



# 2021

Annual and  
sustainability  
report



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# Targets

	STATUS 2021	TARGET 2022
PROFIT MARGIN	3.6%	>4.0%
DIVIDEND	99%	>70%
SERIOUS INJURIES	0	0
REDUCTION CO <sub>2</sub> EMISSIONS SCOPES 1 AND 2	16.5%	>4.2%

The group places emphasis on giving shareholders a competitive return and aims to pay out more than 70% of the annual profit in dividends. The Veidekke share is listed on the Oslo Stock Exchange.


# Sustainability




Veidekke is focused on eliminating serious injuries, and gives OHS targets equal status to financial targets (see [page 132](#)).



Veidekke is working to reduce the climate footprint of its own operations and the entire value chain and advises clients about wise climate choices (see [page 135](#)).



Veidekke is promoting greater diversity and equal opportunities in a traditionally male-dominated industry (see [page 143](#)).



Veidekke complies with applicable standards in the context of employment and generally, and promotes compliance in the construction and civil engineering industry (see [page 152](#)).

# This is Veidekke

Veidekke is one of Scandinavia's largest construction groups, with 7 800 employees. The group is head-quartered in Oslo and has operations in all major growth areas in Norway, Sweden and Denmark.

The group places emphasis on giving shareholders a competitive return and aims to pay out more than 70% of the annual profit in dividends. The Veidekke share is listed on the Oslo Stock Exchange.

## Passion for clients and projects

Veidekke is a streamlined construction company with solid market shares in Scandinavia and a robust financial position. The group assists clients with their major construction and infrastructure projects, by developing, constructing, and maintaining buildings and infrastructure and producing asphalt and aggregates.

By collaborating closely with the client throughout the project – from initial planning, to completion and use – Veidekke helps clients arrive at the best, most forward-looking and sustainable solutions, adding value for the client and the project's users.

## An active contributor to the green shift

Veidekke strives to reduce greenhouse gas emissions from its own operations and the entire value chain. The group has set a target of reducing emissions in line with the Paris Agreement and becoming carbon neutral (net zero) by 2045. Greenhouse gas budgets have been set for each operational unit. Veidekke has the expertise to cut greenhouse gas emissions from the group's own operations – and to help clients do the same.

Climate concerns also open up new opportunities, and Veidekke will apply innovation, cooperation, and selective investments to support new, climate-friendly solutions.

## Risk assessment

When unforeseen events occur in construction projects, they often lead to delays and additional costs. It is in the interest of all parties to identify risk elements early, so that any uncertainty can be considered in the planning process. Hence, risk management is a key expertise at Veidekke.

Veidekke carries out many large projects that run over several years, and where a strong ability to calculate, manage and handle risk is a prerequisite to achieving commercial success. Risk management is a key factor in the process of deciding which projects best match Veidekke's expertise and resources, and which the company chooses to submit tenders to.

## A culture built on expertise, involvement and commitment

In a construction company like Veidekke, the drivers of value creation are its people. Building schools, bridges and tunnels is teamwork, and the most effective teams are those that engage employees at all levels to take ownership of the planning and execution of their own tasks.

Having a commercial understanding is a key to relevance – and this applies both to Veidekke as a company and to its employees, who need to see how they can best contribute to solid, efficient and profitable projects through the work they do. This is one of the reasons why Veidekke invites all employees to take part in the company's value creation as shareholders. Nearly half of all Veidekke employees are shareholders, owning more than 11% of the company in total.



# Key figures

Figures in NOK million	2021	2020	2019
Revenue	37 592	38 140	36 569
Pre-tax profit	1 342	1 134	596
Construction Norway	507	532	387
Infrastructure Norway	462	244	168
Construction Sweden	166	175	116
Infrastructure Sweden	133	128	-140
Denmark	200	200	169
Other	-127	-145	-104
Profit margin	3.6%	3.0%	1.6%
Profit per share	7.1	5.8	3.0
Profit per share (IFRS) <sup>1</sup>	7.1	15.6	6.8
EBITDA <sup>1</sup>	2 282	2 122	1 468
Net interest-bearing assets <sup>1</sup>	3 709	3 078	-2 653
Cash flow from operations <sup>1</sup>	2 194	2 270	1 791
Cash flow from investing activities <sup>1</sup>	-282	5 664	-590
Return on equity past 12 months (IFRS) <sup>1</sup>	38%	53%	25%
Total order book	38 084	37 460	36 704
LTI rate	4.6	4.4	4.5
Sickness absence	4.6%	5.1%	3.7%
CO <sub>2</sub> emissions scopes 1 and 2 (tonnes)	81 290	97 367	109 529
CO <sub>2</sub> emissions scope 3 <sup>2</sup> (tonnes)	-	552 321	-

Unless otherwise stated, the key figures and comments relate to figures from the segment accounts.

<sup>1</sup> Includes the property development operation before it was spun off in September 2020.

<sup>2</sup> Scope 3 CO<sub>2</sub> emissions figures for 2021 will be available approx. mid-year 2022.

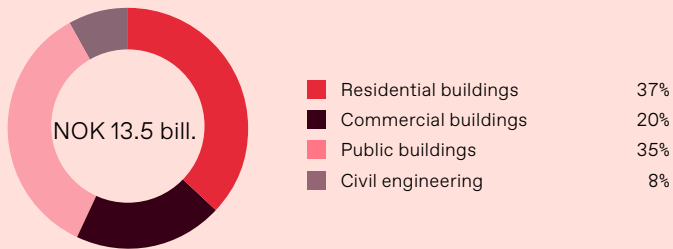


# Construction Norway

## Key figures

NOK million	2021	2020	2019
Revenue	13 514	14 638	14 464
Pre-tax profit	507	532	387
Profit margin	3.8%	3.6%	2.7%
Order book	13 537	13 358	14 762
CO <sub>2</sub> emissions scopes 1 and 2 (tonnes)	10 234	11 777	16 602

Order book by market segment



Employees  
Veidekke total: 7 796



Veidekke’s Norwegian construction operation is one of the country’s largest contractors, with a 10% market share and an ambition to be the preferred contractor in the markets served by the company. Repeat customers account for a large part of the revenue.

To best meet client expectations, Veidekke has elected to specialise in the product categories residential buildings, office buildings, schools and healthcare buildings, and to strengthen its presence in and around the country's largest cities. This also helps reduce risk in the projects and increase profitability.

Veidekke seeks to get involved from an early stage in the client’s project, to be able to assist throughout the project's development until completion and help the client choose climate-friendly options. By linking the group’s standardised processes with the expertise required for each building type, Construction Norway ensures project execution and solutions that add value for the client. During construction the company applies “involved planning”, a LEAN approach that enables efficient and streamlined production. Customer surveys along the way contribute to continuous evaluation and adjustments to address customer needs.

Projects undertaken by Construction Norway should rely on sustainable production from start to finish. The major greenhouse gas emissions in the value chain are related to materials, such as concrete, precast concrete, steel, windows and glass facades, and transport services. The construction operation is working to reduce its carbon footprint by using more massive wood and low-carbon concrete in construction and through rehabilitation and reuse of materials. The company constructs buildings in accordance with environmental certification standards such as BREEAM and Nordic Ecolabel (Svanen).

Veidekke trains skilled workers in core construction industry trades and offers apprenticeships around the country. Veidekke's Norwegian construction and infrastructure operations share a joint new-employee programme and systems for role-based training, tailored to the various roles in the project organisation. The intention is to ensure that employees have relevant professional development and career opportunities, and that Veidekke has Norway's best project managers and project teams.

# Infrastructure Norway

Key figures

NOK million	2021	2020	2019
Total revenue	9 147	8 847	9 209
Civil engineering	5 821	5 933	5 530
Asphalt, aggregates	3 327	2 914	3 679
Total pre-tax profit	462	244	168
Civil engineering	285	161	-5
Asphalt, aggregates	177	83	173
Total profit margin	5.1%	2.8%	1.8%
Civil engineering	4.9%	2.7%	-0.1%
Asphalt, aggregates	5.3%	2.8%	4.7%
Order book	7 477	7 206	8 454
CO <sub>2</sub> emissions scopes 1 and 2 (tonnes)	61 817	72 496	77 036

Veidekke is a nationwide Norwegian civil engineering contractor with expertise in the construction of roads, railways, power plants, industrial facilities, and airports. The company is also Norway's largest asphalt producer and contractor, the second largest aggregates producer, and a major player in the maintenance of public roads in Norway.

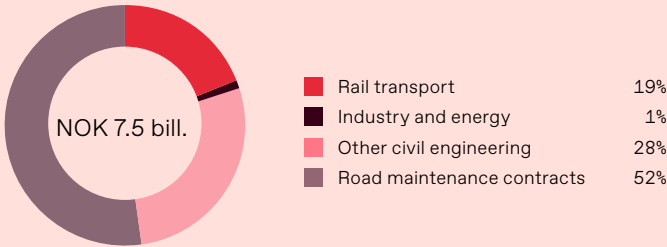
Infrastructure Norway was established in the spring of 2020, through a merger of Veidekke's civil engineering and industrial operations in Norway. Veidekke took the step of gathering technical expertise in one entity in order to approach the Norwegian civil engineering market in a more efficient and coordinated manner.

Civil engineering and asphalt operations entail significant greenhouse gas emissions as well as dust and noise, and Veidekke has set ambitious goals to reduce negative consequences for the climate, the environment and the surroundings. The largest greenhouse gas emissions in the value chain

are related to direct purchases of diesel and gas, materials such as concrete, precast concrete, steel and bitumen as well as transport services. Infrastructure Norway is striving to reduce the carbon footprint by changing energy carriers at the asphalt factories, developing more environmentally friendly asphalt with a plant-based binding agent, using slimmer constructions and making conscious choices of materials. Infrastructure Norway delivers civil engineering projects in accordance with certification standards such as CEEQUAL.

Veidekke trains skilled workers in core trades and recruits recent graduates and experienced engineers and other specialists. Veidekke's Norwegian construction and infrastructure operations share a joint new-employee programme and systems for role-based training, tailored to the various roles in the project organisation. The intention is to ensure that employees have relevant professional development and career opportunities, and that Veidekke has Norway's best project managers and project teams.

Order book by market segment



Employees  
Veidekke total: 7 796

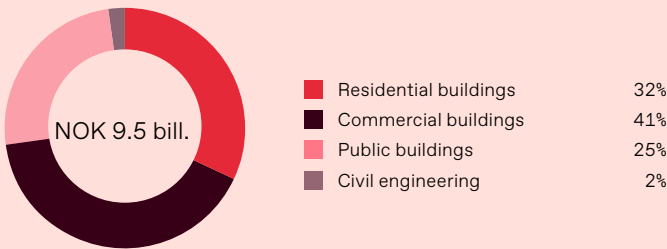


# Construction Sweden

Key figures

NOK million	2021	2020	2019
Revenue	8 544	7 867	6 604
Pre-tax profit	166	175	116
Profit margin	1.9%	2.2%	1.7%
Order book	9 483	8 885	8 386
CO <sub>2</sub> emissions scopes 1 and 2 (tonnes)	1 020	880	837

Order book by market segment



Employees  
Veidekke total: 7 796



Veidekke is one of Sweden's largest construction contractors, accounting for 4% of the total Swedish market. The business is focused on the growth regions around Stockholm, Gothenburg and Malmö.

Veidekke has a broad portfolio of construction projects in Sweden, with an emphasis on residential buildings, offices, hotels, healthcare buildings and schools. The company places great emphasis on product expertise and the ability to compose teams with the right competence and relevant experience for the specific assignment.

Construction Sweden was established as a separate operational unit in 2021, when Veidekke's Swedish operations were split in two. The change emphasises Veidekke's strategy as a streamlined contractor. The purpose of the split is to strengthen operations, by shortening the distance between projects and management.

To achieve its environmental goals, Construction Sweden places special emphasis on cutting consumption of energy and materials and limiting waste. The largest greenhouse gas emissions in the value chain are related to materials such as concrete, precast concrete, steel, windows and glass facades, and transport services. Construction Sweden has a special focus on rehabilitation, reuse and massive wood construction and is currently building one of the world's largest massive wood projects, the residential high-rises Cederhusen in Stockholm. Construction Sweden builds in accordance with certification standards such as BREEAM, Nordic Ecolabel (Svanen) and Miljöbyggnad.

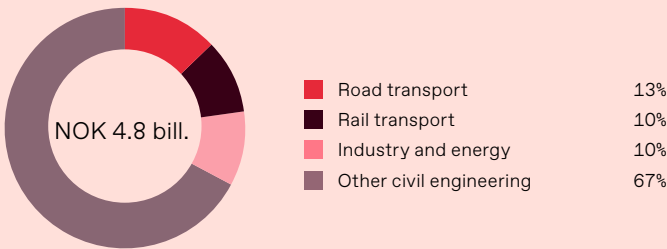
Construction Sweden offers apprenticeships and trains skilled workers in core trades. The unit also offers trainee programs for recent graduates with relevant university degrees, primarily in engineering subjects.

# Infrastructure Sweden

Key figures

NOK million	2021	2020	2019
Revenue	4 345	4 426	4 198
Pre-tax profit	133	128	-140
Profit margin	3.1%	2.9%	-3.3%
Order book	4 774	5 495	3 118
CO <sub>2</sub> emissions scopes 1 and 2 (tonnes)	6 242	9 503	12 738

Order book by market segment



Employees  
Veidekke total: 7 796



Veidekke has solid positions in the Swedish markets for infrastructure, extraction, heavy industry, energy and recycling facilities/landfills and also produces and lays asphalt. Most of the business takes place in the metropolitan regions of Stockholm, Gothenburg and Malmö, and in addition, Veidekke is an established supplier to the mining industry further north in Sweden.

Infrastructure Sweden was established as a separate operational unit in 2021, when Veidekke's Swedish operations were split in two. The change emphasises Veidekke's strategy as a streamlined contractor. The purpose of the split is to strengthen operations, by shortening the distance between projects and management.

To arrive at the best and most sustainable solutions, Veidekke seeks collaboration with

clients from an early stage of a project. The largest greenhouse gas emissions in the value chain of the infrastructure operation are related to direct purchases of diesel and gas, to materials such as concrete, precast concrete, steel and bitumen, and to transport services. To reduce the carbon footprint, Infrastructure Sweden is replacing energy carriers at the asphalt factories, using slimmer constructions, increasing reuse and making conscious choices of materials. Infrastructure Sweden delivers civil engineering projects in accordance with certification standards such as CEEQUAL.

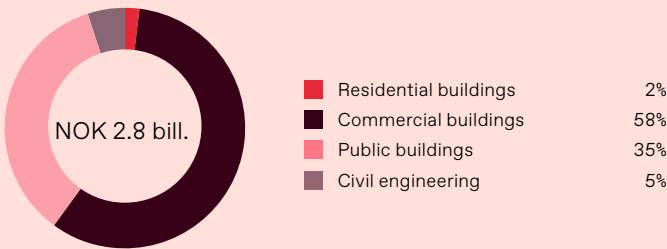
Infrastructure Sweden trains its own skilled workers in the core trades and offers trainee programmes for recent graduates with relevant university degrees, primarily in engineering subjects.

# Denmark/Hoffmann AS

Key figures

NOK million	2021	2020	2019
Revenue	2 362	2 652	2 358
Pre-tax profit	200	200	169
Profit margin	8.5%	7.5%	7.2%
Order book	2 813	2 516	1 983
CO <sub>2</sub> emissions scopes 1 and 2 (tonnes)	1 889	2 513	2 127

Order book by market segment



Employees

Veidekke total: 7 796



Representing Veidekke in the Danish market, Hoffmann AS is a contractor with a long and proud history. The company specialises in the development and construction of commercial building projects, primarily office buildings, hotels and shopping centres, in close collaboration with the client. Hoffmann places great emphasis on partnering to find optimal solutions, working with clients and consultants to improve the project and make it more profitable for the client. Projects in which Hoffmann collaborates closely with the client from an early stage, through planning and engineering, until the building is completed, make up 80% of the revenue.

Hoffmann has recently expanded its portfolio of public sector projects, and has entered into

a four-year strategic framework agreement with the Danish Building and Property Agency. Hoffmann also operates separate units for technical installations and for the rehabilitation of commercial buildings and homes.

Hoffmann's vision is to contribute to sustainable societal development and to build a better future where people thrive and enjoy life, and the corporate culture is built around succeeding together.

Hoffmann offers apprenticeships and trains skilled workers in its core trades. The company also offers a programme in which project managers, who are hired while they are recent graduates, receive systematic training and development.

# Letter to shareholders

Veidekke delivered in 2021, despite challenging conditions and changing infection control measures. We improved our profits and margin and have entered 2022 with an order book that gives us a solid basis for keeping up activity levels in the year ahead. Combined with our strong balance sheet, this means that we are well-positioned for further profitable growth. This is why the board of directors is proposing to distribute the entire annual profit for 2021 to shareholders.

In response to new needs and market expectations, we have made significant changes in the past two years. Following the divestment of the property development operation in 2020, Veidekke is a streamlined contractor, and the reorganisation into construction and infrastructure units in Norway and Sweden has ensured a clear-cut organisational structure, operational focus and a shorter path between management and projects. We have completed our strategic turnaround and are now delivering profits at roughly the same level as before the sale of the property development operation. Obtaining good results is hard work, and I would like

to thank our employees, whose efforts have driven Veidekke's solid achievements over the past year.

Veidekke has adopted clear financial targets for the period to 2025. We are pursuing profitable growth and have ambitious margin targets for the next few years. In 2021, we improved our profit margin to 3.6%, from 3.0% in 2020. Our next objective is a profit margin of 4% in 2022. We see further room for improvement, and have raised our profit margin target to 5% in 2025. We are also planning for somewhat higher activity levels.

In 2021, Veidekke and management defined the group's strategy for the coming years. We will continue to put people and projects first. In addition, we will actively contribute to the transition to a climate-neutral society and to overcoming global climate change. Our strategy, which we have called "Performance with meaning", defines Veidekke's approach to creating value.

Our client relations and our passion for client projects are our raison d'être. Our top priority is



supporting ambitious clients through our expertise. When clients initiate cooperation at an early stage of a project, we can systematically exploit our knowledge from previous projects to eliminate uncertainties, identify solutions and generate added value. Planning our work together with customers enables us to build better, more efficiently and with less uncertainty. This saves all parties time and expense, and allows projects to be executed with a higher degree of precision and less risk.

It is becoming increasingly clear that our way of life has climate and environmental consequences. In 2015, Veidekke was among the first companies listed on the Oslo Stock Exchange to adopt the climate goals set out in the Paris Agreement, and in 2021 we adopted the even more ambitious target of net zero emissions from own operations and in supply chains by 2045. This will require us to eliminate at least as much CO<sub>2</sub> from the atmosphere as we contribute to emitting, by cutting emissions as much as possible throughout our supply chains and neutralising residual emissions through carbon capture or other methods. Veidekke has implemented a greenhouse gas budget and is

monitoring its climate targets in the same way as financial and health and safety targets.

Climate change imposes responsibilities on us, but is also opening up new opportunities. Our clients are as focused on cutting emissions as we are, and our expertise can help them achieve their goals. Identifying the most effective solutions therefore requires early cooperation between clients, advisers and contractors. Going forward, we will prioritise clients and projects for whom and in which our expertise can help reduce the climate footprint. We will also strengthen our expertise through innovation, cooperation and selective investment in support of climate-friendly solutions.

Our staff are the most important contributor to our value creation. To achieve the objectives we have adopted for the group, we need skilled individuals with the right expertise. Of equal importance are commitment, conscientiousness and ownership of results, as well as a proactive approach to detecting and overcoming challenges. These qualities are promoted by a corporate culture that recognises the value of cooperation both within and outside

the group, and in which employees at all levels are capable of taking both technical and commercial considerations into account.

A contractor like Veidekke needs a wide array of engineering and manual trade skills. But we are a more relevant and valuable partner to customers when our technical expertise is accompanied by commercial insight among all staff. That is why employee participation is so important to us. At present, more than 11% of Veidekke is owned by its employees, with the share ownership programme allowing staff to purchase shares at a discount and thus participate in the group's value creation in the form of dividends and share price growth. We run the share purchase programme because we believe that employee participation fosters commercial insight and establishes shared targets, and thereby strengthen ownership of strategic decisions and ambitions.

As a human resource-intensive industry with a potentially hazardous working environment, the construction and civil engineering sector unfortunately also has a high injury rate. In 2014,

Veidekke launched a targeted initiative to reduce the number of occupational injuries. Our systematic injury-prevention efforts related to procedures, equipment and attitudes have secured positive results. I am very pleased to report that Veidekke recorded no serious injuries in 2021. However, we are painfully aware that injury prevention will always be necessary. Zero serious injuries in 2021 does not mean that our work is done. Rather, it shows that working systematically towards ambitious objectives secures results, and that we are on track.

At the time of writing, we are profoundly shaken by Russia's attack on neighbouring Ukraine, with already enormous humanitarian consequences. Lasting impact of the war on the world economy and the global risk situation appears inevitable, and we are, as a matter of course, closely monitoring developments.

  
Jimmy Bengtsson  
Group CEO

# Climate risk – TCFD

Climate change entails strategic risk for Veidekke and is therefore included in the group's strategy development and risk management. Veidekke supports the Task Force on Climate-Related Financial Disclosures (TCFD) initiative and seeks to address climate risk in line with TCFD recommendations.

**Governance**

The board and group management are responsible for Veidekke's governance structure and group policies and decide the company's risk-assumption framework.

The ultimate responsibility for assessing climate risk lies with the board and is handled in consultation with the group management.

The responsibility for achieving Veidekke's climate goals lies with the operational line management. The ambitions outlined in the group strategy are executed through the operational units' strategies,

and the group's climate goals are broken down into climate budgets for each operational unit, encompassing the entire value chain (scopes 1, 2 and 3). The operational units report the status of climate results measured against the climate budget on a quarterly basis for scopes 1 and 2, while scope 3 is reported annually. Effective 2022, Veidekke will prepare a climate plan designed to ensure that the climate goals are achieved.

The chief professional responsibility for climate risk lies with the Executive Vice President for Strategy, Compliance and Sustainability, together with the CFO. The Sustainability Council, which comprises

sustainability specialists and line management, acts as an advisory body for the group management team.

**Strategy**

In 2021, Veidekke revised its corporate strategy to incorporate climate as one of three pillars for Veidekke's success in the strategy period to 2025. The strategy, which is based on analyses of trends, materiality and climate risk and opportunities, emphasises that Veidekke should take on a leadership role in the green shift.

**Risk management**

Climate risk is included in the group's overall risk management. Veidekke has prepared a climate risk analysis with recommended measures to mitigate risk and leverage opportunities related to physical risk and transition risk. Assessment of climate risk is included in the group management team's annual schedule.

**Objectives and methods**

In 2021, Veidekke raised its climate target to reducing the group's greenhouse gas emissions by 50% by 2030, and to net zero emissions by 2045.

The reductions will be made on a stepwise annual basis. Veidekke's climate targets for the medium (2030) and long term (2045) are as of March 2022 under verification by the Science Based Target Initiative (SBTi).

Veidekke's reporting on greenhouse gas emissions follows the GHG Protocol Corporate Standard (March 2004). The reporting is based on a control approach, including operational control.

Climate reporting comprises all operational units as well as subsidiaries and joint ventures in which Veidekke owns more than 50%.

In 2021, for the third time, Veidekke provided emissions data for scope 3, which includes emissions throughout the value chain and accounts for more than 80% of all emissions related to the group's operations. Veidekke has decided to use 2020 as the base year for gauging further development in scope 3 emissions.

Veidekke's sustainability report has been prepared in line with the Global Reporting Initiative (GRI).

## VIA

In central Oslo, Veidekke maintained a fossil-free construction site when building the office and retail building VIA to the BREAM-NOR Excellent standard. Clients: Aspelin Ramm and Storebrand Asset Management.

# The board

Svein Richard Brandtzæg



Gro Bakstad



Ingolv Høyland



Daniel Kjørberg Siraj









Hanne Rønneberg



Position (year elected)	Chair and board member since 2019	Board member since 2010	Board member since 2017	Board member since 2018, deputy chair since 2020	Board member since 2020
Committees	Remuneration committee (chair)	Audit committee (chair)	Project committee	Audit committee Remuneration committee	Audit committee Project committee
Born	1957	1966	1951	1975	1959
Number of shares	2 300	15 500	6 000	OBOS BBL: 25 148 220	700
Other assignments	<ul style="list-style-type: none"><li>– Mondi Ltd (UK)</li><li>– Swiss Steel Group (Switzerland)</li><li>– Eramet Norway</li><li>– DNB Bank ASA</li></ul>	<ul style="list-style-type: none"><li>– DNB Bank ASA</li></ul>		<ul style="list-style-type: none"><li>– Construction City Cluster (chair)</li><li>– Solon Eiendom Holding</li></ul>	<ul style="list-style-type: none"><li>– Multiconsult ASA</li><li>– CICERO Center for Intl. Climate Research</li><li>– UN Global Compact Norway</li></ul>
Education	<ul style="list-style-type: none"><li>– Graduate engineer, NTH</li><li>– PhD Chemistry, NTH</li><li>– Business management degree, BI</li></ul>	<ul style="list-style-type: none"><li>– Graduate economist, NHH</li><li>– State authorised public accountant, NHH</li></ul>	<ul style="list-style-type: none"><li>– Graduate engineer, NTH</li><li>– Graduate economist, NHH</li></ul>	<ul style="list-style-type: none"><li>– Candidate of Law, University of Oslo (2001)</li></ul>	<ul style="list-style-type: none"><li>– Graduate engineer, NTH</li></ul>
Experience	<ul style="list-style-type: none"><li>– CEO of Norsk Hydro (2009–2019)</li><li>– NTNU, chair (2014–2020)</li><li>– Deputy chair, Council on Ethics for the Government Pension Fund Global</li><li>– Board director, Sibelco Group (2019–2021)</li></ul>	<ul style="list-style-type: none"><li>– CEO of Vy (2020–)</li><li>– EVP Norway Post (2012–2020)</li><li>– EVP/CFO Norway Post (2006–2012)</li></ul>	<ul style="list-style-type: none"><li>– CEO of Reitan Eiendom</li></ul>	<ul style="list-style-type: none"><li>– CEO of OBOS (2015–)</li><li>– EVP Strategy/Business Development and Housing Development OBOS (2010–2015)</li><li>– Assistant lawyer, lawyer and business developer in OBOS (2004–2010)</li><li>– Political adviser for city council and city councillor, City of Oslo (2000–2004)</li><li>– Former board member of AF Gruppen ASA (2014–2018) and BWG Homes ASA (2012–2014)</li></ul>	<ul style="list-style-type: none"><li>– Extensive management experience from production of building materials, contracting and research. Currently works as a special adviser in SINTEF and a board member</li></ul>

Board of directors cont.

	Per-Ingemar Persson	Klara-Lise Aasen	Carola Lavén	Inge Ramsdal	Odd Andre Olsen	Arve Fludal
						
Position (year elected)	Board member since 2020	Board member since 2021	Board member since 2021	Board member, elected by employees, since 2008	Board member, elected by employees, since 2011	Board member, elected by employees, since 2015
Committees	Remuneration committee Project committee (chair)	Audit committee	Remuneration committee	Remuneration committee	Audit committee	Project committee
Born	1956	1974	1972	1962	1961	1970
Number of shares	55 740	438	–	8 520	5 030	2 799
Other assignments	<ul style="list-style-type: none"><li>– ELU Konsult AB (chair)</li><li>– NEWS AB (chair)</li><li>– Assemblin Group AB</li><li>– Bonava AB</li></ul>	–	<ul style="list-style-type: none"><li>– Besqab</li><li>– Ersta Diakoni</li><li>– FAM förvaltning (incl. Grand Group AB)</li></ul>	<ul style="list-style-type: none"><li>– Norwegian Union of General Workers (board member)</li></ul>	–	<ul style="list-style-type: none"><li>– Veidekke fellestjenester AS</li><li>– Block Berge Bygg AS</li></ul>
Education	<ul style="list-style-type: none"><li>– Graduate engineer, Lund University</li></ul>	<ul style="list-style-type: none"><li>– State authorised public accountant, NHH</li></ul>	<ul style="list-style-type: none"><li>– Graduate engineer, KTH Stockholm</li></ul>	<ul style="list-style-type: none"><li>– Skilled worker</li></ul>	<ul style="list-style-type: none"><li>– Skilled worker</li></ul>	<ul style="list-style-type: none"><li>– Builder</li></ul>
Experience	<ul style="list-style-type: none"><li>– Self-employed</li><li>– EVP Veidekke/CEO Veidekke Sweden AB</li><li>– CEO Skanska Sweden AB</li><li>– CEO NVS Installation AB</li></ul>	<ul style="list-style-type: none"><li>– CEO (2021–) and CFO, Bank Norwegian ASA (2020–)</li><li>– Executive Vice President and Head of Group Financial Management, DNB (2017–2020)</li><li>– Finance and risk management positions at Nordea (2006–2017)</li></ul>	<ul style="list-style-type: none"><li>– CEO Besquab ab (2020–)</li><li>– Deputy CEO/Investment Director, Castellum ab (2019–2020)</li><li>– Head of business area, NCC Property Development Nordic (2013–2019)</li><li>– Experience from Atrium Ljungberg, Drott and Skanska</li></ul>	<ul style="list-style-type: none"><li>– Employee representative in Veidekke</li><li>– Former crane operator and concrete worker in Veidekke Entreprenør AS</li></ul>	<ul style="list-style-type: none"><li>– Chief employee representative in Veidekke</li><li>– Former formwork carpenter in Veidekke Entreprenør AS</li></ul>	<ul style="list-style-type: none"><li>– Employee representative in Veidekke</li><li>– Site manager, Building Construction Norway and Head of The Veidekke Employee Share Trust</li></ul>

# Corporate management

Jimmy Bengtsson



Hans Olav Sørлие



Øivind Larsen



Charlotta Nilsén



Marcus C. Nilsson



Position (year appointed)	Group CEO (2019)	EVP (2018)	EVP (2018)	EVP (2021)	EVP (2021)
Areas of responsibility		Veidekke Construction Norway	Veidekke Infrastructure Norway	Veidekke Construction Sweden	Veidekke Infrastructure Sweden
Born	1966	1965	1963	1972	1971
Employed at Veidekke since	2015	2003	1988–2001, 2016	2014	2011
Number of shares	55 587	78 437	14 947	5 100	20 093
Share options	3 000	4 000	2 500	0	2 000
Education	– Graduate engineer, Royal Institute of Technology in Stockholm	– Graduate engineer, NTH	– Graduate engineer, NTH	– Graduate engineer, Lunds university, Faculty of engineering	– Four-year technical high school
Selected work experience	– EVP, Construction Sweden, corporate procurement, country manager Sweden – CEO, Arcona AB – Various positions with Skanska AB	– Director, Region East, Veidekke Entreprenør AS – District manager Oslo, Veidekke Entreprenør AS – Department manager, District Oslo, Veidekke Entreprenør AS	– Director, Civil engineering, Veidekke Entreprenør AS – Director, Business development, Veidekke Entreprenør AS – Bank manager, Hjørtal og Gransherad Sparebank	– Director of construction operation Veidekke (Bygg Bostäder) – Regional manager, Veidekke Bostad – Market area manager, Riiksbyggen – Business manager, NCC	– Director of civil engineering operation, Veidekke Sweden – Regional manager, Veidekke Sweden – Positions in Svevia and YIT

Corporate management cont.

Jørgen Wiese Porsmyr



Terje Larsen



Lars Erik Lund



Anne Thorbjørnsen



Kristina Andreasson



Position (year appointed)	EVP (2006)	EVP (2013)	EVP (2016)	EVP (2018)	EVP (2020)
Areas of responsibility	CFO	Risk management and IT	Strategy and sustainability	HR and OHS	Communications and branding
Born	1972	1961	1969	1969	1978
Employed at Veidekke since	1995	2001	2016	1995	2013
Number of shares	113 157	113 473	16 157	35 952	4 677
Share options	3 000	3 000	500	4 750	2 500
Education	– Graduate economist, NHH	– MBA, University of Wisconsin – Graduate economist, BI	– Graduate economist, NHH	– Sociology, Vestfold University College – MBA, BI	– Bachelor of Honours, Marketing & Advertising, University of the Arts, London
Selected work experience	– EVP project development Scandinavia, Veidekke ASA (2013–2020) – EVP, Industry and Denmark/Hoffmann, Veidekke ASA (2013–2020) – EVP/CFO, Veidekke ASA (2006–2013)	– CFO, Veidekke ASA – Financial director, ABB Installasjon – CFO, Asea Brown Boveri Inc., Philippines	– Statoil, senior advisor communications – Crux Kommunikasjon, founder and partner – Burson-Marsteller, Director corporate communication	– HR director, Veidekke ASA – HR manager, Veidekke Entreprenør AS – Acting regional director, Veidekke Entreprenør AS, Region South	– Head of communication and marketing, Veidekke Sweden – Head of communication, Veidekke Property Development Sweden – Head of Management & Strategy, Kaplan RM, part of Accenture Interactive

## E6 Arnkvern–Moelv

Using lean construction methods, Veidekke could finish the 24 km section of motorway in Innlandet county early, permitting opening eight months prior to plan. Client: Nye Veier.



# The board of directors' report<sup>1</sup>

With 7 796 employees, 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, local experience and close, early client cooperation in all of its business areas. Value-generating collaboration is a key component of the group's business philosophy, and serves to ensure that construction and development projects benefit their users. Veidekke is headquartered in Oslo, Norway, and has operations in major growth centres in Norway, Sweden and Denmark. Veidekke is listed on the Oslo Stock Exchange and has posted a profit every year since being founded in 1936.

### 2021 highlights

In yet another year marked by the Covid-19 pandemic and constantly changing infection control measures, Veidekke delivered revenue and profitability improvements in accordance with the target figures communicated in recent capital markets updates.

Group revenue for 2021 totalled NOK 37.6 billion, on a par with 2020. A strong order intake for Construction Sweden in 2020 and parts of

2021 boosted the operation's revenues in 2021. The infrastructure operations achieved largely unchanged revenue levels compared to 2020, while the revenues of Construction Norway and Hoffman (Denmark) fell by 8% and 11%, respectively.

The pre-tax profit amounted to NOK 1 342 million, compared to NOK 1 134 million in 2020. Overall, Veidekke improved its profit margin to 3.6% in 2021, from 3.0% in 2020. With the exception of Construction Sweden, all of the business areas improved their profitability year-on-year. The greatest profit improvement was achieved by Infrastructure Norway, and the road maintenance operation in particular. Construction Norway also improved its profit margin, thanks to strong progress by several previously underperforming entities. Infrastructure Sweden also made good progress from 2020 to 2021, while Construction Sweden experienced a weak year and recorded somewhat lower profits than last year. Despite lower revenues, the Danish operation's results were satisfactory and on a par with 2020.

The 2021 order intake of NOK 36.2 billion brought the group's order book to NOK 38.1 billion at year-end, on a par with the beginning of the year. During

2021, the order intake shrank in the segments commercial buildings, transport infrastructure and industry and energy, but grew in the segments residential units, maintenance contracts and other civil engineering projects.

The group's net interest-bearing assets totalled NOK 3.7 billion at the end of 2021, compared to NOK 3.1 billion at the end of the previous year. The statement of financial position totalled NOK 17.3 billion at year-end, compared to NOK 17.5 billion in 2020.

The profit per share is NOK 7.1 for 2021. Based on the group's strong financial position and robust order book, the board of directors is proposing to pay an ordinary dividend of NOK 7.0 per share for the financial year 2021. This corresponds to a distribution ratio of 99%.

The group's LTI rate (the number of absences due to injury per million hours worked by own staff) was 4.6 in 2021, compared to 4.4 in 2020. No serious injuries were recorded in 2021. The sick leave rate for the year was 4.6%, down from 5.1% the previous year.

In 2021, Veidekke decided to make a structural and organisational change to its Swedish operation whereby Veidekke Sweden was split into two separate operations: Construction Sweden and Infrastructure Sweden.

### Operations in 2021

#### Construction Norway

NOK million	2021	2020	2019
Revenue	13 514	14 638	14 464
Pre-tax profit	507	532	387
Profit margin %	3.8%	3.6%	2.7%
Order book	13 537	13 358	14 762

Construction Norway generated revenues of NOK 13.5 billion in 2021, down 8% from NOK 14.6 billion the previous year. The drop is attributable to a reduced order intake in 2020, and primarily relates to lower demand for commercial buildings.

The pre-tax profit totalled NOK 507 million, compared to NOK 532 million in 2020. The 2021 profit margin was 3.8%, up from 3.6% in 2020. Systematic improvement efforts have boosted project profitability. While profitability was strong in Oslo, Trøndelag county and most of central eastern Norway, it was weak in south-western Norway.

At year-end 2021, the construction order book stood at NOK 13.5 billion, on a par with the beginning of the year. While the residential order intake increased, there was a marked drop in orders for commercial buildings. At year-end, the order book composition was 37% residential units, 35% public

<sup>1</sup> Unless otherwise specified, figures in the annual report are taken from the segment accounts and relate to the present group structure. The decision to spin out the property development operation in 2020 triggered specific requirements as to the presentation of Veidekke's group accounts (IFRS) in the annual report, whereby continued operations must be presented item by item but discontinued operations must be shown on a single line. This is discussed further in [Note 4](#) and [Note 15](#).

buildings, 20% commercial buildings and 8% civil engineering-related projects.

Major contracts signed in 2021:

- Førde Hospital. Hospital for Helse Førde. Contract value NOK 730 million.
- Majorstuhjemmene. Care home for Omsorgsbygg Oslo HF. Contract value NOK 608 million.
- Hartvig Nissen VGS. School building for Oslobygg KF. Contract value NOK 550 million.
- Lumanders hage. Apartments, car park and day care centre in Oslo for OBOS Nye hjem AS. Contract value NOK 512 million.
- Kirkegata 23–25. Educational building in Oslo for AVA Eiendom. Contract value NOK 407 million.
- Gladengveien 12–14. Residential project in Oslo for Ferd Eiendom. Contract value NOK 398 million.

Infrastructure Norway

NOK million	2021	2020	2019
Total revenue	9 147	8 847	9 209
Civil engineering	5 821	5 933	5 530
Asphalt, aggregates	3 327	2 914	3 679
Total pre-tax profit	462	244	168
Civil engineering	285	161	-5
Asphalt, aggregates	177	83	173
Total profit margin	5.1%	2.8%	1.8%
Civil engineering	4.9%	2.7%	-0.1%
Asphalt, aggregates	5.3%	2.8%	4.7%
Order book	7 477	7 206	8 454

Infrastructure Norway generated revenue of NOK 9.1 billion in 2021, up 3% on 2020. The pre-tax profit was NOK 462 million, up substantially from NOK 244 million in 2020. The profit margin for the year was 5.1%, up from 2.8% the previous year. The improved profitability of the civil engineering operation accounted for the majority of the profit improvement.

The civil engineering operation achieved revenues of NOK 5.8 billion, down 2% on 2020, but an improved pre-tax profit of NOK 285 million, up from NOK 161 million last year. The profit improvement is attributable to better profitability in the road maintenance operation and increased margins in the portfolio of major civil engineering projects. The annual profit margin was 4.9%, compared to 2.7% in 2020. Like last year, the operation was involved in one major ongoing dispute with potentially large financial consequences at year-end.

The asphalt and aggregates operations achieved combined revenues of NOK 3.3 billion in 2021, up 14% on last year. The increase is primarily attributable to price increases resulting from higher commodities prices, as well as operational divestments. The pre-tax profit was NOK 177 million, compared to NOK 83 million in 2020. The result includes a gain of NOK 29 million on the sale of the group's operation in Rogaland. The remainder of the profit increase is attributable to improved profitability in the aggregates operation and the asphalt operation, although the profitability of the

latter remained weak. The profit margin for the year increased to 5.3%, from 2.8% in 2020.

At year-end 2021, the infrastructure order book totalled NOK 7.5 billion, up 4% since the beginning of the year. The order book was composed of maintenance contracts (52%), transport infrastructure contracts (19%), other civil engineering projects (28%) and industrial and energy contracts (1%).

Major contracts signed in 2021:

- Government district. Basement facility in Oslo for Statsbygg. Contract value NOK 2.1 billion.
- Steinkjer FV. Maintenance contract for Trøndelag county municipality. Contract value NOK 393 million.
- Sunnfjord south. Maintenance contract for Vestland county municipality. Contract value NOK 384 million.
- Romerike east. Maintenance contract for Viken county municipality. Contract value NOK 357 million.
- Indre Namdal. Maintenance contract for Trøndelag county municipality. Contract value NOK 302 million.
- Romerike centre. Maintenance contract for Viken county municipality. Contract value NOK 240 million.

Construction Sweden

NOK million	2021	2020	2019
Revenue	8 544	7 867	6 604
Pre-tax profit	166	175	116
Profit margin %	1.9%	2.2%	1.7%
Order book	9 483	8 885	8 386

Construction Sweden recorded revenues of NOK 8.5 billion in 2021, amounting to an increase of 11% on 2020 in the local currency. Many parts of the operation achieved revenue growth. The pre-tax profit was NOK 166 million, down from NOK 175 million in 2020. The decrease is linked to low profitability of operations in and around Stockholm. The operations in Gothenburg and Malmö, however, improved their profits year-on-year. The profit margin was 1.9%, compared to 2.2% the previous year.

Following several years of weak profitability, in June 2021 Veidekke decided to make a structural and organisational change to its Swedish operation whereby Veidekke Sweden was split into two separate operations: Construction Sweden and Infrastructure Sweden. In this connection, a NOK 14 million allocation was made in respect of restructuring costs in Q3 2021. The profitability of the operation centred on Stockholm remains low, and various organisational and structural steps have been taken to improve profitability in the longer term. In addition, the operation will be more selective during tendering, giving priority to projects in which Veidekke will be involved from an early stage. The profitability of the current portfolio is weak, and most of the projects will have to be replaced before material profit improvements can be achieved.

At year-end 2021, Construction Sweden's order book totalled NOK 9.5 billion, compared to NOK 8.9 billion last year. Measured in the local currency,

this equates to a 14% increase. The order book comprised commercial buildings (41%), residential units (32%), public buildings (25%) and civil engineering-related projects (2%).

Major contracts signed in 2021:

- World of Volvo. Experience centre in Gothenburg for World of Volvo AB. Contract value NOK 1.2 billion.
- Basecamp Malmö. Student apartments for BaseCamp Student Real Estate in Malmö. Contract value NOK 455 million.
- GoCo. Health innovation centre in Gothenburg for Majira Real Estate. Contract value NOK 455 million.
- Filmstaden. Cinema complex in Uppsala for Uppsala Akademiförvaltning. Contract value NOK 333 million.
- Volvo Måleri. Paint factory linked to Volvo’s production factory in Gothenburg. Contract value NOK 264 million.
- Vasa Real. School building in Stockholm for SISAB. Contract value NOK 262 million.

Infrastructure Sweden

NOK million	2021	2020	2019
Revenue	4 345	4 426	4 198
Pre-tax profit	133	128	-140
Profit margin %	3.1%	2.9%	-3.3%
Order book	4 774	5 495	3 118

Infrastructure Sweden achieved revenues of NOK 4.3 billion in 2021, on a par with 2020 in the local currency. The pre-tax profit was NOK 133 million, also on a par with NOK 128 million in 2020. The result includes restructuring allocations totalling NOK 9 million. The civil engineering operation in Skåne and Gothenburg made a positive profit contribution, while the industrial operation suffered a drop in profits. The profit margin for the year was 3.1%, compared to 2.9% the previous year.

At year-end 2021, Infrastructure Sweden’s order book totalled NOK 4.8 billion, compared to NOK 5.5 billion last year. Measured in the local currency, this equates to a 7% decrease. The order book comprised transport infrastructure contracts (23%), industrial and energy contracts (10%) and other civil engineering projects (67%).

Major contracts signed in 2021:

- Norrbottenbanan. Railways project for the Swedish Transport Administration. Contract value NOK 441 million.
- Stadshagen. Civil engineering works in Mariédalsparken in Stockholm. Contract value NOK 207 million.
- ST 1 Amine. Civil engineering and concrete works in Gothenburg for ST1 Gothenburg Biorefinery AB. Contract value NOK 133 million.
- Kulturbyggnader 3A. Relocation of historical buildings in Kiruna for LKAB. Contract value NOK 120 million.

Danmark/Hoffmann

NOK million	2021	2020	2019
Revenue	2 362	2 652	2 358
Pre-tax profit	200	200	169
Profit margin %	8.5%	7.5%	7.2%
Order book	2 813	2 516	1 983

Veidekke’s Danish operation generated revenues of NOK 2.4 billion in 2021, compared to NOK 2.7 billion in 2020. Measured in the local currency, revenues fell by 6%. The decrease is attributable to reduced activity in the Copenhagen region.

Like last year, the pre-tax profit amounted to NOK 200 million, although the profit margin improved from 7.5% in 2020 to 8.5% in 2021. The result is attributable to robust profitability in the project portfolio and a large profit contribution from projects nearing completion.

At year-end 2021, the order book totalled NOK 2.8 billion, up 17% from 2020 measured in the local currency. The order book comprised commercial buildings (58%), public buildings (35%), civil engineering projects (5%) and residential units (2%).

Major contracts signed in 2021:

- Nordals Holiday Resort in Nordborg on Jutland. Contract value NOK 1.1 billion.
- Engelholm. Refurbishment of office premises

outside Copenhagen for the Danish Building and Property Agency. Contract value NOK 238 million.

- Gribskov town hall for Gribskov municipality. Contract value NOK 162 million.
- The Hive. Office premises in Copenhagen for Bikubenfonden. Contract value NOK 114 million.

Other operations/Other

The category “Other operations/Other” comprises unallocated costs linked to administration of the group, the sale of administrative services to the group’s Norwegian operations, the group’s financial management activities, the group’s ownership role in public-private partnerships (PPP) and the elimination of intra-group profits. Other operations/Other recorded a loss of NOK 127 million in 2021, compared to a loss of NOK 145 million in 2020.

Strategic objectives

Following the demerger of the property development operation in 2020, Veidekke is a streamlined Scandinavian construction group. The group operates in all growth areas in Scandinavia, and aims to be a leader in its local markets in terms of profitability and size. In its capital markets update in May 2021, Veidekke presented the company’s strategy and objectives for the period to 2025.

