

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 CO₂ 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 groundbreaking – 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

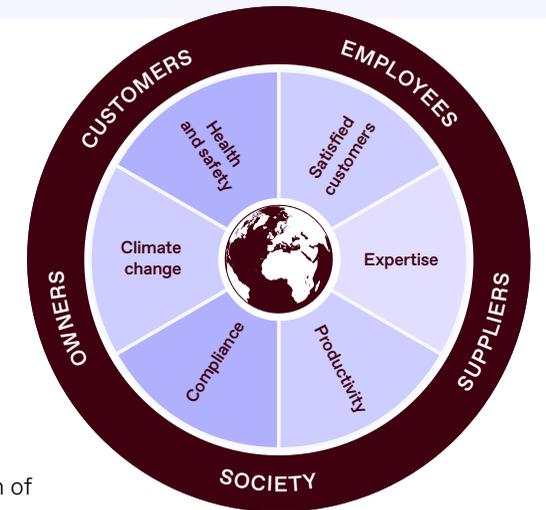
Veidekke's sustainability work is based on a materiality analysis conducted in accordance with the Global Reporting Initiative (GRI). The analysis describes opportunities and risks facing the company, as well as Veidekke's most important stakeholders and their key concerns.

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.

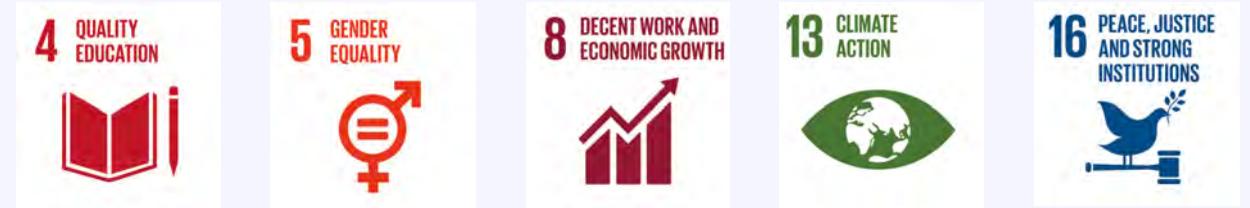
Over the past two years, Veidekke has worked on identifying the future impact of the EU taxonomy on the group, including by piloting project screening based on the taxonomy. Veidekke is ready to publish a full “alignment” report starting in 2022. “Alignment” refers to the proportion of the group’s activities, 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 Pre-qualification of suppliers Supplier audits and follow-up through site visits and direct dialogue
		Industry forums	✓		✓	
Financial institutions (lenders)	Assessment of climate risk Loan terms linked to sustainability	Quarterly reports	✓			Annual risk assessment and selection of remedial measures Evaluation of target achievement linked to the loan agreement and corresponding adjustment of loan terms
		In connection with refinancing and signature of new loan agreements			✓	
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			✓	
Industry	Industry cooperation to improve safety, compliance and environmental performance	Communication with local authorities re individual projects			✓	
		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 "O 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 ¹			12.17	13.1	13.53

¹ 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 through 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 CO₂ 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 CO₂ emissions from own operations amounted to 81 290 tonnes of CO₂e, 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 CO₂e, down 13% from 2.48 kg of CO₂e 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 CO₂e 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 CO₂ 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.¹

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 CO₂-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

¹ 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 CO₂ 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 CO₂e 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/hydro-treated 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 CO₂e to 37 tonnes of CO₂e, 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 ^{1, 2}					
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 ₂ e ^{1, 2}	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 ³	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 ₂ e	Reduction, see main objective; base year 2020	Reduction, see main objective; base year 2020	Available mid-2022	552 321	-
Greenhouse gas emissions, CO ₂ e in kg per NOK 1 000 in revenue ⁴	Reduction	Reduction	2.16	2.48	2.83
Reduce CO ₂ emissions relative to value creation by 7% per year ⁵	Positive development relative to long-term goal	Positive development relative to long-term goal	Positive development	Positive development	Positive development
Proportion of renewable energy ⁶	Increased proportion	Increased proportion	37%	31%	25%
Proportion of low-temperature asphalt ⁷	50%	40%	40%	33%	33%
Reuse percentage in asphalt production ⁷	10%	10%	7.4%	5.7%	5.3%
Number of asphalt factories running on renewable energy ⁷	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 ⁷	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 ⁸	Increased number	Increased number	28	30	20
Proportion of certified and renewable projects as a percentage of group revenues ^{9, 10}	-	-	Approx. 28%	Approx. 29%	Approx. 13%
CDP Climate Change – score ¹¹	Achieve top score	Maintain top score	A-	A	A

¹ 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.

