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Sustainability at Vestum



Sustainable companies as a business idea

With the goal of acquiring and developing specialist companies within the construction and infrastructure industries, Vestum has a holistic perspective on sustainability that is integrated into our business model, investment strategy and investment criteria.

Sustainability is a competitive advantage

We are convinced that all businesses want to contribute to making a difference in society, and that products and solutions that help customers become more sustainable create long-term value and constitute a competitive advantage for our companies.

Vestum's subsidiaries, which vary in size and focus, have reached different stages of maturity in their sustainability work. Some companies are working methodically and continuously measure results and improvements. In other companies, such methods are still being developed. The companies have extensive knowledge and experience of environmental issues within their specialist areas, and know how to ensure good working conditions that both meet customer requirements and contribute to the development of new solutions and standards in the industry.

All of our acquisitions are characterised by having well-managed operations and company managements that are strongly committed to sustainable business solutions in an industry that must handle a multitude of challenges.

Sustainability challenges in the construction and infrastructure industries

There is a growing need to utilize natural resources more efficiently, reduce carbon dioxide emissions and create more circular and non-toxic material flows. For the construction and infrastructure industries, this poses

challenges as the sector has one of the largest environmental footprints because of its range of materials and waste, and emissions connected to transport, machinery as well as construction and civil engineering methods.

It is also one of the most high-risk industries in terms of work-related accidents and occupational diseases among employees. At workplaces such as construction sites and railways, it is vital to have security regulations for workers that stipulate how the work should be carried out, who can access the workplace, and the number of hours employees are allowed to work during the day. Confidence in the industry is also threatened by cheating and fraud regarding workers' minimum wages, working hours and taxes. Companies must be able to meet high standards in order to be considered sustainable, which affects both Vestum's subsidiaries and their customers.

Vestum to publish sustainability report from 2022

Work is underway at Vestum to establish structures for purposeful group-wide sustainability work. A transparent annual report will increase public trust in our work and ensure continuous improvements.

For the year 2021, Lagers Group, a group of companies within Vestum, is reporting the results of its sustainability work based on certain selected indicators. From the full year 2022, Vestum intends to report sustainability results



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for the entire Group. Key figures will be measured to show the results of the work in the most important areas.

How Vestum manages its sustainability work

Our goal is to develop leading sustainability policies within our companies and the industries we operate in. For a company to become part of the Vestum Group, one of the key criterias is to have shared values when it comes to issues such as long-term profitability, decentralized decisions and sustainability. To reach new customers, it may be necessary to change the companies' working methods. As part of the Vestum Group, com-

pany managements are encouraged to make use of the experience and specialist knowledge that exists both within the Parent company and other subsidiaries. We provide additional support to the subsidiary boards for discussions on sustainability issues related to operations. However, it is the companies themselves who determine what constitutes best practice within their own niche.

From the time of acquisition, the subsidiary becomes part of Vestum's group-wide sustainability work. Vestum's overall code of conduct is communicated to all companies. The code is a guide that shows employees how to act responsibly in relation to the environment, diversity and non-discrimination, compliance, bribes

Policies	Person responsible
Code of conduct	Vestum Group CEO
Insider policy	Head of Legal
Finance policy	CFO
Equal treatment policy	HR Director
Anti-corruption	Head of Legal
Sustainability policy	ESG Director
M&A policy	Head of M&A
Company policies	CEO of subsidiary

Organisational responsibility

Vestum Group's Board of Directors establishes the overall sustainability strategy by setting goals and targets for monitoring and performance measurement.

