

AARSLEFF IN A SUSTAINABLE FUTURE

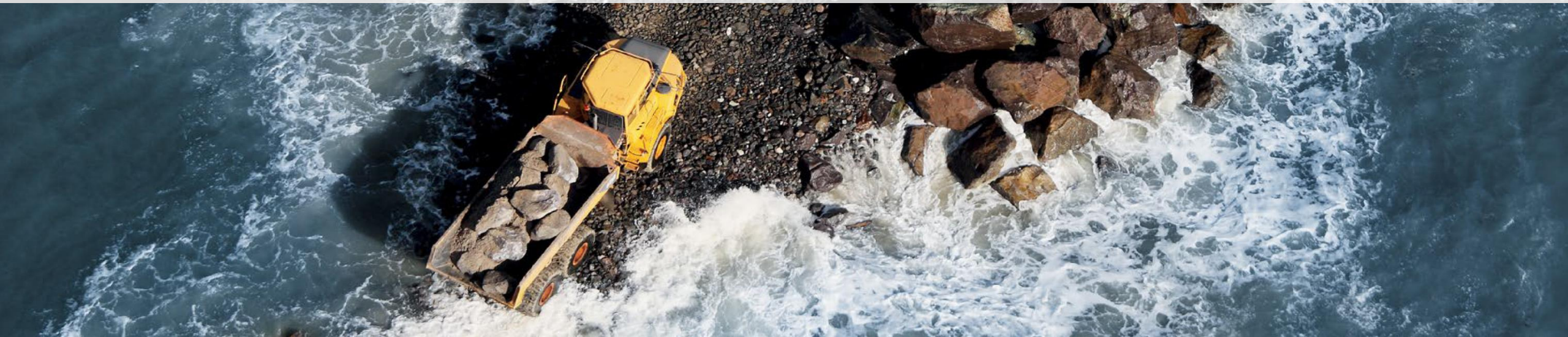
Introduction
2021



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The objective of this introduction to sustainability is to:

- » Give an understanding of why a green transition is necessary for the ENTIRE Group.
- » Spread the knowledge of the Group management's focus on our future sustainable strategy.
- » Introduce Aarsleff ECO Center and our work with sustainability.
- » Discuss the future green tasks and their potential and relevance for your business unit.
- » Discuss how prepared we are and what it takes to have a leading position in the green transition of the business.



A SUSTAINABLE SOCIETY

Reviewing our way of life

Climate changes, growing energy and resource consumption as well as increasing pollution and emission of greenhouse gases have been a wake-up call for the world's populations, decision-makers and industries resulting in the implementation of initiatives which may prevent a potential catastrophic development of our conditions of life.

The Aarsleff Group is also engaged in a green transition process, and we have started working on a sustainability strategy to future-proof the Group.

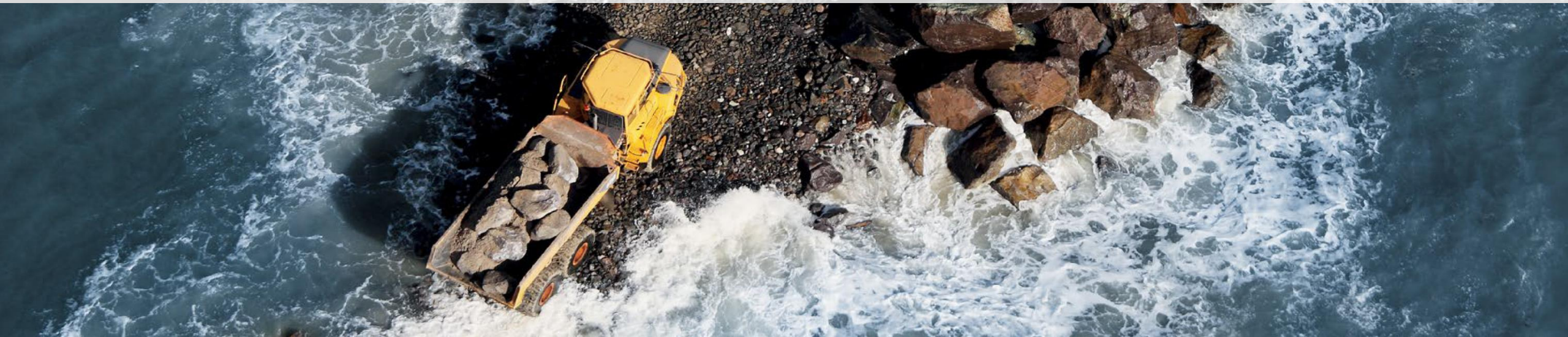
Active involvement and green transition

Aarsleff and the rest of the business sector is taking urgent steps to becoming actively involved in the green transition with strategies, action plans, innovation, new business areas and PR. We have launched a green transition process and started working on a sustainability strategy and different initiatives which are to future-proof the Aarsleff Group through active involvement and responsible choices.



We take responsibility

Taking corporate social responsibility and showing sustainable behaviour is not a choice – it's a matter of course. The transformation towards sustainability does not only present challenges, it also offers big opportunities.



