

Measures 2020		Measures 2021
Plan to ensure management capacity	→	Complete the process and initiate implementation
Define targets for diversity efforts in the period to 2025	✓	
Build knowledge and raise awareness of diversity within the organisation	→	To be continued
Define processes for employee development in a shared digital solution	✓	Define processes for employee development in a shared digital solution
		Joint employee promise to reinforce Veidekke's attractiveness efforts



Erecting snow barriers at Geitfjellet wind farm in Trøndelag.

COMPLIANCE

Compliance refers to factors which could affect Veidekke's credibility, such as compliance with legislation, societal standards, industry standards and customer expectations. As a leading Scandinavian construction company, Veidekke also has a responsibility to help the construction and civil engineering industry as a whole to operate in compliance with applicable legislation and standards.

Veidekke's ethical guidelines provide the framework for employees' involvement in ensuring that the group operates in an ethical, sustainable and socially responsible manner.

All Veidekke staff have a responsibility to act in an ethically appropriate manner. The ethical guidelines contain principles and rules designed to help all Veidekke employees and contractors to conduct robust assessments and make ethically correct choices in their daily work.

Breaching compliance standards and rules could have severe consequences for the group's finances and reputation. To minimise the risk of compliance breaches, it is vital that compliance with applicable laws and regulations, as well as the group's own values and ethical guidelines, is integrated into all assessments and procedures used by Veidekke. The measures used to guide this work and prevent breaches include the group's compliance function, pre-qualification of suppliers, agreements with external parties and staff training.

Compliance at Veidekke

Ensuring that Veidekke complies with internal and external compliance requirements is a management responsibility. Veidekke's compliance function monitors compliance risk and plays both an advisory and a supervisory role. The function reports to the Group CEO, the audit committee and the board of directors. Among its priority activities are the preparation of risk-based annual compliance plans, annual assessments of the company's compliance risk and ongoing monitoring, identification and internal communication of statutory and regulatory changes relevant to Veidekke.

To ensure group-wide compliance, a separate compliance group has been established, consisting of representatives from each operational area. The group is chaired by the compliance director.

Areas presenting special compliance risk

Respect for human rights based on the UN Guiding Principles on Business and Human Rights lies at the heart of Veidekke's activities. Work-related crime includes the exploitation of workers and breach of laws regulating pay and working conditions, as well as tax legislation. Veidekke complies with applicable laws and regulations and has zero tolerance for work-related crime. The group helps to combat criminal conduct through collaboration with trade unions. All Veidekke employees enjoy rights, pay and conditions in line with statutory requirements, and the group works to eliminate work-related crime – such as unregistered work, child labour, forced labour and social dumping – from its supply chains.

Compliance with competition rules benefits Veidekke, customers and partners, as well as society at large. Professionalism and integrity – two of Veidekke's core values – require the group to act in accordance with competition rules at all times, in the interests of both customers and Veidekke itself. Veidekke has implemented a comprehensive internal control system to ensure compliance with competition rules and to handle any non-conformances. The system includes a board-approved policy, group requirements and continuous training.

Veidekke rejects and has zero tolerance for corruption and trading in influence in whatever form. The company complies with all applicable laws and regulations and acts professionally, with integrity and transparently in accordance with its core values. Veidekke has also implemented various measures in this area to reduce the risk of breaches of anti-corruption provisions in the Norwegian Penal Code.

Group management systems

The compliance function is responsible for the group's management systems, which are designed to ensure that

New central service to strengthen compliance

Veidekke seeks to ensure that all its staff and sub-contractors have pay and working conditions in accordance with Norwegian law, and conducts checks to ensure that sub-contractors respect relevant industry standards. These checks are also an important tool for ensuring compliance with employment laws and regulations.

To reinforce its efforts in this area, Veidekke has gathered its compliance experts to form a joint support service for the group's operational areas. The service will work pro-actively to eliminate social dumping, exclude non-compliant contractors from Veidekke projects and help the group make good sub-contractor and staffing choices.

The joint support service will ensure a uniform approach to and emphasis on compliance in all of Veidekke's operational areas. The service will develop best practice and standardised processes, and introduce time-saving

technology to enable optimal use of available resources. The overarching aim is to ensure that sub-contractors are pre-qualified and thus fulfil general industry standards.

