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# CORPORATE RESPONSIBILITY

Sustainable  
entrepreneurship

ANNUAL REPORT 2019

# CORPORATE SOCIAL RESPONSIBILITY THROUGH SUSTAINABLE ENTREPRENEURSHIP

Corporate social responsibility means taking responsibility for the organisation's impact on people, society and the environment, and contributing to positive social development through the creation of value that can help solve societal challenges. AF has a particular corporate social responsibility in which societal challenges can be related to our business activities. We have therefore defined AF's corporate social responsibility as sustainable entrepreneurship.

## SUSTAINABLE ENTREPRENEURSHIP

Our corporate social responsibility can be divided into two parts: first and foremost we must manage our own projects in a sustainable manner. This means that our employees must have a safe and good working environment, that our business operations follow ethical guidelines, laws and regulations, and that we must minimise our impact on the external environment. This is fundamental to all of our operations, and we have defined this through four main categories: safety, health, the environment and ethics.

In addition, we have a responsibility to contribute to positive social development by providing services that society requires. We can contribute innovation, creativity and skills development to create services that can meet the challenges of today and tomorrow.

Through a solid foundation that ensures responsible and sustainable project execution, as well as the continuous development of new business concepts, AF creates value for our society. This is our contribution to the work with the UN sustainable development goals, that specify the global societal challenges that we must collectively solve.

## FOLLOW-UP OF CORPORATE SOCIAL RESPONSIBILITY AT AF

CEO Morten Grongstad is responsible for AF's corporate social responsibility and this follows

We assume corporate social responsibility at AF through sustainable entrepreneurship. We carry out our operations in a sustainable manner and contribute at the same time to solving the societal challenges of our time.

his line management; each executive vice president is responsible for his/her respective business areas. Executive Vice President Eirik Wraal has specialist responsibility for corporate social responsibility.

With the support of the Board, AF Gruppen's corporate management team have stipulated general principles for corporate governance. The principles constitute the framework for business activities within all areas and at all levels of the organisation and are enshrined in the documents:

- Purpose – Goals – Values
- Code of Conduct
- Group Policy

## AF MEETS SOCIETY'S CHALLENGES

Sustainable entrepreneurship means that AF can meet some of society's major challenges with new and innovative solutions. The sustainable development goals adopted by the United Nations is the world's common global work plan to eradicate poverty, combat inequality and stop climate change by 2030. The sustainable development goals that are considered relevant to AF's business activities are related to equality, decent workplaces and a good working environment for our employees, ethical behaviour and protection of worker rights, as well as combating corruption and work-related crime. In addition, the UN has goals related to the development of infrastructure, responsible consumption and the processing of waste and sustainable cities and communities, as well as access to clean energy. The achievement of these goals by society is dependent on companies like AF developing their range of services further and creating new solutions for these challenges.

## UN SUSTAINABLE DEVELOPMENT GOALS

The UN sustainable development goals specify the global societal challenges that we must collectively solve and represent a common global work plan. The following sustainable development goals are considered to be relevant to AF Gruppen:



# SAFETY IS OUR NUMBER ONE PRIORITY

AF has worked deliberately and systematically with safety for a number of years. It is our responsibility to ensure a safe workplace for everyone working on our projects.

AF has a structured and uniform system for health and safety work. All undesired incidents and circumstances are registered and dealt with in the non-conformance system Synergi Life in order to find the underlying causes and measures for improvement. Our willingness for continuous improvement is strong. In 2019, 27,055 (36,700) incidents and circumstances were reported (RUI).

Growth must not be at the expense of either health or safety. AF stipulates clear requirements for acquired companies, and assistance is offered to strengthen the system and culture related to health and safety work. AF imposes the same strict safety requirements on its subcontractors as on its own organisation.

## EVERYONE SHOULD ARRIVE HOME SAFELY FROM WORK

AF's goal for health and safety is to avoid injuries, diseases and afflictions attributed to the working environment. For safety, it is about avoiding work accidents, particularly accidents that result in serious personal injury and absence.

The basic idea behind safety work at AF is that all undesired incidents have a cause, and that they can therefore be avoided. Potential undesired incidents are identified through risk analysis, and preventive barriers are established so that the risk is eliminated or reduced to an acceptable level. If undesired incidents nevertheless occur, they are followed up to find the underlying causes, so that improvement measures can be implemented. AF is always prepared for serious accidents and is organised with an emergency preparedness system for each project, in addition to an overarching system at the corporate level, the purpose of which is to manage and reduce the harmful effects and ensure good follow-up. The most serious incidents are followed up by subsequent investigations in which the Corporate Management Team participates.

