

A photograph of several wind turbines on a hilltop at sunset. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon, where the sun is setting behind a layer of clouds. The turbines are silhouetted against the bright sky. In the foreground, the dark silhouettes of trees and shrubs are visible.

CORPORATE RESPONSIBILITY AND SUSTAINABILITY

ANNUAL REPORT 2020

CORPORATE SOCIAL RESPONSIBILITY IN AF

AF shall be a responsible player that amplifies positive and minimises negative impacts on the environment, people and society in project operations. We will also deliver products and services that contribute to reduced consumption of energy and other scarce resources.

The UN has defined 17 Sustainable Development Goals that specify the global societal challenges that we must solve together, and these goals represent a working plan to eradicate poverty, combat inequality and stop climate change by 2030. 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 sustainable creation of value.

WHAT IS AF'S CORPORATE SOCIAL RESPONSIBILITY?

AF has a special responsibility when it comes to societal challenges that can be linked to our business activities. First and foremost, we will implement our projects in a sustainable manner by ensuring that all business operations comply with the Code of Conduct, laws and regulations and we will also minimise negative impacts on the climate and environment. Our employees shall have a safe and good working environment where diversity is valued and harassment is not tolerated. Furthermore, we also have a corporate social responsibility to develop and offer services that are needed by our customers and society, and we will be a driving force to ensure that projects that are sustainable when it comes to the climate, environment and social conditions can also be financially sustainable.

We will elaborate on what we consider our corporate social responsibility to be within the three focus areas of Climate and Environment, Social Conditions and Corporate Governance.

AF'S OPERATING PRINCIPLES

Endorsed by the Board of Directors, the executive management team of AF Gruppen has established a business model (see p. 12) and

overall principles for governance and management that constitute the framework for all activities across all areas and levels of the organisation. The operating principles are set out in the following documents, the first two of which are available at www.afgruppen.com/about-af/vision-and-values/:

- Code of Conduct
- Purpose – Goals – Values
- Group policy and authority matrix

Code of Conduct and Purpose – Goals – Values

The Code of Conduct applies to all employees and other individuals representing AF Gruppen. All AF Gruppen employees receive an introduction to the Code of Conduct as part of the new employee training and receive a copy of the code as an appendix to the employment contract. Compliance with the Code of Conduct is expected. Several of AF's subsidiaries have prepared their own codes of conduct that reflect the principles in the Group's Code of Conduct.

Suppliers and subcontractors in our projects are also required to comply with our values and requirements relating to conduct and need to accept the AF supplier declaration (see: www.afgruppen.com/supply-to-af/). Reference is made to "Purpose – Goals – Values" and the "Code of Conduct", as well as the principles in the UN Global Compact. An important part of our procurement work is ensuring that our suppliers impose the same requirements toward ethics, quality, safety and the external environment as we do.

Group policy and authority matrix

AF's Group policy defines principles, roles and responsibilities, purposes and requirements in the following areas: HSE, customers and suppliers, quality and improvement, risk

CORPORATE SOCIAL RESPONSIBILITY IN AF



management, personnel and organisation, communication, financial management and finance, procurement, IT and internal cooperation. The authority matrix is a key document in AF Gruppen's internal control and covers responsibilities in the Group.

Roles and responsibilities

The Board of Directors has the ultimate responsibility for corporate social responsibility at AF. CEO Amund Tøftum has operational responsibility for corporate social responsibility and this follows the line management, whereby each executive vice president is responsible for their respective business areas. It is a requirement that business units and projects be organised with sufficient expertise in health, safety and the environment (HSE). Mapping and analysis

of risk in connection with HSE shall be carried out and documented in all projects – both at the start and during implementation.

Internal and external reporting of health, safety and the environment

Internally, figures relating to safety for employees and subcontractors (LTI-1) are reported on an ongoing basis, while figures on the environment and health (source separation and absence due to illness) are reported monthly. Climate accounts for the whole AF Gruppen are compiled and reported annually in accordance with the Greenhouse Gas Protocol standard. Targets and incidents relating to corporate social responsibility are reported externally every quarter in connection with interim reporting and on an annual basis in the annual report.

CLIMATE AND ENVIRONMENT

Climate change and environmental impact are among the greatest societal challenges of our time. AF aims to reduce the footprint of its own operations and be a leader in developing and delivering services that reduce the use of energy and other scarce resources.

The construction, civil engineering and property sector's impact on the climate and environment must be assessed via both direct and indirect greenhouse gas emissions and material consumption. Construction accounts for 40 per cent of the energy used in society and 40 per cent of material resources. 19 per cent of all traffic in Oslo can be attributed to construction and civil engineering traffic. 50 per cent of emissions in the life cycle of a building occur in connection with the production and transport of construction materials. Overall, the sector accounts for around 16 per cent of total greenhouse gas emissions in Norway. The corresponding estimate for Sweden is that the construction and civil engineering industry accounts for around 20 per cent of total CO₂ emissions. The industry can therefore greatly influence and contribute to solutions to limit climate change.

AF GRUPPEN'S CLIMATE AND ENVIRONMENT STRATEGY

AF has been working on climate and environment improvements for a number of years, but, since 2021, the entire group is focusing on more coordinated and targeted climate and environment efforts in line with the Group strategy. The green transition entails both risk and opportunities for AF. Good environmental solutions will attract employees, investors and new projects, while a lack of willingness or ability to innovate and adapt will hinder competitiveness.

The Board of Directors has the ultimate responsibility for ensuring that climate and environmental threats and opportunities are managed satisfactorily. The Board of Directors' supervision of climate-related matters has been described in Corporate Governance on p. 98. The Corporate Management Team has the operational responsibility for climate risk management in day-to-day operations and for the follow-up of the Group's strategy.

Endorsed by the Board of Directors, the Corporate Management Team conducted a climate

risk analysis in 2021 in line with the TCFD framework in order to identify the most significant climate risks affecting AF Gruppen, see p. 22. We have also completed our first CDP report, a process that has helped raise awareness and resulted in specific measures being introduced in the organisation. AF has also started reporting in line with the EU taxonomy, see p. 46.

In order to achieve our long-term ambitions for the climate and environment, we have adopted three prioritised focus areas within climate and environment:

- Climate and environmentally friendly products and services
- Greenhouse gas emissions and energy consumption
- Resource efficiency and circularity

Main strategic objectives

50%

AF will halve greenhouse gas emissions for each service type relative to revenue by 2030.

50%

AF will halve the amount of unsorted waste sent for incineration and landfill for each service type relative to revenue by 2030.

We aim to be climate-neutral by 2050.

CDP is an independent not-for-profit organisation working to promote climate reporting within the focus areas of climate, water and forestry. AF has reported on climate and received a score of B in 2021.



► B

¹ Figures taken from Grønn Byggallianse.



CLEAN AND AFFORDABLE ENERGY

The UN has a goal of ensuring public access to reliable and modern energy services at affordable prices.