Veidekke gives high priority to compliance. The in-house efforts incorporate personnel from legal, HR, HSE, quality, finance and purchasing, while external work is being done in close consultation with relevant authorities and trade associations.

group-level decisions and requirements are implemented in the management systems of subsidiaries. These systems reflect Veidekke's culture and values, and are designed to ensure robust processes and goal achievement. Veidekke's culture emphasises involvement and a human focus. The group has adopted lean construction as its work methodology, and its values – to be professional, honest, enthusiastic and ground-breaking – must be evident in its work.

The internal audit function

Veidekke performs various ISO audits and compliance checks, and also operates a comprehensive non-conformance response system. Together, these measures provide a basis for evaluating the effectiveness of the group's internal control systems and continuously improving them. The evaluation results are reported to various levels within the group.

Veidekke has established an internal audit function at group level which is mandated to summarise and aggregate audit activities within the group and conduct its own audits in areas entailing particular risk for the group as a whole.

A risk-based annual plan provides the foundation for the function's own internal audits.

Whistleblowing at Veidekke

The compliance function is responsible for establishing and operating a whistleblowing mechanism which appropriately monitors and follows up on non-compliance linked to regulations and other rules. Veidekke's whistleblowing mechanism complies with the requirements of the Working Environment Act, and procedures have been introduced for the submissions of reports and how these are processed by recipients. The whistleblowing mechanism may be used by Veidekke staff, employees of sub-contractors and members of the public.

Supplier monitoring

Suppliers have an obligation to ensure that all suppliers in the supply chain fulfil all requirements imposed by Veidekke. The group incorporates its requirements into supplier agreements and pre-qualification processes. Suppliers must be able to document their compliance on request, and Veidekke also conducts compliance audits.

Activities in 2020

In 2020, the compliance function updated Veidekke's ethical guidelines and developed a new set of ethical guidelines for suppliers. The guidelines are due to be approved by the board of directors in Q1 2021. In addition, a project has been launched to develop a new management system for the group which will ensure both that group requirements are highlighted in the systems of subsidiaries and that all subsidiaries implement and follow up on group requirements effectively.

As discussed above, the group has established an internal audit function. Its work is at an early stage, and in the coming year Veidekke will consider how any findings should be reported and published.

Also in 2020, a joint support service for the group's Norwegian operations was established. This measure ensures more efficient use of resources, for example through the establishment of a separate department in charge of compliance checks (see page 175) and concentrating particularly on employment-related crime.

Objectives, results and measures

COMPLIANCE					
Main objective: All persons working for or representing Veidekke must act in an ethically correct manner					
Description of key metrics	Sub-goal 2021	Sub-goal 2020	Results		
			2020	2019	2018
Number of employees who have completed the Wise Choices e-learning programme	Revised course	Revised course	258	318	780
Number of participants in dilemma training	All participants in the introduction course	All participants in the introduction course	199	219	289

Measures 2020 ¹⁾		Measures 2021
Revise the e-learning programme Wise Choices	→	Revised as part of communication of new ethical guidelines
Consider establishing an internal audit function	✓	The function was established in 2020 and will implement first internal audit projects in 2021
Introduce dilemma training as part of Veidekke's introduction course for new employees	→	To be continued
Effectivise compliance work across the group and define common priority areas	→	To be continued
Identify procedures which should be applied group-wide	→	To be continued
Increase reporting by the business units and act on reported results	→	To be continued
Further adapt training to the needs of different staff categories, adopting a stronger risk focus	→	Continued as part of communication of new ethical guidelines
Develop an ethics training course for managers to use in training their staff	→	Cancelled in 2020; to be carried out in 2021
Revise Veidekke's ethical guidelines	✓	Revised guidelines to be submitted to the board of directors for decision in March
Use risk management tools to assess and document compliance risk and compliance non-conformances		Implementation postponed to 2021
Provide training on compliance-related topics	→	
Help the operational units implement digital tools for ensuring compliance and ongoing monitoring	→	Responsibility has been transferred to recently established compliance office

1) Due to the covid-19 pandemic, several measures planned for 2020, such as ethics training, which is conducted person-to-person, could not be carried out during large parts of the year.



The Smestad-Sogn cable tunnel in Oslo, built by Veidekke for Statnett, is the world's first fossil-free construction site tunnel project.

