



**DIVERSITY
AND EQUALITY**

INTRODUCTION

At AF our ambition is to be the industry's most attractive employer. We have set ourselves a goal of increasing the proportion of women, and will ensure that everyone who works with us thrives and has the same opportunities. Everyone is of equal value to us, says CEO Amund Tøftum.

AF Gruppen works actively to promote gender equality and prevent discrimination. The ambition is to preserve and build an inclusive, safe and good working environment with zero tolerance for discrimination, a culture where violations have consequences and equal opportunities for all. The defined strategic goal for equal treatment is that the recruitment share by gender shall reflect the recruitment basis, and the relative share of promotions shall be equal for women and men. In 2021, 26 per cent of all newly hired salaried employees were women, compared with 20 per cent in 2016. In the long-term, the goal is to increase the proportion of women among salaried employees to 40 per cent, and the total proportion of women to 20 per cent. In recent years, AF Gruppen has experienced stable growth in the number of female employees, and the percentage of women in AF Gruppen as of 31 December 2021 was 9.7 per cent (9.8 per cent in 2020).

A further goal is for everyone who works at AF to thrive, regardless of gender, age and seniority. We believe that diversity contributes to increased well-being and strengthens our attractiveness as an employer. The Employee Satisfaction Survey (ESS) that was conducted in 2021 shows that our employees are very satisfied with their own work and with AF as their employer. AF achieved 5.2 on a scale from 1–6, where 6 is the best, and has as a strategic goal towards 2024 to have an ESS result higher than 5. There are no significant differences in well-being between women and men.

In 2021, AF Gruppen's efforts to promote gender equality and prevent discrimination were recognised by both Norwegian and international analysis agencies, giving us good indications that we are on the right track.

AF Gruppen performed very well in the Diversity Leaders 2021 survey, conducted

by the independent market analysis agency Statista on behalf of the Financial Times. 100,000 employees in companies within 26 industries in 16 European countries have assessed diversity work at their workplace and were also given the opportunity to assess the efforts of other companies within the same industry. The participants in the online Statista survey were first asked to what extent they think their employer promotes diversity on a scale from 0 to 10. Employees were then asked to rate statements related to the employer's perceived attitudes toward employees' gender, ethnicity, sexual orientation, age, and disability. The data resulted in a ranking of the 850 best companies in Europe in diversity. AF Gruppen took 3rd place in the "Construction" industry and finished 154th overall.

In 2021, AF Gruppen attained silver in the category "Sustainable HR" for the "Equal Value" campaign in the Magnet Awards ceremony, which is under the auspices of Universum, Whydentity and ANFO. The category "Sustainable HR" shall highlight companies that have worked to ensure increased diversity in their business, whether in terms of gender, ethnicity, age, orientation or other aspects of diversity.

The strengthening of the Equality and Discrimination Act through the new activity and reporting obligations helps to highlight our work within diversity and inclusion. At the same time, it gives us the opportunity to share knowledge and experience with other actors in Norwegian business and industry. If we are to be able to recruit, retain and develop the best people, we must recruit talent from a broader and more diverse base. We believe that different perspectives lead to better decisions, and therefore diversity brings profitability and increased competitiveness.

Part 1

GENDER EQUALITY STATUS

As part of the group strategy, AF Gruppen works actively to promote equality and prevent discrimination. Collecting data, analysis and follow-up with corrective measures where required are important parts of this work.

For many years, AF Gruppen has monitored and ensured that gender is not a factor that affects employees' annual pay rises for the same job levels/groups as part of the annual salary adjustment process. This is to uncover any discrepancies and implement follow-up measures. Based on figures for 2021, more comprehensive analyses have been carried out this year, which have been summarised and presented to the corporate management team and the Board. Each of AF Gruppen's subsidiaries has carried out and reported gender equality status in accordance with national legislation. For the Norwegian companies, the report is attached to the annual report which is been sent to the Brønnøysund Register Centre. AF Gruppen's Swedish companies have conducted similar equality surveys for several years, but are not subject to the same requirements for publication. However, findings are reported to management and if undesirable deviations are found, these are followed up with mitigation measures.