In the period to 2023, increased profitability will take precedence over revenue growth. Thereafter, priority will be given to selective growth in profitable areas until 2025. In accordance with the strategy, the group

delivered revenues on a par with the previous year in 2021, adjusted for foreign exchange effects. The profit margin increased to 3.6%, from 3.0% in 2020. Veidekke aims to achieve an overall profit margin of more than 4% in 2022, and more than 5% in 2025.

Veidekke aims to pay its shareholders a high and attractive dividend, defined in the group's dividend policy as more than 70% of the profit per share. Over the past five years, the dividend ratio has been 76% (excluding the extraordinary dividend occasioned by the sale of Veidekke's property development operation). The board of directors is proposing a dividend of NOK 7.0 per share for the financial year 2021, corresponding to a distribution ratio of 99%.

Veidekke seeks to provide a safe workplace. In 2014, the group adopted a target of zero serious occupational injuries. A further aim is to reduce the total number of injuries by 20% per year. No serious injuries were recorded in 2021. There were 297 injuries in total – 13% fewer than in 2020.

Climate is a key factor in Veidekke's strategy, and the group can also play an important role in helping clients choose wisely in respect of climate. The group raised its climate ambitions in 2021, and is targeting climate neutrality by 2045 and 50% emissions cuts by 2030. The ambition involves annual linear reduction of GHG emissions from Veidekke' own operations and its value chain. The targets are in accordance with the Paris Agreement and the emissions pathway that limits

global warming to 1.5°C. In 2021, Veidekke's scope 1 and scope 2 emissions amounted to 81 000 tonnes, down 17% on 2020 and down 28% compared to the base year (2018). For further details on Veidekke's greenhouse gas emissions, see [pages 135–142](#) of the sustainability report.

Organisation

At the end of 2021, Veidekke had 7 796 permanent employees. Turnover (resignations only) amounted to 8.8%, compared to 7.1% in 2020.

Number of employees

	Skilled workers		Administrative staff		Total	
Norway	2 933	(3 310)	2 213	(2 405)	5 146	(5 418)
Sweden	846	(862)	1 395	(1 366)	2 241	(2 228)
Denmark	219	(244)	190	(192)	409	(436)
Total	3 998	(4 262)	3 798	(3 820)	7 796	(8 082)

Last year's figures in brackets.

A significant share of the group's value creation takes place through sub-contractors with other expertise than Veidekke's own. In addition to the group's own employees, an estimated 12 000 people work for Veidekke at any given time.

Skills-building and recruitment

Veidekke's projects are complex and demand strong expertise and skills. Employees working on projects are exposed to new tasks and challenges, and can develop their abilities with the strong support of

management and more experienced colleagues. Project management teams are composed of individuals with complementary skills, who must work together to secure an optimal project outcome. To ensure high performance, teams must exploit both individual capabilities and collective expertise, and work well together.

Veidekke arranges role-specific training and networking groups to supplement the knowledge acquired through project involvement and new responsibilities. HR competence centres in Norway and Sweden organise and facilitate learning and development adapted to individual roles and responsibilities. This covers the company's core subjects, project management, processes, systems and leadership development. The networking groups engage in more specialised skills development in key areas, such as calculation, residential construction and engineering. To keep up with innovation and technology development, Veidekke also collaborates with leading academic groups at universities, university colleges and technical colleges.

Maintaining and improving corporate culture is an ongoing task. Veidekke conducts annual employee surveys to identify important factors that play a part in the group's working environment. The 2021 survey showed that staff commitment has increased since the previous survey and provides a good framework for performance and development.

The group has a long-term strategy of educating and hiring its own skilled workers. In Norway, Veidekke is among the companies that train the largest number of apprentices, having 281 at the end of 2021. Passing the trade examination qualifies apprentices for a permanent position after completion of their apprenticeship. In 2021, the group continued its campaign of targeted measures to strengthen recruitment to vocational trades, including through media content specifically intended to attract women to vocational trades.

Through its programme for recent graduates, Veidekke recruits primarily younger technical personnel. The programme combines practical project work with theoretical training. It is a strong recruitment base for future managers, and many of the participants subsequently take up management positions in the group. During 2021, the group recruited a total of 110 recent graduates from universities and university colleges.

In Sweden, Veidekke has been improving its ranking among students and young engineers with work experience in the annual Universum employer attractivity survey for several years. The group's strong performance demonstrates that efforts in this area are bearing fruit. Karriärföretagen (Career Companies) has crowned Veidekke as Sweden's best communicator in the area of employer profiling on social media. In the annual Universum surveys carried out in Norway, Veidekke achieved similar rankings

to last year: 17<sup>th</sup> place among engineering/natural sciences students and 16<sup>th</sup> place among young people with work experience in these segments.

*Working environment and diversity*

All Veidekke employees must be met with respect and be provided with the opportunity to use their skills in cooperation with others. The group practises zero tolerance for harassment and conduct which may be perceived as threatening or degrading. The group's ethical guidelines encourage staff to report actions which may be contrary to laws, regulations and internal routines, and procedures have been developed for the reporting of censurable conditions. Reports may be made internally or externally via an online whistleblowing portal.

The fact that the proportion of women in the construction industry is generally low is also reflected in Veidekke. The group is working to increase the diversity of its workforce, and has adopted a strategy for achieving its target of increasing the proportion of women operational managers from 9.8% at present to more than 20%. A further objective is that all management teams above project level should include at least one woman. Other targets include that women should account for 40% of new hires from universities and university colleges and 50% of students working summer jobs. At year-end 2021, 13% of all Veidekke employees were women, up one percentage point compared to 2020. Some 24% of administrative

staff and 3% of skilled manual workers were women. The proportion of women among recent graduates was 39%, up four percentage points compared to 2020. Among apprentices, the proportion of women increased from 8% in 2020 to over 10% in 2021. The group management team includes seven men and three women.

See [pages 146](#) and [148](#) of the sustainability report for further information about the company's gender equality and anti-discrimination work, including its activity duty and duty to issue a statement.

*Management*

Following changes in 2021, the group management team comprises the Group CEO, four EVPs for the operational areas and five EVPs for the staff functions. The organisational changes made to the Swedish operation involved Mats Nyström leaving Veidekke and Charlotta Nilsén and Marcus C. Nilsson taking over responsibility for the new business areas Construction Sweden and Infrastructure Sweden. The group management team is presented on [pages 18–19](#).

**Occupational health and safety**

Veidekke's operations in Norway, Sweden and Denmark completed the year without serious occupational injuries, entailing achievement of the zero-serious-injuries target adopted in 2014. In contrast, there were three serious injury cases in 2020. Veidekke has not suffered a fatal workplace accident

on any of its sites since 2018. In total, the group registered 297 injuries in 2021, 13% fewer than in 2020. The LTI rate increased to 5.5, from 4.6 last year.

Starting in 2019, Veidekke has intensified its efforts to prevent injuries, through an ambitious programme to improve and standardise key group OHS processes. All measures under the programme are currently being implemented. For further details, see [page 133](#).

The heavy manual labour performed by skilled manual workers exposes them to particular strains, and they are therefore particularly prone to muscular and wear-and-tear injuries – the leading cause of long-term absence among the group's employees. Veidekke seeks to prevent sickness absence through training, preventive education and accommodation to enable persons on sick leave to return to work more quickly. Annual working environment surveys show a high level of wellbeing among staff. In 2021, Veidekke's annual OHS Week focused on mental health.

The group's sick leave rate was 4.6% in 2021, on a par with 2020 (4.5%). The rate of short-term sick leave increased somewhat from August to December 2021, in line with general Covid-19 infection rates during this period. The national sick leave rates were 4.9% (4.7%) in Norway, 4.1% (4.2%) in Sweden and 2.8% (2.5%) in Denmark.

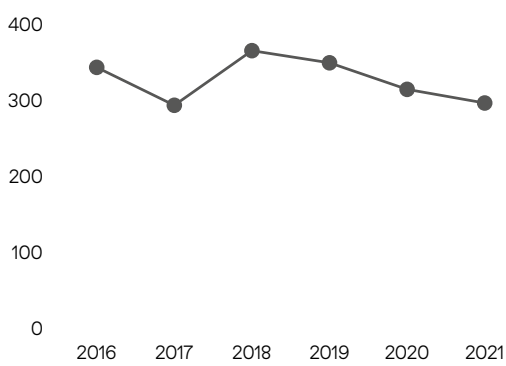
**External environment**

Veidekke seeks to prevent and limit pollution,

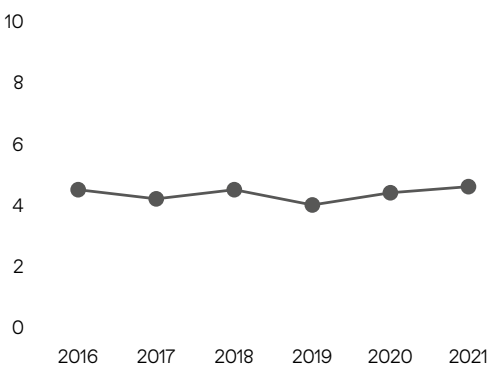
preserve natural diversity, reduce resource use and help promote a circular economy. The group's management systems are designed to provide insight into Veidekke's climate and environmental impact and facilitate improvements to processes and products in all supply chains and throughout the product lifecycle. Environmental considerations are integrated into all group operations from planning to execution, as well as the purchasing of products and materials. Relevant measures include transitioning to renewable energy carriers in asphalt production, fossil-free and zero-emissions construction sites, electrification of machinery and vehicles, increased use of massive wood and low carbon concrete in construction, environmental certification of construction and civil engineering projects and various forms of reuse. Veidekke is also investing in innovation to develop new products that produce fewer greenhouse gas emissions.

Business partners are required to comply with Veidekke's environmental requirements. The group's contribution extends beyond its own operations, encompassing activities in trade organisations, educational initiatives, research and development, and cooperation with authorities. Such cooperation facilitates mutual learning and quicker development, and has positive effects with potential far beyond Veidekke's own operations and industry. Veidekke's work related to the external environment is discussed further on [pages 135–142](#) of this report.

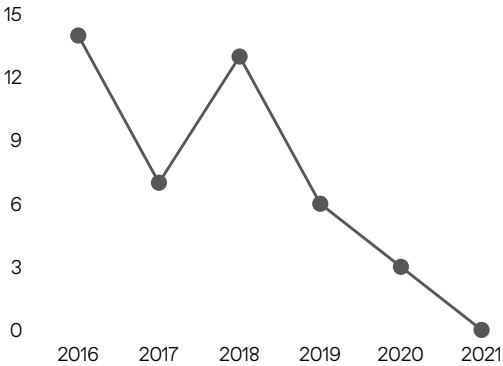
Total number of injuries



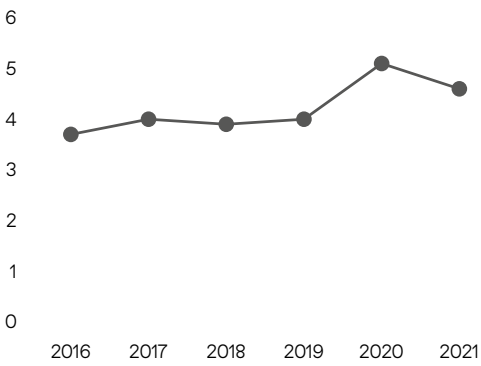
LTI rate: Lost-time injuries per million hours worked, own employees



Serious injuries



Sickness absence, own employees, per cent



Veidekke committed itself to running its business in accordance with the Paris Agreement in 2015, and has adopted the objectives of cutting greenhouse gas emissions in own operations and supply chains by 50% by 2030 and achieving net zero emissions in all supply chains by 2045. The group has undertaken to verify its climate targets through the Science Based Target initiative (SBTi). This commitment is underlined by the GHG budgets adopted for scopes 1, 2 and 3. Compliance with the GHG budgets will be monitored in the same way as financial and OHS targets. Moreover, sustainability-related loan terms and financial incentives for executives are both linked to the GHG budget. The group is currently developing a climate plan, i.e. a plan for the transition to a zero emissions society, which sets out priority measures for stepwise annual achievement of climate goals.

The 2021 CDP Climate Change investor survey awarded Veidekke an ‘A-’ rating. CDP evaluated more than 13 000 companies all over the world in terms of their overall understanding, awareness and management of environmental risk, best practice in the area of environmental leadership and reduction of greenhouse gas emissions. The criteria for the top ‘A’ rating are constantly becoming stricter.

Biodiversity is under great pressure and in need of protection, which means that harvesting of commodities and production of products and packaging must be done sustainably. Veidekke

has developed a zero deforestation policy which will include obligations for the entire supply chain. The group will report transparently and regularly on circumstances relevant to natural diversity, including through CDP Forest.

Corporate governance

Good corporate governance is a board responsibility. Veidekke reports in accordance with the Norwegian Code of Practice for Corporate Governance dated 14 October 2021. A statement on the group’s corporate governance work is provided on [pages 110–115](#) of this report, and will be considered at the ordinary general meeting on 11 May 2022.

Remuneration of senior executives

Veidekke’s board issues a statement on executive remuneration and benefits in accordance with section 6-16a of the Public Limited Liability Companies Act. The statement was approved at the general meeting on 5 May 2021, and will also be presented to and considered at the ordinary general meeting on 11 May 2022.

The board of directors’ remuneration committee prepares matters and proposals on all material aspects of the Group CEO’s remuneration and benefits. The committee advises the Group CEO on the remuneration and benefit arrangements of other group executives.

### Shareholder and stock exchange matters

In 2021, approximately 26 million Veidekke shares were traded on the Oslo Stock Exchange, equating to a turnover rate of 19.3%. Over the course of the year, the share price fluctuated between NOK 103.40 and NOK 132.40. The annual return including dividends was 24.2%. In contrast, the return achieved by the Oslo Stock Exchange Benchmark Index was 23.4%. All of Veidekke's shares are freely transferable; see section 5-8a of the Securities Trading Act.

At year-end, Veidekke had 11 377 shareholders, the largest of which were OBOS BBL (19.3%), Folketrygdfondet (11.0%) and IF Skadeförsäkring AB (3.7%). The proportion of foreign shareholders was 26.3%.

Veidekke encourages employees to participate in the group's value creation through share ownership. The employee share programme gives all employees an annual opportunity to purchase Veidekke shares at a discount. At year-end 2021, more than 11% of Veidekke was owned by employees.

A three-year option programme for key staff was established in 2019. In 2021, 1 044 programme participants were offered the opportunity to subscribe for 2 000 options at a purchase price of NOK 1 per option, and 539 staff members purchased a total of 981 900 options.

The board of directors is proposing a dividend of NOK 7.0 per share in respect of the financial year 2021. The proposal is in line with Veidekke's dividend policy and the objective of giving shareholders a competitive return on their investment. The proposed dividend equates to a distribution ratio of 99%.

Further information on the programmes, share price developments and other matters relating to the Veidekke share can be found on [pages 120–123](#) of this report.

### Financial situation and capital structure

Veidekke seeks to maintain a strong financial position. This is dependent on stable operations, low financial risk exposure and proper management of financial risk parameters. Financial developments are an important factor in the group's strategy process, and Veidekke issues guidance on financial risk management in its finance policy.

The group's net interest-bearing assets totalled NOK 3 709 million at the end of 2021, compared to NOK 3 078 million at the beginning of the year. Cash flow from operational activities amounted to NOK 2.2 billion for the year, compared to NOK 2.4 billion in 2020. Investments in operating assets less lease agreements pursuant to IFRS 16 amounted to NOK 750 million in 2021.

The group's total assets amounted to NOK 17.3 billion at year-end, compared to NOK 17.5 billion last year. Total equity stood at NOK 2.9 billion (2020: NOK 2.9 billion), corresponding to an equity ratio of 17% (2020: 16%).

Veidekke refinanced its existing borrowing facilities with DNB and SEB in December 2020. As at 31 December 2021, Veidekke had not drawn on any of its available credit totalling NOK 2.5 billion.

After quarter-end, in January 2022, Veidekke implemented a voluntary buy-back of its VEI10 bond loan, which has a maturity date of 19 March 2025. As at 31 December 2021, the loan had an outstanding volume of NOK 600 million, of which a total of NOK 407 million was bought back at a price of NOK 103.20, with a payment date of 20 January. Following the buy-back offer, Veidekke's bond loan stands at NOK 193 million.

### Risks and uncertainties

Risk management is a key aspect of Veidekke's business, which primarily involves the execution of individual projects. Veidekke seeks to identify risks early on, so that risk-reduction measures can be implemented. Relevant categories include operational risk, market risk, climate risk, reputational risk and financial risk. The board of directors and senior executives are covered by Veidekke's board liability insurance. This insurance cover is provided by an insurer with a robust rating.

The pandemic affected operations throughout 2021, and at the outset of 2022, sickness absence is high, due to high infection rates. Covid-19 has been a contributing factor to overall risk over the past two years, as a result of effects of infection control measures, volatile commodity prices and supply challenges as well as the currently high sickness absence rate. Going forward, uncertainty is primarily related to any new virus variants that would require strict infection control measures

In late February 2022, Russia went to war against Ukraine. Because of this, severe economic sanctions were imposed on Russia. The sanctions include both exports and imports, and Russian banks have been excluded from the international payment system SWIFT. Veidekke has no operations or activities in the affected areas, but it is unclear how the war will impact the Scandinavian economy going forward.

Veidekke's direct import of goods from the affected areas is very limited, but challenges with the supply of certain commodities are expected, as well as with access to labour from areas in the neighbouring Eastern European countries where special measures have implemented as a result of the invasion. Over some time, general risk has been characterised by challenges with deliveries of goods and components, as well as more volatile commodity prices, and it is expected that the invasion of Ukraine will exacerbate this situation.

Veidekke has ongoing dialogue with affected suppliers and is monitoring the situation closely.

In Sweden, uncertainty has arisen about the future availability of cement for the construction and civil engineering markets. In a July 2021 judgment, Sweden's Land and Environment Court refused to issue a new mining licence for the Cementa cement factory on Gotland, which currently accounts for around 75% of Sweden's total cement production. On 18 November 2021, the Swedish Government temporarily extended Cementa's licence until 31 December 2022, to allow the company to quarry the remaining volume of limestone. This decision was appealed to the Supreme Court of Sweden in December 2021. A prohibition would require Cementa to stop quarrying limestone immediately. In the interim, Veidekke is continuing to work closely with industry stakeholders and cement production partners to secure priority and future supplies for its projects.

*Operational risk*

Veidekke's operations primarily involve the execution of individual projects. These vary greatly in terms of complexity, size, duration and risk, and systematic risk management in all parts of the business and during all project phases is therefore of crucial importance. This encompasses matters such as project selection, processes, tender quality, project follow-up and project execution. Having the necessary expertise to ensure optimal assignment

execution, and putting together a reliable team, is key when deciding which projects to tender for. At the tender preparation stage, risks are identified and assessed, and plans are made for managing risk during the execution phase. Veidekke's project portfolio is increasing in size and complexity, making risk management a high priority for the group. Veidekke has dedicated staff working on uncertainty management during both the tender and execution phases, and established a new group management position with responsibility for group-wide risk management in 2020.

Certain forms of contract permit differing interpretations of contractual performance, giving room for disagreement between the contractor and client regarding final payment. Although Veidekke seeks to reach agreement with clients through negotiations, some disputes do end up in the court system. At year-end, Veidekke was involved in one major dispute before the courts.

*Climate risk*

Climate change and climate policy are changing society and the economy in ways which may have a significant impact on the construction and civil engineering industry. Phenomena such as extreme weather, flooding and drought can cause physical damage to nature, infrastructure and buildings, and steps taken by society to counter climate change may impact market conditions, government policy, regulatory frameworks, technology and reputation.

Climate change entails strategic and financial risk for Veidekke, and climate change considerations have therefore been integrated into the group's strategy work and risk management activities. Veidekke supports the Task Force on Climate-related Financial Disclosures (TCFD) and seeks to address climate risk in accordance with TCFD recommendations. The group has also conducted a climate risk analysis containing recommended measures to alleviate risk and exploit opportunities linked to physical risk and transition risk. The climate risk assessment will be incorporated into group management's annual plan. The ultimate responsibility for assessing climate risk lies with the board and is handled in consultation with the group management.

Veidekke intensified its climate goals in 2021 to include stepwise annual reductions in the group's greenhouse gas emissions to achieve an overall reduction of 50% by 2030 and, thereafter, net zero emissions by 2045. The 2030 goal is currently being verified as a Science Based Target, and Veidekke is working on corresponding SBTi verification of its long-term goal. Read more about climate risk on [pages 14](#) and [128](#).

*Reputational risk*

Veidekke and its subsidiaries are well-known, well-established brands. Veidekke has a large customer base, works with numerous suppliers at any given time and hires many new employees every year.

The group is therefore focused on long-term brand-building, professional customer service and reliable external communications as instruments for maintaining confidence in and the attractiveness of the group, its brands and its products. Key measures include adopting ethical guidelines, compliance with laws and the handling of potential reputational risks. Ongoing quality assurance is also key to reducing reputational risk, and the group has therefore adopted procedures and routines designed to ensure a high level of quality in all parts of the group. Read more about corporate governance on [page 110](#).

*Financial risk*

Veidekke is primarily exposed to financial risks related to trade receivables, liquidity and interest-bearing debt.

*Credit risk*

Credit risk is the risk of financial loss because a customer or counterpart under a financial instrument is unable to meet its contractual obligations. The group's credit risk primarily arises with regard to the settlement of outstanding accounts – the principal risk linked to the group's trade debtors. Credit risk related to trade debtors is linked to clients' payment capacity, i.e. not their willingness to pay, which influences project risk. Veidekke's high percentage of public-sector clients helps reduce its credit risk. Further, credit risk is managed through contractual drafting and strong credit management procedures.

*Liquidity risk*

Liquidity risk is the risk that Veidekke may be unable to meet its payment obligations as they fall due. Strong liquidity is an important prerequisite for the group's profitability and its ability to invest and take on risk in capital-intensive business areas. Management of liquidity risk is an aspect of the group's financial flexibility objective, and has high priority. The management, measurement and control of liquidity starts at the project level and is extended throughout all levels of the group.

*Foreign exchange risk and commodity price risk*

Veidekke has some exposure to foreign exchange risk through its purchasing of construction materials and bitumen for use in asphalt production. The group does not engage in extensive hedging linked to input factors for use in future production, and hedging only occurs after an order has been placed. Hedging contracts are normally entered into in connection with major asphalt delivery agreements with a long time horizon (exceeding one year). Under contracts with the Norwegian Public Roads Administration – the asphalt operation's largest customer – the majority of bitumen price risk is carried by the Public Roads Administration. When material foreign exchange risk arises, it is hedged through forward contracts and other measures.

*Interest rate risk*

Veidekke's interest rate risk arises in relation to the group's debt portfolio, and is managed at group level.

The different operations are exposed to interest rate risk, and some partly-owned subsidiaries use interest rate derivatives to reduce material long-term interest rate risk. In 2018, the group issued an unsecured fixed-rate bond loan totalling NOK 600 million, with maturity of seven years. After year-end 2021, in January 2022, Veidekke implemented a voluntary buy-back of its VEI10 bond loan. As at 31 December 2021, the loan had an outstanding volume of NOK 600 million, of which a total of NOK 407 million was bought back at a price of NOK 103.20, with a payment date of 20 January. Following the buy-back offer, Veidekke's bond loan stands at NOK 193 million.

For further information on the company's financial risks, see [Note 30](#).

**The market**

Growth in the Scandinavian construction market remained flat in 2021, albeit at a high level. Increased prices for input factors were a challenge for the industry in all the Scandinavian countries.

The construction-related order intake was satisfactory throughout the autumn of 2021, indicating a high level of production in 2022.

Interest rate rises in Norway and Denmark may reduce demand for apartments and small houses in 2022 and 2023 somewhat, and demand may drop further if interest rate rises are larger than anticipated. High price inflation for input factors did

not appear to reduce demand notably throughout 2021, but it should be assumed that increased uncertainty and the direct consequences of the war in Ukraine could change this situation. The price of many key input factors stabilised in the autumn of 2021, but since the outbreak of the war, signs of price hikes, especially for energy, are once again becoming apparent, which could lead to input factors becoming even more expensive in 2022. How the war will develop and how long it will last is as yet unknown, and the same uncertainty is attached to commodity price and market developments.

At the beginning of 2022, the fundamental conditions for the Scandinavian construction markets were reasonably good overall. With the escalation of the Ukraine conflict into acts of war and a situation with unclear consequences, the forecasts again carry significantly more uncertainty than normal.

**Events after the balance sheet date**

No events with a material effect on the issued accounts have occurred after the balance sheet date. However, it should be noted that the accounts reflect project estimates based on a normal situation of full operation and ordinary project staffing levels. The progress of current projects may be affected by the ongoing pandemic, and the effects of the pandemic will depend on its scope and duration. There have been no further developments related to the pandemic which have materially affected the year-end assessments.

**The parent company Veidekke ASA**

The primary task of Veidekke ASA is to exercise ownership of the operational entities in the group. The company has 47 (2020: 53) employees, including 19 (2020: 24) women. Veidekke ASA issues its accounts in accordance with the Norwegian Generally Accepted Accounting Principles (NGAAP).

Veidekke ASA performs group functions on behalf of its subsidiaries, in the form of services in areas such as financial management, IT infrastructure, insurance, HR, OHS, communications and information. These services are invoiced to the relevant subsidiaries.

Veidekke ASA generated operating revenues of NOK 93 million (2020: NOK 102 million) in 2021, and made an operating loss of NOK 143 million (2020: loss of NOK 120 million). Dividends and group contributions from subsidiaries amounted to NOK 1 061 million (2020: NOK 1 676 million). The company accounts show a pre-tax profit of NOK 933 million (2020: NOK 2 933 million). Last year's profit included the gain made on the sale of the property development operation.

The board of directors is proposing an ordinary dividend of NOK 7.0 per share in respect of the 2021 financial year. This equates to a distribution ratio of 99% of the profit per share (IFRS), in line with the minimum distribution target of 70% under

the dividend policy. The parent company, Veidekke ASA, achieved an annual profit of NOK 924 million (2020: NOK 2 921 million). At the company's annual general meeting on 11 May 2022, the board will propose the following allocation of the annual profit:

	NOK millioner
Allocated to dividend	945
Transferred from other equity	-21
Profit for the year	924


A statement on corporate governance has been prepared in accordance with section 3-3b of the Norwegian Accounting Act, and is included in this report. An account of Veidekke's social

responsibility work has been prepared in accordance with section 3-3c of the Norwegian Accounting Act, and is also included in this report.

*Going concern*  
Pursuant to section 3-3a of the Norwegian Accounting Act, the board of directors confirms that the company is a going concern and that the annual accounts for 2021 have been prepared on this basis.

Oslo, 24 March 2022  
The board of directors of Veidekke ASA


  
Svein Richard Brandtzæg  
Chair

  
Gro Bakstad

  
Ingolv Høyland

  
Daniel Kjørberg Siraj

  
Hanne Rønneberg

  
Per-Ingemar Persson

  
Klara Lise Aasen

  
Carola Laven

  
Inge Ramsdal

  
Odd Andre Olsen

  
Arve Fludal

  
Jimmy Bengtsson  
Group CEO

### UDK 1, railway tunnel

Two new double-track railway tunnels in Drammen, through mountain and loose rock, respectively, will increase the capacity of the Vestfold railway line. Client: Bane NOR



# Financial statements and notes

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# Income statement Veidekke group

Figures in NOK million	Note	2021	2020
Revenue	<a href="#">3</a> , <a href="#">4</a> , <a href="#">5</a> , <a href="#">9</a> , <a href="#">33</a>	37 592	38 140
Subcontractors		-18 687	-19 170
Cost of materials		-5 582	-5 505
Personnel expenses	<a href="#">6</a> , <a href="#">7</a> , <a href="#">23</a> , <a href="#">32</a>	-7 209	-7 263
Other operating expenses		-3 834	-4 085
Depreciation	<a href="#">12</a> , <a href="#">13</a> , <a href="#">14</a>	-919	-910
Operating expenses		-36 231	-36 932
Share of net income from joint ventures	<a href="#">16</a>	2	4
Operating profit		1 364	1 213
Financial income	<a href="#">8</a> , <a href="#">31</a>	70	80
Financial costs	<a href="#">8</a> , <a href="#">31</a>	-92	-91
Profit before tax		1 342	1 202
Income tax expense	<a href="#">24</a>	-313	-279
Profit for the year, continued operations		1 029	922
Profit for the year, discontinued operations	<a href="#">4</a> , <a href="#">15</a>		1 266
Profit for the year, total operations		1 029	2 189

Figures in NOK million	Note	2021	2020
Profit for the year (continued operations) attributable to			
Equity holders of Veidekke ASA		958	842
Non-controlling interests		71	81
Total		1 029	922
Profit per share (NOK) (ordinary/diluted)	<a href="#">10</a>	7.1	6.2
Profit for the year (total operations) attributable to			
Equity holders of Veidekke ASA		958	2 108
Non-controlling interests		71	81
Total		1 029	2 189
Profit per share (NOK) (ordinary/diluted)	<a href="#">10</a>	7.1	15.6

# Consolidated statement of comprehensive income

Figures in NOK million	Note	2021	2020
Profit for the year		1 029	2 189
Value adjustment pension after tax	<a href="#">23</a> , <a href="#">24</a>	-39	-37
Net items that will not be reclassified subsequently to profit or loss		-39	-37
Currency translation differences		-82	40
Fair value adjustment of financial assets after tax	<a href="#">24</a> , <a href="#">31</a>	46	-47
Net items that will be reclassified subsequently to profit or loss		-36	-7
Total other income and expenses after tax		-75	-45
Comprehensive income		954	2 144
Comprehensive income attributable to			
Equity holders of Veidekke ASA		886	2 060
Non-controlling interests		68	84
Total		954	2 144

# Statement of financial position Veidekke group at 31 December

Figures in NOK million	Note	31 December 2021	31 December 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	<a href="#">11, 15</a>	1 758	1 824
Other intangible assets	<a href="#">12</a>	150	130
Rights of use assets	<a href="#">14</a>	896	768
Land and buildings	<a href="#">13</a>	689	739
Plant and machinery	<a href="#">13</a>	1 599	1 640
Asphalt and aggregates plants	<a href="#">13</a>	600	582
Investments in joint ventures	<a href="#">16</a>	150	197
Financial assets	<a href="#">18, 31</a>	479	571
Total non-current assets		6 323	6 452
<b>Current assets</b>			
Inventories	<a href="#">19</a>	590	612
Trade receivables	<a href="#">20, 31</a>	3 533	3 471
Contract assets	<a href="#">20, 31</a>	2 056	2 961
Other receivables		460	286
Financial investments	<a href="#">21, 31</a>	539	540
Cash and cash equivalents	<a href="#">21</a>	3 814	3 219
Total current assets		10 992	11 089
Total assets		17 315	17 541

Figures in NOK million	Note	31 December 2021	31 December 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	<a href="#">10, 22</a>	67	67
Other equity		2 781	2 785
Non-controlling interests		17	25
Total equity		2 865	2 877
<b>Non-current liabilities</b>			
Pension liabilities	<a href="#">23</a>	596	535
Deferred tax liabilities	<a href="#">24</a>	581	601
Bonds	<a href="#">25, 31</a>	600	600
Debts to credit institutions	<a href="#">25, 31</a>	162	198
Other non-current liabilities	<a href="#">25, 31</a>	1 358	1 097
Total non-current liabilities		3 297	3 031
<b>Current liabilities</b>			
Debts to credit institutions	<a href="#">25, 31</a>	13	29
Trade payables	<a href="#">26, 31</a>	5 748	6 077
Contract liabilities	<a href="#">27, 31</a>	1 936	1 912
Public duties		900	1 038
Warranty provisions	<a href="#">27</a>	975	1 037
Taxes payable	<a href="#">24</a>	206	64
Other current liabilities	<a href="#">26</a>	1 374	1 477
Total current liabilities		11 153	11 633
Total equity and liabilities		17 315	17 541

# Statement of changes in equity Veidekke group

Figures in NOK million	Note	Equity holders of Veidekke ASA								Minority	Total
		Share capital	Other paid-in capital <sup>1</sup>	Re-evaluation of pensions	Currency translation differences	Other retained earnings	Fair value adjustments <sup>2</sup>	Other comprehensive income, discontinued operations	Total	Non-controlling interests	
Equity at 1 January 2020		67	419	-9	-17	3 405	-93	34	3 807	142	3 949
Profit for the year		-	-		-	2 108	-		2 108	81	2 189
Other comprehensive income		-	-	-37	71	15	-63	-34	-48	3	-45
IFRS 2 – share-based transactions employees	<a href="#">7</a>					4			4		4
Transactions, non-controlling interests	<a href="#">25</a>					18			18	-48	-30
Change, non-controlling interests, housing cooperatives in Sweden									-	-119	-119
Dividend	<a href="#">22</a>	-	-		-	-3 037	-		-3 037	-35	-3 071
Equity at 31 December 2020		67	419	-46	54	2 514	-156	-	2 853	25	2 877
Equity at 1 January 2021		67	419	-46	54	2 514	-156	-	2 853	25	2 877
Profit for the year		-	-		-	958	-		958	71	1 029
Other comprehensive income		-	-	-39	-79	-	46	-	-72	-3	-75
IFRS 2 – share-based transactions employees	<a href="#">7</a>					-38			-38		-38
Additions, acquisitions of operations, non-controlling interests									-	22	22
Transactions, non-controlling interests	<a href="#">25</a>					-76			-76	-38	-114
Dividend	<a href="#">22</a>	-	-		-	-776	-		-776	-60	-836
Equity at 31 December 2021		67	419	-85	-25	2 581	-110	-	2 848	17	2 865

<sup>1</sup> Paid-in capital over and above nominal value of shares.  
<sup>2</sup> Financial assets and derivatives defined as hedging instruments, which are both measured at fair value in other comprehensive income. See [note 31](#) details.

# Statement of cash flows Veidekke group

Figures in NOK million	Note	2021			2020		
		Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
<b>Operating activities</b>							
Pre-tax profit		1 342	-	1 342	1 202	-	1 202
Pre-tax profit, discontinued operations		-	-	-	-	1 250	1 250
Net interest items	<a href="#">8</a>	55	-	55	43	58	101
Tax paid	<a href="#">24</a>	-128	-	-128	-81	-	-81
Depreciation, amortisation and impairments	<a href="#">12, 13</a>	584	-	584	608	5	613
Depreciation, lease agreements IFRS 16	<a href="#">14</a>	335	-	335	301	-	301
Net gains from sale of property, machinery etc.	<a href="#">13</a>	-118	-	-118	-34	-	-34
Gains from sale of operations	<a href="#">8, 15</a>	-29	-	-29	-119	-1 034	-1 153
Share-based transactions directly over equity	<a href="#">7</a>	-38	-	-38	4	-	4
Profit and loss items without cash effect		43	-	43	99	8	107
Generated from this year's activities		2 046	-	2 046	2 023	286	2 309
Change in trade receivables	<a href="#">20</a>	868	-	868	-369	-104	-473
Change in other current receivables		-91	-	-91	-87	-328	-415
Change in trade payables etc.	<a href="#">26</a>	-348	-	-348	-45	369	324
Change in other current liabilities	<a href="#">26</a>	-281	-	-281	827	-303	524
Net cash flow from operating activities (A)		2 194	-	2 194	2 350	-80	2 270
<b>Investing activities</b>							
Acquisition of tangible, non-current assets	<a href="#">12, 13</a>	-751	-	-751	-819	-	-819
Disposal of tangible, non-current assets	<a href="#">13</a>	278	-	278	138	-1	136
Acquisition of subsidiaries	<a href="#">15</a>	-75	-	-75	-89	-	-89
Sale of operations	<a href="#">15</a>	135	-	135	18	6 950	6 968
Interest received	<a href="#">8</a>	24	-	24	5	10	15
Acquisition of short-term investment in bond funds	<a href="#">18</a>	-	-	-	-540	-	-540
Net cash flow other investments		108	-	108	-5	-3	-7
Net cash flow from investing activities (B)		-282	-	-282	-1 291	6 955	5 664

Figures in NOK million	Note	2021			2020		
		Continued operations	Discontinued operations	Total	Continued operations	Discontinued operations	Total
<b>Financing activities</b>							
New long-term borrowing	<a href="#">25</a>	-	-	-	71	-7	64
Change debt discontinued operations		-	-	-	4 158	-4 158	-
Repayment of non-current debt	<a href="#">25</a>	-53	-	-53	-2 103	478	-1 625
New short-term borrowing		-	-	-	28	-17	11
Repayment of current liabilities	<a href="#">26</a>	-16	-	-16	-	-	-
Payment of principal IFRS16 leases	<a href="#">14</a>	-330	-	-330	-302	-	-302
Payment of interest IFRS16 leases	<a href="#">14</a>	-27	-	-27	-30	-	-30
Interest paid	<a href="#">8, 14</a>	-52	-	-52	-17	-68	-85
Dividend paid to non-controlling interests		-60	-	-60	-35	-	-35
Dividend paid	<a href="#">22</a>	-776	-	-776	-3 037	-	-3 037
Cash flow from financing activities (C)		-1 314	-	-1 314	-1 266	-3 773	-5 039
Total net change in cash and cash equivalents (A+B+C)		598	-	598	-208	3 103	2 895
Total cash flow, discontinued operations		-	-	-	3 103	-3 103	-
Total change in cash and cash equivalents		598	-	598	2 895	-	2 895
Cash and cash equivalents at 1 January, continued operations		3 219	-	3 219	241	-	241
Cash and cash equiv. at 1 January, discontinued operations		-	-	-	76	-	76
Exchange rate adjustments cash and cash equivalents		-3	-	-3	7	-	7
Cash and cash equivalents at 31 December		3 814	-	3 814	3 219	-	3 219

# Notes Veidekke group

## Note 01. General information

Veidekke ASA is a one of Scandinavia’s largest construction companies, headquartered in Oslo and listed on the Oslo Stock Exchange. The consolidated accounts include Veidekke ASA and its subsidiaries and the group’s investments in associates and joint ventures. The main office’s address is Veidekke ASA, Skabos vei 4, 0214 Oslo, Norway. No changes the last year.

Following the sale of the property development operation in 2020, Veidekke is now a streamlined construction business. For further information on the accounting effects of the sale, see [note 2](#) Accounting policies and the presentation of effects in [note 4](#) Discontinued operations and [note 15](#) Acquisitions and divestments.

The group’s segment structure comprises Construction Norway, Infrastructure Norway, Construction Sweden, Infrastructure Sweden and Denmark/Hoffmann. In 2021, Sweden was split into Construction Sweden and Infrastructure Sweden. The structural changes were made to secure a clear organisational structure with an operational focus and shorter lines of communication between management and projects.

The Covid-19 pandemic and strict infection control measures affected project execution throughout the year, but did not have a material impact on the 2021 accounts.

## Note 02. Accounting policies – Veidekke Group

**General**  
The most important accounting principles used in the preparation of the consolidated accounts are described below. These principles have been applied identically in all presented periods. The consolidated accounts are prepared on the basis of historical cost, with the exception of certain financial instruments and derivatives measured at fair value on the balance-sheet date. Transactions involving gradual acquisition are measured at fair value on the transaction date, provided that the transaction results in a change of control of the undertaking. Unless otherwise specified, all financial information in financial statements and notes is presented in millions of Norwegian kroner. All sums specified in notes are rounded to the nearest NOK 1 million.

**Basis for preparation of the accounts**  
Veidekke’s consolidated accounts have been prepared in accordance with EU-approved International Financial Reporting Standards (IFRS) and Interpretations, together with the disclosure requirements stipulated by the Norwegian Accounting Act. Only standards that are effective on 31 December 2021 have been applied.

The decision to sell the property development operation in June 2020 has had a substantial effect on the presentation of Veidekke’s financial statements. The decision necessitated implementation of the accounting standard “IFRS 5 Non-current assets held for sale”, and the property development operation was demerged in the financial statements. The purpose of the accounting standard is to be able to present accounting figures for the continued operations separately from operations sold or offered for sale. This allows comparison of presented accounting figures and earlier periods pre-dating the sale of the property development operation.

**IFRS 5 Non-current assets held for sale**  
Veidekke presents a disposal group as being held for sale if the balance sheet value will largely be recovered through a sale transaction and such a transaction is highly likely to occur within one year. The disposal group is valued at the lower of carrying value and fair value, less sale costs. An operation held for sale is an operational unit which has been disposed of or which is classified as held for sale and represents a separate and material operation. The statement of financial position is

not restated for earlier periods. The statement of cash-flows is not restated. The post-tax profit/loss of an operation held for sale is presented on a separate line in the income statement, restated for earlier periods. Internal transactions between continued operations and operations held for sale are eliminated on the line in the accounts entitled Profit for the year, discontinued operations. This ensures that continued operations reflect, to the greatest possible degree, the position of this part after completion of the sale.

Assets and related liabilities are presented separately in the statement of financial position for the current period. See [note 4](#) Discontinued operations for further discussion.

Material accounting assessments, estimates and assumptions

Veidekke’s operations primarily consist of construction work. For its projects, Veidekke recognises revenue using the percentage of completion method, based on the anticipated final profit (final outcome) and stage of completion. This means that income is recognised as work progresses.

The use of reasonable estimates and discretionary assessments is a key element in the preparation of the consolidated accounts. The percentage of completion method is based on estimates and assessments, entailing a degree of uncertainty in the accounting. For projects under construction, there is uncertainty associated with the progress of ongoing work, disputes, final outcome, etc. The final profit may therefore differ from the anticipated profit. For completed projects, there is uncertainty about hidden deficiencies, including guarantee work, and the outcome of possible disputes with the client.

Areas with significant estimation uncertainty

Accounting items with significant estimation uncertainty	Estimates / assumptions	Discussed in the following notes	Carrying amount
Trade receivables/ Contract assets/ Trade payables (creditors)/ Warranty provisions	At 31 December 2021, project assessments had been carried out for all projects, focusing on the expected earnings of the individual project on completion. The assessment is based on estimates, experience, professional judgement and interpretation of contracts.  The revenue recognition method for additional claims against the client and disputed amounts with a high level of uncertainty is based on assessments of the most likely outcome and elements that can be measured reliably. Additional requirements are recognised only once it is considered highly probable that a substantial portion of this income will not be reversed at a later date.	<a href="#">9</a> , <a href="#">20</a> , <a href="#">26</a> , <a href="#">27</a> , <a href="#">33</a>	Most of the group’s current assets and current liabilities are related to projects.
Goodwill	Calculation of the present value of future cash flow. The main assumption in this calculation is expected future earnings.	<a href="#">11</a>	NOK 1 758 million (2020: NOK 1 824 million)
Pension liabilities	A large proportion of the group’s pension liabilities are calculated by an actuary, based on a number of actuarial assumptions.	<a href="#">23</a>	NOK 596 million (2020: NOK 535 million)

1. Consolidation

Consolidated accounts  
The consolidated accounts include Veidekke ASA (the parent company) and all of its subsidiaries. The consolidated accounts show the group’s profit and financial position as if they are one legal entity and are a collective statement of all the companies in the group. The companies’ accounts are consolidated line by line. The consolidated accounts are drawn up in accordance with uniform accounting standards.

Subsidiaries are defined as companies in which

Veidekke has a controlling interest. Controlling interest is normally achieved, directly or indirectly, when the group owns more than 50% of the shares in the company, or when the group is in a position to exercise actual control over the company. Control of a company can also be achieved through agreements or articles of association. In assessing control, currently exercisable voting rights are taken into account. Veidekke currently controls more than 50% of the voting rights in all subsidiaries. In terms of accounting, “control” is defined as when one company has influence over another company, is exposed or has rights to variable returns from

the company, and has the ability to affect those returns to a significant degree by using its power to control activities in the company. Group formation can be achieved by establishing new companies, by purchasing companies or through mergers. Subsidiaries are consolidated in the accounts when a controlling interest is achieved and continue to be consolidated until control ceases.

Partly owned subsidiaries are incorporated in the consolidated accounts in their entirety. The non-controlling share of the subsidiary's equity constitutes part of the group's equity. The share of the profit attributable to non-controlling interests is included in the consolidated profit for the year. The non-controlling interests' share of profit and equity are presented as separate items in the accounts. When purchasing a subsidiary with non-controlling interests, 100% of the identifiable assets and liabilities are entered in the consolidated statement of financial position, whereas in terms of goodwill a decision can be made for each individual acquisition as to whether only the parent's (Veidekke's) share of goodwill is entered, or whether the non-controlling party's share of goodwill will also be recognised.

When Veidekke acquires a non-controlling interest in a subsidiary, the purchase price beyond the non-controlling party's share of the book value is recorded as a reduction in the equity of the owners of the parent company. If an option agreement has been entered into with non-controlling interests regarding purchase of the remaining shares, an equity transaction between the non-controlling interest and Veidekke is recognised at each balance sheet date as if Veidekke had acquired the shares.

See also the section on options in non-controlling owner interests on [page 42](#). In connection with the sale of shares in a subsidiary where the controlling interest is retained, this must be accounted for as an equity transaction. Such transactions, therefore, involve no change in goodwill or other assets or liabilities and thus are not recognised in profit and loss. All intra-group transactions and balances are eliminated, as are intra-group profits and unrealised gains. The accounts of the subsidiaries have been restated to ensure consistency with the group's accounting principles.

Step acquisitions and disposals

In connection with the purchase and sale of companies, it will normally be assessed whether the transaction is an asset transaction or a business transaction. In Veidekke's construction and industrial operations, the purchase and sale of companies will normally be treated as a business transaction.

When a business is acquired in steps such that the status changes from having a non-controlling stake in the company to having a controlling stake (i.e. becoming a subsidiary), the previously held stake is valued at fair value and the gain or loss is recognised in the income statement.

The fair value of the previous non-controlling ownership interest is included in the calculation of goodwill.

When part of a subsidiary is sold such that Veidekke retains more than 50% of the shares, no gain or loss is recognised in the income statement. If the sale

results in a loss of control, normally when there is a stake of 50% or lower, the gain or loss is recognised in the income statement as if the entire company had been sold. This means that the remaining ownership interest is accounted for at fair value.

