

ESG Questionnaire

The 21 list

5 October 2023



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1. GENERAL INDUSTRY

1.1 Please list the industry's three biggest sustainability (ESG)-related challenges and briefly describe the process for identifying these challenges.

Vestum operates within several industries, making it challenging to pinpoint only three challenges. We have three distinct segments within which our companies operate: Water, Infrastructure, and Services. These different segments have varying degrees of impact on both climate-related issues and social sustainability concerns. What they all have in common is the presence of CO2 emissions, albeit to varying extents, workplace safety, and an impact on biodiversity.

These challenges have been identified through an examination of all our subsidiary companies. Throughout this endeavor, we have uncovered a range of challenges within the different segments. Certain challenges are unique to specific segments, whereas others are common across all segments. The challenges we've identified as the most significant not only span all segments but also carry a substantial weight. Within these overarching challenges, there are multiple layers of complexity, making it imperative to address these issues at a high level of strategic focus, both within our corporate leadership and across the individual companies within our corporate group.

1.2 Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?

Vestum has undertaken initial work on the taxonomy, revealing that 21% of our company's economic activities fall under the purview of the taxonomy. Among these 21%, approximately half, which accounts for 10% of our total economic activities, align with the taxonomy's criteria. Notably, we have identified that our most substantial impact is on economic activities within the construction and infrastructure sector. Within this sector, we have pinpointed five specific economic activities that are of particular significance.

Our intention for 2024 is to embark on a comprehensive undertaking, involving a deeper and more exhaustive analysis of all companies within our corporate group. This endeavor is aimed at gaining a more comprehensive understanding of our overall alignment with the taxonomy and identifying opportunities for further improvement and compliance.

2. ENVIRONMENT

2.1 Please list the firm's three primary risks related to climate change and, if any, the firm's climate-related opportunities.

1. A significant sustainability risk related to climate change is our reliance on suppliers who manufacture products with lower emissions. The existence of alternative sustainable materials and products is a fundamental aspect of our strategy to reduce our climate impact, achieve our sustainability goals, and ensure a sustainable and successful future for our companies. This necessitates active collaboration and partnerships with our suppliers to take responsibility for the scope three emissions that constitute a significant portion of our overall environmental footprint.
2. Another risk is that we act as enablers, which, in this context, also means that a significant portion of emissions is generated in scope three. If our customers lack the financial means to implement climate-improvement measures to reduce their emissions, it becomes challenging for us to reduce our emissions. Since we measure our emissions per unit of revenue rather than solely in absolute terms, this may imply that we fail to meet our goals. We cannot compel our customers to choose an alternative, even if it has a lower impact; we can only offer better alternatives, but ultimately, it is the customer who selects and approves the materials to be used. To mitigate this risk, it's crucial to have knowledgeable staff who can educate our customers about the impact of various options, as both sustainability and economics are two aspects that need to be considered.
3. The heightened reporting requirements are demanding in terms of time for our companies. We own numerous businesses of varying sizes, which means that even the smaller enterprises, lacking equivalent reporting resources, will have to allocate significant resources. This could potentially result in companies not having enough time to address substantive sustainability issues.

Identifying and managing sustainability risks is crucial for businesses today. These risks encompass various factors that can impact a company's long-term success and stakeholder relations. Transparency in reporting is key to building trust with stakeholders.

Sustainability risks can be proactively addressed, helping companies diversify suppliers, adopt sustainable production methods, and invest in resource-efficient technologies. This fosters a stable foundation for operations.

Moreover, our business model offers numerous opportunities to contribute to a more sustainable society. By integrating sustainability into our strategy, we gain a competitive edge and align with evolving market demands and customer preferences.

In addition to risk mitigation, embracing sustainability is a moral and ethical duty for us as a company, especially when we affect society and the environment. Taking responsibility for these risks is part of our corporate social responsibility, demonstrating our commitment to a better future. As a company, we also have significant opportunities associated with these issues.

1. A significant portion of our operations is engaged in and operates within areas where climate adaptation will become increasingly crucial. By actively engaging in climate adaptation measures and offering these solutions to our clients, we can collectively contribute to the development of a society that is more resilient to the challenges posed by climate change.

2. By being a committed and knowledgeable player in the industry, we can facilitate sustainable investments and initiatives for other companies. Since we often work with large corporations or municipalities, our offerings can make a difference in many companies' value chains.