A SUSTAINABLE SOCIETY

Reviewing our business sector

The latest IPCC report paints a realistic, but gloomy picture of the climate's influence on the future life on earth. The building and construction industry is strongly represented in the CO2 emission statements. We carry out projects within construction, building construction, infrastructure and climate-proofing, resulting in the consumption of large amounts of fossil fuels, the use of numerous non-renewable resources and solutions with an extensive use of concrete, steel and other climate-impacting materials. This means that Aarsleff and our entire value chain contribute to the emission of large amounts of CO2 and a very high consumption of resources.

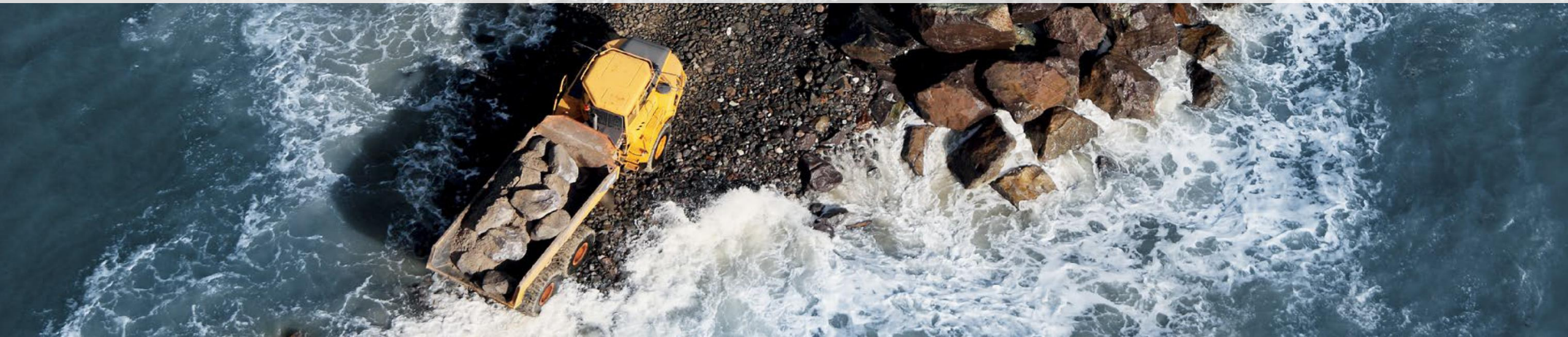
The business sector must at the same time reduce and convert its environmentally damaging activities and find new solutions and business opportunities which may be of benefit to our customers and society without damaging the environment and reducing the quality of life and the conditions of life for the future generations.



We lead the way

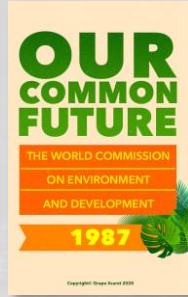
We want to lead the way and contribute to the green transition which will future-proof the building and construction industry.

In 2020, we have established a sustainability centre, Aarsleff ECO Center, and have started working on an ambitious green transition process.



A SUSTAINABLE AGENDA

We have known the challenges for some time:



Brundtland report 1987

The “mother” of sustainability reporting
Initiating a global awareness but with very little or slow global impact



UN 17 Sustainable Development Goals 2015

The goals and actions leading towards a more sustainable and equal future for all humans.
Guidelines for many companies in their green transition.



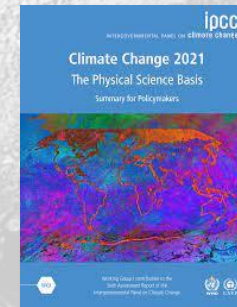
Paris agreement 2015

The agreement is a landmark international accord that was adopted by nearly every nation in 2015 to address climate change and its negative impacts
And to keep global warming within 1.5-2° C .



EU Sustainable Finance Action Plan 2021

The EU Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes.



UN Climate Panel IPCC Report 6 2021

Report about the state of scientific, technical and socio-economic knowledge on climate change, its impacts and future risks, and options for reducing the rate at which climate change is taking place.

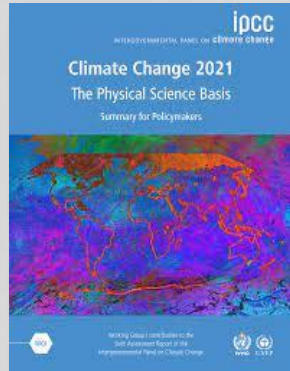


A new European Bauhaus 2050 EU Initiative 2021

Initiative connecting the European Green Deal to our living spaces. It calls on all Europeans to imagine and build together a sustainable and inclusive future that is beautiful for our eyes, minds, and souls

A SUSTAINABLE AGENDA

Now it is final call for action:



IPCC REPORT 2021 (key conclusions):

- Global warming is mainly man-made
- The CO2 level is higher than ever and increases at an alarming rate
- Extreme weather becomes more frequent and severe
- The oceans are rising and become warmer and more acidic
- Many of the changes cannot be rolled back anymore
- The surface temperature of the earth will rise until 2050, in any scenario.
- The future depends on our actions now.

> GHG EMISSIONS

There will be a strong focus on anything that can reduce our emissions from consumption, production, food, way of life and behavior. CO2 reduction is considered the major source of global warming.

> RESOURCE CONSUMPTION

There will be a strong focus on avoiding excess consumption of natural resources, as these cannot be restored, and as the extraction of natural resources uses a lot of energy and emits a lot of CO2.