Key metrics – sustainability

Material areas	Governing documents	Description of key metrics	Goal for 2020	2020	Results 2019	2018
Health and safety	Strategic safety plan OHS policy	Number of serious injuries	0	3	6	13
	Procedure for joint safety measures Procedure for fatal work accidents Group contingency plans	Number of injuries	Minimum 20% reduction	315	350	366
Climate impact	Strategic environmental plan Environmental policy	Absolute greenhouse gas emissions (scope 1 and 2) in tonnes of CO ₂ e ¹⁾	Reduction	97 367	109 548	113 359
		CO ₂ emissions in kg per NOK 1,000 in revenue ¹⁾	Reduction	2.48	2.83	3.2
		CO ₂ emissions relative to value creation to be reduced by 5% annually	Positive development relative to long-term goal	Positive	Negative	Negative
		Share of renewable energy	Increased share	31 %	25 %	24 %
		Proportion of low-temperature asphalt (LTA)	40% by 2021	33 %	33 %	26 %
		Reuse percentage in asphalt production	10% by 2021	5.7 %	5.3 %	4.7 %
		Number of asphalt factories running on renewable energy	Six factories by 2021	2	2	2
		Number of fossil-free construction and civil engineering sites	Increased number	30	20	11
		Proportion of certified and renewable projects as a percentage of group revenues		approx. 29 %	approx. 13 %	approx. 14 %
		CDP Climate Change score	Maintain top score	A	A	A
Expertise	Strategic HR plan Policy for management conduct Diversity policy Policy on pensions and insurance Recruitment policy	Share of apprentices in the workforce	9%	7.7%	7.7%	8.9%
		Women students in summer jobs	50%	38%	39%	28%
		Women trainees/recent graduates	40%	31 %	34 %	39 %
		Women operative managers ¹⁾	Increase	10.9%	10.6%	9,7%
		Employee share ownership, percentage	Minimum 50%	47.5%	47.3%	49.1%
Compliance	Policy for compliance Procedure for non-conformance – privacy Procedure for handling concerns about ethics Procedure for whistleblowing Procedure for DPIA (Norway, Sweden and Denmark) Procedure for inside information Ethical guidelines Compliance with competition rules Procedure for the use of IT equipment and systems	Number of new employees who have completed the Wise Choices e-learning programme	Revised course	258	318	780
		Number of participants in dilemma training	All participants in the introduction course	199	219	289

1) The divestment of the property development operation has been taken into account in the results for 2018, 2019 and 2020.

GRI INDEX FOR VEIDEKKE'S ANNUAL AND SUSTAINABILITY REPORT 2020


GENERAL INFORMATION



GRI indicator	Description	Veidekke's reporting
Organisational profile		
102-1	Name of the organisation	Veidekke ASA
102-2	Most important brands, products and/or services	p. 5–13, 186
102-3	Location of the organisation's head office	Veidekke ASA is headquartered in Oslo
102-4	Number of countries in which the organisation operate	Norway, Sweden and Denmark (3 countries)
102-5	Ownership and legal form of business organisation	p. 186
102-6	Description of the markets served by the organisation	p. 5–13, 23–25
102-7	Size and scope of the organisation	p. 5–13, 23–25
102-8	Total number of employees by type of employment, employment contract and region, broken down by gender	<p>Of the 8 082 permanent employees, 964 are women and 7 118 men. Of temporary employees, 93 are women and 356 are men. Of the permanently employed women, 78 are part-time employees and 886 are full-time employees. Of the permanently employed men, 100 are part-time employees and 7 018 are full-time employees.</p> <p>Find more data on diversity, types of employment etc. in the sustainability section at veidekke.com.</p> <p>See also p. 6, 8, 10, 12, 25, 128–129, 166–172.</p>
102-9	Description of the company's supply chain	p. 5, 14–15, 149, 151, 153, 161, 174–176
102-10	Significant changes during the reporting period regarding the size, structure or ownership	Veidekke sold the property development operation in Norway and Sweden. The Norwegian civil engineering and industrial operations were merged to form Infrastructure in Norway.
102-11	Description of whether and how the precautionary principle is used within the organisation	<p>Veidekke is a member of the UN Global Compact, and the Global Compact's ten principles are addressed in Veidekke's ethical guidelines.</p> <p>See also p. 146.</p>
102-12	External initiatives, charters or principles in the financial, environmental or social area that the organisation subscribes to or endorses	<p>Paris Agreement (COP 21) and UN's SDGs</p> <p>ILO declaration on Fundamental Principles and Rights at Work</p> <p>OECD Guidelines for Multinational Enterprises</p> <p>United Nations: Human Rights Convention</p> <p>UN Global Compact</p> <p>Cooperation with tax authorities in Norway and Sweden to filter unserious actors in the early procurement phase</p> <p>See p. 27, 45, 79, 146, 148, 149, 168, 174</p>
102-13	Membership in industry organisations or other associations, and national/international advocacy organisations	p. 146, 149, 171
Strategy and analysis		
102-14	Statement from the Group CEO	p. 14–15
102-15	Key risks, opportunities and impacts on the economy, society and environment	p. 28–30, 130, 157



