



Sustainability report 2017

Number of serious
injuries reduced by

46%

from 2016 to 2017

CDP score

A-

in 2016 and 2017

CONTENTS

3	Introduction by the President and CEO
4	This is Veidekke
12	How sustainability is managed at Veidekke
14	Stakeholder engagement
18	Ethics and compliance
22	Occupational health and safety
28	Environment and climate change
34	Close collaboration with suppliers
38	The people at Veidekke
45	Report parameters
46	GRI Index

Veidekke shall be a leader in sustainability. The United Nations sustainable development goals are used as a framework for our work, and these goals have been incorporated into the company's management model and strategy towards 2020.



☐ In 2016 and 2017, Veidekke has been working on goals 8, 12, 13, 16 and 17, in addition to focusing on goals 5, 9 and 11.

INTRODUCTION BY THE PRESIDENT AND CEO

Sustainability is future competitiveness

As one of Scandinavia's leading contracting companies, Veidekke has a special responsibility for operating in a way that causes the least possible environmental damage and makes the industry safer to work in and with. High resource consumption, emission problems and significant risk of injuries and accidents, as well as a few unprofessional actors, means that the construction and civil engineering industry has significant sustainability challenges and a corresponding potential for improvement. We want to be part of the solution, not part of the problem.

The foundation for our work is based on the United Nations sustainable development goals, a global plan to eradicate poverty, fight inequality and stop climate change. The goals form the framework for Veidekke's sustainability work. We have chosen to focus on areas that are of particular relevance to our industry, where we can really show a direction.

The goals have made the organisation more aware of sustainability, and as we are meeting increasingly stringent requirements, tighter frameworks and greater expectations from customers, the authorities and other stakeholders at the same time, we see that our focus on responsible operations and sustainability also makes us more competitive.

In 2017, we had several examples of how sustainability and competitiveness go hand in hand:

- We are building an increasing number of climate and eco-friendly buildings, residential units and roads. In 2017, Veidekke delivered 1,000 Nordic Ecolabel apartments – and now we are building our first Nordic Ecolabel day care centre.
- Two asphalt plants have converted to a fossil-free energy source for production, and by 2021, 40% of Veidekke's asphalt production will be low-temperature asphalt.
- An increasing number of our vehicles and machines are fossil-free. In 2017, we entered into cooperation with the environmental organisation ZERO to establish a fossil-free fleet of machinery. In 2018, this cooperation will be introduced at the construction sites.
- In the last 18 months, we have won wind power contracts valued at close to NOK 1 billion.
- We contribute to a number of industry collaboration projects and R&D projects for greener and cleaner buildings.
- We cooperate with business organisations and the authorities on measures to raise industry standards for responsible working conditions, quality, taxes, corruption, etc. These are

the issues that concern our customers and others to an ever stronger degree.

- Sickness absence affects productivity. Veidekke's employees are satisfied on the job, and a lower sickness absence rate than otherwise in the industry reflects this. We are also pleased that the number of serious injuries declined by more than a third in 2017, and through the project *Everyone's Experience, Shared Learning* we will continue to make an effort to reach our goal of zero serious injuries.
- Veidekke is strengthening its management system, for example by establishing a separate compliance function at the corporate level, and our work to establish the compliance structure will continue in 2018. All new employees receive training in ethics and compliance with internal and external laws and regulations.
- Skilled employees with a high level of relevant competence are our best competition card. We are working on recruitment and professional development in the industry at several levels. As one of Scandinavia's largest apprentice companies, we take responsibility for the education of our skilled workers. In Universum's survey of engineering students in 2017, we were the most attractive contracting company in Norway, and we were named the «Climber of the Year» in Sweden.

Together we build the future. Veidekke builds the houses people live in, the buildings they work in and the roads that tie their lives together. We build things of lasting value that people live in, on and with for generations. Sustainable production is a prerequisite for lasting value creation. We will be measured by the products and solutions we provide today for decades to come, and they will endure the test of time measured by tomorrow's scale. We will continue to build Scandinavia for a long time to come, and for a company with long-term goals, like Veidekke, future competitiveness lies in today's sustainability.



A stylized, handwritten signature in black ink, consisting of a large, flowing 'A' followed by 'r' and 'g'.

Arne Giske
President & CEO

THIS IS VEIDEKKE

Veidekke is one of Scandinavia's largest construction and property development companies. The company undertakes all types of building construction and civil engineering contracts, develops residential projects, maintains roads, and produces asphalt and aggregates. In 2017 Veidekke had revenue of NOK 31.6 billion and 7,700 employees. Veidekke is listed on the Oslo Stock Exchange, and a large proportion of the employees are shareholders in the company.

The company is organised into three business areas: Construction, Property Development and Industrial, with strong intra-group synergies. Veidekke is a specialised, competence-based company that carries out projects in collaborative interaction with its customers and suppliers. This participative approach helps ensure good solutions

and results, good, safe operations, and continuous learning and improvement, as well as fostering loyalty and commitment.

Our most valuable resource is our employees and their expertise, and we therefore attach importance to targeted skills development and recruitment of new staff.

Multi-local strength is generated through our widespread presence in Scandinavia. Veidekke has strong local roots and proximity to customers, at the same time as we have both the size and the expertise to be able to undertake large, complex projects all over Scandinavia.

REVENUE

31.6

NOK BILLION

PROFIT BEFORE TAX

1.4

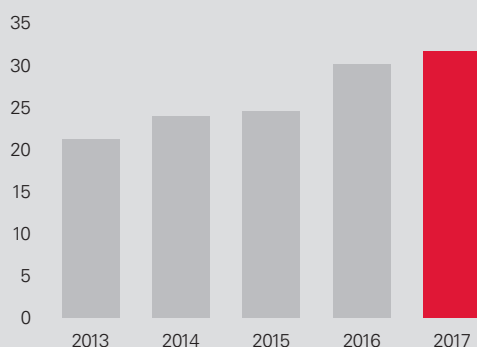
NOK BILLION

ORDER BACKLOG

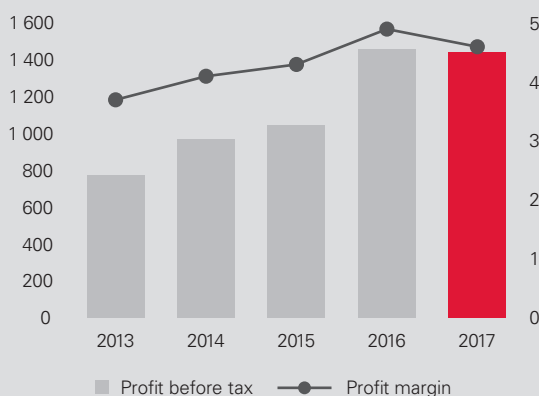
32.6

NOK BILLION

REVENUE NOK BILLION



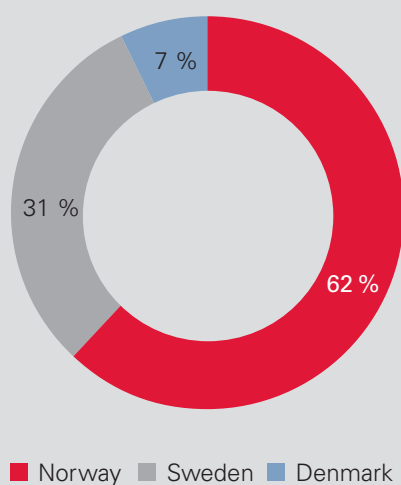
PROFIT BEFORE TAX AND PROFIT MARGIN NOK MILLION AND PER CENT



The figures are taken from the segment accounts.

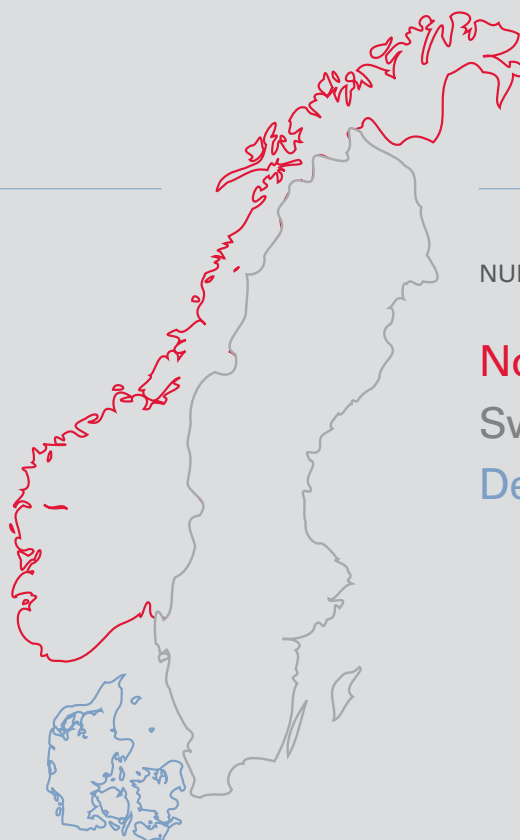
GEOGRAPHICAL DISTRIBUTION

REVENUE BY COUNTRY



NUMBER OF EMPLOYEES

Norway	5 331
Sweden	1 863
Denmark	542



SHARE OF REVENUE DISTRIBUTED BY BUSINESS AREA

BUILDING
CONSTRUCTION



51%

CIVIL ENGINEERING



24%

PROPERTY
DEVELOPMENT



10%

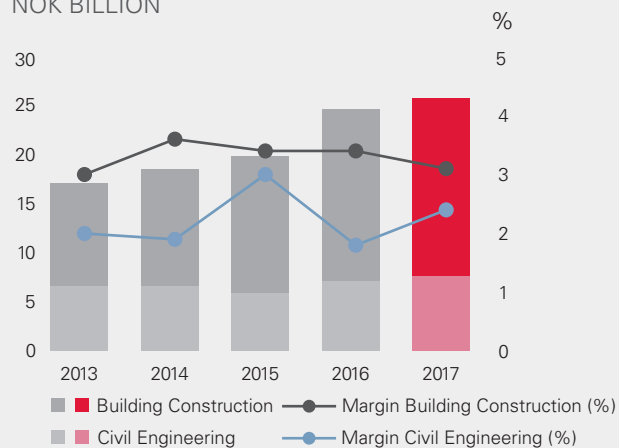
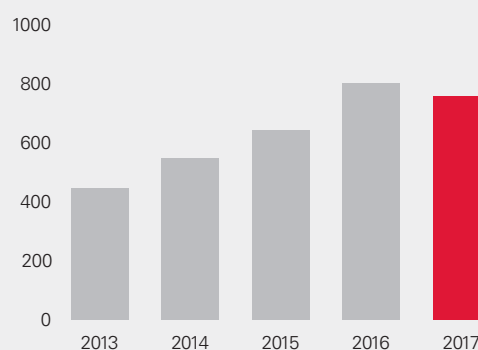
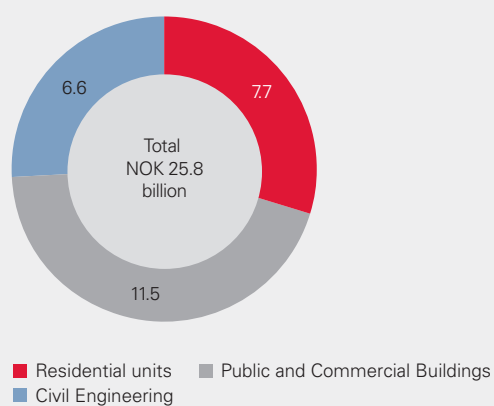
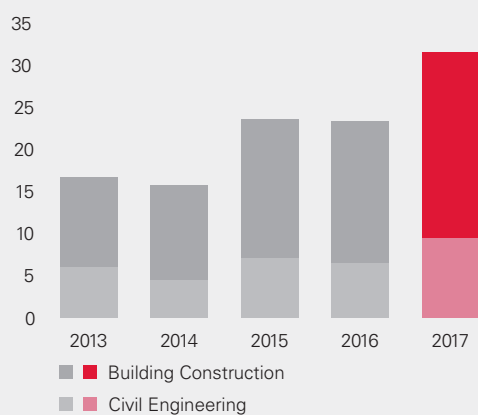
INDUSTRIAL



15%

KEY FIGURES CONSTRUCTION OPERATIONS

NOK million	2017	2016 ¹⁾	2015	2014	2013
Revenue	25 804	24 629	19 795	18 502	16 968
Profit before tax	759	804	644	549	446
Order backlog	31 601	23 368	23 686	15 810	16 728

REVENUE
NOK BILLIONPROFIT BEFORE TAX ¹⁾
NOK MILLIONSHARE OF REVENUE BY SEGMENT
NOK BILLIONORDER BACKLOG
NOK BILLION

1) The profit for 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 81 million.