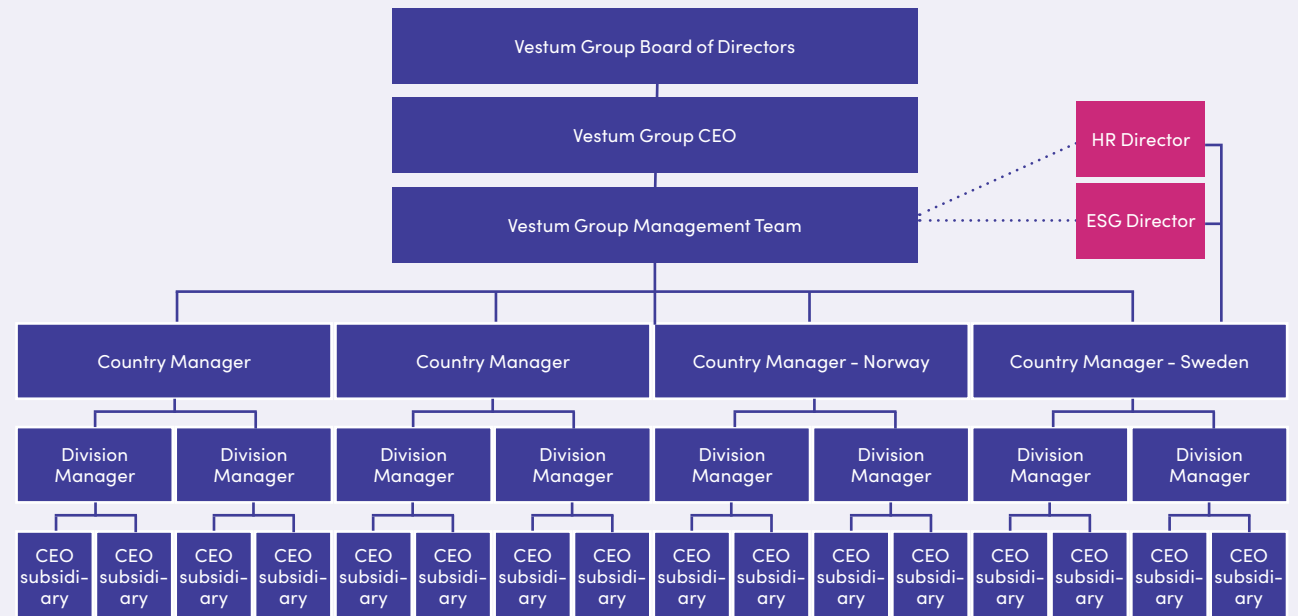
Vestum Group's CEO is ultimately responsible and works with the **Vestum Group Management Team**, **ESG Director** and **HR Director** to ensure that sustainability work is part of the Vestum Group's overall business strategy, that the Group manages its sustainability risks, that Vestum's approach to sustainability issues is implemented and communicated during acquisitions and in the management of subsidiaries so that sustainability becomes an integrated part of the business.

The Country Manager is responsible for the subsidiaries' sustainability results at country level.

The Division Manager serves as board chairman of the subsidiaries and is responsible for ensuring that sustainability risks are controlled, that opportunities within sustainability work are utilised and that results are followed up and measured within the companies.

The ESG Director and **HR Director** support the Group-wide efforts and work with the **Division Managers** to ensure that sustainability issues are integrated in the daily operations of the subsidiaries.

The CEOs of the subsidiaries are responsible for ensuring that environmental work is conducted within the company, that laws and regulations are followed, and that sustainability work is implemented by employees and in the business operations.



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and conflicts of interest, both within their own operations and with suppliers. In addition, the subsidiaries often have their own, more detailed, requirements for workers when it comes to sustainability strategies, policies and work processes. In several cases, those consist of well-documented business management systems certified by third parties.

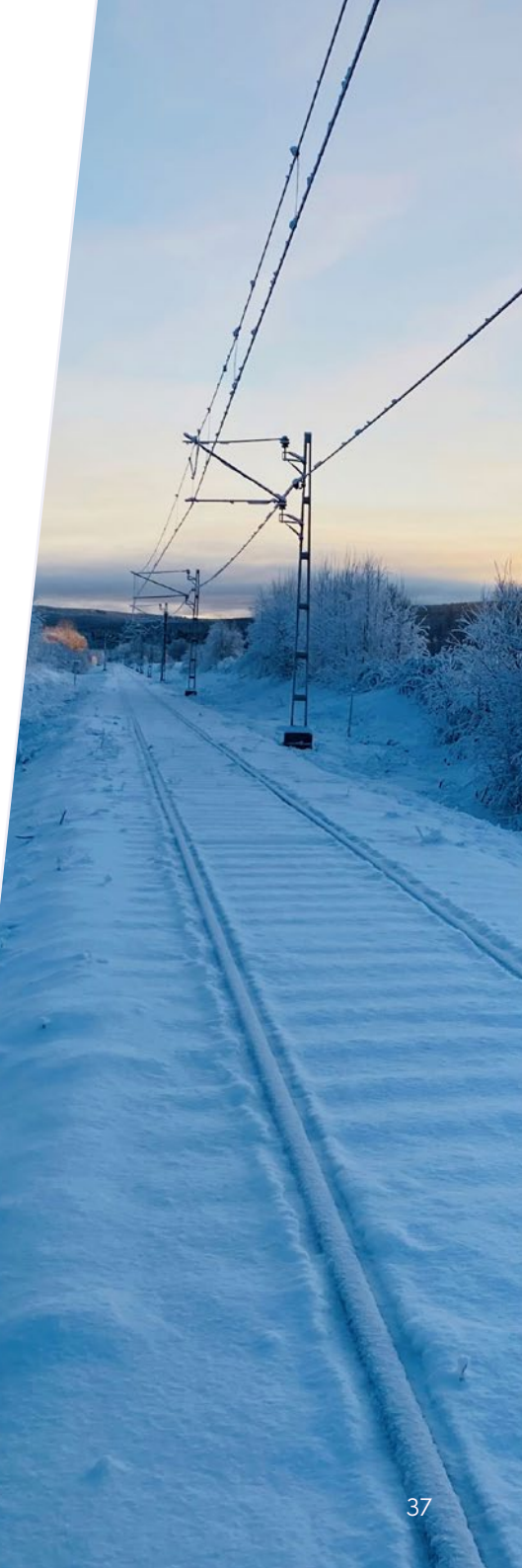
Together with a clear organizational responsibility, a framework of policies and a plan for following up on the progress, this constitutes the foundations of our Group-wide sustainability management.