GRI indicator	Description	Veidekke's reporting
Ethics and integrity		
102-16	The organisation's values, principles, standards and norms of behaviour	p. 5, 25–26, 126–132, 174–176
102-17	Mechanisms for advice and concerns about ethics	p. 26, 131, 175, 178
Governance		
102-18	The organisation's management structure, including the highest authority and committees who are responsible for decision-making on financial, environmental and social topics	p. 18–21, 126–132
102-20	Executive-level responsibility for economic, environmental, and social topics	p. 20–21, 126–132, 144–145
102-21	Consulting stakeholders on economic, environmental, and social topics	p. 149
102-22	Composition of the highest governance body and its committees	p. 18–19, 128–130
102-23	Chair of the highest governance body and its committees	p. 18, 129
Stakeholder engagement		
102-40	Stakeholder groups that the organisation is in dialogue with	p. 149
102-41	Percentage of employees who are covered by collective bargaining agreements	Approx. 95%
102-42	Description of how the organisation chooses relevant stakeholders	p. 144–145, 149
102-43	Approach to stakeholder engagement, including frequency of engagement by type and stakeholder group	p. 149
102-44	Important topics and questions raised through stakeholder dialogue and the company's response	p. 144–145, 149
Reporting practices		
102-45	Overview of all the units that are encompassed by the organisation's annual financial statements or similar documents	p. 112–113, 146
102-46	Description of the process for defining the report's content and limitations, as well as the implementation of the reporting principles	p. 144–149
102-47	List of all the topics that have been identified as material	p. 144–145
102-48	Change of historical data from earlier reports	No changes of historical data
102-49	Significant changes from the previous report with regard to the scope of the content, limitation of the report or the measurement methods	The base year for climate accounting has been changed to 2018. See p. 159 og 162
102-50	Reporting period	1 January 2020–31 December 2020
102-51	Date of publication for the previous report	30 March 2020
102-52	Reporting frequency	Annual
102-53	Contact person for questions about the report or its content	firmapost@veidekke.no or lars.lund@veidekke.no
102-54	Reporting level	GRI Standards: Core. See p. 146
102-55	GRI index	p. 179–185
102-56	Current practices for external verification of the reporting	The GRI report is not externally verified. The GHG accounts have been third-party verified.



SPECIFIC INFORMATION

GRI indicator	Description	Veidekke's reporting	Cross reference to the UN's SDGs
Health and safety			
103-1	Description and limitation of material topic(s)	p. 151	
103-2	Description of the management system that covers material topic(s)	p. 151	
103-3	Evaluation of the management system	p. 151	
403-1	Occupational health and safety management system	p. 151	
403-2	Hazard identification, risk assessment, and incident investigation	p. 152–153	
403-3	Occupational health services	p. 26–27, 151–155	
403-4	Worker participation, consultation, and communication on occupational health and safety	p. 151–155	
403-5	Worker training on occupational health and safety, generic and related to specific hazards	p. 26–27, 151–155	
403-6	Promotion of worker health	p. 26–27, 151–155	
403-7	Worker training on occupational health and safety, generic and related to specific hazards	p. 151	
403-8	Workers covered by an occupational health and safety management system	The group's OHS requirements apply to everyone working in or for Veidekke	
403-9	Work-related injuries	p. 26–27, 153–154	

