



CORPORATE RESPONSIBILITY AND SUSTAINABILITY

ANNUAL REPORT 2023

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 our 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 (CSR) 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 are AF Gruppen’s corporate social responsibilities?

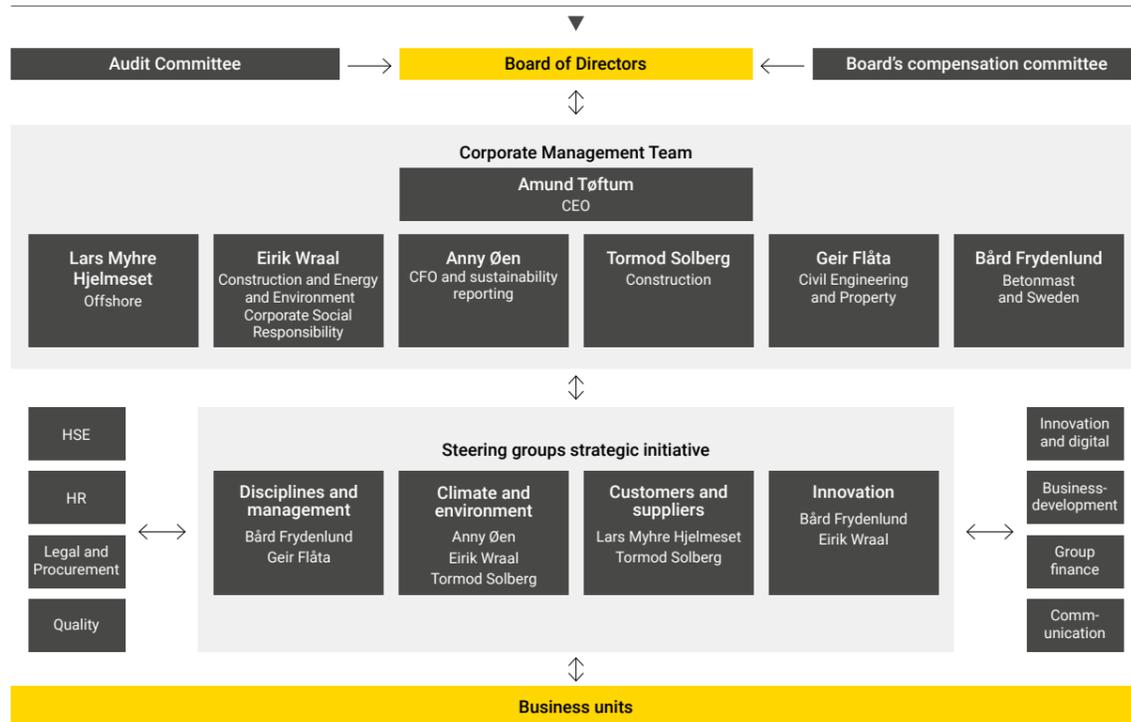
AF has a special responsibility when it comes to societal challenges that can be linked to our business activities. Above all, we will implement our projects in a sustainable manner by ensuring that all business operations comply with the Code of Conduct, laws and regulations, and we will also minimise any negative impacts on the climate and environment. Our employees and subcontractors shall ensure a safe and good working environment where diversity is valued and harassment is not tolerated.

Furthermore, we 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 issues, can also be profitable.

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. AF has established individual steering groups for each of our strategic initiatives, with representatives from the Corporate Management Team and relevant staff functions. It is a requirement that business units and projects be capacitated with sufficient expertise in health, safety and the environment (HSE). Mapping and analysis of risk in connection with HSE shall be carried out and

ORGANISATION OF CORPORATE SOCIAL RESPONSIBILITY IN AF



CORPORATE SOCIAL RESPONSIBILITY IN AF



documented in all projects - both at the start and during implementation.

Our Code of Conduct and our Purpose, Goals and Values

AF’s Corporate social responsibility guidelines are laid down in the Code of Conduct and the document Purpose, Goals, Values, which are available at <https://afgruppen.com/about-af/vision-and-values/>.

The Code of Conduct applies to all employees and other persons representing or holding office in AF Gruppen. Our “Purpose, Goals and Values” document provides a brief outline of who we at AF are, what we stand for and what we want to achieve. Among other things, it covers our principles, goals and requirements in the following areas: Finance, employees, clients, suppliers, HSE, climate & environment, quality and improvement.

Suppliers and the Transparency Act

An important part of our procurement work is to ensure that our suppliers implement the same requirements toward ethics, quality, safety and the external environment as we in AF Gruppen do. Suppliers and subcontractors in our projects are required to comply with our values and requirements relating to conduct as well as applicable legislation and the UN Global Compact by consenting to the AF supplier declaration (see: <https://afgruppen.com/supply-to-af/>)

AF’s efforts to identify and report actual and potential risks related to fundamental human rights and fair working conditions are integrated into the processes related to procurement and follow-up of suppliers and subcontractors throughout the Group. This work has been further solidified by the introduction of the Transparency

Act in 2022 (see: www.afgruppen.no/apenhetsloven) The Act sets strict requirements for transparency and accountability, and is intended to help prevent human rights violations and unfair working conditions in our own business, our business associates and further down the supply chain.

Sustainability reporting in AF

Sustainability-related issues are reported publicly along with financial matters through AF’s quarterly and annual reporting. Lost time injuries, serious injuries and reporting of adverse events (RUI) are reported internally on an ongoing basis. Each business unit in AF Gruppen ensures that the necessary data is reported by the relevant deadlines, and the data is summarised and reported to the Corporate Management Team. Targets (KPI’s) related to climate, environment and social issues are reported to the Corporate Management Team and the Board on a quarterly basis.

The EU Corporate Sustainability Reporting Directive (CSRD) is expected to enter into force in Norwegian law from the 2024 reporting year. The Directive will apply to AF Gruppen. The CSRD requires detailed reporting on key sustainability issues in line with the European Sustainability Reporting Standards (ESRS). A key concept in the new regulations is the concept of double materiality, which involves considering key sustainability issues with regards to how AF is impacted by people and the environment (financial materiality) as well as how AF’s operations impact people and the environment (material impact). The issues to be considered are related to the areas of climate and environment, social issues and corporate governance. AF is well underway with preparations for the implementation of the Directive.

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 limited resources.

The civil engineering, construction and property sector have a major impact on climate and the environment. 36 per cent of global greenhouse gas emissions can be attributed to these sectors. In Norway, emissions are estimated to be somewhat lower as a result of the high proportion of renewable energy being used, but it is estimated that as much as half of a building's impact on climate is due to its construction materials¹. Globally, it is estimated that civil engineering, property and construction work account for approximately 40 per cent of all resources introduced to the economy, and in Norway, construction is currently the largest single source of waste². Nature loss and climate change mutually reinforce each other, generating effects that have serious social consequences, and there is therefore an increasing focus on addressing nature loss and preserving biodiversity. Construction activities are both dependent on and impacting nature in terms of changes in land use³. Our company also relies on the use of natural resources and input factors such as

steel, concrete, asphalt and wood. Our industry can therefore greatly influence and contribute to solutions for limiting climate and environmental issues. We will present our double materiality analysis in our annual report for 2024. When it comes to climate and the environment, preliminary work indicates that the standards concerning climate change (ESRS E1), biodiversity and ecosystems (ESRS E4) and resource use and circular economy (ESRS E5) are material sustainability topics for AF. As a result of increased knowledge, upcoming regulatory changes and the implementation of the double materiality analysis, we see a need to expand our climate and environment reporting, particularly with regards to our impact on nature. In our preparations for reporting under the new Sustainability Directive, we are working on mapping and following up on missing data and have ongoing processes to further develop our solution for data collection and reporting. In our 2020 Corporate Strategy, climate and environment is one of our four key initiatives, and AF has set specific objectives.

¹ Study for a National Strategy for Circular Economy - Short summary
² Statistics Norway – Waste Accounts
³ NOU 2024:2: In interaction with nature

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 in 2023, and received a score of B for the fiscal year 2022.



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.

CLIMATE AND ENVIRONMENTALLY-FRIENDLY PRODUCTS AND SERVICES

AF's vision is that we are clearing up the past, and building for the future. This means that we need to

- provide energy solutions that reduce energy demand, and build and upgrade renewable energy sources
- 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 construction, civil engineering and property projects

One of AF's fundamental tenets is that projects that are sustainable for the climate and environment also need to be profitable. AF provides several types of services that are necessary for society to achieve the target of limiting the temperature increase to 1.5°C and that also create value for our investors. This year's taxonomy reporting shows AF Gruppen's taxonomy-eligible activities and what proportion of our operating income within these activities can be defined as sustainable according to the EU Taxonomy. We expect that the demand for taxonomy-adapted and sustainable projects will increase. There are very strict criteria for meeting the Taxonomy criteria, and the work is resource-intensive in terms of time, financial, and human capital resources. We succeed when our projects are profitable for all stakeholders: for our customers, the climate, society, owners and our employees. We are therefore satisfied with the profitability potential of the project portfolio which is defined as sustainable according to the EU Taxonomy.

Climate and environmental certifications

AF Gruppen's construction activities in Norway within the business areas Construction and Betonmast are highly proficient in BREEAM. BREEAM is an environmental certification scheme for buildings that classifies how climate and environmentally friendly a building is in terms of both construction and usage. AF is experiencing an increased demand for BREEAM-certified buildings,



SUSTAINABLE CITIES AND COMMUNITIES

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

and we are constantly working to ensure we have sufficient specialist expertise.

AF Anlegg has expertise in BREEAM Infrastructure (formerly CEEQUAL), a tool used to promote sustainability and quality in construction projects related to infrastructure, including roads, tunnels, railways, ports, bridges and wind farms. The BREEAM group of certification schemes is managed by the Building Research Establishment (BRE) in the UK.

In our Swedish construction business, the environmental certification Miljöbyggnad is more widely used. For this certification, the environmental work and the environmental performance of the building are reviewed by a third party. The system is owned and developed by Sweden's largest organisation for sustainable community development, Sweden Green Building Council, which is also responsible for the certifications.

Renovation

Renovation accounts for a significant share of AF's construction activities. The renovation of buildings and other structures often involves reusing emission-intensive materials, such as load-bearing structures, which usually consist of concrete and steel, and can therefore have major environmental benefits. Choosing renovation rather than building new has a major circular impact, limiting emissions, energy consumption, transportation, waste generation and depletion of natural resources. One such example is Consolvo's use of cathodic protection in rebar in existing bridges, which extends the life of civil engineering structures.



Energy saving project

Grand Hotel Terminus, a listed 18th century villa in Bergen, has undergone extensive renovations in recent years. As part of the ongoing modernisation work, AF Energi is installing a new heat pump and drilling eight energy wells. In the summer, surplus energy will be used for cooling. This efficient energy system will result in a 26 per cent reduction in energy consumption, return on investment within 10 years.



AFFORDABLE AND CLEAN ENERGY

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



RESPONSIBLE CONSUMPTION AND PRODUCTION

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

Energy efficiency and development of renewable energy

High electricity prices and fears of power shortages have highlighted the importance of energy efficiency and the development of renewable energy if the world is to achieve its climate goals. Effective energy efficiency measures are essential when it comes to reducing the overall need for energy, and the development of renewable energy is critical to ensure future energy supply.

AF Energi delivers energy-efficient solutions, local energy production and maintenance of energy solutions through monitoring, operational optimisation and service contracts. The measures should benefit both the environment and the clients' bottom line. 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 paid off in only a few years.

Aeron contributes to reducing greenhouse gas emissions through electrification and improving energy efficiency in the marine sector. The company is a market leader in its field, and delivers 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 capacities for remote monitoring and management of the system from Norway. The company also works on offshore wind projects.

Kanonaden Entreprenad in Sweden has been developing wind farms in Sweden for several years, contributing to the green energy supply. Kanonaden is constructing access roads and power grids in close collaboration with the turbine and grid suppliers.

¹⁾ Somers, J., *Technologies to decarbonise the EU steel industry*, EUR 30982 EN, Publications Office of the European Union, Luxembourg, 2021
²⁾ Data for the calculation of the last three comparison figures retrieved from the non-profit organisation Fremtiden i våre hender's website.

Purification and reuse of materials

AF's mass recovery facilities (Environmental Centres / Miljøpark) Rimol, Jølsen and Nes recover bulk masses that would otherwise have been sent to landfills, for reuse. In 2023, 288,511 (315,269) tonnes of masses have been 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 facilities have a recovery rate of approximately 80 per cent. The European Commission's goal is that 80 per cent of all materials should be recycled and remain in circulation by 2030. AF is continuously looking at possibilities for establishing more mass recovery facilities.

The steel industry accounts for about 7 per cent of the world's total CO₂ emissions¹. Recovered steel has 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, and the port is approved in accordance with ISPS regulations. In 2023, 26,243 (36,911) tons of steel were demolished and sorted at AF Environmental Base Vats. At AF Decom, 11,200 (17,629) tonnes of metal were removed and sorted for recycling.