Vestum's primary stakeholders

Stakeholders	Key issues	Opportunity for dialogue
Customers	Quality, security of delivery	Procurements
	Control of environment and work environment	Customer surveys
	Zero tolerance for gifts, risk of bribes	Business deals, long-term relationships
	Human rights	
	Contribute to reducing emissions	
Employees	Environmental competence, innovations	
	Transparency, long-term relationships	
	Good work environment, working conditions	Staff interviews
	Skill development	Staff surveys
Investors	Personal integrity	
	Financial development	
	Business ethics, anti-corruption	Investor meetings
	Financial development	Annual general meeting
	Control of environment and work environment	Earnings reports, news
Sellers of companies	Contribute to reducing emissions	
	Competence, transparency	
	Human rights	
Society	Competence, support to develop companies	Acquisition
	Good work environment, working conditions	Board-, management meetings
	Minimized environmental footprint	Media
	Innovation Environment	
Society	Good work environment, working conditions	
	Affärsetik, anti-korruption	

Focus areas

Focus areas	Key sustainability issue
Sustainable growth	Controlled expansion in regards to risks and sustainability
	Finances
	Quality control
Business ethics	Anti-corruption, business ethics, conflicts of interest, data integrity
Environment	Complicance
	CO ₂
	Energy
	Materials and water
Social	Waste
	Health and safety, work environment, gender equality and diversity
	Working conditions, human rights



Sustainability framework and stakeholders

Sustainability is a business-critical area for Vestum and strategically important for our continued growth. We base our efforts on Global Compact's ten principles and the UN's global development goals, as well as the expectations of our most important stakeholders.

At the end of 2021, we started identifying our most important sustainability issues and to structure our efforts into a framework.

Vestum's initial materiality analysis is based partly on interviews and close collaborations with certain stakeholder groups, and partly on our own hypotheses regarding the expectations of our stakeholders. The analysis and framework will be developed further as we gain in-depth knowledge of the stakeholders' needs and views. For the most important sustainability issues, Vestum has formulated objectives, risks and opportunities and a number of possible key metrics for follow-up and performance measurement. This gives us a starting point for our sustainability work in 2022.

Depending on our ability to influence, we are working on sustainability issues in different parts of Vestum's value chain, from looking at products at suppliers to the way our subsidiaries' goods and services are used by the end consumer. We want to lead the way because even small influences can result in changes.

Our key sustainability issues have been organised into four focus areas. One of the areas, Sustainable Growth, is crucial for driving Vestum's growth and maintaining our stakeholders' long-term trust, and therefore a vital part of the Group's sustainability. Vestum's ability to

make the right acquisitions, grow while maintaining a strong financial position and meet customers' quality requirements falls under other parts of the day-to-day operations, and is not evaluated within the framework of sustainability work.

UN Global Development Goals

The world is facing major challenges related to resource use and emissions. In particular, climate change and reduced biodiversity could lead to increased global poverty and conflict.

In 2015, UN member states adopted the most ambitious plan to date for global sustainable development. By working towards 17 global goals, the world will by the year 2030 eliminate extreme poverty, reduce inequalities and injustices in the world, promote peace and justice and solve the climate crisis. The business community and civil society have also committed themselves to adjusting and contributing to the goals.

Seven years later, a great deal remains to be done, and it is essential for all parties in society to contribute. Vestum joins the UN Agenda 2030 and the global goals. Our efforts are reported in connection with each focus area, where we also specify which development goals the Group is contributing significantly toward.

- » The acquisition model with a mutual focus on values and co-ownership in Vestum strengthens the Group-wide interest in business ethics.



Business ethics and compliance

Having a code of conduct throughout all parts of Vestum that is characterized by honesty and openness, but also strong integrity and compliance, is vital for maintaining the trust of customers, employees and the public.

Healthy competition and reliability are crucial for Vestum's subsidiaries to maintain long-term relationships with their customers. Using unfair or illegal anti-competitive measures, associating with unethical business partners and acting against the interests of the assignment or company would damage our reputation and constitute a business risk. This also applies to suspicions of corruption, which can arise in the relationship with customers as well as with suppliers and subcontractors.

Vestum has zero tolerance for bribes, and fully respects customers' wishes to completely refrain from gifts, lunches and dinners. In cases where representation occurs, such as lunches and other events, there must be no doubt about its business legitimacy.

Our acquisition model strengthens the Group-wide interest in business ethics by having a mutual focus on values and co-ownership in Vestum. Our positions on ethics, anti-corruption and other matters are stated in the Code of Conduct and apply to the entire Group. An insider policy details how to handle information that could affect the share price.

