



Veidekke's work on human rights

Veidekke's due diligence statement

Veidekke is one of Scandinavia's largest construction groups and has almost 8,000 employees. The Group's head office is in Oslo, and we have operations in all of the biggest growth areas in Norway, Sweden and Denmark. Veidekke supplies building construction, civil engineering, road maintenance, asphalt and aggregates services, and is organised into five business areas. You can find more information about Veidekke in our annual and sustainability report. This statement also covers the Group's subsidiaries with operations in Norway.

At Veidekke, we help to solve important – often critical – tasks in the private and public sectors. We are community builders, and we are proud of that. When we build for communities, we do so based on their trust in us.

As a responsible company, Veidekke respects human rights in all its operations and throughout our supply chain. We want to conduct our operations in a manner consistent with the UN Guiding Principles on Business and Human Rights and the UN Global Compact's ten principles. Respect for human rights, based on the UN Guiding Principles on Business and Human Rights, underpins everything we do.

Veidekke supports the ILO Declaration on Fundamental Principles and Rights at Work, which includes freedom of association, collective bargaining, and measures against discrimination, forced labour and child labour.

Embedding accountability

Veidekke's work on human rights is anchored in the Board of Directors and corporate management team through their ownership of the governing documents, which stipulate requirements concerning respect for human rights and taking a leading role in ensuring our compliance with them. These include, for example, Veidekke's ethical guidelines, policy on respect for human rights and policy on sustainability and corporate social responsibility. We are constantly working to embed these in our operations.

Veidekke's whistleblowing channel is open to everyone and enables all stakeholders to report suspected breaches of rules.

Due diligence/risk assessments

Veidekke's sustainability work, which includes its work on human rights, is based on a materiality analysis conducted in line with the GRI 2021 standard issued by the Global Reporting Initiative. The data was obtained via a written survey of Veidekke's employees, the Board and a group of external stakeholders, in which clients, industry organisations, owners, financial connections and sustainability organisations were represented. The survey asked respondents to rank likely impacts by importance. In addition, interviews on the same topic were conducted with a small number of external stakeholders. The results were then summarised for consideration by Veidekke's corporate management team and the Board. The work concluded that the material topics for Veidekke's sustainability work going forward are:

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- Environment: greenhouse gas emissions, biodiversity and ecosystems, material consumption and the circular economy.
- Social conditions: work-related injuries, labour rights, diversity and equality.
- Governance: corruption and economic crime.

The Group participates in and works with organisations in the industry to promote labour rights in the construction and civil engineering sector, e.g. EBA is in dialogue with the authorities and NGOs.

Veidekke has established a process for assessing the risk of breaches of human rights and decent working conditions in all categories of the Group's suppliers. In our work on this, we use the OECD Due Diligence Guide for Responsible Business Conduct.

The construction and civil engineering sector is an industry in which the risk of work-related crime is high, and our subcontractors are therefore a priority when it comes to measures and follow-up. Work-related crime refers to breaches of human rights such as worker exploitation and breaking the laws regulating wages, working conditions and taxes. Undeclared labour, child labour, forced labour, obstructing the free movement of labour and social dumping are also examples of human rights violations.

Veidekke has identified the following human rights and labour rights in our organisation, and at our subcontractors and suppliers, as areas where we can have a particular impact:

- Contributing to good and fair working conditions, including healthy and safe working conditions such as the right to rest, time off and holidays.
- Preventing discrimination in recruitment and employment.
- Contributing to freedom of association, the right to join a trade union and the right to strike.
- HSE in the workplace.
- Preventing child labour, forced labour and slavery.

Together, all of the measures will help Veidekke both avoid using suppliers who do not respect human rights and reduce the risk of human rights violations by setting requirements for suppliers and helping them put systems in place so that they in turn can help the industry develop in a positive direction.

Going forward, the risk mapping will be updated, and a number of measures will be considered in a number of purchasing categories.

More detailed method for due diligence

Veidekke has used Ignite Procurement in its work on the Norwegian Transparency Act. Integrations with the Group's accounting systems and Ignite's platform provide Veidekke with an overview of transactions with the subcontractors and suppliers we have used since 01.07.2022.