CLIMATE AND ENVIRONMENTALLY-FRIENDLY PRODUCTS AND SERVICES

AF's vision is to clear up the past and build for the future. This means that we need to

- offer energy solutions that reduce the need for energy
- remove and purify materials and land that are harmful to the environment and ensure that materials remain in circulation
- have the expertise and knowledge required to offer innovative solutions in projects

One basic principle at AF is that projects that are sustainable for the climate and environment also need to be financially sustainable. AF delivers many services that are necessary for society to achieve the target of limiting the temperature increase to 1.5°C and that are also profitable for our investors. In total, AF has a revenue of NOK 2,000 million linked to climate and environmentally friendly service deliveries in the business areas of Energy and Environment and Offshore, with an associated profit margin of 9.3 per cent. These services are described in further detail in the following sections.

Energy efficiency

There is high demand for energy in what is an increasingly electrified world. Energy consumption leads to emissions from fossil sources, interventions in nature through the development of renewable energy and high costs for users. Energy efficiency measures are essential when it comes to reducing the overall need for energy.

AF Energi delivers energy-efficient solutions for buildings, energy plants, local energy production and follow-up of energy solutions through monitoring, operational optimisation and service contracts. The measures must be profitable for the customer in financial terms, but also for the environment. The solutions will utilise local energy, such as surplus heat, which would otherwise be lost. Increased energy efficiency can, in most cases, lead to an energy saving of 20–50 per cent and, with the current electricity prices, this investment can be repaid to the customer in a few years. AF's deliveries guarantee lower energy consumption on the part of customers.

AF AeronMollier contributes to reducing greenhouse gas emissions through electrification and improving energy efficiency in the marine sector. In 2021, the company, which is a market leader in its field, delivered several different types of ventilation and cooling systems for energy optimisation of operations on board ferries, cruise ships and other types of commercial vessels. These deliveries are supplied to shipyards worldwide and include remote management of the system for monitoring and control from Norway. The unit has also entered into agreements within offshore wind and anticipates that this will account for a larger proportion of the portfolio going forward.

Damkvartalet Energy Plant

Damkvartalet, which boasts 174 apartments, is currently being constructed at Myrvoll near Kolbotn outside of Oslo. Below the building, AF Energi has established an energy plant that will cover the hot water and heating needs of the whole building. Solutions like this lower the energy bills of residents, while also being better for the environment than e.g. electric radiators in each apartment. The energy plant is prefabricated, which means a very short construction period and operational benefits can be achieved by optimising the plant in advance so that it consumes minimal energy. Geothermal heating is converted to energy at Myrvoll. Other heating sources that can be used for energy plants include solar energy and sewage.





RESPONSIBLE CONSUMPTION AND PRODUCTION

The UN has a goal of achieving sustainable management and effective consumption of natural resources by 2030.

Purification and reuse of materials

AF's environmental centres, Rimol, Jølsen and Nes, purify masses that would otherwise have been sent to landfill for reuse. In 2021, 344,437 (528,758) tonnes of mass were recovered. Mass reuse leads to reductions in CO₂ emissions compared to conventional aggregate production, as well as additional environmental benefits in the form of fewer interventions in nature. In total, the centres have a recovery rate of approximately 80 per cent. Going forward, AF envisages establishing more environmental centres in both Norway and Sweden.

The steel industry accounts for about 7 per cent of the world's total CO₂ emissions. Recycled steel involves 70 per cent less CO₂ emissions than ore-based production, which corresponds to

a reduction in emissions of 1 kg of CO₂ for each kilogram of steel that is recycled.

AF Environmental Base Vats is purpose-built for handling offshore installations and other marine structures. Here, ships and offshore installations are demolished and separated for recycling by AF Offshore Decom. The port has been approved in accordance with the ISPS regulations. In 2021, 40,990 (19,153) tonnes of steel were removed and sorted at AF Environmental Base Vats. At AF Decom, 14,806 (29,380) tonnes of metal were removed and sorted for recycling.

CO₂ savings from the environmental centres and AF's demolition activities correspond to²:

- 146.8 per cent of AF Gruppen's climate emissions (see p. 43)
- 7.6 per cent of the CO₂ emissions in the City of Oslo in 2020.
- 417,534,000 kilometres in a passenger car (petrol)
- 284,040 sqm of sea ice saved in the Arctic
- The lifecycle emissions of 1,033,500 smartphones
- 3,445,000,000 km by electric train for one passenger

CO₂ SAVINGS RELATED TO DEMOLITION, SORTING, PURIFICATION AND RECYCLING IN 2021

	2021	2020
Recycled contaminated mass and aggregate mass from AF's environmental centres (tonnes)	344,437	528,758
Emission savings in tonnes of CO ₂ compared to conventional aggregate production ¹	26,884	32,266
Demolition and sorting of metal for recycling from AF Decom and AF Offshore Decom (tonnes)	55,796	38,533
Emission savings in tonnes of CO ₂ compared to conventionally mined metal ²	55,796	38,533
Emission savings in tonnes of CO₂ compared to conventional production	82,680	70,799

¹ The recycling of contaminated mass and materials leads to less CO₂ emissions compared to conventional extraction and production of aggregate mass.

² Recycled steel has 70 per cent less CO₂ emissions than ore-based production, which implies a reduction of 1 kg of CO₂ for each kilogram of steel recycled.

Recycling grit from Nedre Romerike and Oslo North

In 2021, Nes Environmental Centre purified and sold more than 3,000 tonnes of grit. After each winter season, grit is usually sent to landfill because these masses contain some environmentally harmful substances. The short service life leads to further interventions in nature every year in order to extract more grit. Both Nedre Romerike and Oslo North have sent used grit to Nes. Here, the grit is processed to remove harmful materials using a unique technology and around 80 per cent of the materials can be brought back into use. Recycled grit leads to cleaner air and environmental benefits for local residents. There are no other similar methods of recycling currently available.



² Data for the calculation of the last four comparison figures retrieved from the non-profit organisation Fremtiden i våre hender's website.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

The UN goal involves constructing solid infrastructure and promoting inclusive and sustainable industrialisation and innovation.



SUSTAINABLE CITIES AND COMMUNITIES

The UN goal is to make cities and local communities inclusive, safe, resilient and sustainable.

Expertise and innovative solutions

AF's civil engineering activities deliver projects associated with railways, tramways and infrastructure for water treatment plants, hydropower and wind power. Several of the projects, for example in foundation work and landslide protection, contribute to society's climate adaptation to deal with the increasing degree of extreme weather. AF Anlegg also possesses expertise when it comes to CEEQUAL, a tool used to promote sustainability and quality in civil engineering projects associated with infrastructure.

The Consolvo business unit at AF can significantly extend the service life of structures such as bridges using cathodic protection. By installing an anode, for example in the form of electrically conductive paint, on the concrete surface, it is possible to stop the corrosion of iron by adding a weak electric voltage between the anode and the iron (cathode). Consolvo's business concept helps limit emissions to the environment,

limit energy consumption, waste production and the depletion of natural resources by renovating rather than demolishing and building new. One example of this is the Måløy bridge that Consolvo worked on in 2018, a project that has extended the service life of the bridge by 30–40 years. The Norwegian construction industry has outstanding expertise when it comes to BREEAM, an environmental certification for buildings that classifies how climate and environmentally friendly a building is, during both construction and use. AF is experiencing an increased demand for BREEAM-certified buildings, and we are constantly working to ensure we have sufficient specialist expertise.