In the following section we share the key findings from the analyses carried out in AF Gruppen:

1. Number of employees, regardless of percentage of full-time equivalent, broken down by gender

After several years of growth in the percentage of women across AF Gruppen, the distribution between the genders has remained stable in the period 2020–2021. The percentage of

women in AF Gruppen as of 31 December 2021 was 9.7 per cent (9.8 per cent in 2020). Women in AF make up 18.8 per cent (18.9 per cent) of salaried staff and 1.4 per cent (1.6 per cent) of the skilled workers. The percentage of women in each business unit varies considerably depending on the composition of salaried staff and skilled workers, and there are also major differences between the business areas and distribution by type of service. For example, we see that there is a lower percentage of women in civil engineering than in construction operations. As AF Gruppen's revenues from civil engineering services as a share of total revenues increased by more than 3 percentage points from 2020 to 2021, this helps to explain the slight decline in the percentage of women in the same period.

2. Number of employees with a time-limited employment, regardless of percentage of full-time equivalent

Temporary employment contracts are very uncommon in AF Gruppen, but can be used to cover specific requirements. Apprentices are an important investment in AF's group strategy, with a quantified target that at least 7 per cent of skilled workers are apprentices. Apprentices are not considered temporary labour.

3. Average number of weeks leave of absence taken in 2021.

AF Gruppen encourages all employees to take parental leave by having good routines before, during, and after the period of leave. This is to instil confidence in the employees that they will be able to be at home with children in connection with birth or adoption without it affecting further career development in AF.

The average number of weeks of parental leave is reported in the companies' gender equality reports. For example, in the company where most of AF Gruppen's employees are employed, AF Gruppen Norge AS, the average per employee is 35 weeks of parental leave for female employees and 17 weeks for men. There is variation between the individual business units, and the average is between 34 and 40 weeks for women, and between 13 and 19 weeks for men.

4. Number of employees with a position percentage lower than 100 per cent – actual part-time and involuntary part-time
Part-time employment is little used in AF Gruppen, and no involuntary part-time work has been recorded. Part-time employment contracts are used at the request of the individual employee or for specific requirements.

5. Pay differences

In order to document the gender balance and pay differences in detail, since 2018 AF Gruppen has used job groupings as a basis for internal analyses and measures, and these form the basis for the units' equality reports in 2021. Further studies conducted per type of position (line or staff) and age group contribute to a better understanding of the status of equality and the possible need for measures where undesirable deviations come to light.

The groupings take into account several requirements:

- to report pay differences between women and men for the same work or for work of equal value.
- to provide an overview on a large enough scale, which safeguards privacy and enables good follow-up.

All positions in AF Gruppen's companies are grouped in up to 4 levels, depending on the number of employees:

1. Senior managers and salaried employees with particularly high professional responsibility (Level 1)
2. Middle managers, project managers and experienced technical specialists (Level 2)
3. Other salaried employees (Level 3)
4. Skilled workers (Level 4)

Main findings from the analyses of equality and pay differences by job group:

- Women have a higher average basic salary than men. The main explanation for this is that skilled workers, where 98.6 per cent are men, have a lower basic salary than salaried employees.
- Men have a higher total salary than women. The main explanation for this is that men, both absolutely and relatively speaking, more often than women have positions with responsibility for performance, and therefore to a greater extent have performance-based bonuses.
- 93 per cent (486 employees) of the female employees in AF Gruppen belong to the salaried employee group at levels 1 to 3, while only 1.4 per cent of skilled workers are women (39 employees).
- Among salaried employees, the vast majority of women belong to job grade level 3, with a lower number of women at grades 1 and 2.
- Women are overrepresented in staff positions calculated in relation to the share of the total population. Over 20 per cent of women in AF work in staff positions, while less than 10 per cent of men in AF have staff positions. Women are similarly underrepresented in line positions.
- The average age for women in AF is 40 years compared to 42 years for men. For salaried employees, the average age is 40 years for women and 43 years for men.
- No systematic pay differences between the genders have been revealed. Salary mainly reflects competence, responsibility and experience.