Vestum's whistleblower service gives both employees and outsiders the opportunity to use an encrypted communication channel to anonymously report concerns about deviations from Vestum's ethical principles and other irregularities that may harm individu-

als, Vestum, society or the environment. The notifier does not need to have proof of their suspicion, but all notices must be given in good faith. The reports are investigated and appropriate measures are then taken.

In 2021, a possible conflict of interest was investigated within one of the subsidiaries, but no other incidents of corruption or significant rule breaches were identified.

Evaluating suppliers

In total, our subsidiaries have a large number of suppliers. The starting point is that the same standards that apply to Vestum also apply to suppliers and subcontractors so that business ethics are maintained and the products and services we purchase are produced under environmentally and socially responsible conditions. To ensure sustainable deliveries, many subsidiaries sign warranty contracts with major subcontractors in connection with projects and tenders.

Data integrity

Maintaining confidentiality and integrity is fundamental when handling customer and personal data. Vestum guarantees that the handling of data is done in a correct, legal and fair way, and in compliance with GDPR. In light of increased data intrusions suffered by authorities and large companies, work is being done to support the subsidiaries in this matter.

Vestum's contribution to the UN's global goals



16.5 Fight corruption and bribes.

Vestum's zero tolerance for bribes and efforts to counteract unfair competition methods helps reduce the prevalence of corruption in society

Moving forward in 2022

Vestum's Code of Conduct was adopted in 2021. Additional governing documents aimed at ensuring Vestum's compliance will be adopted in 2022. The subsidiaries are continuously educated in business ethics. The need for new policies and guidelines, such as a Group-wide Supplier Code of Conduct for major suppliers, is being evaluated.

Case study | Arctic Infra, segment Infrastructure

A culture of thoroughness and sustainability

Luleå-based company Arctic Infra, acquired in September 2021, builds infrastructure for customers in the Norrbotten and Västerbotten regions. The business started in 2019 and has quickly gained the confidence of customers such as the Swedish Transport Administration, Gällivare municipality, LKAB and Boliden Mineral.

Comments by CEO Mikael Johansson:

What role does sustainability play in Arctic's growth?

– Arctic wants to be involved in shaping the societies of tomorrow through the construction of new roads and facilities in Norrland. That means we must also act like a modern company, where sustainability is high on the agenda.

– From an early stage, Arctic focused on the environment and work environment, which are important issues in our world. With us, the work begins with our own competence and giving employees the conditions to develop. We have also dared to create a culture of thoroughness where all administration, from non-conformance reporting to workplace reports, is handled to the letter. No one is allowed to skirt the rules or think that unfair methods will strengthen Arctic's competitiveness. Once we have gained the trust of our customers, we work hard to maintain it.

How do customers notice that?

– We always deliver what we have promised. Our workplaces are orderly and neat. Everyone complies with safety regulations, work under contractual conditions and carry out the work as we described it to customers. Material requirements are met, waste

management is handled and the current environmental requirements and laws are taken into account.

Arctic also shoulders responsibility by preventing pollution, choosing green energy and following developments in electric and hybrid vehicles so we can upgrade the vehicle fleet over time.

What are the main areas of development?

– After each completed project, we do follow-ups to learn lessons and see what can be developed.

– Our work processes are currently being ISO certified. We have also initiated a more structured process to map Arctic's contribution to the 17 global development goals. In the long run, Arctic will have a clear sustainability strategy as part of our quality assurance work.



Environment

As society becomes more environmentally conscious, more and more companies both want and have to contribute to reducing resource use and climate emissions. Vestum's main opportunities to work for environmental improvements are with customers.

Vestum's contribution to environmental benefits

The public and private actors who are customers of our subsidiaries all strive to improve the environment. In combination with green investor requirements and increased regulations in the environmental area, customers are also placing higher demands on the environmental work of their suppliers. It goes without saying that all our subsidiaries adhere to current laws, regulations and other environmental and energy requirements in the countries where they operate. Vestum's goal for its Group-wide environmental work is that our efforts will contribute to minimizing climate emissions, energy consumption and the use of other natural resources, as well as minimizing the amount of waste. All subsidiaries contribute in their own way. With their own specialist skills, our companies develop new solutions that help improve customers' environmental work. That decreases society's environmental footprint, while increasing customer value and Vestum's competitive advantage.

Vestum also has other business reasons for maintaining a high level of sustainability work. In light of society's focus on the environment and climate, customers who lack environmental ambitions are hardly competitive in the long term and create a clear business risk.

Reduced climate emissions

Climate emissions and their impact have become one of society's major key issues. All companies and actors

must reorganize their operations to reduce emissions. It is increasingly common for larger companies and public actors to include specific climate requirements in procurements. To participate in the procurement, suppliers must meet certain criteria regarding fossil-free service vehicles, energy, etc.