The most important measurable parameter for safety work at AF is the LTI-1 rate. The LTI-1 rate is defined as the number of lost time injuries, the number of serious personal injuries and the number of serious personal injuries with permanent disabilities per million man-hours, and this includes our own employees, subcontractors and suppliers who are injured in our projects.

The injury rate has shown a positive trend throughout the years, from an LTI-1 rate of around 20 for the Norwegian operations in the early 1990s, to an LTI-1 rate of 1.2 (0.8) in 2019. This rate represents 22 lost time injuries in 2019.

## AF SAFETY BOOST

The year 2019 was marked by the AF Safety Boost. In spite of a low LTI-1 rate, AF Gruppen still has too many personal injuries. The AF Safety Boost consisted of six main initiatives that the Group worked on and implemented throughout 2019:

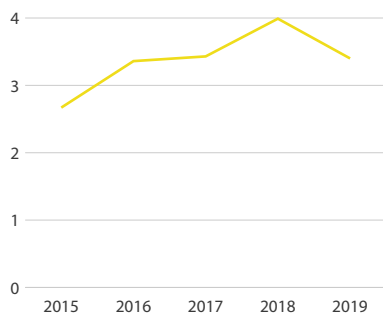
- The definition of LTI-1 was expanded to also apply to serious personal injury without absence
- A corporate goal of LTI-2 < 5 was established
- New rules entailed that incidents with a high loss potential were expanded from one to two categories, with the strictest category receiving a more thorough follow-up than before.
- Mandatory use of gloves and goggles throughout the Group
- Strengthening first line awareness of risk and safety through the implementation of Safetalk.
- A project has been established to strengthen the digital transfer of experience at AF. This initiative extend over time and will also continue in 2020 and 2021.



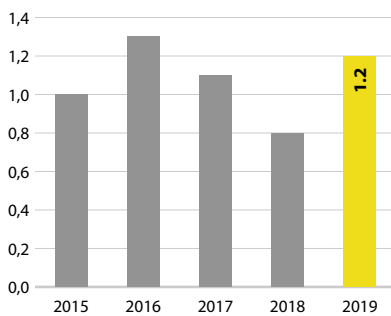
### DECENT WORK AND ECONOMIC GROWTH

The UN's goal is that worker rights shall be protected, and that all employees shall have a safe and secure working environment.

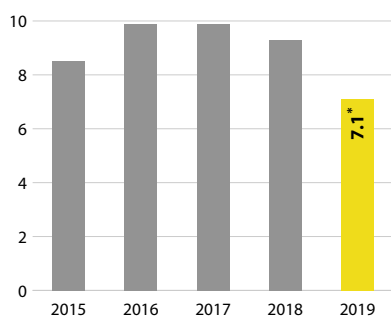
#### REPORTED INCIDENTS AND CIRCUMSTANCES (RUI) PER MAN-YEAR



#### LTI-1 RATE



#### LT2-1 RATE



\* Numbers are excl. Betonmast



**AF's Goal:** AF's goal is that no one should become ill or get injured from working at AF. The LTI-1 rate shall be 0. The health and safety of our employees, subcontractors and suppliers is our number one priority.

**Status:** The safety boost in 2019, which included mandatory use of gloves and goggles, will contribute to an even safer workplace in the future for our employees and subcontractors. Even though the LTI-1 rate is low at AF, we will continue to work towards our goal of LTI-1 = 0.

#### Investing in the next generation of hearing protection

AF has invested in the start-up company Minuendo in 2019. Minuendo has addressed an HSE challenge for which there is no adequate solution, namely noise exposure for employees in the building and civil engineering industry. The challenge with today's hearing protection is that one cannot know for certain whether it has the desired effect, either because of leakage, the product functioning poorly or incorrect use. With the new technology, it is possible to monitor the noise level both outside and inside the ear to prevent future hearing loss.

# HEALTH

AF's goal for health and safety is to avoid injuries, diseases and afflictions attributed to the working environment. For health work, it is about avoiding exposure to health hazards in everyday work life, related, for example, to ergonomic conditions, chemicals, noise, dust, pressure, harassment, etc.

## HEALTHY EMPLOYEES

AF works continuously to ensure that all employees experience job satisfaction and well-being. Sickness absence is an indicator of health work, and our rate was 3.8 (3.3) per cent in 2019. AF's sickness absence is considered low in the building and civil engineering industry. Some of the sickness absence is work-related, and systematic, long-term work to achieve the goal of a "healthy sickness situation" has, therefore, high priority.

AF has an internal corporate health service that assists with preventive health work. They monitor employee health through regular health check-ups, and assist the sickness absence committees in the business units to ensure that everyone with sickness absence is followed up well.

To ensure that there is knowledge of what employees can be exposed to while working, and what measures can prevent health injuries, AF has health cards for the 15 most relevant types of exposure available in several languages. In addition, AF has developed and uses the Health Risk programme, which enables us to better identify and influence health risks.

