



AARSLEFF

CSR REPORT 2017/18

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

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CSR REPORT 2017/18

In the Aarsleff Group we work with the CSR matters that create most value for society and for our stakeholders, our owners and our Group.

The financial year 2017/18 has been an active and positive year for the Aarsleff Group – when we measure the financial results stated in our annual report, and also when we measure CSR stated in our CSR report.

The CSR report describes how the Aarsleff Group contributes to the 17 UN global goals, and this year, we have described the direct connections between the most important areas of our CSR materiality analysis and the individual sections of the report.

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.

We have maintained the report's basic structure in five strategic main areas:

- Environment and climate
- Employees
- The society around us
- External business partners
- Equality.



JESPER KRISTIAN JACOBSEN (in the middle)
CEO

LARS M. CARLSEN (to the left)
Deputy CEO

MOGENS VEDEL HESTBÆK (to the right)
Group CFO

The main areas provide the best foundation for following our development over time.

The CSR report describes our policies, principles and strategies, our initiatives during the financial year, our results achieved, and our expected future results.

December 2018



AARSLEFF PROFILE

AARSLEFF IS A LEADING CIVIL ENGINEERING CONTRACTOR IN DENMARK

Our 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.

The Aarsleff Group comprises a number of companies, joint operations etc. that carry out our activities. An overview of the companies in the Aarsleff Group is found in our annual report 2017/18 on page 84.

COMMUNITIES OF EXPERTISE

The Aarsleff Group focuses on combining our 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 deeply rooted project culture benefitting ourselves and our customers.

Our work is based on our clear mission, vision and values.

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.

INDUSTRIALISATION AND OPTIMISATION

Through a number of years, we have worked to improve the efficiency of processes by industrialising a number of products and services. This means that we are able to deliver uniform projects faster, more cost efficient and with less consumption of natural resources and energy – benefitting the environment and the climate.

BUSINESS AREAS

The Aarsleff Group's many specialist skills and synergy potentials allow us to handle different types of projects from development-oriented infrastructure projects to major building projects and traditional civil engineering projects.

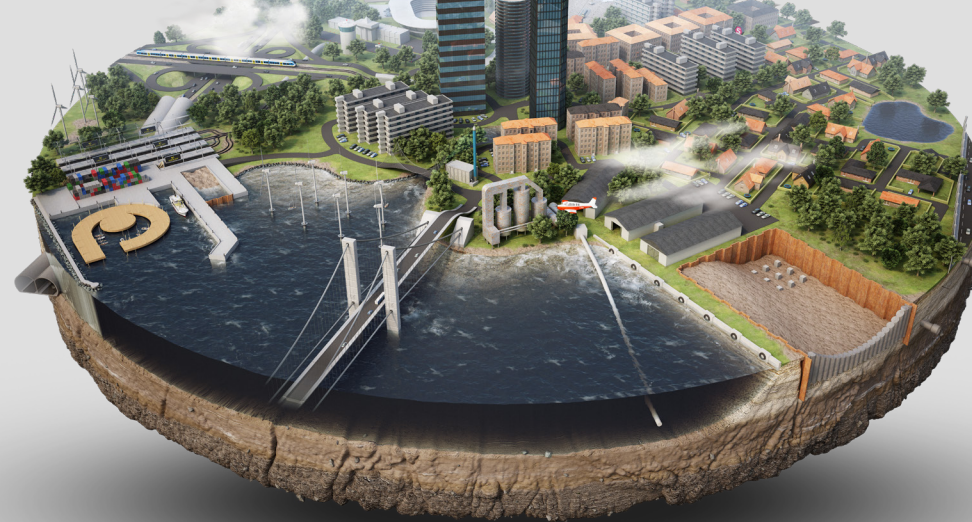
We establish tunnels and bridges, extend harbours, construct shell structures, buildings, etc.

Some engineering and contracting projects are very complicated, and only few contracting companies are able to solve them – Aarsleff is one of them.

The Aarsleff Group's expertise is based on the business areas Construction, Pipe Technologies and Ground Engineering.

Under the eight different areas 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.

AARSLEFF WORLD



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

www.aarsleff.com/aarsleff-world

KØGE SOIL DEPOSIT – THE ONE COMPANY COLLABORATION HAS BEEN OF GREAT VALUE

When we look at air photos from the last 10 years, it is clear that we have made Køge and Denmark bigger – in fact with more than 80 hectares.

We were familiar with the One Company concept when we started negotiating with the client back in 2005, but this form of collaboration was to stand the test from 2007 until the end of 2008 when the deposit had to be ready for operation.

A good collaboration was soon established. The ground engineering foreman had good discussions with the production manager of Construction, and other good working relationships were established on this project.

It is a pleasure to look back on all the people we have met, challenges we have solved, and results we have made during this project.

This is the basis for our One Company collaboration today.



ONE COMPANY – OUR CONCEPT OF COLLABORATION

The Aarsleff Group is organised in independent, competitive divisions and subsidiaries each with their own specialist expertise.

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

All large-scale projects are undertaken in collaboration between several divisions and companies of the Aarsleff Group. This allows us to utilise and share experience gained through inter-company projects, and we focus on joint management because it creates value to the customer in the form of flexible, efficient, environmentally friendly and resource-saving processes – and not least results of the highest quality.

The optimisation achieved gives us a higher quality and a reduced consumption of time and resources – and in this way, the projects’ “footprints” in terms of material consumption, transportation, waste etc. are reduced.

Aarsleff’s customers can always expect the same high level of commitment no matter the size of the projects and no matter whether they are carried out in One Company collaboration, in consortia with skilled collaboration partners, according to the principles of partnering or as traditional projects. We offer our customers the best, most efficient and environmentally friendly solutions thanks to our wide range of contracting and engineering disciplines.

KEY FIGURES FOR THE GROUP (DKKm)

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

In the field of new building construction, we are one of the few contractors in Denmark capable of carrying out a major part of the building activities without using subcontractors. The Aarsleff Group can take on any project within the fields of groundwater lowering, pile foundation, retaining walls, earth-work, pipe work, shell structures, element installation or technical installations.

FOCUS ON REDUCED RESOURCE CONSUMPTION

We have constant focus on product and method development, and our engineers of Design & Engineering assist with specialist expertise at a high international level within soil engineering and construction design. This in-house expertise allows us to develop innovative and alternative solutions for our customers – resulting in effective project processes that reduce e.g. consumption of materials, resources and energy.