Vestum's companies make important contributions to the climate by providing customers with energy-efficient products and solutions. In the companies' own operations, green energy choices, minimized transports and investments in service vehicles contribute to reducing the environmental and climate impact for customers. Investments in electric construction machinery may also be relevant in the future depending on product development, the availability of charging infrastructure, etc.

The subsidiaries' control of their own significant suppliers based on their climate impact also contributes to reducing the end customer's climate footprint. The Lakers Group has decided to enter into a dialogue with its largest suppliers regarding their carbon footprint. For an industry group like Lakers in the water pump industry, there are good opportunities to influence change. For Lakers, those efforts also provide a financing benefit as it has enabled the issuing of a green bond.

Reduced energy consumption

Energy costs and limited energy supply have become a major challenge for companies and public actors. Price

fluctuations in electricity as a result of extreme weather changes and geopolitical conflicts make energy consumption an increasing risk and an important issue.

Our companies offer a range of energy-efficient products and solutions that reduce customers' environmental footprint and energy costs while helping to modernize working methods in the construction and infrastructure industries. One example is optimized water pump systems that reduce energy consumption in large water and sewage plants. Other examples are energy-saving working methods in areas where there is currently no energy focus, for example on construction sites.

Reducing resource consumption and hazardous waste

The environmental pressure from the construction and infrastructure industries places greater demands on suppliers' precision and innovation. Material consumption and waste volumes must be limited, preferably by replacing traditional materials and solutions with environmentally friendly materials and methods and maximizing the use of circular materials

Nevertheless, it takes a long time to change a large industry. For a new mindset to be adopted, sometimes companies must be able to sell and educate customers on products and solutions that are not yet in demand. To minimize the environmental footprint, our companies occasionally need to transfer their knowledge about alternative working methods and materials to

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to rock drilling, where water can replace compressed air as a more environmentally friendly alternative.

The Vestum Group's ESG Director initially maps the Vestum Group's main environmental impact and takes an inventory of the sustainability strategies that various subsidiaries are currently using. The boards of the subsidiaries are also getting more systematic control over environmental violations and environmental risks. In order to evaluate the environmental work within the Vestum Group, data is collected regularly regarding the subsidiaries' environmental work.

EU taxonomy for green investments

As part of its climate and environmental strategy, the EU has enacted a number of measures to channel capital into activities that contribute to a greener economy. From 2022, large companies in the EU of general interest or with more than 500 employees will report the proportion of their revenues, costs and investments that are covered by the EU's green definition and classification system ("Green taxonomy"). For the year 2021, the companies report based on the taxonomy's definition of possible climate adaptations and improvements. In the following years, reporting will be expanded with green activities for water use, circularity, emissions and biodiversity. Then companies must also report the extent to which their activities meet the requirements of the taxonomy.

A prerequisite for an activity to be classified as environmentally sustainable for one of the EU's environmental regions is that it does not adversely affect any other environmental region. It must also meet basic social requirements. Vestum is not required to use the taxonomy reporting for 2021 but is following the development for reporting according to the taxonomy in 2022.

» The earth's climate has become warmer and we are also seeing increased rainfall in the form of torrential rain, which can lead to devastating floods. Society will need to adapt to this change, for example by finding solutions for the increased rainfall. British company Pump Supplies, part of the Lakers Group, has supplied pump systems and equipment to deal with several floods in the UK.



Sustainability at Vestum

Products that are left in buildings and facilities must normally be reported in project documentation. That means producers and contractors are required to report the origin of the products, both in terms of natural resources that are used and transport routes. For Vestum's construction and service companies, this requires different degrees of documentation regarding origin and transports in connection with the work performed.

In major procurements for construction projects, material selection and waste management are generally well specified. In these, suppliers can often only participate if they possess high levels of competence in regards to environmental regulations and environmental processes for a correct handling of materials, emissions and waste. Handling such matters in a way that results in possible environmental crimes would entail a direct business risk for Vestum, which is why the same demands that apply to our subsidiaries must also apply to any subcontractors. Requirements for process descriptions, reporting and documentation have prompted several of our companies to certify their environmental management work.

Moving forward in 2022

There are risks associated with climate change that have negative consequences for Vestum's business. An increased risk of flooding in areas where Vestum's subsidiaries operate, risk of damage to premises and operations. Risk of extreme heat and thus loss of production in the form of lost working time / productivity. Financial risks in the form of increased costs for natural resources such as raw materials or energy, and long-term risks connected to a lack of important resources for the business.

Risks associated with the fact that materials used today may prove harmful in the future.