CONSTRUCTION OPERATIONS



Veidekke is engaged in nationwide building construction and civil engineering activities in Norway and Denmark, while operations in Sweden are concentrated in the largest cities. Construction operations accounted for 75% of Veidekke's revenue in 2017.

Building Construction builds commercial buildings, public buildings and residential buildings. Commercial buildings are mainly office buildings, shopping centres and hotels. Public buildings are primarily schools and health-care buildings.

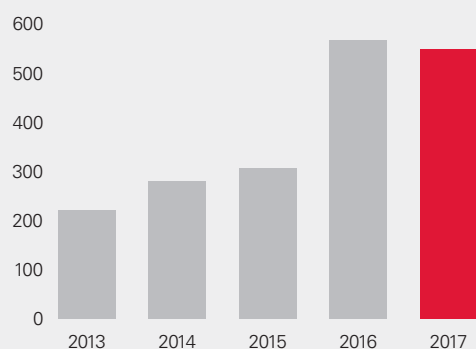
A large proportion of the projects in Building Construction are developed in close collaboration with the customer, ensuring opportunities and risks are identified at an early stage. This contributes to a better end product and increased added value for the customer and is a success factor for good and profitable operations. A significant portion of Veidekke's building construction contracts are negotiated contracts. Building construction operations accounted for 70% of the business area Construction's total revenue in 2017.

Civil engineering operations accounted for the remaining 30% of the revenue in Veidekke's construction operations in 2017. Transport infrastructure projects (road and rail) and other public infrastructure provide the majority of Civil Engineering's revenue. The portfolio also includes projects in the energy sector and other industrial facilities.

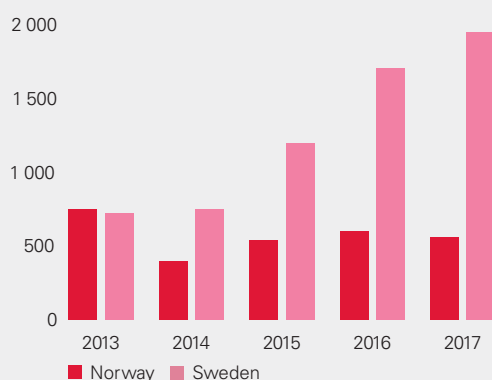
Civil Engineering has seen an increase in both the number of design and build contracts and the size of contracts. This enables Veidekke to make greater use of the combined competencies in the organisation.

KEY FIGURES PROPERTY DEVELOPMENT

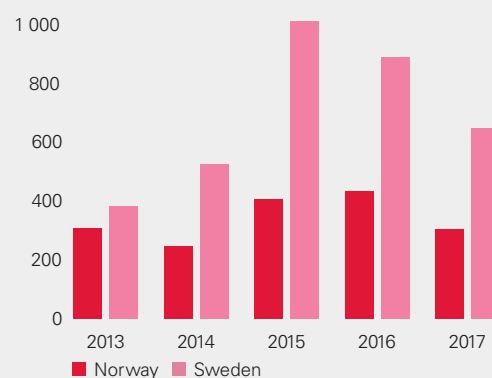
NOK million	2017	2016 ¹⁾	2015	2014	2013
Revenue	3 456	3 202	2 126	2 276	1 783
Profit before tax	549	567	306	280	221
Capital invested	4 163	3 115	3 004	3 010	3 224

PROFIT BEFORE TAX ¹⁾
NOK MILLIONRETURN ON INVESTED CAPITAL,
ROLLING PER CENT

NO. OF UNITS UNDER CONSTRUCTION AT YEAR-END



RESIDENTIAL SALES



1) The profit for 2016 includes a non-recurring effect as a result of changes to the disability pension in Norway of a total of NOK 4 million.

PROPERTY DEVELOPMENT



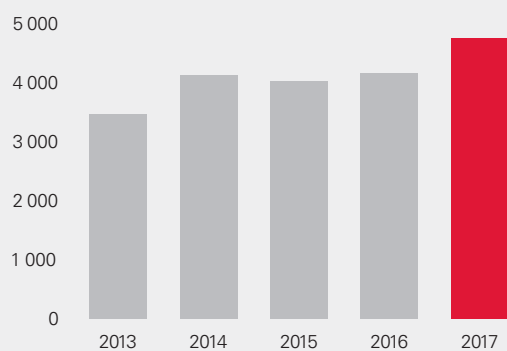
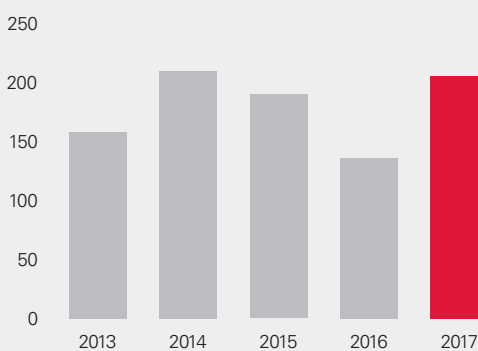
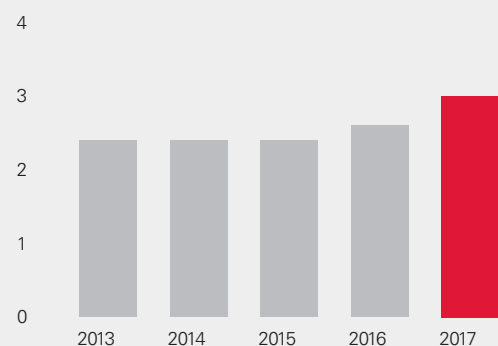
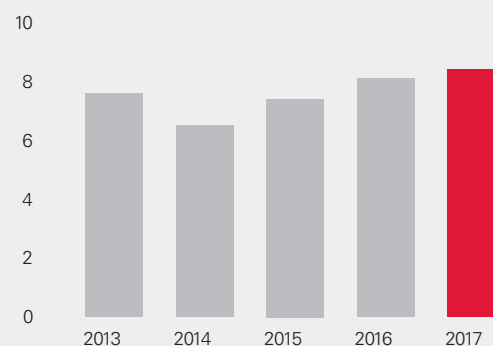
Veidekke's property development operations purchase sites and develop them into residential buildings for sale to end customers, primarily in the largest cities in Norway and Sweden. Veidekke's construction operations are responsible for the construction of the residential buildings and are involved from the earliest phase, before the site has even been purchased, to ensure identification of opportunities and risks. The close collaboration between Veidekke's property development and construction operations provides synergies and is central to good profitability in Veidekke's residential segment.

In Sweden Veidekke is generally the sole owner of residential projects, while in Norway most of the projects are done in joint ventures with other partners. The choice of business model is assessed individually for each project, and the project's scope, risk and financing are the decisive factors.

Property Development has a long-term perspective. It takes several years from a site being purchased to the home being handed over to the buyer. For this reason, the land bank is strategically important, and the portfolio is optimised through purchases and sales in accordance with the current strategy. At year-end 2017 the Group had a land bank that is expected to yield 17,450 residential units: 7,700 in Norway and 9,700 in Sweden.

KEY FIGURES INDUSTRIAL

NOK million	2017 ¹⁾	2016 ²⁾	2015	2014	2013
Revenue	4 761	4 162	4 033	4 127	3 476
Profit before tax	206	136	190	210	158

REVENUE
NOK MILLIONPROFIT BEFORE TAX ^{1) 2)}
NOK MILLIONASPHALT VOLUME
MILLION TONNESAGGREGATES VOLUME
MILLION TONNES

1) The profit for 2017 included a NOK 70 million property development gain from the sale of land.

2) The profit for 2016 has been adjusted for the non-recurring effect related to changes to the disability pensions in Norway of a total of NOK 19 million.

INDUSTRIAL



Veidekke Industri AS (Industrial) is the largest asphalt contractor in Norway and the second largest producer of aggregates. Industrial is also a major player in the operation and maintenance of public roads in Norway.

The business area Industrial has 29 asphalt plants and 28 quarries located across Norway. Some of the asphalt plants are mobile, and more and more of the aggregates plants are switching to eco-friendly energy carriers.

In 2017 Industrial accounted for 15% of Veidekke's total revenue.

Industrial's revenue for the 2017 financial year is distributed between three business units as follows: Asphalt 64%, Road Maintenance 24% and Aggregates 12%.

HOW SUSTAINABILITY IS MANAGED AT VEIDEKKE



Veidekke aims to be an industry leader in sustainability. The requirements placed on sustainable solutions are on a steady increase, along with market demand – influencing the way Veidekke works and thinks. Work in the area of sustainability and corporate social responsibility is integrated with the company's management model and business strategy towards 2020.

The Veidekke model

Corporate social responsibility and sustainability are the responsibility of the Board of Directors and corporate management, and sustainability is integrated with all aspects of Veidekke's management systems. Taking corporate social responsibility into account is a prerequisite for providing sustainable solutions, and corporate social responsibility is a key element in Veidekke's business strategy for 2017–2020.

Veidekke's core values shall form the basis for all the business activities and development of the company. These strategies describe what the company aims to achieve during the strategy period, whereas policies specify the principles for working in different disciplines and business areas, and the procedures stipulate how the tasks are to be performed.

The "Veidekke House" (see the figure on next page) is based on the company's four fundamental values: professional, honest, enthusiastic and ground-breaking. The Veidekke House is also the starting point for our ethical guidelines, which provide guidance for our daily work. The ethical guidelines cover important topics such as health and safety, the environment,

anti-corruption and correct market behaviour. It is the responsibility of the business units to ensure that they all comply with the guidelines and rules.

The role of the corporate management with respect to work with sustainability is to identify the requirements and determine the direction of the Group, as well as to coordinate and follow up measures – in cooperation with the relevant experts in the key sustainability areas: OHS, HR, environment, procurement, legal, compliance and communication. Occupational health and safety and financial figures are reported monthly to the corporate management, while other sustainability figures are reported annually to the corporate management, the Board of Directors and the owners. The various business areas prepare goals and measures that are to contribute, together with common activities across the Group, to the Group achieving its overall goals. The goals and measures are discussed in greater detail in the respective chapters of this report.

Veidekke's organisational model gives the managers a high degree of autonomy at the local level, but a clear duty to work in accordance with Veidekke's core values and frameworks.

The company has its own compliance group with representatives for each business area. This group is responsible for ensuring that compliance with regulations is coordinated and identical throughout the entire organisation. In 2017, the company recruited a new compliance director, who will not be joining the company until the first quarter of 2018.

Priority areas

30 different topics within the environment, society and ethics were ranked by Veidekke's internal and external stakeholders in a major process in 2015. In addition, the management and relevant experts have assessed the topics that must be given greater focus so that Veidekke can reach its strategic goals. The nine most important areas are listed in the figure below.

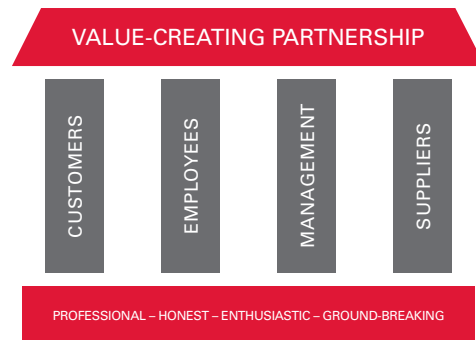
The corporate management assessed and maintained these nine areas in 2017. In addition, diversity and equality were given extra attention, and the achievement of results will be measured here in 2018. In 2018, Veidekke will conduct a new analysis to prioritise what areas of sustainability the company should focus on going forward. The selection of topics in this report will build on these materiality assessments.

In the autumn of 2015, the United Nations launched 17 sustainable development goals towards 2030. The sustainability goals are a common global work plan to eradicate poverty, combat

inequality and stop climate change by 2030, and the contribution of the business community is critical in order to achieve these goals. In 2016 and 2017, Veidekke has been working on goals 8, 12, 13, 16 and 17, and focusing in addition on goals 5, 9 and 11.

Veidekke is a major procurer of goods and services, and the suppliers are of essential importance if the company is to achieve its goals in the priority areas. All the topics that Veidekke has prioritised are therefore also relevant to the suppliers.