> NON-FOSSIL ENERGY

The extraction and use of fossil fuels and coal is the major negative contributor to global heating. The fuels must be eliminated in 2050 at the latest and replaced by green energy.

> CIRCULAR THINKING

Recycling, renovation and thought-out or reduced consumption will become a future megatrend. We must build and construct with care and focus on durability, flexibility and circularity.

> GREEN INNOVATION

There will be a strong focus on new, innovative solutions to mitigate the effects from the climate changes. Green energy, climate proofing and resource-saving solutions will become major business areas.

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Why is this important for us

The Aarsleff Group constructs and maintain the infrastructure and building structures of society. As a market leader in Denmark, we play an important role in supporting our national sustainable targets as well as we assume corporate social responsibility, lead the way and aim to contribute to the green transition which will future-proof the building and construction industry as well as ensuring our own business

To fulfill our sustainable targets and act responsible we need to transform to a sustainable business model and focus especially on:

- » **Reducing carbon emissions in all work, processes and production.**
- » **Find and use substitutions for natural nonrenewable energy resources such as oil, gas, coal etc.**
- » **Find substitutions for emission heavy materials such as concrete, steel, plastic composites etc.**
- » **Change mindset, habits and behavior when we plan, construct, execute and maintain our work tasks.**
- » **Develop new processes or products and innovate new business opportunities in the green transition.**



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Our **green** vision:

» **Be prepared**

We want to prepare for a future where sustainability plays an important, maybe a crucial part in the solving of tasks.

» **Be preferred**

We want to be the preferred collaboration partner when our customers, clients and business partners are to choose a contractor in a sustainable future.

» **Take action**

We want to make sure that we take action and that we build up know-how, skills and resources to solve our customers' tasks in a sustainable way.

» **Spotting opportunities**

With our green transition, we want to keep a close eye on new opportunities, new tasks, new business areas and new collaboration partners, and we want sustainability to be a future proofing of the Group.



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Our **green** scope:

» **Take climate action**

We will focus on reducing our emissions by extended use of Electric machinery and using HVO biofuel, by reducing our use of nonrenewal natural resources and CO2 heavy materials such as concrete and steel.

» **Explore new business opportunities**

We need to find new solutions or improve our usual work to be competitive and to reach our sustainable goals. Innovation and rethinking will be part of our everyday life.

» **Show social responsibility**

We want to contribute to the green transition by taking responsibility and leading the way and act as role model for the branch in terms of social responsibility through our CSR and ESG related processes.

» **Succeed together**

We need to involve the entire value chain in the green transition and succeed together. The key to success runs through collaboration, joint innovation and



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Our **green** strategy:

- » **Get all aboard and involved**
We will engage and involve the whole Aarsleff Group on all management and work levels
- » **Set targets, plan and implement**
We will assess and manage sustainable targets together with risks and opportunities
- » **Business as usual but greener**
We will continue normal business but make it greener and more focused on carbon reduction efforts.
- » **Focus on innovation and business development**
We will strengthen new improvements in daily work and explore new innovations and business opportunities
- » **Reduce or substitute fossil fuel and “black electricity”**
We need to find alternatives for our fossil fuel consumption and reduce our use of electricity from generators and coal/lignite/bio-wood powerplants
- » **Rethink processes and production**
We need to rethink our processes and production methods to reduce carbon emission in scope 1,2 and 3.



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Prioritize and engage



Remember our culture and DNA

We are proud of our history and legacy. We have always focused on value creation, innovation and quality. We have always focused on taking account of the environment through our innovative and sustainable solutions and value creating processes and products.



Target setting and acting

We have mapped our energy consumptions in the entire group and thus preparing setting sustainable targets for reductions of our carbon footprint. Over 90% of our emissions evolve from fossil fuel so our prioritizations focus on our machinery and power supply.



Look for new ways of working

We need to work close together with innovative companies and suppliers pursuing new environment-friendly equipment and processes. Robots, drone control, 3D printing, intelligent building models and digitalization are all part of our future.



Put people first

In the green transition it is often ignored how big changes affect people. We need to put people first in all choices and find solutions that Not only satisfy citizens and society but also give our own employees a good work/life balance



Prioritize climate & environment

We need to prioritize all areas where we can contribute to carbon reduction and sustainable use of resources. We still need to solve our clients' requests, but at the same time we need to find and offer alternatives, substitutions and second opinions.



Value chain synergy

We need to get the whole value chain in our branch activated and committed to the green transition to achieve synergy and secure we are targeting the same goals. Our large infrastructure and building projects can only be solved sustainable through participation, collaboration and joint efforts.