In order to create the best solutions for our customers, we increasingly use VDC (Virtual Design and Construction) in our projects to simulate processes and structures. In this way, we and our customers can digitally simulate the project and identify possible risks before we start on the actual building process. In addition, we are able to optimise the design, plan the execution, improve the processes and reduce wasted material – to the benefit of the environment and society.

AARSLEFF IN FIGURES

The Aarsleff Group is a public limited company listed on Nasdaq Copenhagen A/S. Our annual revenue amounts to DKK 12,1 billion – of which 29% comes from abroad. The Group employs 6,500 dedicated people in the Danish parent company and in the subsidiaries in Denmark and abroad.

HOW WE WORK WITH CSR

Development, efficiency and value creation have always been the bedrock of our company, and our current approach to CSR is the result of the way we have run our company since the beginning in 1947.

We hope that our CSR work helps create and increase the shared value¹ based on the business opportunities, expertise and resources of our value chain and based on the requirements and wishes from our stakeholders.

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

THE MATERIALITY ANALYSIS IS OUR CSR FOUNDATION

We ensure that our CSR efforts have the optimum effect by assessing the areas that are most important to us, our surroundings and our primary stakeholders. This allows us to target our efforts in areas that are of value to us, our shareholders and employees – and at the same time of benefit to society.

In 2017 we carried out a materiality analysis identifying a number of CSR efforts that are relevant to the Aarsleff Group to a greater or lesser extent. We have systematically organised the efforts in order of priority with the involvement of the management and the specialists of our company.

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

¹The strategy concept “Creating Shared Value” developed by the professors Porter and Kramer is about setting goals and action plans which create value and growth for the company as well as for society. The fundamental basis is that the competitiveness of a company and the well-being of society are mutually dependent.

The materiality analysis is supported by interviews, knowledge acquisition from relevant sources, stakeholder analysis, risk analysis as well as analyses of CSR practice and CSR maturity of competitors and companies with a value chain similar to ours.

The method is further described in the 2016/17 CSR report.

CSR ORGANISATION IN AARSLEFF

The management and the board of directors assess the opportunities and risks of all CSR efforts and decide on initiatives to be implemented.

We have policies addressing a number of CSR areas, and the CSR report has direct links to the most important policies.

For instance, we have policies for anti-corruption, compliance with competition laws, whistleblower scheme, environment, occupational health and safety, activities with customers and business partners, trainees, apprentices, company cars, sponsorship, climate and human rights.

The policies form the basis for our specific development initiatives. The initiatives are conducted by the managers and specialists of the Group with the right qualifications.

The Aarsleff Group also focuses on involvement of the employees’ ideas and observations in the CSR work, and we work systematically with involvement of and dialogue with our other stakeholders.

MOST IMPORTANT CSR EFFORTS

Work carefully in environmentally sensitive areas	Page 12
Handle building waste	Page 12
Reduce the energy consumption of construction sites	Page 12
Reduce CO2 emissions	Page 12
Reduce the energy consumption of factories/offices	Page 12
Avoid environmental damage and emissions	Page 12
Address employee satisfaction	Page 15 & 26
Code of Conduct	Page 15
Ensure employee skills development	Page 15
Ensure recruitment	Page 15
Reduce noise, dust, odour, vibrations	Page 15
Further develop compliance	Page 15
Further develop safe construction sites	Page 15
Employ trainees/apprentices	Page 19
Handle collective agreements and social dumping	Page 19
Counteract bribery	Page 19
Counteract cartel formation	Page 19
Support human rights	Page 19
Avoid quality defects of the projects	Page 23

OUR QE&OHS MANAGEMENT SYSTEMS

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 in the company. The management systems, including the certifications, provide a basis for our efforts to continuously improve and meet customer requirements and regulatory requirements.

Processes and activities in the management systems ensure operation and management of QE&OHS conditions, including how risks are handled. Processes and activities are documented.

The certification basis and regulatory requirements of the management systems are 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.

In 2017/18 the Group's deputy general managers had the overall responsibility for the QE&OHS management systems of Per Aarsleff A/S. 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.

GOOD BEHAVIOUR IN AARSLEFF – OUR CODE OF CONDUCT

Our Code of Conduct describes good behaviour for all managers and employees – we focus on the environment, employees, safety, working environment, child labour, laws, regulations, international conventions, competitions and anti-corruption.

The individual managers are responsible within their fields of responsibility for ensuring that employees and business partners are informed about Aarsleff's Code of Conduct and the requirement for compliance. We are currently developing an e-learning module in our Code of Conduct.

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

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

In 2015 the 17 UN Sustainable Development Goals (called SDGs or UN global goals) were established in order to generate attention, focus and progress within these important areas towards 2030.

The Aarsleff Group fully understands the importance of supporting the UN global goals, and we have arranged our CSR activities in order to contribute to the goals in the best possible way. Our ambition is to communicate in an active and open way about our contribution as well as about the effect of our contribution.

In 2017/18 we have continued the work of incorporating and supporting a number of the goals in the operation of our company, and our CSR activities clearly and directly support 7 out of the 17 global goals.

WHAT ARE THE SUSTAINABLE DEVELOPMENT GOALS?

The Sustainable Development Goals (or UN global goals) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

The commitment by the world countries was made in 2015, and the goals will continue until 2030.

Achieving the global goals requires that companies and organisations work together.

The 17 general global goals are supported by 169 targets for measuring, communicating and ensuring the future progress.



HOW AARSLEFF SUPPORTS THE GLOBAL GOALS

We are working with the main part of the 17 global goals, but our main focus is on the 7 goals stated below. Within these 7 areas, we and our stakeholders can primarily see achieved results.



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 a natural part of Aarsleff's employee development. Aarsleff Academy supports the employees' personal and professional development in line with the company strategy; we have apprentices and trainees within the civil engineering field and related fields such as administration and finance; and we have specific targets for the number of apprentices and trainees employed with us.

Read more in the sections Employees and The society around us.



Goal 8 includes promoting sustainable economic growth by achieving higher levels of productivity and technological upgrading and innovation. This is obtained by creating favourable conditions for entrepreneurship, safe and secure working environment and creation of new jobs. The goal is to obtain full and productive employment and decent work for all.

Safe working conditions are top priority in Aarsleff. We incorporate occupational health and safety aspects already in the design phase; we prioritise order, tidiness and systematic fitting out of our workplaces; we continuously improve occupational health and safety; and we follow up on the employees' job satisfaction. We work actively on reducing noise, dust and odour. We comply with the legislation on employee rights, collective agreements etc. This is ensured by active involvement from management and by Aarsleff Labour Service.