## EMPLOYEE SATISFACTION

The Employee Satisfaction Survey (ESS) that was conducted in 2019 shows that our employees are very satisfied with their own work and with AF as their employer. The survey shows that the on-the-job development opportunities are the most important driver of satisfaction on the job for both skilled and salaried employees. The ESS consists of a number of questions related to the areas of satisfaction, interaction and management. Each business unit prepares a plan of action based on the survey.

Last year, AF intensified its focus on apprentices by motivating more students to choose vocational programmes through the campaigns "Norway's Nicest Craftsman" og "We Build Small Houses". In the Autumn of 2019, AF's first apprentice gathering with 53 apprentices from across all the units was held at Hølsfyr. After this apprentice gathering, a survey was distributed by AF as a training establishment, and as many as 90 per cent of the apprentices who participated in the survey ranked their experience as an apprentice at AF with respect to satisfaction as 5.4 out of 6. The apprentices point out in particular that being trained

by capable and engaged professionals is a major contributor to why they are so satisfied at AF.

AF has an employee representative and safety organisation that ensures that the employees have an opportunity to influence their working conditions. There is a special Works Council and Working Environment Committee with representatives from the Corporate Management Team, the employees and senior employee representatives. New guidelines that entered into force in 2018 ensure that salaried workers, skilled workers and both genders represent the employees on the Board of Directors.

## THE BEST PEOPLE

Developing the knowledge and competence of our employees is the most profitable investment we make. The most important tool for the promotion of professional development is practical training in the line hierarchy. AF also offers formal training through the AF Academy and external continuing education. The breadth of AF's centres of expertise provides a good foundation for professional development and career opportunities throughout the Group. AF has a decentralised decision-making structure in which capable employees are given an opportunity to take responsibility early on. AF's goal is to develop managers through internal training, and around 80 per cent of today's managers have been recruited internally.

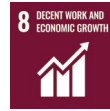
AF is an attractive employer, and this is reflected by the Universum Student Survey 2019, in which AF Gruppen was ranked as the tenth most attractive employer among engineering students. AF was also named "Climber of the Year" in the Universum Professional Survey 2019, where we jumped up to 15th place. AF's goal is to attract the best talents both among experienced professionals and new graduates.

One of AF's corporate initiatives is to attract and develop the best managers and technical expertise in the industry. An important measure is to increase the percentage of women. AF wants to invest in the best people, and it is, therefore, important to recruit from both genders. AF set a goal in 2018 to increase the percentage of women to 20 per cent. A working group has been established that will work with measures to ensure that both genders have equal opportunities to pursue a career at AF.



### EQUALITY BETWEEN THE GENDERS

The UN want to ensure women full and genuine participation and equal opportunities for leading positions at all levels in important decision-making processes.



### DECENT WORK AND ECONOMIC GROWTH

The UN's goal is that worker rights shall be protected, and that all employees shall have a safe and secure working environment.

#### ESS AF Gruppen 2019

Scale 1–6

# 5.2

Percentage of women at AF

# 9.4%

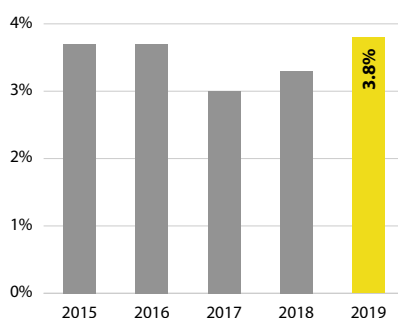


**AF's Goal:** AF's employees shall have an everyday working life that ensures their overall health, in addition to having all the opportunities to create a career and enjoy their work. AF has set a sickness absence target of less than 3 per cent and a 20 per cent proportion of women in the long term.

**Status:** The employee satisfaction survey in 2019 shows that employees are quite satisfied. Sickness absence is in excess of 3 per cent, and in 2020, AF will investigate what actions we can take to create a healthier working environment for our employees and subcontractors that promote health. Everything we do to ensure that all of our employees have a good working environment and good opportunities will make us competitive, and it will also be important in order to retain our greatest resource, our employees.

**Participating in pioneering work on diversity in working life**  
Together with 12 other major groups, AF is participating in a three-year research project to find out what measures will help increase the proportion of women in Norwegian companies. The project is being carried out by the Centre for Research on Gender Equality (CORE) at the Department of Social Research on behalf of #ShesGotThis. All the companies will report indicators that will show the correlation between the measures and key gender balance figures. In 2020, the research project will also be expanded to include a qualitative mapping. Career preferences and perceived opportunities and obstacles in working life are among the areas that will be highlighted.