Vestum's environmental work, key metrics

- percentage of subsidiaries with certified environmental management systems
- percentage of suppliers evaluated based on environmental aspects
- percentage of trained employees who are trained in environmental knowledge

Climate emissions

- CO₂ (Scope 1,2,3) related to sales/ employee
- share of electric vehicles / green cars of total number of cars
- subsidiaries with 100% green electricity

Energy consumption

- kWh consumption in the subsidiaries
- kWh savings in companies' products

Material and water consumption

- m³ consumed water
- tonnes of material used
- tonnes of material replaced by more environmentally friendly materials/methods

Waste

- tonnes of waste (of which dangerous waste)
- number of random checks within the subsidiaries
- proportion of suppliers / subcontractors with controlled use of environmentally hazardous substances

Vestum's contribution to the UN's global goals



6.3 Improve water quality and sewage treatment and increase recycling

The companies within the segment Water¹⁾ provide services and skills for the expansion of water and sewage infrastructure, which are crucial for managing and reducing wastewater and avoiding water pollution.



6.4 Increase water-use efficiency and ensure sustainable supply of water

The Water segment secures and streamlines the supply of clean water through maintenance and optimization of water treatment systems as well as installation of new water pumps.



9.4 Upgrade industries and infrastructure for increased sustainability

Within their specific niches, Vestum's companies provide knowledge and various innovative solutions such as new working methods and switching to environmentally friendly materials and products, which gives customers more efficient use of resources and more environmentally friendly infrastructure.



13.1 Strengthen resilience and adaptive capacity to climate-related disasters

Climate awareness within Vestum's companies contributes to internal green choices as well as an increased number of products and services that can both help reduce the end customers' climate footprint and serve a supporting role during climate disasters such as floods.

¹⁾ The segment Water includes the Lakers Group companies as well as Scanregn acquired in 2022.

Case study: **Lakers Group**

The hunt for customers' CO₂ emissions enabled green loan

Lakers Group, which consists of 25 companies, was acquired in October 2021. By the turn of the year it accounted for almost half of the Vestum Group's companies and a quarter of its revenue. The Group is a leading Northern European supplier of aftermarket services and specialist products for water infrastructure, such as water and sewage pumps, and operates throughout the Nordic region, the United Kingdom and Germany.

Investments in Northern Europe's water infrastructure have long been neglected, which has resulted in energy-consuming water and sewage systems that will be upgraded in the coming years. With its extensive knowledge of the environmental issues that surround water and sewage systems, Lakers wants to utilise possibilities for environmental improvements and thereby contribute to solving some of society's environmental challenges.

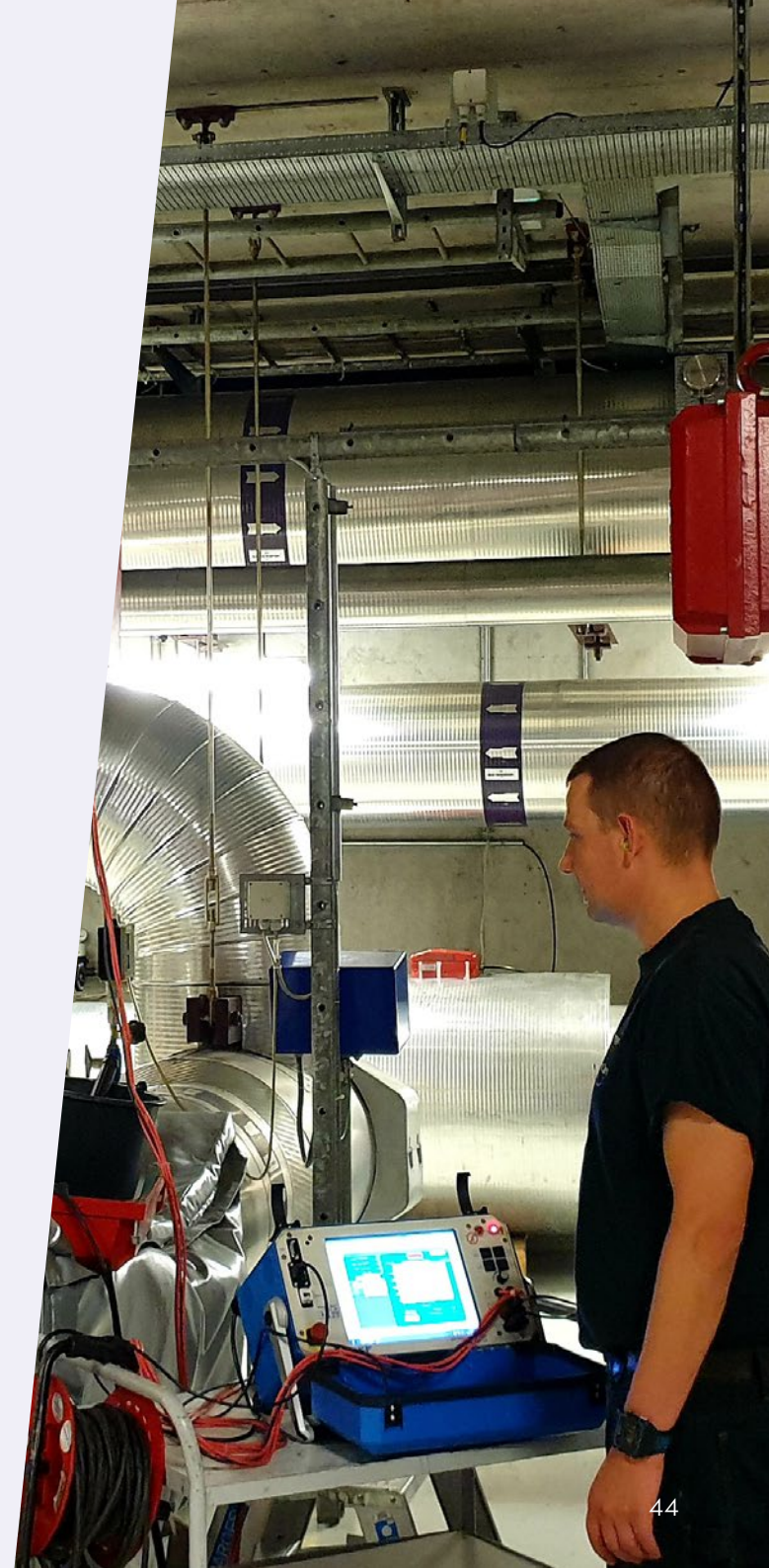
During 2019, Lakers developed a sustainability strategy for those areas where the Group can make the biggest difference. The main area of development that was identified is to help customers reduce their energy consumption and climate footprint. The opportunity to help solve one of society's major issues has also become of strategic importance, as lower electricity consumption contributes to large cost savings for customers.