CO₂ reduction from the mass recovery facilities and AF's demolition activities amount to²:

- 170 per cent of AF Gruppen's greenhouse gas emissions for scope 1 og 2 (see page 13)
- 6.2 per cent of Oslo Municipality's CO₂ emissions in 2022
- Approx. 25,160 passenger cars in one year
- 2,630,584 kg beef
- The lifecycle emissions of 717,432 smartphones

TON CO ₂ -SAVINGS RELATED TO DEMOLITION, SORTING AND RECYCLING	2023	2022
Savings CO ₂ from AF Environmental centres compared to conventional aggregate production	22,343	24,249
Savings CO ₂ from AF Decom and AF Offshore Decom compared to conventionally sourced metal	37,443	54,540
Savings in tonnes of CO ₂ per year compared to conventional production	59,786	78,789



CLIMATE ACTION

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

Clean-up, recovery and reconstruction

In 2023, the storm "Hans" swept across large parts of southern Norway with extremely heavy rainfall, causing widespread disruption, with several cases of landslides and floods. There is reason to believe that extreme weather events will occur more frequently in the years to come. We need to strengthen the focus on safety in our projects accordingly, with clear lines of responsibility between all stakeholders involved. Several of AF's projects, for example in foundation construction and landslide protection prevention measures, also contribute to society's overall efforts to adapt to climate change in order to tackle the increasing frequency and severity of extreme weather. In 2023, the government allocated NOK 1.7 billion to the municipalities that were most severely impacted by the extreme weather event Hans for handling the acute crisis, clean-up and reconstruction¹. Extreme weather such as Hans and destruction of key infrastructure also create an increased demand for AF's expertise and services in recovery and reconstruction. At the same time, climate change will require greater resilience in new buildings and changes in the maintenance of existing buildings, either through more frequent maintenance or other measures.

Climate change and nature loss are connected, and AF is seeing increasing demand for projects related to nature restoration. The natural restoration of the mining areas in Svea and Lunckefjellet in Svalbard, where AF was commissioned to remove buildings and infrastructure from more than 100 years of mining history, is highlighted in Norway's Nature Risk Commission's report published in February 2024². This is an example of a project where AF is contributing to the achievement of goals in the UN Nature Agreement (the Kunming-Montreal Global Biodiversity Framework).



INDUSTRY, INNOVATION AND INFRASTRUCTURE

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

Developing innovative solutions

A large part of AF's work related to climate and the environment is focused on developing our climate and environmental expertise. This is fundamental to deliver civil engineering, construction and property projects according to the client's wishes and needs. By having a high level of expertise, AF can identify opportunities and suggest other, more cost-effective solutions in projects, such as reusing parts of a building structure instead of building from scratch, finding ways to reduce the amount of bulk masses that need to be moved, or using other types of materials. For almost 20 years, low-carbon concrete has been used in many of AF's projects. Our unique experience and expertise in concrete enables us to develop and deliver innovative climate and environmentally friendly concrete formulas and tailor-made solutions for our customers.

Electric construction machinery is being used in an increasing number of areas in our operations, where AF Gruppen's Machinery Department plays an important role. The Machinery Department is at the forefront of finding suitable areas of application for electrical machines in accordance with our current project needs, including adapting machines developed for other applications and converting fossil-fueled machines to electric machines.

AF's own innovation and digitalisation department is consistently developing technological tools to streamline our climate and environmental work. In Clara, AF's proprietary online tool for managing HSE risks, a separate environmental module has been developed to assist in assessing the environmental risk in projects. The simple user interface provides access to experiences from many other projects.

¹⁾ Press release Regjeringen
²⁾ NOU 2024:2: In interaction with nature



Building materials of the future

In 2023, AF Offshore Decom was awarded funding from the Research Council of Norway, as a part of their "Green Platform" scheme, for a research and innovation project on the upcycling of maritime metal in a consortium with several other stakeholders. This is one of nine major research and innovation projects aimed at developing climate and environmentally friendly solutions in the Norwegian business and industry sector. Under the leadership of AF Offshore Decom, the project aims to upcycle maritime metal from shipping and oil platforms into environmentally friendly building materials that don't have a climate footprint. AF Offshore Decom has planned for approximately 2 per cent of the steel from Curlew to be recycled, and an agreement was recently signed with Nordic Circles for the delivery of a small batch of steel plates from the ship's hull. These steel plates will be used for the roof construction of Løren Flerbrukshall in Oslo, among other things.

RESOURCE EFFICIENCY AND CIRCULARITY

Based on figures from Statistics Norway's waste accounts, building and construction activities in Norway accounted for 26 per cent of all waste in 2022. Globally, and in the EU, our industry accounts for a high consumption of materials and generation of waste which is not reused or recycled. In addition, there is waste from the production of construction products and other activities upstream in the value chain. The EU's target is for a minimum of 70 per cent of construction and demolition waste to be reused or recycled, or otherwise recovered¹. 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.

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 our project activities is sorted for recycling. AF's target is to sort 80 per cent of waste, well above the current government requirement of 70 per cent².

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

In the AF strategy, we have resolved to halve the amount of waste sent for energy recovery and to landfill relative to revenue per service type. Each business unit has drawn up specific action plans to reduce non-recyclable waste. We have worked on and measured source separation in the projects over several years, and now we are raising

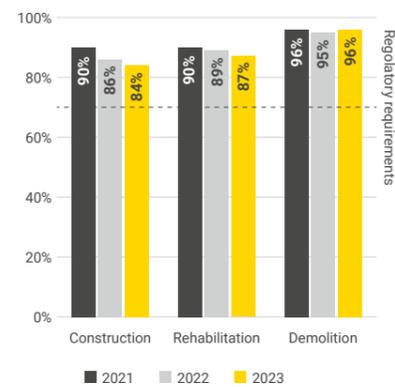
¹ Waste Framework Directive - European Commission (europa.eu)
² Regulations on technical requirements for construction works ("Byggetekniske forskrifter")



RESPONSIBLE CONSUMPTION AND PRODUCTION

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

SOURCE SEPARATION RATE



the bar even higher. To achieve our goal, we will reduce the amount of waste produced at construction sites (at the top of the waste hierarchy) and prioritise the work on fractions that are typically sent for incineration or to landfill. There is also a potential for increased recycling of materials for these waste fractions. AF is currently analysing representative KPIs for how different types of waste are handled in Norway and Sweden, and possibly for specific geographical locations in each country.

In Norway, a very large proportion of the waste generated by construction projects is currently source separated. Still, this waste that is in excess of the over



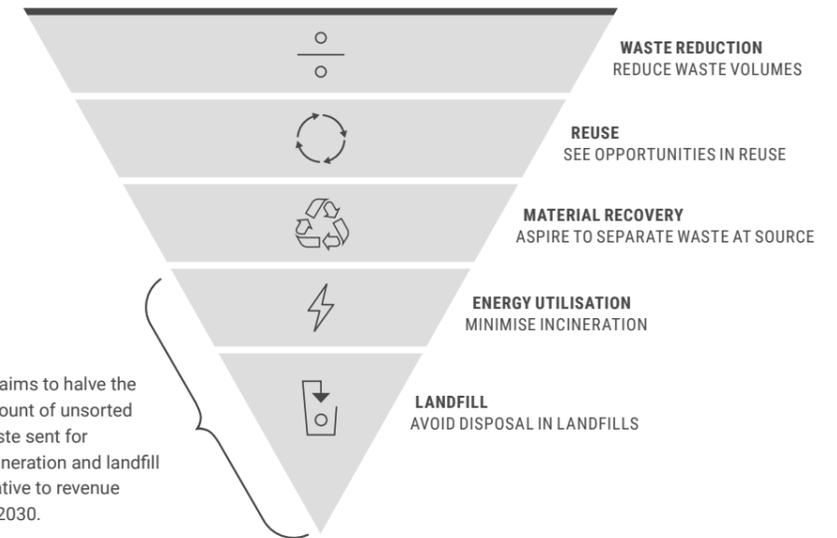
Cleaning up contaminated seabed

The Hammerfest Ren Havn (Hammerfest Clean Port) project is a key environmental, infrastructure and urban development project. Hammerfest port is one of the 17 priority coastal and fjord areas in the national action plan for cleaning up contaminated seabed. The Fundamentering business unit has contributed to a healthier and cleaner seabed, which in the longer run will make it safer to eat seafood from this area. The interventions are also a significant contribution to achieving the goal of achieving a satisfactory chemical and ecological environmental status by 2027, cf. the The Norwegian Water Regulation.¹

¹ Hammerfest Clean Port Norwegian Coastal Administration

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.



50%

AF aims to halve the amount of unsorted waste sent for incineration and landfill relative to revenue by 2030.

3 million tonnes requires a high number of storage containers¹. Dismantling and demolishing buildings in a way that facilitates reuse and material recycling is resource-intensive in terms of time, financial, and human capital resources. Choosing virgin materials is usually more cost-efficient due to, among other things, the documentation requirements for reused materials, logistics and regulatory barriers, which do not provide sufficient incentives for reuse and recycling². Collaboration along the entire value chain is therefore important to exploit the potential for more circular solutions and to address the current economic challenges. One example of such a collaboration is the

Group agreement AF Gruppen has entered into with Ombygg, which operates the reuse facility at Økern in Oslo. The agreement allows for contractors to drop off surplus materials for resale or storage for future projects, and several of AF's business units have already made use of this scheme. Other examples include increased use of standardised products, pre-cut materials and prefabricated elements, reducing the use of customised solutions, as well as return schemes with suppliers for unused materials.

¹ Waste Accounts – Statistics Norway
² Study for a National Strategy for Circular Economy – Short summary



Better waste management across projects

AF Gruppen's subsidiary Mepex has developed a shared system for signage of AF Gruppen's waste containers. The aim is to make the waste stations at our project sites more professional and make it easier to sort waste correctly. Mepex has carried out project inspections to map relevant waste fractions, and made suggestions for equipment and signage that will facilitate efficient sorting of waste for source separation.

GREENHOUSE GAS EMISSIONS AND ENERGY CONSUMPTION

AF has set a goal of halving our relative greenhouse gas emissions by 2030 for scope 1 and 2 emissions compared to the baseline year 2020, as well as a goal of achieving climate neutrality by 2050. This target is quantified on the service type level in order to allow us to implement real changes in operations and achieve real environmental benefits, rather than achieving the target by moving the point of gravity for our service offerings from e.g. civil engineering to construction works. The relevant service types in this context are our construction, civil engineering and demolition activities. Services that are not included in these categories are energy efficiency services, mass recovery facilities, property activities and shared services. Both civil engineering and demolition operations require heavy construction machinery to manage the large quantities of materials and structures in projects. However, in our construction projects, the use of heavy construction machinery is limited to groundwork and logistics operations. For this reason, it is important to AF to analyse and reduce greenhouse gas emissions and savings for each service type and not to reduce civil engineering and demolition activities in relation to construction. AF's climate and environment targets have not been verified as being science-based.

Calculation methods and emission sources

AF reports its climate accounts based on the Greenhouse Gas Protocol (GHG), where our own direct and indirect emissions (scope 1 and 2), as well as other selected indirect emissions (scope 3), are measured in tonnes of CO₂ equivalents. The reporting for scope 1 and 2 is based on an assessment of operational control and on reported data from the Group's consolidated companies. AF uses



CLIMATE ACTION

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

the company CEMAsys' database of emission factors to calculate our greenhouse gas emissions, in order to obtain a representative impression of the emissions resulting from AF's operations. Measuring and reporting greenhouse gas emissions and increasing our knowledge of how emissions occur gives us a good basis for cutting emissions going forward.

Key assumptions and calculation methods for the scope 3 categories AF reports on in 2023: Category 5 – Waste generated in operations is generally calculated based on direct data collection from our waste suppliers. In addition, AF carries out manual reporting based on waste reports for some projects. Waste from our demolition activities is not included in the emission figures. Categories 6 and 7 – Business travel and employee commuting are calculated based on data collected from travel agencies with which AF has a group agreement, in addition to our mileage reimbursement system. A smaller part of the calculation is based on estimates from user surveys sent to employees. In addition, some data is collected from manual reporting for individual projects.

Scope 3 is divided into 15 categories according to the GHG protocol, and consists of upstream and downstream emissions in the value chain. According to information from PwC's 2023 climate index, Scope 3 accounts for more than 97 per cent of the total emissions for the construction, civil engineering and property industry.



Reduction of greenhouse gas emissions

Strøm Gundersen has achieved excellent results in reducing greenhouse gas emissions in connection with the renovation of Kommunegården in Sandvika. The Sandvika project is Norway's second BREEAM Outstanding building in renovation, and achieved a greenhouse gas reduction of 59 per cent compared to a reference building. BREEAM certification involves very strict requirements for e.g. energy consumption, ventilation, water consumption, materials and waste solutions. This is particularly challenging in a building that will be renovated instead of constructing a new building, and requires proper planning from the start.

AF has assessed the Scope 3 categories that are material to our climate accounts. Based on preliminary work, the highlighted categories below are considered material. The materiality assessment for the categories Upstream leased assets (Category 8) and Downstream transportation and distribution (Category 9) has not been finalised.

- Category 1: Purchased goods and services**
- Category 2: Capital goods**
- Category 3: Fuel- and energy-related activities**
- Category 4: Upstream transportation and distribution**
- Category 5: Waste generated in operations**
- Category 6: Business travel**
- Category 7: Employee commuting**
- Category 8: Upstream leased assets
- Category 9: Downstream transportation and distribution
- Category 10: Processing of sold products
- Category 11: Use of sold products**
- Category 12: End-of-life treatment of sold products**
- Category 13: Downstream leased assets
- Category 14: Franchises
- Category 15: Investments

Construction products account for more than 80 per cent of greenhouse gas emissions from the construction sector¹, and the main category for AF will be Category 1: Purchased goods and services. The scope 3 reporting is undergoing continuous development, and AF is currently working on quality assurance of the preferred method for calculation. AF will present a complete climate account with key categories within scope 3 for the financial year 2024.