In connection with step acquisitions in a company that is regarded as an asset, such that the status changes from having a non-controlling stake in a company to it becoming a subsidiary, the original cost price is allocated to the identifiable assets and liabilities based on their relative fair value on the acquisition date.

When shares in a subsidiary that is regarded an asset are sold and more than 50% of the shares are retained, no gain or loss is recognised in the income statement. If the sale results in loss of control, normally when there is a stake of 50% or lower, a gain or loss is recognised in the income statement corresponding to the realised asset.

Business combinations

Business combinations may be achieved through the acquisition of a company's operations, the acquisition of companies, or mergers. Business combinations are accounted for using the purchase method, where identifiable assets and liabilities are valued and recognised at fair value. Identifiable assets also include intangible assets, such as patents, licences, trademarks, logos, and customer portfolios.

That part of the price that exceeds the fair value of identifiable assets and liabilities constitutes goodwill. Only acquired goodwill is recorded in the income statement, and acquisition costs are

expensed. Identifiable excess value in connection with acquisitions is included in the calculation of deferred tax, whereas no provision is made for deferred tax in the case of goodwill. The fair value of tangible assets is depreciated systematically, while goodwill and intangible assets with an undetermined lifespan are tested annually for impairment.

Conditional consideration is recognised in the statement of financial position at fair value on the acquisition date. Any subsequent changes in the conditional consideration are recognised in the income statement.

Excess value and goodwill are determined at the time of group establishment. If there are subsequent changes in ownership, the changes will not affect goodwill or identified excess value, as these are locked from the acquisition date. However, the change in ownership will affect allocations between controlling and non-controlling interests.

Joint ventures

Veidekke is also engaged in operations with other enterprises, called joint ventures. These operations are managed through separate legal entities, which may be limited companies or general partnerships. Joint venture companies are used for investments in PPP (public-private partnership) companies and in some property development projects. In joint ventures, joint control is exercised over the company, governed by an agreement. Joint control requires unanimity among the participants on important decisions. Veidekke uses the equity method to account for joint ventures, and the activities are included from the date that joint

control of the company commences and until the joint control ceases. The accounts of joint ventures are adapted to IFRS, in keeping with Veidekke's accounting policies, before they are incorporated in Veidekke's consolidated financial statements.

Under the equity method, investments are measured as the share of the equity in the company, and the share of the profit of the associated company is recognised in the income statement. Any share of other income and expenses is included in the financial statements. When a portion of a company is acquired, the investment is reported at original cost, i.e. the share of the equity measured at fair value on the acquisition date, including goodwill. The share of the profit is recognised on a separate line under operating profit on the income statement. The investment is classified as non-current assets in the statement of financial position. Any subordinated loan is presented as part of the investment. Profit less distributions is added to the investment in the statement of financial position. When calculating the share of the profit, depreciation of the fair value of tangible and intangible assets on the acquisition date and internal gains are taken into account.

Negative equity in the company is recognised when the group is obligated to cover such loss, or when there are agreements making it likely that Veidekke will have to inject new equity into the company.

Joint operations

Veidekke also runs operations along with other enterprises through working partnerships. A working partnership is a collaboration between two or more participants who undertake a construction

project together, and where they share the risk in the project (profit and loss) and the participants are jointly responsible for the working partnership's liabilities. Separate accounts are kept for working partnerships. Activities within a working partnership are often organised as a general partnership. A working partnership is a jointly controlled activity, and it is regarded as joint operations. This means that the participants control operations jointly, as laid down in an agreement, and requires unanimity on important decisions.

For working partnerships and jointly controlled operating arrangements, Veidekke recognises its share of assets, liabilities and revenues in line with the arrangements specified in the agreement (usually in line with its interest in the project). This means that Veidekke includes its share of the partnership's accounts, and each line in the income statement and statement of financial position is incorporated. Intra-group transactions are eliminated with a proportionate share.

Associates

Veidekke has investments in associates. Associates are companies in which the investing company has significant influence over financial and operating policies, but which are not subsidiaries or joint ventures. Significant influence will normally mean that the investing company holds between 20% and 50% of the shares in the company.

Associated companies are accounted for using the equity method from the date that significant influence commences until the significant influence ceases.

Put options non-controlling interests

The present value of the future purchase price related to non-controlling interests' put options is accounted for as liabilities (see [note 25](#)). The liabilities are recognised using estimated value, and the estimate may change in future periods since the amounts to be paid relate to future fair value and/or future profits. Any changes in the estimated purchase price of the shares (put option) are recognised as an equity transaction.

At each balance sheet date, a transaction between the non-controlling ownership interest and Veidekke is recognised as if Veidekke had taken over the non-controlling owner's shares at the estimated purchase price.

Translation of foreign operations

The group presents its financial statements in Norwegian kroner, which is the functional currency of the parent company and its Norwegian subsidiaries. The accounts of foreign companies with a different functional currency are converted as follows:

- Assets and liabilities are converted at the exchange rate on the balance sheet date.
- Income statement items are converted at the average exchange rate for the month.
- Currency translation differences are recognised in other income and expenses in total comprehensive income. Translation differences are recorded on an ongoing basis against other income and expenses in total comprehensive income. In the case of disposal of a foreign entity, the accumulated currency translation differences are recognised in the income statement. Sale and

liquidation of a company, repayment of capital etc. count as disposal.

Goodwill on the purchase is considered part of the foreign entity and is treated as an item in foreign currency.

2. Revenue recognition

Construction projects

Veidekke's operations consist largely of the execution of all kinds of construction and civil engineering projects lasting anything from a few months to three or four years. For reporting of projects Veidekke primarily uses the stage of completion method, based on the estimated final profit. This means that income is reported in line with production, based on degree of completion.

The revenue recognition for additional claims against the client and disputed amounts with a high level of uncertainty is based on assessments of the highly probable outcome of the dispute and elements that can be measured reliably. Additional claims are only recognised once it is considered highly probable that a substantial portion of this income will not be reversed at a later date.

Provision is made for guarantee work based on historical experience and identified risks. The guarantee period is normally from three to five years. For projects that are expected to make a loss, the whole loss is recognised in the income statement as soon as it is identified. Costs related to tenders and other costs related to obtaining projects are recognised as expenses as they are incurred. The stage of completion is determined

on the basis of the work completed and is normally calculated as the ratio of accrued expenses to date to estimated total expenses for the project. Accrued expenses to date are equal to book expenses adjusted for time lag in invoicing (Accrued but not recorded). Income to date is equal to total anticipated expenses plus project contributions multiplied by the stage of completion. Accrual accounting is used for both income and expenses.

Non-invoiced earned income is booked as Contract assets (Work done, but not invoiced). Unearned invoiced income (pre-agreed payment plans) is booked under trade receivables (Work invoiced in advance / not recognised). Only one of these items may be applied per project. If the item Work invoiced in advance is a larger negative amount than invoiced trade receivables for the project, the surplus is recorded as advance payment from customers (Contract liabilities). Each project thus shows either a net receivable from the customer or a net debt to the customer. While the right to issue an invoice normally arises once work has been completed, contracts often specify an invoicing schedule. Cost accruals (Accrued, not recorded) are entered under Trade payables, while provisions for guarantee work on completed projects are entered under Warranty provisions etc. Please refer to [note 9](#) Projects in progress, [note 20](#) Trade receivables and contract balances, [note 26](#) Trade creditors and other current liabilities, [note 27](#) Warranty allocations etc., and [note 33](#) Project-related disputes and claims.

These accounting principles also apply largely to projects in Veidekke's asphalt operations.

**Residential projects**  
The property development operation was handed over to the new owners on 1 September 2020. Until then, residential projects comprised the development and construction of residential buildings for sale for Veidekke's own account. In Veidekke's consolidated accounts, the property development operation is classified as discontinued/sold operations. Revenues from residential projects under construction are only recognised as income once a residential unit has been completed and contractually transferred to the purchaser.

**Long-term contracts for the operation and maintenance of public roads**  
Operation and maintenance contracts usually have a term of five years. For road operation and maintenance contracts, revenue is recognised on a percentage of completion basis in line with completed tasks and related costs. For each contract, the project's likely outcome for the entire contract period is evaluated at the close of the period. If a contract is expected to result in a net loss in the remaining contract period, the loss is recognised as soon as it is identified. The loss recognition shall cover the remaining ordinary term.

**PPP projects**  
Veidekke has ownership shares in companies that have entered into PPP contracts (Public-Private Partnerships) for the construction of roads and schools with a subsequent operation and maintenance period. The PPP contracts are accounted for according to IFRIC 12 Service Concession Arrangements (The Financial Asset

Model), as a financial asset at cost amortised over the contract period. This is discussed in more detail in [note 17](#).

Veidekke's owner function in the PPP companies is reported in the business area "Other operations". Profit is recognised in income over the entire lease period in line with the ownership interest. Services in the form of construction or operation are reported under the business areas Construction or Industrial. Construction services are accounted for as an ordinary building construction project. Deliveries related to maintenance are expensed as they are incurred.

**Other operations**  
Income from sales of products (aggregates, asphalt, etc.) is recognised on delivery. For leasing operations the agreed rental fee is recognised on a straight-line basis. This also applies to services rendered, consultancy work, etc. Sales of non-current assets are recognised in the income statement on delivery.

**3. Financial instruments**  
A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Veidekke recognises financial assets and financial liabilities in the statement of financial position when the enterprise becomes a party to the provisions of the contract.

**Financial assets**  
The group classifies financial assets in the following five categories:

*1. Financial assets measured at amortised cost*  
The group measures financial assets at amortised cost if the following two conditions are met:

The financial asset is held in a business model the objective of which is to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding.

The subsequent measurement of financial assets measured at amortised cost is done using the effective interest rate method adjusted for any provisions for losses. Gains and losses are recognised in profit or loss when the asset is discounted, modified or written down.

On initial recognition of a financial asset measured at amortised cost, Veidekke measures it at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

*2. Financial assets measured at fair value with changes in fair value recognised through other comprehensive income*  
The group measures debt instruments at fair value with value changes recognised through other comprehensive income if two conditions are met: the financial asset is held in a business model whose objective is both to collect contractual cash flows and sales, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of the principal and interest on the principal amount outstanding. The debt instrument is measured at fair value with value changes through

other comprehensive income. In the event of derecognition, the accumulated change in fair value that has been recognised in other comprehensive income is transferred to profit or loss.

Veidekke has no financial assets in this category.

*3. Financial assets measured at fair value with value changes recognised through profit or loss*

Financial assets which are not equity instruments are measured at fair value with value changes through profit or loss.

*4. Equity instruments measured at fair value with value changes through other comprehensive income*

The group may choose to identify equity instruments at fair value with value changes through other income and costs as long as they meet the definition of equity in IAS 32 Financial instruments.

Veidekke has no financial assets in this category.

*5.. Derivatives measured at fair value defined as hedging instruments*

Derivatives are recorded in the statement of financial position at fair value, adjusted for net changes in fair value recognised through other comprehensive income. This only applies to derivatives whose hedging is documented and effective. This category contains forward foreign exchange contracts and interest rate swaps.

**Financial liabilities**

On initial recognition, financial liabilities are classified as loans and liabilities, or derivatives

defined as hedging instruments in an effective hedge. Derivatives are initially recognised at fair value. Loans and liabilities are recognised at fair value adjusted for directly attributable transaction costs. Derivatives are financial liabilities when the fair value is negative and are accounted for in a similar way as derivatives that are assets.

**Financial liabilities – loans**

Loans are reported in the accounts by recognising the amount received less directly related transaction costs. The loan is then measured at amortised cost using the effective rate of interest method. Effective interest rates are presented as financial costs in the income statement.

**Impairment of financial assets**

If there are indications of impairment relating to loans and receivables that are measured at amortised cost, the need to record an impairment loss shall be considered. The impairment amount is calculated as the difference between the asset's recognised value and the present value of anticipated future cash flows. The impairment amount is charged to income.

Veidekke has two types of financial risks relating to the group's trade receivables: credit risk and project risk.

Credit risk relates to the customer's ability to pay. This risk has always been low at Veidekke in part because contracts normally require guarantees related to the underlying contract. Provision for such losses is made using a separate "Provision for bad debts" account. The group applies a simplified method for calculating provisions for bad debts,

assessing each provision based on the anticipated credit loss over the reporting period, rather than on a 12-month anticipated loss. The group has developed a provision matrix based on historic credit losses, adjusted for forward-looking factors specific to each customer and the general economic situation.

Project risk relates to a customer's willingness to pay, and is managed as part of the project assessment. In the accounts, any drop in value is presented as a reduction in trade receivables. In the note, such risk is incorporated into the assessment of the item Work invoiced in advance.

For details, see [notes 20](#) and [31](#).

If a financial asset measured at fair value with changes in value recognised through other comprehensive income with reclassification of accumulated gains and losses in profit or loss based on objective criteria has been the object of impairment, the loss is expensed in the income statement as impairment. A reversal of the impairment of equity instruments classified in this category is not recognised in the income statement, but is recognised directly in the group's other comprehensive income.

**Derivatives and hedging transactions**

On initial recognition, derivatives are recognised at fair value. Thereafter, the item is valued at each balance sheet date. On entering into a derivative agreement, the group defines whether this is a fair value hedge of an accounting item or hedging of an obligation it has entered into (a cash flow hedge). Changes in the fair value of derivatives that are both defined as

hedging and satisfy the requirements for hedging are recognised in total comprehensive income. Such items are reversed and recognised as income or expenses during the period the hedged obligation or transaction affects the income statement. Changes in the fair value of derivatives that do not qualify as hedging or where there are inefficiencies in the hedge are recognised as they occur.

**Derecognition of financial assets and obligations**

A financial asset is derecognised if the right to receive cash flows from the asset no longer exists. Similarly, a financial liability is derecognised if the liability has been fulfilled, cancelled or has expired as agreed.

**Financial income and expenses**

Financial income includes interest income on financial investments, dividends received and group contributions, currency gains and gains from financial assets. Financial expenses include interest charges on loans, currency losses, changes in the fair value of financial assets measured at amortised cost, and impairment of financial assets. All loan expenses are recognised using the effective rate of interest method. Interest costs on residential projects under development are capitalised on an ongoing basis and expensed as an operating expense in line with the revenue recognition.

**Interest expenses in connection with loans to key staff**

Veidekke has provided loans to key staff in connection with the group's former share programme. These loans are recognised at amortised cost. Interest expenses are measured using the effective rate of interest method based on

estimated market interest rates and are classified as payroll expenses. Interest on these is currently at 0%, and the difference between the nominal value of the loans and their fair value, based on discounting the future cash flow by the estimated market interest rate, represents a prepaid benefit to employees. These prepaid benefits are recognised in the income statement over the period from when a loan is granted until it is paid off.

4. Other principles

Classification

Assets and liabilities relating to the supply of goods (projects) are classified as current assets and current liabilities.

Amounts due to credit institutions that are taken up to finance non-current assets (investments) and where there is an unconditional right to defer payment for more than 12 months from the balance sheet date are classified as non-current liabilities. Loans that are taken up to finance working capital (current assets) are classified as current liabilities. Other receivables and amounts due for payment after more than a year are classified as non-current assets and non-current liabilities.

Warranty allocations are closely related to the supply of goods and are therefore classified as current liabilities even if it is likely that large parts of the item will be due for payment after more than 12 months.

Pensions

Veidekke has both defined-contribution and defined-benefit plans. In defined-contribution plans the

employer makes a contribution to the employee's pension savings. The future pension depends on the size of the contribution and the return on the pension assets. In defined-contribution pensions the cost to the company is equal to the contributions for the year, and the company's only commitment is to make an annual contribution. Thus, no liability is recorded in the statement of financial position. In the case of defined-benefit plans, the company commits itself to providing a pension of a specified size. An actuarial calculation is made each year of the pension costs and pension liabilities. Pension liabilities equal the present value of the accrued pension rights. The employees' pension rights are recognised as costs as they are earned, and provision is made for pension liabilities in the statement of financial position. The pension calculation takes into account estimated wage growth, and pension costs are recognised on a straight-line basis over the employment period. Here, Veidekke bears the risk for the return on the pension assets.

Defined-benefit plans are measured at the present value of the future pension payments that for accounting purposes are regarded as accrued on the balance sheet date. The pension assets are recognised at fair value. The net of pension liabilities and pension assets is recognised as non-current debt or receivables. Pension assets consist of a premium fund and a share of the life assurance company's funds (premium reserves). Pension costs consist of the present value of the year's earning plus interest on the net pension liabilities. This means that the cost is calculated using the same discount rate for pension liabilities as is used to calculate expected return on pension assets. In defined-benefit plans, an annual difference

arises between the estimated and actual return on pension assets and between estimated and actual pension liabilities, called actuarial gains and losses. Actuarial gains and losses may arise as a result of discrepancies and changes in the assumptions on which estimates were based; for example the actual return on the pension assets might be different from the estimate. Actuarial gains and losses are recognised in total comprehensive income. In most of the Norwegian companies, there are contractual early retirement schemes (AFP) for their employees. The AFP pension scheme is a defined-benefit multi-company scheme, and because the administrator is not in a position to procure reliable calculations concerning accrued rights, the accounting for the scheme will be conducted as for a defined-contribution scheme. This is discussed in more detail in [note 23](#).

Tax

Income taxes are tax on the group's profit. Tax is treated as an expense in the accounts. Tax payable and deferred tax relating to items recorded as other income and expenses in total comprehensive income are recognised in total comprehensive income. The income tax expense for the year consists of payable tax, changes in deferred tax and adjustments from previous years. Payable tax is calculated based on the company's taxable profit for the year. Deferred tax is a provision (accrual) for future payable tax.

Deferred tax liabilities/assets are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation

purposes. Temporary differences arise because some items are accrued differently in the financial accounts and the tax accounts. Both tax-increasing and tax-reducing timing differences occur. Deferred tax is calculated on net temporary differences, i.e. by offsetting tax increasing against tax-reducing differences within the same tax jurisdictions. Deferred tax is measured on the basis of the current future tax rate in those companies in the group where temporary differences have arisen. Deferred tax is recognised at the nominal rate and is classified as a non-current asset or non-current liability.

Deferred tax assets relating to loss carry-forwards are recognised in the accounts when it is probable that the company will be able to make use of the advantage. Tax payable and deferred tax are recognised in the income statement, unless the tax is related to a transaction or event that has already been recognised in total comprehensive income or directly in equity, or it is related to a merger.

Goodwill

Goodwill arises when the group acquires a business. Goodwill includes synergies, organisation, know-how, market position, etc. Goodwill is calculated as the fair value of the purchase price at the time of the acquisition less the fair value of the acquired company's identified assets, liabilities and contingent liabilities. If the acquisition does not involve 100% ownership for the parent company, the entire fair value can be used as the basis for determining goodwill. This entails the non-controlling party's share of goodwill being recognised as goodwill as well. The principle used for measurement of non-controlling interests

is determined separately for each business combination. Goodwill is not amortised, but is tested for impairment at least annually. See [note 11](#) Goodwill.

Other intangible assets

Intangible assets with a determinable useful life are measured at original purchase price less accumulated amortisation and impairment losses. This applies, among other things, to extraction rights for aggregates, for which amortisation is determined based on actual extractions. Investments in IT systems are capitalised and recorded under Other intangible assets, and normally depreciated over a five-year period. In one case, the depreciation period is eight years.

Tangible non-current assets

Tangible non-current assets consist of plants, buildings, machinery and equipment, etc. Veidekke records tangible non-current assets in the statement of financial position using a historical cost model. This means that tangible non-current assets are measured at original cost less accumulated depreciation and impairments. Tangible non-current assets are recognised when it is probable that future economic benefits linked to the asset will accrue to the company and the original cost can be measured reliably. This applies both to first-time purchases of operating equipment and to subsequent changes, conversions, overhauls, etc. Other repairs and maintenance are recognised as expenses as they arise. Tangible non-current assets are depreciated on a straight-line basis over their estimated useful lives.

The estimated expected useful lives for the current period and comparable periods are as follows:

- Vehicles: 5 years
- Machinery etc.: 5–8 years
- Asphalt plants and quarries: 15 years
- Buildings: 20–50 years

The depreciation period and residual value are assessed annually. Gains and losses on disposals of non-current assets are recognised in profit and loss and represent the difference between sales price and carrying value. Gains on sales of non-current assets are presented under operating revenues, while losses on sales of assets are presented under other operating expenses.

Impairment of non-current assets

If there is an indication of impairment in value of a tangible, non-current asset, the recoverable amount is calculated. An impairment loss is recognised if the recoverable amount of a non-current asset is less than its carrying amount. The recoverable amount is the higher of net sales value and value in use. Value in use is the present value of the future cash flows that the asset is expected to generate. If there is an indication that the asset is impaired in value, the recoverable amount is used and the necessary impairment is recorded.

Intangible non-current assets with an indeterminable life and goodwill are tested for impairment each year, and any impairment is recorded. Impairment testing may also be performed on a quarterly basis if there are indications of impairment. The value in use is calculated for each cash-generating unit (CGU). If a CGU is impaired, goodwill is written down first, and

other assets are then written down proportionately. If the value of impaired intangible non-current assets rises again later, the impairment may be reversed; however, impairment of goodwill is not reversed. The calculation of the value in use of a CGU is based on future estimated cash flows for the unit, discounted at a suitable rate in light of the group's required rate of return. The calculation is based on the CGU's budgets and forecasts, including terminal value. Maintenance costs and replacement investments are also taken into account, but not investments for expansion. Finance expenses and tax are not included in the calculation.

A cash-generating unit is determined as the smallest identifiable group of assets that generates incoming cash flows and that in all essence is independent of incoming cash flows from other assets or groups of assets. Units with significant synergies and that perform similar types of activities are considered as one cash-generating unit. Within construction operations a cash-generating unit will normally be on the company level, whereas for industrial operations, they will normally encompass business units, for example Asphalt or Aggregates.

The group as a lessee

When a contract is entered into, consideration is given to whether the contract constitutes or contains a lease agreement. A contract constitutes or contains a lease agreement if it transfers the right to control the use of an identified asset for a period of time in return for payment. Lease agreements are recognised in the accounts on the implementation date.

On the effective date of a lease, Veidekke calculates its obligation in its capacity as lessee as the present value of future lease payments. It also undertakes a corresponding asset calculation based on the right to use the underlying asset during the lease period (the usage right asset). The lease obligation is valued at the present value of the remaining lease payments, discounted using a marginal borrowing rate. Future lease payments are booked as repayments of the lease obligation and interest costs. The effective date of a lease is defined as the date when Veidekke takes control of the leased object.

Leased assets are depreciated on a linear basis over the lease period, while the lease obligation increases in accordance with the interest rate and is reduced by completed lease payments. Depreciation of leased assets and interest costs on lease obligations is incorporated into the income statement.

Lease periods include an extension option if it is reasonably certain that the option will be exercised and there are financial incentives for extending the lease agreement. The exercise of options is associated with estimation uncertainty and discretionary assessment.

Veidekke has utilised an exception permitted by the standard and does not recognise short-term leases (less than 12 months' duration) or leases of low-value assets in the statement of financial position. Lease payments under lease agreements of this kind are expensed on a linear basis over the lease period. Lease obligations are not shown on separate lines in the statement of financial position, but are specified in a separate note. Lease obligations are

not treated as interest-bearing debts. In notes and the cash flow statement, agreements of this type are referred to as IFRS 16 Lease agreements.

#### The group as a lessor

Lease agreements are classified as either operational or financial lease agreements. A lease agreement is classified as an operational lease agreement if it does not transfer all material risks and benefits associated with ownership of the underlying asset. Lease payments under operational lease agreements are recognised as income on a linear basis over the lease period.

#### Currency transactions

Transactions involving foreign currency are converted at the exchange rate at the time of the transaction. Monetary items in foreign currency are assessed at the exchange rate on the balance sheet date, and related currency gains or losses are recognised in the income statement. Monetary items are items that will be settled at a fixed nominal amount. This applies to liquid assets, receivables, debts, etc. For non-monetary items, the exchange rate at the time of the transaction is taken as the basis for the original cost. This applies to tangible non-current assets, inventory, etc

#### Inventories

Inventories consist of project inventories in addition to raw materials/ inventory for the infrastructure operation. Project inventories are included in project valuations. The inventory for infrastructure operations is measured at the lower of total production costs and net sales price.

#### Warranty allocations etc.

An allocation is made in the accounts when the group has an obligation (legal or self-imposed) as a result of a previous event, and it is probable that a financial settlement will take place as a result of that obligation, and the amount can be measured reliably. Allocations are made for confirmed work under guarantee and for probable concealed deficiencies. See [note 27](#).

#### Cash and cash equivalents

These consist of cash and bank deposits, including deposits subject to special conditions, and short-term liquid investments which can be converted into cash immediately. Investments in short-term money market funds are classified as cash and cash equivalents if the intention of the investment is to ensure liquidity for the payment of current liabilities. Only money market funds with very high security are classified as cash and cash equivalents. See [note 21](#).

#### Share discounts

Veidekke purchases its own shares and then sells them to the employees at a discount with a lock-in period. These sales of shares are reported in accordance with IFRS 2 on share-based payments. The discount is recognised in the income statement at fair value at the time of issue, taking into account the lock-in period. The discount is calculated according to an option-pricing model. The fair value of the discount is charged to personnel expenses. See [note 7](#).

#### Proposed dividend

Proposed dividends are not recognised as liabilities in the accounts until they have been approved by the Annual General Meeting.

#### Disputes and claims related to projects

Veidekke's profits from projects are strongly influenced by estimates, entailing some uncertainty. See the discussion on [page 40](#) under "Estimates". See also [note 33](#) Project-related disputes and claims.

#### Borrowing costs

Borrowing costs that are directly attributable to the procurement, manufacturing or production of a qualified asset are recorded as part of the acquisition cost of the asset concerned.

In connection with the purchasing of operating equipment where it takes a long time before the operating equipment can be used for its intended purpose, interest is capitalised. This concerns, for example, construction of an asphalt plant. Other borrowing costs will be entered in the income statement as they incur.

#### Earnings per share

Earnings per share is calculated by dividing the profit for the period attributable to the owners of the parent company by the weighted average number of outstanding shares in the period.

#### Statement of cash flows

The statement of cash flows is prepared using the indirect method.

Acquisitions and sales of companies are treated as investment activities. Acquired/sold companies' holdings of cash and cash equivalents are included/ deducted. This effect is therefore shown net, together with the cash payment made in the transaction. Lease agreements pursuant to IFRS 16

are classified as follows: depreciation is included in operational cash flow, and cash payments related to lease payments are divided into repayment of debt and paid interest and are treated as financing activity.

#### Segment reporting ([note 3](#))

The group's business segments are presented in accordance with the internal financial reporting that is presented to the group's chief operating decision-maker. In essence, internal financial reporting follows current IFRS rules, with one exception: the accounting treatment of residential projects for own account. Prior to completion of the sale of the property development operation on 1 September 2020, revenue from residential projects was recognised as income on an ongoing basis in accordance with the project's estimated final profit, multiplied by the sales ratio, multiplied by the stage of completion. See [note 3](#) Segment information for further details.

#### IFRS standards not yet effective

The International Accounting Standards Board (IASB) has adopted a number of interpretations and changes to existing standards and interpretations which had not yet entered into force at the time the accounts were closed on 31 December 2021. Veidekke has concluded that these interpretations and changes are unlikely to have a material effect on the group's financial position, profit/loss or note information going forward.

Note 03. Segment information

The segment structure mirrors the group’s operational structure, which consists of five operational areas. This division reflects the type of delivery made and the market being served, and as reported to the Group CEO and corporate management accordingly.

Construction Norway is among the country’s largest construction contractors. Its project portfolio includes apartment complexes and non-residential buildings such as schools, healthcare facilities, cultural buildings, office buildings, hotels and shopping centres. The operation is concentrated around Norway’s major population centres.

Infrastructure Norway is a national civil engineering operation with projects in the road maintenance, railways, power production and airport segments. The operation is Norway’s largest asphalt producer and contractor, the country’s second-largest producer of aggregates and an important player in the operation and maintenance of the Norwegian public roads network.

Construction Sweden is a large, well-established construction operation with a broad portfolio of construction projects, including residential units, offices, schools and cultural buildings. The operation is concentrated in growth regions around Stockholm, Gothenburg and Malmö.

Infrastructure Sweden has a strong position in the market segments infrastructure, extractive industries, heavy industry, energy and recycling facilities/landfill, as well as asphalt-laying. Most activities are focused on the major metropolitan areas around Stockholm, Gothenburg and Malmö, although the operation is also a well-established supplier to the mining industry in northern Sweden.

Denmark consists of the wholly-owned subsidiary Hoffmann AS. The majority of Hoffman’s projects involve commercial buildings. Hoffmann gives particular priority to close consultation with clients from an early stage, throughout the planning, design and execution phases.

“Other” comprises undistributed costs linked to administration and financial management of the group, the group’s ownership role in public-private partnership (PPP) projects and shared services in the areas of HR, accounts and payroll. Revenue and internal profits between the segments are eliminated under “Elimination”.

Business areas

	Construction Norway		Infrastructure Norway		Construction Sweden <sup>1</sup>		Infrastructure Sweden <sup>1</sup>		Denmark		Other operations		Eliminations		Group, continued operations	
Figures in NOK million	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20
<b>Income statement</b>																
Revenue	13 514	14 638	9 147	8 847	8 544	7 867	4 345	4 426	2 362	2 652	162	49	-482	-339	37 592	38 140
Operating expenses	-12 845	-13 976	-8 190	-8 103	-8 285	-7 624	-4 076	-4 156	-2 138	-2 429	-253	-142	474	339	-35 312	-36 090
Share of net income from joint ventures	-	-	2	5	-6	-	-16	-25	-	-	22	23	-	-	2	4
Depreciation	-180	-168	-458	-457	-92	-82	-117	-116	-24	-29	-51	-56	2	-	-919	-909
Operating profit	489	494	502	292	160	162	137	130	200	194	-119	-127	-6	1	1 364	1 145
Financial income	27	59	11	22	19	13	6	-	1	8	115	96	-	-	179	198
Financial costs	-10	-21	-50	-71	-13	-	-10	-1	-1	-1	-117	-115	-	-	-200	-210
Profit before tax	507	532	462	244	166	175	133	128	200	200	-121	-146	-6	1	1 342	1 134
<b>Statement of financial position</b>																
Non-current assets	1 371	1 295	2 565	2 569	917	1 120	593	610	220	244	778	719	-121	-106	6 323	6 451
Current assets	2 198	2 174	2 119	2 471	1 356	1 328	588	574	270	273	1 727	2 058	-1 080	-1 007	7 178	7 870
Cash and cash equivalents	3 033	3 455	237	26	949	585	382	315	1 249	1 311	1 282	743	-3 318	-3 216	3 814	3 219
Total assets	6 602	6 924	4 921	5 066	3 222	3 032	1 563	1 500	1 739	1 828	3 787	3 520	-4 519	-4 329	17 315	17 541
Equity	1 121	1 164	914	939	390	571	259	191	416	418	-172	-320	-63	-85	2 865	2 878
Non-current liability	925	869	1 051	1 425	696	620	92	93	107	114	3 777	3 146	-3 350	-3 234	3 297	3 031
Current liabilities	4 556	4 892	2 955	2 702	2 136	1 842	1 212	1 216	1 216	1 296	183	695	-1 105	-1 010	11 153	11 632
Total equity and liabilities	6 602	6 924	4 921	5 066	3 222	3 032	1 563	1 500	1 739	1 828	3 787	3 520	-4 519	-4 329	17 315	17 541
<b>Key figures</b>																
Operational cash flow	203	655	798	704	451	448	197	302	85	469	461	-229			2 194	2 350
Cash flow from investments	-57	-83	-168	-231	11	-189	-15	-169	6	-11	-58	-609			-282	-1 291
Number of employees	2 821	2 931	2 193	2 363	1 172	1 176	1 069	1 053	409	436	132	124	-	-	7 796	8 082
Order book	13 537	13 358	7 477	7 206	9 483	8 885	4 774	5 495	2 813	2 516	-	-	-	-	38 084	37 460
- due for completion within 12 months	9 148	9 602	3 523	3 362	6 082	5 773	2 641	2 738	1 644	2 145	-	-	-	-	23 039	23 619

<sup>1</sup> Effective third quarter 2021, Veidekke changed its segment structure in Sweden, splitting the former Sweden business area into the two units Construction Sweden and Infrastructure Sweden. The change supports Veidekke's strategy as a streamlined contractor and ensures a clear-cut organizational structure, operational focus and a shorter path between management and projects. Figures for 2020 have been restated in accordance with the new structure.

Business areas

Figures in NOK million	Group, continued operations		Property development		Eliminations between continued operations and Property development, gains from sale		Group	
	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20
Revenue	37 592	38 140		1 893		-721	37 592	39 313
Operating expenses	-35 312	-36 090		-1 748		721	-35 312	-37 117
Share of net income from joint ventures	2	4		179		-	2	183
Depreciation	-919	-909		-4		-	-919	-914
Gain from sale of Property development						591		591
Operating profit	1 364	1 145		320		591	1 364	2 056
Net financial items	-22	-11		-2		-	-22	-13
Profit before tax	1 342	1 134		318		591	1 342	2 043
Statement of financial position at 31 December								-
Non-current assets	6 323	6 451		-		-	6 323	6 451
Current assets	7 178	7 870		-		-	7 178	7 870
Cash and cash equivalents	3 814	3 219		-		-	3 814	3 219
Total assets	17 315	17 541		-		-	17 315	17 541
Equity	2 865	2 878		-		-	2 865	2 878
Non-current liability	3 297	3 031		-		-	3 297	3 031
Current liabilities	11 153	11 632		-		-	11 153	11 632
Total equity and liabilities	17 315	17 541		-		-	17 315	17 541
Key figures								
Number of employees	7 796	8 082		-			7 796	8 082
Order book	38 084	37 460					38 084	37 460
- due for completion within 12 months	23 039	23 619					23 039	23 619

Reconciliation between segment accounts and financial accounts

Veidekke sold its property development operations with effect as of 1 September 2020. Prior to this date, revenue from residential projects for own account was reported in the segment accounts in accordance with the principle of ongoing revenue recognition. In the financial statements, sales of residential projects for own account were recognised as revenue on the date of contractual delivery to the purchaser. In the financial statements for 2020, the property development operation is classified as discontinued operations. From 2021, there is no difference between segment and financial accounts.

Figures in NOK million	Segment accounts		IFRS 15 adjustments		Separation, discontinued operations		Financial accounts	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Income statement</b>								
<b>Revenue</b>	<b>37 592</b>	<b>39 313</b>	-	<b>-408</b>	-	<b>-765</b>	<b>37 592</b>	<b>38 140</b>
Operating expenses	-35 312	-37 117	-	362	-	733	-35 312	-36 022
Share of net income from joint ventures	2	183	-	21	-	-200	2	4
Depreciation	-919	-914	-	-	-	4	-919	-910
Gains from sale of Property development	-	591	-	433	-	-1 024	-	
<b>Operating profit</b>	<b>1 364</b>	<b>2 056</b>	-	<b>408</b>	-	<b>-1 252</b>	<b>1 364</b>	<b>1 213</b>
Net financial items	-22	-13	-	-	-	2	-22	-11
<b>Profit before tax</b>	<b>1 342</b>	<b>2 043</b>	-	<b>408</b>	-	<b>-1 250</b>	<b>1 342</b>	<b>1 202</b>
Tax expenses	-313	-290	-	28	-	-17	-313	-279
<b>Profit after tax, continued operations</b>	<b>1 029</b>	<b>1 753</b>	-	<b>436</b>	-	<b>-1 266</b>	<b>1 029</b>	<b>922</b>
Profit after tax, discontinued operations					-	1 266	-	1 266
<b>Profit for the year</b>	<b>1 029</b>	<b>1 753</b>	-	<b>436</b>	-	<b>-</b>	<b>1 029</b>	<b>2 189</b>

Geographical segments

The geographical distribution of the group’s activities corresponds to the geographical location of the resources used for the respective activities. This corresponds in the main to the location of the customers.

The statement has been prepared in accordance with the accounting policies used in the income statement (IFRS).

Figures in NOK million	Norway		Sweden		Denmark		Shared		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
<b>Income statement</b>										
Revenue	22 385	23 234	12 841	12 251	2 362	2 652	3	3	37 592	38 140
Operating profit	991	811	297	306	200	194	-125	-98	1 364	1 213
Profit before tax	969	801	300	318	200	200	-127	-118	1 342	1 202
<b>Statement of financial position</b>										
Total non-current assets	3 935	3 864	1 510	1 730	220	244	658	614	6 323	6 451
Number of employees	5 014	5 294	2 241	2 228	409	436	132	124	7 796	8 082
Order book	21 014	20 564	14 257	14 380	2 813	2 516	-	-	38 084	37 460
- due for completion within 12 months	12 671	12 963	8 723	8 511	1 644	2 145	-	-	23 039	23 619

Intra-group sales by segment

Figures in NOK million	Construction Norway		Infrastructure Norway		Construction Sweden		Infrastructure Sweden		Denmark		Other operations		Eliminations		Group	
	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20	At 31 Dec. 21	At 31 Dec. 20
External revenue	13 404	14 434	8 982	8 801	8 538	7 785	4 338	4 424	2 362	2 652	3	3	-35	42	37 592	38 140
Internal revenue	110	204	166	46	5	82	7	2	-	-	159	46	-447	-381	-	-
Total revenue	13 514	14 638	9 147	8 847	8 544	7 867	4 345	4 426	2 362	2 652	162	49	-482	-339	37 592	38 140

All intra-group sales in continued operations are eliminated at the group level. In 2020, revenues against discontinued operations were reported as external revenues for continued operations.

Note 04. Discontinued operations

Effective 1 September 2020, Veidekke's Swedish and Norwegian property development operations were sold to a consortium comprising Fredensborg AS, Fredensborg Bolig AS, Norwegian Property ASA and Union Real Estate Fund. See [note 15](#) for further details about the transaction.

The property development activities up until 1 September 2020 are presented as discontinued operations in the accounts. The 2020 post-tax profit/loss of discontinued operations is presented on a separate line in the income statement.

Veidekke was assuming that the sold property development operation will continue to purchase some services from the construction operation going forward. Internal revenues between the property development operation and the remainder of the Veidekke group have therefore been eliminated directly against discontinued operations.

The sale was completed in 2020, and has no accounting effects for 2021.

Profit/loss from discontinued operations in accordance with IFRS<sup>1</sup> is presented below:

Figures in NOK million	31.12.2020				
	Property, segment accounts	IFRS adjustment <sup>1</sup>	Adjustments, discontinued operations	Gain from sale of property development operations	Total discontinued operations
Ordinary operating revenue	1 893	-366	-762	-	765
Gain from sale of property development operation	-	-	-	1 024	1 024
<b>Operating revenue</b>	<b>1 893</b>	<b>-366</b>	<b>-762</b>	<b>1 024</b>	<b>1 789</b>
Sub-contractors and material costs	-1 464	253	762	-	-450
Payroll costs	-167	-	-	-	-167
Other operating costs	-116	-	-	-	-116
Depreciation/impairment	-4	-	-	-	-4
<b>Operating expenses</b>	<b>-1 752</b>	<b>253</b>	<b>762</b>	<b>-</b>	<b>-738</b>
Share of net income from joint ventures	179	21	-	-	200
<b>Operating profit (EBIT)</b>	<b>320</b>	<b>-92</b>	<b>-</b>	<b>1 024</b>	<b>1 252</b>
Financial income	19	-	-	-	19
Financial costs	-21	-	-	-	-21
<b>Pre-tax profit</b>	<b>318</b>	<b>-92</b>	<b>-</b>	<b>1 024</b>	<b>1 250</b>
Tax expenses	-22	33	-	5	17
<b>Post-tax profit continued operations</b>	<b>296</b>	<b>-59</b>	<b>-</b>	<b>1 030</b>	<b>1 266</b>

<sup>1</sup> Under IFRS, income and earnings from completed residential units in Norway are not recognised until the date on which a unit is delivered to the buyer.

Note 05. Revenue

Ordinary revenue is solely from contracts with customers. For geographical distribution of revenue, see [note 3](#) Segment information.

2021, figures in NOK million	Construction Norway	Infrastruct. Norway	Construction Sweden	Infrastruct. Sweden	Denmark	Other/ Eliminations	TOTAL	Order book
<b>Service area</b>								
Appartments and small houses	5 728	-	2 605	-	101		8 434	8 158
Commercial buildings	2 772	-	3 750	-	1 498		8 020	8 206
Public buildings	3 662	-	2 017	-	539		6 218	8 043
Transport	285	2 386	-	841	-		3 512	2 560
Other civil engineering	1 049	2 087	154	2 804	216		6 309	7 233
Maintainance contracts	-	1 311	-	-	-		1 311	3 885
Asphalt and aggregates	-	3 214	-	691	-		3 905	-
Eliminations/Other						-320	-320	-
Total ordinary revenue	13 495	8 998	8 526	4 337	2 355	-320	37 390	
Other revenue	19	149	18	9	7	1	202	
Total revenue	13 514	9 147	8 544	4 345	2 362	-320	37 592	
Total order book	13 537	7 477	9 483	4 774	2 813	-		38 084

2020, figures in NOK million	Construction Norway	Infrastruct. Norway	Construction Sweden	Infrastruct. Sweden	Denmark	Other/ Eliminations	TOTAL	Order book
<b>Service area</b>								
Appartments and small houses	5 819	-	2 397	-	58		8 274	8 393
Commercial buildings	3 608	-	3 668	-	2 060		9 336	8 664
Public buildings	3 598	-	1 790	-	291		5 679	9 739
Transport	53	3 074	-	1 473	243		4 843	4 643
Other civil engineering	1 518	1 544	-	2 306	-		5 368	2 912
Maintainance contracts	-	1 275	-	-	-		1 275	3 109
Asphalt and aggregates	-	2 914	-	641			3 555	-
Eliminations/Other						-291	-291	
Total ordinary revenue	14 596	8 807	7 854	4 420	2 652	-291	38 038	
Other revenue	42	40	13	6	-	1	102	
Total revenue	14 638	8 847	7 867	4 426	2 652	-290	38 140	
Total order book	13 358	7 206	8 885	5 495	2 516			37 460

Specification of other revenue, figures in NOK million	2021	2020
Gains from sale of operating equipment <sup>1</sup>	111	47
Rental income	33	23
Other revenue	59	32
Other revenue	202	102

<sup>1</sup> Only gains are presented under other revenue. Any losses are presented under other operating expenses.

Timing of revenue recognition, figures in NOK million	2021	2020
Goods transferred at a point in time <sup>1</sup>	850	975
Goods and services transferred over time	36 742	37 165
Total	37 592	38 140

<sup>1</sup> Consists primarily of aggregates related activities, as well as gains on the sale of equipment.

Remaining performance obligations, figures in NOK million	2021	2020
Within one year	23 104	23 282
More than 1 year	15 270	14 426
Total <sup>1</sup>	38 374	37 708

<sup>1</sup> The difference compared to the “total order book” is due to the exclusion of asphalt orders from the group’s official order book.

Note 06. Payroll costs

Figures in NOK million	2021	2020
Payroll	5 564	5 673
Pension costs <sup>1</sup>	571	536
Employer's National Insurance contributions	993	976
Other payroll costs	81	77
Personnel expenses	7 209	7 263
Number of full time equivalents	7 719	8 013
Number of employees at 31 December	7 796	8 082

<sup>1</sup> See [note 23](#).

Note 07. Share issues to employees

Veidekke sells shares to employees at a discount to the current market price every year. The shares are subject to a two-year lock-in period. Purchase of shares can be financed with cash payment or with an interest-free loan from Veidekke which is repaid over the year.

The share issue to employees in 2020 was postponed, and two offers were made in 2021, in February for all employees and in November for key staff. In the November 2021 offer for key staff, the lock-in period was increased to three years and an interest-free loan with a 15-year repayment profile was offered.

The share programmes are recognised in the accounts in accordance with IFRS 2 on share-based payment. The discount expensed in the income statement is calculated as the difference between the market price and the purchase price on the purchase date, reduced by the value of a sale option based on the lock-in period and historical share price fluctuations. The option is calculated using the Black-Scholes model.

Loans to key staff are currently interest-free, and are being repaid at the rate of 7% a year. The loans are terminable after 10 years, and are secured by a charge over the shares. The loans linked to the share purchase scheme for all staff are also interest-free and secured by a charge over the shares. The loan period was 10 months. The calculated interest cost linked to the long-term interest-free loans is classified as a payroll cost. Reference is made to [notes 6](#) and [32](#).

Sale of shares to employees

Figures in NOK million	2021	2020
Number of shares sold to employees (acquired in the market)	1 836 174	-
Expensed discount after tax	5	-
Discount entered directly as a reduction in equity related to the group's share programme	33	-

Share loans to employees

Figures in NOK million, except number of executives and employees	2021	2020
Loans to key staff for purchases of shares in Veidekke ASA	97	88
Expensed change in the present value of share loans	2	3
Number of key staff with long-term loans	517	385

Employee share options

In May 2019, the annual general meeting approved a new three-year option programme for key staff, replacing the former share purchase programme for this group. The number of options which may be allocated through the programme every year is capped at 1% of the number of shares in the company on the grant date. The share issue price equals the market price at the time of allocation. The option programme has now ended, but previous allocations are running as outlined below.

The options vest over 1–3 years (25% after the first year, 25% after the second year and 50% after the third year), and must be exercised within five years. The programme requires participants to be employed by the company during vesting, and to keep the shares for at least one year after exercising the options. A total of 2.0 million options remained unexercised as at 31 December 2021, adjusted for exercised options and employees who have left the group. The expensed option cost for 2021 is NOK 9.3 million and direct recognition against equity is NOK 4.5 million.