THE VEIDEKKE HOUSE IS BOTH A SYMBOL OF AND A GUIDELINE FOR OUR WORK



VEIDEKKE'S PRIORITY TOPICS WITHIN CORPORATE SOCIAL RESPONSIBILITY



INTERNATIONAL STANDARDS

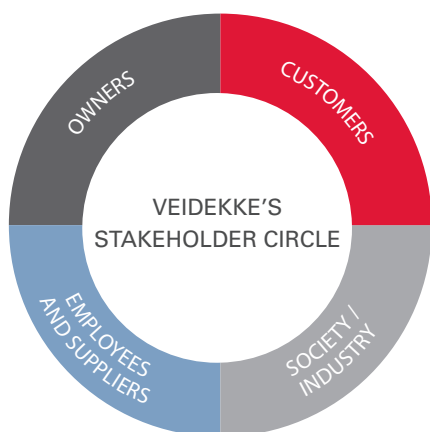
Through a global framework agreement with the trade unions and Building and Wood Workers International, Veidekke has undertaken to work for continuous improvements in the areas of the working environment, industrial relations, health and safety, and the environment. Under this agreement, Veidekke undertakes to comply with the following international standards:

- The ILO Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises
- The United Nations Universal Declaration of Human Rights

For more information on the framework agreement and the international standards:

<http://veidekke.com/en/corporate-governance/csr/article9972.ece>

STAKEHOLDER ENGAGEMENT



Getting involved creates good solutions and results. Veidekke is a competence-based company that carries out projects in participative interaction with its customers and suppliers. This is an approach that characterises Veidekke and will be of increasing importance to development going forward.

17 PARTNERSHIPS FOR THE GOALS



Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development

Veidekke's contribution: Veidekke promotes cooperation and partnerships with industry organisations and educational institutions for research and development and interacting with the authorities and policymakers, for example, through efforts to strengthen the professionalism of the construction industry.

A participative approach contributes to good, safe operations and continuous learning and improvement. In an industry that has traditionally been managed from the top down, getting the customer, all the disciplines in the projects and all of the employees involved is an approach that creates a sense of belonging and dedication. Employees are more satisfied in their work, thereby contributing to a concerted effort to realise Veidekke's ambitions and goals. The fact that many employees also own shares in Veidekke, further strengthens the sense of belonging, dedication, and involvement.

Veidekke's ambition is to be the industry leader in value-creating partnerships. Our deliveries shall meet or exceed the customer's expectations, in addition to utilising and developing the expertise of our employees and suppliers.

Veidekke's operations affect the everyday lives of many people – such as employers, suppliers or customers, or through work in the local environment where the company has projects. Therefore, Veidekke is seeking a dialogue with those that in one way or another are affected by our operations. The Group collaborates with industrial associations, trade unions and special interest organisations. In addition, customers and local communities are involved through dialogue meetings, project websites and social media. A good dialogue with stakeholders helps Veidekke identify challenges early and find the most sustainable solutions.

The table on the following page sums up the most important stakeholders, which issues they are concerned about and how Veidekke has responded.



Veidekke's Instagram account occasionally reposts photos from employees' personal accounts. From left to right above: @ofteiveien, @veivokteren, and @thisisgoingonn

Stakeholders	Issues that concern stakeholders	Arena for dialogue	Veidekke's follow-up
Owners	Good corporate governance – and how Veidekke sets goals and guidelines in these areas	Quarterly presentations. Meetings with investors and analyst communities General Meeting	Information on sustainability efforts
Employees	Dialogue on the challenges and opportunities that arise in collaboration with Veidekke, both in general and in each individual project	Daily dialogue with managers Annual performance appraisals, general meetings, involvement of employee representatives through the Board and in various forums	Involvement through the line management and through internal channels, such as the intranet and in-house magazine Standard introduction programme for new employees
Customers	Dialogue on the challenges and opportunities that arise in collaboration with Veidekke, both in general and in each individual project	Customer meetings, seminars and events, such as Veidekke's collaboration conference and the MIPIM (international property fair), as well as individual meetings in the projects Online channels for dialogue with residential customers	Customer surveys, customer interviews, customer dialogue in projects and focus groups Participation in professional and industry forums as well
Suppliers	Collaboration on occupational health and safety and professionalism Ensure good, professional suppliers	Special dialogue meetings and participation in industry forums	Involvement of suppliers from an early stage to ensure optimum collaboration and safety Pre-qualification of suppliers, including through StartBANK
Local and central authorities	Cooperation to enhance professionalism, good working conditions and effective building and planning permission processes in Norway Influencing the framework conditions and financing for increased residential construction in Sweden	Participation in industry forums as well as events such as Arendalsuka in Norway and Almedalsveckan in Sweden Contact with politicians and the authorities through the Confederation of Norwegian Enterprise (NHO), via the Federation of Norwegian Construction Industries (BNL) and the Norwegian Contractors Association (EBA) in Norway. In Sweden and Denmark, Veidekke is involved in similar work through the Swedish Construction Federation (BI) and the Danish Construction Association (Dansk Byggeri). Dialogue meetings and participation in local and regional forums for urban development, as well as direct dialogue with local authorities on individual projects	Placing important problems on the agenda and participating in public debate on increased residential construction, professionalism and permanent employment
The construction industry	Cooperation in the industry to improve safety, professionalism and the environment	Dialogue meetings and participation in industry forums and committees	Veidekke is working to reinforce cooperation in the industry to achieve the zero vision for injuries in both Norway and Sweden The company provides expertise for the development of tools, including a climate calculator for asphalt
Society	Local effects of Veidekke's operations, such as work sites, noise or environmental impacts Ensure that Veidekke's strategy is in line with the goals of the authorities, for example in the environmental area	Membership organisations, industry forums, open meeting evenings, public meetings and public consultations	Active participant in community debates and in political circles, with regard to measures to strengthen professionalism in the construction industry, for example Collaboration with the environmental organisation ZERO on fossil-free building sites Collaboration with Young Sustainable Impact on future sustainable housing Veidekke's commitment to the UN's two-degree climate change target



CASE: THE FUTURE IS SOCIAL, SMART AND SUSTAINABLE

Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable

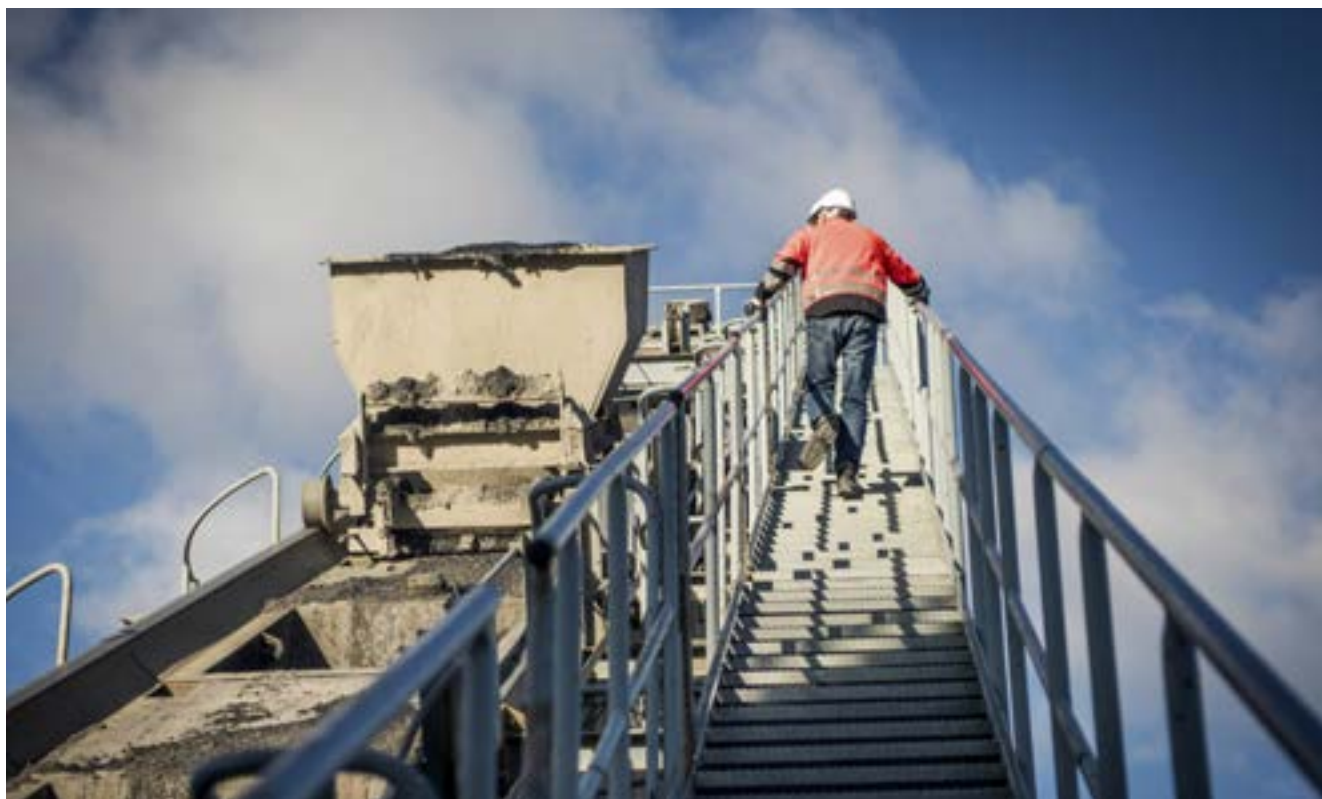
Veidekke aims to build sustainable housing for the future, and would like to get to know the residential buyers of the future better, to learn what they want their homes and their residential areas to be like.

Recently, Veidekke won the OBOS innovation competition for the Ulven industrial area, where the challenge was to build new residential units at prices that young buyers could afford. "We were looking for even more trends, concepts and ideas that we could integrate into the project to make Ulven even more attractive to young residential buyers," says Espen Stordal, who is Veidekke's project manager for Ulven. "That is why we got the youth organisation, Young Sustainable Impact, involved. This organisation works with solutions for achieving the United Nations sustainable development goals.

On the basis of the Ulven project, 25 young global innovators between the ages of 16 to 25 were invited to a workshop and brainstorming session. A jury consisting of the project team, OBOS and Veidekke awarded the best proposal, and when the Ulven project has been realised, the winners will be given a tour.

The winning proposal emphasised that the residential area should be social, smart and sustainable, through, for example, shared common areas, smart waste management solutions and a garden area that works all year long. The solution also showed that good ideas are not necessarily expensive to realise. "Collaboration gave us confirmation that we were on the right track with our plans for Ulven. In addition, we learned some new, smart ideas that we can use in other projects," says Hege Schøyen Dillner, Executive Vice President responsible for sustainability at Veidekke.

ETHICS AND COMPLIANCE



Veidekke's compliance with laws, rules and internal values depends on the choices all our employees make. Veidekke's aim is, therefore, that our people comply with laws and regulations and make ethically responsible choices every day.

4 319

VEIDEKKE EMPLOYEES
HAVE COMPLETED THE
COURSE "WISE CHOICES"



Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Veidekke's contribution: Veidekke attaches great importance to training in ethics and anti-corruption, and requires that everyone who works in and for the company adheres to our code of conduct.

As one of Scandinavia's largest contracting companies and property developers, Veidekke is responsible for helping the industry operate within the bounds of the law and social norms. The geographical area in which Veidekke operates is basically well-regulated and well-organised. At the same time we are aware that both society and our industry face challenges from rogue actors. The greatest industry risks are related to corruption, financial irregularities and competition law breaches, as well as violations of labour rights and environmental legislation.

Veidekke's ethical guidelines and the guidelines for honest and fair market behaviour, which apply to all the employees and is part of the basic employee training, represent the foundation of our ethics work.

At Veidekke, our work with ethics and compliance, anti-corruption, and correct market behaviour is governed through a general compliance management system. Given the industry's many challenges, Veidekke has invested a great deal in improving the management system in 2017. Among other things, a special compliance function has been established at the corporate level, the purpose of which is to identify risk, provide advice and training internally, detect and follow up violations, conduct internal control and periodically report to the Board of Directors and corporate management. The main task is to ensure that the Veidekke Group and subsidiaries operate in accordance with the prevailing laws and regulations and Veidekke's internal regulations. This also encompasses the goals and guidelines with respect to sustainability. The head of the compliance function will have system responsibility for the Group, while the responsibility for local implementation and compliance will lie with the line managers at different levels.

Notification

Veidekke should be characterised by wise choices. This means that the choices our employees make must withstand public scrutiny and build on the principle of equality, which means

that like cases must be treated equally and that everyone must be treated with the same basic respect. Veidekke wants a culture characterised by transparency and security, where everyone can notify about reprehensible conditions and be met with respect, in a constructive manner. The company's routine for whistleblowing is in line with the Norwegian Working Environment Act and includes an external whistleblowing ombudsman. Guidance on whistleblowing is available on Veidekke's intranet and website. In the Industrial business area, and in the Swedish operations, an Ethics Council has been established that can provide advice on individual matters and deal with whistleblowing.

