



AARSLEFF

CSR REPORT 2018/19



Corporate social responsibility statement of: section 99 a
of the Danish Financial Statements Act and the statement
of the gender composition of the management of:
section 99 b of the Danish Financial Statements Act.

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CSR REPORT 2018/19

Our society has focused more and more on sustainability in recent years, and this development seems to continue in future.

Corporate social responsibility and sustainable behaviour is no longer a choice for the company – it is a requirement from consumers, customers, authorities, investors, employees and many other stakeholders of the company.

We consider it a good development as it increases corporate focus on responsibility in the entire value chain.

In our CSR report, we describe major as well as minor initiatives from the financial year 2018/19.

We state a number of subjects that create most value for society and for our customers, our employees, our owners and thus our company.

Again this year, the report is structured in five strategic main areas within CSR, as this provides the best foundation for following our development over time.

In the report we describe our most important goals of every main area, and for each area we describe how far we have come in obtaining the goals. In some areas we have reached our goals – and in other areas we still have some way to go.



Each day our managers and employees make big and small decisions which support our goals and give everybody in the organisation inspiration and energy for reaching the goals.

December 2019

JESPER KRISTIAN JACOBSEN (in the middle)
CEO

LARS M. CARLSEN (to the left)
Deputy CEO

MOGENS VEDEL HESTBÆK (to the right)
Group CFO



AARSLEFF PROFILE

A LEADING CIVIL ENGINEERING CONTRACTOR IN DENMARK

Aarsleff's expertise is to plan and implement large projects within infrastructure, climate change adaptation, the environment, energy and building construction – from design to handing-over. We have a strong position in Denmark and the Baltic Sea region, and we carry out projects in most parts of the world. We carry out projects with a holistic approach from the design phase to the completion of the project.

The Aarsleff Group comprises a number of companies and joint operations. An overview of the companies in the Aarsleff Group is found in our annual report 2018/19 on page 93.

OUR EXPERTISE AND BUSINESS AREAS

Aarsleff is one of the few Danish companies that are capable of handling the most complex engineering and contracting tasks.

Our expertise lies in the business areas Construction, Pipe Technologies and Ground Engineering.

OUR MISSION

The Aarsleff Group plans and completes large, complex projects within infrastructure, climate adaptation, the environment, energy and building construction. We lay the foundations of a sound financial development of society and create value for the Group's shareholders.

OUR VISION

The Aarsleff Group wants to be a preferred and significant building construction and civil engineering group with international scope, based in Denmark.

OUR VALUES

- Commitment to what we do
- Focus on essential matters
- Striving for improvement and renewal
- Overall responsibility.

We execute many types of contracting tasks, from development-oriented infrastructure projects to major building projects and traditional civil engineering projects. Our wide range of specialist skills and synergies forms the basis for all our projects.

We focus on combining the many contracting skills in design and build contracts and in this way use the synergy potentials between the different skills.

At the same time, we draw on a deep-rooted project culture – to the benefit of both ourselves and our customers. Our project culture ensures that we can complete projects of high quality, on time and within the defined framework.



READ MORE ABOUT AARSLEFF'S BUSINESS AREAS AND VALUE CHAIN HERE

<http://www.aarsleff.com/aarsleff-world>



ONE COMPANY

When we collaborate on projects across the Aarsleff Group, we call it One Company. One Company means that we seek and exploit the synergies that develop when we combine our specialist contractor expertise to reach the best solution for the customer.

The optimisation gives us a higher quality and a reduced consumption of time and resources – and in this way, the “CSR footprints” in terms of material consumption, transportation, energy consumption, waste etc. are reduced or converted to more sustainable alternatives.

A SHORT VIDEO ABOUT ONE COMPANY IS AVAILABLE HERE

<https://vimeo.com/334659472>

One of our important focus areas is efficiency improvement and optimisation of our material consumption, work procedures and use of services. This is effectuated by using digital and industrial methods and technologies in areas where it is possible. In this way, we can deliver projects faster, more cost efficiently and with less consumption of natural resources and energy – benefitting the environment and the climate.

In Aarsleff World, we describe the influence that our activities have on society, on the people around us and on the environment and the climate.

Our Design & Engineering teams assist with specialist expertise at a high international level within soil engineering and construction design. They ensure a constant focus on product and method development and use Virtual Design and Construction (VDC) to visualise and simulate processes and structures. This in-house expertise allows us to use innovative and alternative solutions – resulting in effective project processes that reduce e.g. consumption of materials, resources and energy.

KEY FIGURES FOR THE GROUP (DKKM)

	2018/19	2017/18	2016/17	2015/16	2014/15
Revenue	13,453	12,108	11,188	10,420	10,254
Operating profit	503	475	380	418	484
Profit for the year	361	341	269	304	366
Total assets	8,171	7,853	7,025	6,533	5,990
Equity	3,114	2,899	2,695	2,503	2,265
Earnings per share (EPS), DKK	17.76	16.68	13.16	14.84	17.98
Number of employees	6,838	6,499	6,203	5,902	4,932

AARSLEFF IN FIGURES

The Aarsleff Group is a public limited company listed on Nasdaq Copenhagen A/S. Our annual revenue amounts to DKK 13.5 billion, of which 31% comes from abroad. Revenue is increased by 11.1% compared to last year. The Group employs 6,838 people in Denmark and abroad.

HOW WE WORK WITH CSR

Corporate social responsibility has always been and will continue to be an important and integrated part of the Aarsleff Group.

Based on the business opportunities, skills and resources found in our company and in our entire value chain, it is a fundamental principle to our CSR work that we constantly look to contribute high value to society.

Our goals and actions cover the requirements and the requests of our internal and external stakeholders.

ANALYSIS OF STAKEHOLDERS AND MATERIALITY

It is important that we plan and adjust our CSR efforts to obtain the optimum effect for our company and our stakeholders.

To ensure this, we have carried out a materiality analysis and a stakeholder analysis. The analyses, which are made in accordance with good practice for this type of CSR analyses, were carried out in 2017 and form the basis for our CSR goals and actions.

The analyses will currently be updated to ensure that our CSR goals and actions have the right basis. Next year, we will carry out a thorough update of the analyses.

STAKEHOLDER ANALYSIS

In 2017 we also carried out a systematic stakeholder analysis. The analysis is based on in-house interviews, review of the stakeholders of other companies, media coverage of the Aarsleff Group and the business in general as well as input from employees and managers.

The most important CSR-related stakeholders of the Aarsleff Group appear from the figure.



RISKS FROM A CSR POINT OF VIEW

Our CSR report describes how we view CSR-related opportunities and risks – which are often related. If things are handled well, opportunities arise, and if not, the opportunities may turn into risks.

MATERIALITY ANALYSIS

The materiality analysis identifies a number of CSR issues that are relevant to the Aarsleff Group to a greater or lesser extent. We have systematically organised the issues in order of priority by the management and the specialists of our company.

Read more about the analysis in the CSR reports of 2016/17 and 2017/18.

The table below shows the CSR issues most important to us, and there is a page reference to a detailed description of these issues.

THE AREA...	... INCLUDES THE FOLLOWING RISKS...	READ MORE ON PAGE...
Environment and climate...	... unintentional development or handling of energy consumption, emissions and waste amounts	13-18
Employees...	... unintentional development or handling of accidents, occupational health and safety and employee satisfaction	19-24
Society around us...	... involvement in corruption or cartel cases, breach of employee rules, too few apprentices, collaboration with dubious business partners	25-31
External business partners...	... unintentional development or handling of the quality of projects, low ethical standards, bad handling of stakeholders	32-36
Equality...	... unintentional development of equality in the boards of directors, recruitments or promotions that does not promote diversity	37-40

MOST IMPORTANT CSR ISSUES

Work carefully in environmentally sensitive areas	Page 10	Code of Conduct	Page 10	Avoid environmental damage and emissions	Page 10	Further develop compliance	Page 10
Further develop safe construction sites	Page 10	Reduce CO2 emissions	Page 15	Reduce the energy consumption of factories/offices	Page 15		
Reduce the energy consumption of construction sites	Page 15	Handle building waste	Page 16	Reduce noise, dust, odour, vibrations	Page 17		
Address employee satisfaction	Page 20	Ensure employee skills development	Page 22	Counteract bribery	Page 28		
Counteract cartel agreements	Page 28	Support human rights	Page 28	Employ trainees/apprentices	Page 29		
Ensure recruitment	Page 29	Handle collective agreements and social dumping	Page 31	Avoid quality defects of the projects	Page 34		

We believe that our policies, organisation and controls will help prevent that risks develop unintentionally.