TARGET SETTING

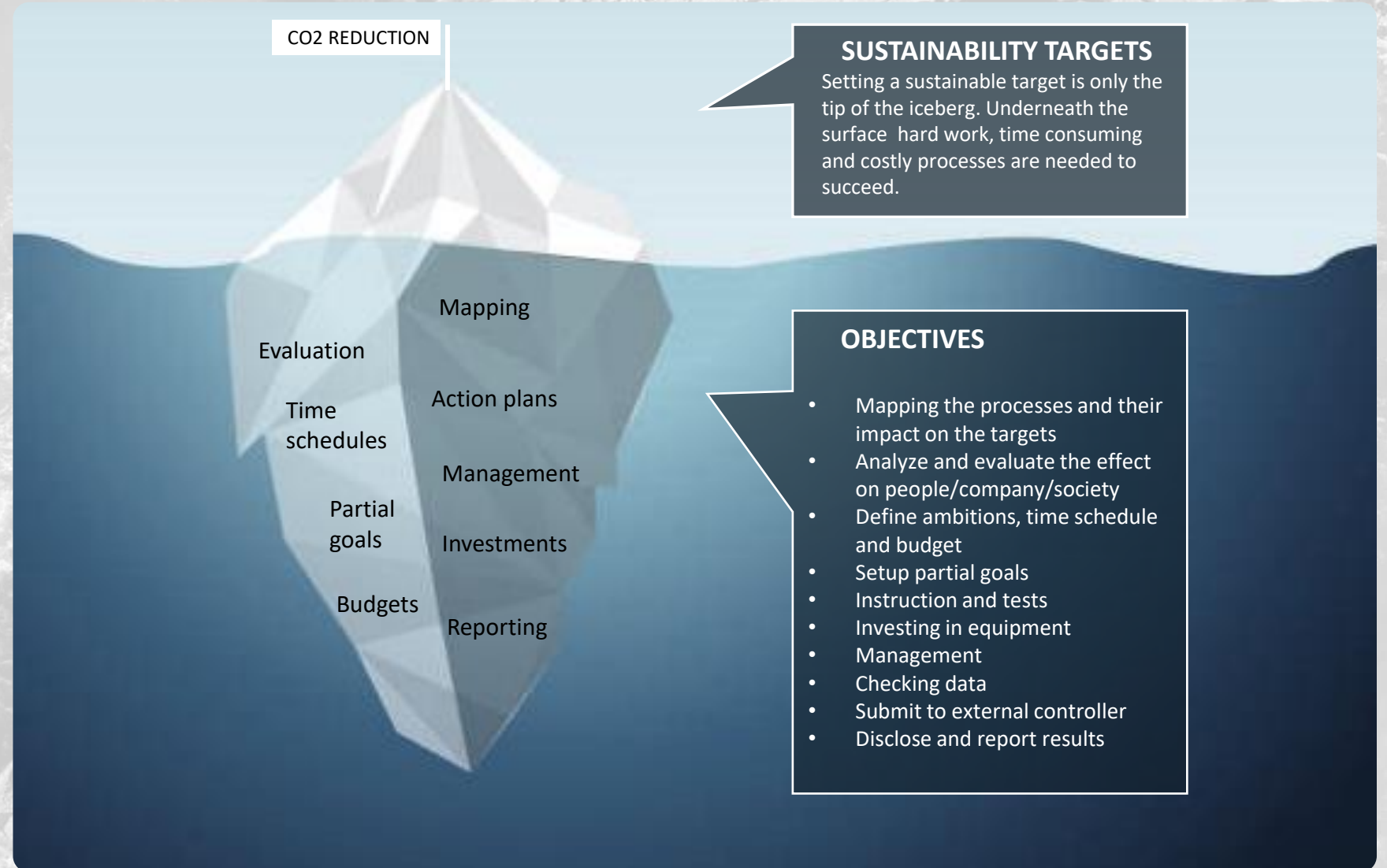
Science based targets

Society, investors and clients ask for our targets for greenhouse gas reduction.

We will through 2022 start setting sustainability targets not only on GHG emissions but also on our energy consumptions, use of materials and CSR related topics.

Most important however is our carbon reduction plans which has the biggest impact on our environment across all our businesses.

Setting a target is easy but making plans and follow up is hard and complicated work.