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

³ 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.

⁴ Account has been taken of the sale of the property development operation in the results for 2019 and 2020.

⁵ Scope 1 and 2, with base year 2018. Ref. GEVA/Randers 2012 and SBTi Corporate Manual December 2021.

⁶ Scope 1 and 2, location-based method.

⁷ Targets and results only relate to Norwegian operations.

⁸ At any given time, the company has several hundred active construction and civil engineering sites.

⁹ Buildings and facilities which qualify for environmental certification, as well as engineering services and projects involving renewable energy such as wind power and hydropower.

¹⁰ Marginal change compared to last year. The proportion is expected to increase in the years ahead.

¹¹ 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.

¹ [Veidekke – Karriärföretagen](#)

² [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 attractiveness 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)¹ crowned Veidekke as Sweden's best communicator in the area of employer profiling on social media. In the annual Universum² surveys carried out in Norway, Veidekke achieved rankings on a par with last year: 17th place among the most attractive employers for students

in the category engineering/natural sciences and 16th 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.³ 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

³ [Diversitas](#)

management levels, run in conjunction with BI Norwegian Business School.⁴ 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.

⁴ [BI Norwegian Business School](#)

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

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	<ol style="list-style-type: none"> 1. Guidance documents and processes have been developed for recruitment and management development. 2. Ensure that recruitment and staff development processes are skills-based and intentional. 3. In 2021, attractiveness efforts were focused on generating interest in working in the industry among women. 4. Ensure greater diversity of texts and images in advertising and marketing materials. 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. 6. Monitoring of remuneration systems to ensure gender equality and avoid discrimination. 	<ol style="list-style-type: none"> 1. Implemented. 2, 3, 4. The proportion of women increased in 2021. 5. Given strong attention through skills-building measures relating to unconscious discrimination. 6. No systematic pay differences were discovered between women and men. 6. Persons on parental leave receive pay adjustments and their bonuses are not reduced.
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)	<p>Zero tolerance for offensive behaviour of all kinds is enshrined in Veidekke's ethical guidelines and its diversity and gender equality policy.</p> <p>The whistleblowing procedure describes the process for reporting on matters relating to the physical and psychosocial working environment.</p>	Ongoing project which will be reinforced through additional skills-building measures.
The construction and civil engineering industry is male-dominated, and media coverage of discrimination can make the industry a less attractive workplace for women	<ol style="list-style-type: none"> 1. To reduce unconscious discrimination, measures have been implemented to build skills and encourage reflection on the topic. 2. Publication of skills-building articles on gender, sexual orientation and gender identity through in-house information channels. 	<ol style="list-style-type: none"> 1. Work started at senior management levels in 2021 and will continue throughout the organisation in 2022. 2. Work will continue.
It is more difficult for persons with disabilities to enter an industry where the majority of staff work on construction and civil engineering sites	Wherever possible, accommodation measures are implemented for staff with disabilities.	To be assessed in each individual case.
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.	Not prioritised to date.	
Men and women taking parental leave may experience poor accommodation before, during and after their leave period.	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.	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.
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.	<ol style="list-style-type: none"> 1. The decision has been made to replace the job title "foreman" with "supervisor" or "production manager". 2. All projects must offer separate changing facilities for men and women. 3. A separate range of work clothing for women is available. 	<ol style="list-style-type: none"> 1. The job title "foreman" was eliminated as of 1 January 2022. 2. Separate changing facilities have been installed for most projects, although exceptions may arise on smaller project sites. 3. Implemented.

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	Bonuses ²	Overtime remuneration
Groups 1–3 ¹ 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	Bonuses ²	Overtime remuneration ²
Groups 1–3 ¹ 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 ¹		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

¹ 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

Material topics	Governing documents	Description of key metrics	Goal for 2021	Results		
				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 ₂ e ¹	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 ₂ e	Reduction, see main objective; base year 2020	Available mid-2022	552 321	-
		Greenhouse gas emissions, CO ₂ e in kg per NOK 1 000 in revenue ¹	Reduction	2.16	2.48	2.83
		Reduce CO ₂ 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% by 2021	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%
Expertise	Strategic HR plan Policy for management conduct Policy for diversity and equality Policy on pensions and insurance Recruitment policy	CDP Climate Change score	Maintain top score	A-	A	A
		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 ¹	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

¹The divestment of the property development operator has been taken into account in the results for 2019 and 2020.