Status – target attainment

In 2023, AF had a climate footprint of 1.2 (1.1) for scope 1 and 2, corresponding to total emissions of 35,166 (33,777) tons of CO₂ equivalents. The use of diesel in construction machinery is our largest source of direct emissions. We mainly use construction machinery for earth moving, and AF's reduced climate footprint from the baseline year 2020 is largely due to the fact that the amount of earth moving in road projects for civil engineering services was higher in 2020 than in 2023. The amount of earth moving will vary depending on the type of civil engineering projects and the implementation stage that the projects are in. Future greenhouse gas emissions will also vary based on access to fossil-free construction equipment and/or biofuels in different geographical locations. In addition, the type of contract, the degree of involvement in the design stage as well as requirements and expectations from the client will also affect greenhouse gas emissions in each project. AF's project portfolio for civil engineering is varied and includes roads, railways, bridges, port facilities, airports, tunnels, foundation work, renovation and construction of concrete structures, power and energy plants, as well as onshore facilities for oil and gas. Despite AF's ongoing work on the interventions mentioned above, our varied project portfolio, the implementation phase and the specific nature of each project will lead to natural variations in our greenhouse gas emissions.

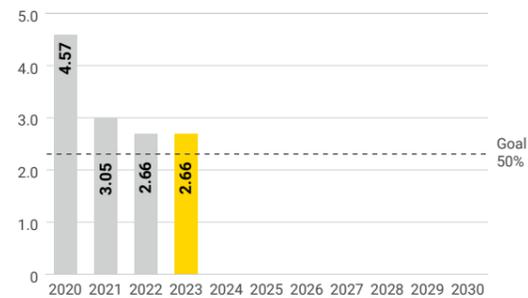
¹ Norway's Climate Action Plan for 2021–2030 – Meld. St. 13 (2020–2021) Report to the Storting (white paper)



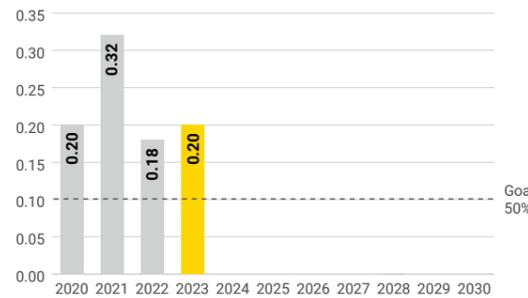
Climate-friendly shotcrete in new tunnel

JV AF Ghella is building a new tunnel system for the distribution of drinking water on behalf of Oslo Municipality's Water and Wastewater Authority (Vann- og avløpsetaten). To minimise the environmental impact of the project, shotcrete is produced using sand from cleaned excavated material from another AF Gruppen company, Nes Miljøpark. The project is one of the first in the Oslo area where aggregates from used excavated material are used for shotcrete. An electric concrete mixer drum is used to mix sand with cement, water and additives. Ølen Betong has established a concrete factory at the project's rig site, which reduces the need for transportation, and electric concrete trucks are also used to transport the concrete.

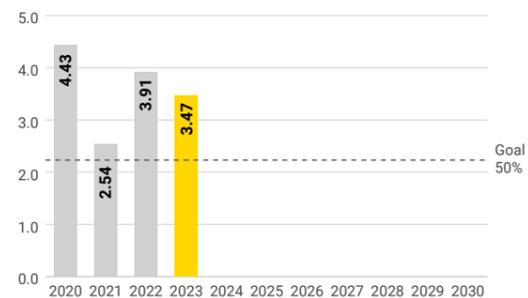
SERVICE TYPE CIVIL ENGINEERING – CLIMATE FOOTPRINT (SCOPE 1 AND 2)



SERVICE TYPE CONSTRUCTION – CLIMATE FOOTPRINT (SCOPE 1 AND 2)



SERVICE TYPE DEMOLITION – CLIMATE FOOTPRINT (SCOPE 1 AND 2)



How can AF reduce greenhouse gas emissions from its projects?

To achieve our targets for reducing greenhouse gas emissions in scope 1 and 2, AF's entrepreneurial spirit and our employees' knowledge and expertise are key. In addition, close collaboration with our customers and suppliers will be important in order for AF to achieve our climate-related goals.

There are several possible measures that can help reduce greenhouse gas emissions from AF's projects. In large civil engineering projects, comprehensive planning of road sections can help significantly reduce mass excavation and related earth movement. It is possible to take steps to cut significant costs during the design phase, and developments in the market, with the increased use of collaborative contracts in which contractors have the opportunity to contribute to the design phase, can have a positive impact in cutting emissions during the production phase. The industry can contribute to ensuring carbon storage in building materials, for example by extending the use of wood and timber, and by reusing a greater proportion of existing buildings to avoid unnecessary new construction. In other words, the input factors in our projects can contribute to fighting climate change.

AF Gruppen's machines have been monitored over a long period of time to gather data on driving patterns, and there is an increase in the installation of auto-stop mechanisms to prevent idle running. The use of electric machines and machines using hydrogen, renewable diesel and biodiesel will reduce emissions. The use of electric loaders, dumpers and wheel loaders is now being tested to a greater extent on construction sites. The need for emission-free construction machinery in areas with underdeveloped infrastructure has led AF to build its own mobile charging stations for heavy construction machinery. An increasing number of construction sites are now operating as fossil-free construction sites. In addition to fossil-free civil engineering operations reducing greenhouse gas emissions, a transition to electric or hydrogen-powered solutions will reduce local emissions and create a better physical working environment on the construction site.

CLIMATE ACCOUNTS	Energy equi. (MWh) ¹⁾		Emissions (tonnes CO ₂ e) ²⁾		Base year
Category	2023	2022	2023	2022	2020
Petrol (l)	2,283	2,332	580	563	257
Diesel oil (l)	127,519	132,011	32,325	31,301	42,065
Biodiesel (l)	12,565	8,010	76	93	50
Propane (kg)	2,069	2,240	482	522	182
Other	94	23	197	80	146
Scope 1: Direct emissions	144,530	144,615	33,660	32,559	42,699
District cooling and heating (kWh)	5,672	3,904	238	121	140
Power (kWh)	53,224	47,609	1,268	1,096	2,180
Scope 2: Indirect emissions from own activities (locationbased)	58,896	51,512	1,506	1,217	2,320
Scope 2: Indirect emissions energyconsumption (markedbased) ³⁾			15,827	11,339	
Greenhouse gas emissions (tonn CO ₂ e)			35,166	33,777	45,019
Carbon footprint ⁴⁾ scope 1 and 2			1.2	1.1	1.6
Waste			10,843	4,480	
Business travel			1,408	1,167	
Employee commuting			1,945	2,227	
Scope 3: Other indirect emissions			14,196	7,874	
Greenhouse gas emissions (tonn CO ₂ e)			49,362	41,651	
Carbon footprint ⁴⁾ scope 1, 2 and 3			1.6	1.3	

EMISSIONS BY SERVICE TYPE ⁵⁾	Civil engineering services			Construction services			Demolition services		
	2023	2022	2020	2023	2022	2020	2023	2022	2020
Emissions (tonnes CO ₂ e) ²⁾									
Scope 1: Direct emissions	25,441	23,092	34,236	2,736	2,769	2,735	4,724	5,900	4,338
Scope 2: Indirect emissions energy consumptions	484	272	861	862	781	839	102	97	153
CO ₂ e emissions (tonnes CO ₂ e)	25,925	23,364	35,097	3,598	3,550	3,575	4,826	5,998	4,491
Carbon footprint (scope 1 and 2)	2.66	2.66	4.57	0.20	0.18	0.20	3.47	3.91	4.43
Change from base year (2020)	-42%	-42%		0%	-10%		-22%	-12%	

¹⁾ Energy equivalents illustrate the annual energy intensity of AF Gruppen's activities within scope 1 and 2.
²⁾ Greenhouse gas emissions with warming potential equivalent to CO₂.
³⁾ AF Gruppen use productionbased method to calculate scope 2-emissions, and use markedbased scope 2-emissions for information.
⁴⁾ Carbon footprint is calculated as tonnes CO₂e per NOK million revenues.
⁵⁾ Servicetype defined according to segment note, see note 4 in the Groups consolidated financial statements.

CLIMATE RISKS AND OPPORTUNITIES

AF has used the TCFD framework for reporting climate risks and opportunities as a starting point.

Climate risk in this context refers to how climate change affects AF financially, not how AF affects the climate. The TCFD framework recommends reporting in four main areas: corporate governance, strategy, risk management and objectives and methods. In 2023, the Corporate Management Team, with the support of the Board of Directors, updated our climate risk analysis to identify the most important climate risks affecting AF Gruppen. In the following, we present our climate risk reporting based on the TCFD framework.

Climate and natural challenges are closely interlinked, and natural risk and climate risk must therefore be viewed in conjunction with each other. Climate risk is a key factor in AF's resilience strategy against climate change and the stricter framework conditions that will apply in the transition to a low-emission society. Natural risk concerns the ways in which AF is dependent on nature and the impact AF's operations have on nature, and whether policy changes or loss of nature pose a risk to AF. Recently, frameworks have been developed that can be used to report on and manage nature-related risks. The Task Force on Nature Related Financial Disclosures (TNFD) framework is structured in the same way as TCFD, and ESRS refers to both the TNFD and TCFD frameworks. In 2024, AF started analysing, assessing and managing nature-related risks.

Corporate governance
the Board of Directors has the ultimate responsibility for ensuring that climate risks and opportunities are managed satisfactorily, while operational responsibility lies with the Corporate Management Team.

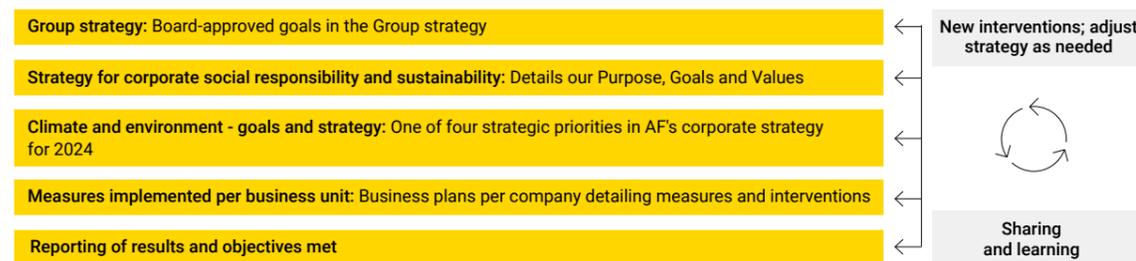
- ▶ Board oversight of climate risks and opportunities

The Board has a strong focus on CSR and takes part in AF Gruppen's evaluation and revision of climate risks. Monitoring and evaluation of implemented key measures implemented is reported to the Board as needed. The Board considers climate-related issues when reviewing risk areas and internal controls, as well as in their approval of strategies, quarterly accounts, annual accounts and budget work. Climate-related assessments are also made when reviewing AF's core values, guidelines for ethics and social responsibility, organisational structure and corporate governance principles. In addition to the regular items, the Board also assesses any climate-related matters linked to potential acquisitions of companies valued at over NOK 50 million, site investments where our share is over NOK 100 million and contract tenders with a contract sum in excess of NOK 600 million. CEO Amund Tøftum's

FRAMEWORK TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS AND TARGETS
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
▶ Describe the board's oversight of climate-related risks and opportunities.	▶ Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	▶ Describe the organisation's processes for identifying and assessing climate-related risks.	▶ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
▶ Describe management's role in assessing and managing climate-related risks and opportunities.	▶ Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	▶ Describe the organisation's processes for managing climate-related risks	▶ Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	▶ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	▶ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	▶ Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

FROM CORPORATE STRATEGY TO CONCRETE PROJECT MEASURES



reporting to the Board of Directors of AF includes quarterly reporting on climate-related matters. The Board and the Audit Committee review the targets and events related to climate and the environment every quarter in connection with the quarterly reporting, and on an annual basis in the annual report. The Audit Committee is an advisory body to the Board and prepares reports with respect to statutory auditing, financial reporting and sustainability reporting. The Audit Committee also prepares the Board's annual quality assurance of sustainability reporting in AF.

- ▶ Management's role in assessing and managing climate risks and opportunities

CEO Amund Tøftum has the main operational responsibility for climate risk management in the day-to-day operations and in the implementation and monitoring of the Group's strategy. Each EVP is responsible for their respective business areas. EVP Eirik Wraal has a dedicated role in following up on corporate social responsibility in AD, and CFO Anny Øen has a dedicated role in following up on AF Gruppen's external sustainability reporting. In connection with the implementation of the operationalisation of AF Gruppen's climate and environmental strategy, a separate steering group has been established, led by representatives from the Corporate Management Team, in which the HSE Department and Corporate Finance Department are represented. Key issues related to sustainability reporting are raised in the steering group for discussion and passed on to the rest of the Corporate Management Team as required.