#### ABSENCE DUE TO ILLNESS



# THE ENVIRONMENT – A SHARED RESPONSIBILITY

One of our time's greatest societal challenges is climate change. As a consequence of this, the European Commission has launched a plan of action for a circular economy.

A circular economy is based on the reuse and recycling of materials, so that as few resources as possible are lost. Key to the EU's plan of action is the Framework Directive on Waste, which ranks measures to reduce the volumes of waste, reduce the waste that is produced, reuse resources, recycle materials and use waste for the production of energy before the disposal of any waste that cannot be used.

Norway is obligated to observe the Framework Directive on Waste through the EEA Agreement. The EU's Framework Directive sets a goal of reusing or recycling at least 70 per cent of construction and demolition waste by 2020. If we look at construction waste as a whole, the industry needs good contributions in order to meet this goal.

## RESPONSIBLE AND SUSTAINABLE PROJECT EXECUTION

Environmental work at AF starts at the project and business unit level. Environmental risks are identified and ranked here. Together with laws, regulations and specific contractual requirements, analyses form the basis for the goals of the projects and units for the external environment. Several of AF's business units, both in building and civil engineering, have employed resources with environmental expertise to work on optimising the environmental impact of projects. The goal is for the environmental footprint of the project activities to be as small as possible.

AF focuses on environmental conditions that we can influence. The projects are planned so that as little waste as possible is created, and so that the waste can be sorted for recycling to the greatest possible extent. To facilitate recycling, the source separation rate at all our business units is measured, and this rate represents how much of the waste from the activities is sorted for recycling. The source separation rate at AF as a whole is well above the current regulatory requirements.

AF is at all times prepared to minimise damage to and losses in the external environment if an accident or incident with a pollution potential were to occur. Incidents will subsequently

be analysed in order to establish preventive barriers for future projects.

The management system for environmental work at AF follows the principles of the environmental standard ISO 14001. AF is affiliated with the extended producer responsibility company NORSIRK AS and thus fulfils its producer responsibility for packaging. This is an international scheme that is to help ensure the financing of return schemes for used packaging.

## USE OF DIESEL IS THE GREATEST SOURCE OF CO<sub>2</sub> EMISSIONS

AF's impact on climate is measured continuously in the form of the volume of greenhouse gas emissions in tonnes of CO<sub>2</sub> equivalents. A CO<sub>2</sub> equivalent is a unit that is used for comparison of the effects of various greenhouse gases on the climate. Our climate accounts show that the consumption of diesel by construction machinery accounts for the greatest share of AF's greenhouse gas emissions. In 2019, AF saw a 19.9 per cent increase in greenhouse gas emissions. This increase is mainly related to more business units being included in the climate accounts. Previous years only wholly owned subsidiaries were included, while we in 2019 also have included partially owned subsidiaries. In addition, the revenue growth contributes to a higher absolute number.

Carbon footprint, which means the number of CO<sub>2</sub> equivalents per million revenue, is an indicator for increase or decrease in climate impact from the way we work. The carbon footprint of AF was reduced from 4.5 in 2018 to 2.3 in 2019.

There are many exciting developments in electric construction machinery. They reduce the level of noise and have significantly lower CO<sub>2</sub> emissions. In 2019, AF started using several electric machines in projects, including concrete injection machines. These machines are used, for example, in tunnels, and they result in cleaner air and better working conditions in tunnels, in addition to saving the global environment.

[See page 10 for the climate accounts](#)



## RESPONSIBLE CONSUMPTION AND PRODUCTION

The UN's goal is to achieve a more environmentally friendly management of all forms of waste throughout their entire life cycle.



## STOPPING CLIMATE CHANGE

The UN wants to combat climate change and its consequences to limit any harmful effects on human health and the environment.

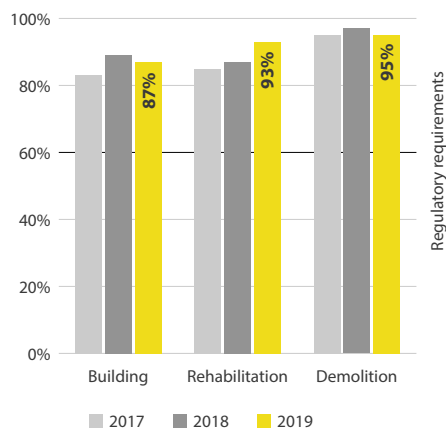
Total amount of mass recycled in the  
environmental centres in 2019  
(tonnes))

# 317,730

Total amount of mass separated at  
source in 2019  
(tonnes)

# 360,368

### SOURCE SEPARATION RATE



**AF's Goal:** The building, civil engineering and property sectors are responsible for substantial greenhouse gas emissions. It is the responsibility of AF to carry out projects in such a way that the environmental impact is minimised.