GRI indicator	Description	Veidekke's reporting	Cross reference to the UN's SDGs
Climate impact			
103-1	Description and limitation of material topic(s)	p. 156	
103-2	Description of the management system that covers material topic(s)	p. 156	
103-3	Evaluation of the management system	p. 156	
301-2	Recycled input materials used	p. 158, 159, 161, 162	
302-1	Energy consumption within the organisation by source and type/sale	<p>Fossil fuels: 363 691 MWh</p> <p>Renewable fuels: 54 817 MWh</p> <p>Electricity: 123 932 MWh, of which 113 767 MWh from renewable energy sources.</p> <p>District heating: 10 763 MWh, of which 4 230 MWh from renewable energy sources.</p> <p>District cooling: 100 MWh, of which 100 MWh from renewable energy sources.</p> <p>The renewable share of electricity, district heating and district cooling is according to a location-based method.</p> <p>See also p. 156–165</p>	
305-1	Direct (scope 1) GHG emissions	<p>Scope 1: 94 034 tCO₂e</p> <p>Veidekke complies with the GHG Protocol Corporate Standard (March 2004). Climate reporting is based on a control approach, including operational control.</p> <p>Climate reporting covers all operations including subsidiaries and joint ventures with > 50% ownership. Period 1 Dec. 2019–30 Nov. 2020 (12 months). Source of emission factors is Defra and includes CO₂, CH₄, N₂O. GWP: IPCC Fourth Assessment Report (100 year GWPs)</p> <p>Biogenic emissions: 14 071 tCO₂</p> <p>See also p. 159, 162</p>	
305-2	Energy indirect (scope 2) GHG emissions	<p>Scope 2 location-based method: 3 333 tCO₂e</p> <p>Scope 2 market-based method: 52 119 tCO₂e</p> <p>Veidekke complies with the GHG Protocol Corporate Standard (March 2004). Climate reporting is based on a control approach, including operational control.</p> <p>Climate reporting covers all operations including subsidiaries and joint ventures with > 50% ownership. Period 1 Dec. 2019–30 Nov. 2020 (12 months). Sources of emission factors are the IEA (location-based) country-specific average over the past three years and the Association of Issuing Bodies, AIB (market-based without guarantee of origin). Emission factors include CO₂, CH₄, N₂O. GWP: IPCC Fourth Assessment Report (100 year GWPs).</p> <p>See also p. 159–162</p>	
305-3	Other indirect (scope 3) GHG emissions	<p>Veidekke undertook a mapping of scope 3 emissions in 2020.</p> <p>See CDP reporting: cdp.net</p> <p>See also p. 156, 159, 161</p>	
305-4	GHG emissions intensity	<p>Scopes 1 and 2 aggregated for Veidekke, including CO₂, CH₄, N₂O.</p> <p>See also p. 162</p>	
305-5	Reduction of GHG emissions	<p>Scope 1: 6,634 tCO₂e reduction in 2020, compared with 2019, due to increased share of biodiesel. The calculation includes CO₂, CH₄, N₂O.</p> <p>See CDP Report 2020: cdp.net. See also page 162 of this report.</p>	

GRI indicator	Description	Veidekke's reporting	Cross reference to the UN's SDGs
Expertise			
103-1	Description and limitation of material topic(s)	p. 25–26, 166–172	4 GOD UTDANNING 
103-2	Description of the management system that covers material topic(s)	p. 25, 166–167	
103-3	Evaluation of the management system	p. 166	
401-1	New employee hires and employee turnover	p. 167, 172	5 LIKESTILLING MELLOM KJØNNENE 
404-1	Average hours of training per year per employee by gender and employee category	Data for the group are currently not available. New HR system to be rolled out in 2021. See p. 167	
404-2	Programmes for upgrading employee skills	p. 25, 170, 171	
404-3	Percentage of employees receiving regular performance and career development reviews	Development review to be conducted annually with all employees.	
405-1	Diversity: Percentage of women and men (employee category/age)	p. 26, 168, 171, 172	
405-2	Ratio of basic salary and remuneration of women to men	Reviewed every two years. Next review in 2021. See p. 168	
406-1	Diversity: Incidents of discrimination and consequence/follow-up	No reported incidents	
VD	Satisfied employees	p. 26, 166	
VD	Human resource development	p. 170–171	
VD	Percentage of apprentices in the workforce	p. 167, 172	