The Corporate Management Team monitors the status of strategic goal achievement through the Climate and Environment Department's quarterly reporting of key performance indicators. In connection with the risk review of tenders with a contract sum exceeding NOK 100 million, the project's climate and environmental risk must be described and possible measures to

minimised climate and environmental risk must be reviewed. This also applies to contracts with a lower contract sum if the risk situation or other circumstances so indicate. The individual AF business units are responsible for mitigating climate and environmental risk as part of the daily operations and implement relevant measures to help achieve the overall Group strategy. It is a requirement that business units and projects be capacitated with sufficient expertise in climate and environment issues. Mapping and analysis of risk in connection with HSE shall be carried out and documented in all projects, including issues related to the climate and environment, both at the start and during implementation.

Strategy
The green shift presents both risks 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. AF Gruppen's strategy for climate and the environment is fundamentally anchored in our vision: we are clearing up the past, and building for the future. This means that we must remove, clean or eliminate materials, land and energy solutions that are harmful to the environment, and that we must offer services that society needs to meet current and future energy and environmental challenges.

- ▶ Climate risks and opportunities AF has identified in the short, medium and long term

The tables on the following pages present the climate risks and opportunities AF has identified in the short, medium and long term. A description of the different timelines is provided below. These tables show the material risks and opportunities AF has identified in this process, but do not provide a complete overview of all the risks and opportunities AF has considered. For example, AF has assessed the climate risk associated with financing and

Timeline	Years	Description
Short	1–3 years	In line with the average duration of AF's projects and climate actions or decisions taken in the short term.
Medium	3–10 years	Covers the timeline for AF's larger, longer-term projects and our climate and environmental targets leading up to 2030.
Long	> 10 years	Covers the period up to 2050 and our long-term goal of climate neutrality.

TYPE	DESCRIPTION OF OPPORTUNITIES	POTENTIAL FINANCIAL IMPACT	FINANCIAL IMPACT – LOW EMISSIONS SCENARIO			FINANCIAL IMPACT – HIGH EMISSIONS SCENARIO			AF's response to opportunities	
			Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)	Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)		
OPPORTUNITIES	Resource efficiency	Circularity in our construction and civil engineering projects	Reduced project costs	Low	Low	Medium	Low	Low	Low	▶ See the section on resource efficiency and circularity, p. 38–39
	Products and services	Increased demand for climate and environmentally friendly products and services: – Climate and environmentally classified buildings – Renovations – Energy efficiency – Renewal energy development – Purification and reuse of materials	Increased revenue from climate and environmentally friendly products and services	Medium	High	High	Low	Low	Low	▶ See the section about climate and environmentally friendly products and services, p. 35–36
		Development of innovative solutions to reduce climate and environmental impacts	Increased revenue from new products and services	Low	Low	Medium	Low	Low	Low	▶ See the section on developing innovative solutions, p. 37
		Increased demand for our products and services as a result of: – A demand for products and services that can withstand extreme weather events and lasting climate change – Recovery and reconstruction after extreme weather	Increased revenue from new products and services	Low	Medium	Medium	Low	Medium	High	▶ See the section on recovery and reconstruction, p. 37
	Reputation	Employee value proposition related to climate issues and AF's adaptability	Increased revenue due to increased competitiveness and reduced project costs	Low	Medium	High	Low	Low	Low	▶ See section 04.2, p. 50

access to capital. AF has not yet identified any material financial effects in this regard, but this could change if future investment decisions or allocation of capital is impacted to a greater extent than our preliminary assessments suggest. In connection with the Group's financial period-end closing, relevant climate risks are assessed against potential accounting effects. No climate risk has been identified as having a significant impact on the consolidated financial statements for 2023. Read more in note 37.

▶ The impact of climate risks and opportunities on AF's business model, strategy and financial planning

In order to achieve our long-term ambitions for the climate and environment, it will be crucial in the short and medium term to:

- Increase our knowledge about our greenhouse gas emissions and waste production
- Use and develop circular products and other desirable climate and environmental services that make us competitive
- Actively help meet our customers' and partners' climate and environmental goals by identifying and providing alternative solutions
- Actively attract and recruit talent with the relevant climate and environmental expertise

The figure on the previous page shows how the Group strategy is operationalised into concrete steps in each business unit.

▶ The impact of different scenarios

The TCFD framework recommends assessing risks and opportunities based on different scenarios. At a general level, AF Gruppen has based its assessment of climate-related risks and opportunities on a low-emission scenario and a high-emission scenario. These two scenarios represent extremes in future developments

and have been chosen to stress test the potential financial effects of the transition to a low-emission society versus a future high-emission society.

The low emissions scenario describes a world where global CO₂ emissions are successfully cut in order to achieve net zero by 2050. Extreme weather is more common, but the world has managed to avoid the most severe impacts of climate change. At the core of this scenario is the rapid deployment of clean energy technologies and increased energy efficiency. This scenario is consistent with the Paris Agreement's goal of keeping global warming to around 1.5°C above pre-industrial temperatures, and is also in line with the emission reductions stated in the IPCC's sixth assessment report.

The high-emissions scenario represents a society with high greenhouse gas emissions and no effective emission reduction policies. In this scenario, the global temperature rises above 4°C and the severity and frequency of extreme weather events will increase.

In the low-emission scenario, transition risks will be higher, while physical risks will be lower. In the scenario with high emissions and global warming exceeding 4°C, the opposite will be the case. There is great uncertainty about how climate risks and opportunities will impact AF in the future, and identified risks and opportunities associated with selected scenarios do not necessarily imply that these will become a reality. AF will continue to work on the use of scenarios in our climate-related risk and strategy efforts and to assess how our risk exposure may change in the future.

Risk management

Climate risk can be divided into physical risk and transition risk. Physical risk is risk associated with climate- and weather-related events such as heatwaves, droughts, floods and storms, and arises due to the uncertainties associated with what future climate change will entail. Extreme weather events can potentially lead

to major financial losses and reduce the value of assets. Physical risk can be divided into two categories: Acute physical risk and chronic physical risk. Acute physical risk is caused by extreme weather events that have an immediate impact and can cause disruptions the supply chain. Chronic physical risk is caused by steadily deteriorating conditions over time that cause lasting temperature changes or rising sea levels. Transition risks are risks that follow from the transition to a low-emission society. Transition risk arises due to uncertainty about future social developments, including climate policy and technology developments. In addition to the various types of climate risk, there are many opportunities associated with climate change and climate policy, such as increased resource efficiency and the development of climate and environmentally friendly products and services.

▶ AF's process for identifying and assessing climate risk

In conducting AF's climate risk analysis, the Corporate Management Team, with the support of the Board of Directors and with the involvement of representatives from business units in AF, has assessed physical risks and transition risks. Similarly, we have assessed opportunities related to resource efficiency, energy sources, products and services, markets and resilience. In the process of identifying significant climate risks and opportunities, an assessment has been made of the probability of the risks and opportunities arising given two different extreme scenarios, and the financial impact this would have on AF. AF has used the same baseline values as those used for assessing financial materiality in the Group's annual accounts in the assessment of climate-related risks and opportunities.

▶ AF's processes for managing climate risks and opportunities

AF's systematic approach to risk management in the Group's projects also includes monitoring climate-related

risk. Identified risks form the basis for implementing necessary risk mitigation measures for the Group as a whole, and in individual projects as required. Seising opportunities for profitability is part of our culture, and we rely on innovative solutions to address climate risks and opportunities. In the following sections, we provide a more detailed description of how AF manages the material climate risks we have identified. See the table above for further information on how AF manages identified climate opportunities.

F1.1 Acute physical risk

More frequent and severe extreme weather, such as heavy rainfalls and flooding, can lead to greater unpredictability and an increased risk of accidents, especially in the construction industry. Such extreme weather events can also cause operational challenges and disruptions in our supply chain. As a result, this increases the risk of unforeseen costs in the execution of our projects, for example associated with increased prices, logistics issues or damages to our own contract work or materials. AF conducts and documents a mapping and analysis of HSE risk in all projects, including acute climate risk.

F2.1 Chronic physical risk

Permanent temperature changes, rising sea levels and changes in precipitation patterns may in the long term change AF's production capacity as a result of potentially longer construction times and reduced progress in our projects. In the coming years, AF will work to expand our understanding and the impact on our business model, including further developing our scenario analyses to meet potentially changing requirements and the need for necessary interventions.

01.1 Unpredictable policy and contract terms

Norwegian authorities have set ambitious targets that impact our industry, but there are currently great

TYPE	DESCRIPTION OF RISKS	POTENTIAL FINANCIAL IMPACT	FINANCIAL IMPACT – LOW EMISSIONS SCENARIO			FINANCIAL IMPACT – HIGH EMISSIONS SCENARIO			AF's management of risk	
			Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)	Short (1–3 years)	Medium (3–10 years)	Long (> 10 years)		
PHYSICAL RISK	Acute physical risk	More frequent and severe extreme weather can lead to: – Supply chain disruptions – Operational challenges – Increased risk of accidents	Increased project costs and lower revenue due to lower productivity	Low	Low	Medium	Low	Low	High	▶ See section F1.1
	Chronic physical risk	Permanent temperature changes, rising sea levels and changing precipitation patterns may impact AF's production capacity	Lower revenue due to lower productivity and reduced progress in our projects	Low	Low	Low	Low	Low	Medium	▶ See section F2.1
TRANSITION RISK	Political and regulatory/legal	Unpredictable policy and contract terms	Increased unforeseen project costs	Low	Low	Medium	AF has not yet identified material financial transition risks associated with a high emissions scenario			▶ See section O1.1
		Price increases associated with CO ₂ emissions	Increased project costs	Low	Medium	High				▶ See section O1.2
		Risk of disputes and litigation related to unproven solutions and construction methods, or failure to meet the climate and environmental requirements for our projects	Increased project costs	Medium	Medium	Medium				▶ See section O1.3
		Increased reporting scope on both Group and project levels	Increased administrative costs for internal and external reporting	Medium	Low	Low				▶ See section O1.4
	Market	Changing demand for climate and environmentally friendly products and services in our industry	Lower revenue from products and services if we fail to meet future climate and environmental requirements	Low	Medium	High				▶ See section O2.1
		Increased input costs for AF as our suppliers face ever-increasing costs related to energy consumption and climate and environmental requirements	Increased project costs and lower revenue due to lower demand for more expensive products and services	Low	Medium	High				▶ See section O2.2
	Technology	Limited access to the necessary technology, materials and machinery to meet customer climate and environmental requirements	Increased project costs	Low	Medium	High				▶ See section O3.1
		Introduction and development of new technologies	Increased project costs and costs related to research and development	Medium	Medium	Low				▶ See section O3.2
	Reputation	Changed customer behavior and reduced demand for products and services due to poor reputation if we fail to adapt	Reduced turnover	Low	Medium	High				▶ See section O4.1
		Employee value proposition related to climate issues and AF's adaptability	Lower revenue due to reduced competitiveness and increased project costs	Low	Medium	High				▶ See section O4.2

uncertainties and geographical variations with respect to the specific changes in requirements our project business will be subject to. The industry is therefore characterised by uncertainty and risk related to future framework conditions. AF has a very high level of expertise and experience when it comes to demanding policy requirements and the preparation of contract documents that make AF well equipped to respond to future changes in policy requirements.

O1.2 Price increases associated with CO₂ emissions
The government proposes to gradually increase the tax on greenhouse gas emissions (carbon tax) until 2030. The construction industry accounts for a significant share of Norway's total greenhouse gas emissions and increased carbon taxes have therefore been identified as a financial climate risk for AF. In addition to higher carbon taxes, other pricing mechanisms have also been proposed to increase the costs associated with greenhouse gas emissions. AF has set a goal of halving our relative greenhouse gas emissions by 2030, and several initiatives are underway to attain these goals. See the section on greenhouse gas emissions and energy consumption, pages 10–13, for more information about AF's strategy for reducing greenhouse gas emissions.

O1.3 Disputes and litigation
Increased demands, untested solutions and new contractual terms related to climate issues may result in new, unclear or complex responsibilities that will have a direct impact on our company's operations and services. Complex or untested innovative solutions and construction methods can potentially incur unforeseen costs due to failing to meet client requirements. In addition, failure to meet climate and environmental requirements for our projects may result in fines from our clients if they are not met. Key climate and environmental requirements are managed and monitored as part of the ongoing project management and AF Gruppen's risk management methodology.

O1.4 Increased reporting scope
The regulatory landscape for sustainability reporting is undergoing major changes, and the EU's Corporate Sustainability Reporting Directive (CSRD) puts financial reporting and sustainability reporting on an equal footing. This will require even more time and resources at Group level and a more demanding scope of reporting for our projects. In addition, we are spending more time on documentation and reporting exercises for individual projects related to customer requirements

and compliance with various climate and environmental certifications. AF is working on developing innovative solutions to ensure reporting of sustainability data in an efficient manner that adds value. In recent years, AF has also allocated significant resources to internal skills development and attracting relevant expertise in recruitment processes.

O2.1 Future climate and environmental requirements
The regulatory requirements for classifying products and services as climate and environmentally friendly are consistently being more stringent. There is a risk of reduced sales if AF is unable to adapt to meet future climate and environmental requirements. AF has extensive experience from projects that set comprehensive environmental requirements and has an in-depth understanding of how processes, material choices and operating solutions impact the climate and environment. In addition, AF has good expertise in climate and environment-related certifications, such as the BREEAM and Miljöbyggnad certification tools. In 2023, a pilot project was carried out under the auspices of Nye Veier, AF Gruppen and Norconsult, which showed how Norwegian road construction must meet strict criteria to fulfill the screening criteria under the EU

taxonomy. This is an example of a project that provides AF with useful knowledge about how we can meet increasingly stringent policy requirements for climate and the environment. AF's combined expertise enables us to take on the most demanding assignments, and our adaptability and drive puts us in a good position to meet the demands and expectations of the future.

