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# DIVERSITY AND EQUALITY



# INTRODUCTION

At AF our ambition is to be the industry's most attractive employer. Diversity and inclusion are important to both well-being and the working environment, but above all it creates value. When we are able to harness the power of diversity, we gain more perspectives and make wiser decisions. We 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 actively works to promote 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 with equal opportunities for all. The strategic goals we have established for equal treatment, state that the gender balance in recruitment will reflect the recruitment pool, that the relative proportion of promotions will be equal for women and men and that both women and men have a high level of job satisfaction. In the long-term, the goal is to increase the percentage of women among salaried employees to 40 per cent, and the total percentage of women to 20 per cent.

In 2022, 24.4 per cent of all new salaried employees were female, which is slightly lower than in 2021 (26.1 per cent), but historically this is consistently higher than the percentage of new female salaried employees for AF Gruppen. Among skilled workers, for which the percentage of women remained low at less than 2 per cent, the percentage of female apprentices was 10 per cent in 2022. The proportion of internal promotions shows no significant difference between women and men (7.8 per cent for women, 8.0 per cent for men in 2022). As of 31 December 2022, the percentage of women at AF Gruppen was 9.0 per cent (9.7 per cent).

The decrease in the percentage of women is largely linked to the focus on specialist expertise and the fact that the percentage

of skilled workers at AF has increased. Nevertheless, it is a clear indication of the importance of continuing to focus on initiatives that make the industry attractive to both women and men.

Everyone who works for AF should have a high job satisfaction regardless of gender, age and length of service. 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. No significant differences between women and men have been reported in relation to job satisfaction.

The strengthening of the Equality and Discrimination Act through the new activity and reporting requirements 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. In order for us to manage to recruit, develop and retain the best people, we need to recruit from a broad and diverse range of candidates. We believe that different perspectives lead to better decisions and that diversity therefore brings value and increased competitiveness.

## Part 1

# GENDER EQUALITY STATUS

As part of the corporate strategy, AF Gruppen actively works to promote equality and prevent discrimination. Collecting data, analysis and follow-up with required corrective measures 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 salary increase for the same job grade/groups as part of the annual salary adjustment process. This is to uncover any discrepancies and implement follow-up measures. More extensive analyses were conducted in 2022 on the basis of 2021 figures and these analyses have been presented to and considered by the Corporate Management Team and the Board of Directors. 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 has been enclosed with the annual report submitted 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**

Following several years of growth in the percentage of women across AF Gruppen, the gender balance declined during the 2021–2022 period. The percentage of women in AF Gruppen as of 31 December 2022 was 9.0 per cent (9.7 per cent). The decline in the percentage of women is largely linked to the fact that the percentage of skilled workers at AF increased from 52 per cent in 2021 to 56 per cent in 2022. This is a result of the strategic focus on specialist expertise, such as the acquisition

of the concrete contractor Stenseth & RS in 2022. Women in AF make up 18.7 per cent (18.8 per cent) of salaried employees and 1.4 per cent (1.4 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. A large proportion of managers at AF are recruited from our own ranks. The fact that skilled workers are given opportunities and recruited to management roles is highly desirable, even though it contributes to decreasing the percentage of women among salaried employees.

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

Temporary employment contracts are rarely used at AF Gruppen, but may be used in connection with 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, of which 10 per cent are female, are not considered temporary workers.

### **3. Average number of weeks of leave of absence**

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 relation with birth or adoption without it affecting further career development in AF.

The average number of weeks of parental leave is reported in each company's equality report. At AF Gruppen Norge AS, where most of AF Gruppen's employees work, the average parental leave per employee is 32 weeks for women and 15 weeks for men. These figures apply to employees who took their entire parental leave during the 2021–2022 period.

#### 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 identify gender balance and pay differences in detail, AF Gruppen has used job groupings as the basis for internal analyses and initiatives since 2018 and these form the basis for the business units' equality reports. 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. Pay differences are mapped every other year, most recently in 2021. The results presented below are based on the 2021 mapping.

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 specialists (Level 2)
3. Other salaried employees (Level 3)
4. Skilled workers (Level 4)

Main findings from gender balance and pay differences analyses by job groupings:

- Women have a higher average base salary than men. The main explanation for this is that skilled workers, of which 98.6 per cent are men, have a lower base 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 at AF Gruppen belong to the salaried employee group at level 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 level 3, with a lower number of women at levels 1 and 2.
- Women are overrepresented in staff positions calculated in relation to the share of the total population. Women are similarly underrepresented in line positions.
- The average age for women in AF is 40 years compared to 42 years for men. The average age for salaried employees is 40 years for women and 43 years for men. Women in line roles in project engineering are 5 years younger on average than men and ten years younger than men when it comes to roles in supervision and project management.
- No systematic pay differences between the genders have been identified. Salary mainly reflects expertise, 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, nationality, gender, belief or sexual orientation. This applies, for example, to matters relating to pay and benefits, promotions, recruitment and general development opportunities. 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. This work is based on systematic measurements and verifications internally in the organisation, as well as dialogue with external specialist environments. "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:

- Targets and measures are endorsed by the AF Gruppen Board of Directors and management and all management development includes the topics of

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

- The HR and HSE network that spans AF Gruppen's business 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](http://www.afgruppen.com/notification). The committee handles both internal and external notifications.
- AF has been working on the diversity project "The best people" since 2018. In the initiative working group, 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: Max Emanuelson

- **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. The status of the work is reported regularly 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 of these provide us with measurement parameters to work from and together they help us to develop our own analytical tools and help strengthen and follow up on developments relating to 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 continuously developed in line with identified risks and needs and already cover areas within recruitment, employee development, working environment and awareness-raising efforts.