Issued options	2021 programme	2020 programme	2019 programme	TOTAL
Number of options subscribed for			657 000	657 000
Correction for number of employees departed			-9 000	-9 000
Correction for number of options exercised				-
Number of issued options as at 31 December 2019			648 000	648 000
Exercise price at 31 December 2019 (NOK per share)			86.05	
Number of options subscribed for		887 000		887 000
Correction for number of employees departed <sup>1</sup>		-3 000	-78 750	-81 750
Correction for number of options exercised <sup>2</sup>			-62 740	-62 740
Number of issued options as at 31 December 2020		884 000	506 510	1 390 510
Exercise price at 31 December 2020 (NOK per share)		67.86	63.55	
Number of options subscribed for	981 900			981 900
Correction for number of employees departed	-2 000	-22 625	-25 250	-49 875
Correction for number of options exercised <sup>3</sup>		-151 805	-148 840	-300 645
Number of issued options as at 31 December 2021	979 900	709 570	332 420	2 021 890
Exercise price at 31 December 2021 (NOK per share)	122.01	62.11	57.80	

<sup>1</sup> The high number is due to the divestment of the property development operations.  
<sup>2</sup> For share options exercised during 2020, the weighted average share price at the time of exercise was NOK 86.05 per share  
<sup>3</sup> For share options exercised during 2021, the weighted average share price at the time of exercise was NOK 60.77 per share

The Black-Scholes option pricing model is used to value the options. The following assumptions are applied:

	2021 programme	2020 programme	2019 programme
Number of options subscribed for	981 900	887 000	657 000
Share price	115.80	88.70	86.80
Risk-free interest rate	0.76%	-0.02%	1.34%
Historic volatility	29%	28%	24%
Expected option duration (years)	3.22	3.23	3.25
Expiration date	May 2026	May 2025	May 2024
Expected dividend yield	0%	0%	0%

Note 08. Financial income and financial costs

Figures in NOK million	2021	2020
Interest income	23	5
Other interest income from non-financial institutions	6	17
Foreign currency gains	13	33
Received share dividends	6	3
Other financial income	22	23
Financial income	70	80
Interest costs	-38	-15
Interest charges from non-financial institutions	-2	-5
Foreign currency losses	-14	-40
Impairment / losses on financial instruments	-	-3
Other financial costs	-11	-1
Interest costs leases - IFRS16 <sup>1</sup>	-26	-27
Financial costs	-92	-91
Financial income / financial costs	-22	-11

<sup>1</sup> See [note 14](#) IFRS 16 Leases.

Note 09. Construction projects in progress

The note applies to all construction projects, with the exception of road maintenance, asphalt and aggregates.

Figures in NOK million	2021	2020
Total income from construction projects	32 174	33 312
Details of projects in progress at 31 December		
Accumulated income included in the financial statements	45 210	48 731
Accumulated costs included in the financial statements	-41 895	-45 375
Accumulated profit included in the financial statements	3 315	3 356
Loss-making projects in progress - remaining income <sup>1</sup>	1 433	1 022
Trade receivables in construction projects	3 105	3 099
Contract assets in construction projects <sup>2</sup>	1 995	2 388
– due from customers <sup>3</sup>	1 015	1 256
– earned, not invoiced income	980	1 132
Contract liabilities (advance payments from customers) <sup>2</sup>	1 936	1 903

<sup>1</sup> Anticipated losses on these projects have been charged to income.  
<sup>2</sup> See [note 20](#) for detailed information on contract assets and contract liabilities  
<sup>3</sup> The balance is money retained as security in favour of the contracting client.

Order book in construction projects

Figures in NOK million	2021	2020
Total order book	34 199	34 351
- of which due to be completed within the next 12 months	21 692	22 429

See [note 5](#) for further details on the group's total order book.

Note 10. Earnings per share

Figures in NOK million	2021	2020
Earnings per share (NOK), continued operations	7.1	6.2
Profit for the year, continued operations	1 029	922
Equity holders of Veidekke ASA's share of the group's the profit for the year, continued operations	958	842
Profit per share (NOK), total operations	7.1	15.6
Profit for the year, total operations	1 029	2 189
Equity holders of Veidekke ASA's share of the group's the profit for the year, total operations	958	2 108
Average number of shares (million)	135.0	135.0
Number of shares at 1 January (million)	135.0	135.0
Number of shares at 31 December (million)	135.0	135.0
Dilution effect of issued options (million shares)	0.6	0.3
Time-weighted average number of shares owned after dilution	135.5	135.2
Diluted earnings per share (NOK), continued operations	7.1	6.2

In 2019, Veidekke introduced an option programme for staff. As at 31 December 2021, 2.0 million options had been issued under the programme. See [note 7](#) for more information on the share and option programmes for staff.

Note 11. Goodwill

Figures in NOK million	2021	2020
Carrying amount at 1 January	1 824	1 790
Original cost at 1 January	1 838	1 803
Additions, business acquisitions	15	-
Disposals, business divestments	-12	-49
Currency translation differences accumulated original cost	-58	83
Original cost at 31 December	1 783	1 838
Accumulated impairment at 1 January	-13	-13
Impairment for the year	-11	-
Accumulated impairment at 31 December	-24	-13
Carrying amount at 31 December	1 758	1 824

The group has recognised goodwill from the acquisition of a total of 58 businesses. Each goodwill item is allocated to a cash-generating unit (CGU). A cash-generating unit is the lowest level at which independent cash flows can be measured. When an acquired business continues to be operated as an independent unit, this business is designated as a cash-generating unit. Units with significant synergy effects and which carry out similar activities, are together considered as a single cash-generating unit. This is the case when acquired operations are integrated with an existing Veidekke company or is operatively closely linked to an existing Veidekke company. In these cases, the combined business is considered the cash-generating unit for which goodwill is measured and followed-up. The group has recorded 35 cash-generating units associated with capitalised goodwill.

The group’s largest goodwill items, plus the goodwill for each business area, are specified in the table below:

Goodwill per business area attributed to the cash generating units:

Figures in NOK million	2021	2020
<b>Construction Norway</b>		
Leif Grimsrud AS	177	177
Veidekke Entreprenør AS, Construction business area South (Agder og Block Berge Bygg)	108	108
Veidekke Entreprenør AS, Construction Norway (Reinertsen)	88	88
Grande Entreprenør AS	69	69
Other	145	145
<b>Infrastructure Norway</b>		
Asphalt	119	124
Aggregates	72	79
Båsum Boring AS	49	60
Other	94	79
<b>Construction Sweden</b>		
Billström Riemer Andersson AB (BRA)	301	322
Arcona AB	97	103
Construction business area West	64	69
Other	66	71
<b>Infrastructure Sweden</b>		
Berggren og Bergman	45	48
Brinkab	42	45
Other	95	101
<b>Denmark</b>		
Hoffmann A/S	126	134
Total goodwill	1 758	1 824

Testing goodwill for impairment

Goodwill is not amortised, but is tested for impairment in the fourth quarter each year. In the event of a particular indication of possible impairment, testing is carried out on a quarterly basis. Testing is carried out by comparing the estimated recoverable amount with capital invested for the unit in question. The recoverable amount is calculated on the basis of the unit's expected future discounted cash flows. The cash flows are calculated on the basis of the business unit's expected earnings for the next three years, adjusted for any capital injection needs. Expected cash flow is also calculated for years four and five, based on nominal growth in earnings and the unit's terminal value after five years. The sum total is the unit's recoverable amount. Capital invested is the unit's total assets less interest-free liabilities. When the recoverable amount exceeds capital invested, the carrying value of the goodwill is upheld. When the recoverable amount is lower than capital invested, the carrying value is impaired to the estimated recoverable amount.

Assumptions used in impairment testing

1. Revenue and profit margin in the next three years

Impairment tests are based on the management's approved budget and strategy for the next three years.

2. Revenue and profit margin in the subsequent periods

Assumed annual growth used in the cash flows for years four and five is marginally higher than the growth expected in the Scandinavian economy, as growth in the construction and civil engineering market is expected to be higher than GDP growth. The calculations are based on nominal growth of 2.0% per year from year four onwards. This calculation assumes a terminal value after five years based on the Gordon model.

3. Discount rate

The discount rate is based on the weighted average cost of capital (WACC) method. The nominal discount rate before tax is based on the group's estimated cost of capital calculated as a weighted average of the cost for the group's equity and the cost of its debt. The discount rate takes into account the debt interest rate, risk-free rate, debt ratio, risk premium and a liquidity premium. The discount rates applied to cash flow and terminal value are presented in the following table:

	Norway	Sweden	Denmark
Discount rate (WACC) before tax used on cash flows	8.4%	8.3%	6.4%
Before-tax discount rate for calculation of the terminal value	9.9%	9.8%	7.9%

4. Investment needs / reinvestment

The unit's anticipated future investment needs in order to maintain current levels are reflected in the calculations. These are based on management's approved budget and strategy for the next three years. For the period beyond the next three years, reinvestment needs are assumed to correspond to expected depreciation. Changes in working capital needs have been assessed and in all essence set at NOK 0. Building construction operations are generally not very capital-intensive, while more capital is required in civil engineering and industrial operations.

Assessment of the assumptions forming the basis for last year's estimates

The assumptions used in the calculations at the end of 2020 were largely achieved, with the exception of a weak performance by Construction Norway, southern region. The performance of the business area is expected to improve in 2022.

An impairment totalling NOK 11 million was made due to weak results in a smaller unit in Infrastructure Norway.

Details of goodwill items with a carrying amount exceeding NOK 100 million

Figures in NOK million	CGU revenue for 2021 <sup>1</sup>	CGU margin achieved in 2021	Revenue growth after 2021 <sup>2</sup>	Impairment indicator: Profit margin over time <sup>3</sup>
Construction Norway – Leif Grimsrud AS	1 126	5.6%	2.0%	2.2%
Construction Norway – Veidekke Entreprenør AS, business area South	1 744	-1.4%	2.0%	1.0%
Infrastructure Norway – Veidekke Industri AS, business area Asphalt	2 819	1.6%	2.0%	2.1%
Veidekke Denmark – Hoffmann A/S	2 362	8.5%	2.0%	0.6%
Construction Sweden – BRA AB	2 878	6.5%	2.0%	1.4%

<sup>1</sup> Revenue in the cash-generating unit (CGU) which the goodwill will be measured against.  
<sup>2</sup> Expected growth in revenue used in tests at 31 December 2021.  
<sup>3</sup> “Break-even” level. If the future expected profit margin (over time) is lower than the stated profit margin in the table, this indicates that goodwill impairment is necessary.

Sensitivity analysis for goodwill items with a value of over NOK 50 million

The group has carried out sensitivity analyses to assess the calculated present values for each cash-generating unit with goodwill in excess of NOK 50 million. This does not indicate the need for impairment in the event of a negative change in the assumptions. The sensitivity analysis is based on the financial assumptions described above. Calculations are made on the basis that one of the estimated financial assumptions changes and that the remaining assumptions remain the same. The sensitivity calculations are based on a reasonable outcome range. A reduction in revenue of over 20% is considered unlikely. However, if this were to occur, such a reduction could have a significant impact on the units’ performance and would most likely result in impairment.

The following table shows impairment for changes in the assumptions used in the sensitivity analysis

	Discount rate		Revenue¹		Profit margin	
Change in assumption	+100 bp	+200 bp	-10%	-20%	-20%	-40%
Impairment need	-	-	-	-	-	-

¹ Margins maintained.

Note 12. Other intangible assets

Other intangible assets include extraction rights in the business area Aggregates, customer portfolios and investments in IT systems. Depreciation of the right to extract aggregates is determined on the basis of extraction of gravel. Customer relations are depreciated on a straight-line basis over four to five years, while IT systems are depreciated on a straight-line basis over five years.

Figures in NOK million	2021	2020
Carrying amount at 1 January	130	94
Original cost at 1 January	267	207
Additions, acquisitions of companies/ongoing operations	42	49
Original cost sold operations, disposal	-31	-
Reclassification/other changes	16	-2
Translation differences original cost	-9	13
Original cost at 31 December	285	267
Accumulated depreciation/impairment at 1 January	-137	-113
Accumulated depreciation sold operations	9	-
Depreciation for the year	-14	-15
Translation differences depreciation	7	-9
Accumulated depreciation / impairment at 31 December	-135	-137
Carrying amount at 31 December	150	130

Distribution of other intangible assets:

Figures in NOK million	2021	2020
IT systems	82	51
Rights to extract aggregates	58	68
Other intangible assets	10	12
Carrying amount at 31 December	150	130

Note 13. Plant, machinery, land and buildings

Figures in NOK million	2021				2020			
	Plant and machinery	Asphalt and aggregates plants	Land and buildings	Total	Plant and machinery	Asphalt and aggregates plants	Land and buildings	Total
Carrying amount at 1 January	1 640	582	739	2 961	1 857	602	605	3 063
Original cost at 1 January	4 747	1 499	1 064	7 311	4 755	1 457	912	7 124
Additions, running operations	511	143	57	711	378	61	107	546
Additions, acquisition of companies	61	-	21	82	-	-	-	-
Disposals original cost	-405	-20	-90	-515	-397	-28	-3	-429
Disposals original cost, disposed operations	-43	-73	-6	-121	-9	-	-55	-65
Reclassification/other changes	-45	-0	-1	-47	-70	1	83	15
Translation differences original cost	-65	-6	-17	-87	90	7	21	119
Original cost at 31 december	4 762	1 543	1 028	7 333	4 747	1 499	1 064	7 311
Accumulated depreciation/impairments at 1 Janu-ary	-3 107	-917	-326	-4 350	-2 899	-856	-307	-4 061
Accumulated depreciation, disposed operating equipment	321	21	14	355	302	28	3	333
Accumulated depreciation, disposed operations	24	30	3	57	9	-	41	50
Depreciation for the year	-451	-79	-28	-558	-474	-86	-34	-593
Impairment for the year	-1	-	-	-1	-0	-	-	-0
Reclassifications/other changes	11	-	-5	5	8	-1	-23	-17
Translation differences, depreciation	40	2	5	47	-53	-2	-6	-61
Accumulated depreciation at 31 December	-3 163	-944	-338	-4 444	-3 107	-917	-326	-4 350
Carrying amount at 31 December	1 599	600	689	2 889	1 640	582	739	2 961
Depreciation method	Straight line	Straight line	Straight line		Straight line	Straight line	Straight line	
Depreciation rate	15-25%	7%	2-5%		15-25%	7%	2-5%	

As at 31 December 2021, the group has entered into contracts worth NOK 267 million on delivery of operating equipment, which are due for delivery in 2022.

Additions and disposals (sales price)

Figures in NOK million	2021		2020	
	Additions	Disposals	Additions	Disposals
Plant and machinery	511	162	378	123
Asphalt and aggregates plants	143	11	61	3
Land and buildings	57	105	107	12
Additions and disposals (sales price)	711	278	546	138

Net gain (loss) on sale of operating equipment<sup>1</sup>

Figures in NOK million	2021	2020
Plant and machinery	78	27
Asphalt and aggregates plants	12	2
Land and buildings	28	10
Total net gain on sales	118	40

<sup>1</sup> Gains on sale of operating equipment are included in revenues. Losses on sale of operating equipment are included in operating expenses.

Note 14. IFRS 16 leases

The group as a lessee

The group leases various assets, chiefly office premises and other land and buildings, machinery, equipment and vehicles.

Leases are recognised in the balance sheet according to the following principle: On the effective date of a lease, Veidekke calculates its obligation in its capacity as lessee as the present value of future lease payments. It also undertakes a corresponding asset calculation based on the right to use the underlying asset during the lease period (the usage right asset). Leased assets are depreciated on a linear basis over the lease period, while the lease obligation increases in accordance with the interest rate and is reduced by completed lease payments.

Leased assets

Figures in NOK million	2021			2020		
	Machinery etc.	Properties	Total	Machinery etc.	Properties	Total
Carrying value of leased assets at 1 January	189	579	768	185	648	833
Acquisition cost at 1 January	357	866	1 224	304	790	1 094
Addition of leased assets	202	282	484	149	75	224
Termination of leases	-137	-37	-174	-109	-12	-121
Translation differences	-11	-12	-23	13	14	26
Acquisition cost at 31 December	412	1 099	1 511	357	866	1 224
Accumulated depreciation and impairments at 1 January	-169	-287	-456	-119	-142	-261
Depreciation	-172	-163	-335	-148	-153	-301
Termination of leases	128	37	165	104	12	116
Translation differences	6	6	11	-5	-4	-9
Accumulated depreciation and impairments at 31 December	-207	-407	-614	-169	-287	-456
Carrying value of leased assets at 31 December	205	692	896	189	579	768
Lower of remaining lease period and economic life	1–5 years	1–10 years		1–5 years	1–10 years	
Depreciation method	Straight line	Straight line		Straight line	Straight line	

Lease obligations

Figures in NOK million	2021	2020
Total lease obligations at 1 January	776	845
New/amended lease obligations recognised during the period	484	219
Payment of principal	-330	-302
Payment of interest	-27	-30
Interest cost linked to lease obligations	27	27
Terminations of leases	-9	0
Translation differences	-14	17
Total lease obligations at 31 December	907	776
- of which long-term lease obligations	634	506
- of which short-term lease obligations	274	270
Undiscounted lease obligations and payment dates		
Less than 1 year	280	265
1–2 years	208	182
2–3 years	182	117
More than 3 years	326	287
Total undiscounted lease obligations, 31 December	996	851
Net cash flow from lease obligations	-357	-333
Average discount rate	3.2%	3.2%

The lease agreements do not contain restrictions on the group’s dividend policy or financing options. The group has no material residual-value guarantee liability linked to its lease agreements.

Other lease costs recognised in the income statemetn

Figures in NOK million	2021	2020
Operating expenses during the period linked to short-term lease agreements (including short-term lease agreements of low value)	580	743
Operating expenses during the period linked to low-value assets (excluding short-term lease agreements above)	80	128
Variable lease payments expensed during the period	10	19
Total lease costs included in other operating expenses	659	891

**Applied practical solutions**  
Veidekke leases various machinery and equipment in connection with construction and civil engineering projects. Which type of equipment is required in a project varies greatly, because of different needs at different stages of the construction process. A large proportion of this equipment has a lease period of less than 12 months. The group has decided not to recognise leases with a period of less than one year and therefore does not recognise lease obligations and leased assets for any of these lease agreements. The lease payments are instead expensed as they arise. The group also does not recognise lease obligations and leased assets where the underlying asset is of low value – see the overview in the table above.

**Options to extend lease agreements**  
The group’s lease agreements related to buildings have lease periods of between one and ten years. Several agreements include an option to extend the lease which may be exercised in the last period of the agreement. When entering into an agreement, the group assesses whether it is reasonably certain that the option to extend will be exercised.

**Purchase options**  
The group leases machinery, equipment and vehicles for lease periods of between three and five years. Some of these lease agreements include an option to purchase the assets at the end of the lease period. When entering into an agreement, the group assesses whether it is reasonably certain that the purchase option will be exercised.

The group as a lessor

Veidekke has lease agreements related to the the leasing out of properties, current assets, etc. The table below shows revenues from the lease activities.

Veidekke's revenues from lease activities

Figures in NOK million	2021	2020
Lease income this year	16	16
Lease income next year	10	2
Total lease income after two year	10	0

Note 15. Acquisitions and divestments

Sale of operations 2021

Infrastructure Norway sold its asphalt and aggregates operation in Rogaland in 2021. The background is an assessment of the group's asphalt and aggregates positions in Norway, and the fact that Veidekke has not achieved satisfactory profitability for the Rogaland asphalt operation.

The divested business had revenues of NOK 125 million in 2020, with a slightly negative result. The business was sold for NOK 135 million and gave an accounting pre-tax profit of NOK 29 million.

Sale of the property development operation in 2020

On 1 September 2020, Veidekke sold its property development operation in Norway and Sweden to a consortium consisting of Fredensborg AS, Fredensborg Bolig AS, Norwegian Property ASA and Union Real Estate Fund III Holding AS. Following the transfer, the property development operation was renamed Nordr Eiendom.

The consideration received for the operation was NOK 3.2 billion. On the transfer date, the debt held by the Property Development Operation, totalling NOK 3.9 billion, was repaid to Veidekke ASA. In addition, there was deferred project revenue of NOK 0.4 billion as at the transfer date, which will be paid as the project is completed in 2021.

The transaction generated an accounting gain of NOK 1 123 million after tax (IFRS). This is reflected on the following lines of the income statement: the post-tax profit on discontinued operations increased by NOK 1 030 million, the operating profit of continued operations increased by NOK 119 million and the tax cost of continued operations increased by NOK 25 million. In addition, during Veidekke's period of ownership to August 2020, the property development operation generated profits of NOK 237 million after tax.

The segment reports (note 3) show a recognised post-tax gain of NOK 586 million on the sale the property development operation (NOK 591 million pre-tax). In addition, a post-tax profit of NOK 296 million has been recognised for the period up to and including August 2020.

Effect on cash flow from the sale of the property development operation in 2020

Figures NOK million	2020
Sale price of shares	3 240
Interest-bearing debt of the property development operation on the sale date, repaid to Veidekke	3 863
Bank deposits of the property development operation on the sale date	-40
Sale costs paid on the sale date	-113
Net positive cash flow from sale of property development operation	6 950

Acquisitions

No significant acquisitions of operations were made in 2020 or 2021.

Effect on cash flow from acquisition and divestment of operations  
(continued operations only)

Figures in NOK million	2021	2020
Acquisitions	-10	-38
Deferred payment for previous acquisitions, paid	-65	-51
Divestments	135	18
Net cash flow, acquisitions and divestments	60	-70

Note 16. Investments in associates and joint ventures

This balance sheet item mainly comprises investments in PPP companies. The movements for the year for investments in associates and joint ventures are presented in the table below:

Figures in NOK million	Joint ventures		Associates		Total	
	2021	2020	2021	2020	2021	2020
Carrying value of investment at 1 January	172	172	24	47	197	219
Share of the profit for the year	2	2	1	2	2	4
Reclassification to current liabilities	16	25	-	-	16	25
Dividends received	-24	-22	-2	-5	-26	-28
Capital increases	3	17	-	4	4	20
Disposal of companies	-77	-	-8	-26	-85	-26
Change in value recognised in total comprehensive income	49	-29	-	-	49	-29
Currency translation differences	-6	9	-1	2	-7	11
Carrying value of investment at 31 December	135	172	15	24	150	197

See [note 17](#) Public-private partnership (PPP) projects for more information about the joint ventures reported under the business area Other.

Note 17. Public-private partnership (PPP) projects

Veidekke has interests in five PPP projects: four school projects and one road project.

PPP (Public-Private Partnership) projects are a collaboration between a public and a private operator on a construction project, where a municipality or government agency orders a service, which in Veidekke’s case relates to the lease of a road or school for an agreed lease period. Veidekke establishes a limited liability (“AS”) company, which then acts as contracting client, performs the project planning and design, and is responsible for the construction, financing, operation and maintenance during a given lease period. In connection with the school projects, Veidekke Entreprenør AS (Construction Norway) is responsible for both the construction and the operation and maintenance of the buildings during the lease period, while for the road project, the construction work is carried out by Veidekke Entreprenør AS (Construction Norway), while Veidekke Industri AS (Infrastructure) undertakes the operation and maintenance work. The actual construction and operation are accounted for in the same way as for ordinary projects and are included in the respective business area’s income statement. Figures for the performance of the owner role for the five projects are reported under the segment Other operations. The PPP contracts are accounted for as financial assets according to IFRIC 12 Service Concession Arrangements (The Financial Asset Model), based on amortised cost. Income from the operation and maintenance contract is recognised over the operation period, as the work is done.

Overview of PPP contracts	Lease period	Construction contract	Ownership share	Status	Legal owner
Rykkinn School	2016–2041	0.2 billion	50%	Lease period	Skuleveg AS
Jessheim College	2017–2042	0.8 billion	50%	Lease period	Skulebygg AS
Gystadmarka School	2018–2043	0.2 billion	50%	Lease period	Skuleplass AS
Justvik School	2018–2043	0.1 billion	50%	Lease period	Skulegard AS
E39 Lyngdal-Flekkefjord	2006–2031	1.2 billion	50% <sup>1</sup>	Lease period	Allfarveg AS

<sup>1</sup> Veidekke’s share of profit is 67%.

The value of investments in the statement of financial position includes the negative value of hedging reserves. In the financial statements, the PPP companies are included on the following lines in the accounts:

Figures in NOK million	2021	2020
<b>Income statement</b>		
Share of net income from joint ventures	22	23
Profit before tax	22	23
<b>Statement of financial position</b>		
Investments in joint ventures	88	32
Non-current assets	88	32
Current assets	-	-
Total assets	88	32
Equity	88	32
Non-current liabilities	-	-
Current liabilities	-	-
Total equity and liabilities	88	32

Financial Instruments – financing of PPP projects

Dedicated funding has been obtained for all the projects in the construction and lease period. To ensure predictability in the lease period, interest rate agreements have been entered into. These agreements run over the lifetime of the projects. The rental income from the state or municipality is largely determined at the signing of the contract, making it expedient to hedge the project’s interest expense over the same period in order to reduce the overall financial risk. Hedging ensures that any subsequent changes in interest rates will not have a significant impact on the profitability of the projects. The interest hedges are designed to satisfy the requirements for hedge accounting. Key figures for loans and interest rate swaps are shown in the tables below.

PPP school projects

Veidekke’s share of interest rate derivatives entered into to cover obligations related to the construction and leasing of schools.

Figures in NOK million	Nominal value	Due date	Fair value¹
Financing – fixed rate loans	78	July 2041	-10
Financing – fixed rate loans	328	August 2042	-36
Financing – fixed rate loans	100	December 2042	-5
Financing – fixed rate loans	43	December 2042	-2

¹ Fair value is Veidekke's share of the market value of the financial instrument on 31 December 2021. A negative figure means that the applicable interest rate is lower than it was at the time the contract was signed and indicates, theoretically, what must be paid to the counterpart beyond the principal amount in the event of termination of contract.

PPP project National highway E39 Lyngdal–Flekkefjord

The ownership role in the PPP project E39 is exercised through Veidekke’s 50% stake in the company Allfarveg AS. The table below shows Veidekke’s share of the interest rate derivative.

Figures in NOK million	Nominal value	Due date	Fair value
Hedging – interest rate swaps	447	August 2030	-72

Specification of the item in the statement of financial position Investment in the joint venture Allfarveg AS:

Figures in NOK million	2021	2020
Carrying value at 1 January	21	23
Recognised profit	13	13
Dividends	-8	-7
Adjustments for fair value of long-term interest rate swaps	29	-8
Carrying value at 31 December	55	21

Total hedging reserve on the PPP projects:

Figures in NOK million	2021	2020
Hedging reserve at 1 January	-155	-113
This year's changes in the hedging reserve	58	-42
Hedging reserve at 31 December	-97	-155
Adjustment of hedging reserve by not including negative equity	3	13
Hedging reserve at 31 December included in the financial statements	-94	-142

The table shows Veidekke’s share of interest rate derivatives related to PPP projects. The fair value of all the interest rate derivatives has been reduced by NOK 97 million after tax at 31 December 2021, of which NOK 94 million has been included in the financial statements.

A sensitivity analysis has been conducted of the effect of a possible change in interest rates by 100 basis points up or down. A change of this magnitude would have an effect on equity in the order of +NOK 40 million/-NOK 35 million.

Note 18. Financial assets

Figures in NOK million	2021	2020
Financial investments	303	283
Other non-current receivables	62	163
Shareloans to employees	97	88
Other shares	17	37
Financial assets	479	571

Financial investments totalling NOK 303 million relate to the coverage of pension liabilities, and are subject to security pledge. Just over 80% of the portfolio is invested in a high-yield bond fund, while the rest is invested in a stock mutual fund. These investments are classified as financial assets measured at fair value with value changes recognised through net profit and loss. One-third of the portfolio enjoys some protection because a change in the value of the investment is compensated for by a corresponding change in the pension liabilities.

Share loans to employees can be subdivided into the following categories:

Figures in NOK million	2021	2020
Loans to employees at fair value	86	80
Long-term advance to employees	11	8
Carrying value of share loans to employees	97	88

Loans to employees are recognised at fair value in accordance with the principles of IAS 39. The loans are currently interest-free. Carrying value is estimated by discounting the expected future repayments by an estimated market interest rate. The difference between the carrying value and the nominal value of the loans is treated as advance payments to employees. Satisfactory security has been furnished for the loans. See [note 7](#).

Note 19. Inventory

Inventory includes project inventories in construction and infrastructure projects, such as materials, raw materials (aggregates and bitumen), spare parts and small equipment.

Figures in NOK million	2021	2020
Infrastructure Norway, Asphalt and Aggregates	200	207
Infrastructure Norway, Civil engineering	178	185
Construction Norway	106	90
Infrastructure Sweden	55	53
Construction Sweden	16	16
Residential projects	10	32
Other	25	29
Total inventory	590	612

Note 20. Trade receivables and contract balances

Trade receivables are invoiced receivables in which Veidekke has an unconditional right to payment, while contract assets represent a conditional right to payment. These terms are explained in more detail in the section on contract balances.

Trade receivables and contract assets in the statement of financial position at 31 December consist of the following elements:

Figures in NOK million	2021	2020
Invoiced trade receivables	6 661	6 944
Provisions for bad debts	-26	-36
Work invoiced in advance	-3 103	-3 438
Trade receivables	3 533	3 471
Work done, but not invoiced	1 042	1 705
Due from customers	1 015	1 256
Contract assets	2 056	2 961
Trade receivables and contract assets	5 589	6 432

Maturity structure of invoiced trade receivables at 31 December:

Figures in NOK million	2021	2020
Receivables not due for payment	4 082	5 249
Less than 30 days since due date	622	685
30–60 days since due date	49	163
60–90 days since due date	50	139
90–80 days since due date	86	95
More than 180 days since due date <sup>1</sup>	1 773	613
Invoiced trade receivables	6 661	6 944

<sup>1</sup> Receivables that are overdue by more than 180 days comprise significant sums. These are generally related to disputes, which take time to resolve and which, in some cases, have to be resolved in a court of law. Any impairment of a receivable based on project risk is included in the evaluation of the project’s likely outcome (estimated final result) and is listed as “Work invoiced in advance” in the table above. The amount listed therefore does not express the real risk of loss. See [note 33](#) Project-related disputes and claims.

Changes in the provision for impairment related to credit risk from trade receivables:

Figures in NOK million	2021	2020
Provisions at 1 January	36	22
Currency translation differences	-1	1
Provisions made during the year	7	26
Provisions used during the year	-8	-
Provisions reversed during the year	-7	-13
Provisions at 31 December	26	36

Provisions are mainly made on a group basis.

Credit risk exposure

Credit risk is the risk that Veidekke will incur a loss as a result of a customer’s inability to fulfil their obligations (bankruptcy risk).

Figures in NOK million	2021	2020
Trade receivables and contract assets	5 589	6 432
Of which:		
Received bank guarantees to trade receivables and contract assets	447	534
Other guarantees	53	12
Receivables from public authorities (state and municipal level) <sup>1</sup>	2 390	2 294
Total trade receivables and contract assets with minimal risk	2 889	2 840
Maximum unhedged credit risk in the trade receivables and contract assets	2 700	3 592

<sup>1</sup> It has been assumed that the credit risk linked to receivables from public authorities (state and municipal level) in Scandinavia is minimal.

Contract balances

Revenue recognition, invoicing and payments from customers are generally done at different times, resulting in trade receivables, uninvoyed receivables (contract assets) and prepayments from customers (contract liabilities) in Veidekke’s statement of financial position.

In the infrastructure operations and in some parts of the building construction operations, invoicing normally occurs after the work has been done, either at fixed intervals or as milestones are reached. This entails a time lag in invoicing for work that has been done, which in turn results in recognition of a contract asset.

The construction operations generally use fixed payment plans, and if the payment exceeds the work that has been done, the difference is classified as a contract liability in the statement of financial position.

On the balance sheet day, all projects are reviewed, and for each project either a net asset or a net liability to the customer is recognised. The table below provides information on receivables, contract assets and contract liabilities from contracts with customers at year-end.

Figures in NOK million	2021	2020
Trade receivables	3 533	3 471
Contract assets	2 056	2 961
Contract liabilities	-1 936	-1 912

Contract assets consist of fulfilment of performance obligations, mainly from construction projects and other projects in which progress is measured over time. Contract assets are reclassified as trade receivables when Veidekke has the right to invoice based on work done.

Due from customers is also classified as contract assets. This is money that is withheld as security for the client and that is settled when the project is finished.

Figures in NOK million	2021	2020
Contract assets		
Statement of financial position at 1 January	2 961	3 024
Invoiced receivables throughout the year	-3 203	-2 937
Work done this year, not invoiced	2 298	2 874
Statement of financial position at 31 December	2 056	2 961

Contract liabilities primarily consist of prepayments from construction contract customers, where income is earned over time. The contract liabilities as at 31 December 2020 have largely been recognised as income in 2021.

Figures in NOK million	2021	2020
Contract liabilities		
Statement of finanacial position at 1 January	-1 912	-1 411
Recognised as income during the year	1 912	1 411
Advances received	-1 936	-1 912
Statement of financial position at 31 December	-1 936	-1 912

Note 21. Cash and cash equivalents

The group's cash and cash equivalents comprise bank deposits and money market funds.

Figures in NOK million	2021	2020
Investments in money market funds	1 872	1 262
Bank deposits¹	1 942	1 957
Total cash and cash equivalents	3 814	3 219

¹ Of which NOK 31 million (29) in restricted cash.

Veidekke has developed a strategy and a plan for managing and investing its excess liquidity to secure a higher return for the company than could currently be achieved on bank deposits, taking into account the need for necessary liquidity/accessibility and low risk. The investments in various money market funds are highly secure and can be liquidated on short notice. The funds are therefore classified as cash equivalents.

In addition to a NOK 1 872 million investment in money market funds, Veidekke has invested NOK 539 million in bond funds, classified as short-term financial investments in the statement of financial position. The bond funds have a well-diversified portfolio, and are considered to have high liquidity, but to be less accessible than money market funds and bank deposits.

Note 22. Number of shares, shareholders etc.

The following table lists Veidekke ASA's largest shareholders at 31 December 2021:

	Number of shares	Ownership share
OBOS BBL	26 013 220	19.3%
Folketrygdfondet	14 857 064	11.0%
If Skadeförsäkring AB	5 041 200	3.7%
Verdipapirfond ODIN Norge	3 641 958	2.7%
Danske Invest (DK)	3 356 353	2.5%
Vanguard	3 315 710	2.5%
Must Invest AS	3 000 000	2.2%
MP Pensjon PK	2 748 284	2.0%
Länsförsäkringar Funds	2 543 436	1.9%
Lannebo Funds	2 540 801	1.9%
Pareto Aksje Norge Verdipapirfond	2 242 870	1.7%
DNB Funds	2 150 389	1.6%
Swedbank Robur Funds	2 150 000	1.6%
Storebrand Asset Management	1 843 855	1.4%
BlackRock	1 675 103	1.2%
Sum 15 largest shareholders	77 120 243	57.1%
Employees	15 519 971	11.5%
Others	42 316 053	31.4%
Total	134 956 267	100.0%

Change in number of shares

Number of shares at 1 January 2021	134 956 267
Number of shares at 31 December 2021	134 956 267

Each share has a nominal value of NOK 0.50.

Shares owned by board members and members of the corporate management at 31 December 2021:

THE BOARD OF DIRECTORS	Number of shares
Svein R. Brandtzæg, board chair	2 300
Daniel Kjørberg Siraj <sup>1</sup>	-
Gro Bakstad	15 500
Ingolv Høyland	6 000
Hanne Rønneberg	700
Anna Carola Lavén	-
Klara Lise Aasen	438
Odd Andre Olsen	5 030
Inge Ramsdal	8 520
Arve Fludal <sup>2</sup>	2 799
Per Ingermar Persson	55 740
Shares owned by board members	97 027

<sup>1</sup> Daniel Kjørberg Siraj has no private shareholding, but represents the shareholding of OBOS BBL: 26 013 220 shares

<sup>2</sup> Arve Fludal also owns 3 000 options

Own shares

Veidekke does not own any of its own shares.

Dividend

The dividend for the financial year 2020, which was paid in 2021, amounted to NOK 776 million (NOK 5.75 per share). The proposed dividend for the financial year 2021 amounts to NOK 945 million (NOK 7.00 per share).

Payment of dividends to Veidekke ASA's shareholders does not affect the company's tax payable or deferred tax.

MEMBERS OF THE CORPORATE MANAGEMENT	Number of options	Number of shares
Jimmy Bengtsson	3 000	55 587
Jørgen Wiese Porsmyr	3 000	113 157
Hans Olav Sørli	4 000	78 437
Lars Erik Lund	500	15 907
Terje Larsen	3 000	113 473
Øivind Larsen	2 500	14 947
Kristina Andreasson	2 500	4 677
Anne Thorbjørnsen	4 750	35 952
Charlotta Nilsén	-	5 100
Marcus C Nilsson	2 000	20 093
Total shares owned by corporate management	25 250	457 330
Total	28 250	554 357

Note 23. Pensions

Veidekke now mostly has defined-contribution pension schemes. However, defined-benefit pension plans still exist for a few employees. For the defined-contribution plans, the cost is equal to the contribution in the period for employees plus taxes. Here, each individual's future pension depends on the annual contribution and the return on the pension assets. In the remaining defined-benefit plans, Veidekke is responsible for paying an agreed pension to an employee on the basis of expected final salary. The cost in the period under this scheme shows the employees' pension earnings in the financial year plus taxes.

Norway

In Norway, Veidekke has the following pension schemes:

- General pension scheme
- Contractual early retirement scheme (AFP)
- Early retirement scheme for some executives
- Additional pension for employees with salaries exceeding 12G

General pension schemes

Veidekke has a defined-contribution scheme, whereby Veidekke pays a fixed monthly contribution into the individual employee's pension account. The size of the contribution depends on the employee's salary. In 2021, the contribution was 5.5% of the pay

for salaries between 1G and 7.1G and 11% for salaries between 7.1G and 12G. The employees can choose the risk profile for the management of their pension funds. In the event of death, the pension account accrues to the employee's survivors.

There is a defined-benefit pension scheme for employees older than 64 years who worked in Veidekke on 31 December 2012. Veidekke's pension plan is a supplemental pension which, together with the National Insurance pension, provides a retirement pension of roughly 60% of the employee's salary on retirement, assuming a full service period. The scheme has previously been financed by funds accumulated in a life insurance company. In 2021, the scheme was revised through the issue of paid-up policies to retired staff in respect of accrued pension rights. In total, paid-up policies with a value of NOK 639 million were issued. In the statement of financial position, pension assets and pension liabilities are presented net, meaning that the change has little effect on the accounts. For the affected retired staff, discontinuation of the scheme means that Veidekke no longer guarantees the scheme. Their accrued pension rights are unchanged. The profit and loss account shows a gain of NOK 6 million linked to discontinuation.

The part relating to the pension scheme for salaries exceeding 12G is financed through operations. Veidekke has investments in mortgaged bond and equity funds related to this scheme. See [notes 18](#) and [28](#).

Prior to 1 January 2013 Veidekke had a defined-benefit pension scheme for all its employees. In connection with the transition to a defined-contribution pension, a compensation scheme was introduced for employees who would lose out as a result of the switch to the new pension plan. Provisions are made for this.

Contractual early retirement scheme (AFP)

The private-sector AFP early retirement scheme is a life-long supplement to the public retirement pension scheme and is paid no earlier than age 62. The Norwegian group companies have AFP early retirement pensions for their employees. Employees must satisfy a number of conditions to be eligible for early retirement under the AFP scheme.

The AFP scheme is a defined-benefit, multi-employer pension plan and is financed through premiums, which are determined as a percentage of the salary. There is currently no reliable measurement and allocation of liabilities and assets in the scheme. For accounting purposes,

the scheme is treated as a defined-contribution plan for which premium payments are expensed as incurred, and no provisions are made in the accounts. If the scheme had been capitalised, its implementation would have had significant impact on the accounts. The premium for 2021 was 2.5% of reported salaries between 1G and 7.1G.

Early retirement scheme for executives

Veidekke has an early retirement scheme for some of its senior executives in Norway covering retirement between the ages of 64 and 67. It is a defined-benefit plan and has ten members. These individuals have the right to retire at the age of 64, with an early retirement pension that is 60% of their final salary (including national insurance benefits and contractual early retirement pension payments), financed through operations. The scheme is closed. Veidekke's Group CEO has a separate agreement. For further details, see [note 32](#).

Pensions on salaries above 12G

Veidekke has a pension savings scheme for employees in Norway with salaries exceeding 12G where 20% of the salary above 12G is saved. The pension is paid from 62 years at the earliest and for a maximum of 15 years from when it is first drawn.

Denmark and Sweden

Veidekke has defined-contribution pension schemes for its employees in Denmark and Sweden whereby the company makes a monthly contribution to the scheme, while the employees bear the risk for the return on the pension funds. The pension funds are placed in life insurance companies, which manage the funds and administer the schemes. The pension schemes cover retirement and disability pension.

In Denmark Veidekke pays two-thirds of the contributions, while the employee pays the remaining third. The employer’s contribution constitutes between 8% and 10% of the salary. The retirement age in Denmark is between 65 and 69 years, depending on year of birth. Going forward, the retirement age will be adjusted based on the average life expectancy of the population. The payment of the retirement pension is very flexible, and, in the event of death before retirement, the pension is payable to surviving dependants. There is a corresponding defined-contribution scheme for the management of the Danish company, but in this scheme the employer’s contribution is 10% of the salary.

In Sweden, Veidekke has a collective pension scheme, where the majority of employees have a defined-contribution pension plan. The pension plan comprises retirement pension, sickness pension, family pension and debt insurance. The administrative staff have two different schemes: ITP1 for people born after 1979 and ITP2 for people born before 1979. The skilled workers have a SAF-LO scheme. All the pension schemes are premiums-based, with savings varying between the schemes.

On average Veidekke pays 15% of the salary towards pensions. The employees do not pay into the schemes. The schemes are recognised in the accounts as defined-contribution schemes. The employees have great flexibility in their pension and can choose where the pension funds are invested and with which insurance company. Retirement age is 65 years with the opportunity to work until the age of 67.

Overview of pension costs and pension liabilities

Figures in NOK million	2021	2020
<strong>Pension costs</strong>		
Current service cost	17	19
Interest cost on net pension liabilities	6	7
Gain on liquidation of pension scheme	-6	-
Total cost defined-benefit schemes	17	26
Cost of defined-contribution and deposit schemes	554	511
<strong>Pension costs</strong>	<strong>571</strong>	<strong>536</strong>
<strong>Composition of net pension liabilities</strong>		
Pension liability – defined-benefit schemes	-604	-1 210
Pension assets	201	839
Unrecognised pension assets	-7	-3
Net pension liability defined-benefit schemes	-410	-373
Pension liability – other schemes	-182	-157
<strong>Pension liability at 31 December</strong>	<strong>-596</strong>	<strong>-535</strong>
Pension assets at 31 December	3	4

## Figures in NOK million

	2021	2020
<b>DETAILS LIABILITIES DEFINED-BENEFIT SCHEMES</b>		
<b>Change in gross pension liability during the year</b>		
Gross pension liability at 1 January	-1 210	-1 177
Acquisition of new companies	-14	-
Accruals during the year (present value)	-16	-18
Interest cost	-12	-26
Gains on liquidation of pension scheme	6	-
Issuance of paid-up policies upon liquidation of pension scheme	639	-
Actuarial gains and losses recognised in comprehensive income	-48	-49
Payroll tax of employer's contribution	3	3
Benefits paid during the year	40	57
Other changes	8	-
<b>Gross pension liability at 31 December</b>	<b>-604</b>	<b>-1 210</b>
<b>Change in pension assets during the year</b>		
<b>Pension assets at 1 January</b>	<b>839</b>	<b>846</b>
Expected return	6	18
Issuance of paid-up policies – liquidation of pension scheme	-639	-
Grants	24	20
Year's actuarial gains and losses recognised in total comprehensive income	2	2
Payroll tax of employer's contribution	-3	-3
Benefits paid during the year	-28	-45
<b>Premium assets at 31 December</b>	<b>201</b>	<b>839</b>
<b>Change in unrecognised asset ceiling during the year</b>		
Unrecognised asset due to asset ceiling <b>at 1 January</b>	-3	-
Year's actuarial gains and losses recognised in total comprehensive income	-4	-3
Unrecognised asset due to asset ceiling <b>at 31 December</b>	-7	-3

## Overview of net pension liabilities and actuarial gains and losses

Figures in NOK million	2021	2020
Gross pension liabilities	-604	-1 210
Pension assets	201	839
Impact of unrecognised asset ceiling	-7	-3
Net pension liability defined-benefit schemes	-410	-373
<b>Overview of actuarial gains and losses - defined-benefit schemes</b>		
<b>Liabilities:</b>		
Changes in economic assumptions	29	-49
Changes in population and demographic assumptions	-88	4
<b>Pension assets:</b>		
Actual return v. actuarial assumption	9	-2
Year's actuarial gains and losses recognised in total comprehensive income before tax	-50	-48
Year's actuarial gains and losses recognised in total comprehensive income after tax	-39	-37
<b>Financial assumptions</b>		
Discount rate/return on pension investments	1.5%	1.5%
Annual wage growth	2.5%	2.0%
Annual adjustment of G (National Insurance Scheme basic amount)	2.3%	1.8%
Annual adjustment of pensions under payment	1.5%	0.0%
Mortality table	K2013F	K2013
<b>Pension assets</b>		
<b>Investment</b>		
Property	13%	15%
Bonds	47%	45%
Short-term investments	28%	32%
Shares	12%	9%
Total investments	100%	100%
<b>Return</b>		
Book return	4.6%	4.4%
Adjusted return	3.7%	5.6%

Pensions 2022

The estimated premium for defined-benefit plans for 2022 is NOK 18 million, whereas the cost is expected to be NOK 20 million.

Sensitivity analysis

Any changes made in the economic assumptions that are categorised as probable will not have a significant impact on the ordinary income statement. The effect on the statement of financial position may be larger, as pension liabilities are recognised at fair value. Changes in actuarial assumptions may entail differences in the group's equity of up to NOK 40 million.