CSR ORGANISATION IN AARSLEFF

In the past year, we have not changed the CSR organisation of the Aarsleff Group. The management and the board of directors function as the Group's CSR committee and assess the opportunities and risks of all CSR efforts, and they decide on initiatives to be implemented.

We have policies addressing a number of issues in the CSR area, and they form the basis for our specific development initiatives. The initiatives are conducted by the Group managers and specialists who have the right qualifications.

For instance, we have policies for anti-corruption, compliance with current competition laws, whistleblower scheme (which is now extended to cover the entire Group), environment, occupational health and safety, activities with customers and business partners, trainees, apprentices, company cars, sponsorship, climate and support of human rights.

We have inserted links (marked with underscore) in the CSR report to our most important policies.

OUR CODE OF CONDUCT

Our Code of Conduct is unchanged compared to last year.

It describes good behaviour for all managers and employees – we focus on the environment, employees, safety, working environment, child labour, laws, regulations, international conventions, competition and anti-corruption.

The individual managers are responsible within their fields of responsibility for ensuring that employees and business

partners are informed about our Code of Conduct and the requirement for compliance. In the past year, we have introduced an e-learning module about our Code of Conduct which is mandatory for all employees. The e-learning module makes training and follow-up easier and more efficient.

We have the same requirements for our business partners and ourselves.

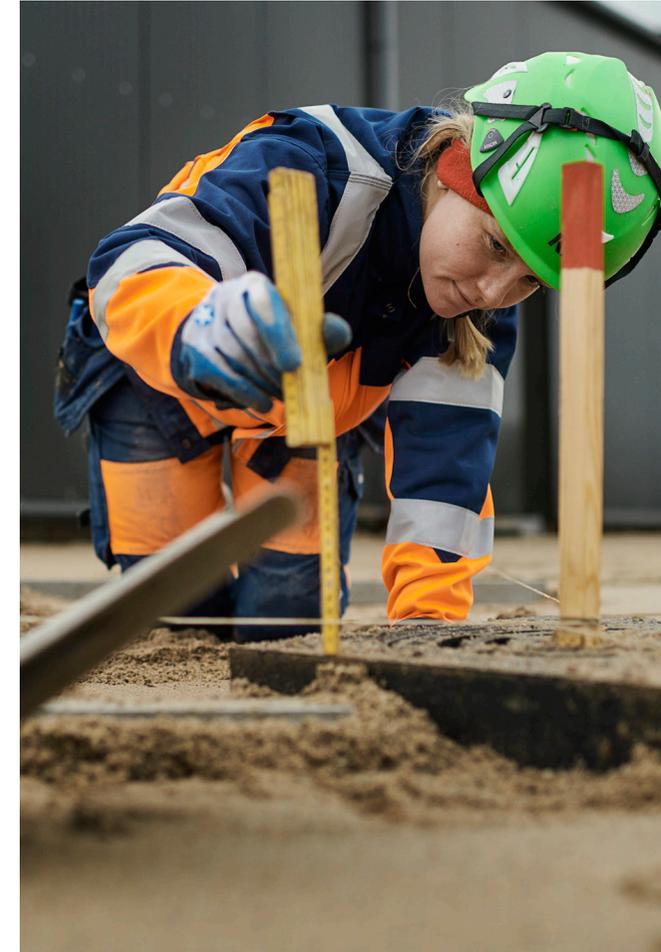
MANAGEMENT SYSTEMS

Our management systems form the basis for our continuous improvements and our efforts to comply with customer requirements and regulatory requirements.

The purpose of our management systems within quality, the environment and occupational health and safety is to ensure that these are a natural part of all working processes. Processes and activities in the management systems are documented and ensure operation and management of QE&OHS conditions, including handling of risks.

We apply OHSAS 18001 (occupational health and safety management), ISO 9001 (quality management), ISO 14001 (environmental management) and ISO 10006 (quality management of projects). Not all companies of the Group are certified.

Our general managers and divisional managers have the responsibility and authority to ensure that current guidelines are complied with, and the process owners have the responsibility and authority to maintain and develop the guidelines.





UN GLOBAL GOALS

The Aarsleff Group supports the UN global goals, and we have arranged our CSR activities in order to contribute to the goals in the best possible way.

When possible and appropriate, we incorporate the goals in our business activities. We will regularly communicate how we contribute to the realisation of the goals. Below is a description of how we work with and contribute to 7 out of the 17 global goals.



GOAL 4

includes ensuring equal access to vocational education as well as eliminating gender inequality and economic inequality in order to ensure access to higher education of a high quality.

Agreements about further/ supplementary training are an important part of Aarsleff's employee development. Aarsleff Academy supports our employees' personal and professional development in line with the company's strategy. We have apprentices and trainees within the civil engineering field and administration, and we have specific targets for the number of apprentices and trainees employed with us.



GOAL 8

includes promoting sustainable economic growth by achieving higher levels of productivity and technological upgrading and innovation. This is obtained by safe and secure working environment and creation of new jobs.

Safe working conditions are top priority in Aarsleff. We prioritise tidiness and systematic fitting out of our workplaces, we continuously improve occupational health and safety, and we follow up on employee satisfaction. We reduce noise, dust and odour, and we comply with the legislation on employee rights, collective agreements etc. This is ensured by active involvement from management and by Aarsleff Labour Service.



GOAL 9

includes developing quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being.

Quality in everything we do is essential to Aarsleff. Our quality policy states that we always comply with legislation, rules and agreements entered into, and we give a high priority to customer satisfaction. Part of the Aarsleff Group is ISO certified in quality management and in quality management of projects which ensures a high quality of our work procedures and decisions.





GOAL 12

includes creating sustainable management and efficient use of natural resources, creating a more responsible removal of waste and harmful substances, as well as reducing and recycling waste.

Aarsleff's environmental policy ensures that we take the environment and fuel efficiency into consideration when we purchase, operate and maintain our machinery; that we pay attention to correct handling of construction waste and other types of waste; and that we contribute to more recycling when possible and appropriate. We focus on avoiding waste and errors, on separating waste correctly, and on reducing the risk of environmental accidents.



GOAL 13

includes adaption to and prevention of climate related hazards. The action comprises strategies and measures against climate changes as well as awareness-raising on climate changes.

Aarsleff's policies state that we have to use energy-saving and environmentally friendly machines, trucks and cars. We also want to convert our fuel consumption to more climate-friendly energy types when this is appropriate and possible. Our annual environmental and energy survey report is used for identifying and implementing energy-optimisation.



GOAL 16

includes reducing all types of corruption and bribery, including cartel agreements, and promoting human rights as a key element of a responsible development.

Aarsleff has policies on anti-corruption and competition law compliance. We do not allow any kind of corruption, price cooperation, cartel agreements, abuse of market dominance etc. Our Code of Conduct and our policy on respect for human rights form the basis for good and fair behaviour for all managers and employees.



GOAL 17

includes creating and developing partnerships for sustainable development. Compliance with current policies and rules for sustainable development is also a part of the goal.

The "Code of good management in the Aarsleff Group" states that our managers must show commitment, focus on the most essential matters, strive to improve and take responsibility. These are important elements of creating a high degree of "compliance" in the entire Group. We participate actively in partnerships with the purpose of enhancing sustainability within our line of business.



ENVIRONMENT AND CLIMATE



IN 2018/19 WE HAVE...

- launched specific work procedures on how to calculate energy consumption and CO2 emissions
- maintained our environmental certification
- targeted the articulation of energy savings on construction sites
- held in-house and external training programmes for our plant drivers
- installed recharging points for electric vehicles at our places of operation, and we have purchased electrical vans
- worked on increasing the recycling rates of our waste



OUR PRINCIPLES

The environment

Our environmental policy states that we want to reduce our environmental impacts to a minimum – with regard to waste, fuel, recycling, resource consumption etc.

We are aware of our influence on the environment and we work to prevent pollution and other adverse impacts – this is described in our [environmental policy](#)^{*}. The policy also states that we will take the environment and fuel efficiency into consideration when we purchase, operate and maintain our machinery; that we will pay attention to correct handling of waste; and that we will contribute to more recycling.

When we execute projects, we always aim at minimising our environmental impacts. Thorough, systematic planning and choice of method are always important to us; we measure essential environmental parameters, and we aim at reducing waste of resources.

Passenger cars and vans

In these policies, we set up ambitious targets for e.g. energy consumption and CO₂ emissions for all vehicles.

We have two company vehicle policies (one for passenger cars and one for vehicles with yellow license plates). Both policies state that we focus on acquisition of energy-saving and environmentally friendly vehicles. From 2018/19 CO₂ emission of new passenger cars must not exceed 160 g/km. As far as possible, we want to increase the number of new vans complying with Euronorm 6. For new construction machines, our target is to increase the number of machines with Euronorm 3A, 3B and 4.