Through our expertise and engagement, we have the opportunity to influence the decisions and strategies of our partners. We can provide solutions and insights that promote sustainability and responsibility in their operations. Being well-versed in industry trends and sustainable practices, we can guide our partners towards making informed and sustainable choices.

Our work directly impacts the value chains of many companies. By integrating sustainable practices and investments, we can help our partners reduce their environmental footprint, improve their societal impact, and enhance their long-term profitability. This enables them to remain competitive in an increasingly conscious market while also making positive contributions to society and the environment.

In summary, we play a pivotal role as an informed and dedicated industry player. Through our efforts, we enable sustainable investments and endeavors for other companies and have the potential to make a significant impact on many companies' value chains. We take pride in being a driving force for positive change and sustainable development in the industry.

2.2 Does Vestum anticipate any climate-related investments, and if so to what extent?

Vestum is actively engaged in climate-related investments. We recognize the importance of investing in companies that align with our sustainability values in their core operations. Ensuring that the companies we invest in prioritize sustainability is a key criterion for our investment decisions. We are committed to supporting and promoting businesses that are dedicated to reducing their environmental impact and contributing to a more sustainable future.

2.3 Circular Economy: how are purchases and waste managed? If the firm relies on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes, or improved resource efficiency.

We actively work to minimize our dependence on limited resources. The entire corporation strives to reduce the amount of waste generated. Our primary goal is to decrease the overall amount of waste produced. We ensure that we do not waste resources unnecessarily, which is both cost-effective and environmentally friendly.

Secondly, we focus on the reuse of materials and the procurement of circular products. By reusing existing materials and products, we extend their lifespan and reduce the need for new raw materials. This benefits not only our economy but also our commitment to a more sustainable operation.

Finally, we prioritize recycling and careful waste sorting. By properly separating and recycling various materials, we minimize the amount of waste ending up in landfills and create new opportunities for reuse and resource utilization.

In summary, our strategy involves managing resources with a focus on waste minimization, material reuse, and efficient recycling. This promotes a more sustainable operation while reducing our dependence on scarce resources.

2.4 Transition-related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively affected? If yes, how has the firm positioned itself to handle that risk?

It is important to deepen our understanding of the potential risks associated with our value chains because they can have a significant economic impact on our company during the transition process. While our core operations themselves may be relatively safe from direct risks, we rely on a complex network of suppliers and partners to drive our business forward.

One of the primary risks is supplier dependence. If we do not have alternative suppliers or if our current suppliers face challenges such as production disruptions, quality issues, or logistical obstacles, it can have a direct impact on our ability to deliver our products or services to our customers. This can lead to lost revenue and reduced customer satisfaction.

Another important aspect is the risks associated with raw material supply. If our raw material suppliers are affected by natural disasters, political conflicts, or other events that affect the availability of raw materials, we may face increased costs or inadequate raw material supply. This can also affect our ability to maintain our production capacity and meet market demand.

Furthermore, regulatory changes and legislative requirements can impact our value chains. If new environmental or safety requirements are introduced that our suppliers cannot meet, it may require significant investments or the search for new suppliers who can comply with the new rules. This can also result in increased costs and delays.

To manage these risks, it is of utmost importance to maintain a close and open dialogue with our suppliers. By having ongoing communication, we can identify potential risks in advance and work together with our suppliers to develop strategies to mitigate these risks. This may involve diversifying our suppliers, investing in the supply chain to increase its resilience, or evaluating alternative sources of raw materials.

In summary, it is important to recognize that while our core operations may be relatively secure, our value chains are vulnerable to a variety of risks that can affect our economic stability. An active and proactive risk management strategy and collaboration with our suppliers are crucial to minimize the impact of these risks and ensure our ability to successfully implement the transition.

2.5 Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?

Climate change is one of the foremost challenges of our time, and Vestum operates in sectors that currently contribute significantly to climate emissions. Therefore, Vestum must take action to reduce its adverse climate impact, and any unavoidable negative climate impact must be offset through measures that sequester carbon dioxide. The goal is for Vestum to achieve net-zero climate impact by 2040 (applicable to scopes 1, 2, and 3 emissions). Vestum's board has also decided that the company should establish scientifically substantiated climate targets and initiate a process to have these approved by SBTi (Science Based Targets Initiative).

We have also set short-term goals on how to reduce our emissions; by 2026, the group will have reduced its emissions by 25%, distributed across the three scopes.