TARGET SETTING

THE ANATOMY OF TARGETS

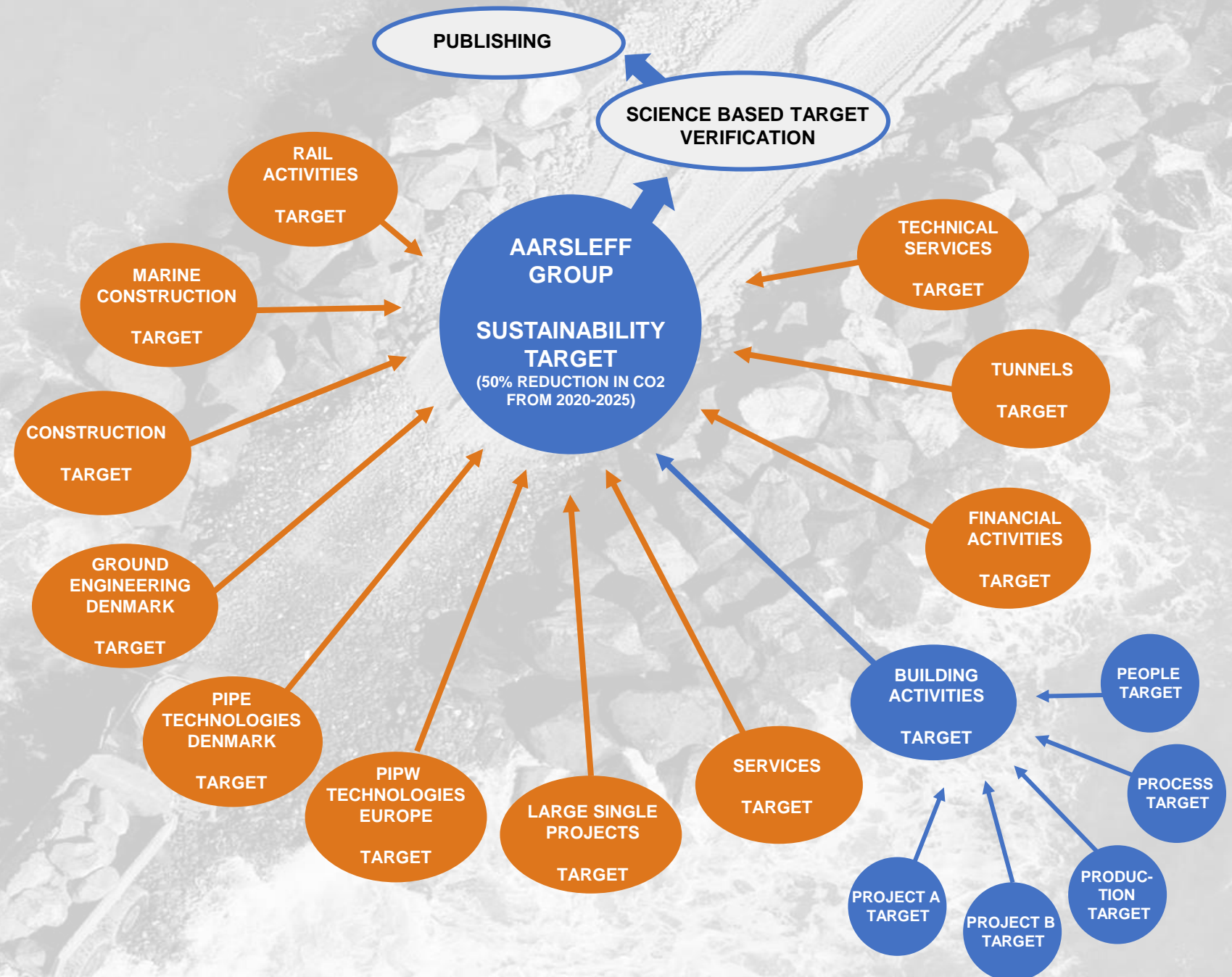
A sustainability target is the peak of a range of sub-goals derived from the different divisions and segments in the Aarsleff Group.

Each segment has its own goals built upon projects, production or processes.

If the target is a greenhouse gas reduction for the entire Aarsleff Group, it is built from local reduction targets, plans and activities.

Before setting targets baseline figures need to be collected and assessed in both segments and projects.

Alongside the target setting a risk management process need to be initiated to identify, assess and manage climate related risks.



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Aarsleff ECO Center

In 2020, Aarsleff's executive management and board of directors decided to increase focus on sustainability and initiate a green transition of the entire group.

Aarsleff ECO Center was established as the Group's new knowledge and competence center within sustainability and green transition. Aarsleff ECO Center will focus on ensuring innovative and sustainable initiatives and working relationships across the business units of the Group.

The center is a cross-sectional staff function for the entire Group, manned and put into operation in January 2021. The focal points of the center are:

- **Scouting and network**
- **Registration and documentation**
- **Presentation and communication**
- **Innovation and development**
- **Advisory and support**
- **Management and strategy**



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Aarsleff ECO Center

Aarsleff ECO Center will be instrumental in extending the knowledge of our sustainability strategy of the Group based on 3 known sustainability themes, *people, environment & climate and business* and commit to the 17 UN SDG. The themes are put into operation through 9 focus areas, together called our 3-9 model.

People

We will put social responsibility and the needs of society high in our priorities but also ensure that all our employees, partners and clients work together on the same agenda.



Environment & Climate

We will focus on addressing the key climate related challenges and also try to solve other important challenges in the building and construction branch