Construction products account for more than 80 per cent of greenhouse gas emissions from the construction and civil engineering industry. The input factors in our projects are therefore important when it comes to reducing emissions. AF works to develop outstanding climate and environmental expertise, allowing us to present alternative material choices to clients or propose other solutions that lead to savings in projects. This ensures that clients can make well informed choices in relation to materials. AF has, among other things, constructed nursing homes, industrial buildings and student accommodation from solid wood, a material that can help store carbon and is more environmentally friendly than conventional materials.

Renovation accounts for a significant share of AF's construction activities. Significant environmental benefits can be achieved by renovating rather than building new. The same goes for the reuse of parts of the shell of the building in a project. Early involvement of the contractor is an advantage, and this is now a trend we can see in the market.

Knowledge and experience enabled us to obtain environmental certification

To succeed in our environmental efforts, everyone involved needs to possess knowledge of potential climate-friendly measures. This is why Strøm Gundersen has trained all employees involved in construction projects on BREEAM and the environment. The Portalen project in Drammen was an collaboration contract that involved ongoing dialogue with the client, Union Eiendomsutvikling. Portalen was not originally planned as a BREEAM project, but Strøm Gundersen still suggested buying reinforcements and low-carbon concrete to reduce greenhouse gas emissions. This, together with the climate accounts, environmental declarations on materials that had already been obtained and Strøm Gundersen's environmental procedures, meant that the building could still be certified.





CLIMATE ACTION

The UN goal involves taking immediate action to combat climate change and the consequences thereof.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

AF has set a target of halving greenhouse gas emissions for each service type relative to revenue by 2030. We measure by service type so that we can implement actual changes to operations and realise environmental savings rather than achieving the target by changing the service mix from e.g. civil engineering to construction. The service types we measure on in this context are civil engineering, construction and demolition services. Other activities include energy efficiency services, environmental centres, real estate and joint services. The base year for the halving will be clarified in 2022.

Each year, AF reports climate accounts based on the Greenhouse Gas Protocol (GHG). Here, direct and indirect greenhouse gas emissions are measured in tonnes of CO₂ equivalents from our own activities. In recent years, we have prioritised the quality assurance of figures and the completeness of the climate accounts. The purpose is to achieve a representative picture of the emissions arising from AF's activities. We can only make cuts if we measure and report on greenhouse gas emissions and amass knowledge of how emissions arise.

In 2021, AF had a carbon footprint of 1.6 (1.8) and total emissions of 45,570 (48,528) tonnes of CO₂ equivalents, which corresponds to a reduction of 2,958 tonnes of CO₂ equivalents compared to 2020. In AF's climate accounts, the use of diesel in construction equipment is the largest direct source of emissions.

There is a great difference in greenhouse gas emissions relative to revenue in civil engineering and demolition activities compared

to construction activities. Civil engineering activities and, to some extent, demolition activities require heavy construction machinery in order to manage the large amounts of masses and structures in projects. However, in our construction projects, the use of heavy construction machinery is limited to ground-work and project logistics. For this reason, it is important to AF to focus on greenhouse gas emissions and savings for each service type and not to reduce civil engineering and demolition activities in relation to construction.

How can AF reduce greenhouse gas emissions from projects?

There are several possible measures that can help reduce direct greenhouse gas emissions in AF projects. In large civil engineering projects, comprehensive planning of road sections, for example, can help significantly reduce material extraction and associated relocation. Many choices are locked in during the design phase. But with the increased use of collaboration contracts, in which contractors can contribute to the design phase, we can to a greater extent influence reduction of emissions during the production phase.

The use of autonomous machines that prevent idling and optimise the execution of work also constitutes a potential future source of savings. In 2020, AF Anlegg conducted an innovation project together with Nye Veier, SINTEF and the suppliers Semcon and Hamm, in which an autonomous roller was tested and found to provide potential savings of 35 per cent on fuel and 20 per cent fewer hours of operation.

Other fuel sources, such as hydrogen and biodiesel, may also reduce emissions. Electrical machinery on sites is another potential source of savings. One example of this is the Furuset Hageby project, which is being run as a fossil-free construction site. Another example is AF Håndverk's Briskeby Fire Station project. This was a fossil-free construction site and to fulfil the requirements, AF's machinery department developed an electrified roller.

EMISSIONS BY SERVICE TYPE¹ 2021

Emissions (tonnes CO ₂ e) ²⁾	Civil engineering services	Construction services	Demolition services	Other activities
Direct emissions	26,253	4,523	3,421	1,216
Indirect emissions, energy consumption	226	993	23	28
Other indirect emissions	2,448	4,829	1,399	213
Greenhouse gas emissions (tonnes of CO₂e)	28,926	10,345	4,842	1,456
Revenue (NOK millions)	8,256	17,327	1,354	931
Carbon footprint by service type	3.5	0.6	3.6	1.6

¹⁾ Service types is defined in the same way as in the segment note, see note 4 in the consolidated annual accounts.

²⁾ Greenhouse gas emissions with global warming potential equivalent to CO₂

CLIMATE ACCOUNTS 2021

Category	Energy equivalent (MWh) ¹⁾	2021	2020
		Emissions (tonnes CO ₂ e) ²⁾	Emissions (tonnes CO ₂ e) ²⁾
Petrol	1,737	417	241
Diesel	145,134	33,358	39,517
Biodiesel	9,560	42	47
Propane	6,021	1,402	171
Other ³⁾	712	192	137
Direct emissions	163,163	35,412	40,113
District cooling and heating	1,455	77	117
Electricity	53,988	1,193	1,818
Indirect emissions, energy consumption	55,443	1,270	1,935
Business travel and mileage		3,978	1,732
Waste and other		4,911	4,748
Other indirect emissions		8,888	6,481
Greenhouse gas emissions (tonnes of CO₂e)		45,570	48,528
Revenue (NOK million)		27,868	27,025
Carbon footprint (tonnes of CO ₂ e per NOK million revenue)		1.6	1.8

¹⁾ 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.

²⁾ Greenhouse gas emissions with global warming potential equivalent to CO₂.

³⁾ Other includes Acetylene (kg), Biogon (kg), etc.

Cooperation benefits the environment

In March 2020, AF entered into a contract with Nye Veier related to the collaboration phase for the new E6 Roterud-Storhove in the Municipality of Lillehammer. AF is developing and managing the project, together with Norconsult and Nye Veier. Such an integrated collaboration phase provides the opportunity to optimise, simplify and improve solutions by bringing together the expertise of the contractor, client and consultant before the construction commences.

