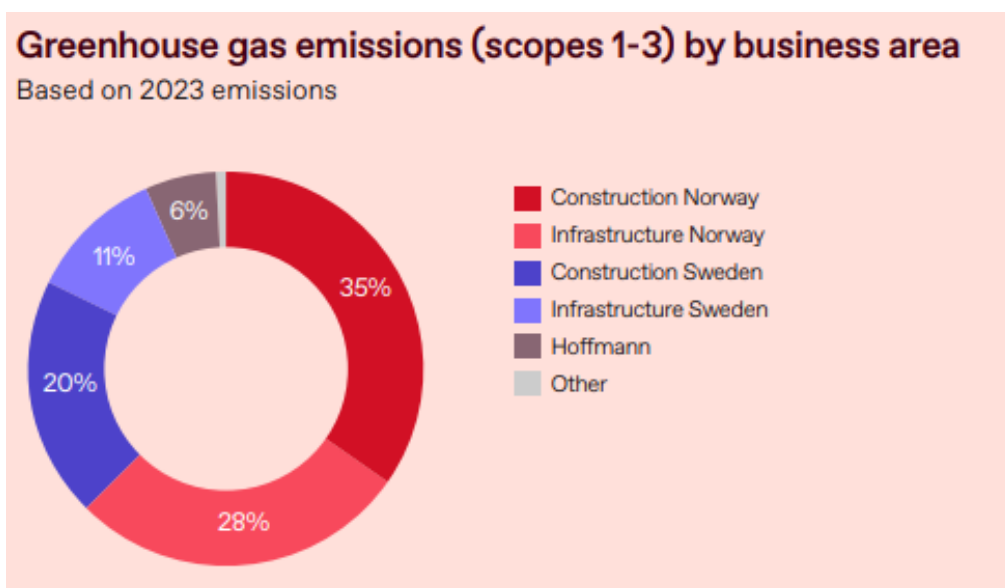
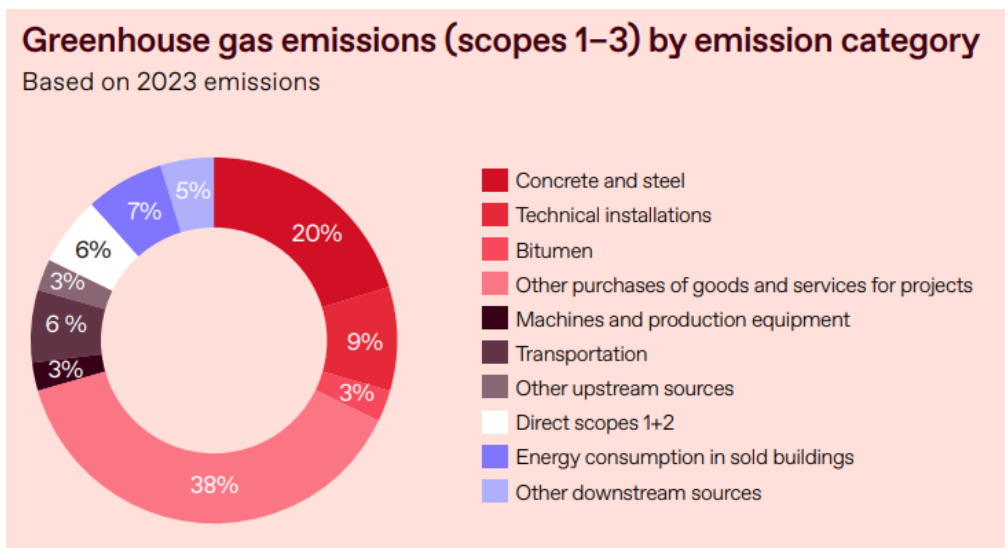


# Veidekke's transition plan on climate – the road to net zero emissions by 2045

The earth's tolerance limits are being exceeded; among other things this applies to climate change, loss of biological diversity and land use changes. Building construction and civil engineering use a lot of energy, materials and natural resources, generate large quantities of waste and account for significant greenhouse gas emissions. The industry has a social responsibility to help solve the problems it is creating and Veidekke wants to take an active role in the green shift.