Veidekke has zero tolerance for all types of harassment and offensive behaviour. The public discourse on the topic of #metoo has made us more aware that we need to focus on how Veidekke will ensure a diverse, safe and good workplace. In this connection, Veidekke is conducting a comprehensive review of the company's whistleblowing routines. On the basis of this review, the company will update its whistleblowing routines and implement improvements on how whistleblowing is handled.

Training and expertise

It is the choices that every employee makes every day that determines how Veidekke complies with the prevailing laws and regulations. Therefore, it is important to Veidekke that everyone understands, identifies with and complies with the company's core values and rules.

Training plays a key role here and Veidekke carries out extensive development and training programmes relating to ethics and compliance with laws, regulations and guidelines. The programmes are tailored to the individual divisions, with examples that reflect the kinds of situations that workers in the various divisions face on a day-to-day basis.

Ethics and compliance with internal and external rules and laws is a permanent part of the introductory programme that all new employees will undergo during their first three months with the company.

Everyone at Veidekke must complete the e-learning course "Wise Choices," which includes topics related to anti-corruption, markets and competition, OHS, climate and the environment and suppliers and professionalism. The course contains advice and exercises on how ethical issues and dilemmas should be handled. In 2017, 1,281 employees completed this e-learning programme. In total, 4,319 employees of Veidekke have completed the course since the startup.

In 2017, Veidekke Entreprenør (Construction) has provided courses on anti-corruption for managers and key personnel, as well as day courses on ethics and compliance with regulations for administrative staff. A total of 185 administrative staff in

Norway have participated in the courses. Veidekke Sweden has also provided courses on ethics for managers and administrative staff.

In 2018, Veidekke will establish a new overarching compliance structure for the Group. This will include an internal audit function and regular reporting of progress with regard to compliance to the Group's management and Board of Directors. The company's whistleblowing routines will also be reviewed and revised. An online channel to report reprehensible conditions will be established by the end of the year. In 2017, Veidekke started work on enabling the company to comply with the new General Data Protection Regulation (GDPR), which will enter into force in May 2018. This work will continue in 2018, with an assessment of how Veidekke will comply with the regulations and implementation of the necessary measures.

Goals for ethics and compliance

Veidekke's ambition is for everyone who works for or represents the company to act ethically correct

Goals for 2017	Achievement of goals in 2017	Goals for 2018
Increase the number of employees who have completed the e-learning programme Establish the compliance function in the corporate management Recruit a new manager for compliance in the Group Update the compliance role and management system Prepare a common compliance model for the Group	In 2017, 1,281 employees completed the e-learning programme The compliance function has been established in the corporate management New head of compliance in the Group has been recruited Updating work has started Draft for a common compliance model for the Group has been presented to the Board of Directors and is ready for internal publication	Increase the number of employees who have completed the e-learning programme Online whistleblowing channel Update the company's whistleblowing routines Adopt the common compliance model for the Group Consider the establishment of an internal audit function



OCCUPATIONAL HEALTH AND SAFETY



Veidekke's ambition is to ensure many good working years for everyone, and that everyone who works for Veidekke comes home safe and sound.

Construction and civil engineering is one of the industries where the greatest number of serious accidents occur. Failure to follow up may have legal, reputational and financial consequences, and therefore it is essential that Veidekke works systematically with OHS.

However, Veidekke's OHS work also rests on an independent, moral foundation. The company's OHS goals have the same status as the financial goals and are reported monthly to the corporate management. All overarching OHS goals and strategies are determined at the corporate level, while measures to achieve common goals are prepared and followed up by the business areas. OHS work is governed by principles that are defined in Veidekke's OHS policy and by safety plans that are

derived from the OHS strategy. Several of Veidekke's units are certified in accordance with the management standard for the working environment, OHSAS 18001.

Organisational and human prerequisites, as described in the safety strategy (see illustration on the following page), determine whether the company can achieve its safety goals.

Organisational prerequisites are the technical and organisational choices the company makes, through planning that gives the projects optimal framework conditions for safe work, efficient and safe production strategies, as well as safe and proper equipment at the right time.



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

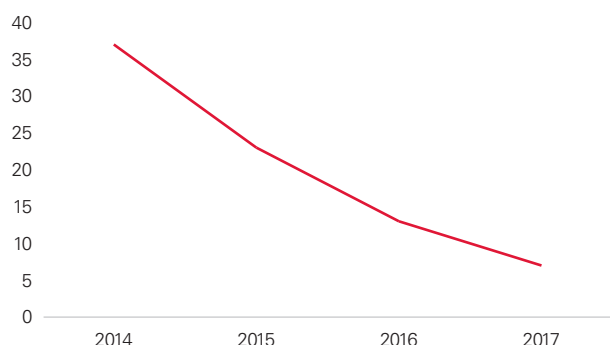
Veidekke's contribution: Veidekke places great emphasis on ensuring the professionalism of the projects and thus proper working conditions for everyone who works at or for the company. Through the company's apprenticeship and trainee programmes, Veidekke contributes greatly to helping young people enter the workforce.

VEIDEKKE'S STRATEGY TO ACHIEVE THE GOAL OF ZERO SERIOUS INJURIES



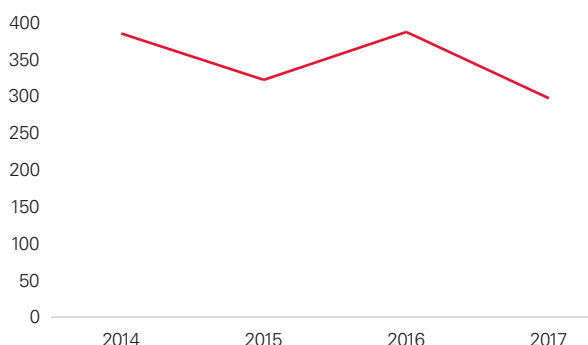
23%
REDUCTION IN THE
TOTAL NUMBER OF
INJURIES

SERIOUS INJURIES (INCLUDING FATALITIES)



The figures include our own employees and subcontractors working on Veidekke projects

TOTAL NUMBER OF INJURIES



The figures include our own employees and subcontractors working on Veidekke projects

Human prerequisites entail that Veidekke's employees have the right expertise, and that they create and recreate safety every day by having good attitudes and caring about each other.

Based on these guidelines, all the business areas have prepared strategies and action plans towards 2020. In 2017, Veidekke adopted four common safety measures: ban on the use of wooden panels in scaffolding, required use of solid railings, required use of rear-facing cameras in vehicles exceeding 7.5 tonnes and required use of an anti-collision system for tower cranes.

The project *Everyone's Experience, Shared Learning* has also been an important part of our safety work in 2017. The goal of the project has been to establish systems and processes to take advantage of experiences across the organisation, so that we can avoid making the same mistake again in different projects (see the case on p. 27).

Safety work stipulates requirements for competence and awareness, and therefore OHS training is of key importance. Everyone who works at or for Veidekke should have completed and passed the company's interactive safety course. In addition, Veidekke offers a number of other OHS courses, through the Veidekke School, for example.

Injuries

In April 2017, an employee of one of our subcontractors died while working on one of Veidekke's projects in Norway. After the accident, Veidekke conducted an extensive internal survey in cooperation with the customer and subcontractors in the project, and six concrete measures were implemented. In order for contracting clients and other actors in the industry to learn from this accident, the results of the survey were presented at a conference in January 2018.

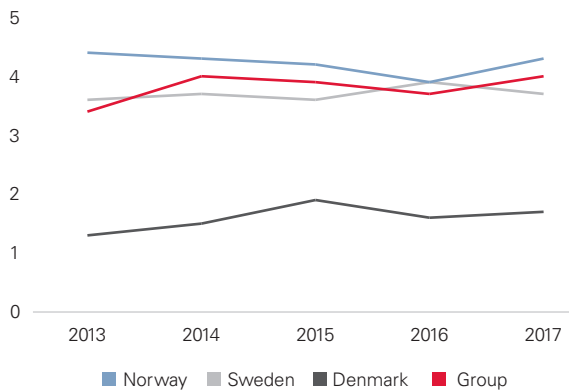
In 2017, serious injuries were reduced by 46%, while the total number of injuries was reduced by 23%. A total of 294 injuries were reported. 54% of the injuries concerned our own employees, while the remaining 46% concerned employees of contractors. The LTI-1 rate (lost-time injuries per million hours worked among own employees) was somewhat lower in 2017 than in 2016. The LTI-1 rate is somewhat higher in Sweden than in the other countries. Veidekke Sweden has prepared strategies and action plans towards 2020 that are expected to reduce this discrepancy. Hoffmann's LTI rate increased from 2.5 in 2016 to 5.2 in 2017. This can be explained, for example, by acquisitions, which increased the proportion of skilled workers considerably.

Sickness absence

Veidekke has low sickness absence compared with working life in general and to the industry in particular. One of the most important reasons for this is the high level of satisfaction. When asked "Are you satisfied with your job?", the average score is 83% for the employees in Norway and 84% for the employees in Sweden. They attribute the high level of satisfaction to good colleagues, a good working environment and exciting tasks.

Prevention of sickness absence is a high priority, and good routines have been established for the close follow-up of employees on sick leave in order to facilitate their prompt return to work. Sickness absence was 4%, up from 3.7% at the end of the previous year. Sickness absence per country was: Norway 4.3% (3.9% in 2016), Sweden 3.7% (3.9% in 2016) and Denmark 1.7% (1.6% in 2016). This is below the industry average in Norway and Denmark, but slightly higher than the average in Sweden. Different regulations make it difficult to compare the sickness absence figures between countries.

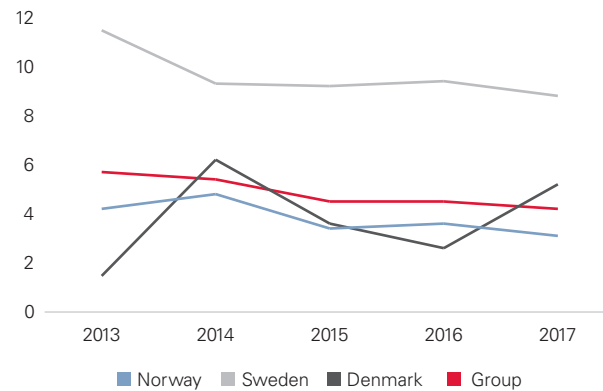
SICKNESS ABSENCE IN VEIDEKKE (PER CENT)



Sickness absence for the Group as a whole was 4%, which can be broken down as follows: Norway 4.3%, Sweden 3.7% and Denmark 1.7%.

Workers on construction sites are exposed to health risks caused by heavy physical labour and repetitive movements, as well as noise and dust. Veidekke focuses on the working health of apprentices, and we have organised a two-day gathering for all new apprentices during the first autumn of their apprenticeship in cooperation with the health department of Olympiatoppen. Here the apprentices learn about ergonomics, equipment and tools, diet, sleep and attitudes towards drugs and alcohol, under the guidance of Veidekke's corporate physiotherapists.

LOST-TIME INJURIES



Lost-time injuries among our own employees per million working hours (LTI-1 rate)

One of this year's measures to prevent musculoskeletal disorders is that every apprentice in Norway is allowed to borrow a Redcord training apparatus. Our ambition is to ensure that our apprentices start to strengthen their supporting muscles early, so that they develop fewer musculoskeletal disorders in the long term than what has been common in the contractor industry.

Veidekke offers assistance to employees who have problems with substance abuse or gambling through the Workplace Advisory Centre for issues related to alcohol, drugs and addictive gambling in the workplace (AKAN).

TWOFOOLD OBJECTIVE

PRIORITY 1

0

Serious injuries in 2020

PRIORITY 2

20 %

Annual reduction in number of injuries

CASE: VEIDEKKE'S SCANDINAVIAN OHS AWARD 2017: E-134 DAMÅSEN-TISLEGÅRD



Veidekke Entreprenør (Construction), Civil Engineering Region, has been building 5 km of dual carriageway on the E-134 near Kongsberg for 30 months – without any lost time injuries. This qualified for Veidekke's Scandinavian OHS award for 2017.

Thorough risk analysis, training and follow-up are behind this success. The contracting client, the Norwegian Public Roads Administration, cites the project as an example of how good safety work should be carried out, and for Veidekke it is a role model for good OHS work.

The project has emphasised that everyone on the construction site must understand and take responsibility

for safety, regardless of their position. Common goals and ground rules across disciplines and actors – Veidekke itself, as well as suppliers, contracted workers and other contractors – have contributed to everyone working together and functioning as a team. To give everyone a common understanding of safety, attitudes and responsibility, a four-hour OHS course was held for all mid-level managers at the construction site.

Veidekke also found solutions for raising the level of safety even further. For example, a temporary bridge and roundabout was built to reduce the risk of conflict between construction traffic and through traffic.