O2.2 Increased input costs for AF
Like AF, our suppliers and subcontractors are also experiencing increased costs related to energy consumption and greenhouse gas emissions, which can lead to increased input costs for AF's projects. AF works closely with clients, suppliers and subcontractors to identify and select suitable for our projects. We will share our knowledge when it comes to meeting climate and environmental requirements, while guiding our customers and suppliers in selecting solutions that are both profitable as well as feasible.

O3.1 Access to input factors
The transition to a low-emission society depends on having access to the right input factors. Fossil-free construction reduces greenhouse gas emissions, but also requires access to the right machines. Increasing

demand for electrical construction equipment, climate and environmentally friendly materials and other input factors therefore increases the risk associated with the supply of such equipment. There are also significant geographical variations both with respect to charging facilities and access to materials, equipment and machinery with a low impact on the climate and environment. AF's fruitful collaboration with clients, suppliers and subcontractors will therefore play a key role in the green shift.

O3.2 New technologies

The introduction and development of new technologies can help resolve several climate and environment-related issues, and will play an important role in the transition to a low-emission society. At the same time, the introduction of new technologies may involve increased start-up costs and unexpected costs associated with unproven technology. AF will be a driving force for innovative solutions in the future, with a strong focus on cost-benefit assessments to ensure that new technology is introduced at the right time and in the right projects.

O4.1 Changing customer behaviors

Demands for sustainable products and services are increasing. The civil engineering, construction and property sectors have a major impact on climate and the environment. The ever-increasing demands and expectations from our stakeholders could affect demand if AF fails to adapt accordingly. There is therefore a risk of reduced demand related to our project business if AF does not meet the climate and environmental requirements of the future. AF's high level of expertise in climate and environmental matters allows us to identify opportunities and suggest other, more cost-effective solutions in projects. In conjunction with ensuring a good dialogue with our clients, this will help mitigate the risk of reduced demand. Early involvement of the contractor and close collaboration both before and during the development phases offer the greatest potential for environmentally friendly construction and civil engineering projects.

O4.2 Employee value proposition

AF's competitiveness lies in our people, and there is competition for the best people in the markets in which we operate. If AF does not contribute to the green shift, or if we fail to adequately communicate our contributions to key stakeholders, this could negatively affect our reputation and employee value proposition. AF has identified our employee value proposition as both a risk and an opportunity to our climate efforts. While our industry has a significant climate and environmental impact, there are also great opportunities to help push the industry in the right direction and towards the green shift. AF wants to be challenged by inquisitive students and new and existing employees who will help shape our industry in the future, while we will also be recruiting, developing and retaining the right people with the right skills. We will be the Nordic region's most

inquisitive contractor and challenge the status quo. One of AF's ongoing commitments is to operationalise our strategy for the climate and environment. AF is also committed to actively developing our sustainability reporting to ensure transparent and appropriate communication about AF's climate-related work and provide good examples of how individual employees can contribute. In this way, we will ensure that our employee value proposition becomes our greatest asset.

- Integration of AF's processes for identifying, assessing and managing climate risk into AF's overall risk management

The risk assessment already established across the Group is used in the same way to identify and assess climate risk. Read more about AF's risk management on page 18-19 in the Annual report 2023.

Goals and methods

- The methods AF uses to assess climate risks and opportunities related to monitoring out strategy and risk management processes

More information about methods used in relation to TCFD is provided in the sections "Greenhouse gas emissions and energy consumption" on pages 10–13 and "Resource efficiency and circularity" on pages 8–9.

- AF's climate accounts and the emission categories we report on (scope 1, 2 and 3)

AF's climate accounting and reporting on scope 1, scope 2, and material scope 3 categories, as well as related risk factors. AF reports a climate account based on the GHG protocol. See the section on greenhouse gas emissions and energy consumption, pages 10–13.

- AF's objectives for managing climate risks and opportunities and our achievement of these objectives

AF has set a goal of halving our relative greenhouse gas emissions by 2030 for scope 1 and 2 emissions compared to the baseline year 2020. We have also set goals for resource efficiency and circularity. To achieve our long-term climate and environmental ambitions, we have three prioritised focus areas for climate and the environment:

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

Read more about our targets and achievements in the sections "Greenhouse gas emissions and energy consumption" on pages 10–13 and "Resource efficiency and circularity" on pages 8–9.

EU TAXONOMY

The EU taxonomy is part of the European Green Deal, which is a growth strategy designed to make Europe the first climate-neutral region in the world by 2050.

The taxonomy is a classification system that defines what is considered a sustainable activity. Its purpose is to increase investments in sustainable solutions and manage financial risks caused by climate change. The taxonomy is also designed to prevent greenwashing by ensuring that there is a common system for what can be called sustainable. The Sustainable Finance Act, which enacts the EU Taxonomy Regulation ((EU) 2020/852) in Norwegian law, came into force on 1 January 2023.

In the EU taxonomy for sustainable activities, an activity is considered taxonomy-eligible if it is included in the list of activities that the EU has defined as potentially sustainable. 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 civil engineering, construction and property.

An activity is taxonomy-aligned if it makes a significant contribution to at least one of the EU's six defined climate and environmental objectives, does no significant harm to the other climate and environmental objectives and the activity meets minimum requirements for social and governance conditions.

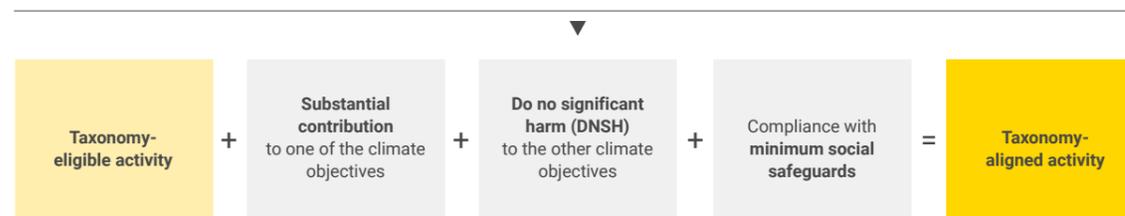
For the 2023 financial year, AF Gruppen is reporting for the first time on taxonomy-aligned activities in addition to taxonomy-eligible activities. The latter have previously been reported on a voluntary basis. More than

THE EU'S CLIMATE AND ENVIRONMENTAL OBJECTIVES:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

80 per cent of AF's operating revenue is covered by the EU taxonomy, spread across well over 20 activities. In excess of 10 per cent of AF's operating revenue has been assessed as taxonomy-aligned. The operating revenue that has been assessed as being taxonomy-aligned was linked to the following environmental objectives: 1. Climate change mitigation; 4. Transition to a circular economy; and 5. Pollution prevention and control. The taxonomy-aligned projects include demolition projects, energy-saving projects, some housing development projects and some major civil engineering projects.

ASSESSMENT OF PROJECTS IN EU TAXONOMY



	Portion of Turnover / Total Turnover		Portion of OpEx / Total OpEx		Portion of CapEx / Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	9.3%	66.7%	16.1%	58.4%	33.9%	42.6%
Climate change adaptation (CCA)	0.0%	0.0%	0.0%	58.4%	0.0%	42.6%
Water and marine resources (WTR)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Circular economy (CE)	3.8%	64.9%	5.5%	56.9%	4.7%	29.0%
Pollution (PPC)	0.4%	0.0%	0.3%	0.0%	0.5%	0.0%
Biodiversity and ecosystems (BIO)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

REPORTING PRINCIPLES, ASSUMPTIONS AND ASSESSMENTS

The reporting on the EU taxonomy follows the Group’s structure for financial reporting. The assessments are made by the project organisations that know the projects best, with quality review at a group level to ensure consistency. All projects are assessed individually to identify taxonomy-eligible and aligned activities, with a few exceptions where a portfolio assessment of comparable projects has been made.

Some ambiguities remain in the taxonomy regulation and some wordings that require interpretation and exercise of judgement. Therefore, there is a risk that AF has a different understanding of formulations and requirements in the taxonomy to those of other actors. Where AF has found that formulations or criteria can be understood in several ways, we have, based on our best judgement, applied the guidance that exists and assessed the reasonableness of our judgement based on the purpose of the EU taxonomy. Updates to EU regulations or relevant guidance from the Norwegian authorities may result in changes in AF’s reporting on both taxonomy eligibility and alignment in subsequent years.

Key performance indicators (KPIs)

AF reports on the KPIs operating revenue, operating expenses (OpEx) and capital expenditure (CapEx). The purpose of the operating expenses and capital expenditure KPIs is to identify the investments that contribute to sustainable activities and transition in a company. The KPIs are presented on pages 26-31 in accordance with the templates provided in Annex II of the Disclosures Delegated Act. Since this is the first year that AF is reporting on taxonomy-aligned, no comparable figures are presented in the table. Since AF has no activities linked to natural gas and nuclear energy (activities 4.26-4.31), we do not use the dedicated templates introduced for these activities.

Operating revenue in the taxonomy corresponds to operating revenue according to IFRS 15 Revenue from Contracts with Customers. See Note 2 “Material accounting policies”, Note 4 “Segment information” and Note 6 “Operating and other revenue” in the consolidated

financial statements for further information on operating revenue.

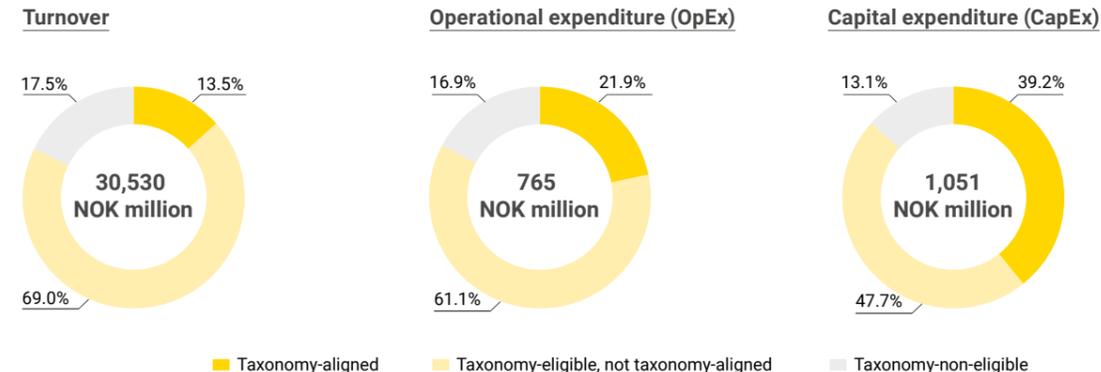
Operating expenses under the EU taxonomy are not linked to an IFRS definition in the same way as operating revenue, and are limited to expenses related to the maintenance and repair of property, plant and equipment that are essential for performing taxonomy-eligible activities. For AF Gruppen, these are expenses related to short-term leases that have not been activated on the balance sheet and expenses related to the repair, maintenance and cleaning of capitalised fixed assets.

Capital expenditures in AF Gruppen include investments in our own and leased buildings, production facilities, machinery and business assets under IAS 16 Property, Plant and Equipment and IFRS 16 Leases, as well as intangible assets under IAS 38. Any additions from business combinations in these categories are also included. Goodwill is not included, as it is not defined as an intangible asset under IAS 38.

Machines in AF Gruppen may be used in a number of different projects over the course of their service life. Therefore, accurately attributing capital expenditures and operating expenses associated with these machines to activities is challenging. Capital expenditures and operating expenses associated with the machine fleet are thus allocated based on a distribution formula determined by the distribution of operating revenue. The distribution formula is calculated per company or per subgroup, as appropriate.

Assessment of taxonomy eligibility

AF’s projects are classified by looking at the definition of the taxonomy’s different activities, with support from the associated NACE codes as guidance. The projects are not disaggregated when assigning them to activities when they could be assigned to two activities. For example, if a project involves a combination of renovation and new construction, an assessment is made as to which activity the project contributes the most and the entire project is then assigned to that activity. Of the material interpretations and assumptions AF has made in our assessments of taxonomy-eligible activities, the following should be mentioned:



CCM 7.1/CE 7.1 Construction of new buildings

All projects that contribute to a new building, from excavating contractor to property developer, are included in the activity unless they fit into a smaller and more specific activity. This means that even if AF only has a subcontract for a new building, the project is considered to be “construction of new buildings”.

CCM 7.2/CE 7.2 Renovation of existing buildings

AF finds that the description of this activity is missing a clear distinction between renovation and maintenance. AF has therefore used its judgement when assessing the projects with respect to what is renovation and what is maintenance. AF Gruppen does not include projects it has assessed as being maintenance in this activity.

CCM 6.15/CCA 6.15 Infrastructure enabling low-carbon road transport and public transport

Our interpretation is that CCM 6.15 only applies to road construction that is specifically for low carbon transport. Therefore, road construction in AF is not included in this activity as the roads we build, with some exceptions, are not specifically for low carbon transport only. As far as CCA 6.15 is concerned, operating revenue from road construction that is not necessarily specifically for low carbon transport is not included as taxonomy-eligible since the taxonomy does not define this as an enabling activity. Operating revenue from activities that are not defined as enabling cannot be included.