#### **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 2022 have been:

- Follow-up on employee surveys carried out in 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. Since 2019, the survey has been expanded from three to nine different languages in order to reach as many people as possible. 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 three 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. Communication of and follow-up on the results of the survey in each business unit have helped highlight discrimination risks at a detailed level. In addition to follow-up at the business units, the results of the employee survey, with a focus on inclusion, have also become a topic at AF Gruppen's annual employee representative/safety representative meeting, as well as at the Group's extended management meeting.
- 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. More than 500 salaried employees at AF Gruppen have 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. Several elaboration meetings were convened with the report authors in order to gain a better

understanding of the findings and how to act on them. The findings from the CORE survey were presented via the Diversitas network in May 2022 and became a topic in interdisciplinary group efforts across the industry.

- Systematic exit surveys and exit interviews have been conducted by HR in order to identify the 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 pay grades 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 survey uncovers the risks associated with harassment and the 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. The employee survey has also shown a lower degree of perceived inclusion among skilled workers compared to salaried employees (76 of 100 index points vs. 86 for salaried employees). Of these, employees of Polish, Portuguese or Latvian origin report the lowest perceived inclusion (68, 72 and 73 of 100 index points).

A lack of systematic mapping at AF Gruppen beyond gender, age, nationality and education/work experience may entail

a risk that discrimination based on some aspects of diversity goes unchallenged. AF Gruppen will therefore continuously assess whether there are more aspects of diversity that should be included in the survey.

#### **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, 2022) show that the industry has only 10.2 per cent women. Nevertheless, there has been positive progress in relation to the proportion of women choosing vocational training in construction and civil engineering. Of applicants to construction and civil engineering at upper secondary school (VG1), the proportion of females has increased from 7 per cent in 2019 to 11 per cent in 2022. 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 the industry and to strengthen the understanding of diversity and inclusion in our recruitment processes. These 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 university 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 promoting 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. The age difference

between women and men in key roles, where women are on average between 5 and 10 years younger than men, can help explain differences in pay, as well as the fact that women often compete against men with more experience when vacant management positions are being filled.

- Unconscious discrimination and demanding working conditions, especially in projects that may include commuting, may affect employee well-being and prevent career development for employees in different stages of life and different family situations.

Risks and obstacles linked to equality internally at AF Gruppen are prevented and combated through initiatives aimed at employee development, working environment and awareness-raising efforts. 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 qualification 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 management training programmes, there are several digital modules and courses available, for example on conducting meetings before periods of leave of absence to identify individual expectations in relation to the leave of absence and the subsequent period.
- Reinforcement of toolbox against harassment in projects. Regular communication of AF Gruppen's diversity efforts internally through our intranet. In 2021 and 2022, a communication campaign was launched aimed at increasing 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".



Risks and obstacles linked to discrimination against employees from other nationalities may arise due to language barriers or intercultural challenges. AF Gruppen actively works to address these risks, including by:

- Including the “Everyone is of equal value” topic during project start-up training.
- Ensuring that information is available in multiple languages. The AF Gruppen HSE Manual and e-safety introduction course, for example, have been published in nine languages: Norwegian, Swedish, English, Polish, Russian, Portuguese, Lithuanian, Latvian and Slovak.
- Creating awareness around the topic of “intercultural dialogue”. In September 2022, the topic was addressed at AF’s management meeting, which was attended by 700 managers from all parts of the business.

### RESULTS OF THE WORK

The employee satisfaction survey is conducted every other year in AF Gruppen. The survey conducted in 2021 and followed up on in 2022 shows a high level of employee satisfaction. AF achieved 5.2 on a scale from 1–6, where 6 is the best, a result that is above the strategic target of an MTU > 5. The results are also well above average for comparable companies and without any significant differences between genders and age groups. 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 2022, the total percentage of women among salaried employees at AF Gruppen was 18.7 per cent, which is around the same level as in 2020 and 2021. Over time, we have observed a positive trend in the percentage of women among those we have recruited to AF Gruppen. In 2022, 24.4 per cent of all newly appointed salaried employees were female.

Access to qualified females has been a challenge for the industry as a whole,

but the latest trends provide grounds for optimism. We now see a slight positive trend among apprentices, which is reflected in our apprenticeship initiative, where 10 per cent of our 150 apprentices are female. This reflects a positive trend in education overall, with an increased interest in vocational subjects among female students in recent years. The percentage of women among skilled workers remains low but stable compared to last year at 1.4 per cent.

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

The survey also uncovered great variation in how well employees know the measures that exist at AF Gruppen: the majority are familiar with the management development programmes, but few are familiar with initiatives associated with leaves of absence. 1 in 5 do not know about the whistleblowing system.

The follow-up measures that were initiated based on the survey include improved communication relating to leaves of absence, modernisation of equality-related content in the management development programmes and a reinforcement of the “Here everyone is of equal worth” message at all management meetings and training courses.

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 this creates value for individuals, for AF and for society.