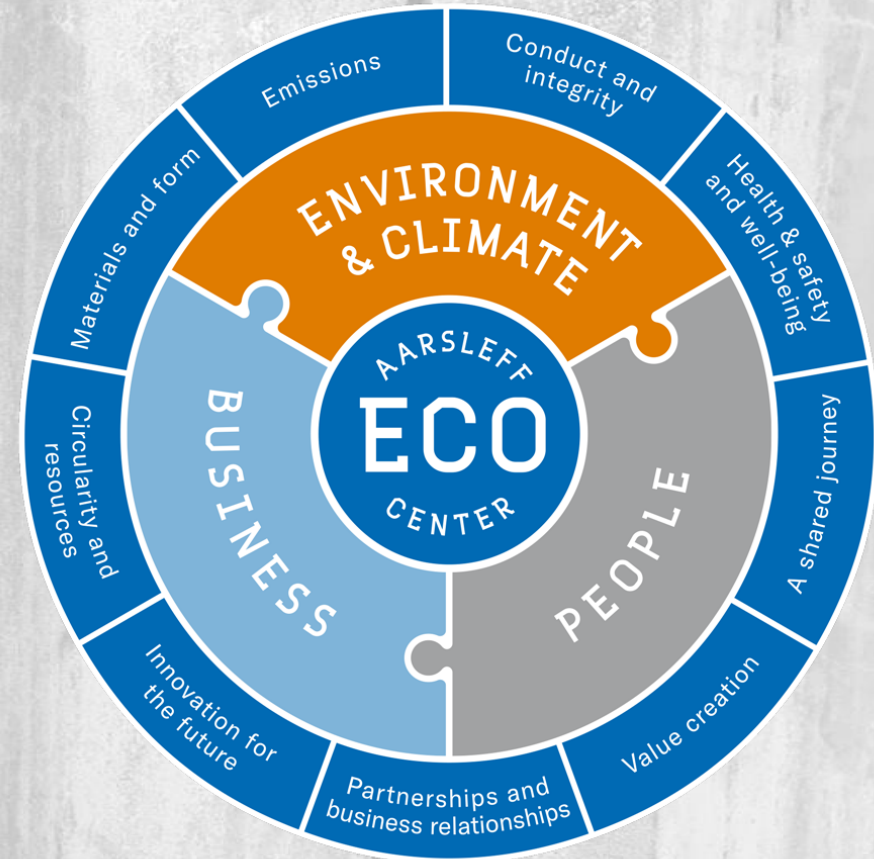


Business

We need to future proof our core business through sustainability strategies but also find new opportunities through innovation and development.



Our 3-9 model



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Our sustainability focus

The Aarsleff group has many different focus areas depending on segment and specialties. Our sustainability strategy will be geared to the specific needs and pace in each section.

Focus areas

Reduction of carbon emission
Reduction of harmful materials (concrete and steel)
New construction processes and logistics
Fossil free construction sites
Rethink our transport and delivery methods

Sustainable renovation and renewal (pipe tech.)
Use of sustainable materials
Fossil free and low emission production
Waste management and circularity

Sustainable production facilities
Use of green concrete and reinforcements
Find new innovative construction methods
Invent new piling technologies (ground engineering)

Develop new digital processes

Focus areas



A SHARED JOURNEY

We want all employees, business units and companies to be involved in the green transition. It will not take place at the same pace for everybody and with the same effect, but a change is needed. The individual employee must always keep up with the development, and if possible, lead the way.



HEALTH & SAFETY AND WELL-BEING

In all aspects, the people must be the center of our attention, and we must ensure well-being, a healthy and safe working environment and that our business have positive conditions for everybody. For the individual employee, this means that our business must always put the people first in the solving of tasks.



CONDUCT AND INTEGRITY

We must be role models and integrate sustainability in all our processes and activities. We are known for our integrity and care, and we must ensure that our work is carried out with the highest possible focus on responsibility, evidence and common sense.



EMISSIONS

We will reduce our CO2 emission by 70% in 2030, and we will be CO2 neutral in 2050. Our efforts to reduce CO2 emission comprise our own activities as well as our indirect impacts from e.g. purchasing of construction materials.



MATERIALS AND FORM

We must participate actively in the development of the future sustainable materials and components in close collaboration with suppliers and other business partners. Through early contractor involvement in the projects, we participate actively in the design of future sustainable building and construction projects.



CIRCULARITY AND RESOURCES

We must contribute to the development of a more sustainable society by focusing on our resource consumption, aiming at circular economy and rethinking our value chains from development and purchasing to production and operation.



VALUE CREATION

We will make sustainability a good and value-creating business as well as an integrated part of the Group's activities on a short-term and long-term basis. For the individual employee, this means creating value for the Group, the client and society.



INNOVATION TARGETED AT THE FUTURE

To lead the way of building and construction of the future, Aarsleff must have high goals for our performance and give high priority to innovation and development of new processes, products and business areas. For the individual employee, this means pursuing new ideas, thinking across the business and supporting the innovation of colleagues and business partners.



PARTNERSHIP AND COLLABORATION

We cannot succeed with the green transition without collaboration and partnerships: internally with colleagues, departments and sections, and externally with consultants, manufacturers and subcontractors, with customers and stakeholder as well as with citizens and users. As employees, we must search for forms of collaboration and find collaboration partners

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How we work

Aarsleff ECO Center has many different tasks and responsibilities. We need to be able to have a broad and long sighted perspective on sustainability as well as support and advisory on many day-to-day activities and services across the company. Our focus areas are:

Scouting and network

What's new out there and who is interesting to engage

Presentation and communication

Show and tell why, how and what we do

Management and strategy

Manage and lead the way in the green transition



Registration and documentation

Know where we stand and set sustainability targets

Innovation and development

Find and develop tomorrow's new green business opportunities

Advisory and support

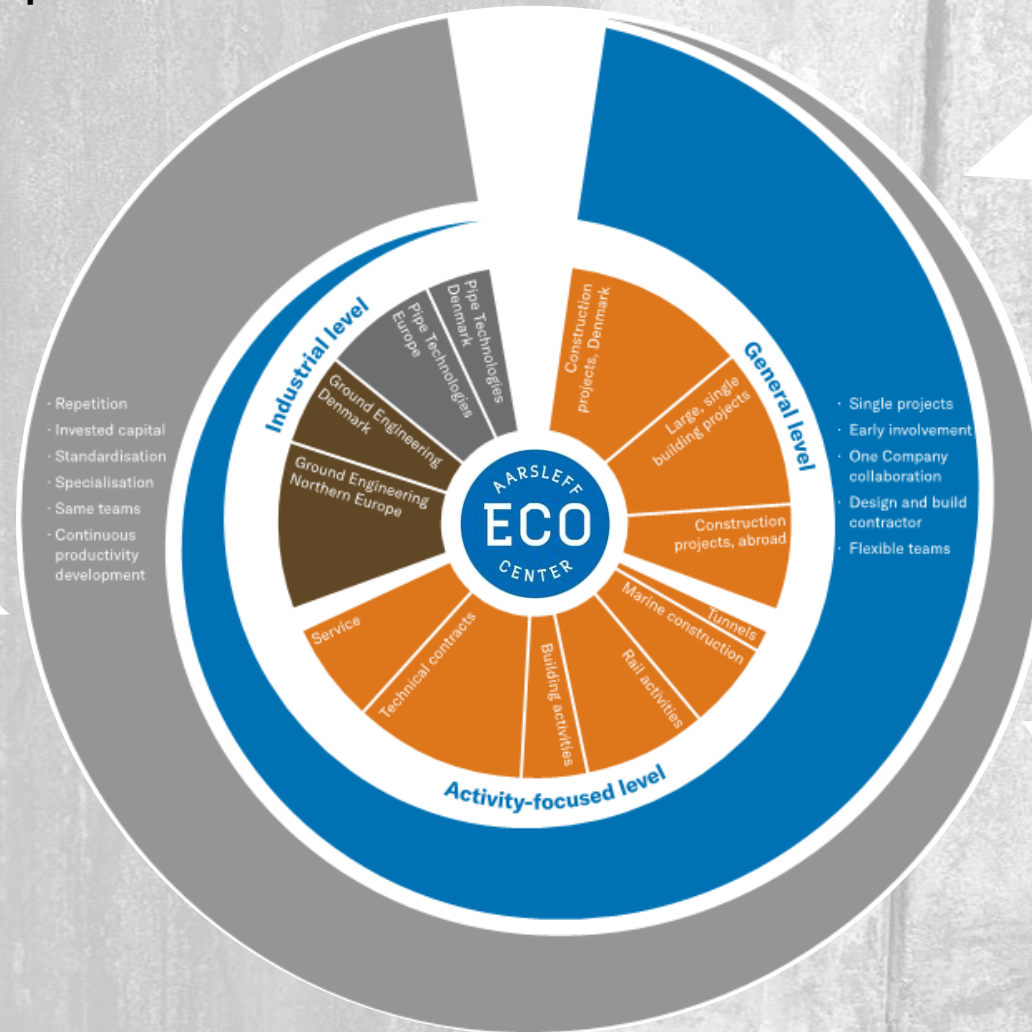
Give a hand or solve a sustainable task for the entire group

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Sustainability scope in Aarsleff Group perspective

Environment & Climate

- Reduce GHG emissions
- Change processes
- Focus on transport and logistics
- Reduce use of natural resources
- Substitute harmful materials
- Change to fossil free machinery
- Think more circularity
- Think digital everywhere



Business

- Sustainable governance
- EU Taxonomy
- Green investments
- Policy for purchases
- Risk management
- Business development
- Innovation funding

People

- Change habits
- Green mindset
- Learn new processes
- Health and safety
- Integrity and diversity
- Competence and skills
- Work/life balance

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Sustainability scope in Pipe Technologies perspective

Environment & Climate

Rethink the whole value chain in your projects.

- Offer CO2 calculations to clients
- Purchase of materials (origin, transport, fabrication etc.)
- Production methods inhouse
- Materials (EPD etc.)
- New sustainable materials
- Energy consumption (factory, cars, machinery etc.)
- Chance from gas/oil to green energy
- Transportation emissions
- Faster no-dig methods
- Pump technology



Business

Develop a sustainable business model

- Investing in green production (Materials, energy, processes)
- Highlight it as sustainable renewal.
- Find new business model for costumers
- Innovate new ideas

People

Develop processes that reduce personal CO2 emissions

- Transportation
- Work/life balance
- Health & Safety
- Substitute chemicals
- Waste management
- Involvement in planning

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Examples of initiatives and innovation projects

Aarsleff ECO Center has begun a range of initiatives together with selected groups and segments in Aarsleff or with external partners.

The initiatives and projects vary from process-orientated to materials, digitalization, working habits to new business opportunities.

Our projects will follow an innovation process:

Idea scoping

Programming / ideation / workshop (why-what-how)

Build business case

Project/business plan, surveys, time schedule and budget

Start developing

Pre/prototyping,, testing, user feed back, calculations

Preproduction/ execution/marketing

Final approvals, validation, cost-benefit and P & L

Launch



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INITIATIVES ALREADY WELL UNDERWAY

Several new tasks and initiatives are well implemented, several of them are commenced or can be kicked off easily in the business units as required.



Environmental certifications

We must comply with our ISO certifications and increase the knowledge to and use of environmental certifications in our projects. (DGNB, LEED, the Nordic Eco-label, etc.)



Non-fossil workplace

We will be an important part of the workplace and construction site of the future. Vehicles, machines and other fossil-fueled equipment will be changed to biofuel and electrical operation.