As a result of these interpretations, just under 20 per cent of AF’s operating revenue was assessed as not being taxonomy-eligible in 2023. This is mainly operating revenue related to road projects, as well as maintenance and service agreements and other minor maintenance projects that we have not classified as renovation of existing buildings. Projects classified as construction of new buildings make up the largest proportion of our taxonomy-eligible activities.

The fact that an activity is not currently considered taxonomy-eligible does not necessarily mean that the activity is harmful to the environment or that it is not sustainable. The taxonomy will develop in the

years to come, and several new activities and stricter requirements for existing activities are expected to be introduced. One example of projects in AF that contribute to the green transition but which nonetheless are not taxonomy-eligible is the cathodic protection of buildings and other structures. This prolongs the service life of existing infrastructure and buildings. The projects help to avoid new builds with their associated high greenhouse gas emissions.

Assessment of taxonomy alignment

AF has a very large number of taxonomy-eligible projects. In many cases, assessing whether an individual project satisfies the taxonomy’s criteria is time-consuming work. The largest projects and the projects that were most likely to be taxonomy-aligned were therefore prioritised in 2023 when assessments were being made in relation to the taxonomy’s criteria.

The majority of AF’s projects span several years. Because of this, projects that were not completed by the end of 2023 may not yet have achieved and documented compliance with all of the taxonomy’s criteria. If we believe that the project will have met the necessary criteria by the end of the project, the project is defined as taxonomy-aligned.

The requirement to do no significant harm that is common to all activities is a requirement to conduct a climate-related risk analysis in line with Appendix A of the EU Taxonomy Regulation. There is room for interpretation with respect to what object the climate-related risk analysis concerns, i.e. whether it is AF’s process and/or the product being produced. In principle, AF believes that we should analyse AF’s process in relation to the potential climate-related risks in the projects.

AF currently has few housing development projects that have been assessed as being taxonomy-aligned. The proportion of taxonomy-aligned buildings is expected to increase in the years to come, both because the alignment criteria will be clearer and because we expect an increase in demand and orders from our clients.

Taxonomy-eligible activities in AF Gruppen		
SECTOR: ENERGY		
CCM 4.1	Electricity generation using solar photovoltaic technology	AF carries out projects in connection with the development of solar farms.
CCM 4.3	Electricity generation from wind power	AF carries out projects in connection with groundworks and foundations for onshore wind turbines, as well as technical solutions and equipment deliveries for offshore turbines.
CCM 4.9	Transmission and distribution of electricity	AF constructs infrastructure that enables the transmission and distribution of electricity. This includes tunnels and trenches, as well as foundations and erecting masts.
CCM 4.15	District heating/cooling distribution	AF has many projects in this category that are related to pipe systems that carry district heating and cooling to buildings.
CCM 4.16	Installation and operation of electric heat pumps	AF delivers services related to the ongoing operation of central energy plants. Installing central energy plants is assigned to activity 7.6 Installation, maintenance and repair of renewable energy technologies.
CCM 4.22	Production of heat/cool from geothermal energy	Projects related to the production of heating/cooling at ports.
SECTOR: WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION		
CCM 5.1	Construction, extension and operation of water collection, treatment and supply systems	One of AF's significant activities is executing projects involving the construction and extension of water collection, treatment and supply systems. This includes sheet piling and drilling for steel core piles, concrete works for new water treatment plants, new tunnels and pipes for water supply and other works as needed.
CCM 5.2	Renewal of water collection, treatment and supply systems	AF carries out projects that involve the renewal of water collection, treatment and supply systems designed to improve the efficiency of the facility's energy consumption.
CCM 5.3	Construction, extension and operation of waste water collection and treatment	AF constructs waste water collection and treatment facilities.
CCM 5.4	Renewal of waste water collection and treatment	Renewal projects for treatment facilities that do not increase capacity are assigned to this activity.
PPC 2.4	Remediation of contaminated sites and areas	AF carries out projects related to the remediation of contaminated areas in which hazardous substances are removed from water and/or the ground, or otherwise handled in a manner designed to stop any adverse impacts on the environment.
CE 2.6	Depollution and dismantling of end-of-life products	AF Miljøbase Vats breaks up scrapped platforms and ships. Materials from these installations are decontaminated and can be resold as new products.
CE 2.7	Sorting and material recovery of non-hazardous waste	AF has three environmental centres that receive contaminated earth and rock that would otherwise end up in landfill sites and decontaminates them. The materials can then be reused. Revenue from the environmental centres are assigned to this activity.
CCM 5.9	Material recovery from non-hazardous waste	AF executes projects linked to recycling facilities for non-hazardous waste.
SECTOR: TRANSPORT		
CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles	AF has company vehicles that are assessed in relation to the CapEx and OpEx criteria.
CCM 6.12	Retrofitting of sea and coastal freight and passenger water transport	AF delivers equipment and services for improving energy efficiency and electrifying ocean-going and coastal transport vessels. AF's part of such deliveries largely involves HVAC equipment on board and charging stations on land.
CCM 6.13	Infrastructure for personal mobility, cycle logistics	AF constructs infrastructure designed for pedestrians and cyclists specifically for personal mobility. A large proportion of the projects include construction of bridges for personal mobility. Where pedestrian and cycling paths form part of a larger road project, these are not included as taxonomy-eligible.
CCM 6.14	Infrastructure for rail transport	Infrastructure for rail transport includes the construction, modernisation and maintenance of stations, bridges and track for trains and metro lines.
CCM 6.15	Infrastructure enabling low-carbon road transport and public transport	AF executes projects in which we build roads specifically for public transport. Infrastructure that is constructed where public transport is operated in conjunction with other traffic is not included in this activity, nor is it included as a taxonomy-eligible activity for AF.
CCM 6.16	Infrastructure enabling low carbon water transport	AF implements adaptations to ports that enable low carbon water transport, such as installing charging stations for ferries and express boats.

Taxonomy-eligible activities in AF Gruppen		
SECTOR: CONSTRUCTION AND REAL ESTATE ACTIVITIES		
CCM 7.1	Construction of new buildings	AF's largest activity is constructing new buildings, both residential and commercial buildings. The activities that are included are projects involving groundworks for buildings, subcontracts, main contracts and turnkey contracts in connection with new buildings, if these cannot be assigned to other, more specific, activities.
CCM 7.2	Renovation of existing buildings	Renovation of existing buildings is AF's second largest activity. This includes renovating both residential and commercial buildings. Projects considered to be maintenance and not renovation has not been included.
CE 3.3	Demolition and wrecking of buildings and other structures	AF demolishes buildings and other structures, for example where buildings need to be demolished when new buildings are going to be constructed.
CE 3.5	Use of concrete in civil engineering	AF carries out concrete work in a number of construction projects related to the construction of new bridges and tunnels. The use of concrete in residential projects is classified under CCM 7.1 Construction of new buildings.
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	AF carries out projects involving the installation of energy efficiency equipment in buildings. This includes putting in new energy efficient windows and doors and installing energy efficient ventilation and HVAC equipment.
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	AF's projects assigned to this activity involve the installation of solar panels for buildings, as well as the construction of central energy plants that provide heating and cooling in buildings using renewable energy sources. We also carry out maintenance and repair projects at wind farms.
CCM 7.7	Acquisition and ownership of buildings	AF has a number of office premises and production facilities it is relevant to assess in relation to the CapEx and OpEx criteria.
SECTOR: PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES		
CCM 9.3	Professional services related to energy performance of buildings	AF provides professional services that involve reviewing a building's energy performance and suggesting improvements. These can be in the form of engineering for energy saving projects or as EPC contracts.

Assessment of minimum requirements for social and governance conditions

AF's assessments of minimum requirements for social and governance conditions are based on the guidelines presented in the "Final Report on Minimum Safeguards" published by the Platform on Sustainable Finance. Based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), the eight ILO Conventions on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights, this report defines four main categories for which a company must document that it complies with the minimum requirements. These are human rights, corruption, taxation and fair competition. Within each main category,

there are two criteria that indicate that a company is not complying with the minimum requirements. If the company only meets one of these criteria, it cannot claim that it is complying with the minimum requirements.

The guidelines in the "Final Report on Minimum Safeguards" overlap with other existing legislation, such as the Transparency Act, and AF's approach to human rights, the working environment and other relevant conditions as embodied in the Code of Conduct and in Purpose – Goals – Values. Based on an assessment in line with these criteria, AF's activities meet minimum requirements for social and governance conditions. Further information about AF's work on social and governance conditions can be found on pages 32-41.

Turnover

Turnover	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards (17)		Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) turnover, 2022 (18)	Enabling activity (19)	Transitional activity (20)
	Code (2)	Turnover (3)	Proportion of turnover 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)					
Economic activities (1)		NOK million	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally Sustainable activities (Taxonomy-aligned)																				
Electricity generation from wind power	CCM 4.3	440	1.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
District heating/cooling distribution	CCM 4.15	658	2.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Installation and operation of electric heat pumps	CCM 4.16	28	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	1,056	3.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Construction, extension and operation of waste water collection and treatment	CCM 5.3	259	0.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Remediation of contaminated sites and areas	PPC 2.4	109	0.4%	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Depollution and dismantling of end-of-life products	CE 2.6	228	0.7%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Sorting and material recovery of non-hazardous waste	CE 2.7	89	0.3%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Construction of new buildings	CCM 7.1/CE 3.1	103	0.3%	Y	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Renovation of existing buildings	CCM 7.2/CE 3.2	95	0.3%	Y	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	Y		T	
Demolition and wrecking of buildings and other structures	CE 3.3	857	2.8%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	Y			
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	124	0.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	54	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y		E	
Professional services related to energy performance of buildings	CCM 9.3	30	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y		E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4,129	13.5%	9.3%	0%	0%	0.4%	3.8%	0%	Y	Y	Y	Y	Y	Y	Y	Y			
Of which Enabling		208	0.7%	0.7%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	Y		E	
Of Which Transitional		95	0.3%	0.3%						Y	Y	Y	Y	Y	Y	Y	Y		T	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation using solar photovoltaic technology	CCM 4.1	1	0.0%																	
Electricity generation from wind power	CCM 4.3	30	0.1%																	
Transmission and distribution of electricity	CCM 4.9	163	0.5%																	
District heating/cooling distribution	CCM 4.15	73	0.2%																	
Installation and operation of electric heat pumps	CCM 4.16	23	0.1%																	
Production of heat/cool from geothermal energy	CCM 4.22	1	0.0%																	
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	48	0.2%																	
Renewal of water collection, treatment and supply systems	CCM 5.2	196	0.6%																	
Construction, extension and operation of waste water collection and treatment	CCM 5.3	185	0.6%																	
Renewal of waste water collection and treatment	CCM 5.4	26	0.1%																	
Material recovery from non-hazardous waste	CCM 5.9	5	0.0%																	
Retrofitting of sea and coastal freight and passenger water transport	CCM 6.12	29	0.1%																	
Infrastructure for personal mobility, cycle logistics	CCM 6.13	44	0.1%																	
Infrastructure for rail transport	CCM 6.14	250	0.8%																	
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	97	0.3%																	
Infrastructure enabling low carbon water transport	CCM 6.16	6	0.0%																	
Construction of new buildings	CCM 7.1/CE 3.1	16,641	54.5%																	
Renovation of existing buildings	CCM 7.2/CE 3.2	2,719	8.9%																	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	30	0.1%																	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	20	0.1%																	
Demolition and wrecking of buildings and other structures	CE 3.3	35	0.1%																	
Use of concrete in civil engineering	CE 3.5	430	1.4%																	
Turnover of Taxonomy-eligible but not Taxonomy-aligned activities (A.2)		21,054	69.0%																	
A. Turnover of Taxonomy eligible activities (A.1+A.2)		25,183	82.5%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities		5,357	17.5%																	
Total		30,530	100.0%																	

¹⁾ Turnover are only set as taxonomy-eligible or -aligned according to climate objective no. 2 in cases where the activity is defined as enabling for climate objective no. 2

SOCIAL CONDITIONS

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

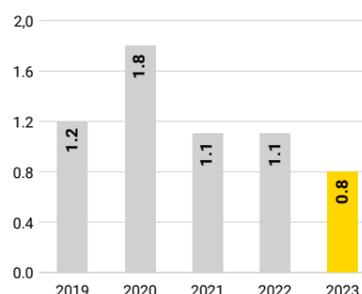
The project industry of which AF is a part has inherent risks related to working conditions that we take seriously and always consider:

- 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.
- Traditionally, civil engineering, construction and industry have been male-dominated sectors where there is a risk of conscious and unconscious gender bias.
- Strong competition and relatively low margins may lead to employees feeling pressured to work more than is safe and desirable.
- In some of the disciplines involved in our projects, there is a risk of work-related crime and a lack of basic labour rights. Examples include undeclared work and foreign workers being subjected to social dumping and unacceptable working conditions.