**Status:** All projects at AF are required to sort waste at source, which can be recycled and then become new building materials in new projects. The circular value chain is an important part of AF's environmental work, and the source separation rate in the projects is well in excess of the government requirements.

### More environmentally friendly materials and a circular value chain

AF has mapped greenhouse gas emissions in all phases of the building projects. Analyses show that reducing the amount of materials and switching to more environmentally friendly materials will have a major impact on AF's emissions. AF is experiencing a greater demand for environmental buildings, among other clients as well, and has long and broad experience in meeting the BREEAM requirements and fulfilling the passive house standard.

# CLIMATE ACCOUNTS

## ENERGY AND CLIMATE ACCOUNTS 2019

Category	Consumption	Energy equi.(MWh) <sup>1)</sup>	2019		2018	
			Emissions (tonnes CO <sub>2</sub> e) <sup>2)</sup>		Emissions (tonnes CO <sub>2</sub> e) <sup>2)</sup>	
Petrol (l)	223,961	2,151	517		41	
Diesel oil (l)	15,831,561	168,234	42,419		37,120	
Biodiesel (l)	552,137	5,544	18		-	
Propane (kg)	41,777	572	123		70	
Fuel oil (l)	32,037	324	85		-	
CO <sub>2</sub> (kg)	21,150	-	21		-	
Acetylene (kg)	978	-	3		-	
HFC134a refrigerant (kg)	24	-	34		-	
<b>Total direct emissions</b>		<b>176,825</b>	<b>43,220</b>		<b>37,231</b>	
District cooling (kWh)	17,774	18	-		-	
District heating (kWh)	2,158,400	2,158	113		6	
Power (kWh)	52,404,000	52,404	1,826		927	
<b>Total indirect emissions from own activities</b>		<b>54,580</b>	<b>1,939</b>		<b>933</b>	
Air travel (passenger km)	na		2,753		2,858	
Car travel (km)	2,615,576		355		143	
Business travels	na		3		-	
Large goods vehicle 7.5-17t (km)	16,000		10		-	
Waste (tonnes)	14,421		2,991		1,610	
<b>Total indirect emissions from others</b>			<b>6,112</b>		<b>4,611</b>	
CO <sub>2</sub> e emissions (tonnes CO <sub>2</sub> e)			51,271		42,775	
Carbon footprint (tonnes CO <sub>2</sub> e per NOK 1 million revenue)			2.3		4.5	

<sup>1)</sup> Energy equivalents are calculated for the core operations (direct and indirect emissions) in order to illustrate the annual energy intensity of AF Gruppen's activities.

<sup>2)</sup> Greenhouse gas emissions with warming potential equivalent to CO<sub>2</sub>

# ETHICS – GOOD BUSINESS PRACTICES IN OUR BACKBONE

AF's credibility and competitiveness are based on trust. We have an uncompromising attitude regarding ethics and clear requirements that apply to everyone we cooperate with.

## CORPORATE CULTURE IS THE KEY

Our employees represent AF Gruppen in all business contexts, and it is essential that they identify with AF's Code of Conduct. Suppliers and subcontractors are also required to follow the Code of Conduct through AF's Supplier Statement. In the assessment of candidates for acquisition, decisive importance is placed on whether the company's corporate culture and core values are in accordance with those of AF.

AF has zero tolerance for price collusion and corruption. Our Code of Conduct forbids the Company's employees to discuss, propose or enter into agreements with competitors that may affect the competitive situation.

In accordance with AF Gruppen's corporate policy, all contracts shall be in writing and signed by at least two representatives of AF. This reduces the risk that individuals will be offered, or choose to accept, bribes.

## TRAINING FOR ALL EMPLOYEES

All new employees at AF are given an introduction to our Code of Conduct and core values at a mandatory introductory course. The course ensures that all the employees are aware of what requirements and expectations apply, and it is an important instrument for building a corporate culture with high ethical standards.

AF has an operations supervisor course that covers subjects such as purchasing, HSE and personnel management. The management courses at AF include "dilemma training" and other attitude-forming tasks to ensure that AF Gruppen's guidelines are practised uniformly.

AF arranges a self-developed course in the prevention of work-related crime at least twice a year.

## COMPLIANCE THROUGH THE USE OF MANAGEMENT SYSTEMS

AF has introduced organisational and structural measures to ensure that AF only cooperates with serious actors. Among other things, there is a position in the Group that has work-related crime as its speciality, and each business unit has its own seriousness manager. They meet regularly through AF's network organisation for work-related crime, WR Crime.