2.6 Please list the firm's primary means of making a positive environmental impact or minimizing negative environmental impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

We actively contribute to five of the environmental goals, namely goals 6, 9, 12, 13, and 15. Within these goals, we focus on nine of the sub-goals. Since we have many companies operating in various sectors, they have diverse opportunities to make positive contributions to the global goals. Our business model revolves around acquiring sustainable companies in the field of community development. Knowledge and commitment are crucial components in our efforts to contribute to a society with a reduced climate impact. Goal 13 centers on combating climate change, and the two sub-goals we work towards are 13.1 and 13.3. These goals can be applied across all our segments.

We also have a significant potential to influence goal 15 in all our segments, albeit to varying degrees. In our operations within the infrastructure segment, we have a substantial impact on biodiversity, which provides us with significant opportunities to positively affect this area. Our ambition is to leave the areas we work in with a higher degree of biodiversity than before we initiated our work on the site.

When working within the water segment, we bear significant responsibility for biodiversity, along with substantial opportunities to contribute positively to its development. This includes enabling an increase in species that positively impact biodiversity and minimizing the presence of species that harm biodiversity. We address these issues in various ways, depending on whether our goal is to preserve, restore, and protect biodiversity, as outlined in goal 15.1, or to safeguard biodiversity, as addressed in goal 15.5.

Within the service segment, our direct environmental impact is relatively minimal. In this particular sector, it becomes paramount to establish stringent environmental standards for our suppliers.

Our operational footprint is characterized by a limited involvement in product manufacturing, and we do not possess substantial real estate holdings. Consequently, a substantial portion of our CO2 emissions falls under scope three. Within the scope three emissions category, a significant majority of our emissions are upstream, highlighting the vital role of our engagement with suppliers in our sustainability strategy. By fostering partnerships with forward-thinking suppliers and nurturing our existing talent while also attracting new expertise, our organization has the potential to emerge as a leader in advancing sustainable community development.

3. SOCIAL

3.1 Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

In 2022, there were 61 accidents resulting in at least one day of sick leave. This information is crucial to ensure the safety of our employees.

At the end of Q2 2023, our LTIFR had decreased to 0.9, indicating that our efforts to improve safety have yielded results. However, we continue to work towards further reducing the LTIFR and maintaining a safe working environment. This is part of our commitment to promote the well-being and safety of our employees.

3.2 If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm

It is central to Vestum's success that all competencies are utilized, and Vestum is an equal and inclusive workplace. Vestum also operates in sectors where there is a general need for increased gender equality, which Vestum aims to contribute to. By 2040, the goal is for Vestum, considering all employees within the group, to achieve a balanced gender distribution. By 2026, Vestum aims to have a minimum of 35% female managers and at least 15% female employees across the entire group.

	Q2 2023
% women	9%
% women in Vestum Board of Directors	33%
% women in leading positions	37%

3.3 Does the company conduct any other community engagement activities aside from those directly connected to the business?

Through our companies, we support several local sports clubs and projects. It's an essential part of our community engagement. We aim to promote activities that encourage health and community.

We sponsor sports clubs and invest in their activities to enable people to participate in sports and physical activities. We believe in the importance of promoting an active lifestyle.

Our support also includes youth programs, where we assist young individuals in participating in sports and developing vital skills such as teamwork and responsibility. We see this as an investment in the future.

We are also committed to being actively involved in sports clubs through our volunteering and partnerships. We strive to have a positive impact on our community through our support of sports clubs and their members.

3.4 How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?

In operations with supplier-related risks, we conduct regular audits to ensure compliance and quality. These audits help us address potential issues, demonstrate our commitment to transparency and accountability, and foster collaboration with our suppliers for supply chain improvements.

3.5 Please list the firm's (1-2) primary means of making a positive social impact or minimizing negative social impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?

As a company in the construction and civil engineering sector, we recognize our significant social responsibility. Vestum actively works towards four of the global goals and seven of the sub-goals associated with these objectives. The goals we have identified as most relevant to our operations are:

1. Goal 4 - Quality Education: We are committed to promoting education and skills development, especially within our industry. This involves actively supporting initiatives that educate and develop our employees and other stakeholders.
2. Goal 5 - Gender Equality: We are dedicated to advancing gender equality in the workplace. This includes creating an inclusive work environment and supporting diversity and equal opportunities for all our employees.
3. Goal 8 - Decent Work and Economic Growth: We strive to ensure decent working conditions for our employees and collaborators while promoting economic growth in the areas where we operate.
4. Goal 17 - Partnerships for the Goals: We believe in the importance of collaborating with other organizations, authorities, and stakeholders to achieve these objectives. By building sustainable partnerships, we can increase our impact and achieve results more rapidly.