Part 2

OUR WORK TO PROMOTE EQUALITY AND COMBAT DISCRIMINATION

PRINCIPLES, PROCEDURES AND STANDARDS TO PROMOTE EQUALITY AND COMBAT DISCRIMINATION

AF Gruppen seeks to be a workplace where there is no discrimination on grounds of ethnicity, gender, belief or sexual orientation. This applies, for example, to matters relating to pay, promotion, recruitment and general career development. AF Gruppen has written objectives and rules to promote a good working environment with equality and without discrimination or harassment. The goals and rules are laid down in AF Gruppen's Code of Conduct.

When they are recruited, all employees in AF Gruppen must sign off that they have received AF Gruppen's Code of Conduct and that they undertake to comply with it. The Code of Conduct addresses the objective of the Equality and Discrimination Act and includes guidelines aimed at preventing discrimination on the grounds of ethnicity, nationality, heritage, skin colour, language, religion or beliefs.

Diversity and equality in AF Gruppen is a line responsibility. The work is based on systematic measurements and verifications internally in the organisation as well as through dialogue with external centres of expertise. "The best people" has been established as an advisory body to make AF a better workplace for all employees. This initiative brings together representatives from a large range of AF's activities, including representatives from the Corporate Management Team.

HOW WE WORK TO ENSURE EQUALITY AND NON-DISCRIMINATION IN PRACTICE

To ensure equality and non-discrimination in practice, several channels are used:

- Goals and measures are anchored in AF Gruppen's Board and management, and equality and discrimination are topics in

all leadership development. The training also includes practical tasks related to unconscious discrimination and specific tools for complying with values, principles, procedures and standards for equality and non-discrimination.

- The HR and HSE network across AF Gruppen's units is actively used in the implementation of procedures and measures. These resources have broad and frequent contact with large parts of the organisation in connection with recruitment, training and security inspections.
- Regular dialogue with the Occupational Health Service, employee representatives and safety representatives contributes to prioritisation and good follow-up of the measures.
- A whistleblowing committee has been established which manages notification of censurable conditions received through the whistleblowing portal at www.afgruppen.com/notification. The committee handles both internal and external alerts.
- AF has worked with the diversity project "The best people" since 2018. In the initiative workgroups, the breadth of employees from different parts of the business is represented, in addition to representatives from the Corporate Management Team and employee representatives. The goal is to make AF a better workplace for all the employees and several measures have been implemented within recruitment, job adaptation and awareness campaigns.

AF Gruppen's work on gender equality and diversity is based on four success factors:

- A long-term perspective and clear objectives: Diversity and inclusion are stated explicitly in AF Gruppen's strategy with quantified goals for gender equality.



Photo: K. Ringen Media

- **Committed senior management:** Two representatives of AF Gruppen's corporate management team are sponsors of "The best people" initiative, on diversity and inclusion in AF Gruppen, where the CEO has the highest level of responsibility. Status is regularly reported to the Corporate Management Team and the Board of Directors.
- **Continuous measurement:** Monitoring of the gender balance takes place continuously in quarterly reviews with the business units. Since 2018, a system has been adopted for measurement and follow-up of the gender balance and verification of gender equality at various job grades. Furthermore, two surveys were carried out in AF Gruppen in 2021: the employee survey and the CORE survey on equality in Norwegian business and industry. Both provide us with measurement parameters to work from and are, together with the development of our own analysis tools, helping to strengthen and follow up developments in equality.
- **Measures that embrace everyone:** A wide range of measures has been implemented to ensure equal opportunities for all. Special emphasis is placed on attitudes and structures. These are constantly evolving in line with identified risks and needs and already cover the areas of recruitment, employee development, the working environment and attitude-forming work.