Read more in the sections Employees and The society around us.



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 are committed to engaging in professional collaboration giving a high priority to customer satisfaction. Part of the Aarsleff Group is ISO certified in quality management and in quality management in projects which ensures uniform, efficient and quality-oriented work procedures and decisions.

Read more in the section External business partners.



Goal 12 includes creating sustainable management and efficient use of natural resources, creating a more responsible removal of waste and harmful substances, and encouraging companies and consumers to reduce and reuse waste.

Aarsleff's environmental policy 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 construction waste and other types of waste; and that we will 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 by acting with precaution and consideration.

Read more in the section Environment and climate.



Goal 13 includes strengthening resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. The action comprises e.g. integrating climate change measures into national policies, strategies and planning, as well as improving education and awareness-raising on climate change mitigation, adaptation, impact reduction and early warning.

Aarsleff continuously works on reducing our own energy consumption, and we convert it to more climate-friendly energy types when appropriate. Our policies focus on using energy-saving and environmentally friendly machines, trucks and cars. We also want to reduce our total consumption of fossil fuel and convert it to more climate-friendly energy types when this is appropriate and possible. We prepare an annual environmental and energy survey report to identify improvement opportunities, and we continuously carry out energy-optimisation of our buildings.

Read more in the section Environment and climate.



Goal 16 includes strengthening the rule of law, reducing corruption and bribery in all their forms, including cartel formation, and promoting human rights as a key element of a responsible development.

Aarsleff has policies for anti-corruption and competition law compliance. This ensures that we always act in accordance with current competition laws and that we do our utmost to oppose all types of corruption, including blackmail and bribery, regardless of where in the world we operate. We do not allow any kind of price cooperation, cartel formation or abuse of market dominance. Our Code of Conduct describes good behaviour for all managers and employees. As stated in our policy on respect for human rights, the Aarsleff Group wishes to avoid negative impacts on human rights, and we actively handle any negative impacts we may have caused or contributed to.

Read more in the sections Employees and The society around us.



Goal 17 includes creating and developing partnerships for sustainable development, including multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries. 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 renew and take responsibility. These are important elements of creating a high degree of compliance in the entire Group. Our Code of Conduct describing good behaviour for all managers and employees is also an important element of the Aarsleff Group's ability to comply with applicable rules and policies. The Aarsleff Group participates actively in different types of collaboration and partnerships with the purpose of enhancing sustainability within our line of business.

Read more in the sections Employees, The society around us, External business partners and Equality.

ENVIRONMENT AND CLIMATE



OUR PRINCIPLES

We always aim at minimising our environmental impacts when we execute projects, and systematic planning and choice of method are thus important to us. We have a number of policies, principles and working methods helping us to comply with the environmental legislation in order to protect the environment on a short-term and long-term basis.

Our environmental policy states that we are aware of our influence on the environment, and we work to prevent pollution and other negative impacts. Some of our initiatives are measurement of essential environmental parameters and reduction of waste of resources.

Our environmental 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.

The Aarsleff Group has 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 cars and vans. All new passenger cars must have energy mark A+++ to A. As far as possible, we want to increase the share of new vans which comply with Euronorm 6, and for construction machines our target is to increase the share of machines with Euronorm 3A, 3B and 4.

Our management system for quality, the environment and occupational health and safety (QE&OHS) states that we save heat by closing windows, gates and doors, that we economise on fuel during transportation and work-related driving by driving in an environmentally friendly way, that we turn off machines and

equipment when not in use, and that we turn off lights, computers, printers, machines etc. when not in use.

Our QE&OHS management system also states that we want to reduce the amount of waste by avoiding to make errors, that we separate waste correctly, that we reduce the risk of environmental accidents by acting with precaution and consideration, that we reduce the impacts in case of environmental accidents, and that we take care of each other and of nature by storing and handling chemicals safely.

Last year we established a policy on climate impact reduction which 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.

ACTIVITIES IN 2017/18

When purchasing new cars, trucks and machines, we have adjusted the sizes and types in relation to our needs in order to reduce CO2 emission and energy consumption. This year's purchasing of cars, vans and construction machines is based on the goals that we have set in relation to energy consumption and CO2 emission.

To be at the forefront of development, we have, in 2017/18, participated in the testing of electrically powered vans under 3,500 kg.

As a general rule, new vehicles with yellow license plates still have speed limiters up to 120 km/h and if possible 90 km/h when using tow bars, as this reduces fuel consumption as well as CO2 emission. In 2017/18 we have put stickers on our vehicles with yellow license plates stating that they have speed limiters up to 120 km/h.

I 2017/18 WE HAVE...

- participated in the testing of electrically powered vans
- put stickers on our vehicles with yellow license plates stating that they have speed limiters up to 120 km/h
- hired an instructor to train our plant drivers in optimum use of the machines
- used an IT system for management and registration of building waste
- tested geothermal energy piles
- used recycled raw materials when possible – e.g. steel for our foundation piles.

At the end of the financial year, we have four hybrid vehicles, and we are planning how to install recharging points at our places of operation. We expect to establish recharging points at 5-8 places of operation in 2018/19.

We hold a number of training courses for our plant drivers. The courses are held in-house as well as externally and comprise subjects such as idle-running periods, efficient utilisation of the machines' torque and optimum times for start and stop. We also launch campaigns with e.g. posters at the construction sites in order to have a positive effect on the employees' behaviour.

We still use on-the-job training which means that our experienced plant drivers teach new drivers how to operate the machines.

Last year we started our own courses with own instructors, and we have now hired a highly experienced instructor who will focus on training our plant drivers in optimum use of the machines. The instructor is to help plant drivers in the entire Aarsleff Group when there is a need for optimisation. We are convinced that this will reduce energy consumption, prolong the lifetime of the machines and reduce the number of accidents.

We hand out leaflets to our employees on the construction sites and we use apps to inform of how to reduce energy consumption.

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

We currently work on reducing our energy consumption on the projects as well as in our administrative functions. Our ambition is to have a gradual conversion to more climate-friendly energy types when appropriate.

The individual companies of the Group have different approaches to reduce our electricity consumption, and some of the approaches include behavioural impact on the employees, internal communication and current measurements of the consumption.