Intercompany network organisations have been established to create arenas for cooperation and the transfer of experience across the various units and to ensure compliance with the requirements throughout all of AF:

- HSE Forum for questions related to HSE legislation
- Personnel Forum for safeguarding employee rights
- WR Crime Forum for work to counteract work-related crime
- Purchasing Forum for questions related to business ethics

All of AF's business units have management systems, and many of them are ISO-certified. The management system contains the plans, risk assessments and procedures that are required to ensure uniform management of the various projects, and that the activities are carried out in accordance with the Group's ethical framework conditions.

## NOTIFICATION OF CENSURABLE CONDITIONS

AF has procedures and routines related to the notification of censurable conditions, including the violation of laws and ethical guidelines. Both our own employees, contracted personnel and external parties are entitled to whistleblow, and the whistleblower shall be protected from retaliation. Whistleblowing can be open or anonymous, and both the whistleblowing and identity of the whistleblower will be handled confidentially. Whistleblowing can be to an immediate superior in the line organisation, to a manager at a higher level, by e-mail to the Whistleblowing Committee, or by sending an electronic form from [www.afgruppen.no/varsling](http://www.afgruppen.no/varsling). In the last-mentioned case, the notification is sent to an external company before the Whistleblowing Committee receives it and follows up in accordance with AF's routines. An anonymous whistleblowing option is also provided.

## MEASURES AGAINST WORK-RELATED CRIME

The procurement of goods and services accounts for around 65 per cent of the revenues of AF. AF is responsible for the entire contract pyramid

for our projects and we work both proactively and reactively to ensure compliance with our ethical guidelines among our suppliers. Prequalification routines are used proactively: AF only permits two levels of subcontractors. We use StartBANK, for example, as well as a proprietary prequalification module in StartBANK to assess potential suppliers. When subcontractors are approved and given access to a project, they are followed up reactively through spot checks and controls to verify that the activities are carried out in accordance with the regulations and the applicable guidelines, by verifying pay and working conditions, among other things. The most important verifications we carry out are:

- Control of salary and working conditions among suppliers, subcontractors and employment agencies, both by the projects themselves and with the assistance of AF Gruppen's WR Crime Consultant. Several units have introduced use of the HSEREG tool in this work
- Access control for the projects
- Internal audits are conducted at all levels of the organisation
- Safety rounds are conducted weekly for all projects to ensure compliance with the regulations for the working environment
- Audits of subcontractors and suppliers are conducted to ensure that they have good systems with respect to the working conditions and ethics

If work-related crime is detected among our subcontractors, this will be classified as a red matter and the matter will be investigated. The investigation of such matters is a high-priority task at AF, which takes precedence over a lot of other things and is focused on a great deal. The purpose of the investigation is to identify improvement opportunities and measures that will prevent similar conditions from reoccurring.

#### ZERO TOLERANCE FOR ECONOMIC OR FINANCIAL CRIME

AF Gruppen has introduced strict requirements for invoice processing as a barrier to embezzlement and financial irregularities. Incoming invoices are processed electronically, and they must be approved and authorised in accordance with an authority matrix. Payments must also be approved by two persons.

AF Gruppen has a special policy related to price-sensitive information and maintains ongoing control of transactions with shares in AF carried out by the Company's employees and their related parties. Abuse of price-sensitive information will result in police charges and a dismissal.

See the table on pages 15–16 with answers to the UN Global Compact.



#### PEACE AND JUSTICE

The UN's goal is for the world to achieve a significant reduction in all forms of corruption and bribery, and that institutions shall be developed so that they are well-functioning, responsible and transparent at all levels.



**AF's Goal:** AF's activities, employees and subcontractors shall be distinguished by good ethical conduct, and we have zero tolerance for corruption, work-related crime and other unethical conduct. AF shall only cooperate with serious players.

**Status:** AF conducts regular inspections to ensure that only authorised personnel have access to the building sites and that they have pay and working conditions that are in accordance with the laws and regulations. We register everyone who is on our building sites, when they are there, how much they work and what pay they receive. This is important in order to prevent social dumping on the building site. AF has its own "labour inspection authority" that maintains ongoing control of the building sites. Several units have introduced MSREG, a tool that coordinates the systems for manpower registration, documentation and the follow-up of subcontractors in the projects. Good systems and routines have been established to ensure ethical operations. AF has not identified any incidents of corruption or work-related crime in our projects in 2019.

# OUR SOCIETAL DUTY – CREATION OF VALUE FOR SOCIETY

In order for society as a whole to be able to achieve the UN goals, new services must be developed to solve our environmental challenges. Corporate social responsibility is not just a duty for AF, it is an opportunity to create sustainable solutions.