Note 24. Tax costs and deferred tax

Figures in NOK million	2021	2020
<strong>Income tax expense</strong>		
Tax payable	331	122
Change in deferred tax	-21	153
Adjustments previous years	4	4
<strong>Total tax expense</strong>	<strong>313</strong>	<strong>279</strong>
<strong>Reconciliation of the group's tax rate</strong>		
Pre-tax profit	1 342	1 202
Calculated income tax expense based on Norway's current tax rate (22%)	295	264
Actual income tax expense	313	279
Difference	-18	-15
<strong>Explanation difference income tax expense</strong>		
Tax from activity in joint ventures	6	6
Tax-exempted sales of companies	12	7
<strong>Other permanent differences:</strong>		
Non-deductible expenses	-11	-12
Effect of lower tax rate in Sweden	4	2
Deferred tax asset, not previously recognised	1	-
Addition to the purchase price for business acquisitions, non-deductible cost	-24	-17
Other items	-7	-1
Total	-18	-15
Group tax rate	23%	23%

Deferred tax liabilities

Figures in NOK million	2021	2020
Deferred tax		
Current items <sup>1</sup>	780	890
<b>Total current items</b>	<b>780</b>	<b>890</b>
Operating equipment – additional depreciation	206	175
Other non-current items	14	59
Provisions for liabilities	-280	-293
Pension liabilities	-122	-110
<b>Total non-current items</b>	<b>-182</b>	<b>-169</b>
Losses carried forward	-18	-120
<b>Net deferred tax liabilities</b>	<b>581</b>	<b>601</b>

<sup>1</sup> In Norway and Denmark construction projects in progress are not taxed until completion and handover. Given stable order levels, this will provide a permanent tax credit of approx. NOK 700 million.

Presentation of deferred tax in the statement of financial position

Figures in NOK million	2021	2020
Deferred tax assets <sup>1</sup>	-	-14
Deferred tax liabilities	581	615
<b>Deferred tax liabilities presented in the statement of financial position</b>	<b>581</b>	<b>601</b>

<sup>1</sup> Tax benefit that cannot be offset against deferred tax.

Change in deferred tax liabilities

Figures in NOK million	2021	2020
Current items	-110	113
Operating equipment - additional depreciation	31	10
Other non-current items	-45	-6
Provisions for liabilities	14	-62
Pension liabilities	-13	-17
Losses carried forward	103	106
<b>Change in deferred tax</b>	<b>-20</b>	<b>145</b>
Currency translation differences	8	-7
Deferred tax in connection with acquisition/sale of companies	2	-
Change in deferred tax recognised in total comprehensive income	-11	15
<b>Change in deferred tax liabilities in the income statement</b>	<b>-21</b>	<b>153</b>

Taxes incorporated into total comprehensive income

Figures in NOK million	2021			2020		
	Pre-tax profit	Income tax expense	Post-tax profit	Pre-tax profit	Income tax expense	Post-tax profit
Statement of comprehensive income						
From the income statement, continued operations	1 342	313	1 029	1 202	279	922
From the income statement, discontinued operations	-	-	-	1 315	49	1 266
Other income and expenses recognised in comprehensive income:						
Revaluation of pensions	-50	-11	-39	-47	-10	-37
Currency translation differences	-82		-82	40		40
Fair value adjustments of financial assets	46	-	46	-53	-6	-47
Total comprehensive income	1 257	303	954	2 458	313	2 144

Note 25. Non-current liabilities

Non-current liabilities to bondholders and credit institutions, etc.

Figures in NOK million	2021	2020
Bonds <sup>1</sup>	600	600
Non-current loans from credit institutions	162	198
<b>Total non-current interest bearing liabilities</b>	<b>762</b>	<b>798</b>

<sup>1</sup> At 31 December 2021 Veidekke had one bond loan: a seven-year loan of NOK 600 million, issued in 2018. The loan is listed on the Oslo Stoch Exchange under the ticker VEI10. In January 2022 Veidekke concluded a voluntary buy-back of the bond, totalling NOK 407 million. Outstanding volume after the buy-back is NOK 193 million.

Other non-current liabilities

Figures in NOK million	2021	2020
Non-current liabilities, leases IFRS 16 <sup>1</sup>	634	506
Deferred payment business acquisitions	301	271
Option agreements <sup>2</sup>	392	289
Other non-current liabilities	31	30
<b>Total other non-current liabilities</b>	<b>1 358</b>	<b>1 097</b>

<sup>1</sup> See [note 14](#) Leases (IFRS 16)

<sup>2</sup> For certain partly owned subsidiaries, there are option agreements with the non-controlling interests whereby Veidekke has a right to buy remaining shares and the non-controlling interests have a right to sell the same shares. The subsidiaries to which this applies are Båsum Boring AS (70%), Seby AS (70%), Tore Løkke AS (80%), Grande Entreprenør AS (80%), Hande AS (68%), Geo Fundamentering & Bergboring AS (87.5%), BRA AB (90.1%) og Veitech AB (90.1%). Veidekke's ownership share in brackets.

Instalment profile details can be found in [note 31](#).

Note 26. Trade creditors and other current liabilities

Figures in NOK million	2021	2020
<b>Trade payables</b>		
Trade payables	2 872	2 951
Provision for accrued costs	2 875	3 126
<b>Total trade payables</b>	<b>5 748</b>	<b>6 077</b>
<b>Contract liabilities (see <a href="#">note 20</a>)</b>		
<b>Total contract liabilities</b>	<b>1 936</b>	<b>1 912</b>

Contract liabilities include both forward payment plans in construction projects and advance payments from customers.

Figures in NOK million	2021	2020
<b>Other current liabilities</b>		
Current lease obligations IFRS 16 <sup>1</sup>	274	270
Accrued holiday pay including employer's contribution	583	623
Other current items	518	584
<b>Total current liabilities</b>	<b>1 374</b>	<b>1 477</b>

<sup>1</sup> See [note 14](#) IFRS 16 leases

Note 27. Warranty allocations etc.

Provision is made for guarantee work under the item Warranty provisions etc., for example to remedy any defects or omissions on completed projects. Warranty provisions etc. also covers other liabilities, such as claims from subcontractors, claims from third parties, etc. Provisions are made to cover both accrued warranty liabilities and contingent liabilities. Among other things the provisions must cover future expenses for the remedy of hidden defects, i.e. defects and omissions that have not been detected. In addition, they must also cover issues that are detected, but where there is uncertainty regarding the scope, responsibility, costs, etc. (disputes).

Figures in NOK million	2021	2020
Warranty provisions etc. at 1 January	1 037	979
Currency translation differences	-27	32
+ new warranty provisions (additions)	429	487
- reversed warranty provisions (disposals)	-219	-209
- actual claims expenses (consumption)	-244	-252
Warranty provisions etc. at 31 December	975	1 037

Liability for material defects

All projects shall be handed over to the customer in accordance with the contract. If defects or omissions are detected in projects that have been handed over, the contractor may be liable to remedy them at no extra charge. The projects have different warranty periods, but the norm is three to five years.

Note 28. Security, guarantee liabilities and joint and several liability

Figures in NOK million	2021	2020
<strong>Mortgages</strong>		
Recorded liabilities secured by mortgages etc.	63	33
Book value of mortgaged assets	381	346
<strong>Guarantees</strong>		
Guarantees to joint ventures and associates	-	-
Guarantees to other companies	-	-

The group has given a negative pledge for loans and guarantees. As a result of its participation in partnerships and joint ventures, Veidekke could become liable for other participants' inability to fulfil their obligations. However, Veidekke is not liable until the company in question is unable to meet its obligations.

Veidekke has pledged financial assets with a carrying amount of NOK 303 million at 31 December 2021 to cover pension liabilities incurred. See [note 18](#) Financial assets.

Note 29. Capital management

The purpose of effective capital management is to secure financial leeway to implement measures in support of Veidekke’s operations and strategy. Veidekke seeks to maintain a robust financial position that supports profitability and value creation throughout the group and thus generates a return for shareholders. Important elements in a robust capital structure include equity, the level and development of net interest-bearing assets, ongoing cash flow and financial limits. The liquidity of the Veidekke group is characterised by seasonal fluctuations, and capital management is designed with these fluctuations in mind.

Net interest-bearing assets amounted to NOK 3.7 billion at year-end 2021. The group has significant excess liquidity following receipt of the proceeds of the sale of the property development operation. At year-end, cash and cash equivalents and financial

investments amounted to NOK 4.4 billion, including NOK 2.4 billion in short-term investments in bond and money market funds. These funds are expected to generate a somewhat better return than bank deposits, with very low anticipated risk and high liquidity.

The group’s total available credit amounted to NOK 2.5 billion. Veidekke also has a NOK 600 million unsecured bond loan which matures in 2025, and which has been reduced to NOK 193 million after year-end. The group had no outstanding certificate loans at 31 December 2021. Veidekke has no official credit rating but monitors quantitative and qualitative factors with an effect on its creditworthiness. For further information on Veidekke’s financial borrowing limits and the bond loan, see [Note 30](#).

Veidekke can optimise its capital structure by paying dividends to shareholders and repurchasing shares. Veidekke’s dividend policy is to provide shareholders with a regular return proportionate to the group’s financial performance, and for paid dividends to total at least 70% of post-tax profits. In its capital markets update in May 2021, Veidekke stated that it envisaged distributing more than 70% in the short term, based on its strong financial position following the sale of the property development operation in 2020. The average distribution ratio over the past five years is 76% (excluding the extraordinary dividend paid out in connection with the sale of the property development operation). For the financial year 2021, the board of directors has proposed a dividend of NOK 7 per share, equating to a distribution ratio of 99%. The group’s equity ratio is a potential limiting factor with regard to dividend distributions, as

some public-sector clients demand a certain level of equity ratio in connection with competitive tenders.

In periods when the group’s financial position is strong, Veidekke may supplement its dividend policy with share repurchasing. The general meeting has authorised the board of directors to repurchase up to 10% of the company’s share capital, although share repurchases are only considered when the share price is deemed to be below actual fundamental value. In recent years, Veidekke has prioritised dividends and operational investments over share repurchases.

## Note 30. Financial risk

Veidekke seeks to maintain a robust financial position, necessitating effective operation, low financial risk exposure and appropriate management of parameters with an impact on financial risk. The group's financial policy includes guidelines on financial risk management.

Veidekke has a centralised finance function mandated to ensure short- and long-term financial capacity and to manage financial risk in cooperation with the group's individual operations.

The finance function is responsible for making financing arrangements and managing interest rate risk and foreign exchange risk, while the operations undertake ongoing risk management, including management of credit risk and trade debtors. Veidekke's primary categories of financial risk are trade debtors, liquidity and interest-bearing debt.

### (1) Credit risk

Credit risk is the risk of financial losses due to non-performance of contractual obligations by a customer or financial asset counterparty. The group's credit risk relates primarily to the payment of receivables, with trade debtors presenting the greatest risk. Credit risk linked to trade debtors concerns the payment capacity of customers, rather than their willingness to pay (project risk). The group has a significant proportion of public-sector clients (approximately 35%), who are deemed to present very low credit risk. Veidekke seeks to manage credit risk linked to private-sector clients

(approximately 65%) through proactive drafting of client contracts and by ensuring that the operations apply robust credit monitoring procedures.

Veidekke's management systems include contract drafting procedures which also function as risk management measures and require agreed payment schedules to match planned progress. In addition, works contracts are largely based on national standards, such as Norwegian Standards, which include provisions requiring the client to provide security for the contract sum. (Norwegian Standards require the provision of security for up to 17.5% of the contract sum during the construction period.) Together, these two measures help reduce credit risk in ordinary construction projects. Sweden does not have a national standard provision on bank guarantees, and risk is therefore somewhat higher there. The asphalt and aggregates operations, which serve a large number of customers, prioritise credit assessment procedures, timely invoicing, guarantee provision and active follow-up of unpaid receivables.

The group has no material credit risk linked to any individual counterparty. The group has issued few guarantees relating to third-party debt, except as discussed in [note 28](#) Provision of security.

There will always be a risk that a customer may be unwilling to pay owed sums, but this is regarded as an operational risk and is managed in the context of ordinary project assessment. For further

information, see [note 20](#) Trade debtors and [note 33](#) Project-related disputes and claims.

### (2) Liquidity risk

Liquidity risk is the risk that Veidekke may be unable to meet its payment obligations as they fall due. Robust liquidity is a key prerequisite for Veidekke's profitability and ability to invest and take on risk in capital-intensive business areas. Managing liquidity risk serves the objective of financial flexibility, and has high priority. Liquidity is managed, measured and controlled at project level and throughout the organisation. At year-end, cash and cash equivalents and financial investments amounted to NOK 4.4 billion, including NOK 2.4 billion in short-term investments in bond and money market funds. These funds are expected to generate a somewhat better return than bank deposits with very low anticipated risk and high liquidity. The group also has substantial capacity to fulfil ongoing performance guarantees issued in connection with construction projects.

Veidekke's substantial available liquidity and borrowing capacity mean that the group is well-equipped to handle financial uncertainty.

Veidekke refinanced its bank loans in December 2020. The new agreements provide for a borrowing facility with DNB totalling NOK 1.75 billion (with a rolling 364-day maturity) and a credit facility from SEB totalling NOK 0.75 billion with a three-year maturity and two subsequent one-year extension

options. Both agreements are based on a negative pledge and require Veidekke's key financial figures (covenants) to fulfil the following condition:

Net interest-bearing debt divided by EBITDA over the preceding four quarters shall not exceed 3.0. As of 31 December 2021, this ratio totalled -1.6. Net interest-bearing debt is defined as the group's short-term and long-term interest-bearing debt minus liquid assets and interest-bearing receivables, while EBITDA is defined as the group's operating profit/loss plus depreciation and amortisation.

See [note 21](#) for information on liquid assets, [note 25](#) on long-term interest-bearing debt, [note 28](#) on provision of security and guarantee liability and [note 31](#) on sensitivity analysis and maturity structure.

### (3) Market price risk

#### Shares and bonds

The group is exposed to price risk on investments in equity instruments. This investment category, which includes shares, is not normally part of the group's investment strategy. Instead, Veidekke gives priority to investments in companies and projects where the group can exert significant influence on future operations and developments.

The carrying value of financial assets at fair value was NOK 479 million as of 31 December 2021. This item primarily comprises a bond fund investment made to cover pension liabilities.

Financial investments totalling NOK 303 million relate to the coverage of pension liabilities, and are subject to security interests. Four-fifths of the portfolio is invested in a high-yield bond fund, while the rest is invested in a stock mutual fund. These investments are classified as financial assets measured at fair value with value changes recognised through other comprehensive income. One-third of the portfolio enjoys some protection because a change in the value of the investment is compensated for by a corresponding change in the pension liabilities. The value of the financial investments may be affected by financial turbulence and market fluctuations.

The carrying value of financial investments at fair value was NOK 539 million as of 31 December 2021, comprising a short-term investment in a bond fund. The risk level of this highly liquid investment is deemed to be very low.

**Hedging of raw material costs**

Veidekke undertakes little hedging of input factors used in production, and any hedging is only done once an order has been received.

The petroleum product bitumen is a key input factor for the asphalt operation (part of Infrastructure Norway), and the price of bitumen is closely linked with oil prices. Bitumen costs are rarely hedged, and only in the case of orders with long delivery deadlines. Contracts with the group's largest customers, the Norwegian Public Roads Administration and county municipalities, assign most of the risk associated with changes in the price of bitumen to the customer. As regards deliveries to other customers, the period of time between receipt of an order and delivery is normally short, thus reducing the risk of price changes. Nevertheless, Veidekke may have some exposure in the event of rapid, substantial price changes. As of 31 December 2021, the group had entered into a total of three hedging contracts, all related to major asphalt contracts scheduled for delivery in 2022.

**(4) Interest rate and currency risk**

Veidekke's interest rate risk relates to the group's debt portfolio and is managed at group level. The different operations are exposed to interest rate risk, and some partly-owned companies use interest-rate swaps to reduce material long-

term interest rate risk. Veidekke has a NOK 600 million fixed-rate bond loan which matures in 2025 and carries a fixed coupon rate of 3.20%. After year-end, in January 2022, Veidekke completed a voluntary redemption of the bond loan which reduced it to NOK 193 million.

The value of the group's interest-rate swaps is determined using the forward rate on the balance-sheet date, and is confirmed by the financial institution acting as the counterparty.

Veidekke has ownership interests in five PPP companies: the school projects Skuleveg AS (50%), Skulebygg AS (50%), Skulegard AS (50%) and Skuleplass AS (50%) and the road project Allfarveg AS (50%). For all these projects, agreements have been signed which secure long-term financing at a fixed rate of interest. Interest rate risk has been eliminated by ensuring that agreed financing is in accordance with signed leases. Reference is made to separate discussion of the PPP projects in [note 17](#).

Interest rate levels generally have a material impact

on demand for Veidekke's products, and on private-sector demand in particular. General market risk therefore includes indirect interest rate risk. Higher interest rates will normally mean reduced activity in the group's construction operations.

Veidekke's operations are largely national, and project cash flow is usually denominated in the national currency. Foreign exchange risk arises in connection with purchases of input factors denominated in foreign currencies. When material foreign exchange risk arises, it is hedged through forward contracts or similar instruments. Equity in foreign subsidiaries is not hedged, and any exchange rate fluctuations therefore affect the group's overall profit/loss. Total net agio recognised in the income statement for 2021 was NOK -22 million (NOK -11 million).

Note 31. Financial instruments

The carrying value of assets and liabilities can be broken down into the following categories:

2021	Statement of financial position at 31 December 2021	Financial assets and liabilities measured at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Financial assets and liabilities measured at fair value through OCI	Other financial liabilities	Fair value				Cost of assets measured at fair value
						Level 1	Level 2	Level 3	Total	
Figures in NOK million										
Non-current financial assets	479	303	176	-	-	-	303	-	303	275
Trade receivables and contract assets	5 589	-	5 589	-	-	-	-	-	-	-
Financial investment, bond fund	539	539	-	-	-	-	539	-	539	555
Other receivables	460	-	460	-	-	-	-	-	-	-
Cash and cash equivalents <sup>1</sup>	3 814	1 872	1 942	-	-	-	1 872	-	1 872	1 873
Total financial assets	10 882	2 714	8 168	-	-	-	2 714	-	2 714	2 704
Bond debts and debt to credit institutions	762	-	-	-	762	-	635	-	635	
Other non-current liabilities	1 358	-	-	-	1 358	-	-	-		
Debt to credit institutions (current)	13	-	-	-	13	-	-	-		
Tax payable	206	-	-	-	206	-	-	-		
Other financial current liabilities <sup>2</sup>	9 958	-	-	-	9 958	-	-	-		
Total financial liabilities	12 298	-	-	-	12 298	-	635	-	635	

<sup>1</sup> Cash and cash equivalents comprise består av bank deposits and deposits in money market funds. See [note 21](#).  
<sup>2</sup> Other financial current liabilities comprise the items trade payables, contract liabilities, public duties and other current liabilities in the statement of financial position.

2020	Statement of financial position at 31 December 2020	Financial assets and liabilities measured at fair value through profit and loss	Financial assets and liabilities measured at amortised cost	Financial assets and liabilities measured at fair value through OCI	Other financial liabilities	Fair value				Cost of assets measured at fair value
						Level 1	Level 2	Level 3	Total	
Figures in NOK million										
Non-current financial assets	571	320	251	-	-	-	283	37	320	281
Trade receivables and contract assets	6 432	-	6 432	-	-	-	-	-	-	-
Financial investment, bond fund	540	540				-	540	-	540	544
Other receivables	286	-	286	-	-	-	-	-	-	-
Cash and cash equivalents <sup>1</sup>	3 219	1 262	1 957	-	-	-	1 262	-	1 262	1 262
Total financial assets	11 049	2 123	8 926	-	-	-	2 085	37	2 123	2 087
Bond debts and debt to credit institutions	798	-	-	-	798	-	634	-	634	
Other non-current liabilities	1 097	-	-	-	1 097	-	-	-		
Debt to credit institutions (current)	29	-	-	-	29	-	-	-		
Tax payable	64	-	-	-	64	-	-	-		
Other financial current liabilities <sup>2</sup>	10 503	-	-	-	10 503	-	-	-		
Total financial liabilities	12 491	-	-	-	12 491	-	634	-	634	

<sup>1</sup> Cash and cash equivalents comprise bank deposits and deposits in money market funds. See [note 21](#).  
<sup>2</sup> Other financial current liabilities comprise the items trade payables, contract liabilities, public duties and other current liabilities in the statement of financial position.

The section on the right in the table above shows financial instruments recorded at fair value according to valuation method.

- The different levels are defined as follows:
- Level 1: Fair value is measured using market prices from active markets for identical financial instruments. No adjustment is made for these prices.
  - Level 2: Fair value is measured using other observable input than that used in level 1, either directly (prices) or indirectly (derived from the prices).
  - Level 3: Fair value is measured using input that is not based on observable market data.

The carrying value of bank deposits and liabilities to credit institutions is virtually the same as their fair value, since these instruments have a short maturity term. Correspondingly, the carrying value of trade receivables, contract assets, contract liabilities and trade payables are virtually the same as the fair value, as they are agreed upon under market terms. Unpaid government charges, tax payable and current liabilities have a short maturity, and capitalised liabilities are virtually the same as the fair value. The fair value of the group’s interest rate hedging is estimated using the forward rate on the balance sheet date and is confirmed by the financial institution with which the agreement is signed.

For details concerning maturity structure and credit risk for trade receivables and contract assets, see [note 20](#) Trade receivables and contract balances.

Financial instruments at fair value<sup>1</sup>

Veidekke’s financial instruments recorded at fair value are reconciled in the following table:

Figures in NOK million	2021				2020			
	Non-current financial assets	Financial investment, bond fund	Cash and cash equivalents, money market funds	Total financial instruments measured at fair value	Non-current financial assets	Financial investment, bond fund	Cash and cash equivalents, money market funds	Total financial instruments measured at fair value
Financial instruments at 1 January	320	540	1 262	2 123	307	-	-	307
Additions	2	-	600	602	17	630	1 470	2 117
Sales/disposal	-37	-	-	-37	-10	-90	-210	-310
Reinvested return	1	11	11	24	-	4	2	6
Pre-tax gains (losses) recogn. in the income statement	16	-13	-1	2	6	-4	-	3
Financial instruments at 31 December	303	539	1 872	2 714	320	540	1 262	2 122

<sup>1</sup> Veidekke's share of financial instruments in joint ventures is not included.

The group’s long-term financing

Maturity structure and contractual cash flows for the group’s non-current liabilities are presented in the following table:

2021		Maturity structure					Total contractual cash flows
Figures in NOK million	Carrying value at 31 December 2021	2022	2023	2024	2025	After 2025	
Bond loans <sup>1</sup>	600	19	19	19	619	-	677
Debt to credit institutions <sup>2</sup>	162	44	64	27	20	13	168
Other non-current liabilities <sup>3</sup>	1 358	39	228	601	228	344	1 440
Total	2 120	102	311	648	867	356	2 285

2020		Maturity structure					Total contractual cash flows
Figures in NOK million	Carrying value at 31 December 2020	2022	2023	2024	2025	After 2025	
Bond loans <sup>1</sup>	600	19	19	19	19	619	696
Debt to credit institutions <sup>2</sup>	198	31	115	43	12	6	206
Other non-current liabilities <sup>3</sup>	1 097	8	204	124	628	418	1 382
Total	1 894	58	338	186	659	1 043	2 284

<sup>1</sup> The group has one bond loan of NOK 600 million which matures in March 2025. In January 2022, Veidekke concluded a voluntary buy-back of NOK 407 million of the nominal value of the bond, leaving the outstanding volume at NOK 193 million after the buy-back, and reducing future maturities to one third of what is stated in the table above.

<sup>2</sup> The group has a long-term credit facility with DNB with a credit limit of NOK 1.75 billion and one with SEB of NOK 0.75 million, none of which had been utilised on 31 December 2021. The two parts of the facilities have different maturities, which for the larger facility, of NOK 1 750 million, is one year, and for the other, of NOK 750 million, is until December 2023.

<sup>3</sup> Includes non-current liabilities related to leases in accordance with IFRS 16, ref. [note 14](#).

Effective interest rates for selected financial instruments:

Figures in NOK million	2021 <sup>1</sup>	2020 <sup>1</sup>
Liquidity	0.0%	0.2%
Current interest-bearing liabilities	2.3%	2.2%
Non-current interest-bearing liabilities	3.0%	2.9%

<sup>1</sup> Average effective interest rate is calculated as the average of the rates applicable through the year.

Interest rate derivatives

The group uses interest rate derivatives to hedge against fluctuations in profit as a result of changes in interest rates, i.e. interest rate swaps as cash flow hedging of loans. At 31 December 2021 the group had no such interest rate derivatives that are consolidated in the financial statements.

The group’s net interest-bearing debt

Figures in NOK million	2021	2020
Bonds, non-current	600	600
Debt to credit institutions, non-current	162	198
Debt to credit institutions, current	13	29
Total interest-bearing debt	776	827
Cash and cash equivalents	3 814	3 219
Interest-bearing financial assets	130	144
Interest-bearing bonds	539	541
Interest-bearing other receivables	1	1
Total interest-bearing assets	4 485	3 905
Net interest bearing debt	3 709	3 078

The group's short-term financing

Maturity structure and expected cash flow for the group's current liabilities are presented in the following table:

2021	Maturity structure					
	Carrying value at 31 Dec. ember 2021	Payable on demand/due date not set	0–3 months	3–12 months	Over 12 months	Anticipated cash flow
	Figures in NOK millionr					
Current liabilities to credit institutions	13	-	5	8	-	13
Trade payables <sup>1</sup>	5 748	2 997	2 720	32	-	5 748
Unpaid government charges	900	-	778	83	40	900
Tax payable	206	1	29	176	-	206
Contract liabilities and other current liabilities <sup>2</sup>	3 310	1 176	1 186	935	19	3 316
Total current financial liabilities	10 177	4 175	4 717	1 234	58	10 184

2020	Maturity structure					
	Carrying value at 31 Decem-ber 2020	Payable on demand/due date not set	0–3 months	3–12 months	Over 12 months	Anticipated cash flow
	Figures in NOK million					
Current liabilities to credit institutions	29	-	9	20	-	29
Trade payables <sup>1</sup>	6 077	3 386	2 522	168	1	6 077
Unpaid government charges	1 038	23	931	84	1	1 038
Tax payable	64	-	8	55	-	63
Contract liabilities and other current liabilities <sup>2</sup>	3 389	1 366	1 124	892	68	3 451
Total current financial liabilities	10 597	4 775	4 594	1 120	70	10 659

<sup>1</sup> When the due date is not set for trade payables, this is largely related to project accrual due to invoices not having been received.

<sup>2</sup> Includes current liabilities related to IFRS 16, ref. [note 14](#).

Specification of "Fair value adjustment" in the statements of changes in equity

Figures in NOK million	2021	2020
Hedge reserves, joint ventures <sup>1</sup>	-93	-142
Interest rate swap agreements, wholly-owned companies	-16	-15
Foreign exchange forward contracts	-1	1
Sum	-110	-156

<sup>1</sup> NOK -84 (-76) million is related to PPP E39 Lyngdal Flekkefjord. See [note 17](#).

Specification of the accounting item in other comprehensive income

Revaluation of financial assets at fair value

Figures in NOK million	2021	2020
Fair value adjustments hedge reserves, joint ventures	49	-30
Interest rate swap agreements, wholly-owned companies	-1	-19
Fair value adjustments of financial assets available for sale	-	-15
Foreign exchange forward contracts	-2	1
Sub total	46	-63
Fair value adjustments of financial assets, recorded directly against other equity	-	15
Total	46	-47

Sensitivity analysis of cash flow, financial instruments

Veidekke's financial position is generally strongest at year-end. Some parts of the business experience seasonal fluctuations which also affect the group's financial instruments. The group's contract types and payment terms may vary considerably. Overall, this means that the calculation of sensitivity to interest-rate changes is associated with a number of risk factors. The group's interest-bearing debt is limited to an outstanding fixed-rate bond loan and some smaller local borrowings. The group is expected to have substantial excess liquidity going forward. Minor changes in interest-rate levels – whether positive or negative – are not expected to have a material impact on profits, and therefore no detailed calculations have been prepared. Veidekke also has investments in joint ventures which have entered into fixed-rate agreements. See [note 17](#) for a sensitivity analysis focused on altered interest rate.

Note 32. Executive remuneration

In accordance with amendments to the Public Limited Liability Companies Act, where a new section 6-16 (b) with associated new regulations has been added, Veidekke will publish a separate report on the group's website, with detailed information about remuneration of Veidekke's CEO and other members of the corporate management team for the 2021 reporting year. Allocation and payment of remuneration to members of the corporate management team has been carried out in accordance with Veidekke's guidelines for executive remuneration, as adopted by the 2021 Annual General meeting. The complete guidelines are available at [veidekke.com](https://veidekke.com).

Compensation to the group chief executive and corporate management

Figures in NOK thousand	2021				2020
	Salary	Paid bonus	Car, phone, interest rate advantage etc.	Total compensation	Total compenstation
Group CEO					
Jimmy Bengtsson	4 321	1 300	148	5 768	4 325
Corporate management					
Jørgen Wiese Porsmyr	3 153	664	206	4 023	4 963
Hans Olav Sørlie	2 972	615	230	3 817	3 145
Øivind Larsen	2 953	623	241	3 817	2 903
Charlotta Nilsén <sup>1</sup>	1 173	-	188	1 360	-
Marcus C. Nilsson <sup>1</sup>	1 404	-	249	1 653	-
Terje Larsen	2 814	529	184	3 527	2 986
Lars Erik Lund	2 504	470	174	3 148	3 236
Anne Thorbjørnsen <sup>2</sup>	2 196	407	191	2 795	2 400
Kristina Andreasson <sup>3</sup>	1 959	135	20	2 113	639
Mats Nyström <sup>4</sup>	1 682	694	36	2 412	4 115
Catharina Bjerke <sup>5</sup>	-	-	-	-	989
Total Group CEO/corporate management	27 129	5 436	1 869	34 434	29 701

Salaries and remuneration are only stated for the period in the group management.

<sup>1</sup> Member of corporate management as of 1 July 2021

<sup>2</sup> Permanent member of corporate management as of 15 September 2020

<sup>3</sup> Member of corporate management as of 15 September 2020

<sup>4</sup> Member of corporate management until 30 June 2021. Salary stated in the table is for the period up to departure. In addition, NOK 7.3 million was paid in various benefits in the period after departure. The amount includes salary and car allowance during the notice period, a severance pay of 12 monthly salaries, bonus for 2021,exercise of share loans and exercise of options

<sup>5</sup> Member of corporate management until 30 June 2020

2021	Defined benefit scheme - year's cost	Present value of pension liabilities	Premium pension plans <sup>1</sup>	Pension balance 31.12. <sup>2</sup>	Share loans	Earned bonus
Figures in NOK thousand						
<b>Group CEO</b>						
Jimmy Bengtsson	333	578	1 974	4 106	255	1 306
<b>Corporate management</b>						
Jørgen Wiese Porsmyr	1 450	27 439			251	749
Hans Olav Sørlie			1 148	4 285	897	702
Øivind Larsen			655	1 592	503	1002
Charlotta Nilsén <sup>3</sup>			405		471	331
Marcus C. Nilsson <sup>3</sup>			396		471	331
Terje Larsen	2 308	25 650			335	666
Lars Erik Lund			566	1 584	893	595
Anne Thorbjørnsen			576	1 786	503	519
Kristina Andreasson			574	574	-	519
<b>Total Group CEO/corporate management</b>	<b>4 092</b>	<b>53 666</b>	<b>6 293</b>	<b>13 927</b>	<b>4 581</b>	<b>6 719</b>

<sup>1</sup> This year's cost for pension arrangements  
<sup>2</sup> Relates to provision arrangements for salary exceeding 12G  
<sup>3</sup> Member of corporate management as of 1 July 2021

2020	Defined benefit scheme - year's cost	Present value of pension liabilities	Premium pension plans <sup>1</sup>	Pension balance 31.12. <sup>2</sup>	Share loans	Earned bonus
Figures in NOK thousand						
<b>Group CEO</b>						
Jimmy Bengtsson	432	430	1 642	2 132	271	1 300
<b>Corporate management</b>						
Jørgen Wiese Porsmyr	1 183	22 756				664
Hans Olav Sørlie			435	2 368	474	615
Øivind Larsen			334	1 030	-	623
Mats Nyström			1 158		511	693
Terje Larsen	1 337	20 942			407	529
Lars Erik Lund			296	1 111	949	470
Anne Thorbjørnsen <sup>3</sup>			204	659	282	408
Kristina Andreasson <sup>4</sup>			147		-	135
<b>Total Group CEO/corporate management</b>	<b>2 952</b>	<b>44 128</b>	<b>4 214</b>	<b>7 300</b>	<b>2 894</b>	<b>5 436</b>

<sup>1</sup> This year's cost for pension arrangements  
<sup>2</sup> Relates to provision arrangements for salary exceeding 12G  
<sup>3</sup> Permanent member of corporate management as of 15 September 2020  
<sup>4</sup> Member of corporate management as of 15 September 2020

Compensation to the board of directors

Figures in NOK thousand	2021		2020	
	Fees	Loan for share purchases	Fees	Loan for share purchases
Svein Richard Brandzæg	667	-	704	-
Gro Bakstad	389	-	380	-
Ingolv Høyland	358	-	350	-
Daniel Kjørberg Siraj <sup>1</sup>	341	-	211	-
Hanne Rønneberg <sup>2</sup>	368	-	-	-
Per Ingemar Persson <sup>2</sup>	368	-	-	-
Klara-Lise Aasen <sup>3</sup>	-	-	-	-
Carola Lavén <sup>3</sup>	-	-	-	-
Inge Ramsdal (elected by employees)	304	-	259	-
Odd Andre Olsen (elected by employees)	358	-	277	-
Arve Fludal (elected by employees)	314	75	259	405
Ingalill Berglund <sup>4</sup>	358	-	350	-
Hans von Uthmann <sup>5</sup>	-	-	350	-
Tone Hegland Bachke <sup>5</sup>	-	-	350	-
Total board of directors	3 825	75	3 487	405

<sup>1</sup> Temporarily resigned 21 November 2019–16 June 2020  
<sup>2</sup> Board member from 6 May 2020  
<sup>3</sup> Board member from 5 May 2021  
<sup>4</sup> Board member until 5 May 2021  
<sup>5</sup> Board member until 6 May 2020

Veidekke has established audit, compensation and project committees. Compensation for participation in committees is included in the board members’ fees. For an overview of corporate management and board shareholdings, see [note 22](#).

Reemuneration to auditors

Figures in NOK thousand	2021	2020
Statutory audit	12 528	15 490
Tax-related assistance	259	972
Other services in addition to auditing	797	658
Total remuneration to auditors	13 584	17 120

Remuneration excludes VAT.

Note 33. Project-related disputes and claims

Through its ongoing operations, Veidekke is involved in disputes with clients regarding the interpretation and understanding of signed contracts. This applies particularly to complex projects where the contract terms are demanding and large sums of money are involved. Veidekke strives to resolve these kinds of disputes outside the courts whenever possible, but some cases must nevertheless be decided by arbitration or in court. Disputes may be Veidekke’s claims on customers (additional claims) and customers’ claims on Veidekke (remedy of defects, compensation, etc.). Thorough assessments are conducted in connection with disputed claims to ensure the most correct reporting in the accounts. Reference is made to the Group’s accounting policies:

“The revenue recognition for additional claims against the client and disputed amounts with a high level of uncertainty is based on assessments of the likely outcome of the dispute. The degree of uncertainty in the estimates will affect the proportion of the claim that is recognised in the income statement.”

At year-end, Veidekke was involved in six (ten) legal disputes valued at more than NOK 25 million and currently ongoing before the courts. Five of the disputes are valued between 25 and 150 million, and one is valued above this and is categorised as a major dispute. Four legal disputes valued at more than NOK 25 million were resolved during the year through either legal rulings or negotiations with the client.

Note 34. Related-party transactions

Veidekke’s related parties include associates and joint ventures (see [note 16](#)), Veidekke’s shareholders, members of the board and key staff in Veidekke (see [note 32](#)). Veidekke has stakes in associates and joint ventures, and these are reported in Veidekke’s accounts using the equity method.

Transactions with associates and joint ventures:

Figures in NOK million	2021		2020	
	Associates	Joint ventures	Associates	Joint ventures
Revenue	-	101	8	878
Total revenue	-	101	8	878
Statement of financial position at 31 December				
Receivables	-	49	-	62
Liabilities	1	6	3	13

OBOS BBL has a 19.3% stake in Veidekke and is also a major business partner. The collaboration with OBOS comprises deliveries from Veidekke's construction operation to companies in the OBOS Group.

Transactions with selected parties

Figures in NOK million	Revenue 2021	Receivables 31 Dec. 2021
OBOS	2 141	263

Note 35. Events after the reporting date

No events have occurred after the balance sheet date which have had a material effect on the issued accounts.

Note 36. Alternative performance measures

Veidekke generally reports its financial results in line with International Financial Reporting Standards (IFRS). In addition, the following alternative performance measures are also reported:

Net interest-bearing position

The key figure expresses the group’s financial position and has been prepared based on the total liquid assets and interest-bearing receivables at the time of assessment, less interest-bearing debt (both current and non-current). The key figure is included in the covenants calculation in the loan agreement.

Order book

The order book provides an indication of future activity in the group’s construction operations. The order book is defined as contracted and signed contracts on the measurement date. This key figure also includes road maintenance contracts in Infrastructure in Norway’s Road Maintenance unit.

Invested capital

The return on invested capital is calculated by dividing the pre-tax profit/loss plus interest costs over the previous 12 months by the average invested capital over the same period.

The average invested capital is calculated by averaging invested capital over the four preceding quarters.

Invested capital comprises equity and interest-bearing debt. Interest-bearing receivables and cash are excluded from the definition of interest-bearing debt.

Return on equity

This key figure indicates the return on equity during the period. It is calculated by dividing the post-tax profit by average equity.

Post-tax profit last 12 months
Average equity last 12 months

Average equity over the last 12 months is calculated by averaging equity over the preceding four quartersl.

Note 37. Corporate structure

This is an alphabetical overview of all subsidiaries in the Veidekke group, excluding pure holding companies and inactive companies. Specified ownership shares represent the proportion owned by Veidekke ASA or an indirectly owned subsidiary.

Company name	Business area	Head office	Country	Ownership share <sup>1</sup>	
				2021	2020
AB Berggren & Bergman	Infrastructure Sweden	Luleå	Sweden	100%	100%
Amrock AS	Infrastructure Norway	Oslo	Norway	100%	100%
Arcona AB	Construction Sweden	Solna	Sweden	100%	100%
Arcona Concept AB	Construction Sweden	Solna	Sweden	100%	100%
Bergmesteren Raudsand AS	Infrastructure Norway	Raudsand	Norway	100%	50%
Billström Riemer Andersson AB	Construction Sweden	Mölnadal	Sweden	90%	90%
Block Berge Bygg AS	Construction Norway	Klepp Stasjon	Norway	100%	100%
BRA Bygg AB	Construction Sweden	Mölnadal	Sweden	94%	94%
BRA Förvaltning AB	Construction Sweden	Mölnadal	Sweden	100%	100%
BRA Knarrholmen AB	Construction Sweden	Mölnadal	Sweden	67%	67%
BRA Knarrholmen Drift AB	Construction Sweden	Mölnadal	Sweden	100%	100%
BRA Laholm	Construction Sweden	Mölnadal	Sweden	100%	100%
BRA Mark AB	Construction Sweden	Mölnadal	Sweden	83%	83%
BRA Teknik AB	Construction Sweden	Mölnadal	Sweden	100%	100%
Brinkab AB	Infrastructure Sweden	Hudiksvall	Sweden	100%	100%
BSK Arkitekter AB	Construction Sweden	Stockholm	Sweden	100%	100%
BSK Holding AB	Construction Sweden	Solna	Sweden	51%	51%
Båsum Boring AS	Construction Norway	Krøderen	Norway	70%	70%
Container og Massegjenvinning AS	Construction Norway	Åmot	Norway	55%	55%
Exengo Installationskonsult AB	Construction Sweden	Stockholm	Sweden	51%	51%
Fastighets AB GTR	Construction Sweden	Stockholm	Sweden	100%	100%
GEO Fundamentering & Bergboring AS	Construction Norway	Rolvsøy	Norway	88%	100%
Grande Entreprenør AS	Construction Norway	Verdal	Norway	80%	80%
Hande AS	Construction Norway	Oslo	Norway	68%	68%
Hoffmann AS	Denmark	Glostrup	Denmark	100%	100%
Hoffmann Ejendomme AS	Other	Glostrup	Denmark	100%	100%
Industrivegen 2 Jessheim AS	Infrastructure Norway	Jessheim	Norway	100%	100%
Knarrholmen Utveckling AB	Construction Sweden	Mölnadal	Sweden	100%	100%
Kongsberg Pukkverk og Grus AS	Infrastructure Norway	Kongsberg	Norway	67%	67%
Kynningsrud Grundläggning AB	Construction Norway	Uddevalla	Sweden	100%	100%
Kystmiljø AS	Construction Norway	Halden	Norway	100%	100%
Leif Grimsrud AS	Construction Norway	Halden	Norway	80%	80%

Company name	Business area	Head office	Country	Ownership share <sup>1</sup>	
				2021	2020
Lillhagen Byggnads AB	Construction Sweden	Mölnadal	Sweden	100%	100%
Nordre Fokserød Utvikling AS	Infrastructure Norway	Sandefjord	Norway	100%	100%
Rauma Bygg AS	Construction Norway	Åndalsnes	Norway	100%	100%
Rudsflata 11 AS	Construction Norway	Grålum	Norway	100%	100%
Seby AS	Construction Norway	Skedsmokorset	Norway	70%	70%
Skuledrift AS	Construction Norway	Oslo	Norway	100%	100%
Sydbeläggningar AB	Infrastructure Sweden	Klippan	Sweden	75%	75%
Team Veidekke DA	Construction Norway	Oslo	Norway	80%	80%
Tore Løkke AS	Construction Norway	Revsnes	Norway	85%	85%
Valdresbygg AS	Construction Norway	Fagernes	Norway	100%	100%
Veidekke Danmark AS	Other	Glostrup	Denmark	100%	100%
Veidekke Entreprenad AB	Construction Sweden/ Infrastructure Sweden	Solna	Sweden	100%	100%
Veidekke Entreprenør AS	Construction Norway	Oslo	Norway	100%	100%
Veidekke Fellestjenester AS	Other	Oslo	Norway	100%	100%
Veidekke Framtid AB	Construction Sweden	Solna	Sweden	100%	0%
Veidekke Grundläggning AB	Infrastructure Sweden	Göteborg	Sweden	100%	100%
Veidekke Industri AB	Infrastructure Sweden	Solna	Sweden	100%	100%
Veidekke Industri AS	Infrastructure Norway	Oslo	Norway	100%	100%
Veidekke Logistikkbygg AS	Construction Norway	Sandefjord	Norway	100%	100%
Veidekke Prefab AB	Construction Sweden	Sala	Sweden	100%	100%
Veidekke Raudsand AS	Infrastructure Norway	Raudsand	Norway	100%	50%
Veidekke Sverige AB	Construction Sweden/ Infrastructure Sweden	Lund	Sweden	100%	100%
Veitech AB	Infrastructure Sweden	Solna	Sweden	90%	90%
Vestgårdveien 17 AS	Construction Norway	Halden	Norway	100%	100%
Øst AS	Construction Norway	Halden	Norway	100%	100%
Øst Boligprosjekt AS	Construction Norway	Halden	Norway	100%	100%

<sup>1</sup> For subsidiaries which parent company is not directly or indirectly wholly-owned by Veidekke ASA, the real or financial ownership share is lower.

# Income statement Veidekke ASA

Figures in NOK million	Note	2021	2020
Revenue		93	102
Personnel expenses	<a href="#">1</a> , <a href="#">11</a>	-126	-119
Other operating expenses	<a href="#">3</a>	-99	-86
Depreciation	<a href="#">4</a>	-12	-17
Total operating expenses		-236	-222
Operating profit		-143	-120
Dividends and group contributions from subsidiaries	<a href="#">2</a>	1 061	1 676
Other financial income	<a href="#">2</a>	63	1 465
Financial costs	<a href="#">2</a>	-48	-88
Profit before tax		933	2 933
Income tax expense	<a href="#">10</a>	-10	-12
Profit for the year		924	2 921
Allocation of profit			
Dividends payable		945	776
Paid dividends		-	3 037
Other equity		-21	-892
Total		924	2 921

# Statement of financial position Veidekke ASA at 31 December

Figures in NOK million	Note	2021	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	<a href="#">10</a>	64	66
Property and machinery	<a href="#">4</a>	108	80
Investments in subsidiaries	<a href="#">5</a>	2 502	2 503
Investments in associates and joint ventures	<a href="#">6</a>	105	105
Financial investments	<a href="#">7</a>	275	310
Other non-current receivables	<a href="#">7</a>	97	89
<b>Total non-current assets</b>		<b>3 151</b>	<b>3 153</b>
<b>Current assets</b>			
Receivables from group companies	<a href="#">14</a>	471	418
Financial investments	<a href="#">8</a>	539	540
Other receivables		98	25
Cash and cash equivalents	<a href="#">8</a>	1 525	1 846
<b>Total current assets</b>		<b>2 632</b>	<b>2 829</b>
<b>Total assets</b>		<b>5 783</b>	<b>5 982</b>

Figures in NOK million	Note	2021	2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		67	67
Other equity		1 123	1 167
<b>Total equity</b>	<a href="#">9</a>	<b>1 191</b>	<b>1 234</b>
<b>Non-current liabilities</b>			
Pension liabilities	<a href="#">11</a>	291	254
Bonds	<a href="#">12</a>	600	600
<b>Total non-current liabilities</b>		<b>891</b>	<b>854</b>
<b>Current liabilities</b>			
Trade payables		72	68
Tax payables	<a href="#">10</a>	1	-
Dividends payable	<a href="#">9</a>	945	776
Current liabilities to group companies	<a href="#">14</a>	2 656	3 019
Other current liabilities		27	32
<b>Total current liabilities</b>		<b>3 701</b>	<b>3 894</b>
<b>Total equity and liabilities</b>		<b>5 783</b>	<b>5 982</b>

# Statement of cash flows Veidekke ASA

Figures in NOK million	Note	2021	2020
<b>Operating activities</b>			
Pre-tax profit		933	2 933
Recognised dividends and group contributions from subsidiaries, not yet paid	<a href="#">14</a>	-1 061	-1 506
Received dividends and group contributions from subsidiaries	<a href="#">14</a>	398	823
Group contributions to subsidiaries, paid		-	-176
Tax paid	<a href="#">10</a>	-	-
Depreciation	<a href="#">4</a>	12	17
Gains on sale of shares		-	-1 408
Pensions, difference expensed/paid	<a href="#">11</a>	8	23
Generated from this year's activities		290	707
Change in other current assets		4	27
Change in other items		-63	-80
Net cash flow from operating activities (A)		231	654
<b>Investing activities</b>			
Acquisition of tangible non-current assets	<a href="#">4</a>	-39	-51
Paid-in after divestment of property development operations		1	6 990
Payment, other investments		-2	-540
Equity contributions in subsidiaries		-	-1
Received dividends from joint ventures		15	14
Net cash flow from investing activities (B)		-25	6 412

Figures in NOK million	Note	2021	2020
<b>Financing activities</b>			
Downpayment of non-current bond loan		-	-1 000
Repayment of non-current debt		-	-1 370
Change in intra-group balances group cash account		249	119
Dividends paid		-776	-3 037
Net cash flow from financing activities (C)		-527	-5 288
Total net change in cash and cash equivalents (A+B+C)		-321	1 779
Cash and cash equivalents at 1 January		1 846	67
Cash and cash equivalents at 31 December		1 525	1 846
Supplementary information			
Borrowing facility		2 500	2 500
Used committed borrowing facilities at 31 December		-	-

# Notes Veidekke ASA

## Accounting policies

Veidekke ASA prepares its financial statements in accordance with Norwegian accounting standards.