One notable success was the simplification of the bridge structure across Lågen. During the collaboration phase, a caisson bridge of around 540 metres with significantly simpler foundations that could be pushed across the nature reserve on site was suggested. This could replace the imposing former cantilever bridge of more than 900 metres that was used as the basis for the original bridge concept in the municipal zoning plan. This simplification would entail several positive impacts on the climate and environment by reducing the footprint in nature, as well as the estimated carbon footprint of the bridge construction being significantly reduced from 30,000 tonnes CO₂e to 10,000 tonnes CO₂e. These savings, totalling 20,000 tonnes CO₂e, are the equivalent of all of the annual construction activities conducted by the Municipality of Lillehammer (2019 figures). This has also been a good solution for safeguarding birdlife, marine life and biodiversity in a nature reserve area.





RESPONSIBLE CONSUMPTION AND PRODUCTION

The UN has a goal of significantly reducing waste through prevention, reduction, material recovery and reuse.

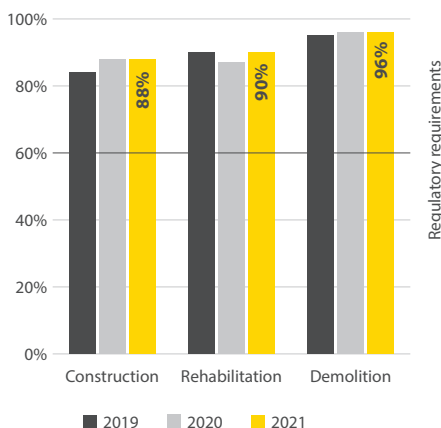
RESOURCE EFFICIENCY AND CIRCULARITY

Based on volume, construction, civil engineering and demolition projects constitute the largest source of waste in the EU. According to Statistics Norway, construction and civil engineering activities account for 26 per cent of all waste in Norway and, if we include waste from the supply chain, as well as industrial activities and transport, this share increases to 40 per cent.

The EU's target is for a minimum of 70 per cent of construction and demolition waste to be reused or recycled.

The European Commission has launched an action plan for the circular economy based on the reuse and recycling of materials, so that as few resources as possible are lost. Central to the action plan is a framework directive that ranks measures to reduce waste volumes. The waste hierarchy illustrates the desire to treat waste as close to the top of the hierarchy as possible and to avoid unnecessary disposal of waste in landfills.

SOURCE SEPARATION RATE



In AF 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 goal at AF is to sort 80 per cent of waste, well above the current government requirement of 60 per cent.

How can AF reduce the amount of waste sent for energy recovery and landfill?

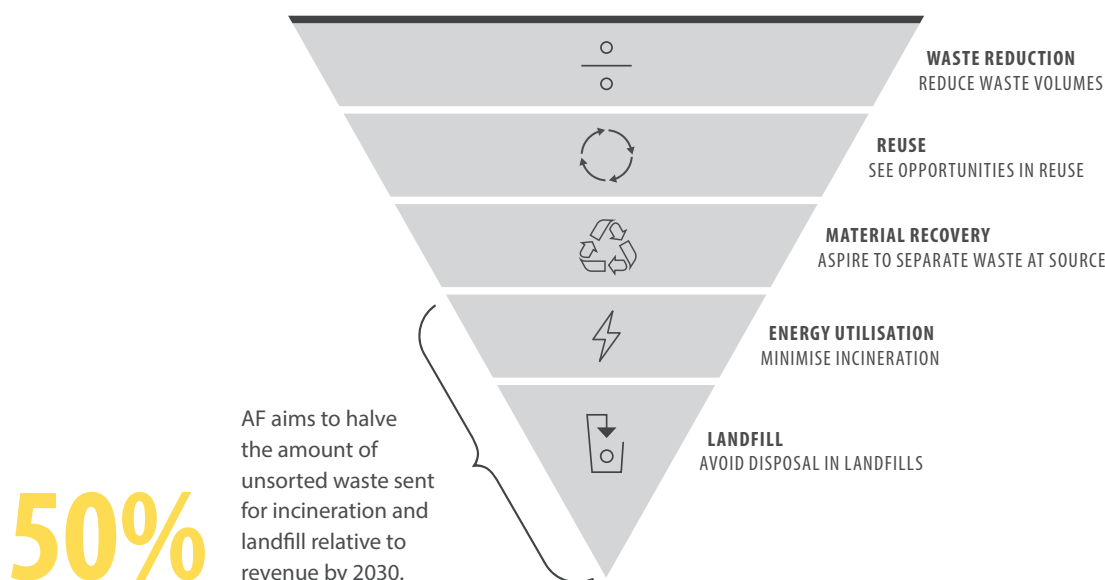
In the AF strategy, we have resolved to halve the amount of unsorted waste sent for incineration and landfill relative to revenue per service type. Source separation is something we have worked on and measured in our projects for several years and we are now raising the bar even higher. To achieve our goal, we will reduce the amount of waste produced at construction sites (at the top of the hierarchy) and prioritise the work on fractions that are typically sent for incineration or to landfill. Each business unit has drawn up specific action plans to reduce non-recyclable waste. The base year for the halving will be clarified in 2022.

In Norway, a very large proportion of the waste that occurs in construction and civil engineering projects is sorted at source. Nevertheless, the more than three million tonnes of waste still fill many containers. One source of waste can be that too much material is ordered and cannot be returned. As well as saving the environment, it also makes financial sense not to waste resources. One example of a measure that could help reduce waste is the use of sealed containers to store plaster, as dry plaster materials can be recycled.

Another measure that can help reduce waste involves entering into agreements with our suppliers. At AF, we have, for example, entered into an agreement with Glava concerning the delivery of Glava construction insulation to AF's partners in construction products. The agreement includes a return agreement under which AF is encouraged to return Glava insulation cut-offs so that the returns can subsequently be used in new products. In this way, worthless waste becomes a resource that can be used in new products. This agreement is a good example of what can be achieved through excellent partnerships with suppliers.

THE WASTE HIERARCHY

The waste hierarchy illustrates the desire to treat waste as close to the top of the hierarchy as possible and to avoid unnecessary disposal of waste in landfills.



Reduction in plaster waste at Storøykilen

Plaster accounts for a large amount of the waste produced at a construction site. Reducing plaster waste can lead to significant environmental benefits. At Fornebu, in the Storøykilen project, AF used ErgoLite plaster, which is 25 per cent lighter than ordinary plasterboard. This yields significant ergonomic benefits for builders, while also contributing to less waste by weight. The use of sealed or covered containers for plaster has also been trialled to avoid transporting wet and heavy plaster. Dry plaster can be used for material recovery, but this is not the case for wet plaster. This therefore constitutes a specific and important contribution to avoiding landfilling a resource that can be reused. The use of pre-cut and customised plasterboard and cuts for structural reveals and in other places where a whole board is not required also helps prevent unnecessary waste.



EU TAXONOMY

In 2020, the EU presented the European Green Deal, which is a growth strategy to make Europe the first climate-neutral region in the world by 2050. One aspect of the European Green Deal is the “EU Taxonomy”, a classification system that defines what is considered a sustainable activity. The purpose is to increase investment in sustainable solutions and manage financial risks caused by climate change. It will also be a way in which to prevent greenwashing by ensuring a common system for what can be referred to as sustainable or green.