The greenhouse gas emissions associated with Veidekke's activity are primarily from consumption of materials such as concrete, steel and bitumen – in addition to transport and energy consumption in sold buildings. There are also emissions associated with land use changes.



## Our science-based climate goals

Veidekke was one of the first companies on the Oslo Stock Exchange to undertake, in November 2015, to conduct its operations in accordance with the Paris Agreement (at the time the UN's two-degree target). This commitment provided a clear direction for the environmental work, and the focus was placed on cutting emissions throughout the value chain.

### **Our climate goals:**

Short-term goal for 2030. 50% reduction in scope 1 and 2 (base year 2018) and 50% reduction in scope 3 (base year 2020)

Long-term goal for 2045. 90% reduction in scope 1 and 2 (base year 2018) and 90% reduction in scope 3 (base year 2020)

Veidekke intends to be net zero throughout the entire value chain by 2045

Veidekke is the first construction company in Scandinavia to set a net zero climate goal as verified by the Science Based Target initiative (SBTi) in July 2022. Both short-term and long-term climate goals are verified by SBTi.

Veidekke has introduced a climate budget that has been broken down into business areas. Compliance with greenhouse gas budgets is being followed up in line with economic and HSE targets, and both sustainability-linked loans and economic management incentives are linked to the greenhouse gas budget.

## Strategy - measures to become "future fit"

Veidekke has developed an action plan that sets priority measures to achieve the climate goals successively year by year. In 2023, Veidekke's emissions in scope 1 and 2 totalled 62 thousand tonnes, down 10% from the previous year and 45% less than in the base year 2018. Similarly, emissions in scope 3 for the year 2023 were 958 thousand tonnes of CO<sub>2</sub>e, which is down 8% from the previous year and 31% less than in the base year 2020. Further details about Veidekke's greenhouse gas emissions can be found in the sustainability report.

In the years to come, Veidekke will make wise and bold choices and set clear priorities. We see change in society as an opportunity, where we can play on our innovative and involving culture and engineering expertise.

### **New business opportunities**

Veidekke is already seeing many new business opportunities that can lead to an even clearer role in the green shift. Currently, this has resulted in the establishment of new business areas such as Veidekke Circular, Veidekke Green Incubator and Veidekke Offshore Wind. The group has a clear ambition to become a key part of the value chain for floating offshore wind, and is already participating in a major feasibility study into the floating foundations for the wind turbines. BRA Energi is a focus area in the Swedish subsidiary BRA that works on energy optimisation in buildings.

Veidekke is also working on activities that help limit society's greenhouse gas emissions in the development of renewable energy, roads and railways, rehabilitation of buildings and infrastructure and construction of new, high-quality buildings. The company strives to build sustainably, by looking at taxonomy and certification schemes. Almost 80% of Veidekke's purchasing is made directly in the projects. Each project itself makes decisions related to solutions and material selection together with the client and its advisors. As influence on process, materials and risk takes place before the project is initiated, customers are given priority where Veidekke can enter at an early phase.

Climate cuts up to 2025 are characterised by measures and effects of:

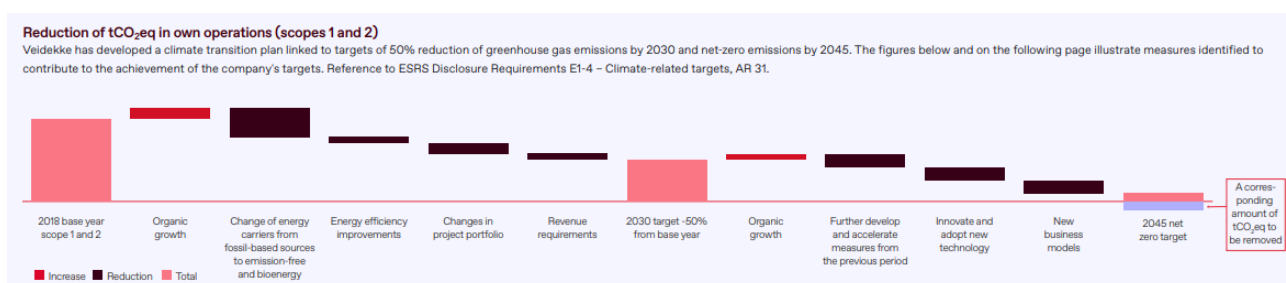
- Switching to fossil-free/emission-free energy carriers
- Material selection and use of resources
- Building with more energy efficiency and with self-sufficient renewable energy
- Product development and innovation
- Project portfolio

Onward towards 2030 and 2045:

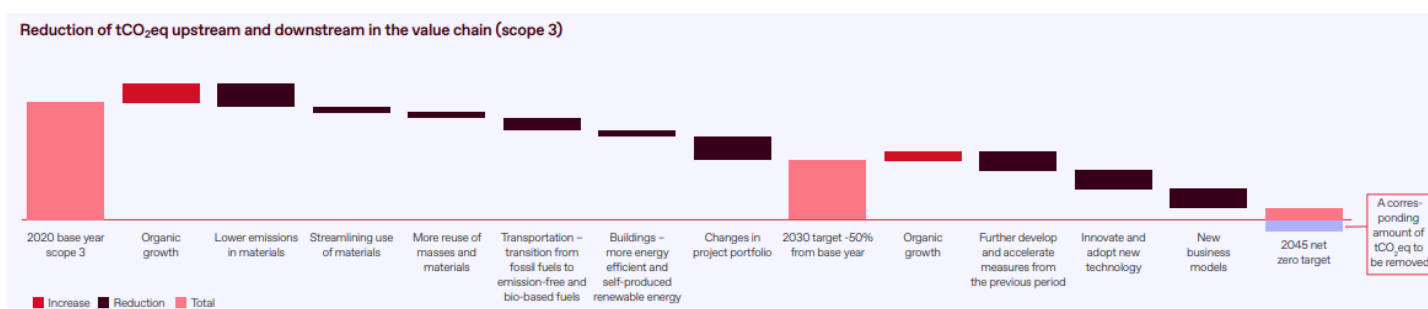
- Further develop and accelerate the measures from the period before
- Innovate and adopt new technology
- New business models

To achieve net zero by 2045, we will neutralise residual emissions through carbon capture and other methods that remove CO<sub>2</sub>e from the atmosphere

### Scope 1 and 2: Reduction of tCO<sub>2</sub> in own operations (scopes 1 and 2)



### Scope 3: Reduction of tCO<sub>2</sub>e upstream and downstream in the value chain



## Investment plans for cutting emissions

Veidekke invests continuously in, for example, its asphalt works, so as to reduce emissions from the operations. When buying new machines and vehicles, the aim is for these to be electric-powered. More and more of Veidekke's business areas have established climate and environmental funds to create innovation and development that will contribute to climate cuts.

Moving forwards, work is being done to develop an overall investment plan related to reducing greenhouse gas emissions and meeting the transition plan.

## Locked in greenhouse gas emissions with regard to assets and products

The company's strategy to take "an active role in the green shift" as one of three pillars towards 2025 involves making ongoing selections of projects, materials, suppliers, energy carriers, investments, initiatives, business model and customers, in line with Veidekke's ambitions. For example, efforts are made to use fossil-free and emission-free energy carriers and alternatives to bitumen are being sought in asphalt production.

The group has assets that we both own and rent that may be exposed to transition risk. The rate of replacement for these is assessed at the time of entering into purchase or lease contracts and changing needs are assessed at least annually.