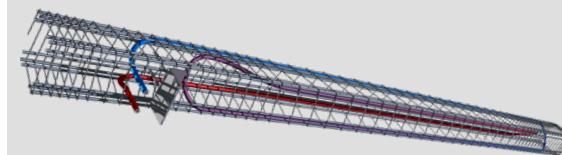
This year we have started using training centres with environmental certification, when possible and appropriate.

We participate, when relevant, in testing and development of energy saving construction materials in collaboration with relevant parties. An example of this is our geothermal energy piles.

In 2016/17 we tested an IT system for management and registration of our building waste. The system registers where the waste is collected and disposed of, and it registers the waste amounts per fraction as well as the need for waste collection. We have positive experience with the system, and we now use it at most of our major construction sites and workplaces requiring more than 3-4 waste fractions.

We carry out waste separation at source when possible and relevant. As regards paper and cardboard waste, we still have a service agreement with a purchaser ensuring a high degree of recycling and providing data about our amounts, which we use for reducing our waste amounts.

AARSLEFF'S GEOTHERMAL ENERGY PILES ARE TESTED FOR BUILDING-INTEGRATED HEATING AND COOLING SUPPLY



The purpose of the project is to develop a business model on how geothermal energy piles, which supply heat as well as cooling, present a renewable and real energy solution.

In the new urban area Ny Rosborg in Vejle, our special foundation piles, the so-called energy piles, are being tested to examine the possibility of implementing energy piles based on geothermal heat for the supply of heating and cooling in a total solution covering the new urban area.

Three energy piles have been installed, and we are collecting data about how much energy can be extracted from the piles. The piles are 18 metres long, and two of them are placed close to each other, while the third pile is placed in isolation and in a different type of soil. Subsequently, the two piles placed close to each other will be connected to a heat pump in a test set-up to obtain data for calculating the energy potential of the solution.

The project is supported with 49% of the budget by EUDP (Energy Technology Development and Demonstration Program) which supports new technology in the energy sector to obtain Denmark's targets in the field of energy and climate.

In our factories, we are aware of choosing recycled raw materials as far as possible. For instance, all steel used for our foundation piles are made of recycled materials.

On our projects in developing countries, we often have a high degree of recycling building waste and other types of waste from the projects, as the main part of the waste is reused locally. It is still our principle to use new equipment where possible for projects in development countries. This results in fewer breakdowns and less downtime, and in addition, new equipment has a low energy consumption and low CO2 emission.

RESULTS ACHIEVED

New equipment that meets our targets, and where training in optimised use has been performed, has resulted in a reduction of energy consumption and CO2 emission.

We assess that the reduced heating periods and idle running periods result in less fuel consumption, noise and resource consumption, and that our focus on energy-friendly behaviour has reduced the energy consumption.

The new IT system for construction waste has provided a better fractioning and a better overview of large parts of our waste amounts, resulting in more recycling and fewer kilometres driven by carriers.

We are pleased that, in 2017/18, we have fully lived up to our targets for passenger cars, vans and construction machines. This shows that our priorities are right and possible to carry out.

KEY RATIOS

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

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: New passenger cars must have energy mark A+++ to A. As far as possible, we want to increase the number of new vans complying with Euronorm 6. For construction machines, our target is to increase the number of machines with Euronorm 3A, 3B and 4.

Notes

¹Our 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.

²Owing to changes of the corporate structure of the Aarsleff Group, there is no comparable data available for 2014/15.

RISK APPROACH

Our QE&OHS management system provides a good basis for preventing and handling pollution and other impacts. The system comprises projects carried out for customers as well as our own operation.

The planning of our risk management is based on our annual environmental and energy survey report identifying and describing our risks.

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

EMPLOYEES

OUR PRINCIPLES

We have formulated the most important elements of our management in our “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. Our Code of Conduct and One Company concept are central elements of the code of good management.

We have high goals and specific initiatives within occupational health and safety, regardless of where in the world we operate. Our occupational health and safety policy states 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.

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.

We consider occupational health and safety aspects already in the design phase and in the selection of methods for our projects, and we have work processes ensuring continuous improvement of occupational health and safety.

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 a number of policies, principles and working methods incorporated in the way we work.

We focus on security, motivation and commitment, and all employees must feel that there is room for an open and sincere

dialogue. We expect everyone to take responsibility and learn from their own and others’ experience, and in our daily work, we focus on improving our working methods.

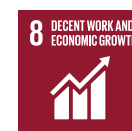
All employees are obliged to take action if they identify unacceptable working conditions.

As regards further training, we want to contribute actively to developing our employees so they are able to meet requirements.

ACTIVITIES IN 2017/18

The need for a more focused and locally based occupational health and safety effort has grown as the size of some of our project types has increased in the past years. This year, we have decided to decentralise our occupational health and safety structure in part of the Group, allowing us to easier carry out specific initiatives adapted to local conditions. Development of the management system, general improvements measures, audits etc. will remain central tasks.

In the Aarsleff Group, we regularly follow up on the employees’ job satisfaction, and we carry out development initiatives in relevant areas. Job satisfaction is a part of the job satisfaction and development interview between employee and manager, and it is also a natural part of the ongoing dialogue between employee and manager. This year we have tested a new method for employee satisfaction surveys in some of our departments, and it seems to be the right method for other parts of the organisation too. Last year we tested an app for ongoing measurement of job satisfaction, which did not turn out to be the right solution.



I 2017/18 WE HAVE...

- decentralised part of our occupational health and safety organisation, allowing us to easier carry out local initiatives
- tested a new method for employee satisfaction surveys
- introduced a new IT system making it easier for all managers to follow the development of accidents, near-miss incidents, sickness absence etc.
- extended our analyses of reasons for accidents occurred and near-miss incidents
- intensified our efforts to prevent accidents
- restructured material safety data sheets in a joint IT system
- implemented a new IT solution for handling of chemical substances
- established new training programmes in departmental management and project management.

This year we have introduced a new IT system allowing managers to currently receive statements of e.g. sickness absence. In this way, managers can early on take action on employees who may need to talk about their job satisfaction.

The new IT system also provides fast and relevant information about the development of accidents, near-miss incidents etc., and it observes the new rules on personal data. Moreover, the IT system is a good tool for the decentralised organisation of occupational health and safety in part of the Group.

The toolbox seminars, and other services from the Danish Research Centre for Occupational Health and Safety, are supporting elements that we still use in our work with occupational health and safety.

The Aarsleff Group has a number of staff associations, clubs etc., and we support them in terms of time and economy.