For an activity to be considered taxonomy-aligned or “green” under the EU Taxonomy, the activity must contribute significantly to at least one of the six defined EU environment targets, not cause significant harm to any of the other environment targets and fulfil the minimum requirements relating to social rights. AF Gruppen considers the Group to fulfil the minimum criteria for social rights, including by adhering to the UN Guiding Principles on Business and Human Rights and the OECD Guiding for Multinational Enterprises. As of 31 December 2021, the EU has defined sustainable activities with associated criteria for significant contributions and non-significant harm for climate targets 1 and 2. Proposals have been made for sustainable activities and associated criteria for environment targets 3–6.

According to the EU Taxonomy, financial reports published after 1 January 2022 must specify the share of operating revenue, operating expenditure (OpEx) and capital expenditure (CapEx) that is taxonomy-eligible, i.e. the share of the company’s activities covered by the EU Taxonomy at the time. An activity is considered taxonomy-eligible if it is included in the list of activities that the EU has defined as potentially sustainable. For reports published after 1 January 2023, information must also be included on which activities are taxonomy-aligned, i.e. it will also be necessary to consider whether the activities contribute significantly to the climate targets and do not cause significant harm to other environment targets. Since the final list of activities is only available for climate targets 1 and 2, only these activities need to be reported in the 2021 annual report. From next year, it will also be necessary to report on the last four environment targets. AF has chosen to include revenue for the currently proposed activities for environment target 4 in this year’s reporting.

The EU’s goal is to reduce greenhouse gas emissions by 55 per cent from the 1990 level by 2030 and to be climate-neutral by 2050. The EU Taxonomy will develop over the coming years by more activities being added and the criteria for taxonomy eligibility being tightened as Europe approaches 2030 and 2050.

The sectors that have so far been prioritised in the taxonomy are sectors and activities for which the EU has found that there is high potential to contribute to reducing emissions and negative environmental impacts. These sectors include property, construction and civil engineering. The fact that an activity is not currently considered taxonomy-eligible does not mean that the activity is harmful to the environment or that it is not sustainable.

TAXONOMY-ELIGIBLE OPERATING REVENUES AT AF GRUPPEN

AF Gruppen has significant taxonomy-eligible revenue within climate targets 1 and 2. The unit level that is assessed in relation to activities in the taxonomy is projects. Activities that are not taxonomy-eligible include work that is considered pure maintenance rather than the renovation of buildings, the sale of concrete elements and other projects that are not covered by the activity specifications in the EU Taxonomy. In 2021, AF had a total taxonomy-eligible revenue of NOK 23,846 million on activities associated with climate targets 1 and 2. This corresponds to 85.6 per cent of revenue.

For climate target 4, activities relating to the demolition of buildings, etc., have been proposed. Provided that the activities are adopted

THE EU CLIMATE AND ENVIRONMENT TARGETS

1. Climate change mitigation
2. Climate change adaptations
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Preventing and combatting pollution
6. Protection and restoration of biodiversity and ecosystems

EU TAXONOMY 2021 - OPERATING REVENUE

Financial activity	Climate target 1 Stop climate change	Climate target 2 Climate adaptation	Total revenue (NOK millions)	Environment target 4 ¹ Circular economy	Total revenue (NOK millions)
Construction of new buildings	13,565	1,295	14,860	-	14,860
Renovation of buildings	2,320	228	2,547	-	2,547
Construction and modernisation of motorways, roads, streets, etc.	-	3,475	3,475	-	3,475
Construction and maintenance of infrastructure for rail transport	665	-	665	-	665
Construction and maintenance of infrastructure for personal mobility	190	-	190	-	190
Construction of wind power plants	423	-	423	-	423
Construction and renovation of hydropower plants	66	-	66	-	66
Construction, expansion and modernisation of water supply systems	183	-	183	-	183
Construction and expansion of centralised sewage systems	61	-	61	-	61
Construction and modernisation of ports	-	166	166	-	166
Construction and renovation of district heating and cooling systems	887	-	887	-	887
Construction and operation of energy centres	27	-	27	-	27
Energy optimisation and associated consultancy services	49	-	49	-	49
Installation and maintenance of energy efficiency equipment	26	-	26	-	26
Cleaning and recovery of non-hazardous waste	187	-	187	-	187
Civil engineering work associated with climate change adaptation	-	34	34	-	34
Demolition and recovery of buildings and other structures	-	-	-	748	748
Demolition of complex installations for material recovery	-	-	-	576	576
Total taxonomy-eligible activities	18,648	5,198	23,846	1,324	25,170
Total non-taxonomy eligible activities			4,022		2,698
Total			27,868		27,868
Share of taxonomy-eligible activities	66.9%	18.7%	85.6%	4.8%	90.3%

¹Revenue from activities proposed for environment target 4 at the time of reporting

in line with the proposals, AF has a further NOK 1,324 million in revenue that is taxonomy-eligible, which results in a total share of taxonomy-eligible activities of 90.3 per cent.

TAXONOMY-ELIGIBLE OPERATING EXPENDITURE AT AF GRUPPEN

The purpose of the operating expenditure and capital expenditure KPIs is to identify the investments that contribute to green activities and transition in a company. Operating expenditure that may be taxonomy-eligible is linked to the maintenance and repair of property, installations and equipment that is considered essential for implementing taxonomy-covered activities. In the context of the taxonomy, operating expenditure is not the same as operating expenditure under IFRS. The total taxonomy-eligible operating expenditure amounts to NOK 500 million or 90.6 per cent of all taxonomy-eligible operating expenditures in 2021. Taxonomy-eligible operating expenditure consists of costs associated with repairs,

maintenance and operation of the machinery fleet, short-term leasing agreements that are not recognised in the balance sheet and repairs, maintenance and cleaning of property that is recognised in the balance sheet and essential to performing taxonomy-eligible activities.

TAXONOMY-ELIGIBLE CAPITAL EXPENDITURE AT AF GRUPPEN

Capital expenditure refers to the purchase of assets, products and services that are included in the financial position and are essential to performing a taxonomy-eligible activity. For AF Gruppen, this largely involves investments in owned and leased machinery and equipment. Total taxonomy-eligible capital expenditure in 2021 was NOK 391 million or 78 per cent of total capital expenditure. In 2021, total capital expenditure consisted of access to fixed assets, rights of use and property, plant and equipment. Goodwill is not included in capital expenditure, as it is not defined as an intangible asset under IAS 38.

SOCIAL CONDITIONS

Everyone who works for AF shall have a safe and secure workplace. We shall have a good and equal working environment and we shall safeguard the rights of our employees in accordance with applicable legislation and international human rights.

AF is part of the project industry and there are inherent risks associated with working conditions that we take seriously and always consider:

- There are significant forces at play and high levels of exposure in terms of health and this constitutes a risk to AF's employees and our partners' employees.
- The industry is male-dominated and there is a risk of conscious and unconscious discrimination based on gender.
- Strong competition and relatively low margins may lead to employees feeling pressured to work more than is safe and desirable.
- The industry experiences general challenges in relation to work-related crime, such as undeclared work and a lack of basic labour rights.