The parent company Veidekke ASA is a holding company with no operational activity. Its activities consist of investments in subsidiaries and joint ventures, and its income consists of dividends and group contributions from these companies. In addition, Veidekke ASA invoices its subsidiaries for their share of costs related to administration of the group.

Investments in subsidiaries and joint ventures are accounted for using the cost method. This means that investments are booked at cost price, and only distributions from the companies are recognised in income. Investments are written down if the carrying value exceeds fair value.

Group contributions are recognised in the income statement in the same year as they are accrued by the subsidiary. Dividends from subsidiaries are recognised in the income statement in the same year as they are allocated in the subsidiary (the year before distribution). The dividend proposed in Veidekke ASA was recognised as a liability at 31 December 2021.

With the exception of the date of accounting recognition of dividends and group contributions and the accounting treatment of financial instruments such as share investments, the parent company applies the same accounting principles as the group.

Unless otherwise specified, all amounts are in NOK million.

## Note 01. Payroll costs

Figures in NOK million	2021	2020
Payroll	87	84
Pension costs	21	21
National Insurance contributions	11	13
Other payroll costs (social benefits etc.)	6	2
Total	126	119
Number of fulltime equivalents	47	53
Number of employees at 31 December	47	53

Note 02. Financial income and financial expenses

Figures in NOK million	2021	2020
Dividend and group contributions from subsidiaries	1 061	1 676
Interest income	43	43
Dividends from joint ventures	15	14
Gains from sale of shares	-	1 408
Other financial income	5	-
Total other financial income	63	1 465
Interest costs	-44	-71
Foreign currency loss	-4	-17
Total financial costs	-48	-88
Net financial items	1 076	3 052

Note 03. Remuneration to auditors

Remuneration to the auditors in 2021 amounted to NOK 1.0 (NOK 1.2) million for auditing, and NOK 0.1 (NOK 0.2) million for auditing-related services. In 2020, the auditor also provided services in connection with the sale of the property development operation, the remuneration for which amounted to NOK 1.1 million, of which NOK 0.4 million concerned tax-related services. All amounts are stated excluding VAT.

Note 04. Plant, machinery, land and buildings

Figures in NOK million	Properties	Machinery/ IT systems	IT systems under devel- opment	Total 2021	Total 2020
Carrying amount at 1 January	8	26	46	80	49
Original cost at 1 January	11	103	46	159	112
Additions	-	4	35	39	51
Completion	-	10	-10	-	-
Disposal original cost	-	-	-	-	-3
Original cost at 31 December	11	117	71	198	159
Accumulated depreciations / impairments at 1 January	-3	-76	-	-79	-62
Depreciation for the year	-	-12	-	-12	-17
Impairment for the year	-	-	-	-	-
Accumulated depreciation/ impairments at 31 December	-3	-88	-	-91	-79
Carrying amount at 31 December	8	29	71	108	80
Depreciation method	Straight line	Straight line			
Depreciation rate	2–5%	10–25%	-		

Note 05. Shares in subsidiaries

Company	Location	Ownership share (%)	Value in the state- ment of financial position <sup>1</sup>
Veidekke Entreprenør AS	Oslo	100	1 413
Hoffmann A/S	Copenhagen	100	366
Veidekke Industri AS	Oslo	100	402
Veidekke Sverige AB	Lund	100	296
Veidekke Fellestjenester AS	Oslo	100	14
Veidekke Danmark AS	Copenhagen	100	11
Total			2 502

<sup>1</sup> Carrying value in Veidekke ASA's accounts at 31 December 2021 (cost method).

Note 06. Shares in associates and joint ventures

Company	Location	Ownership share (%)	Carrying amount in NOK million <sup>1</sup>
Allfarveg AS	Oslo	50	66
Skulebygg AS	Oslo	50	21
Skuleplass AS	Oslo	50	11
Other companies	Oslo	50	8
Total			105

<sup>1</sup> Carrying amount in Veidekke ASA's accounts at 31 December 2021 (cost method).

Note 07. Financial investments and other non-current receivables

Figures in NOK million	2021	2020
Share loans to employees	97	88
Financial assets	275	310
Total	372	399

See [note 7](#) to the group statements for further information on share loans to group employees. The company has invested NOK 275 million in a combination fund consisting of both bonds and shares. The investment is intended to cover incurred pension liabilities and has been pledged. Unrealised gain per 31 December 2021 is NOK 28 million.

Note 08. Bank deposits and short-term financial investments

Figures in NOK million	2021	2020
Short-term investment in bond fund <sup>1</sup>	539	540
Short-term financial investments	539	540
Short-term money market investments <sup>1</sup>	1 272	1262
Bank deposits and cash equivalents	253	584
Total bank deposits and cash equivalents	1 525	1 846

<sup>1</sup> Veidekke has made a short-term investment of NOK 1.8 billion in a fixed-income fund and a money market fund. In the statement of financial position, the money market fund is classified as a cash equivalent, while the fixed-income fund is treated as a short-term interest-bearing receivable. For further information on this investment, see [notes 18](#) and [21](#) to the group accounts.

Note 09. Reconciliation of equity

Figures in NOK million	2021	2020
Equity at 1 January	1 234	2 142
Profit for the year	924	2 921
Paid dividends	-	-3 037
Dividends payable	-945	-776
Change in value of net pension assets	-22	-16
Equity at 31 December	1 191	1 234

Figures in NOK million	Share capital	Share premium	Other equity	Total equity
Equity at 1 January	67	419	748	1 234
Profit for the year			924	924
Dividends payable			-945	-945
Change in value of net pension assets			-22	-22
Equity at 31 December	67	419	705	1 191

Note 10. Tax costs and deferred tax

Figures in NOK million	2021	2020
<strong>Income tax expense</strong>		
Tax payable in the statement of financial position	1	-
Tax payable on group contributions	-	31
Change in deferred tax	9	-19
Total income tax expense	10	12
<strong>Reconciliation of the group's tax rate</strong>		
22% of profit before tax	205	645
Actual income tax expense	10	12
Difference	196	633
<strong>Difference in income tax expense</strong>		
Tax-exempted dividends from subsidiaries	197	315
Tax-exempted capital gain on share sale	-	319
Other permanent differences	-1	-
Total	196	633
<strong>Deferred tax</strong>		
<strong>Temporary differences</strong>		
Current items	-8	-57
Gains and loss account	11	14
Operating equipment	-4	-4
Pensions	-291	-254
Basis for deferred tax (- deferred tax asset)	-291	-302
Deferred tax assets 22%	-64	-66
<strong>Recognised deferred tax assets</strong>	-64	-66

Note 11. Pensions

Figures in NOK million	2021	2020
<strong>Pension costs</strong>		
Current service cost	5	7
Interest cost on net pension liabilities	4	4
Cost of defined-benefit plan	9	11
Cost of defined-contribution and deposit schemes	14	9
Pension costs	23	21
Pension liabilities	297	320
Pension assets	-5	-66
Net pension liability	291	254
Change in value (actuarial gains and losses)	-29	-21
Change in value after tax recognised directly in equity	-22	-16

The company is required by law to have occupational pension arrangements under the Norwegian Mandatory Occupational Pension Act. The company's pension plans comply with the statutory requirements laid down in this Act. See the accounting policies and the presentation of the schemes in [note 23](#) to the consolidated accounts.

Note 12. Non-current liabilities

Veidekke has an overdraft facility with DNB of NOK 1 750 million (rolling 364-day maturity) and a NOK 0.75 billion credit facility with SEB (three-year maturity and two one-year extension options). These facilities remained unused at year-end 2021. Veidekke ASA is responsible for the group’s total withdrawals from the group account. For further details, see [notes 29](#) and [30](#) to the consolidated accounts.

At 31 December 2021 the recorded non-current liability consists of bond loan of NOK 600 million maturing in March 2025. After year-end, in January 2022, Veidekke implemented a voluntary buy-back of the bond loan. Following the buy-back offer, Veidekke’s bond loan stands at NOK 193 million.

Note 13. Guarantees

At 31 December 2021 Veidekke ASA has provided guarantees for its subsidiaries totalling approx. NOK 3 950 million in connection with specific construction projects for group companies. The company has a current bank guarantee to cover payroll tax obligations.

Note 14. Receivables and liabilities with group companies

Figures in NOK million	2021	2020
Trade receivables from group companies	32	20
Outstanding dividends and group contributions	1 061	1 671
Dividends payable offset against current group liabilities	-623	-1 274
Total receivables from group companies	471	418
Trade payables to group companies	7	-
Current liabilities to group companies related to the group account	3 268	4 292
Dividends payable offset against current group liabilities	-623	-1 274
Other liabilities to group companies	4	-
Total liabilities to group companies	2 656	3 019

Note 15. Other notes

- The following requirements are covered in notes to the consolidated accounts:
- [Note 22](#): Number of shares, shareholders etc..
  - [Note 30](#): Financial risk
  - [Note 31](#): Financial instruments
  - [Note 32](#): Executive remuneration
  - [Note 35](#): Events after the reporting date


# Declaration in accordance with article 5-5 of the securities trading act

We hereby confirm that, to the best of our knowledge and belief, the group and company financial statements for 2021 have been prepared in compliance with current accounting standards, and that the information in the accounts gives a true and fair view of the group and company assets, liabilities and financial position, as well as the results of their operations in their entirety.

The board of director's annual report gives a true and fair view of the group and company development, result and position, as well as of the main risk and uncertainty factors the group is faced with.

Oslo, 24 March 2022  
The board of directors of Veidekke ASA


  
Svein Richard Brandtzæg  
Chair

  
Gro Bakstad

  
Ingolv Høyland

  
Daniel Kjørberg Siraj

  
Hanne Rønneberg

  
Per-Ingemar Persson

  
Klara Lise Aasen

  
Carola Laven

  
Inge Ramsdal

  
Odd Andre Olsen

  
Arve Fludal

  
Jimmy Bengtsson  
Group CEO

## Himmerfjärdsverket

The treatment plant in Grödinge, serving southwest Stockholm, is being renovated and expanded, in order to accommodate the needs of a growing population and meet new environmental requirements. Client: Syvab.



# Corporate governance

The corporate governance and management principles specify how Veidekke must be led, organised and administered to facilitate the greatest possible value creation over time, for the benefit of shareholders, employees and society at large.

## 1. Statement on corporate governance

Together with Veidekke's risk management principles, core values and ethical guidelines, the corporate governance principles are the group's most important management parameters. The board of directors is responsible for Veidekke's corporate governance and management, and conducts an annual evaluation of principles and practice in this area.

Veidekke is subject to the governance reporting requirements in section 3-3b of the Accounting Act. The company is also subject to Oslo Stock Exchange's corporate governance requirements, and therefore reports in accordance with the current version of the Norwegian Code of Practice for Corporate Governance. This chapter covers the 15 main topics in the Code of Practice, and explains any deviations. The company's auditor has reviewed the information in the statement issued pursuant to section 3-3b of the Accounting Act, and has concluded that it is consistent with the information provided in the annual accounts.

The corporate governance statement will be considered at the annual general meeting on 11 May 2022.

Deviations from the Code of Practice: None

## 2. Operations

Veidekke's purpose is defined in its articles of association as "construction and property development activities, and other economic activities related thereto. Activities may be engaged in by the company itself, by subsidiaries in Norway or abroad, through participation in other companies or in cooperation with others." See [page 165](#).

Veidekke ASA is a public limited liability company headquartered in Oslo and with operations in Norway, Sweden and Denmark. The operations are managed by the private limited liability companies Veidekke Entreprenør AS, Veidekke Industri AS, Veidekke Sverige AB and Hoffmann A/S, but financial figures are reported in accordance with the following segment structure:

- Construction Norway is one of the country's largest construction contractors, with operations focused around major population centres.
- Infrastructure Norway executes civil engineering projects all over the country and is a substantial producer of asphalt and aggregates, as well as an important operator in the Norwegian public roads maintenance market.
- Construction Sweden builds residential and commercial buildings and executes renovation projects, primarily in and around Stockholm, Malmö and Gothenburg.
- Infrastructure Sweden executes civil engineering, recycling and asphaltting projects all over Sweden.
- Hoffmann A/S in Denmark primarily constructs commercial buildings.

Following the sale of Veidekke's property development operation on 1 September 2020, Veidekke is now a streamlined construction company. In recent years, the group has prioritised improving margins and profitability ahead of revenue growth. High shareholder dividends have also been prioritised. Higher profitability and dividends will remain top priorities in the period to 2025. However, Veidekke will also focus on continued profitable growth in selected markets. Concrete targets have been adopted for the group's profit margins and dividends, as well as strategic goals for the various operations to ensure strong profitability and value creation in all parts of the business.

Veidekke wishes to promote sustainable social development through responsible business conduct and systematic improvements related to, for example, greenhouse gas emissions, resource consumption, protection of the external environment, occupational health and safety, diversity, skills development, etc. Veidekke supports the UN Sustainable Development Goals and is a member of the UN Global Compact. The group's efforts in these areas are detailed in its sustainability report, which complies with the international Global Reporting Initiative (GRI) standard and is incorporated into the annual report ([pages 125–164](#)).

Deviations from the Code of Practice: None

## 3. Equity and dividends

Veidekke aims to provide its shareholders with a competitive return on their investment through a combination of dividends and share price appreciation. To achieve this, strategic targets have been set at unit level. The group must have a strong financial position. Veidekke's measures to strengthen competitiveness and ensure profitability include taking an active role in the green shift, monitoring of risk exposure and capital efficiency, lean construction processes and other effectiveness initiatives.

As at 31 December 2021, the group's equity ratio was 17% and its net interest-bearing assets totalled NOK 3.7 billion.

Veidekke aims to distribute at least 70% of the group's annual profit to shareholders. A dividend of NOK 5.75 per share was distributed in May. This corresponds to a dividend pay-out ratio of 100% (IFRS, continued operations). The board is proposing a dividend of NOK 7.0 per share for the financial year 2021, amounting to 99% of the profit per share. The proposal is based on the company's dividend target and its robust financial position. The proposal will be presented for approval at the annual general meeting on 11 May 2022.

At the annual general meeting on 5 May 2021, the board was authorised to:

- Increase the company's share capital in connection with business acquisitions. The share capital may be increased by up to NOK 6.5 million, i.e. approximately 10% of the company's share capital, divided into 13 million new shares with a nominal value of NOK 0.50 each.
- Increase the company's share capital in connection with share and option programmes for employees. The share capital may be increased by up to NOK 1 137 000, i.e. approximately 2% of the company's share capital, divided into 2 274 000 new shares with a nominal value of NOK 0.50 each.
- Purchase the company's own shares to optimise the group's capital structure, and as a means of payment in connection with the acquisition of other undertakings. This authorisation is capped at NOK 6.5 million, i.e. approximately 10% of the

company's share capital, divided into 13 million new shares with a nominal value of NOK 0.50 each.

- Purchase the company's own shares in connection with share and option programmes for employees. This authorisation is capped at a nominal value of NOK 1 137 000, i.e. approximately 2% of the company's share capital, and the payment per share with a nominal value of NOK 0.50 may not be lower than NOK 10 or higher than NOK 300.

Deviations from the Code of Practice: None

**4. Equal treatment of shareholders and transactions with close associates**

Veidekke treats all shareholders equally as a matter of principle. Each share carries one vote at the annual general meeting. Any variation of shareholders' pre-emptive rights in connection with capital increases will be explained.

Impartiality rules ensure that resolutions do not favour the main shareholder, namely OBOS (19.3% ownership interest). OBOS is a major property developer and an important client for Veidekke's construction operation, in respect of both residential and office projects. In 2021, Veidekke and OBOS formed a jointly held (50/50) company as a vehicle for developing and constructing the office building at Standardveien 2–4 in Ulven, Oslo, which is to be Veidekke's new headquarters.

Where Veidekke has engaged in material

transactions with major shareholders other than ordinary commercial agreements, independent advisers are engaged to ensure correct valuation.

Board members have a duty to inform the board of potential conflicts of interest. Guidance on this topic is also included in the board's rules of procedure.

Veidekke's management gives high priority to employee co-ownership, and seeks to enable as many staff as possible to buy shares in the company. The employee share purchase programme gives staff an annual opportunity to buy discounted Veidekke shares. Due to the distribution of an extraordinary dividend in December 2020, the 2020 share purchase invitation was rescheduled for February 2021. At the end of 2021, employees owned more than 11% of the company.

Veidekke had an option programme for key staff until 2021, with full accrual being achieved after three years. The last allocation in 2021 encompassed 981 900 options priced at NOK 1 per option. The exercise period for the former option programme will run until 2026. The option programme was replaced with an annual share purchase programme for senior executives in 2021. The programme is based on the purchase of discounted shares with the option of loan financing by Veidekke. The first round of share purchases under the programme was completed in November 2021.

The group complies with Oslo Stock Exchange's insider trading rules and trading restrictions. See

[page 122](#) for further details of the insider trading rules applicable to employees.

Deviations from the Code of Practice: None

**5. Freely negotiable shares**

Veidekke's shares are listed on Oslo Stock Exchange and are freely transferable. The company's articles of association do not contain any trading restrictions.

Deviations from the Code of Practice: None

**6. Annual general meeting**

Veidekke facilitates shareholder participation in the annual general meeting, and gives priority to ensuring that it is an effective meeting place for shareholders and the board. Due to official infection control measures linked to the Covid-19 pandemic, the 2021 ordinary general meeting took the form of a webcast. Veidekke will continue to facilitate digital participation even when in-person general meetings become possible again.

The company's next ordinary general meeting will be held on 11 May 2022. Notice of the meeting and supporting documents are published on Veidekke's and the Oslo Stock Exchange's websites no later than 21 days before the annual general meeting. Pursuant to section 5-11 of the Public Limited Liability Companies Act, shareholders have the right to submit matters for consideration by the annual general meeting. Such matters must be notified to the board of directors in writing no later than seven

days before the deadline for giving notice of the annual general meeting, together with a proposed decision or statement of reasons for the inclusion of the matter on the agenda. Shareholders can participate in the annual general meeting either in person or through an authorised representative (proxy). Proxy forms are distributed with the notice of meeting. Shareholders who are unable to attend the annual general meeting in person or by proxy may vote in advance on the individual agenda items.

The board of directors, the chair of the nomination committee and Veidekke's auditor attend the annual general meeting, in addition to company management. The minutes of the annual general meeting are published the first working day after the meeting.

Deviations from the Code of Practice: None

7. Nomination committee

Use of a nomination committee is stipulated in Veidekke's articles of association. The nomination committee submits recommendations to the annual general meeting on the election of members to the board of directors and the nomination committee, and proposes board fees. The nomination committee consults the CEO, board members and relevant shareholders when preparing recommendations. Shareholders may propose board candidates for the nomination committee. The Veidekke website

includes a function for this, and there is no deadline for submitting such proposals.

The annual general meeting elects the nomination committee's chair and other members, and sets the remuneration of the committee members. Under the articles of association, the nomination committee must have at least three members, who should be shareholders or representatives of shareholders. The majority of the members must be independent of the board of directors and company management, and the CEO and other senior executives are barred from membership.

In 2021, the nomination committee comprised Harald Norvik (chair), Erik Must, Anne Elisabet Thurmann-Nielsen and Tine Fosslund. The committee held five meetings.

Deviations from the Code of Practice: None

8. The board of directors, composition and independence

The board of directors is Veidekke's highest administrative body, and is directly accountable to the annual general meeting. The board consists of 11 members, eight of whom are elected by the shareholders and three of whom are elected by and from among the employees. In 2003, Veidekke entered into an agreement with its employees that it would not have a corporate assembly. In return, employees were granted increased representation

on the board of directors. The shareholder-elected board members are elected for one year at the annual general meeting. Since the group does not have a corporate assembly, the board elects its own chair in accordance with the provisions of the Public Limited Liability Companies Act.

In deciding the composition of the board, emphasis is given to safeguarding shareholder interests and ensuring breadth of expertise and diversity. Of the shareholder-elected board members, four are women and four are men. Veidekke thus complies with the provisions of the Public Limited Liability Companies Act on gender balance on the boards of listed companies. Efforts are made to have board members from all Scandinavian countries. Six of the shareholder-elected board members are resident in Norway and two in Sweden.

The board's composition ensures that it can act independently of shareholders' special interests. Moreover, the board's rules of procedure include impartiality rules dealing with situations where a board member has a vested interest. Board independence is also ensured through the use of the nomination committee as stipulated in the articles of association.

The majority of the shareholder-elected board members are independent of the company's senior executives and significant business associates. Board member Daniel Kjørberg Siraj is the

current Group CEO of OBOS, Veidekke's largest shareholder and an important business partner.

In keeping with the Code of Practice, board members are encouraged to own shares in Veidekke. See the overview of shareholdings in [Note 22](#).

Deviations from the Code of Practice: None

9. The work of the board of directors

The board's main task is to ensure value creation. The board of directors is also responsible for the overall management of the company, including the appointment of the Group CEO, and is tasked with ensuring productive, appropriate organisation of the company's business. The board plays an independent role, and is mandated to ensure equal and proper treatment of all shareholders.

The board of directors adopts targets, draws up strategies and budgets, and actively contributes expertise and experience. All matters of an unusual nature or of great significance to the group must be presented to the board. An annual plan specifies the topics to be discussed at different board meetings, and the board reviews all business areas annually. The board's work is based on its rules of procedure, which describe its responsibilities and tasks, including agreements with associated parties. The board evaluates its own work and expertise annually. The board held nine board meetings in 2021.

Veidekke’s board had three sub-committees as at the end of 2021: the audit committee, the remuneration committee and the project committee. Committee members are selected from among the board members. Minutes of sub-committee meetings are sent to the board, and the committee chairs regularly brief the board on the work of their committees.

*The audit committee*

The audit committee is tasked with facilitating productive cooperation between the board of directors and the administration, as well as between the board and the external auditor, on accounting,

financial conditions, controls and risk management. The committee reports to the board, and its work is governed by board-issued mandates and instructions. The committee held nine ordinary meetings in 2021, including four meetings concerning the group’s quarterly reports.

The audit committee comprises four shareholder-elected board members and one employee-elected member. In 2021, the members of the board were Gro Bakstad (chair), Daniel Kjørberg Siraj, Hanne Rønneberg, Ingolv Høyland (until May 2021), Klara-Lise Aasen (as of May 2021) and Odd Andre Olsen.

**The board of directors – roles and participation in board and committee meetings in 2021:**

Name	Role	Board member since	Board meetings	Committee involvement/meetings
Svein Richard Brandtzæg	Chair	2019	9 of 9	Remuneration (chair): 5 of 5
Gro Bakstad	Board member	2010	8 of 9	Audit (chair): 9 of 9
Ingolv Høyland	Board member	2017	9 of 9	Audit: 4 of 4 Project: 8 of 11
Daniel Kjørberg Siraj	Board member	2018	9 of 9	Audit: 8 of 9 Project: 5 of 5
Hanne Rønneberg	Board member	2020	9 of 9	Audit: 9 of 9 Project: 9 of 11
Per-Ingemar Persson	Board member	2020	9 of 9	Remuneration: 5 of 5 Project (chair): 11 of 11
Klara-Lise Aasen <sup>1</sup>	Board member	2021	6 of 6	Audit: 5 of 5
Carola Lavén <sup>1</sup>	Board member	2021	6 of 6	Remuneration: 3 of 3
Inge Ramsdal <sup>2</sup>	Board member	2008	9 of 9	Remuneration: 3 of 3
Odd Andre Olsen <sup>2</sup>	Board member	2011	9 of 9	Audit: 9 of 9
Arve Fludal <sup>2</sup>	Board member	2015	9 of 9	Project: 10 of 11
Ingaliil Berglund <sup>3</sup>	Board member	2016	3 of 3	Remuneration: 1 of 2

<sup>1</sup> Elected to the board of directors at the annual general meeting on 5 May 2021.  
<sup>2</sup> Employee-elected.  
<sup>3</sup> Resigned at the annual general meeting on 5 May 2021.

*The remuneration committee*

The remuneration committee submits proposals to the board on the salary and other compensation of the Group CEO, and advises the Group CEO on salary and compensation arrangements for members of group management. The committee reports to the board, and its work is governed by board-issued mandates and instructions. The committee held five ordinary meetings in 2021.

The remuneration committee is composed of four shareholder-elected board members and one employee-elected member. In 2021, the remuneration committee consisted of Svein Richard Brandtzæg (chair), Daniel Kjørberg Siraj, Per-Ingemar Persson, Ingaliil Berglund (until May 2021), Carola Lavén (as of May 2021) and Inge Ramsdal (as of May 2021).

*The project committee*

The board's project committee helps deepen the board’s insight into major new projects and assists the Group CEO with decisions on bids for projects valued at NOK 800–1 500 million, as well as projects with an unusual content and/or risk level. The project committee held eleven meetings in 2021.

The project committee consists of three shareholder-elected members and one employee-elected member. In 2021, these were Per-Ingemar Persson (chair), Hanne Rønneberg, Ingolv Høyland (as of May 2021) and Arve Fludal.

Deviations from the Code of Practice: None

**10. Risk management and internal control**

The ability to plan, execute and evaluate construction projects lies at the heart of Veidekke’s business. Effective structuring and management are critical success factors for the group. The large number of ongoing projects at any given time necessitates systematic reporting by each project to each business area, and then on to management and the board. Reports are submitted ten times a year, and cover matters such as profitability, liquidity, risk, injuries, employee absence and environmental impact, as well as other financial and non-financial parameters.

Veidekke’s framework for the management and monitoring of project uncertainties covers the tender and execution phases and concentrates on uncertainty analysis and management. Uncertainty management is incorporated into financial reports for individual projects, and also includes a quarterly review by management of the project portfolio’s development and the individual projects presenting the greatest uncertainties.

Management monitors the project portfolio on an ongoing basis to ensure an acceptable level of risk exposure and a robust basis for profitability. The principles underpinning the uncertainty management framework are reflected in the management systems used by the different operations, in the form of clear guidelines on and procedures for risk management

at the tendering phase as well as project execution with regard to quality, progress, profitability, health, safety and the environment.

These systems and procedures help ensure the quality of the order book and a consistent high standard of project execution. The development and profitability of the order book is a fixed agenda item for the management teams of the individual companies, group management and the board of directors.

Veidekke's financial policy provides guidelines for the different entities' financial management and activities. The objective is to avoid, limit, control and measure financial risk, promote capital rationalisation and optimise the group's financial resources.

Climate risk is included in the company's risk management activities. Climate change may entail severe damage to nature and infrastructure such as buildings and roads. In addition, stricter climate standards and new technologies may bring about major changes in demand for various products and services, as well as in applicable framework conditions for production. Climate risk may therefore impact the group's operational, financial and market risks. In future, Veidekke's climate risk-related reporting will reflect the EU taxonomy – a system which defines green economic activity. Veidekke began pilot screening of projects by reference to the taxonomy in 2020, and also started calculating the proportion of revenue for which the taxonomy includes criteria. Veidekke's 2021

reports include assessments of the proportion of revenues, operational costs and investments which is compliant with the taxonomy's assessment criteria. Read more about the taxonomy on [page 129](#) of the Sustainability Report.

*Planning*

Veidekke's financial and strategic planning follows a fixed annual schedule which specifies deadlines for the preparation of framework documents, strategy plans and budgets. The schedule also prescribes ongoing monitoring of the group's operations.

*Financial management*

The group is managed in accordance with clear financial targets related to profit margin, capital yield and capital structure. These targets are broken down and translated into sub-targets for the individual operations, in the form of profitability and cash flow requirements. Projects are subject to profit margin targets, including targets for financial items.

*Financial reporting*

Veidekke's group accounts are prepared in accordance with the applicable IFRS regulations. The group adopts accounting policies in line with the regulations, which are communicated to the operations together with other applicable rules, with particular emphasis on changes in new and significant standards. Accounting information is reported through the group's joint reporting system. The reporting system features an overarching chart of accounts and integrated control systems,

both intended to promote information consistency. Quarterly and year-end financial reports are expanded to provide mandatory additional information.

In accordance with Veidekke's governance model, accounting information is consolidated and controlled at several levels within the organisation. Each entity has a responsibility to comply with applicable laws and regulations on financial reporting, and to seek assistance from central staff functions when significant assessments or transactions going beyond the ordinary course of business are required. The group has adopted a special procedure which must be followed in connection with the purchase and sale of businesses. Veidekke's external auditor performs expanded checks at project level. Moreover, the audit committee is mandated to engage in-depth with accounting and financial matters, control measures and risk management on behalf of the board. Assessment of project status and risk constitutes the greatest financial reporting-related risk for project-based organisations. Veidekke therefore arranges courses on relevant financial and management systems to ensure that it has the necessary project-reporting expertise.

*Ethical guidelines*

Veidekke's ethical guidelines draw up a framework for proper conduct on behalf of the group, detailing both business practice standards and requirements linked to Veidekke's relations with partners, suppliers and other parties.

All persons who work for or represent Veidekke have a duty to act in accordance with the ethical guidelines and the group's core values: professional, honest, enthusiastic and ground-breaking. To help ensure that ethical dilemmas are handled well, the individual employee's personal values must align with the group's core values. Other prerequisites to making wise choices is familiarity with laws and regulations and a good understanding of what these entail.

*Reporting of censurable conduct*

Veidekke has rules in place for the reporting of censurable conduct within the company (whistleblowing) and on the handling of such reports. A whistleblowing mechanism has been established through which reports can be submitted anonymously. The mechanism can be accessed on Veidekke's website, thus also allowing external parties to submit reports.

*Compliance risk*

Veidekke has adopted measures to help employees handle complex issues in accordance with applicable laws and regulations. The measures include guidance documents and training.

Deviations from the Code of Practice: None

**11. Remuneration of board members**

Board and committee remuneration is set by the annual general meeting based on recommendations received from the nomination committee. The remuneration reflects the board's responsibility,

expertise and time spent, and is independent of the company's financial results. No board members have share option agreements.

None of the shareholder-elected board members perform special tasks for Veidekke beyond those inherent in their membership of the board and any board committees. See also [Note 32](#).

Board members are encouraged to hold shares in Veidekke (see section 8).

Deviations from the Code of Practice: None

12. Remuneration of senior executives

The board of directors is tasked with setting the salary and other compensation of the Group CEO, while the remuneration of other members of group management is determined by the Group CEO in consultation with the board chair. A statement on the remuneration guidelines for senior executives is given to the annual general meeting each year and published on the group's website.

Veidekke seeks to offer competitive pay conditions but does not wish to be a wage-driver, and the salaries of senior executives are therefore set based on a comparison with industry statistics and other relevant businesses. A bonus programme has been established in addition to ordinary salary, under which the maximum individual payout is 50% of annual salary. The bonus is linked to target achievement in accordance with pre-defined

criteria. Veidekke's managers also participate in the group's general employee share purchase programme, under which employees receive an annual invitation to buy Veidekke shares at a discount and with financial assistance.

See also Shareholder information on [page 120](#) for further details, as well as [Notes 32](#) and [7](#).

Deviations from the Code of Practice: None

13. Information and communication

All shareholders and other stakeholders in the financial markets are treated equally in terms of access to financial information from Veidekke. Strong emphasis is given to ensuring that all provided financial information is correct, clear and relevant, so that the share price reflects the value of the company.

The company website provides all interested parties with equal and simultaneous access to relevant shareholder information, in Norwegian and English. Access is also provided to the group's financial calendar, which contains dates for the publication of financial information and information about the company's annual general meeting.

Veidekke publishes quarterly reports containing supplementary financial information on the websites of the company and the Oslo Stock Exchange. The presentation of the quarterly results is open to the public, and can also be viewed via webcast. The group's Investor Relations team

(IR) maintains regular contact with shareholders, potential investors, analysts and the financial markets in general. Extra care is taken in the periods immediately prior to the publication of quarterly figures. The board of directors is updated on IR work on an ongoing basis. See also Shareholder information.

Deviations from the Code of Practice: None

14. Corporate takeover

Any offer to take over the company will be handled in accordance with the principle of equal treatment of shareholders. The board of directors recognises its responsibility to provide shareholders with sufficient information and time to form an opinion on any bid for the company. If a bid for a large, controlling shareholding is received, the board will evaluate the bid and make a recommendation to shareholders to accept or reject it. Once any bid becomes public, the board will not use authorisations or pass other resolutions that obstruct the bid unless this has been approved by the general meeting.

Deviation from the Code of Practice: The board of directors does not have specific guidelines on its conduct in connection with a bid for the company. The board agrees with the wording of the NUES recommendation, but has not found it necessary to adopt such guidelines.

Deviations from the Code of Practice: None

15. Auditor

Veidekke's external auditor is EY. The external auditor is elected by the annual general meeting, which also approves the audit fee each year. The external auditor is independent of Veidekke ASA, and issues an annual written confirmation to the board of directors that stipulated independence requirements are met. Veidekke has guidelines in place on the scope and types of additional services provided by the auditor. The external auditor's remuneration is specified in [Note 32](#).

The external auditor normally attends at least two board meetings a year, including the meeting at which the board considers the annual accounts and audit summary. Arrangements are made to ensure that the board has an opportunity to ask the auditor questions without management being present.

The external auditor also attends all meetings of the audit committee, to which the auditor presents the audit plan, interim audit report and report on the annual report and accounts. In these reports, the auditor issues an opinion on the quality of internal controls throughout the group and discusses any accounting problems revealed by the audit.

The external auditor also attends the ordinary general meeting.


Deviations from the Code of Practice: None



### Ålesund Bybad

Full-scale indoor water park and residential complex in central Ålesund on Norway's west coast. Client: Brødrene Jangaard

# Auditor's report



Statsautoriserte revisorer  
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo  
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00

www.ey.no  
Medlemmer av Den norske Revisorforening

### INDEPENDENT AUDITOR'S REPORTP

To the Annual Shareholders' Meeting of Veidekke ASA

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Veidekke ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise of the statement of financial position as at 31 December 2021, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise of the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been Veidekke ASA's elected auditor for a continuous period starting prior to 2022.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the

#### Accounting of projects

*Basis for the key audit matter*

Revenues and costs from projects in the construction operations are recognised over time in accordance with the progress of the projects. Estimates for the projects' total costs, the outcome of disputes and any other contractual obligations are applied for revenues recognised over time. Progress is estimated on the basis of accrued costs compared with estimated total costs in the project. Project revenue comprises the agreed compensation and variable compensation from additional and change orders. Variable revenue is fully or partly recognised if it is considered to be highly unlikely that any significant reversal of revenue will be made in subsequent periods. The projects can be complex and continue for several years. The accounting for projects has been a key audit matter due to the estimation uncertainty, the projects' complexity and the significance of the amounts involved.

risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

#### Our audit response

We assessed the application of the accounting principles for revenue recognition over time in addition to completeness and accuracy of the disclosures concerning revenues. We have also considered routines for project monitoring and tested controls related to project evaluations and accounting. We discussed the status on selected projects with project management and the Company's management by region and business unit.

We also visited selected projects. For selected contracts, we tested

- project revenue against agreements and assessed the treatment of variable revenue from additional and change orders in addition to disputes and claims.
- estimated variable compensation against the Company's documentation and management's assessment of the probability that no significant reversals will take place when the uncertainty related to the variable compensation ceases.

We also controlled costs charged to the projects against invoices and timesheets, assessed the determination of estimated total project costs, the estimated final profit against comparable projects and analysed the development in profitability for selected projects and for the total project portfolio. In addition, we have performed analyses of actual revenues and costs on selected finalised projects against project prognoses in order to evaluate management's historical accuracy.

We refer to note 9 on construction projects in progress, note 33 on information regarding disputes and claims related to projects and note 26 on trade payables and other current liabilities.

Independent auditor's report - Veidekke ASA 2021

A member firm of Ernst & Young Global Limited



Disputes and claims in large infrastructure projects

**Basis for the key audit matter**  
The Group is through its ongoing business involved in disputes with clients regarding the interpretation and understanding of contracts. This particularly applies to infrastructure projects where the contractual amounts are significant, and the projects and contracts are complex. The disputes and claims concern both claims from Veidekke against the customers (due to variable volumes and the settlement of volumes, etc.) as well as claims from customers against Veidekke (remedy of defects, compensations etc.). Management uses a significant degree of judgment in the consideration of such dispute issues, and disputed amounts are only recognized if it is considered to be highly probable that no significant reversals will take place in subsequent periods. Disputes and claims have been a key audit matter due to estimation uncertainty, the disputes' complexity and the significance of the amounts.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is

**Our audit response**  
We assessed the Company's controls and routines related to the identification, evaluation and follow-up of disputes. We evaluated the Company's assessment of estimates and discussed ongoing disputes with management on various levels in the Group. We reviewed relevant internal and external correspondence, had meetings with the in-house legal department and obtained statements from external and internal lawyers. We assessed management's accuracy in historical disputes against the outcome of these disputes as part of our control of management's judgment in ongoing disputes.

We refer to note 1 for information on areas involving significant estimation uncertainty and note 33 for information regarding disputes and claims related to projects.

materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the



financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

*Opinion*

As part of our audit of the financial statements of Veidekke ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name VEI-2021-12-31-nb, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

*Management's responsibilities*

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

*Auditor's responsibilities*

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence



we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 24 March 2022  
ERNST & YOUNG AS

Anders Gøbel  
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

# Shareholder information

Veidekke generates value for shareholders in the form of a robust, stable return. This return reflects the group’s financial solidity, itself the result of stable, profitable operations. The Veidekke share achieved a total return of 24.2% in 2021.

### History

Veidekke was founded in 1936, and has been listed on the Oslo Stock Exchange since 23 June 1986. The Veidekke share is traded on the main exchange under the ticker symbol VEI. All Veidekke shares carry equal rights and are freely transferrable.

Veidekke has always had a single share class, with one share carrying one vote.

There is a long-term link between value creation by the company and the return on the share as measured by share price growth and dividends. The Veidekke share is among the top 25 contributors

Share price development, indexed<sup>1</sup>



<sup>1</sup> The share prices in this chart have been adjusted for dividends. The scale is logarithmic. Source: Oslo Stock Exchange and Veidekke.

to value creation on the Oslo Stock Exchange over the past 30 years.

### Turnover and returns

2021 saw a total of 27.4 million Veidekke shares traded on the Oslo Stock Exchange, yielding a turnover rate of 20.3%. By comparison, 38.7 million shares were traded in 2020, equating to a turnover rate of 28.7%. There were 92 409 trades involving Veidekke shares during the year, compared to 124 551 the previous year. At the close of 2021, the share price was NOK 132.40, corresponding to a market value of NOK 17.9 billion. The return for shareholders in 2021 was 24.2%, including dividends paid for the financial year 2020. In contrast, the return on the Oslo Stock Exchange all-share index was 23.4%.

### Dividend

Veidekke’s dividend policy calls for a pay-out ratio of at least 70% of the profit for the year. Over the past five years, the company has delivered an average pay-out ratio of 76% (excluding the extraordinary dividend paid in connection with the sale of Veidekke’s property development operation).

At the general meeting in May 2021, a dividend of NOK 5.75 per share was approved for the financial year 2020.

The board is proposing a dividend of NOK 7.0 per share in respect of the financial year 2021, corresponding to a pay-out ratio of 99% (IFRS, continued operations).

### Ownership structure

At the close of the year, Veidekke had 11 377 shareholders, compared to 12 140 at the beginning of the year. The largest shareholders were OBOS BBL (19.3%), Folketrygdfondet (11.0%) and IF Skadefors kring AB (3.7%). Employees owned a combined stake of approximately 11.5% in the company, compared to 11.1% in 2020. Foreign ownership remained stable in 2021, and totalled 26.3% at year-end.

Veidekke’s share capital as at 31 December 2021 amounted to NOK 67 478 133.50, divided into 134 956 267 shares with a nominal value of NOK 0.50 each.

### Employee co-ownership

Employee ownership has been a priority for Veidekke since its initial public offering in 1986. The company’s management encourages broad employee co-ownership through its employee share programme, which gives all employees an annual opportunity to purchase Veidekke shares at a discount. Management

firmly believes that employee co-ownership promotes commitment, motivation and understanding of the business, and that actively benefiting from the company's value creation gives employees a long-term perspective on Veidekke's development. The share programme is open to all employees. Co-ownership is also considered an important recruitment tool and an incentive which supports retention of skilled workers.

Veidekke trainees receive NOK 10 000 in shares when they join the company, as do apprentices who stay with the company after achieving trade certification.

*The share programme (established in 1986)*

- Annual opportunity for employees to purchase a limited number of Veidekke shares at a 20% discount (25% for Swedish participants, to compensate for changed tax rules). All shares purchased through the programme are subject to a two-year lock-in period.
- Share purchases can be financed in two ways: payment in cash or through an interest-free loan from Veidekke which is repaid through salary deductions over the following 10 months.
- Veidekke has an additional share programme for senior executives. Shares purchased through this programme can be financed by an interest-free loan with a 15-year repayment period, and are subject to a three-year lock-in period.

Share purchases under the general employee share programme took place in February, while purchases under the executive share programme occurred in November.

All employees:

- 7 644 employees received offers in February 2021. Of these, 2 522 employees bought a total of 1 519 673 shares. The subscription price per share was set at NOK 87.96, corresponding to the volume-weighted average share price on Oslo Stock Exchange during the subscription period less a 20% discount. The shares are subject to a two-year lock-in period.

Senior executives:

- 11 029 people received offers in November 2021. Of these, 530 employees bought a total of 474 603 shares. The subscription price was calculated based on the volume-weighted average share price on Oslo Stock Exchange during the subscription period less a discount, which for Swedish participants was 25% and resulted in a price of NOK 94.27 per share and for Norwegian and Danish participants was 20% and resulted in a price of NOK 100.55 per share. The shares are subject to a three-year lock-in period.

*Option programme for key staff<sup>1</sup>*

- The programme was established for a three-year period from 2019 to 2021, with equal allocations to key staff regardless of responsibilities and roles. The programme included annual allocations of options totalling no more than 1% of the number of shares in the company as at the allocation date. The purchase price of an option at the time of allocation was NOK 1.
- Options accrue over a period of three years from the allocation date: 25% at the end of the first year, 25% at the end of the second year and 50% at the end of the third year. Options expire if they are not exercised within five years of the allocation date.
- Options are not tradeable, and participants must be employed by the company throughout the accrual period.
- Shares which are purchased through the option programme may not be sold within the first year after exercise of the option.
- In 2021, 578 persons exercised 149 090 options allocated in 2019, and 347 persons exercised 151 555 options allocated in 2020.
- A decision has been made to discontinue the option programme and replace it with a share programme for senior executives. Allocated options will run until their respective maturity dates.

In 2021, 1 044 key staff were offered 2 000 options each. Of these, 539 employees subscribed for a total of 981 900 options. The purchase price on allocation was NOK 1 per option.

**Authorisation to issue shares and purchase of own shares**

- At the annual general meeting in May 2021, the board was authorised to:
- Increase the company's share capital in connection with business acquisitions. The share capital may be increased by up to NOK 6.5 million, i.e. approximately 10% of the company's share capital, divided into 13 million new shares with a nominal value of NOK 0.50 each.
  - Increase the company's share capital in connection with share and option programmes for employees. The share capital may be increased by up to NOK 1 137 000, i.e. approximately 2% of the company's share capital, divided into 2 274 000 new shares with a nominal value of NOK 0.50 each.
  - Purchase the company's own shares to optimise the group's capital structure, and as a means of payment in connection with the acquisition of other undertakings. This authorisation is capped at NOK 6.5 million, i.e. approximately 10% of the company's share capital, divided into 13 million new shares with a nominal value of NOK 0.50 each.

<sup>1</sup> Line managers from site manager level and up, as well as senior staff managers.

- Purchase the company’s own shares in connection with share and option programmes for employees. This authorisation is capped at a nominal value of NOK 1 137 000, i.e. approximately 2% of the company’s share capital.

None of the authorisations were used in 2021.

Inside information

The company’s internal insider trading rules are stricter than required by the Norwegian Securities Trading Act. In addition to the extended statutory duty to investigate, the company observes the duty to obtain clearance for primary insiders, in order to ensure more thorough compliance with the duty to investigate. This is in keeping with the recommendations of the Oslo Stock Exchange. Veidekke has also drawn up internal rules which have been made known to all employees in key positions and senior union representatives. Among other things, these rules provide that trading in Veidekke shares is prohibited during the four weeks prior to publication of interim results and that employees must exercise great caution at all times when buying and selling Veidekke shares.

The investor market

Veidekke’s main aim for its investor market work is to build trust by ensuring that all parties are treated equally in terms of equal access to identical financial information. Open dialogue with investors, analysts and other stakeholders in the financial markets helps ensure that the group’s values are reflected in the pricing of the Veidekke share.

