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Veidekke's double materiality analysis according to the CSRD

Opprettet

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Adopted by the board of directors of Veidekke ASA on 7 December 2023 for the reporting of the financial year 2024

Background

Companies required to comply with the CSRD are obliged to carry out a double materiality assessment to identify which sustainability-related topics are most material to the company and its stakeholders.

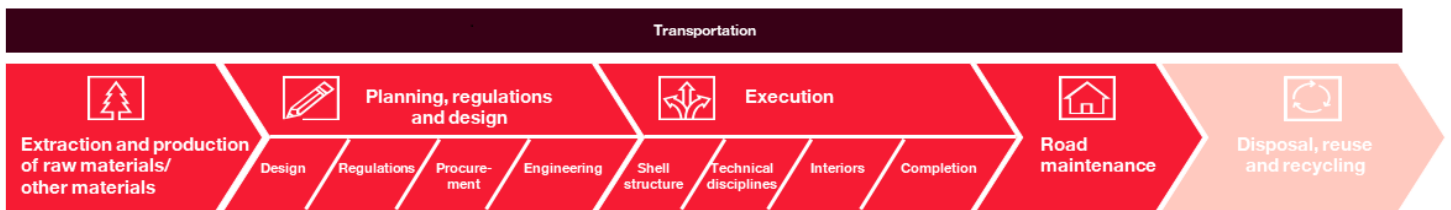
A double materiality assessment evaluates Veidekke's impact on the world outside in a sustainability context (referred to as material impact), and impact from the world outside on the company (referred to as financial materiality). Relevant impacts, risks and opportunities (IROs) are based on topics and subtopics from the European Sustainability Reporting Standards (ESRS). Assessments have also been made as to whether to include topics not covered by the ESRS. Topics and subtopics are defined as material if they are considered material from an impact and/or financial perspective.

Process



The assessment was conducted in accordance with the ESRS, following the steps outlined by the European Financial Reporting Advisory Group (EFRAG) in its draft materiality assessment guidance from August and October 2023. The sustainability topics identified are not limited to Veidekke's own operations, but also include activities upstream and downstream in the group's value chain.

The assessment is based on a wide range of input in the form of reports, documents, interviews and workshops as well as information relating to the construction industry.




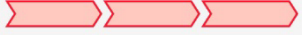

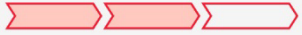
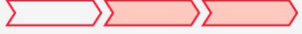

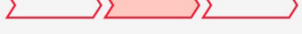



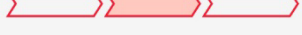
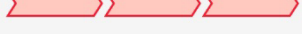


Conclusion

The assessment concluded with 6 ESRS topics and 16 ESRS subtopics having material relevance for Veidekke. The topics are listed in the table on the following page.

These 16 subtopics constitute the starting point for Veidekke's sustainability reporting for the financial year 2024, and an important step towards CSRD compliance.

The analysis also provides insight into areas of strategic importance for Veidekke and of material significance to the business and value chain with regard to environmental, social and governance impacts.

Material ESRS topics	Material ESRS subtopics	Where in the value chain?
E1 Climate change	Climate change mitigation	
	Climate change adaptation	
	Energy	
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	
	Impacts on the extent and condition of ecosystems	
	Impacts and dependencies on ecosystem services	
E5 Resource use and circular economy	Resource inflows, including resource use	
	Resource outflows related to products and services	
	Waste	
S1 Own workforce	Working conditions for own workforce	
	Equal treatment and opportunities for all	
S2 Workers in the value chain	Working conditions in the value chain	
	Other work-related rights in the value chain	
G1 Business conduct	Corporate culture	
	Management of relationships with suppliers and payment practices	
	Confirmed incidents of corruption or bribery	

Process description

Veidekke's double materiality analysis was carried out in accordance with the CSRD, following a four-step process: to **understand** and **describe** the business and its value chain, **identify** actual and potential risk, and opportunities in the short, medium and long term, **assess** materiality, and **decide on threshold values**. The material topics concluded in the analysis are the starting point for reporting from the financial year 2024 and further strategic follow-up.

1. As a basis for understanding and describing the business, the company has used previous descriptions of the value chain, and has undertaken a mapping of Veidekke's activities, business model and business relationships to ensure that the value chain covers the entire group's operations.
2. To identify topics of relevance for Veidekke, a broad process was carried out, involving internal and external stakeholders. A wide range of stakeholders' perspectives, including silent stakeholders,

were addressed through publicly available sources, surveys, and meetings/interviews in which selected stakeholders were able to elaborate.

The process identified 138 different relevant impacts (I), risks (R) and opportunities (O), or IROs.

3. To assess the materiality of the identified IROs, all were reviewed using the same methodology. Material impact concerns how Veidekke impacts the world around (inside-out assessment). To determine the degree of materiality, impacts are assessed with regard to effect, extent and irreparability, as well as probability. Financial impact concerns how Veidekke is impacted by its surroundings (outside-in assessment). Risks and opportunities are described, and their financial impact on the company is assessed based on direct financial impact, or indirect financial impact, through reputation or access to resources, and the likelihood of this risk or opportunity occurring.
4. The final step was to decide on materiality threshold values. Threshold values were determined based on input from stakeholders, overall stand-back assessments and assessments from the project group, project owner, and finally the corporate management group and board of directors. As a result of this process, the threshold for classification as being material was determined, with topics scoring >17.5 representing what the working group and Veidekke management assessed as material to stakeholders. In the assessment of threshold values, all IROs were assessed against each other to ensure internal consistency.

For this process, Veidekke established a multidisciplinary project group. Members representing sustainability, environment, procurement, compliance, finance, HR and OHS functions comprised the core of the working group, which met weekly to conduct and assess each step of the process.

The project owner was the executive vice president for strategy, compliance, and sustainability.

The board of directors made important contributions to the process. The board was briefed on the double materiality analysis process at the board's strategy meeting in September 2023, and participated in the process at two subsequent ordinary board meetings.

The corporate management group was involved in connection with two ordinary corporate management meetings and sent its recommendation to the board meeting on 7 December, where the materiality assessment was adopted.

Stakeholders: Representatives of various parts of the entire value chain were assessed in connection with the materiality analysis. The assessment was made from a group perspective, and, where relevant, stakeholders who were only relevant to isolated links in the value chain were also assessed. An example is questions asked in stakeholder interviews specifically related to affected local communities and extraction of raw materials, as this topic has a strong "not in my backyard" aspect.

Stakeholder dialogues: While some questions were designed to focus on the specific stakeholder, all stakeholders were also asked open questions, as is evident from interview reports and the overall meeting schedule. The different stakeholder groups were not weighed, but representation from all was ensured.

Assessment: The scoring of topics as high, medium, or low is the result of the IROs and the assessment process. It has also been considered in the overall/stand back assessment related to the determination of the threshold values.

Where a **sub-subtopic** is not listed, there was no relevant sub-subtopic, or several of the sub-subtopics were relevant to the IRO. In the latter case, since the ESRS subtopic would be relevant anyway, this was considered sufficient for the purposes of the materiality assessment.