AF has implemented provisions to safeguard the health, safety and rights of employees in the employment relationship. The regulations apply to our own employees, subcontractors and suppliers in all our projects.



RESPONSIBLE CONSUMPTION AND PRODUCTION

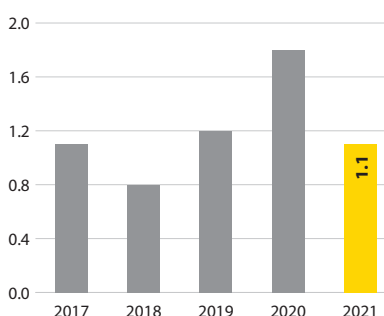
The UN goal includes protecting labour rights and promoting a safe, secure and inclusive working environment for all employees.

HEALTH AND SAFETY – EVERYONE SHALL GET HOME SAFELY

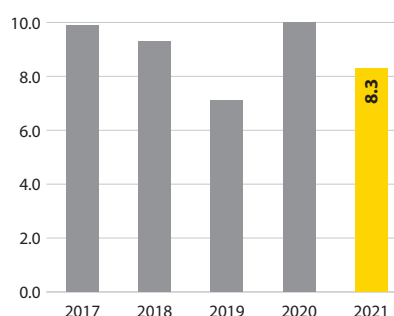
At AF, we create value and opportunities through project activities with an uncompromising attitude to safety and ethics. We undertake systematic HSE work to ensure that we provide safe and health-promoting working conditions. Our fundamental goal is to avoid all types of injuries, illness and ailments resulting from the working environment and we focus on avoiding accidents that lead to serious injuries and health exposure that may result in long-term or permanent disability.

AF expects its subcontractors to adopt the same HSE standards as we do at AF. The basic

LTI-1 RATE



LTI -2 RATE



thinking behind our HSE efforts is that all adverse events and incidents have an underlying cause and can therefore be avoided.

Risk management

Risk management is a central aspect of preventive HSE work. AF identifies, communicates and manages HSE risks that could lead to occupational accidents and damage to health. At AF, we reduce risk to acceptable levels via a system of barrier controls, including both physical and organisational barriers.

Learning and improvement

Adverse events and matters relating to HSE are highlighted to ensure learning and further development. Particularly serious incidents are followed up specifically through investigation processes involving all levels of the organisation. The basic purpose of our investigations is to identify opportunities for improvement and measures to prevent similar situations from occurring again and we actively use these experiences in our systematic risk management. There is a strong will to continuously improve and, in 2021, nearly 41,445 (43,136) incidents and other matters were reported. These are all registered and managed using the non-conformity system Synergi Life or equivalent systems.

Measuring performance

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 serious injuries and lost-time injuries per million

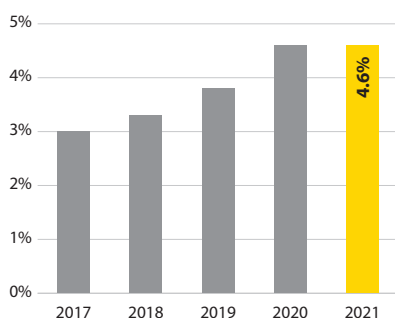
man-hours and includes our own employees, subcontractors and suppliers who are injured in our projects. The injury rate has shown a positive trend over the years, from an LTI-1 value of 20 for Norwegian operations in the early 1990s to an LTI-1 value of 1.1 (1.8) in 2021. This rate represents 22 (39) LTI-1 injuries in 2021. The year was characterised by a decline in the number of serious injuries and we saw that the gap between the injury rate for our own employees and subcontractors decreased. Subcontractors have previously been significantly overrepresented in the injury statistics.

Absence due to illness is an indicator of health work and our rate was 4.6 per cent (4.6 per cent) in 2021. AF's absence due to illness is still considered moderate for the construction and civil engineering industry, but at AF we believe that the absence due to illness rate is too high. This is because we know that some of the absence due to illness is work-related and could therefore be influenced. Our long-term systematic work aims to achieve a "healthy sickness picture", without any absence resulting from conditions at work. We anticipate a absence due to illness of less than 3 per cent when this target has been met. Even though the COVID-19 pandemic has contributed to elevated absence due to illness, we know that work-related absence remains a relevant and important topic that we need to systematically focus on.

Health-related work

Health-related work is a natural part of our HSE efforts in the same way as safety work. The statutory occupational health services with which AF is affiliated make significant contributions to preventive health work and the internal occupational health service at AF acts as a strong, professional and positive advisor on matters relating to preventive health work. Risk management when it comes to health requires both expertise and knowledge of the exposures employees face at work. In order to assist with relevant measures to prevent health-related issues, AF has developed health cards for the 15 most relevant exposures and these are available in several languages. AF has also developed and uses a proprietary programme for analysing health risk. This was incorporated into Clara in 2021, AF's overall HSE risk management system.

ABSENCE DUE TO ILLNESS



Emergency preparedness

AF must be prepared to manage emergency situations at all levels of the organisation. The overall emergency preparedness plan at AF sets out the framework for the emergency organisation and plans for companies within the entire AF family. We need to be prepared for a wide range of challenging situations, such as serious occupational accidents, pandemics, cyberattacks, terrorism, etc. In the event of challenging emergency situations, AF will mobilise a central crisis team that will manage the overall emergency preparedness efforts and support management at the affected unit and project.

Development projects

The Group strategy towards 2024 continues with the goal of AF Gruppen having LTI-1 = 0 and 0 serious injuries and work-related absence. Despite a low LTI-1 value in relation to comparable companies, AF Gruppen still experiences too many personal injuries. Work to prevent injuries is ongoing and among the latest measures and tools we have introduced, we can highlight:

- Safetalk – Safety talks ahead of or during work situations, between skilled workers, in order to identify and influence risk and strengthen safety awareness among workers.
- AF Message Portal – communication tool that allows AF officials to send safety-related messages to predefined groups and in which any message is automatically translated into the recipient's specified native language.
- Clara – Online tool for managing HSE risk associated with the activities in a project. Experiences from previous incidents are available in Clara, among other things, and communication and follow-up relating to barriers are reinforced.
- Testing of equipment worn close to the body for measuring and warning of issues including noise, air values/gas and vibrations. The goal is to be able to help our skilled workers to reduce and avoid unwanted exposure to situations that can damage health.
- Digital courses – Customised and user-friendly course portal (Motimate) that enables easy access to courses, transfer of experiences and safety guidance via a universal platform that anyone working on AF projects can benefit from.



Helmet straps for improved protection

At AF, we consider safety work to be a continuous analysis and action process to prevent adverse incidents from being repeated. By examining head injuries at AF over the last 20 years, we have found that in cases where helmets were used as a barrier, the helmets fell off in more than half of cases. In nearly all of these cases, a chin strap/climbing helmet would have reduced the impact of the incident. This study has resulted in AF now recommending making it mandatory or strongly encouraging all employees to use climbing helmets with chin straps at all units and AF Gruppen subsidiaries and several units have already made this mandatory.