Interim results are reported in accordance with the financial calendar. Veidekke holds presentations for shareholders, potential investors, brokers, analysts, the press and employees in connection with the publication of annual and interim results. These presentations can be followed via webcast. The company publishes information in Norwegian and English. Veidekke’s financial calendar, quarterly reports, analyst presentations, economic activity reports and other important press releases and presentations, information on the Veidekke share, share price developments and shareholder information, as well as up-to-date lists of shareholders and analysts who follow the Veidekke share can be found on Veidekkes website.

Largest shareholders as at 31 December 2021

	Ownership share in %
OBOS BBL	19.3
Folketrygdfondet	11.0
If Skadeförsäkring AB	3.7
ODIN Funds	2.7
Danske Invest (DK)	2.5
Vanguard	2.5
Must Invest AS	2.2
MP Pension PK	2.0
Länsförsäkringar Funds	1.9
Lannebo Funds	1.9
Total 10 largest	49.7
Employees	11.5
Others	38.8
Total	100.0

A list of the 20 largest shareholders is published on Veidekke’s website and updated weekly. The company’s share registrar is Nordea

Share distribution as at 31 December 2021

Shareholding	From	Until	No. of shareholders	No. of shares	%
	1	100	3 338	131 919	0.10
	101	1 000	4 035	1 870 441	1.38
	1 001	10 000	3 070	10 590 520	7.85
	10 001	100 000	828	21 617 991	16.02
	100 001		106	100 745 369	74.65
Total			11 377	134 956 240	100.00

	Form of issue	Amount paid in (NOK million)	No. of shares after increase (1 000)	Share capital after increase	Adjustment factor
1986	Dispersion issue, price NOK 11.71	25.3	3 053	30.5	
1986	Issue employees, price NOK 10.54	3.1	3 113	31.1	
1988	Bonus issue 5:1		3 736	37.4	0.833
1989	Merger Hesselberg Vei		4 693	46.9	
1989	Dividend shares	0.5	4 746	47.5	0.998
1990	Merger Folke A. Axelson A/S		4 802	48.0	
1990	Dividend shares	0.6	4 861	48.6	0.999
1991	Merger Stoltz Røthing Haugesund A/S		4 912	49.1	
1991	Merger Aker Entreprenør A/S		5 623	56.2	
1995	Issue employees, price NOK 26.24	8.0	5 698	57.0	
1998	Share split 1:2		11 396	57.0	
2000	Share split 1:2		22 791	57.0	
2000	Rights issue 6:1	191.2	26 590	66.5	0.981
2001	Issue employees, price NOK 42.00	19.0	27 039	67.6	
2002	Issue employees, price NOK 43.00	11.6	27 309	68.3	
2003	Issue employees, price NOK 44.00	13.2	27 609	69.0	
2004	Issue employees, price NOK 66.00	66.0	28 609	71.5	
2007	Share split 1:5		143 045	71.5	
2007	Cancellation of shares		140 164	70.1	
2008	Cancellation of shares		135 959	68.0	
2009	Cancellation of shares		133 705	66.9	
2019	Issue employees, price NOK 91.96	115	134 956	67.5	

Key figures for the Veidekke share

	2021	2020	2019 restated	2018	2017
Market price as at 31 December	131.8	110.8	119.5	96.9	92.75
- high	132.4	133.6	121	99	128
- low	103.4	72.95	79.1	75.8	83.5
Earnings per share	7.1	15.6	6.8	4	8.2
Market price/earnings (P/E)	18.6	7.1	17.6	24.2	11.3
Market price/book value per share (P/B)	5.3	5.2	4	3.1	3.2
Dividend per share	7.0	28.25	0	5	5
Pay-out ratio (%)	99%	181%	0%	125%	61%
Turnover rate (%)	19.30%	28.70%	23.70%	33.50%	23.30%
Earnings yield (%)	24.20%	11.60%	4.20%	5.20%	5.40%
Outstanding shares (average million)	134.9	134.9	133.7	133.7	133.7
Market price as at 31 December (NOK million)	17 787	14 953	16 127	12 956	12 401
No. of shareholders as at 31 December	11 377	12 140	11 173	11 559	11 007

## Cederhusen

Four high-rises of ten to thirteen floors of flats and retail space in Hagastaden will become Stockholm's first massive wood residential quarter.

Client: Folkhem.

# 2021

## Sustainability report

**Veidekke supports the UN's 17 Sustainable Development Goals and has resolved to operate its business in accordance with the UN Global Compact's 10 principles for responsible business conduct.**

**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 that 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 and society 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.

Veidekke has 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;
- increasing diversity within Veidekke.

Veidekke is increasingly incorporating sustainability considerations into its strategies and processes. The group’s business has always rested on two pillars: people and the customers’ projects. A new group strategy adopted in the spring of 2021 identifies climate as a third pillar. To ensure future success, Veidekke must take a proactive approach

to the green shift. In 2021, group management decided that Veidekke should achieve climate neutrality – i.e. net zero emissions – by 2045, with emissions cuts following a linear path. The group’s climate goals will be verified by the Science Based Targets initiative (SBTi). The net zero emissions goal requires Veidekke to reduce emissions as much as possible throughout its supply chains, and to neutralise any residual emissions through carbon capture or other methods that permanently remove CO<sub>2</sub> from the atmosphere.

Veidekke has linked executive incentives to achievement of the group’s sustainability targets, and incorporated the targets into its loan agreement with SEB.

In 2021, the group broke down its climate goals into climate budgets for each individual business area. This process has generated deeper insight into Veidekke’s impact on the climate, as well as interest in and awareness of what is required to reduce emissions. The group is currently developing a climate plan, i.e. a plan for the transition to a zero emissions society, which sets out priority measures for stepwise annual achievement of climate goals.

## 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.

Since 2019, responsibility for sustainability work has rested with the group management team's strategic function. This arrangement is designed to ensure that the group management team addresses sustainability challenges in its business strategies and helps ensure competitiveness by overcoming them.

Each business area is responsible for sustainability results in its own organisation, while the group sustainability function assists with follow-up of requirements and initiatives and ensures that group targets are achieved.

In accordance with the group ESG policy, Veidekke established an inter-disciplinary sustainability council in 2020 to advise the Group CEO and

group management on sustainability and social responsibility matters. The sustainability council is mandated to ensure that Veidekke handles sustainability issues and its social responsibility in an integrated and uniform manner.

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.

In 2021, Veidekke revised its ethical guidelines and group climate and environmental policy, and resumed reporting to CDP Forest. A new zero deforestation policy is under development. Guidelines have already been adopted on topics such as use of certified timber, planting, local species, red list species, road salting and road verge cutting/bumblebees, and Veidekke looks forward to seeing the initiatives to strengthen natural diversity being developed by the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network.

## Priority topics

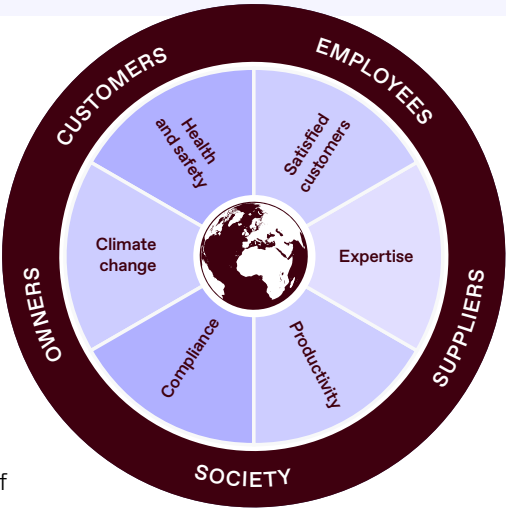
Veidekke's sustainability work is based on a materiality analysis conducted in accordance with the Global Reporting Initiative (GRI). The analysis describes opportunities and risks facing the company, as well as Veidekke's most important stakeholders and their key concerns.

The latest analysis, which was conducted in the autumn of 2018, asked internal and external stakeholders to rank various topics in the areas of finance, environment, climate, society and ethics. Based on the responses, Veidekke identified six priority topics: health and safety, productivity, compliance, expertise, climate impact and customer satisfaction. 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 priority topics are therefore relevant in both Veidekke's own operations and cooperation with suppliers.

Veidekke has followed up on the materiality analysis by initiating dialogue with a broad selection of key customers. Their feedback has been passed on to the business area management teams for implementation across the group.

The priority 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.

A new materiality analysis being carried out in the winter of 2022 will provide guidance for future sustainability-related initiatives.



## Climate risk

Veidekke has evaluated climate risk in the form of physical risk and transition risk. In 2020, Veidekke's former industrial operation presented a climate risk assessment for its entire operation based on the principles formulated by the Task Force on Climate-related Financial Disclosures (TCFD). This work has been continued through ongoing identification and assessment of climate-related risks and opportunities, including both physical risk and transition risk. Implemented measures include a customer survey, a review of new laws and regulations, a third-party assessment of how Veidekke should respond to the EU taxonomy and a pilot project testing the taxonomy's operational impact.

In 2021, this information was linked to risks and opportunities resulting from changes in policy and regulatory frameworks. The aggregated data provide important support for strategic decision-making. Also in 2021, group management and the board of directors defined climate as one of three pillars underpinning the group's future success. An updated climate risk analysis has provided a basis for deciding measures to ensure future achievement of emissions targets. Group management has given priority to recommended measures, which will be monitored and revised in 2022.

The TCFD framework has been reviewed and specified. Moreover, non-conformances have been identified and will continue to be addressed in 2022. See also [page 14](#).

## Membership of and support for sustainability initiatives

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

- UN Global Compact – Veidekke is a member and is implementing the UN Global Compact's 10 principles for responsible business conduct.
- Skift Business Climate Leaders – Veidekke is a member and a signatory of the Guide against greenwashing. The group is also participating in other initiatives that promote sustainability targets.
- Färdplan 2045 in Sweden – Veidekke has adopted and is committed to implementing the action plan.
- Zero Emission Resource Organisation – Veidekke is a strategic partner.
- Diversitas network – Veidekke is supporting this leading promoter of diversity and gender balance in the construction and civil engineering industry.

In 2021, Veidekke contributed to a new edition of the Norwegian Code of Practice for Corporate Governance, a SKIFT seminar on climate risk, a climate risk workshop organised by Zero and Nye Veier, and the UN Global Compact's social responsibility podcast in connection with adoption of a new Transparency Act by the Norwegian parliament.

## 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 156–164](#) of this report, and on [veidekke.com](#). 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 reports as of the acquisition date.

## 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 took effect across the EU on 1 January 2022, and for 2021 Veidekke is reporting on “eligibility”, i.e. the proportion of the group’s activities covered by taxonomy criteria.

The taxonomy includes criteria covering 89% of Veidekke’s activities. The remaining 11% of activities for which no criteria were available in 2021 relate to the asphalt and aggregates operation in Norway and Sweden. Moreover, 91% of operating expenses (Opex) and 85% of investments (Capex) are covered by taxonomy criteria.

To identify the proportion of group revenue, operating expenses and investments covered by taxonomy criteria, Veidekke’s activities were first surveyed based on the group’s NACE (Nomenclature of Economic Activities) codes, on which the taxonomy is based.

Key figures were defined in accordance with taxonomy guidance documents. Revenue was defined as the group’s total revenue. Operating expenses (Opex) were defined as project costs recorded directly for a project or included in day-to-day operations. Investments (Capex) were defined as gross investments in fixed assets, including fixed assets covered by IFRS16. Investments do not include share purchases.

Veidekke has undertaken to operate its business in compliance with the taxonomy’s societal criteria.

Over the past two years, Veidekke has worked on identifying the future impact of the EU taxonomy on the group, including by piloting project screening based on the taxonomy. Veidekke is ready to publish a full “alignment” report starting in 2022. “Alignment” refers to the proportion of the group’s activities, investments and operative expenses which are consistent with taxonomy requirements.

The taxonomy’s four latest sets of criteria, and the social criteria, are expected to be refined further in 2022.

	Total (NOK million)	Economic activity covered by the taxonomy (%)	Economic activity not covered by the taxonomy (%)
Revenue	37 592	89%	11%
Operating expenses (Opex)	34 032	91%	9%
Investments (Capex)	1 284	85%	15%

## 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. Veidekke considers the Transparency Act, which was passed in 2021 and enters into force in 2022, as a positive tool for ensuring decent work throughout the value chain.

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 to achieve net zero emissions by 2045.

### Goal 16: Peace, justice and strong institutions

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 of concern to them, the types of dialogue Veidekke is conducting with stakeholders and how Veidekke is following up on specific topics.

Stakeholders	Topics important to stakeholders	Arena for dialogue	Regularly	Annually	As required	Veidekke's implementation
Shareholders	Corporate governance Veidekke's goals and guidelines	Quarterly presentations and subsequent analyses	✓	✓	✓	Reporting on sustainability work in the sustainability report News updates published online
		Meetings with investors and analysts	✓			
		General meeting		✓		
Staff	Involvement and dialogue	Day-to-day dialogue with managers	✓			Involving staff through line management Involving staff through internal communication channels Running a general introduction programme for new staff Developing management tools to build sustainability knowledge and facilitate action
		Employee reviews		✓		
		General staff meetings	✓			
		Involvement of employee representatives in the board of directors and different forums	✓		✓	
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 Customer dialogue in projects and focus groups Participation in specialist and industry forums
Suppliers	Cooperation concerning OHS and compliance Securing reliable suppliers with a compliance focus	Dialogue meetings	✓		✓	Involving suppliers at an early stage, with a focus on cooperation, safety and the environment
		Industry forums	✓		✓	Pre-qualification of suppliers Supplier audits and follow-up through site visits and direct dialogue
Financial institutions (lenders)	Assessment of climate risk Loan terms linked to sustainability	Quarterly reports	✓			Annual risk assessment and selection of remedial measures
		In connection with refinancing and signature of new loan agreements			✓	Evaluation of target achievement linked to the loan agreement and corresponding adjustment of loan terms
Ministry of Finance	EU taxonomy	Submission of comments on the taxonomy to the Confederation of Norwegian Enterprise's expert committee			✓	Contributing expertise and submitting consultation comments and questions to the Ministry
Local and central authorities	Compliance Good working conditions Efficient construction and regulatory processes	Industry forums	✓			Placing important issues on the agenda Initiating dialogue and participating in public debates on topics relevant to environmental and climate goals, compliance and permanent employment
		Political events	✓			
		Contact with politicians and authorities through trade organisations			✓	
		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	✓			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 associations and on boards	✓			
Society	Impact of Veidekke's activities in the form of job creation, noise and environmental consequences Consistency between Veidekke's strategy and official objectives	Member organisations	✓			Cooperating with business and industry and authorities on initiatives such as SKIFT, the roadmap for the Swedish construction and civil engineering sector, the Norwegian Green Building Council, the Sweden Green Building Council, etc. Formalised cooperation with the environmental organisation ZERO on projects such as fossil-free construction sites, renewable materials and hydrogen as an energy carrier. Actively participating in and contributing to Skift Business Climate Leaders and signatory of the Guide against greenwashing. As a member of the UN Global Compact, will implement the Compact's 10 principles for responsible business conduct. Veidekke is engaging with issues related to social conditions in global supply chains.
		Participation in industry forums	✓			
		Open meetings			✓	
		Public meetings			✓	
		Hearings			✓	



# 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. Safe work is also a prerequisite for winning contracts and delivering projects on time.

Veidekke therefore 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 and site reports.

The group’s OHS work incorporates the principles defined in Veidekke’s OHS policy and safety plans derived from the OHS strategy. All business areas have OHS responsibility for their own organisations, while the group OHS function assists with the implementation of requirements and initiatives and monitors target achievement. The OHS policy reflects Veidekke’s values and objectives for its OHS work, and is consistent with official requirements.

Veidekke established a dedicated safety council in 2018 to strengthen its safety efforts. The council, which comprises the group OHS director and selected OHS and other managers from the

individual business areas, heads up Veidekke’s safety improvement drive on behalf of group management, proposing improvement projects and measures to group management for possible implementation. Thus far, the safety council has concentrated on the “0 in 700” improvement project ([page 133](#)), which has focused on standardising key safety processes in the group. In 2021, the improvement project progressed from development to implementation.

Veidekke’s approach to safety 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, behaviour, expertise and culture. Veidekke equips its employees to work safely every day, in the form of requisite knowledge, positive attitudes that influence safe behaviour and care for one another. Veidekke provides mandatory training to all staff and sub-contractors based on roles and areas of responsibility, and requires such training to be completed. For the past four years, these efforts have set the agenda for the group's annual OHS week.

All staff, whether employed by Veidekke or a sub-contractor, have the right to report undesirable incidents. Incidents are reported via the digital platform of the Veidekke entity for which the person works or is a contractor. All reports are followed up on by the relevant entity or entities, and measures are implemented based on the degree of seriousness, as set out in Veidekke's "Standard on investigation of and responses to OHS non-conformances". It is clearly communicated that reports of undesirable incidents are learning and improvement opportunities and shall not have negative consequences for the reporting party or parties.

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.

## The "0 in 700" improvement project

In February 2019, Veidekke launched a two-year improvement project designed to ensure achievement of the zero serious injuries target and secure a permanent reduction in the number of injuries. The "0 in 700" project consists of three improvement programmes, two of which were finalised at group level and communicated to the business areas in 2021. The project also provided necessary training and implementation support. 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 2021:

- shared digital tool for effective experience-sharing
- shared standard for accident investigations
- shared integrated learning process
- safety reports
- 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:

- Joint requirements related to six types of technical equipment were implemented in 2020.
- Shared methodology and digital tools for risk management. In 2021, a comprehensive development process was tested in 21 projects across Construction Norway and Infrastructure Norway. A final implementation decision will be made in Q1 2022.
- Standardisation of requirements and work procedures for safe lifting operations, including purchasing and skill requirements. Implementation, including test projects and piloting, is ongoing. A skills test has been rolled out and will be included in a dedicated training module for sub-contractors.

### 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.

- Much of the group has completed training on the "Safety talks" tool and has started using it. However, the Covid-19 pandemic necessitated adjustments to the rollout plan, meaning that implementation will be completed towards the end of 2022.
- 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. The OHS agreement has been introduced as of February 2022.

Veidekke has a dedicated occupational health service for all employees in Norway. Based on the objective of “More healthy working years for all”, the occupational health service assists with surveys, risk assessments, targeted occupational health studies, and assessments of occupational health and the physical, mental, ergonomic, chemical and biological working environment. The service also participates in follow-up of absence from work and addiction problems. The occupational health service is approved by the Norwegian Labour Inspection Authority.

Targets, activities and results in 2021

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 group also adopted the target of reducing the total number of injuries by 20% per year.

By the end of 2020, the number of serious injuries had been reduced by more than 90%, and in 2021 Veidekke achieved its zero serious injuries target. From 2020 to 2021, the number of occupational injuries at Veidekke was reduced by 13%.

In 2021, Veidekke evaluated its previous strategy period and adopted a new strategy for the period to 2025. The targets of zero serious injuries and a 20% annual reduction in the total number of injuries remain in place. The groupwide strategy focuses on implementation of

and compliance with the projects developed as part of the “0 in 700” improvement programme.

Veidekke’s OHS Week, held in September 2021, aimed to promote greater transparency about mental health. An inclusive and open working environment makes it easier to share thoughts and provide mutual support. The slogan “Ask once too often, rather than too rarely” has been adopted to encourage managers and staff to show concern for their colleagues. The campaign, which included videos and reflection tasks, has generated very positive feedback throughout the organisation.

Injuries

Veidekke achieved its target of zero serious injuries in 2021.

The total number of injuries was 297, compared to 340 in 2020. This equates to a 13% reduction in the total number of injuries.

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 5.5 in 2021, up from 4.6 in 2020. The national LTI rates were as follows: 2.8 in Norway (2020: 2.9), 12.1 in

Sweden (2020: 9.3) and 5.9 in Denmark (2020: 5.3). The increase in the LTI rate is due to the combination of a higher number of injuries and a lower number of hours worked.

Sick leave

The group’s sick leave rate was 4.6% in 2021, compared to 4.5% in 2020. The rate of long-term sick leave fell gradually to approximately 2% over the course of the year, while short-term sick

leave increased in the second half of the year in line with general Covid-19 infection rates during this period. Taking the pandemic into account, Veidekke considers its sick leave rate to be acceptable. The business areas follow up on sick leave systematically, in accordance with applicable guidelines.

The group’s injury-reduction, lost-time injury (LTI) and sick leave trends are also discussed in the board’s annual report; see [pages 21–30](#).

Targets, results and measures

HEALTH AND SAFETY					
Main objective: Zero serious injuries and a 20% annual reduction in the total number of injuries					
Description of key metrics	Sub-goal 2022	Sub-goal 2021	Results		
			2021	2020	2019
Number of serious injuries	0	0	0	3	6
Number of injuries	Minimum 20% reduction	Minimum 20% reduction	297 (-13%)	315 (-10%)	350 (-4%)
Number of hours worked <sup>1</sup>			12.17	13.1	13.53

<sup>1</sup> Own employees, millions of hours. The number of hours worked by sub-contractors is not available.

Measures 2021		Measures 2022
Implement a procedure for safe lifting operations		Complete implementation
Complete the “0 in 700” improvement project	80% completed	Continue piloting digital tools for comprehensive OHS risk management

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



## Climate and environmental impact

Veidekke will promote sustainable development in its industry and society at large. The group aims to achieve climate neutrality (net zero emissions) by 2045, and adopted binding climate budgets for all its business areas in 2021.

People's way of life is having a negative impact on natural diversity and making the climate less predictable and more dangerous. The UN Intergovernmental Panel on Climate Change's latest report on physical climate change shows that serious changes are occurring that will have far-reaching consequences for life on earth. The construction and civil engineering industry accounts for a significant proportion of global greenhouse gas emissions, is a major consumer of energy and natural resources, produces large amounts of waste and impacts biodiversity through its activities. The industry therefore has a great responsibility – and corresponding opportunities – to support a more sustainable development path.

Veidekke is working to reduce greenhouse gas emissions from its own operations and throughout the construction and civil engineering supply chain. The ambition of being an industry leader in the green shift is set out in Veidekke's climate and environmental policy.

To support achievement of targets, the business areas analyse their activities, identify key performance indicators (KPIs) and implement concrete action and climate plans to reduce greenhouse gas emissions and other negative environmental impacts. Veidekke strives for continuous environmental improvements, and the different business areas have integrated environmental and climate considerations into their management systems. All of Veidekke's Norwegian operations and parts of the Swedish operations are ISO 14001-certified.

### Reporting of greenhouse gas emissions

In 2021, Veidekke adopted stricter climate targets for the purpose of achieving climate neutrality (net zero emissions) by 2045. To achieve this purpose, climate budgets have been introduced for all business areas, and monitoring of these budgets will provide a good overview of the effect of implemented measures. In addition, plans are under development for reducing climate impact throughout the group's supply chains, i.e. scopes 1, 2 and 3.

The board of directors and group management bear overall responsibility for Veidekke's achievement of its climate goals. The Group CEO is responsible for developing the group's strategy, while the management teams of the individual business areas are responsible for operationalising, implementing and complying with the strategy and achieving the targets set for their areas.

The CDP Climate Change investor survey – an annual assessment of corporate reporting on climate risk and greenhouse gas emissions reductions – awarded Veidekke an 'A-' grade in 2021, compared to 'A' the three preceding years. The stringency of CDP requirements in areas such as thoroughness of reporting, climate risk management and implementation of environmental management best practice is increasing continuously, and Veidekke is working to fulfil the requirements with the aim of qualifying for a top grade.

**Increased focus on natural diversity**

Awareness is growing of topics such as deforestation, land-use change and loss of biodiversity, which together with climate change represent the greatest environmental challenge facing the world today. In addition to reducing the inherent value of nature, loss of natural diversity can entail a risk of reduced resource access and price rises.

The construction and civil engineering industry impacts natural diversity directly through land-use change and construction activities, and indirectly through the extraction of resources for use in construction. The industry therefore has a responsibility to help limit and, where possible, reverse losses.

Protection of biodiversity is a necessary condition to achieve sustainable development. Ecological value surveys are being conducted for an increasing number of the group's projects, and plans are being developed for safeguarding and increasing ecological value. Veidekke does not permit the introduction of foreign species in its projects, and there is a strong focus on this issue in connection with spoil handling and planting. Commodities, products and packaging must be harvested and produced sustainably. For example, many key resources for Veidekke, such as timber, kitchens and flooring, stem from forests.

Veidekke expects the proportion of revenue linked to certified, renewable projects to grow, and biodiversity impact is one factor considered in connection with the certification of construction and civil engineering projects. Among other things, certification involves identifying ecological value in an area in the form of high-priority natural areas and red list species and developing plans for safeguarding existing value and compensating for – or preferably increasing – biodiversity in projects.

**Veidekke's environmental policy**

The environmental policy is based on the UN Global Compact's principles for responsible business conduct. The policy states that Veidekke is to be an industry leader in the green shift through its:

**Attitudes**

- adopting a precautionary approach to environmental challenges, promoting environmental responsibility and encouraging the development and use of environmentally-friendly technologies

**Actions**

- operating Veidekke in accordance with the Paris Agreement
- addressing climate risk systematically
- offering customers environmental expertise that adds value, and encouraging customers to reduce their environmental impact
- preventing pollution, safeguarding natural diversity, reducing resource consumption and working to promote a circular economy
- maintaining an overview of how Veidekke impacts the environment and reducing the group's environmental impact by improving work processes and products
- incorporating environmental considerations into the entire supply chain, including at the planning, execution and purchasing stages
- investing in innovation and solutions that support the green shift
- complying with laws, rules and own requirements
- making a wider contribution – in trade organisations and the educational, research and development fields, as well as through cooperation with authorities and politicians.

Veidekke also promotes biodiversity in individual projects, for example by including wildlife crossings in infrastructure projects. Moreover, the circular economy helps protect natural diversity through the recycling of resources to minimise waste.

Veidekke plans to give higher priority to natural risk going forward. The group is currently developing a zero deforestation policy which will include obligations for the entire supply chain. Veidekke will report transparently and regularly on circumstances relevant to natural diversity, including through CDP Forest. The group is also evaluating initiatives such as the Task Force on Nature-related Financial Disclosures (TNFD), and will consider the possibility of adopting science-based targets, for example though the Science Based Targets Network (SBTN).

### Impacts of climate change on Veidekke

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, liability risk

and financial risk linked to the transition to a low-emissions society.

Surveys to identify threats and opportunities resulting from climate change are an important element in the group's ongoing risk assessments and strategic planning. Veidekke has noted high awareness of climate risks among investors and other stakeholders, and is engaged in dialogues on the topic with key investors.

Physical climate risk is higher in warmer climate scenarios, and in the longer term. The most important physical climate risks are landslides, storm surges and storms, which in the event of a 2°C temperature increase will already increase the group's climate risk substantially. Veidekke has surveyed risk related to the group's own factories and installations and assesses the risk as low. Veidekke has relevant expertise and applies it to reduce the risk of climate damage as a consequence of warmer, wetter and wilder weather, through climate adaptation on behalf of clients. This applies to both new projects and improvements to existing buildings and infrastructure. In the short term, however, transition risk will have the greatest consequences, in the form of increased CO<sub>2</sub> emissions prices, quicker political changes and new, more stringent environmental and climate requirements. Veidekke manages this risk by taking a proactive approach to competence, customer and supplier dialogue, strategy and innovation.

The EU's sustainable finance taxonomy (see [page 129](#)) is intended to help channel capital into sustainable investments, reinforce financial stability and prevent greenwashing. Veidekke is represented on the Confederation of Norwegian Enterprise's working group on the EU taxonomy.

As a major listed company, Veidekke is subject to the taxonomy, and the group has run pilot projects in its Norwegian and Swedish construction and civil engineering operations to survey the consequences of the taxonomy's introduction. This has given the group input in its strategic work and greater knowledge about the potential future impact of the taxonomy on Veidekke. Some additional national clarifications are required before the taxonomy can be fully implemented. One example is the requirement for nearly zero-energy buildings (nZEB), as the EU Energy Performance of Buildings Directive is inconsistent with Norwegian regulations on technical requirements for building works.

Climate change also presents new business opportunities. 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 secure effective climate adaptation and are beneficial to the environment and attractive to customers. Veidekke intends to help overcome climate-related challenges while simultaneously fulfilling the

expectations of customers, society and the group itself. This is reflected in Veidekke's group strategy, which emphasises taking responsibility for reducing greenhouse gas emissions while simultaneously exploiting opportunities offered by the green shift in the form of innovation, cooperation and selective investment in support of climate-friendly solutions.

Read more about our TCFD-related work on climate risk on [page 14](#).

### Veidekke's climate impact

Veidekke has implemented a number of measures to reduce greenhouse gas emissions linked to energy consumption.

#### Reduction of greenhouse gas emissions

Based on the Paris Agreement, Veidekke has adopted the targets of halving its greenhouse gas emissions by 2030, both in its own operations (scopes 1 and 2; base year 2018) and in its supply chains (scope 3; base year 2020), and of achieving net zero emissions in all supply chains (scopes 1, 2 and 3) by 2045.

Veidekke introduced a climate budget broken down by business area in 2020. As of 2021, the business areas have reported to the group quarterly to ensure closer monitoring of emissions and dialogue on potential measures. During the year, the group

established a structure for its work on reducing greenhouse gas emissions, based on the following climate budget principles:

- On the basis that emissions are to be reduced by 50% from the base year until 2030, the climate budget specifies the maximum permitted annual emissions for the period from the base year to 2030.
- If actual emissions exceed the budget, the budget for the remaining period will be reduced proportionately.
- If emissions are lower than budgeted, the business area will be permitted to have emissions in accordance with the emissions pathway in subsequent years.

The group is working on a climate plan which will set out how the targets for 2030 and 2045 can be achieved, including specific measures and timeframes. The plan will describe the transition from the current state of affairs to a future with net zero emissions, and will define how the business model, products and production methods, growth strategy and capital investments must develop over time for the targets to be achieved. Work on the climate plan in 2021 included nine Scandinavian workshops covering topics such as concrete, precast concrete, bitumen, steel, transport, energy consumption of completed buildings, massive wood and selection of energy carriers for asphalt production. Work is continuing on defining

indicators and formulating strategies. The bonus model for senior Veidekke executives includes personal incentives linked to delivery in accordance with the climate budget.

Like many other leading international companies working to reduce their climate impact, Veidekke has undertaken to adopt science-based climate targets illustrating how much and how quickly the group has to reduce its greenhouse gas emissions to avert the worst effects of climate change. Veidekke has undertaken to verify its targets through the Science Based Target initiative (SBTi). The 2030 climate goal was submitted to the SBTi in October 2021 and is currently under consideration there. Veidekke has also undertaken to verify its long-term goal of net zero emissions by 2045, and has started this process.

In 2021, Veidekke's CO<sub>2</sub> emissions from own operations amounted to 81 290 tonnes of CO<sub>2</sub>e, including 78 730 tonnes of scope 1 emissions and 2 560 tonnes of scope 2 emissions. This 17% reduction in absolute emissions compared to 2020 means that Veidekke met its climate budget. Among other things, the reduction is attributable to an increased proportion of biofuels and the fact that many projects were nearing completion and were thus in a less energy-intensive phase. Emissions per NOK 1 000 in revenue totalled 2.16 kg

of CO<sub>2</sub>e, down 13% from 2.48 kg of CO<sub>2</sub>e in 2020. The Norwegian asphalt operation accounted for 44% of Veidekke's total greenhouse gas emissions. The asphalt operation's 2021 emissions have been calculated as 15.9 kg of CO<sub>2</sub>e per tonne of produced asphalt, compared to 16.8 kg in 2020. The reduction in the emissions per tonne is partly attributable to the relocation of production to more efficient asphalt plants.

As regards scope 3, emissions have been surveyed in all supply chains. A scope 3 budget has been adopted based on halving emissions from the base year 2020 to 2030.

Veidekke can achieve the greatest reduction in operational CO<sub>2</sub> emissions by improving efficiency, adopting new technology and replacing energy carriers. Veidekke worked on a number of measures in 2021, including the following:

**Renewable energy carriers in asphalt and aggregates production and transport**  
Veidekke accounts for approximately two million tonnes of Norway's total annual asphalt production of seven million tonnes. When all input factors are included, Veidekke's annual greenhouse gas emissions linked to the production and laying of asphalt amount to approximately 110 000 tonnes.<sup>1</sup>

Asphalt production is an energy-intensive activity and, to reduce its greenhouse gas emissions, Veidekke evaluates on an ongoing basis which of the fossil-free energy carriers available on the respective production sites are most effective. As at the end of 2021, all three Swedish asphalt factories were powered by renewable energy. Two of Veidekke's 30 Norwegian asphalt factories have transitioned from gas to CO<sub>2</sub>-neutral wood pellets. In addition, two asphalt factories in Trondheim and Alta made arrangements to adopt renewable energy sources in 2021. Conditional on sufficient customer demand, 24 of the remaining 26 factories are ready to begin using renewable energy in 2022. While Veidekke is targeting a rapid transition, it will continue to evaluate future market needs and the pace of technological developments before making investments. By way of transitional solution, all mobile asphalt factories will be powered by biofuels until a zero-emissions energy carrier becomes available.

Veidekke has decided to stop its project focused on the use of hydrogen as an energy carrier for ships. In 2020, the group signed an agreement with the Green Shipping Programme to develop contracts with a shipping company which wished to commission self-loading, hydrogen-powered bulk carriers as a means of reducing emissions linked to maritime transport of asphalt and aggregates. Although the financial and technological risks

<sup>1</sup> Seen in a life cycle perspective (ref. Environmental product declaration EPD A1–A5)

were too high in this specific project, Veidekke is continuing its dialogue with the partners to investigate the possibilities of cooperation under different conditions and with a different risk profile.

**Low-temperature asphalt**

Compared to traditional asphalt, low-temperature asphalt (LTA) offers both lower CO<sub>2</sub> emissions and a better working environment for asphalt layers. Veidekke achieved its target that low-temperature asphalt should make up 40% of all asphalt production in 2021, and continues to work towards the target of 100% LTA use by 2050.

**Environmental 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 fossil crude oil in the binding agent with a plant-based oil. The asphalt, which is at least as durable as traditional asphalt, won Veidekke's Scandinavian environmental award in 2021.

The new environmental asphalt was initially tested on a county road in Trøndelag, Norway, in 2020. In 2021, 130 km of environmental asphalt were laid on low-traffic roads in several locations across Norway. This secured an emissions reduction of 1 050 tonnes of CO<sub>2</sub>e compared to traditional asphalt.

The first trial stretch of high-traffic road was laid in September 2021.

**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 2021, 7.4% of newly laid asphalt came from reuse, compared to 5.7% in 2020. An optimisation project has been launched to increase the reuse percentage.

**Fossil-free construction sites**

Veidekke's Swedish subsidiary BRA initiated fossil-free operations in 2021, switching to biofuel/ hydrotreated vegetable oil (HVO) for all its own vehicles and machines. Efforts are continuing to convince important partners and suppliers to join the initiative. Using HVO in its vehicles has reduced BRA's annual emissions from 375 tonnes of CO<sub>2</sub>e to 37 tonnes of CO<sub>2</sub>e, i.e. by 90%. In Norway, Veidekke had 28 fossil-free construction and civil engineering sites in 2021, compared to 30 in 2020. Fossil-free status entails the replacement of fossil energy carriers with renewable forms of energy such as electricity, district heating and palm oil-free sustainable biofuels.

The next step is emissions-free construction sites. The construction operation in Oslo aims to become

emissions-free by the end of 2023, and has already launched several such projects. For example, the fossil-free Majorstuhjemmene construction project incorporates plans for executing future activities on a 100% emissions-free basis. Electrical machinery was used for demolition work, and when groundworks begin in 2022 electrical excavators and electrical loaders will be used to transport spoil from the site.

**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. Veidekke has a number of tunnelling machines that primarily use electricity during tunnelling operations but switch to diesel when moving elsewhere. However, all of Veidekke's machines are biodiesel compatible. 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 and emissions in scope 3, i.e. emissions from sources in the supply chain which are not owned or controlled by Veidekke. The highest emissions arise in connection with the purchase of goods and services, and Veidekke is initiating

dialogue with suppliers and partners to identify more sustainable solutions that reduce emissions. Scope 3 emissions are estimated annually and are included in Veidekke's CDP Climate Change reports. Scope 3 has been estimated on an annual basis since 2018. The base year for scope 3 has now been set to 2020, at which point in time the figures are deemed sufficiently certain to set reduction targets.

**Responsible use of materials and environmentally-friendly products**

Veidekke seeks to use renewable and sustainable materials, energy, water, land and other resources, and to limit or eliminate emissions, pollution and waste. In 2021, Veidekke implemented the following measures, among others:

**Environmental certification**

Environmentally certified construction and civil engineering projects and renewable energy projects accounted for 28% of the group's revenues in 2021, compared to 29% in 2020. This proportion is expected to increase. Environmental certifications for building and civil engineering projects are issued by third parties in accordance with standards such as BREEAM, LEED, DGNB, Nordic Swan Ecolabel, Miljöbyggnad (Sweden Green Building Council) and CEEQUAL. In Sweden, Veidekke boosted its LEED Platinum expertise during the year through the

Strømshuset project in Gothenburg, executed on behalf of Vasakronan, while in Norway the BREEAM Outstanding standard is being used in projects like Oksenøya Centre in Bærum and Sluppenveien in Trondheim. In 2021, Veidekke's Danish subsidiary Hoffmann completed the Kay Fiskers Plads project in Ørestad on behalf of KLP Ejendomme – Denmark's largest-ever office building certified to DGNB Gold standard.

Many Veidekke employees are certified under relevant climate and environmental standards. For example, 51 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 massive-wood buildings were completed in 2021, including the Fantoftparken office project in Bergen and student housing in Ås. Further projects are under construction, including Cederhusen in Stockholm and Voldsløkka school in Oslo.

Deforestation is a major source of greenhouse gas emissions. Protecting natural forests and avoiding the use and production of products that result in deforestation can therefore make a substantial contribution to the achievement of global climate goals. Veidekke does not permit the use of tropical woods in its own projects, and also advises customers against using them. The group requires FSC, PEFC or equivalent certification for all of its timber and wood products.

**New type of low-carbon concrete**

Veidekke is testing a new type of concrete with a very small climate footprint in several projects, including the above-mentioned Oksenøya Centre and Ruseløkka school in Oslo.

**Cooperation on circular solutions**

Veidekke seeks to optimise resource use and landfill volumes in its projects. The group 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.



Targets, results and measures

Climate impact					
Main objective: Reduce greenhouse gas emissions by 50% by 2030 and achieve climate neutrality (net zero) by 2045 <sup>1, 2</sup>					
Description of key metrics	Sub-goal 2022	Sub-goal 2021	Results		
			2021	2020	2019
Greenhouse gas emissions scope 1 and 2 in tonnes of CO <sub>2</sub> e <sup>1, 2</sup>	Reduction, see main objective; base year 2018	Reduction, see main objective; base year 2018	81 290	97 367	109 548
Greenhouse gas emissions scope 1 and 2 pursuant to climate budget <sup>3</sup>	Reduction rate of -4.2% annually; base year 2018	Reduction rate of -4.2% annually, base year 2018	Achieved	Achieved	Not achieved
Greenhouse gas emissions scope 1 and 2: percentage reduction in greenhouse gas emissions compared to base year (2018 = 113 359 tonnes)	-17% compared to base year	- 13% compared to base year	-28%	-14%	-3%
Greenhouse gas emissions (scope 3) in tonnes of CO <sub>2</sub> e	Reduction, see main objective; base year 2020	Reduction, see main objective; base year 2020	Available mid-2022	552 321	-
Greenhouse gas emissions, CO <sub>2</sub> e in kg per NOK 1 000 in revenue <sup>4</sup>	Reduction	Reduction	2.16	2.48	2.83
Reduce CO <sub>2</sub> emissions relative to value creation by 7% per year <sup>5</sup>	Positive development relative to long-term goal	Positive development relative to long-term goal	Positive development	Positive development	Positive development
Proportion of renewable energy <sup>6</sup>	Increased proportion	Increased proportion	37%	31%	25%
Proportion of low-temperature asphalt <sup>7</sup>	50%	40%	40%	33%	33%
Reuse percentage in asphalt production <sup>7</sup>	10%	10%	7.4%	5.7%	5.3%
Number of asphalt factories running on renewable energy <sup>7</sup>	24 of 26 factories running on renewable energy by 2022, conditional on demand	Six factories by 2021	4	2	2
Proportion of roads paved with environmental asphalt <sup>7</sup>	8%	Test environmental asphalt on roads	Approx. 4% (130 km/6 000 tonnes of environmental asphalt)	-	-
Number of fossil-free/zero-emissions construction and civil engineering sites <sup>8</sup>	Increased number	Increased number	28	30	20
Proportion of certified and renewable projects as a percentage of group revenues <sup>9, 10</sup>	-	-	Approx. 28%	Approx. 29%	Approx. 13%
CDP Climate Change – score <sup>11</sup>	Achieve top score	Maintain top score	A-	A	A

<sup>1</sup> The climate accounts are prepared in accordance with the GHG Protocol, which divides emissions into three categories: direct emissions (scope 1), indirect emissions linked to energy supply (scope 2) and other indirect emissions from sources outside the company's control (scope 3), such as emissions linked to purchases of goods and services, waste, transport and business travel.

<sup>2</sup> 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. Account has been taken of the sale of the property development operation in the results for 2019 and 2020.

<sup>3</sup> On the basis that emissions are to be reduced by 50% from the base year 2018 until 2030, the climate budget specifies the maximum permitted annual emissions for the period from the base year to 2030. If actual emissions exceed the budget in a given year, the budget for the remaining period is reduced proportionately. If emissions are lower than budgeted, the business area will be permitted to have emissions in accordance with the emissions pathway in subsequent years.

<sup>4</sup> Account has been taken of the sale of the property development operation in the results for 2019 and 2020.

<sup>5</sup> Scope 1 and 2, with base year 2018. Ref. GEVA/Randers 2012 and SBTi Corporate Manual December 2021.

<sup>6</sup> Scope 1 and 2, location-based method.

<sup>7</sup> Targets and results only relate to Norwegian operations.

<sup>8</sup> At any given time, the company has several hundred active construction and civil engineering sites.

<sup>9</sup> Buildings and facilities which qualify for environmental certification, as well as engineering services and projects involving renewable energy such as wind power and hydropower.

<sup>10</sup> Marginal change compared to last year. The proportion is expected to increase in the years ahead.

<sup>11</sup> The CDP Climate Change 2021 score is based on data for the year 2020, reported to CDP in the summer of 2021.

Measures 2021		Measures 2022
Electrification of cars and machines in the infrastructure operation	➡	Measure to be continued
Increased use of palm oil-free sustainable biofuels where no zero-emission alternatives are available	➡	Measure under evaluation due to alteration of framework conditions by the Norwegian authorities
Reduce the electricity consumption of the industrial operation by 2% annually	➡	Measure to be evaluated. Focus on energy-optimisation solutions and reduction. Ensure compliance with purchase agreements
Continue climate risk-related work	➡	Measure to be continued with the aim of becoming a regular annual process pursuant to TCFD
Evaluate the target of achieving climate-neutral operation. The group has adopted the goal of net zero emissions by 2045. This climate goal encompasses scopes 1, 2 and 3 – i.e. the entire supply chain – in line with the Science Based Target initiative (SBTi)	✓	Monitor the climate budgets for scopes 1, 2 and 3. This work will be integrated into other quarterly management reports
Verify the climate target of net zero emissions. A commitment letter and an application for a net zero target have been submitted to SBTi for verification		Net zero target to be verified by SBTi in mid-2022
Implement climate budget scope 3 with 2020 as the base year		Aim for quarterly, or at least annual, follow up of the climate budget
		Complete the policy on zero deforestation, with concrete targets
		Consider drafting and, if appropriate, adopting a policy on biodiversity, and approach natural risk (TNFD) as a financial risk/opportunity
		Implement the results of the materiality analysis to be carried out in 2022



## 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 and good solutions, 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. Responsibility for correct and adequate staffing and the assessment of future staffing requirements lies with management and the HR functions of the business areas in each of the three countries.

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

resources 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 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 2021, the survey showed an increase in staff commitment since the previous survey, and that commitment was above the industry benchmark ([page 151](#)). Veidekke is pleased with this finding, which indicates that many staff enjoy satisfactory framework conditions for the performance of their work.

In the survey, staff scored highly on factors such as pride, motivation and willingness to invest additional

effort. Veidekke's skilled manual workers generally scored somewhat lower than its administrative staff, and women scored somewhat higher than men. Overall, Veidekke is very satisfied with the results and sees them as confirmation that involvement is creating a sense of ownership among staff with regard to Veidekke's operations and results.

The survey also showed that Veidekke employees are far more likely than their peers in other companies to recommend Veidekke as an employer. The area in which the group has most room for improvement is leadership. Staff reported a need for stronger relationships with their managers, and identified clarification of expectations, feedback and information as key areas for improvement. Veidekke has given these topics a more prominent role in its employee start-up process, and they have also been integrated into the system of regular subsequent performance appraisals.

Believing that ownership fosters commitment and performance, Veidekke enables employees to buy shares in the company. Together, approximately half of the group's employees own more than 11% of the shares in Veidekke.

<sup>1</sup> [Veidekke – Karriärföretagen](#)  
<sup>2</sup> [Universum](#)

## Attractiveness and recruitment

Veidekke recruits students and recent graduates, as well as professionals with work experience from engineering and various other fields. In total, the group recruited 438 engineers and specialists in 2021.

To ensure continued management recruitment and development, Veidekke runs a scheme for recent graduates in Norway and Sweden. The group also invests extensively in career days at key educational institutions in the Scandinavian countries.

In Sweden, Veidekke has been improving its ranking among students and young engineers with work experience in the annual Universum employer attractivity survey for several years. The group's strong performance demonstrates that efforts in this area are bearing fruit. Based on Veidekke's profile as a good place to work, Karriärföretagen (Career Companies)<sup>1</sup> crowned Veidekke as Sweden's best communicator in the area of employer profiling on social media. In the annual Universum<sup>2</sup> surveys carried out in Norway, Veidekke achieved rankings on a par with last year: 17<sup>th</sup> place among the most attractive employers for students

in the category engineering/natural sciences and 16<sup>th</sup> place among young engineers with work experience. Veidekke hopes to improve its rankings and is currently analysing the reasons for its lack of progress and evaluating necessary measures.