## TOOLS FOR CREATING VALUE LIE WITH THE EMPLOYEES

AF's most important tools for managing sustainable entrepreneurship are the promotion of innovation, creativity and skills development. By innovation, we mean improving the existing processes and services. We want to develop new concepts and services that society needs through innovation. Innovation and creativity is a priority area for AF. It is our employees who are our drivers in this

area. Dedicated employees contribute with their visions to the creation of new business areas and solutions in the AF system. Good technical expertise is a vital source of innovation and creativity, which can, over time, create new standards in our industry. Therefore, our combined expertise is decisive for long-term and sustainable value creation. We are proud of our employees' visions that drive AF and the industry as a whole forward.



## SUSTAINABLE CITIES AND SOCIETY

The UN's goal is to achieve a more environmentally friendly management of all forms of waste throughout their entire life cycle, and to reduce the emission of chemicals and waste to limit any harmful effects on human health and the environment by 2030.



## PROMOTER OF LOWER GREENHOUSE GAS EMISSIONS

Anastasia Wraa

As the person responsible for BREEAM certification at AF Bygg Oslo, Anastasia Wraa verifies that the building projects achieve environmental certification at the level defined by the client. Last year, AF Bygg Oslo was certified as an Environmental Lighthouse, which

entails a commitment to continuous environmental work and improvement.

"I have worked and studied the environment in buildings for a number of years, but I never feel that I have learned everything, because new and exciting concepts are emerging all the time. I try to pick up everything new that is happening in the industry and introduce it at AF. For example, I introduced a life cycle analysis (LCA)

tool, which we now use to reduce the greenhouse gas emissions from our new projects. I find that we manage to achieve a high environmental and sustainability level for projects when this is required by the clients, but to solve climate challenges and save the planet we need absolutely all of our projects to do the same. Environment must become the "new HSE" – a matter of course.



## CLEAN ENERGY FOR ALL

The UN aims to significantly increase the share of renewable energy in the world's overall consumption of energy.



## CHALLENGING THE INDUSTRY Tor Olsen

After almost 35 years in energy conservation, Chief Technical Officer Tor Olsen at AF Energy & Miljøteknikk (EMT) was awarded the Enova Prize. The prize is awarded to persons who contribute to the development or implementation of new energy or climate technology. The prize winner has distinguished

himself by being a driving force for the transition to a low-emission society. An example of this is EMT's innovative way of heating apartments in Bjørvika. The use of district heating releases what Tor Olsen refers to as high-quality electricity.

"This solution releases significant amounts of electricity for electric vehicles. With traditional solutions, most of the capacity would be used for heating,

which would have made charging electric vehicles almost impossible. The building industry is not always as innovative. There has been a great deal of scepticism about the use of district heating, because it requires thinking differently about both the technical solutions and financing. We have challenged our industry colleagues to think innovatively, and we will continue to do so," says Olsen.



## RESPONSIBLE CONSUMPTION AND PRODUCTION

The UN aims to reduce the negative impact on the environment in metropolitan areas, measured per capita, by paying particular attention, among other things, to air quality, as well as public and other forms of waste management.



## A REVERSE VENDING MACHINE FOR THE INDUSTRY

Thomas Jøstad Henriksen

In 2019, AF Gruppen, the Municipality of Nes and Gunnar Holth Grusforretning started production at the first environmental centre for the recycling of contaminated materials in Eastern Norway. The Nes Environmental Centre can wash, sort and recycle materials

that have traditionally been delivered to landfill – such as gravel strewn on the pavements where you walk. The decontamination technology developed by AF enables receiving and recycling all types of materials locally, and returning clean and approved products back to society in the form of road sand, crushed stone and aggregates for asphalt.

"Up until now, not even a kilo of road sand has been recycled in Eastern Nor-

way, which is a shame. Road sand is one of the easiest materials for us to recycle," says Thomas Jøstad Henriksen, general manager of the Nes Environmental Centre.

"We also achieve transport economic gains by the fact that the trucks that arrive at the facility can actually also transport clean materials out of the facility and back to society again. Such a degree of recycling has never before been achieved by any landfill in Eastern Norway."

## UN GLOBAL COMPACT

*The United Nations Global Compact is based on ten principles in the areas of human rights, working conditions, the environment and anti-corruption. Adherence to the UN Global Compact entails that companies do their utmost to operate their businesses in accordance with the ten principles:*

### THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

#### Relevance to AF

#### Action

### HUMAN RIGHTS

<b>1</b>	<b>Businesses should support and respect the protection of internationally recognised human rights, and</b>	AF Gruppen complies with all the current laws and respects internationally recognised human rights, regardless of where we operate.	AF has laid down its attitudes and principles concerning human rights in fundamental documents: the Code of Conduct, corporate policy and Purpose, Goals and Values.
<b>2</b>	<b>make sure that they are not complicit in human rights abuses</b>	AF does not deal with companies that contribute in any way to human rights violations.	All subcontractors and suppliers must undergo prequalification. AF follows up suppliers on an ongoing basis, and excludes actors who we suspect may practice unethical conduct. <i>See also Principle 4.</i>