For us, Goal 8 is particularly significant as it pertains to workplace conditions and the circumstances under which our employees and collaborators work. We are committed to creating safe and healthy workplaces and adhering to high ethical standards within the industry.

In summary, Vestum is committed to making a positive difference in society by actively contributing to these global goals and sub-goals. We strive to be a responsible player in the construction and civil engineering sector, conducting our operations in a manner that promotes sustainability and societal benefit.

4. GOVERNANCE

4.1 Do all staff members receive continuing education on anti-corruption? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?

Within our organization, we have not experienced any cases of corruption. We have established a group-wide whistleblower function for reporting and adhere to clear owner directives, as well as an anti-corruption policy that all our companies follow. This ensures our high standards when it comes to ethics and corporate ethics. Our zero-tolerance policy towards corruption is a central part of our corporate culture and our commitment to being a leader in ethical business practices.

4.2 Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen

We pay taxes in the countries where our companies are based and have a group-wide tax policy to ensure proper compliance with tax legislation. This is an integral part of our responsible business conduct and our contribution to the communities where we operate. Through our transparency and adherence to tax regulations, we aim to maintain the trust of our stakeholders and act with integrity and responsibility in tax matters.

4.3 How many independent members sit on the Board of Directors?

5 of 6

4.4 Please state if and to what extent, the company has transactions with related parties

As related to the Vestum Group, Vestum's subsidiaries are primarily classified. The parent company has a related-party relationship with its subsidiaries, see Note 15 in the annual report for 2022 - Business Acquisitions and Note 10 - Investments in Group Companies in the Parent Company.

All transactions between companies within the group have been eliminated in the consolidated financial statements and have occurred at market terms. No transactions that have significantly affected the company's financial position and results have taken place between the company and related parties. There are no outstanding receivables or liabilities related to related parties on the balance sheet date.

4.5 Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?

No one in the management receives variable compensation.

4.6 Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken

The companies report sustainability data to the group annually. Some KPIs are also reported quarterly when possible. We also have a group-wide sustainability policy and owner directives that are reported and reviewed at board meetings in the parent company.

4.7 Have you signed a Union agreement?

Most of Vestum's business units have a union agreement. Furthermore, Vestum supports and upholds the freedom of assembly and association, which entails individuals' rights to join and establish organizations. Freedom of association is a fundamental right enshrined in our constitution and the UN Convention on Civil and Political Rights. The right to freedom of assembly allows for organizing and participating in gatherings with the aim of sharing information and expressing opinions.

5. PRINCIPLE ADVERSE IMPACTS

5.1 Numeric answers:

All numbers in "numeric answers" are from the annual report of 2022.

5.1.1 [Revenue \(EUR\)](#)

6930 MSEK

5.1.2 [Greenhouse gas emissions:](#)

- Scope 1- 27 600 tCO₂e
- Scope 2- 17 300 tCO₂e
- Scope 3- 35 600 tCO₂e

We always strive to enhance the quality of our figures and will intensify efforts to ensure the accuracy of our emissions calculations.

5.1.3 [Share of non-renewable energy consumption](#)

49.6% non-renewable electricity

5.1.4 [Share of non-renewable energy production](#)

None

5.1.5 [Energy consumption in GWh Electricity](#)

9.48 GWh

5.1.6 [Tonnes of emissions to water](#)

NA

5.1.7 [Tonnes of hazardous waste and radioactive waste generated](#)

NA

5.1.8 [Unadjusted gender pay gap](#)

We have conducted a salary survey for the head office, and currently, there are no salary gaps identified. We have enlisted the assistance of consultants to gain a third-party perspective on the matter.

5.1.9 [Board gender diversity](#)

33% women 66% men

5.2 Yes/No answers:

Fossil fuel operations- No

Sites/operations located in or near to biodiversity-sensitive areas where activities negatively affect those areas- No

Science Based Target- In progress

Reports to CDP ? No

UN Global Compact Signatory- Yes

Involved in the manufacture or selling of controversial weapons- No

Whistleblower policy- Yes

Supplier code of conduct- Yes

VESTUJUM