Veidekke has been running information campaigns in Norway since 2016 to improve the status of vocational trades and recruit apprentices. The keywords for the campaign are professional pride and the societal importance of vocational subjects. In 2021, the focus was on increasing the number of girls taking up vocational trades in the construction and civil engineering industry. Messages targeting girls and their parents were published in social and traditional media.

Skilled manual workers are primarily recruited through the group's apprenticeship schemes. At the end of 2021, Veidekke had 281 apprentices. Of these, 204 were located in Norway, 41 in Sweden and 36 in Denmark. Many young people become aware of Veidekke through school visits or a work placement in one of the group's projects.

## 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.

Throughout the Covid-19 pandemic, Veidekke's projects generally proceeded as planned, and individual skills development was thus not 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 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 and development in key areas such as project

management, processes, systems and leadership development. The networking groups engage in more specialised skills development, for example in areas such as calculation, residential construction design and sustainability.

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.

Skills-development activities

Veidekke's activities included the following in 2021:

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 2021, 184 students secured a summer job with one of the group's Scandinavian operations, and many of these individuals were subsequently considered for Veidekke's programme for recent graduates. 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 is held annually in Norway, and is intended to support recruitment of the most suitable candidates for a career within the group by demonstrating the interesting and attractive jobs on offer at Veidekke. In 2021, the Veidekke Day again took the form of an in-person event at the Norwegian University of Science and Technology in Trondheim. A total of 160 invited students attended the event, which focused on sustainability and digital transformation.

Career days at major universities and university colleges give Veidekke the opportunity to speak directly with interested students about

opportunities within the group. In addition to arranging company visits and giving lectures at selected educational institutions, Veidekke attended career days at 12 Scandinavian educational institutions in 2021, mostly in digital form.

In 2021, Veidekke arranged webinars focused on mental health and gender identity for the industry network Diversitas.<sup>3</sup> Veidekke co-founded Diversitas – a body 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.

Programme for recent graduates

Veidekke's programme for recent graduates 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. As at the end of 2021, 110 recent graduates were enrolled in the programme. In Denmark, the subsidiary Hoffmann runs a similar scheme which helps younger employees to plan their careers and gives them growth opportunities in the form of new tasks and responsibilities.

Professionalising project execution

The Norwegian operation ran a tailored development programme for project owners, project managers and design managers in 2021, and Veidekke is also working on customised development programmes for further priority groups. Programmes of this kind combine core operational topics with management and support specialisms to develop the skills required for specific roles. Veidekke's project model, including project owner management, is designed to support improved project prioritisation and uniform, professional execution, and has attracted considerable attention. In Denmark, selected staff completed the Byggeriets Bygguddannelse programme, which emphasises production, working environment and project management. In addition, selected key staff completed additional courses on building systems, project management, DGNB certification and other relevant subjects. As the Covid-19 pandemic prevented management development courses from being held in Sweden in 2021, the operation concentrated on management training at the workplace.

Senior executives programme

In the autumn of 2021, Veidekke launched a senior executives programme ("Horisont") for its top

<sup>3</sup> [Diversitas](#)

management levels, run in conjunction with BI Norwegian Business School.<sup>4</sup> The programme aims are to develop a strong shared understanding of strategy and desired conduct and culture within the streamlined construction company Veidekke. The overall purpose is to develop a robust organisation which achieves industry-leading profitability with high execution capacity and competitive strategies while maintaining a high level of safety. The programme will be open to 30 candidates per year, who will attend six events.

**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. Rollout of the system was completed in 2021. Future work will focus on implementation of and compliance with the processes throughout the group.

**Diversity and gender equality**

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. Greater diversity among the group's own staff provides Veidekke with insight useful in client relations and in the battle to attract the best talent.

Both the construction and civil engineering industry in general and the group are highly male-dominated. Veidekke is working to increase diversity in the industry and in its operations, with a particular focus on recruiting more women. Efforts to promote diversity and gender equality and combat discrimination are incorporated into the group's strategies, policies, work processes and guidelines. The diversity and gender equality policy was prepared in 2017 and revised in 2020, while guidelines on the prevention of discrimination, harassment and gender-based violence – and the related whistleblowing mechanism – have been in place for many years. The group bears

general responsibility for strategies, policies and overarching objectives, while the business areas are responsible for implementation. The Norwegian and Swedish operations have both appointed a person to monitor these efforts.

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 encounter the same expectations. Veidekke's board of directors is giving high priority to efforts to strengthen the group's diversity, and supports the adopted group policy, objectives and measures. Group management, the management teams of the business areas, employee representatives and the HR function are monitoring efforts through regular meetings.

A company's culture must be based on respect for individuals if it is to utilise the expertise inherent in diversity. The psychosocial working environment is a topic in Veidekke's annual employee survey. In 2021, the majority of the group's employees reported feeling respected by their managers,

and 94% stated that they had not been subjected to offensive behaviour such as harassment, bullying or discrimination.

An unhealthy working environment is a burden to those who experience it, and may also be harmful. Ensuring that all staff enjoy a satisfactory working environment is an ongoing task. Veidekke has zero tolerance for offensive behaviour, on the basis that one discriminatory action is one too many. However, Veidekke recognises that discrimination can occur and represents a risk to both victims and the group.

The business areas are responsible for ensuring that all whistleblowing reports are handled in accordance with Veidekke's whistleblowing procedure. In 2021, no whistleblowing reports concerning discrimination were forwarded for consideration at group level.

The responses in the employee survey revealed differences between the genders on the question of whether Veidekke offers equal opportunities irrespective of age, gender, ethnicity, orientation, sexuality and disability. The same applies to the questions whether the skills of all staff are utilised and whether diversity is valued in all teams. While

<sup>4</sup> [BI Norwegian Business School](#)

the overall results of the survey are positive, women gave somewhat lower scores on these questions than men, showing that Veidekke still has some way to go in creating a working environment that welcomes and fully utilises the skills of all staff.

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, from 9.8% at the end of 2021 to more than 20%. With this target in mind, the proportion of women among newly recruited recent graduates is being closely monitored. A further target is that all Veidekke management groups above project level must include at least one woman member. In addition, the business areas 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.

Veidekke is dissatisfied with both the overall proportion of women in the group and the large variations between operations. Increasing the proportion of women in the group is a long-term project and demands ongoing consideration of



cultural and structural changes to facilitate goal achievement. Industry cooperation is another important means of increasing the attractiveness of the construction and civil engineering industry.

Gender equality statement

Activity duty

In the context of surveying the risk of discrimination and other barriers to gender equality, Veidekke has collaborated with employee representatives to identify problem areas. Measures were implemented to reduce risk in specific areas in 2021. All of the measures apply to the Norwegian and Swedish operations, while selected measures have also been implemented in Denmark.

Significant work remains to be done on surveying discrimination risk and identifying barriers to gender equality. Veidekke is prioritising a better gender balance, but is also conscious of other causes of discrimination. Working with employee representatives, the group is continuing to identify challenges and take effective steps to reduce the risk of discrimination for all groups.

Surveyed and mapped risk areas	Measures initiated to reduce risk	Result assessment and expectations
Unconscious discrimination in recruitment, development and remuneration processes and their interpretation and application	<div>1. Guidance documents and processes have been developed for recruitment and management development.</div> <div>2. Ensure that recruitment and staff development processes are skills-based and intentional.</div> <div>3. In 2021, attractiveness efforts were focused on generating interest in working in the industry among women.</div> <div>4. Ensure greater diversity of texts and images in advertising and marketing materials.</div> <div>5. Employ deliberate and objective selection methods at an early stage of recruitment processes, in management evaluations and in manager appointments to prevent unconscious discrimination.</div> <div>6. Monitoring of remuneration systems to ensure gender equality and avoid discrimination.</div>	<div>1. Implemented.</div> <div>2, 3, 4. The proportion of women increased in 2021.</div> <div>5. Given strong attention through skills-building measures relating to unconscious discrimination.</div> <div>6. No systematic pay differences were discovered between women and men.</div> <div>6. Persons on parental leave receive pay adjustments and their bonuses are not reduced.</div>
A male-dominated culture in which harassment, discrimination and violence against women and other minorities occur (e.g. on the basis of sexual orientation, gender identity and gender expression)	<div>Zero tolerance for offensive behaviour of all kinds is enshrined in Veidekke’s ethical guidelines and its diversity and gender equality policy.</div> <div>The whistleblowing procedure describes the process for reporting on matters relating to the physical and psychosocial working environment.</div>	<div>Ongoing project which will be reinforced through additional skills-building measures.</div>
The construction and civil engineering industry is male-dominated, and media coverage of discrimination can make the industry a less attractive workplace for women	<div>1. To reduce unconscious discrimination, measures have been implemented to build skills and encourage reflection on the topic.</div> <div>2. Publication of skills-building articles on gender, sexual orientation and gender identity through in-house information channels.</div>	<div>1. Work started at senior management levels in 2021 and will continue throughout the organisation in 2022.</div> <div>2. Work will continue.</div>
It is more difficult for persons with disabilities to enter an industry where the majority of staff work on construction and civil engineering sites	<div>Wherever possible, accommodation measures are implemented for staff with disabilities.</div>	<div>To be assessed in each individual case.</div>
Little emphasis has been given to recruiting staff with a multicultural background. The resulting low proportion of such staff makes the industry even less attractive to this group.	<div>Not prioritised to date.</div>	
Men and women taking parental leave may experience poor accommodation before, during and after their leave period.	<div>To ensure effective dialogue in the transition into, during and after parental leave, automated processes have been developed to ensure that meetings are held with staff before and during their leave period.</div>	<div>Managers receive automatic reminders to hold such meetings, followed up on by HR. The measures are expected to promote better accommodation and encourage men and women to take parental leave.</div>
Other factors, such as gender-specific job titles and the need for physical accommodation in the form of changing rooms for women and others with a need for separate facilities.	<div>1. The decision has been made to replace the job title “foreman” with “supervisor” or “production manager”.</div> <div>2. All projects must offer separate changing facilities for men and women.</div> <div>3. A separate range of work clothing for women is available.</div>	<div>1. The job title “foreman” was eliminated as of 1 January 2022.</div> <div>2. Separate changing facilities have been installed for most projects, although exceptions may arise on smaller project sites.</div> <div>3. Implemented.</div>

Duty to issue a statement

As at 31 December 2021, women accounted for 13% of Veidekke employees, up from 12% in 2020. Women made up 24% of administrative staff and almost 3% of skilled manual workers, also representing an increase of one percentage point since last year. Among the group’s apprentices, the proportion of women increased to over 10%, from 8% in 2020. The group has adopted the target that women should make up half of students working summer jobs and 40% of recently graduated employees by the end of 2025. In 2021, women accounted for 35% of employees in summer jobs and 39% of recently graduated employees.

Although the recruitment of women to most functions within the group – particularly operational management roles – has been a priority for several years, the proportion of women working for Veidekke has remained stable for many years. Accordingly, an increase of almost one percentage point in several job categories is regarded as a very positive development. The upward trend in the number of woman apprentices is attributable to an increased focus on recruiting women to vocational trades.

	Gender balance		Temporary employees throughout the year		Parental leave		Actual part-time work		Involuntary part-time work	
	Number		Number		Average number of weeks		Number		Number	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
Veidekke ASA only	19	29	3	3	27	8	0	0	0	0
Veidekke Norway	591	4 555	90	232	33	19	53	79	0	0
Veidekke total	1 003	6 793	120	350	18	10	78	101	N/A	N/A

NB: Temporary employees primarily comprise seasonal workers in the asphalt operation and persons working summer jobs. involuntary part-time work only applies to administrative staff in Norway.

Veidekke has a very low proportion of part-time employees, but there are gender differences. A staff survey conducted among Norwegian administrative staff in 2021 revealed no involuntary part-time work. The Norwegian business areas have introduced a procedure for systematic investigation of involuntary part-time work among all employees every second year.

Pay differences, administrative staff, Veidekke ASA							
Women’s percentage of men’s pay							
	Women	Men	Total cash benefits	Agreed pay/ fixed salary	Variable supplements	Bonuses²	Overtime remuneration
Groups 1–3¹ Number: 47	40% 19 persons	60% 28 persons	85.8%	85.8%	100%	100%	N/A
Total groups 1-3 adjusted for level of position Number: 42 in groups 2+3	40% 19 persons	60% 28 persons	98.5%	98.5%	100%	100%	N/A
Group 1 Number: 5	40% 2 persons	60% 3 persons	N/A	N/A	N/A	N/A	N/A
Group 2 Number: 26	46% 12 persons	54% 14 persons	106.9%	106.9%	100%	100%	N/A
Group 3 Number: 16	31% 5 persons	69% 11 persons	84.9%	84.9%	100%	100%	N/A

¹ Group 1 comprises persons covered by chapter 10 of the Working Environment Act (entitlement to overtime payment), group 2 comprises persons in particularly independent positions, and group 3 comprises persons in management positions.  
² Variable benefits are the same for both genders. See below, on bonuses.

The survey has revealed pay differences between women and men. Women’s share of men’s pay being higher than 100% among persons in particularly independent positions is due to the fact that more women than men in this category have management responsibilities. Women’s share of men’s pay being lower in the group of persons in management positions is due to the fact that the group includes the CEO and executive vice presidents (EVPs), several of whom are men with long seniority in roles which are more highly paid in the market than the roles held by women. The bonus scheme for EVPs has a higher cap than the scheme for other group administrative employees. The bonus scheme does not include any individual assessment, and there are no gender differences. Other schemes are also the same for both genders, but vary according to management level. Although the survey shows pay differences between the genders, an analysis indicates that these are linked to roles rather than systematic differences resulting from gender discrimination.

Pay differences, administrative staff, Veidekke Norway							
Women’s percentage of men’s pay							
	Women	Men	Total cash benefits	Agreed pay/ fixed salary	Variable supplements	Bonuses²	Overtime remuneration²
Groups 1–3¹ Number: 2 070	23% 473 persons	77% 1 597 persons	89.6%	89.6%	100%	100%	N/A
Total groups 1-3 adjusted for level of position Number: 2070 in groups 2+3	23% 473 persons	77% 1 597 persons	102.8	102.8	100%	100%	N/A
Group 1 Number: 918	28% 258 persons	72% 660 persons	98.5%	98.5%	100%	100%	100%
Group 2 Number: 695	22% 156 persons	78% 539 persons	106.9%	106.9%	100%	100%	N/A
Group 3 Number: 457	13% 59 persons	87% 398 persons	105.2%	105.2%	100%	100%	N/A

¹ Group 1 comprises persons covered by chapter 10 of the Working Environment Act (entitlement to overtime payment), group 2 comprises persons in particularly independent positions, and group 3 comprises persons in management positions.  
² Variable benefits are the same for both genders.

There are no substantial differences between women and men in terms of pay level in the different groups in Veidekke’s Norwegian operation. The majority of management positions in the group are held by men, who also have longer average seniority. The proportion of women is greater in Group 1 than in the other groups. Women are also over-represented in generally lower-paid administrative roles. The average pay level of women in particularly independent positions and management positions is higher than that of men in corresponding positions.

Future efforts will focus on classifying roles of equal importance and value to survey and assess equal work of equal value.

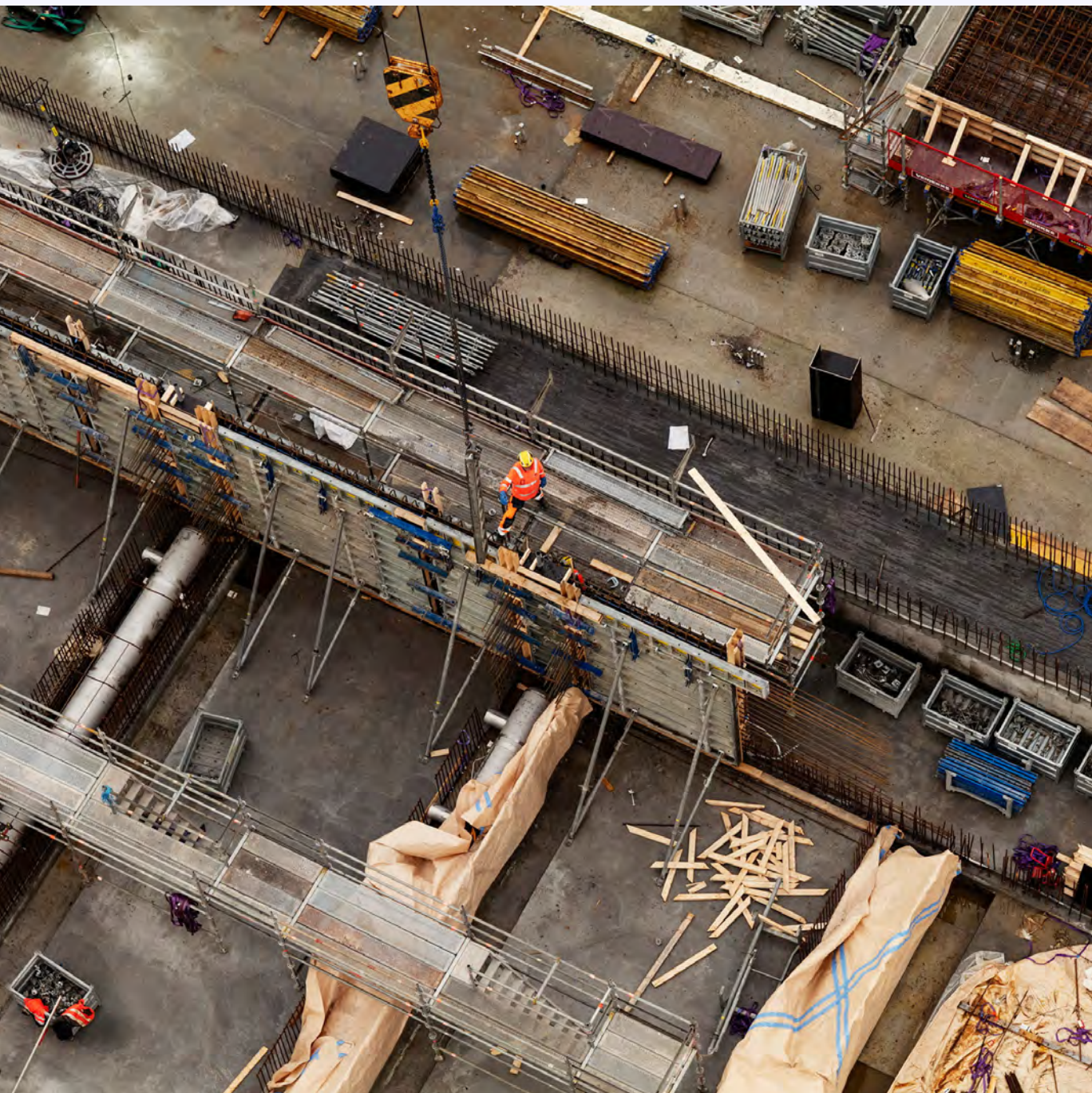
The conditions of skilled manual workers are based on different collective agreements with rights to engage in local negotiations. This affects base pay, which varies by geographical region and specialism. A collective wage means equal pay for equal work. Hence, wage rates are equal, irrespective of gender. Pay for equal work may differ in different units, but this is due to geography. Actual pay is also influenced by the piecework and performance-based remuneration system. Veidekke’s surveys show no underlying gender differences in salary and supplementary benefits for this group.

Veidekke’s subsidiaries report on their activity duty and duty to issue a statement in their own annual reports.

Targets, results and measures

Expertise					
Main objective: Retain and recruit staff with strong, future-oriented expertise, and ensure compliance with Veidekke's values					
Description of key metrics	Sub-goal 2022	Sub-goal 2021	Results		
			2021	2020	2019
New hires, administrative staff, total number and gender distribution	Not quantified	Not quantified	438 30% W 70% M	523 33% W 67% M	504 28% W 72% M
New hires, skilled manual workers, total number and gender distribution	Not quantified	Not quantified	561 5% W 95% M	560 2% W 98% M	610 4% W 96% M
Number of apprentices in the workforce	10%	8%	7.6%	7.7%	7.7%
Turnover (voluntary resignation)	Not quantified	Not quantified	9.2%	7.1%	7.5%
Diversity					
Students working summer jobs, percentage of women	50%	50%	35%	38%	39%
Recent graduates, percentage of women	40%	40%	39%	31%	34%
Operational managers, percentage of women	13%	13%	9.8%	8.9%	8.8%
From the employee survey, results indexes (industry benchmark provided by Brilliant in brackets)					
Commitment	Above industry benchmark	Above industry benchmark	82 (76)		81 (77)
Team efficiency	Above industry benchmark	Above industry benchmark	75 (76)		74 (73)
Management	Above industry benchmark	Above industry benchmark	74 (76)		75 (74)
Psychosocial working environment	Above industry benchmark	Above industry benchmark	75 (73)		75 (71)
Recommend to others (net promoter score)	Above industry benchmark	Above industry benchmark	30 (8)		28 (11)

Measures 2021		Measures 2022
Planning to secure management capacity	→	Start implementation of the process
Define targets for diversity efforts in the period to 2025	✓	
Build knowledge and awareness of diversity within the organisation	→	To be rolled out to the entire organisation
Define employee development processes in a joint digital solution	✓	
	→	Revitalise management behaviour within the organisation



# Compliance

Compliance is about observance of legislation, societal standards and industry standards, as well as meeting customer and societal expectations regarding sound business practices. In its capacity as a leading Scandinavian construction company, Veidekke seeks to promote sound, ethical operation throughout the construction and civil engineering industry.

Veidekke’s ethical guidelines provide the framework for ethical, sustainable and socially responsible operation. 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.

Breaching societal and industry 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 observance of 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. Veidekke is also working with industry to combat work-related crime, ensure that official work-related compliance requirements are enforced

and that framework conditions are the same for all stakeholders.

## Compliance at Veidekke

Ensuring that Veidekke complies with internal and external 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 business 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 – in 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 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.

No notable fines or penalties were imposed on Veidekke in 2021.

Group operational systems

The compliance function is responsible for the group's operational systems, which are designed to ensure that group-level decisions and requirements are implemented in the operational 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 ISO audits and compliance checks for its subsidiaries, 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 compile 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 and the compilation of audits performed by subsidiaries. These measures facilitate aggregation of results and reporting to the audit committee. The audits are primarily operational, and focus on compliance with internal and external requirements. No non-conformances with Veidekke's business practices were reported to the risk committee in 2021 – a positive result.

Whistleblowing at Veidekke

The compliance function is responsible for establishing and operating a whistleblowing mechanism which appropriately monitors and follows up on non-conformances 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 their processing 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. The pre-qualification requirements include assessment of environmental and social requirements. Suppliers must be able to

document their compliance on request, and Veidekke also conducts compliance audits.

Activities in 2021

The board of directors adopted new ethical guidelines for Veidekke in the first quarter of 2021, and the compliance function has worked on adapting guidance documents to the board's general guidelines. This has included updates to group policies – also considered by group management and the board – and the preparation of ethical guidelines for Veidekke's suppliers. A new enterprise system has been implemented across 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.

Occasioned by the adoption of the Norwegian Transparency Act, the compliance function has developed a policy on respect for human rights, conducted general risk assessments for materials suppliers and evaluated the group's guidance documents in this area.

In 2021, Veidekke adopted a very active approach to the topic of compliance in the Swedish labour market, including by investigating work-related crime among foreign sub-contractors and actively participating in the related public debate.

Several internal audits were conducted in 2021, with the results being reported to the audit committee.

Targets, results and measures

Compliance					
Main objective: All persons who work for or represent Veidekke shall act in an ethical manner					
Description of key metrics	Sub-goal 2022	Sub-goal 2021	Results		
			2021	2020	2019
Number of employees who have completed the “Wise choices” e-learning programme	Revised course	Revised course	342	258	318
Number of participants in dilemma training	All participants in the introduction course	All participants in the introduction course	164	199	219

Measures 2021 <sup>1</sup>		Measures 2022
Revise the “Wise choices” e-learning programme	→	The audit is currently being completed, and further training will be undertaken within the group in 2022
Conduct internal audits within the group	✓	The internal audit function will cooperate with other control functions to develop a joint audit methodology
Introduce dilemma training as part of Veidekke’s introduction course for new staff	→	To be continued
Work more effectively on compliance across the group and define joint focus areas	→	To be continued
Identify procedures which are to apply groupwide	→	To be continued
Increase reporting by the units of operation and take action based on the results	→	To be continued
Offer more customised training for different positions within the group, adopting a more risk-based approach	→	To be continued through communication of new ethical guidelines
Develop an ethics training course for managers to use in staff training	→	Deferred in 2021; to be held in 2022
Veidekke’s ethical guidelines were adopted by the board of directors in March 2021	✓	Make the organisation aware of the new ethical guidelines through different training packages
Start using risk management tools to assess and document compliance risk and non-conformances		Deferred in 2021; to be held in 2022
Provide training on compliance-related topics	→	To be implemented as part of training on new ethical guidelines
Help the business areas to begin using digital compliance and ongoing monitoring tools	→	Responsibility transferred to newly established compliance department

<sup>1</sup> Some of the planned measures require personal attendance, which was impossible for large parts of 2021 due to the Covid-19 pandemic.

# Key metrics – sustainability

				Results		
Material topics	Governing documents	Description of key metrics	Goal for 2021	2021	2020	2019
Health and safety	Strategic safety plan OHS policy Procedure for joint safety measures Procedure for fatal work accidents Group contingency plans	Number of serious injuries	0	0	3	6
		Number of injuries	Minimum 20% reduction	297 (-13%)	315 (-10%)	350 (-4%)
Climate and environmental impact	Strategic environmental plan Environmental policy	Absolute greenhouse gas emissions (scope 1 and 2) in tonnes of CO <sub>2</sub> e <sup>1</sup>	Reduction	81 290	97 367	109 548
		Greenhouse gas emissions scopes 1 og 2 according to climate budget	Annual reduction of -4.2% from the base year 2018	Fulfilled	Fulfilled	Not fulfilled
		Greenhouse gas emissions scopes 1 and 2; percentage from the base year 2018	Reduction of -4.2% annually; -13% from base year 2018	-28%	-14%	-3%
		Greenhouse gas emissions (scope 3) in tonnes of CO <sub>2</sub> e	Reduction, see main objective; base year 2020	Available mid-2022	552 321	-
		Greenhouse gas emissions, CO <sub>2</sub> e in kg per NOK 1 000 in revenue <sup>1</sup>	Reduction	2.16	2.48	2.83
		Reduce CO <sub>2</sub> emissions relative to value creation by 7% per year	Positive development relative to long-term goal	Positive	Positive	Positive
		Share of renewable energy	Increased share	37%	31%	25%
		Proportion of lowtemperature asphalt (LTA)	40% by 2021	40%	33%	33%
		Reuse percentage in asphalt production	10% by2021	7.4%	5.7%	5.3%
		Number of asphalt factories running on renewable energy	6 factories by 2021	4	2	2
		Proportion of roads paved with environmental asphalt	Test environmental asphalt on roads	Approx. 4%	-	-
		Number of emissions-free/fossil-free construction and civil engineering sites	Increased number	28	30	20
		Proportion of certified and renewable projects as a percentage of group revenues	-	28%	ca. 29%	ca. 13%
		CDP Climate Change score	Maintain top score	A-	A	A
Expertise	Strategic HR plan Policy for management conduct Policy for diversity and equality Policy on pensions and insurance Recruitment policy	Share of apprentices in the workforce	8%	7.6%	7.7%	7.7%
		Women students in summer jobs	50%	35%	38%	39%
		Women trainees/recent graduates	40%	39%	31%	34%
		Women operative managers <sup>1</sup>	13%	9.8%	8.9%	8.8%
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	342	258	318
		Number of participants in dilemma training	All participants in the introduction course	164	199	219

<sup>1</sup> The divestment of the property development operaton has been taken into account in the results for 2019 and 2020.

# GRI index


## 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	<a href="#">pages 5–11, 165</a>
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	<a href="#">page 165</a>
102-6	Description of the markets served by the organisation	<a href="#">pages 5–11, 21–23</a>
102-7	Size and scope of the organisation	<a href="#">pages 5–11, 21–23</a>
102-8	Total number of employees by type of employment, employment contract and region, broken down by gender	Of the 7 796 permanent employees, 1 003 are women and 6 793 are men. Of temporary employees, 120 are women and 350 are men. Of the permanently employed women, 78 are part-time employees and 925 are full-time employees. Of the permanently employed men, 101 are part-time employees and 6 692 are fulltime employees. Find more data on diversity, types of employment etc. in the sustainability section of Veidekke's website. See also <a href="#">pages 6, 8, 10, 12, 25, 143–151</a> .
102-9	Description of the company's supply chain	<a href="#">pages 5, 12–13, 131, 133, 134, 139, 152–153</a>
102-10	Significant changes during the reporting period regarding the size, structure or ownership	Veidekke's Swedish operations were reorganised into the operational units Construction Sweden and Infrastructure Swe.
102-11	Description of whether and how the precautionary principle is used within the organisation	Veidekke is a member of the UN Global Compact, and the Global Compact's ten principles are addressed in Veidekke's ethical guidelines. See also <a href="#">page 128</a> .
102-12	External initiatives, charters or principles in the financial, environmental or social area that the organisation subscribes to or endorses	Paris Agreement (COP 21) and UN's SDGs
		ILO declaration on Fundamental Principles and Rights at Work
		OECD Guidelines for Multinational Enterprises
		United Nations: Human Rights Convention
		UN Global Compact
102-13	Membership in industry organisations or other associations, and national/international advocacy organisations	Cooperation with tax authorities in Norway and Sweden to filter unserious actors in the early procurement phase <a href="#">pages 128, 131, 145</a>

GRI indicator	Description	Veidekke's reporting
Strategy and analysis		
102-14	Statement from the Group CEO	<a href="#">pages 12–13</a>
102-15	Key risks, opportunities and impacts on the economy, society and environment	<a href="#">pages 27–28</a> , <a href="#">113</a> , <a href="#">137</a>
Ethics and integrity		
102-16	The organisation's values, principles, standards and norms of behaviour	<a href="#">pages 5</a> , <a href="#">24–25</a> , <a href="#">110–115</a> , <a href="#">152–153</a>
102-17	Mechanisms for advice and concerns about ethics	<a href="#">pages 25</a> , <a href="#">114</a> , <a href="#">153</a>
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	<a href="#">pages 16–19</a> , <a href="#">110–115</a>
102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">pages 18–19</a> , <a href="#">110–115</a> , <a href="#">127</a>
102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">page 131</a>
102-22	Composition of the highest governance body and its committees	<a href="#">pages 16–17</a> , <a href="#">112–113</a>
102-23	Chair of the highest governance body and its committees	<a href="#">pages 16</a> , <a href="#">113</a>
Stakeholder engagement		
102-40	Stakeholder groups that the organisation is in dialogue with	<a href="#">page 131</a>
102-41	Percentage of employees who are covered by collective bargaining agreements	approx. 95%
102-42	Description of how the organisation chooses relevant stakeholders	<a href="#">pages 127</a> , <a href="#">131</a>
102-43	Approach to stakeholder engagement, including frequency of engagement by type and stakeholder group	<a href="#">pages 131</a>
102-44	Important topics and questions raised through stakeholder dialogue and the company's response	<a href="#">pages 127</a> , <a href="#">131</a>
Reporting practices		
102-45	Overview of all the units that are encompassed by the organisation's annual financial statements or similar documents	<a href="#">pages 96–97</a> , <a href="#">128</a>
102-46	Description of the process for defining the report's content and limitations, as well as the implementation of the reporting principles	<a href="#">pages 125–131</a>
102-47	List of all the topics that have been identified as material	<a href="#">page 127</a>
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	Base year for climate accounting scope 3 set for 2020. (Base year for scopes 1 and 2 is 2018). See <a href="#">pages 137–138</a> and <a href="#">141</a>
102-50	Reporting period	1 January 2021–31 December 2021
102-51	Date of publication for the previous report	26 March 2021
102-52	Reporting frequency	Annually
102-53	Contact person for questions about the report or its content	<a href="mailto:firmapost@veidekke.no">firmapost@veidekke.no</a> or <a href="mailto:lars.lund@veidekke.no">lars.lund@veidekke.no</a>
102-54	Reporting level	GRI Standards: Core. See <a href="#">page 128</a>
102-55	GRI index	<a href="#">pages 156–164</a>
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

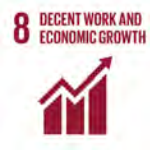

GRI indicator	Description	Veidekke's reporting	Crossreference SDGs / UN Global Compact
Health and safety			 <b>Target 8.8</b> See <a href="#">page 130</a>
103-1	Description and limitation of material topic(s)	<a href="#">pages 132–134</a>	
103-2	Description of the management system that covers material topics	<a href="#">pages 132–134</a>	
103-3	Evaluation of the management system	<a href="#">pages 132–134</a>	
403-1	Occupational health and safety management system	<a href="#">pages 132–134</a>	
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">pages 132–134</a>	
403-3	Occupational health services	<a href="#">pages 25, 132–134</a>	
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">pages 132–134</a>	
403-5	Worker training on occupational health and safety, generic and related to specific hazards	<a href="#">pages 25, 132–134</a>	
403-6	Promotion of worker health	<a href="#">pages 25, 132–134</a>	
403-7	Worker training on occupational health and safety, generic and related to specific hazards	<a href="#">page 133</a>	
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	<a href="#">pages 25, 26, 134</a>	

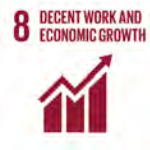
GRI indicator	Description	Veidekke's reporting	Crossreference SDGs / UN Global Compact
Climate and environmental impact			
103-1	Description and limitation of material topic(s)	<a href="#">pages 135–137</a>	 <p><b>Goal 13</b> See <a href="#">page 130</a></p> <p><b>Environment</b></p> <p><b>Principle 7:</b> Support a precautionary approach to environmental challenges</p> <p><b>Principle 8:</b> Undertake initiatives to promote greater environmental responsibility</p> <p><b>Principle 9:</b> Encourage the development and diffusion of environmentally friendly technologies</p>
103-2	Description of the management system that covers material topics	<a href="#">pages 135–137</a>	
103-3	Evaluation of the management system	<a href="#">pages 135–137</a>	
301-1	Materials used by weight or volume	Share of roads with environmental asphalt in Norway: 4%. See also <a href="#">page 139</a>	
301-2	Recycled input materials used	Share of reuse in asphalt production in Norway: 7.4%. See also <a href="#">page 139</a>	
302-1	Energy consumption within the organisation by source and type/sale	Fossil fues: 307 490 MWh, of which:	
		Construction diesel: 137 838 MWh	
		LPG: 103 973 MWh	
		Diesel (NO): 30 292 MWh	
		Diesel (SE): 16 307 MWh	
		LNG: 9 388 MWh	
		Natural gas: 3 989 MWh	
		Diesel (DK): 3 154 MWh	
		Fuel oil: 1 736 MWh	
		Petrol: 813 MWh	
		Renewable fuels: 63 647 MWh, of which:	
		Biodiesel HVO: 26 569 MWh	
		Biofuel oil: 20 576 MWh	
		Diesel (NO): 9 830 MWh	
		Diesel (SE): 5 729 MWh	
		Wood pellets: 641 MWh	
		Diesel (DK): 259 MWh	
		Petrol: 43 MWh	
		Electricity: 132 955 MWh, of which 123 220 MWh from renewable energy sources..	
		District heating: 13 645 MWh, of which 4 645 MWh from renewable energy sources.	
		District cooling: 59 MWh, of which 59 MWh from renewable sources..	
		The renewable share of renewables in electricity, district heating and district cooling is according to a location-based method.	
		Total energy consumption: 517 795 MWh	
		The energy reporting covers all operational areas as well as subsidiaries and joint ventures with >50% ownership. Period 1 Jan. 2020–31 Dec. 2020 (12 mos). Base year is 2018.	
		Source of emission factors is Defra. See also <a href="#">pages 137–139</a>	

GRI indicator	Description	Veidekke's reporting	Crossreference SDGs / UN Global Compact
302-2	Energy consumption outside of the organisation	Energy consumption in the use phase of construction projects handed over to client: 3 964 GWh The energy reporting includes all construction projects handed over to client, with revenue in excess of NOK 25 million. Period 1 Jan. 2020–31 Dec. 2020 (12 mos). Base year is 2020. Source of emission factors is Defra.	
302-3	Energy intensity	Asphalt: 81 MWh per tonne of asphalt. 183 404 MWh corresponds to scope 1 and 2 (bioenergy, fossil fuels and electricity). 2 257 tonnes of asphalt Period 1 Jan. 2021–31 Dec. 2021 (12 mos)	
305-1	Direct (scope 1) GHG emissions	Scope 1: 78 730 tCO <sub>2</sub> e Biogenic emissions:: 15 781 tCO <sub>2</sub> Veidekke complies with the GHG Protocol Corporate Standard (March 2004). Climate reporting is based on a control approach, including operational control. Climate reporting covers all operations including subsidiaries and joint ventures with >50% ownership. Period 1 Dec. 2021–31 Dec. 2021 (12 mos). Base year is 2018. Source of emission factors is Defra and includes CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O. GWP: IPCC Fourth Assessment Report (100 year GWPs). See also <a href="#">pages 137–139, 141</a>	
305-2	Energy indirect (scope 2) GHG emissions	Scope 2 location-based method: 2 560 tCO <sub>2</sub> e Scope 2 market-based method: 50 222 tCO <sub>2</sub> e Veidekke complies with the GHG Protocol Corporate Standard (March 2004). Climate reporting is based on a control approach, including operational control. Climate reporting covers all operations including subsidiaries and joint ventures with >50% ownership. Period 1 Dec. 2021–31 Dec. 2021 (12 mos). Base year is 2018. Sources of emission factors are the IEA (locationbased) country-specific average over the past three years and the Association of Issuing Bodies, AIB (market-based without guarantee of origin). Emission factors include CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O. GWP: IPCC Fourth Assessment Report (100 year GWPs). See also <a href="#">pages 137–139, 141</a>	

GRI indicator	Description	Veidekke's reporting	Crossreference SDGs / UN Global Compact
305 -3	Other indirect (scope 3) GHG emissions	Veidekke scope 3 emissions in 2020:	
		552 000 tCO <sub>2</sub> e, of which:	
		Acquisitions of goods and services:: 457 448 tCO <sub>2</sub> e	
		Capital goods: 8 678 tCO <sub>2</sub> e	
		Fuel and energy related activities (not included in scopes 1 and 2): 20 806 tCO <sub>2</sub> e	
		Waste: 3 258 tCO <sub>2</sub> e	
		Business travel: 3 458 tCO <sub>2</sub> e	
		Commuting: 4 593 tCO <sub>2</sub> e	
		Leased additions: 273 tCO <sub>2</sub> e	
		Use of products sold: 36 031 tCO <sub>2</sub> e	
		Final processing of products sold: 13 934 tCO <sub>2</sub> e	
		Transport paid for by the customer: 3 842 tCO <sub>2</sub> e	
		Climate reporting covers all operations including subsidiaries and joint ventures with >50% ownership. Period 1 Jan 2020–31 Dec. 2020 (12 mos). Base year is 2020.	
		Sources of emission factors are EPD, DEFRA, IEA (location-based). Emission factors include CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O. GWP: IPCC Fourth Assessment Report (100 year GWPs).	
305-4	GHG emissions intensity	The annual update is carried out in June and is reported in the CDP Climate Change report: cdp.net	
		See also <a href="#">pages 137–139, 141</a>	
		Scopes 1 and 2 aggregated for Veidekke, including CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O.	
		CO <sub>2</sub> e emission (kg per NOK 1000 revenue)	
305-5	Reduction of GHG emissions	GEVA: tCO <sub>2</sub> e scopes 1 and 2 location-based / EBITDA, adjusted for labour costs (NOK)	
		See also <a href="#">page 141</a>	
		Reduction, scopes 1 and 2:	
		Due to increased share of biodiesel in 2021, compared to 2020: 2 936 tCO <sub>2</sub> e	
		Due to sale of business (asphalt plant): 576 tCO <sub>2</sub> e	
306-4	Waste diverted from disposal	The sources for the calculation are GHG accounts 2021 and 2020, including CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O. See <a href="#">CDP-report 2020</a> and <a href="#">page 141</a> in this report	
		Base year for Veidekke's climate goals for scopes 1 and 2 is 2018	
		Recycling of materials: 60 114 tonnes of waste	
		Waste reporting covers all operational areas as well as subsidiaries and joint ventures with> 50% ownership. Period 1 Jan. 2020–31 Dec. 2020 (12 mos). The total number of tonnes is based on waste reports from waste disposal companies corresponding to 20% of Veidekke's purchases of waste services and the total purchase volume from identified items in the accounts.	
		The annual update is carried out in June	

GRI indicator	Description	Veidekke's reporting	Crossreference SDGs / UN Global Compact
306-5	Waste directed to disposal	Energy recovery: 65 960 tonnes of waste Disposing of inorganic materials: 400 246 tonnes of waste Waste reporting covers all operational areas as well as subsidiaries and joint ventures with> 50% ownership. Period 1 Jan. 2020–31 Dec. 2020 (12 mos). The total number of tonnes is based on waste reports from waste disposal companies corresponding to 20% of Veidekke's purchases of waste services and the total purchase volume from identified items in the accounts. The annual update is carried out in June	
307-1	Non-compliance with environmental laws and regulations	One incident concerning damage to trees. The amount is considered not significant.	
Expertise			
103-1	Description and limitation of material topic(s)	<a href="#">page 24–25, 143–151</a>	 <b>Target 4.4</b> See <a href="#">page 130</a>
103-2	Description of the management system that covers material topics	<a href="#">pages 24, 143–144</a>	
103-3	Evaluation of the management system	<a href="#">page 143</a>	
401-1	New employee hires and employee turnover	<a href="#">pages 144, 151</a>	
404-1	Average hours of training per year per employee by gender and employee category	Data for the group are currently not available. Reporting will start from 2022.	
404-2	Programmes for upgrading employee skills	<a href="#">pages 24, 144–146</a>	
404-3	Percentage of employees receiving regular performance and career development reviews	Development review to be conducted annually with all employees. Reporting from 2022.	
405-1	Diversity: Percentage of women and men (employee category/age)	<a href="#">pages 25, 149, 150, 151</a>	
405-2	Ratio of basic salary and remuneration of women to men	For the Norwegian companies, women's wages as a percentage of men's constitute 89.6, weighted for wage volumes. See <a href="#">page 150</a>	
406-1	Diversity: Incidents of discrimination and consequence/follow-up	No incidents reported to group level	
VD	Satisfied employees	<a href="#">pages 24, 143–144</a>	 <b>Target 5.5</b> See <a href="#">page 130</a>  <b>Labour</b> <b>Principle 6:</b> Elimination of discrimination in respect of employment and occupations
VD	Human resource development	<a href="#">pages 144–145</a>	
VD	Percentage of apprentices in the workforce	<a href="#">pages 144, 151</a>	

GRI indicator	Description	Veidekke's reporting	Crossreference SDGs / UN Global Compact
Compliance			
103-1	Description and limitation of material topic(s)	<a href="#">pages 152–154</a>	 <b>Target 8.8</b> See <a href="#">page 130</a>
103-2	Description of the management system that covers material topics	<a href="#">pages 152–154</a>	
103-3	Evaluation of the management system	<a href="#">pages 152–154</a>	
102-16	The organisation's values, principles, standards and norms of behaviour	<a href="#">pages 25, 114, 152–154</a>	
102-17	Mechanisms for advice and concerns about ethics	<a href="#">pages 25, 114, 153, 156</a>	
102-33	Communicating critical concerns	<a href="#">pages 25, 114, 153, 156</a>	
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 <a href="#">pages 152–154</a>	 <b>Target 16.5</b> See <a href="#">page 130</a>
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">pages 152–154</a>	
205-3	Confirmed incidents of corruption and actions taken	None	
307-1	Non-compliance with environmental laws and regulations	<a href="#">page 162</a>	
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 <a href="#">pages 135, 137–139, 152–154</a>	
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	<a href="#">page 154</a>	<b>Human Rights</b> <b>Principle 1:</b> Support and respect the protection of internationally proclaimed human rights <b>Principle 2:</b> Make sure that they are not complicit in human rights abuses  <b>Labour</b> <b>Principle 3:</b> Uphold the freedom of association and the effective recognition of the right to collective bargaining <b>Principle 4:</b> Elimination of all forms of forced and compulsory labour <b>Principle 5:</b> Effective abolition of child labour  <b>Anti-corruption</b> <b>Principle 10:</b> Work against corruption in all its forms, including extortion and bribery
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 nvolves assessment with regard to social criteria. See also <a href="#">pages 131, 152–154</a>	
419-1	Sanctions resulting from non-compliance with laws and regulations in the social and economic area	<a href="#">pages 152–154</a>	
VD	Control, compliance regulations	<a href="#">pages 152–154</a>	
		<a href="#">pages 152–154</a>	

GRI indicator	Description	Veidekke's reporting	Crossreference SDGs / UN Global Compact
Productivity			 <b>Target 8.2</b> See <a href="#">page 130</a>
103-1	Description and limitation of material topic(s)	<a href="#">page 127</a>	
103-2	Description of the management system that covers material topics	<a href="#">pages 5, 21–24, 110</a>	
103-3	Evaluation of the management system	<a href="#">pages 21–24</a>	
102-15	Risk management	<a href="#">pages 14, 27–28, 113–114, 137</a>	
201-1	Direct economic value generated and distributed	<a href="#">pages 6, 12–13, 21–23</a>	
Satisfied customers			
103-1	Description and limitation of material topic(s)	<a href="#">page 127</a>	
103-2	Description of the management system that covers material topic(s)	<a href="#">pages 5–13</a>	
103-3	Evaluation of the management system	<a href="#">pages 21–24</a>	
VD	Collaboration and customer focus	<a href="#">pages 5–11, 137</a>	

# Articles of association 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 afore-mentioned. 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 eleven members. A maximum of eight 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: construction of residential and non-residential buildings. 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.

After the divestment of the property development operation in 2020, Veidekke is a streamlined contractor. Towards 2025, focus will be on generating profitable growth and providing shareholders an attractive dividend. Veidekke plans to achieve this by applying its passion for projects and customers, creating value through interaction and involvement, taking an active role in the green shift, and monitoring risk at all levels.



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 7 800 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](http://veidekke.com)