### WORKING CONDITIONS

<b>3</b>	<b>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,</b>	AF facilitates the organisation of employees, and the right to collective bargaining is recognised and respected.	More than 90 per cent of the skilled workers in units wholly owned by AF are unionised. AF participates in collective bargaining for all employees and at all levels where this is relevant. AF also has a well-functioning employee representative organisation. <i>Read more on p. 6 (health).</i>
<b>4</b>	<b>the elimination of all forms of forced and compulsory labour,</b>	AF's employees have pay conditions in accordance with the national legislation and agreements with trade unions. AF uses only suppliers that undertake to comply with our ethical guidelines, satisfy statutory requirements, collective agreement requirements and internal requirements at AF.	AF has a procedure for verifying the pay and working conditions at subcontractors and employment agencies. In 2019, AF blocked specific actors who did not comply with AF's ethical guidelines related to working conditions. The conditions were identified before the suppliers in question were contracted by AF. <i>Read more on p. 11 (ethics).</i>
<b>5</b>	<b>the effective abolition of child labour, and</b>	AF does not make use of child labour in its projects, and we must not make use of companies (particularly transnational companies) that have product and service chains in which the economic exploitation of children may occur.	AF examines the employment contracts of all the employees of subcontractors and employment agencies as a result of the Seriousness Initiative. <i>Read more on p. 11 (ethics).</i>  No actual instances of child labour have been uncovered, suspected or identified in any of our projects or at any of our suppliers.
<b>6</b>	<b>the elimination of discrimination in respect of employment and occupation</b>	AF shall have a working environment where there is no prejudice, discrimination, verbal abuse or persecution. AF's principles related to discrimination are laid down in the Code of Conduct.	All employees must sign the Code of Conduct when they are recruited, and participate in an introductory course at which the Code of Conduct is reviewed. The strategy towards 2020 includes specific goals to increase the percentage of women at AF. In 2018, a target was set to increase the percentage of women at AF to 20 per cent, compared with AF's percentage of 10 per cent at the end of 2019. The Corporate Management Team and the entire organisation are working actively to make AF an attractive employer for everyone. <i>Read more on p. 6 (health).</i>

THE TEN PRINCIPLES OF  
THE UN GLOBAL COMPACT

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## ENVIRONMENT

<b>7</b> Businesses should support a precautionary approach to environmental challenges,	AF works continuously to reduce its impact on our environment. Every one of AF Gruppen's companies and business units has its own goals for the external environment. AF shall also comply with the main principles of the ISO 14001 environmental standard.	AF requires that a risk analysis shall be conducted prior to the start-up of any project. Environmental risk is an element of this analysis. Risk analyses have been conducted in accordance with the corporate policy in 2019. <i>Read more on p. 14 (risk management) in the annual report 2019.</i>
<b>8</b> undertake initiatives to promote greater environmental responsibility, and	By focusing on the environment, energy and recycling, we will safely remove and eliminate materials, earth and energy solutions that are harmful to the environment. Our services and solutions should make it possible for our customers to take greater responsibility for the environment.	AF is continuously developing its range of services. The source separation rate and carbon footprint are parameters that are measured in AF's projects, and focusing on these parameters promotes greater environmental responsibility in the organisation as a whole. In addition, AF has prepared several business areas that can contribute to a circular economy. <i>Read more on p. 8 (environment).</i>
<b>9</b> encourage the development and diffusion of environmentally friendly technologies	One of AF's core values is entrepreneurial spirit. We will offer services and solutions that meet the environmental challenges of today and tomorrow through our environmental competence.	AF has developed unique technology that enables the decontamination and reuse of contaminated materials at our environmental centres. In 2019, a new environmental centre was established at Nes in Akershus. Energy conservation services and environmentally friendly buildings are a range of services that are under constant development at AF. For offshore activities, the Environmental Base at Vats has been established as an approved and certified reception facility for recyclable materials. <i>Read more on p. 8 (environment).</i>

## ANTI-CORRUPTION

<b>10</b> Businesses should work against corruption in all its forms, including extortion and bribery	AF aims to be trustworthy. The Company has an uncompromising attitude towards safety and ethics. AF's Code of Conduct describes our attitude towards corruption, price collusion and bribery.	It is expected that all employees comply with principles that are embedded in our Code of Conduct, which includes anti-corruption principles. No instances of corruption, including blackmail and bribery, have been identified in 2019.  An approval requirement for the engagement of subcontractors and suppliers is compliance with the current laws and regulations related to corruption in the past, including compliance with the tax laws.  <i>Read more on p. 11 (ethics).</i>
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