QE&OHS management system

Our QE&OHS management system describes our principles for e.g. energy savings, quality management, handling of waste, handling of environmental accidents and resource consumption.

Our [summary of quality, environmental and occupational health and safety management](#)^{**} states our targets and specific guidelines for how we handle environmental issues. For instance, we save heat by closing windows, gates and doors, we turn off machines, equipment lights, computers and printers when not in use, and we economise on fuel during work-related driving and transportation by driving in an environmentally friendly way.

Other elements of our QE&OHS principles are reduction of waste by minimising wastage and errors, correct waste separation, reduction of the risk of environmental accidents by acting with precaution and consideration, reduction of impacts in case of environmental accidents etc.

Climate impact reduction

The policy states that we do what we can to reduce the CO₂ emissions we cause or contribute to.

Our [policy on climate impact reduction](#) states that we currently work on reducing our consumption of fossil fuels, and that we work on an energy-efficient and climate-friendly use of energy within a realistic financial framework.

^{*}We have linked to the environmental policy for Per Aarsleff A/S, as it is representative of the policies of the other Group companies.

^{**}We have linked to the QE&OHS management system of Per Aarsleff A/S, as it is representative of the systems in our other Group companies.

ACTIVITIES IN 2018/19

In 2018/19 we have established specific work procedures for calculating our total energy consumption and CO2 emissions from our business activities. It can be difficult to establish such procedures for a big contracting company, as many of our projects are carried out in close collaboration with other companies and with the clients. Our future procedures and principles will be based on international accepted standards.

Statements of our total consumption and emissions will be used as a basis for improving and developing our targets and actions in the field of climate and energy.

For many years, we have worked on reducing our energy consumption and convert it to more climate-friendly energy types. We have focused on the energy consumption in our projects and in our administrative functions.

The work activities are still carried out in accordance with our ISO14001 certifications in the companies comprised by the certifications.

One of our initiatives to guide the employees in the right direction, is articulation of energy savings on the construction sites. We still use on-the-job training which means that our experienced plant drivers teach new drivers in optimal operation of the machines. A lot of our site huts have modern heat pumps, we have replaced the gates in some of our workshops, and we have replaced some of the oil-fired burners with heat pumps – these are all initiatives to reduce energy consumption.

KEY RATIOS

	2018/19	2017/18	2016/17	2015/16	2014/15
Vehicles and equipment divided into energy classes					
Passenger cars – (target: 100%)	100%	100% ¹	97% ¹	62% ¹	47% ¹
Vans – (target: increase the share) ²	93%	98%	68%	30%	29%
Construction machines – (target: increase the share)	88%	83%	81%	75%	– ³

About data

Data includes vehicles and machines in Per Aarsleff A/S that we own or lease on a long-term basis. The stated percentages are the acquisitions during the year that comply with our policies: CO2 emission of new passenger cars must not exceed 160 g/km. As far as possible, we want to increase the number of new vans complying with Euronorm 6. For new construction machines, our target is to increase the number of machines with Euronorm 3A, 3B and 4.

Notes

¹ These data are not fully comparable with 2018/19, as the data are based on our target at that time (i.e. that new passenger cars must have energy mark A+++ to A)

² Our types of building construction and civil engineering projects require strong performance of the vans – e.g. in relation to the need of pulling other equipment. This means that we cannot exclusively purchase vans complying with Euronorm 6.

³ Owing to changes of the corporate structure of the Aarsleff Group, there is no comparable data available for 2014/15.

Another initiative to reduce energy consumption is training of our plant drivers. Some of the subjects of the training are efficient utilisation of the machines' torque, optimum times for start and stop, reduction of idle time, etc. In the past year, we have distributed an updated instruction on idle running of the construction machines. This instruction has a table showing how much we can save on the diesel consumption by reducing idle running.

We still use apps for communicating with our employees on the projects, as this is an effective way of communicating. One of the subjects is reduction of energy consumption.

In relation to the employees in the administrative functions, we communicate e.g. via Aarsleff's intranet which many of our Group companies have access to. The initiatives are adjusted to the individual companies of the Group and concern e.g. reduced consumption of fuel and electricity.

For projects in developing countries, it is still our principle to use new equipment where possible, as this results in fewer breakdowns, less downtime, low energy consumption and low CO2 emission.

The Aarsleff Group's operation of IT servers is outsourced to a big service provider. The electricity consumption comes from 100% renewable energy, and all servers are replaced at least every fourth year – this contributes to reducing the CO2 emission.

As a general rule, we replace the employees' computers at least every fourth year, and we always purchase new computers that comply with the latest requirements, also in relation to energy consumption.

In the past year, we have installed approx. 30 recharging points at our places of operation, which are used by the Aarsleff Group, our employees and our guests. In 2018/19 we have purchased ten 100% electrically powered vans, and we plan to increase the number as far as possible.

Purchasing of new cars, vans and construction machines is based on the targets that we have set in relation to energy consumption and CO2 emission. The targets are a central part of our policies on equipment, as it is important that the size and type of purchased equipment are adjusted to the specific needs. These principles ensure that energy savings and operating economy go hand in hand. The targets appear from the table above, and we have inserted links to the policies.

As far as possible and appropriate, we use recycled raw materials for our in-house production of construction materials. For instance, we always use almost 100% recycled steel for the production of our foundation piles.

In 2019, we have started calculating the environmental footprint from our standard foundation piles. The statement is based on the LCA method (Life Cycle Assessment) and it is

expected to be finished by the end of 2019. We intend to make similar statements for other of our products.

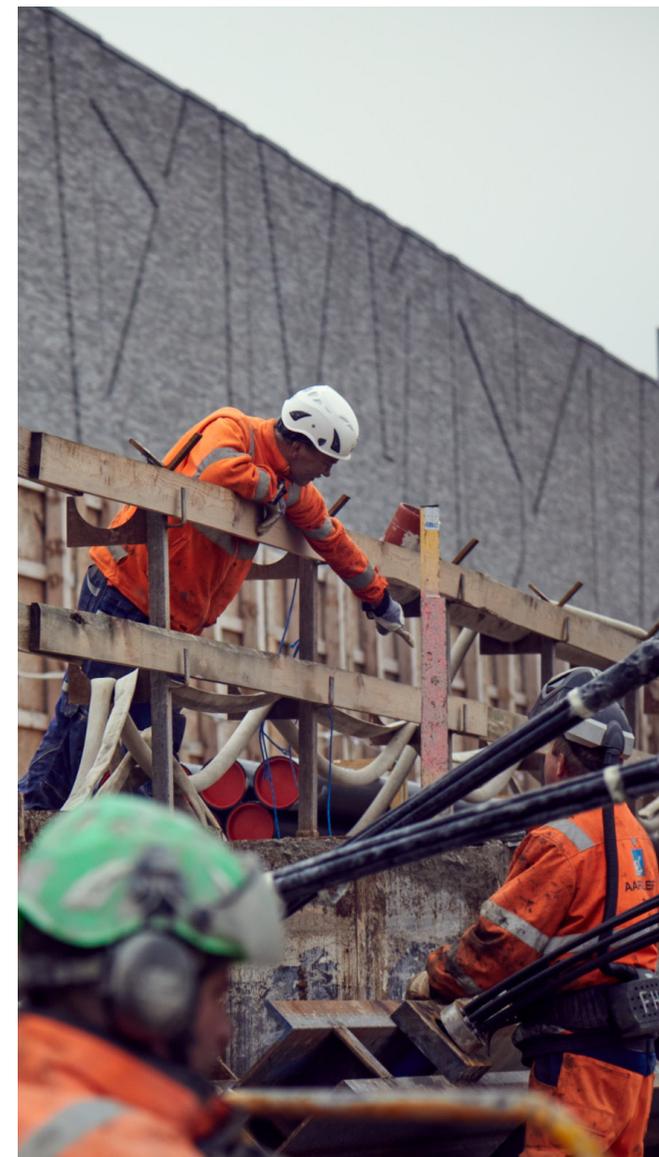
We often have a high degree of recycling of building waste from our projects in developing countries, as the recycled waste has a high value to the local communities.

We focus on creating motivation for and easy access to waste separation at source of the construction waste from our projects. Waste separation is often discussed at meetings and follow-up meetings, we inform new employees about our principles, we put up signs at the construction sites etc.

We still use a special IT system for removal of construction waste from large construction sites and other places of operations with many waste fractions. We have used this system for a couple of years, and our experience is that it helps increase the degree of waste separation at source and reduce the transport for collection of waste.

Our collection agreements with purchasers of paper and cardboard waste still apply. We receive statistics of our waste amounts, which are important to our work on further reduction of waste. The agreements ensure overall high recycling rates.