Continuous adjustments are made in connection with the applicable functional requirements and customer criteria for emissions, among other things. For example, for Building Construction, this will be in energy efficiency and choice of energy sources in the buildings we build for our customers.

## How Veidekke's financial activities will be taxonomy-aligned

The majority of Veidekke's activity is covered by taxonomy. The activity that is not covered is mainly associated with the production of crushed stone and gravel. There is also some activity in smaller projects that has not been mapped out and is therefore categorised as not covered by the taxonomy.

For 2023, Veidekke reports the share of operating income and capital expenditures covered by the taxonomy (i.e. eligible) and in accordance with this (i.e. aligned). 92% of operating income is covered by the taxonomy, and this is on a par with the overall mapping that was done for 2022. 7% of operating income is mapped to be in accordance with the criteria in the taxonomy. It is expected that this proportion will rise going forward, when the projects can take the criteria into account before start-up, and this is also a priority for customers. Veidekke will work on approaching a target on taxonomy in the future. In 2023, it was not assessed whether infrastructure projects were in accordance with the taxonomy.

Of the capital expenditure, 78% is covered by the taxonomy, while 0% is mapped to be in accordance with the criteria in the taxonomy. The process for assessing Veidekke's investments in light of the guidelines for taxonomy is under development and alignment has therefore not been assessed. Veidekke invests continuously in its asphalt works to reduce emissions from the operation.

Five taxonomy-qualified activities account for 84% of the total operating income:

- Construction of new buildings
- Renovation of buildings
- Infrastructure enabling road transport and public transport
- Infrastructure for rail transport
- Maintenance of roads and motorways

Veidekke assesses that 16 projects in the ongoing project portfolio in 2023 meet the technical criteria for being in accordance with the taxonomy and therefore sustainable. All of these projects are included in the activities "construction of new buildings" or "renovation of existing buildings" and are assessed under the environmental goal "climate change mitigation". Among the projects aimed at satisfying the technical criteria in the taxonomy is Veidekke's new head office, which is being built at Ulven in Oslo.

## Coal, oil and gas related financial activities

Veidekke has not invested significant CapEx amounts during 2023 in coal, oil and gas-related financial activities and has no plans for this in the future.

## Paris-Aligned Benchmarks

Veidekke is included in the Paris-aligned Benchmarks (PAB), which is an index set by the European Commission in 2020. [Delegated regulation - 2020/1818 - EN - EUR-Lex \(europa.eu\)](#). The index only includes businesses that have activities that comply with the 1.5°C target of the Paris Agreement. PAB, among other things, excludes businesses that have revenues related to coal, oil and gas.

## The relationship between transition plan, the operation's overall business strategy and financial planning

The company's business strategy expresses a clear ambition to take an active role in the green shift. Veidekke has strategies and business systems that support this: the Business Areas safeguard the group strategy guidelines and adapt the strategy to their markets and segments.

Veidekke has developed a transition plan for climate, an action-oriented and climate science-led strategy that strives to ensure that Veidekke (and its value chain) is on its way to 1.5°C. Veidekke strives to ensure that the business model will remain relevant in a net zero economy.

Climate risk is part of the overall risk management at Veidekke. The company has prepared a climate risk analysis with recommended measures to mitigate risk and exploit opportunities related to physical risk and transition risk. In the analysis, Veidekke has assessed climate risk in terms of physical risk and transition risk and opportunities related to products and services, resource efficiency, energy sources, market and robustness.

## Endorsement / Updates

The board has overall responsibility for sustainability, while the daily sustainability work is managed by group management. Achievement of goals against strategic ambition is discussed at the board's annual strategy seminar. In addition, developments in greenhouse gas emissions and climate risk management are discussed in the annual sustainability briefing of the board.

Veidekke's Group Chief Executive has overall responsibility for implementing and following up Veidekke's strategy. The responsibility for implementing and following up measures lies in Veidekke's five business areas. Here, action plans are developed and key indicators (KPIs) are determined. The business transition plans are endorsed and followed up in the respective management groups.