CASE: EVERYONE'S EXPERIENCE, SHARED LEARNING

If Veidekke is to succeed with its goal of zero serious injuries, the company must capitalise on experience across the various projects better than today.

The project, *Everyone's Experience, Shared Learning* has been established so that the company can more effectively capitalise on experience across all the projects. The challenge lies in the complexity – the fact that construction and civil engineering is an industry with a limited degree of standardised production, where experience is transferable from project to project to a lesser extent. This means that mistakes may be repeated, and sometimes they have fatal consequences.

In order for the employees' experience to be utilised better across all the projects, the following criteria must be met: People's experience must be integrated into daily processes. The experience must be relevant to the issues they are working with, and it must reach the projects at the right time.

The project *Everyone's Experience, Shared Learning* has developed two tools and seven initiatives, which have been approved by Veidekke's Corporate Management. The initiatives and tools form a foundation for new projects that will be starting up in 2018.

Health and safety goals

Priority 1: Zero serious injuries by 2020

Priority 2: Reduce the total number of injuries by 20% per year

Ambition of the OHS work: More good working years for everyone

Main goals for 2017	Achievement of goals in 2017	Goals for 2018
<p>Continue the reduction to achieve the goal of "zero serious injuries" by 2020</p> <p>20% reduction in the total number of injuries</p> <p>Implementation of the action plans for measures that the business areas prepared in 2016</p>	<p>46% reduction in serious injuries</p> <p>23% reduction in the total number of injuries</p> <p>The action plans that the business areas prepared in 2016 have been implemented</p>	<p>Further reduction to achieve the goal of "zero serious injuries" by 2020</p> <p>Reduce the total number of injuries by 20% per year</p>

ENVIRONMENT AND CLIMATE CHANGE



Veidekke aims to promote a sustainable industry and will find comprehensive actions that will create sustainable urban and community development in interaction with our customers, our suppliers and the authorities. Therefore, Veidekke has undertaken to manage its operations in accordance with the UN climate targets, switch to renewable energy sources and invest significantly in green innovation.

VEIDEKKE BUILDS CLIMATE AND ECO-FRIENDLY BUILDINGS, RESIDENTIAL UNITS AND ROADS

An increasing number of projects are setting ambitious environmental goals, such as the energy rating of buildings, passive house standard, BREEAM, LEED, CEEQUAL, Nordic Ecolabel ("Svanen"), Sweden Green Building Council, ZEB, FutureBuilt and fossil-free construction sites. Property Development Sweden now only produces Nordic Ecolabel residential units. The main characteristics of these residential units are that they consume little energy, set stringent energy requirements for appliances and for airtightness, and that only materials approved by the Nordic Ecolabel are used for construction. The materials help create a good indoor climate and a good place to live. In 2017, a total of around 1,000 Nordic Ecolabel apartments were handed over in Malmö, Gothenburg and Stockholm. Veidekke is now building its first Nordic Ecolabel daycare centre in Stockholm.



Goal 12: Ensure sustainable consumption and production patterns

Veidekke's contribution: Veidekke is part of a climate-impacting industry and places great emphasis on reducing material wastage, increasing reuse and recycling, and avoiding emissions and the spread of environmental toxins and use of hazardous substances, materials and products.



Goal 13: Take urgent action to combat climate change and its impacts

Veidekke's contribution: Veidekke has set new ambitious climate targets as a result of the company's commitment to the United Nations' two-degree climate change target. The new targets are to reduce the company's own greenhouse gas emissions by 50% by 2030 and 90% by 2050. Veidekke's units work with various climate and environmental measures, and eco-friendly solutions are today one of Veidekke's competitive advantages.

Today, sustainability and eco-friendly solutions are one of Veidekke's competitive advantages. The demand for projects with environmental qualities is increasing, and the company won several important contracts with high environmental profiles in 2017. The large projects are growing in size, and Veidekke is today a key actor in the development of entire city districts.

Veidekke's climate and environmental work

The construction and civil engineering industry is associated with a substantial impact on climate and the environment. The industry has a sizeable ecological footprint due to its high consumption of energy and natural resources, significant greenhouse gas emissions, large volumes of waste and impact on biodiversity. In addition, it is associated with large volumes of greenhouse gas emissions related to both supply chains and the use of products.

Veidekke's environmental policy is: "Veidekke has an ambition to be a leading actor in our industry with respect to the reduction of greenhouse gas emissions and safeguarding the environment through practical environmental excellence."

This means in brief that:

- Veidekke shall manage its operations in accordance with the UN's two-degree climate change target
- The environment is an integral part of all our operations
- Veidekke gives customers added value through the company's environmental expertise
- Veidekke keeps track of the environmental impact of its operations in order to continuously reduce this impact
- Veidekke places requirements on its partners
- Veidekke contributes beyond its own business: to industry organisations, educational institutions, research and development and in interaction with the authorities and policymakers

For Veidekke, this means that we are particularly aware of three areas: energy consumption and greenhouse gas emissions, contaminated land and hazardous substances, materials and products.

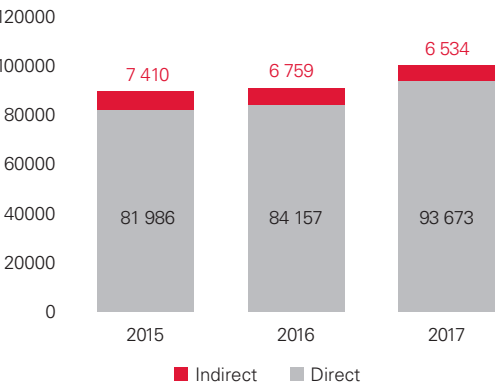
The climate and the environment are integrated into the management systems of the business areas. The Group prepares a framework document, which the business units develop further locally through various analyses and action plans, in close interaction with the boards of the various units. The business areas themselves choose the management system for the environment and climate. Veidekke Entreprenør (Construction) and Veidekke Industri (Industrial), as well as parts of the Swedish operations are ISO 14001 certified.

Climate change is the greatest challenge of our time, and all actors must contribute to finding solutions. In 2015, Veidekke undertook to manage its operations in accordance with the UN's goal of limiting the global temperature rise to a maximum of two degrees towards 2100. This is the critical limit for what the earth can tolerate before global warming becomes serious and unmanageable. Veidekke wants to be in the forefront and has set a goal of reducing its own emissions by 90% by 2050 and 50% by as early as 2030. The goals are expressions that the company wants to phase out the use of fossil fuels in the long term. Veidekke is growing and changes in the greenhouse gas emissions must also be compared with the change in the creation of value.

In 2017, Veidekke emitted 100,177 tonnes of CO₂ from its own operations. Compared with 2016, this represents an increase of 10%. In relation to revenues, Veidekke has emitted 3.18 kg of CO₂ per NOK 1,000 in revenue, compared with 3.02 kg of CO₂ in 2016. This increase is attributed to a higher volume of asphalt and aggregates. In addition, the season was wet with a lot of precipitation and an early winter.

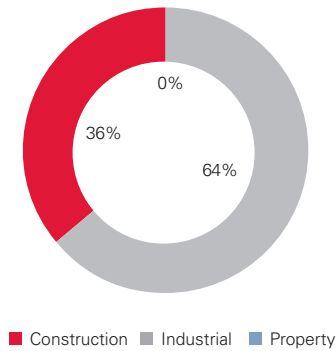
Each year, Veidekke completes the international Carbon Disclosure Project (CDP) investor survey, which charts the greenhouse gas emissions of companies and their strategies to reduce their emissions. Like last year, Veidekke also scored an A- in 2017. This was the best result in the industry in the Nordic region.

GREENHOUSE GAS EMISSIONS IN TONNES OF CO₂



The figure shows Veidekke's own greenhouse gas emissions based on the current measurement methods. Figures are stated in CO₂ equivalents. See the method in the GRI Index.

VEIDEKKE'S TOTAL CO₂ EMISSIONS BY UNIT (SCOPE 1 AND 2)



Greenhouse gas emissions vary by unit due to the different activities and sizes. Property Development accounts for 0.07% of the total emissions – decisions made by Property Development primarily impact the CO₂ emissions of the Construction business area.

CASE: VEIDEKKE'S SCANDINAVIAN ENVIRONMENTAL AWARD FOR 2017: HORTEN UPPER SECONDARY SCHOOL



Horten Upper Secondary School is being designed by Veidekke, which will build the new school according to the BREEAM-NOR Outstanding classification. The school will be constructed with a fossil-free construction site, and the greenhouse gas emissions will be reduced by 40% compared to the reference building.

The school will be built as an energy-positive building according to the FutureBuilt criteria and have a solar panel installation of approximately 3,500 square metres. The heating solution has geothermal wells, and water-borne heating and cooling. The school will have a lot of wood elements, a basement of low-carbon concrete, a load-bearing system of steel with a high recycling rate and solid wood structural floors. The skylight in the atrium, with a roof from Vector Foiltec, will provide wonderful lighting for the school's central rooms. The school's atrium will also have a solid spiral staircase in oak with a 6.5 metre diameter.

The project is the result of dialogue-based procurement, where the customer has demonstrated a high degree of professionalism in the procurement process, and both the project team and the school's user organisation have been involved in the dialogue meetings.

53 ELECTRIC VANS WERE PURCHASED

2 ASPHALT PLANTS SWITCHED ENERGY SOURCES TO PULVERISED PELLETS

Practical climate and environmental measures

Veidekke aims to offer climate smart and innovative solutions to customers, and, in recent years, it has grown greatly in the area of construction in solid wood and building projects that satisfy market leading environmental standards. Large portions of the greenhouse gas emissions from our construction operations are related to our fleet of machinery. In 2017, Veidekke entered into cooperation with the environmental organisation ZERO with regard to a fossil-free fleet of machinery, and this cooperation will continue into 2018 under the title "Emission-free and Fossil-free Construction Sites". Nevertheless, it is the industrial operations that are responsible for the largest emissions. Veidekke Industri (Industrial) has implemented many climate and environmental measures, including more energy-efficient asphalt production and the replacement of natural gas with bioenergy in asphalt plants.

Most often, it is the business areas themselves who are taking steps to reduce greenhouse gas emissions based on the rationale of their future business strategy. Relevant measures may be related to energy efficiency, the replacement of energy carriers, or new technologies, and the concretisation of this has started in most of the units:

- Veidekke has set new ambitious climate targets as a result of the company's commitment to the UN's two-degree climate change target. The new targets are to reduce the company's own greenhouse gas emissions by 50% by 2030 and by 90% by 2050. These goals must be seen in the context of the change in the creation of value, since Veidekke is a growing company.
- Veidekke Industri (Industrial) has a goal of reducing its own climate impact by 5% per year towards 2021. The company is introducing energy management with support from ENOVA. Industrial also has a goal of low-temperature asphalt (LTA) accounting for 40% of all asphalt production in 2021. In 2015, an investment programme for environmental measures was adopted, which will save energy and costs and thereby reduce CO₂ emissions. For example, the plants in Kristiansund, Ålesund, Ottersbo, Sørli, Steinkjer and Sjøla now have roofs over aggregates and materials, which means that the finished, newly produced aggregates can be stored without any moisture being added. In addition, 21 out of a total of 30 asphalt plants are now equipped to produce LTA.
- In 2017, two of Veidekke Industri's (Industrial's) largest asphalt plants converted to climate-friendly bioenergy in the form of pulverised pellets.
- In the construction operations, the reduction in greenhouse gas emissions will primarily take place in our fleet of machinery. Veidekke participates in the Norwegian GreenFleet initiative under the auspices of Norway 203040 and is working to make a larger proportion of the fleet of machinery emission-free. This will place the company in the forefront for the transition to fossil-free production. In Norway, three fossil-free construction sites started up in 2017. For several years now, Veidekke has used electric-powered concrete spraying rigs, and electric vehicles and machinery are increasingly used on the construction sites. When emission-free solutions are not available, sustainable biofuels are being tested. Veidekke also benefits from cooperating and learning from companies that use emission-free vehicles.
- Veidekke's Danish operations have focused on reducing the greenhouse gas emissions from their fleet of machinery. To avoid having to start machinery an hour before it is needed in order to heat the hydraulics, oil heaters have been installed in all the machinery from 2010. This has reduced the consumption of diesel fuel by 22,000 litres in the course of seven years. In addition, the machine operators do not have to report an hour before, and the machinery has a higher resale value due to fewer operating hours.
- The property development operations in Norway have set a goal to reduce greenhouse gas emissions through the building construction projects' life cycle by 40% by 2025, compared with an average building from 2010. Emissions are to be reduced through a better choice of material, lower energy consumption in the buildings and locations near public transport hubs, which provide better transport solutions. Veidekke builds according to BREEAM for its own-account projects. Nyegaardskvartalet in Oslo will be the first project, where Veidekke will also have a fossil-free construction site. In addition, the company is building two new regional offices in Trondheim and Bergen, respectively, both of which will be environmentally classified according to BREEAM Excellent. In general, Veidekke has also increased the use of solid wood, and an apartment building in Lilleby is an example of this. Veidekke Eiendom (Property Development) has signed the "Business for Climate (Næring for klima)" agreement with the City of Oslo and has thus committed to Oslo's long-term climate targets. Together with Norsk Eiendom and the Green Building Alliance, Property Development has also formulated ten measures for residential property developers, based on the property development sector's road map. These measures are to contribute to a green and sustainable society.
- Veidekke Bostad (Property Development) is building Nordic Ecolabel apartments that have reduced emissions compared with the prevailing statutory requirements. In 2017, approximately 1,000 Nordic Ecolabel apartments were completed, with a total savings of approximately 584 tonnes of CO₂.
- In 2017, the construction operations source-separated around 70% of the waste from new buildings in Norway and around 78% of the waste from construction, rehabilitation and demolition in Sweden, respectively. In 2017, approximately 1% of the waste in Sweden went to landfill, compared with approximately 5% in 2016. In Norway, the amount of waste per square meter in completed new buildings was approximately 36 kg per square metre for the year 2017.
- Veidekke Anläggning (Civil Engineering) has built its first CEEQUAL-certified project, the NS29 GC connection. Read more on page 32.