We believe that a welcome introduction is important for new employees in order to become acquainted with their new jobs at Aarsleff. Among other things we have mentor schemes, individually planned introduction courses and focused training for foremen in how to carry out introduction courses for new hourly-paid staff.

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. In case of serious incidents, the executive management must be informed immediately.

KEY RATIOS

	2017/18	2016/17	2015/16	2014/15
Accidents (rate) – (target: max. 5)	15.9	18.8	21.0	– ¹
Accidents (absence)	12.6	9.3	11.4	– ¹
Sickness absence (target: max. 2.5%)	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

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

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

During the past year, recertification has been carried out for relevant parts of our OHSAS 18001 certificates.

As an integrated part of our work procedures, we analyse the reasons for accidents and near-miss incidents – with the purpose of learning from them and reduce the risks.

We have a routine procedure for how to inform our employees about accidents and immediate improvement notices from the Danish Working Environment Authority. The purpose of this

procedure is to reduce the risk that the same type of accident or near-miss incident happens again. Information is given right after the accident; it does not exceed one page; and it often has photos or drawings.

Preventing accidents is essential to us, and we have a number of ongoing initiatives focusing on preventing accidents. We have for instance a series of short instructions called “an incident we must learn from” with text, photos or illustrative cartoons.

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

Last year we started updating the material safety data sheets in a joint IT system, and we have completed the work this year. The advantages are improved efficiency, higher utilisation rate and a more systematic approach to the material safety data sheet.

We carry out regular safety inspection of our equipment. The inspection comprises fuel tanks, chains, lifting equipment etc. Electrical inspection is also included, although it is not statutory.

In 2017/18 we have implemented a new IT solution for handling of chemical substances, and we have carried out training for relevant employees.

The annual mandatory theme day for foremen and OHS representatives on the sites focused on accident prevention, risk assessment, health, and testing of different technical solutions.

All new hourly-paid and salaried employees of Per Aarsleff A/S must participate in our occupational health and safety introduction course – regardless of their job function in the Group.

In 2017/18 we have started developing e-learning courses which we expect to use in the mandatory training.

We continuously prioritise order, tidiness and systematic fitting out of our construction sites, and it is important to us that all managers ensure a good and safe working environment.

In order to limit the amount of dust, we sprinkle water on our construction sites and access roads.

Plans and agreements about further training are a natural part of our job satisfaction and development interviews.

We support our employees' personal and professional development by means of external training, in-house training as well as through Aarsleff Academy. Aarsleff Academy supports e.g. the employees' professional skills as well as safety skills. This year, we have established new training programmes in departmental management and project management.

A SIMPLE SOLUTION TO A SERIOUS PROBLEM!



Many work tasks of the contracting business can cause dangerous situations if they are not carried out correctly.

One of our employees was hurt when he cleaned a small workpiece using a high-pressure hot water cleaner. It functions as an ordinary high-pressure cleaner, however with water of 120 degrees of heat.

The employee did not pay attention for a moment and burned his foot badly with the high-pressure hot water cleaner.

To avoid similar accidents in the future, we have developed a cart for cleaning small workpieces. This improves safety as well as work posture. The cart is produced in our own workshop.

RESULTS ACHIEVED

We expect that the changed structure of our occupational health and safety organisation will help us to further reduce accidents.

We believe that our continuous efforts to create good management in the Aarsleff Group have a positive effect on employee satisfaction and will attract new skilled employees and reduce the employee turnover rate. Compared to 2016/17, sickness absence is almost unchanged this year, meaning that we will not meet our 2.5% target.

For the building and construction business, sickness absence is 2.9%, which means that we are still slightly above the level of our business in this important area. The executive management pays special attention to this area.

The Group management's involvement in occupational health and safety provides increased attention, behavioural impact and motivation for a good development of the occupational health and safety conditions in the entire Group.

Unfortunately, our accident rate in 2017/18 is still higher than our target of 5, however, we are pleased to see that there is a decreasing tendency.

Absence due to accidents has increased by 3 days per accident, which is not satisfactory.

The accident rate for the building and construction business is 16, which means that we are on par with the business. We are

aware that we must still carry out targeted and persistent efforts to reach our target.

Our ongoing communication about incidents we must learn from, use of apps, updating and training in the new system for material safety data sheet and the new system for chemical substances – these are all elements which have helped us to develop our occupational health and safety.

We have a significant increase in the reported near-miss incidents, and that helps us to avoid accidents.

The opportunities of participating in further/supplementary training are of great importance to the employees and contribute to increase the employees' job satisfaction, attract new skilled employees and to reduce the rate of employee turnover.

RISK APPROACH

The contracting business will always involve occupational health and safety risks, as the construction projects always involve a number of potentially dangerous elements.

We continuously work on reducing and handling the risks. Good planning, training, behavioural impact etc. are part of our efforts, and our QE&OHS management system focuses on this.

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

OUR OCCUPATIONAL HEALTH AND SAFETY AWARD



Every quarter we give the occupational health and safety award to employees who have come up with the best idea for improving occupational health and safety.

In 2017/18 one of the awards went to the blacksmiths working on a large-scale building project. The blacksmiths were challenged with poor work postures when welding together sheet piles.

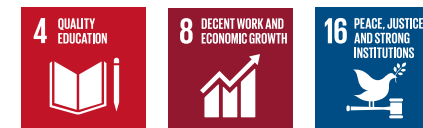
To avoid the poor work postures, they designed big welding trestles for the sheet piles to rest on.

Now the blacksmiths are able to weld in an upright position instead of kneeling in a stooping position over the sheet piles.

¹According to the absence statistics of the Confederation of Danish Employers (DA) (please note that period and method of accounting are not fully comparable with our figures for 2017/18)

²According to the latest accident statistics of the Confederation of Danish Employers (DA) (please note that period and method of accounting are not fully comparable with our figures for 2017/18)

THE SOCIETY AROUND US



OUR PRINCIPLES

In the Aarsleff Group, we wish to avoid negative impacts on human rights, and we actively handle any negative impacts we may cause or contribute to. We have established a policy on respect for human rights based on the UN Guiding Principles on Business and Human Rights.

Our whistleblower policy, applying to all Danish companies, and our digital whistleblower reporting system on our website allow employees, managers, board members and any other stakeholders to submit anonymous reports about reasonable suspicions of serious and unacceptable matters or illegal activities which may generate economic loss or damage the reputation of the Aarsleff Group.