Correct management of consumption and storage of chemicals is an important area, and we have specific work procedures and registration in different IT systems.



CONSTRUCTION MACHINES WITH IDLE RUNNING IS “NO GO”

Large machines with a lot of idle running during the working day have an adverse impact. Idle running means increased fuel consumption, CO2 emission, increased wear of the machine, noise etc.

The Aarsleff Group already has a low level of idle running, however, we have launched a campaign focusing on further reducing idle running.

We have worked with myths and facts, put up posters on the construction sites and discussed idle running in the training of plant drivers.



RESULTS ACHIEVED

We believe that the focus on energy-saving behaviour of all our employees has helped to reduce the total energy consumption of the Aarsleff Group. As shown in the table on page 15, we have met our targets to a great extent.

This means that we have achieved lower energy consumption and lower CO2 emission in relation to fuel for construction machines, trucks, vans and passenger cars as well as consumption of electricity at our construction sites and in our administrative functions.

In future, we expect that we will be able to further reduce our energy consumption as well as our CO2 emission, which will be supported by new work procedures for statements of total energy consumption and CO2 emission.

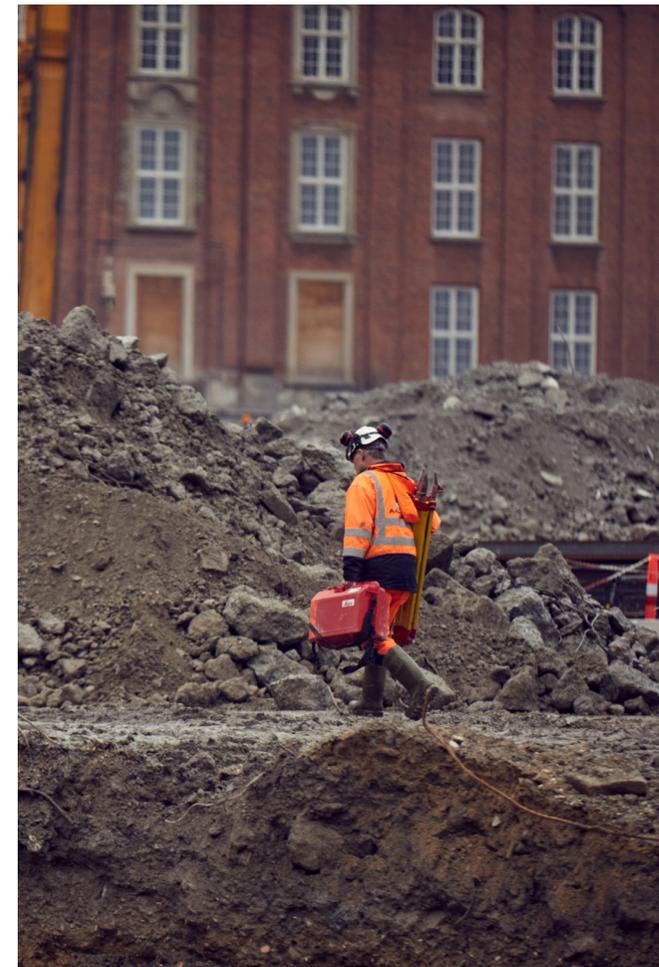
As regards handling of waste, our QE&OHS procedures and initiatives, such as the waste app, help to reduce the waste amounts and increase the shares for reuse or recycling.

RISK APPROACH

We assess that our principles and work procedures for risk management in this main area are efficient, and except for minor adjustments, they are unchanged from last year.

Our above-mentioned policies, organisation and QE&OHS management system provide a good basis for monitoring the development of energy consumption, emissions, waste amounts etc. This gives us a good foundation for risk management in this area.

In addition, our CSR organisation and CSR analyses allow us to act on risks at any time.



EMPLOYEES

IN 2018/19 WE HAVE...

- introduced e-learning about occupational health and safety for all employees and managers
- increased the focus on near-miss incidents
- issued short written instructions with illustrations of problems within occupational health and safety
- provided prompt and clear information about accidents and immediate improvement notices
- carried out extended safety inspection of our equipment
- held mandatory half-day courses in occupational health and safety for new managers
- carried out systematic measurement of employee satisfaction
- held a theme day about stress for our managers.



OUR PRINCIPLES

Management framework

Code of good management in the Aarsleff Group comprises 11 important principles on how our managers lead the way as a good example.

The most important elements of good management in the Aarsleff group is summarized in our management framework “Code of good management in the Aarsleff Group – 11 principles” which states that our managers must show commitment, focus on the most essential matters, strive to improve and renew, and take responsibility.

A safe working environment has a higher priority than reasons of economy, and we have set up specific targets for sickness absence, job satisfaction, accident rate and occupational diseases – these targets apply regardless of where we operate.

Code of Conduct

Aarsleff’s Code of Conduct describes good behaviour for all managers and employees.

Our Code of Conduct is unchanged compared to last year.

It describes good behaviour for all managers and employees – we focus on the environment, employees, safety, working environment, child labour, laws, regulations, international conventions, competition and anti-corruption.

We have the same requirements for our business partners and ourselves.

Occupational health and safety

Our policies describe our high ambitions and constant focus on good occupational health and safety – physical as well as mental.

The OHS policies* of the Group companies state that we want to offer attractive workplaces where occupational health and safety, job satisfaction and lifelong development are in focus. We do not accept accidents – and we have a zero accident target.

The Aarsleff Group wants to be the best in the business within occupational health and safety, and for the past ten years we have been certified in occupational health and safety. To achieve this goal, we have established policies, principles and working methods which we have incorporated in the way we work.

It is important that our employees have a high market value. We want to contribute actively to developing and further training our employees, so they are able to meet requirements.

**We have linked to the OHS policy of Per Aarsleff A/S, as it is representative of the policies in our other Group companies.*

ACTIVITIES IN 2018/19

When it comes to ensuring a good and safe working environment, it is important that hourly-paid and salaried employees take occupational health and safety seriously.

The executive management of the Aarsleff Group always has occupational health and safety on the agenda at the biannual status meetings with the organisation, and in addition, occupational health and safety is always the first item on the agenda at the executive management meetings. We use the same fundamental principles in most of our Group companies.

In a short video presentation, our top management explains the importance of having high standards for our occupational health and safety. The video is part of an e-learning programme for all employees and managers irrespective of their function or working area.

Last year, we carried out a decentralisation of the OHS structure in different parts of the Group to establish local OHS initiatives and to reduce the number of accidents. We are pleased to see that the new organisation has increased the focus on local preventive action. It seems that the decentralisation has put more focus on reporting of near-miss incidents, as the number of reported incidents has increased considerably in 2018/19 compared to previous years. At least four meetings are held annually in the local OHS committees.

We have a centralised responsibility for maintenance and further development of our cross-sectional management system on occupational health and safety, audits, improvement measures etc.

KEY RATIOS

	2018/19	2017/18	2016/17	2015/16	2014/15
Accidents (rate) – (target: max. 5)	16.9	15.9	18.8	21.0	– ¹
Accidents (absence)	12.1	12.6	9.3	11.4	– ¹
Sickness absence – (target: max. 2.5%)	3.0 %	3.2 %	3.1 %	2.7 %	2.3 % ²

About data

Accidents (rate): Number of accidents per 1 million working hours. Accident (numerator) is defined as follows: Accident suddenly occurred during working hours, which results in absence on the day of the accident and at least the day after. Number of working hours (denominator) is defined as follows: Number of working hours performed in the year with deduction of accident absence.

Accidents (absence): Average number of days of absence per accident until the employee starts working full-time or part-time again.

Sickness absence: Number of hours with absence (numerator) in relation to the number of possible working hours (denominator). The numerator includes own sickness absence and absence due to child's first day of illness (absence due to chronic disease, maternity leave and other absence are not included) as well as short-term and long-term sickness. The denominator includes the total numbers of hours incl. Sickness absence with deduction of holidays, extra holidays, special holidays, care days, accident absence and overtime for salaried employees.

Notes

¹ Owing to changes of the corporate structure of the Aarsleff Group, there is no comparable data available for 2014/15.

² Data for 2014/15 applies only to Per Aarsleff A/S.

As from 2019, we have appointed a week in October (week no. 43) as annual occupational health and safety week. In this week, we put particular focus on occupational health and safety, and some of the activities include campaigns, meetings, follow-up.

Knowledge of accidents, near-miss incidents and the reason for these form an important part of our action in the OHS area. We use an IT system that provides fast and good insight in

development trends, and it is a valuable tool for all managers in their work of improving occupational health and safety. The system contains all relevant registrations and it is used in centralised as well as decentralised functions.

We always inform the employees about accidents and immediate improvement notices from the Danish Working Environment Authority. The purpose is to reduce the risk that the same type of accident or near-miss incident happens again.