CASE: NS29 GC CONNECTION TOMTEBODA–HAGA SÖDRA



NS29 GC connection Tomtebodå – Haga Södra, which is being built by Veidekke Anläggning Öst (Civil Engineering East), will function as a pilot project for the evaluation of CEEQUAL as an environmental classification system for construction projects. Veidekke is focusing strategically on CEEQUAL – Civil Engineering Quality Assessment & Awards Scheme – and is building up expertise to provide CEEQUAL in new projects. Under CEEQUAL, the project will be reviewed by an independent third party, who will classify the project as Approved, Good, Very Good and Excellent. This work will be completed in the first quarter of 2018.

CEEQUAL promotes the best practice to achieve financial, environmental and social results in all types of construction. It aims to help customers, designers and contractors to strengthen their sustainability, performance and strategy through specifications, design and construction. The scheme rewards teams that go beyond the formal requirements for achieving environmental and societal results.

Waste

Because the industry uses large amounts of materials, it is especially important to avoid wastage. Construction Norway has set a target of at least 70% source separation in its projects and less than 40 kg of waste per square metre for new buildings after demolition. Construction Sweden has a target for a maximum of 25 kg of waste per square metre for new buildings, at least 75% source separation in its projects, and that less than 7% of the waste goes to landfills.

Contaminated land

Contaminated land is a major environmental issue for all three business areas in Veidekke. In the Industrial business area, this is especially relevant in connection with sites where there have been operations for several decades, because

the regulations and practices for the treatment of hazardous waste have become more stringent over time. For the property development operations, contamination is one of the most important conditions to clarify for the acquisition of sites for residential development. The construction operations have the remediation of contaminated land as one of its business areas, and it is extremely important to handle the materials correctly to prevent new contamination. Therefore, Veidekke requires that suppliers notify of any known contamination when entering into new leases or purchase agreements.

Soil surveys are conducted if there is suspicion of contamination, or if the buyer or owner of the site requires such. In 2017, two new environmental surveys were conducted, for which a report is pending. At the end of 2017, the industrial operations in Norway

VEIDEKKE IS BUILDING A BETTER INDUSTRY THROUGH INDUSTRY COOPERATION:

- Cooperation with Zero on a fossil-free fleet of machinery
- Bygg21
- Norway 203040 and GreenFleet
- Business for Climate (Næring for klima)
- Green Construction Sector (Grønn anleggssektor)
- National Action Plan for Construction Waste Network
- Miljøringen – Network for contaminated soil and sediments
- Green Building Alliance
- NGBC and SGBC

had 75 hectares with the status “potentially contaminated.” Of this, 18% are from their own operations. Moreover, the industrial operations in Norway have identified 13.5 hectares of owned land that is to be remediated in the future. No remediation of contaminated land was carried out in 2017.

Environmental expertise and innovation

To meet current and future needs, Veidekke is working to improve its environmental expertise internally within the company. The development of expertise often takes place in projects, but also through courses organised by the Veidekke School, and Veidekke has a number of employees who are certified for BREEAM, CEEQUAL, Nordic Ecolabel (“Svanen”), etc.

Veidekke is also involved in a number of research and development projects in the environmental field, such as:

- The EBLE (Evaluation of Housing with Low Energy Consumption) research project
- Development of an environmental product declaration indicator for the asphalt industry through the Norwegian Contractors Association (EBA): completed in 2017

- A number of projects related to concrete: such as sustainable concrete structures (DACS), pilot project with Hydro for geopolymers and DARE2C, in which the company is developing concrete compositions that work with aluminium
- Locally-sourced stone, supported by the Research Council of Norway, in collaboration with a number of actors
- With Klimatkalkyl, Veidekke Sweden can estimate the environmental performance and CO₂ impact for a specific project by climate calculations. Through actively choosing the technical solutions, the greenhouse gas emissions have been reduced. Veidekke has also been the project manager for Energikartan, the Swedish guidelines for energy-efficient buildings. This is a collaboration between Sveby and ByggaE.
- Veidekke Industri (Industrial) is cooperating with Førdefjorden Energy and SINTEF on the development of a solution for the use of district heating from Førdefjorden for asphalt production

Environmental and climate goals

Veidekke aims to demonstrate practical environmental excellence. To achieve this, we must take command of the industry with respect to the reduction of greenhouse gas emissions and safeguarding the environment

Goals for 2017	Achievement of goals in 2017	Goals for 2018
<p>Further specification of the reduction targets for the various units. Examples of reduction targets:</p> <p>The Industrial business area has set a target of a 5% annual reduction in greenhouse gas emissions</p> <p>The Property Development business area in Norway has set a goal of reducing the greenhouse gas emissions in their construction projects by 40% by 2025 compared to a reference building</p>	<p>Based on the company’s commitment to the two-degree target, it has established a new climate target of a 50% reduction in greenhouse gas emissions by 2030 and 90% by 2050</p> <p>Property Development has signed an agreement for the City of Oslo’s “Business for Climate (Næring for klima)” collaboration and has committed to the “Property Development’s Sector’s Road Map towards 2050”, which includes ten immediate measures for residential property developers</p> <p>Veidekke has acceded to Norway 203040’s “Greenfleet” initiative, which requires the company to request fossil-free passenger transport vehicles and has purchased 53 electric vans</p> <p>Veidekke Industri (Industrial) has introduced energy management</p> <p>Pulverised pellets have been tested in two asphalt plants</p> <p>Veidekke Industri (Industrial) has reduced its greenhouse gas emissions, in relation to value creation, by approx. 10% from 2016 to 2017</p>	<p>Veidekke ASA will reduce its own greenhouse gas emissions by 50% in 2030 and 90% in 2050, compared with 2013</p> <p>Continue the electrification of vehicles and machinery in the machinery department</p> <p>More fossil-free building and construction sites</p>

CLOSE COLLABORATION WITH SUPPLIERS



Veidekke is a major procurer of goods and services, and the responsible follow-up of suppliers is a necessary prerequisite so that Veidekke can achieve its own targets – socially, environmentally and financially.



Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Veidekke's contribution: Veidekke works to ensure the professionalism of its projects and thus proper working conditions for everyone who works at or for the company. Veidekke is also a solid contributor to helping young people find employment through its apprenticeship and trainee programmes.

The procurement of goods and services represents approximately 75% of Veidekke's total costs. Of procurement for NOK 24 billion in 2017, NOK 6 billion was for goods – primarily concrete, equipment rental, steel, oil/bitumen and various types of building materials – and NOK 18 billion for the procurement of services – primarily from subcontractors performing work on Veidekke's projects. Close cooperation with the suppliers is of vital importance to ensuring a high level of quality, good finances and satisfied customers in Veidekke's projects. Veidekke also marks the increasing demands and expectations of those around us with regard to high environmental standards and responsible working conditions in our own value chain.

Veidekke operates in an industry with a complex risk picture, where unprofessional actors, social dumping and poor occupational health and safety standards may exist. There have been many positive results from work on professionalism, but challenges still remain. Veidekke continuously works to maintain and reinforce a culture in which both its own employees and others performing work on behalf of the company act in accordance with the prevailing laws, regulations and internal guidelines. Veidekke contributes to raising the standards of the construction and civil engineering industry in general, by actively participating in various professionalism forums through the Norwegian Contractors Association (EBA) and the Federation of Norwegian Construction Industries (BNL). Veidekke Entreprenør (Construction) was also the first company to introduce a requirement of a maximum of two levels of contractors and to enter into a cooperation agreement with the Norwegian Tax Administration, in order to further enhance our efforts to combat labour market crime.

At Veidekke, cooperation with suppliers and subcontractors is managed through a general procurement strategy, and the procurement director has the overall responsibility for the follow-up of suppliers. The procurement processes for all of Veidekke's units are described in common guidelines, checklists and other procedures, which also include OHS, quality, the environment, pay and working conditions, and corruption. Veidekke Entreprenør Norge (Construction Norway) also has a system for prequalification, which gives the entire organisation access to the same information on all the subcontractors. Veidekke Industri (Industrial) is now beginning to implement the same system.

In 2017, Veidekke worked on implementing a common procurement system, which is expected to be in place by the end of 2018.

Requirements for suppliers and partners

Veidekke stipulates requirements in contracts and cooperation agreements that suppliers must comply with the company's rules with respect to occupational health and safety, pay and working conditions, tax matters and the external environment. Our suppliers must also undertake to comply with the international agreement that Veidekke has entered into with trade unions. This agreement is based on the ILO Conventions and covers issues such as the right to exercise freedom of association, the right to collective bargaining, collective wages, terms and conditions of employment, and forced labour and child labour. Veidekke stipulates requirements that these rules and principles must be observed in subcontractor contracts and by the suppliers of goods with which the company has long-term agreements. In 2017, over 90% of all new procurement of goods and services was assessed against social and environmental criteria before the contract was signed in the Swedish and Norwegian industrial and construction operations.

When businesses are acquired, Veidekke conducts a due diligence review of the working conditions and environmental aspects as an integral part of the investment decision. The company cooperates closely with subcontractors and stipulates the same requirements for working conditions, safety and ethics for contracted workers and subcontractors as for our own employees. Injuries are reported in the same way as for our own employees.

Veidekke continuously works to improve and enhance systems and procedures for the prequalification and follow-up of subcontractors, where the greatest challenges lie. Unfortunately, the construction and civil engineering industry has a few unprofessional actors that undermine the reputation of the entire industry. As part of the fight against unprofessional actors in the construction and civil engineering market, Veidekke Entreprenør (Construction) and Veidekke Industri (Industrial) require that all the subcontractors are prequalified under strict criteria. The requirement of a maximum of two levels of subcontractors and stronger access control has been implemented for the company's projects, and the cooperation agreement that Veidekke Entreprenør (Construction) has signed with the Norwegian Tax Administration strengthens our efforts against labour market crime further.

During the year, the percentage of procurements from pre-qualified subcontractors increased, and in the future there will be a greater focus on ensuring that second-level subcontractors also satisfy Veidekke's prequalification requirements.

The business units observe a number of procedures to ensure the professionalism of Veidekke's projects:

- Identity checks and verification that the mandatory safety training has been completed for everyone who works on Veidekke's construction and civil engineering projects.
- Veidekke Entreprenør (Construction) in Sweden has introduced a supplier register, financial controls and ethics agreements with suppliers.
- In order to ensure better control of our own value chain, Veidekke Entreprenør (Construction) in Norway has introduced a rule that there be no more than two levels of subcontractors, and the same rule is now also being introduced in Sweden.
- Veidekke Entreprenør (Construction) has developed a system for the prequalification of subcontractors, which reviews, for example, occupational health and safety, pay and working conditions, and tax matters. The system is based on StartBANK and has been developed in collaboration with the Federation of Norwegian Construction Industries (BNL). All the subcontractors in the projects must be prequalified

through this system, which has also been implemented by Veidekke Industri (Industrial) in 2017.