It is highly important to the Aarsleff Group to make sure that price cooperation, cartel formation or abuse of market dominance do not take place. We have prepared a guideline for compliance with the competition legislation, providing information on the prohibition against agreements or exchange of information that coordinate tenders or split up markets or customers. The prohibition also applies when entering into consortia or joint ventures that could restrict competition.

The competition law in particular stipulates that a company must not abuse a dominant market position, and companies are legally obliged to report certain types of collaborations. Within the Aarsleff Group, we take extra care to comply with these rules.

The prohibition in our anti-corruption policy includes any transfer of values or assets and is not restricted to transfer of money. It is considered bribery irrespectively of whether it is

done directly or indirectly. In some cases, so-called facilitation payments may be allowed. The prohibition against bribery applies without exception. We are allowed to give and receive normal hospitality.

Our tax policy describes that we do not use contrived or abnormal tax structures intended for tax avoidance or without commercial substance. In addition, we have a transparent approach to tax, and we communicate about our tax policy in a transparent and understandable way.

We have established principles applying to apprentices and trainees, as these are fundamental to the Aarsleff Group. We wish to have apprentices and trainees within the civil engineering field and related fields such as administration and finance, and we have specific targets for the number of apprentices and trainees employed with us. We offer trainee programmes aimed at both engineering students and students from other specialist fields.

The Aarsleff Group always wishes to actively enter into applicable collective agreements, and we do everything we can to counteract social dumping regardless of where in the world we operate.

In general, we do not provide sponsorships and we do not give contributions with marketing in mind. Our principles concerning sponsorship, contributions and donations for charity further elaborate on this. However, exceptions may be made in special cases.

IN 2017/18 WE HAVE...

- started identifying the Aarsleff Group's interfaces related to human rights
- continued to receive concerns reported to our whistleblower scheme
- established workflows, IT facilities etc. to observe the new rules on personal data
- constantly had a large number of students employed as trainees or while working on their thesis
- actively communicated with neighbours and other stakeholders about our projects
- worked to further develop the way we manage the responsibility profile of our suppliers.

Living up to expectations of our surroundings and neighbours wherever we operate is something we are very much aware of, so we wish to proactively communicate with our stakeholders.

Our procurement policy clearly states that we wish to conduct business with suppliers who live up to the same high ethical requirements we impose on ourselves.

ACTIVITIES IN 2017/18

Based on our policy on respect for human rights we have, throughout the year, initiated analyses and identification of the Aarsleff Group's interfaces related to human rights. At working meetings, we have performed an initial evaluation of our value chain to assess the risk of being involved in human rights violations.

Issues such as 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 seem to be some of our relevant future focus areas.

Based on these initial analyses, we have started the planning stage of the most appropriate initiatives that would help us reduce risks effectively. We will continue to work on implementing these initiatives in the years to come.

One concern has been reported to our whistleblower scheme. The concern relates to the working conditions on a specific project. The concern reported has been handled according to our established procedures, and actions have been initiated to make sure the conditions reported about will not happen again. Seeking to increase our employees' knowledge of this scheme, we will inform about the scheme, including in our Group magazine.

KEY RATIOS

	2017/18	2016/17	2015/16	2014/15
Training programme of fair competitive behaviour	0	406	– ¹	– ¹
Information reported to the whistleblower scheme	1	4	0	– ²
Apprentices (% and number) – (target: 10%)	7.9% / 199	8.5% / 214	8.0% / 190	7.9% / 77 ³
Trainees (% and number) – (target: 5%)	3.7% / 56	3.8% / 55	– ⁴	– ⁴

About data

Training programme of fair competitive behaviour: Number of managers having completed the training.

Information reported to the whistleblower scheme: Total number of reported concerns through the scheme regardless of type and outcome. The scheme comprises all the Danish companies of the Aarsleff Group.

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. The method of accounting applying to the number of trainees has been changed with retroactive effect for 2016/2017.

Notes

¹The training programme was established in 2016/17.

²The whistleblower scheme was established in 2015/16.

³Data for 2014/15 applies only to Per Aarsleff A/S.

⁴Owing to the changed method of accounting, there is no comparable data available for 2015/16 and 2014/15.

Throughout the continuous operation of our business, we have applied our anti-corruption policy as one of the fundamental principles for contract wording, in-house training, internal controls etc.

We have had an open dialogue with national tax authorities both in Denmark and abroad, and our internal operational guidelines and processes have ensured that this policy has been implemented in our daily operations.

Throughout 2017/18 and within the Aarsleff Group, we have established documents, workflows, IT facilities etc. required to observe the new rules on personal data.

We always prepare specific training plans for each apprentice or trainee so he/she is trained in relevant specialist fields. Sometimes the training programmes involve training across our divisions and companies, as this allows adequate training of the apprentice or trainee.

We have a large number of students employed as trainees or while working on their thesis. Assigning one specialist Aarsleff employee to each student throughout their involvement with us, we ensure high value for both the student and the Aarsleff Group.

We still participate in education fairs etc., and we have maintained our close contact to the vocational colleges. During the past year, we have participated with a joint stand at education fairs representing all the companies of the Group. This has allowed us to better present the scope and opportunities of our expertise and that benefits the students.

As in previous years, many of the fully trained apprentices and trainees have continued working for us.

We continuously communicate with unions and union representatives, ensuring fast problem solving. On some of our customer projects, we weekly report information stating which employees are assigned to the projects. This is done to avoid being involved in social dumping.

In cases involving sponsorship, we have used the same principles as previously.

Collaborating with our customers, we have communicated with neighbours and other stakeholders of our projects. In addition to this, we have informed residents affected by our work by distributing information to every household and using information boards etc.

Working in collaboration with a Danish network called the Relations Network, our subsidiary Centrum Pæle A/S in Vejle

has “adopted” an entire school class. The adoption scheme is a close and long-term collaboration that runs for several years. In principle, a company adopts an entire school class starting from the time they begin school to the time they leave school. A long-term collaboration allows the company to build ongoing relations and contacts with the school. The teachers of the class plan the lessons and incorporate the company into the different subjects. The company can use the relations to involve the class in special events, new working methods or other exciting parts of the engineering business/company.

During the past year, we have worked to further develop the way we manage the responsibility profile of our suppliers in relation to requirements applying to the environment, occupational health and safety, employee rights, anti-corruption and human rights etc.