Lakers' analysis shows that there are great opportunities to repair and optimize current water infrastructure and thereby create energy gains and increase the lifespan of the systems. The methods are based on knowledge of optimization. Employees within the Lakers Group companies are therefore continuously trained in the "Lakers Equipment Optimization Program".

The sustainability strategy also includes reducing the Group's own environmental footprint through internal green investments such as buying green electricity and increasing the use of alternative fuels in company cars. Lakers will also evaluate their suppliers' carbon footprint in order to, where possible, switch to suppliers with a greater environmental focus, more climate-smart solutions and, to an increased extent, engage in dialogue with suppliers on sustainability issues. In addition, Lakers also measures key metrics related to the Group's employees, anti-corruption and business ethics, all of which are of great importance to business deals.

Lakers' extensive sustainability work enabled the Group to issue a sustainability linked bond of NOK 750 million in May 2021, which has been increased to NOK 950 million during the year. Lakers will report a number of key metrics annually during the bond's maturity until 2025. Read more about Lakers' sustainability work: <https://lakersgroup.com/sv/resource-type/sustainability/>

Key metrics Lakers Group	2020	2021	Goals 2025
Total emissions tonnes CO ₂ eq Scope 1 + 2 + 3	9,470	20,800	Goals will be decided in 2022
Total emissions tonnes CO ₂ eq Scope 1 + 2	975	1,850	Reduce CO ₂ (base year 2020) by 25 % to 2025 (Scope 1+2)
Sales SEK million	607,019	1,223,400	Goals will be decided in 2022
Proportion of female	14 %	13.5 %	Increase the proportion of female among employees and in managerial positions
Proportion of female in managerial positions	8%	12%	Increase the proportion of female among employees and in managerial positions
Staff turnover	5,2 %	2,5 %	Maintain a low level of staff turnover



Social responsibility

Workplace safety and diversity are major and important issues in the construction and infrastructure industries. Vestum sees an obvious connection between business results and a safe and inclusive work environment where people thrive, develop and trust their employees and managers.

Vestum's companies had a total of approximately 1,800 employees at the end of 2021, all of whom contribute to the Group's innovative thinking and competitive edge. The Group's vision is for employees to be offered healthy and safe workplaces in all situations, without accidents, injuries or discrimination and with a more equal gender balance.

Increased diversity and inclusion

The ability of a workplace to recruit and motivate employees and create loyalty largely depends on whether everyone feels part of the team and has the opportunity to develop on equal terms. Our starting point is that all employees should feel welcome at the workplace, to avoid the risk of losing valuable skills. In the sectors where Vestum operates, there is a lack of women in operational and senior positions. For example, less than 10 percent of employees in the Swedish construction industry are women. In 2021, the proportion of women within Vestum was an average of 7.8 percent of employees and 17 percent of the Group's board members. Future efforts to prioritize the proportion of female managers and employees throughout the Group are therefore necessary to promote innovation and competitiveness.

Safe workplaces

Those employed in the construction and infrastructure industries are among the groups most at risk of serious workplace accidents. The risk of accidents creates a responsibility on the part of employers to adopt safety measures and other necessary precautions such as controlled work hours to reduce the risk of injury as well as measures regarding the pandemic to protect employees' health. Systematic efforts to improve health and safety in the work environment contributes to employee loyalty and strengthened motivation, which also makes it easier to attract relevant skills and maintain the trust of society and customers.