In some parts of the Group, we use an app which allows the employees to report accidents and near-miss incidents, and to communicate quickly with their colleagues about dangerous working conditions. The app builds a closer relation to the employees working on the sites – often far away from their colleagues in other locations.

Our material safety data sheets are available in a common IT system, which ensures efficiency and easy access.

We carry out current safety inspection of our equipment, e.g. fuel tanks, chains, lifting equipment, etc.

Newly appointed managers must participate in a mandatory half-day course in occupational health and safety as an integrated part of the training at Aarsleff Academy. New hourly-paid and salaried employees must participate in our occupational health and safety introduction course – regardless of their job function in the Group – and in addition, we hold a number of subject-specific courses at Aarsleff Academy – such as firefighting, first aid, defibrillator and work with high voltage.

We know that a warm welcome and a good introduction for all new employees are important. In some parts of the Group, we offer individually planned introduction courses; in other parts we have mentor schemes or we train our foremen in how to carry out introduction courses for new hourly-paid staff.

In the past year, we have carried out systematic measurement of employee job satisfaction. This measurement was tested the year before in selected departments.

The employee satisfaction survey is used as a basis for follow-up and implementation of development initiatives in relevant areas – cross-sectional as well as local initiatives. Our systematic job satisfaction and development interviews between employees and managers are still used as an important tool for ensuring professional and personal development for all employees, and they form a good basis for the dialogue between employee and manager.

The Aarsleff Group has a number of staff associations, clubs, arrangements etc. which are important elements for a good working climate for all of us. Aarsleff supports these activities financially and encourage and contribute to e.g. fitness membership, smoking cessation, health insurance.

Plans for further/supplementary training of the individual employee are a natural part of our job satisfaction and development interviews.



INCIDENTS WE MUST LEARN FROM

We currently make new short instructions with text, photos and illustrations presenting problems within occupational health and safety – we call them “An incident we must learn from.” The instructions are available to all employees.



We support our employees' personal and professional development by means of external training, in-house training as well as through Aarsleff Academy which offers training in management, project management, technical disciplines, safety, risk management, purchasing, budgetary control etc.

To optimise our work procedures and reduce repetitive work in our administrative function, we work with "robotics" – digital automation of work procedures – and we use robotics solutions for procedures in accounting, time recording, travel reimbursement etc.

In the past year, we have held a theme day for our managers about stress, providing them with practical tools.

RESULTS ACHIEVED

Our Group management and other parts of our top management engage in occupational health and safety which gives increased attention and motivation for a positive development of our occupational health and safety conditions.

It is still too early to assess the full effect of the decentralisation of our occupational health and safety organisation. However, it seems that the decentralisation has put more focus on reporting of near-miss incidents, as the number of reported incidents has increased considerably in 2018/19 compared to previous years.

The increase in the number of reported near-miss incidents is an important tool for avoiding accidents.

Unfortunately, our total accident rate of 16.9 in 2018/19 is higher than our target of 5, and we focus strongly on making improvements in this area.

This year, we have seen a minor decline in absence due to accidents which is now 12.1 days per accident. The decline is satisfactory, but the level is still too high. The accident rate for the building and construction business* is 15.4, which means that we are on par with the business.

Our initiatives in the past year have contributed to improving our occupational health and safety – for instance the mandatory half-day course in occupational health and safety for new managers, the video presentation in which our top management explains the importance of focusing on prevention of accidents etc., and the subject-specific OHS courses of Aarsleff Academy.

The employee satisfaction survey shows that our efforts to create good management in the Aarsleff Group have a positive effect on employee satisfaction and help attract and maintain new skilled employees. 95% of our employees responded that they are satisfied or very satisfied with working at Aarsleff.

This year's survey showed that particularly "predictability at work" and "time pressure" are areas we need to improve.

Sickness absence is almost unchanged compared to last year, but it is still higher than our target of 2.5%. Sickness absence for the building and construction business is 3.4%***, and this means that we are below the level of our business in this important area.

Our wide range of further/supplementary training offered to our employees is an important part of employee satisfaction, and it helps attract and maintain new skilled employees.

RISK APPROACH

We assess that our principles and work procedures for risk management in this main area are efficient, and except for minor adjustments, they are unchanged from last year.

In the contracting business, work is carried out involving occupational health and safety risks, as there will always be risks related to work in e.g. excavations, at sea, with sharp tools, heavy lifts, hot items. We have constant focus on this, and we do what we can to reduce and handle the risks.

Updated management systems and specific descriptions are important in relation to reducing risks. In our everyday work, we focus on thorough planning, relevant training, quick and sufficient communication, constant behavioural impact etc.

In relation to employee satisfaction, one of our important focus areas is a close and continuous dialogue between manager and employee based on the described guidelines.

In addition, our CSR organisation and CSR analyses allow us to act on risks at any time.

*According to the latest accident statistics of the Confederation of Danish Employers (DA) (please note that peri-od and method of accounting are not fully comparable with our figures for 2018/19)

**According to the latest sickness absence statistics of the Danish Construction Association (please note that period and method of accounting are not fully comparable with our figures for 2018/19)

SOCIETY AROUND US



I 2018/19 WE HAVE...

- extended our whistleblower scheme to cover the entire Group
- worked on coordinating and adjusting the way we deal with regulations related to working hours and rest hours
- communicated continuously and openly with Danish and foreign tax authorities
- participated in educational fairs with a joint stand representing all our Group companies
- employed several apprentices and trainees
- worked closely together with unions and union representatives
- focused on minimising the disturbance of neighbours, users and other stakeholders when we carry out projects
- continued to use our new paradigms and work processes designed to manage our supplier responsibility requirements
- made inspection visits to our suppliers.



OUR PRINCIPLES

Whistleblower

This policy serves as the basis for how internal and external stakeholders can report unacceptable matters to us.

Our [whistleblower policy](#) allows employees, managers, board members and all our other stakeholders to report concerns anonymously, if they have reasonable suspicion of unacceptable matters or illegal activities that may generate economic loss or damage the reputation of the Group. Concerns can be reported via our website.

Human rights

This policy ensures that we comply with regulations and standards existing in the relationship between companies and human rights.

We have a [policy on respect of human rights](#), based on the UN Guiding Principles on Business and Human Rights. This policy helps us to avoid adverse impacts on human rights and allows us to deal with any adverse impacts we may cause or contribute to.

Competition law

The guidelines explain how we prohibit price fixing, cartel agreements and abuse of a dominant market position.

Our guidelines for compliance with the competition law state that we prohibit entering into agreements or exchanging information that involve bid-rigging or sharing of markets and customers. In addition, we also prohibit entering into consortia or joint ventures that could limit competition.

Tax

This policy clearly explains that we never use abnormal or non-transparent tax structures.

Our tax policy is rooted in our Group executive management and states that we do not use contrived or abnormal tax structures. We will do our best to counteract tax avoidance and so ensure real commercial substance in all the activities we undertake or participate in. We want to have a transparent tax approach, and we will clearly communicate our tax policy.

OUR PRINCIPLES

Anti-corruption

This policy explains our zero-tolerance approach to all aspects of corruption.

Our [anti-corruption policy](#) prohibits any transfer of money or assets. And our policy prohibits both direct and indirect bribery. Although we may allow so-called facilitation payments in certain cases, we prohibit any form of bribery.

Apprentices and trainees

These policies explain that we want to be a significant contributor to the training of the next generation.

In the Aarsleff Group, we want to have apprentices and trainees in the civil engineering field and related fields such as administration and finance. We have established specific targets for the number of apprentices and trainees, and we offer trainee programmes aimed at, for instance, engineering students. Our approach is outlined in our policies on apprentices and trainees.

Procurement

This policy explains that our supplier responsibility requirements are similar to our own responsibility requirements.

Our procurement policy explains that we want to collaborate with suppliers who live up to the same high ethical requirements we impose on ourselves.

Our policy is supported by relevant guidelines, checklists and inspections.

Sponsorships and donations

These principles explain why the Aarsleff Group in principle does not want to be involved in these types of contributions.

Our principle is that we neither provide sponsorships nor give contributions with marketing in mind. Our principles of sponsorships, contributions and donations for charity further elaborate on this. Although exceptions may be made in certain circumstances.

Communicating with our stakeholders

Communicating proactively with all our stakeholders is a crucial target for us.

We do our best to counteract social dumping regardless of where we work. And we want to be a loyal part of applicable collective agreements.

Moreover, we are aware that it is important that we live up to what the neighbouring environment of our projects expect from us.

ACTIVITIES IN 2018/19

We have extended our whistleblower scheme this year, and it now applies to the entire Group. Previously, it only applied to our Danish companies. Information has been provided in Danish and English to all Group employees throughout the year to ensure they know that the scheme exists and know how to use it.