RESPONSIBLE CONSUMPTION AND PRODUCTION

The UN goal includes protecting labour rights and promoting a safe, secure and inclusive working environment for all employees.

DECENT WORKING CONDITIONS – WORKING ENVIRONMENT AND LABOUR RIGHTS

AF's policy regarding human rights, working conditions and employee development is set out in the Code of Conduct and Purpose – Goals – Values.

Human rights and measures against work-related crime

The construction industry experiences some general challenges related to human rights, especially related to working conditions. It is important that major players such as AF take responsibility for ensuring that the entire value chain follow ethical guidelines and basic human rights. AF is committed to complying with the human rights principles of the UN Global Compact and has strong systems in place to prevent our projects from committing work-related crime and violations of workers' rights.

The procurement of goods and services accounts for around 65 per cent of our revenues. AF is responsible for the entire contract pyramid for our projects and suppliers must commit to following our Code of Conduct. AF Gruppen's Supplier Declaration is a mandatory contract appendix to procurement agreements. AF Gruppen has zero tolerance for behaviour that violates the provisions of the supplier's statement. We work both proactively and reactively to ensure compliance with this policy and allow only two levels of subcontractors to ensure acceptable transparency. Proactively, AF uses StartBANK, for example and a proprietary prequalification module to assess possible suppliers.

When subcontractors are approved and given access to a project, they are followed up through spot checks and controls to verify that the activities are carried out in accordance with the regulations and the applicable guidelines. The most important verifications we carry out are:

- Verification of pay 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.
- 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 to ensure compliance with AF Gruppen's requirements for proper systems relating to 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.

Employment conditions

AF has an employee representative and safety organisation that ensure that employees have the 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 employees, skilled workers and both genders represent the employees on the Board of Directors.

In line with the UN's Global Compact, AF facilitates the conditions for craftsmen and production workers to join a union and over 90 per cent are therefore unionised. Laws, regulations and collective agreements are framework conditions that AF Gruppen adheres to and this applies to both salaries and working time provisions for our employees. Negotiations on salaries are carried out with the trade unions and are laid down in AF's Code of Conduct.

Satisfaction and attractiveness

The Employee Satisfaction Survey (ESS), which was last conducted in 2021, shows that our employees are very satisfied with their own work and with AF as their employer. AF achieved 5.2 on a scale from 1, where 6 is the best and has as a strategic goal towards 2024 to be above ESS > 5. 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 within the areas of satisfaction, collaboration and management and each business unit draws up an action plan based on the survey. AF is an attractive employer and this is reflected by the Universum Student Survey 2021, in which AF Gruppen was ranked as the 14th most attractive employer in the country by engineering students. In the Universum Professional Survey 2021 for working people, AF came 10th, up from 11th place in 2020. AF wants to attract the best talent both among experienced workers and new graduates and has a strategic goal towards 2024 to be among the top five in Universum's awards.



GENDER EQUALITY

The UN goals involves ensuring that women have complete and genuine access to participate and equal opportunities for leading positions at all levels where decisions are made.

THE BEST PEOPLE – RECRUITMENT, TRAINING AND DEVELOPMENT OF EMPLOYEES

AF will increase strategic cooperation with educational institutions to strengthen access to skilled resources. One measure that has been implemented in the last two years is the 'AF Collective' competition, in which the winners receive one year of accommodation paid for. Students are followed up individually by AF mentors and can access professional learning and inspiration from the foremost experts in the industry. At AF, we are also challenged by the curious students who will help shape the future.

Developing the knowledge and expertise of our employees is the most profitable investment we make. Practical training through participation in projects is the most important tool for promoting professional development and AF's decentralised decision-making structure provides early opportunities for talented employees to assume responsibility. AF also offers formal education through the AF Academy and external further education. The breadth of AF's centres of expertise provides a good foundation for professional development and career opportunities throughout the Group. AF's goal is to develop managers through internal training and around 80 per cent of today's managers have been recruited internally.

Over the past year, AF has intensified its focus on apprentices by motivating more

people to choose vocational subjects through the information campaign "Dreams can become reality" which has been shown across social media. We have worked more closely with schools and counsellors in rural and urban areas to remove prejudices and promote positive attitudes to the construction and civil engineering industry. AF has a strategic goal towards 2024 of achieving an apprenticeship proportion exceeding 7 per cent and for more than 60 per cent of our skilled workers to hold a certificate of completed apprenticeship.

Equality

It is a central principle at AF and part of the Code of Conduct that recruitment, employment, training, pay, promotion, sanctioning and other working conditions shall be handled without regard to friendship, ethnicity, skin colour, religion, nationality, gender, sexual orientation, age or disability.

The recruitment share by gender shall reflect the recruitment basis and the relative share of promotions shall be equal for women and men. AF has a long-term strategic goal of increasing the proportion of women among salaried employees to 40 per cent and the total proportion of women to 20 per cent.

AF's work on diversity, including through the Diversitas network and #HunSpanderer, has contributed to a sharper focus and a change of attitudes relating to unconscious discrimination. Among other things, gatherings have been arranged for many senior employees where unconscious discrimination and any personal experiences have been discussed.

In 2021, the proportion of women in AF was 9.7 per cent (9.8 per cent), with 18.8 per cent (18.9 per cent) of salaried employees and 1.4 per cent (1.6 per cent) of skilled workers. At the end of 2021, AF had one woman and seven men in the Corporate Management Team. The Board of Directors comprises four women and six men.



The Dream Team

Betonmast Asker og Bærum focus on increased diversity and youthful strength to create “the Dream Team”. The project team for Vollen Marina has been created in such a way that experienced employees help elevate those with less experience and younger employees challenge older employees when it comes to established truths and methodologies. Together with effective digital project management and ready-made construction elements, the diversity work has yielded results and the project looks set to be ready for handover 3–4 months ahead of schedule.

At AF, everyone has equal worth

AF wants to be the place where the best people have room to fulfil their dreams. Ensuring that people are happy at work is therefore one of the most important things we can do. We will have an inclusive and safe working environment with zero tolerance for discrimination, as well as a culture in which violations have consequences. AF has been working on the diversity project “The best people” since 2018 and, as part of the project, the “Equal value” campaign was launched in 2021. This campaign, which was translated into several languages, was well received and has been well-received by the various projects.

Her er alle like mye verdt



Her har vi nulltoleranse for trakassering, mobbing og ufin oppførsel.

At this workplace we have zero tolerance for harassment, bullying and rude behaviour.



Sexisme, rasisme og homofobi hører ikke hjemme på denne arbeidsplassen.

Unacceptable discrimination, including sexism, racism and homophobia, has no place here.

Opplever du eller observerer du situasjoner som ikke er bra, si fra selv, eller meld fra til leder, verneombud eller personalansvarlig.

If you experience or observe inappropriate behaviour – please speak up or report it to your manager, HSE-representative or HR-manager.

afgruppen.no/varsling
afgruppen.com/notification



CORPORATE GOVERNANCE AND BUSINESS CONDUCT

AF's credibility and competitiveness are based on trust and we must therefore have an uncompromising attitude to ethics and make clear demands on everyone we work with.