HOW WE WORK TO IDENTIFY THE RISK OF DISCRIMINATION AND BARRIERS TO GENDER EQUALITY

AF Gruppen's toolbox for diversity and inclusion is a supplement to thorough knowledge of its own business based on close dialogue with external environments such as the industry network for equality and prevention of discrimination, Diversitas, #EqualityCheck and the CORE research group. AF Gruppen has entered into a binding collaboration with these.

Important sources for identifying risks related to equality and discrimination in 2021 have been:

- Follow-up of the employee survey conducted in 2019, and implementation of a new employee survey conducted at the end of 2021. The survey measures employee well-being, their perception of development opportunities, the working environment and the organisation's compliance with AF Gruppen's values. In 2021, specific questions related to our whistleblowing systems were added if discrimination is experienced as well as others related to diversity and inclusion. The results distinguish between gender and employee category (manager/employee, salaried employee/skilled worker) and give indications of any discrepancies and work areas. Several background variables were added, such as nationality, the use of leave of absence in the last 3 years and job grade, to identify any challenges with greater accuracy and to implement measures. With 3,755 respondents in 2021, and a response rate of 83 per cent, AF Gruppen's employee survey is a credible and well-used analysis tool for understanding and improving the company's employee experience.
- Participation in the CORE survey and especially the collaboration with the Department of Social Research helped to shed light on challenges in the equality situation in AF Gruppen. Over 500 of the salaried employees in AF Gruppen participated in the survey and shared their opinions and experiences. Regular dialogue with the research community increases AF Gruppen's knowledge about the risks of discrimination.
- Conducting exit interviews under the auspices of HR to uncover reasons why employees have chosen to terminate their employment.
- Quarterly measurement and reporting of the percentage of women in all units is included in the ongoing reporting from the business units to the Corporate Management Team, as well as in the reporting to the Board and the market.

- Together with AF Gruppen's management, an annual verification of salary levels between women and men at equal job grades/groups is carried out as part of the salary adjustment process. This is to uncover any discrepancies and implement follow-up measures.
- Close dialogue with the Occupational Health Service and the whistleblowing committee together with an annual occupational health survey. This reveals risks associated with harassment and recommended follow-up.

WE UNCOVERED THE FOLLOWING RISKS OF DISCRIMINATION AND OBSTACLES TO EQUALITY

Risks of discrimination and obstacles to gender equality that have been identified through our survey apply in particular to recruitment, employee development and the working environment. We still have a lower percentage of women compared to our target at all levels. The risk of gender-based discrimination is revealed in cases of harassment. These are reported through the occupational health survey and through notification channels in AF Gruppen. Inadequate systematic mapping in AF Gruppen beyond gender, age, nationality and education/work experience, may entail a risk that discrimination in some aspects of diversity is unaddressed.

WE FOUND THE FOLLOWING POSSIBLE CAUSES FOR RISKS AND OBSTACLES, AND INITIATED THE FOLLOWING MEASURES

The attractiveness of the industry is a possible explanation for gender imbalance in recruitment. The construction industry has long been dominated by men. Figures from Statistics Norway (Labour Force Survey, 2021) show that the industry has only 10.5 per cent women. Unconscious discrimination in employment can also be an obstacle to equality.

AF Gruppen works actively to address these risks, both to attract a larger group of people who represent broader diversity for



Photo: Catchlight/Mikkel Moxnes

the industry and to strengthen the understanding of diversity and inclusion in our recruitment processes. The measures include:

- Structured recruitment process with the use of aptitude tests, having both genders present at interviews, and training of managers in unconscious discrimination.
- Pictures of employees of both genders in job advertisements and other profiling material.
- Quarterly measurement of appointments by gender and level.
- Clear communication related to diversity and inclusion in our college/university tours, as well as in our apprenticeship initiative.