At the end of the financial year, new contract and agreement paradigms have been introduced in stages to be used when we enter into contracts and when we purchase subcontracts, product supplies and consultancy services. The new paradigms comprise three standard Aarsleff documents; Code of Conduct, Use of foreign labour and Occupational health and safety conditions. To evaluate our suppliers, we have developed a supplier questionnaire, a description of rules concerning layout and conduct at the construction site plus a guideline for our evaluation including a supplier database.

We wish to stress that it is important that our own CSR obligations are carried on to our suppliers and business partners.

Regarding some of the large one-off purchases, we perform our own control visits at the suppliers.

ADOPTION OF A SCHOOL CLASS FROM SØNDERMARKSSKOLEN IN VEJLE



The adoption programme is in its fifth year, and everyone enjoys all the exciting things they experience together – just look at this email of September 2018 from one of the parents:

“Dear Charlotte, Lars and the rest of Centrum Pæle. Thank you so much for the great event at your company this Sunday!

It was fantastic to see your commitment to the school class of Søndermarksskolen. And we really appreciate that you spent your Sunday with the children and their families.

We enjoyed the time with you and look forward to hearing about the children’s next visit at your company”.

RESULTS ACHIEVED

Our preliminary risk analyses and the initiatives we have started planning in relation to human rights have given us an important tool to understand the risks involved and to work on reducing the scope of the risks.

Processing the concerns reported to our whistleblower scheme has helped us to reduce our risks related to the conditions reported about. At the same time, we are convinced that our ongoing efforts concerning anti-corruption have helped to reduce our risk level.

The training programmes, aimed at ensuring fair competitive conduct, have reduced our risk of being involved in cases within this area.

Our many apprentices and trainees have helped us to deliver better projects to our customers and to enhance our knowledge level just as training of young people is of significant value to society. Some of our contracts with public clients include a requirement to employ apprentices and trainees.

Our initiative, the Aarsleff Labour Service, has made it easier and safer for us to comply with current rules and collective agreements and avoid being involved in social dumping.

We estimate that we have achieved good relations to stakeholders on our projects through intentional and proactive communications with neighbours and other project stakeholders.

On the basis of the new contract and agreement paradigms, we have made progress on the way we manage the responsibility profile of our suppliers, and we will continue to focus on this in

future. One of the relevant future focus areas will probably be the large number of transport services we purchase.

The number of apprentices and trainees have been slightly lower this year compared with the previous year where the level was relatively high.

RISK APPROACH

Our whistleblower scheme is an important part of the way we manage our overall risk exposure.

We handle risks related to potential violation of human rights by having a clear policy and by analysing our value chain and establishing specific action plans in line with international standards and with what is expected from us.

We continue to address the risk of being involved in corruption or cartel cases through clear top management statements, specific policies and by providing consistent and appropriate training in and guidance on our rules to all employees exposed to such risks because of their positions.

We manage the risk of violating the legislation on employee rights, collective agreements etc. through an active involvement from the executive management and by using our Aarsleff Labour Service.

We reduce the risk of having suppliers with a lower responsibility profile than required by continuously developing our methods within this area.

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



EXTERNAL BUSINESS PARTNERS

OUR PRINCIPLES

Our quality policy has remained the same throughout the year, and the policy still lays down ambitious guidelines for the Aarsleff Group's approach to quality management.

When dealing with our customers, we always prioritise professional collaboration and a high degree of customer satisfaction both on a short-term and long-term basis.

We are committed to conforming to laws, rules and agreements entered into in relation to customers, colleagues in the business, employees and any other relations. We document our work according to existing rules and common practice, we prioritise good planning and thorough preparation and we continuously seek to achieve improvements through systematic knowledge acquisition and management of our activities.

We deliberately seek to develop and support a healthy and ongoing culture of improvement, allowing positive and negative experience as well as ideas to be communicated and applied.

It is essential to us that we operate to the highest impartiality and loyalty standards regarding rules and agreements entered into. So we have defined a set of principles called "Activities with customers and business partners", providing our managers and employees with specific rules concerning gifts, lunches, dinners, study trips and training courses.

We actively create collaborations and build good stakeholder relations on our projects, as this benefits project implementation and increases stakeholder satisfaction. We apply this principle regardless of where in the world we operate.

ACTIVITIES IN 2017/18

Our projects have in different ways involved a dialogue with customers and business partners on how to develop and to use simpler and more efficient methods and solutions. Although a lot of these new solutions are small everyday improvements, they have a great impact in overall terms.

Knowledge sharing and close collaboration are natural parts of our customer and partner relations and help to enhance Aarsleff's value creation and that of our customers.

An example of a joint development project arose from the need to efficiently and conveniently transport our staff back and forth on a closed stretch of railway tracks – see next page.

IN 2017/18 WE HAVE...

- participated in development-oriented collaboration and knowledge sharing with customers and business partners
- initiated the development of a railway carriage prototype for transporting staff and small equipment
- participated in a cross-disciplinary project on developing and testing new smoke purifying systems for minor construction machinery
- received visits from customers and certification institutes who have reviewed some of our policies and procedures.

Another example of collaboration with external business partners arose from the tighten rules on emissions from minor construction machinery. Read more on the next page.

Some of the companies of the Aarsleff Group have been certified according to ISO 9001 (quality management) and ISO 10006 (quality management in projects) and have performed their daily workflows according to these certifications.

In 2017/18, customers and certification institutes have reviewed some of our policies and procedures.

In our daily work, we have continued to use our principles applying to "Activities with customers and business partners".

We are still a member of the Danish Association for Responsible Construction, and we have continuously participated in the activities of the association as well as hosted meetings.

We continuously aim at establishing good local community relations when carrying out projects in developing countries. So we communicate with NGOs, schools, associations, local governments, unions etc. We especially aim at hiring local staff and to create understanding and collaboration throughout the projects.

RESULTS ACHIEVED

As a result of our ISO certifications, we have well-defined workflows with integrated internal controls, maintaining our quality management at a high level. We are convinced that the certifications have helped to reduce errors and to increase customer satisfaction.

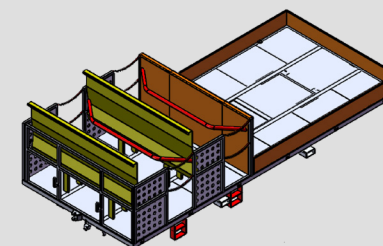
Just as last year, we have created good relations to local communities. Plus, our membership of the Danish Association for Responsible Construction, our principles applying to "Activities with customers and business partners" have helped us to remain a Group who implements our ambitious social responsibility principles in practice.