- In Norway, a procedure has been prepared to check the subcontractors' pay and working conditions in accordance with the Regulation on Supervisory Controls and Regulation on Pay and Working Conditions in Public Contracts. This work is currently being implemented in the business units, with a long-term goal of checking 10% of all subcontractor contracts. In 2017, Veidekke Entreprenør (Construction) completed approximately 130 supervisory controls.
- In 2017, Veidekke Entreprenør (Construction) entered into a cooperation agreement with the Norwegian Tax Administration, and so far approximately ten pilot projects have started up. This cooperation gives Veidekke access to confidential information through an expanded tax certificate, which must be obtained before the company signs a contract with a subcontractor, and which requires authorisation by the subcontractor. The agreement also entails that the Norwegian Tax Administration may audit the projects, and that Veidekke can utilise the expertise of the agency to raise the level of internal knowledge.

The goal for 2018 is to continue to work on implementing the procurement system and procurement strategy.

Goal for cooperation with the suppliers

High environmental standards and proper working conditions in Veidekke's value chain
Strengthen strategic cooperation with our suppliers and subcontractors

Goals for 2017	Achievement of goals in 2017	Goals for 2018
Continuation of work on a new procurement system	A Scandinavian process will continue the work on a new procurement system	Enter into a contract with a Scandinavian procurement system supplier and start a pilot project
Sharper focus on second-level subcontractors with respect to work with professionalism	Greater focus on second-level subcontractors, but this work has not been completed	More focus on the fact that second-level subcontractors shall also satisfy Veidekke's prequalification requirements
Establish a new procurement strategy for the period up until 2020	Procurement strategy will be maintained	Obtain stronger supervision of the suppliers in the projects through the agreement with the Norwegian Tax Administration



THE PEOPLE AT VEIDEKKE



The people at Veidekke have a high level of theoretical and practical expertise. Developing and retaining this expertise is the foundation for Veidekke's success.

34 %

OF VEIDEKKE'S TRAINEES
ARE WOMEN



Goal 5. Achieve gender equality and empower all women and girls

Veidekke's contribution: Veidekke places great importance on offering equal opportunities and equal pay regardless of gender and has zero tolerance for any form of harassment or other offensive or undesirable behaviour.



Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Veidekke's contribution: Veidekke ASA supports the United Nations Universal Declaration of Human Rights. Veidekke helps employ young people through its work with apprentices, trainees and the Veidekke School.

Veidekke carries out increasingly more complex projects – from construction and civil engineering contracts, residential projects and the maintenance of roads, to the production of asphalt and aggregates. The shift towards significantly larger and more complex projects requires an efficient and project-oriented organisation, as well as competent project managers and skilled workers. It is therefore increasingly important to attract, develop and retain the right people.

Working conditions are well regulated in Scandinavia, and therefore this work is primarily managed on a national basis, while training and competence assurance is largely managed locally. To ensure that everyone maintains the same high level, the company has established several common Scandinavian processes and systems, such as common policies for recruitment, manager conduct and diversity. The company also places strong emphasis on trust and openness throughout the organisation, and it cooperates closely with employee representatives, trade unions and employer organisations. The employee representatives work closely with the management at all levels.

Veidekke supports the United Nations Universal Declaration of Human Rights, and it is stated clearly in the company's ethical guidelines that no one shall be discriminated against on grounds of race, gender, age, sexual orientation, language, religion, political or other opinion, or national or social background.

Commitment to the company's own skilled workers

Large and complex projects offer even greater opportunities for development. Good local knowledge and the ability to draw on the Group's overall resources and expertise enable Veidekke to find the best solutions for all parties. Veidekke's participative approach requires managers and craftsmen to develop their own expertise jointly over time, and this contributes to continuity, improvement and a good working environment. Veidekke therefore has a stated strategy of using its own skilled workers, which constitutes over half of the company's employees today.

NUMBER OF EMPLOYEES

	Skilled workers	Administrative staff	Total
Norway	3,074 (2,977)	2,257 (2,195)	5,331 (5,172)
Sweden	684 (663)	1,179 (1,051)	1,863 (1,714)
Denmark	315 (295)	227 (218)	542 (513)
Total	4,073 (3,935)	3,663 (3,464)	7,736 (7,399)

Last year's figures in brackets

Recruitment

In recent years, Veidekke has worked on creating awareness of the opportunities for building a career at Veidekke and in the construction and civil engineering industry, through, for example, visits to colleges and universities, and through recruitment campaigns. In the Universum survey in Norway for 2017, Veidekke maintained a strong 14th place ranking among the engineering students and became the most attractive employer among the contractors. In Sweden, Veidekke was named "Upcomer of the Year," having climbed the most places relative to the ranking from the previous year. Denmark is focusing on specific educational institutions and closely follows students in the target group during their studies.

Veidekke has a long tradition of apprentices and is one of Norway's largest apprenticeship companies. The number of apprentices increased from a total of 232 at the end of 2016 to 292 at the end of 2017. The increase was primarily in Veidekke's main disciplines of carpentry and concrete, as well as the asphalt, road and civil engineering disciplines. Forecasts show a shortage of skilled workers in 2030. Veidekke wants to take an active role in preventing this and has a goal to recruit even more apprentices in the years ahead. The company has participated for a long time in the project "School at the Construction Site," a vocational education offer to students who want something other than a traditional school. So far, this cooperation has resulted in 43 apprenticeship contracts in 12 companies.

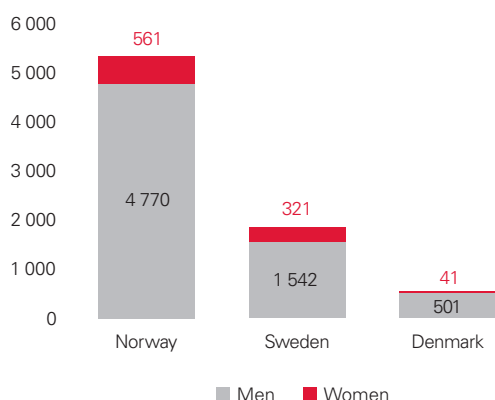
Veidekke in Norway and Sweden also have trainee programmes aimed at recent business and engineering graduates. This scheme is important in order to attract and develop leaders. In Denmark, they work purposely with young, talented employees through Next Generation. Veidekke still has an ambition to integrate Hoffmann into the established trainee programmes. In 2017, Veidekke had 134 trainees, of whom 66% were men and 34% were women.

Training and professional development

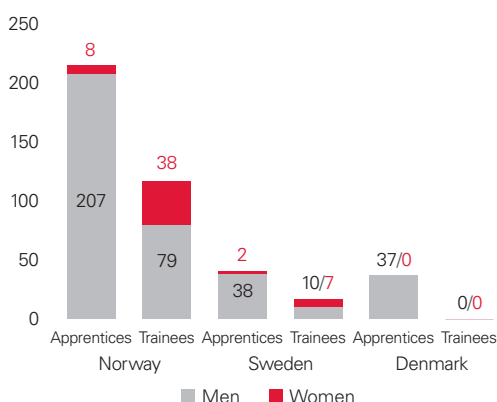
For a competence-intensive company like Veidekke, it is crucial that employees are continuously building on their competence. The leading development arena is in operations and projects, where individual competences and skills must be developed through exposure to new tasks and challenges. This provides a basis for assembling complementary teams to solve complex problems. In the teams, importance is attached to developing collective skills that provide the best solutions for the customer. In addition, Veidekke facilitates arranging courses and programmes as required, including through the Veidekke School in Sweden and Norway. The courses cover topics in the field of project management, new technology, finance, contract law, energy and the environment, OHS, compliance and management development.

Veidekke has a goal to conducting annual performance appraisals with all employees, as an essential tool in employee development. The degree of completion for documented annual performance appraisals declined further in 2017 to 30% (49%) for administrative staff and 16% (29%) for the

NUMBER OF EMPLOYEES BY WOMEN AND MEN



APPRENTICES AND TRAINEES



CASE: MAJOR BOOST FOR APPRENTICES AT VEIDEKKE



Veidekke wants a significant proportion of the production to be performed by the Group's permanent employees. Accepting apprentices for our core disciplines is a key factor in this strategy.

Our ambition is to increase the proportion of apprentices in all countries. In Norway, Veidekke has a quantified long-term goal of an apprentice share of 10% relative to the number of skilled workers. "We have a goal of recruiting even more apprentices to Veidekke, and we have succeeded through a lot of good work over the last six months. For the asphalt, road and civil engineering disciplines alone, the number has doubled from the end of last year until the present, and we expect that this number may increase further," says the apprenticeship manager of Veidekke Industri (Industrial), Robert Lien Myrholt.

Veidekke has worked purposefully and systematically with its apprenticeship programme over many years, and the company has demonstrated the opportunities in construction and civil engineering through several recruitment campaigns.

"We spend a lot of time visiting schools to tell about the opportunities in construction and civil engineering, and over the last three years we have seen a positive trend in the number of applicants to construction and civil engineering disciplines," says Asle Hermansen, the apprenticeship manager at Veidekke Entreprenør (Construction).

In Sweden, several training initiatives were carried out for apprentice sponsors in 2017. "Such initiatives create better conditions for increasing the recruitment of apprentices and an even better training quality," says HR Manager Kristin Linus of Veidekke Sweden.

In Denmark, Hoffmann arranged a nationwide gathering of apprentices and trade mentors in 2017. "Hoffmann bases much of its recruitment of skilled labour on a structured process, where most apprentices are offered permanent employment upon completion of their apprenticeship. Hoffmann recruits apprentices in all of its own production disciplines – construction, civil engineering and technical installations," says HR Manager Peter B. Rasmussen of Hoffmann.

26 %

INCREASE IN THE NUMBER
OF APPRENTICES

TRAINING IN NEW TECHNOLOGIES

The use of the Building Information Model (BIM) is increasing at Veidekke, and the training takes place in various ways, from on the job training, where a qualified person assists with getting started with BIM directly in the projects, to an entire series of courses. The focus is on ensuring that as many people as possible have basic knowledge of BIM. Virtual Design and Construction (VDC) utilises BIM as an important tool for the planning and execution of projects. In May 2017, Veidekke organised a Scandinavian VDC seminar that focused on information sharing and the exchange of experience.

craftsmen. In 2018, Veidekke must delve deeper into the numbers and analyse the situation before we set goals and prepare measures for our continued work.

In 2017, Veidekke continued to work on the framework for the Scandinavian process and method for succession planning and development, which is to identify and prepare possible successors to key positions. This is particularly important because internal recruitment is a key part of Veidekke's recruitment policy, and the company needs a solid supply of managers with the capacity to manage projects of varying sizes and complexity.

Diversity

Veidekke operates in a male-dominated industry, and this is reflected in the company's workforce. Among skilled workers especially, the proportion of women is at a stable low at 2%, compared with 23% among office personnel, which constitutes a small increase from 2016. Among the trainees, the proportion of women is still on the rise, ending at 34% in 2017, an increase from 31% for the previous year. In the corporate management, one out of seven managers is female, and three out of six shareholder-elected board members are female.

Veidekke places great importance on offering equal opportunities and equal pay regardless of gender and has zero tolerance for any form of harassment or other offensive or undesirable behaviour. The company is working on strengthening its own diversity. In an increasingly more complex world, tasks must be solved with a broad range of competencies and different approaches. A diverse workforce can help with different perspectives, which are translated into more innovative solutions and better service for our customers. In 2017, the company developed a special diversity policy. Veidekke will initially prioritise achieving a better gender balance, and important work in 2018 will include preparing measures to achieve our goals in this area. A field we have already identified, is clearer and more active efforts to create a safe and inclusive working environment for everyone. Activities to raise the level of knowledge and awareness of these issues will be given priority.

Goals and priorities towards 2020:

- Students with summer jobs: 50% women
- Trainees: 40 % women
- More women in managerial roles at all levels and female candidates for all managerial positions
- Increase the proportion of women in all internal management programs
- Raise the level of knowledge and awareness of diversity in the organisation

Employee co-ownership

The co-ownership programme is very important to Veidekke.

The company finds that the employees are more engaged in their daily work, while a strong community culture is developed at the same time by allowing everyone to take part in the creation of value. The company has reached its goal of 50% co-ownership, and our ambition now is that all the employees will choose to become co-owners.

In 2017, 1,196 new employees started at Veidekke. At the end of the year, the Group had 7,736 employees. This is an increase of close to 4.5% over 2016. In the industrial operations in Norway and Sweden, there were 238 seasonal workers during the course of the year. The total turnover was 10.8%.

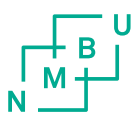
The introduction of the EU General Data Protection Regulation in May 2018 will place great demands on documentation and the systematic handling of personal data. A comprehensive survey of Veidekke's handling of personal data was conducted in 2017. This work will continue in 2018, with an assessment of how Veidekke will comply with the regulations, as well as implementation of the necessary measures. Veidekke will review its HR processes and consider a common HR system that will support common processes. Some parts of the business already conduct identical employee surveys, and in 2018 the possibility of introducing these throughout the entire Group will be considered.