Internal control and compliance with Group policy are anchored in the Board of Directors and are exercised through the Corporate Management Team to our projects and employees. 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 observe the Code of Conduct through AF's Supplier Declaration. When assessing 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 comprehensive systems in place for internal control and risk management. The systems are reviewed annually by both the auditor and the Board's Audit Committee. For all major tenders, a risk review must be carried out with a representative from the Corporate Management Team before the binding offer is submitted. If the tender value exceeds NOK 100 million, the offer must be approved by the Corporate Management Team, and if it exceeds NOK 600 million, the offer must be approved by the Board of Directors. In the execution phase of the projects, the units themselves are responsible for ongoing follow-up of risk and for larger projects, quarterly risk reviews shall be carried out together with representatives from the Corporate Management Team. See p. 20 for further details of risk management in projects.

TRANSPARENCY AND REPORTING

AF Gruppen must be transparent and trustworthy. Laws and regulations constitute framework conditions that AF needs to adhere to and our reporting will be complete and in accordance with relevant legislation. Furthermore, AF has an objective for all investors and stakeholders to have access to the same financial information about the Group at all times and we encourage open dialogue with stakeholders.



PEACE, JUSTICE AND STRONG INSTITUTIONS

The UN goal involves significantly reducing corruption and bribery in all forms and developing effective, responsible and transparent institutions at all levels.

PROFESSIONAL BUSINESS CONDUCT

AF has zero tolerance for price collusion, corruption and bribery. This means that employees shall not give or receive gifts and other benefits that might be designed to create doubt about the integrity of AF Gruppen and compliance with current regulations. Our Code of Conduct also forbids the Company's employees to discuss, propose or enter into agreements with competitors that may affect the competitive situation.

In accordance with AF's corporate policy and authority matrix, 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.

AF Gruppen has zero tolerance for economic or financial crime and strict requirements have been introduced 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 the authority matrix. Payments must also be approved by two persons. Furthermore, AF shall handle tax and duties in a responsible manner in accordance with applicable laws and regulations.

AF Gruppen has a separate policy relating to sensitive financial information and

keeps ongoing monitoring transactions in AF stock performed by company employees and related parties. Abuse of price-sensitive information will result in police charges and a dismissal.

Training

Employees at AF are introduced 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 delivers management training covering topics such as purchasing, HSE and HR management. The management courses at AF include “dilemma training” and other attitude-forming tasks to ensure that AF's guidelines are practised uniformly. AF has also developed and delivers a course on the prevention of work-related crime. Furthermore, all subcontractors are required to attend a mandatory HSE course before starting work in an AF project.

Cooperating with others

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 dedicated manager working on this topic. These regularly communicate via AF's networking organisation on work-related crime, A-krim.

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 matters relating to HSE legislation
- Personnel Forum for safeguarding employee rights
- A-krim Forum for the work to combat work-related crime.
- Purchasing Forum for questions related to business ethics

All of AF's business units have management systems, many of which 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 business model and ethical framework. Internal audits of all business units are carried out to ensure adequate compliance.

NOTIFICATION OF MISCONDUCT

Notification (whistleblowing) involves reporting misconduct in the company, including the violation of laws and central policies. All permanent employees and contracted employees have the right to submit notifications. AF has established procedures relating to notification and the management of misconduct in order to ensure a predictable and prudent approach under which the whistleblower is protected against retaliation resulting from the notification. Notification can be made either openly or anonymously and both notification and the identity of the whistleblower shall be subject to confidentiality. Notification can be made to the line manager, to a more senior manager, via e-mail to the whistleblowing committee (varsling@afgrupper.no) or using the notification form available at www.afgrupper.no/notification. When the case permits, the whistleblower shall be informed of how AF is handling the matter and its outcome.

THE AF WHISTLEBLOWING COMMITTEE CONSISTS OF

- Olav Aune, Director of HSE (Committee Chairman)
- Sif Løvdaal, HR Manager
- Christian Berg, Chief Employee Representative/Chief Safety Representative
- Sigrunn Wangen Lid, HR Manager
- Christoffer Fjellheim, Director of Procurement and Legal
- Espen Jahr, Head of the Occupational Health Service

FN 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 companies doing their utmost to operate their businesses in accordance with the ten principles:

PRINCIPLES

Relevance to AF

Action

HUMAN RIGHTS



1 Businesses should support and respect the protection of internationally recognised human rights and

AF Gruppen complies with all 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.

2 make sure that they are not complicit in human rights abuses

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 parties that we suspect may practice unethical conduct. *See also principle 4.*

WORKING CONDITIONS



3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining,

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. *Read more on p. 48 (Social Conditions).*

4 ensure that all forms of forced labour are abolished,

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 Code of Conduct, 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 2021, AF blocked specific parties who did not comply with AF's ethical guidelines relating to working conditions. The conditions were identified before the suppliers in question were contracted by AF. *Les mer på s. 48 (Sosiale forhold).*

5 the effective abolition of child labour and

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. No actual instances of child labour have been uncovered, suspected or identified in any of our projects or at any of our suppliers. *Read more on p. 48 (Social Conditions).*

6 Ensure that discrimination in employment is abolished

AF shall have a working environment in which there is no prejudice, discrimination, verbal abuse or persecution. AF's principles relating to discrimination are laid down in the Code of Conduct.

All employees are required to sign the Code of Conduct in connection with recruitment and the code will be reviewed during initial training. The strategy towards 2024 includes specific goals to increase the percentage of women at AF, from 10 per cent at the end of 2021 to 20 per cent. The Corporate Management Team and the entire organisation are working actively to make AF an attractive employer for everyone. *Read more on p. 48 (Social Conditions).*

PRINCIPLES

Relevance to AF

Action

ENVIRONMENT



7 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 2021. *Read more on p. 20 (Risk management).*

8 undertake initiatives to promote greater environmental responsibility and

By focusing on the environment, energy and recycling, we will safely remove and eliminate materials, ground and energy solutions that are harmful to the environment. Our services and solutions will enable our customers to assume greater environmental responsibility.

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 developed several business areas that can contribute to a circular economy. *Read more on p. 38 (Climate and environment).*

9 encourage the development and spread 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 expertise.

AF has developed unique technology that enables the decontamination and reuse of contaminated materials at our environmental centres. Energy conservation services and environmentally friendly buildings are a range of services that are under constant development at AF.

For offshore activities, AF Environmental Base Vats has been established as an approved and certified reception facility for recyclable materials. *Read more on p. 38 (Climate and environment).*

ANTI-CORRUPTION



10 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 the principles that are laid down in our Code of Conduct, which includes anti-corruption principles. No instances of corruption, including blackmail and bribery, were identified in 2021.

One approval requirement for the engagement of subcontractors and suppliers is compliance with applicable laws and regulations relating to historical corruption, including compliance with the tax laws. *Read more on p. 54 (Corporate governance).*