Possible challenges related to gender equality internally can be explained from several perspectives:

- The imbalance between the number of women and men in line and leadership roles can be linked to AF Gruppen's strong

tradition of cultivating leaders internally. Although more women are being recruited among salaried employees, it will take time before this results in more female leaders and women in key roles.

- Unconscious discrimination and demanding working conditions, especially in the projects, can affect employee well-being and hinder career development for employees in different phases of life and family situations.

Risks and obstacles related to gender equality within AF Gruppen are prevented and combated through measures aimed at employee development, the working environment and attitude-forming work. These include, but are not limited to:

- Facilitation for employees with children in the toddler phase: guidelines for bonuses during leave of absence, systematisation of leave of absence interviews.

- Implementation of job roles that group positions with a corresponding competence profile and job grades. This is to highlight career development opportunities for employees and form the basis for career paths.
- Integration of gender equality verification in internal processes related to salary adjustment and succession planning.
- Training of leaders in unconscious discrimination through separate modules in management courses, management meetings and project visits.
- In addition to the management course programme, several digital modules and courses are available, for example for conversations before a leave of absence period to uncover the individual's expectations for their leave and the time afterwards.
- Reinforcement of toolbox against harassment in projects. Regular communication of AF Gruppen's diversity efforts internally through our intranet. In 2021, a communication campaign was launched aimed at diversity and inclusion in the projects. It includes the design and distribution of posters as well as the publication of social posts, all with a simple and clear message: "Here, everyone has equal worth".

RESULTS OF THE WORK

The employee satisfaction survey is conducted every other year in AF Gruppen. In the survey conducted in 2019 and followed up in 2020, the results showed a high level of employee well-being. The last survey was conducted in November 2021 and shows equally high levels of well-being. AF achieved 5.2 on a scale from 1-6, where 6 is best, a result that is above the strategic goal of ESS>5. The result is also well above average for comparable companies and without gender-based differences. A high degree of perceived inclusion was also reported, and further analyses showed similar perceived development between employees who took parental leave during the last three years and other employees.

AF Gruppen has seen stable growth in the number of female employees at the official level in recent years. In 2021, the total

percentage of women in AF Gruppen among salaried employees was 18.8 per cent, which is on a par with 2020 (18.9 per cent) but somewhat lower than 2019 (19.4 per cent). Over time, we have observed a positive trend in the percentage of women among those we have recruited to AF Gruppen. In 2021, 26 per cent of all newly hired salaried employees were women, compared with 20 per cent in 2016.

Access to female professionals has been a challenge throughout the industry. Here we now see a slight positive trend for apprentices, which is reflected in our apprenticeship initiative, where 8 per cent of our over 150 apprentices are women. The percentage of women remains very low among skilled workers, with marginal changes from year to year (1.4 per cent in 2021 compared with 1.6 per cent in 2020). Access to female skilled workers has been a challenge throughout the industry.

An evaluation of diversity work in 2021 was carried out through the CORE survey. 500 respondents across AF companies were asked to evaluate the effect of a long list of equality measures, to state the extent to which they knew that the measures existed in AF Gruppen and whether they had used them. The survey showed that the measures with the greatest effect included:

- the handling of leave of absence,
- the management development programme,
- openness about internal promotion and job opportunities,
- mentoring schemes

At the same time, the survey revealed a large variation in employees' awareness of the measures that exist in AF Gruppen: the vast majority are aware of leadership development programmes, but measures related to leave of absence are little known. 1 in 5 do not know about the notification system.

We continuously evaluate our measures and renew them as needed. We will continue our attitude work in the future, reach out to more target groups on our projects, and continue to implement measures that benefit everyone. AF Gruppen aims to ensure equal opportunities for all. We are convinced that it is profitable for the individual, for the company and for society.