GRI indicator	Description	Veidekke's reporting	Cross reference to the UN's SDGs
Compliance			
103-1	Description and limitation of material topic(s)	p. 174–176	
103-2	Description of the management system that covers material topic(s)	p. 174–176	
103-3	Evaluation of the management system	p. 174–176	
102-16	The organisation's values, principles, standards and norms of behaviour	p. 26, 131, 174–176	
102-17	Mechanisms for advice and concerns about ethics	p. 26, 131, 175, 178	
102-33	Communicating critical concerns	p. 26, 131, 175, 178	
102-41	Percentage of employees covered by collective bargaining agreements	Approx. 95%	
205-1	Number and percentage of operations assessed for risks related to corruption	The entire group is assessed with regard to risk of corruption. Tender processes (active corruption) and contracting of subcontractors (passive corruption) are considered to pose the greatest risk. See also p. 174–176	
205-2	Communication and training about anti-corruption policies and procedures	p. 174–176	
205-3	Confirmed incidents of corruption and actions taken	None	
307-1	Non-compliance with environmental laws and regulations	p. 161	
308-1	New suppliers that were screened using environmental criteria	Norway: 88% of subcontractors, representing 96% of the group's turnover, are registered in StartBank, which involves assessment with regard to environmental requirements. See also p. 156, 159–161, 174–176	
402-1	Minimum notice periods regarding operational changes and whether this is specified in the collective agreement	Denmark: The Employers' and Salaried Employees' Act applies to lay-offs. Minimum 1 month's notice for dismissals. Norway: Statutory period of notice for lay-offs is 14 days. Statutory period of notice for dismissals is 14 days during the probationary period and 1–6 months after the probationary period, depending on the age and length of service Sweden: Lay-offs are regulated by collective agreements. Statutory period of notice for dismissals. Collectively agreed deviations may occur.	
412-2	Employee training on human rights policies or procedures	p. 176	
414-1	New suppliers that were screened using social criteria	Norway: 88% of subcontractors, representing 96% of the group's turnover, are registered in StartBank, which involves assessment with regard to social criteria. See also p. 149, 174–176	
419-1	Sanctions resulting from non-compliance with laws and regulations in the social and economic area	p. 174–176	
VD	Control, compliance regulations	p. 174–176	

GRI indicator	Description	Veidekke's reporting	Cross reference to the UN's SDGs
Productivity			
103-1	Description and limitation of material topic(s)	p. 144–145	
103-2	Description of the management system that covers material topic(s)	p. 5, 22–25, 126	
103-3	Evaluation of the management system	p. 22–25	
102-15	Risk management	p. 16, 28–30, 130–131, 157	
201-1	Direct economic value generated and distributed	p. 4, 14–15, 22–25	
Satisfied customers			
103-1	Description and limitation of material topic(s)	p. 144–145	
103-2	Description of the management system that covers material topic(s)	p. 5–15	
103-3	Evaluation of the management system	p. 22–25	
VD	Collaboration and customer focus	p. 5–15, 29, 157	

ARTICLES OF ASSOCIATION FOR VEIDEKKE ASA

(Effective from 16 December 2019)

Article 1 The name of the Company is Veidekke ASA. The Company is a public limited company.

The Company's purpose is construction and property development activities, and other economic activities related with the aforementioned. Activities may be conducted by the Company itself, by subsidiaries at home and abroad, or through participation in other companies or in cooperation with others.

Article 2 The Company's registered office is in Oslo.

Article 3 The Company's share capital is NOK 67,478,133.50 divided into 134,956,267 shares, each with a nominal value of NOK 0.50 fully paid and registered by name. The Company's shares shall be registered in the Norwegian Central Securities Depository.

Article 4 Each share carries one vote at the Annual General Meeting of the Company.

Article 5 The Company's Board of Directors shall have from eight to ten members. A maximum of seven members and alternates shall be elected by the Annual General Meeting. A maximum of three members and alternates for those members shall be elected by and from among the Company's employees in accordance with regulations issued in pursuance of provisions in the Public Limited Companies Act (Norway) relating to employee representation on the board of directors of public limited companies. The period of office is one year. The Board of Directors elects its chairperson.