RISK APPROACH

Using processes and organisations in accordance with our certifications is an important part of the way we control the risk of delivering projects not conforming to the agreed and expected quality.

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

AN OLD-FASHIONED RAILWAY CARRIAGE SOLVES A SPECIFIC NEED



For a long time, our employees and customers have requested a modern and convenient way of transporting staff working on a railway stretch. The staff must often park several kilometres away from the work site and instead walk to work. This is not ideal in terms of safety issues and working conditions.

Working in collaboration with the authorities, we are now building a prototype of an upgraded railway carriage for transporting staff and small equipment. One of the challenges of building the carriage is to make it meet the required standards related to safety and working conditions.

The prototype is expected ready for use at the end of 2018.

SMOKE PURIFYING SYSTEMS FOR MINOR CONSTRUCTION MACHINERY

Working on a project together with the Danish Technological Institute to ensure cleaner air at the construction sites, we are developing and testing new smoke purifying systems for minor construction machinery. The objective of the project is to develop versatile and efficient systems capable of being implemented in various construction machinery.

In 2019, new legislation will tighten emission requirements, for instance emission of soot particles, and especially the minor construction machinery is in focus regarding refitting of smoke purifying equipment.

Environmental gains are expected by refitting the old machinery with smoke purifying equipment.

The project is supported by the Danish Environmental Protection Agency and will be completed in December 2019.



EQUALITY

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

We wish to create a corporate culture that provides employees with equal opportunities regardless of gender.

Equality helps us to generate better results, make wiser decisions, increase our innovation ability, improve our internal working environment, and in addition it helps us to become an even more attractive employer who is capable of successfully recruiting and maintaining talents.

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

Promoting equality, we wish to attend to our employees' diversities, skills and experience.

Targets for our Boards of Directors

Our qualification requirements for board members are the same regardless of gender, and board members are elected on the basis of the qualification requirements of our boards.

Considering the structure and opportunities of our relatively male-dominated engineering business, we find the 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 must no later than 30 September 2017 comprise 25% of the shareholder-elected board members. If the Board of Directors consists of five shareholder-elected members, the target is 20%.

KEY RATIOS

	Target	2017/18	2016/17	2015/16	2014/15
The share of the underrepresented gender on boards of directors:					
Per Aarsleff Holding A/S	25%	25% ²	20%	0%	0%
Per Aarsleff A/S	25%	25% ²	20%	0%	0%
Wicotec Kirkebjerg A/S	25%	0%	0%	0%	0%
Aarsleff Rail A/S	25%	0%	0%	0%	0%
Hansson & Knudsen A/S	25%	0%	0%	0%	0%
Per Aarsleff Holding A/S, Per Aarsleff A/S, Wicotec Kirkebjerg A/S, Aarsleff Rail A/S og Hansson & Knudsen A/S:					
The proportion of the underrepresented gender on other management levels	–	12.9%	12.7%	12.1%	13% ¹
The proportion of the underrepresented gender in proportion to all employees	–	10.3%	9.7%	9.1%	12% ¹

About data

Other management levels: Include a total of 70 managers in 2017/18. In Per Aarsleff Holding A/S and Per Aarsleff A/S managing roles are included from 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

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

²The gender distribution is three men and one woman and this is considered an equal gender distribution according to section 99 b of the Danish Financial Statement Act.

The proportion of the underrepresented gender in the board of directors is 25% at 30 September 2018, so we have achieved our target. The gender distribution is considered equal according to section 99 b of the Danish Financial Statement Act.

The shareholder-elected board members consist of one woman and three men. As we find this to be an ambitious and realistic target, the target will be maintained.

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

For each of these companies the target is that, no later than at the end of the financial year of 2019/20, the proportion of the underrepresented gender must consist 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 2018 appears on the previous page.

The target for Per Aarsleff A/S was achieved in 2017/18, whereas the targets for the remaining three companies have not yet been achieved owing to an insufficient number of best qualified female candidates. As we find the target for Per Aarsleff A/S ambitious and realistic, we will maintain it. The gender distribution for Per Aarsleff A/S is considered equal according to section 99 b of the Danish Financial Statement Act.

We will in future continue to work on achieving the targets for the remaining three companies.

Policy for other management levels

PRINCIPLES

We have formulated a policy for the other management levels of the Aarsleff Group to create equality and increase the proportion of the underrepresented gender. Our policy is to have an open and unbiased culture allowing each individual employee to use his/her qualifications in the best possible way, regardless of gender. We wish that all employments are based on personal and professional qualifications.

The purpose of this policy is to increase the total potential for female managers in our company and within our line of business.

[Read the full wording of our policy on equality and diversity here.](#)

ACTIVITIES IN 2017/18

We must acknowledge that we still operate in a male-dominated industry, and this is significantly reflected in the number of male and female employees and applicants for advertised positions at all organisational levels.

We continue to use our guidelines defined for ongoing decisions and activities related to staff, management and equality.

When recruiting employees, we remain focused on ensuring that, at all management levels, both genders are represented in the field of qualified candidates. In addition, we ask our external recruiting consultants to use this principle to provide candidates of both genders, and we also use this principle when we handle the recruitment ourselves.

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

Also this year, we have employed trainees of both genders from the engineering colleges, as this over time will provide the Aarsleff Group with skilled employees and management potential of both genders.

RESULTS ACHIEVED

Throughout the year, we have continued to use our equality guidelines when recruiting to ensure that decisions are based on personal and professional qualifications.

Consequently, all recruitments, promotions and dismissals have also in 2017/18 been based on personal and professional qualifications, and the applicant's race, ethnic or social background, gender, religion or similar have not influenced our decisions.

These principles have helped to slightly increase gender equality on the other management levels of our company. When we compare our proportion of female managers (around 13%) and our proportion of female employees in total (around 10%) with our biggest competitors in the business, we can conclude that the proportions are alike, which confirms that we operate in a male-dominated industry.

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 Statement Act and a statement of the gender composition of the management cf. section 99 b of the Danish Financial Statement Act applying to the Aarsleff Group for the financial year 2017/18.

Information and data are provided for the period from 1 October 2017 to 30 September 2018.

The CSR report comprises the Group companies and other companies forming part of the consolidated financial statements of Per Aarsleff Holding A/S for 2017/18. A total list is provided on page 84 of the financial report for 2017/18.

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.

Wherever possible, we have stated comparative figures for previous years.

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.