Circularity and waste separation

We must focus more on reducing waste. Ensure good separation and reuse as much as possible, directly or through recirculation.



Health and safety

A green transition will also improve the employees' health, safety and well-being at the workplaces and construction sites.



Registration of chemicals and materials

We must upgrade our mapping of the environmental aspects of all the products, structures and machines that we use as well as increase the use of EPDs.



Green and sustainable *mindset*

We must upgrade our approach to sustainability and participate in conferences, fairs and supplementary training to increase the employees' knowledge of the area and the scope for action.

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NEXT STEP REQUIRES A BIGGER EFFORT

Many tasks of the green transition require not only management decision, but also new skills, know-how and new collaboration partners in order to manage the tasks.
We must start now, if we want to play a prominent role.



Sustainable building and construction

The future building and construction work will have CO2 limits, they will be executed with renewable materials, and they must be certified and documented.



Future green construction site

A non-fossil and sustainable construction site is going to be an important subject of our future tasks as well as an important selection criterion. We must be able to deliver this.



Green concrete and use of organic materials

There is full speed on the development of green concrete and use of wood and organic materials within building construction. We must be part of this development.



Circular building and design for disassembly

The future building construction will be circular, which means that the individual building parts are designed so that they can be replaced easily and reused without loss of value.



Energy renovation

To ensure full CO2 reduction, we must undertake energy renovation and reuse our building stock. This will be a major business area which we should start focusing on.



Digitalisation and new technology

The future building construction will be digital and technology-driven with completely new tools, processes and forms of collaboration. It is important to participate in this transformation in order to solve the future tasks in a profitable way.

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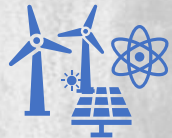
NEW BUSINESS AREAS IN SIGHT

The green transition and the climate changes entail a need for review and rethink of our way of life and structures in order to change the life of future generations.



Climate proofing

Protection of our coasts, nature, cities and buildings against flooding and torrential rain will become a major business area in the future. We have ideas for solution of some of the challenges.



Green energy

The increasing energy need and the request for renewable energy production gives great business opportunities in the entire chain from production to end user.



Innovation and self-financing

In the future, there will be an increasing need for creating new ideas and projects from scratch within building and construction. We must pursue our ideas, bring them into play, build them and resell them.



New infrastructure solutions

The traffic in the future will be significantly different from today. Public transport and self-propelled cars will change the needs for road systems, rails, bridges and harbors.



New materials and structures

To comply with the requirements for CO2 reduction and sustainable building construction, it is necessary to invent new materials, technology and construction principles. We must participate actively in the development.



Future building and construction

The construction site of the future is digital and uses drones and robot technology. It uses renewable energy and new logistics and construction techniques. We must be part of this journey.

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WHERE TO START

The green transition will hit us all. In some business segments faster and harder than others. Some companies will be running their business as usual but greener others will find themselves disrupted by competitors or new start-up entrepreneurs.

Make your green strategy

- Mapping as-is
- Define ambitions
- Set sustainability targets
- Make action plans
- Time and budget

Rethink processes

- Our production facilities
- Our machinery
- Our transport needs
- Our technologies
- Our interaction with clients
- Our harm to the local environment

Start innovation

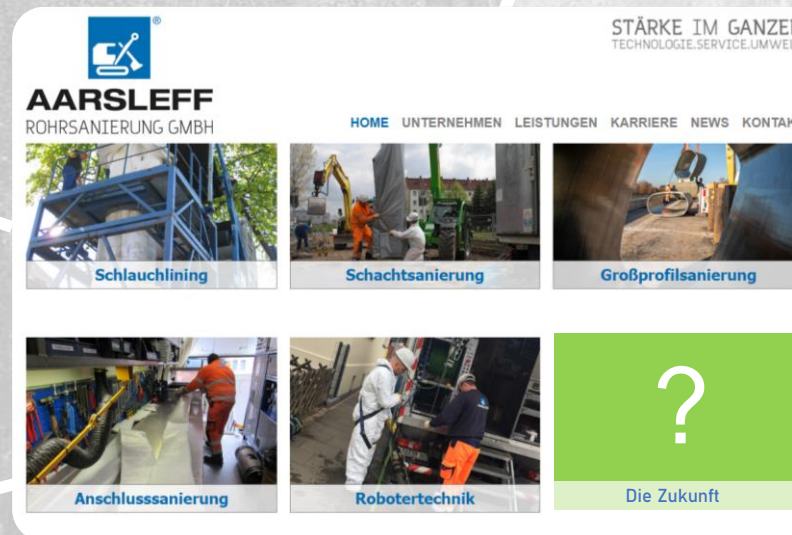
- Find new alternative materials
- Find ways to produce more eco friendly
- Find ways to work simpler and quicker
- Waste management
- New business opportunities

Where do you emit CO2?

- Your fossil fuel consumption
- Your energy set-up
- Your materials and chemicals
- Your transport needs
- Your machinery

Work with your mindset

- Staff habits and behavior
- Work smarter
- Staff training and instruction
- Staff development
- Satisfaction and motivation
- Work/life balance



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LET US FIND THE RIGHT DIRECTION TOGETHER

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