Four concerns have been reported to our whistleblower scheme. The concerns reported have been handled according to our established procedures. Consequently, we have initiated actions to prevent the reported concerns from occurring again.

Based on our policy on respect for human rights we have, as described in our CSR report of last year, undertaken analyses and identification of the Aarsleff Group's interfaces related to human rights. We have outlined our value chain relating to the likelihood and relevance of our risk of violating human rights, and we have also identified and prioritised several future focus areas.

Our focus areas include the right to equal pay for equal work, the right to a safe and healthy working environment and the right to rest and leisure time. Through additional analyses, use of external consultancy and implementation of internal work meetings we have taken a closer look at working hours and rest hours this year.

Based on the principles of our tax policy, we have continued to communicate openly with tax authorities in Denmark and abroad whenever it has been relevant or required by the authorities.

KEY RATIOS

	2018/19	2017/18	2016/17	2015/16	2014/15
Concerns reported to the whistleblower scheme ¹	4	1	4	0	- ¹
Apprentices (number and %) – (target: 10%)	223/8.9 %	199/7.9 %	214/8.5 %	190/8.0 %	77/7.9 % ²
Trainees (number and %) – (target: 5%)	76/4.4 %	56/3.7 %	55/3.8 %	- ³	- ³

About data

Concerns reported to the whistleblower scheme: Total number of reported concerns through the scheme regardless of type and outcome.

Apprentices: Proportions are reported as headcount (i.e. not converted to full time equivalents) in relation to average number of hourly-paid employees in total.

Trainees: Proportions are reported as headcount (i.e. not converted to full time equivalents) in relation to average number of salaried employees in total.

Notes

¹ The whistleblower scheme was established in 2015/16. The scheme was extended in June 2019 and now covers all our Group companies. Previously, the scheme only covered our Danish companies.

² Data for 2014/15 applies only to Per Aarsleff A/S.

³ Owing to the changed method of accounting, there are no comparable figures available for 2015/16 and 2014/15.

Counteracting anti-corruption remains a natural and relevant part of the way we work. Our anti-corruption policy forms part of the wording of our tenders, contracts and other relevant business documents, and our internal controls also cover this area. Plus, anti-corruption is often on the agenda when we arrange in-house training sessions. In potential high-risk areas, the management conducts specific follow-ups, approvals and inspections.

Participating in educational fairs and institutional events allows us to maintain a close contact to vocational colleges and other educational institutions. This year, we have once again participated in educational fairs with a joint stand representing all our Group companies. This gives the Aarsleff Group and the students the opportunity of connecting with each other in relevant specialist fields.

We have maintained our open approach to trainees who are always welcome in the Aarsleff Group, also while working on their thesis. During the trainee programme, we assign one specialist Aarsleff employee to each trainee. In this way, we provide both parties with high value during the trainee programme.

We always offer individual training plans for our apprentices to allow them to be trained in relevant specialist fields throughout their apprenticeship. In some of our Group companies, we have established specific targets for the number of apprentices and trainees we aim to employ when they have graduated. What is more, we have established a committee focusing on creating the best possible conditions for our apprentices.

In some of our Group companies, we liaise with educational institutions and municipalities concerning apprenticeships and trainee programmes aimed at vulnerable young people who struggle to find the right education opportunity.

It has always been crucial to Aarsleff to collaborate well with unions and union representatives, because the parties involved share an interest in solving any possible problems. Avoiding social dumping is a vital issue when we collaborate with the labour market's parties. Our initiative, Aarsleff Labour Service, consists of transparent and monitored recruiting processes and that helps us to avoid social dumping.

We have continued this year to communicate with residents and neighbours affected by our work, and we have focused on reducing problems and finding early and satisfactory solutions. Our ways of communicating have included information meetings, distribution of information to all households as well as information boards.

On major renewal projects in residential buildings, we usually assign one employee who manages all communication with residents.

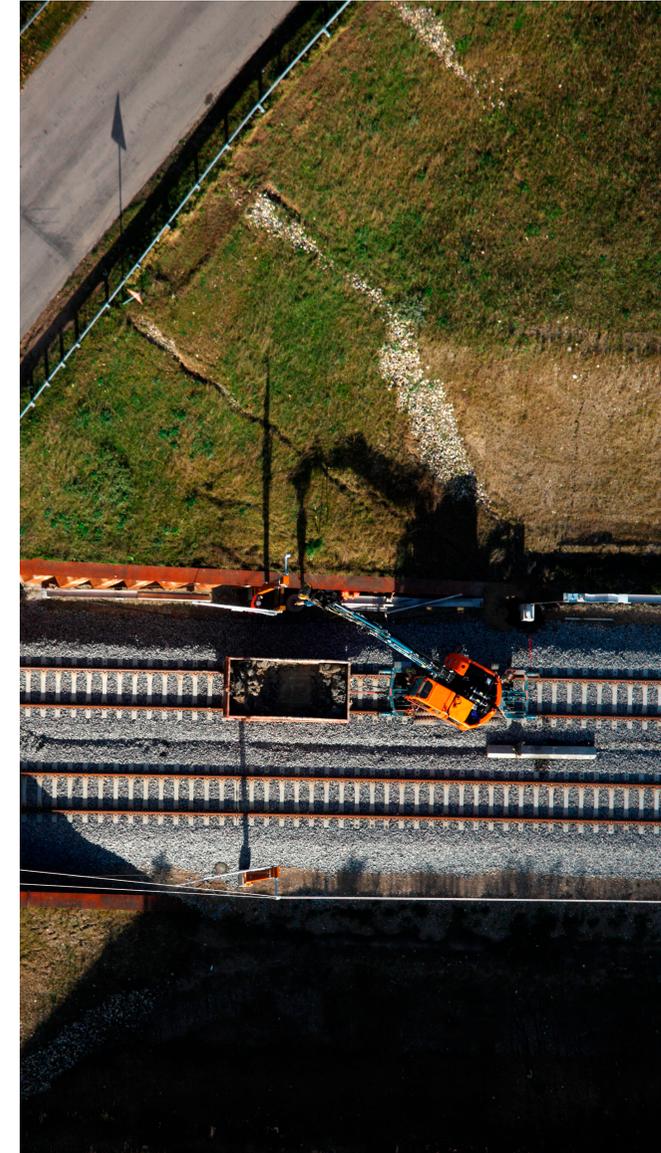
As described in the CSR report of last year, we launched new contract and agreement paradigms last year to be used when we purchase subcontracts, product supplies and consultancy services. These paradigms are aimed at improving our suppliers' responsibility profile concerning a number of typical CSR issues such as requirements to the environment, occupational health and safety, employee rights, anti-corruption and human rights.

We use three standard documents; code of conduct, use of foreign labour plus occupational health and safety conditions. In addition, we also have a supplier questionnaire, a description of rules related to layout and conduct at the construction site as well as guidelines on how to make our own evaluation of suppliers.

Our new paradigms and workflows have been implemented in part throughout this year. These tools have been used as part of our in-house project manager training during the year. Within the Aarsleff Group, we plan to further extend the implementation of the new tools.

We have also conducted our own inspection visits to some of our suppliers this year.

Our approach to sponsorships remains the same, which means that we usually do not provide sponsorships – read more about this policy on page 27.



CERTIFIED SUSTAINABLE BUILDING CONSTRUCTION IS ON THE RISE

In some of our business areas, we experience a growing focus from our customers and the market on the overall sustainability footprints of projects – for instance concerning Green Building certifications.

Under a design & build contract, we have constructed Nordfyns Bank's new headquarters in Odense, which has been awarded DGNB Gold sustainability certification. The project comprises around 2,200 square metres on three storeys plus a basement. The client is PensionDenmark, and Nordfyns Bank is the tenant.

Aarsleff is constructing Danske Bank's new headquarters at the former central post facility site in Copenhagen. The two buildings for this design & build contract will be sustainability certified according to the American sustainability system LEED version 4 to level Gold. The sustainability initiatives include recycling of more than 50% of site waste, roof solar cells and recycling of rainwater for toilet flushing.

***About DGNB:** This certification system includes requirements to environmental, economic and social sustainability. The DGNB (Deutsches Gütesiegel Nachhaltiges Bauen) is considered a second-generation certification system. DGNB is harmonised with existing and future EU standards.*

***About LEED:** The LEED system (Leadership in Energy and Environmental Design) is operated by the US Green Building Council (USGBC). Under this certification system, a building is rated according to criteria such as location and transport, sustainable site, energy and atmosphere, materials and resources, indoor environmental quality and innovative initiatives.*



RESULTS ACHIEVED

Extending our whistleblower scheme to cover the entire Group has helped us to reduce the risks of having unacceptable conditions in our company.