The platform's risk assessment tool has conducted an initial risk classification of the company's first-tier suppliers, business partners and other known subcontractors based on geography (ITUC Global Rights Index) and sector (European Bank for Reconstruction and Development: EBRD Environmental and Social Risk Categorisation List (NACE)), respectively. They were ranked as having a high, medium or low risk of having a negative impact on fundamental human rights and decent working conditions.

Veidekke has set up a project group consisting of a purchasing manager, lawyer and the director of compliance and the internal audit. This has been tasked with adopting guidelines for risk assessments of subcontractors and suppliers. We have assessed those that were not categorised as having a low risk, i.e. those that scored higher than "1" for geography or above "low" for NACE. These totalled 9,114 companies.

Based on input from the project group, we decided to follow up companies based on the greatest spend within the categories of "medium" and "high". We sent out a self-evaluation form to the 130 companies we had selected, our 100 largest subcontractors and suppliers in Norway and 30 largest in Sweden. These included wholesalers from whom we purchase materials since we know that they have very complex value chains.

The self-evaluation form consisted of questions designed to identify which of our suppliers have the greatest risk of having a negative impact on human rights and decent working conditions.

Based on the results we received, we reviewed the responses and determined further actions. Where we identified negative impacts via the self-evaluation form, we initiated action by contacting the companies. We have chosen two approaches for the companies in which we have identified findings. For those companies that are themselves subject to the Norwegian Transparency Act due to statutory requirements, we provide guidance in order to help them establish routines and policies for their future work on the provisions of the Transparency Act. For the second category, often small companies, we meet them to inform them of the findings from our mapping and to get an insight into how they plan to close non-conformities where appropriate.

Measures designed to reduce risk and follow up our subcontractors and suppliers

Veidekke's business relationships are based on trust and transparency. Our partners and suppliers are essential for our operations, but they can also represent risks with regard to human rights violations. We manage this risk by knowing our partners, and the markets in which we all operate, well. We expect our partners and suppliers to share our approach to ethics and compliance, to comply with applicable legislation, to respect human rights and to comply with our ethical requirements.

We do this in the following way:

- All subcontractors and suppliers must accept and sign the Group's ethical guidelines for suppliers. The guidelines include requirements to comply with human rights, such as working conditions, wages, freedom of association and a ban on forced labour. Veidekke also sets requirements for its suppliers through so-called contractual "seriousness" provisions.
- All of Veidekke's subcontractors and suppliers are prequalified before contracts are signed. Various criteria are assessed as part of this process, e.g. within HSE, quality, taxes, etc.
- Material suppliers that represent a particular risk are regularly screened against social criteria, and onsite visits are also carried out when assessing some new suppliers.
- We conduct inspections of our subcontractors. The inspections are based on annual risk assessments. The risk areas are defined by the Norwegian Tax Administration, the Norwegian Labour Inspection Authority, Fair Play, BNL, EBA and MEF, among others. Risk assessments are also based on an analysis of our own non-conformities in relation to "seriousness" and strategic guidelines.
- When we identify errors, shortcomings or breaches of the law, regulations and our ethical standards, the relevant subcontractors and suppliers must rectify the situation within a certain period of time. Those who are unable or unwilling to rectify a situation are not allowed to remain a Veidekke subcontractor or supplier.

The requirements for following up our subcontractors and suppliers are documented at different levels in various processes in Veidekke's management systems with board-approved ethical guidelines and policies at the top. Training is carried out in the business areas. All Veidekke employees must complete compulsory e-learning courses, which include ones on how Veidekke handles subcontractors.

Responsibility and reporting

Veidekke's operations managers are responsible for ensuring compliance with, and following up the work on, human rights.

The Group's compliance function assists the business areas with risk assessments and reports annually on Veidekke's major risks and measures to the Board of Veidekke ASA, including the risk of human rights violations. Veidekke's internal audit team compiles the audit work in the Group and conducts its own audits of areas that represent a particular risk for the entire Group, including Veidekke's handling of subcontractors. The function reports to the Audit Committee every six months.

Disclosure of Information

Veidekke publishes statements on its due diligence in its sustainability reports and on Veidekke's website in accordance with the Transparency Act. Requests for information related to Veidekke's due diligence work should be sent to firmapost@veidekke.no. *Please write "Transparency Act" in the email's subject line.*