The transition plan is updated at least annually, normally during the first quarter. It is developed with a view to meeting risk and seizing opportunities.

## Veidekke's progress in implementation of the transition plan

Veidekke reports direct emissions (scope 1 and 2) every quarter, while indirect emissions (scope 3) are reported annually. Developments are followed up at quarterly meetings, and all employees have access to the data through the company's digital target board. Climate reporting encompasses all the business areas,

as well as subsidiaries and joint ventures with an ownership interest of more than 50%. Taxonomy is also reported annually.

For status in 2023, see Veidekke's Annual and Sustainability Report 2023.

## Governing documents

- Veidekke's corporate strategy: [Strategy | Veidekke](#)
- Policy for sustainability and social responsibility: [Governing documents \(veidekke.no\)](#)
- Policy for climate and the environment: [Governing documents \(veidekke.no\)](#)
- Policy against deforestation: [Governing documents \(veidekke.no\)](#)
- Code of Conduct: [Governing documents \(veidekke.no\)](#)

## Examples of partnerships and collaboration

Veidekke seeks solutions to environmental issues through innovation and collaboration. The group intends to reduce its own emissions where possible, but will at the same time use its competence and expertise to help customers and suppliers adapt to the net zero society and reduce their climate footprint. More than 90% of greenhouse gas emissions related to Veidekke's activities occur in scope 3, i.e. upstream and downstream in the value chain.

In order to achieve its own goals, the group must therefore collaborate more closely with those partners who have the greatest impact on emissions. Veidekke has introduced "green conversations" with its customers in Sweden, and on the procurement side, "green conversations" have been initiated with the suppliers to encourage them to develop more sustainable products and services in interaction with Veidekke.

In the dialogue with investors, sustainability, climate transition plan, risk and opportunities are recurring themes. Investor initiatives such as CDP and direct investor dialogue help to influence Veidekke's work to reduce greenhouse gas emissions, for example in the form of goals, commitments and reviews.

Veidekke seeks dialogue with industry associations, government agencies and NGOs to influence the industry's framework conditions. The purpose is for the entire industry to be able to make use of known solutions that provide the lowest possible carbon footprint and to have mechanisms available that ensure innovation.

The group participates in organisations and collaborations to reduce greenhouse gas emissions from building construction and civil engineering. Veidekke is a strategic partner of the Zero Emission Resource Organisation (ZERO) and Shift and is represented on a number of committees, such as the Green Building Alliance, which promotes environmental and sustainability considerations in building construction, civil engineering and property development in Norway. In the Norwegian contractors' association Entreprenørforeningen – Bygg og Anlegg (EBA), Veidekke chairs the committee for climate, energy and the environment. EBA actively participates in the Norwegian government's climate partnership with business.

## Sustainability goals - Veidekke's contribution

- Goal 12 Responsible consumption and production Reduce the consumption of resources and take steps to promote the circular economy
- Goal 13 Stop climate change By 2045, Veidekke will be net-zero throughout the entire value chain, thus helping to limit climate change.
- Goal 15 Life on land: Maintaining natural diversity. Stop deforestation and the conversion of natural ecosystems associated with our purchase of goods and services.

## More about Veidekke's climate work

See Veidekke's Annual and Sustainability Report: [Reports and presentations | Veidekke](#)

See also annual responses to CDP including Climate change and Forest Home - CDP or find CDP Climate Change 2023 here [veidekke\\_cdp\\_cc2023\\_final.pdf](#)

## References / International frameworks

- EU Taxonomy
- EU Sustainability Directive (CSRD); ESRS E1 Climate change, July 2023
- Paris Agreement
- IPCC Special Report: Global Warming of 1.5 degrees
- Greenhouse Gas Protocol (GHG Protocol)
- Science Based Targets initiative (SBTi)
- Task Force on Climate-Related Financial Disclosures (TCFD) Initiative
- UN Global Compact
- United Nations' sustainable development goals