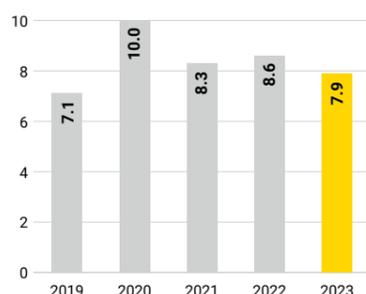
AF has implemented provisions designed to safeguard the health, safety and rights of employees at work. The regulations apply to our own employees, subcontractors and suppliers in all our projects.

The EU's Sustainability Directive and the upcoming new sustainability reporting standards also address reporting on social conditions. Based on the preliminary work for our double materiality analysis, ESRS S1 Own Workforce, ESRS S2 Workers in the Value Chain, and certain aspects related to the standard ESRS S3 Affected Communities are considered material reporting topics. AF's existing reporting on social conditions remains relevant for identified reporting topics, although stricter requirements for detailed information mean that AF's reporting on social conditions will be extended for the 2024 reporting year.

LTI-1 RATE



LTI-2 RATE



HEALTH AND SAFETY – EVERYONE SHOULD GET HOME SAFELY

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

AF expects its subcontractors to comply with the same HSE standards AF does. The core principle on which our HSE work is based is that all adverse events and incidents have an underlying cause and can therefore be avoided.

Risk management

Risk management is a key factor in preventive HSE work. AF identifies, communicates and manages HSE risks that could lead to occupational accidents and impaired health. At AF, we reduce risk to acceptable levels via a system of barrier controls, including both physical and organisational barriers. Many of AF's projects now use Clara, a digital system for HSE risk management developed by corporate staff resources within HSE and Innovation and Digital. The system is specifically designed for project activities within construction. The system helps projects manage barriers effectively and with the intelligent transfer of experiences from previous incidents and accidents.

Learning and improvement

Adverse events and matters relating to HSE are highlighted to ensure learning and further development. Particularly serious incidents are followed up in detail 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 2023, nearly 55,089 (50,112) 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 rate. The LTI rate is defined as the number of serious injuries and lost-time injuries per million hours worked and includes our own employees, subcontractors and suppliers who are injured in our projects. AF's LTI rate definition is somewhat stricter than the industry standard. We include all injuries considered medically serious, including those that do not result in absence from work. The injury rate has shown a positive trend throughout the years, from an LTI rate of around 20 for the Norwegian operations in the early 1990s, to an LTI rate of 0.8 (1.1) in 2023. This rate represents 17 (24) LTI injuries in 2023.

The number of cut injuries on hands and fingers decreased in 2023 compared with 2022, which contributed to the decreases in the LTI rate and the TRIF rate. At the same time, analyses show that as many as 27 of the 33 most serious cut injuries on fingers and hands could have been less medically serious had the injured person been wearing more cut resistant gloves. Steps are being taken to make it easier for individuals to make good choices with respect to glove use, such that the right gloves are used for the right purpose.

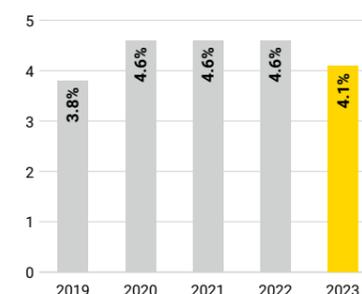
The end of the year marked 2 years since AF made it mandatory to use helmet chin straps in all of our projects. It appears that the order may have had some effect. The number of head injuries resulting in LTI and TRIF injuries has halved since 2021.

Although AF's LTI rate for 2023 can be considered to be low, the organisation was affected by the most serious accidents. A fire at the beginning of the year resulted in a serious personal injury that left an employee of a subcontractor with a permanent injury. This reminds us of the importance of good HSE work, on-site management and compliance with our HSE systems and procedures.

Absence due to illness

Absence due to illness is an indicator of health work and our rate was 4.1 per cent (4.6 per cent) in 2023. AF Gruppen's absence due to illness is considered lower than the average for the construction and civil engineering

ABSENCE DUE TO ILLNESS



sector. Figures for the construction and civil engineering sector are presented by the Contractors Association – Building and Construction EBA. The average absence due to illness rate was 5.9 per cent. Nevertheless, in AF, we believe that our absence due to illness rate is still too high. This is because we know that some of the absence due to illness is work-related and can thus be mitigated. Our long-term systematic work aims to achieve a “healthy sickness picture”, without any absence resulting from conditions at work. We anticipate an absence due to illness of less than 3 per cent when this target has been met.

Health-related work

Health-related work is a natural part of our HSE efforts in the same way as safety work. AF’s internal occupational health service constitutes a strong, expert and positive adviser within preventive health-related work. Risk management in the area of health requires both expertise and knowledge of what our employees can be exposed to at work. To ensure that we understand the relevant exposures and the measures that can prevent damage to someone’s health, AF has health cards for the 15 most relevant types of exposure available in several languages.

In 2023, we marked World Mental Health Day with fundraising collections, courses and talks. Mental health has long had a place in AF’s culture and systems, but is now gaining extra momentum due to positive social

changes with a greater focus on, and openness about, the topic.

The physical working environments in construction projects can impact employees’ bodies. Therefore, ergonomics is an important topic when AF’s occupational health service surveys occupational health. Analyses for 2023 show that AF’s employees report slightly higher rates of ailments than those we see at a national level in the sector. Based on this experience, we want to take a good, risk-based approach to ergonomics going forward.

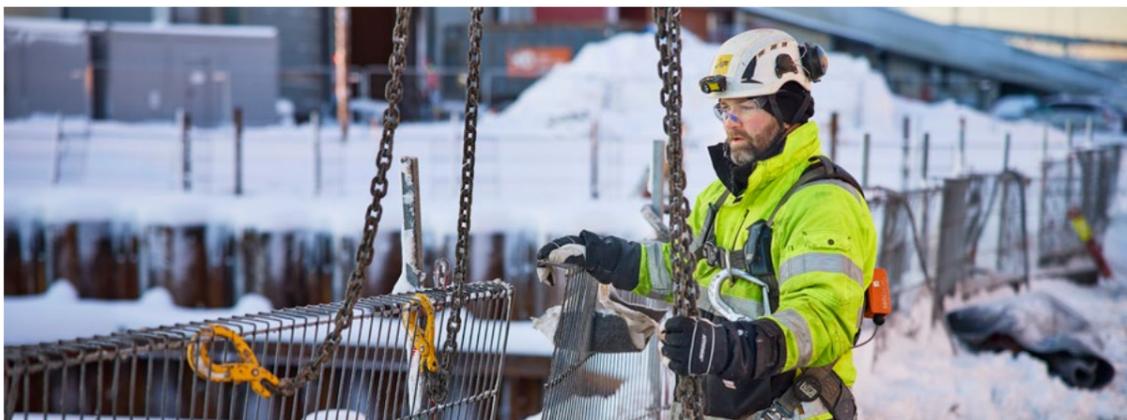
Contingency planning

AF must be prepared to manage emergency situations at all levels of the organisation. AF’s overall emergency preparedness plan sets out the framework for the organisation of emergency preparedness and plans for companies throughout the AF family. We need to be prepared for a wide range of challenging situations, such as serious accidents at work, pandemics, cyberattacks and hacking, irregularities, terrorism, etc. In the event of challenging emergency situations, AF will mobilise a central crisis team that will manage the overall emergency response efforts and support the management of the project and the affected unit. Emergency preparedness will always be influenced by the prevailing risk picture. That’s why in 2023, we increased our focus on cyberattacks and hacking, as well as on the unstable security policy situation in Europe.

Recommendation concerning chin straps has yielded results

Two years ago, AF introduced a strong recommendation that climbing helmet with chin straps should be used to prevent head injuries. A review of the serious accidents involving head injuries in AF shows that wearing a helmet and using the chin strap could reduce the consequences of injury in many cases. The chin strap ensures that the helmet does not fall off. Most employees now wear industrial climbing helmets, which we

know protect the back and sides of the head very well. The helmets have evolved over time, from primarily protecting against falling objects, to today where they now also provide good protection in case of fall accidents. In the two years since the recommendation came into effect, the use of helmets with chin strap has increased significantly, while the number of head injuries is reduced.



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 for human rights and the working environment is set out in the Code of Conduct and in Purpose – Goals – Values.

Human rights and measures against work-related crime

The construction and civil engineering industry faces some general challenges, particularly in relation to labour rights. 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 committed to complying with the human rights principles of the UN Global Compact in 2009, and has comprehensive systems in place to prevent our projects becoming places where work-related crime is committed and labour rights are breached. We will only work with clients and suppliers that share our fundamental and uncompromising attitude towards safety and ethics. Our work on human rights is embedded in the Board and the Corporate Management Team, and is embodied in AF Gruppen’s Code of Conduct.

AF requires our entire value chain to comply with fundamental human rights and decent working conditions. AF Gruppen is subject to the Transparency Act and reports on due diligence and impacts on the Group in our annual report.

Requests for information about AF Gruppen’s work on the Transparency Act and due diligence can be sent to apenhetsloven@afgruppen.no.

Respect for human rights and decent working conditions

Purchases of goods and services account for around 70 per cent of AF’s total turnover. AF Gruppen’s purchases generally consist of services performed by Norwegian and Swedish subcontractors and AF generally purchases the materials, tools and machines we use from suppliers based in Norway and Sweden. AF requires all of our subcontractors to comply with all applicable laws and regulations. According to the Norwegian Regulations on the obligation to disclose information, the obligation to ensure compliance, and the right of inspection, AF has a duty to establish systems and procedures that ensure that subcontractors’ pay and working conditions on construction sites comply with the applicable Norwegian Regulations on the general application of collective agreements. Suppliers to AF Gruppen’s projects must commit to complying with our Code of

Conduct for the entire contract pyramid. AF Gruppen’s Supplier Statement is a mandatory contract appendix for purchasing agreements and we have a zero tolerance policy for conduct that breaches the provisions of this statement. Breaches of this will result in the supplier being blacklisted, which in practice means that the supplier is flagged and not allowed to participate in AF’s projects.

AF has organisational responsibility for the entire contract pyramid, and our approach to the work on responsibility is risk-based and targeted. The corporate staff have overall responsibility for ensuring a comprehensive process, although most of the day-to-day follow-up is performed and organised by purchasing and compliance managers in the line. This makes project organisations accountable on the construction sites. Inspections of subcontractors on construction sites are performed in the projects, and corporate staff act as a support function.

Inspection procedures have been established in order to detect undeclared work, money laundering and corruption. The inspection procedures include ongoing internal reporting and following up purchases of products from risk countries, purchases of risk products and any purchases from blacklisted suppliers, as well as annual monitoring and surveys. Internal reporting is performed on an ongoing basis in connection with periodic reporting at a project and portfolio level. The requirements of the Transparency Act are embedded in governing documents, through clear role and responsibility allocation at different organisational levels, and through being integrated into day-to-day operations through courses, procedures, purchasing routines, contract templates, reporting, the obligation to ensure compliance, checks in projects and whistleblowing procedures.

AF works both proactively and reactively to ensure compliance with our strict requirements and allows only two levels of subcontractors to ensure acceptable transparency. AF proactively uses StartBANK and their risk filter to assess potential suppliers, as well as other tools. AF also has a dedicated resource in the corporate staff who works preventively on work-related crime. AF has its own blacklisting group that reviews reports on suppliers and can decide to blacklist rogue actors. When subcontractors are approved and given access to a project, they are followed up through spot checks and inspections to verify that their activities comply with the regulations and applicable guidelines. The most important verifications we carry out are:

- Checks of pay and working conditions among suppliers, subcontractors and employment agencies, both by the projects themselves and with the assistance of AF Gruppen’s work-related crime adviser.
- Access control in projects.
- Internal audits conducted at all levels of the organisation and on-site inspections carried out on the construction site.

- Safety rounds are conducted weekly for all projects to ensure compliance with the regulations for the working environment.
- Requirement to use HMSREG in a steadily increasing number of projects. This is an information system designed to counteract work-related crime and social dumping.

If work-related crime is detected among our subcontractors, this will be classified as an urgent situation and will be investigated.

Material risks and consequences of conducted due diligence

AF Gruppen’s greatest inherent risk with respect to breaches of human rights and decent working conditions has been assessed as being incidents on our construction sites. AF has great opportunities to conduct inspections and exert its influence on construction sites,

and we have taken a number of steps to ensure that everyone who works on our projects receives the pay and treatment to which they are entitled. The inherent risks associated with subcontractors in value chains are particularly high. Problems linked to a living wage, working hours and forced labour are difficult to detect, and on-site inspections in projects are important when it comes to being able to detect such incidents. AF views subcontractors and suppliers based outside Scandinavia as companies with an elevated risk.

The most profiled case in 2023 involved Killingmo Freseservice AS, a family-owned company with 86 employees. Killingmo has worked for multiple large Norwegian contractors and was a small supplier to AF Anlegg. After being issued with a fixed penalty notice by the police for gross wilful work-related crime, the company was banned and blacklisted from working on new projects for AF Gruppen. The case demonstrates that breaches of the Working Environment Act do occur and

that timesheets are sometimes falsified. This is one of the areas where we see the greatest risk in the construction and civil engineering sector.

When risk assessments are conducted in connection with purchases of physical factor inputs for production, primarily various construction materials, we comply with internationally recognised overviews of what are considered risk products and countries with an elevated risk of production in breach of fundamental human rights and decent working conditions.