Based on our work with the area respect for human rights, we have coordinated and adjusted our rules and procedures related to work hours and rest hours. Consequently, these rules and procedures are now more uniform throughout the Aarsleff Group.

Our internal workflows and related internal controls have allowed us to put our tax policy into practice, and we have not experienced any issues related to this area during the year.

Our training programmes, our internal communication and our internal controls of workflows have reduced our risk of being involved in corruption and cartel cases.

Several of our fully trained apprentices and trainees have continued working for us. The continuity of employment benefits the newly qualified young people, society and the Aarsleff Group. This year, the number of apprentices and trainees has been 17% higher compared to last year.

On some of our projects, we weekly report which employees are assigned to the projects. This is done to avoid social dumping. Moreover, our use of Aarsleff Labour Service has made it easier and safer for us to comply with current rules and collective agreements.

Our approach to early and open communication with stakeholders – often working in close liaison with the client – has helped to increase stakeholder satisfaction.

The phased implementation of our new contract and agreement paradigms has improved the way we manage our suppliers' responsibility profile. We have not observed any violations of our new supplier requirements.

RISK APPROACH

We assess that our principles and work procedures for risk management are efficient in this main area. So apart from minor adjustments, our principles and work procedures remain unchanged compared to previous years.

Our whistleblower scheme covers the entire Aarsleff Group and is an essential part of our general risk management. We manage our risk of potentially violating human rights and our risk of being involved in tax avoidance by having clear and systematic procedures.

We address our risk of being involved in corruption or cartel cases through clear top management statements and specific policies. In addition, we provide training in and guidance on our rules to employee groups exposed to such risks.

Aarsleff Labour Service helps us to reduce our risk of violating the legislation on employee rights and collective agreements etc. Our internal communication and focus on training apprentices and trainees help us to comply with our policy within this area.

We continuously develop and communicate our follow-up and control methods and so reduce our risk of cooperating with suppliers who breach our supplier responsibility requirements.

Our CSR organisation and CSR analyses allow us to act on risks at any time.



EXTERNAL BUSINESS PARTNERS



IN 2018/19 WE HAVE...

- liaised closely with clients and users of our projects to increase the total project value creation
- used 3D visualisation of projects
- received external reviews and audits of some of our principles and procedures, and these have all been without any critical comments
- continued to focus on full compliance with our guidelines on gifts, entertainments and travel
- created and extended early and good communication with our project stakeholders.



OUR PRINCIPLES

Quality

This policy provides the ambitious framework of our approach to quality management internally and on our projects.

Our quality policy* lays the foundation for high-level quality management and so allows us to establish good and professional collaborations with customers and a high level of customer satisfaction, short term as well as long-term. We want this to be essential to all our activities.

We are committed to comply with laws, rules and contracts agreed with customers, colleagues in the business, employees and any other relations. We document our work according to existing rules and industry practices, we prioritise good planning and thorough preparation and we continuously look to achieve improvements through systematic knowledge acquisition and management of our activities.

Activities with participation of customers and business partners

This is our specific guidelines on how to deal with activities involving entertainments and gifts, for instance.

It is essential to us that we show full impartiality and loyalty towards rules and agreed contracts plus throughout all our dealings with customers and other business partners.

That is why we have defined a set of principles called “Activities with customers and business partners”. These principles provide our managers and employees with specific and practical rules related to gifts, lunches, dinners, study trips and training courses.

*We have linked to the quality policy of Per Aarsleff A/S, as this is representative of the policies in our other Group companies.



ACTIVITIES IN 2018/19

Liaising closely with customers and partners is a natural and vital part of the way we build relations. This focus on liaising increases the value creation for clients, users of the projects we deliver and for us as a company.

One of our main focus areas is to develop and support a sound improvement culture that allows positive and negative lessons learnt to be communicated and applied. This is also important in the way we liaise and build relations with stakeholders, as we believe it benefits project implementation and increases stakeholder satisfaction.

Just as last year, our projects have this year involved communication with customers and business partners on how to develop and use simpler and more efficient methods and solutions. Our 3D visualisation of projects is a good example of how we manage and coordinate complex projects efficiently.

When we start working on major projects carried out according to our One Company concept, we often use a project management model especially suited for this type of projects. This model focuses on managing challenges occurring during staffing and execution of projects across our companies in the Aarsleff Group. We arrange kick-off seminars in the start-up phase of projects, and we often use external consultants to grow a culture of team spirit. A short video about our One Company concept is available [here](#).

Customer satisfaction is an integrated part of our QE&OHS management system. The processes involved for measuring customer satisfaction are adapted to the scope and complexity of the projects. Our quality policy has been updated this year, and we have especially focused on further developing our workflows aimed at customer satisfaction.

On a lot of our large projects, we use an external analysis agency, specialising in project evaluation, to conduct customer satisfaction analyses. The analysis contains specific customer communication based on systematic questionnaires. The evaluation results form part of our development and improvement initiatives.

When mistakes occur or there is a risk of mistakes, we work systematically on understanding what caused the mistakes to prevent future mistakes. For this, we use so-called root cause analyses.

In our daily work, we have continued to use our specific guidelines on how to deal with gifts, entertainments, travel to and from customers, suppliers and business partners.

Some of our companies of the Aarsleff Group remain certified according to ISO 9001 (quality management) and ISO 10006 (quality management of projects), so the well-defined workflows of these companies have been performed according to the certifications.

On large-scale projects, we use our own-developed risk management system called ARMS – Aarsleff Risk Management System. This system consists of a systematic model for identifying, prioritising and mitigating project risks. Moreover, ARMS consists of an extensive knowhow database. This system is used right from the tender phase and throughout the full project lifecycle.

Aarsleff is a member of several associations focusing on sustainability, for instance the Danish Byg Fyn Association and the Danish Association for Responsible Construction. We use the inspiration and knowledge gained from these associations to keep improving the way we operate.

When we operate in developing countries, we still focus on creating early and good communication with the local NGOs, schools, associations, local governments, unions etc. We still aim to hire local staff whenever possible. Matters such as terms of employment and collective agreements are dealt with according to national legislation in the country where the work is performed.

When we collaborate with customers, suppliers or other business partners in developing countries, we specifically make sure that they know about the Aarsleff Group's approach to CSR matters. We communicate closely with the parties involved, we hand out our policies and requirements and we follow up continuously.

When we hire project managers for projects abroad, we see to that they are thoroughly trained in the special terms applying to projects carried out abroad. Issues such as ethics, anti-corruption and anti-cartel agreements are a vital part of this training.

RESULTS ACHIEVED

Our quality management is of high quality. That is why we believe that our ISO certificates, our policies and guidelines as well as our work processes have allowed us to reduce mistakes, increase efficiency and boost customer satisfaction. External reviews and audits have not resulted in any comments concerning unacceptable matters.

3D VISUALISATION OF PROJECTS MAKES EVERYTHING EASIER AND BETTER

A lot of our projects are large-scale, long-lasting and technically complex. This means that several different specialist areas and people are involved from the planning and start-up phase to the execution and completion phase. This applies when we deliver our own One Company projects and when we collaborate with external contractor colleagues and other partners.

We often use 3D visualisation of the projects, as we aim to create the best possible coordination and understanding of the projects.



Our guidelines for activities with customers, suppliers and business partners have helped to ensure that our business activities are always operated at a high ethical level. In addition, our membership of the Danish Association for Responsible Construction has created value for us.

We have stayed focused on creating a close and open relationship with relevant stakeholders of our projects in Denmark, in the near abroad and in developing countries. This has allowed us to ensure that our projects provide high social value and that our projects are delivered according to the social responsibility principles of the Aarsleff Group.

RISK APPROACH

We assess that our principles and work procedures for risk management are efficient in this main area. So apart from minor adjustments, our principles and work procedures remain unchanged compared to previous years.

Actual use of our processes and organisations, for instance in accordance with our certifications, is an important part of the way we ensure that we deliver projects conforming to the agreed and expected quality. The same principle applies when it comes to maintaining a high ethical level and good stakeholder management.

Our CSR organisation and CSR analyses allow us to act on risks at any time.



EQUALITY

IN 2018/19 WE HAVE...

- updated our policy on equality and diversity
- made minor changes in the composition of our boards of directors
- continued to use our principles of equality and diversity for recruitments, promotions and dismissals
- continuously prioritised equality and diversity in our apprenticeship and trainee programmes.



EQUALITY

(STATEMENT OF THE GENDER COMPOSITION OF THE MANAGEMENT CF. SECTION 99 B OF THE DANISH FINANCIAL STATEMENTS ACT)

OUR PRINCIPLES

Equality and diversity

This policy comprises other management levels of the Aarsleff Group and explains how we deal with equality and diversity.