COOPERATION WITH EDUCATIONAL INSTITUTIONS

As part of our recruitment work, Veidekke has cooperation agreements with a number of schools and institutions, and the company attaches importance to participating in career days. Veidekke also collaborates with the Employment Service and Uppsala University in Sweden to provide non-Nordic academics with relevant work experience in the Swedish employment market.

Schools and partners:

Technical University of Denmark (DTU), Copenhagen School of Design and Technology (KEA), Norwegian University of Science and Technology (NTNU), Norwegian University of Life Sciences (NMBU), University of Agder, and Centre for the Construction Industry at BI Norwegian Business School, Chalmers University of Technology, KTH Royal Institute of Technology and Faculty of Engineering at Lund University (LTH)



Norwegian University
of Life Sciences



LUND
UNIVERSITY



Kea
COPENHAGEN SCHOOL OF DESIGN
AND TECHNOLOGY



NORWEGIAN
BUSINESS SCHOOL

NTNU



UNIVERSITY OF AGDER



CHALMERS

Goals for the HR area

Veidekke's ambition is to retain and recruit employees with good, future-oriented skills and ensure compliance with the Group's values

Goals for 2017	Achievement of goals in 2017	Goals for 2018
<p>Finalise the framework and start implementation of the programme for succession planning</p> <p>Use key figures in strategic discussions and prepare relevant analyses</p> <p>Define a clearer ambition for diversity at Veidekke</p> <p>Start work to develop a new top management programme</p> <p>Increase the completion rate for annual performance appraisals by 20%.</p>	<p>Veidekke has conducted a current situation analysis of successor planning at Veidekke</p> <p>Key figures are generated quarterly for the number of employees, gender, country, level of competence, exit, turnover, etc.</p> <p>Veidekke has developed a diversity policy</p> <p>The development of a new top management programme has not yet started</p> <p>The documented completion rate for annual performance appraisals has continued to decline</p>	<p>Prepare a plan for further work to secure management capacity for the company</p> <p>Develop the key figures further</p> <p>Veidekke has the following goals to increase the proportion of women towards 2020:</p> <ul style="list-style-type: none"> – Students in summer jobs 50% – Trainees 40% – More women in managerial roles at all levels, nominating female candidates for all managerial positions and increasing the proportion of women in all internal management programmes <p>Veidekke shall implement measures to raise the level of knowledge and awareness of diversity in the organisation</p> <p>Define the target group and need for a new top management programme</p> <p>Conduct a thorough current situation analysis, before new goals and measures are implemented</p>



REPORT PARAMETERS

Veidekke aims to maintain an open dialogue with its stakeholders. In this report, Veidekke will give an account of how we affect the environment and society, and the results that have been achieved – even the areas where we need to improve.

Veidekke is of the opinion that this report complies with the Global Reporting Initiative's (GRI's) reporting principles and that the reporting satisfies the GRI Standards Core Level. The GRI Index refers to where the information about the various GRI Indicators has been provided. Unless otherwise specified, the information in this report applies to the entire Group, i.e. all the business areas throughout all of Scandinavia, as well as the subsidiaries and joint ventures. Acquired business is included in the sustainability reporting upon agreement between the businesses.

For more information about this report and corporate social responsibility at Veidekke, please contact:

firmapost@veidekke.no

or

hege.dillner@veidekke.no


GRI INDEX





GENERAL INFORMATION




GRI indicator	Description	Veidekke's reporting
Organisational profile		
102-1	Name of the organisation	Veidekke ASA
102-2	Most important brands, products and/or services	p. 4–11
102-3	Location of the organisation's head office	The head office of Veidekke ASA is located in Oslo.
102-4	Number of countries in which the organisation operates	p. 4–5 In addition to its Scandinavian operations, Veidekke also has limited international operations related to the production of asphalt cores for hydropower dams for which we provide machinery and consultants.
102-5	Ownership and legal form of business organisation	p. 4
102-6	Description of the markets served by the organisation	p. 4–11
102-7	Size and scope of the organisation	p. 4–5 See also the 2017 Financial Report.
102-8	Total number of employees by type of employment, employment contract and region, broken down by gender	p. 39–40 Of the permanent employees, 923 are women and 6,813 are men. Of the temporary employees, 26 are women and 70 are men. Of the permanently employed women, 91 are part-time employees and 832 are full-time employees. Of the permanently employed men, 94 are part-time employees and 6,719 are full-time employees.
102-9	Description of the company's supply chain	p. 34–36
102-10	Significant changes during the reporting period regarding the size, structure or ownership	None
102-11	Description of whether and how the precautionary principle is used within the organisation	p. 28–33
102-12	External initiatives, charters or principles in the financial, environmental or social area that the organisation supports or has acceded to	p. 13
102-13	Membership in industry organisations or other associations, and national/international lobby organisations	p. 16
Strategy and analysis		
102-14	Statement from the CEO	p. 3
Ethics and integrity		
102-16	The organisation's values, principles, standards and norms of behaviour.	p. 12–13 and p. 18–20

GRI indicator	Description	Veidekke's reporting
Governance		
102-18	The organisation's management structure, including the highest authority and committees who are responsible for decision-making on financial, environmental and social topics	p. 12–13
Stakeholder engagement		
102-40	Stakeholder groups that the organisation is in dialogue with	p. 14–16
102-41	Percentage of employees who are covered by collective bargaining agreements	Approx. 66%
102-42	Description of how the organisation chooses relevant stakeholders	p. 14–16
102-43	Approach to stakeholder engagement, including frequency of engagement by type and stakeholder group	p. 14–16
102-44	Important topics and questions raised through stakeholder dialogue and the company's response	p. 16
Practices for reporting		
102-45	Overview of all the units that are encompassed by the organisation's annual financial statements or similar documents	p. 4–5 See also the 2017 Financial Report.
102-46	Description of the process for defining the report's content and limitations, as well as the implementation of the reporting principles	p. 12–13
102-47	List of all the topics that have been identified as material	p. 12–13
102-48	Change of historical data from earlier reports	In the current report, the number of tonnes of CO ₂ emissions from our own operations has been adjusted from 80 648 to 90 916 for 2016, and from 78 876 to 89 936 for 2015.
102-49	Significant changes from the previous report with regard to the scope of the content, limitation of the report or the measurement methods	None
102-50	Reporting period	2017
102-51	Date of publication for the previous report	March 2017
102-52	Reporting frequency	Annual
102-53	Contact person for questions about the report or its content	p. 45
102-54	Reporting level	p. 45
102-55	GRI Index	p. 46–50
102-56	Current practices for external verification of the reporting	The report is not externally verified.

SPECIFIC INFORMATION

GRI Indicator	Description	Veidekke's reporting	Partial reporting	Cross reference to the United Nations sustainable development goals
EXTERNAL ENVIRONMENT				
103-1	Description and limitation of material topic(s)	p. 29		
103-2	Description of the management system that covers material topic(s)	p. 29		
103-3	Evaluation of the management system	p. 29		
Emissions				
305-1	Direct greenhouse gas emissions (scope 1)	<p>p. 29–30</p> <p>Veidekke follows the GHG Protocol Corporate Standard (March 2004). Climate reporting is based on a control approach, including operational control. The climate reporting encompasses all the business areas, as well as subsidiaries and joint ventures with an ownership interest of more than 50%.</p> <p>Factors from Defra. GWP: IPCC Second Assessment Report (SAR 100 year)</p>		
305-2	Energy indirect greenhouse gas emissions (scope 2)	<p>p. 29–30</p> <p>Veidekke follows the GHG Protocol Corporate Standard (March 2004). Climate reporting is based on a control approach, including operational control. The climate reporting encompasses all the business areas, as well as subsidiaries and joint ventures with an ownership interest of more than 50%.</p> <p>Source: Annual statistics from the International Energy Agency on CO₂ emissions, electricity generation</p>		
305-4	CO ₂ intensity	p. 29		
305-5	Reduction of greenhouse gas (GHG) emissions	<p>p. 29–33</p> <p>Veidekke also reports to the CDP. The report is publicly available on the CDP's website: https://www.cdp.net/en</p>		
Land degradation, contamination and remediation				
CRE5	Land area remediated or in need of remediation, for existing or intended land use	p. 32		

GRI Indicator	Description	Veidekke's reporting	Partial reporting	Cross reference to the United Nations sustainable development goals
Compliance, the environment				
307-1	Material violations of environmental laws and regulations	None		
Assessment of suppliers with regard to the fulfilment of environmental criteria				
308-1	Percentage of new suppliers screened with regard to the environmental requirements	p. 35	Percentage of procurement volume and not the number of suppliers	
EMPLOYEES				
103-1	Description and limitation of material topic(s)	p. 39		
103-2	Description of the management system that covers material topic(s)	p. 39		
103-3	Evaluation of the management system	p. 39		
Labour practices and decent work conditions				
402-1	Minimum notice periods in the event of operational changes, and whether this is specified in collective bargaining agreements	<p>Sweden: Lay-offs are regulated by collective agreements. Statutory period of notice rules for dismissals. Collectively agreed deviations may occur</p> <p>Denmark: The rules of the Employers' and Salaried Employees' Act apply to lay-offs. Minimum 1 month's notice for dismissals</p> <p>Norway: Statutory period of notice for lay-offs is 14 days. Statutory period of notice for dismissals is 14 days during the probationary period and 1–6 months after the probationary period, depending on the age and length of service</p>		
Occupational health and safety				
403-2	Scope of injuries, occupational diseases, sickness absence and number of work-related fatalities by region and by gender	p. 24–25	Injuries, sickness absence, etc. are not reported by gender. LTI-1 rate is not reported for subcontractors	
CRE6	Percentage of the organisation operating in accordance with an internationally recognised health and safety management system	0 %		
403-3	Employees with a high incidence or high risk of diseases related to their occupation	p. 25		

GRI Indicator	Description	Veidekke's reporting	Partial reporting	Cross reference to the United Nations sustainable development goals
HUMAN RIGHTS				
103-1	Description and limitation of material topic(s)	p. 35		
103-2	Description of the management system that covers material topic(s)	p. 35		
103-3	Evaluation of the management system	p. 35		
Freedom of association and collective bargaining				
407-1	Parts of the operations, or important suppliers, in which the right to exercise freedom of association and collective bargaining may be threatened or violated, and measures to support these rights.	p. 35		
SOCIETY				
103-1	Description and limitation of material topic(s)	p. 19		
103-2	Description of the management system that covers material topic(s)	p. 19		
103-3	Evaluation of the management system	p. 19		
Anti-corruption				
205-3	Confirmed incidents of corruption and corrective actions	None		
Competitive behaviour				
206-1	Total number of legal actions taken against the organisation due to anti-competitive behaviour, price fixing or monopoly practices, as well as information on the outcome of the actions	None		
Compliance, society				
419-1	Sanctions due to the violation of laws or regulations regarding anti-competitive behaviour	None		
Assessment of suppliers with regard to the fulfilment of social criteria				
414-1	Share of new suppliers screened with regard to social requirements	p. 35	Percentage of procurement volume and not the number of suppliers	

VEIDEKKE'S HISTORY



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

Large civil engineering projects accounted for the bulk of the business in the 1960s and '70s, and in the following decades the company became a sizeable road builder. Other major civil engineering projects, such as construction of power stations and large industrial facilities for the oil sector, were added as new market areas.

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

then, over 70 other companies have joined the Group. In the 1980s Veidekke expanded into a new market: residential and non-residential building construction. Another milestone was the listing on the Oslo Stock Exchange in 1986.

The acquisition of Aker Entreprenør in 1991 resulted in a doubling of the company's revenue, marking the advent of a decade of strong growth. In addition Veidekke decided to focus on the residential segment with property development as a new business area, while also looking to expand into neighbouring countries. The company established civil engineering operations in Gothenburg in 1998 in partnership with local players, marking the beginning of Veidekke's development as a Scandinavian construction company. In 2000 Veidekke acquired Denmark's oldest and fourth largest construction company, Hoffmann A/S, and in the same year the company also established construction and property development operations in Sweden.

The company continues to adhere to the strategy of profitable growth, and through value-adding interaction with customers and partners, Veidekke will continue to build tomorrow's Scandinavia.

TOGETHER, WE BUILD THE FUTURE

Veidekke is one of Scandinavia's largest construction and property development companies. The company undertakes all types of building construction and civil engineering contracts, develops residential projects, maintains roads, and produces asphalt and aggregates. The company is known for its involvement and local knowledge. Its annual turnover is NOK 32 billion, and half of its 7,700 employees own shares in the company. Veidekke is listed on the Oslo Stock Exchange and has always posted a profit since it was founded in 1936.

Veidekke – local presence,
Scandinavian strength.

veidekke.com/en