AF Gruppen is required to report purchases from defined risk countries by the International Trade Union Confederation (ITUC) and that score a 4 or 5 on its scale. The list of risk products is dynamic and reviewed and updated based on volume and risk. Risk products that have been identified as particularly relevant for AF’s construction and civil engineering activities include:

- Cement
- Bricks
- Rainforest sourced timber, tropical timber and teak
- Furniture, interior building fixtures
- Plasterboard (mineral)
- Nails
- Stone products

Overall, 0.05 per cent (0.17 per cent) of AF Gruppen’s purchases in 2023 were from countries defined by the ITUC as risk countries. The purchases were made from nine different actors in six different countries. AF’s offshore activities accounted for 82 per cent of the total purchases from risk countries. The business area purchased goods and services from China, Hong Kong, Malaysia and Brazil. AF used a Hong Kong-based actor to lease a vessel for a heavy lift offshore. The operator in question was checked in advance as required by both AF and the end client.

AF’s civil engineering business area purchased machine parts from Turkey, as well as some modifications to an IT solution from Ukraine. In addition to this, AF has for many years purchased tunnel bolts manufactured in China through a Norwegian company, which is also subject to the Transparency Act. No products classified as risk products from risk countries were registered in 2023.

At the end of 2023, AF had opted not to work with 60 Norwegian companies based on risk assessments based on the histories of the companies and key personnel.

Measures for mitigating material risk

Corrective measures in the event of significant findings will involve stopping, preventing or mitigating adverse impacts and/or harm. The specific actions will depend on the specific case and AF’s ability to influence the incident in question.

AF wants potential issues to be reported internally in order to raise awareness of this type of risk. We have improved our internal training to help ensure that this

becomes a stronger element of our culture. A mandatory introductory online course on the Transparency Act was introduced in 2023, and AF will continue to raise awareness about human rights and unacceptable working conditions.

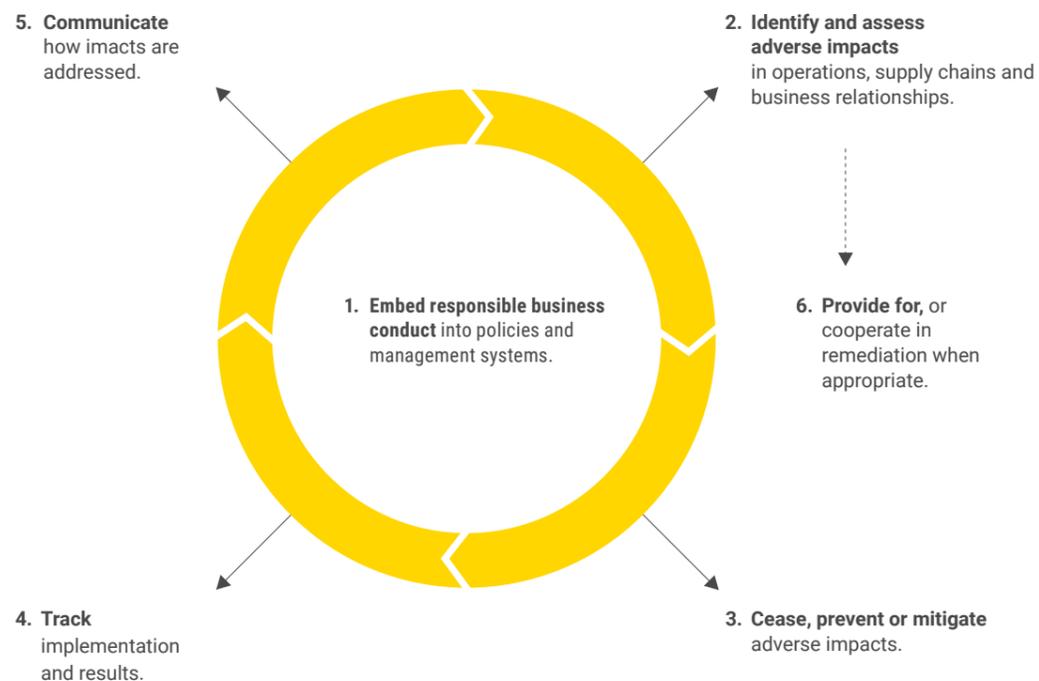
The impact of implementation of the Transparency Act’s and mandatory reporting increase focus on the work being done, and the transparency surrounding challenges in the sector. AF wants to establish the extensive work done on construction sites to protect our own employees and the employees of subcontractors, and prevent rogue actors. Several companies in AF use HMSREG, a system that is used to compile data from other systems. The increased use of HMSREG to digitally follow up documents and information will simplify inspections on construction sites. AF’s work on new reporting requirements related to the EU’s Sustainability Directive and new sustainability reporting standards requires further awareness raising and the specification and documentation of non-financial data.

Employment conditions

AF has union- and safety representatives that ensures that 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 principal representative. The employees are represented on the Board of Directors by both salaried employees and skilled workers, and by both men and women.

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 unionised. Laws, regulations and collective agreements are framework conditions that AF Gruppen adheres to and this applies to both pay and working time provisions for our employees. Pay negotiations are conducted with the trade unions and are presented in AF’s Code of Conduct.

DUE DILIGENCE PROCESS AND SUPPORTING MEASURES



Tools for combatting work-related crime

AF Gruppen adopted a new analysis tool for our work on combating work-related crime in 2023. The Enin platform gathers relevant data from various sources that provide information about companies AF works with. This includes public reports and testimonials, accounting information, bankruptcy risk scores, ownership information and sanctions lists. In the past, each of the individual sources had to be checked manually. Therefore, the introduction of this tool streamlines the job of conducting research designed to detect negative indicators. In addition to reports in various registers, we are now able to monitor the industry, specify criteria and flag companies that AF wants to keep an eye on. The implementation of Enin as an analysis tool has improved AF's efforts to identify relevant incidents and potential risks. With up-to-date real-time information, we can act faster and more precisely in our proactive work on combating work-related crime.



What does an environmental adviser do?

In the "Take my Job" competition conducted in 2023, students were given an opportunity to enter a virtual world in which several different positions typical of AF were presented. Here they could meet AF's environmental adviser Helena, who works on safeguarding the external environment in both the engineering and implementation phases of a project. The work include project management, contract follow-up and quality assurance. According to Helena, the best parts of the job are being able to influence projects in a way that contributes to better infrastructure, collaborating with others and having the opportunity to constantly learn something new.



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.

WELL-BEING AND THE WORKING ENVIRONMENT

It is important for AF to recruit, develop and retain the best people. We want an inclusive working environment with zero tolerance for discrimination.

Competence development

Developing the knowledge and skills of our employees is our most profitable investment. 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 expertise environments 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.

Apprentices

AF has reinforced its commitment to apprenticeships in recent years by encouraging more people to choose vocational subjects through an increased presence in schools and targeted communication on social media. We have worked closely with schools and career advisers to combat prejudices and promote positive attitudes to the construction and civil engineering sector. AF hopes that this will inspire more young people to choose vocational courses. One example of this is our participation in Bygg Arena Arendal, an initiative designed to bring together construction, civil engineering and property participants in Arendal Week. We also actively participate in the "Attractive Sector" working group, organised by the Construction City cluster, with the aim of increasing the attractiveness of the sector. In our strategy for 2024, AF's goals are for more than 7 per cent of our skilled workers to be apprentices and for the proportion of skilled workers with a certificate of completed apprenticeship to exceed 60 per cent.

Diversity and equality

It is a central principle at AF and part of the Code of Conduct that recruitment, employment, training, pay, promotion, punishment and other working conditions must be handled without regard to personal friendship, ethnicity, skin colour, religion, nationality, gender, sexual

orientation, age or disability. Our goals include ensuring that the distribution of new hires by gender reflects the recruitment pool and that men and women receive an equal proportion of promotions relative to their ratios. AF has a long-term strategic goal of increasing the proportion of women among salaried employees to 40 per cent and the overall proportion of women to 20 per cent. AF's work on diversity, including through the Diversitas network and the partnership with #EqualityCheck, has contributed to a clearer focus on, and changes of attitude in relation to, unconscious bias. In 2023, the percentage of women in AF was 9.8 per cent (9.0 per cent), which represented 19.5 per cent (18.7 per cent) of salaried employees and 1.7 per cent (1.4 per cent) of skilled workers. At the end of 2023, AF had one woman and six men in the Corporate Management Team. The Board of Directors comprises five women and five men.

Employee satisfaction

The Employee Satisfaction Survey (ESS) conducted in 2023 shows that our employees are very satisfied with their jobs and with AF as their employer. AF achieved 5.2 on a scale from 1-6, where 6 is the best, and has as a strategic goal towards 2024 to be above 5.0. 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.

Recruitment

AF will increase its strategic cooperation with educational institutions to improve its access to talented people in the future. AF Gruppen has a long tradition of attracting, developing and retaining talented people. New this year is the "Take My Job" student concept where engineering students are given an opportunity to explore and try out the jobs of 10 actual AF employees. The concept will provide students with valuable insights into the positions and what their working day looks like by solving various challenges in a job simulator visualised in a digital AF world. A total of 20 winners from seven university colleges and universities won one week of work experience in a business unit, as well as an educational scholarship and participation in general seminars. The new student concept showcases construction's opportunities by sharing knowledge and generating curiosity about, and a commitment to, our industry.

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 AF's Code of Conduct and Purpose – Goals – Values are embedded in the Board of Directors, and are put into practice by the Corporate Management Team, in our projects and by our 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 Statement. When assessing candidates for acquisition, decisive importance is placed on whether the company's corporate culture and core values align 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 pages 18-19 in the Annual report 2023 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. The chapter on corporate social responsibility in AF was written in line with the

requirements of the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) of 2022.

The standard for reporting on corporate governance (ESRS G1), in the new reporting standards in the Sustainability Directive to which AF is subject, has been identified as a material topic for sustainability in relation to the conduct of double materiality analyses in AF. Business culture, whistleblowing, economic crime and other topics discussed in this chapter will also be relevant topics under this standard.

ECONOMIC CRIME

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 authority matrix, all contracts must 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's Code of Conduct covers topics such as insider trading and anti-corruption. This includes, for example, if an employee has any information that could

impact the price of the company's share, then such information must be treated as confidential information. No-one, by virtue of their position, has the right to use information in order to obtain financial benefits for themselves or others. 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.

Training

AF employees are able to participate in an induction course where they are provided with an introduction to our Code of Conduct and core values. This ensures that all employees understand what is required, and what is expected, of them, and it is an important means of 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 must complete a mandatory HSE course before starting an AF project.

Cooperating with others

AF has introduced organisational and structural measures to ensure that AF only cooperates with serious actors. The corporate staff group includes a dedicated resource who specialises in work-related crime and each business unit has its own dedicated manager who focuses 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 questions related to HSE legislation
- Personnel Forum for safeguarding employee rights
- A-krim Forum for work to counteract work-related crime
- Cooperation with Fairplay Oslo on preventing work-related crime
- A responsibility forum, an open forum with external and internal participants

- 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 business model and ethical framework conditions. Internal audits of all business units are carried out to ensure adequate compliance.

NOTIFICATION OF MISCONDUCT

Notification (whistleblowing) involves speaking up about misconduct in the company, including violation of laws and key policies. All permanent employees and contracted employees have the right to submit reports. AF has established procedures for whistleblowing and managing misconduct in order to ensure a predictable and prudent approach under which the whistleblower is protected against retaliation resulting from the report. Reports can be submitted either openly or anonymously and both the report and identity of the whistleblower must be treated as confidential information. Reports can be submitted to the line manager, to a more senior manager, via email to the whistleblowing committee (varsling@afgruppen.no) or using the reporting form available at www.afgruppen.com/ notification. The whistleblowing committee conducts a preliminary investigation of all written and documented reports that are received and investigates the facts if necessary. If a case permits it, the whistleblower will be informed of how AF is handling the matter and its outcome.

THE AF WHISTLEBLOWING COMMITTEE CONSISTS OF:

- Olav Aune, Director of HSE (committee chair)
- Thomas Gyran, Company Doctor
- Sif Løvdaal, HR Manager
- Ellen Hammer, Senior HR Adviser
- Christian Berg, Chief Employee Representative/Chief Safety Representative
- Håkon Stenseth, Director Purchasing and Legal
- Tinis Wensing, HR Manager (Sweden)

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.	AF follows up suppliers on an ongoing basis, and excludes actors who we suspect may practice unethical conduct. See also principle 4. Risk transactions are reported on an ongoing basis and followed up in order to deal with potential adverse impacts on human rights and decent working conditions. <i>Read more on page 62 (Social conditions).</i>
  		
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. <i>Read more on page 62 (Social conditions).</i>
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 2023, AF blocked specific parties who did not comply with AF's ethical guidelines relating to working conditions. <i>Read more on page 62 (Social conditions).</i>
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. <i>Read more on page 62 (Social conditions).</i>
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.	The Code of Conduct applies to all employees and is presented to employees at the introductory course. The long-term target is to increase the proportion of women at AF to 20 per cent. The Corporate Management Team and the entire organisation are working actively to make AF an attractive employer for everyone. <i>Read more on page 62 (Social conditions).</i>

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 in this analysis. <i>Read more on page 18 (Risk management).</i>
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. <i>Read more on page 34 (Climate and environment).</i>
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. <i>Read more on page 34 (Climate and environment).</i>
		
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. 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. <i>Read more on page 70 (Corporate governance).</i>