One of the purposes of the policy is to help to create equality and diversity and increase the proportion of the underrepresented gender throughout the Aarsleff Group. We want an open and unbiased culture that allows each individual employee to use his/her qualifications in the best possible way, regardless of gender. We want all employment to be based on personal and professional qualifications.

The civil engineering business has always been and continues to be a relatively male-dominated business. This is significantly reflected in the existing number of male and female managers and employees as well as in the distribution of applicants for most types of advertised positions in the Aarsleff Group. The purpose of this policy is also to increase the proportion of female managers and female employees in our company and within our line of business.

We are convinced that equality and diversity in our company help us to make good decisions and to deliver good results. That is why we focus on creating equal opportunities for men and women and increasing the diversity across the Aarsleff Group.

In addition, we believe that increased equality and diversity help us to be more innovative, to generate better financial results and to improve our internal working environment. What is more, we become an even more attractive employer, capable of successfully recruiting and maintaining talents.

We welcome all employees, and we respect everyone regardless of age, gender, ethnicity, religion, disability, and sexual orientation.

We constantly look to ensure that each individual employee is recognised for his/her specialist skills and qualifications. This will provide improved job satisfaction for each individual employee and help to create a culture that ensures diversity and offers equal opportunities for men and women.

Targets for our boards of directors

Within the Aarsleff Group, our requirements for board members are the same regardless of gender, and board members are elected based on our boards' qualification requirements.

Considering the opportunities of our relatively male-dominated engineering business, we find the board targets stated below ambitious and realistic.

TARGETS FOR PER AARSLEFF HOLDING A/S

If the Board of Directors consists of four shareholder-elected members, the proportion of the underrepresented gender had to comprise 25% of the shareholder-elected board members by 30 September 2017. If the board of directors consists of five shareholder-elected members, our target is 20%.

The proportion of the underrepresented gender on the board of directors is 20% at 30 September 2019, and so we have achieved our target. The gender distribution is not considered equal according to section 99 b of the Danish Financial Statements Act.

The shareholder-elected board members consist of one woman and four men. Extending the number of shareholder-elected members of the company's board of directors from four to five this year means that the composition of our board of directors no longer represents an equal gender distribution. We are aware of this and we will look to restore equal gender distribution in future.

Our new target is that there will be no underrepresented gender on the board of directors by 30 September 2022 (defined as under 40% according to section 99 b of the Danish Financial Statements Act), and we find this target ambitious and realistic.

TARGETS FOR PER AARSLEFF A/S, WICOTEC KIRKEBJERG A/S, AARSLEFF RAIL A/S AND HANSSON & KNUDSEN A/S

For each of these companies our target is that, no later than at the end of the financial year of 2019/20, the proportion of the underrepresented gender consists of 25% of the shareholder-elected board members.

The proportion of the underrepresented gender (in this case women) on our boards of directors as of 30 September 2019 appears on this page.

As we find all our targets ambitious and realistic, we will maintain these. Our targets have not yet been achieved in all our Group companies owing to an insufficient number of best qualified female candidates.

We will continue to work on achieving the targets for all Group companies in future. The gender distribution for Per Aarsleff A/S is considered equal according to section 99 b of the Danish Financial Statements Act.

KEY RATIOS

	Target	2018/19	2017/18	2016/17	2015/16	2014/15
The share of the underrepresented gender on boards of directors:						
Per Aarsleff Holding A/S	40% ²	20%	25%	20%	0%	0%
Per Aarsleff A/S	25%	25%	25%	20%	0%	0%
Wicotec Kirkebjerg A/S	25%	0%	0%	0%	0%	0%
Aarsleff Rail A/S	25%	0%	0%	0%	0%	0%
Hansson & Knudsen A/S	25%	0%	0%	0%	0%	0%

Per Aarsleff Holding A/S, Per Aarsleff A/S, Wicotec Kirkebjerg A/S, Aarsleff Rail A/S and Hansson & Knudsen A/S:

The proportion of the underrepresented gender on other management levels	–	10.7%	12.9%	12.7%	12.1%	13% ¹
The proportion of the underrepresented gender in proportion to all employees	–	11.9%	10.3%	9.7%	9.1%	12% ¹

About data

Other management levels: Include a total of 75 managers in 2018/19. In Per Aarsleff Holding A/S and Per Aarsleff A/S, managing roles are included from the level of staff managers, and in Wicotec Kirkebjerg A/S, Aarsleff Rail A/S and Hansson & Knudsen A/S the upper management group is included. Proportions are, at year-end, reported as headcount (i.e. not converted to full time equivalents).

Notes

¹ Owing to changes of the corporate structure of the Aarsleff Group, these proportions for 2014/15 solely comprise Per Aarsleff A/S.

² The target is to have no underrepresented gender on the board of directors (as defined in section 99 b of the Danish Financial Statements Act).

Other management levels

ACTIVITIES IN 2018/19

Over a number of years, we have continued to use our guidelines applying to ongoing decisions and activities related to staff, management and equality. And we have used these for recruitment, promotions, job profiles and organisation.

When recruiting employees, we remain focused on ensuring that, at all management levels and as far as possible, both genders are represented in the field of qualified candidates. Our external recruiting consultants have to use this principle for each recruiting process to provide us with candidates of both genders. We use the same principle, when we manage the recruiting process ourselves.

Whenever possible, we still make sure that both male and female employees are represented when we evaluate candidates for internal appointments.

Trainees and students of both genders, for instance engineering students, have been employed in most parts of the Aarsleff Group. This is perfectly natural for us, and in addition it will provide the Aarsleff Group and the industry in general with skilled employees and management potential of both genders over time.

RESULTS ACHIEVED

All recruitments, promotions and dismissals have, also in 2018/19, been based on personal and professional qualifications. What is more, the applicant's race, ethnic or social background, gender, religion or similar have not influenced our decisions.

Consequently, our existing guidelines on equality have been applied throughout the year.

Unfortunately, we have seen a reduced gender equality on other management levels compared to previous years. When we compare our proportion of female managers (10,7%) and our proportion of female employees in the Aarsleff Group (11,9%) with our biggest competitors in the business, we can conclude that the proportions are alike.

Both the number and proportion of women in the Aarsleff Group have increased compared to last year.

RISK APPROACH

Our ongoing management focus is to ensure that our policies and guidelines within this area are in fact applied, communicated and complied with throughout our Group.



ROLE AND SCOPE OF THIS REPORT

This corporate social responsibility report is included in the management's review of the company's annual report. The CSR report is a statement of the corporate social responsibility cf. section 99 a of the Danish Financial Statements Act and a statement of the gender composition of the management cf. section 99 b of the Danish Financial Statements Act applying to the Aarsleff Group for the financial year 2018/19.

Information and data are provided for the period from 1 October 2018 to 30 September 2019.

The CSR report comprises the Group companies and our other companies forming part of the consolidated financial statements of Per Aarsleff Holding A/S for 2018/19. A total list is available in our financial report for 2018/19.

Data collection and statement for this report have been made in accordance with accepted practices for balance, clarity, accuracy, credibility, timeliness and comparability. In addition, the structure and contents of the report are inspired by the Global Reporting Initiative (GRI) Standards, however without meeting the "in accordance with" criteria of this standard.

Although the Aarsleff Group does not participate in the UN Global Compact, its ten principles serve as a significant inspiration for us when we identify, prioritise and build our picture of significant CSR issues, CSR stakeholders, CSR risks etc. And the principles form part of the foundation on which we base our goals and action plans.

The amended requirements of section 99 a and section 107 d of the Danish Financial Statements Act have not been incorporated into this CSR report.

Wherever possible, we have stated comparative figures for previous years. The comparative figures stated for 2014/15 are our baseline figures, which means that 2014/15 is the first financial year with which we compare future figures.

Figures are reported based on data from our IT systems, invoices, meter readings, continuous registrations etc. Data is subject to standard control procedures for quality assurance of data. Any estimates included in the statements are specified.

Unless otherwise stated, data figures of this report solely include the companies Per Aarsleff Holding A/S, Per Aarsleff A/S, Wicotec Kirkebjerg A/S, Aarsleff Rail A/S and Hansson & Knudsen A/S.

Explanation is provided for any material changes to the accounting policies or to the basis and contents of data compared to previous years.

[LINKS TO OUR POLICIES](#)

We have inserted links to the policies and principles mentioned in this report to allow the reader a full version of these. Some of the links inserted are for policies and principles applying to the entire Group, whereas some links refer to policies and principles applying primarily to Per Aarsleff A/S. The reason for this is that the policies and principles applying to Per Aarsleff A/S are representative of the policies and principles in our other Group companies.