Article 6 The Company shall have a nomination committee. The committee shall have at least three members. The Annual General Meeting shall elect the nomination committee's chairperson and other members and determine the remuneration of the committee's members. The term of office is one year. The nomination committee shall submit a recommendation to the Annual General Meeting on the election of members to the nomination committee. Nominated candidates should be shareholders or representatives of shareholders. The proposal for a new nomination committee shall be such that the majority of the new nomination committee is independent of the Board of Directors and senior executives of the Company. The nomination committee may not propose the Company's chief executive officer or other senior executives as members of the nomination committee. The Board of Directors shall submit a recommendation to the Annual General Meeting on the remuneration of the nomination committee's members. The nomination committee shall submit a recommendation to the Annual General Meeting on the election of and fees to be paid to members of the Board of Directors. The nomination committee shall justify its recommendations.

Article 7 Two members of the Board jointly or one member of the Board and the President and CEO jointly shall have the right to sign on behalf of the Company.

Article 8 The Annual General Meeting is held every year before the end of May, at the time and place determined by the Board of Directors. The meeting is convened with at least 21 days' written notice. The agenda for the meeting shall be sent out with the notice of the meeting. The Board of Directors may decide that documents pertaining to matters to be dealt with at the Annual General Meeting that have been made available to the shareholders on the company's website will not be sent to shareholders. This also applies to documents that by law must be included in or attached to the notice of the Annual General Meeting. Shareholders may nevertheless request to be sent documents pertaining to matters to be dealt with at the Annual General Meeting. Shareholders or their authorised representatives who wish to attend and vote at the Annual General Meeting must notify the company of this within the deadline specified in the notice of the meeting. This deadline must not expire earlier than five days before the Annual General Meeting.

The Annual General Meeting shall:

- Adopt the annual accounts and annual report, including employment of profit or covering of loss, and approve the distribution of a dividend.
- Elect members of the nomination committee.
- Determine the number of Board members, elect the Board members who by law shall not be elected by the employees and any alternates for the Board members elected by the shareholders.
- Consider the Board of Directors' statement on remuneration to senior executives.
- Deal with other business that is by law to be addressed by the General Meeting.

Article 9 Unless otherwise provided for in these Articles of Association, the provisions in the Public Limited Companies Act (Norway) shall apply.

VEIDEKKE'S HISTORY



Veidekke was founded in 1936 as a cobblestone cutting and laying company in Østfold county. The business gradually expanded and took on road improvement projects in several municipalities and counties in eastern Norway. The real breakthrough came in 1948, when the small company was awarded the major civil engineering contract for the construction of Sola Airport in Stavanger. With time Veidekke became a central player in airport construction in Norway, and in the late 1950s it undertook its first overseas assignment: construction of an airport in Ethiopia.

Large civil engineering projects accounted for the bulk of the business in the '60s and '70s, and in the following decades the company became a sizeable road builder. Other major civil engineering projects, such as construction of power stations and large industrial facilities for the oil sector, were added as new market areas.

The 1980s were marked by structural changes in the construction industry, and several of the larger construction companies merged. Veidekke's strategy was to continue to develop as an independent company, marking the beginning of an era of acquisitions. A total of ten companies were merged into the group during this decade. Since then, over 70 other companies have joined the group.

In the 1980s Veidekke expanded into a new market: residential and non-residential building construction. Another milestone was the listing on the Oslo Stock Exchange in 1986.

The acquisition of Aker Entreprenør in 1991 resulted in a doubling of the company's revenue, marking the advent of a decade of strong growth. In addition Veidekke decided to focus on the residential segment with property development as a new business area.

The company was also looking to expand into Sweden and Denmark. In 2000, Veidekke acquired Hoffmann A/S, Denmark's oldest and fourth largest contractor, and at about the same time, the group started operations in Gothenburg, Stockholm and Scania.

In 2020, Veidekke divested the property development operation, and the company is currently a streamlined contractor. The group's ambitions to 2022 are profitability over growth, providing shareholders an attractive dividend, and zero serious injuries. Through value-adding interaction with customers and partners, Veidekke will continue to build tomorrow's Scandinavia.

TOGETHER, WE ARE BUILDING THE FUTURE

Veidekke is one of Scandinavia's largest contractors. In addition to undertaking all types of building and civil engineering assignments, the group also maintains roads and produces asphalt and aggregates. Veidekke emphasises stakeholder involvement and local experience. The annual turnover is NOK 38 billion, and half of its 8,100 employees own shares in the company. Veidekke is listed on the Oslo Stock Exchange and has posted a profit every year since its inception in 1936.



veidekke.com