Extensive work environment processes are already in place in several of our subsidiaries, where health, well-being and employee development are continuously monitored and promoted in a structured way. Some of the companies have received third-party certifications for their work environment management. Vestum continuously conducts follow-up assessments with subsidiaries in regards to work environments, education and organization.

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Trust and respect for human rights

Several subsidiaries operate in smaller towns where they are a significant employer. A long-term presence in these locations creates mutual trust between companies and the local community, and ensures long-term operations and supply of skilled workers.

To maintain public confidence it is crucial that staff are guaranteed fair working conditions and that their freedom and rights are respected. This means combatting things such as child labor, unpaid overtime, forced labor and other violations of human freedoms. In Northern Europe, strict occupational health and safety legislation ensures that employees are protected. However, fraud and rule breaches occur in the construction industry in the form of illegal labor, unregulated working hours, unpaid overtime or non-payment of wages, and substandard working conditions.

Employees within the Vestum Group are offered contractual working conditions, salaries and working hours. All discrimination based on gender, age, ethnicity, political views, etc. is counteracted. Perceived malpractices and suspicions of regulatory breaches within the Group or by contracted suppliers can be reported anonymously by employees and outsiders via Vestum's whistleblower function. During 2021, there were no reports of discrimination at Vestum. Vestum supports the UN's principles for human rights and in 2022 will carry out a risk analysis and develop a process for the work with Human Rights Due Diligence (HRDD).

Moving forward in 2022

As a first step toward a group-wide structure, Vestum has adopted an overall code of conduct and a whistleblower function. During 2022, Vestum will do follow-ups with all subsidiaries in order to strengthen the Group's work on health, well-being and development. Priority is given to the internal work with values and establishing certain common policies and governance regarding employees and social issues.

Vestum's social responsibility, key metrics

Diversity

- percentage of women in management positions
- percentage of women in operational roles

Health and work environment

- percentage of subsidiaries with certified systems for work environment management
- sickness rate, %
- number of workplace accidents
- eNPS – employee survey
- number of reported and handled cases of discrimination
- staff turnover

Human rights and working conditions

- proportion of subcontractors for labor who present terms of employment according to collective agreements
- proportion of significant suppliers who have signed a code of conduct for suppliers

Vestum's contribution to the UN's global goals



5.5 Ensure women's participation in leadership and decision-making

Vestum's efforts to increase the proportion of female employees and managers in its companies contributes to ensuring women's participation and equal opportunities for leadership in the business world.



8.8 Protect workers' rights and promote safe and secure working environments for all

The purposeful and systematic efforts by the Vestum Group's companies to improve work environments and offer employment conditions equivalent to collective agreements, while also controlling the working conditions among subcontractors and suppliers, contribute to protecting employees' rights and promoting a safe and secure work environment.

Case study / GGAL, segment Services

Safe work environment motivates employees

GGAL Group is headquartered in Vetlanda and has been part of Vestum since May 2021. The Group continuously acquires smaller manufacturers of aluminium and glass solutions for housing and construction companies, which are sold via resellers and directly to end customers.

Comments by CEO Stefan Persson:

Why are sustainability issues important to GGAL?

– For customers, the decisive factors are quality and environmental aspects, such as the energy efficiency of our window solutions. For us as a company, the work environment is just as important since it is our coworkers who perform the work and develop the business. Our starting point is that for us to do a good job, our people have to feel good.

How do you affect the work environment?

– In a manufacturing industry, there are always health and safety risks for employees. We are constantly working to raise awareness about reporting incidents and potential risks to prevent injuries. In production, safety is part of the daily quality control work. We have special staff meetings to measure the quality of what we've delivered, where we also give a daily report of incidents that either could have resulted in an accident, or did result in an accident.

– In addition, we offer a wellness allowance to employees who undergo a health profile examination every three years.

And how do you strive to improve employees' well-being and motivation?

– The internal culture is crucial! That's why we work continuously with our core values and have conducted a joint workshop around them with all employees. This work becomes especially important when we acquire new businesses.

– For six years, we have conducted annual employee surveys among all employees in the Group. This measures the organization's trust in managers and the workplace, internal pride and camaraderie, and the employees' relationship to our vision and values. The surveys are always followed up with a workshop as we try to find solutions to improve areas with weaker results. Once a week, we gather all employees to discuss improvements, which are then carried out.

– We also do LEAN courses and managers are given leadership training through a partner we have worked with for many years.

How will you develop your sustainability work?

– We are putting together a sustainability strategy for GGAL where we are currently establishing a number of activities within three main areas. During that process we will also specify how our operations contribute to the UN's global goals.

CORE VALUES WITHIN GGAL:

- Focus on the customer at every stage
- Desire to constantly improve
- Strive to develop your skills

